



Municipality of Port Hope Staff Report

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Report Title: 2023 Borrowing By-law

Report to: Finance Committee

Date of meeting: December 6, 2022

Report Author:

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Department responsible:

Finance

Report Number: FS-26-22

Recommendation:

1. That a by-law be presented to Council to authorize any required short-term borrowing in 2023.

Highlights:

- Short-term borrowing to be a maximum of \$13 million for the period January 1 to September 30 and \$6.5 million for October 1 to December 31.

Background:

To assist with cash flow requirements, the Municipality annually establishes the ability to borrow short-term from time to time. The Municipal Act provides for this short-term borrowing in Section 407. The amount borrowed must not exceed 50% of the estimated revenues of the municipality as set in the budget adopted for the previous year for the period January 1 to September 30 and 25% of the estimated revenues of the municipality as set out in the budget adopted for the previous year for the period October 1 to December 31.

Discussion:

Accordingly, the draft 2022 Borrowing By-law (Appendix 'A') authorizes borrowing up to a maximum of \$13 million for the period January 1 to September 30 and \$6.5 million for the balance of the year. These limits are set based on budget revenues within the 2022 budget and anticipated to meet the Municipality's estimated needs.

The municipality recently has not significantly utilized the borrowing limit and is not expected to in 2022 and 2023. However, it is prudent to have the ability to borrow funds approved and accessible should the need arise.

Financial Considerations:

This will enable the Municipality to borrow up to \$13 million in the short-term should the need arise, however staff will only be setting up a \$6.5 million short term borrowing facility with the Municipal financial institution initially, as the need to borrow a greater amount in the short term is unlikely.

Communication and Public Engagement:

Not applicable.

Conclusion:

A short-term borrowing by-law is required to ensure that ongoing operating funds are available to meet the budgeting requirements. The Borrowing By-law has been a standard practice of the past years. Approval of the recommendation ensures that the Municipality has the required authorization to borrow short-term as may be required during the year.

Attachments:

Attachment 1 – 2023 Borrowing By-law