

2010 BUDGET BRIEFING NOTE

The City of Toronto's 1998 – 2009 Historical Tax-Supported Debt and Debt Charges and the 2010 – 2019 Forecast

Issue/Background:

- The annual Capital Budget contains debt financing requirements for projects. These requirements are met when the City issues bonds in the capital market.
- Under provincial legislation, the City must make annual principal and interest payments on its debt which form part of the annual operating budget. The City cannot borrow for operating purposes since it must balance its operating budget every year.

Key Points:

- The City makes principal payments from each year's operating budget to its own account, known as the Sinking Fund, and invests the funds in a manner so that 100% of the funds owing to investors will be available when the debt matures, i.e. in 10, 20 or 30 years.
- The following chart illustrates the historical level of tax-supported debt and the associated debt charges from 1998 until 2009 and the forecasted level of tax-supported debt and debt charges from 2010 until 2019:

Tax-Supported Net Debt and Debt Charges
\$millions

	1998	1999	2000	2001	2002	2003
Tax-supported Debt Charges	176,000	181,000	200,000	196,000	193,000	221,000
Net Debt	1,228,000	1,054,000	1,089,000	1,171,000	1,157,000	1,300,000
	2004	2005	2006	2007	2008	
Tax-supported Debt Charges	235,700	284,800	342,600	397,200	417,200	
Net Debt	1,504,000	1,793,000	2,042,000	2,152,000	2,203,000	

	2009	2010	2011	2012	2013	2014
Tax-supported Debt Charges	437,400	400,300	426,200	487,900	544,300	586,900
Net Debt	2,439,000	2,288,141	2,935,061	3,558,963	3,788,936	3,818,762
	2015	2016	2017	2018	2019	
Tax-supported Debt Charges	603,400	624,300	627,600	594,400	578,700	
Net Debt	3,821,359	3,708,205	3,527,973	3,349,698	3,118,835	

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