

District of Barriere
REPORT TO COUNCIL
Request for Decision

Date: February 3, 2025	File: 530.20/Rpts
To: Council	From: T. Buchanan, Corporate Officer
Re: DRAFT 2025 Revenue Anticipation Borrowing Bylaw No. 252	
<u>Recommendation:</u> <i>THAT Council give first three readings to the 2025 Revenue Anticipation Borrowing Bylaw No. 252</i>	

Purpose

To establish an annual revenue anticipation borrowing bylaw which is required annually for in order to permit a municipal government to possess a bank overdraft agreement. Draft 2025 Revenue Anticipation Borrowing Bylaw No. 252 is presented to Council for consideration and first three readings.

Background

Section 177 of the *Community Charter* (Revenue Anticipation Borrowing) gives municipalities the authority to borrow money to meet operational cash flow shortfalls between the beginning of the year and the receipt of property taxes or monies from other governments. Any funds that are borrowed must be immediately repaid as these amounts are subsequently received.

The maximum amount the District can borrow under Section 177 of the Community Charter is the total of all unpaid taxes for all purposes, imposed during the current year and the money remaining due from other governments. If the annual property tax bylaw has not been adopted, as is the case here, the taxes are deemed to be 75% of municipal property taxes imposed for all purposes in the previous year, along with the sum of money remaining due from other governments. The 75% limit for 2025 from the 2024 municipal property taxes collected in the amount of \$1,062,195 would be approximately \$796,646, which when added to the District's annual small community grant of \$585,000, the maximum limit the District can set to borrow in this bylaw, is \$1,381,646. The \$750,000 amount proposed in this bylaw is therefore substantially below the 75% limit set by the *Community Charter*.

With this bylaw, the District would have the choice of establishing an operating line of credit with the local Credit Union for this purpose or with the Municipal Finance Authority (MFA). Staff are recommending establishing an agreement with the local Credit Union as the interest rates are moderately comparable and the process is simpler. The interest rate offered by the Barriere Credit Union is Prime minus 0.5%. There is a one time application fee of \$1875.00 with no additional yearly fees or monthly operating fees.

Although staff do not anticipate a need to borrow any funds to cover normal operations, the adoption of an annual Revenue Anticipation Bylaw is a requirement for the District to establish and operating loan (overdraft) agreement with the Barriere Credit Union. The attached Draft Bylaw No. 252 is the District's proposed 2025 Revenue Anticipation Borrowing Bylaw for this \$750,000 million operating line of credit. Going forward, this will be an annual bylaw adoption process as required by the Community Charter, most likely to be included for Council consideration by November/December each year.

Benefits or Impacts

General

This bylaw is a statutory and contractual requirement for the District to establish an operating loan and overdraft arrangement with the Barriere Credit Union.

Finances

The establishment of an operating loan agreement with the Barriere Credit Union to borrow up to \$750,000 through a line of credit, will ensure the overall operations of District services can continue without interruption should it be necessary due to any unexpected low cash flows.

Strategic Impact

N/A

Risk Assessment

Compliance:

This is an annual bylaw which is authorized under Section 177 of the Community Charter and will fulfil the requirement of a banking agreement with the Credit Union.

Risk Impact:

Moderate. Adoption of this bylaw is necessary if the District wishes to establish an overdraft and operating loan with the Credit Union and will be required annually in order to maintain the agreement.

Internal Control Process:

Staff will need to provide the Credit Union with a copy of the bylaw upon adoption.

Next Steps / Communication

Staff will provide the Credit Union with a copy of the bylaw upon adoption.

Attachments

- 1) DRAFT 2025 Revenue Anticipation Borrowing Bylaw, No. 252

Recommendation

THAT Council gives 1st, 2nd and 3rd readings to 2025 Revenue Anticipation Borrowing Bylaw, No. 252

Alternative Options

1. Council could choose not to give this bylaw first three readings. In that case, the District would not have an overdraft facility on its operating account and would not be able to take advantage of operational short-term borrowing if it became necessary to do so.

**Revenue Anticipation Borrowing Bylaw
District of Barriere**

DRAFT - Bylaw No. 252

A bylaw to provide for the borrowing of money in anticipation of revenue

WHEREAS the municipality may not have sufficient money on hand to meet the current lawful expenditures of the municipality;

AND WHEREAS it is provided by Section 177 of the *Community Charter* that Council may, without the assent of the electors or the approval of the Inspector of Municipalities, provide for the borrowing of such sums of money as may be necessary to meet the current lawful expenditures of the municipality provided that the total of the outstanding liabilities does not exceed the sum of:

- a) The whole amount remaining unpaid of the taxes for all purposes levied during the current year, provided that prior to the adoption of the annual property tax bylaw in any year, the amount of the taxes during the current year for this purpose shall be deemed to be 75% of the taxes levied for all purposes in the immediately preceding year; and
- b) The whole amount of any sums of money remaining due from other governments;

AND WHEREAS there are no liabilities outstanding under Section 177;

AND WHEREAS the total amount of liability that Council may incur is \$1,381,646.25 made up of the sum of \$796,646.25, being 75% of the whole amount of the taxes levied for all purposes in prior year, and \$585,000.00 being the whole amount of the sum of money remaining due from other governments;

NOW THEREFORE the Council of the District of Barriere, in open meeting assembled, enacts as follows:

1. This bylaw may be cited as "*Revenue Anticipation Borrowing Bylaw No. 252*".
2. The Council shall be and is hereby empowered and authorized to borrow upon the credit of the municipality an amount or amounts not exceeding the sum of \$750,000.00.
3. The form of obligation to be given as acknowledgement of the liability shall be a promissory note or notes bearing the corporate seal and signed by the Mayor and the officer assigned the responsibility of financial administration of the municipality.
4. All unpaid taxes and the taxes of the current year when levied or so much thereof as may be necessary shall, when collected, be used to repay the money so borrowed.

READ A FIRST TIME this day of , 2025

READ A SECOND TIME this day of , 2025.

READ A THIRD TIME this day of , 2025.

RECONSIDERED and FINALLY PASSED and ADOPTED this day of , 2025.

Mayor

Corporate Officer

Certified a true copy of Bylaw No. 235 as adopted.

Corporate Officer