



**Meeting Date:** April 3, 2024

**Prepared By:** Tiffany Farrell, Director of Corporate Services

**Report No:** CPS-21-2024

**Subject:** Annual Repayment Limit 2024

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**Recommendation:**

THAT Report CPS-21-2024, re: Annual Repayment Limit 2024 be received as information.

**Purpose:**

The purpose of this report is to present to Council the 2024 Annual Repayment Limit as determined by the Ministry.

**Background:**

The Annual Repayment limit (ARL) is provided by the Ministry of Municipal Affairs and Housing each year. The ARL is calculated based on data contained in the most current Financial Information Return (FIR). It represents the maximum amount which the Municipality has available as at a specific date, to commit to payments relating to debt and financial obligations. The limit is calculated as 25% of net revenues.

**Analysis:**

Staff received the 2024 Annual Repayment Limit (ARL) in March 2024. The ARL is based on the information contained in the 2022 FIR. The ARL represents the maximum amount which the Municipality had available as of December 31, 2022, to commit to payments relating to debt and financial obligations. The limit is calculated as 25% of net revenues, which based on the 2022 amount, is \$9,357,332 for 2024 (2023 - \$8,642,709). Therefore, based on the debt outstanding, the Municipality has the capacity to borrow an amount that would result in payments equal to or less than \$7,425,278 for 2024 (2023-\$6,650,850).

Therefore, at this point we still have a sufficient amount of borrowing capacity under the annual repayment limit of 25%, however the Municipal debt limit under our debt policy is 17%. Based on the actual debt figures as noted in the 2022 FIR, the Municipality is only using 5.16% of the annual debt capacity of the allowed 25%.

However, a new ARL is calculated every time the Municipality borrows money or is in a position where borrowing may occur (new municipal drains, proposed annual budget items) and is presented to Council before any borrowing is completed. Considering the proposed future debt, the ARL is at 8.36% of the allowed 25%.

**Financial Implications:**

N/A

**Strategic Plan:**

This matter aligns with following strategic priorities:

- Responsive Municipal Government

The ARL is a legislative requirement under the Municipal Act, staff have prepared this report in order to provide this information to Council and the public to be open and transparent, therefore it responds to Objective 5.3 – Foster a culture of innovation, continuous improvement, and cost-effective services by sharing information and gathering input, by continuing our timely and effective communication to the public.

**Attachments:**

A1 Annual Repayment Limit 2024 Middlesex Centre

A2 Annual Repayment Limit 2024 Middlesex Centre – with 2024 proposed debt