



Draft Annual Report for the Toronto Transit Commission for 2021

Date: June 9, 2022
To: TTC Audit and Risk Management Committee
From: Chief Financial Officer

Summary

Each year, the TTC prepares an Annual Report, which presents the consolidated financial statements of the TTC and its subsidiaries and non-financial statement information, including the Chair's Message, the CEO's Message, Management's Statement, Statistical Information and the Management Directory.

This report presents the materials other than the financial statements, which will be included in the 2021 Annual Report.

Note that the 2021 financial statements are being submitted to the Audit and Risk Management Committee for approval at this meeting through a separate report.

Recommendations

It is recommended that the TTC Audit and Risk Management Committee:

1. Approve the non-financial statement information to be published in the 2021 Annual Report.

Implementation Points

This report must be approved at the June 9, 2022 TTC Audit and Risk Management Committee Meeting to ensure timely publication and distribution of the 2021 Annual Report.

Financial Summary

There are no financial implications resulting from the adoption of this report.

Equity/Accessibility Matters

This report and its recommendations have no accessibility or equity issues or impacts.

Decision History

The TTC's Corporate Policy 6.2.0 Financial Reporting to the Board, paragraph 4.1 states that annual audited financial statements must be included in the TTC's Annual Report.

Furthermore, at its meeting on February 9, 2017, the TTC Audit and Risk Management Committee approved the terms of reference of the Audit and Risk Management Committee, which includes a requirement to "review other sections of the annual report before release and consider the accuracy and completeness of the information" under its Financial Reporting Process and Financial Statements Responsibilities.

The report, dated October 19, 2016, outlining the Committee's terms of reference can be accessed by the link below:

https://ttc-cdn.azureedge.net/-/media/Project/TTC/DevProto/Documents/Home/Public-Meetings/Audit-and-Risk-Management/2017/Feb-9/2_TTC_Audit_and_Risk_Management_Committee_Terms_Of_Referenc.pdf?rev=40d4ed703a344b1e8d1816787cd3cabc&hash=F50FB7E52C62C3CFEE7A8D3A1AEB2758

Issue Background

The report presents the non-financial statement information to be contained within the 2021 Annual Report.

Comments

The attached 2021 Annual Report will contain the following information:

1. Chair's Message
2. CEO's Message
3. Management's Statement
4. Management Directory
5. 10-Year Non-Consolidated Financial and Operating Statistics

The 2021 Annual Report will be issued following approval of the consolidated financial statements at the June 23, 2022 TTC Board meeting.

Contact

Alex Cassar, Director – Budgets, Costing and Financial Reporting
416-393-3647
alex.cassar@ttc.ca

Signature

Josie La Vita
Chief Financial Officer

Attachments

Attachment 1 – Draft 2021 TTC Annual Report



2021
Annual Report
Toronto Transit Commission



Cover: In 2021, the TTC helped to vaccinate almost 10,000 people with pop-up clinics.

Contents

Chair’s Message 3

The TTC Board..... 5

CEO’s Message 7

Executive Team 9

Consolidated Financial Statements of Toronto Transit Commission 11

Management’s Statement..... 13

Notes to the Consolidated Financial Statements 21

Supplementary Schedules (Unaudited) 45

Management Directory May 2022 49



Banners celebrating TTC's achievements throughout the last 100 years hung from Union Station in September 2021.

Chair's Message



One hundred years later, the TTC has carried more than 32 billion customers and played a key role in the growth and prosperity of our city.

To: Mayor John Tory and Councillors of the City of Toronto

It is my privilege to submit the 2021 Annual Report for the Toronto Transit Commission (TTC).

On September 1, 1921, a mix of private and municipal street railways were consolidated under the management of the newly formed Toronto Transportation Commission. Adult fares were set at seven cents and tickets were four for 25 cents. Ridership in the TTC's first full year of service (1922) was 187 million.

One hundred years later, the TTC has carried more than 32 billion customers and played a key role in the growth and prosperity of our city. Reaching a century of service is an incredible milestone for our organization, and one that I am honoured to be a part of.

On behalf of the TTC Board, I would like to thank our funding partners for their unprecedented support during the COVID-19 pandemic: the Government of Canada, Province of Ontario and City of Toronto. As Chair, I would also like to take this opportunity to thank Mayor John Tory and Toronto City Council for their strong support for the TTC as an integral piece of the fabric of our city.

I would also like to extend my deepest thanks to all the employees of the TTC – past and present – for their hard work and tireless dedication to our public transit system. TTC employees have played a vital role in Toronto's COVID-19 response and recovery by delivering safe and reliable transit service throughout the pandemic.

The TTC continues to grow and evolve with each passing year, and the TTC Board remains committed to improvement and innovation across the organization to best serve our riders. I'd like to thank the TTC Commissioners for your efforts to promote the growth and prosperity of transit in Toronto.

It is my pleasure to be serving alongside my colleagues as we approach the final months of this Board term. Thank you to: Vice-Chair Joanne De Laurentiis; Councillor/Deputy Mayor Denzil Minnan-Wong (Ward 16 Don Valley East); Councillors Shelley Carroll (Ward 17 Don Valley North), Brad Bradford (Ward 19 Beaches-East York), Jennifer McKelvie (Ward 25 Scarborough-Rouge Park) and

Cynthia Lai (Ward 23 Scarborough North); and citizen Commissioners,
Ron Lalonde, Julie Osborne and Fenton Jagdeo.

The future is bright for transit in Toronto, and I look forward to what
the next century holds for the TTC.

Sincerely,

A handwritten signature in black ink that reads "Jaye Robinson". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Jaye Robinson

TTC Chair
April 2022

The TTC Board

As at December 2021



Jaye Robinson
Chair



Joanne De Laurentiis
Vice-Chair

Commissioners



Brad Bradford



Shelley Carroll



Fenton Jagdeo



Cynthia Lai



Ron Lalonde



Jennifer McKelvie



Denzil Minnan-Wong



Julie Osborne



The TTC partnered with MagnusMode to empower those who are autistic and neurodiverse to ride transit with confidence.

CEO's Message



Despite the hardships that we faced in 2021, this organization achieved a great deal during a period of change and modernization unequalled in our 100-year history.

To: TTC Chair and Commissioners, Mayor John Tory and Councillors of the City of Toronto

In 2021, the TTC celebrated 100 years in business. The TTC has achieved so many milestones in its long and rich history, and more are on the way. That means everything from modernizing our fleets, to becoming more green, to striving to be more accessible, diverse and inclusive.

Looking back at the past century, and how the city and the TTC have grown up together, there is no doubt that public transit has played a massive role in the building up of our great city. After 100 years in service and literally tens of billions of customers served, the TTC has grown into one of the most visible and vital public service organizations – not just in the Greater Toronto Area, but across North America.

After a century, we know that the TTC supports jobs, creates economic opportunities and attracts investment in the city. It helps to relieve congestion, promotes a cleaner environment and knits the city and its residents together. We often say that the TTC is the lifeblood of Toronto, and it is very true.

While these past two years under the COVID-19 pandemic have been difficult for the TTC – and transit systems around the world for that matter – ridership is gradually returning and we continue to restore service across Toronto that faced temporary reductions in late 2021. TTC employees have never lost sight of what they were able to achieve prior to the pandemic:

- We carried nearly 530 million riders annually. That's one billion customers every 22 months.
- Nearly 85 per cent of all local transit trips in the GTA made right here on the TTC.
- More than 250 million kilometres of service annually.
- 1.7 million customer journeys on a typical weekday.
- One of the highest per-capita ridership rates on the continent.

Despite the hardships that we faced in 2021, this organization achieved a great deal during a period of change and modernization unequalled in our 100-year history. In 2021, we:

- Succeeded in procuring 60 more accessible streetcars;
- Established a dedicated Innovation and Sustainability Program to reduce our environmental impact;
- Held multiple TTC Connects sessions where we focused on recruiting women into traditionally male-dominated roles, and partnered with new organizations to do outreach differently, leading to our first all-women graduating class of Operators;
- Began operations at McNicoll Division/Garage;
- Helped more than 10,000 employees and customers get their vaccinations on TTC property; and
- Launched impactful education campaigns on our vehicles and properties to recognize Black History Month and Indigenous History Month.

Together, our talented and professional workforce accomplished this and more, all while delivering a demand-responsive service to riders under the most difficult circumstances.

On behalf of my Executive Team, we would like to take this opportunity to thank Commissioners, City Council, Mayor Tory, our union partners, our funding partners, our employees and all of our riders.

Sincerely,

A handwritten signature in black ink, appearing to read 'Richard J. Leary', written in a cursive style.

Richard J. Leary

Chief Executive Officer
April 2022

Executive Team



Richard J. Leary
Chief Executive
Officer



Kirsten Watson
Deputy Chief
Executive Officer
Chief People Officer
(Acting)



Michael Atlas
Head of Legal and
General Counsel



Keisha Campbell
Chief Diversity and
Culture Officer



Gary Downie
Chief Capital Officer



Scott Haskill
Chief Strategy and
Customer Officer
(Acting)



Betty Hasserjian
Chief Safety Officer
(Acting)



Josie La Vita
Chief Financial Officer



Fortunato Monaco
Chief Infrastructure
and Engineering
Officer



Natalie Poole-Moffatt
Chief Corporate
Affairs Officer



James Ross
Chief Operating
Officer



Joan Taylor
Chief of Staff



Rich Wong
Chief Vehicles Officer



A customer confidently rides the subway.

TTC IS PROUD TO SUPPORT BLACK HISTORY



First Black person appointed as
Governor General of Canada, 2005.

Michaëlle
Jean

In February 2021, the
TTC celebrated its first
Black History Month.

Management's Statement



As public stewards, management of the TTC has a responsibility that requires the highest standard of accountability and integrity. Over the past two years, the TTC has received critical funding totalling \$1.386 billion from the Provincial and Federal governments through the Safe Restart Agreement. This funding has ensured the continued provision of essential public transportation services throughout the pandemic and the early stages of recovery. Management's continued commitment to governance and strong financial control mechanisms in the administration of public funds, combined with cost containment actions where possible, have contributed to the confidence required by upper levels of government to secure this critical funding.

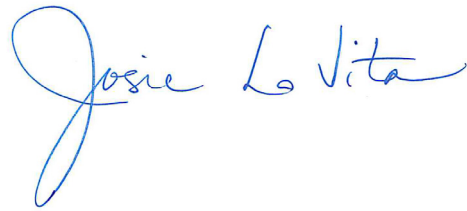
The accompanying consolidated financial statements of the Toronto Transit Commission (TTC) have been prepared in accordance with Canadian public sector accounting standards recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and are the responsibility of management.

Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent with the consolidated financial statements. A summary of the significant accounting policies is described in Note 2 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The management of the TTC is also responsible for the integrity, objectivity and accuracy of the financial information. To meet its responsibility, management maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The Board of Directors oversees management's responsibilities for financial reporting through the Audit and Risk Management Committee. The Audit and Risk Management Committee reviews and approves the consolidated financial statements and recommends them to the Board of Directors for approval. In addition, the Auditor General is informed of all significant audit issues through participation in closing meetings held between the external auditors and management.

The consolidated financial statements have been audited by the TTC's external auditors, KPMG LLP, and their report precedes the consolidated financial statements. The Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with generally accepted accounting principles. The Auditor's report outlines their responsibilities, the scope of the Auditor's examination and their opinion on the financial statements.

A handwritten signature in blue ink that reads "Josie La Vita". The signature is written in a cursive style with a large, looping initial "J".

Josie La Vita

Chief Financial Officer
June 23, 2022



TTC opened its ninth bus garage, McNicoll Division, on March 28, 2021.

Supplementary Schedules (Unaudited)
Year ended December 31, 2021

CONVENTIONAL SYSTEM - 10 YEAR NON-CONSOLIDATED FINANCIAL & OPERATING STATISTICS (UNAUDITED)

	2021 ¹¹	2020 ¹¹	2019
OPERATING STATISTICS (regular service inside City)			
Revenue Passenger Trips (Millions)	197.8	225.0	525.5
Basic Adult Token/PRESTO Fare (at December 31) (\$)	3.20	3.20	3.10
Average Number of Employees	14,877	14,843	15,251
Hourly Base Wage Rate & Benefits per Operator (\$)	59.56	57.14	53.50
Kilometres Operated (Millions)			
Bus	136.6	131.5	145.1
Subway Car	75.9	85.0	93.5
Streetcar	8.9	9.9	11.9
Scarborough RT	3.6	3.3	3.5
Total Kilometres Operated	225.0	229.7	254.0
OPERATING REVENUE STATISTICS			
Operating Revenue - including property rental, etc. (\$ Millions)	513.4	583.7	1,253.9
Operating Revenue per Passenger Trip (\$)	2.60	2.59	2.39
Operating Revenue per Kilometre (\$)	2.28	2.54	4.94
OPERATING EXPENSE STATISTICS¹			
Operating Expenses (\$ Millions)	1,956.1	1,884.2	1,918.2
Operating Expense per Passenger Trip (\$)	9.89	8.37	3.65
Operating Expense per Kilometre (\$)	8.69	8.20	7.55
OPERATING SUBSIDY STATISTICS			
Operating Subsidy (\$ Millions)	1,441.9 ¹⁰	1,296.4 ⁹	661.3 ⁸
Operating Subsidy per Passenger Trip (\$)	7.29	5.78	1.26
Operating Subsidy per Kilometre (\$)	6.41	5.66	2.62
REVENUE/COST RATIO	26.2%	31.0%	65.4%
PASSENGER VEHICLE FLEET			
(Conventional & Wheel-Trans, owned and in service December 31)			
Buses	2,071	2,114	2,096
Subway Cars	848	848	848
Streetcars (CLRV & ALRV)	0	0	0
Streetcars (LFLRV)	204	204	198
Scarborough RT Cars	28	28	28
Wheel-Trans Buses	250	256	266
Total Vehicle Fleet	3,401	3,450	3,436

2018	2017	2016	2015	2014	2013	2012
521.4	533.2	538.1	537.6	534.8	525.2	514.0
3.00	3.00	2.90	2.80	2.70	2.65	2.60
14,812	14,389	14,095	13,651	13,209	12,920	12,739
51.65	51.68	50.81	50.33	49.01	47.94	47.35
143.2	142.0	138.6	131.6	131.3	129.6	125.0
92.6	82.9	83.0	82.2	80.8	79.3	78.6
11.4	11.5	13.1	13.9	12.8	12.5	12.6
3.4	3.4	3.5	3.4	3.5	3.5	3.1
250.6	239.8	238.2	231.1	228.4	224.9	219.3

1,226.2	1,234.5	1,196.3	1,179.1	1,157.5	1,120.2	1,087.3
2.35	2.32	2.22	2.19	2.16	2.13	2.11
4.89	5.15	5.02	5.10	5.07	4.98	4.96

1,803.1	1,696.2	1,712.6	1,695.7	1,589.5	1,491.7	1,472.4
3.46	3.18	3.18	3.15	2.97	2.84	2.86
7.20	7.07	7.19	7.34	6.96	6.63	6.71

576.9 ⁷	461.8 ⁶	516.3 ⁵	516.6 ⁴	432.0 ³	371.5 ²	385.1 ¹
1.11	0.86	0.96	0.96	0.81	0.71	0.75
2.30	1.92	2.17	2.24	1.89	1.65	1.76
68.0%	72.8%	69.9%	69.5%	72.8%	75.1%	73.8%

2,010	1,920	1,926	1,861	1,869	1,851	1,857
848	848	840	796	724	704	708
128	184	219	235	247	247	247
117	57	30	13	3	0	0
28	28	28	28	28	28	28
263	212	199	205	221	221	246
3,394	3,249	3,242	3,138	3,092	3,051	3,086

NOTES for CONVENTIONAL SYSTEM - 10 Year Non-Consolidated Financial & Operating Statistics (Unaudited)

1. In 2012, the total subsidy paid by the City was \$278.4 million, consisting of \$293.5 million for the operating subsidy, \$3.5 million for the City special costs, less \$18.6 million long-term payable (employee benefits of \$23.3 million less accident claims of \$4.7 million). The City allocated \$91.6 million of Provincial subsidy to the operating budget.
2. In 2013, the total subsidy paid by the City was \$273.4 million, consisting of \$279.9 million for the operating subsidy, \$3.6 million for the City special costs, \$13.1 million for accident claims and less a \$23.2 million long-term payable for employee benefits. The City allocated \$91.6 million of Provincial subsidy to the operating budget.
3. In 2014, the total subsidy paid by the City was \$301.4 million, consisting of \$340.4 million for the operating subsidy, \$3.6 million for the City special costs, less \$42.6 million long-term payable (employee benefits of \$29.8 million less accident claims of \$12.8 million). The City allocated \$91.6 million of Provincial subsidy to the operating budget.
4. In 2015, the total subsidy paid by the City was \$373.8 million, consisting of \$427.0 million for the operating subsidy, \$19.2 million for capital from current, \$3.6 million for the City special costs, less \$26.6 million long-term payable for accident claims and \$40.1 million long-term payable for employee benefits, less \$9.0 million draw from the TTC Stabilization Reserve Fund and \$0.3 million draw from the City Tax Rate Stabilization Reserve. The \$427.0 million for operating subsidy includes \$2.0 million in funding for the Wheel-Trans deficit. The City allocated \$91.6 million of Provincial subsidy to the operating budget.
5. In 2016, the total subsidy paid by the City was \$396.0 million, consisting of \$426.4 million for the operating subsidy, \$3.7 million for the City special costs, \$6.3 million long-term payable for accident claims and less a \$40.4 million long-term payable for employee benefits. The \$426.4 million for operating subsidy includes \$1.7 million in funding for the Wheel-Trans deficit. The City allocated \$91.6 million of Provincial subsidy to the operating budget.
6. In 2017, the total subsidy paid by the City was \$383.5 million, consisting of \$370.2 million for the operating subsidy, \$14.2 million for contributions to Long-Term Liability Reserve, \$4.7 million for the City special costs, \$34.8 million long-term payable for accident claims and less a \$40.4 million long-term payable for employee benefits. The City allocated \$91.6 million of Provincial subsidy to the operating budget.
7. In 2018, the total subsidy paid by the City was \$491.6 million, consisting of \$485.3 million for the operating subsidy, \$6.9 million contribution to the TTC Stabilization Reserve, \$12.4 million for contributions to Long-Term Liability Reserve, \$5.1 million for the City special costs, and an \$11.8 million reduction in the long-term payable for accident claims and less a \$29.9 million increase in the long-term payable for employee benefits. The City allocated \$91.6 million of Provincial subsidy to the operating budget.
8. In 2019, the calculated subsidy of \$664.3 million is reduced to \$661.3 million in the 10 Year Non-consolidated Financial Statistics to reflect expenses funded by liquidated damages. This amount is further reduced by \$91.6 million to reflect the provincial subsidy allocated to the operating budget to total of \$569.7 million.

The total conventional system funding provided by the City was \$529.6 million, consisting of \$569.7 million for the operating subsidy, \$3.5 million for the City special costs, \$3.7 million long-term payable for accident claims, less a \$7.0 million draw from the TTC Stabilization Reserve, less a \$15.7 million draw from Long-Term Liability Reserve and less \$24.6 million increase in long-term payable for employee benefits.

The WT deficit of \$1.5 million is added to the \$661.3 million to total \$662.8 million as the reported subsidy in the consolidated financial statements.

9. In 2020, the calculated subsidy of \$1,300.5 million is reduced to \$1,296.4 million in the 10 Year Non-consolidated Financial Statistics to reflect expenses funded by liquidated damages. Of this amount, \$91.6 million was sourced from Provincial Gas Tax and \$590.2 million from the Safe Restart Agreement to arrive at total conventional system City funding of \$614.6 million.

City Funding paid of \$578.8 million is comprised of \$614.6 million for the operating subsidy, plus \$3.1 million for the City special costs, less \$5.7 million long-term payable for accident claims and \$33.2 million long-term payable for employee benefits.

10. In 2021, the calculated subsidy of \$1,442.7 million is reduced to \$1,441.9 million in the 10 Year Non-consolidated Financial Statistics to reflect expenses funded by liquidated damages. Of this amount, \$91.6 million was sourced from Provincial Gas Tax and \$796.4 million from the Safe Restart Agreement to arrive at total conventional system City funding of \$553.9 million.

City Funding paid of \$600.7 million is comprised of \$553.9 million for the operating subsidy, plus \$0.1 million for the City special costs, plus \$7.3 million long-term payable for accident claims, less \$38.8 million long-term payable for employee benefits, plus a \$75.1 million contribution to the TTC's Stabilization reserve and a \$3.1 million contribution to the long term liability reserve.

11. 2021 and 2020 Statistics have limited comparability to other years due to the impact of the COVID-19 pandemic.

Management Directory

May 2022



Executive Team

Richard J. Leary
Chief Executive Officer

Kirsten Watson
Deputy Chief Executive Officer
Chief People Officer (Acting)

Michael Atlas
Head of Legal and General Counsel

Keisha Campbell
Chief Diversity and Culture Officer

Gary Downie
Chief Capital Officer

Scott Haskill
Chief Strategy and Customer Officer
(Acting)

Betty Hasserjian
Chief Safety Officer (Acting)

Josie La Vita
Chief Financial Officer

Fortunato Monaco
Chief Infrastructure and Engineering
Officer

Natalie Poole-Moffatt
Chief Corporate Affairs Officer

James Ross
Chief Operating Officer

Joan Taylor
Chief of Staff

Rich Wong
Chief Vehicles Officer

Senior Management and Department Heads

Sedat Akkaya
Head, Project Management Office

Valerie Albanese
Head, Human Rights and
Investigations

Glen Buchberger
Head, Plant Maintenance

Bryan Callaghan
Senior Manager – Night Operations,
Operational Safety and Planning

Claudio Caschera
Head, Subway Transportation

Bem Case
Executive Director, Innovation and
Sustainability Programs

Eric Chu
Head, Project Development and
Planning (Acting)

Steve Cuschieri
Head, Bus Maintenance and Shops

John Dimovski
Chief Project Manager, Construction
(Acting)

Andrew Dixon
Head, Special Constable Service

Shabnum Durrani
Head, Corporate Communications

Sean Fuller
Head, Light Rail Transit Operations

Angela Gibson
Head, Strategy and Foresight

Guillaume Giguere
Head, Revenue Protection (Acting)

Yan He
Project Director, Provincial Subways

Bruce Hoang
Director, Corporate Services
Transformation

Grant Houston
Head, Service Delivery Control (Acting)

Peter Hrovat
Head, Streetcar Infrastructure

Terry Hughes
Head, Bus Transportation (Acting)

Michelle Jones
Head, Renewable Energy Programs

Orest Kobylansky
Executive Director, Operations

Pam Kraft
Head, Property, Planning and
Development

Pierre Lagace
Head, Procurement and Category
Management

Christine Leach
Head, Audit, Risk and Compliance
(Acting)

Susanna Lee
Head, Farecard Team (Acting)

Deborah Lyon
Head, Streetcar Transportation

Gord McKee
Head, Signals/Electrical/Communications

Leslie Millan
Head, Marketing and Customer
Experience

Mark Mis
Head, Service Planning and Scheduling

Harpreet Nagi
Head, Rail Cars and Shops

David Nagler
Head, Community and Stakeholder
Relations

Lou Narduzzo
Head, Track and Structure

Roy Park
Head, Vehicle Programs

Cameron Penman
Head, Wheel-Trans (Acting)

Predrag Petrovic
Head, Engineering

Anne Prybyla
Director, Talent Management

Mike Puplett
Head, Transit Control (Acting)

Wendy Reuter
Head, Research and Analytics

Jamal Richardson
Head, Stations

Meghan Rogers
Director, Employee Relations

Rob Rush
Head, Materials Management

Chris Salvador
Head, Revenue Operations

Dhaksayan Shanmuganayagam
Head, Information Technology Services

Robert Smith
Head, Operations Training Centre

Amanda Sonier
Head, Operations Support

Karen Thorburn
Head, Corporate Initiatives

Eduard Toader
Head, Employee Services and
Systems (Acting)

Chad Townsend
Litigation Counsel, Legal

Frank Trianni
Head, Streetcar Maintenance



Throughout the year, TTC launched outreach initiatives to recruit women into traditionally male-dominated roles.

