



**City of Kingston
Report to Council
Report Number 26-012**

To: Mayor and Members of Council
From: Desirée Kennedy, Chief Financial Officer & City Treasurer
Resource Staff: Lana Foulds, Director, Financial Services
Date of Meeting: December 16, 2025
Subject: 2026 Municipal Borrowing By-Law

Council Strategic Plan Alignment:

Theme: Regulatory & compliance

Goal: See above

Executive Summary:

The municipality must pass a by-law on an annual basis to enable it to borrow funds, if required, to meet its current operational needs. In accordance with Section 5(3) of the Municipal Act, 2001, as amended, municipal powers are to be exercised by by-law, unless the municipality is specifically authorized to do otherwise. Section 407 of the Municipal Act 2001, as amended, outlines the borrowing limits for operating purposes. Based on cash flow projections, and similar to previous years, short-term borrowing for current operations in 2026 is expected to be minimal and, if required, will be executed through an internal borrowing from the City's own reserve funds.

Staff is presenting the draft by-law, attached to Council Report Number 25-035 as Exhibit A, for all three readings in order to have the flexibility to borrow early in 2026, if required.

Recommendation:

That the draft By-Law to Authorize the Municipality to Borrow, attached to Report Number 26-012 as Exhibit A, be presented to Council for all three readings to authorize the municipality to borrow up to \$313,000,000 during the January 1, 2026 to September 30, 2026 period and up to \$156,500,000 during the October 1, 2026 to December 31, 2026 period in order to finance the City's current operating expenditures on an interim basis, as required; and

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That the Chief Financial Officer & City Treasurer be authorized to obtain temporary borrowing by means of temporary loans from reserve and reserve funds, as required, subject to the borrowing limits outlined in the draft By-Law to Authorize the Municipality to Borrow, attached to Report Number 26-012 as Exhibit A.

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Authorizing Signatures:

ORIGINAL SIGNED BY CHIEF

FINANCIAL OFFICER & CITY TREASURER

Desiree Kennedy, Chief
**Financial Officer & City
Treasurer**

ORIGINAL SIGNED BY CHIEF

ADMINISTRATIVE OFFICER

Lanie Hurdle, Chief
Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Paige Agnew, Commissioner, Growth & Development Services	Not required
Jennifer Campbell, Commissioner, Community Services	Not required
Neil Carbone, Commissioner, Corporate & Emergency Services	Not required
David Fell, President & CEO, Utilities Kingston	Not required
Jenna Morley, City Solicitor	Not required
Ian Semple, Commissioner, Transportation & Infrastructure Services	Not required

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Options/Discussion:**Background**

At any time during a fiscal year, it may be necessary for a municipality to utilize temporary borrowing to meet its operating expenses until taxes are collected and other revenues received. The municipality must pass a by-law on an annual basis to enable it to borrow funds to meet its current operational needs from either external financing or by means of temporary loans from reserves and reserve funds.

Based on cash flow projections, short-term borrowing for current operations in 2026 is expected to be minimal; however, the City of Kingston has periodically, in the past, been in a borrowing position in order to fund its day-to-day operations early in the year until the time when the current year's interim tax bills are due.

If required, borrowing for operational needs is most often executed through an internal borrowing from the City's own reserve funds. Applicable interest is paid from the general fund to the respective reserve funds, based on the City's average borrowing rate, and any temporary borrowing of this nature is repaid as soon as there are adequate cash balances available to do so.

Section 407 of the [Municipal Act, 2001](#), as amended, outlines the borrowing limits for operating purposes imposed upon Ontario municipalities. The limitations are such that in the first nine months of the year, municipalities can borrow no more than 50% of the budgeted revenues for the year. After September 30th, the loan amounts cannot exceed 25% of budgeted revenues. Where approval of the current year's budget is pending, the municipality is required to calculate its borrowing limits using budgeted revenues for the previous year.

Should it be necessary to finance the City's current operating expenditures on an interim basis, maximum borrowing limits for the period from January 1, 2026 to September 30, 2026 and for the period from October 1, 2026 to December 31, 2026 are \$313,000,000 and \$156,500,000, respectively.

Existing Policy/By-Law

[Municipal Act 2001](#), as amended, outlines the borrowing limits for operating purposes imposed upon Ontario municipalities.

Financial Considerations

Finance charges will only apply should the City be required to borrow under this by-law. Based on cash flow projections, short-term borrowing for current operations is expected to be minimal and transacted by way of temporary internal borrowings of other City funds with interfund interest recorded accordingly.

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Contacts:

Lana Foulds, Director, Financial Services, 613-546-4291 extension 2209

Exhibits Attached:

Exhibit A - Draft By-Law to Authorize the Municipality to Borrow up to \$313,000,000 during the January 1, 2026 to September 30, 2026 Period and up to \$156,500,000 during the October 1, 2026 to December 31, 2026 Period in Order to Finance the City's Current Operating Expenditures on an Interim Basis.

City of Kingston By-Law Number 2026-XX**A By-Law to Authorize the Municipality to Borrow up to \$313,000,000 between January 1, 2026 and September 30, 2026 and up to \$156,500,000 between October 1, 2026 and December 31, 2026 to Finance Current Operating Expenditures on an Interim Basis.****Passed:** December 16, 2025

Whereas Section 407 of the *Municipal Act, 2001*, c.25, as amended, authorizes Council to pass a by-law authorizing the municipality to borrow from time to time by way of promissory note or bankers' acceptance such sums as Council considers necessary to meet the current expenditures of the Corporation for the year until the taxes are collected and other revenues are received, provided the amounts borrowed between January 1 and September 30, 2026 and between October 1 and December 31, 2026 of the year do not exceed fifty per cent (50%) and twenty five per cent (25%) respectively, of the total estimated revenues of the Corporation as set forth in the approved 2025 operating budget; and

Whereas Council deems it necessary to authorize borrowing, together with any similar outstanding borrowings, up to a maximum of \$313,000,000 between January 1 and September 30, 2026, and up to \$156,500,000 between October 1 and December 31, 2026, to meet current operating expenditures until taxes are collected, such sums representing not more than 50% and 25% respectively of the total estimated revenues of the Corporation as set forth in the approved 2025 operating budget; and

Whereas Council deems it expedient to pass a by-law for such purpose;

Therefore be it resolved that the Council of The Corporation of the City of Kingston hereby enacts as follows:

1. Borrowing Authority

The Mayor and City Treasurer are authorized to borrow by way of promissory note or bankers' acceptance from any chartered bank or other lender, sums not exceeding \$313,000,000 between January 1, 2026 and September 30, 2026, and \$156,500,000 between October 1, 2026 and December 31, 2026, for the purpose of meeting current operating expenditures until taxes are collected.

2. Limitations

The amounts borrowed under this by-law, together with any similar outstanding borrowings, shall not exceed 50% of estimated revenues during the period between January 1 and September 30, 2026, and 25% during the period between

October 1 and December 31, 2026 of the total estimated revenues of the Corporation, as set forth in the approved 2025 operating budget, except with the approval of the Ontario Land Tribunal.

3. Terms and Security

The Mayor and City Treasurer are authorized to agree to interest rates and other terms as arranged by the City Treasurer and adopted by Council. Promissory notes, debentures, covenants, or agreements, signed by the Mayor and City Treasurer, may be provided as security for repayment of borrowed amounts with interest.

4. Effective Date

This By-Law shall come into force and take effect on the date of its passing.

Given all Three Readings and Passed: December 16, 2025

Janet Jaynes
City Clerk

Bryan Paterson
Mayor