

The following information provides some background on the City's use of debt as well as information on where to locate more specific debt information. The specific questions are answered below.

Debt information can be located in a few different areas on the City of Edmonton website. Links to the documents that include City of Edmonton debt information are included below.

### **City of Edmonton Annual Reports**

The following link provides a list of Annual Reports up to 2018. You will find information on the Consolidated Statement of Financial Position and the referenced note (note 11 for 2018).

[https://www.edmonton.ca/city\\_government/facts\\_figures/coe-annual-reports.aspx](https://www.edmonton.ca/city_government/facts_figures/coe-annual-reports.aspx)

### **City of Edmonton Operating Financial Update - December 31, 2018 Preliminary Results**

A debt update is included with the Operating financial updates provided to Council for the second, third and fourth quarter of each year. The Operating Financial Update includes projected debt and debt servicing against both internal and external limits for all currently approved projects utilizing debt funding. The most recent financial update was presented at the March 12, 2019 City Council meeting and can be accessed as item [6.3 of the Agenda](#) (the debt update can be found starting at page 50 of Attachment 1).

### **Citizen Dashboard**

The Citizen Dashboard shows the performance data for different services that the City provides. The debt information can be found under the finance tab by selecting the Tax Supported Debt Service Ratio icon and the Municipal Debt icon.

<https://dashboard.edmonton.ca/finance>

Since 1993, borrowing completed by the City has generally been in the form of amortizing debentures in Canadian dollars administered through the Alberta Capital Finance Authority (ACFA), using the debt rating of the Government of Alberta and combined borrowing volumes across Alberta. Interest rates are established at the time of borrowing and remain constant throughout the term of the debenture, eliminating the risk associated with fluctuating interest rates. The City continues to benefit from low interest rates for new borrowing during the year. The rates of interest, favourable lending terms and absence of administrative cost makes the ACFA the most cost effective borrowing option for the City of Edmonton. A history of the rates with ACFA is available on their website. Indicative rates are available publicly on the ACFA's website at <https://acfa.gov.ab.ca/nav/rates.html>, and historic rates are also available on the website at <https://acfa.gov.ab.ca/loans/ACFA-Historical-Indicative-Interest-Rates.pdf>.

The City borrows from ACFA quarterly based on projected cash flow requirements in the quarter. ACFA issues a debenture for each borrowing term (10, 15, 20, 25 years, etc) requested by the City, and each term would cover many different projects. The borrowing terms

are typically based on estimated useful life of the asset being borrowed for. Payments for the debentures are semi annual (every 6 months).

1. What is the "hard" number for the debenture payment? - For every debenture borrowing, semi-annual payments of principal and interest are required. Since the City borrows on a quarterly basis, the City makes debenture payments each quarter. The payment fluctuates throughout the year depending on what quarter the borrowing originated, new borrowings, and fully repaid debentures. Debt servicing in 2018 (principal and interest payments) for the City is broken down in the table below. Also included is the projected 2019 debt servicing, which would include any anticipated borrowings in 2019.

<u>Debt Servicing</u>	<u>2018</u>	<u>2019F</u>
Tax-Supported	\$ 219.0	\$ 234.3
Self Liquidating	\$ 50.7	\$ 50.6
<b>Total</b>	<b>\$ 269.7</b>	<b>\$ 284.9</b>

2. How much we spend on debentures? - The table below indicates total payments on debentures. Highlighted rows show the forecasted outstanding debt and debt servicing. This attachment is part of the operating performance report that went to City Council in March 2019 (see the link above). This table projects that we will have outstanding debt in 2023 of \$4.4B, and the debt servicing in that same year will be \$382.9M. You will also notice the table in the top left breaks down the borrowing for each quarter in 2018, totally \$276.0M borrowed last year.

Debt Update - December 2018  
(in 5000's)

<b>Borrowing 2018</b>	<b>Tax-Supported</b>	<b>Self-Liquidating</b>	<b>Total</b>									
March	52,788	4,155	56,943									
June	40,195	6,420	46,615									
September	64,293	9,263	73,556									
December	70,772	28,150	98,922									
	<b>228,048</b>	<b>47,988</b>	<b>276,036</b>									

  

<b>Debt (Note 3)</b>	<b>Actual Dec 2018</b>	<b>Projection Dec 2019</b>	<b>Projection Dec 2020</b>	<b>Projection Dec 2021</b>	<b>Projection Dec 2022</b>	<b>Projection Dec 2023</b>	<b>Projection Dec 2024</b>	<b>Projection Dec 2025</b>	<b>Projection Dec 2026</b>	<b>Projection Dec 2027</b>	<b>Projection Dec 2028</b>
<b>Tax-Supported Debt</b>											
Long-Term	1,606,001	2,048,336	2,618,631	2,832,825	2,930,059	2,930,760	2,880,452	2,791,302	2,683,096	2,542,945	2,398,734
Self-Supporting Tax Guaranteed (Note 1)	989,109	1,025,921	1,016,607	979,996	958,035	897,593	824,175	747,802	669,486	592,684	524,816
	<b>2,595,109</b>	<b>3,074,256</b>	<b>3,635,238</b>	<b>3,812,821</b>	<b>3,888,093</b>	<b>3,828,353</b>	<b>3,704,626</b>	<b>3,539,104</b>	<b>3,352,583</b>	<b>3,135,629</b>	<b>2,923,549</b>
<b>Self-Liquidating Debt (net of EPCOR)</b>	451,087	462,934	483,723	523,697	569,436	587,612	596,825	585,939	562,682	571,485	582,170
<b>Total Debt</b>	<b>3,046,196</b>	<b>3,537,189</b>	<b>4,118,962</b>	<b>4,336,518</b>	<b>4,457,529</b>	<b>4,415,966</b>	<b>4,301,453</b>	<b>4,125,044</b>	<b>3,915,265</b>	<b>3,707,114</b>	<b>3,505,719</b>
Debt Limit (2x Revenue) (Note 2)	5,649,404	5,574,804	5,742,048	5,914,310	6,091,739	6,274,491	6,462,726	6,656,608	6,856,306	7,061,995	7,273,855
% used	53.9%	63.4%	71.7%	73.3%	73.2%	70.4%	66.8%	62.0%	57.1%	52.5%	48.2%
% available	46.1%	36.6%	28.3%	26.7%	26.8%	29.6%	33.4%	38.0%	42.9%	47.5%	51.8%

  

<b>Debt Servicing (MGA - Note 4)</b>											
<b>Debt Servicing (DMFP - Note 4)</b>											
<b>Tax-Supported Debt</b>											
Long-Term	131,889	149,077	171,026	190,343	207,315	217,703	223,952	224,989	226,273	226,241	224,819
Self-Supporting Tax Guaranteed	87,029	89,268	95,549	98,947	101,135	103,909	104,493	104,474	103,566	99,245	87,449
	<b>218,919</b>	<b>238,345</b>	<b>266,575</b>	<b>289,290</b>	<b>308,449</b>	<b>321,612</b>	<b>328,445</b>	<b>329,463</b>	<b>329,839</b>	<b>325,486</b>	<b>312,268</b>
<b>Self-Liquidating Debt (net of EPCOR)</b>	50,608	49,995	50,280	53,077	56,604	61,299	63,766	65,526	65,693	58,429	57,903
<b>Total Debt Servicing (DMFP)</b>	<b>269,527</b>	<b>288,339</b>	<b>316,855</b>	<b>342,367</b>	<b>365,053</b>	<b>382,911</b>	<b>392,211</b>	<b>394,989</b>	<b>395,532</b>	<b>383,915</b>	<b>370,171</b>
<b>DMFP Total Debt Servicing Limit (22%) (Note 6, 7)</b>	621,434	613,228	631,625	650,574	670,091	690,194	710,900	732,227	754,194	776,819	800,124
% used	43.4%	47.0%	50.2%	52.6%	54.5%	55.5%	55.2%	53.9%	52.4%	49.4%	46.3%
% available	56.6%	53.0%	49.8%	47.4%	45.5%	44.5%	44.8%	46.1%	47.6%	50.6%	53.7%
<b>DMFP Tax-Supported Debt Servicing Limit (15%) (Note 6, 7)</b>	361,914	372,123	383,286	394,785	406,629	418,827	431,392	444,334	457,664	471,394	485,536
% used	60.5%	64.1%	69.5%	73.3%	75.9%	76.8%	76.1%	74.1%	72.1%	69.0%	64.3%
% available	39.5%	35.9%	30.5%	26.7%	24.1%	23.2%	23.9%	25.9%	27.9%	31.0%	35.7%

If your question relates to the cost associated with issuing debentures one of the benefits of borrowing through the ACFA is the low administrative cost to municipalities. Unlike the issuance of bonds there is no cost associated with the issuing of debentures. The City is charged interest on money borrowed through the ACFA - no additional fees are incurred when the City borrows through ACFA.

Finally, for additional information on debt please see the [City's Debt White Paper](#) which outlines the City's use of debt.