

## Report to Committee of the Whole

**Date:** 5/12/25

**From:** Kirsten Rahm, Treasurer/Manager of Finance

**Re:** Cost of Borrowing – Annual Repayment Limit Report

### RECOMMENDATION

THAT the Committee of the Whole receive for information the finance report on the cost of borrowing for capital infrastructure based on the information received in the Annual Repayment Limit Report.

### BACKGROUND

Each year the province of Ontario provides municipalities with their annual repayment limit (ARL). The ARL is the maximum amount that a municipality can pay in principal and interest payments in the year for new long-term debt (and in annual payments for other financial commitments) without first obtaining approval from the province to exceed the set limit.

The Ministry of Municipal Affairs determines each municipalities limit annually using information from the annual Financial Information Return.

The ARL is set at 25% of municipalities annual “own-source” revenues (a ministry-determined amount which includes property taxes, user fees and investment income) less their annual long-term debt servicing costs and annual payments for other long-term financial obligations.

### ANALYSIS

Cost of Borrowing Capital <i>(based on 1% equaling \$40,436 residential rate)</i>						
2025 Annual Repayment Limit	Amount Eligible	I.O. 30-year term semi-annual payment	Principle	Interest	Payment	Resident. tax rate increase
\$1,290,011	\$20,000,000	4.82%	\$307,387	\$960,340	\$1,267,727	31.35%
	\$1,000,000	4.82%	\$15,369	\$48,017	\$63,386	1.57%
	\$2,000,000	4.82%	\$30,739	\$96,034	\$126,773	3.14%
	\$3,000,000	4.82%	\$46,108	\$144,051	\$190,159	4.70%
For each million borrowed an approximate increase of 1.6% is required.						
Water and Wastewater Infrastructure <i>(cannot be financed through property taxes)</i>						
						W/Ww rate increase
	\$1,000,000	4.82%				5%
	\$2,000,000	4.82%				9%

	\$3,000,000	4.82%				13.5%
For each million borrowed an additional \$64,000 in revenue would be required <i>in addition to the annual 3% rate increase</i>						

Submitted by:

Approved by:

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Kirsten Rahm,  
Manager of Finance - Treasurer

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Darlene Plumley, CAO