



Municipality of North Grenville

To: **Council**

Meeting Date: January 28, 2025

Subject: Borrowing By-Law 2025

Report No: FIN-2025-002

Prepared by: Carly Wheeler, Director of Finance/Treasurer

Recommendation(s)

THAT Council approve and enact By-Law 07-25 to authorize temporary borrowing, on an as-needed basis, and, in order to meet current expenditures of the Corporation of the Municipality of North Grenville.

Executive Summary

Purpose

- To request Council authorize the interim borrowing by-law for 2025 to allow a precautionary allowance that can only be used in the event of a cash shortfall.

Key Findings

- The Municipality's current authorized overdraft limit on its General Bank Account is equal to \$3,490,000.

Financial Implications

- Interest on funds drawn is charged at the CIBC's prime rate minus .25%. As per the 2023 Financial Statements, there was \$nil actually drawn on the facility (2022-\$nil).

Background

Section 407 of the *Municipal Act, 2001*, as amended, authorizes a municipality to approve temporary borrowing to meet current expenditures in advance of the collection of tax revenue and budgeted revenues from other sources. From January 1 to September 30, the amount borrowed may not exceed 50% of the total estimated revenues. For the last quarter of the year, the limit is set at 25% of the total estimated revenues.

It is standard practice for a municipality to adopt a by-law in January for this purpose.

Analysis

Each year, Council approves an interim borrowing by-law to ensure the Municipality can meet the current expenditure needs in advance of collecting tax revenue and budgeted revenues from other sources for the upcoming year. This is attributed to the fact that municipal cash balances are typically lower in the first few months of the year prior to the March tax due date.

The draft by-law contained in this report authorizes the Treasurer and Deputy Treasurer to borrow up to \$3.49 million, which is well below the prescribed limit.

Long Term Debt Borrowing for capital projects is a separate process.

Relevance to Strategic Priorities

Strategic Pillar	4	Efficient Governance and Service Delivery
Goal	4.1	Provide Fiscal Responsibility
Key Action	4.1.2	Establish data-driven decision making related to budget performance and forecasting.

Options and Discussion

1. Approve the recommendation
2. Do not approve the recommendation

Financial Impact

This item has been identified in the current budget: Yes No N/A

This item is within the budgeted amount: Yes No N/A

Staffing implications, as they relate to implementing Council's decision on this matter, are limited to the existing staff complement and applicable administrative policies as approved by Council.

Attachments

- By-Law 07-25 Borrowing By-Law