



Municipality of North Grenville

Report No.
FIN-001-2019

File No.
C7-FIN

Agenda Date: January 7th, 2019 – Committee of the Whole

Subject: 2019 Interim Borrowing By-Law

Attachments: Appendix 1: Draft Borrowing By-Law

RECOMMENDATION

The following recommendation is provided for the Committee of the Whole's consideration:

That Committee of the Whole recommend to Council that a by-law be enacted to authorize the borrowing of money to meet the 2019 expenditures of the Corporation of the Municipality of North Grenville.

BACKGROUND

Section 407 of the *Municipal Act 2001* 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 at this time Council approves an interim borrowing by-law to ensure the Municipality is able to 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 Mayor and the Clerk to borrow up to \$3.5 million (**Appendix 1**) which is well below the prescribed limit. This amount has remained unchanged from prior years as the Municipality has not had to use interim borrowing for over 6 years.

Staff do not anticipate the need to do interim borrowing in 2019 therefore this is done as a precautionary measure only. Borrowing for capital projects is a separate process.

ALTERNATIVES

1. Not authorizing temporary borrowing. This is not recommended because this credit facility ensures the municipality is able to continue operations and meet service levels due to a cash shortfall that results from revenue collected later in the year.

FINANCIAL/STAFFING IMPLICATIONS

This item has been identified in the 2019 draft budget: Yes ☐ No ☐ N/A **X**

This item is within the 2019 draft budgeted amount: Yes ☐ No ☐ N/A **X**

This item would have no budgetary implication as it is a precautionary allowance for temporary borrowing that can only be used in the event of a cash shortfall that results from a timing mismatch of authorized revenue and expenses for the course of the year.

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.

LINK TO COMMUNITY STRATEGIC PLAN

The Community Strategic Plan does not speak to this issue.

Prepared & submitted by:

**Recommendation submitted for
Committee of the Whole
consideration by:**

Original signed _____
Marcus Hewitt
Director of Finance

Original signed _____
Brian J. Carré
CAO

THE CORPORATION OF THE MUNICIPALITY OF NORTH GRENVILLE

BY-LAW NO. XX-19

A By-Law to Authorize the Borrowing of Money to Meet Current Expenditures of the Council of the Corporation of the Municipality of North Grenville

WHEREAS the *Municipal Act 2001*, as amended, enables municipalities to authorize temporary borrowing, until the taxes are collected and other revenues received, such sums as the Council considers necessary to meet the current expenditures of the corporation for the year, including the amounts required for any sinking and retirement funds, principal and interest due on any debt of the corporation, school purposes, and other purposes which the corporation is required by law to provide for;

AND WHEREAS the amount that may be borrowed pursuant to this bylaw together with the total of any similar borrowing shall not exceed the limit set out in the *Municipal Act 2001*, as amended, and any other relevant sections of the Act;

NOW THEREFORE the Council of the Corporation of the Municipality of North Grenville enacts as follows:

1. The Mayor and Treasurer are authorized to borrow from time to time from the CANADIAN IMPERIAL BANK OF COMMERCE (hereinafter called "CIBC") on behalf of the Municipality a sum or sums not exceeding \$3,500,000.00 to meet the current expenditures of the Municipality and to execute all documents that are required in connection with the borrowing of the above sum;
2. All sums borrowed pursuant to this by-law, as well as all other sums borrowed pursuant to the Act in this year and in previous years from CIBC for any purpose will be a charge upon the whole of the revenues of the Municipality for the current year and for all preceding years.
3. The Treasurer is authorized and directed to apply any of the moneys collected or received from taxes levied for the current year and preceding years or from any other source which may lawfully be collected, in payment of all sums borrowed plus interest.
4. The Treasurer is authorized to provide to CIBC a copy of the audited financial statements of the Corporation.
5. The Clerk of the Municipality of North Grenville is hereby authorized to make any minor modifications or corrections of an administrative, numerical, grammatical, semantically or descriptive nature or kind to the by-law and schedule(s) as may be deemed necessary after the passage of this by-law, where such modifications or corrections do not alter the intent of the by-law.

PASSED AND ENACTED THIS 14th DAY OF JANUARY, 2019

NANCY PECKFORD
Mayor

CAHL POMINVILLE
Clerk