

CITY OF TORONTO TRUST FUNDS
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2008

AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Toronto

We have audited the consolidated balance sheet of the **City of Toronto Trust Funds** as at December 31, 2008 and the consolidated statement of operations and changes in fund balances and the statement of continuity of trust funds for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of Toronto Trust Funds as at December 31, 2008 and the results of its operations and changes in fund balances for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada
April 1, 2009

Chartered Accountants
Licensed Public Accountants

**CITY OF TORONTO TRUST FUNDS
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31**

	2008	2007
	\$000	\$000
ASSETS		
Cash	1,113	1,038
Accounts receivable	51	43
Due from City of Toronto (Note 3)	17,108	11,840
Investments (Note 4)	29,823	35,237
	48,095	48,158
LIABILITIES AND FUND BALANCES		
Accounts payable	102	308
Due to City of Toronto (Note 3)	2,643	-
Fund balances	45,350	47,850
TOTAL LIABILITIES AND FUND BALANCES	48,095	48,158

The accompanying notes are an integral part of these consolidated financial statements.

CITY OF TORONTO TRUST FUNDS
CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31

	2008	2007
	\$000	\$000
Revenue		
Investment income (loss)	(2,017)	792
Contributions	6,426	3,563
	4,409	4,355
Expenses	6,909	5,451
EXCESS OF EXPENSES OVER REVENUE FOR THE YEAR	(2,500)	(1,096)
FUND BALANCES, BEGINNING OF YEAR	47,850	48,946
FUND BALANCES, END OF YEAR	45,350	47,850

The accompanying notes are an integral part of these consolidated financial statements.

CITY OF TORONTO TRUST FUNDS
CONSOLIDATED STATEMENT OF CONTINUITY OF TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31

	Balance December 31, 2007 \$000	Contributions \$000	Investment Income (loss) \$000	Expenses \$000	Balance December 31, 2008 \$000
Toronto Atmospheric Trust Fund	24,157	-	(2,657)	3,037	18,463
Homes for the Aged Residents	7,462	2,759	261	2,968	7,514
Keele Valley Site Post-Closure	7,296	-	99	-	7,395
Community Centre Development Levy Trust	1,993	1,650	67	-	3,710
Library Development Levy Trust	1,373	1,139	47	-	2,559
Community Services & Facilities	1,116	-	38	-	1,154
Contract Aftercare Project	1,022	-	25	-	1,047
Indemnity Deposit – Waterpark Place	993	-	34	-	1,027
90 Lisgar Street Trust	-	585	6	-	591
Queen's Quay Community Services	499	-	17	-	516
Public Art Maintenance Trust	342	30	12	-	384
Lakeshore Pedestrian Bridge	228	-	8	-	236
Other Trust Funds	245	-	3	12	236
Police Services Board	258	263	-	417	104
Municipal Elections Candidates' Surplus	124	-	4	-	128
Children's Green House Trust	105	-	3	-	108
Green Lane Small Claims	100	-	3	-	103
Preservation Trust	47	-	1	-	48
Ontario Home Renewal Project	29	-	-	2	27
Ricoh Coliseum Legal Costs	461	-	12	473	-
Total	47,850	6,426	(2,017)	6,909	45,350

The accompanying notes are an integral part of these consolidated financial statements.

CITY OF TORONTO TRUST FUNDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

1. ORGANIZATION

The City of Toronto Trust Funds [the "Funds"] consist of various trust funds administered by the City of Toronto [the "City"].

The Funds are not subject to income taxes under Section 149 (1) of the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants ["CICA"]. As a result, the City has implemented accounting policies applicable for "not for profit" organizations in preparing these consolidated financial statements.

These consolidated financial statements include trust funds administered by the City as well as those within organizations that are accountable for the administration of their financial affairs and resources to City Council and are controlled by the City. The Funds' consolidated financial statements are the representation of management and have been prepared in accordance with the accounting policies set out below.

(i) Revenue recognition

The Funds follow the restricted fund method of accounting for contributions. The City ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for the purpose for which they were provided. For financial reporting purposes, the Funds are all classified as restricted as they are to be used only for the specific purposes as specified by each trust agreement.

CITY OF TORONTO TRUST FUNDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

Investment income is recorded when earned. Contributions are recorded when the cash is received. Expenses are recognized on the accrual basis of accounting which recognizes expenses as they are incurred, are measurable and the creation of a legal obligation to pay exists.

(ii) Investments and investment income

Investments have been designated as held for trading. Investments consist of short-term instruments of various financial institutions, equities and corporate and government bonds and are authorized investments pursuant to the provisions of the Municipal Act.

The value of investments recorded in the consolidated financial statements is determined as follows:

- [a] Short-term investments are comprised of money market instruments, such as bankers acceptances, and are valued based on cost plus accrued income, which approximates fair value.
- [b] Publicly traded equities and bonds are determined based on the latest bid prices.

Transactions are recorded on a settlement-date basis. Transaction costs are expensed as incurred.

Investment income which consists of interest, dividends and realized and unrealized gains and losses on investments is recorded as revenue in the consolidated statement of operations and changes in fund balances.

The Funds have chosen to continue to apply CICA 3861: *Financial Instruments – Disclosure and Presentation* in place of CICA 3862: *Financial Instruments – Disclosures* and CICA 3863: *Financial Instruments – Presentation*.

(iii) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF TORONTO TRUST FUNDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

(iv) Change in accounting policy

Effective January 1, 2008, the Trust Funds adopted the recommendations of CICA 1535: *Capital Disclosures*, which require the disclosure of qualitative and quantitative information that enables users of the financial statements to evaluate the organization's objectives, policies and processes for managing capital. The adoption of these recommendations only required additional disclosures, which are provided in note 6.

3. DUE FROM AND PAYABLE TO CITY OF TORONTO

The Funds have amounts due from the City of \$17,108 [2007 - \$11,840] at December 31, 2008 which are due on demand. These amounts arose as a result of investment and banking transactions due to the City maintaining bank accounts or holding investments on behalf of the Funds. Investment income earned on these amounts is credited to the Funds. The Funds have amounts payable to the City of \$2,643 [2007 - \$ nil] at December 31, 2008.

4. INVESTMENTS

Investments consist of the following:

	2008 \$000	2007 \$000
Short-term investments	12,066	12,923
Equities	8,281	11,874
Corporate bonds	2,489	4,092
Government of Canada bonds	4,544	3,444
Provincial bonds	1,634	2,442
School Board bonds	496	364
Municipal bonds	313	98
Market value	29,823	35,237
Amortized cost	32,140	35,009
Range of maturity dates on fixed income securities	2009-2034	2008-2035
Excess (deficiency) of market value over amortized cost	(2,317)	228

**CITY OF TORONTO TRUST FUNDS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

5. FINANCIAL INSTRUMENTS

The Funds are subject to market risk and interest rate price risk with respect to its investment portfolio.

6. CAPITAL MANAGEMENT

In managing capital, the Trust Funds focus on liquid resources available for payout requirements. The Trust Funds' objective is to have sufficient liquid resources to meet payout requirements, despite adverse financial events. The need for sufficient liquid resources is considered in the investment process. As at December 31, 2008, the Trust Funds have met its objective of having sufficient liquid resources to meet its current requirements.

7. CONSOLIDATED STATEMENT OF CASH FLOWS

A separate consolidated statement of cash flows has not been presented since cash flows from operating, investing and financing activities are readily apparent from the other consolidated financial statements.

8. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2008 consolidated financial statements.