



2005 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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Chairman's Message



George K. Soulis, Chair

The Toronto Parking Authority has grown each of the seven years since the City of Toronto was amalgamated and 2005 was no exception. Not only has the Authority increased in size operationally, it has also consistently increased the amount of net income transferred to the City of Toronto each year. In 1998 the Authority operated 19,571 parking spaces in 149 off-street facilities and 15,247 parking spaces on-street. That year the Authority generated \$49.3 million in gross revenue/sundry income and \$21.0 million in net income. At the end of 2005 the Authority operated 34,183 parking spaces in 213 off-street facilities and 18,628 parking spaces on street. Gross revenue/sundry income has increased 91.5% to \$94.4 million and net income 94.3% to \$40.8 million.

These results have been achieved in a number of ways. The introduction of new and emerging technologies has allowed the Authority to provide a better service to our customers and control costs more effectively thereby increasing our profitability. The negotiation of joint venture developments with private developers through the sale and lease of air rights has generated significant revenue and, as intended, increased the number of parking spaces available in our local business communities while contributing favourably to the City's commercial, retail and residential inventories.

The Authority will continue to embrace new technologies in order to continue to improve and provide excellence in customer service. New parking facilities will be opening in the coming year and it is anticipated that the negotiation of new joint venture developments will be finalized which



will continue to expand the parking inventory. In order to provide the much-needed parking services to the City's business communities we will continue to search for new opportunities. We will also continue to support the City of Toronto revitalization, renewal and development initiatives and will work very closely with the City staff in this regard.

We are committed to being a premier service provider in our industry. In order to meet this commitment we will continue to examine methods and technologies to improve our service and our financial performance. The identification of new revenue sources, the ongoing oversight and control of our expenses, a flexible, innovative approach to business development and service delivery will ensure that as we grow, our net income will increase and result in a larger dividend payment to the City of Toronto.

An organization can only achieve success when it has dedicated and committed employees. I would like to take this opportunity to thank all our personnel for their efforts over the past year. In addition the leadership, diligence and dedication that our Board of Directors provides cannot be overlooked. I am sure that with such dedication the Authority will continue to succeed far into the future.



George K. Soulis, Chair

F I N A N C I A L H I G H L I G H T S

The Authority earned \$40.86 million in net income during 2005. Under an income sharing arrangement the City will receive \$30.61 million (75%) of this amount with the Authority retaining the \$10.25 million (25%) remaining to fund its capital program. The Authority also remits other funds to the City in addition to the income share:

- Over \$13 million in property taxes.
- Nearly \$600,000 in profits on carparks operated for other City departments and agencies.

Gross parking revenue growth slowed in late 2004 and continued throughout 2005. The \$1.04 million increase over 2004 was modest in comparison to previous year over year gains.

Expenses, other than depreciation, increased compared to 2004 by \$874,000 (1.8%). This increase occurred in three major cost categories:

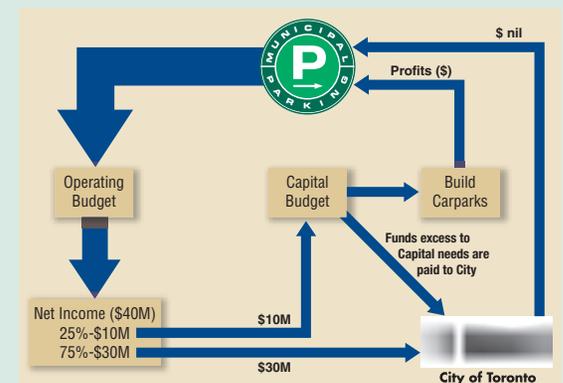
- 1 *Major facility repair costs* can fluctuate significantly from year to year by virtue of their scale but are planned expenditures part of a facility maintenance program required to maintain our revenue producing assets. In 2005 the Authority repaired or re-surfaced a significant number of surface carparks under this program.
- 2 The ongoing 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.
- 3 *Increased payroll costs* are another significant contributor to the overall expense increase. As a service based business payroll costs represent 35% of our overall expense (excluding depreciation).

The Authority achieved a net reduction of almost \$500,000 in all other expenses. The most significant reductions

were more favourable arrangements for the handling of our funds – banking, coin and credit card processing. The Authority is unique from most City bodies in that it receives no funding or other tax based support to operate. Financially, it is totally self-sufficient. The Authority retains 25% of its annual net income to fund capital expenditures. Our approved 5 year capital plan for 2006 through 2010 totals approximately \$155 million for new carparks, facility renovations and major equipment purchases/replacements. The funds to pay for the 5 year plan total of \$155 million come from several sources.

- Only about 14% 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 by the City in reserve until needed for capital purposes.

The following diagram demonstrates how the Authority's earnings are used.



Our mandate prescribes that the Authority operate, compete and be profitable in the private parking industry in the City of Toronto while at the same time meet the needs of the City's local business communities.



Profile and Mandate

“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.”

While this mandate is clear in its direction it presents a number of interesting challenges. The amalgamation and transfer of the entire City of Toronto parking operation to the Toronto Parking Authority in 1998 essentially privatized the municipal parking operation. Our mandate prescribes that the Authority operate, compete and be profitable in the private parking industry in the City of Toronto while at the same time meet the needs of the City’s local business communities in what may be considered a less competitive and far less profitable environment. As an integral component of Toronto’s transportation system the Authority must also balance its business approach with its role in the City’s transportation management and transit improvement initiatives.

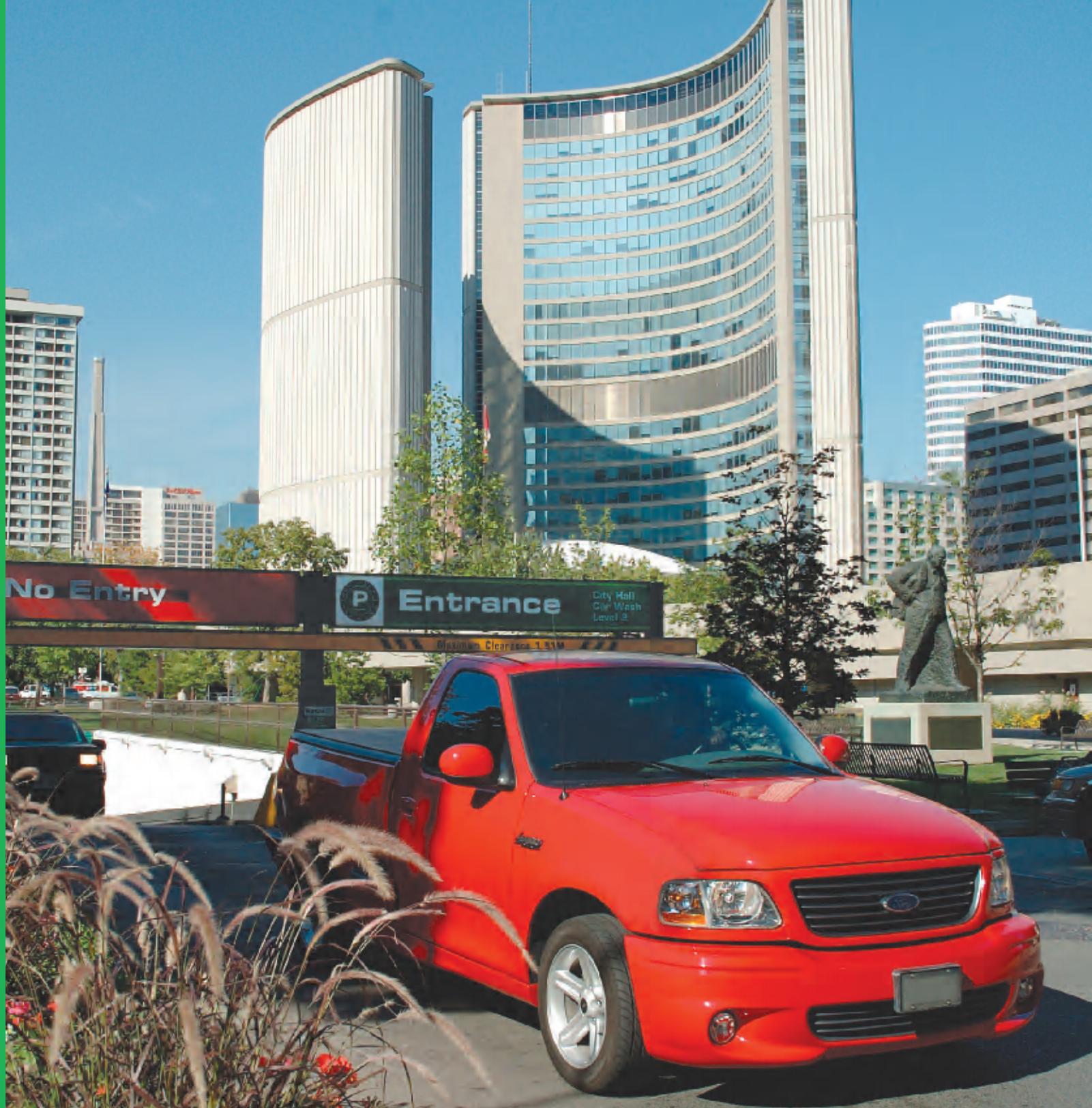
In order to meet these diverse challenges the Authority must evaluate its business prospects and profitability city wide rather than the more conventional business models of the larger private parking operators or retail chains where profitability is the primary factor in a decision to open, close, or operate a particular facility. A city wide perspective recognizes that key revenue generating facilities, most of which are located in the core area of the City, must be carefully managed to ensure a stable revenue stream that will supplement the investment funding for facilities in the outlying areas where many facilities 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 in many cases the decision to purchase, develop and operate a facility is measured by its importance to a local business centre and not necessarily by its overall profitability.

The core area of the City is the area bounded by Davenport Road to the north, Lake Ontario on the south, Spadina Avenue on the west and Sherbourne Street to the east. The Authority controls approximately 20% of the total private and public parking spaces available in the core area. The Authority’s off-street inventory consists of eleven garages and seven surface carparks with just over 9,000 spaces that represent approximately 27% of the Authority’s total off-street space inventory. These carparks generate approximately 50% of the gross parking revenue and a commensurate portion of the net profit. Of the remaining 25,183 spaces in our off-street inventory 10,347 in 160 facilities serve the parking needs of the local neighbourhood business districts outside the core and 13,843 are located in the park and ride parking facilities.

While the effective management of the core facilities has played a significant role in the success of the local neighbourhood business districts it is at times viewed as being in conflict with the City’s transportation management and transit initiatives. The perception is that the Authority generally offers the lowest parking rates in the City that in many areas is seen as anchoring the competition. However, unlike the private operators our rate setting policies for off-street parking facilities target the short-term user while discouraging long stay use. In our facilities short-term rates are the lowest in the City to serve short-term business and shopping trips while our all day rates in the downtown core are higher to encourage the use of public transit for those working downtown. While our 20% market share in the core may limit our impact on transportation and transit issues, our analysis indicates that short-term parking is clearly the most prevalent in our facilities.



Innovation, forward thinking and a willingness to introduce and develop new technologies have all been prominent contributing factors to the Toronto Parking Authority's success particularly in its off-street facilities.



Off-Street Parking Facilities

Innovation, forward thinking and a willingness to introduce and develop new technologies have all been prominent contributing factors to the Toronto Parking Authority's success particularly in its off-street facilities. In 1956 we opened the first municipal parking garage in North America and in 1958 followed with what was then the largest underground garage in the Commonwealth. In 1995 the St. Lawrence Garage at the foot of Church Street was introduced as 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. The Authority now has twelve fully or semi automated carparks in its inventory, that offer this service, accounting for about one third of our spaces.

In our off-street surface parking facilities we have been using pay and display machines since 1985 and found them to be less intrusive and more convenient than the single-space meters. 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 because, "our customers are our users." A vehicle first found in noncompliance in one of our off-street facilities is issued a courtesy envelope or a warning. A courtesy envelope 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. This concept has been adopted in a number of American cities with a great deal of success. With the introduction of the courtesy envelope program the Authority also introduced the use of handheld computer terminals for their issuance.

All of our surface and garage 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 have also been valued 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 as well as speak directly with customers to respond to questions and concerns.

Many of our garage facilities were designed and built in the 50's, 60's and 70's. Our ongoing preventative maintenance and repair program and regular technological updates all provide a safe and consistent service to our customers.

As mentioned our rate setting policy for the off-street parking facilities accommodate the short-term user while discouraging long stay use. In our off-street facilities our short-term rates are regularly set at levels 50% below the private operators which serve 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 to encourage the use of public transit for those working downtown.

There are neighbourhoods and business communities in the new City of Toronto that require additional parking facilities. We are working extremely hard to meet these demands through the acquisition of property to construct new off-street facilities. Where sites are not available, collaborative efforts with private developers or other City agencies have also proven to be a very effective means of providing additional facilities.



The on-street program is essential to the vibrancy and the sustainability of the City's local business communities. The establishment of four rate zones has ensured that the short-term parking demand in these communities has been effectively managed.



On-Street Parking

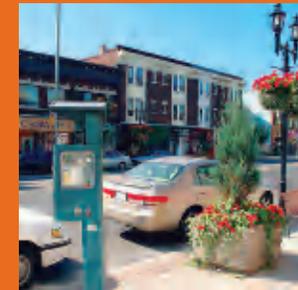
Prior to the amalgamation of the municipalities in 1998, the Parking Authority was responsible only for the off-street parking facilities in the former City of Toronto. With amalgamation of the City of Toronto, Council elected to transfer the responsibility for entire parking operation in the new City to the Toronto Parking Authority including the on-street parking program. Over the past seven years we have made significant changes in the way this service is managed and delivered.

Single-space parking meters have been replaced with solar-powered multi-space “pay and display” machines, a first in North America. These machines are far more advanced technologically than the single-space meters, they are much less susceptible to vandalism and provide an audit function that maximizes revenue control. The use of wireless communication technology has provided for the timely transmission of relevant operational data and has made it possible to monitor each machine remotely ensuring that they are constantly in a good state of repair. The acceptance of the major credit cards has made it more convenient for our customers to pay and the issuance of a receipt for the parking fee paid is an attractive feature for business users.



This technology has also provided many cost saving advantages. Preventative maintenance and repairs are more effectively undertaken and revenue collection is far more secure and easily reconciled. Since each machine controls a parking zone, the need to mark individual parking spaces on the street no longer exists. This has saved a significant amount of money and, as a by-product, has provided additional on-street parking spaces because the size of vehicles vary allowing more vehicles into the same parking zone than when the individual parking stalls were marked. It has also given the City Transportation Division the opportunity to provide a broader, more effective bicycle parking program particularly in the busy core area of the municipality. Reducing the street clutter that was prevalent when single-space meters were used has provided better defined bicycle parking areas on the City’s boulevards.

The on-street program is essential to the vibrancy and the sustainability of the City’s local business communities. The establishment of four rate zones has ensured that the short-term parking demand in these communities has been effectively managed. Allowable on-street parking time is limited to two or three hours depending on the time of day which encourages turnover and the use of our off-street facilities for those customers who want to park longer. High turnover creates a higher level of customer exposure in the business districts and generates more revenue in support of the program.



We have been successful in the negotiation of joint ventures with private developers on many sites in the City on property owned by the City and managed by the Authority.



Joint Developments and New Facilities

As the City grows and develops so does the need for parking. Land availability in the City is dwindling making acquisition difficult in a very competitive environment. Competitiveness increases capital cost which in many cases makes it difficult to justify a business case for the use of land for parking only. In many desirable areas of the City that are already highly developed land is not available. The Authority has to then turn to other more creative methods to increase our parking supply or to develop a new facility.

We have been successful in the negotiation of joint ventures with private developers on many sites in the City on property owned by the City and managed by the Authority. The following are some examples of joint developments on Authority 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

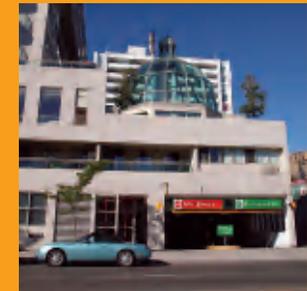
Many of our joint ventures were projects with other City agencies such as Toronto Community Housing.

Examples of these include:

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

In most cases the joint venture was predicated on the negotiated sale or lease of property air rights. These agreements provide the Authority with the revenue required to construct new parking facilities and invariably increase the local parking supply while at the same time broadening the land use on each site. This provides a variety of enhancements to local business communities, generates capital for the Authority for future development projects and measurably improves the property assessment base for the City of Toronto.

Over the past 20 years \$21.5 million has been generated by the Authority through the lease or sale of air rights and many of these facilities exemplify the successful development of city-owned assets into multi-purpose facilities.



The Authority works very closely with the local Business Improvement Areas and their umbrella organization, the Toronto Association of Business Improvement Areas, through attendance at meetings, participation in event planning and consultation on proposed operational changes.



Community Outreach

Toronto is a cosmopolitan city with many strong local business communities that serve to anchor its vibrancy and cultural diversity. The Authority works very closely with the local Business Improvement Areas and their umbrella organization, the Toronto Association of Business Improvement Areas, through attendance at meetings, participation in event planning and consultation on proposed operational changes. Our affiliation with these organizations ensures that we remain current in our understanding of the local parking demands in each area as well as keeping in touch with the day to day events in the community.

The City Cycling Program plays a vital role in Toronto's transportation network and the Authority is a strong supporter of this initiative. Many of our carparks have designated areas signed "Pedal and Park" which provide locking devices where bicycles can be safely locked and stored. As single-space meters were replaced with pay and display machines, the Authority assumed the cost to retrofit bicycle locking rings onto decommissioned parking meter posts. The Authority has worked closely with the City's Cycling Committee to identify areas of need.

The City of Toronto Tree Advocacy Program is an exciting initiative that will ensure that Toronto's urban forest will be preserved to serve as a legacy for future generations. For the past five years the Authority has supported this program. Through our contributions a significant number of small trees have been planted at five designated sites in the City. In addition, wherever possible, we spend a considerable amount of money each year to landscape our facilities to enhance the streetscape surrounding our facilities.

Over the past several years the Toronto Parking Authority has held an annual golf tournament that has raised well over \$100,000 for various charities such as the United Way and the Multiple Sclerosis Society of Canada. In 2005 there were more than 140 participants in the tournament representing over 40 different organizations and businesses throughout the Greater Toronto Area. In 2006 we will be supporting the Bloorview Kids Rehab Centre, the only rehabilitation centre of its kind in North America.

As you can see, the Authority is more than just parking. We work very closely with the local communities, elected officials and various City Committees to ensure that we fulfill our role in the future growth and prosperity of the City of Toronto.





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, 2005 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, 2005 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 24, 2006.

Ernst & Young LLP
Chartered Accountants

Financial Statements

BALANCE SHEET

As at December 31

	2005	2004
ASSETS	\$	\$
Current		
Cash	10,269,941	4,576,007
Short-term investments [notes 3 and 10] [market value - \$7,555,966; 2004 - \$9,748,329]	7,438,863	9,724,517
Accounts receivable [note 4]	2,130,759	1,235,245
Inventories	362,535	337,601
Prepaid expenses	580,396	603,558
Total current assets	20,782,494	16,476,928
Long-term investments [notes 3 and 10] [market value - \$20,968,016; 2004 - \$27,526,501]	21,200,000	27,080,000
Deferred charges [note 5]	775,325	871,909
Property and equipment, net [note 6]	116,342,316	107,721,849
	159,100,135	152,150,686
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities [note 4]	20,150,071	23,442,700
Deferred revenue	344,432	354,442
Total current liabilities	20,494,503	23,797,142
Equity	138,605,632	128,353,544
	159,100,135	152,150,686

See accompanying notes

On behalf of the Board:

Chairman

President

STATEMENT OF OPERATIONS AND EQUITY

Year ended December 31

	2005		2004	
	On-street	Off-street	Total	Total
	\$	\$	\$	\$
Revenue	35,412,948	56,395,240	91,808,188	90,764,399
Expenses				
Operating [schedule]	6,013,377	35,103,632	41,117,009	40,159,156
Administration	695,766	5,251,384	5,947,150	6,031,727
Amortization of property and equipment	3,621,293	2,830,368	6,451,661	5,927,854
	10,330,436	43,185,384	53,515,820	52,118,737
Operating income	25,082,512	13,209,856	38,292,368	38,645,662
Other income				
Gain on sale of property and equipment			—	4,539,098
Investment income			1,435,664	1,439,424
Net rental income			891,824	909,804
[gross - \$900,188; 2004 - \$1,009,181]			240,491	203,057
Sundry			2,567,979	7,091,383
Income before the following			40,860,347	45,737,045
City of Toronto's share of income [note 8]			(30,608,259)	(34,265,783)
Net income for the year before additional transfer			10,252,088	11,471,262
Transfer to City of Toronto [note 8]			—	(2,000,000)
Net income for the year			10,252,088	9,471,262
Equity, beginning of year			128,353,544	118,882,282
Equity, end of year			138,605,632	128,353,544

See accompanying notes

STATEMENT OF CASH FLOWS

Year ended December 31

	2005	2004
	\$	\$
OPERATING ACTIVITIES		
Net income for the year	10,252,088	9,471,262
Add (deduct) non-cash items		
Gain on sale of property and equipment	—	(4,539,098)
Amortization of property and equipment	6,451,661	5,927,854
Amortization of deferred charges	96,584	96,574
	16,800,333	10,956,592
Changes in non-cash working capital balances related to operations		
Accounts receivable	(895,514)	(266,849)
Inventories	(24,934)	(87,642)
Prepaid expenses	23,162	(300,283)
Accounts payable and accrued liabilities	(3,292,629)	4,768,331
Deferred revenue	(10,010)	45,844
Cash provided by operating activities	12,600,408	15,115,993
INVESTING AND FINANCING ACTIVITIES		
Net decrease (increase) in investments	8,165,654	(16,186,188)
Proceeds from sale of property and equipment	—	5,573,078
Purchase of property and equipment	(15,853,845)	(7,592,515)
Funding from City of Toronto's reserve funds for property and equipment	781,717	665,600
Cash used in investing and financing activities	(6,906,474)	(17,540,025)
Net increase (decrease) in cash during the year	5,693,934	(2,424,032)
Cash, beginning of year	4,576,007	7,000,039
Cash, end of year	10,269,941	4,576,007

See accompanying notes



The Authority earned \$40.86 million in net income during 2005. Under an income sharing arrangement the City will receive \$30.61 million (75%) of this amount with the Authority retaining the \$10.25 million (25%) remaining to fund its capital program.

Financial Statements

SCHEDULE OF OPERATING EXPENSES

Year ended December 31

			2005	2004
	On-street	Off-street	Total	Total
	\$	\$	\$	\$
OPERATING				
Salaries, wages and benefits	1,580,605	10,988,024	12,568,629	11,948,655
Municipal taxes	—	12,823,543	12,823,543	13,057,411
Maintenance	1,477,924	3,092,181	4,570,105	4,038,825
Utilities	696	1,977,434	1,978,130	2,017,539
Rent	—	2,402,651	2,402,651	2,561,839
Snow clearing	—	954,714	954,714	987,847
Tickets	1,034,971	380,591	1,415,562	1,275,493
Security and monitoring	—	482,319	482,319	489,998
Insurance	52,942	777,441	830,383	774,552
Pay and display network communications	1,316,779	—	1,316,779	1,118,313
Outside coin counting fees	296,475	—	296,475	349,326
Credit card processing fees	208,494	463,751	672,245	764,559
Sundry	44,491	760,983	805,474	774,799
	6,013,377	35,103,632	41,117,009	40,159,156

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) 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.

2 0 0 5 A N N U A L R E P O R T

3. INVESTMENTS

Investments consist of Government of Canada bonds, bankers' acceptances and Province of Ontario debentures with a weighted average yield to maturity of 4.25% and an average duration to maturity of 3.3 years [2004 - 3.66% and an average duration to maturity of 2.68 years].

4. RELATED PARTY TRANSACTIONS

The Authority operates 40 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 in the amount of \$791,614 [2004 - \$342,875] and accounts payable in the amount of \$15,079,835 [2004 - \$18,482,102].

The net amount of \$14,288,221 [2004 - \$18,139,227] due to related parties at December 31, 2005 is summarized as follows:

	2005	2004
	\$	\$
Due from the Toronto Transit Commission	653,981	342,875
Due to Toronto Hydro	(43,052)	—
Due to the City of Toronto	(14,899,150)	(18,482,102)
	(14,288,221)	(18,139,227)

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, 2005 is \$717,352 [2004 - \$546,987]. During the year, \$25,580 [2004 - \$456,930] 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, 2005 was \$6,222,506 [2004 - \$6,696,477]. During the year, \$756,137 [2004 - \$208,670] was drawn from this fund to finance property and equipment additions.

5. DEFERRED CHARGES

Included in deferred charges is \$764,407 [2004 - \$841,001] 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. These payments were made in advance and are being amortized over the terms of the individual leases.

Also included in deferred charges are expenditures of \$10,908 [2004 - \$30,908] incurred by the former Parking Authority of North York in respect of a specific management agreement. These expenditures were deferred and are being amortized against revenue from operations over the term of the agreement.

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2005		2004	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Land	61,124,664	—	53,118,262	—
Parking garages	56,898,805	31,686,064	53,747,515	29,940,111
Surface car parks	9,157,743	2,329,607	8,204,562	2,001,575
Car parks and projects not completed	21,705	—	489,529	—
Equipment and furnishings	48,803,357	25,648,287	45,374,278	21,270,611
	176,006,274	59,663,958	160,934,146	53,212,297
Less accumulated amortization	59,663,958		53,212,297	
Net book value	116,342,316		107,721,849	

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 \$774,865 [2004 - \$719,656].

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.

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.

In 2004, the Authority agreed to pay an additional \$2,000,000 above the income sharing agreement as a one-time payment to the City.

9. LEASE COMMITMENTS

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

	\$
2006	358,345
2007	193,566
2008	190,246
2009	181,463
2010	179,558
2011 and thereafter	1,364,968
	2,468,146

10. FINANCIAL INSTRUMENTS

Fair value of financial instruments

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.

11. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2005 financial statements.

Off-Street Parking Facilities

NO.	LOCATION	CAPACITY	NO.	LOCATION	CAPACITY	NO.	LOCATION	CAPACITY	NO.	LOCATION	CAPACITY
DOWNTOWN											
26	Queen-Victoria Garage	645	157	Bayview/Millwood Garage (lower)	20	80	Keele St n of Dundas W	54	417	Pemberton	10
32	Bay St – Lakeshore Blvd. W	330	161	St. Clair-Yonge Garage	173	81	Lansdowne Ave n of Bloor W	40	418	68 Sheppard Avenue West	34
34	Dundas Square Garage	265	164	Thelma Ave-Spadina Road	43	82	Margueretta St n of Bloor W	56	419	5667 Yonge Street	11
36	Nathan Phillips Square Garage	2087	171	Mt. Pleasant Rd s of Eglinton E	53	84	Salem Ave n of Bloor W	35	TOTAL: 1313		
43	St. Lawrence Garage	2008	195	15 Price St.	71	85	Palmerston Ave n of Bloor W	58	SUBURBAN EAST		
52	University Ave Garage	323	223	1501 Yonge Street	37	91	Armadale Ave n of Bloor W	144	700	Bushby	377
108	Esplanade, w of Jarvis	34	602	1503 to 1505 Bayview Ave	25	93	Euclid Ave n of Bloor W	52	701	Fallingbrook	38
125	Richmond-Sherbourne Garage	258	655	China House	43	104	Ossington Ave n of Bloor W	40	706	284 Milner Ave	98
177	York/Lakeshore	40	TOTAL: 2594			111	College-Clinton Garage	79	707	1530 Markham Rd	24
215	Yorkville Ave	175	CENTRAL EAST			116	Kennedy Ave n of Bloor W	56	708	Scarborough Civic Centre	120
216	McCaul Street	38	17	Pape Ave n of Danforth	85	130	Bartlett Ave n of Bloor W	38	TOTAL: 657		
219	87 Richmond St. E	20	20	Cedarvale Ave n of Danforth	37	143	Windermere Ave n of Bloor W	88	SUBURBAN WEST		
TOTAL: 6223			21	Amroth Ave s of Danforth	54	144	Clinton St n of Bloor W	33	500	Grenview Ave n of Bloor	55
DOWNTOWN FRINGE											
1	Hayden St e of Yonge	430	28	Pape Ave s of Danforth	76	158	Queen St W w of Cowan Ave	32	501	Wendover Rd n of Bloor	80
3	Isabella St e of Yonge	33	45	Broadview Ave n of Queen E	92	167	Ossington Ave n of Queen W	20	502	Prince Edward Drive n of Bloor	44
5	Wellesley St e of Yonge	135	48	Lee Ave s of Queen E	68	168	Harrison St e of Dovercourt Road	47	503	Willingdon Ave n of Bloor	79
15	Yorkville-Cumberland Garage	1036	78	Erindale Ave e of Broadview Ave	93	181	Lampost Stadium	329	504	Jackson Ave n of Bloor	116
51	Lippincott St s of Bloor W	144	87	Chester Ave n of Danforth	83	188	Beatrice Street, s of College St	18	505	Bloor/Cliveden Ave s of Bloor	11
58	Bloor-Bedford Garage	399	88	e/s Ferrier Ave n of Danforth	47	204	1117 Dundas St W	37	506	Fifth/Sixth St n of Lake Shore Blvd W	53
68	Kensington Garage	450	89	Lipton Ave e of Pape Ave	70	217	1445 Bathurst Street	25	507	Third St s of Lake Shore Blvd W	24
71	Bellevue Ave s of Nassau St	91	90	Eaton Ave n of Danforth	30	218	3354 Dundas St. W	13	508	Eighth/Ninth St n of Lake Shore Blvd W	45
79	Sherbourne St n of Carlton St	110	110	Danforth Ave e of Coxwell Ave	25	220	789 St. Clair Ave. W	18	509	Fourth St s of Lake Shore Blvd W	22
96	Portland Garage	37	126	Parliament St s of Front E	84	225	80 Clinton	25	510	Twenty-Third St s of Lake Shore Blvd W	22
106	Augusta Ave n of Queen W	120	137	Gough Ave n of Danforth	17	226	646 St Clair Ave W	18	511	Seventh St s of Lake Shore Blvd W	54
109	Aberdeen Ave w of Parliament St	35	142	Langford Ave n of Danforth	27	651	Locust St	47	512	Central Park	57
150	Larch St Garage	357	146	Gerrard St E w of Broadview Ave	43	652	Scott Rd	14	513	Queensway n of Royal York Rd	28
163	Dragon City Garage	129	149	Woodycrest Ave n of Danforth	35	653	E side Riverview Gardens	113	514	Seventh St Lane n of Lake Shore Blvd W	11
205	465 Huron St	20	156	w/s Ferrier Ave n of Danforth	23	654	W side Riverview Gardens	100	515	Thirteenth St s of Lake Shore Blvd W	10
209	711 Lakeshore Blvd. W	65	170	Hammersmith Ave n of Queen E	30	656	Mould Ave	7	516	Woolgar Laneway n of The Queensway	49
212	363 Adelaide St W	23	173	Rhodes Ave s of Danforth	24	658	Dufferin St	94	517	Superior Ave n of Lake Shore Blvd W	15
221	121 St. Patrick Street	36	174	Hiawatha and Gerrard	50	659	Oakwood Library	22	519	Dayton Lane s of The Queensway	15
227	105 Spadina	18	179	Gerrard St e/Broadview	25	660	Oakwood Ave	21	520	Royal Avon n of Dundas St W	62
TOTAL: 3668			180	Gerrard St e/Rhodes	41	661	Rogers Rd	24	521	Monkton Ave, s of Bloor St W	25
MIDTOWN											
11	Rosehill Garage	565	184	Boardwalk, s of Queen E	24	663	Shortt St	130	528	Assembly Hall Lot	30
12	Alvin Ave n of St. Clair E	188	185	Joseph Duggan Rd, s of Queen E	24	664	Eglinton/Oakwood	40	529	Powerhouse Lot	188
13	Delisle Ave w of Yonge	238	186	Sarah Ashbridge Ave, s of Queen E	24	667	1531 Eglinton Ave	23	650	John St	158
29	Holly-Dunfield Garage	460	200	1167 Eastern Ave	66	TOTAL: 2710			657	Scarlett Rd	11
39	Castlefield Ave w of Yonge	163	202	1141 Eastern Ave	18	SUBURBAN NORTH			662	Emmett Ave	78
47	Castleknock Rd n of Eglinton W	174	600	Civic Centre	20	400	10 Kingsdale Ave	48	668	2700 Eglinton Ave W	110
49	Roehampton Ave e of Yonge	126	TOTAL: 1335			401	246 Brooke Avenue	97	669	2700 Eglinton Ave W	38
55	Bedford Park Ave w of Yonge	42	CENTRAL WEST			402	10 Empress Ave	29	TOTAL: 1490		
107	MacPherson Ave-Rathnelly Ave	40	18	Keele St s of Dundas W	77	403	10 Harlandale Ave	112	TOTAL: 19,990		
131	Eglinton W-Hilltop Road	28	19	Pacific Ave s of Dundas W	71	404	Beecroft Garage	394	SPECIAL FACILITIES		
139	Sherwood Ave e of Yonge	46	41	Norton Ave w of Dufferin	64	410	Beecroft West	173	Commuter Carparks	13,843	
152	Glenforest Rd e of Yonge	26	42	Via Italia s of St. Clair W	169	411	Roe Ave (1880 Avenue Rd)	32	Seasonal	350	
155	Eglinton W-Glen Cedar Road	33	44	Fuller Ave n of Queen W	53	412	11 Finch Ave West	62	GRAND TOTAL: 34,183		
			53	Richmond St West – Walnut Ave	49	413	Warner Bros	17			
			62	Queen St W – Abell St	29	414	Jolly Miller	262			
			64	Durie St n of Bloor W	155	415	5151 Yonge St	32			

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