



Town of Erin

Corporate Report

Department: Corporate Services

Business Unit: Finance

**Presented/
Prepared By:** Wendy Parr, Director of Finance & Treasurer

Report Number:
F2023-04

Meeting Date:
3/9/2023

Subject

Temporary Borrowing By-Law 2023

Recommendation

Be it resolved that Council hereby receive report number F2023-04 “*Temporary Borrowing By-law 2023*” for information;

And that Council approve the Temporary Borrowing By-law for \$3.0m effective until December 31, 2023.

Background

Section 407 of the Municipal Act, 2001 allows municipalities to borrow up to 50% of the total estimated revenues of the municipality from January 1 to September 30 each year; 25% of the total revenues from October 1 to December 31 each year or 25% of total estimated revenues (\$3.9m) for the current year, whichever is less. In March 2022 Council adopted a Temporary Borrowing by-law of \$3.0m for any cash shortfall or emergencies which was effective until December 31, 2022 to mitigate any future short term cash flow shortages and have proposed the 2023 Temporary Borrowing By-Law (Appendix A). The amount requested is within the 2022 Annual Repayment Limit in Appendix B of \$2.1m. The Towns’ 2023 debt obligation is approximately \$363k (principle and interest) and well within the limit.

As shown in the 2023 Cash Flow Forecast (Appendix C), the Town may encounter cash flow pressures due to quarterly remittances to the County and School Boards and timing of capital projects. These are estimates and include the following assumptions:

1. Pre Authorized Payments (PAPs) are expected to increase as staff continues encouraging residents to accept this method of payment.
2. There are no capital projects earmarked for debt.
3. The Waste Water Recovery Facility and Linear works construction are ongoing with the development community providing funding.

Strategic Pillar

Service Excellence & Good Governance

Financial Impact

There may be a financial impact of interest costs if a line of credit is used.

Conclusion

That Council receive the report F2023-04 “Temporary Borrowing By-law 2023” and approve the Temporary Borrowing By-law with a limit of \$3.0m until December 31, 2023 in order to have the option to access cash for any emergencies that may arrive.

Attachments

Appendix A – 2023 Temporary Borrowing By-law

Appendix B – Annual Repayment Limit 2022

Appendix C – 2023 Cash Flow Forecast Summary

Wendy Parr

Director of Finance & Treasurer

Nathan Hyde

Chief Administrative Officer