

2006 ANNUAL REPORT



The Toronto Parking Authority exists to provide safe, attractive, self-sustaining, conveniently located and competitively priced off-street and on-street public parking as an integral component of Toronto's transportation system.



Toronto Parking Authority

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FINANCIAL HIGHLIGHTS

The Authority earned \$43.66 million in net income during 2006 – the best year in its history. Under an income sharing arrangement the City will receive \$32.7M (75% of \$43.66M) and the Authority will retain the remaining 25% (\$10.9M) to fund its capital program. The Authority also remits other payments to the City in addition to the income share:

- \$14 million in property taxes;
- \$915,000 in profits on carparks operated for other City departments and agencies.

The 2006 net earnings exceeded budget by \$3.54M:

- Gross parking revenue exceeded budget by \$4.3M
- Expenses that are directly impacted by gross revenue changes increased \$1.8M
- All other expenses were below budget by \$0.433M

Gross parking revenue growth accelerated in 2006 after comparatively slow growth that began in late 2004 and continued throughout 2005. The \$5.4M increase over 2005 was significant in comparison to previous year over year gains.

Expenses increased compared to 2005 by \$2.98M (5.6%). Of this increase \$2.5M is directly related to the gross parking revenue increase. Significant costs affecting Authority operations include:

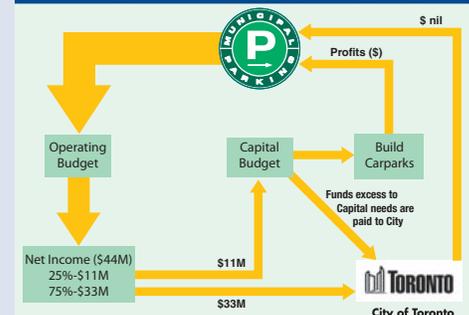
1. *Property taxes* were higher as a result of both new facilities and an update of assessed property values by the Municipal Property Assessment Corporation.
2. The on-going conversion and *expansion of the on-street pay and display program* attracts costs for communications and maintenance that are quickly recovered through enhanced revenue generation and reductions in other costs. In addition *increased gross parking revenue* translated into higher costs for such things as tickets, percentage rents and fees for credit card processing and coin counting.
3. *Depreciation expense* rose in response to the opening of 16 new off-street facilities and the addition of almost 300 new pay and display machines on-street.
4. *Payroll costs* are a significant component of our overall expenses. As a service based business they represent 30% of our overall expense (34% excluding depreciation). These percentages and the growth in payroll costs are decreasing and are reflective of our commitment to automation - starting in 2005 eight more off-street carparks have been automated. The payroll savings have been achieved through a reduction in part time hours, not full time employees.

The Authority is unique from most City bodies in that it receives no funding support from the City to operate. Financially, it is completely self-sufficient.

The Authority retains 25% of its annual net income to fund capital expenditures. Our approved 5-year capital plan (2007 through 2011) totals approximately \$144 million for new carparks, facility renovations and major equipment purchases/replacements. The funds to pay for the 5 year plan come from several sources:

- About 25% is held in the bank today,
- Approximately 75% comes from future year earnings and the planned sales of air rights on existing properties.
- A small percentage is funded from rents generated from the leasing of retail/office space incorporated into a number of garage facilities and from payments from developers in lieu of providing parking. Under a 1970's by-law these monies are held in reserves by the City until needed for capital purposes.

THE FOLLOWING DIAGRAM DEMONSTRATES HOW THE AUTHORITY'S EARNINGS ARE USED



Chairman's Message

In 2006, the Toronto Parking Authority has continued to grow the size of our operation and has once again posted record financial returns. Gross Revenues/other income has increased and now exceeds \$100 million rendering net income in excess of \$43.5 million, significantly increasing the dividend to the City of Toronto and meeting the entire financial commitment to our own Capital Program. The Toronto Parking Authority has continued to grow its on and off-street inventories most notably in our off-street parking operation through the opening of several smaller facilities to serve a number of local business communities. The introduction of new technologies has allowed the Authority to provide better service to our customers and control costs more effectively resulting in reduced operating costs and increased profitability. The negotiation of joint venture developments with private developers through the sale or lease of air rights also has generated significant revenue to the benefit of the city and the Authority's capital programs. During the past fiscal year the Authority has forwarded approximately \$49 million to the City of Toronto general revenues contributing significantly to the property tax assessments for residential land owners and commercial businesses.

As a business that accommodates the use of the private automobile, the Toronto Parking Authority is sometimes perceived as a proponent of automobile use and therefore viewed as being detrimental to the environment. The Toronto Parking Authority has recognized that not all trips in and around the city are conducive to alternative means of transportation. Through a strict pricing structure and business plan we successfully discourage long term parking demand in our facilities and favour short term parking needs. The service we deliver is extremely important to the vitality, growth and prosperity of the many retail and commercial neighborhoods in the City of Toronto.

In order to proactively promote environmental responsibility, we have implemented many new initiatives that have had a positive impact on the quality of the City of Toronto's environment.

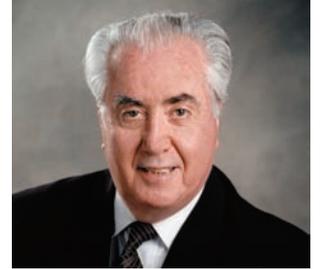
These initiatives are as follows:

- The installation of solar-powered pay and display machines in our parking lots and on city streets;
- Financial support of the City of Toronto's Tree Advocacy Program;
- Participation in the City of Toronto's renewable energy working group and the Toronto Atmospheric Fund and the forthcoming installation of solar photovoltaic renewable energy systems at some of our facilities;
- The installation of energy efficient lighting reducing our energy consumption levels and improving lighting and security in the Authority's underground parking facilities;
- Ongoing funding of the bicycle parking ring installation program on city streets and the provision of bicycle parking areas in many of our off-street parking facilities.

We view these initiatives as doing our part to promote more environmentally friendly modes of transportation in support of the efforts to reduce fuel emissions and the improvement of the quality of life in the City of Toronto.

The Authority is committed to being the premier parking operator in the industry and will continue to explore and implement new technologies to improve our services and our financial position. The identification of new revenue sources, continued oversight and control of our expenses, a flexible innovative approach to business development and customer service will result in greater future financial dividends to the City of Toronto.

I would like to take this opportunity to thank all of our staff for their efforts this past year. An organization can only achieve success if its employees are dedicated to achieving its goals. In addition, the vision, leadership, diligence, and dedication that our Board of Directors provides cannot be overlooked. I am confident that with such dedication, the Authority will enjoy continued success for many years to come.



George K. Soulis, Chair

George K. Soulis, Chair

Profile and Mandate

Through effective business growth and development policies, the implementation of leading edge technology, the development of citywide communications and data networks and the introduction of equipment powered by renewable energy sources the Authority is positioned to deal with potential growth and redevelopment quickly and effectively.

Our Environment

The Greater Toronto Area is one of the fastest-growing urban regions on the continent. It is predicted that between 1996 and 2031 the population of the region will grow by 2.6 million people and the number of jobs will increase by 1.6 million. Conventional forecasts for the City of Toronto estimate a population growth of approximately 540,000 people and an increase of 540,000 jobs by 2031. The new City of Toronto Official Plan will propose adding approximately one million people to the City over the next 30 years. Economic Development strategies to accommodate the additional population will focus on the growth, investment and intensification of strategic areas like the Downtown or the Waterfront and the re-urbanization and residential intensification of the lands including commercial areas along the City's arterial roadways. Recognizing that changes will have environmental implications, the Official Plan will also concentrate on improving quality of life through the improvement and introduction of environmental objectives. One specific strategic goal is to encourage and support the use of public transit and reduce reliance on the private automobile.

Our Approach

As a business that relies on the automobile for its success it may be difficult to understand the strategic role the Toronto Parking Authority will play in the ongoing implementation of the new Official Plan or to recognize how effectively our current business practices already advance the plan's developmental and environmental objectives.

With the amalgamation of the cities in 1998 responsibility for the entire municipal parking operation was transferred to the Toronto Parking Authority effectively privatizing the function. The Authority introduced new and environmentally friendly technologies, developed business practices and strategies that meet the needs of the business communities that maximize the effective developmental potential of city properties and, established a mandate that not only addresses our core business but recognizes and emphasizes our role in the city's transportation network:

"The Toronto Parking Authority exists to provide safe, attractive, self-sustaining, conveniently located and competitively priced off-street and on-street public parking as an integral component of Toronto's transportation system."

This mandate presents a number of interesting challenges. In response to these challenges the Authority has set out effective business growth and development policies that have allowed the Authority to respond to the changing dynamics of the business community. The Authority's policies are supported by a strong capital funding strategy based on a perspective that recognizes that our key revenue generating facilities, most of which are located in the Downtown, must be carefully managed to ensure a stable revenue stream that will supplement the funding for new facilities in the outlying areas where many projects are not profitable when development and capital costs are factored into the evaluation. This approach provides the Authority with the means to invest in areas where the decision to purchase, develop and operate a facility is measured by its importance to a local business community and not necessarily by its overall profitability.

Our rate setting policies support the City's transportation management and transit initiatives. The Authority recognizes that many jobs, businesses and personal situations do not lend themselves to the convenient use of transit. Unlike private operators our rates at off-street facilities target the short-term user and discourage long stay use. In our facilities' short-term rates are the lowest in the City to serve short-term business and shopping trips. Our all day rates in the Downtown core are among the highest to encourage the use of public transit whenever possible for those working Downtown. The Toronto Parking Authority has a 20% market share in the Downtown core and our analysis indicates that short-term parking is clearly the most prevalent use in our facilities.

Through effective business growth and development policies, the implementation of leading edge technology, the development of citywide communications and data networks and the introduction of equipment powered by renewable energy sources the Authority is positioned to deal with potential growth and redevelopment quickly and effectively. This positions the Authority well to proactively react to the growth and environmental implications of the official plan as they focus on the downtown core and the numerous business districts throughout the city.





Operations

The Authority currently has 2,700 pay and display machines in its operation and the solar panels collectively generate power equivalent to the average power consumption of 50 homes in the City of Toronto.

Merging the city's on and off-street parking operations was one of the most significant and financially advantageous changes implemented with the amalgamation of the cities in 1998 when the City of Toronto Council elected to transfer the responsibility for the entire parking operation to the Toronto Parking Authority. Over the past eight years the Authority has made significant changes in the way that parking is managed and delivered.

Having responsibility for the entire operation has allowed the Authority to establish strategic partnerships with suppliers and invest in new technologies that have been introduced globally and now comprise the foundation of our operations. Establishing powerful, secure network based programs have significantly improved the consistency of customer service delivery throughout the city and has created strong economies of scale. The Authority continues to broaden their use through the ongoing growth of our business.

Technology

The Toronto Parking Authority began using pay and display machines in our off-street surface parking lots in 1985. A/C powered, these machines presented a less intrusive, more convenient alternative to single space parking meters. In 1998 with amalgamation, we introduced solar powered pay and display machines to replace single space parking meters in the on-street and the A/C units used in the off-street lots throughout the entire city. The former municipalities have also been converted to solar powered machines. Now all of these machines are monitored on a city wide radio frequency communications network that transmits real time maintenance alarms/requirements and financial and operational statistical data from each machine to our head office and our central monitoring station. The first of its kind in the world, this network provides information and benefits that have revolutionized the parking industry in Canada and throughout the world. Maintenance and revenue collection staff are dispatched much more effectively, revenue control and collections are far more secure and revenue reconciliation is extremely accurate

using the detailed audit data generated with each collection. The acceptance of all major credit cards, also a first, has added a payment option that has resulted in a significant improvement in on-street payment compliance with more than 35% of our customers paying with a credit card rather than with coins. Individual parking stalls no longer need to be painted on the street since each machine controls a parking zone rather than a single space which, due to varying car sizes, has resulted in more parking spaces. Environmentally, less equipment lining city boulevards significantly improved the aesthetics of our communities and provides the City Transportation Division the opportunity to provide better defined boulevard bicycle parking areas in the busy core areas of the city. It should also be noted that the Authority currently has 2,700 pay and display machines in its operation and the solar panels collectively generate power equivalent to the average power consumption of 50 homes in the City of Toronto.

In 1956 we opened the first municipal parking garage in North America and in 1958 followed with the largest underground garage in the Commonwealth. In 1995 the St. Lawrence Garage at the foot of Church Street was the first fully automated parking garage in North America offering customers the convenience of entering and exiting by merely inserting their credit card into a reader. This type of fully automated operation was a significant breakthrough in the parking industry and is now commonplace, not only in Toronto, but throughout the world. This innovation fostered the development and refinement of a wide area network that now links thirteen of our off street attended facilities to our central monitoring station and our head office. It also provides real time maintenance alarms/requirements as well as financial and operational statistical data. The versatility of this equipment has allowed the Authority to adapt it within the same network so that it can accommodate a number of different operating methods namely pay on foot, credit card in/out and exit pay station. Our plan is to have all of our major facilities linked through this network by 2009.





Operations

The establishment of four distinct rate zones for the on-street program with maximum allowable parking times of two and three hours has encouraged higher turnover improving customer exposure to the local business districts and has generated more revenue.

Safety and Security

All of our off-street facilities are designed with the safety and security of our customers in mind. Bright energy efficient metal halide light fixtures, walls painted white to enhance the lighting, and distinctive directional graphics all combine to give our customers a feeling of safety and direction. Security patrols and centrally monitored emergency stations in our parking garages are highly regarded additions to our customer security program. Through the central monitoring station attendants can operate all of the automated and semi-automated facilities from one central location and speak directly with customers to respond to questions and concerns. Our ongoing preventative maintenance and repair programs and regular technological updates ensure that our facilities and equipment are kept in excellent condition to provide a safe and consistent service experience to our customers.

Our enforcement program remains unique to the industry. In conjunction with the introduction of the pay and display machines in the mid 1980's the Authority introduced the courtesy envelope program taking a less punitive customer service approach to enforcement in our facilities, "our customers are our users." A vehicle first found in noncompliance in one of our off-street facilities is issued a courtesy envelope. A courtesy envelope is considered to be a warning and imposes a significantly lower fine than a parking infraction notice and it is not mandatory that it be paid. If the vehicle is found in noncompliance a second time and the provisions of the courtesy envelope are not met, a parking infraction notice is issued to the vehicle on the next occurrence.

A strong, integrated parking program and coordinated rate setting policies ensure that the parking inventory is adequate and used effectively to meet the needs of local business communities. Essentially our rate setting policies target the short-term parker and discourage long stay use. The establishment of four distinct rate zones for the on-street program with maximum allowable parking times of two and three hours has encouraged higher turnover improving customer exposure to the local business districts and has generated more revenue. Customers needing to park for longer periods of time can do so in our off-street facilities. Our short-term rates are among the lowest in the city serving short-term business and shopping trips while our all day rates in the downtown core are equal to or higher than those charged in privately owned facilities. This strategy is designed to encourage the use of public transit for those working downtown.

There are many areas in the city that require additional parking facilities. We are diligently working to enhance the on-street program and find suitable sites to build new off-street facilities. This includes collaborative initiatives with private developers or other city agencies to meet these increasing parking demands.





 **Entrance** Dundas Square Garage

Maximum Clearance 2.1 m / 6' 10"

7% GST
8% PST
Included

\$ 1.75
pm \$ 14.00
am \$ 6.00

(416) 393-PARK



Real Estate and Development

Over the past two years the Authority has purchased and built or taken over the management of fourteen carparks in Business Improvement Areas throughout the city.

The City of Toronto's new official plan strongly promotes residential intensification and the use of public transit as an alternative to the private automobile. The Toronto Parking Authority's joint venture initiatives and property acquisitions for new parking facilities ensures both the long term stability of the public parking inventory in support of our local business communities as well as the city's official plan objectives.

Land availability in Toronto is at a premium and frequently difficult to acquire in this highly competitive environment. Increased capital costs are often an obstacle to justifying a business case to support the use of land for parking purposes. In many areas of the city where the parking supply is at a premium, land is not available. In response, the Toronto Parking Authority has turned to joint venture developments and has negotiated several highly successful projects with private developers on property owned by the City and managed by the Authority or within privately owned developments. In most cases a joint venture is predicated on the negotiated sale or lease of property air rights. Following are some examples of joint venture developments on these sites:

- Delisle Court at Yonge Street and St. Clair Avenue
- Mount Pleasant Road south of Eglinton Avenue East
- Mount Pleasant Road at Hillsdale Avenue
- Bloor Street and Bedford Avenue
- Portland Street and Front Street
- Richmond Street and Sherbourne Street
- Yorkville Avenue

Many of our joint ventures have been with other City agencies such as Toronto Community Housing.

Examples of these include:

- St. Lawrence Garage
- Holly/Dunfield Garage
- Larch Street Garage
- Sherwood East of Yonge
- College/Clinton Garage

In each case these agreements generate a significant one time capital payment that the Authority directs to future capital and development projects and construction of new

parking facilities in other areas of the city. These new facilities invariably increase the local parking supply while at the same time broaden the land use through residential intensification. Also, depending on the nature of the development, a variety of benefits to local business communities through new businesses and services are created, all of which measurably improve the property assessment base for the City of Toronto.

Over the past two years the Authority has purchased and built or taken over the management of fourteen carparks in Business Improvement Areas throughout the city.

Recognizing that not all personnel and business trips to these areas are conducive to public transit, these initiatives address the current parking shortfalls identified in many of the local business communities and are included in our capital program. They respond to the changing dynamics of the city's business communities and also recognize that the vitality of our business districts rely on a careful balance of transit and parking facilities.

An example of this relationship has emerged through the construction of the St. Clair Streetcar Right of Way. The right of way is intended to increase transit use in this corridor and reduce traffic congestion. However the design of the project will cause the displacement of on-street parking stalls on St. Clair Avenue West. It has been clearly recognized by all involved throughout planning stages of the project that parking is critical to the success of the local business communities along St. Clair Avenue. As a result the Toronto Parking Authority has specifically allocated funding to build off-street parking facilities to replace lost on-street parking. The Authority has built two new surface facilities along St. Clair Avenue West and is negotiating several others.

An adequate, well managed parking supply in our local business communities is vital to the success of the area and helps reduce potential conflict with adjacent residential areas by reducing traffic volumes on adjacent residential streets reducing emissions and improving safety.





Community Outreach and the Greening of the Green "P"

The City of Toronto's Tree Advocacy program is an environmental initiative that the Toronto Parking Authority has supported for the past six years. Our contributions along with others help fund the planting of hundreds of small trees throughout the City.

Our Community

More than two thirds of the Toronto Parking Authority's off-street carparks serve and support many local business communities that play an important role in the cultural identity of the City of Toronto. The significance of these communities to the city can not be overstated and it is very important to the Authority that these local businesses remain strong and vibrant. Through our ongoing interaction with the local Business Improvement Associations we participate in event planning and promotion and consult on proposed operational changes to ensure that we remain current and informed regarding the local parking demands and day to day events in each community. Each year the Toronto Parking Authority makes a significant financial contribution to T.A.B.I.A. (Toronto Association of Business Improvement Areas) the umbrella organization for the local Business Improvement Areas. These funds are used to promote upcoming events in the business community through advertisements that acknowledge the participation of the Toronto Parking Authority and direct their customers to our local parking facilities.

In 2006 the Toronto Parking Authority once again held its annual golf tournament in support of the Bloorview Kids Rehab, an extraordinarily worthwhile local cause. Located in Toronto, the Bloorview Kids Rehab is Ontario's largest children's rehabilitation facility, providing hospital care, outpatient clinics, assistive technology services and community outreach activities to about 6,500 children and youth with disabilities and their families each year. This year the size of the tournament grew significantly from 140 participants in 2005 to 185 participants in 2006. The tournament included more than 60 organizations and businesses throughout the GTA, all giving their time and money to help this unique facility. This year's event raised \$36,400 for the children and families of Bloorview Kids Rehab.

Our Environment

In the ongoing effort to reduce greenhouse gas emissions in the City of Toronto the city cycling program plays a vital role that will increase in significance over time. The Authority continues to fund the installation of bicycle rings on city streets as well as provide designated bicycle parking areas in many of our off-street carparks to encourage the use of bicycles. Free on-street parking for motorcycles and scooters is another initiative that has been approved by Council that will contribute to the reduction in greenhouse gas emissions that will improve our environment.

The City of Toronto's Tree Advocacy program is an environmental initiative that the Toronto Parking Authority has supported for the past six years. Our contributions along with others help fund the planting of hundreds of small trees throughout the City. This plays a significant role in the preservation of Toronto's urban forest which improves the sustainability and aesthetics of our communities as well as the quality of life for all citizens in the City of Toronto.

In December the Board of the Toronto Parking Authority approved the installation of a 20-kilowatt Solar Photovoltaic Renewable Energy System at Carpark 43 – St. Lawrence Garage. This initiative was the result of Authority staff participation in the "Renewable Energy Action Plan Working Group". This group was established by the City of Toronto's Executive Environment Team to develop a Renewable Energy Action Plan to guide and promote the use of renewable energy in the City of Toronto. This project, is expected to get underway in the spring/summer of 2007, and presents an excellent opportunity for the Authority to set an example for broader thinking in a business that is reliant on the automotive industry.

In order to continue to provide excellent service, the Authority must be sensitive to the needs of our local communities and work very closely with elected officials and various City Committees to ensure that we fulfill our role in the ever-evolving City of Toronto.





Financial Statements

December 31, 2006

AUDITORS' REPORT

To the Board of Directors of Toronto Parking Authority

We have audited the balance sheet of Toronto Parking Authority as at December 31, 2006 and the statements of operations and equity and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada,
March 23, 2007.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

BALANCE SHEET

As at December 31

ASSETS	2006	2005
	\$	\$
Current		
Cash	22,868,713	10,269,941
Short-term investments		
[market value - nil; 2005 - \$7,555,966] [note 3]	—	7,438,863
Accounts receivable [note 4]	781,155	2,130,759
Inventories	439,677	362,535
Prepaid expenses	309,188	580,396
Total current assets	24,398,733	20,782,494
Long-term investments		
[market value - \$28,946,986; 2005 - \$20,968,016] [note 3]	29,005,856	21,200,000
Deferred charges [note 5]	687,854	775,325
Property and equipment, net [note 6]	121,734,438	116,342,316
	175,826,881	159,100,135
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities [note 4]	25,867,679	20,150,071
Deferred revenue	412,317	344,432
Total current liabilities	26,279,996	20,494,503
Commitments [notes 9 and 11]		
Equity	149,546,885	138,605,632
	175,826,881	159,100,135

See accompanying notes

On behalf of the Board:

Geo. K. Anubis Chairman
[Signature] President



STATEMENT OF OPERATIONS AND EQUITY

Year ended December 31

	2006		2005	
	On-street \$	Off-street \$	Total \$	Total \$
Revenue	37,191,784	59,996,772	97,188,556	91,808,188
Expenses				
Operating [schedule]	6,371,849	37,054,656	43,426,505	41,117,009
Administration [note 7]	649,117	5,553,505	6,202,622	5,947,150
Amortization of property and equipment	3,920,092	2,946,371	6,866,463	6,451,661
	10,941,058	45,554,532	56,495,590	53,515,820
Operating income	26,250,726	14,442,240	40,692,966	38,292,368
Other income				
Investment income			1,844,110	1,435,664
Net rental income [gross - \$1,082,204; 2005 - \$900,188]			1,079,590	891,824
Sundry			43,614	240,491
			2,967,314	2,567,979
Income before the following			43,660,280	40,860,347
City of Toronto's share of income [note 8]			(32,719,027)	(30,608,259)
Net income for the year			10,941,253	10,252,088
Equity, beginning of year			138,605,632	128,353,544
Equity, end of year			149,546,885	138,605,632

See accompanying notes

STATEMENT OF CASH FLOWS

Year ended December 31

	2006 \$	2005 \$
OPERATING ACTIVITIES		
Net income for the year	10,941,253	10,252,088
Add non-cash items		
Amortization of property and equipment	6,866,463	6,451,661
Amortization of deferred charges	87,471	96,584
	17,895,187	16,800,333
Changes in non-cash working capital balances related to operations		
Accounts receivable	1,349,604	(895,514)
Inventories	(77,142)	(24,934)
Prepaid expenses	271,208	23,162
Accounts payable and accrued liabilities	5,717,608	(3,292,629)
Deferred revenue	67,885	(10,010)
Cash provided by operating activities	25,224,350	12,600,408
INVESTING AND FINANCING ACTIVITIES		
Net decrease (increase) in investments	(366,993)	8,165,654
Purchase of property and equipment	(12,891,110)	(15,853,845)
Funding from reserve funds held by the City of Toronto for property and equipment	632,525	781,717
Cash used in investing and financing activities	(12,625,578)	(6,906,474)
Net increase in cash during the year	12,598,772	5,693,934
Cash, beginning of year	10,269,941	4,576,007
Cash, end of year	22,868,713	10,269,941

See accompanying notes

Financial Statements

SCHEDULE OF OPERATING EXPENSES

Year ended December 31

	2006			2005
	On-street \$	Off-street \$	Total \$	Total \$
OPERATING				
Salaries, wages and benefits [note 7]	1,595,603	11,091,788	12,687,391	12,568,629
Municipal taxes	—	13,930,571	13,930,571	12,823,543
Maintenance	1,552,861	3,083,038	4,635,899	4,570,105
Utilities	—	2,082,472	2,082,472	1,978,130
Rent	—	2,682,392	2,682,392	2,402,651
Snow clearing	—	1,071,988	1,071,988	954,714
Tickets	1,185,713	451,081	1,636,794	1,415,562
Security and monitoring	166	548,540	548,706	482,319
Insurance	62,581	622,280	684,861	830,383
Pay and display network communications	1,512,122	131,129	1,643,251	1,316,779
Outside coin counting	178,224	64,079	242,303	296,475
Credit card processing	242,336	540,963	783,299	672,245
Sundry	42,243	754,335	796,578	805,474
	6,371,849	37,054,656	43,426,505	41,117,009

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

1. OPERATIONS AND RELATIONSHIP WITH THE CITY OF TORONTO

Toronto Parking Authority [the "Authority"] is a local board of the City of Toronto [the "City"], established under the City of Toronto Act 1997 (No. 2) with a mandate to operate, manage and maintain municipal parking facilities and on-street meter operations on behalf of the City in support of local business areas. In its relationship with the City, the Authority has an agreement on income sharing with the City [note 8].

By virtue of Section 149(1) of the Income Tax Act (Canada), the Authority is not subject to income taxes.

These financial statements reflect the financial position and results of operations of the Authority's off-street parking facilities and on-street parking meters. They do not include the operations of the retail stores and offices on Cumberland, Queen, Charles and St. Andrew Streets; or payments received by the City from developers under agreements in lieu of providing parking facilities. The results of these activities are paid into reserve funds recorded in the City's accounts and are available for the exclusive use of the Authority to fund on-going capital projects and improvements [note 4].

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for profit-oriented organizations, unless otherwise directed to specific accounting recommendations of the Public Sector Accounting Board.

Revenue recognition

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes measurable and expenses when they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Investments

Investments are recorded at cost. Premiums and discounts on bonds are amortized over the term of the bonds. Investment income includes interest and gains or losses on the sale of investments. The amount of investments classified as long-term represents those assets with maturity dates greater than one year from the date of these financial statements.

Inventories

Inventories of supplies are recorded at the lower of cost determined on a first-in first-out basis, or market value.

Property and equipment

Purchased property and equipment are recorded at cost less any amounts being funded from the City's reserve funds [note 4]. Amortization is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Parking garages and surface car parks 25 years
- Equipment and furnishings 5 to 10 years

Employee related costs

The Authority's contributions to a multi-employer defined benefit pension plan are expensed when contributions are due.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.



3. INVESTMENTS

Investments consist of Government of Canada bonds with a weighted average yield to maturity of 3.77% and an average duration to maturity of 2.8 years

[2005 - weighted average yield to maturity of 4.25% and an average duration to maturity of 3.3 years].

4. RELATED PARTY TRANSACTIONS

The Authority operates 43 parking facilities on properties owned by other City departments and agencies. These parking facilities are operated under separately negotiated agreements with each City department or agency. The Authority receives compensation in the form of either a share of net income or on a cost recovery plus a fixed fee basis. Amounts owing from or to the Authority under these agreements are included within accounts receivable or accounts

payable and accrued liabilities at December 31, 2006. As at December 31, 2006, the amount due from related parties included in accounts receivable is \$321,770 [2005 - \$791,614] and the amount due to related parties included in accounts payable and accrued liabilities is \$17,881,103 [2005 - \$15,079,835]. The net amount of \$17,559,333 [2005 - \$14,288,221] due to related parties at December 31, 2006 is summarized as follows:

	2006	2005
	\$	\$
Due from the Toronto Transit Commission	64,101	653,981
Due to Toronto Hydro	(47,599)	(43,052)
Due to the City of Toronto	(17,575,835)	(14,899,150)
	(17,559,333)	(14,288,221)

As referred to in note 1, the City holds reserve funds for use by the Authority in funding capital projects. Net income generated by retail leasing operations which are developed and operated by the Authority are paid annually into the "Malls and Rental Properties Fund". The balance in this fund as at December 31, 2006 is \$835,877 [2005 - \$717,352]. During the year, \$64,840 [2005 - \$25,580] was drawn from this fund to finance property and equipment additions.

Payments received by the City from developers under agreements in lieu of providing parking facilities are paid into the "Off-Street Parking Fund". The balance in this fund as at December 31, 2006 was \$6,007,177 [2005 - \$6,222,506]. During the year, \$567,685 [2005 - \$756,137] was drawn from this fund to finance property and equipment additions.

5. DEFERRED CHARGES

Included in deferred charges is \$687,854 [2005 - \$764,407] related to leased property under various long-term lease agreements for periods up to 2039. The total rent for these leases was \$2,220,168 [2005 - \$2,220,168].

These payments were made in advance and are being amortized over the terms of the individual leases.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2006		2005	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Land	63,430,539	—	61,124,664	—
Parking garages	59,961,399	33,542,976	56,898,805	31,686,064
Surface car parks	10,541,377	2,718,746	9,157,743	2,329,607
Car parks and projects not completed	39,466	—	21,705	—
Equipment and furnishings	48,661,798	24,638,419	48,803,357	25,648,287
	182,634,579	60,900,141	176,006,274	59,663,958
Less accumulated amortization	60,900,141		59,663,958	
Net book value	121,734,438		116,342,316	

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7. PENSION OBLIGATIONS

The Authority makes contributions to the Ontario Municipal Employees Retirement Fund ["OMERS"], which is a multi-employer plan, on behalf of substantially all of its employees. The plan is a defined benefit plan that

specifies the amount of the retirement benefits to be received by the employees based on the length of service and rates of pay. During the year, the Authority's contributions were \$869,671 [2005 - \$774,865].

8. CITY OF TORONTO'S SHARE OF INCOME

In 1998, the City and the Authority established an income sharing arrangement for a three-year period ending December 31, 2000. Without any changes to the original terms, the arrangement has undergone two successive three-year extensions with the current arrangement expiring on December 31, 2006. Under this arrangement, the Authority pays annual rent equal to the greater of 75% of its net income for the year or \$18,000,000.

The City and Authority have agreed to extend the agreement for a further three-year term. The recommendation is included in the Authority's 2007 operating budget submission to be received by City Council for approval in April 2007.

From time to time, the Authority will pay an amount to the City that is in excess of the property and equipment funding requirements over the ensuing five-year period. This return of funds is in addition to the City's share of annual operating income paid under the income sharing arrangement.

Under the Municipal Act, any earnings retained by the Authority are to be applied as follows:

- Debenture charges relating to debentures issued to finance the cost of parking facilities;
- The cost of additional parking facilities required as part of the Authority's mandate to provide parking in support of business areas in the City and;
- Other purposes as may be approved by City Council.

9. LEASE COMMITMENTS

Future minimum annual lease payments under leasing agreements for use of land and equipment are as follows:

	\$
2007	618,361
2008	619,997
2009	616,227
2010	614,894
2011	617,734
2012 and thereafter	3,283,125
	6,370,338

10. FINANCIAL INSTRUMENTS

Fair value

The estimated fair values of financial instruments approximate the amounts for which instruments could be exchanged in a transaction between knowledgeable and willing parties based on public market information.

Management believes the fair values of the financial instruments in these financial statements approximate their carrying values unless otherwise noted.

The Authority is subject to interest rate risk with respect to its investments.

11. COMPARATIVE FINANCIAL STATEMENTS

On March 22, 2007, the Authority committed to the purchase of a parking facility located at 2053 Dufferin Street for \$325,000.

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OFF-STREET PARKING FACILITIES

NO.	LOCATION	CAPACITY	NO.	LOCATION	CAPACITY	NO.	LOCATION	CAPACITY
DOWNTOWN			CENTRAL EAST			SUBURBAN NORTH		
26	Queen-Victoria Garage	645	110	Danforth Ave e of Coxwell Ave	25	400	10 Kingsdale Ave	48
32	Bay St – Lakeshore Blvd. W	330	126	Parliament St s of Front E	84	401	246 Brooke Avenue	97
34	Dundas Square Garage	265	137	Gough Ave n of Danforth	17	402	10 Empress Ave	29
36	Nathan Phillips Square Garage	2087	142	Langford Ave n of Danforth	27	403	10 Harlandale Ave	112
43	St. Lawrence Garage	2008	146	Gerrard St E w of Broadview Ave	43	404	Beecroft Garage	394
52	University Ave Garage	323	149	Woodycrest Ave n of Danforth	35	410	Beecroft West	173
108	Esplanade, w of Jarvis	34	156	w/s Ferrier Ave n of Danforth	23	411	Roe Ave (1880 Avenue Rd)	32
125	Richmond-Sherbourne Garage	258	170	Hammersmith Ave n of Queen E	30	412	11 Finch Ave West	62
177	York/Lakeshore	40	173	Rhodes Ave s of Danforth	24	413	Warner Bros	17
216	McCaul Street	38	174	Hiawatha and Gerrard	50	414	Jolly Miller	262
219	87 Richmond St. E	20	179	Gerrard St e/Broadview	25	415	5151 Yonge St	32
TOTAL:		6,048	180	Gerrard St e/Rhodes	41	418	68 Sheppard Avenue West	34
DOWNTOWN FRINGE			183	193 Boardwalk Drive	24	419	5667 Yonge Street	26
1	Hayden St e of Yonge	430	184	Boardwalk, s of Queen E	24	TOTAL:		1,318
3	Isabella St e of Yonge	33	185	Joseph Duggan Rd, s of Queen E	24	SUBURBAN EAST		
5	Wellesley St e of Yonge	135	186	Sarah Ashbridge Ave, s of Queen E	24	700	Grangeway	150
15	Yorkville-Cumberland Garage	1036	187	116 Winners Circle	12	701	Fallingbrook	38
51	Lippincott St s of Bloor W	144	200	1167 Eastern Ave	66	706	284 Milner Ave	98
58	Bloor-Bedford Garage	399	202	1141 Eastern Ave	18	707	1530 Markham Rd	24
68	Kensington Garage	450	600	Civic Centre	20	710	Busby	200
71	Bellevue Ave s of Nassau St	91	TOTAL:		1,371	TOTAL:		510
79	Sherbourne St n of Carlton St	110	CENTRAL WEST			SUBURBAN WEST		
96	Portland Garage	37	18	Keele St s of Dundas W	77	500	Grenview Ave n of Bloor	55
106	Augusta Ave n of Queen W	120	19	Pacific Ave s of Dundas W	71	501	Wendover Rd n of Bloor	80
109	Aberdeen Ave w of Parliament St	35	41	Norton Ave w of Dufferin	64	502	Prince Edward Drive n of Bloor	44
150	Larch St Garage	357	42	Via Italia s of St. Clair W	169	503	Willingdon Ave n of Bloor	79
163	Dragon City Garage	129	44	Fuller Ave n of Queen W	53	504	Jackson Ave n of Bloor	116
205	465 Huron St	20	53	Richmond St West – Walnut Ave	49	505	Bloor/Cliveden Ave s of Bloor	11
209	711 Lakeshore Blvd. W	65	62	Queen St W – Abell St	29	506	Fifth/Sixth St n of Lake Shore Blvd W	53
212	363 Adelaide St W	23	64	Durie St n of Bloor W	155	507	Third St s of Lake Shore Blvd W	24
221	121 St. Patrick Street	36	80	Keele St n of Dundas W	54	508	Eighth/Ninth St n of Lake Shore Blvd W	45
227	105 Spadina	18	81	Lansdowne Ave n of Bloor W	40	509	Fourth St s of Lake Shore Blvd W	22
230	55 Mill Street	237	82	Margueretta St n of Bloor W	56	510	Twenty-Third St s of Lake Shore Blvd W	22
233	5 Berkeley Street	110	84	Salem Ave n of Bloor W	35	511	Seventh St s of Lake Shore Blvd W	54
TOTAL:		4,015	85	Palmerston Ave n of Bloor W	58	512	Central Park	57
MIDTOWN			91	Armada Ave n of Bloor W	144	513	Queensway n of Royal York Rd	28
11	Rosehill Garage	565	93	Euclid Ave n of Bloor W	52	514	Seventh St Lane n of Lake Shore Blvd W	11
12	Alvin Ave n of St. Clair E	188	104	Ossington Ave n of Bloor W	40	515	Thirteenth St s of Lake Shore Blvd W	10
13	Delisle Ave w of Yonge	238	111	College-Clinton Garage	79	516	Woolgar Laneway n of The Queensway	49
29	Holly-Dunfield Garage	460	116	Kennedy Ave n of Bloor W	56	517	Superior Ave n of Lake Shore Blvd W	15
39	Castlefield Ave w of Yonge	163	130	Bartlett Ave n of Bloor W	38	519	Dayton Lane s of The Queensway	15
47	Castleknock Rd n of Eglinton W	174	141	Greenlaw Ave s of St. Clair W	53	520	Royal Avon n of Dundas St W	62
49	Roehampton Ave e of Yonge	126	143	Windermere Ave n of Bloor w	88	521	Monkton Ave, s of Bloor St W	25
55	Bedford Park Ave w of Yonge	42	144	Clinton St n of Bloor W	33	528	Assembly Hall Lot	30
107	MacPherson Ave-Rathnelly Ave	40	158	Queen St W w of Cowan Ave	32	529	Powerhouse Lot	188
131	Eglinton W-Hilltop Road	28	167	Ossington Ave n of Queen W	20	531	3326 Bloor Street West	50
139	Sherwood Ave e of Yonge	46	168	Harrison St e of Dovercourt Road	47	650	John St	158
152	Glenforest Rd e of Yonge	26	181	Lampost Stadium	329	657	Scarlett Rd	11
155	Eglinton W-Glen Cedar Road	33	188	Beatrice Street, s of College St	18	662	Emmett Ave	78
157	Bayview/Millwood Garage (lower)	20	204	1117 Dundas St W	37	668	2700 Eglinton Ave W	110
161	St. Clair-Yonge Garage	173	217	1445 Bathurst Street	25	669	2700 Eglinton Ave W	38
164	Thelma Ave-Spadina Road	43	218	3354 Dundas St. W	13	TOTAL:		1,540
171	Mt. Pleasant Rd s of Eglinton E	53	220	789 St. Clair Ave. W	18	TOTAL:		20,379
195	15 Price St.	71	224	34 Hanna Avenue	184	SPECIAL FACILITIES		
223	1501 Yonge Street	37	225	80 Clinton	25	Commuter Carparks		13,443
602	1503 to 1505 Bayview Ave	25	226	646 St Clair Ave W	18	Seasonal		350
655	China House	43	228	11 Kenwood Avenue	13	GRAND TOTAL:		34,172
TOTAL:		2,594	229	110 Dovercourt Road	8			
CENTRAL EAST			231	19 Spadina Road	56			
17	Pape Ave n of Danforth	85	235	2201 Dundas Street West	12			
20	Cedarvale Ave n of Danforth	37	651	Locust St	47			
21	Amroth Ave s of Danforth	54	652	Scott Rd	14			
28	Pape Ave s of Danforth	76	653	E side Riverview Gardens	113			
45	Broadview Ave n of Queen E	92	654	W side Riverview Gardens	100			
48	Lee Ave s of Queen E	68	656	Mould Ave	7			
78	Erindale Ave e of Broadview Ave	93	658	Dufferin St	94			
87	Chester Ave n of Danforth	83	659	Oakwood Library	22			
88	e/s Ferrier Ave n of Danforth	87	660	Oakwood Ave	21			
89	Lipton Ave e of Pape Ave	70	661	Rogers Rd	24			
90	Eaton Ave n of Danforth	30	663	Shortt St	130			
			664	Eglinton/Oakwood	40			
			667	1531 Eglinton Ave	23			
			TOTAL:		2,983			



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