



REPORT FOR ACTION

Toronto Parking Authority - 2021 Audited Financial Statements

Date: April 26, 2022

To: Audit and Risk Management Committee of the Board of Directors of Toronto Parking Authority

From: President, Toronto Parking Authority

Wards: All

SUMMARY

The purpose of this report is to provide the Audit and Risk Management Committee of the Board of Directors of Toronto Parking Authority (TPA) and Board of Directors of TPA with the audited financial statements and highlights of the 2021 financial results for the year ended December 31, 2021.

KPMG LLP has completed their audit of TPA's financial statements for the year ended December 31, 2021. A draft of the financial statements along with a copy of KPMG's year-end report to the Audit and Risk Management Committee is provided in Attachments 1 and 2. KPMG Audit Partner, Kevin Travers, will be attending the May 10, 2022 Audit and Risk Management Committee meeting to provide a summary on significant accounting and financial reporting matters dealt with during the audit process.

RECOMMENDATIONS

The President, Toronto Parking Authority recommends that:

- 1) The Board of Directors, Toronto Parking Authority, approve the Audited Financial Statements for the year ended December 31, 2021.

FINANCIAL IMPACT

The Toronto Parking Authority's annual distribution to the City of Toronto for the 2021 financial year is \$19.8 million, comprised of a net income share distribution of \$7.8 million and a one-time special distribution of \$12.0 million.

DECISION HISTORY

Audited financial statements for Toronto Parking Authority are required to be submitted on an annual basis to the Audit and Risk Management Committee, the City of Toronto (City) Audit Committee and City Council.

Pursuant to City of Toronto Municipal Code Chapter 179, *Parking Authority*, the City's external auditor shall be the auditor of the Parking Authority, and all books, documents, transactions, minutes and accounts of the Parking Authority shall, at all times, be open to his or her inspection.

The City's Auditor General conducts a competitive process to select an external auditor and City Council adopted the recommendation at its meeting on June 29, 2020 to appoint KPMG LLP, as the Auditor for the City from 2020-2024.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.AU5.7>

COMMENTS

Summary of 2021 Financial Results

Total 2021 net income (before one-time gains) for the year, decreased -39.6 percent or \$(5.5) million over the prior year to \$8.4 million as the impact of the pandemic continued to significantly impact parking transaction volume relative to 2019 pre-pandemic transaction volumes. However, transaction volumes have begun to recover in 2021; transaction volume for off-street increased 14.3 percent and on-street remained at similar levels relative to 2020. Bike Share ridership continued to benefit from the 2020 expansion of capacity, ridership revenues increased by 8.2 percent and losses expanded due to the additional operating costs of the expanded capacity.

Operating expenses increased by \$3.9 million (+5.6 percent) partially offset by lower administration expenses, which decreased by \$0.6 million (-4.6 percent) over the prior year. Parking operating expenses increased by more than revenue due to increased security and maintenance costs. Bike Share operating expenses increased by \$2.0 million (+27 percent) due to expanded capacity.

TPA management will continue to manage its discretionary costs while pivoting to future-proof the business through investments in infrastructure renewal, talent, technology and “big bet” strategic priorities like expanding our Electric Vehicle (EV) charging network infrastructure and continuing to create the world’s premier Bike Share network as the pandemic wanes and revenues accelerate.

Table 1: 2021 Financial Results

| \$000's | 2021 Actual | 2020 Actual | 2021 Actual vs 2020 Actual | |
|--|------------------------|------------------------|---------------------------------------|---------------|
| Off-street | 51,894 | 49,940 | 1,954 | 3.9% |
| On-Street | 34,209 | 34,262 | (53) | -0.2% |
| Bike Share | 6,878 | 5,704 | 1,174 | 20.6% |
| Parking revenue | 92,981 | 89,906 | 3,075 | 3.4% |
| Operating expenses | 74,492 | 70,543 | (3,949) | -5.6% |
| Administrative expenses | 12,996 | 13,624 | 628 | 4.6% |
| Income from operations | 5,493 | 5,739 | (246) | -4.3% |
| <i>Operating Margin %</i> | 5.9% | 6.4% | | |
| Other income | 2,940 | 8,222 | (5,282) | -64.2% |
| Net income before one-time gain | 8,433 | 13,961 | (5,528) | -39.6% |
| Gain on the sale of assets | 1,029 | 70 | 959 | 1370.0% |
| Net income | 9,462 | 14,031 | (4,569) | -32.6% |

Table 2: 2021 Parking Results

| \$000's | 2021 Actual | 2020 Actual | 2021 Actual vs 2020 Actual | |
|--|------------------------|------------------------|---------------------------------------|---------------|
| Off-street | 51,894 | 49,940 | 1,954 | 3.9% |
| On-street | 34,209 | 34,262 | (53) | -0.2% |
| Parking revenue | 86,103 | 84,202 | 1,901 | 2.3% |
| Operating expenses - direct | 65,115 | 63,184 | (1,931) | -3.1% |
| Administrative expenses | 12,996 | 13,624 | 628 | 4.6% |
| Income from operations | 7,992 | 7,394 | 598 | 8.1% |
| <i>Operating Margin %</i> | 9.3% | 8.8% | | |
| Other income | 2,940 | 8,222 | (5,282) | -64.2% |
| Net income before one-time gain | 10,932 | 15,616 | (4,684) | -30.0% |
| Gain on the sale of assets | 1,029 | 70 | 959 | 1370.0% |
| Net income | 11,961 | 15,686 | (3,725) | -23.7% |

Parking Transaction Volume:

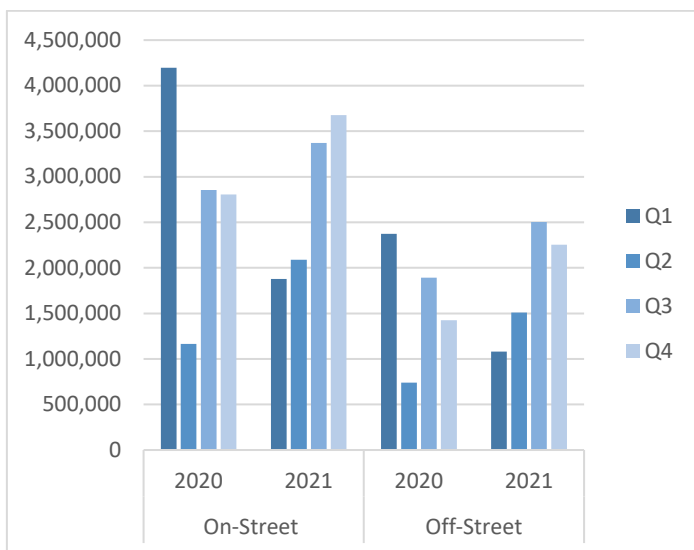
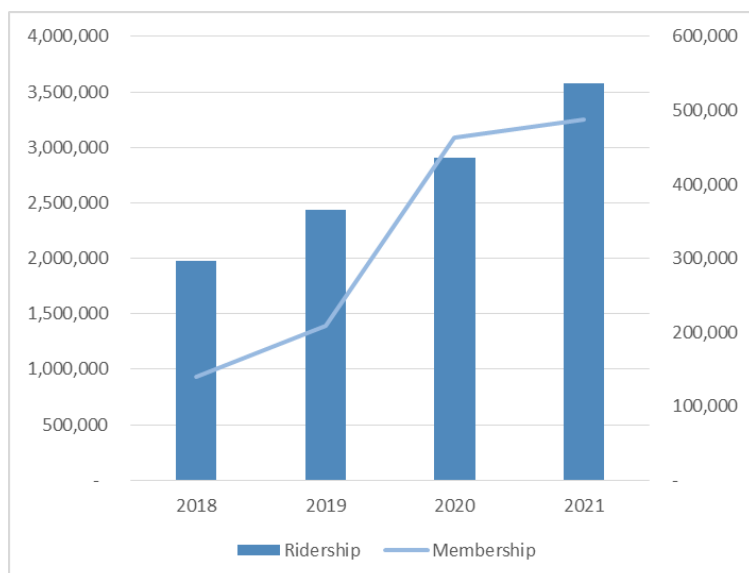


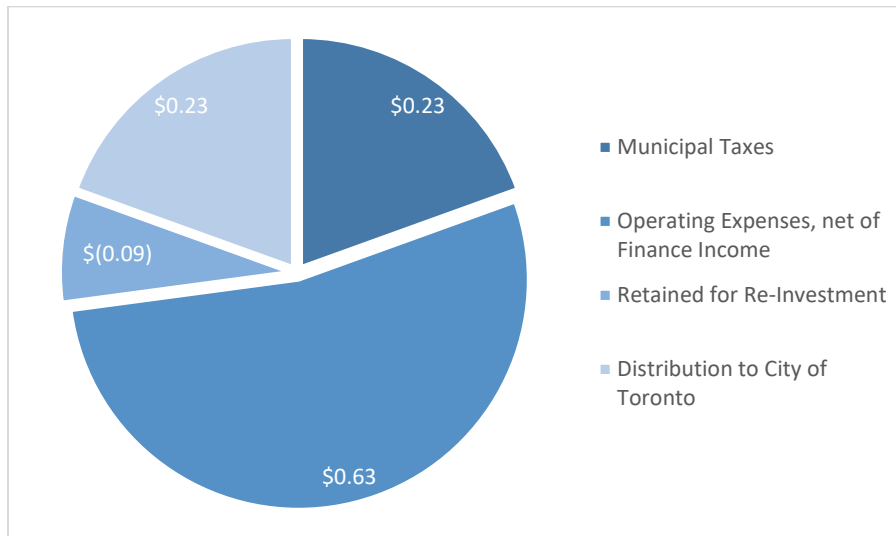
Table 3: 2021 Bike Share Results

| \$000's | 2021 Actual | 2020 Actual | 2021 Actual vs 2020 Actual | |
|-------------------------------|----------------|----------------|----------------------------|---------------|
| Ridership revenue | 5,961 | 5,510 | 451 | 8.2% |
| Advertising and other revenue | 917 | 194 | 723 | 372.7% |
| Bike Share revenue | 6,878 | 5,704 | 1,174 | 20.6% |
| Operating expenses - direct | 9,377 | 7,359 | (2,018) | -27.4% |
| Net loss | (2,499) | (1,655) | (844) | -51.0% |

Bike Share Ridership and Membership:



How each Green P Dollar of 2021 Revenue is spent:



CONTACT

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SIGNATURE

W. Scott Collier, President
Toronto Parking Authority

ATTACHMENTS

Attachment 1 - Toronto Parking Authority Audit Findings Report for the Year Ended December 31, 2021

Attachment 2 - Toronto Parking Authority Draft 2021 Audited Financial Statements