

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF JANUARY 28, 2025**

Item 2, Report No. 1 of the Committee of the Whole which was adopted without amendment by the Council of the City of Vaughan on January 28, 2025.

#### **2. 2025 TEMPORARY BORROWING**

**The Committee of the Whole recommends approval of the recommendations contained in the following report of the Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer, dated January 21, 2025:**

##### **Recommendations**

1. That the 2025 Temporary Borrowing By-law, be brought forward for Council approval to authorize the temporary borrowing, if required, of amounts not to exceed \$251,400,000 from January 1, 2025, to September 30, 2025, and \$125,700,000 from October 1, 2025, to December 31, 2025, to meet the expenditures of the City until taxes are collected and other revenues are received;
2. That staff be authorized and directed to take the necessary actions to give effect to this resolution.

# Committee of the Whole (1) Report

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**DATE:** Tuesday, January 21, 2025

**WARD(S):** ALL

**TITLE:** 2025 TEMPORARY BORROWING

**FROM:**

Michael Coroneos, Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer

**ACTION:** DECISION

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**Purpose**

To obtain council approval for the City of Vaughan to temporarily borrow funds should the need arise.

**Report Highlights**

- The *Municipal Act*, 2001 s. 407 (1) authorizes temporary borrowing, until taxes are collected, and other revenues are received, as necessary to meet the expenses of the City for the year.
- A By-law is required for the purpose of authorizing the City to borrow money, if deemed necessary.
- In the event the City finds it necessary to borrow money for operational requirements, this By-law grants authority to the City Treasurer to temporarily borrow money, in accordance with the *Municipal Act*, 2001.
- The *Municipal Act*, 2001 s. 407 (2) sets the limit of total amount borrowed at any one time.

**Recommendations**

1. That the 2025 Temporary Borrowing By-law, be brought forward for Council approval to authorize the temporary borrowing, if required, of amounts not to exceed \$251,400,000 from January 1, 2025, to September 30, 2025, and \$125,700,000 from October 1, 2025, to December 31, 2025, to meet the expenditures of the City until taxes are collected and other revenues are received;

2. That staff be authorized and directed to take the necessary actions to give effect to this resolution.

## **Background**

The *Municipal Act, 2001* (the “Act”) provides that the City may authorize temporary borrowing considered necessary to meet expenses and amounts required throughout the year. The Act sets out limits on the exercise of this authority, such as what the amounts are required for, the upper limits of what can be borrowed and how those limits are calculated. Staff are recommending that the Mayor together with the City Treasurer be authorized to execute promissory notes for any monies borrowed not to exceed the amounts set out below.

The City’s sound cash management practices and policies, together with its strong financial position has not necessitated the need to temporarily borrow for operating purposes in the past. However, a temporary borrowing by-law is recommended for unforeseen circumstances.

## **Previous Reports/Authority**

[2024 Temporary Borrowing](#) Item 7, Report No. 1, of the Committee of the Whole, January 23, 2024.

## **Analysis and Options**

The *Municipal Act, 2001* (the “Act”) s. 407 provides that the City of Vaughan (“City”) may authorize temporary borrowing of amounts considered necessary to meet expenses for the year and amounts (whether or not they are expenses for the year) required in the year for:

- a) Reserve, sinking, and retirement funds.
- b) Principal and interest due on any debt of the municipality.
- c) School purposes.
- d) Other purposes the municipality is required by law to provide for; and
- e) The amount of principal and interest payable by a person or municipality primarily liable for a debt if the municipality has guaranteed the debt and the debt is in default.

This authority can be exercised at any time throughout the fiscal year, until the taxes are collected and other revenues are received.

The Act governs the upper limits the City can borrow, and provides as follows:

- a) From January 1 to September 30 in the year, 50 percent 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 percent of the total estimated revenues of the municipality as set out in the budget adopted for the year.

The Act provides that until the budget is adopted, the limits upon borrowing shall be temporarily calculated using the estimated revenues set out in the approved budget for the previous year. Estimated revenues for the purpose of calculating the borrowed amount do not include revenues from:

- a) Arrears of taxes, fees, or charges; or
- b) A payment from a reserve fund of the municipality, whether or not the payment is for a capital purpose.

Table 1 below outlines the City's upper limits should borrowing be required in 2025, based on the approved 2025 Budget:

**Table 1 – 2025 Maximum Borrowing Limits**

<b>Estimated Revenues</b>	<b>Jan. 1 to Sept. 30</b>	<b>Oct. 1 to Dec. 31</b>
\$502.8 million	\$251.4 million	\$125.7 million

Staff does not anticipate having to temporarily borrow money in 2025 to meet operational requirements. If the City finds it necessary to borrow money for this purpose, the By-law provides that the City may temporarily borrow money further to a promissory note in favor of the City's bank, executed by both the Mayor and the City's Treasurer.

### **Financial Impact**

The City would be required to pay interest on any short-term borrowing.

### **Operational Impact**

Not Applicable.

### **Broader Regional Impacts/Considerations**

Not Applicable.

**Conclusion**

If required, the maximum borrowing limits will not exceed \$251,400,000 from January 1, 2025, to September 30, 2025 and \$125,700,000 from October 1, 2025, to December 31, 2025.

**For more information**, please contact:

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Nancy Yates, Director of Financial Services / Deputy City Treasurer, ext. 8984.

Kenneth Quan, Manager Corporate Financial Planning & Analysis, ext. 8029.

**Attachments**

Not Applicable

**Prepared by**

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