REPORT FOR ACTION

Toronto Parking Authority - 2022 Audited Financial Statements

Date: April 21, 2023
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) with the draft audited financial statements and highlights of the 2022 financial results for the year ended December 31, 2022.

KPMG LLP has completed their audit of TPA's financial statements for the year ended December 31, 2022. 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. The financial statements continue to be marked as draft pending approval by the TPA Board of Directors. KPMG Audit Partner, Kevin Travers, will be attending the May 5, 2023 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 Toronto Parking Authority's Audited Financial Statements for the year ended December 31, 2022.

FINANCIAL IMPACT

The Toronto Parking Authority's annual distribution to the City of Toronto for the 2022 financial year is $26.5 million compared to plan of $12.2 million (Better by $14.3 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 of the Toronto Parking Authority, the Board of Directors of Toronto Parking Authority, 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 2022 Financial Results

Total 2022 net income for the year increased 233.5 percent or $22.1 million over the prior year to $31.6 million, as the recovery from the pandemic continued to improve parking transaction volume relative to 2019 pre-pandemic transaction volumes. Transaction volumes for on-street increased to 72.5 percent of 2019 and off-street increased to 77.7 percent of 2019. Bike Share ridership continued to increase due to the 2022 expansion of capacity and ebikes with ridership revenues increasing by 11.0 percent.

Parking operating expenses increased by $8.1 million (+10.3 percent) over the prior year as a result of increased costs associated with increased revenue of $1.9 million, increase in security of $1.1 million and increase in salaries, wages and benefits of $3.6 million. Bike Share expenses increased by $2.0 million (+20.1 percent) due to the additional operating costs of the expanded capacity.

TPA management will continue to manage its discretionary costs while pivoting to future-proof the business through investments in infrastructure renewal, talent, parking technology and “big bet” strategic priorities including Electric Vehicle (EV) charging infrastructure and acceleration of our Bike Share network across the city.

Table 1: ***2022 Financial Results***

$000's	2022 Actual	2021 Actual	Change	
Off-Street revenue	71,711	51,894	19,817	**38.2%**
On-Street revenue	44,847	34,209	10,638	31.1%
Bike Share revenue	7,632	6,878	754	11.0%
Total parking & user revenue	**124,190**	**92,981**	**31,209**	**33.6%**
Other revenue	1,989	3,157	(1,168)	-37.0%
Total revenue	**126,179**	**96,138**	**30,041**	**31.2%**
Direct expenses - operating	(52,389)	(45,117)	(7,272)	-16.1%
Administration	(15,290)	(12,996)	(2,294)	-17.7%
Municipal property tax	(21,073)	(20,518)	(555)	-2.7%
Amortization of property and equipment	(8,779)	(8,857)	78	0.9%
Total operating expenses	**(97,531)**	**(87,488)**	**(10,043)**	**-11.5%**
Operating income	**28,648**	**8,650**	**19,998**	**231.2%**
Finance income	2,910	812	2,098	258.4%
Net income and comprehensive income	**$ 31,558**	**$ 9,462**	**$ 22,096**	**233.5%**

Table 2: ***2022 Parking Results***

$000's	2022 Actual	2021 Actual	Change	
Off-Street revenue	71,711	51,894	19,817	**38.2%**
On-Street revenue	44,847	34,209	10,638	**31.1%**
Total parking & user revenue	**116,558**	**86,103**	**30,455**	**35.4%**
Other revenue	1,989	3,157	(1,168)	**-37.0%**
Total revenue	**118,547**	**89,260**	**29,287**	**32.8%**
Direct expenses - operating	(41,598)	(36,086)	(5,512)	-15.3%
Administration	(15,290)	(12,996)	(2,294)	-17.7%
Municipal property tax	(21,073)	(20,518)	(555)	-2.7%
Amortization of property and equipment	(8,231)	(8,511)	280	3.3%
Total operating expenses	**(86,192)**	**(78,111)**	**(8,081)**	**-10.3%**
Operating income	**32,355**	**11,149**	**21,206**	**190.2%**
Finance income	2,910	812	2,098	258.4%
Net income and comprehensive income	**$ 35,265**	**$ 11,961**	**$ 23,304**	**194.8%**

Parking Transaction Volume:

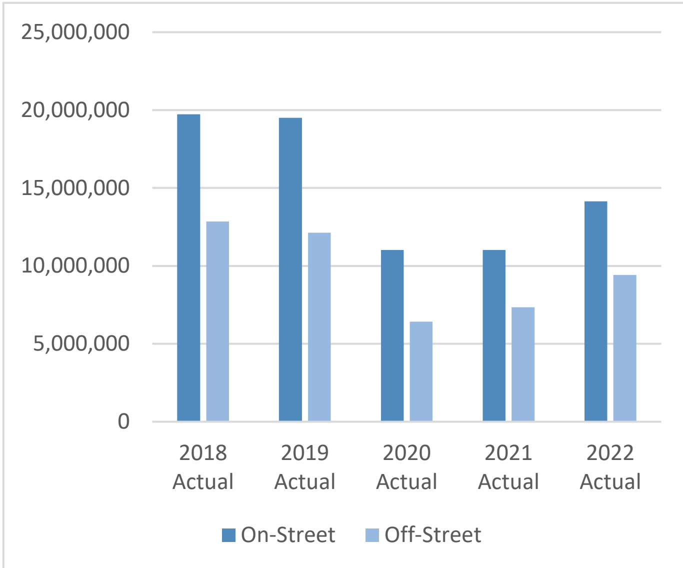
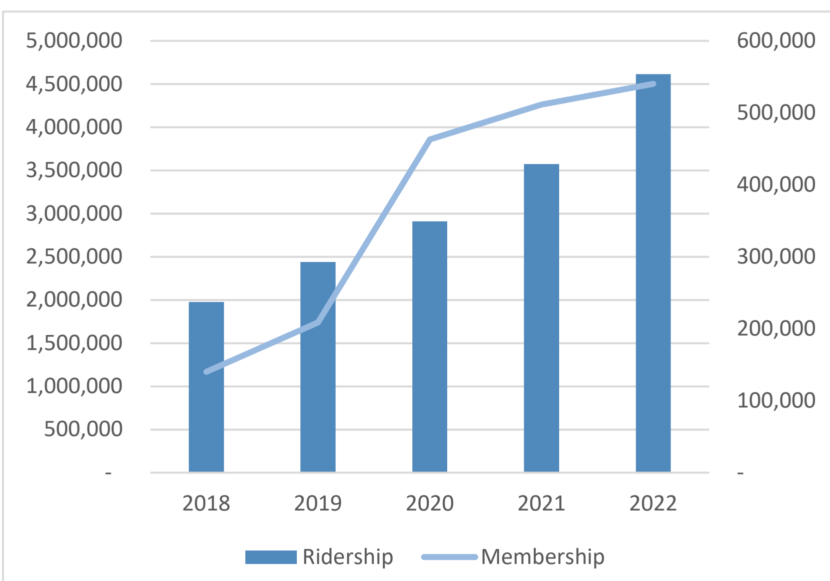


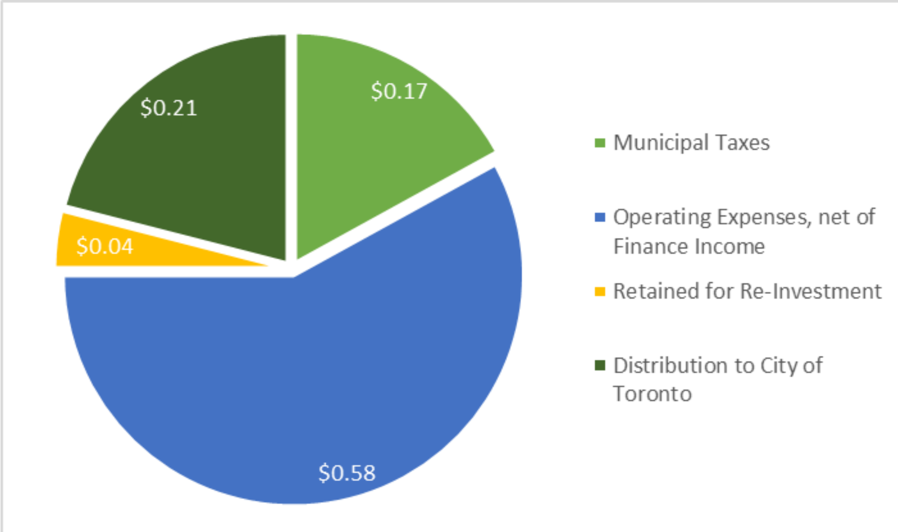
Table 3: *2022 Bike Share Results*

$000's	2022 Actual	2021 Actual	Change	
Bike Share revenue	**7,632**	**6,878**	**754**	**11.0%**
Salaries and benefits	(786)	(424)	(362)	-85.4%
Operating expenses	(10,553)	(8,953)	(1,600)	-17.9%
Loss from operations	**(3,707)**	**(2,499)**	**(1,208)**	**48.3%**

Bike Share Ridership and Membership:



How each Green P Dollar of 2022 Revenue is spent:



CONTACT

Rose-Ann Lee, Chief Financial Officer, Toronto Parking Authority, 647-202-9440, rose-ann.lee@toronto.ca

Phyllis Gallagher, Financial Controller, 416-457-7023, phyllis.gallagher@toronto.ca

SIGNATURE

W. Scott Collier, President
Toronto Parking Authority

ATTACHMENTS

Attachment 1 - Toronto Parking Authority Audit Findings Report for the Year Ended December 31, 2022

Attachment 2 - Toronto Parking Authority Draft 2022 Audited Financial Statements