

Township of
Langley



Est. 1873

REPORT TO MAYOR AND COUNCIL

PRESENTED: DECEMBER 03, 2018 - REGULAR EVENING MEETING
FROM: FINANCE DIVISION
SUBJECT: 2019 REVENUE ANTICIPATION BORROWING BYLAW

REPORT: 18-159
FILE: 3900-25

RECOMMENDATION(S):

That Council give first, second, and third reading to 2019 Revenue Anticipation Borrowing Bylaw 2018 No. 5437.

EXECUTIVE SUMMARY

Pursuant to Section 177 of the *Community Charter*, 2019 Revenue Anticipation Borrowing Bylaw 2018, No. 5437 will provide authorization to borrow money between January 1, 2019 and December 31, 2019 should it become necessary.

The Township will receive most of its 2019 property tax revenue mid-year, but Township expenditures commence on January 1, 2019. This bylaw will provide authority, in the unlikely event that it becomes necessary, to borrow money on an interim basis to meet the lawful expenditures of the Township and to pay amounts required to meet the municipality's taxing obligations in relation to other public bodies. Bylaw No. 5437 sets this borrowing limit at \$25,000,000 for the year 2019.

It is highly unlikely that the Township will ever need to borrow under this bylaw. Use of this form of financing is rare for municipalities the size of the Township and has been accessed only once in the last 29 years.

In the event borrowing becomes necessary, the Township maintains a line of credit agreement with the Township's bank in the amount of \$25,000,000. To borrow money under this line of credit agreement, a promissory note must be executed by the Mayor and the Director of Finance. The borrowing would be reported to Council at the earliest opportunity.

Revenue collected from property taxes or cash from investments maturing would be used to repay the amount borrowed at the earliest possible opportunity and in any case no later December 31, 2019.

PURPOSE:

The purpose of this report is to introduce 2019 Revenue Anticipation Borrowing Bylaw 2018 No. 5437 for first, second and third reading by Council. This bylaw will provide authorization to borrow money, in the unlikely event that it becomes necessary, between January 1, 2019 and December 31, 2019, pursuant to Section 177 of the *Community Charter*.

DISCUSSION/ANALYSIS:

The Township will receive most of its 2019 property tax revenue mid-year, but Township expenditures commence on January 1, 2019. This bylaw will provide authority, in the unlikely event that it becomes necessary, to borrow money on an interim basis to meet the lawful expenditures of the Township and to pay amounts required to meet the municipality's taxing obligations in relation to other public bodies. Bylaw No. 5437 sets this borrowing limit at \$25,000,000 for the year 2019.

It is highly unlikely that the Township will ever need to borrow under this bylaw. Use of this form of financing is rare for municipalities the size of the Township and has been accessed only once in the last 29 years due to a cash flow timing issue.

In the event borrowing becomes necessary, the Township maintains a line of credit agreement with the Township's bank in the amount of \$25,000,000. To borrow money under this line of credit agreement a promissory note must be executed by the Mayor and the Director of Finance. The borrowing would be reported to Council at the earliest opportunity. Revenue collected from property taxes or cash from investments maturing would be used to repay the amount borrowed at the earliest possible opportunity and in any case not later than December 31, 2019.

Legislation:

Community Charter Section 177, on revenue anticipation borrowing states the following:

1. *A Council may, by bylaw, provide for the borrowing of money that may be necessary to*
 - a. *Meet current lawful expenditures, and*
 - b. *Pay amounts required to meet the municipality's taxing obligation in relation to another local government or other public body.*
2. *The debt outstanding under this section must not exceed the total of*
 - a. *The unpaid taxes for all purposes imposed during the current year, and*
 - b. *The money remaining due from other governments*
3. *Before the adoption of the annual property tax bylaw in any year, the taxes in that year are deemed to be 75% of all property taxes imposed for all purposes in the preceding year.*
4. *When collected, revenue from property taxes must be used as necessary to repay money borrowed under this section.*

Financial Implications:

Maximum allowable borrowing under this bylaw is \$25 million. Interest costs for this type of short term borrowing would be minimal.

Respectfully submitted,

Karen Sinclair
DIRECTOR OF FINANCE
for
FINANCE DIVISION

THE CORPORATION OF THE TOWNSHIP OF LANGLEY

2019 REVENUE ANTICIPATION BORROWING BYLAW 2018 NO. 5437

EXPLANATORY NOTE

The purpose of Bylaw 2018 No. 5437 is to provide authorization to borrow funds between January 1, 2019 and December 31, 2019. As the Municipality does not receive property taxation revenue until tax collection time (May to late June), it may be necessary to borrow funds to meet the lawful expenditures of the Township and to pay amounts required to meet the Township's taxing obligations in relation to other public bodies.

THE CORPORATION OF THE TOWNSHIP OF LANGLEY

2019 REVENUE ANTICIPATION BORROWING BYLAW 2018 NO. 5437

The Municipal Council of the Corporation of the Township of Langley, in Open Meeting Assembled, ENACTS AS FOLLOWS:

1. This Bylaw may be cited for all purposes as “2019 Revenue Anticipation Borrowing Bylaw 2018 No. 5437”.
2. The Corporation of the Township of Langley is hereby authorized and empowered to borrow upon the credit of the Corporation up to the maximum amount of Twenty-Five Million dollars (\$25,000,000) in such amounts and at such times as the same may be required, and at a rate of interest that shall not exceed the prime rate set by the Corporation’s bankers.
3. The monies so borrowed and interest thereon shall be payable on or before the 31st day of December 2019.
4. The form of obligation or obligations to be given as an acknowledgment of the liability of the Corporation for and in connection with the monies so borrowed shall be a promissory note or notes for such sums as may be required and may be advanced from time to time, signed by the Mayor and Director of Finance of the Corporation and bearing the Corporate Seal of the Corporation.
5. There is hereby set aside as security for the liability hereby authorized to be incurred the whole unpledged or unencumbered amount of unpaid taxes due to the Corporation as at December 31, 2018, and the whole of the taxes to be levied for the year 2019. When collected, revenue from property taxes must be used as necessary to repay money borrowed under the authority of Bylaw No. 5437.

READ A FIRST TIME the	day of	, 2018
READ A SECOND TIME the	day of	, 2018
READ A THIRD TIME the	day of	, 2018
ADOPTED the	day of	

Mayor _____ Township Clerk _____