
To: Mayor and Council
From: Paul Gipps, CAO
Meeting Date: 2025-01-21
Meeting Type: Regular Council Meeting

Prepared by: Richard Wagner, Manager of Finance
Department: Finance & Administration

Title: Revenue Anticipation Borrowing Bylaw 1267, 2025
Description: To consider a bylaw that permits temporary borrowing to meet current lawful expenditures.

RECOMMENDATION

THAT Revenue Anticipation Borrowing Bylaw 1267, 2025 be read a first, second and third time.

EXECUTIVE SUMMARY

The bylaw before Council for consideration provides for temporary borrowing to meet current lawful expenditures in anticipation of receiving revenue from the collection of the 2025 taxes.

The Revenue Anticipation Bylaw will allow the District to borrow temporarily up to Six Million Dollars (\$6,000,000) to meet current expenditures, pending receipt of revenue from the annual tax levy.

The Community Charter allows for temporary borrowing to a maximum of 75% of all taxes imposed for all purposes in the preceding year. Based on 2024 taxation, the maximum value of the Revenue Anticipation Bylaw could be as high as \$29.8 M. The bylaw before Council is proposing a limit of \$6.0 M. This same amount has been adopted in the Revenue Anticipation Bylaw yearly since 2010 but has never been fully utilized as operations are internally financed.

WHAT IS THE ISSUE

The District has fiscal responsibilities year-round. The District also holds a considerable number of investments that are timed to ensure fiscal continuity. However, unforeseen circumstances could occur that require cash beyond planned amounts and cashing investments in early may be more costly than utilizing a line of credit for a brief period of time.

The bylaw is put into place every year in the event that the District's cash flow position requires the District to borrow funds temporarily. The potential requirement for borrowing these funds would be the result of timing differences between the maturity of investments within the District's investment portfolio and cash requirements arising before the receipt of tax payments. The cost to the District to redeem investments earlier than maturity could potentially be greater than the cost of interest on the borrowed funds.

WHAT IS BEING ASKED

The bylaw before Council for consideration provides for temporary borrowing to meet current lawful expenditures in anticipation of receiving revenue from the collection of the 2025 taxes.

DISCUSSION/ANALYSIS

The \$6,000,000 requested covers the District's \$1,500,000 operating line of credit or overdraft which can be used in the event of emergencies. The District pays interest at the bank prime rate if the operating line of credit is used.

As per the 2023 Audited Financial Statements of December 31, 2023, the District had \$36,678,381 in term deposits, chartered bank accrual notes and debentures (various investments). The District earned \$2,383,888 in interest on investments.

Pursuant to s. 177 of the Community Charter, Council may by way of bylaw, provide for the borrowing of money that may be necessary to meet current lawful expenditures, and to pay amounts required to meet the municipality's taxing obligations in relation to another local government or other public body.

FINANCIAL IMPLICATIONS

None Budget Previously Approved Other (see below)

Adoption of this Bylaw allows District funds to remain as investments in the event that unforeseen circumstances arise. This allows invested funds to continue to earn interest income for the District.

ALTERNATE RECOMMENDATION(S)

THAT staff be directed to develop a strategy to convert a sufficient amount of investment assets to liquid assets to ensure fiscal sustainability in the event of an emergency.

Respectfully Submitted.

Richard Wagner, Manager of Finance

Report Approval Details

Document Title:	Bylaw 1267, 2025 Revenue Anticipation Bylaw.docx
Attachments:	- Attachment A – Revenue Anticipation Borrowing Bylaw 1267, 2025.docx
Final Approval Date:	Jan 13, 2025

This report and all of its attachments were approved and signed as outlined below:

Trevor James, CFO, Director of Finance & Administration - Jan 13, 2025 - 9:51 AM

Reyna Seabrook, Director of Corporate Services - Jan 13, 2025 - 12:47 PM

Paul Gipps, Chief Administrative Officer - Jan 13, 2025 - 1:40 PM