



The Regional Municipality of Durham Report

To: Finance and Administration Committee
From: Commissioner of Finance
Report: #2022-F-20
Date: December 13, 2022

Subject:

Temporary Borrowing By-Law for 2023

Recommendation:

That the Finance and Administration Committee recommends to Regional Council:

- A) The Regional Chair and the Treasurer be authorized in 2023 to borrow funds not to exceed \$500 million to meet current expenditures and liabilities until such time as the general tax revenues and other revenues of the Region are received; and
 - B) That approval be granted for the requisite by-law(s).
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Report:

1. Purpose

- 1.1 The purpose of this report is to obtain approval for the Region's 2023 Temporary Borrowing By-law.

2. Previous Reports and Decisions

- 2.1 In accordance with legislative requirements, Staff seeks approval annually for a Temporary Borrowing By-law. The 2022 report ([Report 2021-F23](#)) was presented on December 14, 2021.

3. Temporary Borrowing By-law

- 3.1 Each year, Regional Council is requested to grant authority to the Regional Chair and the Treasurer to borrow, on a temporary basis, funds that may be required to meet current expenditures and liabilities of the Region prior to the receipt of the Regional property taxes and other revenues. These borrowings may be in the form of external and/or internal sources including interfund transactions.
- 3.2 The legal authority for these borrowings is pursuant to Section 407 of the *Municipal Act, 2001* and allows municipalities to borrow amounts between January 1st and September 30th not to exceed 50% of total estimated annual revenues and to borrow amounts between October 1st and December 31st not to exceed 25% of total estimated annual revenues.
- 3.3 Based on the level of 2022 planned expenditures, the upper borrowing limit as dictated by the Province would be no more than \$1.25 billion. Notwithstanding the Provincial limit, a review of potential Regional financial requirements for 2023 indicates that a maximum limit of \$500 million, consistent with the 2022 limit, should be adequate for all purposes including internal interfund loans.
- 3.4 Historically, it has not been necessary for the Chair and the Treasurer to exercise this authority.

4. Relationship to Strategic Plan

- 4.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
 - a. Goal 5.1 Service Excellence – Optimize Resources and Partnerships to Deliver Exceptional Quality Services and Value – by responsibly managing the Region's financial assets to deliver critical infrastructure and services for current and future generations.

5. Conclusion

- 5.1 The temporary borrowing authority is a legal requirement permitting the internal lending and borrowing of funds and provides the Region with contingency borrowing capacity in the event of unknown circumstances related to the collection of the Region's revenues.
- 5.2 The proposed 2023 limit of \$500 million remains at the level approved for 2022.

Respectfully submitted,

Original Signed By

Nancy Taylor, BBA, CPA, CA
Commissioner of Finance

Recommended for Presentation to Committee

Original Signed By

Elaine C. Baxter-Trahair
Chief Administrative Officer