



## STAFF REPORT INFORMATION ONLY

### 2007 Audited Sinking Fund Financial Statements

<b>Date:</b>	June 24, 2008
<b>To:</b>	Audit Committee
<b>From:</b>	Treasurer
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2008\Internal Services\acc\ac08013acc (AFS# 6434)

#### 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, 2007 (Appendix A) to the Audit Committee for information.

#### 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

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

These statements have been presented to and approved by the Sinking Fund Committee. Sinking fund assets as at December 31, 2007 amounted to \$760.9 million (2006 - \$620.4 million). These assets represent amounts held to discharge sinking fund debenture debt of \$2.5 billion (2006 - \$2.2 billion) issued by the City and maturing in various years between 2008 and 2022. 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 education purposes.

### **Change in Accounting Policy**

Effective January 1, 2007, new Canadian Institute of Chartered Accounts (CICA) rules came into effect with the respect to the carrying value of investments on the Balance Sheet. Previously, investments were recorded on the Balance Sheet at their original cost. The new rules require that investments be carried at their market value at year end. The Sinking Funds recognized an additional market value gain of just over \$44 million in 2007 as a result of this change in accounting policy. More details of the change are included in note 2 to the financial statements.

### **Unrestricted Surplus**

Unrestricted Surplus increased during the year by \$40.5 million as a result of the accounting policy change noted above. This was offset slightly by the distribution of \$6.1 million surplus from a debenture that matured in 2007 (see note 5 in the financial statements).

### **Revenues and Expenses**

Revenues for 2007 increased by \$30.8 million due to the increased contributions required to match the higher actuarial provisions needed to fund increased debt levels.

### **CONTACT**

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### **SIGNATURE**

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Cam Weldon  
Treasurer

### **ATTACHMENTS**

Appendix A: 2007 Sinking Fund Financial Statements  
Appendix B: 2007 Audit Results – Sinking Funds