

# Glossary of terms

Assets	Land, buildings, vehicles, cash etc. owned by the City.
Capital Budget	Long term and one-time expenditures for tangible capital assets that are more than \$50,000. The City's 10-year capital plan includes the current year's capital budget. City borrows to pay for some capital projects that last longer than 10 years.
Debt Charges	Principal and interest payments to pay off debt from capital expenditures. Debt charges are paid for from the City's Operating Budget.
Operating Budget	Provides short term (up to one year) funding to City divisions and agencies for programs, services and activities.

## Glossary of terms...2

Reserve/ Reserve Funds	Funds that are set aside for future City costs.
Revenue	Income received by Toronto including taxes, user fees, transfers from other governments, fines and interest income.
Taxes that grow with the economy	Sales tax and income tax — Taxes which increase when the economy is good, when more people are employed, make more money and spend more.
User Fees	Fees charged by the City for the use of its services (e.g. TTC fare, ice rental fees, city permits).

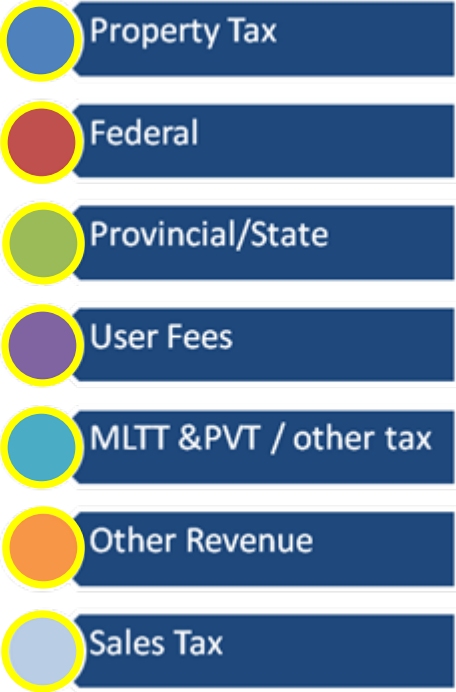
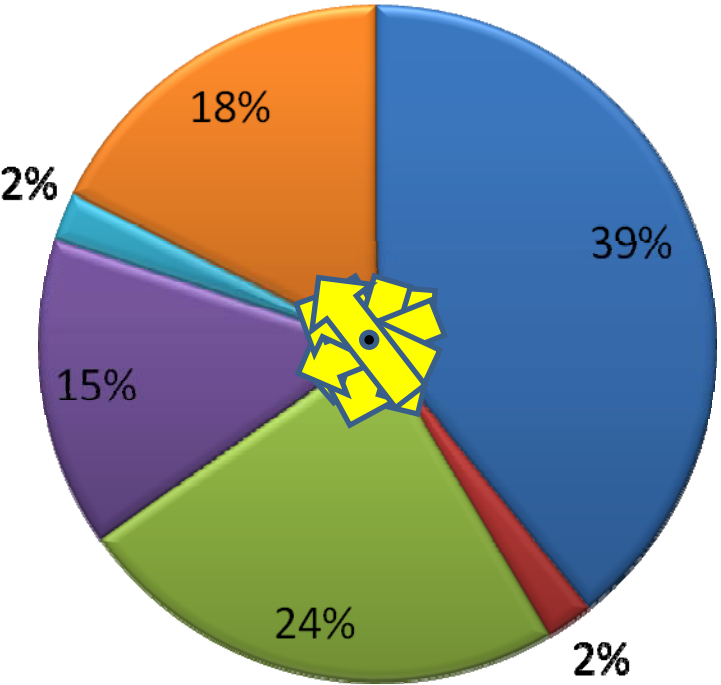
# Toronto is Internationally Competitive

- 5<sup>th</sup> largest city in North America;
- Canada's 6<sup>th</sup> largest government
- Diverse population
- Highly educated, skilled and multilingual workforce - largest in North America
- World's top 10 Most Economically Powerful Cities - *Forbes Magazine Aug 2008*
- 15<sup>th</sup> in Worldwide Quality of Living Survey - *Mercer Human Resources Consulting April 2009*
- Good credit rating. AA with positive outlook

# Revenue Comparisons Canadian and US

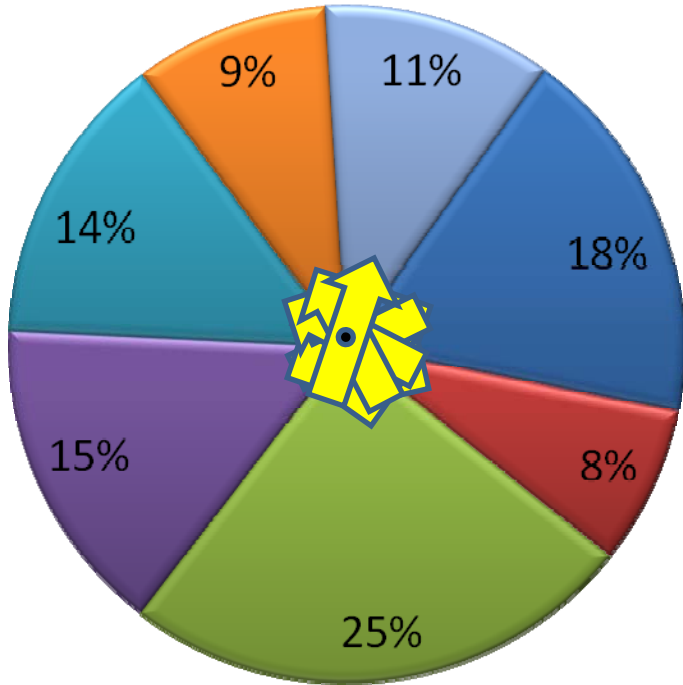
## Cities

### City of Toronto



2009 Operating Budget

### Top 35 U S Cities

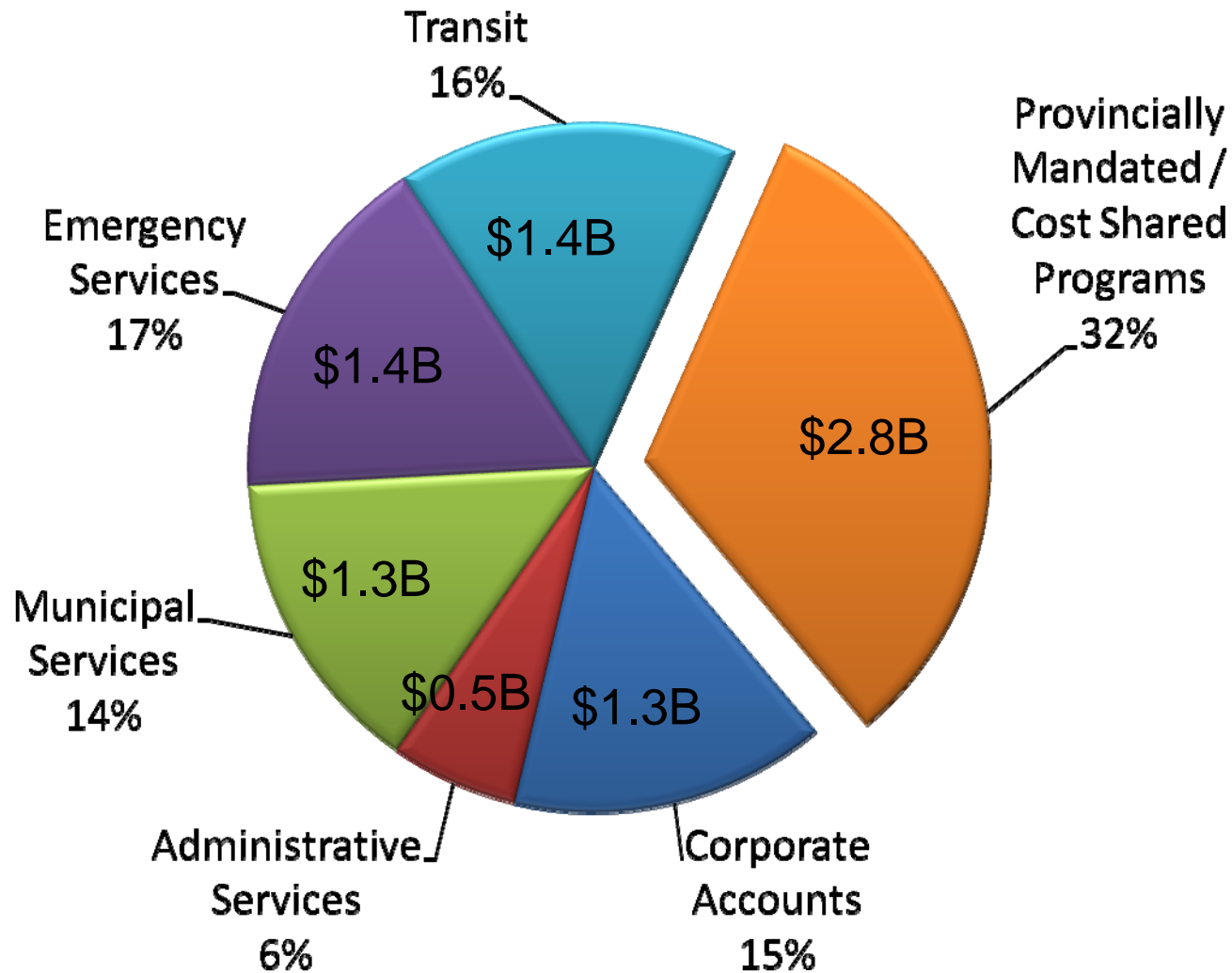


U.S. Census Bureau, Stat. Abs. of the U.S. 2008 (2004 data)

# Structural Financial Problem

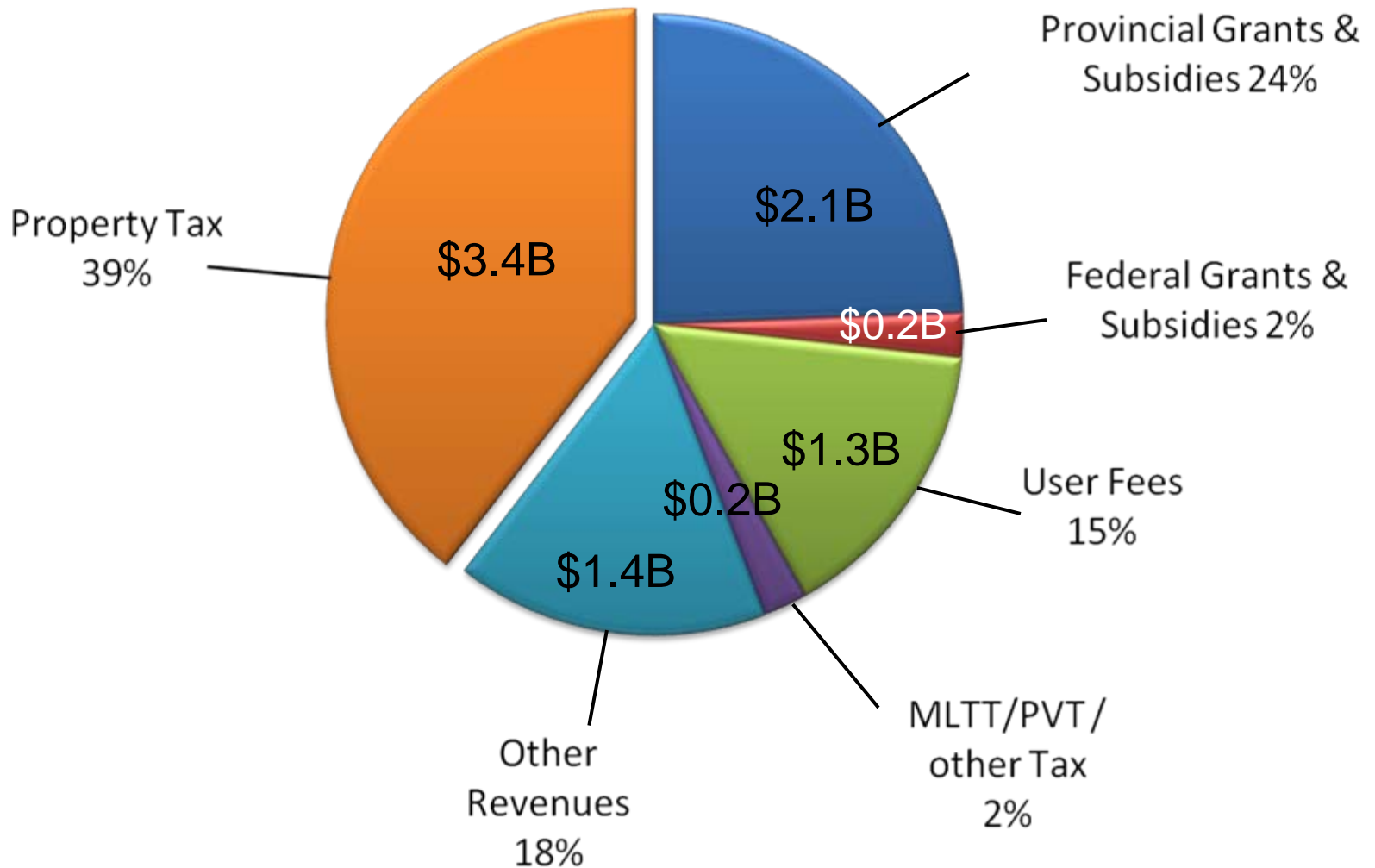
- Property taxes don't grow with economy
- Business taxes relatively higher than rest of GTA
- Weak assessment growth
- Operating costs increasing faster than revenues
- 1/3 of operating costs are for provincially mandated/cost-shared programs
- Aging infrastructure, unfunded liability, increasing debt service costs

# Where the Money goes



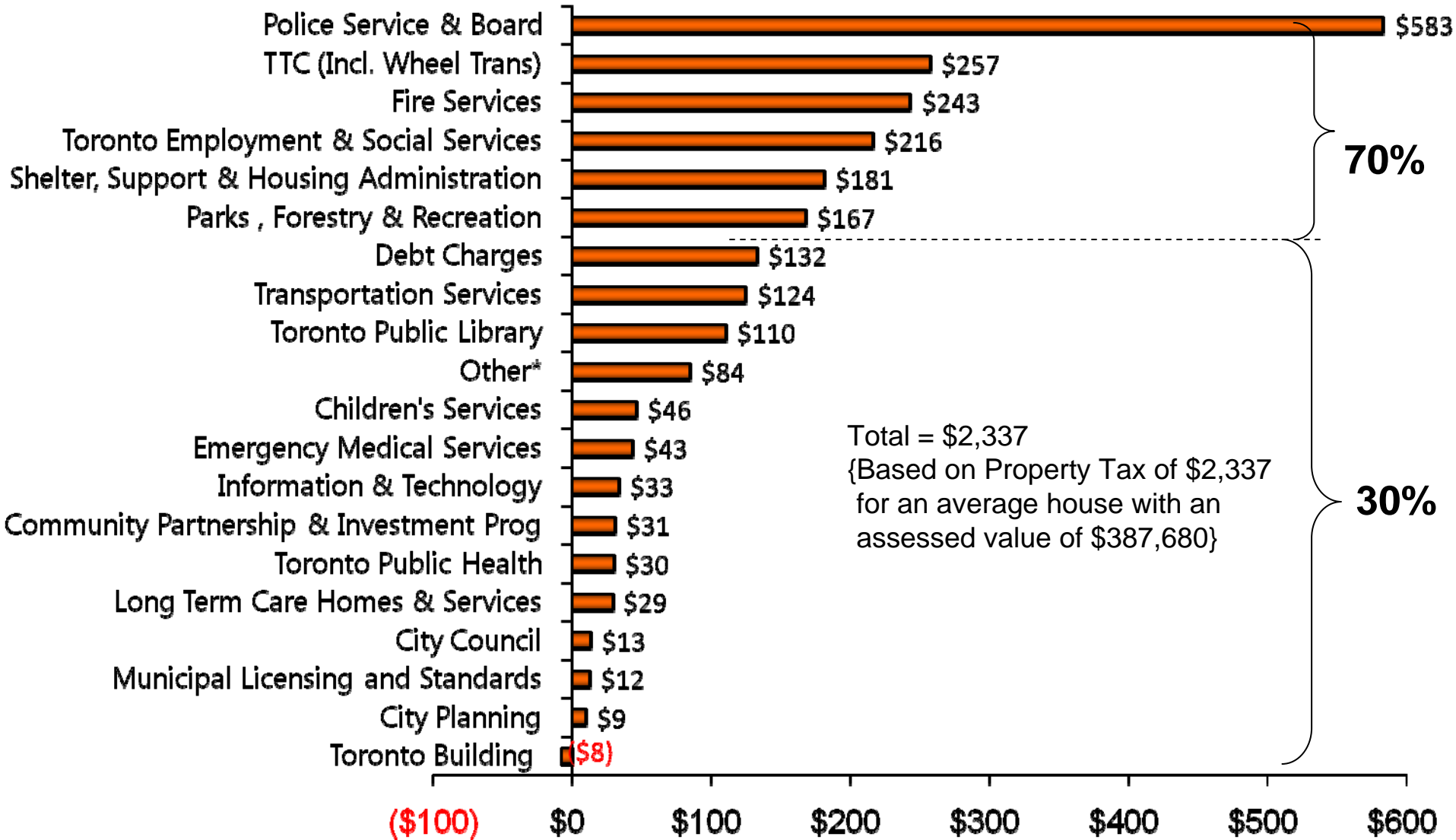
32% Allocated to Provincially Mandated Programs  
2009 Gross Operating Budget \$8.7 Billion

# Where The Money Comes From



39% Funded by Property Taxes  
2009 Gross Operating Budget - \$8.7 Billion

# Distribution of Property Tax - Typical Household



# Balancing a Budget

There are only a few ways a City can balance its budget:

- Continuing to make sure that the City's services are delivered for the best value.
- The Province of Ontario continuing to upload the cost of social services.
- New revenues that grow with the economy such as sales taxes.
- Creation of a National Transit Strategy.
- New taxes under the new City of Toronto Act (COTA).