



## STAFF REPORT INFORMATION ONLY

### 2006 Audited Sinking Fund Financial Statements

<b>Date:</b>	August 31, 2007
<b>To:</b>	Audit Committee
<b>From:</b>	Treasurer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2007\Internal Services\acc\ac07018acc (AFS #3400)

#### **SUMMARY**

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The purpose of this report is to present the City of Toronto's Sinking Fund Financial Statements for the year ended December 31, 2006 to the members of the Audit Committee. These statements have been presented to and approved by the Sinking Fund Committee.

Sinking fund assets as at December 31, 2006 amounted to \$620.4 million (2005 - \$666.4 million). These assets represent amounts held to discharge sinking fund debenture debt of \$2.2 billion (2005 - \$1.9 billion) issued by the City and maturing in various years between 2007 and 2021. Additional contributions will be received during this period from the City for debentures issued for municipal purposes and the Toronto District School Board for debentures issued for educational purposes.

#### **Financial Impact**

There are no financial impacts 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**

On an annual basis, as required, the City presents the audited financial statements of the Sinking Fund to the Audit Committee.

## **ISSUE BACKGROUND**

The City contributes to the sinking funds to invest and earn income for the purpose of accumulating sufficient funds to repay the sinking fund debenture debt on maturity.

## **COMMENTS**

### **Unrestricted Surplus**

Unrestricted surplus increased during the year by \$4.1 million. This was mainly the result of two debt maturities in 2006 resulting in a surplus of \$6.1 million compared to one debt maturity in 2005 with a surplus of \$2.7 million.

### **Revenues and Expenses**

Revenues for 2006 increased by \$24.2 million as a result of higher contributions for sinking fund deposit requirements for outstanding debt. Expenses for 2006 increased by a net \$3.8 million, of which a \$22 million increase was due to the need to increase the provision for actuarial requirements resulting from increased debt levels, and an \$18.2 million decrease resulted from a reduced distribution of surplus contributions. The reduction in the distribution of surplus contributions reflected accumulated 2003 and 2004 surpluses paid out in 2005.

## **CONTACT**

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## **SIGNATURE**

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Cam Weldon  
Treasurer

## **ATTACHMENTS**

Appendix A: 2006 Sinking Fund Financial Statements  
Appendix B: 2006 Audit Results – Sinking Funds