
Toronto Parking Authority

*2016 year-end report
to the Audit Committee*

*Prepared as of
May 9, 2017*





May 9, 2017

Members of the Audit Committee
Toronto Parking Authority
33 Queen Street East
Toronto ON M5C 1R5

Dear Members of the Audit Committee:

We have substantially completed our audit of the financial statements of Toronto Parking Authority (the organization or TPA) prepared in accordance with International Financial Reporting Standards (IFRS) for the year ended December 31, 2016. We propose to issue an unqualified report on those financial statements, pending resolution of outstanding items outlined on page 1. Our draft auditor's report is included in Appendix A.

We prepared the accompanying report to assist you in your review of the financial statements. It includes an update on the status of our work, as well as a discussion on the significant accounting and financial reporting matters dealt with during the audit process.

We will review the key elements of this report at the upcoming meeting and discuss our findings with you.

We would like to express our sincere thanks to the management and staff of TPA who have assisted us in carrying out our work, and we look forward to our meeting on May 15, 2017. If you have any questions or concerns prior to the Audit Committee meeting, please do not hesitate to contact me in advance.

Yours very truly,

A handwritten signature in blue ink, appearing to read "T. McKinnon", followed by a horizontal line.

Terri McKinnon
Partner
Risk Assurance Services

c.c.: Lorne Persiko, President
Robin Oliphant, CFO

PricewaterhouseCoopers LLP
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Communications to the Audit Committee

Key matters for discussion	Comments
Status of the audit	<p>PricewaterhouseCoopers LLP (PwC or we) have substantially completed our audit of the financial statements for the year ended December 31, 2016.</p> <p>Significant outstanding items at time of mailing include the following:</p> <ul style="list-style-type: none"> • Finalization of accounting for sale of Car Park 650; • Receipt of signed management representation letter; • Completion of subsequent events procedures; and • Approval of the financial statements by the Board of Directors.
Client service team	Terri McKinnon is your engagement leader and Vadym Bilishuk is your engagement manager.
Service deliverables	<p>The services we are providing:</p> <ul style="list-style-type: none"> • Financial statement audit in accordance with IFRS for Toronto Parking Authority (TPA) • Audit of Statement of Operations for Toronto Parking Authority Carpark No. 161 – St. Clair-Yonge Garage <p>The engagement letter signed by the City of Toronto sets out the terms and conditions for the audits and outlines the responsibilities of the auditors, management and those charged with governance.</p>
Audit timeline	<p>We worked with management to develop this project timeline:</p> <ul style="list-style-type: none"> • Interim visit: November 28th – 1 week; • Year-end visit: March 27st – 2 weeks; • Closing meeting with management: April 28, 2017; • Audit Committee meeting: May 15, 2017; • Board of Directors meeting: May 29, 2017; and • Delivery of financial statements: June 2017.
Audit approach	<p>Our audit approach is a mixture of tests of internal controls and substantive testing and has not changed significantly from the prior year. In the current year, our work included testing of key controls in the following areas:</p> <ul style="list-style-type: none"> • Revenue; • Purchases, payables and disbursements; and • Property, plant and equipment acquisitions. <p>All other areas were subject to tests of detail and substantive analytical testing.</p>
Materiality	Misstatements are considered to be material if they could reasonably be expected to influence the economic decisions of users of the financial statements. We set a materiality level of \$5,654,000 based on 10% of the net income. We have reported unadjusted and adjusted items over \$565,000 in Appendix B.

Key matters for discussion	Comments
Significant accounting, auditing and reporting matters discussed with management	
Revenue Recognition (significant risk) Auditing standards assume a rebuttable presumption, that there is a significant risk of fraud in revenue recognition in all organizations.	<p>In particular, there is a risk in respect of off-street parking revenues due to the significant amount of cash that is collected from these operations. To address this risk, we tested internal controls surrounding the cash collections and reconciliations which are performed on a daily basis. We have tested a sample of these reconciliations and ensured they were appropriately prepared and transactions accurately recorded in the general ledger.</p> <p>In respect of on-street parking revenues, we tested internal controls over the reconciliation of the cash collected by the security company (Inkas) and the amounts deposited by TPA.</p> <p>For the remaining revenue streams we selected a sample of transactions and agreed them to supporting documentation. Our audit procedures also addressed the identification and elimination of the transactions for the parking lots managed for Toronto Transit Commission.</p> <p>There were no matters to bring to your attention as a result of our testing.</p>
Risk of management override of controls (significant risk) Accounting regulatory authorities require that the risk of material misstatement due to management override of controls be considered a significant risk on every audit engagement.	<p>To address the risk of management override of controls, and as part of our fraud procedures, we performed the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the entity's financial reporting processes and the controls over major business processes; • Identified risk criteria specific to the entity to scope in journal entries for testing and utilized our new tool, Halo, to identify entries for testing; • Inquired of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments; and • Incorporated an element of unpredictability into the current year audit procedures. <p>We performed testing over the journal entries identified for appropriateness and authorization. In addition, for the unpredictable procedure we performed testing of the business purpose of a sample of expenditures and tested employee existence.</p> <p>As a result of this testing, we did not note any matters that require your attention.</p>
Sale of Car Park 650	<p>In 2013, TPA entered into an agreement with a private developer for sale of an existing surface carpark and the sale was closed in 2016. The sale was part of a larger transaction involving the City. The Authority received no cash proceeds but will receive approximately 77 surface parking spaces to be located on a parcel of land that the City transferred control over to TPA at no cost.</p>

<i>Key matters for discussion</i>	<i>Comments</i>
	<p>We performed the following audit procedures relating to this transaction:</p> <ul style="list-style-type: none"> • Obtained an understanding of the transaction with management; • Reviewed the purchase and sale agreement between TPA and the developer; • Involved PwC valuation team to conclude on reasonability of the current valuation of the land involved in the transaction and cost to construct new 77 surface parking; • Involved PwC Accounting Consulting Services specialists to conclude on the appropriateness of accounting treatment for the transaction; and • Obtained and reviewed information about the carrying value of the land transferred by the City to TPA in the City's accounting records. <p>The land contributed by the City is reflected in the Statement of Changes in Equity as a capital contribution of \$1,904,000 to the Authority. In addition, the transaction with the developer was recorded at fair value with a gain on sale of \$3,035,985 recorded in the Statement of Income and Comprehensive Income. In addition, an adjustment of \$2,839,000 was recorded in the Statement of Changes in Equity which represents a difference between fair value of the land transferred to the developer and deemed cost of 77 surface parking spaces to be received by TPA since the City received the proceeds on the transaction which resulted in TPA receiving no monies for the property.</p> <p>Refer to Appendix B for the adjustment recorded.</p>
Other areas of interest	
Fraud and illegal acts	<p>We discuss fraud risk annually with the Audit Committee. Through our planning process (and prior years' audits), we developed an understanding of your oversight processes including:</p> <ul style="list-style-type: none"> • Discussion at Audit Committee meetings; • Presentations by management, including business performance reviews; and • Consideration of tone at the top. <p>Are there any new processes or changes to the items above that we should be aware of?</p> <p>No fraud involving senior management, or employees with a significant role in internal control or that would cause a material misstatement of the financial statements and no illegal acts came to our attention as a result of our audit procedures. We wish to confirm that the Audit Committee is not aware of any known, suspected or alleged incidents of fraud or illegal acts not previously discussed with us.</p>

<i>Key matters for discussion</i>	<i>Comments</i>
Internal controls recommendations	<p>No significant internal control findings to report.</p> <p>All other internal controls recommendations identified have been discussed with management. One of them related to access rights to the accounting system PICK.</p> <p>Based on the discussion with Director of IT, in most cases user access rights to new employees are assigned by copying an existing user profile of equivalent position or predecessor. A “deep-dive” of the user access rights has not been performed by the IT team for a long period of time and access rights are not reviewed on a regular basis.</p> <p>PwC noted that management has compensating manual controls in all significant business processes but recommended to implement a regular review of access rights and an enhanced procedure for granting new access rights to ensure there are no combinations of conflicting access rights in the system.</p>
Management Representations	<p>We are required to inform you of the representations we are requesting from management.</p> <p>Management’s representation letter outlines the responsibilities of the management for the fair presentation of the financial statements in accordance with the relevant financial reporting framework.</p> <p>A copy of the draft representation letter is included in Appendix C.</p>
Subsequent events	<p>No subsequent events which would impact the financial statements other than those disclosed have come to our attention.</p> <p>We would like to confirm that the Audit Committee is not aware of any other subsequent events that might affect the financial statements.</p>
Audit fees	<p>We would like to make the Committee aware that there will be fees above the amount noted in the engagement letter resulting from the additional work incurred relating to the sale of Car Park 650.</p>

The matters raised in this and other reports that will flow from the audit are only those that have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all internal control weaknesses. Comments and conclusions should only be taken in context of the financial statements as a whole, as we do not mean to express an opinion on any individual item or accounting estimate. This report has been prepared solely for your use. It was not prepared for, and is not intended for, any other purpose. No other person or entity shall place any reliance upon the accuracy or completeness of statements made herein. PwC does not assume responsibility to any third party, and, in no event, shall PwC have any liability for damages, costs or losses suffered by reason of any reliance upon the contents of this report by any person or entity other than you.

Appendix A: Draft auditors' report



June @@, 2017

Independent Auditor's Report

To the Board of Directors of Toronto Parking Authority

We have audited the accompanying financial statements of Toronto Parking Authority, which comprise statement of financial position as at December 31, 2016 and the statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Toronto Parking Authority as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Professional Accountants

DRAFT

Appendix B: Summary of unadjusted and adjusted items

a. Unadjusted items

As a result of our audit, we noted the following item with an impact on the balance sheet and statement of net income.

<i>Description</i>	<i>Assets at December 31, 2016</i>	<i>Liabilities at December 31, 2016</i>	<i>Opening equity as at December 31, 2016</i>	<i>Net income for year ended December 31, 2016</i>
To appropriately record the adjustment relating to the finance lease receivable (noted in the prior year)	\$ -	\$ -	\$1,625,868	\$(1,625,868)
Total	\$ -	\$ -	\$1,625,868	\$(1,625,868)

As a result of our audit, we conclude that the above unadjusted items are immaterial to the financial statements taken as a whole.

b. Adjusted items

As a result of our audit, we noted the following items adjusted by management in the financial statements.

<i>Description</i>	<i>Assets at December 31, 2016</i>	<i>Liabilities at December 31, 2016</i>	<i>Equity as at December 31, 2016</i>	<i>Net income for year ended December 31, 2016</i>
#1 To reclassify restricted cash to cash	\$3,920,000 \$(3,920,000)	\$ -	\$ -	\$ -
#2 To adjust for Car Park 650 sale transaction	\$616,000	\$ -	\$669,448	\$(1,285,448)
#3 To record land contributed by the City of Toronto	\$1,904,000	\$ -	\$(1,904,000)	\$ -
Total	\$1,616,000	\$ -	\$(330,552)	\$(1,285,448)

Appendix C: Management representation letter

[Client Letterhead]

June @@, 2017

PricewaterhouseCoopers LLP
18 York Street, Suite 2600
Toronto, ON M5J 0B2

We are providing this letter in connection with your audit of the financial statements of Toronto Parking Authority – (TPA) as at December 31, 2016 and for the year then ended for the purpose of expressing an opinion as to whether such financial statements present fairly, in all material respects, the financial position, the financial performance and the cash flows of TPA in accordance with International Financial Reporting Standards (IFRS).

Management's responsibilities

We have fulfilled our responsibilities, as set out in the terms of the City of Toronto audit engagement letter dated December 18, 2015 as confirmed by engagement letter annual confirmation dated October 14, 2016. In particular, we confirm to you that:

- We are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS;
- We are responsible for designing, implementing and maintaining an effective system of internal control over financial reporting to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error. In this regard, we are responsible for establishing policies and procedures that pertain to the maintenance of accounting systems and records, the authorization of receipts and disbursements, the safeguarding of assets and for reporting financial information in accordance with IFRS;
- We have provided you with all relevant information and access, as agreed in the terms of the audit engagement; and
- All transactions have been recorded in the accounting records and are reflected in the financial statements.

We confirm the following representations:

Preparation of financial statements

The financial statements include all disclosures necessary for fair presentation in accordance with IFRS and disclosures otherwise required to be included therein by the laws and regulations to which TPA is subject.

We have appropriately reconciled our books and records (e.g. general ledger accounts) underlying the financial statements to their related supporting information (e.g. sub ledger or third party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a balance sheet account, which should have been written off to a profit and loss account and vice versa. All intracompany accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

Accounting policies

We confirm that we have reviewed TPA's accounting policies and, having regard to the possible alternative policies, our selection and application of accounting policies and estimation techniques used for the

preparation and presentation of the financial statements is appropriate in TPA's particular circumstances to present fairly in all material respects its financial position, the financial performance and the cash flows in accordance with IFRS.

Internal controls over financial reporting

We have designed disclosure controls and procedures to provide reasonable assurance that material information relating to TPA is made known to us by others.

We have designed internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with IFRS.

We have performed an assessment of the effectiveness of TPA's disclosure controls and procedures and internal control over financial reporting and concluded that TPA maintained effective disclosure controls and procedures and internal control over financial reporting as of December 31, 2016.

We have not identified any deficiency in the design or operation of disclosure controls and procedures and internal control over financial reporting identified as part of our assessment as of December 31, 2016.

Minutes

All matters requiring disclosure to or approval of the Board of Directors have been brought before them at appropriate meetings and are reflected in the minutes.

Completeness of transactions

All contractual arrangements entered into by TPA with third parties have been properly reflected in the accounting records or/and, where material (or potentially material) to the financial statements, have been disclosed to you. We have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There are no side agreements or other arrangements (either written or oral) undisclosed to you.

Fraud

We have disclosed to you:

- The results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- All information in relation to fraud or suspected fraud of which we are aware affecting TPA involving management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial statements; and
- All information in relation to any allegations of fraud, or suspected fraud, affecting TPA's financial statements, communicated by employees, former employees, analysts, regulators or others.

Disclosure of information

We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters including:
 - Contracts and related data;
 - Information regarding significant transactions and arrangements that are outside the normal course of business; and
 - Minutes of the meetings of shareholders, management, directors and committees of directors;
- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

We have no knowledge of any allegations of fraud or suspected fraud affecting TPA received in communications from employees, former employees, analysts, regulators, short sellers, or others.

Compliance with laws and regulations

We have disclosed to you all aspects of laws, regulations and contractual agreements that may affect the financial statements, including actual or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

We are not aware of any illegal or possibly illegal acts committed by TPA's directors, officers or employees acting on TPA's behalf.

Accounting estimates and judgments

We are responsible for all significant estimates and judgments affecting the financial statements. These include fair value measurements and disclosures. Significant estimates and judgments and their underlying assumptions, methods, procedures and the source and reliability of supporting data are reasonable and based on applicable requirements of IFRS, and are appropriately disclosed in the financial statements. The procedures and methods utilized in developing assumptions, estimates and judgments are appropriate and have been consistently applied in the periods presented.

We have applied the requirements of IAS 1, *Presentation of Financial Statements* (IAS 1) when providing disclosure of estimates and judgments which are significant and/or material to the financial statements.

Fair value measurements

We have no plans or intentions that have not been disclosed to you, which may impact the determination of whether a fair value measurement is required in the financial statements.

In instances, where fair value measurements are required in the financial statements, we believe the fair value measurement used is consistent with the principle of establishing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, consistent with the requirements of IFRS 13 Fair Value Measurement (IFRS 13), in particular:

- the fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability;
- the measurement methods are appropriate and consistently applied and make maximum use of relevant and available publicly observable market inputs;
- the significant assumptions used in determining fair value measurements represent our best estimates, are reasonable and have been consistently applied; and
- no subsequent event requires adjustment to the fair value estimates and disclosures included in the financial statements.

We have appropriately disclosed information on fair value measurements used in the financial statements in accordance with the requirements of IFRS 13 and IFRS 7 *Financial Instruments: Disclosures* (IFRS 7). We have distinguished between recurring and non-recurring fair value measurements and have appropriately classified fair value measurements in Level 1, Level 2 or Level 3 of the fair value hierarchy and have appropriately disclosed the categorization of such financial instruments and any changes in the level for which they are carried in the fair value hierarchy.

Related parties

We confirm that we have disclosed to you the identity of TPA's related parties as defined by IAS 24 Related Party Transactions (IAS 24), and all the related party relationships and transactions.

The identity of, relationship, balances and transactions with related parties have been properly recorded and adequately disclosed in the financial statements, as required by IAS 24.

We confirm that we have identified all members of key management, as defined by IAS 24, and included their remuneration in the disclosures of key management compensation in the financial statements.

The list of related parties attached to this letter as Appendix A accurately and completely describes TPA's related parties and the relationships with such parties.

Going concern

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements (e.g. to dispose of the business or to cease operations).

Assets and liabilities

We have satisfactory title or control over all assets. All liens or encumbrances on TPA's assets and assets pledged as collateral, to the extent material, have been disclosed in notes to the financial statements.

We have recorded or disclosed, as appropriate, all liabilities, in accordance with IFRS. All liabilities and contingencies, including those associated with guarantees, whether written or oral, under which TPA is contingently liable in accordance with the IAS 37 - Provisions, Contingent Liabilities and Contingent Assets, have been disclosed to you and are appropriately reflected in the financial statements.

Litigation and claims

All known actual or possible litigation and claims, which existed at the statement of financial position date or exist now, have been disclosed to you and accounted for and disclosed in accordance with IFRS, whether or not they have been discussed with legal counsel.

Misstatements detected during the audit

Certain representations in this letter are described as being limited to those matters that are material. Items are also considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

We confirm that the financial statements are free of material misstatements, including omissions.

The effects of the uncorrected misstatements in the financial statements, as summarized in the accompanying schedule (Appendix B), are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We confirm that we are not aware of any uncorrected misstatements other than those included in Appendix B.

The corrected misstatements have been included in Appendix B.

Reclassification of prior year's balance

The reclassification made to correct prior year's financial statements to conform to the current year's financial statement presentation has been appropriately accounted for and disclosed in accordance with the requirements of IFRS.

Cash and banks

The books and records properly reflect and record all transactions affecting cash funds, bank accounts and bank indebtedness of TPA.

All cash balances are under the control of TPA, free from assignment or other charges, and unrestricted as to use, except as disclosed to you.

The amount shown for cash on hand or in bank accounts excludes trust or other amounts, which are not the property of TPA.

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.

All cash and bank accounts and all other properties and assets of TPA are included in the financial statements as at December 31, 2016 and for the year then ended.

Accounts receivable

All amounts receivable by TPA were recorded in the books and records.

Receivables recorded in the financial statements represent bona fide claims against debtors for sales or other charges arising on or before the statement of financial position date and are not subject to discount except for normal cash discounts. Receivables classified as current do not include any material amounts that are collectible after one year.

Amounts receivable amounted to \$1,177,125 are considered to be fully collectible and prepaid expenses amounted to \$1,323,025 are considered to be fully recoverable.

Amounts receivable that are non-interest bearing and are expected to be received more than a year after initial recognition date are recorded at amortized cost, using the effective interest method.

All receivables are free from hypothecation or assignment as security for advances to TPA.

Loans receivable

Only financial instruments meeting the definition of “loans and receivables” in IAS 39, have been classified in the loans and receivables category.

We have reviewed loans receivable carried at amortized cost for impairment and made appropriate allowances thereon if necessary, in accordance with IAS 39. The allowance does not include an amount for loan losses expected to be incurred subsequent to December 31, 2016.

Financial assets accounted for under IAS 39 (other than loans and receivables)

All financial instruments qualifying as assets of TPA and meeting the scope/recognition requirements in IAS 39, have been recorded in the financial statements. Financial instruments that do not qualify for recognition as an asset of TPA under IAS 39 are excluded from the accounts and properly disclosed and/or accounted for under other applicable standards.

All financial instruments are appropriately classified in the categories defined under IAS 39. There have been no reclassifications between categories of financial instruments after initial recognition of a financial instrument other than those disclosed in the financial statements that meet the reclassification criteria in IAS 39.

Income earned on financial assets has been recorded in the accounts, and any interest income has been accrued using the effective interest rate method.

We are not aware of any objective evidence of impairment that could result in the recognition of an impairment loss on any financial asset.

Leases

We have reviewed and disclosed to you all new arrangements signed during the year to confirm whether or not these have the form of a lease in accordance with the requirements of International Financial Reporting Interpretations Committee (IFRIC) 4, Determining Whether an Arrangement Contains a Lease.

We have determined that none of them had the form of a lease in accordance with the requirements of IFRIC 4 and we have classified these new contracts as finance or operating lease arrangements using the guidance of IAS 17, Leases.

We have disclosed to you any leases entered into during the year (including any sale/leaseback transactions) and have appropriately considered the classification and accounting for such leases under IAS 17, as finance or operating leases. For leases in which we are the lessee, we have appropriately updated the disclosure of our lease commitments schedule and confirm its completeness to you.

All existing lease agreements have been disclosed to you and classified as finance or operating lease arrangements using the guidance of IAS 17.

Any modifications of existing leases during the year (including renewals that were not anticipated at the inception of the lease) have been disclosed to you and we have considered whether such modifications change the classification of such leases using the guidance in IAS 17.

Where we are the lessee, assets held under finance leases have been amortized on a systematic basis over the period of expected use. At initial recognition, the discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Property, plant and equipment

Each significant individual component of acquired property, plant and equipment has been accounted for separately in accordance with *IAS 16, Property, Plant and Equipment*.

We estimate that the current carrying values of property, plant and equipment, measured using the fair value model, are not materially different from the amounts that would be determined by a fair value exercise at the end of the reporting period.

No significant additions of property, plant and equipment have been charged to repairs and maintenance or other expense accounts.

Carrying values of property, plant and equipment sold, destroyed, abandoned or otherwise disposed of have been eliminated from the books and records

Property, plant and equipment owned by TPA have been depreciated on a systematic basis over their estimated useful lives and the provision for depreciation was calculated on a basis consistent with that of the prior year.

During the year, we have reviewed the residual values of property, plant and equipment taking into account all pertinent factors. Any significant change in our assessment from the prior year has been adequately disclosed and reflected in the financial statements.

In accordance with the requirements of *IAS 36, Impairment of Assets* (IAS 36), we considered whether there are any indicators of impairment at the end of the reporting year. Our conclusions have been that there were no events or changes in circumstances that indicate that the carrying values of property, plant and equipment are not recoverable. Accordingly, management was not required to perform an impairment test in accordance with IAS 36 during the year.

Accounts payable

Accounts payable that are non-interest bearing and are expected to be paid more than a year after the initial recognition date have been classified as long term in the statement of financial position, initially recognized at fair value, using an appropriate discount rate, and subsequently measured at amortized cost.

Long-term debt

All borrowings and financial obligations of TPA of which we are aware are included in the financial statements, as appropriate. We have fully disclosed to you all borrowing arrangements of which we are aware.

We have appropriately classified as current and non-current the debt payable in TPA's statement of financial position as at December 31, 2016 in accordance with the guidance in IAS 1, Presentation of Financial Statements. In evaluating the appropriate classification of TPA's borrowings, we have considered all relevant facts and circumstances.

We have no debt covenants on the debt payable.

Unearned revenue and deferred credits

All material amounts of unearned revenue and deferred credits, including deferred income taxes, were appropriately recorded in the books and records.

Statements of income and comprehensive income

All transactions entered into by TPA have been recorded in the books and records presented to you.

All amounts have been appropriately classified within the statements of income, comprehensive income and changes in equity.

Except as disclosed in the financial statements, there are no non-recurring items or adjustments to income reported in prior years, in material amounts. When items of income and expense are material, their nature and amount have been disclosed separately.

The accounting principles and policies followed throughout the year were consistent with the prior year's practices (except as disclosed in the financial statements).

Asset retirement obligations

There are no legal and/or constructive asset retirement obligations (AROs) that have not already been disclosed to you.

Revenue recognition

We have reviewed the criteria for revenue recognition included in IAS 18, Revenue, related to the sale of goods and/or rendering of services and have concluded that our revenue recognition policy is consistent with IFRS requirements. We have made the results of this review available to you.

We have fully disclosed to you separate arrangements with the same entity or related parties that are entered into at or near the same time.

Events after December 31, 2016

We have identified all events that occurred between the statement of financial position date and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure.

Yours truly,

Toronto Parking Authority

Anne Hu, Manager, Budget and Analysis

Robin Oliphant, CFO

Appendix A- List of Related Parties

Agencies and Corporations:

- Board of Governors of Exhibition Place
- Toronto Board of Health
- Board of Management of the Toronto Zoo
- Toronto Community Housing Corporation (“TCHC”)
- Build Toronto Inc.
- Toronto Licensing Commission
- Casa Loma Corporation
- Toronto Pan Am Sports Centre Inc. (“TPASC”)
- Heritage Toronto (50% proportionately)
- Invest Toronto Inc.
- Toronto Police Services Board
- Lakeshore Arena Corporation
- Toronto Public Library Board
- St. Lawrence Centre for the Arts
- Toronto Transit Commission (“TTC”)
- The North York Performing Arts Centre
- Toronto Waterfront Revitalization Corporation (“TWRC”) (1/3rd proportionately)
- The Sony Centre for the Performing Arts
- Yonge–Dundas Square
- Toronto Atmospheric Fund (“TAF”)

Arenas:

- Forest Hill Memorial
- Moss Park
- George Bell
- North Toronto Memorial
- Leaside Memorial Community Gardens
- Ted Reeve Community
- McCormick Playground
- William H. Bolton

Community Centres:

- 519 Church Street
- Eastview Neighbourhood
- Applegrove
- Harbourfront
- Cecil Street
- Ralph Thornton
- Central Eglinton
- Scadding Court
- Community Centre 55
- Swansea Town Hall

Business Improvement Areas:

- Albion Islington Square
- Baby Point Gates
- Bloor Annex
- Bloor By The Park
- Bloor Street
- Bloor West Village
- Bloor Yorkville
- Bloorcourt Village
- Bloordale Village
- Cabbagetown
- Chinatown
- Church Wellesley Village
- College Promenade
- College West
- Corso Italia
- Crossroads of the Danforth
- Danforth Mosaic
- Danforth Village
- Dovercourt Village
- Downtown Yonge
- Dufferin Wingold
- Duke Heights
- Dundas West
- Dupont by the Castle
- Eglinton Hill
- Emery Village
- Fairbank Village
- Financial District
- Forest Hill Village
- Gerrard India Bazaar
- Greektown on the Danforth
- Harbord Street
- Hillcrest Village
- Historic Queen East
- Junction Gardens

- Kennedy Road
- Kensington Market
- Korea Town
- Lakeshore Village
- Leslieville
- Liberty Village
- Little Italy
- Little Portugal
- Long Branch
- Mimico by the Lake
- Mimico Village
- Mirvish Village
- Mount Dennis
- Mount Pleasant
- Oakwood Village
- Ossington Avenue
- Pape Village
- Parkdale Village
- Queen Street West
- Regal Heights Village
- Riverside District
- Roncesvalles Village
- Rosedale Main Street
- Sheppard East Village
- shoptheQueensway.com
- St. Clair Gardens
- St. Lawrence Market

Neighbourhood

- The Beach
- The Danforth
- The Eglinton Way
- The Kingsway
- The Waterfront
- Toronto Entertainment

District

- Trinity Bellwoods
- Upper Village
- Uptown Yonge
- Village of Islington
- West Queen West
- Weston Village
- Wexford Heights
- Wilson Village
- Wychwood Heights
- Yonge Lawrence Village
- York Eglinton

Appendix B- Summary of Uncorrected Misstatements (SUM) and Corrected Misstatements**Summary of Uncorrected Misstatements**

Description	Assets at December 31, 2016	Liabilities at December 31, 2016	Opening Equity as at December 31, 2016	Net income for year ended December 31, 2016
To appropriately record the adjustment relating to the finance lease receivable (noted in the prior year)	\$ -	\$ -	\$1,625,868	\$ (1,625,868)
Total	\$ -	\$ -	\$1,625,868	\$(1,625,868)

Corrected Misstatements

Description	Assets at December 31, 2016	Liabilities at December 31, 2016	Equity as at December 31, 2016	Net income for year ended December 31, 2016
#1 To reclassify restricted cash to cash	\$3,920,000 \$(3,920,000)	\$ -	\$ -	\$ -
#2 To adjust for the Car Park 650 sale transaction	\$616,000	\$ -	\$669,448	\$(1,285,448)
#3 To record land contributed by the City of Toronto	\$1,904,000	\$ -	\$(1,904,000)	\$ -
Total	\$1,616,000	\$ -	\$(330,552)	\$(1,285,448)

