



## STAFF REPORT ACTION REQUIRED

### Arena Boards of Management 2009 and 2010 Operating Surpluses/Deficits Settlement

<b>Date:</b>	January 30, 2012
<b>To:</b>	City Council
<b>From:</b>	Deputy City Manager and Chief Financial Officer
<b>Wards:</b>	11, 16, 18, 20, 26, 27, 32
<b>Reference Number:</b>	P:\2012\Internal Services\FP\Cc12008FP (AFS#14818)

#### SUMMARY

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This report recommends settlements with the eight Arena Boards of Management (Arenas) of their 2009 and 2010 operating surpluses and deficits based on audited financial results for the years ended December 31, 2009 and December 31, 2010, with operating surpluses payable to the City and operating deficits funded by the City upon Council's approval.

#### RECOMMENDATIONS

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The Deputy City Manager and Chief Financial Officer recommends that:

1. The 2009 operating surpluses totalling \$100,917 from five Arenas (Larry Grossman Forest Hill; Leaside; Moss Park; North Toronto; Ted Reeve) be paid to the City of Toronto and be used to fund the payment of operating deficits of \$19,543 for the other three Arenas (George Bell; William H. Bolton; McCormick) resulting in a net surplus to the City of \$81,374, as detailed in Appendix A of the report;
2. The 2009 net surplus funds of \$81,374 be allocated to the Arena Boards of Management Vehicle and Equipment Replacement Reserve, (XQ1705), for the future purchase of ice resurfacer replacements, applied proportionately among those Arenas who were in a surplus position;
3. The 2010 operating surpluses totalling \$36,698 from five Arenas (Larry Grossman Forest Hill; Leaside; Moss Park; North Toronto; Ted Reeve) be paid to

the City of Toronto and be used to partially fund the payment of operating deficits of \$39,916 for the other three Arenas (George Bell; William H. Bolton; McCormick) resulting in a operating net deficit of \$3,218 to be funded by the City, as detailed in Appendix B, column (d), of the report; and

4. A funding provision for the 2010 net deficit of \$3,218 be made through the 2011 Final Year-End Operating Variance Report, as calculated in the attached Appendix B.

## **Financial Impact**

The Arena Boards of Management final net settlement for the two years 2009 and 2010 combined requires that surplus funds of \$137,615 be paid to the City from five arenas and be used to fund the payments of the operating deficits of \$59,459 to three other arenas, resulting in a net surplus from the Arena Boards of Management Program to the City of \$78,156. Summaries of net funding to the Arena Boards or surpluses payable to the City are detailed in Appendix A for operating year 2009 and Appendix B for operating year 2010.

\$81,374 of 2009 operating year net surplus funds will be transferred to the Arena Boards of Management Vehicle and Equipment Replacement Reserve (XQ1705) in 2012 and applied proportionately among those Arena Boards who were in a 2009 surplus position and exceeded their budget for that year, as calculated in Appendix C.

The 2010 operating year net deficit of \$3,218 is recommended to be funded from an allocation of underspending through the 2011 Final Year-End Operating Variance Report.

## **ISSUE BACKGROUND**

Eight Arena Boards of Management operate and manage ice arenas on behalf of the City of Toronto in accordance with the former Chapter 25 of the Toronto Municipal Code for community and recreation centres. Under the by-law established for each individual Arena Board of Management, the Board shall, at the end of each fiscal year, pay to the City all revenue received by the Board in excess of the money required to pay all the charges, costs and expenses resulting from or incidental to the management and control of the premises. Any operating deficit incurred by the arena will be funded by the City.

At its meeting on March 4 - 8, 2002, City Council adopted Policy and Finance Committee Report No. 4, Clause 1, entitled "City of Toronto 2002 Recommended Operating Budget", Recommendation #134 that directed the City Auditor and Chief Financial Officer and Treasurer, beginning in 2002, report annually to the Policy and Finance Committee on the Arena Boards' annual operating surpluses and deficits once the Boards' annual financial statements have been audited, with any net payment to be funded by the City.

At its meeting on April 19-23 and 26-28, 2004, City Council adopted Policy and Finance Committee Report No. 3, Clause 2, entitled “City of Toronto 2004 Budget Advisory Committee Recommended Operating Budget”, Recommendation HH(95)(g) that directed “any audited year-end net surplus in excess of the Council approved budget for the Arena Boards of Management Program be transferred to the Arena Boards of Management account in the Vehicle and Equipment Replacement Reserve (XQ1705) and applied proportionately among those Arenas who are in a surplus position and exceeded their budget target”, such funds to be used to finance future ice resurfacer replacements for the Arena Boards of Management.

Since 2005, the Arenas’ 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**

All eight Arena Boards' audited financial statements for an operating year must be received by City Council before recommendations for settlement of the arenas' operating surpluses or deficits for the Arena Boards of Management Program as a whole can be made. Settlement of 2009 and 2010 operating surpluses and deficits of the arenas were delayed because the Leaside Gardens 2009 audited financial statements was not received by City Council until June 14-15, 2011 and the Leaside Gardens 2010 audited financial statements was not received by City Council until November 29-30, 2011.

### ***2009 Operating Results:***

Since amalgamation, individual Arena Board operating budgets have planned for either surplus or deficit operations. Consolidated at the program level, the Arena Boards have operated at a surplus.

A review of the audited financial statements for the year ended December 31, 2009 indicates that five Arenas (Larry Grossman Forest Hill, Leaside, Moss Park, North Toronto, Ted Reeve) reported operating surpluses totalling \$100,917 while three Arenas (George Bell, William H. Bolton, McCormick) reported operating deficits amounting to \$19,543 as shown in Appendix A attached and also in Table 1 below. At the program level, the consolidated 2009 operating results of the Arena Boards of Management added up to a net surplus of \$81,374 which is \$91,445 better than the budget deficit of \$10,071 which was approved as part of the City’s 2009 Operating Budget.

### ***2010 Operating Results:***

A review of the audited financial statements for the year ended December 31, 2010 indicates that six Arenas (George Bell, Larry Grossman Forest Hill Leaside Moss Park North Toronto Ted Reeve) reported surpluses amounting to \$46,392 and two Arenas

(William H. Bolton, McCormick) reported deficits amounting to \$35,637 as shown in column (b) of Appendix B attached.

*Adjustments to George Bell Arena and Ted Reeve Arena's 2010 Operating Results:*

Adjustments included as part of the Arena Boards' final settlement of operating results for 2010 is shown in Appendix B, column (c), and noted in Table 1 below:

- (1) George Bell Arena's 2010 operating results are adjusted to include an accrual of estimated energy savings realized in 2010 of \$15,653 which is payable to the City in the year the savings are realized.
- (2) Ted Reeve Arena's 2010 operating results are adjusted to reflect a reduction of \$1,680 to the 2010 accrual of energy savings realized from \$6,393 to \$4,713 which is payable to the City in the year the savings are realized. Since the 2007, 2008 and 2009 accrued energy savings already total \$46,431, in order to arrive at the total Energy Retrofit Program financial obligation of \$51,144 which is the maximum amount recoverable from Ted Reeve Arena, the 2010 accrual is adjusted.

After adjustments to George Bell and Ted Reeve Arenas' 2010 operating results, there are five arenas (Larry Grossman Forest Hill; Leaside; Moss Park; North Toronto; Ted Reeve) with operating surpluses totalling \$36,698 and three arenas with operating deficits totalling \$39,916. At the Program level, the consolidated 2010 operating results of the eight Arena Boards add up to a net deficit of \$3,218 which is \$9,248 worse than the 2010 approved budgeted surplus of \$6,030 as shown in Table 1.

Table 1 below summarizes the actual operating surplus/deficit, the approved budget, and variance to budget for each of the Arena Boards for the years 2009 and 2010.

Table 1. Arena	2009 Operating (Surplus)/Deficit			2010 Operating (Surplus)/Deficit		
	Council Approved Budget	2009 Audited Actual	Variance Fav/(Unfav)	Council Approved Budget	2010 Adjusted* Actual	Variance Fav/(Unfav)
	\$	\$	\$	\$	\$	\$
George Bell Arena*	(509)	2,353	(2,862)	(1,047)	4,279*	(5,326)
William H. Bolton Arena	(342)	16,985	(17,327)	(409)	34,932	(35,341)
Forest Hill Memorial Arena	(327)	(6,775)	6,448	(2,691)	(2,186)	(505)
Leaside Gardens	11,288	(64,449)	75,737	0	(779)	779
McCormick Arena	(224)	205	(429)	(192)	705	(897)
Moss Park Arena	(210)	(28,342)	28,132	(455)	(28,913)	28,458
North Toronto Memorial Arena	(444)	(145)	(299)	(931)	(2,538)	1,607
Ted Reeve Arena*	839	(1,206)	2,045	(305)	(2,282)*	1,977
<b>Total Program Net (Surplus)/Deficit</b>	<b>10,071</b>	<b>(81,374)</b>	<b>91,445</b>	<b>(6,030)</b>	<b>3,218</b>	<b>(9,248)</b>

\*Adjustment: George Bell Arena's 2010 audited actual operating results has been adjusted to include an accrual of 2010 energy savings realized of \$15,653

\*Adjustment: Ted Reeve Arena's 2010 audited actual operating results has been adjusted to reflect a reduction of \$1,680 to the accrual of 2010 energy savings realized from \$6,393 to \$4,713 payable to the City. See Appendix B.

***Explanation of Major Variances to 2009 Approved Budgets:***

George Bell Arena's unfavourable variance and operating deficit was due to lower than anticipated summer revenues caused by the unexpected relocation of the women's roller derby summer league.

William H. Bolton Arena's unfavourable variance and operating deficit was due to higher than expected program expenses (increased program staffing and overtime) and lower than anticipated concession revenues (lower snack bar/vending and pro shop sales).

Forest Hill Memorial Arena's favourable variance resulted from increased summer and daytime (non-prime) ice usage.

Leaside Gardens' favourable variance and operating surplus of \$64,449 resulted from a refund of \$38K from WSIB for overpayment since amalgamation; a credit in 2009 to correct a hydro and gas overpayment of a prior year; and higher than expected ice rental revenue from increased ice rentals during non-prime hours.

Moss Park Arena's favourable variance and operating surplus of \$28,342 resulted from higher than anticipated program registrations and ice rental revenues.

***Explanation of Major Variances to 2010 Approved Budgets:***

George Bell Arena's unfavourable variance and operating deficit of \$5,326 was due to unforeseen emergency repairs to the ice resurfacer equipment.

William H. Bolton Arena's unfavourable variance and operating deficit of \$34,932 resulted from unanticipated/emergency mechanical repairs to equipment; higher program expenses driven by higher program registrations that required the hiring of extra program staff; and an anticipated Toronto Hydro grant of \$8,000 that was not received for new lights installed over the rink.

Moss Park Arena's favourable variance and operating surplus of \$28,913 was attributed to higher than expected demand for ice time rental, more program registrations and higher than expected snack bar/vending and pro shop sales.

***Arena Surplus/Deficit Settlement:***

Appendix A attached provides a summary of the 2009 operating surplus/deficit net settlement calculation by Arena.

For the year 2009, five Arenas (Larry Grossman Forest Hill, Leaside, Moss Park, North Toronto, Ted Reeve) have operating surpluses totalling \$100,917 that is payable to the City. These surpluses will be used to fund the operating deficits of the other three Arenas (George Bell, William H. Bolton, McCormick) that total \$19,543, resulting in a net surplus to the City of \$81,374 as detailed in Appendix A.

Appendix B attached provides a summary of the 2010 operating surplus/deficit net settlement calculation by Arena.

For the year 2010, five Arenas (Larry Grossman Forest Hill, Leaside, Moss Park, North Toronto, Ted Reeve) have operating surpluses totalling \$36,698 that is payable to the City. These surpluses will be used to partially fund the operating deficits of the other three Arenas (George Bell, William H. Bolton, McCormick) that total \$39,916, resulting in a net deficit of \$3,218 as detailed in Appendix B.

***Funding Provision for 2010 Net Deficit:***

The 2010 operating year net deficit of \$3,218 can be funded from an allocation of underspending through the 2011 Final Year-End Operating Variance. It is recommended that this funding provision of \$3,218 be included in the 2011 Final Year-End Operating Variance Report.

***Allocation of Net Surpluses to the Arena Boards of Management Program's Vehicle and Equipment Replacement Reserve:***

In April 2004, City Council directed that any audited year-end net surplus in excess of the Council approved budget for the Arena Boards of Management Program be transferred to the Arena Boards of Management Vehicle and Equipment Replacement Reserve (XQ1705) and applied proportionately among those Arenas who are in a surplus position and exceeded their budget target, such funds to be used to finance future ice resurfacer replacements for the Arena Boards.

The 2009 results for the Arena Boards of Management Program show a favourable variance of \$91,445 against the Council approved budget and results in four Arenas (Larry Grossman Forest Hill, Leaside, Moss Park and Ted Reeve) being eligible to transfer its net surplus in excess of its respective approved budget surplus, totalling \$81,374, to the Arena Boards of Management Vehicle and Equipment Replacement Reserve (XQ1705).

As the 2010 adjusted operating results for the Arena Boards of Management Program as a whole showed a net deficit, no funds can be allocated to the Arena Boards of Management Vehicle and Equipment Replacement Reserve for the 2010 operating year.

Appendix C attached shows the 2009 and 2010 Arena Boards' surpluses eligible to be contributed to the Arena Boards of Management Vehicle and Equipment Replacement Reserve (XQ1705). In total, \$81,374 of net surpluses qualified to be transferred to the Arena Boards' ice resurfacer replacement reserve as per Council's directive.

***Status of Energy Retrofit Program Financial Obligations to December 31, 2010:***

In 2006 two Arena Boards of Management, George Bell and Ted Reeve, agreed to participate in the City's Energy & Water Retrofit Project in City owned arenas, outdoor rinks and community centres. The Energy Retrofit Program provides for the cost of the recommended retrofits to be financed over time through application of the energy cost volume savings arising from the implementation.

This method of financing uses the savings achieved in the individual facility budgets to retire the debt required to implement the recommended energy saving measures. It results in a transfer of funding between categories in the arena's operating budget with the funds no longer needed for utility payments being reassigned for debt retirement and paid to the City for that purpose. During the repayment period there is no net impact on the bottom line of the Arena Board's operating budget. At the end of the repayment period, there will be savings to the City because expenditures in the arenas will be lower. The Arena Board's agreement to implement these measures through the Energy Retrofit Program also included acceptance of this method of repayment of the City's debt financing for the work done. The agreement specifies that the Arena Board will be invoiced by the City for the specified repayment amount over the payback period.

For operating years 2007, 2008, 2009 and 2010, both George Bell Arena and Ted Reeve Arena accrued the estimated energy savings realized for these years on their books.

The audited financial statements of George Bell Arena and Ted Reeve Arena for years 2007, 2008, 2009 and 2010 had included the accrued estimated energy savings realized in its calculation of the operating surplus payable to the City or operating deficit to be funded by the City. The actual settlements of the Arena Boards' 2007 and 2008 operating surpluses/deficits had also included the accrued energy savings payable to the City. The recommended settlements of the Arena Boards' 2009 and 2010 operating surpluses/deficits in this report also included the accrued energy savings payable to the City. This is summarized in Appendices D and E of the report.

As of December 31, 2011, George Bell Arena had paid (in March and May of 2009; and in January and December of 2011) a total of \$48,479 of accrued energy savings to the City, to be applied against year 2007 to 2010 repayment obligations. This is summarized in Appendix D.

In April 2010, an energy savings analysis of Ted Reeve Arena's 2-year evaluation period following completion of the energy retrofit project revealed that the estimated energy savings at Ted Reeve Arena did not materialize due to various reasons.

While Ted Reeve Arena agreed to implement the energy efficiency measures and agreed to repay the City for the capital cost from the estimated savings, the savings did not materialize and therefore Ted Reeve Arena will only be able to repay \$51,144 of the \$272,864 investment. The \$51,144 repayment is based on the actual annual savings realized of \$6,393 over the expected 8 year simple payback period. The remainder of the

City's investment will be rolled into the overall project which has sufficient savings to absorb the amount and repay the investment over the expected 8 year simple payback period timeframe.

This issue was documented in the Briefing Note titled "Energy Efficiency Improvements at Ted Reeve Arena" dated April 23, 2010 prepared by the Manager, Facilities Management, Energy and Strategic Initiatives (ESI), and was sent to Ted Reeve Arena's Board and Financial Planning Division staff. The Manager, Facilities Management, ESI, of the City of Toronto authorized, and the Board of Management of Ted Reeve Arena agreed to, the adjusted repayment obligation of \$51,144 for Ted Reeve Arena.

Appendix E attached shows the accrued estimated energy savings for years 2007 to 2010 totalling \$51,144. As indicated, Ted Reeve Arena has not made any repayment to the City. Once Ted Reeve Arena pays back \$51,144, the Arena Board will have fulfilled its financial obligation of the Energy Retrofit Program.

Both George Bell Arena and Ted Reeve Arena have agreed to pay the accrued actual energy savings realized in years 2007 to 2010 to the City, net of amounts already remitted, upon receipt of a current statement of balances owing and future payments required.

## **CONTACT**

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## **SIGNATURE**

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Cam Weldon  
Deputy City Manager and Chief Financial Officer

## **ATTACHMENTS**

Appendix A – Arena Boards of Management – Summary of 2009 Operating Surplus/  
Deficit Settlement

Appendix B – Arena Boards of Management – Summary of 2010 Operating Surplus/  
Deficit Settlement



Appendix C – Arena Boards of Management – 2009 and 2010 Arena Surpluses Eligible for Vehicle & Equipment Replacement Reserve

Appendix D – George Bell Arena Status of Energy Retrofit Program Financial Obligation

Appendix E – Ted Reeve Arena Status of Energy Retrofit Program Financial Obligation

**APPENDIX A**

**ARENA BOARDS OF MANAGEMENT  
SUMMARY OF 2009 OPERATING (SURPLUS)/DEFICIT SETTLEMENT**

Arena	2009 Council Approved Net Budget (Surplus)/Deficit \$ (a)	2009 Audited Actual Operating Net (Surplus)/Deficit \$ (b)	Other Adjustment to 2009 Operating Results \$ (c)	Adjusted 2009 Operating (Surplus)/Deficit \$ (d) = (b)+(c)	Settlement of 2009 Operating Results		
					2009 Operating (Surplus) Payable to the City \$ (e)	2009 Operating Deficit to be funded by the City \$ (f)	Total Net Payable to (City)/Arena \$ (g)
					George Bell Arena	(509)	2,353
William H. Bolton Arena	(342)	16,985	0	16,985		16,985	
Larry Grossman Forest Hill Memorial Arena	(327)	(6,775)	0	(6,775)	(6,775)	(6,775)	
Leaside Gardens	11,288	(64,449)	0	(64,449)	(64,449)	(64,449)	
McCormick Arena	(224)	205	0	205		205	
Moss Park Arena	(210)	(28,342)	0	(28,342)	(28,342)	(28,342)	
North Toronto Memorial Arena	(444)	(145)	0	(145)	(145)	(145)	
Ted Reeve Arena	839	(1,206)	0	(1,206)	(1,206)	(1,206)	
<b>TOTAL</b>	<b>10,071</b>	<b>(81,374)</b>	<b>0</b>	<b>(81,374)</b>	<b>(100,917)</b>	<b>19,543</b>	<b>(81,374)</b>

<b>2009 Program Summary:</b>		<b>Settlement of 2009 Operating Results:</b>			
Total Operating Surpluses	(100,917)	Net Payable to the City	(100,917)	(100,917)	
Total Operating Deficits	19,543	Net Payable to the Arenas	19,543	19,543	
<b>Program Net (Surplus)/Deficit</b>	<b>(81,374)</b>	Net Payable to (City)/Arenas	(100,917)	19,543	(81,374)

Rec.#1

Rec.#1

<b>Allocation of 2009 Program Net Surplus to Arena Boards of Management Vehicle &amp; Equipment Replacement Reserve Account XQ1705</b>	<b>(\$81,374)</b>	Rec.#2
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APPENDIX B							
ARENA BOARDS OF MANAGEMENT							
SUMMARY OF 2010 OPERATING (SURPLUS)/DEFICIT SETTLEMENT							
Arena	2010 Council Approved Net Budget (Surplus)/Deficit \$ (a)	2010 Audited Actual Operating Net (Surplus)/Deficit \$ (b)	Other Adjustments to 2010 Operating Results: Energy Retrofit Programs savings (c) (add energy savings accrual)	Adjusted 2010 Operating (Surplus)/Deficit \$ (d) = (b)+(c)	Settlement of 2010 Operating Results		
					2010 Operating (Surplus) Payable to the City \$ (e)	2010 Operating Deficit to be funded by the City \$ (f)	Total Net Payable to (City)/Arena \$ (g)
George Bell Arena	(1,047)	(11,374)	15,653	4,279		4,279	4,279
William H. Bolton Arena	(409)	34,932	0	34,932		34,932	34,932
Larry Grossman Forest Hill Memorial Arena	(2,691)	(2,186)	0	(2,186)	(2,186)		(2,186)
Leaside Gardens	0	(779)	0	(779)	(779)		(779)
McCormick Arena	(192)	705	0	705		705	705
Moss Park Arena	(455)	(28,913)	0	(28,913)	(28,913)		(28,913)
North Toronto Memorial Arena	(931)	(2,538)	0	(2,538)	(2,538)		(2,538)
Ted Reeve Arena	(305)	(602)	(1,680) (reduce energy savings accrual)	(2,282)	(2,282)		(2,282)
<b>TOTAL</b>	<b>(6,030)</b>	<b>(10,755)</b>	<b>13,973</b>	<b>3,218</b>	<b>(36,698)</b>	<b>39,916</b>	<b>3,218</b>

<b>2010 Program Summary:</b>		<b>Settlement of 2010 Operating Results:</b>		
Total Operating Surpluses	(36,698)	Net Payable to the City	(36,698)	(36,698)
Total Operating Deficits	39,916	Net Payable to the Arenas		39,916
<b>Program Net (Surplus)/Deficit</b>	<b>3,218</b>	Net Payable to (City)/Arenas	(36,698)	3,218

Rec.#3

Rec.#3

<b>Funding Requirement:</b>		<b>Funding Source:</b>	
Arena Boards of Management Program 2010 Operating Net Deficit	\$3,218	Additional funding provision from the City's 2011 Operating Budget	\$3,218
		<b>Recommendation:</b>	
		A funding provision of \$3,218 be made through the 2011 Final Year-End Operating Variance Report.	

Rec.#4

**Appendix C**

**City of Toronto  
Arena Boards of Management  
2009 and 2010 Arena Surpluses Eligible for Vehicle & Equipment Replacement Reserve**

Arena	2009 Operating (Surplus)/Deficit		
	Council Approved Budget	Audited Actual	Variance Fav/(Unfav)
	\$	\$	\$
George Bell Arena	(509)	2,353	(2,862)
William H. Bolton Arena	(342)	16,985	(17,327)
Forest Hill Memorial Arena	(327)	(6,775)	6,448
Leaside Gardens	11,288	(64,449)	75,737
McCormick Arena	(224)	205	(429)
Moss Park Arena	(210)	(28,342)	28,132
North Toronto Memorial Arena	(444)	(145)	(299)
Ted Reeve Arena	839	(1,206)	2,045
Program Net Surplus/(Deficit)	10,071	(81,374)	91,445

2009 Portion of Surpluses Eligible for Vehicle & Equipment Replacement Reserve
\$
Not Eligible
Not Eligible
5,235
52,322
Not Eligible
22,838
Not Eligible
979
<b>81,374</b>

Rec.#2

Arena	2010 Operating (Surplus)/Deficit		
	Council Approved Budget	Adjusted Actual	Variance Fav/(Unfav)
	\$	\$	\$
George Bell Arena	(1,047)	4,279	(5,326)
William H. Bolton Arena	(409)	34,932	(35,341)
Forest Hill Memorial Arena	(2,691)	(2,186)	(505)
Leaside Gardens	0	(779)	779
McCormick Arena	(192)	705	(897)
Moss Park Arena	(455)	(28,913)	28,458
North Toronto Memorial Arena	(931)	(2,538)	1,607
Ted Reeve Arena	(305)	(2,282)	1,977
Program Net Surplus/(Deficit)	(6,030)	3,218	(9,248)

2010 Portion of Surpluses Eligible for Vehicle & Equipment Replacement Reserve
\$
Not Eligible
Not Eligible
Not Eligible
Not Eligible
Not Eligible
Not Eligible
Not Eligible
Not Eligible
Not Eligible
Not Eligible

**George Bell Arena**

**Status of Energy Retrofit Program Financial Obligation to December 31, 2010**

Operating Year:	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Total</u>
Actual Operating (Surplus)/Deficit	\$27,494	\$26,253	\$2,353	\$4,279 (see Note 1.)	
Status of Settlement of Actual Results:	Settlement completed.	Settlement completed.	Recommended for settlement.	Recommended for settlement.	

**Energy Retrofit Program (ERP) obligation:**

Included in the above Actual Operating (Surplus)/Deficit calculation and settlement is the accrued estimated energy savings payable to the City:

Accrued estimated energy savings, payable to the City	\$15,653	\$15,653	\$15,653	\$15,653 (see Note 1.)	\$62,612
Actual payments made by the Arena:	\$0	\$0	(\$17,173)	(\$31,306)	(\$48,479)
March 2009:	\$7,850				
May 2009:	\$9,323				
January 2011:	\$15,653				
December 2011:	\$15,653				
Total payments	\$48,479				

**Outstanding payment of accrued energy savings for years 2007 to 2010 inclusive, payable to the City by the Arena: \$14,133**

Note 1: Adjustment to the 2010 audited financial statement operating results to include an accrual of the 2010 estimated energy savings realized in the amount of \$15,653 which is payable to the City.

**Ted Reeve Arena**

**Status of Energy Retrofit Program Financial Obligation to December 31, 2010**

Operating Year:	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Total</u>
Actual Operating (Surplus)/Deficit	\$1,191	(\$2,724)	(\$1,206)	(\$2,282)	
Status of Settlement of Actual Results:	Settlement completed.	Settlement completed.	Recommended for settlement.	Recommended for settlement.	

**Energy Retrofit Program (ERP) obligation: (Revised payback obligation is \$51,144 in total.)**

Included in the above Actual Operating (Surplus)/Deficit calculation and settlement is the accrued estimated energy savings payable to the City:

Accrued estimated energy savings, payable to the City	\$33,645	\$6,393	\$6,393	\$4,713 (see Note 1 )	\$51,144
Actual payment made by the Arena:	\$0	\$0	\$0	\$0	\$0
<b>Outstanding payment of accrued energy savings for years 2007 to 2010 inclusive, payable to the City by the Arena:</b>					<b>\$51,144</b>

Note 1: Adjustment to 2010 accrued estimated energy savings from \$6,393 to \$4,713, which is a reduction of \$1,680 to the 2010 accrual, in order to arrive at the ERP financial obligation of \$51,144 in total, the maximum amount recoverable from Ted Reeve Arena.