

Report

Date February 19, 2025
Subject Revenue Anticipation Borrowing Bylaw No. 3998, 2025

File:

PURPOSE

To introduce Revenue Anticipation Borrowing Bylaw No. 3998, 2025, to enable North Cowichan to borrow money for a short term, if needed, to continue municipal operations while waiting for anticipated revenue (i.e. property taxes) to be received.

BACKGROUND

While the local government's fiscal year is the calendar year, most of North Cowichan's revenue is collected in late June. From January until June, expenditures are funded from existing cash balances and surplus funds. If insufficient cash is available and interim borrowing for operational needs is required, section 177 of the *Community Charter* requires that a Revenue Anticipation Borrowing bylaw be adopted.

DISCUSSION

A Revenue Anticipation Borrowing Bylaw provides the authority to temporarily borrow to meet current lawful expenditures or pay amounts required to meet tax obligations in relation to another public body. While funds are not typically required, having the bylaw in place ensures the authority to borrow temporarily is available should it be required.

The borrowed amount cannot exceed 75% of all property taxes imposed for all purposes, either for the preceding year or the current year, depending on whether the property tax bylaw has been adopted. Any borrowed funds must be repaid when the anticipated revenue is received.

In 2024, taxes imposed for all purposes totalled \$40.5 million. This means the maximum amount that could be temporarily borrowed is approximately \$30.4 million; however, it is doubtful that this amount would be required. Therefore, staff recommends establishing a limit of \$20 million, roughly 50% of the general municipal levy.

OPTIONS

1. **(Recommended Option)** THAT Council give first, second and third readings to Revenue Anticipation Borrowing Bylaw No. 3998, 2025.
 - This option provides authority to access an operating line of credit, should it be needed, prior to taxes being collected in the first half of 2025.

2. If Council wishes to change the borrowing limit the following motions must be adopted separately.
- (1) THAT Council give first and second readings to Revenue Anticipation Borrowing Bylaw No. 3998, 2025;
 - (2) THAT Council amend the borrowing limit established under Section 2 of Bylaw No. 3998, 2025, by striking out Twenty Million Dollars (\$20,000,000) and inserting in its place *[identify amount]* million dollars; and
 - (3) THAT Council give third reading to Revenue Anticipation Borrowing Bylaw No. 3998, 2025, as amended.
 - This option provides the opportunity for input from Council on the maximum line of credit that North Cowichan may access; however, should the maximum be too low, staff may need to prioritize payments and potentially delay projects.

IMPLICATIONS

The Revenue Anticipation Borrowing Bylaw gives authority to short-term borrow to meet North Cowichan's obligations and operating needs should the funds be required. No borrowing would be undertaken unless funds were necessary.

RECOMMENDATION

THAT Council give first, second and third readings to Revenue Anticipation Borrowing Bylaw No. 3998, 2025.

Report prepared by:



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Report reviewed by:



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Approved to be forwarded to Council:



Ted Swabey
Chief Administrative Officer

Attachment:

- (1) Revenue Anticipation Borrowing Bylaw No. 3998