



Report to: General Committee

Report Date: November 5, 2012

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<b>SUBJECT:</b>	By-law to authorize Temporary Borrowing for 2013
<b>PREPARED BY:</b>	Kishor Soneji, Senior Accountant Financial Reporting & Payroll

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**RECOMMENDATION:**

1. That the report "By-law to authorize Temporary Borrowing for 2013" be received;
2. AND THAT a by-law be brought forward for Council approval to authorize the temporary borrowing, if required, of an amount not to exceed \$137,087,510 from January 1, 2013 to September 30, 2013 and \$68,543,755 from October 1, 2013 to December 31, 2013 to meet the expenditures of the municipality until taxes are collected and other revenues are received;
3. AND THAT the Treasurer report to Council in advance of borrowing, if temporary borrowing is required;
4. AND THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

**PURPOSE:**

To obtain Council approval to establish a temporary borrowing credit facility with an upset limit as described above to enable the City to meet its financial obligations in 2013 should it be required.

**BACKGROUND:**

City of Markham cash flows are historically at their lowest at the end of each budget cycle (December 31<sup>st</sup>) after all City expenses, and payments to the Region of York and the York Region School Boards have been made.

Section 407(1) of the *Municipal Act, 2001* governs that at any time during a fiscal year, a municipality may authorize temporary borrowing, until the taxes are collected and other revenues are received, of the amounts that the municipality considers necessary to meet the expenses of the municipality for the year, until interim tax bills generate cash flows. The City of Markham is required to pass a borrowing by-law each year in order to have an expenditure facility made available to it by its bankers. The City has not availed this facility in the previous years but nevertheless must have a borrowing by-law in place should a necessity to borrow arise.

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Subsection 407(2) of the *Municipal Act, 2001* governs the upper limits on the amounts the City can borrow as per details below:

(a) from January 1 to September 30 in the year, 50 per cent of the total estimated revenues of the municipality 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 of the municipality as set out in the budget adopted for the year.

Section 407(3) of the *Municipal Act, 2001* governs that until the budget is adopted in a year, the limits upon borrowing under subsection (2) shall temporarily be calculated using the estimated revenues of the municipality set out in the budget adopted for the previous year.

**OPTIONS/ DISCUSSION:**

Not applicable.

**FINANCIAL CONSIDERATIONS**

The City would be required to pay interest on any short term borrowing. Currently, the City does not budget for interest expense, as borrowing has not been required in the past.

The Treasurer will report to Council prior to borrowing, if short-term borrowing is required.

**RECOMMENDED**

**BY:**

29/10/2012

26/10/2012

X 

Joel Lustig  
Treasurer

X 

Trinela Cane  
Commissioner, Corporate Services

**ATTACHMENTS:**

Appendix A, "2013 Temporary Borrowing Bylaw"