

TO: CITY MANAGER

1994 November 22

FROM: DIRECTOR FINANCE

File: B2-1

SUBJECT: TEMPORARY FINANCING BYLAW

PURPOSE: To obtain borrowing authority to temporarily finance expenditures.

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RECOMMENDATION:

1. THAT a bylaw be brought down to permit borrowing to a maximum of \$5 million for the period 1995 January 01 to December 31, repayable 1995 December 31.

REPORT

BACKGROUND

Temporary borrowing sometimes becomes necessary during the year prior to collection of property taxes, and at other times to make large unexpected payments or to cover an overdraft because of payments which arise ahead of the planned cashflow.

A bylaw is needed to provide the authority to borrow. A new bylaw must be passed annually as the borrowing relates to the current year's anticipated tax levy. Section 346 of the Municipal Act provides the authority for borrowing of this nature.

1994 ACTIVITY

In 1994 a temporary borrowing bylaw was adopted authorizing \$5 million to meet operating needs between January and December.

The maximum balance outstanding in short term loans to 1994 November 15 was \$3.1 million. All funding requirements were met by the primary line of credit with The Royal Bank of Canada. In total, \$5.6 million was borrowed at an average rate of 5.97%.

1995 REQUIREMENTS

For 1995 it is estimated that a \$5 million authority is required to cover cash shortfalls which may occur during the year.

ITEM	4
MANAGER'S REPORT NO.	66
COUNCIL MEETING	94/11/28

USE OF OWN RESERVES

The City's reserves are used to the maximum extent possible within the constraints of the Municipal Act to finance our operating costs pending receipt of taxes. Capital funds on hand cannot be used temporarily to finance current operations. These reserves must be represented by cash and investments on hand at all times.

  
for Rick Earle  
DIRECTOR FINANCE

RM:aj

cc. City Clerk  
City Solicitor