



AGENDA ITEM

Temporary Borrowing Bylaw No. 1358/22

January 31, 2022

BACKGROUND

From time to time and primarily because of investment maturity dates and the timing of major project/purchases expenditures, Lacombe County undertakes short-term borrowing from its line of credit with Servus Credit Union.

Pursuant to Section 251(1) of the Municipal Government Act, a municipality may only make a borrowing if the borrowing is authorized by a borrowing bylaw. The County's financial services provider, Servus Credit Union, requires the County to maintain a current temporary/line of credit borrowing bylaw.

The 2022 Borrowing Bylaw No. 1358/22 is attached.

ANALYSIS

County finance staff develop a comprehensive cash flow analysis as part of our annual budget preparation. This analysis guides the timing of our investment activities and minimizes the amount of our short-term borrowing.

In 2021, the County did not have an overdraft position. In past years, the amount of overdraft has ranged from 0\$ to \$100,000 at any time throughout the year. The County has largely avoided overdraft situations as the County keeps large amounts of its cash in its primary account. This account earns a competitive savings interest rate allowing the County to maintain these balances.

Under section 256 of the MGA, a municipality may not borrow, for the purposes of financing operating expenditures, more than the amount levied in taxes for a particular year. The borrowing under this bylaw is \$15,000,000. This borrowing bylaw also covers the County's credit cards which are another form of debt, albeit a revolving line of credit.

Although there is no statutory requirement to replace this bylaw annually, the County's financial institution does require an update every two years. As a result, Administration prepares this bylaw annually to ensure the bylaw is always current.

Alternatives

1. Approve all three readings of the bylaw as presented (Administration Recommendation)
2. Council direct Administration on another course of action.

BUDGET IMPLICATIONS

Overdraft charges are netted against investment income earned throughout the year. Typically, an allowance of \$5,000 is included in the investment income estimate for the year.

LEGISLATIVE RESPONSIBILITIES

Section 251(1) of the MGA states that a municipality may only make a borrowing if the borrowing is authorized by a borrowing bylaw.

Section 256(3) of the MGA states that a borrowing bylaw does not need to be advertised if the borrowing does not exceed three years.

RECOMMENDATION

That Council approve Borrowing Bylaw No. 1358/22 by giving three readings to the bylaw at this meeting.

PREPARED BY: Michael Minchin, Director of Corporate Services



REVIEWED BY: Tim Timmons, County Manager

