Debt Supported by Taxes

Maximum Debt Supported by Taxes: Debt supported by taxes is less than $1,750 per person

A maximum debt level is recommended rather than a target. The intent is not to meet the maximum, but to have it in place so the debt remains affordable for taxpayers.

Description: The measure represents each resident's average share of the City's long-term tax-supported debt. Debt per capita helps to communicate City's debt levels.

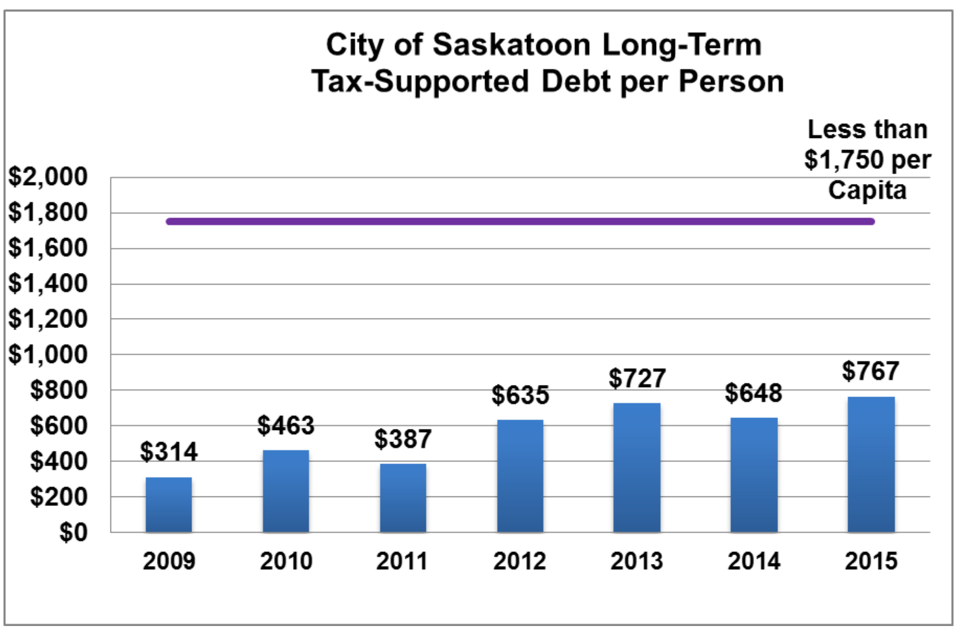
$$\text{Tax-Supported Debt per Person} = \frac{\text{Actual Long-term Borrowing including P3 Financing}}{\text{Population of Saskatoon}}$$

The city's population is estimated as of December 31 for each year by the City of Saskatoon Planning and Development Division.

Long-term tax-supported debt includes debt repaid by property taxes and federal gas taxes but excludes utility debt. In the future it also will include Public Private Partnership (P3) financing.

How are we doing?

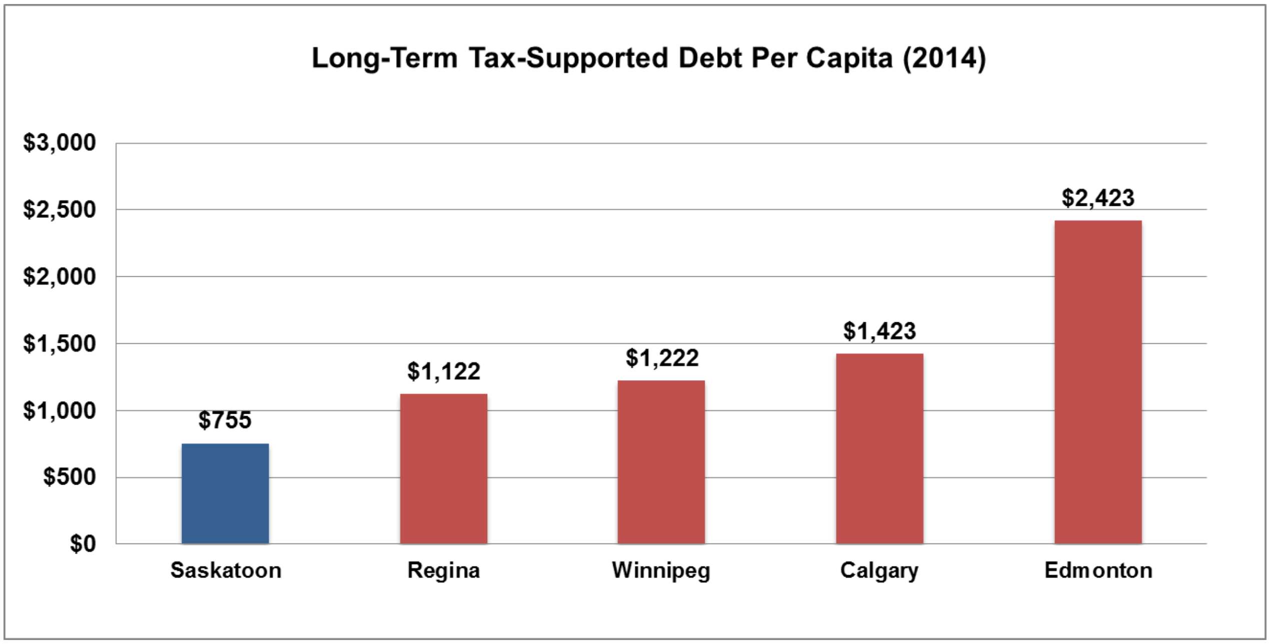
Average long-term tax-supported debt has been trending upward since 2012 to support the City's growth. In 2015, long-term tax-supported debt was $767 person in Saskatoon.



Source: City of Saskatoon

How are other cities doing?

Saskatoon's long-term debt is lower than debt in other major cities in Western Canada.



Source: Total debt comes from various City's Annual Reports as posted on their websites. Population data is from the 2011 Census by Statistics Canada. Long-term tax-supported debt per capita using more recent estimated populations would be lower. (Explaining differences between the two graphs presented in this report).

What are the benefits of achieving the target?

- Long-term public infrastructure like bridges and roads is needed to support economic growth and quality of life for citizens.
- Debt is an important part of any city's funding strategy for long-term infrastructure.
- The maximum debt per capita ensures debt levels are controlled based on the population.
- Although not considered directly by credit rating agencies, the measure contributes to a strong credit rating which keeps interest rates lower.

What are the risks?

- As the City grows, there is more need to expand infrastructure which will require more debt financing.
- Increased debt and interest payments influence the tax rate.