

Citizen Control of the Citizen's Business

TORONTO'S CITIZENS CAN CONTROL TORONTO'S AFFAIRS ONLY THROUGH FREQUENT, PROMPT, ACCURATE AND PERTINENT INFORMATION WITH REGARD TO TORONTO'S BUSINESS.

ISSUED BY THE

137 WELLINGTON ST. WEST



TELEPHONE ELGIN 1904

White Paper No. 164

February 18th, 1931

MUNICIPAL REPORTING

STORY No. 2

Public Utility Reporting

- A. Toronto Hydro-Electric System.
- B. Toronto Transportation Commission.
- C. Toronto Harbour Commission.

A. TORONTO HYDRO-ELECTRIC SYSTEM, 1929.

The Nineteenth Annual Report of the Toronto Electric Commissioners, 1929, contains twenty-four pages crammed full of vital information with regard to the operation of the System in 1929. The report is introduced by the title page and a speaking likeness of the late Mr. George Wright, Commissioner and Chairman. This is followed by a five-page report of the Commissioners, signed by all three Commissioners, outlining with statistical tables the growth of the System, setting forth the present condition, outlining the late Mr. Wright's career and recording the appointment of Commissioner Reid. The certificate of the City Auditor verifying the Balance Sheet precedes the financial statements. These statements include:

1. A revenue account showing the operating results of the year and the disposal of the net operating income to meet interest, depreciation, fixed charges and reserve for stabilization of rates.
2. A classified balance sheet showing Fixed Assets, Current Assets, Interest in Provincial Niagara System—Asset. Capital Liabilities, Capital Reserves, Current Liabilities, Operating Reserves, Surplus Account and Interest in Provincial System—Liability.

3. Statement showing position of the Debenture Debt as of 31st December, 1929.
4. Statement showing Transactions of Sinking Fund for the year ended 31st December, 1929.
5. Statement showing Redemptions of Serial Debentures for the year ended 31st December, 1929.
6. Report of General Manager, which discusses Extensions of the System.
7. Diagrams illustrating the growth of the System.
8. Photographic illustrations, two pages.

B. TORONTO TRANSPORTATION COMMISSION, 1929.

The Eighth Annual Report contains 34 pages of vital information as to the operation of the System.

The report is introduced by a report of the Commission to the Mayor and members of the Council of the Corporation of the City of Toronto. Among other things, the Commission points out that changed business conditions since the period covered by the report have been marked by large monthly losses and that the future trend of traffic is difficult to forecast. It, therefore, recommends no change in the policies adopted by the former Commissioners with respect to the results of operation in 1929.

The Report of the Commission is followed by a detailed report of the General Manager reviewing the operations of the Transportation Commission for 1929. This is followed by comparative operating and revenue and statistical statements. Then follows:

1. The certificate of the City Auditor as to the Consolidated Balance Sheet.
2. The Consolidated Balance Sheet.
3. The Consolidated Revenue Account, showing (1) Net Income from Operations and (2) Disposition of Net Income, tying in with the Balance Sheet.
4. The Consolidated Surplus Account.
5. The Balance Sheet of the Gray Coach Lines, Ltd.
6. The Revenue-Expenditure Account of the Gray Coach Lines, Ltd.
7. The Surplus Account of the Gray Coach Lines, Ltd.

There are no illustrations or graphic charts.

C. TORONTO HARBOUR COMMISSIONERS' ANNUAL REPORT, 1929.

This Report is an attractive document of 32 pages, illustrated by six page cuts and 30 smaller cuts which give citizens and prospective purchasers or lessees of Harbour property a good idea of the present development.

The Commission itself makes no report and therefore no statements of policy. The detailed report of the General Manager sets forth the operations and transactions of the year in all the phases of the Commission's work.

The only Financial Statement is the Balance Sheet, which is signed by the Commission's own Auditors. No revenue-expenditure account showing the profit on operations and the disposal of this profit is presented, although the Balance Sheet shows an operating surplus (for 1929, \$88,351.67, and accumulated of \$732,436.57) and an advance of the City of Toronto under guarantee of bonds out of current civic revenue (for 1929, \$686,405.00, and accumulated of \$2,126,405.00).

SUGGESTED MINIMUM TABLE OF CONTENTS FOR A PUBLIC REPORT OF A BOARD OR COMMISSION

1. Report of Board or Commission signed by Chairman or Members.
2. Report of Manager to Board or Commission.
3. Balance Sheet certified to by Auditor
4. Revenue-Expenditure or Income Account showing Results of operation and disposal of operating surplus, if any.
5. Consolidated Surplus Account.
6. Tabular information, graphic charts and illustrations where desirable.

3. Statement showing position of the Debenture Debt as of 31st December, 1929.
4. Statement showing Transactions of Sinking Fund for the year ended 31st December, 1929.
5. Statement showing Redemptions of Serial Debentures for the year ended 31st December, 1929.
6. Report of General Manager, which discusses Extensions of the System.
7. Diagrams illustrating the growth of the System.
8. Photographic illustrations, two pages.

B. TORONTO TRANSPORTATION COMMISSION, 1929.

The Eighth Annual Report contains 34 pages of vital information as to the operation of the System.

The report is introduced by a report of the Commission to the Mayor and members of the Council of the Corporation of the City of Toronto. Among other things, the Commission points out that changed business conditions since the period covered by the report have been marked by large monthly losses and that the future trend of traffic is difficult to forecast. It, therefore, recommends no change in the policies adopted by the former Commissioners with respect to the results of operation in 1929:

The Report of the Commission is followed by a detailed report of the General Manager reviewing the operations of the Transportation Commission for 1929. This is followed by comparative operating and revenue and statistical statements. Then follows:

1. The certificate of the City Auditor as to the Consolidated Balance Sheet.
2. The Consolidated Balance Sheet.
3. The Consolidated Revenue Account, showing (1) Net Income from Operations and (2) Disposition of Net Income, tying in with the Balance Sheet.
4. The Consolidated Surplus Account.
5. The Balance Sheet of the Gray Coach Lines, Ltd.
6. The Revenue-Expenditure Account of the Gray Coach Lines, Ltd.
7. The Surplus Account of the Gray Coach Lines, Ltd.

There are no illustrations or graphic charts.

C. TORONTO HARBOUR COMMISSIONERS' ANNUAL REPORT, 1929.

This Report is an attractive document of 32 pages, illustrated by six page cuts and 30 smaller cuts which give citizens and prospective purchasers or lessees of Harbour property a good idea of the present development.

The Commission itself makes no report and therefore no statements of policy. The detailed report of the General Manager sets forth the operations and transactions of the year in all the phases of the Commission's work.

The only Financial Statement is the Balance Sheet, which is signed by the Commission's own Auditors. No revenue-expenditure account showing the profit on operations and the disposal of this profit is presented, although the Balance Sheet shows an operating surplus (for 1929, \$88,351.67, and accumulated of \$732,436.57) and an advance of the City of Toronto under guarantee of bonds out of current civic revenue (for 1929, \$686,405.00, and accumulated of \$2,126,405.00).

Tabular statements, some comparative, appear in the report of the General Manager. Of special interest among these is the Commodity Tonnage Statement, which shows a large increase of inward tonnage, a very small increase of outward tonnage, and a large increase of total tonnage, at present the outward being less than 10% of the total.

The Balance Sheet shows that the lands are not entered at cost, as usual, but, to quote the City Auditor's recently issued report, "have been valued at amounts which are based on the selling prices of properties which have been sold in the southern part of the city in recent years." This and other changes have enabled the Commission to show in the Balance Sheet a "Surplus accrued from Development, at present values, and other Operations of \$11,491,083.10," and a total Surplus of \$13,793,965.82. This is the first appearance of such items in the Balance Sheet. There was a "Deficit as per Balance Sheet, 31st December, 1928" of "\$11,557,918.01."* This does not, of course, indicate a real improvement in relation of assets to liabilities as the 1929 operating surplus was only \$88,351.67. There is, however, a great improvement in the form of the Balance Sheet. To quote the report of the Commission's Auditors, appended to the City Auditor's report recently issued, "the segregating and valuing of these Assets (Real Estate, Buildings, Plant, etc.) has made possible a much more intelligible and comprehensive Balance Sheet, and should also be of great assistance in the future following up and recording of the various assets of the Commission." The City Auditor

in his report states that, "While the present Balance Sheet reflects probably more correctly than recent Balance Sheets the financial position of the Commissioners, I must point out clearly that the figures used for lands are not cost figures, but figures arrived at after making a valuation and only the results of sales to be made in the future will demonstrate the correctness of this valuation." (The bold faced type is the Bureau's.) The writing up of assets by revaluation may be justifiable in this case, but it is to be hoped that it will not create an unwise if not dangerous precedent.

A sentence from the City Auditor's report reads: "So long as Debenture monies or the proceeds of the sale of assets, or part of them, are used in payment of interest, the margin between assets and liabilities will be reduced accordingly." It is rather disconcerting that such methods of current financing may still be employed. Why not face the facts and include the whole of the interest charges, less any operating surplus that may be available for fixed charges, in the civic estimates, to be paid out of taxation? It is hardly possible that the public is willing that Harbour assets should be further dissipated by the use of capital assets or capital financing to meet current deficiencies. The amount advanced by the city in 1929 was \$686,405.00, and the operating surplus was \$88,351.67, but the debit balance of the Debenture and General Interest Account was \$1,068,575.32, without including the provision for sinking funds, and \$1,342,173.65 including sinking funds.

* Report of City Auditor, 1928. See also Commission's Balance Sheet.

Consolidated Statement of Revenue Accounts for Three Utilities, for the Year ended December 31st, 1929

(Arranged from Public Documents.)

I.	II.	III.
THE TORONTO ELECTRIC COMMISSION (Toronto Hydro-Electric System)	THE TORONTO TRANSPORTATION COMMISSION	BOARD OF TORONTO HARBOUR COMMISSIONERS
INCOME:	INCOME:	INCOME:
Sales of Current:	Passenger Earnings	Harbour and Property Revenues.....
Lighting	\$12,823,758.84	Concessions Operated by Others (Net).....
Power	1,239,669.47	Sunnyside Bathing Pavilion (Net).....
Street Lighting	489,833.63	Miscellaneous Revenues
Exhibition	65,498.34	Income from Sundry Sources.....
Other Municipalities	56,248.33	435,195.81
Income from Sundry Other Sources.....	189,993.42	Total Income
Net Income from Sale of Appliances.....	24,117.92	\$14,498,624.12
INCOME		
\$11,783,265.12	CHARGED AGAINST INCOME:	CHARGED AGAINST INCOME:
CHARGED AGAINST INCOME:	Cost of Electric Current, etc.....	Harbour Property Expenses.....
Cost of Electric Current at Schedule Rate.....	\$ 1,301,593.80	Taxes on Harbour Sheds, General Property and Administration Building
Expense of Operation and Management, etc.....	7,753,712.18	104,607.34
Taxes (of which \$2,396.74 was Stamp taxes)....	76,547.50	Plant, Operating Expenses.....
INCOME	City Taxes on Property.....	13,117.90
\$8,119,322.84	Total Charged against Income.....	Cost of Dredging Keating's Channel and Sewer Outlets
Net Income available for Fixed Charges.....	\$9,131,853.48	18,347.23
\$3,663,942.28	Net Income available for Fixed Charges.....	Net Administration and General Expenses.....
FIXED CHARGES:	\$5,366,770.64	51,765.82
Interest	FIXED CHARGES:	Net Sunnyside Restaurant Expenses.....
Depreciation	Interest	23,099.16
Fixed Charges re York Township.....	Reserves for Replacement	Total Charged Against Income.....
Sinking Funds	\$ 2,124,796.06	\$ 322,110.57
Redemption Funds	Reserves for Redemption of Debenture Debt.....	Net Income available for Fixed Charges.....
INCOME	1,142,896.37	\$ 88,351.67
\$3,001,652.31	Reserves on Operating Account.....	FIXED CHARGES:
NET INCOME, Carried to Reserve for Stabilization of Rates	301,827.98	Interest on Bank Loans and Overdraft.....
\$662,289.97	Reserve for Stabilization of Revenue.....	\$ 44,866.82
	175,000.00	Interest on Debentures.....
	Total Fixed Charges and Reserves.....	995,243.73
	\$ 5,175,039.09	Bank Charges and Exchange re Coupons.....
	NET INCOME, Carried to Surplus Account.....	8,931.24
	\$ 191,681.55	Proportion of Debenture Discount and Sales Exp.
		95,616.59
		*Provision for Redemption of Debenture Debt.....
		*
		Total Fixed Charges.....
		\$1,144,661.38
		Less Interest Received.....
		76,088.06
		NET DEFICIENCY for the year 1929 Carried to Surplus Account
		*\$ 980,223.65

Note:—(Arranged from the Revenue Account of the Toronto Hydro-Electric System as presented in its Annual Report for 1929.)

Note:—(Arranged from the "Comparative Consolidated Statement of Revenue Account" of the Toronto Transportation Commission as presented in its Annual Report for 1929.)

Including provision for Redemption of Debenture Debt, (see Balance Sheet) \$361,950.00 the net deficiency for 1929 was.....

Note:—(Arranged from the unpublished Operating Account and Debenture and General Interest Account of the Toronto Harbour Commission as contained in the report of its Auditors for the year 1929.)

The Toronto Bureau of Municipal Research is an independent, non-partisan citizen organization, for the promotion of informed citizenship and, through it, of efficient municipal government.

Its methods are:

1. The ascertaining of the facts regarding municipal government.
2. The study and analysis of these facts.
3. The publication of these facts in clear, concise form, with constructive suggestions based on the facts.