



Subject: 2025 Interim Borrowing

Department: Corporate Services

Division: Finance

Report #: CPS-2025-002

Meeting Date: 2025-01-27

Recommendations

That report CPS-2025-002, 2025 Interim Borrowing, be received;

And that Council pass a by-law to authorize external temporary borrowing in 2025.

Overview

The report is to recommend that Council pass a by-law to authorize external temporary borrowing pursuant to section 407 of the Municipal Act, 2001.

Background

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 has been collected and other revenues received.

Pursuant to subsection 407(2), 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.

Analysis/Current Situation

Based on section 407 of the Act, the amount that may be temporarily borrowed in 2025 shall not exceed the sum of \$30,000,000 between January 1 and September 30, 2025; and shall not exceed the sum of \$15,000,000 between October 1 and December 31, 2025.

The use of temporary borrowing is a common and efficient cash management tool. While we do not anticipate using this option in 2025, 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.

Corporate Implications

The passing of the temporary borrowing by-law is a housekeeping matter to ensure accordance with the Municipal Act and is a prudent municipal financial management practice. It should be noted that passing a temporary borrowing by-law does not mean that the Town will borrow funds. The enactment of the by-law allows the Town to act quickly in the unlikely event of a temporary cash flow shortage. Staff is not expecting that such borrowing will be required in 2025.

Conclusion

Staff recommend that Council pass a by-law to authorize temporary borrowing in 2025.

Strategic Alignment

Strategic Plan

Strategic Goal: Future-Readiness

Objective: SUSTAINABILITY – Secure the financial viability of the municipality

Sustainable Neighbourhood Action Plan

Theme: Corporate and Fiscal

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

Notice Provisions

Not applicable

Respectfully submitted,

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Attachment(s): Not applicable