

**City of Toronto**

# **Consolidated Financial Statements**

**For the year ended  
December 31, 1999**

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## AUDITORS' REPORT

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

We have audited the consolidated balance sheet of the **Corporation of the City of Toronto** as at December 31, 1999 and the consolidated statement of operations 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 auditing standards generally accepted in Canada. 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, 1999 and the results of its operations for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements.

Toronto, Canada  
June 13, 2000

*Ernst & Young LLP*  
Chartered Accountants

## Consolidated Balance Sheet As At December 31, 1999

	<b>1999 \$000</b>	<b>1998 \$000</b>
<b>Assets</b>		
<b>Unrestricted</b>		
Cash	78,673	10,875
Investments (Note 6)	595,438	583,728
Taxes receivable	252,275	255,988
User charges and other accounts receivable	810,607	578,708
Other assets (Note 2)	240,015	170,095
	<u>1,977,008</u>	<u>1,599,394</u>
<b>Restricted</b>		
Investments (Note 6)	887,342	1,133,862
<b>Capital outlay financed by long term liabilities and to be recovered in future years</b>	<u>1,082,257</u>	<u>1,066,016</u>
	<u>3,946,607</u>	<u>3,799,272</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,241,289	899,818
Deferred revenue	111,184	113,776
Other liabilities	285,182	142,905
	<u>1,637,655</u>	<u>1,156,499</u>
<b>Net long term liabilities</b> (Note 7 )	<u>1,082,257</u>	<u>1,066,016</u>
	<u>2,719,912</u>	<u>2,222,515</u>
<b>Fund Balances</b> (Note 5)		
Operating Fund - To be used to offset taxation or user charges (Schedule 1)	119,777	115,832
Capital Fund - Unexpended capital financing (capital operations not yet permanently financed) (Schedule 2)	(102,989)	41,561
Reserves (Note 8 and Schedule 3)	322,565	285,502
Reserve funds (Note 8 and Schedule 3)	887,342	1,133,862
	<u>1,226,695</u>	<u>1,576,757</u>
	<u>3,946,607</u>	<u>3,799,272</u>

## Consolidated Statement of Operations For the Year Ended December 31, 1999

	1999 \$000	1998 \$000
<b>Sources of Financing</b>		
<b>Taxation and User Charges</b>		
Residential and commercial taxation	4,496,744	4,494,829
Taxation from other governments	194,578	210,407
Deduct: Amounts relating to school boards	(1,892,758)	(1,948,260)
	2,798,564	2,756,976
User charges (Notes 2 and 3)	2,357,980	1,422,823
	5,156,544	4,179,799
<b>Grants</b>	1,173,095	2,018,070
<b>Other</b> (Note 2)	832,953	312,644
<b>Proceeds from Long Term Liabilities Issued</b>	100,000	347,207
<b>TOTAL FINANCING</b>	7,262,592	6,857,720
<b>Expenditures</b>		
General government	650,514	593,671
Protection to persons and property	955,727	832,314
Transportation services	1,900,543	1,762,825
Environmental services	646,501	587,061
Health services	173,410	147,940
Social and family services	1,381,428	1,401,855
Recreation and cultural services	498,000	539,565
Planning and development	392,116	443,025
Electricity (Note 2)	1,014,415	-
<b>TOTAL EXPENDITURES</b>	7,612,654	6,308,256
<b>EXCESS (DEFICIENCY) OF FINANCING OVER EXPENDITURES FOR THE YEAR</b>	(350,062)	549,464
<b>FUND BALANCES - BEGINNING OF YEAR</b>	1,576,757	1,027,293
<b>FUND BALANCES - END OF YEAR</b>	1,226,695	1,576,757

## Analysis of Consolidated Current Operations For the Year Ended December 31, 1999

## Schedule 1

	1999 \$000	1998 \$000
<b>Sources of Financing</b>		
<b>Taxation and User Charges</b>		
Residential and commercial taxation	4,496,744	4,494,829
Taxation from other governments	194,578	210,407
Deduct: Amounts relating to school boards	(1,892,758)	(1,948,260)
	<u>2,798,564</u>	<u>2,756,976</u>
User charges (Notes 2 and 3)	2,357,980	1,422,823
	<u>5,156,544</u>	<u>4,179,799</u>
<b>Grants</b>		
Government of Canada	2,652	1,208
Province of Ontario	982,968	849,442
Other municipalities	173,888	213,619
	<u>1,159,508</u>	<u>1,064,269</u>
<b>Other</b> (Note 2)	551,095	190,235
<b>TOTAL FINANCING</b>	<u>6,867,147</u>	<u>5,434,303</u>
<b>Expenditures</b>		
General government	472,234	553,580
Protection to persons and property	916,417	787,408
Transportation services	1,206,257	1,059,023
Environmental services	486,490	438,014
Health services	172,900	145,756
Social and family services	1,368,561	1,381,416
Recreation and cultural services	422,231	451,976
Planning and development	380,587	404,594
Electricity (Note 2)	918,707	-
	<u>6,344,384</u>	<u>5,221,767</u>
<b>NET APPROPRIATIONS TO (FROM) OTHER FUNDS</b>		
Reserves	91,422	55,688
Reserve funds	34,703	(84,630)
Capital fund	392,693	210,146
	<u>518,818</u>	<u>181,204</u>
<b>TOTAL EXPENDITURES AND NET APPROPRIATIONS</b>	<u>6,863,202</u>	<u>5,402,971</u>
<b>EXCESS OF FINANCING OVER TOTAL EXPENDITURES AND NET APPROPRIATIONS</b> (Note 5)	3,945	31,332
<b>OPERATING FUND BALANCE – BEGINNING OF YEAR</b>	115,832	84,500
<b>OPERATING FUND BALANCE - END OF YEAR</b> (Note 5)	<u>119,777</u>	<u>115,832</u>

	1999 \$000	1998 \$000
<b>Sources of Financing</b>		
Government of Canada grants	3,101	10,052
Ontario grants	9,578	942,696
Other municipalities	908	1,053
Proceeds from the issue of long-term liabilities	100,000	347,207
Miscellaneous	188,744	38,959
	<u>302,331</u>	<u>1,339,967</u>
<b>Expenditures</b>		
General government	178,280	40,091
Protection to persons and property	39,310	44,906
Transportation services	694,286	703,802
Environmental services	160,011	149,047
Health services	510	2,184
Social and family services	12,867	20,439
Recreation and cultural services	75,769	87,589
Planning and development	11,529	38,431
Electricity (Note 2)	95,708	-
	<u>1,268,270</u>	<u>1,086,489</u>
<b>NET APPROPRIATIONS TO (FROM) OTHER FUNDS</b>		
Operating fund	(392,693)	(210,146)
Reserves	(52,814)	(15,930)
Reserve funds	(375,882)	451,813
	<u>(821,389)</u>	<u>225,737</u>
<b>TOTAL EXPENDITURES AND NET APPROPRIATIONS</b>	<u>446,881</u>	<u>1,312,226</u>
<b>EXCESS (DEFICIENCY) OF FINANCING OVER TOTAL EXPENDITURES AND NET APPROPRIATIONS</b>	(144,550)	27,741
<b>CAPITAL FUND – UNEXPENDED CAPITAL FINANCING – BEGINNING OF YEAR</b>	41,561	13,820
<b>CAPITAL FUND – UNEXPENDED CAPITAL FINANCING (CAPITAL OPERATIONS NOT YET PERMANENTLY FINANCED) – END OF YEAR</b> (Note 5)	<u>(102,989)</u>	<u>41,561</u>

The accompanying notes are an integral part of this financial statement

## Analysis of Consolidated Reserves and Consolidated Reserve Funds For the Year Ended December 31, 1999

## Schedule 3

	<b>1999 \$000</b>	<b>1998 \$000</b>
<b>RESERVES</b> (Note 8)		
<b>BALANCE – BEGINNING OF YEAR</b>	285,502	270,665
<b>NET APPROPRIATIONS TO (FROM) OTHER FUNDS</b>		
Reserve funds	1,545	24,921
Operating fund	(91,422)	(55,688)
Capital fund	52,814	15,930
	(37,063)	(14,837)
<b>BALANCE – END OF YEAR</b>	322,565	285,502
<b>RESERVE FUNDS</b> (Note 8)		
<b>BALANCE – BEGINNING OF YEAR</b>	1,133,862	658,308
<b>SOURCES OF FINANCING</b>		
Contributions from developers	22,993	20,711
Sale of land	13,765	4,754
Investment income	45,442	54,635
Miscellaneous	10,914	3,350
	93,114	83,450
<b>NET APPROPRIATIONS TO (FROM) OTHER FUNDS</b>		
Reserves	(1,545)	(24,921)
Operating fund	(34,703)	84,630
Capital fund	375,882	(451,813)
	339,634	(392,104)
<b>EXCESS (DEFICIENCY) OF FINANCING OVER NET APPROPRIATIONS</b>	(246,520)	475,554
<b>BALANCE – END OF YEAR</b>	887,342	1,133,862

The accompanying notes are an integral part of this financial statement

**1. Accounting Policies**

These consolidated financial statements have been prepared in accordance with accounting policies prescribed by the Ministry of Municipal Affairs and Housing for Ontario municipalities and their local boards. They are the representation of management and necessarily involve the use of best estimates and careful judgement.

**(a)(i) Basis of Consolidation**

These consolidated statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund, reserves and reserve funds of the municipality and include the activities of all committees of Council and the following boards and municipal enterprises:

Etobicoke Cemetery Board  
Etobicoke Historical Board  
Toronto Police Services Board  
Toronto Licensing Commission  
Toronto Transit Commission (“TTC”)  
Board of Governors of Exhibition Place  
Board of Directors of the Hummingbird Centre for the Performing Arts (“Hummingbird”)  
Board of Management of the Toronto Zoo (“Zoo”)  
Board of Management of the Guild  
The North York Performing Arts Centre Corporation (“NYPACC”)  
Scarborough Historical Museums Board  
Toronto Historical Board  
Toronto Economic Development Corporation (“TEDCO”)  
St. Lawrence Centre for the Arts  
Toronto Public Library Board  
Toronto Board of Health

**Municipal Enterprises:**

Toronto Waterworks Utility  
Toronto Parking Authority  
Toronto Hydro Corporation (Note 2)

**Arenas:**

George Bell Arena  
William H. Bolton Arena  
Forest Hill Memorial Arena  
McCormick Playground Arena  
Moss Park Arena  
North Toronto Memorial Arena  
Ted Reeve Arena

**Community Centres:**

Applegrove Community Centre  
Cecil Street Community Centre  
Central Eglinton Community Centre  
519 Church Street Community Centre



**1. Accounting Policies cont'd**

Eastview Neighbourhood Community Centre  
 Community Centre 55  
 Scadding Court Community Centre  
 Ralph Thornton Community Centre  
 Harbourfront Community Centre  
 Swansea Town Hall Community Centre

## Business Improvement Areas:

Pape Village Business Improvement Area  
 Kingsway Business Improvement Area  
 Lakeshore Business Improvement Area  
 Long Branch Business Improvement Area  
 Village of Islington Business Improvement Area  
 Mimico By the Lake Business Improvement Area  
 Kennedy Road Business Improvement Area  
 Bloor by the Park Business Improvement Area  
 Bloor-Bathurst-Madison Business Improvement Area  
 Bloorcourt Village Business Improvement Area  
 Bloordale Village Business Improvement Area  
 Bloor West Village Business Improvement Area  
 Bloor-Yorkville Business Improvement Area  
 Corso Italia Village Business Improvement Area  
 Danforth by the Valley Business Improvement Area  
 Dovercourt Village Business Improvement Area  
 Eglinton Way Business Improvement Area  
 Elm Street Business Improvement Area  
 Forest Hill Village Business Improvement Area  
 Gerrard India Bazaar Business Improvement Area  
 Greektown on the Danforth Business Improvement Area  
 Harbord Street Business Improvement Area  
 Hillcrest Village Business Improvement Area  
 Junction Gardens Business Improvement Area  
 Little Italy Business Improvement Area  
 Old Cabbagetown Business Improvement Area  
 Parkdale Village Business Improvement Area  
 Queen Broadview Village Business Improvement Area  
 Roncesvalles Village Business Improvement Area  
 St. Clair Gardens Business Improvement Area  
 St. Lawrence Neighbourhood Business Improvement Area  
 Upper Village Business Improvement Area  
 Yonge-Queen-Dundas Business Improvement Area  
 Weston Business Improvement Area  
 Mount Dennis Business Improvement Area  
 York-Eglinton Business Improvement Area  
 Keele-Eglinton Business Improvement Area  
 Mimico Village Business Improvement Area

All interfund assets and liabilities and sources of financing and expenditures have been eliminated in these financial statements.

**1. Accounting Policies cont'd****(ii) Non-Consolidated Entities**

The following entities are not consolidated:

Toronto Housing Company Inc.  
Toronto District School Board

**(iii) Trust Funds**

Trust funds and their related operations administered by the City are not consolidated, but are reported separately on the Trust Fund Statement of Continuity and the Trust Fund Balance Sheet (Note 9).

**(b) Basis of Accounting**

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting, with the exception of sick leave benefits (Note 10), post retirement and long term disability benefits (Note 12) and principal charges on long term liabilities which are charged against operations in the periods in which they are paid (Note 4). The principal charges on long term liabilities are not accrued for the periods from the dates of the latest instalment payments to the end of the financial year.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.
- (iii) The historical cost and accumulated depreciation of capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the Consolidated Statement of Operations in the year of acquisition.
- (iv) Capital outlay financed by long term liabilities and to be recovered in future years represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures and capital funds transferred to other organizations and is reported on the Consolidated Balance Sheet.
- (v) Unexpended capital financing represents capital financing received for which capital expenditures are yet to be incurred; capital operations not yet permanently financed represents capital expenditures in excess of capital financing obtained. Unexpended capital financing and capital operations not yet permanently financed are reported on the Consolidated Balance Sheet as a part of Fund Balances and on the Analysis of Consolidated Capital Operations (Schedule 2).

**2. Acquisition of Entities**

- (a) Toronto Hydro Corporation

The Electricity Competition Act enacted by the Province requires the restructuring of municipal electrical utilities in Ontario. As a part of the structuring plan of the Toronto Hydro-Electric Commission, its assets, liabilities and operations were transferred to the Toronto Hydro Corporation ("Toronto Hydro") and two subsidiary corporations which

## Notes to Consolidated Financial Statements For the Year Ended December 31, 1999

**2. Acquisition of Entities cont'd**

had been incorporated under the Ontario Business Corporations Act. Toronto Hydro issued its only share to the City of Toronto on July 1, 1999 and the accounts of Toronto Hydro are consolidated with those of the City as of this date. The net assets of Toronto Hydro acquired by the City on July 1, 1999 amount to \$67,189,000 and are comprised as follows:

	<b>\$000</b>
Current assets	382,492
Other assets	26,878
	<u>409,370</u>
Current liabilities	205,427
Other liabilities	136,754
	<u>342,181</u>
	<u>67,189</u>

This amount is included as a Source of Financing in "Other" on the Consolidated Statement of Operations.

**(b) Toronto District Heating Corporation**

On December 15, 1999, the Province of Ontario proclaimed the Toronto District Heating Corporation Act, 1998, continuing the Toronto District Heating Corporation ("TDHC") as a body corporate with share capital under the Ontario Business Corporations Act. On the same date, the City acquired the ownership interests of other partners in TDHC and sold a 50% equity interest to a third party. The investment in TDHC is included in other assets on the Consolidated Balance Sheet and is accounted for using the modified equity basis of accounting, whereby the investment is carried at cost and is adjusted for changes in equity which occur.

**3. User Charges**

User charges on the Consolidated Statement of Operations comprise the following:

	<b>1999 \$000</b>	<b>1998 \$000</b>
Sale of electricity	944,242	—
Transit fares	560,642	541,415
Sale of water	400,355	389,643
Parking revenues	55,286	53,248
Fines	49,610	50,029
Licenses and permits	57,076	46,832
Fees and service charges	290,769	341,656
	<u>2,357,980</u>	<u>1,422,823</u>

#### 4. Charges for Net Long Term Liabilities

Total charges for the year for net long term liabilities are allocated to the various categories of expenditures on the Consolidated Statement of Operations and comprise the following:

	1999 \$000	1998 \$000
Principal payments including contributions to sinking fund	115,203	114,596
Interest	143,711	123,216
	<u>258,914</u>	<u>237,812</u>

#### 5. Fund Balances

The net change in fund balances for the year of \$350,062,000 is reflected in changes to the following fund balances:

	1999 \$000	Net Increase (Decrease) \$000	1998 \$000
<b>Operating fund</b>			
For general reduction of taxation (operating budget)	41,306	(2,330)	43,636
For general reduction of user charges	31,017	(28,543)	59,560
For benefiting landowners related to special charges and special areas	1,982	1,269	713
For hospital purposes	–	(116)	116
For electricity purposes	29,652	29,652	–
For steam generation purposes	13,017	13,017	–
For transit purposes	2,803	(9,004)	11,807
	<u>119,777</u>	<u>3,945</u>	<u>115,832</u>
<b>Capital fund</b>	(102,989)	(144,550)	41,561
<b>Reserves and reserve funds</b>	<u>1,209,907</u>	<u>(209,457)</u>	<u>1,419,364</u>
	<u>1,226,695</u>	<u>(350,062)</u>	<u>1,576,757</u>

## 6. Investments

Investments are authorized investments pursuant to the provisions of the Municipal Act and consist primarily of government and corporate bonds and debentures and short term instruments of various financial institutions. The cost and market value of the investments reported on the Consolidated Balance Sheet are as follows:

	<b>1999 \$000</b>	<b>1998 \$000</b>
<b>Cost</b>		
Unrestricted	595,438	583,728
Restricted	887,342	1,133,862
	<u>1,482,780</u>	<u>1,717,590</u>
<b>Market Value</b>		
Unrestricted	581,053	592,347
Restricted	865,904	1,150,605
	<u>1,446,957</u>	<u>1,742,952</u>

## 7. Net Long Term Liabilities

- (a) Net long term liabilities reported on the Consolidated Balance Sheet comprise the following:

	<b>1999 \$000</b>	<b>1998 \$000</b>
Total long term liabilities incurred by the municipality, including those incurred on behalf of school boards and unconsolidated local boards and outstanding at the end of the year	1,707,076	1,915,678
Non-interest bearing loans payable to the Province of Ontario	200,000	101,289
Loan payable to the Toronto Atmospheric Fund	6,246	8,208
The outstanding principal amounts of these liabilities assumed by school boards and unconsolidated local boards		
Toronto Hydro	-	(76,716)
School Boards	(178,416)	(198,085)
The total value of sinking funds which have been accumulated to the end of the year to retire the outstanding long term liabilities included above	<u>(652,649)</u>	<u>(684,358)</u>
	<u>1,082,257</u>	<u>1,066,016</u>

**7. Net Long Term Liabilities cont'd**

- (b) Principal payments relating to net long term liabilities of \$1,082,257,000 outstanding as at December 31, 1999 are summarized as follows:

	<b>Principal Payable</b>	
	<b>2000 to 2004 \$000</b>	<b>2005 Onward \$000</b>
From general municipal revenues	1,025,452	643,871
Anticipated future earnings of sinking funds	(485,475)	(101,591)
	539,977	542,280

- (c) The Municipal Act requires approval by the Ontario Board for debt issues only when debt repayment limits established by the Ministry of Municipal Affairs and Housing are exceeded. As at December 31, 1999, the annual principal and interest payments required to service the outstanding long term liabilities were within the prescribed annual debt repayment limit.
- (d) Translation of net long term liabilities payable in foreign currencies  
Included in net long term liabilities on the Consolidated Balance Sheet and translated into Canadian funds at the rate of exchange prevailing at the end of the year is an amount of US \$Nil (1998 – US \$2,656,000), the translated value of which amounts to Cdn \$Nil (1998 – Cdn \$4,065,000).
- (e) Long term liabilities incurred on behalf of others  
The City is contingently liable for long term liabilities for which the responsibility for the payment of principal and interest has been assumed by School Boards (1998 – School Boards and Toronto Hydro). The total amount outstanding of \$178,416,000 (1998 – \$274,801,000) is not recorded on the Consolidated Balance Sheet.

**8. Reserves and Reserve Funds**

Details of reserves and reserve funds as at December 31 are as follows:

<b>(a) Reserves</b>	<b>1999 \$000</b>	<b>1998 \$000</b>
<b>Set aside for specific purposes by Council</b>		
Water stabilization	191,509	93,902
Working capital	82,218	82,218
Vehicle and equipment replacement	25,550	74,875
Homes for the Aged	12,896	6,482
Arbitration and legal awards	3,813	3,902
Waste management	2,472	2,472
Road enhancement	1,845	1,345
Police central sick pay	1,690	1,690
Winter control stabilization	271	16,771
Miscellaneous	301	300
NYPACC stabilization	–	1,545
<b>Total reserves</b>	322,565	285,502

## 8. Reserves and Reserve Funds cont'd

	1999 \$000	1998 \$000
<b>(b) Reserve Funds</b>		
<b>Set aside for specific purposes by Council</b>		
Employee related		
Employee benefits	135,547	151,542
Sick leave	89,441	89,713
Workplace Safety and Insurance	17,829	17,545
Productivity improvement	27	1,924
Capital expenditure		
Transit	125,084	464,820
Land acquisition	39,550	25,259
Parking	36,823	44,906
Capital financing	34,119	30,147
Solid waste management	21,845	19,334
TEDCO environmental remediation	11,904	11,375
TDHC	6,544	-
Building maintenance	3,409	3,232
General government	2,270	5,003
Exhibition Place capital improvement	638	3,443
Water	-	12,277
Other		
Social Services	47,426	19,988
Insurance	33,731	41,836
TTC stabilization	9,182	1,203
General government	7,617	7,233
Capital revolving fund – affordable housing	6,741	-
Homeless Initiative	5,141	971
Social Housing	4,885	4,268
Election	4,049	1,967
Economic Development, Culture and Tourism	3,915	4,173
Client identification and benefits	3,311	3,324
Urban planning	3,056	2,944
NYPACC stabilization	2,029	-
Hummingbird stabilization	933	804
Zoo stabilization	516	630
Regent Park Residents' Association	151	144
	657,713	970,005

**8. Reserves and Reserve Funds cont'd**

	1999 \$000	1998 \$000
<b>Set aside for specific purpose by legislation, regulation or agreement</b>		
Development levies	60,022	57,908
Water pollution control	103,913	43,888
Subdividers' deposits	27,350	25,945
Parkland acquisitions	26,334	23,849
Third party agreements	11,358	11,654
Donated funds	652	613
	<u>229,629</u>	<u>163,857</u>
<b>Total reserve funds</b>	<u>887,342</u>	<u>1,133,862</u>

**9. Trust Funds**

Trust funds administered by the City amounting to \$58,448,000 (1998—\$57,957,000) have not been included in the Consolidated Balance Sheet nor have their operations been included in the Consolidated Statement of Operations.

**10. Liability for Vested Sick Leave Benefits**

Under the City's sick leave benefit plans, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the municipality's employment.

As at December 31, 1999, the liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on terminating, amounted to \$285,022,000 (1998 – \$241,754,000). An amount of \$13,968,000 (1998 – \$11,848,000) was paid to employees who left the municipality's employment during the year.

A reserve fund has been established to provide for this past service liability and is reported on the Consolidated Balance Sheet as a part of the Reserve Funds (Note 8(b)). As at December 31, 1999, the balance in this reserve fund amounted to \$89,441,000 (1998 – \$89,713,000). An amount of \$8,928,000 (1998 – \$27,381,000) has been provided for in the current year in the Consolidated Statement of Operations.

**11. Pension Obligations**

Contributions are made to the Ontario Municipal Employees Retirement Fund ("OMERS"), a multi-employer plan, and other pension plans on behalf of the permanent staff. The plans are defined benefit plans and specify the amount of the retirement benefit to be received by an employee based on length of service and rates of pay.

The present value of obligations for past service as at December 31, 1999 amounts to \$19,209,000 (1998 – \$23,173,000) and is being funded by annual payments of \$4,116,000 in 2000, \$3,681,000 in 2001, \$3,423,000 in 2002, \$2,034,000 from 2003 to 2005, \$754,000 in 2006, \$188,000 from 2007 to 2009 with the balance of \$567,000 over the four year period from 2010 to 2013. No provision has been made in the accounts for these obligations.



**11. Pension Obligations cont'd**

Contributions to these plans in 1999 amounted to \$32,019,000 (1998 – \$80,113,000) in respect of current service and \$3,938,223 (1998 – \$1,846,000) in respect of past service. The contributions paid for current and past service are included in the various categories of expenditures on the Consolidated Statement of Operations.

Contributions required from employees and employers in respect of current service in the OMERS plan have been suspended until December 31, 2001.

**12. Post Retirement and Long Term Disability Benefits**

The City provides various health, dental, life insurance and long term disability benefits to employees and retirees.

The present value of post retirement and long term disability benefits for employees and retirees as at December 31, 1998 as determined by actuarial valuation is \$763,589,000.

An employee benefits reserve fund and a workplace safety and insurance reserve fund have been established to provide for the future payment of payments and are reported on the Consolidated Balance Sheet as a part of reserve funds (Note 8(b)). As at December 31, 1999, the balances in these reserve funds amounted to \$135,547,000 (1998 – \$151,542,000) and \$17,829,000 (1998 – \$17,545,000) respectively.

**13. Public Liability Insurance**

Exposure on public liability claims are covered by a combination of self insurance and coverage with insurance carriers.

The insurance reserve fund as reported on the Consolidated Balance Sheet and as a part of reserve funds (Note 8(b)) is available to cover self insured exposures, including public liability claims. The provision during the year for insurance claims is included in the various categories on the Consolidated Statement of Operations.

**14. Contingencies and Commitments**

- (a) The City is subject to various legal claims arising in the normal course of its operations, the ultimate result of which cannot be determined at this time. The disposition of these claims is expected to approximate amounts which have been recorded in the accounts.
- (b) A class action was served on the Toronto Hydro-Electric Commission as the representative of the Defendant Class of all municipal electrical utilities in Ontario which have applied late payment charges on overdue utility bills since 1981. The claim alleges that late payment penalties result in the receipt of interest at effective rates in excess of 60% per year, which is illegal under the Criminal Code. The claim against the Defendant Class is for \$500,000,000 in restitutionary payments plus accrued interest. The Municipal Electric Association, in co-operation with Toronto Hydro, is undertaking the defence of this claim. It is not possible to quantify the effect, if any, on these financial statements at this time.

**14. Contingencies and Commitments cont'd**

- (c) Capital commitments outstanding as at December 31, 1999 include the purchase and delivery of 136 subway cars and 104 Wheel-Trans buses for which payments of \$114,500,000 are to be made.
- (d) As at December 31, 1999, the City is committed to minimum annual operating lease payments for premises and equipment as follows:

	<b>\$000</b>
2000	40,615
2001	34,813
2002	32,640
2003	23,989
2004	19,845
Thereafter	25,868

**15. Comparative Amounts**

Certain comparative amounts have been restated to conform with the presentation adopted in these financial statements.