UNIVERSITY OF TORONTO

OFFICE OF THE GOVERNING COUNCIL

FOR INFORMATION **PUBLIC** **OPEN SESSION**

TO:	Business Board
SPONSOR CONTACT INFO:	Jeff Lennon, Chief Financial Officer 416-978-2065, jeff.lennon@utoronto.ca
PRESENTER CONTACT INFO:	N/A - Consent Agenda
DATE:	June 11, 2026 for June 18, 2026
AGENDA ITEM:	12

ITEM IDENTIFICATION:

Status Report on Debt to May 31, 2026.

JURISDICTIONAL INFORMATION:

Pursuant to Section 5 (1.) (b.) of the Business Board Terms of Reference, the Business Board has responsibility for reviewing regular reports on matters affecting the finances of the University and on financial programs and transactions.

GOVERNANCE PATH:

1. **Business Board [for information] (June 18, 2026)**

PREVIOUS ACTION TAKEN:

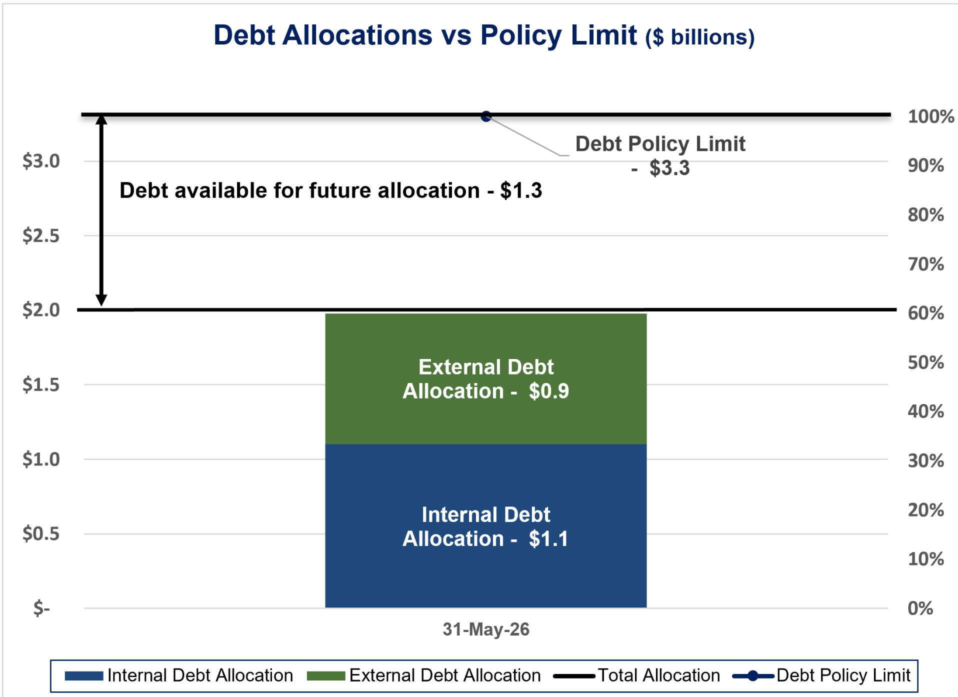
The borrowing strategy was initially approved by Governing Council in June 2004. A revision of this debt strategy was approved in April 2023.

HIGHLIGHTS:

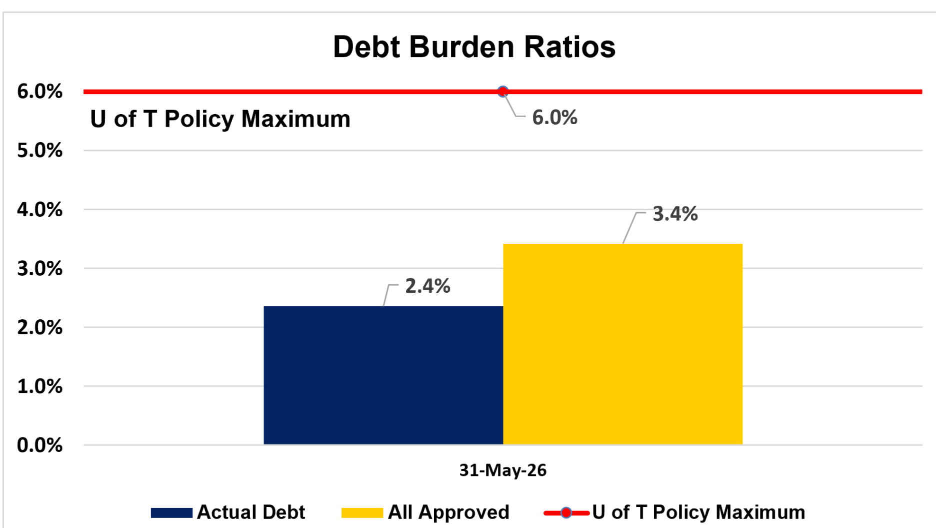
This regular status report provides the Business Board with an update of the debt policy limit, debt allocated by Business Board and actual external and internal debt. It also provides the actual debt burden and viability ratios as compared to the ratios of the debt policy limit. Note that an overview of the University's Debt Strategy will be provided to Business Board in Cycle 3a.

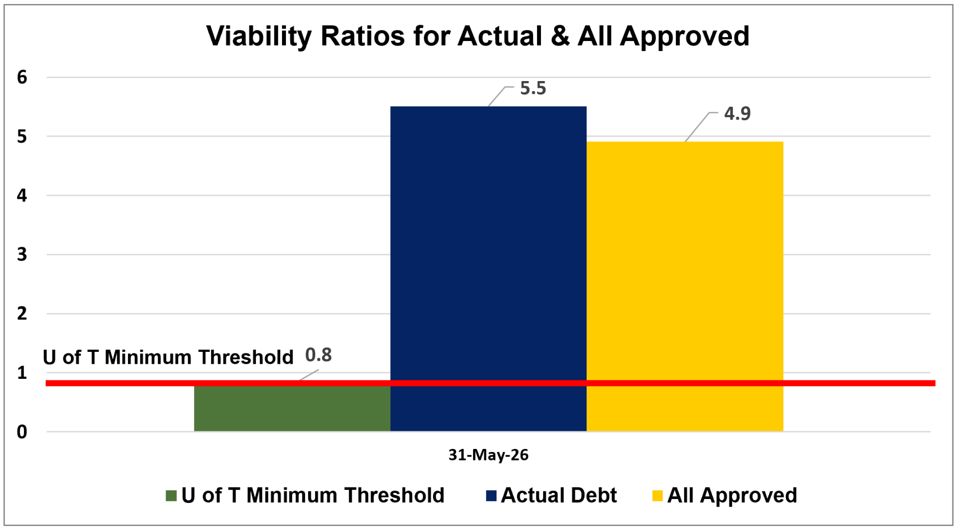
The total debt policy limit for 2026-27 is $3.3 billion, reflecting the maximum debt that can be taken on based on a debt burden ratio of 6% at April 30, 2026, as defined by the amended Debt Strategy. The debt burden ratio equals interest plus principal divided by total expenditures.

Allocations include external direct, indirect and internal borrowing approved by Business Board along with a contingency for donations targets and pledges. As of May 31, 2026, a total of $2 billion in borrowing has been allocated to approved capital projects, leaving $1.3 billion available for future allocation under the University's current debt policy limit.



Actual debt outstanding is the sum of internal loans issued from internal funds plus actual external debt issuance. At May 31, 2026, actual debt outstanding was $1.3 billion. The debt burden ratio reflecting actual outstanding debt was 2.4%, of which 1.0% related to internal loans and 1.4% related to external debt issuance. The viability ratio reflecting actual outstanding debt was 5.5, well above the minimum threshold of 0.8. If we assume that all approved debt allocations (including projects in progress) of $2 billion is issued and outstanding, the debt burden ratio would then increase to 3.4%, below the policy maximum of 6% and the viability ratio would be 4.9, above the minimum threshold of 0.8.





FINANCIAL IMPLICATIONS:

None

RECOMMENDATION:

For information.

DOCUMENTATION PROVIDED:

Status Report on Debt to May 31, 2026

University of Toronto
Status Report on Debt to May 31, 2026

Financial Ratios in accordance with Policy	Total	External Direct Debt	External Indirect Debt	Internal Debt
Debt burden ratios:				
Debt policy limit at April 30, 2026	**6.0%**			
Actual debt outstanding at May 31, 2026	**2.4%**	1.4%	-	1.0%
All approved debt including projects in progress	**3.4%**	1.5%	-	1.9%
Viability ratios:				
Debt policy limit at April 30, 2026	**2.0**			
Actual debt outstanding at May 31, 2026	**5.5**	5.5	-	-
All approved debt including projects in progress	**4.9**	4.9	-	-

*Calculated using the Total expenditures or Total expendable resources at April 30, 2026

Debt Policy Limit April 30, 2026	Total in Millions	External Direct Debt	External Indirect Debt	Internal Debt
Debt Policy Limit	**3,294.4**	2,106.4		1,188.0

Allocations	Total in Millions	External Direct Debt	External Indirect Debt	Internal Debt
Opening balance at April 30, 2026	**1,976.6**	823.0	52.2	1,101.4
Change of allocation on previously approved projects	**-**	-	-	-
Closing balance at May 31, 2026	**1,976.6**	823.0	52.2	1,101.4
Unallocated	**1,317.8**	1,231.2		86.6

Actual Debt Outstanding	Total in Millions	External Direct Debt	External Indirect Debt	Internal Debt
Opening balance at April 30, 2026				
Debentures due 2031 to 2051	**710.0**	710.0		
External Debt (LEAP)	**67.6**	67.6		
Internal debt	**548.7**	-	-	548.7
	1,326.3	777.6	-	548.7
Changes	**0.9**	2.1	-	(1.2)
Closing balance at May 31, 2026	**1,327.2**	779.7	-	547.5

Definitions:

Debt includes all long-term external and internal borrowed funds obtained by any means (e.g. debentures, bank loans) and excludes letters and lines of credit and all short-term and medium term internal financing for purposes such as construction financing and fund deficits.

Indirect Debt includes off-balance sheet debt such as long-term debt obtained through a limited partnership arrangement that is not recorded in the University's balance sheet, but exposes the University to a potential financial liability

Debt burden ratio, key determinant of debt policy limit, equals interest plus principal divided by total expenditures.

Debt policy limit is the maximum debt that can be taken on based on a debt burden ratio of 6%.

Viability ratio, be taken into consideration in setting debt policy limit, equals expendable resources divided by external debt. The debt strategy has set a preference of a viability ratio of 0.8 or greater.

Allocations are all borrowings approved by Business Board, including indirect debt plus contingency for donations pledges.

Actual debt outstanding is the sum of actual internal loans issued, actual external debt issuance and indirect debt