



Meeting Date: April 23, 2025

Prepared By: Tiffany Farrell, Director of Corporate Services

Report No: CPS-20-2025

Subject: Annual Repayment Limit 2025

Recommendation:

THAT Report CPS-20-2025, re: Annual Repayment Limit 2025 be received for information.

Purpose:

The purpose of this report is to present to Council the 2025 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. 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. Additional information on the ARL is contained in appendix 2.

Analysis:

Staff received the 2025 ARL in April 2025. The ARL is derived from the 2023 Financial Information Return (FIR) and represents the maximum amount the Municipality could commit to debt payments and financial obligations as of December 31, 2023. This limit is calculated as 25% of net revenues, which, based on the 2023 figures, amounts to \$10,636,929 for 2025 (compared to \$9,357,332 in 2024), as detailed in Appendix 1. Consequently, the Municipality has the capacity to borrow an amount that would result in annual debt payments not exceeding \$8,739,755 for 2025 (compared to \$7,425,278 in 2024).

Based on this information, the Municipality retains sufficient borrowing capacity within the 25% ARL. However, when considering new borrowing, it is essential for Council to refer to the Municipality's debt policy, which sets a more conservative debt limit of 17%. According to the 2023 FIR, the Municipality is currently utilizing only 4.46% of its allowed 25% annual debt capacity (down from 5.16% in 2024). It is important to note that a new ARL is calculated each time the Municipality borrows or anticipates borrowing (such as for new municipal drains or budgeted projects) and is presented to Council before any borrowing is finalized. Considering future debt projections, the ARL would reach 5.72% of the 25% limit, as shown in Appendix 3.

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 2025 Middlesex Centre

A2 Annual Repayment Limit 2025 Guide

A3 Annual Repayment Limit 2025 Middlesex Centre – with proposed debt