

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012 (all dollar amounts in thousands of dollars)

Principal repayments are due as follows:

	\$
2013	47,372
2014	49,449
2015	51,504
2016	52,155
2017	52,798
Thereafter	478,947
	<u>732,225</u>

Principal payments made in 2012: \$41,365 (2011 - \$30,046).

13. Net Long-Term Debt

Provincial legislation restricts the use of long-term debt to finance only capital expenditures. Provincial legislation also allows the City to issue debt on behalf of the Toronto District School Board ("TDSB") at TDSB's request. The responsibility of raising the amounts to service these liabilities lies with TDSB. The debt is a direct, joint and several obligation of the City and TDSB.

The net unsecured long-term debt reported on the Consolidated Statement of Financial Position comprises the following:

	2012 \$	2011 \$
Debentures issued by the City, bearing interest at various rates ranging from 3.50% to 8.65% (2011 - 3.50% to 8.65%) per annum, maturing from 2013 to 2042.	4,756,468	4,084,990
Debt issued by TCHC bearing interest at various rates ranging from 4.55% to 5.40% (2011 - 4.55% to 5.39%) per annum, maturing from 2013 to 2040. Included in this debt is a non-revolving 20-year term loan of \$37,936 (2011 - \$40,432) bearing interest at a fixed rate of 4.55% per annum, maturing February 15, 2018. The estimated fair value loss of the interest rate swap at December 31, 2012 is \$4,698 (2011 - \$6,119).	502,888	508,283
Debentures issued by the City on behalf of the TDSB, bearing interest at 6.10% (2011 - 6.10%) per annum, maturing from 2013 to 2037.	75,846	75,846
Loans payable to the Province, bearing interest at 2.76% (2011 - 2.76%) per annum, with no fixed maturity date, <u>see Note 25</u> .	170,171	170,171
Loan payable, bearing interest at 8.05% (2011 - 8.05%) per annum, maturing in 2018.	952	1,078
Debt issued by Lakeshore Arena Corporation ranging from 1.60% to 5.23%. Included in this debt is a fixed rate loan with interest at 5.23% with principal payable monthly and a lump sum payment due October 31, 2017, as well as 3 floating rate loans with interest rates from 1.60% to 4.25% with full settlement due September 30, 2014.	39,234	39,547
Sinking fund deposits bearing interest at rates between 3.5% and 6% (2011 - 4% to 6%) per annum.	(1,796,828)	(1,570,039)
Sinking fund deposits – TDSB, bearing interest at 5% (2011 - 5%) per annum.	(49,475)	(45,656)
	<u>3,699,256</u>	<u>3,264,220</u>

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24. Comparative Consolidated Financial Statements

The comparative consolidated financial statements have been regrouped from statements previously presented to conform with the presentation adopted in 2012.

25. Subsequent Event

On June 13, 2013, the Provincial Minister of Finance wrote to the City advising that the \$170,171 loan payable to the province will be remitted over a three-year period, from 2014 to 2016. The remission of principal and interest will be equal to reductions in the Toronto Pooling Compensation of \$42,500, \$85,600, and \$103,200 in 2014, 2015 and 2016 respectively.