THE REGIONAL MUNICIPALITY OF YORK

REPORT NO. 5 OF THE REGIONAL COMMISSIONER OF FINANCE

For Consideration by
The Council of The Regional Municipality of York
on December 14, 2006

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TEMPORARY BORROWING FOR 2007

1. RECOMMENDATIONS

It is recommended that:

1. The Commissioner of Finance be authorized to obtain temporary borrowing when required, up to an amount of $125,000,000 to meet the current expenditures of the Corporation during 2007.

2. The Regional Chair and the Commissioner of Finance be authorized to sign any promissory note(s) required to obtain temporary borrowings.

3. The Regional Solicitor be authorized to prepare the necessary by-law for Council to give effect to the foregoing.

2. PURPOSE

The purpose of this report is to seek authorization for temporary borrowing when required to meet current expenditures in 2007.

3. BACKGROUND

Section 407 of the Municipal Act, which pertains to borrowing for current expenditures, provides that Council may, either before or after the passing of by-laws imposing levies on the Area Municipalities for the current year, authorize the Treasurer to borrow from time to time by way of promissory note, such sums as may be necessary to meet the current expenditures of the Corporation until the tax levies and other revenues are received. The borrowing may also include amounts required for principal and interest falling due within the year upon any debt of the Corporation as well as sums required by law to be provided by Council for any local boards.

The amount that may be borrowed at any one time for the purposes described above, together with any similar borrowings that have not been repaid, shall not exceed 50% from January 1st to September 30th of the year, and 25% from October 1st to December 31st, of the total estimated revenues of the Regional Corporation as set forth in the Regional Budget adopted for the year, except with the approval of the Ontario Municipal Board.

4. ANALYSIS AND OPTIONS

The estimate of $125 million will be sufficient to meet the Region's 2007 short-term financing requirements based on our most recent cash flow analysis and is less than the limit prescribed by the Municipal Act. This amount is the same as the temporary borrowing limit authorized by Council for 2006.

In 2006, transfers from reserves and reserve funds financed all temporary borrowing requirements and as a result the Region did not require any short-term financing from external sources. This practice is expected to continue during 2007. The interest rate charged by the reserves for any short-term transfers was equal to prevailing market rates.

5. FINANCIAL IMPLICATIONS

The net cost of temporary borrowing from all sources for 2006 is currently estimated to be approximately $1.9 million due to one time costs associated with the delay in the receipt of Federal and Provincial subsidies for the VIVA Quick Start Initiative. Costs included in the Region's 2007 Budget have been estimated at $450,000.

6. LOCAL MUNICIPAL IMPACT

There are no local municipal implications associated with this report.

7. CONCLUSION

This report authorizes the Commissioner of Finance to borrow up to $125 million by way of promissory notes if necessary to meet the current needs of the Corporation during 2007.

The Senior Management Group has reviewed this report.

Respectfully submitted,

December 14, 2006	**Lloyd Russell**
Newmarket, Ontario	**Commissioner of Finance**

(Report No. 5 of the Commissioner of Finance was adopted, without amendment, by Regional Council at its meeting held on December 14, 2006.)