



STAFF REPORT ACTION REQUIRED

AOCC Settlement of Operating Results for Year 2010

Date:	January 10, 2012
To:	Executive Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2012\Internal Services\FP\Ec12009Fp (AFS#14260)

SUMMARY

This report recommends settlement with the 10 Community Centres (Association of Community Centres or AOCCs) on their Core Administration Operations for 2010 based on audited financial results.

RECOMMENDATIONS

The Deputy City Manager and Chief Financial Officer recommends that:

1. The accumulated surpluses of \$29,002 be paid to the City of Toronto for nine AOCCs and be used to partially fund the payment of the operating deficit of \$45,778 for Ralph Thornton Centre's core administration operations resulting in a net payment of \$16,776 for operating over-expenditures as detailed in Appendix 1.
2. The amount of \$30,146 for a 2008 sick bank expenditure at 519 Church Community Centre be funded from the Sick Leave Reserve Fund XR1007.

Financial Impact

The total surpluses of \$29,002 from nine Community Centres will partially offset the funding of deficits totalling \$45,778, resulting in a net payment of \$16,776 from the City to the AOCCs in 2012 arising primarily from the Core Administration Operations' year end results for 2010. The deficit payment will be funded from under-expenditures reported through the final 2011 year-end operating variance results.

As consistent with other City programs, the 2008 sick leave payout for a former City of Toronto employee at 519 Church Community Centre of \$30,146 is recommended to be funded by the Sick Leave Reserve Fund XR1007.

ISSUE BACKGROUND

At its meeting on July 24, 25 and 26, 2001, City Council adopted Policy and Finance Committee Report 11, Clause 6, entitled “Association of Community Centres (AOCCs), Community Centres Deficits”. Among others, Council recommended that the Chief Financial Officer and Treasurer report on the AOCC surplus/deficit upon receipt of the annual audited financial statements, as the practice in the former City of Toronto.

At its meeting on April 14, 15, and 16, 2003, City Council adopted Policy and Finance Committee Report 3, Clause 11, entitled “Governance Review of the Association of Community Centres (AOCCS)”. Among others, Council recommended that the City continue to provide core administration funding to AOCCs and their Boards are expected to operate within the approved budgets and, as with other City agencies, administrative surpluses be returned to the City and administrative deficits be funded, upon Council approval.

The AOCCs’ financial statements are prepared under the Public Sector Accounting Board (PSAB) requirements for public sector entities. Accounting and reporting under PSAB require that all known liabilities, including liabilities related to post employment benefits as well as those related to retirees, be reflected in the public sector financial statements.

COMMENTS

Settlement of 2010 Operating Results

The AOCC 2010 financial statement was prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) for not for profit organizations. Funding for sick leave, post retirement benefits and accrued vacation pay continue to be provided by the City as these benefit costs are paid out to employees. The Canadian GAAP requires reporting entities to accrue all known liabilities on the financial statements. Accordingly, the unpaid employee benefits and the post-employment benefits are reported as liabilities on the balance sheet. As mentioned earlier, the City of Toronto is responsible for these benefits, and accordingly a corresponding receivable from the City is recorded on the Balance Sheet.

Apart from financial reporting, the City funds AOCC capital expenditures. According to Canadian GAAP, not for profit entities are required to report capital expenditures on the Balance Sheet, rather than on the Statement of Revenue and Expenditures. As such, adjustments were made to each Community Centre's year-end statements to ensure consistency and comparability with its Approved Operating Budget which is based on cash expenses.

A review of the audited financial statements for the year ended December 31, 2010 indicates that AOCCs reported a deficit amounting to \$16,778. The deficit details are summarized in the table below:

Association of Community Centres			
Summary of net payable to City / Community Centres			
	2010		
Community Centre	Net Surplus (payable to City)	Net (Deficit) (payable to Centre)	Total Net Adjusted Settlement to City/(Centre)
519 Church Street Community Centre	\$630		\$630
Applegrove Community Complex	\$11,475		\$11,475
Cecil Community Centre	\$4,863		\$4,863
Central Eglinton Community Centre	\$4,746		\$4,746
Community Centre 55	\$5,900		\$5,900
Eastview Neighbourhood Community Centre	\$296		\$296
Harbourfront Community Centre	\$65		\$65
Ralph Thornton Community Centre		(\$45,778)	(\$45,778)
Scadding Court Community Centre	\$857		\$857
Swansea Town Hall	\$170		\$170
TOTAL	\$29,002	(\$45,778)	(\$16,776)

The main reasons for the operating variances are as follows:

Applegrove Community Centre's surplus of \$11,475 is primarily due to the centre receiving an Employee Health Tax rebate for 2008 and 2009 totalling \$7,779. The operating budget surpluses from Community Centre 55, Cecil Community Centre and Central Eglinton Community Centre are primarily due to lower than budgeted costs for employee salaries and benefits as a result of temporary staff gapping.

With regards to Ralph Thornton Community Centre, the over-expenditure of \$45,778 is due to the following:

- To cover the Program Director's duties while on short-term disability effective February 1, 2010, a temporary replacement Program Director was hired, at a total cost of \$47,629
- The above over-expenditure was partially offset by under-expenditures in deferrals of \$1,851 in materials, supplies, and lower utilities.

As in prior years, it is recommended that the 2010 year-end net operating expenditure payable to the Community Centres of \$16,776 be funded from under-expenditures that will be reported in the final 2011 Year End Operating Budget Variance Report.

Funding of Sick Leave Payout for 519 Church Community Centre

In 2008, a City of Toronto employee left the City and as a result 519 Church Community Centre incurred sick bank payout expenditures that have yet to be funded. The remaining termination costs were funded from the 519 Church Community Centre operating budget in 2008. Consistent with other programs where sick bank payout is funded from the Sick Leave Reserve Fund XR1007, it is recommended that the sick bank payout of \$30,146 for 519 Church Community Centre be funded from the Sick Leave Reserve Fund XR1007.

CONTACT

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SIGNATURE

Cam Weldon
Deputy City Manager and Chief Financial Officer

ATTACHMENTS

Appendix 1 – Summary of Net Payable to City / Community Centres

APPENDIX 1

Association of Community Centres Summary of net payable to City / Community Centres				
	2010			
Community Centre	Net Surplus (payable to City)	Net (Deficit) (payable to Centre)	Total Net Adjusted Settlement to City/(Centre)	% of Budget
519 Church Street Community Centre	\$630		\$630	0.0%
Applegrove Community Complex	\$11,475		\$11,475	0.0%
Cecil Community Centre	\$4,863		\$4,863	0.0%
Central Eglinton Community Centre	\$4,746		\$4,746	0.8%
Community Centre 55	\$5,900		\$5,900	0.0%
Eastview Neighbourhood Community Centre	\$296		\$296	0.0%
Harbourfront Community Centre	\$65		\$65	0.0%
Ralph Thornton Community Centre		(\$45,778)	(\$45,778)	7.0%
Scadding Court Community Centre	\$857		\$857	0.0%
Swansea Town Hall	\$170		\$170	0.1%
TOTAL	\$29,002	(\$45,778)	(\$16,776)	0.2%