

COMMUNICATION 131052

Received from Trisa McConkey, CPA, CGA, Treasurer
Addressed to Committee of the Whole
Date April 21, 2020
Topic Annual Repayment Limit

SUMMARY:

O. Reg. 403/02 entitled Debt and Financial Obligation Limits, limits the amount that municipalities can borrow by setting an Annual Repayment Limit (ARL) each year.

COMMENT:

The Annual Repayment Limit (ARL) may be generally summarized as the maximum amount that a municipality in Ontario can pay each year in principal and interest payments for its long-term debt and other long-term financial commitments without first seeking approval of the Local Planning Appeal Tribunal (LPAT).

For most municipalities the ARL is set at 25% of their annual own-source revenues (such as property taxes, user fees and investment income), less their annual existing long-term debt service costs and payments for other long-term financial obligations. Municipalities may only exceed their ARL with the prior approval of LPAT.

Municipalities in Ontario are responsible for ensuring that they do not exceed their ARL. When a municipality proposes long-term borrowing or other long-term financial obligation, the municipal Treasurer is responsible for updating the limit provided by the Ministry. The Treasurer must determine if there is capacity within the municipality's ARL to undertake the planned borrowing.

For 2019, the Town's ARL was \$4,827,196 (see attached). Our debt charges in 2018 were \$881,373 therefore, the Town could still borrow up to \$60,157,532 for 20 years at 5% interest and still remain within its ARL.

FINANCIAL IMPLICATIONS

There are no financial implications resulting from this report.

STAFF RECOMMENDATION

THAT Council receive the Treasurer's report regarding the Town's Annual Repayment Limit dated April 21, 2020 as information.