
City of Kelowna

MEMORANDUM

DATE: March 8, 2006
FILE: 1760-02
TO: City Manager
FROM: Director of Financial Services
RE: **Revenue Anticipation Borrowing Bylaw**

RECOMMENDATION:

THAT Council adopt Revenue Anticipation Borrowing Bylaw #9578 as authorized under Section 177 of the Community Charter.

BACKGROUND:

This Revenue Anticipation Bylaw will allow the City to borrow up to twenty million dollars (\$20,000,000) to meet current expenditures, pending receipt of revenue from the annual tax levy. The Community Charter allows for temporary borrowing not to exceed:

- a) the unpaid taxes for all purposes imposed during the current year, and
- b) the money remaining due from other governments.

This bylaw is required in the event that the City's cash flow position requires the City 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 City's investment portfolio and cash requirements arising before the receipt of tax payments. The cost to the City of reducing investments within the portfolio, before maturity dates, would be of greater significance than the cost of interest on the borrowed funds. Interest on borrowed funds would not exceed the Royal Bank of Canada prime lending rate.

A copy of this bylaw will be filed with the Royal Bank once approved by Council.

Paul Macklem

cc: Revenue Manager
Financial Accounting and Systems Manager