



The Corporation of the City of Courtenay

Staff Report

To: Council
From: Director of Finance
Subject: 2026 Revenue Anticipation Borrowing Bylaw

File No.: 1760-02
Date: January 28, 2026

PURPOSE:

The purpose of this report is for Council to give first three readings of the Revenue Anticipation Borrowing Bylaw, 2026, No. 3209.

BACKGROUND:

Although the local government's fiscal year aligns with the calendar year, the majority of the City's revenue is received in late June. From January through June, operating expenditures are financed using existing cash balances and surplus funds. If these sources are insufficient and short-term borrowing is required to meet operational needs, section 177 of the Community Charter requires the adoption of a Revenue Anticipation Borrowing bylaw.

DISCUSSION:

The Revenue Anticipation Borrowing Bylaw authorizes the City to temporarily borrow funds to meet current lawful expenditures or to pay amounts required to meet tax obligations in relation to other public bodies.

Adoption of the bylaw does not increase expected borrowing; rather, it ensures that Council authorization is in place should additional short-term borrowing be required during the fiscal year, and it satisfies the terms of the City's banking agreement.

All borrowing under this authority is temporary in nature and must be repaid from anticipated revenues received within the same fiscal year.

In 2025, taxes imposed for all purposes totalled \$41.8 million, this includes property taxes and parcel taxes (Utility frontage fees). Accordingly, the maximum amount that could be temporarily borrowed is approximately \$31.3 million (75%); however, it is unlikely that this full amount would be required as the City has alternative reserves and tools to defer spending if required. Staff are therefore recommending a borrowing limit of approximately 48% of taxation revenue, or \$20 million.

POLICY ANALYSIS:

Section 177 of the Community Charter authorizes Council to adopt a Revenue Anticipation Borrowing Bylaw to permit the City to borrow funds to meet lawful expenditures until annual property tax revenues are received. The maximum amount authorized under such a bylaw is limited to 75% of all property taxes imposed in the prior year. Once collected, property tax revenues must be used to repay the borrowed funds.

FINANCIAL IMPLICATIONS:

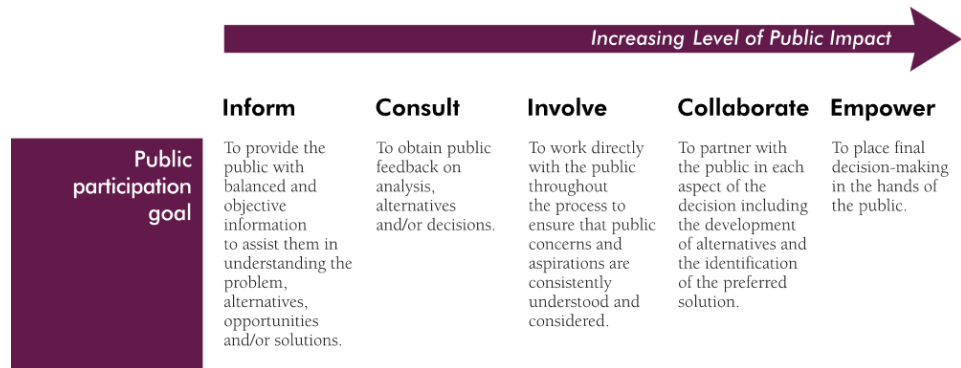
There are no financial implications associated with having this borrowing authority in place. In the unlikely event that the City is required to draw on this line of credit, interest expense would be incurred on the amount borrowed at the Municipal Finance Authority's short term borrowing rate until repaid. The MFA short term borrowing rate is variable and as at Jan 19, 2026, is 2.83%.

ADMINISTRATIVE IMPLICATIONS:

Administration of revenue anticipation borrowing is managed by the Finance Department as part of its core financial responsibilities, including monitoring cash flow, managing credit facilities, and ensuring timely repayment. No additional staffing resources are required.

PUBLIC ENGAGEMENT:

Staff would inform the public based on the IAP2 Spectrum of Public Participation:



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OPTIONS:

1. THAT Council give first, second, and third readings to "Revenue Anticipation Borrowing Bylaw, 2026 No. 3209"
2. THAT Council defer consideration of the Revenue Anticipation Borrowing Bylaw and provide alternative direction to staff.

ATTACHMENTS:

1. Revenue Anticipation Bylaw, 2026, No. 3209

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