Appendix A

TORONTO

2009 Consolidated Financial Statements

December 31, 2009

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Management's Report

The management of the City of Toronto ("City") is responsible for the integrity, objectivity and accuracy of the financial information presented in the accompanying consolidated financial statements.

The consolidated financial statements have been prepared by management in accordance with Canadian Generally Accepted Accounting Principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants'. A summary of the significant accounting policies is disclosed in Note 1 to the consolidated financial statements.

To meet its responsibility, management maintains comprehensive financial and internal control systems designed to ensure the proper authorization of transactions, the safeguarding of assets and the integrity of the financial data. The City employs highly qualified professional staff and deploys an organizational structure that effectively segregates responsibilities, and appropriately delegates authority and accountability.

The Audit Committee, a sub-committee of City Council ("Council"), reviews and approves the consolidated financial statements before they are submitted to Council. In accordance with Council's directive, the Auditor General oversees the work of the external auditors performing financial statement attest audits. While it is important to recognize that the external audit is an independent process, the Auditor General's role is to ensure that all significant audit issues are appropriately addressed and resolved. In this context, the Auditor General participates in all significant meetings held between the external auditors and management.

The 2009 consolidated financial statements have been examined by the City of Toronto's external auditors, Ernst & Young LLP, and their report precedes the consolidated financial statements.

Toronto, Canada
May 15, 2010

Giuliana Carbone
Treasurer

Cam Weldon
Deputy City Manager & Chief Financial Officer

Joseph P. Pennachetti
City Manager

Auditors' Report

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

We have audited the consolidated statement of financial position of the **City of Toronto** as at December 31, 2009 and the consolidated statements of operations and accumulated surplus, change in net debt, and cash flows 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 as at December 31, 2009 and the results of its financial activities and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada,
June 2, 2010

Chartered Accountants
Licensed Public Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31, 2009
(with comparative figures as at December 31, 2008)
(all dollar amounts in thousands of dollars)

	2009	2008 (restated Note 2)
FINANCIAL ASSETS		
Cash	198,452	231,213
Accounts receivable (Note 3)	1,085,979	770,232
Property taxes receivable	313,088	246,074
Other assets (Note 4)	161,144	108,763
Investments (Note 5)	3,250,893	3,819,159
Note receivable – Toronto Hydro Corporation (Notes 6 and 19)	490,115	735,175
Due from Toronto District School Board (Note 14)	37,837	41,772
Investments in government business enterprises (Note 7)	1,190,783	1,156,829
Total financial assets	**6,728,291**	**7,109,217**
LIABILITIES		
Bank indebtedness (Note 8)	142,235	60,860
Accounts payable and accrued liabilities (Note 9)	2,023,732	1,970,818
Deferred revenue (Note 10)	1,576,045	1,919,145
Other liabilities (Notes 11)	384,506	357,249
Landfill closure and post-closure liabilities (Note 12)	123,343	139,341
Mortgages payable (Note 13)	840,627	869,402
Net long-term debt (Note 14)	2,798,585	2,741,227
Employee benefit liabilities (Note 15)	2,669,013	2,589,217
Total liabilities	**10,558,086**	**10,647,259**
NET DEBT	**(3,829,795)**	**(3,538,042)**
NON-FINANCIAL ASSETS		
Tangible capital assets, net (Note 16, Schedule 1)	18,388,907	17,639,943
Inventories and prepaid expenses	206,499	166,507
	18,595,406	17,806,450
Commitments, contingencies and subsequent events (Notes 17 and 19)		
ACCUMULATED SURPLUS (Note 18)	**14,765,611**	**14,268,408**

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

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

for the year ended December 31, 2009
(with comparative figures for the year ended December 31, 2008)
(all dollar amounts in thousands of dollars)

	2009 BUDGET (Note 20) (unaudited)	2009 ACTUALS	2008 ACTUALS (restated Note 2)
REVENUE			
Property taxation	3,558,901	3,655,880	3,469,974
Taxation from other governments	77,427	100,179	80,710
User charges	2,460,319	2,309,164	2,108,423
Funding transfers from other governments	2,848,559	2,901,868	2,731,174
Development charges	129,950	83,144	56,234
Investment income	164,590	257,883	240,738
Government business enterprise income (Note 7)	-	108,657	233,926
Other	1,203,745	997,716	816,661
Total revenue	**10,443,491**	**10,414,491**	**9,737,840**
EXPENSES			
General government	776,662	803,504	794,329
Protection to persons and property	1,500,680	1,525,221	1,466,272
Transportation	3,040,322	2,658,085	2,578,243
Environmental services	979,527	873,684	855,105
Health services	383,390	376,463	375,904
Social and family services	2,023,056	1,946,444	1,803,134
Social housing	694,317	837,786	651,022
Recreation and cultural services	801,144	769,110	770,880
Planning and development	45,652	126,991	144,655
Total expenses (Note 21)	**10,244,750**	**9,917,288**	**9,439,544**
ANNUAL SURPLUS	**198,741**	**497,203**	**298,296**
ACCUMULATED SURPLUS - BEGINNING OF YEAR	**1,354,397**	**14,268,408**	**13,970,112**
ACCUMULATED SURPLUS - END OF YEAR (Note 18)	**1,553,138**	**14,765,611**	**14,268,408**

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

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

for the year ended December 31, 2009

(with comparative figures for the year ended December 31, 2008)

(all dollar amounts in thousands of dollars)

	2009	2008 (restated Note 2)
Annual Surplus	**497,203**	**298,296**
Acquisition of tangible capital assets	(1,854,045)	(1,551,296)
Amortization of tangible capital assets	1,071,896	797,281
Gain on disposal of tangible capital assets	(15,307)	(1,039)
Proceeds on disposal of tangible capital assets	48,492	13,080
Change due to tangible capital assets	**(748,964)**	**(741,974)**
Change in inventories and prepaid expenses	**(39,992)**	**(7,043)**
Increase in net debt	(291,753)	(450,721)
NET DEBT - BEGINNING OF YEAR	(3,538,042)	(3,087,321)
NET DEBT - END OF YEAR	**(3,829,795)**	**(3,538,042)**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended December 31, 2009
(with comparative figures for the year ended December 31, 2008)
(all dollar amounts in thousands of dollars)

	2009	2008 (restated Note 2)
OPERATING ACTIVITIES		
Annual surplus	497,203	298,296
Add (deduct) items not involving cash:		
Government business enterprises income from operations	(108,657)	(233,926)
Amortization of tangible capital assets	1,071,896	797,281
Gain on disposal of tangible capital assets	(15,307)	(1,039)
	1,445,135	860,612
Change in non-cash assets and liabilities related to operations:		
Increase in accounts receivable	(315,747)	(104,278)
Increase in property taxes receivable	(67,014)	(25,702)
Increase in accounts payable and accrued liabilities	52,914	24,510
Increase (decrease) in deferred revenue	(343,100)	683,663
Increase in other liabilities	27,257	94,978
Increase in inventories and prepaid expenses	(39,992)	(7,043)
Increase (decrease) in landfill closure and post-closure liabilities	(15,998)	10,978
Increase in employee benefit liabilities	79,796	187,907
Cash provided by operating activities	**823,251**	**1,725,625**
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,854,045)	(1,551,296)
Proceeds on disposal of tangible capital assets	48,492	13,080
Cash applied to capital activities	**(1,805,553)**	**(1,538,216)**
INVESTING ACTIVITIES		
Increase in other assets	(52,381)	(52,667)
Redemption (purchase) of investments, net	568,266	(240,633)
Proceeds on repayment of note receivable – Toronto Hydro Corporation	245,060	-
Proceeds on repayment of due from Toronto District School Board	3,935	4,231
Dividends and distributions from government business enterprises	74,703	182,763
Cash provided by (applied to) investing activities	**839,583**	**(106,306)**
FINANCING ACTIVITIES		
Increase in bank indebtedness	81,375	60,860
Proceeds from mortgages issued	-	6,927
Principal repayments on mortgages payable	(28,775)	(36,673)
Proceeds from long-term debt issued	402,504	301,896
Principal repayments on long-term debt	(298,062)	(282,004)
Interest earned on sinking funds	(43,149)	(32,614)
Principal repayments on debt by Toronto District School Board	(3,935)	(4,231)
Cash provided by (applied to) financing activities	**109,958**	**14,161**
Net increase (decrease) in cash during the year	(32,761)	95,264
CASH – BEGINNING OF YEAR	231,213	135,949
CASH – END OF YEAR	**198,452**	**231,213**
SUPPLEMENTARY INFORMATION:		
Cash paid for interest on debt	221,377	226,049
Cash received for interest on investments	252,059	239,757

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

The City of Toronto (the "City") is the largest city in Canada, and is the provincial capital of Ontario. The City was incorporated March 6, 1834. In 1998, the existing City was formed through the amalgamation of the City, Metropolitan Toronto, East York, Etobicoke, North York, Scarborough and York. The City operates under the provisions of the *City of Toronto Act, 2006*.

1. Summary of Significant Accounting Policies

Basis of accounting

The consolidated financial statements of the City have been prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB") of The Canadian Institute of Chartered Accountants ("CICA").

Principles of consolidation

The consolidated financial statements include all organizations that are accountable for the administration of their financial affairs and resources to City Council ("Council") and are controlled by the City. These statements reflect the assets, liabilities, revenues and expenses of the operating fund, capital fund, reserves and reserve funds of the City and each entity, except for government business enterprises which are accounted for by the modified equity basis of accounting and the Toronto Waterfront Revitalization Corporation which is accounted for by proportionate consolidation.

Consolidated entities:

Agencies, Boards and Commissions:

- Board of Governors of Exhibition Place
- Board of Management of the Toronto Zoo
- Heritage Toronto
- The North York Performing Arts Centre Corporation
- The Sony Centre for the Performing Arts
- St. Lawrence Centre for the Arts
- Toronto Atmospheric Fund ("TAF")
- Toronto Board of Health
- Toronto Community Housing Corporation ("TCHC")
- Toronto Licensing Commission
- Toronto Police Services Board
- City of Toronto Economic Development Corporation c.o.b. Toronto Port Lands Company ("TPLC" previously "TEDCO") after November 13, 2008
- Toronto Public Library Board
- Toronto Transit Commission ("TTC")
- Toronto Waterfront Revitalization Corporation ("TWRC") (1/3rd proportionately)
- Yonge-Dundas Square
- Build Toronto Inc. (Incorporated November 13, 2008)
- Invest Toronto Inc. (Incorporated November 13, 2008)

Arenas:

- Forest Hill Memorial
- George Bell
- Leaside Memorial Community Gardens
- McCormick Playground
- Moss Park
- North Toronto Memorial
- Ted Reeve Community
- William H. Bolton

Community Centres:

- 519 Church Street
- Applegrove
- Cecil Street
- Central Eglinton
- Community Centre 55
- Eastview Neighbourhood
- Harbourfront
- Ralph Thornton
- Scadding Court
- Swansea Town Hall

Business Improvement Areas:

- Albion/Islington Square
- Annex-Dupont
- Bloor Annex
- Bloor by the Park
- Bloorcourt Village
- Bloordale Village
- Bloor Street
- Bloor West Village
- Bloor-Yorkville
- Cabbagetown
- Chinatown
- Church-Wellesley Village
- College Promenade
- Corso Italia
- Crossroads of the Danforth
- Danforth Mosaic
- Danforth Village
- Dundas West
- Dovercourt Village
- Downtown Yonge
- Eglinton Hill
- Emery Village
- Fairbank Village
- Forest Hill Village
- Gerrard India Bazaar
- Greektown on the Danforth
- Harbord Street
- Hillcrest Village
- Historic Queen East
- Junction Gardens
- Kennedy Road
- Kensington Market
- Kingsway
- Knob Hill Plaza
- Korea Town
- Lakeshore Village
- Liberty Village
- Little Italy
- Little Portugal
- Long Branch
- Mimico by the Lake
- Mimico Village
- Mirvish Village
- Mount Dennis
- Mount Pleasant
- Oakwood Village
- Pape Village
- Parkdale Village
- Queen Street West
- Regal Heights Village
- Riverside
- Roncesvalles Village
- Rosedale Main Street
- Sheppard East Village
- St. Clair Gardens
- St. Lawrence Market Neighbourhood
- The Beach
- The Danforth
- The Eglinton Way
- The Waterfront
- Toronto Entertainment District
- Trinity Bellwoods
- Upper Village
- Uptown Yonge
- Village of Islington
- Weston Village
- West Queen West
- Wexford Heights
- Wychwood Heights
- Yonge-Lawrence Village
- York-Eglinton

All inter-fund assets and liabilities and sources of financing and expenses have been eliminated in these consolidated financial statements.

Government business enterprises

The following entities are accounted for in these consolidated financial statements as government business enterprises using the modified equity basis of accounting. Under the modified equity basis, the accounting principles of government business enterprises are not adjusted to conform to the City's accounting principles and inter-organizational transactions and balances are not eliminated. Inter-organizational gains and losses are however, eliminated on assets remaining within the government reporting entities at the reporting date.

- Enwave Energy Corporation ("Enwave")
- TEDCO (prior to November 14, 2008)
- Toronto Hydro Corporation
- Toronto Parking Authority

Trust funds

Trust funds and their related operations administered by the City are not included in the consolidated financial statements, but are reported separately on the Trust Fund Statement of Continuity and the Trust Fund Balance Sheet (Note 23).

Use of estimates and measurement uncertainty

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 revenues and expenses during the reporting year. Significant estimates and assumptions, which include employee benefit liabilities, property tax assessment appeals, property, liability and accident claims provisions, landfill closure and post-closure liabilities, and environmental provisions, are based on management's best information and judgment. Actual amounts, which are accounted for as they become known, may differ significantly from these estimates.

Tax revenues

Annually, the City bills and collects property tax revenues for municipal purposes as well as provincial education taxes on behalf of the Province of Ontario (the "Province") for education purposes. The authority to levy and collect property taxes is established under the *City of Toronto Act*, *2006*, the *Assessment Act*, the *Education Act*, and other legislation.

The amount of the total annual property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council-approved policies, in order to raise the revenues required to meet operating budget requirements. Education tax rates are established by the Province each year in order to fund the cost of education on a Province-wide basis.

Property assessments, on which property taxes are based, are established by the Municipal Property Assessment Corporation ("MPAC"), a not-for-profit corporation funded by all of Ontario's municipalities. The current value assessment ("CVA") of a property represents an estimated market value of a property as of a fixed date. Assessed values for all properties within the municipality are provided to the City in the form of the returned assessment roll in December of each year.

The amount of property tax levied on an individual property is the product of the CVA of the property (assessed by MPAC) and the tax rate for the class (approved by Council), together with any adjustments that reflect Council-approved mitigation or other tax policy measures, rebate programs, etc.

Property taxes are billed by the City twice annually. The interim billing, issued in January, is based on 50% of the total property's taxes in the previous year, and provides for the cash requirements of the City for the initial part of the year prior to Council's approval of the final operating budget and the approved property tax levy for the year. Final bills are issued in May, following Council's approval of the capital and operating budget for the year, the total property tax levy, and the property tax rates needed to fund the City's operations.

Taxation revenues are recorded at the time tax billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The City may receive up to four supplementary assessment rolls over the course of the year from MPAC that identify new or omitted assessments. Property taxes for these supplementary and/or omitted amounts are then billed according to the approved tax rate for the property class.

Taxation revenues in any year may also be reduced as a result of reductions in assessment values resulting from assessment and/or property tax appeals. Each year, an amount is identified within the annual operating budget to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals or other deficiencies in tax revenues (e.g., uncollectible amounts, write-offs, etc.).

In Toronto, annual property tax increases for properties within the commercial, industrial and multi-residential tax classes have been subject to limitations on the maximum allowable year-over-year increase since 1998, in order to mitigate dramatic tax increases due to changes in assessed values.

In October 2005, Council adopted a staff report entitled “Enhancing Toronto’s Business Climate – It’s Everybody’s Business,” that introduced a number of new tax policy initiatives that began in 2006. These changes included limiting allowable annual tax increases on these property classes to 5% of the previous year’s full CVA taxation level, and gradually reducing the proportion of the total property tax levy that is borne by the commercial, industrial and multi-residential classes through 2020.

Beginning in 2008, the City implemented two new taxes: the Municipal Land Transfer Tax and the Personal Vehicle Tax. These taxes apply to land sales and renewals of vehicle licenses. The revenues are transaction-based and are recognized at the time of the transaction: either registration of the sale of land or renewal of the personal vehicle license.

User charges

User charges relate to transit fees, utility charges (water, wastewater and solid waste), licensing fees, fees for use of various programs, and fees imposed based on specific activities. Revenue is recognized when the activity is performed or when the services are rendered.

Government transfers

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers are recognized in the fiscal year in which events giving rise to the transfer occur, providing the transfers are authorized, eligibility criteria have been met and reasonable estimates of the amounts can be made.

Development charges

Development charges are charges imposed on land development or redevelopment projects. Fees are set out in a City by-law, which conforms to the requirements of the Development Charges Act, 1997. Development charges are collected and recognized in revenue on the date an above grade building permit is issued.

Other revenue

Other revenues are recognized in the fiscal year that the events giving rise to the revenues occur and the revenues are earned. Amounts received which relate to revenues that will be earned in a subsequent year, are deferred and reported as liabilities.

Expenses

Expenses are recognized in the fiscal year that the events giving rise to the expenses occur and there is a legal obligation to pay.

Investments

Investments are recorded at amortized cost less any amounts written off to reflect a permanent decline in value. The majority of investments consists of authorized investments pursuant to provisions of the *City of Toronto Act, 2006* and comprises government and corporate bonds, debentures and short-term instruments of various financial institutions. TCHC and TAF have their own investment policies, which allow them to invest in equities.

Investment income is reported as revenue in the period earned. Investment income earned on reserve funds that are set aside for specific purposes by legislation, regulation or agreement, is added to the fund balance and forms part of the respective deferred revenue balances.

Property and liability claims

Estimated costs to settle property and liability claims are actuarially determined, based on available loss information and projections of the present value of estimated future expenditures developed from the City’s historical experience on loss payments. Where the costs are deemed to be likely and reasonably determinable, claims are reported as an operating expenditure, and are included in other liabilities on the consolidated statement of financial position.

TTC unsettled accident claims

The TTC has a self-insurance program for automobile and general liability claims. When the claims are reported, the case reserves are initially estimated on an individual basis by adjusters and lawyers employed by the TTC. A provision is made, on a present value basis, for claims incurred, for claims incurred-but-not-reported, and for internal and external adjustments.

Environmental provisions

The City provides for the cost of compliance with environmental legislation when conditions are identified which indicate non-compliance and costs can be reasonably determined.

The estimated amounts of future restoration costs are reviewed regularly, based on available information and governing legislation. Where the costs are deemed to be likely and reasonably determinable, claims are reported as an operating expense, and are included in other liabilities on the consolidated statement of financial position.

Landfill closure and post-closure liabilities

The costs to close existing landfill sites and to maintain closed solid waste landfill sites are based on estimated future expenditures in perpetuity in current dollars, adjusted for estimated inflation. These costs are reported as a liability on the consolidated statement of financial position.

Deferred revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recorded as deferred revenue and are recognized as revenue in the fiscal year the related expenses are incurred or services are performed.

Derivative financial instruments

A derivative financial instrument is used to manage interest rate risk with respect to a certain TCHC term loan. TCHC does not account for its interest rate swap as a hedge, and as such, any realized or unrealized gains or losses are recognized in the consolidated statement of operations and accumulated surplus. The City also utilizes derivative financial instruments in the management of its purchase of electricity and natural gas. The City's policy is not to use derivative financial instruments for trading or speculative purposes. Derivative contracts are recorded at their fair value as an asset or liability based on quoted market prices, with changes in fair value, if any, recorded in the consolidated statement of operations and accumulated surplus.

Employee benefit liabilities

The contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due.

The costs of termination benefits and compensated absences are recognized when the event that obligates the City occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis.

The costs of other employee benefit liabilities are actuarially determined using the projected benefits method pro-rated on service and management’s best estimates of retirement ages of employees, salary escalation, expected health costs and plan investment performance. Accrued obligations and related costs of funded benefits are net of plan assets.

(all dollar amounts in thousands of dollars)

Past service costs from plan amendments related to prior period employee services are accounted for in the period of the plan amendment. The effects of a gain or loss from settlements or curtailments are expensed in the period they occur. Net actuarial gains and losses related to the employee benefits are amortized over the estimated average remaining service life of the related employee group. Employee future benefit liabilities are discounted using current interest rates on long-term municipal debentures.

The costs of workplace safety and insurance obligations are actuarially determined and are expensed in the period they occur.

Tangible capital assets

Tangible capital assets are recorded at historical cost or estimated historical cost based on appraisals or other acceptable methods where historical cost is not available. Cost includes amounts directly attributable to the acquisition, construction, development or betterment of an asset. The cost less expected residual value is amortized on a straight-line basis, over the estimated useful lives of the assets, at the following rates:

Asset	
Land improvements	15 - 70 years
Buildings and building improvements	25 - 100 years
Machinery and equipment	10 - 60 years
Motor Vehicles	6 - 20 years
Water and wastewater linear	60 - 100 years
Roads linear	25 - 70 years
Transit	10 - 65 years

One-half of the amortization is recorded in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is substantially complete and available for productive use.

Donated tangible capital assets are recorded at estimated fair market value as at the date of donation, and are also recorded in revenue.

Works of art, cultural, and historic assets are not recorded as assets in these consolidated financial statements.

The City does not capitalize interest costs associated with the acquisition or construction of tangible capital assets.

The cost of normal maintenance and repairs which does not add value to the asset or materially extend asset lives is not capitalized.

Reserves and reserve funds

Reserves and reserve funds are comprised of funds set aside for specific purposes by Council and funds set aside for specific purposes by legislation, regulation or agreement. For financial reporting purposes, reserve funds set aside by legislation, regulation or agreement are reported as deferred revenue on the consolidated statement of financial position. Other reserve funds and reserves are balances within the accumulated surplus.

2. Restatement of Prior Period Consolidated Financial Statements

a) Change in accounting policies:

Effective January 1, 2009, the City has adopted PSAB Sections 3150 and 1200. PSAB 3150 provides the requirement for recording and amortizing tangible capital assets, while PSAB 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Tangible capital assets were previously recorded as capital expenditures upon acquisition.

(all dollar amounts in thousands of dollars)

The financial information recorded includes the actual or estimated historical cost of the City's tangible capital assets. Historical costs and acquisition dates, however, were not available for all assets as at January 1, 2008, therefore estimates were required in certain cases. Where acquisition dates were not available, these dates were estimated based on available information, which included the acquisition dates of contiguous assets, the date the surrounding areas were established or other relevant information. Where historical costs were not available, a consistent method of estimating the replacement or reproduction cost of the tangible capital assets was applied by asset and asset class, including appraisals, reviews of historical reports or other methods, where appropriate.

After defining replacement or reproduction cost, appropriate indices, (Non-Residential Building Construction Price Index for constructed assets and Consumer Price Index Toronto for purchased assets) were used to deflate the replacement or reproduction cost to an estimated historical cost at the year of acquisition. Accumulated amortization was then calculated based on the used portion of the assets' useful lives.

b) Change to investment in government business enterprises:
In 2004 Enwave constructed certain assets that connect into the City's water systems, which were to be transferred to the City upon commissioning of the assets. Enwave also constructed a water pump in 2008. The City has recorded the assets as at 2004 and 2008, the dates the assets were put in use as part of the City's water system. As Enwave has recorded these assets in their records through 2009, the City has reduced its investment in Enwave by $36,708 as at December 31, 2008 (2007 - $36,585) to reflect the City's portion of the unamortized tangible capital assets.

Impacts of the changes
These changes have been applied retroactively and prior periods have been restated.
Tangible capital assets with a cost of $26,260,359, accumulated amortization of $9,362,392, and net book value of $16,897,967 were recognized as at January 1, 2008, and investments in government business enterprises was reduced by $36,585, with an increase to accumulated surplus of $16,861,382.

Net expenses in 2008 were amended as follows:
i) decreased by the cost of acquired assets of $1,551,296, (which were previously expensed);
ii) increased by the cost of amortization of $797,281;
iii) increased by the proceeds on disposal of assets of $13,080;
iv) decreased by the gain on disposal of assets of $1,039; and
v) increased by the reduction in investments for Enwave of $121,
for a net increase in annual surplus and a net increase in the accumulated surplus of $741,853.

Previously, the Municipal Position consisted of the following separate components: Operating fund, Capital fund, Reserves and reserve funds, and Amounts to be recovered. All of these amounts are included in the accumulated surplus. These details are now shown in note 18.

Consolidated Statement of Financial Position

	2008 (as reported)	2008 (as restated)	Change
	$	$	$
Investment in government business enterprises	1,193,537	1,156,829	(36,708)
Tangible capital assets, net	-	17,639,943	17,639,943
Accumulated surplus	-	(14,268,408)	(14,268,408)
Total municipal position	3,334,827	-	(3,334,827)
	4,528,364	**4,528,364**	**-**

(all dollar amounts in thousands of dollars)

Consolidated Statement of Operations

	2008 (as reported)	2008 (as restated)	Change
	$	$	$
Total revenues, excluding the items below:	6,483,837	5,956,079	(527,758)
Funding transfers from other governments	2,222,619	2,731,174	508,555
Government business enterprise income	234,047	233,926	(121)
Other	572,202	816,661	244,459
Total revenues	**9,512,705**	**9,737,840**	**225,135**
General government	766,194	794,329	(28,135)
Protection to persons and property	1,527,398	1,466,272	61,126
Transportation	2,685,230	2,578,243	106,987
Environmental services	976,355	855,105	121,250
Health services	377,143	375,904	1,239
Social and family services	1,810,217	1,803,134	7,083
Social housing	792,786	651,022	141,764
Recreation and cultural services	841,519	770,880	70,639
Planning and development	186,463	144,655	41,808
Total expenses	**9,963,305**	**9,439,544**	**523,761**
Excess (deficiency) of revenues over expenses	**(450,600)**	**298,296**	**748,896**
Increase in non-financial assets	**7,043**	**-**	**(7,043)**
Annual surplus	**(443,557)**	**298,296**	**741,853**
Accumulated surplus, beginning of year	**(2,891,270)**	**13,970,112**	**16,861,382**
Accumulated surplus, end of year	**(3,334,827)**	**14,268,408**	**17,603,235**

3. Accounts Receivable

Accounts receivable consist of the following:

	2009	2008
	$	$
Government of Canada	245,362	182,150
Government of Ontario	249,617	74,441
Other municipal governments	20,940	16,299
School Boards	199	300
Utility fees	122,407	103,920
Other fees and charges	447,454	393,122
	1,085,979	**770,232**

(all dollar amounts in thousands of dollars)

4. Other Assets

Other assets consist of the following:

	2009	2008
	$	$
Loans receivable from Dundas and Parliament Development Corporation ("DPDC"), advanced under five separate non-revolving term facilities, which will not be extended beyond the third anniversary of the initial drawdown of each facility unless a one-year extension at the option of DPDC is consented to by TCHC. These loans bear interest at the bank's prime rate plus 0.28%, with an effective rate of 2.53% (2008 - 3.78%) per annum.	59,554	24,185
Loan receivable from a developer to advance funds for the interim financing of the development in Don Mount Court, due at the earliest of completion or two years after the first advance, bearing interest at the bank's prime rate plus 0.50%, with an effective rate of 2.75% (2008 – 4%) per annum.	10,736	7,302
Loan receivable bearing interest at 5.6% per annum, maturing in 2017 with a balloon payment of $12,200	26,922	-
Loans receivable from community housing organizations bearing interest at rates from 0% to 5.0% (2008 – 0% to 5%) per annum, maturing from 2010 to 2059.	43,387	44,856
Other	20,545	32,420
	161,144	**108,763**

5. Investments

Investments consist of the following:

	2009		
	Cost	Market value	Carrying value
	$	$	$
Federal government bonds	668,637	681,669	668,637
Provincial government bonds	1,280,923	1,328,268	1,280,923
Municipal government bonds	563,408	582,190	563,408
Money market instruments	15,742	15,742	15,742
Corporate bonds	497,239	508,101	497,239
Other	227,419	259,226	224,944
	3,253,368	**3,375,196**	**3,250,893**

	2008		
	Cost	Market value	Carrying value
	$	$	$
Federal government bonds	750,499	815,295	750,499
Provincial government bonds	1,093,143	1,140,870	1,093,143
Municipal government bonds	520,338	545,367	520,338
Money market instruments	663,158	663,158	663,158
Corporate bonds	435,132	444,025	435,132
Other	396,670	356,036	356,889
	3,858,940	**3,964,751**	**3,819,159**

(all dollar amounts in thousands of dollars)

Municipal government bonds include bonds held in trust by the insurance carrier as collateral for the provision of automobile and primary liability insurance with a carrying value of $61,202 (2008 - $50,908). The weighted average yield on the cost of the bond investment portfolio during the year was 4.42% (2008 – 4.62%). Maturity dates on investments in the portfolio range from 2010 to 2038 (2008 - 2009 to 2037). Included in the City's investment portfolio are City of Toronto debentures at coupon rates varying from 3.95% to 8.65% (2008 – 3.65% to 8.65%) with a carrying value of $219,033 (2008 - $241,200).

Other investments consist of the following:

	2009		
	Cost	Market value	Carrying value
	$	$	$
City investments	40,964	59,307	40,964
TCHC			
- Pooled investments	149,969	163,813	149,969
- Cash management funds	2,117	2,117	2,117
- Term deposits and other	21,234	21,234	21,234
TAF	13,135	12,755	10,660
	227,419	**259,226**	**224,944**

	2008		
	Cost	Market value	Carrying value
	$	$	$
City investments	42,349	41,468	42,349
TCHC			
- Pooled investments	180,090	143,119	143,119
- Cash management funds	118,187	118,187	118,187
- Term deposits and other	41,222	41,222	41,222
TAF	14,770	11,988	11,960
Other	52	52	52
	396,670	**356,036**	**356,889**

6. Note Receivable – Toronto Hydro Corporation

The note receivable from Toronto Hydro Corporation bears interest at a rate of 6.11% (2008 – 6.11%) per annum. Toronto Hydro Corporation made a principal payment of $245,060 in 2009 and is required to pay the remaining principal amount of the note as follows: $245,058 on the last business day before December 31, 2011 and $245,057 on May 6, 2013. Interest is calculated and payable quarterly in arrears on the last business day of March, June, September and December of each year. This receivable was sold April 1, 2010, as disclosed in Note 19, Subsequent Events.

(all dollar amounts in thousands of dollars)

7. Investments in Government Business Enterprises

Government business enterprises consist of 100% interest in Toronto Hydro Corporation, Toronto Parking Authority, and an approximate 43% interest in Enwave. Details of the continuity of the book value of these investments are as follows:

	2009	2008
	$	$
Balance - beginning of year	1,156,829	1,105,666
Income from operations (Appendix 1)	108,061	234,047
Dividends received (Appendix 1)	(25,170)	(116,416)
Distribution to City (Appendix 1)	(55,888)	(72,702)
Change in net book value of streetlighting assets eliminated on sale to Toronto Hydro Corporation (Appendix 1)	6,355	6,355
Change in net book value of water infrastructure assets eliminated on transfer from Enwave (Appendix 1)	596	(121)
Balance - end of year (Appendix 1)	**1,190,783**	**1,156,829**

Condensed financial results for each government business enterprise are disclosed in Appendix 1 to the notes to these consolidated financial statements. The results presented in Appendix 1 relate to fiscal years ended December 31 for Toronto Hydro Corporation and Toronto Parking Authority, October 31 for Enwave, and for the period ended November 13, 2008 for TEDCO. As at November 14, 2008, TEDCO no longer qualified for government business enterprise status, as the scope and scale of TEDCO's operations were reduced, with certain portions of the business transferred to other organizations.

Related party transactions between the City and its government business enterprises are as follows:

	2009	2008
	$	$
Received by the City: These amounts are included in expenses of the appropriate government business enterprise in the condensed financial results reported in Appendix 1 to these consolidated financial statements		
Interest on note receivable from Toronto Hydro Corporation (Note 6)	44,919	44,919
Purchased by the City: This amount is included in revenues of Toronto Hydro Corporation in the condensed financial results reported in Appendix 1 to these consolidated financial statements		
Streetlighting, electricity, and maintenance services from Toronto Hydro Corporation	130,642	117,485

8. Bank indebtedness

The City has an unsecured demand revolving credit facility in the amount of $100,000 (2008 - $100,000) bearing interest at the bank's prime rate less 0.5% (2008 - bank's prime rate less 0.5%) with an effective rate during 2009 of 2.44% (2008 – 4.82%) per annum. During 2010 the unsecured demand revolving credit facility was temporarily increased to $150,000 from February 9, 2010 through March 1, 2010, and then reverted back to $100,000.

TCHC has a committed revolving credit facility of $200,000 (2008 - $200,000) that is available for short-term advances and letters of credit, of which $78,860 (2008 - $60,860) has been utilized. Short-term advances are available by way of Bankers' Acceptance ("BA") and are repayable at maturity of the term on May 8, 2010. The interest charges are at the BA rate plus 1.10% for an effective rate of 2.74% (2008 - 3.75%) per annum. As at December 31, 2009, TCHC also has outstanding letters of credit of $8,579 (2008 - $6,670).

(all dollar amounts in thousands of dollars)

Build Toronto Inc. has entered into a bridge loan of $30,000, collateralized by properties with a carrying value in excess of $30,000. The loan bears interest at the bank's prime rate of 2.25% at December 31, 2009 and expires May 31, 2010.

Bank indebtedness consists of the following:

	2009	2008
	$	$
City, net outstanding cheques	33,375	-
TCHC	78,860	60,860
Build Toronto Inc.	30,000	-
	142,235	60,860

9. Accounts Payable and Accrued Liabilities

Accounts payable consist of the following:

	2009	2008
	$	$
Trade payables and accruals	1,273,534	1,236,482
School boards	143,902	157,376
Provision for assessment appeals on property taxes paid	411,997	397,182
Credit balances on property tax accounts	63,889	65,692
Payroll	130,410	114,086
	2,023,732	**1,970,818**

10. Deferred Revenue

(a) **Obligatory reserve funds**
Revenues received that have been set aside for specific purposes by Provincial legislation, City bylaws, or agreements are included in deferred revenue and reported on the consolidated statement of financial position. Details of these deferred revenues are as follows:

	2009	2008
	$	$
Restricted by Provincial legislation		
Development Charges	248,943	277,003
Recreational Land (Planning Act)	179,419	170,505
Subdividers' Deposits	13,676	13,811
Building Code Act Service Improvement	10,675	10,894
Provincial Gas Tax	711	-
	453,424	472,213
Restricted by other agreements		
Public Transit Funds	550,981	614,080
Water and Wastewater	67,351	214,841
Community Services	61,693	54,118
Third Party Agreements	21,556	15,687
State of Good Repair	26,854	9,116
Parking Authority	1,687	1,088
	730,122	908,930
Total obligatory reserve funds	**1,183,546**	**1,381,143**

(all dollar amounts in thousands of dollars)

(b) **Advanced payments and contributions**
Revenues received for advance payments for tickets and building permits, program registration fees, contributions from developers according to Section 37 of the Planning Act and revenues deferred for TCHC's capital asset replacements are included in deferred revenue and reported on the consolidated statement of financial position. Details of these deferred revenues are as follows:

	2009	2008
	$	$
Community Services	59,324	51,551
Planning Act	15,419	27,629
Section 37/45	2,571	8,358
Long-Term Care – Public Health and Housing	8,357	4,323
Police	17,194	7,735
Parks	3,935	7,437
Investing in Ontario Act	-	238,183
Ontario Bus Replacement Program	45,108	23,579
Infrastructure Stimulus Funds	13,716	-
Other	98,806	39,579
Agencies, Boards and Community Centres	128,069	129,628
Total advance payments and contributions	**392,499**	**538,002**
(c) Total Deferred Revenue (10 (a) and 10 (b))	**1,576,045**	**1,919,145**

11. Other Liabilities

Other liabilities consist of the following:

	2009	2008
	$	$
Property and liability claims provision (Note 17b)	155,421	141,667
TTC unsettled accident claims (Note 17b)	125,694	94,804
TPLC – environmental liabilities (Note 17j)	47,625	47,791
TTC – environmental liabilities (Note 17i)	6,485	6,540
Miscellaneous	49,281	66,447
	384,506	**357,249**

12. Landfill Closure and Post-Closure Liabilities

The Ontario Environmental Protection Act (the "Act") sets out the regulatory requirements for the closure and maintenance of landfill sites. Under the Act, the City is required to provide for closure and post-closure care of solid waste landfill sites. The costs related to these obligations are provided for all inactive landfill sites and active landfill sites based on usage.

Active Sites

In 2007, the City acquired the Green Lane Landfill, securing the City's long-term disposal requirements. The landfill is located in the Township of Southwold, Elgin County, Ontario. The landfill is projected to reach its approved capacity by the end of 2034, based on Toronto achieving a 70% residential waste diversion rate. The post-closure care period is expected to occur in perpetuity.

(all dollar amounts in thousands of dollars)

The estimated liability for the care of this landfill site is the present value of future cash flows associated with closure and post-closure costs discounted using the City's average long-term borrowing rate of 5% (2008 – 5%). The estimated present value of future expenditures for closure and post-closure care as at December 31, 2009 is $2,129 (2008 - $1,753), based on the percentage of total approved capacity used of 24.84% (2008 – 23.11%).

Inactive Sites

The City has identified 161 (2008 – 161) inactive landfill sites for which it retains responsibility for all costs relating to closure and post-closure care (Note 17k).

Post-closure care activities for landfill sites are expected to occur in perpetuity and will involve surface and ground water monitoring, maintenance of drainage structures, monitoring leachate and landfill gas, and maintenance of the landfill cover.

The estimated liability for the care of inactive landfill sites is the present value of future cash flows associated with closure and post-closure costs discounted using the City's average long-term borrowing rate of 5% (2008 – 5%). The estimated present value of future expenditures for post-closure care as at December 31, 2009 was $121,214 (2008 – $137,588).

In order to help reduce the future impact of these obligations, the City has established a reserve fund for the care of these sites and maintains a trust fund in satisfaction of requirements of the Ministry of the Environment. The balance in the solid waste management perpetual care reserve fund as at December 31, 2009 was $31,322 (2008 - $32,804) and is included as part of the State of Good Repair Reserve Fund (Note 18), and the balance in the Keele Valley Site Post-Closure Trust Fund as at December 31, 2009 was $7,409 (2008 - $7,395) (Note 23).

In order to help reduce the future impact of these obligations, the City has established two reserve fund accounts. The Green Lane account holds surpluses from the operations of the Green Lane landfill site, and the Green Lane Perpetual Care account provides funding for the future costs of long-term post-closure care of the Green Lane landfill site. The balance in the Green Lane account as at December 31, 2009 was $909 (2008 – $1,341) and the balance in the Green Lane Perpetual Care account as at December 31, 2009 was $655 (2008 - $435). Total contributions to the Green Lane Perpetual Care account of $218 (2008 – $271) were based on a contribution rate of 70¢ (2008 – 70¢) per tonne of waste disposed. Both of these reserve fund accounts are included as part of The State of Good Repair Reserve Fund (Note 18).

The total landfill closure and post-closure liabilities are as follows:

	2009	**2008**
	$	**$**
Active landfill site (Green Lane)	2,129	1,753
Inactive landfill sites	121,214	137,588
	123,343	**139,341**

Landfill closure and post-closure costs totaling $3,052 (2008 - $5,322) were expensed during the year.

13. Mortgages Payable

Mortgages payable are as follows:

	2009	**2008**
	$	**$**
Mortgages issued by TCHC, bearing interest at rates ranging from 2.86% to 13.27% (2008 – 2.86% to 13.27%) per annum, with maturities ranging from 2010 to 2043, and collateralized by housing properties owned by TCHC with a net book value of approximately $1,469,000 (2008 - $1,415,000)	**840,627**	**869,402**

(all dollar amounts in thousands of dollars)

Principal repayments are due as follows:

	$
2010	36,637
2011	38,526
2012	40,538
2013	42,820
2014	45,250
Thereafter	636,856
	840,627

14. Net Long-Term Debt

Provincial legislation restricts the use of long-term debt to finance only capital expenditures. Provincial legislation allows the City to issue debt on behalf of the Toronto District School Board (“TDSB”) at TDSB's request. The responsibility of raising the amounts to service these liabilities lies with TDSB. The debt is a direct, joint and several obligation of the City and TDSB.

The net unsecured long-term debt reported on the consolidated statement of financial position comprises the following:

	2009	2008
	$	$
Debentures issued by the City, bearing interest at various rates ranging from 1.56% to 8.65% (2008 – 2.51% to 8.65%) per annum, maturing from 2010 to 2029.	3,300,318	2,983,525
Debt issued by TCHC bearing interest at various rates ranging from 4.55% to 5.11% (2008 – 4.51% to 5.11%) per annum, maturing from 2010 to 2037. Included in this debt is a non-revolving term loan of $45,424 bearing interest at the 30-day BA rate plus 0.2% for an effective rate of 0.5% (2008 – 1.7%) per annum and maturing in 2018. TCHC has entered into an interest rate swap agreement to fix the term loan rate at 4.55% plus a 20 basis point BA stamping fee, maturing February 15, 2018. The estimated fair value loss of the interest rate swap at December 31, 2009 is $3,509 (2008 - $7,772).	320,534	325,559
Debentures issued by the City on behalf of the TDSB, bearing interest at 6.1% (2008 – 6.1%) per annum, maturing from 2010 to 2037.	75,846	75,846
Loans payable to the Province, bearing interest at 2.76% (2008 – 2.76%) per annum, with no fixed maturity date.	170,171	170,171
Loan payable, bearing interest at 8.05% (2008 – 8.05%) per annum, maturing in 2018.	1,301	1,399
Sinking fund deposits bearing interest at rates between 4% and 6% (2008 – 4% to 6%) per annum.	(1,031,576)	(781,201)
Sinking fund deposits – TDSB, bearing interest at 5% (2008 – 5%) per annum.	(38,009)	(34,072)
	2,798,585	**2,741,227**

(all dollar amounts in thousands of dollars)

Principal repayments are due as follows:

	$
2010	428,324
2011	348,542
2012	328,528
2013	303,501
2014	288,606
Thereafter	1,101,084
	2,798,585

Included in net long-term debt are outstanding debentures of $3,058,000 (2008 - $2,658,000) for which there are sinking fund assets with a carrying value of $1,077,288 (2008 - $824,178) and a market value of $1,133,021 (2008 - $880,033). Sinking fund assets are comprised of short-term notes and deposits, government and government-guaranteed bonds and debentures, and corporate bonds. Government and government-guaranteed bonds and debentures include City of Toronto debentures with a carrying value of $123,592 (2008 - $101,260) and a market value of $131,511 (2008 - $107,526).

The City's net long-term debt are to be recovered from the following sources:

	2009	**2008**
	$	**$**
Property taxes	2,440,214	2,373,896
TCHC	320,534	325,559
TDSB (Note 18)	37,837	41,772
	2,798,585	**2,741,227**

15. Employee Benefit Liabilities

Actuarial valuation reports were prepared for the valuation of post-retirement, post-employment, sick leave gratuity and self-insured Workplace Safety Insurance Board ("WSIB") benefit plans for the City, Toronto Police Services and the City's Agencies, Boards and Commissions as at December 31, 2009 with results extrapolated to December 31, 2010, 2011 and 2012. The significant actuarial assumptions adopted in measuring the City's accrued benefit obligations and benefit costs for these post-retirement and post-employment, and other retirement benefits are as follows:

	2009	**2008**
Discount rate for accrued benefit obligation:		
Post-employment	4.4%	4.65%
Post-retirement	5.3%	5.0%
Sick leave	4.4%	5.0%
WSIB	4.4%	5.0%
Rate of compensation increase	3.0% to 3.5%	3.0% to 3.5%
Health care inflation – LTD, hospital and other medical	7.64% to 10.1%	4.5% to 10.1%
Health care inflation – Dental care	4.0% to 10.1%	7.0% to 10.1%
Health care inflation – Drugs	7.8% to 10.1%	7.8% to 10.1%

(all dollar amounts in thousands of dollars)

	2009	2008
Discount rate for benefit costs:		
Post-employment	4.65%	4.65%
Post-retirement	5.0%	5.0%
Sick leave	5.0%	5.0%
WSIB	5.0%	5.0%
Rate of compensation increase	3.0% to 3.5%	3.0% to 3.75%
Health care inflation – LTD, hospital and other medical	4.5% to 10.1%	4.5% to 10.1%
Health care inflation – Dental care	7.0% to 10.1%	7.0% to 10.1%
Health care inflation – Drugs	7.8% to 10.1%	7.8% to 10.1%

The health care inflation rate for LTD, hospital, other medical, and drugs is assumed to reduce to 4% by 2020. The health care inflation rate for dental care is assumed to reduce to 3% by 2015.

The City provides certain benefits, including post-retirement and post-employment benefits, to most of its employees. Employee benefit liabilities as at December 31 are as follows:

	2009	2008
	$	$
Future payments required for:		
Pension liabilities, other than OMERS	109,685	149,929
Sick leave benefits	429,000	467,579
WSIB obligations	357,725	333,246
Other employment and post-employment benefits	1,565,054	1,878,470
Total employee accrued benefit obligation	2,461,464	2,829,224
Unamortized actuarial gain (loss)	207,549	(240,007)
Employee benefit liabilities	**2,669,013**	**2,589,217**

The continuity of the City's employee benefit liabilities, in aggregate, is as follows:

	2009	2008
	$	$
Balance – beginning of year	2,589,217	2,401,310
Current service costs	128,389	251,882
Interest cost	141,647	130,236
Amortization of actuarial loss	11,423	20,757
Benefits paid	(164,509)	(167,963)
Plan amendments	(37,154)	(47,005)
Balance – end of year	**2,669,013**	**2,589,217**

(all dollar amounts in thousands of dollars)

The total expenses related to these employee benefits include the following components:

	2009	2008
	$	$
Current service costs	128,389	251,882
Interest cost	141,647	130,236
Amortization of actuarial loss	11,423	20,757
Total expenditures	**281,459**	**402,875**

Vested Sick Leave Benefit Liability

Under the sick leave benefit plan, employees are credited with a maximum of 18 days sick time per annum. Unused sick leave can accumulate and employees may become entitled to a cash payment, capped at one half of unused sick time to a maximum of 130 days when they leave the City's employment. The liability for the accumulated sick leave represents the extent to which sick leave benefits have vested and could be taken in cash by employees on termination of employment. A sick leave reserve fund is established to help reduce the future impact of these obligations.

As of December 31, 2009, the balance in the sick leave reserve fund is $43,754 (2008 - $47,823) and is included as part of Employee Benefits Reserve Fund (Note 18). Payments during the year amounted to $27,621 (2008 - $27,841).

A new short-term disability plan for all management and non-union employees (approximately 4,000) was approved in 2007 and became effective March 1, 2008. Existing employees in this group, who have a vested payout entitlement (10 or more years of service), will have their sick days and service frozen as of March 1, 2008 and will be entitled to a future payout of this frozen entitlement upon termination based on the former municipality's policy provisions. Employees with less than 10 years of service as of March 1, 2008 had their days frozen and will not be entitled to a future payout. Instead, they can use these days to top up their short-term disability plan, if necessary. The new short-term disability plan does not have a cash payout provision and will help contain sick leave benefit liabilities over time.

In addition, on July 31, 2009, the City ratified new collective agreements with TCEU Local 416 and CUPE Local 79, which provided for a new Illness or Injury Plan ("IIP") to replace the existing Sick Pay Plan ("SPP") for all employees hired after July 31, 2009. All employees hired on or before the date of ratification who were in an SPP were provided with a one-time option to join the new IIP during 2009 and receive a partial payout of their sick credits or freeze their sick credits for a payout upon termination/retirement. As a result, 40% of this group of employees joined the IIP, reducing the City's sick leave liability.

WSIB Obligations

The City is a Schedule 2 employer under the Workplace Safety and Insurance Act and, as such, assumes responsibility for financing its workplace safety insurance costs. The accrued obligation represents the actuarial valuation of claims to be insured based on the history of claims with City employees. A Workers' Compensation Reserve Fund is established to help reduce the future impact of these obligations. As at December 31, 2009, the balance in the Workers' Compensation Reserve Fund is $22,685 (2008 - $14,859) and is included as part of the Employee Benefits Reserve Fund (Note 18). Payments during the year by the City to the WSIB amounted to $41,614 (2008 - $43,388).

Other Employment and Post-Employment Benefits

The City provides health, dental, life insurance and long-term disability benefits to certain employees. The accrued liability represents the actuarial valuation of benefits to be paid based on the history of claims with City employees. An employee benefits reserve fund is established to help reduce the future impact of these obligations. As at December 31, 2009, the balance in the employee benefits reserve fund is $152,582 (2008 - $159,650) and is included as part of Employee Benefits Reserve Fund (Note 18). Payments during the year amounted to $36,343 (2008 - $48,719).

OMERS Pension Plan

The City makes contributions to the Ontario Municipal Employees' Retirement System plan ("OMERS"), a multi-employer pension plan, on behalf of most of its employees. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. As a result, the City does not recognize any share of the OMERS pension surplus or deficit. Employer contributions for current service amounted to $114,649 (2008 - $116,070) and are matched by employee contributions in a similar amount.

The amount contributed for past service to OMERS for the year ended December 31, 2009 was $605 (2008 - $664). Employer's contributions for current and past service are included as an expenditure on the consolidated statement of operations and accumulated surplus.

TTC Pension Plan

The TTC participates in a multi-employer pension plan on behalf of most of its employees. The plan is a defined benefit/defined contribution hybrid pension plan that provides pensions to members based on the length of service and average base year (pensionable) earnings. The TTC's pension plan is operated by a separate legal entity, the TTC Pension Fund Society (the "Society"). The Society also administers the defined benefit supplemental plans designed to pay employees the differences between their earned pension under the by-laws of the Society and the maximum allowable pension under the Income Tax Act (Canada). Employer contributions to these plans during 2009 amounted to $76,398 (2008 - $69,043).

City Sponsored Pension Plans

The City sponsors five defined benefit pension plans that provide benefits to employees who were employed prior to the establishment of the OMERS pension plan. The plans cover closed groups of employees hired prior to July 1, 1968 and provide for pensions based on length of service and final average earnings.

The plans provide increases in pensions to retirees and their spouses to the extent that an actuarial surplus is available. As at December 31, 2009, there were 17 (2008 – 21) active members with an average age of 64. There were also 4,962 (2008 - 5,247) pensioners and 2,840 (2008 - 2,845) spousal beneficiaries in receipt of a pension, with an average age of 77. Pension payments and refunds during the year were approximately $185,859 (2008 - $192,086).

Employees contribute a portion (varying amounts ranging from 5% to 5.5%) of their salary to the pension plans for current service and the City contributes an equal amount. Member contributions ceased upon completion of 35 years of service.

While the City and employees are required to contribute equal amounts into the pension plans, the City retains the risk of the accrued benefit obligation.

Actuarial valuations for funding purposes for each of the five plans are carried out annually using the projected benefit method pro-rated on service. The most recent actuarial funding reports were prepared as at December 31, 2009. The accrued benefit obligation as at December 31, 2009 is based on actuarial valuations for accounting purposes as at December 31, 2009. The actuarial gains or losses in each of the five plans are accounted for in 2009.

The actuarial valuations were based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases, and employee turnover and mortality. The assumptions used reflect the City's best estimates. The inflation rate is estimated at 2.4% per annum (2008 – 2.25%) and the rate of compensation increase is estimated at 3.56% to 4.5% per annum (2008 – 3.75% to 4.5%)

(all dollar amounts in thousands of dollars)

for determining the accrued benefit obligation. The discount rates used to determine the accrued benefit obligations are 4.75% to 6.5% (2008 – 6.8%) and the benefit cost is 6.5% to 7% (2008 – 5.5%) per annum.

Pension plan assets are valued at market values. The expected rate of return on plan assets is 6.0% to 6.5% (2008 – 6.6%) per annum, net of all administrative expenses. The actual return on the market value of plan assets during the year was a gain of 13.9% (2008 – loss of 13.3%). The pension plans hold the following mix of assets: cash 0 to 5%, Canadian equities 20 to 30%, fixed income 45 to 50%, and other U.S. and foreign equities 20 to 30%.

As at December 31, 2009, two plans, the Toronto Civic Employees Pension Plan and Metropolitan Toronto Pension Plan are in a surplus position (2008 – one plan). Since there is uncertainty about the City's right to these accrued benefit assets, these amounts have not been reflected in the consolidated statement of financial position.

The other three plans (2008 – four plans), Metropolitan Toronto Pension Plan (2008 only), Metropolitan Toronto Police Pension Plan, City of York Employee Pension Plan and Toronto Firefighters Pension Plan, are in a deficit position. The net actuarial deficits of these plans are included in employee benefit liabilities on the consolidated statement of financial position as at December 31 and include the following components:

	2009 Pension assets – market value – end of year	2009 Actuarial pension obligation – end of year	2009 Net actuarial surplus (deficit)	2008 Net actuarial surplus (deficit)
	$	$	$	$
Toronto Civic Employees Pension Plan	376,949	340,949	36,000	50,659
Metropolitan Toronto Pension Plan	569,772	562,851	6,921	(21,936)
Metropolitan Toronto Police Pension Plan	551,312	608,304	(56,992)	(87,336)
City of York Employee Pension Plan	50,543	56,662	(6,119)	(9,368)
Toronto Firefighters Pension Plan	275,464	322,038	(46,574)	(31,289)
Total of plans in deficit			**(109,685)**	**(149,929)**

Total (revenues) expenses in the consolidated statement of operations and accumulated surplus include the following components related to the three plans (2008 – four plans) in the deficit position.

	2009	2008
	$	$
Amortization of actuarial (gains) losses	(18,441)	113,420
Interest cost on the average accrued benefit obligation	63,038	95,630
Expected return on average pension plan assets	(53,916)	(112,738)
Net (revenue) loss related to pension plans	**(9,319)**	**96,312**

(all dollar amounts in thousands of dollars)

16. Tangible capital assets

Tangible capital assets consist of the following:

	2009			2008
	Cost	Accumulated amortization	Net book value	Net book value
	$	$	$	$
General				
Land	3,507,105	-	3,507,105	3,474,553
Land Improvements	589,364	279,692	309,672	312,945
Buildings and building improvements	5,264,908	1,804,166	3,460,742	3,016,720
Machinery and equipment	1,346,966	708,523	638,443	628,005
Motor vehicles	1,840,514	967,928	872,586	882,885
Total General	**12,548,857**	**3,760,309**	**8,788,548**	**8,315,108**
Infrastructure				
Land	133,302	-	133,302	133,302
Buildings and building improvements	365,650	116,230	249,420	250,796
Machinery and equipment	1,359,409	767,577	591,832	574,758
Water and wastewater linear	4,851,337	1,779,043	3,072,294	3,007,075
Roads linear	3,639,177	1,708,621	1,930,556	1,903,299
Transit	4,979,031	2,905,149	2,073,882	2,308,439
Total Infrastructure	**15,327,906**	**7,276,620**	**8,051,286**	**8,177,669**
Assets under construction	**1,549,073**	**-**	**1,549,073**	**1,147,166**
Total	**29,425,836**	**11,036,929**	**18,388,907**	**17,639,943**

General capital assets include those assets which are not part of a network. Land includes all of the City's land except land under the roads. Land improvements included outdoor parks and recreation facilities, land improvements around buildings, and the active landfill site. Buildings include office buildings, community centres, police, fire and ambulance stations, TCHC housing units and transit buildings. Machinery and equipment includes equipment used by Fire and Emergency Medical Services as well as computers and furniture. Corporate fleet and transit buses make up the vehicle assets.

Infrastructure assets are described as those capital assets which are part of one of three networks: roads, water/wastewater, and transit. The land within this category is the value of the land under the City's roads. Water and wastewater treatment plants, pumping stations, and storm facilities are included within infrastructure buildings and building improvements. Machinery and equipment include expressway signs and traffic signals, as well as equipment within the water and wastewater treatment plants and pumping stations related to the relevant processes. Water and wastewater infrastructure include the pipe networks which deliver the water and which remove the waste water. Road networks are inclusive of the road bases, surfaces and sidewalks. Transit infrastructure includes assets related to the subway system, rolling stock, track work and power distribution.

Additional information on the City’s tangible capital assets is provided in Schedule 1.

General machinery and equipment includes capital leases totaling $16,001 (2008 - $17,281).

17. Commitments and contingencies

a) The City is subject to various litigation and claims arising in the normal course of its operations. The final outcome of the outstanding claims cannot be determined at this time. However, management believes that the ultimate disposition of these matters will not materially exceed the amounts recorded in the accounts. Any amendment to amounts accrued will be recorded once new information becomes available.

b) Exposures on property, liability, and accident claims are covered by a combination of self-insurance and coverage with insurance carriers. Provisions for property, liability and accident claims are recorded in other liabilities (Note 11) on the consolidated statement of financial position in the aggregate amount of $281,115 (2008 - $236,471).

c) In February 2005, December 2007, December 2008 and October 2009, contracts were awarded by the TTC for purchase of low-floor buses which comprised 694 diesel-electric hybrid buses and 395 diesel buses at a total purchase price of $755,500. At December 31, 2009, 694 hybrid and 180 diesel buses had been delivered at a cost of $593,200 and the outstanding commitment is $162,300.

d) On December 21, 2006, a contract was awarded by the TTC for the purchase of 234 subway cars or 39 train sets at a total purchase price of $682,300. As at December 31, 2009, the TTC had incurred costs of $375,200, which are included in assets under construction. The first train set is scheduled for delivery in August 2010. At December 31, 2009, the outstanding commitment is $307,100.

e) In October 2008, a contract was awarded by the TTC for the purchase of 110 Wheel-Trans low-floor para-transit buses at a total cost of $38,800. At December 31, 2009, 30 buses had been delivered at a cost of $7,200 and the outstanding commitment is $31,600.

f) On June 26, 2009, a contract was awarded by the TTC for the design and supply of 204 Light Rail Vehicles ("LRVs") at a total cost of $961,700. As at December 31, 2009, the TTC had incurred costs of $35,800, which are included in assets under construction. The first delivery of the LRVs is scheduled for 2011 and all 204 cars are to be delivered by 2018. At December 31, 2009, the outstanding commitment is $925,900.

g) At December 31, 2009, the TTC has other various capital project contractual commitments of $274,800 (2008 - $164,000). Of this amount, contractual commitments of $105,900 relate to the Toronto York Spadina Subway Extension project.

h) A class action lawsuit claiming $100,000 in damages was issued on March 24, 2010 against the City, the Province and the TTC. The lawsuit alleges that merchants and landlords along St.Clair Avenue West suffered business losses due to the St. Clair streetcar project. At this time, the action has not been certified and it is not possible to quantify the effect, if any, of this claim on these consolidated financial statements.

i) The TTC has a long-term provision for environmental costs of $6,485 (2008 - $6,540) to cover estimated costs of remediating sites with known contamination for which the TTC is responsible. Given that the estimate of environmental liabilities is based on a number of assumptions, actual costs may vary. The estimated amounts of future restoration costs are reviewed regularly, based on available information and governing legislation. Provision for environmental costs are recorded in other liabilities (Note 11) on the consolidated statement of financial position.

j) Toronto Port Lands Company owns and controls lands in the Port Area with varying degrees of environmental contamination. The costs to remediate these lands depend on the timing and the final approved use of sites. Where costs cannot be reasonably determined at this time, a contingent liability exists. The environmental liability costs of $47,625 (2008 - $47,791) are recorded in other liabilities (Note 11) on the consolidated statement of financial position.

k) The Ministry of the Environment has issued Certificates of Approval for 27 (2008 – 25) of the identified 161 (2008 – 161) inactive landfill sites. Applications for Certificates of Approval at other inactive sites may be required prior to the commencement of any remediation work. It is not possible to quantify the effect, if any, of this request on these consolidated financial statements beyond those amounts recorded as landfill closure and post-closure liabilities (Note 12).

(all dollar amounts in thousands of dollars)

l) Council has approved the Policy for the Provision of Line of Credit and Loan Guarantees for Cultural and Community-Based Organizations that have a financial relationship with the City. The Capital Loan and Line of Credit Guarantee Policy is limited to an aggregate of $125,000 and the Operating Loan and Line of Credit Policy is limited to an aggregate of $10,000 that can be issued by the City for these organizations. At December 31, 2009 the City has provided capital loan guarantees to certain third parties amounting to

$96,235 (2008 - $86,985), and operating loan and line of credit guarantees of $4,800 (2008 - $5,800), primarily related to possible defaults in financial agreements for certain construction projects and for several cultural non-profit organizations. These are closely monitored and, to date, there have been no losses on loan guarantees.

m) At December 31, 2009, the City is committed to future minimum annual operating lease payments for premises and equipment as follows:

	$
2010	43,520
2011	34,217
2012	28,379
2013	19,581
2014	10,265
Thereafter	44,446
	180,408

18. Accumulated Surplus

Accumulated surplus is comprised of the following:

	2009	2008 (restated Note 2)
	$	$
Invested in tangible capital assets (Note 16)	18,388,907	17,639,943
Operating fund	2,344,418	2,329,974
Capital fund	(872,689)	(588,736)
Reserves and reserve funds	1,460,612	1,332,849
	21,321,248	20,714,030
Amounts to be recovered:		
Mortgages (Note 13)	(840,627)	(869,402)
Net long-term debt (Note 14)	(2,798,585)	(2,741,227)
Recoverable from TDSB (Note 14)	37,837	41,772
Landfill closure and post-closure liabilities (Note 12)	(123,343)	(139,341)
Employee benefits (Note 15)	(2,669,013)	(2,589,217)
Other	(161,906)	(148,207)
	(6,555,637)	(6,445,622)
	14,765,611	**14,268,408**

(all dollar amounts in thousands of dollars)

Reserves and reserve funds consist of the following:

	2009	2008
Reserves:	$	$
Corporate	344,869	364,467
Stabilization	68,953	76,387
Water and Wastewater	74,364	51,870
Donations	1,800	2,844
Community Initiatives	23	23
	490,009	495,591
Reserve Funds:		
Employee Benefits (Note 15)	219,021	222,332
Corporate	510,333	296,622
Community Initiatives	103,825	130,780
State of Good Repair (Note 12)	137,424	187,524
	970,603	837,258

19. Subsequent Events

On April 1, 2010, the Toronto Hydro Corporation note receivable of $490,115 was sold to a third party for cash consideration of $528,000, resulting in a gain on sale of $38,885. The funds were placed in the Strategic Infrastructure Partnership Reserve Fund. On March 23, 2010, the Sinking Fund Committee approved the deposit of $600,000 from the Strategic Infrastructure Partnership Reserve Fund into the City Sinking Fund to prepay certain sinking fund debentures, to take effect upon completion of the Toronto Hydro note transaction.

On March 25, 2010, the Province presented Ontario's 2010 budget. The provincial budget included a measure that replaced the Ontario Bus Replacement Program, and a decision to fully fund future years' contributions under the program. This will result in receipt of $44,260, the amount owing for commitments for 2008 and 2009 bus purchases.

On February 22, 2010, TCHC Issuer Trust entered into an agency agreement with various agents to issue $200,000 5.395% Debentures Series B due February 22, 2040. TCHC will use the funds for long-term financing of social housing projects and related programs, including replacement and new affordable housing projects for Regent Park, Railway Lands and West Don Lands, building energy retrofit programs, other capital expenditures, and general purposes.

(all dollar amounts in thousands of dollars)

20. Budget Data - unaudited

Budget data presented in these consolidated financial statements are based upon the 2009 operating and capital budgets approved by Council. Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting. The chart below reconciles the approved budget with the budget figures as presented in these consolidated statements.

	Budget Amount
	$
Revenue	
Approved budgets:	
Operating	8,917,832
Capital	2,126,415
Reserve	74,123
	11,118,370
Adjustments:	
Proceeds on disposal of assets	(48,494)
Proceeds on debt issue	(626,385)
Total revenue	**10,443,491**
Expenses	
Approved budgets:	
Operating	8,826,831
Capital	2,602,756
	11,429,587
Adjustments:	
Reduction due to Tangible Capital Assets (TCA)	(1,929,649)
Amortization	1,071,700
Debt principal repayments	(326,888)
Total expenses	**10,244,750**
Annual surplus	**198,741**

21. Expenses by Object

Expenses by object comprise the following:

	2009	**2008 (restated Note 2)**
	$	**$**
Salaries, wages and benefits (Note 15)	4,485,325	4,442,881
Materials	939,768	1,181,882
Contracted services	1,356,914	1,355,457
Interest on long-term debt	229,503	232,116
Transfer payments	1,638,412	1,295,514
Amortization (Schedule 1)	1,071,896	797,281
Other	195,470	134,413
	9,917,288	**9,439,544**

(all dollar amounts in thousands of dollars)

22. Segmented Information

The City provides a wide range of services to its citizens. Certain services are delivered on behalf of another level of government, a number of services are cost shared, and some services are fully funded by the municipality. Services are delivered through a number of different agencies, boards, commissions, and divisions, with certain services delivered directly, while others may be fully or partially contracted through other organizations.

For each reported segment, revenues and expenditures represent both amounts that are directly attributable to the segment, as well as amounts that are allocated to the segment on a reasonable basis. The accounting policies used in the segments are consistent with the accounting policies followed in the preparation of these consolidated financial statements as disclosed in Note1.

The segmented information is provided in Appendices 2 to 4 of the consolidated financial statements.

23. Trust Funds

Trust funds administered by the City amounting to $48,661 (2008 - $45,422) have not been included on the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus. Trust fund balances as at December 31 are as follows:

	2009	2008
	$	$
Toronto Atmospheric Trust Fund	21,059	18,463
Keele Valley Site Post-Closure Trust Fund (Note 12)	7,409	7,395
Homes for the Aged Trust Fund – Residents	7,301	7,514
Development Charges Trust Fund – Railway Lands	7,122	6,269
Community Services Levies Trust Fund	1,159	1,154
Contract Aftercare Trust Fund	1,052	1,047
Waterpark Place Trust Fund	1,034	1,027
90 Lisgar Street Trust Fund	595	591
Development Charges Trust Fund – Queen's Quay	518	516
Heritage and Culture Trust Funds	386	432
Lakeshore Pedestrian Bridge Trust Fund	238	236
Police Trust Funds	137	175
Candidates' Municipal Election Surpluses Trust Fund	129	128
Children's Greenhouse Trust Fund – Allan Gardens	109	108
Green Lane Small Claims Trust Fund	104	103
Other trust funds	309	264
	48,661	**45,422**

24. Comparative Consolidated Financial Statements

The comparative consolidated financial statements have been reclassified from statements previously presented to reflect the restatement of items described in Note 2, as well as to conform to the presentation of the 2009 consolidated financial statements.

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS – SCHEDULE 1

As at and for the year ended December 31, 2009
(all dollar amounts in thousands of dollars)

2009

	Cost 2009				Accumulated Amortization 2009				Net Book Value 2009
	Beginning	Additions	Disposals / Transfers	Ending	Beginning	Amortization	Disposals	Ending	
General									
Land	3,474,553	55,511	(22,959)	3,507,105	-	-	-	-	3,507,105
Land Improvements	578,719	10,869	(224)	589,364	265,774	14,555	(637)	279,692	309,672
Buildings and building improvements	4,620,717	648,097	(3,906)	5,264,908	1,603,997	201,336	(1,167)	1,804,166	3,460,742
Machinery and equipment	1,242,089	127,378	(22,501)	1,346,966	614,084	116,909	(22,470)	708,523	638,443
Vehicles	1,715,159	191,767	(66,412)	1,840,514	832,274	200,889	(65,235)	967,928	872,586
Total General	**11,631,237**	**1,033,622**	**(116,002)**	**12,548,857**	**3,316,129**	**533,689**	**(89,509)**	**3,760,309**	**8,788,548**
Infrastructure									
Land	133,302	-	-	133,302	-	-	-	-	133,302
Buildings and building improvements	362,380	3,270	-	365,650	111,584	4,646	-	116,230	249,420
Machinery and equipment	1,307,762	52,336	(689)	1,359,409	733,004	35,025	(452)	767,577	591,832
Water and wastewater linear	4,731,541	121,492	(1,696)	4,851,337	1,724,466	56,038	(1,461)	1,779,043	3,072,294
Roads linear	3,546,026	114,635	(21,484)	3,639,177	1,642,727	81,246	(15,352)	1,708,621	1,930,556
Transit	4,852,336	126,695		4,979,031	2,543,897	361,252		2,905,149	2,073,882
Total infrastructure	**14,933,347**	**418,428**	**(23,869)**	**15,327,906**	**6,755,678**	**538,207**	**(17,265)**	**7,276,620**	**8,051,286**
Assets under construction	**1,147,166**	**401,995**	**(88)**	**1,549,073**	**-**	**-**	**-**	**-**	**1,549,073**
TOTAL	**27,711,750**	**1,854,045**	**(139,959)**	**29,425,836**	**10,071,807**	**1,071,896**	**(106,774)**	**11,036,929**	**18,388,907**

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS – SCHEDULE 1 (CONTINUED)

As at and for the year ended December 31, 2008
(all dollar amounts in thousands of dollars)

2008

	Cost 2008					Accumulated Amortization 2008				Net Book Value 2008
	Beginning	Additions	Disposals / Transfers	Donated	Ending	Beginning	Amortization	Disposals	Ending	
General										
Land	3,397,657	82,430	(5,534)	-	3,474,553	-	-	-	-	3,474,553
Land Improvements	563,470	15,860	(611)	-	578,719	251,772	14,460	(458)	265,774	312,945
Buildings and building improvements	4,285,432	335,575	(290)	-	4,620,717	1,447,554	156,609	(166)	1,603,997	3,016,720
Machinery and equipment	1,135,840	125,394	(19,145)	-	1,242,089	543,480	89,660	(19,056)	614,084	628,005
Vehicles	1,427,119	340,489	(52,449)	-	1,715,159	740,160	142,730	(50,616)	832,274	882,885
Total General	**10,809,518**	**899,748**	**(78,029)**	**-**	**11,631,237**	**2,982,966**	**403,459**	**(70,296)**	**3,316,129**	**8,315,108**
				-						
Infrastructure										
Land	133,302	-	-	-	133,302	-		-	-	133,302
Buildings and building improvements	360,901	1,479	-	-	362,380	106,895	4,689	-	111,584	250,796
Machinery and equipment	1,242,910	72,308	(7,456)	-	1,307,762	707,617	32,588	(7,201)	733,004	574,758
Water and wastewater linear	4,638,161	95,369	(1,989)	-	4,731,541	1,672,313	53,455	(1,302)	1,724,466	3,007,075
Roads linear	3,504,686	53,251	(11,911)	-	3,546,026	1,571,404	80,390	(9,067)	1,642,727	1,903,299
Transit	4,716,889	135,447	-	-	4,852,336	2,321,197	222,700	-	2,543,897	2,308,439
Total infrastructure	**14,596,849**	**357,854**	**(21,356)**	**-**	**14,933,347**	**6,379,426**	**393,822**	**(17,570)**	**6,755,678**	**8,177,669**
Assets under construction	**853,992**	**293,694**	**(520)**	**-**	**1,147,166**	**-**	**-**	**-**	**-**	**1,147,166**
TOTAL	**26,260,359**	**1,551,296**	**(99,905)**	**-**	**27,711,750**	**9,362,392**	**797,281**	**(87,866)**	**10,071,807**	**17,639,943**

SCHEDULE OF GOVERNMENT BUSINESS ENTERPRISES – APPENDIX 1

As at and for the year ended December 31, 2009
(all dollar amounts in thousands of dollars)

Condensed Financial Results ($)	Toronto Hydro Corporation		Toronto Parking Authority		TEDCO		Enwave		Total	
Fiscal Year Ended	**December 31**		**December 31**		**Dec. 31**	**Period ended Nov. 13**	**October 31**			
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Financial Position										
Assets										
Current	683,299	769,684	21,374	56,043			30,637	22,576	735,310	848,303
Capital	1,919,954	1,853,606	131,544	129,635			290,449	285,049	2,341,947	2,268,290
Other	455,974	156,493	70,024	40,478			22,335	21,074	548,333	218,045
	3,059,227	**2,779,783**	**222,942**	**226,156**			**343,421**	**328,699**	**3,625,590**	**3,334,638**
Liabilities										
Current	336,739	561,414	49,688	57,143			21,784	23,577	408,211	642,134
Long-term	1,724,234	1,237,078	4,000	6,008			103,194	95,495	1,831,428	1,338,581
	2,060,973	**1,798,492**	**53,688**	**63,151**			**124,978**	**119,072**	**2,239,639**	**1,980,715**
Net equity	**998,254**	**981,291**	**169,254**	**163,005**			**218,443**	**209,627**	**1,385,951**	**1,353,923**
City's share (Note 7)	**963,672**	**940,355**	**169,254**	**163,005**			**57,857**	**53,469**	**1,190,783**	**1,156,829**
Results of Operations										
Revenues	2,464,878	2,517,611	125,122	138,596		8,005	89,319	79,206	2,679,319	2,743,418
Expenses	2,422,745	2,348,599	62,985	63,983		5,343	80,503	72,885	2,566,233	2,490,810
PSAB adjustments - TEDCO						(14,959)				(14,959)
Net income (loss)	**42,133**	**169,012**	**62,137**	**74,613**		**(12,297)**	**8,816**	**6,321**	**113,086**	**237,649**
City's share (Note 7)	**42,133**	**169,012**	**62,137**	**74,613**		**(12,297)**	**3,791**	**2,719**	**108,061**	**234,047**
Distribution to City (Note 7)			55,888	72,702					55,888	72,702
Dividends paid to City (Note 7)	25,170	116,416							25,170	116,416
Net book value of assets sold from the City to Toronto Hydro Corporation (Note 7)	34,582	40,937							34,582	40,937
Net book value of assets transferred from Enwave to the City (Note 2)							36,109	36,705	36,109	36,705

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE – SERVICE – 2009 – APPENDIX 2

for the year ended December 31, 2009
(all dollar amounts in thousands of dollars)

2009

	General Government	Protection	Transportation	Environmental	Health	Social and Family	Social Housing	Recreation and Cultural	Planning and Development	Consolidated
Taxation	3,756,051	-	8	-	-	-	-	-	-	**3,756,059**
User charges	49,645	129,525	953,385	948,658	3,187	65,808	16,210	130,153	12,593	**2,309,164**
Government transfers	501,709	23,948	241,376	40,709	243,284	1,325,435	488,965	20,108	16,334	**2,901,868**
Net GBE income	108,657	-	-	-	-	-	-	-	-	**108,657**
Other	210,060	31,870	457,546	197,677	4,857	8,118	268,275	125,897	34,443	**1,338,743**
TOTAL REVENUES	4,626,122	185,343	1,652,315	1,187,044	251,328	1,399,361	773,450	276,158	63,370	**10,414,491**
Salaries, wages and benefits	306,801	1,326,458	1,213,456	249,188	296,319	491,958	110,299	446,731	44,115	**4,485,325**
Materials	154,489	61,799	431,526	107,347	23,117	38,990	30,601	70,675	21,224	**939,768**
Contracted services	163,018	24,692	241,491	298,347	33,748	257,893	195,435	118,889	23,401	**1,356,914**
Interest on long-term debt	13,372	11,066	101,027	12,093	834	4,810	63,463	21,298	1,540	**229,503**
Transfer payments	39,777	47,616	(54,856)	79,624	14,048	1,140,657	312,914	39,948	18,684	**1,638,412**
Other	60,747	16,038	7,596	23,239	3,108	12,136	28,355	27,870	16,381	**195,470**
Amortization	65,300	37,566	717,844	103,837	5,289	-	96,719	43,698	1,643	**1,071,896**
TOTAL EXPENSES	803,504	1,525,235	2,658,084	873,675	376,463	1,946,444	837,786	769,109	126,988	**9,917,288**
ANNUAL SURPLUS/ (DEFICIENCY)	**3,822,618**	**(1,339,892)**	**(1,005,769)**	**313,369**	**(125,135)**	**(547,083)**	**(64,336)**	**(492,951)**	**(63,618)**	**497,203**

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE – SERVICE - 2008 – APPENDIX 2 (CONTINUED)

for the year ended December 31, 2009

(all dollar amounts in thousands of dollars)

2008

	General Government	Protection	Transportation	Environmental	Health	Social and Family	Social Housing	Recreation and Cultural	Planning and Development	Consolidated
Taxation	3,550,684	-	-	-	-	-	-	-	-	**3,550,684**
User charges	47,036	134,235	942,991	753,938	2,809	62,402	15,047	132,014	17,951	**2,108,423**
Government transfers	350,104	23,458	489,400	10,113	241,476	1,236,621	346,676	17,208	16,118	**2,731,174**
Net GBE income	233,926	-	-	-	-	-	-	-	-	**233,926**
Other	27,742	37,986	454,242	95,528	4,711	20,461	329,253	118,272	25,438	**1,113,633**
TOTAL REVENUES	4,209,492	195,679	1,886,633	859,579	248,996	1,319,484	690,976	267,494	59,507	**9,737,840**
Salaries, wages and benefits	353,449	1,312,755	1,126,223	242,740	299,664	485,726	98,885	481,311	42,127	**4,442,881**
Materials	277,617	27,021	459,613	216,565	18,678	44,592	14,896	101,722	21,178	**1,181,882**
Contracted services	139,576	24,849	388,049	225,878	33,200	253,731	172,588	88,855	28,731	**1,355,457**
Interest on long-term debt	13,358	10,359	103,025	9,356	844	3,672	71,129	19,057	1,316	**232,116**
Transfer payments	(100,196)	44,626	47,796	38,898	16,028	1,003,586	178,477	16,379	49,919	**1,295,514**
Other	47,997	13,563	(14,785)	22,010	2,607	11,828	27,345	23,553	295	**134,413**
Amortization	62,527	33,098	468,322	99,658	4,883	-	87,702	40,003	1,089	**797,282**
TOTAL EXPENSES	794,329	1,466,272	2,578,243	855,105	375,904	1,803,134	651,022	770,880	144,655	**9,439,544**
ANNUAL SURPLUS/ (DEFICIENCY)	**3,415,163**	**(1,270,593)**	**(691,610)**	**4,474**	**(126,908)**	**(483,650)**	**39,954**	**(503,386)**	**(85,148)**	**298,296**

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE – ENTITY – APPENDIX 3

for the year ended December 31, 2009
(all dollar amounts in thousands of dollars)

2009

	City	Police Services	Toronto Transit Commission	Toronto Public Library	Toronto Community Housing Corporation	Other Agencies, Boards and Commissions	TOTAL
Taxation	3,756,051	-	8	-	-	-	3,756,059
User charges	1,366,391	5,904	839,327	2,094	16,210	79,238	2,309,164
Government transfers	2,692,744	22,447	6,313	8,180	147,520	24,664	2,901,868
Net GBE income	108,657	-	-	-	-	-	108,657
Other	936,758	22,899	54,832	3,502	266,678	54,074	1,338,743
TOTAL REVENUES	8,860,601	51,250	900,480	13,776	430,408	157,976	10,414,491
Salaries, wages and benefits	2,210,003	868,152	1,073,580	143,228	110,299	80,063	4,485,325
Materials	519,273	12,699	339,404	3,301	30,601	34,490	939,768
Contracted services	1,061,950	8,731	27,864	18,939	195,435	43,995	1,356,914
Interest on long-term debt **	155,002	7,446	-	2,170	64,885	-	229,503
Transfer payments	1,512,933	8,691	3,131	-	107,826	5,831	1,638,412
Other	150,916	5,019	-	3,128	28,355	8,052	195,470
Amortization	277,862	33,061	632,786	25,962	98,178	4,047	1,071,896
TOTAL EXPENSES	5,887,939	943,799	2,076,765	196,728	635,579	176,478	9,917,288
ANNUAL SURPLUS/ (DEFICIENCY)	**2,972,670**	**(892,549)**	**(1,176,293)**	**(182,952)**	**(205,171)**	**(18,502)**	**497,203**

** As at December 31, the City has issued $1,595,168 in debentures for capital expenditures made on behalf of the TTC (2008: $1,496,274). Included in interest on long-term debt is $79,869 related to this debt.

TORONTO

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE – ENTITY – 2008 – APPENDIX 3 (CONTINUED)

for the year ended December 31, 2009
(all dollar amounts in thousands of dollars)

2008

	City	Police Services	Toronto Transit Commission	Toronto Public Library	Toronto Community Housing Corporation	Other Agencies, Boards and Commissions	TOTAL
Taxation	3,550,684	-	-	-	-	-	3,550,684
User charges	1,173,186	6,293	840,888	3,832	15,047	69,177	2,108,423
Government transfers	2,457,924	29,268	213,845	5,976	-	24,161	2,731,174
Net GBE income	233,926	-	-	-	-	-	233,926
Other	624,109	24,989	74,874	3,758	319,372	66,531	1,113,633
TOTAL REVENUES	8,039,829	60,550	1,129,607	13,566	334,419	159,869	9,737,840
Salaries, wages and benefits	2,336,431	834,965	948,306	137,070	98,885	87,224	4,442,881
Materials	692,531	7,705	353,389	4,383	14,897	108,977	1,181,882
Contracted services	1,002,816	13,853	132,203	15,211	172,588	18,786	1,355,457
Interest on long-term debt **	152,462	6,527	-	1,998	71,129	-	232,116
Transfer payments	1,134,260	8,000	49,177	-	112,324	(8,247)	1,295,514
Other	94,389	3,155	-	981	27,344	8,544	134,413
Amortization	268,561	28,649	384,523	24,316	87,702	3,530	797,281
TOTAL EXPENSES	5,681,450	902,855	1,867,598	183,959	584,869	218,814	9,439,544
ANNUAL SURPLUS/ (DEFICIENCY)	**2,358,379**	**(842,305)**	**(737,991)**	**(170,393)**	**(250,450)**	**(58,945)**	**298,296**

** As at December 31, the City has issued $1,496,274 in debentures for capital expenditures made on behalf of the TTC (2007: $1,406,688). Included in interest on long-term debt is $77,717 related to this debt.

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE – TANGIBLE CAPITAL ASSETS BY ENTITY – APPENDIX 4

for the year ended December 31, 2009
(all dollar amounts in thousands of dollars)

2009 and 2008

	City, including Police Services	Toronto Transit Commission	Toronto Community Housing Corporation	TEDCO	Toronto Public Library	Other Agencies, Boards and Commissions	TOTAL
2009							
General							
Cost	6,253,177	2,955,776	2,843,788	57.999	321.389	116,728	12,548,857
Accumulated amortization	1,456,912	1,407,904	715,197	10,093	139,186	31,017	3,760,309
Net Book Value	**4,796,265**	**1,547,872**	**2,128,591**	**47,906**	**182,203**	**85,711**	**8,788,548**
Infrastructure							
Cost	10,348,874	4,979,032	-	-	-	-	15,327,906
Accumulated amortization	4,371,470	2,905,150	-	-	-	-	7,276,620
Net Book Value	**5,977,404**	**2,073,882**	**-**	**-**	**-**	**-**	**8,051,286**
Assets under construction	**410,712**	**883,798**	**112,187**	**117,833**	**23,978**	**565**	**1,549,073**
Total	**11,184,381**	**4,505,552**	**2,240,778**	**165,739**	**206,181**	**86,276**	**18,388,907**
2008							
General							
Cost	6,009,378	2,690,413	2,483,136	60,224	295,321	92,765	11,631,237
Accumulated amortization	1,357,399	1,173,202	618,989	8,973	130,660	26,906	3,316,129
Net Book Value	**4,651,979**	**1,517,211**	**1,864,147**	**51,251**	**164,661**	**65,859**	**8,315,108**
Infrastructure							
Cost	10,081,012	4,852,335	-	-	-	-	14,933,347
Accumulated amortization	4,211,782	2,543,896	-	-	-	-	6,755,678
Net Book Value	**5,869,230**	**2,308,439**	**-**	**-**	**-**	**-**	**8,177,669**
Assets under construction	**352,733**	**542,961**	**175,014**	**47,882**	**27,924**	**652**	**1,147,166**
Total	**10,873,942**	**4,368,611**	**2,039,161**	**99,133**	**192,585**	**66,511**	**17,639,943**