

## **Arena Boards of Management Settlement of Operating Results for the Year Ended 2023; and 2022 Specifically for Ted Reeve Arena**

Date: October 21, 2025

To: Executive Committee

From: Chief Financial Officer and Treasurer

Wards: 5, 8, 9, 13, 15, 18, 19

### **SUMMARY**

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On an annual basis, the City of Toronto receives the audited financial statements from eight Arena Boards of Management (Arenas). The audited financial statements assist the City to determine whether additional operating subsidy payments need to be provided to or clawed back from the Arenas to settle their operating deficits or surpluses. City staff report annually on the Arenas' operating surpluses and deficits once the respective Boards financial statements have been audited and approved by Council. The audited financial statements are based on the Public Sector Accounting Board (PSAB) requirements for government not-for-profit entities while the operating deficits or surpluses align with the modified cash basis of accounting.

This report recommends the settlement of eight of the Arenas' operating surpluses and deficits for 2023 based on their audited financial statements for the year ended December 31, 2023, with operating surpluses payable to the City and operating deficits funded by the City upon Council's approval.

This report also recommends the settlement of Ted Reeve Arena's restated operating surplus based on reissued audited financial statements for the year ended December 31, 2022, with operating surplus payable to the City upon Council's approval.

Subsequent to the Arena Boards settlement for the year ended 2022, a misstatement was identified in the 2022 financial statements for Ted Reeve Arena and the financial statements were reissued, which impacted the 2022 operating surplus calculation.

### **RECOMMENDATIONS**

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The Chief Financial Officer and Treasurer recommends that:

Arena Boards of Management Settlement of Operating Results for the year Ended 2023; 2022 specifically for Ted Reeve Arena

1. City Council direct that the 2022 and 2023 operating surpluses totalling \$309,478 from three Arenas (restated Ted Reeve [2022] and William H. Bolton, Leaside [2023]) be paid to the City of Toronto and be used to partially fund the payment of operating deficit of \$341,723 for six Arenas (George Bell, Forest Hill, McCormick, Moss Park, Ted Reeve and North Toronto [2023]), resulting in a net operating deficit of \$32,245 to be funded by the City, as illustrated in Appendix A, column (g), of the report.

2. City Council direct that a funding provision of \$32,245 be made through the 2025 Year-End Operating Variance Report, as shown in Appendix A – 2022 and 2023 Program Summary.

## **FINANCIAL IMPACT**

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The Arena Boards of Management final net settlement for the year 2023 for the City's eight Arenas, and 2022 specifically for the Ted Reeve restatement, requires that surplus funds of \$309,478 be paid to the City from two Arenas in 2023 (William H. Bolton and Leaside) and one Arena in 2022 (restated Ted Reeve), and be used to partially fund the operating deficit of \$341,723 from the remaining six Arenas in 2023 (George Bell, Forest Hill, McCormick, Moss Park, Ted Reeve, and North Toronto), resulting in a net funding requirement from the City of \$32,245.

It is recommended that the shortfall of \$32,245 required to settle the overall net deficits of the arenas will be addressed through the 2025 Final Year-End Operating Variance Report. A summary of net funding to the Arenas and surpluses payable to the City are detailed in Appendix A.

Since the combined Arenas operated at a net operating deficit position for year 2023, and 2022 restated Ted Reeve, there will be no proportional allocation to the Vehicle Reserve (XQ1705) for those Arena Boards that actually exceeded their individual budgeted surplus.

## **DECISION HISTORY**

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At its meeting on May 21-22, 2025, City Council adopted Executive Committee Report entitled "Leaside Memorial Community Gardens: City Loan Agreement; 2020, 2021 and 2022 Settlement", Recommendation #2 to authorize an exemption to waive the requirement of the existing City Loan Agreement to add Leaside Memorial Community Gardens Arena operating deficits to the principal balance of the City loan for the fiscal years 2018 to 2024.

<https://www.toronto.ca/legdocs/mmis/2025/ex/bgrd/backgroundfile-255000.pdf>

The approval by City Council of the 2023 audited financial statements for all Arenas takes multiple phases subject to the completion of the annual audit process undertaken by external auditor. City Council received eight of the 2023 Audited Financial

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Statements, Management Letters (where applicable), and Independent Auditor's Reports through the following City Council meeting:

<https://www.toronto.ca/legdocs/mmis/2024/au/bgrd/backgroundfile-246918.pdf>

<https://www.toronto.ca/legdocs/mmis/2024/au/bgrd/backgroundfile-249073.pdf>

<https://www.toronto.ca/legdocs/mmis/2025/au/bgrd/backgroundfile-252850.pdf>

<https://www.toronto.ca/legdocs/mmis/2025/au/bgrd/backgroundfile-256834.pdf>

The approval by City Council of the 2022 audited financial statements for all Arenas takes multiple phases subject to the completion of the annual audit process undertaken by external auditor. City Council received eight of the 2022 Audited Financial Statements, Management Letters (where applicable), and Independent Auditor's Reports through the following City Council meeting:

<https://www.toronto.ca/legdocs/mmis/2024/au/bgrd/backgroundfile-243007.pdf>

<https://www.toronto.ca/legdocs/mmis/2024/au/bgrd/backgroundfile-249073.pdf>

<https://www.toronto.ca/legdocs/mmis/2024/au/bgrd/backgroundfile-246918.pdf>

<https://www.toronto.ca/legdocs/mmis/2023/au/bgrd/backgroundfile-240902.pdf>

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.

<http://www.toronto.ca/legdocs/2004/agendas/council/cc040419/pof3rpt/cl002.pdf>

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.

<http://www.toronto.ca/legdocs/2002/agendas/council/cc020304/pof4rpt/cl001.pdf>

## **COMMENTS**

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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.

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 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.

### Settlement of 2023 Operating Results and 2022 Restated Results for Ted Reeve Arena

A review of the audited financial statements for the year ended December 31, 2023, indicates that six Arenas (George Bell, Forest Hill, McCormick, Moss Park, Ted Reeve and, North Toronto) reported a cumulative deficit of \$341,723, and two Arenas (William H. Bolton and Leaside) reported a surplus amounting to \$196,279. The audited financial statement for the year ended December 31, 2022, indicates that Ted Reeve reported a restated surplus of \$113,199. This results in an overall deficit of \$32,245.

The Arena Boards restated net 2022 surplus (Ted Reeve) of \$113,119 and 2023 deficit of \$145,444 has resulted in an unfavourable variance of \$99,504 in relation to the 2022 and 2023 Council Approved Operating Budget of \$67,259 surplus as shown in Table 1.

Table 1 below summarizes the approved budget, actual operating surplus/deficit, and variance to budget for each of the Arena Board for the year 2023 and 2022 for Ted Reeve Arena:

<b>Table 1</b> Arena Boards of Management	Council Approved Budget	Adjusted Audited Actual	Variance Fav/(Unfav)
	Operating Surplus/(Deficit)		
	\$	\$	\$
George Bell Arena	3,900	(27,894)	(31,794)
William H. Bolton Arena	20,217	17,653	(2,564)
Forest Hill Memorial Arena	17,700	(20,583)	(38,283)
McCormick Arena	105	(36,237)	(36,342)
Moss Park Arena	8,300	(71,329)	(79,629)
Ted Reeve Arena	1,500	(158,329)	(159,829)
North Toronto Memorial Arena	95	(27,351)	(27,446)
Leaside Arena	13,917	178,626	164,709
<b>Total 2023 Program Net Surplus/(Deficit)</b>	<b>65,733</b>	<b>(145,444)</b>	<b>(211,177)</b>
<b>2022 Ted Reeve Arena Restated Surplus/(Deficit)</b>	<b>1,526</b>	<b>113,199</b>	<b>111,673</b>
<b>Total Program Net Surplus/(Deficit)</b>	<b>67,259</b>	<b>(32,245)</b>	<b>(99,504)</b>

The key 2023 year-end financial results are driven by:

- George Bell, Moss Park, and Ted Reeve generated lower than projected ice rental revenues due to arena closures for state of good repair work and impacts from Ontario Line construction, resulting in a deficit of \$257,552.

- Forest Hill, McCormick, and North Toronto Arenas experienced higher salary and benefits, maintenance and repair costs, and professional fees, resulting in a deficit of \$84,171.
- William H. Bolton and Leaside Arenas generated an operating surplus of \$196,279 due to higher-than-expected program revenues from ice rentals as a result of volume changes and lower utilities cost.

In 2022, Ted Reeve Arena generated an operating surplus of \$113,199 due to lower restated employee benefits cost for the year. Subsequent to the Arena Boards settlement for the year ended 2022, a misstatement was identified in the 2022 financial statements for Ted Reeve Arena and the financial statements were reissued, resulting in an operating surplus.

To address anticipated arena closures for state of good repair work and escalating costs related to repairs, maintenance, salary and benefits, and professional fees, the net budget for Arena Boards were increased through the 2024 and 2025 budget processes. The Arena Boards had a combined favourable net variance of \$261,668 through the Operating Variance Report for the Year Ended December 31, 2024. Note that these results are unaudited and the 2024 settlement will be subject to the audit of Arena Board financial statements.

## **Funding Provision**

Based on the annual audited financial statements, the City determines whether additional operating subsidy payments need to be provided to or clawed back from the Arenas to settle their operating deficits or surpluses for any given year.

No funding provision was provided through the 2022 and 2023 Year-End Operating Variance reports when they were adopted by Council at its meetings on July 19, 2023 and July 24, 2024 respectively. Therefore, this report recommends a funding provision of \$32,245 through the 2025 Year-End Operating Variance Report as shown in the attached Appendix A.

Appendix A attached provides a summary of the 2023 and 2022 Ted Reeve restated operating surplus/deficit net settlement calculation by Arena.

## **Leaside Memorial Gardens Arena's Operating Surplus/Deficit**

The report "Leaside Arena 2nd Pad Expansion Project" was adopted and approved by City Council on January 17, 2012 (BU21.1ai/EX14.1ai – 2012), including authority for the loan agreement between the City, Leaside Memorial Gardens Arena Board of Management, and Infrastructure Ontario to facilitate the construction of the second ice pad. The general terms and conditions associated with the City loan included the following:

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"13. Should the Arena Board meet its repayment obligations in respect of both Loans, but incur an Operating Budget deficit in any year, the Arena Board will be deemed to be in default under the Loans, and the amount of the Operating Budget deficit will be added to the balance of the City Loan outstanding."

<http://www.toronto.ca/legdocs/mmis/2012/ex/bgrd/backgroundfile-44225.pdf>

The "Annual Report on City's Loan and Loan Guarantee Portfolios" (EX14.11) adopted and approved by City Council on May 3, 2016, included the following on the Leaside Memorial Gardens Arena's loan agreement:

"In accordance with the loan agreement any annual operating deficit amounts shall be added to the outstanding direct City loan balance and a revised amortization schedule to retire the amended loan balance be established.

<http://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-91844.pdf>

The following recommendation was approved in this report (EX14.11):

"City Council request the City Manager and Deputy City Manager & Chief Financial Officer to report out in the fall of 2016 with a revised loan amortization schedule for the Leaside Memorial Gardens Arena Board or other remedy measures to reconcile any remaining previous year end operating deficits in accordance with the loan agreement."

At its meeting on May 21-22, 2025, City Council adopted Executive Committee Report entitled "Leaside Memorial Community Gardens: City Loan Agreement; 2020, 2021 and 2022 Settlement", Recommendation #2 to authorize an exemption to waive the requirement of the existing City Loan Agreement to add Leaside Memorial Community Gardens Arena operating deficits to the principal balance of the City loan for the fiscal years 2018 to 2024.

<https://www.toronto.ca/legdocs/mmis/2025/ex/bgrd/backgroundfile-255000.pdf>

In 2023, Leaside Memorial Gardens Arena generated a surplus of \$178,626 after meeting its debt obligations. Therefore, no amount will be added to the existing loan balance.

### **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 year-end net surplus, calculated using the audited financial statements, 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, with funds to be used to finance future ice resurfacer replacements for the Arena Boards.

Since the 2023 audited year-end results for Arena Boards of Management as a whole and the 2022 Ted Reeve restated results did not result in surpluses in excess of the Council approved budget (see Appendix A), no funds can be allocated to the Arena

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Boards' Vehicle and Equipment and Replacement Reserve for the year. This Reserve is primarily funded through the annual contribution from the eight Arena Boards' operating budgets. The balance of this Reserve on December 31, 2024 was \$869,793.

## **CONTACT**

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## **SIGNATURE**

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Stephen Conforti  
Chief Financial Officer & Treasurer

## **ATTACHMENTS**

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Appendix A – Arena Boards of Management – Summary of 2023 and 2022 Ted Reeve Restated Operating Surplus/Deficit Net Settlement

## Appendix A – Arena Boards of Management – Summary of 2023 and 2022 for Restated Ted Reeve Operating Surplus/Deficit Net Settlement

Arena	Budget	Adjusted Actual Operating Surplus/(Deficit)			Distribution of Operating Surplus/(Deficit)		
	Council Approved Net Budget Surplus/(Deficit) \$ (a)	Audited Actual Operating Net Surplus/(Deficit) \$ (b)	PSAB and Other Adjustments \$ (c)	Adjusted Actual Operating Surplus/(Deficit) \$ (d) = (b) + (c)	Operating Surplus Payable to the City (e)	Operating (Deficit) to be funded by the City (f)	Total Payable to City/(Arena) before Reserve Allocation (g) = (e) + (f)
George Bell Arena	3,900	(19,544)	(8,350)	(27,894)		(27,894)	(27,894)
William H. Bolton Arena	20,217	15,463	2,190	17,653	17,653		17,653
Forest Hill Memorial Arena	17,700	41,208	(61,791)	(20,583)		(20,583)	(20,583)
McCormick Arena	105	(43,325)	7,088	(36,237)		(36,237)	(36,237)
Moss Park Arena	8,300	(60,222)	(11,107)	(71,329)		(71,329)	(71,329)
Ted Reeve Arena (2022 restated)	1,526	169,204	(56,005)	113,199	113,199		113,199
Ted Reeve Arena	1,500	0	(158,329)	(158,329)		(158,329)	(158,329)
North Toronto Memorial Arena	95	(8,615)	(18,736)	(27,351)		(27,351)	(27,351)
<b>Subtotal w/o Leaside</b>	53,342	94,169	(305,040)	(210,871)	130,852	(341,723)	(210,871)
Leaside Gardens Arena	13,917	808,367	(629,741)	178,626	178,626		178,626
<b>TOTAL</b>	67,259	902,536	(934,781)	(32,245)	309,478	(341,723)	(32,245)

<b>2022 &amp; 2023 Program Summary:</b>		
Total Payable to City/(Arena) before Reserve Allocation	<b>A</b>	(32,245)
Allocation to Vehicle & Equipment Replacement Reserve (XQ1705)	<b>B</b>	0
Net Payable to City/(Arena) after Allocation to Reserve	<b>C = A - B</b>	(32,245)
Approved Provision for Net Payable to City/(Arena) - 2022 & 2023 Final Year-End Operating Variance Report	<b>D</b>	0
Recommended Provision for Net Payable to City/(Arena) - 2025 Final Year-End Operating Variance Report	<b>C + D</b>	(32,245)