

ANNUAL REPORT

2004



TORONTO TRANSIT COMMISSION

2004 ANNUAL REPORT

Toronto Transit Commission



As at December 31, 2004



Chair
Howard Moscoe



Vice-Chair
Joe Mihevc

Commissioners



Brian Ashton



Bas Balkissoon



Sandra Bussin



Adam Giambrone



Peter Li Preti



Mayor David Miller



David Shiner

Letter from the Chair

DATE: June, 2005

TO: MAYOR DAVID MILLER AND COUNCILLORS OF THE CITY OF TORONTO

It is my privilege to submit the 2004 Annual Report for the Toronto Transit Commission (the "TTC").

2004 was a most interesting year for the TTC, as we witnessed a tri-partite commitment from the provincial, federal, and local governments concerning funding for public transit.

- The 50th anniversary of the Yonge Street Subway, March 30th was a doubly historic day. The Right Honourable Paul Martin, Prime Minister of Canada, the Honourable Dalton McGuinty, Premier of the Province of Ontario, and His Worship David Miller, Mayor of the City of Toronto, met in Hillcrest's W.E.P. Duncan Shop to announce their One Billion Dollar contribution to the TTC.
- On October 22, Premier McGuinty announced that a portion of the gasoline tax would be handed over to municipalities for public transit. The TTC's share of this provincial gas tax will amount to approximately \$91 million in 2005, escalating to \$162 million by 2007, well short of what is required to maintain the current rolling stock of TTC vehicles and infrastructure, and to increase ridership through the implementation of the Ridership Growth Strategy.

However, the fact is that the TTC requires approximately \$ 4 billion dollars as part of its 10-Year capital forecast. This funding is required to maintain a state-of-good repair. At the end of 2004, the average age of our bus fleet is 13 years. Close to 40 per cent of our buses are 18 years or older. Replacements are required now.

These funding announcements are a definite step in the right direction. The TTC remains confident that all three levels of government will keep their promises. In the Speech from the Throne in February, Her Excellency the Right Honourable Adrienne Clarkson, Governor General of Canada, stated that the federal government will commit to a "new deal for cities".

A new deal for cities is crucial for Toronto and for the TTC. TTC customers pay almost 80 per cent of the operating cost of transit at the fare box, the highest ratio throughout Canada and the United States.

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This past year was also a very historic period for Toronto and the TTC, as on March 30th, we marked the 50th anniversary of Canada's first subway. Back on March 30, 1954, the Honourable Leslie Frost, then Premier of Ontario and His Worship Allan Lamport, then Mayor of the City of Toronto, pulled the switch, to send the first subway train on its way from Eglinton to Union station. Our predecessors on Toronto Council back in the late 40's had the vision of the future and an understanding of what a new subway system would mean, not only to the people of Toronto, but to the entire country.

Construction of the Yonge Street subway began on September 8, 1949, and, on opening day, 250,000 people rode the "Red Rocket" for the first time. Since the official opening 50 years ago, our subway system has expanded from 7.4 kilometres to 68.3 kilometres, including the Scarborough RT. If Toronto is the heart that keeps the economy of Ontario strong, the subway is the city's backbone.

The TTC was an active participant in the Toronto Board of Trade's "Enough of Not Enough" campaign, which asked Greater Toronto Area ("GTA") residents and businesses to write to their Members of Parliament and Members of the Provincial Parliament, demanding a fair return to the funding of Canada's largest city, especially in light of the fact that Toronto pays \$9 billion more in taxes than it receives in services. In the Board of Trade's 2004 Member Survey, 62 per cent of respondents believed reducing gridlock should be a top priority, and rated upgrading and improving public transit as a very high priority.

At a major Board of Trade meeting on February 16, Mayor David Miller launched a TTC video, titled "End of the Line". Media coverage for this event was extensive and the video proved to be a major success. The video dramatically portrayed years of funding neglect by the provincial and federal levels of government, and juxtaposed the TTC with major transit properties such as Chicago, Philadelphia and New York, where the U.S. federal government pays more than 50 per cent of capital funding. A key moment of the video occurred when William Millar, President of the American Public Transportation Association, stated that U.S. transit officials used to flock to Toronto to see how a transit system should be run, but now ask "...What happened?"

Following 2003 when Toronto was hit with Severe Acute Respiratory Syndrome ("SARS") and a major power outage, both of which contributed to a decline in ridership, 2004 has seen the ridership trend change. More people are returning to buses, subways and streetcars, with ridership in 2004 reaching 418.1 million, an increase of 12.7 million over 2003.

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Innovations:

The TTC continues with new initiatives in an attempt to attract more riders. The Volume Incentive Pass Program ("VIP"), which allows for discounted monthly passes for participating post-secondary institutions and businesses, continues as a pilot project. The VIP program started in 2003, but has grown significantly in 2004. In 2004, the TTC introduced, on a trial basis, the sale of special weekly passes over the Christmas, New Year and winter school break periods. Beginning in September 2005, weekly transferable passes will be available every week of the year.

A key component in the ridership increase is the "Ridership Growth Strategy", which is now being implemented. The *Strategy* is the TTC's blueprint for transit investment for the next decade, and is tied closely to the City's Official Plan.

The *Ridership Growth Strategy* outlines a number of initiatives including:

expanding the bus fleet, increasing peak-period service, constructing rights-of-way, and implementing new and discounted fares – all aimed at increasing ridership. In 2004, service was increased on 12 routes, as part of the *Strategy*.

As well, major changes were made to 25 routes to improve service for customers.

After months of public consultation, City Council approved the St. Clair streetcar right-of-way, which will result in better service and bring more people to public transit.

During the past year, the TTC became more accessible. Elevators opened at Main Street and Eglinton stations. The TTC's elevator installation project is scheduled to build another 15 elevators at 8 new stations by 2007. Those stations include Broadview, Eglinton West, Jane, Lawrence West, Osgoode, St. Clair, York Mills and North York Centre. By 2007, 29 of the TTC's 69 subway/rt stations will be accessible.

Initiatives contained in the *Ridership Growth Strategy* will result in continued increases in ridership, which will benefit both the community and the environment.

In June, the TTC was honoured with three National Transportation Week Awards, one of which was for the handling of the SARS crisis in 2003.

For the fifth year in a row, the TTC has been listed in "Canada's Top 100 Employers", by author Richard Yerema. The TTC was recognized in areas such as health, financial and family benefits, training, skills development, community involvement, and corporate communications.

TTC Employees demonstrated tremendous community spirit, by pitching in and helping to clean-up as part of Mayor Miller's 20 minute clean-up on April 23rd.

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It is the dedicated workforce that makes the TTC one of the best transit systems in the world. In 2004, TTC employees and pensioners set an amazing new TTC record, raising a record \$1,081,159 for the Greater Toronto United Way Campaign, demonstrating once again that the TTC also stands for "Transit That Cares". My sincerest congratulations to all for a tremendous United Way campaign and a great year's work.

In conclusion, I would like to thank my fellow Commissioners for their dedication and commitment: Joe Mihevc (Vice-Chair), Brian Ashton, Bas Balkissoon, Sandra Bussin, Adam Giambrone, Peter Li Preti, David Shiner, and Mayor David Miller.



Howard Moscoe
Chair

Consolidated Financial Statements of

TORONTO TRANSIT COMMISSION

Year ended December 31, 2004

AUDITORS' REPORT

To the Chair and Members of the
Toronto Transit Commission

We have audited the consolidated balance sheet of **Toronto Transit Commission** as at December 31, 2004 and the consolidated statements of operations and accumulated equity and cash flows for the year then ended. These financial statements are the responsibility of the Commission'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 consolidated financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2004 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 11, 2005.

Ernst & Young LLP
Chartered Accountants

TORONTO TRANSIT COMMISSION

Consolidated Balance Sheets
As at December 31

	2004 (\$000s)	2003 (\$000s)
ASSETS		
Current		
Cash and cash equivalents	25,297	31,981
Accounts receivable		
City of Toronto (note 4)	196,201	142,198
Other	15,922	16,877
Spare parts and supplies inventory	65,214	66,854
Prepaid expenses	11,317	5,087
	313,951	262,997
Long-term		
Long-term investments (note 5)	2,554	4,215
Net capital assets (note 6)	3,600,908	3,539,939
	3,917,413	3,807,151
LIABILITIES AND ACCUMULATED EQUITY		
Current		
Accounts payable and accrued liabilities (note 7)	171,215	148,656
Deferred passenger revenue	28,140	30,540
Unsettled accident claims (note 8)	12,727	13,656
	212,082	192,852
Long-term		
Net capital contributions (note 9)	3,497,383	3,433,385
Employee benefits (note 10)	149,653	126,803
Unsettled accident claims (note 8)	36,073	31,644
Environmental and other liabilities (note 7)	7,025	7,526
	3,902,216	3,792,210
Commitments and contingencies (note 13)		
Accumulated equity	15,197	14,941
	3,917,413	3,807,151

See accompanying notes to the consolidated financial statements

Approved: 
Commissioner


Commissioner

TORONTO TRANSIT COMMISSION

Consolidated Statements of Operations and Accumulated Equity Years ended December 31

	2004	2003
	(\$000s)	(\$000s)
REVENUE		
Passenger services	685,425	661,263
Advertising	18,651	16,670
Outside City services	12,987	12,399
Property rental	11,650	10,970
Miscellaneous	10,161	8,649
Total revenue	738,874	709,951
EXPENSES		
Wages, salaries and benefits (note 10)	735,151	697,137
Depreciation	212,286	218,676
Amortization of capital contributions (note 9)	(195,844)	(205,031)
Materials, services and supplies	116,726	111,447
Vehicle fuel	34,449	36,374
Electric traction power	29,767	31,788
Accident claims	18,658	21,872
Utilities	15,629	17,912
Wheel-Trans contract services	14,154	12,388
Property taxes	9,634	9,285
Total expenses	990,610	951,848
Net operating costs	(251,736)	(241,897)
Operating subsidies (note 11)	251,992	224,903
Net operating surplus/(deficit)	256	(16,994)
Accumulated equity, beginning of the year	14,941	31,935
Accumulated equity, end of the year	15,197	14,941

See accompanying notes to the consolidated financial statements

TORONTO TRANSIT COMMISSION

Consolidated Statements of Cash Flows
Years ended December 31

	2004	2003
	(\$000s)	(\$000s)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from passenger services	683,025	655,663
Other cash received	54,404	47,787
Cash paid to employees	(704,423)	(675,933)
Cash paid to suppliers	(189,036)	(236,072)
Cash paid for accident claims	(15,158)	(15,272)
Net cash used in operating activities	(171,188)	(223,827)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital asset acquisitions	(292,924)	(215,211)
CASH FLOWS FROM FINANCING ACTIVITIES		
Operating subsidies received	176,580	246,980
Capital subsidies received	280,848	196,620
Cash provided by financing activities	457,428	443,600
(Decrease)/Increase in cash and cash equivalents during the year	(6,684)	4,562
Cash and cash equivalents, beginning of the year	31,981	27,419
Cash and cash equivalents, end of the year	25,297	31,981

See accompanying notes to the consolidated financial statements

TORONTO TRANSIT COMMISSION

Notes to the Consolidated Financial Statements, page 1

Year ended December 31, 2004

1. NATURE OF OPERATIONS

The Toronto Transit Commission (the "Commission") was established on January 1, 1954 to consolidate and co-ordinate all forms of local transportation within the City of Toronto ("City"), except railways and taxis. As confirmed in the City of Toronto Act (1997), the Commission shall plan for the future development of local passenger transportation so as to best serve its inhabitants and the City and council are not entitled to exercise a power related to local transportation, except as it relates to Toronto Islands. However, from a funding perspective, the Commission functions as one of the agencies, boards, and commissions of the City and is dependent upon the City for both operating and capital subsidies. The Commission also operates Wheel-Trans, a transit service for people with disabilities, which is also subsidized by the City (note 11). The Commission is not subject to income and capital taxes, receives a full rebate for the goods and services tax ("GST"), and receives exemption from certain property taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These consolidated financial statements are 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.

(b) Consolidation

The consolidated financial statements include the operations of Wheel-Trans and the financial statements of the Commission's subsidiaries, Toronto Transit Consultants Limited ("TTCL") and Toronto Coach Terminal Inc. ("TCTI") and TCTI's subsidiary, TTC Insurance Company Limited (the "Insurance Co.").

(c) Measurement uncertainty

The preparation of the consolidated 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.

(d) Subsidies

Operating subsidies are based on the operating budget approved by the City and are recognized in the period, to the extent that net operating costs are incurred. Contributions provided for the purchase of capital assets are amortized on the same basis as the related assets.

(e) Passenger services revenue

Revenue is recognized when cash, tickets and tokens are used by the passenger to secure a ride. An estimate of tickets and tokens sold, which will be used after the year-end, is included in deferred passenger revenue.

Revenue from passes is recognized in the period in which the passes are valid. An estimated value of passes sold, but only valid after year-end, is included in deferred passenger revenue.

TORONTO TRANSIT COMMISSION

Notes to the Consolidated Financial Statements, page 2

Year ended December 31, 2004

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and money market instruments, such as treasury bills and bankers' acceptances, which have original maturities at acquisition of three months or less and are readily convertible to cash on short notice. The investments are held by the City, on behalf of the Commission.

(g) Spare parts and supplies inventory

Spare parts and supplies inventory is valued at weighted-average cost, net of allowance for obsolete and excess inventory.

(h) Capital assets and depreciation

Capital assets are recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method, based on the estimated useful lives of major assets, as follows:

Asset	Years
Subway	20-65
Rolling stock	20-30
Buses	8-18
Buildings	12-40
Other equipment	3-25
Trackwork	10-25
Power distribution system	25-30

Land purchased directly by the City, for the Commission's use, is accounted for in the City's records.

In addition to direct costs attributable to capital projects, the Commission capitalizes certain internal costs which are related to the acquisition, construction, major rehabilitation, or development of those related capital assets.

(i) Long-term investments

Long-term investments are recorded at cost and written down for declines in value that are other than temporary.

(j) Unsettled accident claims

The Commission has a self-insurance program for automobile and general liability claims. When the claims are reported, the case reserves are initially estimated on an individual basis by adjusters and lawyers employed by the Commission. A provision is made, on a present value basis, for claims incurred, for claims incurred-but-not-reported, and for internal and external adjustment expenses.

(k) Employee benefit plans

The Commission's contributions to a multi-employer, defined benefit/defined contribution hybrid pension plan are expensed when contributions are made.

The projected benefits method prorated on service is used to determine the accrued benefit obligations of the Commission's defined benefit supplemental pension and post-retirement benefit plans because these benefits are affected by future salary levels and health care cost escalations. Management's best estimates of retirement ages of employees, future salary levels, expected health care cost escalations, and plan investment performance are used in the valuation.

The accrued benefit obligations of the post-employment benefit plans are recognized when the event that obligates the Commission occurs. The obligations include income replacement, health and dental benefit claims, and fees and taxes paid to independent administrators of these plans, all calculated on a present value basis.

TORONTO TRANSIT COMMISSION

Notes to the Consolidated Financial Statements, page 3

Year ended December 31, 2004

Accrued benefit obligations and costs are determined using discount rates that are consistent with the market rates of high quality debt instruments, with cash flows that match the expected benefit payments.

The expected return on assets is based on the fair value of the assets for the supplemental pension plan.

For the supplemental pension and post-retirement benefit plans, the excess of the net actuarial gain or loss over 10% of the greater of the benefit obligation and the fair value for plan assets, is amortized over the average remaining service period of active employees. The average remaining service periods of active employees are 12 years (2003 – 12 years) for the supplemental pension plans and 11 years (2003 – 14 years) for the post-retirement benefit plans. The net actuarial gain or loss for post-employment benefits are amortized on a straight-line basis over the average expected period during which benefits will be paid, which are 10 years (2003 – 10 years) for workplace safety insurance benefits and 12 years (2003 – 7 years) for long-term disability benefits.

Past service costs arising from a plan amendment or plan initiation are amortized on a straight-line basis over the average remaining service life of active employees, as of the effective date of the amendment or initiation.

On January 1, 2000, the Commission adopted the new accounting standard of The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3461, using the prospective application method. The Commission is amortizing the transitional obligation, arising from the changes in accounting policies, on a straight-line basis over the expected average remaining service life of the employee group covered by the benefit plan at the date of the change, namely 14 years.

(l) Environmental provision

The Commission includes in its liabilities a provision for the cost of compliance with environmental legislation. Those conditions that have been clearly identified as being in non-compliance with environmental legislation and with costs that can be reasonably determined have been accrued. The estimated amounts of future restoration costs are reviewed regularly, based on available information and governing legislation.

(m) New accounting standard

In March 2003, the CICA issued Handbook Section 3110, "Asset Retirement Obligations". This section requires that the fair value of an asset retirement obligation be recorded as a liability when there is a legal obligation associated with a potential removal activity. This section is effective for the Commission's fiscal year beginning January 1, 2004. The Commission has not recorded any such obligation in 2004 and does not expect this section to have a material impact on its financial statements in future years.

3. FINANCIAL INSTRUMENTS

The main categories of financial instruments held by the Commission are cash and cash equivalents, accounts receivable, long-term investments, and accounts payable. The fair values of these items approximate their book values.

TORONTO TRANSIT COMMISSION

Notes to the Consolidated Financial Statements, page 4

Year ended December 31, 2004

4. RECEIVABLE FROM CITY OF TORONTO AND RELATED PARTY TRANSACTIONS

The Commission is related to the City and its agencies, boards, and commissions in terms of the City's ability to affect the operating, investing, and financing policies of these entities. The Commission enters into transactions with these related parties in the normal course of business under normal trade terms. The accounts receivable from the City and its related entities primarily consist of subsidy billings. To simplify the reconciliation of the Commission's accounts to those of the City, the total receivable is presented net of certain accounts payable to the City, including a loan due on demand, with accrued interest at prime.

	2004	2003
		(\$000s)
Subsidies receivable	220,960	154,558
Other receivables	16,989	24,614
Other payables	(34,104)	(29,624)
Loan payable	(7,644)	(7,350)
Total receivable	196,201	142,198

Included in other receivables is an amount of \$12.3 million arising from the transfer of Commission-owned property to the City in 1983. Due to uncertainty about its ability to collect the entire amount, the Commission recorded a \$5.2 million allowance in 2004 to reflect the estimated fair value of the receivable.

Transactions with the City and its related entities, other than the subsidies (which are disclosed in notes 11 and 12), include the purchase of electric traction power and other materials, services, and supplies in the amount of \$69.4 million (2003 - \$75.6 million).

5. LONG-TERM INVESTMENTS

The shares in a publicly traded company, as the result of the de-mutualization of one of the Commission's insurance carriers, were sold during 2004. The long-term investments now consist of a City of Toronto bond, with an 8.65% yield and a June 8, 2015 maturity, and a Province of Ontario bond, with a 5.375% yield and a December 2, 2012 maturity. At December 31, 2004, the fair value of these long-term investments is \$2.8 million (2003 - \$6.8 million).

6. NET CAPITAL ASSETS

The Commission's cost of capital assets, net of accumulated depreciation, is as follows:

	2004	2003
		(\$000s)
Subway	2,342,364	2,202,433
Rolling stock	1,485,316	1,475,002
Buses	640,909	555,299
Buildings	522,337	366,914
Other equipment	453,232	430,907
Trackwork	425,055	384,458
Construction in progress	197,542	393,123
Power distribution system	151,281	141,896
Land	13,086	13,086
	6,231,122	5,963,118
Less accumulated depreciation	2,630,214	2,423,179
Net capital assets	3,600,908	3,539,939

These costs include the capitalization of certain internal costs. Land purchased directly by the City,

TORONTO TRANSIT COMMISSION

Notes to the Consolidated Financial Statements, page 5

Year ended December 31, 2004

for the Commission's use, is accounted for in the City's records. In 2004, the City created a Land Acquisition Reserve Fund for such future purchases and deposited the \$1.7 million proceeds from the sale of a property. The City also created a Capital Financing Reserve Fund of \$6.3 million to fund the acquisition of 12 buses in 2005. At June 1, 2004 the insured value of all of the Commission's assets, not including land, was \$9.0 billion (2003 - \$8.7 billion).

7. ENVIRONMENTAL LIABILITIES

As an operator of diesel buses that are refuelled on property and an enterprise that repairs and rebuilds buses and other rolling stock, the Commission and its subsidiaries are subject to various federal, provincial, and municipal laws and regulations related to the environment. In 1996, an exhaustive environmental audit was conducted for the Commission by an external consultant. Although some remedial work had been undertaken prior to that audit, more comprehensive remedial and pro-active programs were then established and much work has been completed. However, the garage subsurface remediation program is still active.

The Commission expects that expenditures of approximately \$0.9 million will be incurred during 2005 and therefore this amount is included in accounts payable and accrued liabilities (2003 - \$1.0 million). In addition, the consolidated balance sheet includes a long-term provision for environmental costs of \$6.5 million (2003 - \$7.0 million) to cover the estimated costs of remediating sites with known contamination for which the Commission is responsible. Nevertheless, given that the estimate of environmental liabilities is based on a number of assumptions, actual expenses may vary. The estimated amounts of future restoration costs are reviewed regularly, based on available information and governing legislation.

8. UNSETTLED ACCIDENT CLAIMS

The Insurance Co. was established in 1994 in order to provide insurance coverage for compulsory automobile personal injury and accident benefit claims for the Commission. The Commission has purchased insurance from third party insurers to cover claims in excess of \$5 million on any one accident.

At December 31, 2004, \$38.4 million (2003 - \$35.7 million) of the unsettled accident claims liability is related to the Insurance Co.'s payable for all automobile claims incurred. This payable is guaranteed by the City.

9. NET CAPITAL CONTRIBUTIONS

The net capital contributions of the Commission are as follows:

	2004	2003
	(\$000s)	
Balance, beginning of year	3,433,385	3,432,578
Capital subsidies (note 12)	271,838	217,931
Amortization	(195,844)	(205,031)
Capital subsidy related to disposed assets	(11,996)	(12,093)
Balance, end of year	3,497,383	3,433,385
Accumulated amortization recorded to date	2,305,482	2,109,637

TORONTO TRANSIT COMMISSION

Notes to the Consolidated Financial Statements, page 6

Year ended December 31, 2004

10. EMPLOYEE BENEFITS

Description of benefit plans

The Commission has a number of benefit plans which provide employees with pension, post-retirement, and post-employment benefits.

The Commission participates in a multi-employer, defined benefit/defined contribution hybrid pension plan that covers substantially all of its employees. The pension plan is operated by the Toronto Transit Commission Pension Fund Society (the "Society"), a separate legal entity. The Society provides pensions to members, based on the length of service and average base year (pensionable) earnings. The Society also administers defined benefit supplemental plans designed to pay employees and executives the difference between their earned pension under the by-laws of the Society and the maximum allowable pension under the Income Tax Act (Canada).

Post-retirement benefits, consisting of basic health care and dental coverage, are available to employees retiring from the Commission with at least ten years of service and receiving a pension from the Society. Dental benefits are limited to employees retiring on or after January 1, 2003.

Post-employment benefits are available to active employees in the form of long-term disability and workplace safety insurance ("WSI") plans. The long-term disability plan is self-insured by the Commission and is administered by an independent insurance carrier. As a Schedule 2 employer under the Ontario Workplace Safety and Insurance Act, the Commission fully finances its WSI costs.

Measurement dates and dates of actuarial valuations

The accrued benefit obligations and the fair value of assets are measured as at December 31 of each year.

For the pension benefit plans, the effective date of the most recent actuarial valuations for funding purposes was January 1, 2004. The effective date of the next required actuarial valuation for funding purposes is January 1, 2007.

For the post-retirement and post-employment benefit plans, the effective date of the most recent actuarial valuation for accounting purposes was January 1, 2004. This valuation was used to project the accrued benefit obligations and costs for the current year end. The next accounting valuation is expected to be performed as at January 1, 2008.

Reconciliation of funded status to the liability recorded in the consolidated financial statements

	Defined Benefit Supplemental Pension Plans	Post- Retirement Plans	Post- Employment Plans	2004 Total
	(\$000s)			
Accrued benefit obligations	8,836	125,897	88,644	223,377
Fair value of plan assets	(4,809)	-	-	(4,809)
Funded status - plan deficit	4,027	125,897	88,644	218,568
Balance of unamortized amounts	(1,504)	(64,192)	(3,219)	(68,915)
Accrued benefit liability	2,523	61,705	85,425	149,653
	Defined Benefit Supplemental Pension Plans	Post- Retirement Plans	Post- Employment Plans	2003 Total
	(\$000s)			
Accrued benefit obligations	7,089	115,267	82,914	205,270
Fair value of plan assets	(4,438)	-	-	(4,438)
Funded status - plan deficit	2,651	115,267	82,914	200,832
Balance of unamortized amounts	(404)	(70,429)	(3,196)	(74,029)
Accrued benefit liability	2,247	44,838	79,718	126,803

TORONTO TRANSIT COMMISSION

Notes to the Consolidated Financial Statements, page 7

Year ended December 31, 2004

The defined benefit supplemental pension plan assets consist of 50% (2003 - 50%) equity index pooled funds and 50% (2003 - 50%) deposit in a Canada Revenue Agency non-interest bearing refundable tax account.

Costs recognized in the year

	2004	2003
	(\$000s)	
Multi-employer defined benefit/defined contribution hybrid pension plan	42,900	40,500
Defined benefit supplemental pension plans	561	1,379
Post-retirement plans	20,414	19,359
Post-employment plans	18,807	18,204
Total costs	82,682	79,442

Approximately 91.9% (2003 - 92.4%) of the total costs is included in wages, salaries and benefits on the consolidated statement of operations and accumulated equity. The remaining 8.1% (2003 - 7.6%) has been charged to capital assets, in accordance with the Commission's capitalization policies.

Cash payments made in the year

	2004	2003
	(\$000s)	
Multi-employer defined benefit/defined contribution hybrid pension plan	42,900	40,500
Defined benefit supplemental pension plans	285	296
Post-retirement plans	3,547	2,665
Post-employment plans	13,100	14,067
Total cash payments	59,832	57,528

Cash payments to the pension plans consist of contributions to the Society to meet the minimum funding requirements, in accordance with pension legislation and to provide for the amortization of any unfunded liability over 15 years. The members and the Commission each made required contributions of \$40.9 million in 2004 (2003 - \$38.5 million), which represented 6.25% of members' covered earnings up to the Canada Pension Plan yearly maximum pensionable earnings of \$40,500 in 2004 (2003 - \$39,900) and 7.85% of covered earnings in excess of this amount. In addition, the Commission contributed \$2.0 million in 2004 (2003 - \$2.0 million) for an early retirement provision.

Cash payments to the post-retirement and post-employment plans consist of income replacement, health and dental benefit claims, and administration fees and related taxes paid to the various administrators of these plans.

Significant assumptions used in accounting for employee future benefits

	2004	2003
Accrued benefit obligations as at December 31:		
Discount rate	6.00%	6.00%
Rate of increase in earnings	3.50%	3.50%
Benefit costs for the years ended December 31:		
Discount rate	6.00%	6.25%
Rate of increase in earnings	3.50%	3.50%
Rate of return on assets	4.00%	2.50%

The Commission's rate of growth for health care costs, primarily drug costs, was estimated at 11% (2003 - 9%) and was assumed to decrease gradually to 5% in 2010 and remain at that level thereafter.

TORONTO TRANSIT COMMISSION

Notes to the Consolidated Financial Statements, page 8

Year ended December 31, 2004

Sensitivity analysis

Health care cost trend rate assumptions have a significant effect on the amounts reported for the health care related plans. A one-percentage-point change in the assumed health care cost trend rates would have the following effects for 2004:

	Increase	Decrease
	(\$000s)	
Total costs	2,470	(2,000)
Accrued benefit obligations	18,800	(15,500)

11. OPERATING SUBSIDIES

The operating subsidies are:

(\$000s)	2004			2003
	Conventional	Wheel-Trans	Total	Total
Net operating costs	201,474	50,526	252,000	241,842
From retained earnings	-	8	8	16,939
Source of operating subsidies:				
- Province of Ontario	70,000	-	70,000	-
- City of Toronto	131,474	50,518	181,992	224,903
Total operating subsidy (for Commission's consolidated financial statements)	201,474	50,518	251,992	224,903

Between 1971 and 1980, the City and the Province of Ontario covered the Commission's operating shortfalls on a shared basis. From 1981 until 1993, a more formalized "Users' Fair Share" formula was used, with the Commission establishing its fares each year to cover 68% of total estimated operating expenses (as defined for provincial subsidy purposes). The City provided an operating subsidy equal to the remaining expenses. The City in turn obtained a subsidy from the Province equal to 16% of eligible expenses, plus additional subsidies for certain specified costs. Between 1994 and 1997, modified "flat-line" subsidies were provided by the City and the Province. However, between January 1, 1998 and December 31, 2003, the Province did not provide operating subsidies for public transit. In early 2004, the City allocated \$70 million of Provincial subsidy to the Commission's 2004 operating budget. Currently, the total City operating subsidy amount is established as part of the City's annual budget process.

City of Toronto subsidy (for information only)

(\$000s)	2004			2003
	Conventional	Wheel-Trans	Total	Total
Operating subsidy from the City (see above)	131,474	50,518	181,992	224,903
City special costs	3,031	-	3,031	3,000
Total City operating subsidy (in accounts of the City of Toronto)	134,505	50,518	185,023	227,903

City special costs represent subsidies reflected in the City's budget that are not included in the Commission's operating subsidy but relate to the Commission. They include rents and taxes on commuter parking lots and costs associated with certain subsidized passengers. These subsidies and related expenses are not reflected in these consolidated financial statements.

The total City operating subsidy recognized in 2004 was \$15.1 million less than the approved amount and approval will be sought to allocate \$6.3 million of it to the City's Capital Financing Reserve Fund, in order to assist in financing the Commission's 2005 capital program.

TORONTO TRANSIT COMMISSION

Notes to the Consolidated Financial Statements, page 9

Year ended December 31, 2004

12. CAPITAL SUBSIDIES

Capital subsidies, which are recorded as net capital contributions (note 9), are as follows:

(\$000s)	2004	2003
Source of capital subsidies:		
- City of Toronto	208,683	133,620
- Province of Ontario	51,093	70,611
- Federal Government of Canada	12,062	13,700
Total capital subsidies	271,838	217,931

(a) City of Toronto

The City is responsible for funding 100% of the Commission's capital program. In accordance with the Municipal Act, any funding for the Commission's capital program from other governments flows through the City.

(b) Province of Ontario

Capital subsidies claimed under the various provincial programs are as follows:

(\$000s)	2004	2003
Source of capital subsidies:		
- OTVP/OTRP	21,524	62,300
- CSIF	25,009	-
- TTIP/GTIP	4,560	8,311
Total Provincial capital subsidies	51,093	70,611

Until 1996, the Commission received a 100% subsidy from the City for subway, light-rail additions and improvements, and certain other capital works projects. The City then recovered 75% of the subsidy from the Province. The Commission also received a 75% subsidy from the City for most of its other capital asset additions and the City in turn recovered the subsidy from the Province. This process was modified by the Province in 1996. A tripartite Capital Subsidy Agreement ("CSA") was signed in 1996 by the Commission, the City and the Province to cover capital subsidies over the period 1996 to 2000. However, in 1998, the Province provided a lump sum payment in settlement of its commitments under the CSA and then terminated all capital subsidies, for a period of three years.

On February 20, 2002, the Province announced the creation of the Ontario Transit Renewal Program ("OTRP") to assist municipalities in replacing and refurbishing their existing transit fleets. This program was subsequently renamed the Ontario Transit Vehicle Program ("OTVP") and, for 2004, \$32.1 million funding was approved for transit vehicle replacement and major refurbishment, of which \$10.6 million fulfils the Province's commitment under the Canada Strategic Infrastructure Fund ("CSIF"). Details of this program are provided later in this note.

The Province previously announced funding commitments totalling \$33.7 million (August 2002 and June 2003), through the SuperBuild's Golden Horseshoe Transit Investment Partnership ("GTIP") program, on the basis of proceeding with a specified list of projects. This commitment will be addressed under the Transit Technology Infrastructure Program ("TTIP"), however, the agreement has not yet been finalized and no funding has yet been received. An amount equal to costs incurred in connection with approved projects has been accrued.

TORONTO TRANSIT COMMISSION

Notes to the Consolidated Financial Statements, page 10

Year ended December 31, 2004

(c) **Federal Government of Canada**

Capital subsidies claimed under the various federal programs are as follows:

(\$000s)	2004	2003
Source of capital subsidies:		
- COIP	-	13,700
- CSIF	12,062	-
Total Federal capital subsidies	12,062	13,700

In April 2002, the Federal Minister of Transport announced funding of \$76 million for the Commission's capital modernization and improvement program. The funding was to be provided by the Federal Government through the Canada-Ontario Infrastructure Program ("COIP") in two instalments.

In February 2004, the Federal Government announced that it would provide a full rebate to municipalities for GST paid. Legislation was enacted in May 2004 and this additional 3/7ths rebate resulted in reduced Commission capital expenditures of \$5.0 million in 2004.

On March 30, 2004, the Federal and Provincial Governments jointly announced funding of \$1.050 billion, under the CSIF program for the Commission over five years (2004-2008). This total is to be funded equally, in the amounts of \$350 million, by each of the three levels of government. In December 2004, the CSIF Memorandum of Understanding was signed by the City, outlining the parameters for funding of specific projects, including subway and streetcar systems, transit improvements and a GTA farecard project.

In the February 2005 Federal budget, the Government announced the introduction of a 1 1/2 cents per litre gas tax funding for Canada, with an allocation to Provinces and Territories based primarily on population, commencing in April 2005. Details of this funding have not yet been finalized, including the Provincial method of reallocation.

13. COMMITMENTS AND CONTINGENCIES

- (a) In the normal course of its operations, labour relations, and completion of capital projects, the Commission and its subsidiaries are subject to various arbitrations, litigations, and claims. Where the potential liability is determinable, management believes that the ultimate disposition of the matters will not materially exceed the amounts recorded in the accounts. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional losses related to claims will be recorded in the year during which the liability is determinable.
- (b) A class action claiming \$500 million in damages, plus interest and costs, was served on the Commission on November 30, 2001. The claim is based on alleged exposure by workers to asbestos during construction work at the Sheppard Subway Station. The claim also names the Ministry of Labour and an environmental consultant company as defendants and alleges various violations of the *Occupational Health and Safety Act* and its regulations. The action has not proceeded to the stage involving the motion for certification. Management believes that the ultimate disposition of this matter will not materially exceed the amount recorded in the accounts. Any additional losses related to this claim will be recorded in the year during which the liability is determinable.
- (c) A labour-related grievance against the Commission was submitted for arbitration in 2004. The outcome of this action is uncertain and any resulting potential liability cannot be determined. The impact of this claim will be recorded in the year in which the liability is determinable.

TORONTO TRANSIT COMMISSION

Notes to the Consolidated Financial Statements, page 11

Year ended December 31, 2004

- (d) In 2001, the Commission entered into an agreement to purchase 220 low-floor Orion diesel buses, at a total estimated contract cost of \$113.4 million. At December 31, 2004, all 220 vehicles of the original order have been received. In January 2004, a contract option was exercised with Orion for a further 250 low-floor diesel buses to be delivered in 2005, at an additional cost of \$127.6 million, bringing the revised total contract cost, after eight small amendments netting to a \$0.1 million reduction, to \$240.9 million. In December 2004, 17 of the 2005 vehicles were received, bringing the total number of vehicles received for this contract to 237, at December 31, 2004. Capital expenditures of \$69.2 million were incurred in 2004 (2003 - \$45.6 million) related to this contract.
- (e) In early 2005, the Commission and City Council approved the awarding of a contract for the purchase of an additional 330 low-floor buses from Orion, at a total cost of \$208.1 million. The order consisted of 150 diesel-electric hybrid buses, all of which are due to be delivered in 2006, and 180 diesel buses, of which 80 are to be delivered in 2006 and the remaining 100 in 2007.
- (f) The Commission has contracts for the construction and implementation of various capital projects. At December 31, 2004, these contractual commitments are approximately \$50.1 million (2003 - \$67.6 million).
- (g) The Commission leases certain premises under operating lease agreements. The approximate future minimum annual lease commitments are as follows:

2005	\$4,800,000
2006	2,100,000
2007	100,000
thereafter	0

14. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2004 consolidated financial statements.

**AUDITORS' REPORT ON SUPPLEMENTARY
FINANCIAL INFORMATION**

To the Chair and Members of the
Toronto Transit Commission

The audited consolidated financial statements for **Toronto Transit Commission** and our report thereon are presented in the preceding section of this report. The following information is for purposes of additional analysis and is not required for a fair presentation of the Commission's financial position, results of operations or cash flows. Such information has been subjected to the auditing procedures applied in our examination of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Toronto, Canada,
March 11, 2005.

Ernst & Young LLP

Chartered Accountants

**TORONTO TRANSIT COMMISSION
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004**

(\$000s)	TORONTO TRANSIT COMMISSION (TTC)	WHEEL-TRANS (WT)	TORONTO TRANSIT CONSULTANTS LIMITED (TTCL)
STATEMENT OF OPERATIONS			
Revenue			
Passenger services	(682,787)	(2,638)	-
Advertising	(18,651)		
Outside City services	(12,987)	-	-
Property rental	(10,734)	-	-
Miscellaneous	(6,076)	-	(3)
Total revenue	(731,235)	(2,638)	(3)
Expenses			
Wages, salaries and benefits	701,452	30,727	-
Depreciation	211,877	-	-
Amortization of capital contributions	(195,844)	-	-
Materials, services and supplies	110,866	5,150	-
Vehicle fuel	33,104	1,345	-
Electric traction power	29,767	-	-
Accident claims	17,918	709	-
Utilities	14,999	483	-
Property taxes	8,570	596	-
Wheel-Trans contract services	-	14,154	-
Interest expense net	-	-	-
Income tax	-	-	-
Total expenses	932,709	53,164	-
Net operating costs/(income)	201,474	50,526	(3)
Operating subsidy from the Province	(70,000)		
Operating subsidy from the City	(131,474)	(50,518)	-
Net operating (surplus)/shortfall	-	8	(3)
Accumulated (equity)/deficit, beginning of the year	(14,204)	-	(37)
Accumulated (equity)/deficit, end of the year	(14,204)	8	(40)
Not on the Commission's consolidated Financial Statements			
Operating subsidy from the City (as above)	131,474	50,518	-
Operating subsidies for capital from current	-	-	-
City special costs	3,031	-	-
Total City operating subsidy	134,505	50,518	-
BALANCE SHEET			
Current Assets			
Cash and cash equivalents	22,097	-	140
Accounts receivable			
City of Toronto	196,247	-	-
Other	16,364	-	-
Spare parts and supplies inventory	65,214	-	-
Advances to subsidiary	-	-	-
Indemnity receivable from the Commission	-	-	-
Prepaid expenses	11,317	-	-
	311,239	-	140
Long-term Assets			
Long-term investments	2,554	-	-
Investment in subsidiary	7,357	-	-
Net capital assets	3,593,810	-	-
	3,914,960	-	140
Current Liabilities			
Accounts payable and accrued liabilities	(170,362)	-	-
Deferred passenger revenue	(28,140)	-	-
Unsettled accident claims	(12,677)	-	-
Income taxes payable	-	-	-
Due to parent	-	-	-
	(211,179)	-	-
Long-term Liabilities			
Net capital contributions	(3,497,383)	-	-
Employee benefits	(149,653)	-	-
Unsettled accident claims	(36,023)	-	-
Environmental and other liabilities	(6,526)	-	-
	(3,900,764)	-	-
Capital Stock	-	-	(100)
Accumulated (equity)/deficit	(14,196)	-	(40)
	(3,914,960)	-	(140)

TORONTO COACH TERMINAL INC. (TCTI)	TTC INSURANCE COMPANY LIMITED (TTCIC)	TOTAL BEFORE INTERCOMPANY ELIMINATIONS	INTERCOMPANY ELIMINATIONS	CONSOLIDATED FINANCIAL STATEMENTS
-	-	(685,425)	-	(685,425)
-	-	(18,651)	-	(18,651)
-	-	(12,987)	-	(12,987)
(916)	-	(11,650)	-	(11,650)
(4,480)	(32)	(10,591)	430	(10,161)
(5,396)	(32)	(739,304)	430	(738,874)
2,972	-	735,151	-	735,151
409	-	212,286	-	212,286
-	-	(195,844)	-	(195,844)
667	32	116,715	11	116,726
-	-	34,449	-	34,449
-	-	29,767	-	29,767
-	-	18,627	31	18,658
147	-	15,629	-	15,629
468	-	9,634	-	9,634
-	-	14,154	-	14,154
430	-	430	(430)	-
42	-	42	(42)	-
5,135	32	991,040	(430)	990,610
(261)	-	251,736	-	251,736
-	-	(70,000)	-	(70,000)
-	-	(181,992)	-	(181,992)
(261)	-	(256)	-	(256)
4,793	-	(9,448)	(5,493)	(14,941)
4,532	-	(9,704)	(5,493)	(15,197)
-	-	181,992	-	-
-	-	-	-	-
-	-	3,031	-	-
-	-	185,023	-	-
1,660	1,400	25,297	-	25,297
-	-	196,247	(46)	196,201
100	-	16,464	(542)	15,922
-	-	65,214	-	65,214
1,300	-	1,300	(1,300)	-
-	38,443	38,443	(38,443)	-
-	-	11,317	-	11,317
3,060	39,843	354,282	(40,331)	313,951
-	-	2,554	-	2,554
100	-	7,457	(7,457)	-
7,098	-	3,600,908	-	3,600,908
10,258	39,843	3,965,201	(47,788)	3,917,413
(901)	-	(171,263)	48	(171,215)
-	-	(28,140)	-	(28,140)
(50)	(38,443)	(51,170)	38,443	(12,727)
(13)	-	(13)	13	-
(12,277)	(1,300)	(13,577)	13,577	-
(13,241)	(39,743)	(264,163)	52,081	(212,082)
-	-	(3,497,383)	-	(3,497,383)
-	-	(149,653)	-	(149,653)
(50)	-	(36,073)	-	(36,073)
(499)	-	(7,025)	-	(7,025)
(13,790)	(39,743)	(3,954,297)	52,081	(3,902,216)
(1,000)	(100)	(1,200)	1,200	-
4,532	-	(9,704)	(5,493)	(15,197)
(10,258)	(39,843)	(3,965,201)	47,788	(3,917,413)

Salary Disclosure – 2004

The Public Sector Salary Disclosure Act, 1996 requires the disclosure in the annual report of the salary and benefits of employees in the public sector who are paid a salary of \$100,000 or more in a year. The following is a list of those employees for the year 2004.

<u>NAME</u>	<u>POSITION</u>	<u>SALARY PAID</u>	<u>TAXABLE BENEFITS</u>
Frank Ancona	Foreperson – Structure Rehabilitation	108,357	76
Terry Andrews	Chief Special Constable	112,444	3,253
Warren Bartram	General Superintendent- Track & Structure	150,832	3,253
Kent Bayley	Senior Design Engineer – Communications	110,776	76
Richard Beckingham	Survey Party Chief	102,890	76
Richard Beecroft	Chief Auditor – Internal Audit	128,489	3,253
Andy Bertolo	Chief Project Manager – Construction	150,832	3,253
Scott Blakey	Executive Director - Human Resources	150,832	3,253
Robert Boutilier	Deputy General Manager – Surface Operations	171,113	7,609
William Brown	Manager – Vehicle Engineering	132,751	3,253
Joseph Brunaccioni	Supervisor – Substations/Power Control	104,060	76
Paul Buttigieg	Chief Accountant – Financial Services	111,119	76
John Cannell	Manager – Pension Fund Society	128,489	3,253
John Cannito	Foreperson – Wiring & Service	104,392	76
John Cannon	Chief Information Officer	135,814	3,253
Dora Cheng	Director – Application Services	108,854	76
Allen Chocorian	Manager – Materials and Procurement	150,832	3,253
Teresa Clarke	Director – Compensation & Benefits	102,983	76
Dennis Clarkson	Senior Designer – Communications	116,781	76
Jay Climenhaga	Head – Structural Design	100,025	76
Dexter Collins	Senior Foreperson – Elevators/Escalators	100,778	76
Rick Cornacchia	Deputy General Manager – Subway Operations	171,113	7,609
Kathryn Dean	Manager – Training	126,747	3,253
Adelio Distefano	Supervisor – Structure Maintenance	104,640	76
David Dixon	General Superintendent – Bus Maintenance	150,832	3,253
Robert Dougherty	Supt.– Rail Cars & Shops Maintenance Engineering	108,854	76
Richard Ducharme	Chief General Manager	249,783	13,807
Andrew Duggan	Supervisor – Construction & Preventative Maintenance	100,163	76
Petrut Dumitriu	Foreperson – Structure Rehabilitation	105,575	76
Les Elbert	Senior Systems Analyst	114,860	76
George Esson	Senior Roadmaster	101,766	76
John Ewing	Senior Designer – Signals	126,724	76
Derick Finn	General Superintendent – Signals/Electrical/Communications	150,832	3,253
Silvano Florindi	Project Manager	109,399	76
James Fraser	Superintendent – Rail Cars & Shops	102,848	76
William Frost	Manager – Support Services	108,570	2,988
Gary Gale	Tower Controller	105,346	76
Sameh Ghaly	Project Manager	101,641	76
Michael Hazlett	Assistant Superintendent – Transit Control	112,137	76
Lynn I. Hilborn	Deputy General Manager – Corporate	171,113	7,609
Grant Houston	Senior Foreperson – Bus Maintenance	100,224	76
David Hughes	Director – Project Management	103,054	76
Robert Hughes	Chief Project Manager	125,259	3,253
Anthony Iannucci	Director – Technical Services	108,866	76
Bruce Janes	Supervisor – Subway/Structure Track	105,316	76
Mladen Jeftic	Head – Electrical Engineering	105,432	76
James Kerr	Senior Construction Engineer	100,099	76
Orest Kobylansky	General Superintendent – Streetcar Maintenance	127,570	3,253
Stanley Koper	Superintendent – Wilson Carhouse	108,854	76
Stephen Lam	Superintendent – Vehicle Engineering	105,897	76
Pierre Laurin	Head – Civil & Geotechnical Design	100,800	76
Brian Leck	General Counsel	150,382	3,253
Tommy Lee	Project Manager	107,940	76
Donald Leger	General Superintendent - Plant Maintenance	150,832	3,253
Brian Longson	Superintendent – Track & Structure Maintenance Engineering	108,854	76
Graham Low	Senior Supt. – Heavy Maintenance Harvey Shop	108,871	3,253
Alastair MacDonald	Assistant Manager – Purchasing & Sales	100,025	76
Jaggernauth Maharaj	Chief Accountant – Payroll & Costs	108,854	76
Geoffrey Marinoff	General Superintendent – Rail Cars & Shops	142,921	3,253
Karen McGuire	Associate General Counsel	128,489	3,253
Stuart McKay	Senior Design Engineer – Signals	104,678	76
Raymond McKenzie	Operator	100,143	76
Thomas Middlebrook	Chief Engineer	150,832	3,253
Paul Millett	General Supt. – Subway Transportation	150,832	3,253
John O'Grady	Chief Safety Officer	128,489	3,253
David Partington	Senior Supt. – Heavy Maintenance Duncan Shop	108,896	3,253
Tony Pereira	Superintendent - Communications Bus & Rail	100,657	76
Gerald Porter	Operator	106,633	76
Milan Pristupa	Superintenda – Signals/Electrical/Communications Engineering	113,600	76
Snezana Pupavac	Head – Communications Engineering	105,431	76
Susan Reed Tanaka	Construction Manager	130,089	3,253
Mark Reidak	Superintendent – Signals	100,850	76
Michael Roche	Chief Financial Officer	150,832	3,253
Vincent Rodo	General Manager – Executive/General Secretary	188,914	13,807
Roberto Rosati	Senior Construction Inspector	103,656	76
Jerzy Sajkowicz	Operator	111,100	76
Gordon Seggie	Roadmaster – Subway/SRT Track	104,914	76
John Sepulis	General Manager – Engineering & Construction	185,718	13,807
Jasvinder Singh	Foreperson – Subway/SRT Track	104,316	76

<u>NAME</u>	<u>POSITION</u>	<u>SALARY PAID</u>	<u>TAXABLE BENEFITS</u>
Bruce Smith	Supervisor – Communications	103,213	76
Howard Smith	General Superintendent – Surface Transportation	138,510	3,253
Ira Stambler	Manager – Service Planning	128,489	3,253
Sean Tangney	Slip Clerk	111,518	76
James Teeple	Superintendent – Streetcar Way	100,657	76
Robert Thacker	General Superintendent - Wheel-Trans	150,832	3,253
Richard Thompson	Project Manager	108,854	76
David Trimble	Senior Designer – Communications	102,156	76
Richard Vince	Deputy Chief Engineer – Controls	108,854	76
Lisa Walsh	Director – Employee Relations	105,157	50
Keith Watling	Head – Signals Engineering	105,434	76
Kirsten Watson	Senior Director – Human Resources	128,489	3,253
Gary Webster	General Manager – Operations	188,914	13,807
Charles Wheeler	Manager – Property Development	126,131	3,253
Leonard Wilgus	Senior Solicitor	108,854	3,253
Kee Wong	Superintendent – Plant Maintenance Engineering	105,897	76

TORONTO TRANSIT COMMISSION

Conventional System: 10-Year Non-consolidated Financial and Operating Statistics

	2004	2003	2002
OPERATING STATISTICS (regular service inside the City)			
Passenger Trips (Millions)	418.1	405.4	415.5
Basic Adult Ticket Fare (at December 31) (\$)	1.90	1.90	1.80
Average Number of Employees (including TCTI)	10,553	10,450	10,356
Average Hourly Wages & Benefits per Operator (\$)	35.79	34.79	33.45
Kilometres Operated (Millions)			
Bus	100.7	99.8	100.4
Subway Car	78.4	77.5	76.2
Streetcar	12.2	11.8	11.3
Scarborough RT	4.4	4.1	4.3
Total Kilometres Operated	195.7	193.2	192.2
OPERATING REVENUE STATISTICS			
Operating Revenue – including property rental, etc. (\$ Millions)	731.2	703.0	687.8
Operating Revenue per Passenger Trip (\$)	1.75	1.73	1.66
Operating Revenue per Kilometre (\$)	3.74	3.64	3.58
OPERATING EXPENSE STATISTICS			
Operating Expenses (\$ Millions)	932.7	899.0	848.9
Operating Expense per Passenger Trip (\$)	2.23	2.22	2.04
Operating Expense per Kilometre (\$)	4.77	4.65	4.42
OPERATING SUBSIDY STATISTICS			
Operating Subsidy (\$ Millions) (See Note 14)	201.5 ¹³	179.2 ¹²	161.1 ¹¹
Operating Subsidy per Passenger Trip (\$)	0.48	0.44	0.39
Operating Subsidy per Kilometre (\$)	1.03	0.93	0.84
OPERATING DEFICIT/(SURPLUS) STATISTICS (see Notes for details)			
Operating Deficit/(Surplus) (\$ Millions)	-	16.9	-
Operating Deficit/(Surplus) per Passenger Trip (\$)	-	0.04	-
Operating Deficit/(Surplus) per Kilometre (\$)	-	0.09	-
REVENUE/COST RATIO	78.4% ⁷	78.2% ⁷	81.0% ⁷
CAPITAL ASSETS (Conventional & Wheel-Trans)			
Investment in Capital Assets at December 31 (\$ Millions)			
Gross Investment (before contributions & depreciation)	6,216.5	5,948.7	5,733.5
City & Provincial Contributions	(5,802.9)	(5,543.0) ¹⁵	(5,337.2) ¹⁵
TTC Investment (before depreciation)	413.6	405.7	396.3
PASSENGER VEHICLE FLEET			
(Conventional & Wheel-Trans, owned or leased and in service at December 31)			
Buses	1,502	1,489	1,468
Subway Cars	684	684	692
Streetcars	248	248	248
Scarborough RT Cars	28	28	28
Wheel-Trans Buses	145	144	135
Total Vehicle Fleet	2,607	2,593	2,571

Notes:

- The lower average hourly wages & benefits per Operator in 1995 related to the Social Contract savings.
- The 1995 Metro subsidy of \$110.0 million included \$10.2 million from the Transit Improvement Reserve Fund and \$7.5 million from the Metro Contingency Account.
- The 1996 Metro subsidy of \$79.2 million included \$2.5 million from the Metro Contingency Account. The \$6.4 million write-down of the advance to the TCTI subsidiary, a non-operating cost (therefore not included in the above table), reduced the Commission's accumulated equity.
- In 1997, the \$14.8 million net operating surplus increased the Commission's accumulated equity.
- On January 1, 1998, the City of Toronto assumed all assets and liabilities of Metro and all Provincial operating subsidies ceased. The total subsidy paid by the City was \$149.3 million, consisting of \$138.9 million for operating subsidy, \$7.4 million for capital from current, \$1.9 million for City special costs and a \$1.1 million contribution to the TTC Stabilization Reserve Fund.
- In previous years, the revenue/cost ratio had been determined in accordance with Provincial operating subsidy rules on eligible revenues and expenses, which, if applied in 1998, would have yielded a slightly higher revenue/cost ratio. The 1998 revenue/cost ratio was recalculated as operating revenue/operating expenses (excluding \$7.4 million for capital from current).
- The 2004, 2003, and 2002 revenue/cost ratios were calculated as operating revenue/operating expenses (excluding capital from current). The 1999, 2000 and 2001 ratios were restated in 2002 to conform to the presentation adopted in 2002.

2001	2000	1999	1998	1997	1996	1995
420.0	410.6	392.6	388.7	379.9	372.4	388.2
1.80	1.70	1.70	1.60	1.60	1.60	1.50
10,191	10,095	10,049	9,462	9,133	9,129	9,459
32.29	31.25	30.20	29.06	28.99	29.72	28.25 ¹
97.7	95.0	94.4	94.5	93.7	93.7	100.9
75.5	74.4	67.4	67.6	65.5	63.9	62.8
11.7	11.3	11.4	12.1	10.6	10.9	11.1
4.4	4.2	3.9	4.1	3.7	3.6	3.7
189.3	184.9	177.1	178.3	173.5	172.1	178.5
670.6	630.2	585.2	563.9	559.4	514.8	457.3
1.60	1.53	1.49	1.45	1.47	1.38	1.18
3.54	3.41	3.30	3.16	3.22	2.99	2.56
797.2	745.1	706.8	702.8	703.5	684.0	671.8
1.90	1.81	1.80	1.81	1.85	1.84	1.73
4.21	4.03	3.99	3.94	4.05	3.97	3.76
126.6 ¹⁰	112.5 ⁹	121.5 ⁸	138.9 ⁵	158.9	169.2 ³	214.6 ²
0.30	0.27	0.31	0.36	0.42	0.45	0.55
0.67	0.61	0.69	0.78	0.92	0.98	1.20
- ⁹	2.4 ⁹	-	-	(14.8) ⁴	-	-
-	0.01	-	-	(0.04)	-	-
-	0.01	-	-	(0.09)	-	-
84.1% ⁷	84.6% ⁷	82.8% ⁷	80.2% ⁶	80.4%	75.7%	69.3%
5,514.5	5,230.3	4,849.2	4,258.4	3,721.2	3,353.6	3,042.4
(5,121.5) ¹⁵	(4,925.4)	(4,547.2)	(3,951.8)	(3,420.8)	(3,055.9)	(2,738.8)
393.0	304.9	302.0	306.6	300.4	297.7	303.6
1,480	1,468	1,483	1,498	1,468	1,525	1,542
692	672	660	638	620	640	622
248	248	248	248	248	248	248
28	28	28	28	28	28	28
142	149	150	140	140	140	140
2,590	2,565	2,569	2,552	2,504	2,581	2,580

8. In 1999, the total subsidy paid by the City was \$148.9 million, consisting of \$121.5 million for the operating subsidy, \$17.8 million for capital from current, \$2.4 million for the City special costs, and a \$7.2 million contribution to the TTC Stabilization Reserve Fund.

9. In 2000, the total subsidy paid by the City was \$144.3 million, consisting of \$112.5 million for the operating subsidy, \$17.6 million for capital from current, \$2.1 million for the City special costs, and a \$12.1 million contribution to the TTC Stabilization Reserve Fund. The \$2.4 million net operating deficit reduced the Commission's accumulated equity.

10. In 2001, the total subsidy paid by the City was \$147.6 million, consisting of \$126.6 million for the operating subsidy, \$18.1 million for capital from current, and \$2.9 million for City special costs.

11. In 2002, the total subsidy paid by the City was \$152.2 million, consisting of \$161.1 million for the operating subsidy, \$12.7 million for capital from current, \$2.9 million for City special costs, less a \$24.5 million draw from the TTC Stabilization Reserve Fund.

12. In 2003, the total subsidy paid by the City was \$182.2 million, consisting of \$179.2 million for the operating subsidy and \$3.0 million for City special costs. The \$16.9 million net operating deficit reduced the Commission's accumulated equity.

13. In 2004, the total subsidy paid by the City was \$134.5 million, consisting of \$131.5 million for the operating subsidy and \$3.0 million for City special costs. The City allocated \$70 million of Provincial subsidy to the operating budget. In lieu of capital from current, \$6.3 million was placed by the City in a Capital Financing Reserve Fund, to fund capital purchases in 2005.

14. The operating subsidy amounts do not include the capital from current amounts. For 1998 to 2002, the operating subsidy and operating subsidy per passenger and per kilometre amounts have been adjusted.

15. In 2003, the process for recording the disposition of subsidized capital assets was revised. The 2001/2/3 capital subsidy amounts have been restated to conform to the new presentation.

Management Directory – 2004

OFFICERS AND SENIOR OFFICIALS

Richard C. Ducharme
Chief General Manager

Robert A. Boutilier
Deputy General Manager
Surface Operations

Rick Cornacchia
Deputy General Manager
Subway Operations

Lynn I. Hilborn
Deputy General Manager
Corporate

Brian M. Leck
General Counsel

Vincent Rodo
General Secretary/
General Manager
Executive

John A. Sepulis
General Manager
Engineering & Construction

Gary M. Webster
General Manager
Operations

DEPARTMENT HEADS

Terry A. Andrews
Chief Special Constable

Warren H. Bartram
General Superintendent
Track and Structure

Dick G. Beecroft
Chief Auditor

Andy G. Bertolo
Chief Project Manager
Construction

Scott Blakey
Executive Director
Human Resources

William D. Brown
Manager
Vehicle Engineering

John D. Cannell
Manager
Pension Fund Society

John D. Cannon
Chief Information Officer

Allen J. Chocorlan
Manager
Materials and Procurement

Kathryn Dean
Manager
Training

Dave Dixon
General Superintendent
Bus Maintenance

Derick Finn
General Superintendent
Signals/Electrical/
Communications

William G. Frost
Manager
Support Services

Bob Hughes
Chief Project Manager
TTC/GTA Farecard Project

Orest Z. Kobylansky
General Superintendent
Streetcar Maintenance

Don Leger
General Superintendent
Plant Maintenance

Geoff Marinoff
General Superintendent
Rail Cars and Shops

Thomas G. Middlebrook
Chief Engineer

Paul Millett
General Superintendent
Subway Transportation

John P. O'Grady
Chief Safety Officer

Michael A. Roche
Chief Financial Officer

Alice E. Smith
Chief Marketing Officer
(Acting)

Howard Smith
General Superintendent
Surface Transportation

Mitch Stambler
Manager
Service Planning

Robert J. Thacker
General Superintendent
Wheel-Trans

Charles W. Wheeler
Manager
Property Development

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