

# STAFF REPORT

THE CORPORATION OF THE TOWN OF COBOURG



<b>Report to:</b>	Mayor and Council Members	<b>Priority:</b>	<input type="checkbox"/> High <input checked="" type="checkbox"/> Low
<b>Submitted by:</b>	Ian Davey – Treasurer / Director, Corporate Services <a href="mailto:idavey@cobourg.ca">idavey@cobourg.ca</a>	<b>Meeting Type:</b>  Open Session <input checked="" type="checkbox"/> Closed Session <input type="checkbox"/>	
<b>Meeting Date:</b>	March 29, 2021		
<b>Report No.:</b>	042-2021		
<a href="#">Submit comments to Council</a>			

**Subject/Title:** Annual Repayment Limit (ARL)

## RECOMMENDATION:

THAT Council receive this memo for information purposes.

### 1. STRATEGIC PLAN

N/A

### 2. PUBLIC ENGAGEMENT

N/A

### 3. PURPOSE

The purpose of this report is to provide Council with the updated Annual Repayment Limit (ARL) as provided by the Ministry of Municipal Affairs and Housing dated January 29, 2021.

### 4. ORIGIN AND LEGISLATION

The determination of the ARL for 2021 is based on the information submitted in the 2019 Financial Information Return (FIR) as submitted by the Town of Cobourg. A letter dated February 26, 2021 was received from the MMAH with this information.

### 5. BACKGROUND

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

## 6. ANALYSIS

The 2021 ARL has been established at \$10,493,205 (2020 - \$9,687,451). This amount has been calculated by deducting the amount spent on principal and interest payments in the amount of \$1,741,007 from 25% of the Net Revenue which for 2019 was \$12,234,212. A copy of this calculation has been provided for your reference.

## 7. FINANCIAL IMPLICATIONS/BUDGET IMPACTS

In addition to the ARL for 2021 of \$10,493,205, MMAH provides an illustration of how much additional debt could be undertaken over varying repayment terms and with interest rates of 5% and 7%. As an example, the 2021 ARL would support additional debt repayable over a 10 year term with interest at 5% of \$81,025,746. If the municipality wanted to borrow in excess of this amount we would need to go to LPAT for approval.

Based on the 2020 and 2021 Operating and Capital budgets as approved by Council, the Town of Cobourg is well within the 2021 ARL.

## 8. CONCLUSION

The Municipality will not exceed the ARL as established by the MMAH for the 2021 fiscal year.

Any future reports from the Treasurer regarding borrowing will include an updated ARL at that time as prepared by the Treasurer.

### Report Approval Details

Document Title:	Annual Repayment Limit (ARL) - Corporate Services-042-21.docx
Attachments:	- doc23920720210318124844.pdf
Final Approval Date:	Mar 18, 2021

This report and all of its attachments were approved and signed as outlined below:

**Tracey Vaughan, Chief Administrative Officer - Mar 18, 2021 - 5:51 PM**