



## STAFF REPORT INFORMATION ONLY

### 2005 Audited Financial Statements of Business Improvement Areas (BIAs)

<b>Date:</b>	March 19, 2007
<b>To:</b>	Audit Committee
<b>From:</b>	Treasurer and General Manager, Economic Development, Culture & Tourism
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2007\Internal Services\ACC\ac07006acc (AFS# 4029)

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#### SUMMARY

The purpose of this report is to present the 2005 audited financial statements of the final five Business Improvement Areas (BIAs) operated by Boards of Management and related audit management letters to the members of the Audit Committee and other Members of Council for information purposes only.

The five financial statements along with appropriate management letters attached to this report have been approved by the Boards of Management of BIAs and are presented along with appropriate management letters. Upon presentation of these statements, all the results of the 2005 BIAs have now been reported to members of the Audit Committee and other members of Council.

#### Financial Impact

There are no financial implications resulting from this report.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

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#### DECISION HISTORY

Every year, members of individual BIAs approve its budget at their respective Annual General Meeting and submit it to City Council for approval. For financial reporting purposes, BIAs are classified as Government Organizations where its expenditures include capital and operating expenses.

In accordance with City of Toronto By-law 683-2003, each individual BIA Board is required to approve and submit its audited financial statements annually to members of the Audit Committee and other members of Council for information purposes at the end of each year.

A total of forty-nine audited financial statements from all forty-nine active BIAs for 2005 have been submitted to the Audit Committee. This consists of the five audited 2005 financial statements included in this report, twenty financial statements and related management letters for BIAs presented at the September 2006 Audit Committee meeting, and twenty-four financial statements presented at the June 2006 Audit Committee Meeting.

2005 audited financial statements and related management letters for the following BIAs are found as appendices to this report:

- Bloordale Village
- Knob Hill Plaza
- Long Branch
- Pape Village
- Wexford

Letters indicating names of BIAs where no matters of concern were identified for these entities during the year are also included in the appendices.

## **ISSUE BACKGROUND**

The management letter issues identified in this report relate to filing GST rebates and the operation of the Knob Hill Plaza BIA. Specific issues raised regarding the Knob Hill Plaza BIA include the following:

- BIA not meeting its full operating objectives;
- BIA not conducting sufficient meetings of the Board of Management;
- BIA not applying for GST rebates; and
- BIA not preparing interim financial statements for the Board of Management's review.

The Financial Statements of the Long Branch BIA reflect an adjustment of \$173,167 relating to the reversal of a liability set up relating to a street lighting project that was undertaken prior to amalgamation by the former City of Etobicoke. The City of Etobicoke completed this work for other benefiting property owners in the area and did not invoice any of the parties. Therefore, to be consistent the Long Branch BIA was not invoiced for the street lighting work. Accounting staff has reviewed the City's financial records and have confirmed that no amount is outstanding from the Long Branch BIA. This amount has been transferred to the retained earnings balance as of December 31, 2004, as per note 6 of the Audited Financial Statements of the Long Branch BIA.

## COMMENTS

### GST Rebates

Although year-end instruction letters for 2005 issued by the City's Accounting Services Division to all BIAs included a reminder on the need to prepare GST returns in order to claim GST rebates, one of the recommendation from the auditor was for the need to file a GST rebate claim. The City's Accounting Services staff has contacted the appropriate BIA staff to ensure that the GST matter is being properly addressed.

### Knob Hill Plaza Dissolution

The Knob Hill Plaza BIA has communicated to the City of its intension to dissolve and accordingly will not be addressing the remaining management letter issues. The City will be submitting a report to its Economic Development Committee in April 2007 to dissolve the Knob Hill Plaza Business Improvement Area.

### Long Branch BIA

City staff is satisfied with the retroactive adjustment made to the Long Branch BIA's financial statements to reverse the accrual related to the street lighting work that was completed prior to amalgamation for the BIA by the former City of Etobicoke.

## CONTACT

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## SIGNATURE

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Cam Weldon  
Treasurer

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Donald G. Eastwood, General Manager  
Economic Development, Culture & Tourism

## ATTACHMENTS

- Appendix A – 1: Bloordale Village financial statements
- Appendix B – 1: Knob Hill Plaza financial statements
- Appendix B – 2: Knob Hill Plaza management letter
- Appendix C – 1: Long Branch financial statements
- Appendix D – 1: Pape Village financial statements
- Appendix E – 1: Wexford financial statements
- Appendix F – 1: A letter from the auditor identifying BIAs where there are no significant management letter issues
- Appendix G – 1: A letter from the auditor identifying Wexford BIA with no significant management letter issues