

12th

ANNUAL REPORT

TORONTO TRANSIT COMMISSION

1965

Toronto Transit Commission

TWELFTH ANNUAL REPORT

TO THE
MUNICIPALITY OF
METROPOLITAN TORONTO

1965



RALPH C. DAY



CHAS. A. WALTON



FORD G. BRAND



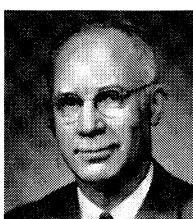
C. C. DOWNEY, Q.C.



D. F. HAMILTON



J. G. INGLIS



W. H. PATERSON



H. E. PETTETT



TORONTO TRANSIT COMMISSION

COMMISSIONERS

RALPH C. DAY, Chairman

CHAS. A. WALTON, Vice-Chairman

FORD G. BRAND, Commissioner

C. C. DOWNEY, Q.C., Commissioner

DOUGLAS F. HAMILTON, Commissioner

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J. G. INGLIS, General Manager of Operations

W. H. PATERSON, General Manager—Subway Construction

H. E. PETTETT, General Secretary

J. H. KEARNS, Assistant General Manager of Operations

J. W. H. DAY, Q.C., General Counsel

L. O. MORLEY, Treasurer



July 5, 1966.

Wm. R. Allen, Esq., Q.C., Chairman,
And Members of the Council of
The Municipality of Metropolitan Toronto,
City Hall,
TORONTO 1.

Ladies and Gentlemen:

ANNUAL REPORT — 1965

Increased passenger traffic and record revenues made 1965 the best year since the inception of the present Commission in 1954.

The number of revenue passengers carried during the year reached 288,038,489, an increase of 12,747,484 over 1964. This volume of transit passengers handled by our system in 1965 was exceeded only in two other cities on this continent, New York and Chicago. With the exception of the war years from 1939 to 1944 when abnormal conditions prevailed, 1965 showed the highest single-year increase in passenger traffic in the 44-year history of publicly owned transit in Toronto.

The upward trend in transit riding which has continued since 1962 reflects both the buoyant economy and the Commission's continued drive to extend service.

Expansion of service in Metro's suburban districts continued to be a major objective during 1965. Miles of suburban service for the year reached an all-time high of 13,577,823 miles, an increase of 1,055,063 over 1964. Twelve routes were extended to service new districts and the hours of service and schedule frequencies were improved on several other lines. Total system route miles increased by almost 5% as a result of these extensions.

The Commission took delivery of 287 new passenger vehicles during 1965, more than in any other year in T.T.C. history. The 164 Canadian-built subway cars for the Bloor-Danforth line began arriving in May, and all cars were received or shipped by December 31st. One hundred and twenty-seven new Canadian-built buses were also received during the year. Forty were required to replace obsolete buses. The remainder were required for service expansion and for the conversion of a number of street car routes to bus operation coincidental with the Bloor-Danforth Subway opening.

The purchase of these modern, efficient vehicles was part of the Commission's continuing program to maintain high fleet standards and to provide the best available equipment for its riders. In this respect, the quality of your transit system's planning, service and equipment is best demonstrated by the fact that 198 officials and engineers from 23 countries and 10 states in U.S.A. inspected Toronto's transit operations and facilities during 1965. The favourable comments of these visitors have been most encouraging.

Financial results were also gratifying. Gross revenues hit an all-time high of \$50,086,720, and although the rise in operating expenses continued to accelerate, a net revenue of \$4,095,763 was recorded.

Despite the satisfactory results achieved in 1965, there is cause for concern about the serious financial squeeze that faces the Commission in 1966. Although there is every reason to believe that passenger traffic will again increase substantially, the resulting increase in revenue will not keep pace with rapidly rising operating costs, most of which are beyond the control of the Commission. For example, interest and depreciation charges will increase by more than \$3 million in 1966, which is largely attributable to the Bloor-Danforth Subway. Increased manpower required to run the new subway; the continued upward spiral of municipal and other taxes; steadily increasing material costs and rising wages will inexorably push expenses far in excess of income before the end of 1966.

The following pages show detailed financial and operating results for the year 1965.

FINANCIAL RESULTS

Operations in the year 1965 resulted in net earnings of \$4,095,763 compared with net earnings of \$3,899,859 in 1964.

A summary of revenue and expenses for 1965 with comparative figures for 1964 is as follows:

	1965	1964
Gross revenue -----	\$50,086,720	\$47,951,951
Operating expenses including		
depreciation -----	44,745,984	42,770,698
	<hr/>	<hr/>
	\$ 5,340,736	\$ 5,181,253
Debenture interest and discount		
expense -----	1,244,973	1,281,394
	<hr/>	<hr/>
Net earnings -----	<u>\$ 4,095,763</u>	<u>\$ 3,899,859</u>

Totals of miles operated and passengers carried (fares collected) continued to increase in 1965 for the fourth successive year.

Revenue miles operated in 1965 totalled 56,165,772 compared with 55,183,190 in 1964, an increase of 982,582 miles. The zone-fare system accounted for 903,934 of the additional miles and charter and special services increased by 78,648 miles.

The net increase of 903,934 miles operated on the zone-fare system was made up as follows:

	Miles
Increase—motor bus operation-----	1,504,636
Decreases—street cars -----	206,215
—trolley coaches -----	268,267
—subway cars -----	126,220 600,702
	<hr/>
Net Increase -----	<u>903,934</u>

More than 74% of the increase in miles operated by motor buses was on suburban zone routes.

The increase in the total number of passengers carried which began in 1962 continued at an accelerated pace in 1965, when 288,038,489 fares were collected compared with 275,291,005 in 1964, an increase of 12,747,484 or 4.63%.

STATEMENT OF EARNINGS

Gross revenue in 1965 was \$50,086,720 compared with \$47,951,951 in 1964, an increase of \$2,134,769. Revenue from passenger services was \$2,139,249 higher while revenue from other sources showed a small decline of \$4,480.

Operating expenses were also higher in 1965, the total of \$44,745,984 being \$1,975,286 over the 1964 figure of \$42,770,698. Increases occurred in all operating expense categories except depreciation, as shown by the following tabulation:

	1965 Costs	1964 Costs	Increase (Decrease) in 1965 over 1964
Wages, salaries and other employee costs -----	\$30,751,004	\$29,404,324	\$1,346,680
Electric traction power purchased -----	2,231,751	2,227,590	4,161
Gasoline and diesel oil, including provincial taxes -----	1,465,329	1,353,100	112,229
Vehicle and other licenses -----	151,179	132,166	19,013
Municipal taxes -----	1,294,595	1,191,804	102,791
Public liability and property damage costs -----	508,490	401,693	106,797
Other expenses, including cost of materials used and equipment rentals-----	4,119,543	3,781,287	338,256
	<hr/>	<hr/>	<hr/>
Depreciation -----	\$40,521,891	\$38,491,964	\$2,029,927
	<hr/>	<hr/>	<hr/>
Total operating expenses -----	<u>\$44,745,984</u>	<u>\$42,770,698</u>	<u>\$1,975,286</u>

Debenture interest expense of \$1,244,973 in 1965 was lower than the 1964 expense by \$36,421, making a net increase of \$1,938,865 in total expenses for year.

The above tabulation shows that wages, salaries and other employee costs, which represent over two-thirds of the Commission's total operating expenses, accounted for the largest part of the increase in expenses in 1965. Other substantial increases occurred in gasoline and diesel oil costs, in public liability and property damage payments, in municipal taxes and in materials and supplies used.

TAXES

Municipal taxes on real estate paid by the Commission in 1965 amounted to \$1,294,595 while gasoline and diesel oil taxes and motor vehicle licences paid to the Province of Ontario were \$1,010,750. The total of \$2,305,345 was 10% higher than the 1964 total of these taxes and represented four-fifths of a cent from each of the 288,034,489 fares collected in 1965.

FARE STRUCTURE

The zone fare structure remained unchanged throughout 1965, and is as shown in the statistical section at the end of this report.

BALANCE SHEET

The total assets of the Commission at December 31, 1965 are shown in the balance sheet at \$101,573,378 after deducting accumulated depreciation of

\$80,004,349 and capital contributions received from The Municipality of Metropolitan Toronto of \$147,207,945. This is an increase of \$25,139,621 over total assets of \$76,433,757 shown at December 31, 1964.

ACCOUNTS RECEIVABLE

Accounts receivable increased in 1965 to \$708,337 at the close of the year against \$504,401 at the end of 1964. The increase resulted from the sale to the Municipality of Metropolitan Toronto in 1965 of a number of properties required by the Municipality for construction of the Spadina Expressway. The Commission received payment for the properties in 1966.

MATERIALS AND SUPPLIES

The value of materials and supplies on hand showed a moderate increase of \$69,694 in 1965 to a total of \$1,859,210 at the end of the year.

INVESTMENTS

No new investments were made in 1965. Two mortgages on properties sold were paid off during the year.

CAPITAL ASSETS

The cost of the Commission's capital assets, excluding subways under construction, increased by \$5,000,253 in 1965 of which \$1,866 was contributed by The Municipality of Metropolitan Toronto for University subway right-of-way. The net increase of \$4,998,387 was made up of additions of \$7,020,769 less retirements of \$2,022,382, as follows:

Additions, at cost, were:

127 General Motors diesel buses and spare parts	\$4,405,796
Construction of Queensway Garage	1,837,243
Track and overhead reconstruction	201,260
Replacement of boilers in Hillcrest Heating Plant	185,259
Gloucester Subway cars—communication equipment	77,541
Preliminary rapid transit studies	70,268
Automotive service vehicles	69,990
Remodelling of Danforth Division traffic office	51,000
Other expenditures	122,412
	<hr/>
	\$7,020,769

Retirements, shown at original cost, were:

40 Buses	\$ 700,736
Trackwork and related power distribution system	451,798
Property sales	349,373
16 street cars	299,323
Boilers in Hillcrest Heating Plant	107,494
Automotive service vehicles	47,018
Shop equipment	28,179
Other retirements	38,461
	<hr/>
	\$2,022,382

Accumulated depreciation on capital assets increased by \$2,564,419 in 1965, amounting to \$80,004,349 at the year end.

**BLOOR-DANFORTH SUBWAY AND EAST - WEST
EXTENSIONS UNDER CONSTRUCTION**

Expenditures on and funds appropriated for construction of the Bloor-Danforth subway and East - West extensions in 1965 amounted to \$47,106,300, of which \$25,134,152 was contributed by The Municipality of Metropolitan Toronto.

Costs accumulated to the end of 1965, with comparative figures at the close of 1964, were as follows:

Bloor - Danforth Subway:

	December 31	
	1965	1964
Engineering and Administration-----	\$ 10,180,934	\$ 8,785,922
Tunnel and Structures-----	70,952,467	56,325,057
Track -----	5,828,898	4,243,913
Traction power and supervisory control-----	4,615,927	1,683,286
Signal system-----	2,326,372	558,652
Rolling stock-----	16,502,440	517
Greenwood Yard and Shops-----	6,685,289	5,682,891
Greenwood Yard and Shops—Land-----	2,377,525	1,542,180
Interest during construction-----	1,608,757	890,692
Station furnishings-----	385,049	—
	\$121,463,658	\$79,713,110

East - West Extensions:

Engineering and Administration-----	\$ 2,170,669	\$ 1,002,797
Tunnel and Structures-----	6,038,686	—
Track -----	298,655	—
Traction Power -----	331,164	—
	\$ 8,839,174	\$ 1,002,797
TOTAL CONSTRUCTION COSTS-----	\$130,302,832	\$80,715,907
Miscellaneous costs and receivables-----	\$ 355,174	\$ 297,998
Cash in Bank-----	74,665	169,023
Proceeds of debenture issues not yet drawn from Metro Treasurer -----	1,124,917	—
Temporary investments-----	—	4,590,592
Interest bearing deposits-----	—	—
	\$131,857,588	\$85,773,520

Less:

Accounts payable and accruals-----	\$ 3,747,093	\$ 4,729,161
Contract holdbacks -----	5,178,237	5,218,401
	\$ 8,925,330	\$ 9,947,562
Total expenditures and funds appropriated-----	\$122,932,258	\$75,825,958

These expenditures have been made by the Municipality of Metropolitan Toronto and by the T.T.C. under authority of Ontario Municipal Board Orders Nos. E287-58 dated June 6, 1961 and F3033-63 dated January 27, 1964 for the

Bloor-Danforth subway and No. F3032-63 dated February 3, 1964 for the East-West extensions.

At December 31, 1965 the contributions by The Municipality of Metropolitan Toronto and the Toronto Transit Commission were as follows:

Funds provided by Metro-----	\$ 82,431,794
Funds provided by T.T.C.:-----	
Advances from current funds-----	\$13,946,371
Proceeds of debenture issues-----	26,554,093

	\$122,932,258

CURRENT LIABILITIES

Current liabilities of \$6,169,487 at December 31, 1965 are \$1,760,817 higher than at December 31, 1964. The 1965 liabilities include \$987,173 for buses delivered late in 1965 and \$411,320 owing on construction contracts.

PROVISION FOR TICKETS AND TOKENS HELD BY THE PUBLIC

The provision for tickets and tokens in the hands of the public was increased by \$125,000 to a total of \$700,000 at December 31, 1965. This increase was necessary because the value of tickets and tokens sold in 1965 substantially exceeded the value of collections in fareboxes and turnstiles, indicating increased quantities of tickets and tokens in the hands of the public.

CAPITAL DEBT

All capital borrowings required by the Commission are effected through the issue of Municipality of Metropolitan Toronto debentures. The Commission is required to provide the Municipality with funds to meet all principal and interest payments on such debentures. One issue of debentures was made by the Municipality in 1965 to provide funds for the Commission's share of expenditures on construction of the Bloor-Danforth subway. This was an issue of \$20,000,000 instalment debentures dated May 1, 1965 which was sold to the Province of Ontario. These debentures bear interest at 5 1/4% per annum and are repayable in Canadian funds in annual instalments over a period of 30 years.

The net capital debt of the Commission at December 31, 1965 was \$55,523,771 in respect of the following debenture issues:

Type of Debenture	Year of Issue	Interest Rate	Year of Final Payment	Net Debt
Serial -----	1950	2 5/8% - 2 3/4%	1980	\$ 2,536,800
Serial -----	1951	3 1/4% - 3 3/8%	1981	4,187,230
Serial -----	1953	3 1/4% - 4%	1983	6,676,918
Serial -----	1954	3 1/2%	1984	2,595,513
Sinking Fund -----	1955	3 3/4%	1980	1,402,240
Sinking Fund -----	1956	4 1/8%	1986	2,037,723
Serial -----	1962	5 3/8%	1992	3,986,028
Sinking Fund -----	1963	5%	1993	2,013,712
Serial -----	1963	5 1/2%	1993	9,716,000
Serial -----	1965	5 1/4%	1995	20,000,000
Foreign exchange premiums received less discounts on transfer of proceeds of outstanding debentures issued in United States funds-----				371,607
NET DEBT -----				\$55,523,771

The outstanding debt at December 31, 1965 included \$13,347,180 on which principal and interest payments are made in United States funds. The cost of servicing this portion of the debt is influenced by the rate of exchange on United States dollars at the time of payment.

EARNINGS RETAINED AND INVESTED IN THE SYSTEM

Earnings retained and invested in the system since January 1, 1954 increased by \$4,392,780 in 1965. This amount represents the net earnings for the year of \$4,095,763 plus \$319,223 profit on sale of real estate (including Queen's Quay, Christie and Strathmore Loop properties), less \$22,206 net foreign exchange cost on repayment of capital debt in United States funds. The balance at December 31, 1965 was \$12,876,387.

SOURCE AND APPLICATION OF FUNDS

A statement showing the source and application of funds for the year 1965 is given hereunder:

Source of Funds:

Net earnings for the year-----	\$ 4,095,763
Provision for depreciation-----	4,224,093
Provision for outstanding tickets, etc.-----	142,730
	<hr/>
Proceeds of debenture issues received from the Municipality of Metropolitan Toronto-----	19,599,026
Disposal of capital assets-----	710,892
	<hr/>
	\$28,772,504

Application of Funds:

Additions to capital assets-----	\$ 7,020,769
Expenditures on Bloor-Danforth subway and East-West extensions under construction-----	47,106,300
Less—Capital contributions received from The Municipality of Metropolitan Toronto -----	25,134,152
	<hr/>
Payments for redemption of debenture debt -----	1,126,553
	<hr/>
	\$30,119,470
DECREASE IN WORKING CAPITAL-----	<hr/> \$ 1,346,966

FINANCIAL STATEMENTS AND AUDIT

Messrs. Price Waterhouse & Co., the independent public accountants retained by the Commission, have audited the books and examined the financial statements, and their certificate is attached to the annual accounts which are a part of this report.

The Metropolitan Auditor has submitted his report covering the year 1964 and is currently engaged on his review of the 1965 accounts.

OPERATIONS

At the year end, preparations for the opening of the Bloor-Danforth Subway on February 26, 1966, were in high gear. An extensive program of surface route changes associated with the subway was ready to be implemented; new subway cars were undergoing exhaustive tests in the shops and in actual service; a subway training program for 389 men was within a few days of starting; and the new Greenwood Subway Shop and Yard was partially staffed, equipped and already preparing the new subway cars for service.

SERVICE EXTENSIONS

As mentioned previously, expansion of service in suburban districts was continued at a good pace during 1965. As a result, suburban service was increased by more than one million miles over 1964.

The following routes were extended to serve new districts:

ANGLESEY, DUFFERIN, EGLINTON EAST-Guildwood, FINCH, ISLINGTON, KEELE, KIPLING, NORTH YONGE - Senlac, NORTH YONGE-Willowdale, PHARMACY, ROYAL YORK AND YORK MILLS.

SPECIAL SERVICES

Express and special bus services to sporting events and other major attractions continued to be popular. Express bus routes to the Canadian National Exhibition carried 276,189 passengers, an increase of 12,587 over 1964. Special buses to football, hockey and horse racing carried a total of 251,240 riders.

In addition to the convenience that these special services afford, their contribution to the reduction of traffic congestion at many busy locations should not be overlooked.

VEHICLES

The testing and preparation for service of the 287 new passenger vehicles received during the year was carried out by the Commission's Equipment Department which, in addition, had the task of equipping and staffing two new large equipment repair and operating facilities, Greenwood Subway Repair Shops and Queensway Bus Garage. High fleet maintenance standards were achieved in spite of the unusually heavy volume of work, and the Commission is proud to report that its Equipment men were awarded the national Fleet Owner Award for Maintenance Efficiency in 1965.

At the year end, the passenger and service fleet was as follows:

Passenger vehicles:

Street cars	738
Subway cars	334
Trolley buses	153
Motor buses	812
	2,037

Service vehicles:

Rail — surface	29
Rail — subway	6
Automotive	139
	174
TOTAL	2,211

TRACK AND ROADWAY

During 1965 major track repair work was carried out on King Street, Wychwood Avenue, Gerrard Street, Bay Street and Dundas Street. The work was co-ordinated with the City of Toronto pavement renewal program. In addition, worn rail was replaced on four curves on the Yonge subway line.

Tracks, overhead wires and poles were installed in new loops for connecting surface routes at six Bloor-Danforth subway stations. Three other loops were enlarged or converted for bus operation in readiness for the subway opening.

At December 31st, miles of single track in service were:

Surface track	184.68
Subway track	18.25
TOTAL	202.93

Miles of streets and roadways in Metropolitan Toronto served by bus and trolley coach lines at the year end were:

Trolley bus	26.28
Motor bus	376.48
TOTAL	402.76

BUILDINGS AND PROPERTY

At the year end, the new \$2 million Queensway bus garage located on a 7½ acre site on Evans Avenue just west of Kipling Avenue in Etobicoke Township was nearing completion. It is designed and equipped to handle the operation and maintenance of more than 150 buses which serve about 75 square miles of Metropolitan Toronto's west end.

Other important building maintenance projects carried out during the year included the installation of two new repair pits and hoists at Birchmount Garage; new lighting and a new vehicle exhaust system at Eglinton Garage; and the installation of two new oil-fired boilers in the Hillcrest Yard heating plant.

PUBLIC INFORMATION

A comprehensive public information program continued to be an important part of the Commission's operations. The telephone information staff answered 843,924 requests for route, schedule and fare information, an all time high. More than 83,000 system route maps and 420,000 individual bus route timetables were distributed.

Public relations work in connection with Bloor-Danforth Subway construction also received much attention during the year. As the project neared completion, press, radio and television reporters were given every possible opportunity to inspect the new line so that they could keep their listeners and readers abreast of construction progress. Along the east and west extensions every effort was made to keep residents and businesses adjacent to the right-of-way fully informed in advance of necessary street closures, diversions or other temporary disturbances.

LABOUR RELATIONS

Relations between the three Unions and the Commission remained harmonious during the year, and the provisions of all agreements have been carried out in a spirit of co-operation. Two agreements expired December 31st, 1965, and the third expires March 31st, 1966.

SUBWAY CONSTRUCTION

PROJECT SUMMARY

The Bloor-Danforth-University subway, including its easterly and westerly extensions, is being built jointly by Metropolitan Toronto and the Toronto Transit Commission at a cost of \$277,000,000. The first ten miles of this 16-mile addition to Toronto's subway system were originally scheduled for final completion in 1969, but the Province of Ontario made available a \$60,000,000 loan and the target date for completion was advanced to 1967. Work on the two-mile University section began in the fall of 1959, and it was opened on February 28th, 1963.

During 1963, the Province announced that beginning in April 1964, it would contribute towards basic right-of-way construction costs of the project. Also during 1963, an accelerated construction program was put into effect which again advanced the completion date. By early 1965, construction had proceeded at such a good pace that the target date for completion of the Keele to Woodbine section was advanced to December 30th, 1965. Labour strikes in a number of construction trades started in June 1965, however, and continued until October for a total of 103 days. This seriously delayed work on nine separate construction contracts with the result that the opening date had to be re-scheduled for February 26th, 1966. This will complete the original 10-mile \$200,000,000 Bloor-Danforth-University project.

In 1964, formal approval was given by Metropolitan Toronto Council and the Ontario Municipal Board for the construction of two extensions to the Bloor-Danforth line. To be built at a total cost of \$77,000,000, the extensions will carry the east-west line from Keele Street to Islington Avenue in the west, a distance of 3.49 miles, and from Woodbine Avenue to Warden Avenue in the east, a distance of 2.77 miles. These will be the first subway extensions into suburban municipalities.

BLOOR-DANFORTH SECTION

At December 31st, 1965, eight major structural contracts on the Keele to Woodbine section were completed and the remaining five were all more than 90% complete.

The contract for the supply and installation of the signal system was completed, and the system was undergoing exhaustive testing. Contracts for the installation of 45 escalators and the installation of traction power equipment were both nearing completion. Installation of all trackwork for the subway mainline, yard and storage areas was carried out by T.T.C. Plant Department men.

EAST - WEST EXTENSIONS

Satisfactory progress was made on the extensions to Islington Avenue in Etobicoke and to Warden Avenue in Scarborough. At the year end, construction work on six of the thirteen major structural contracts was underway, and design and contract specifications for the remaining seven contracts were almost completed. Tenders will be called and contracts awarded for the entire east-west project during 1966. Target date for the completion of both extensions is December 1967.

CONCLUSION

Preparations for the opening of the Bloor-Danforth subway meant much added work and responsibility for all Commission departments. That this work was well handled during a year when almost 13 million more riders used the transit system

speaks well of the efficient and conscientious effort of the entire staff. The Commission is proud of its employees.

The Commission would also like to compliment and thank its riders who by their respect for their transit system's property and equipment have helped to earn for Toronto a world-wide reputation for cleanliness and good maintenance.

The co-operation of Metropolitan Council and of the elected representatives and officials of all area municipalities is gratefully acknowledged.

Yours truly,



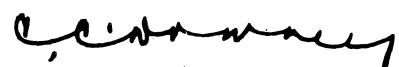
Chairman



Vice-Chairman



Commissioner



Commissioner



Commissioner

TORONTO TRANSIT
BALANCE SHEET

ASSETS
CURRENT AND WORKING ASSETS:

	December 31	
	1965	1964
Cash including interest bearing deposits-----	\$ 1,089,396	\$ 932,461
Accounts receivable, less allowance for doubtful accounts -----	708,337	504,401
Gray Coach Lines, Limited—current account-----	639,798	595,884
Working funds advanced to employees and agents-----	303,256	372,144
Materials and supplies valued on the basis of cost, less allowance for obsolete items-----	1,859,210	1,789,516
Prepaid expenses-----	481,664	473,404

INVESTMENTS:

Canadian Government bonds, at market value-----	5,081,661	4,667,810
Mortgages receivable and conditional sale agreement on property sold-----	159,162	162,775
	180,719	209,680
	339,881	372,455

INVESTMENT IN CAPITAL STOCK OF GRAY COACH LINES, LIMITED, A WHOLLY-OWNED SUBSIDIARY, at cost (Note 6)-----

1,000,000 1,000,000

CAPITAL ASSETS (Notes 1 and 2):

Land, buildings, subways, power distribution system, trackwork, rolling stock, buses and other equipment, at cost-----	198,471,848	193,471,595
Less—Capital contributions toward construction costs of subways in operation received from The Municipality of Metropolitan Toronto-----	64,776,151	64,774,285
	133,695,697	128,697,310
Less—Accumulated depreciation-----	80,004,349	77,439,930

53,691,348 51,257,380

Bloor-Danforth subway and East-West extensions under construction:

Expenditures on and funds appropriated for construction of the subway (Note 3)-----	122,932,258	75,825,958
Less—Capital contributions received from The Municipality of Metropolitan Toronto -----	82,431,794	57,297,642
	40,500,464	18,528,316
Total capital assets-----	94,191,812	69,785,696
UNAMORTIZED DEBENTURE DISCOUNT-----	960,024	607,796

\$101,573,378 \$ 76,433,757

COMMISSION

DECEMBER 31, 1965

LIABILITIES

CURRENT LIABILITIES:

	December 31	
	1965	1964
Accounts payable and accrued liabilities-----	\$ 5,797,737	\$ 4,207,970
Debenture interest accrued-----	371,750	200,700
	<hr/>	<hr/>
	6,169,487	4,408,670

PROVISIONS:

For tickets and tokens held by the public-----	700,000	575,000
For workmen's compensation and public liability	1,500,000	1,500,000
	<hr/>	<hr/>
	2,200,000	2,075,000

CAPITAL DEBT:

The Municipality of Metropolitan Toronto—

For debentures maturing in annual installments from 1966 to 1995 (including \$10,748,180 debentures payable in United States funds)-----	49,698,488	30,623,955
For sinking fund debentures maturing between 1980 and 1993 (including \$2,599,000 debentures payable in United States funds) less sinking fund balance of \$1,300,324 (Note 4)-----	5,453,676	5,643,707
	<hr/>	<hr/>
Total, including debentures maturing and sinking fund payments due in 1966 aggregating \$1,404,237-----	55,152,164	36,267,662
Foreign exchange premiums received less discounts on transfer of proceeds of outstanding debentures issued in United States funds-----	371,607	395,085
	<hr/>	<hr/>
	55,523,771	36,662,747

EARNINGS RETAINED IN THE SYSTEM:

Balance January 1, 1954 at which date the system was acquired from The Toronto Transportation Commission-----	24,803,733	24,803,733
Add—Earnings retained since January 1, 1954-----	12,876,387	8,483,607
	<hr/>	<hr/>
	37,680,120	33,287,340
	<hr/>	<hr/>
	<u>\$101,573,378</u>	<u>\$ 76,433,757</u>

TORONTO TRANSIT COMMISSION
STATEMENT OF EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1965
 (with comparative figures for 1964)

	1965	1964
Revenue:		
Passenger services-----	\$48,388,055	\$46,248,806
Rental of land, air rights, buildings and equipment-----	758,646	762,218
Rental of advertising space-----	528,382	509,959
Interest earned-----	68,534	87,657
Dividend from Gray Coach Lines, Limited-----	156,000	153,000
Miscellaneous -----	187,103	190,311
	<hr/>	<hr/>
	50,086,720	47,951,951
Expenses:		
Wages, salaries and other employee costs-----	30,751,004	29,404,324
Electric traction power purchased-----	2,231,751	2,227,590
Gasoline and diesel oil, including provincial taxes \$860,538 (1964—\$779,248)-----	1,465,329	1,353,100
Vehicle and other licences-----	151,179	132,166
Municipal taxes-----	1,294,595	1,191,804
Public liability and property damage costs-----	508,490	401,693
Depreciation -----	4,224,093	4,278,734
Other expenses including cost of materials used and equipment rentals-----	4,119,543	3,781,287
	<hr/>	<hr/>
	44,745,984	42,770,698
Earnings before debenture interest-----	5,340,736	5,181,253
Debenture interest and discount expense-----	1,244,973	1,281,394
	<hr/>	<hr/>
Net earnings for the year-----	\$ 4,095,763	\$ 3,899,859
	<hr/>	<hr/>

STATEMENT OF EARNINGS RETAINED
SINCE JANUARY 1, 1954
FOR THE YEAR ENDED DECEMBER 31, 1965
 (with comparative figures for 1964)

	1965	1964
Balance at January 1-----	\$ 8,483,607	\$4,583,702
Net earnings for the year-----	4,095,763	3,899,859
Profit on sale of real estate-----	319,223	21,060
	<hr/>	<hr/>
	12,898,593	8,504,621
Deduct—Net foreign exchange cost on repayment of capital debt in United States funds-----	22,206	21,014
	<hr/>	<hr/>
Balance at December 31-----	\$12,876,387	\$8,483,607
	<hr/>	<hr/>

TORONTO TRANSIT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1965

NOTE 1:

On December 5, 1963 the Council of The Municipality of Metropolitan Toronto adopted a cost sharing formula under which the Municipality assumed responsibility for the payment of unmatured debenture debt originally incurred for right-of-way construction costs of the Yonge Street subway and for all right-of-way construction costs of the Bloor-Danforth-University subway. The Ontario Municipal Board in an order dated January 27, 1964 approved this cost sharing arrangement and authorized the Municipality to pay right-of-way construction costs amounting to \$135,363,000 of the total estimated cost of \$200,000,000 for construction of the Bloor-Danforth-University subway. These amounts include the estimated cost of land for the right-of-way, which is purchased by the Municipality and not recorded on the Commission's books.

NOTE 2:

Under authority of an Ontario Municipal Board order dated February 3, 1964, the Commission is proceeding with construction of the East-West extensions of the Bloor-Danforth subway at a total estimated cost of \$77,723,000, of which right-of-way construction costs amounting to \$60,091,000 are to be borne by The Municipality of Metropolitan Toronto. These amounts include the estimated cost of land for the right-of-way, which is purchased by the Municipality and not recorded on the Commission's books.

NOTE 3:

Expenditures on and funds appropriated to December 31, 1965 for construction of the Bloor-Danforth subway and the East-West extensions (exclusive of right-of-way land costs incurred by the Municipality) were as follows:

Construction costs-----	\$130,302,832
Miscellaneous costs and receivables-----	355,174
Cash in Bloor-Danforth subway bank account-----	74,665
Portion of proceeds of debenture issue receivable from The Municipality of Metropolitan Toronto-----	1,124,917
<hr/>	
Less: Accounts payable and accruals-----	\$3,747,093
Contract holdbacks-----	5,178,237
	8,925,330
<hr/>	
Balance at December 31, 1965-----	\$122,932,258

NOTE 4:

The sinking fund balance of \$1,300,324 at December 31, 1965 includes the annual levies paid by the Commission into The Municipality of Metropolitan Toronto sinking fund together with interest credited at the rate of 3% per annum, which is the rate required to provide sufficient funds to retire the debentures at maturity. The actual earnings of the sinking fund investments of the Municipality have exceeded 3% per annum, and the Commission's equity in the excess earnings at December 31, 1965 was \$114,496 which is not reflected in the financial state-

ments. The Municipality of Metropolitan Toronto Act provides that at such time as the sinking fund committee of the Municipality applies a sinking fund surplus to any of the purposes set forth in the Act, the Commission will share in such distribution of the surplus in the proportion that its contributions to the sinking fund bear to the total contributions made to the sinking fund account by all participating bodies.

NOTE 5:

The Statement of Earnings reflects charges of \$1,446,536 (1964 - \$1,307,780) made to Gray Coach Lines, Limited by the Toronto Transit Commission for rental of property and equipment, use of joint facilities and administrative services.

NOTE 6:

Earnings of the wholly-owned subsidiary, Gray Coach Lines, Limited, which operates an interurban coach service, are recorded in the accounts of the Toronto Transit Commission to the extent of dividends received during the year ended December 31, 1965 of \$156,000 (1964 — \$153,000). Net income of Gray Coach Lines, Limited for the year amounted to \$425,383 (1964 — \$312,698) and the company's net worth as shown by its balance sheet at December 31, 1965 was \$6,537,606.

AUDITORS' REPORT

PRICE WATERHOUSE & CO.

55 YONGE STREET
TORONTO 1

May 27, 1966.

To the Chairman and Members
of the Toronto Transit Commission:

We have examined the balance sheet of Toronto Transit Commission as at December 31, 1965 and the statements of earnings and earnings retained for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of earnings and earnings retained present fairly the financial position of the Commission as at December 31, 1965 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse & Co.

Chartered Accountants.

1965

Where the dollars came from

REVENUE:

Passenger services	
\$48,388,055 96.61%
Rental of land, air rights, buildings and equipment	
\$ 758,646 1.51%
Rental of advertising space	
\$ 528,382 1.06%
Interest earned	
\$ 68,53414%
Dividend from Gray Coach Lines, Limited	
\$ 156,00031%
Miscellaneous	
\$ 187,10337%
\$50,086,720 100.00%



Where the dollars went

EXPENSES:

Wages, salaries and other employee costs	
\$30,751,004 61.40%
Electric traction power purchased	
\$ 2,231,751 4.46%
Gasoline and diesel oil, includ- ing provincial taxes \$860,538 (1964—\$779,248)	
\$ 1,465,329 2.93%
Vehicle and other licences	
\$ 151,17930%
Municipal taxes	
\$ 1,294,595 2.58%
Public liability and property damage costs	
\$ 508,490 1.02%
Depreciation	
\$ 4,224,093 8.43%
Other expenses including cost of ma- terials used and equipment rentals	
\$ 4,119,543 8.22%
\$44,745,984 89.34%
Debenture interest and discount expense	
\$ 1,244,973 2.48%
Net earnings for the year	
\$ 4,095,763 8.18%
\$50,086,720 100.00%



TORONTO TRANSIT COMMISSION

1965 STATISTICS

Revenue passengers* carried—zone fare system-----	288,038,489
Revenue passengers*—normal week-day average—zone fare system-----	941,000
Miles operated—including chartered and special services-----	56,165,772
Miles operated—normal week-day—zone fare system-----	175,000
Miles of single track in operation-----	202.93
Street car route miles-----	72.57
Bus route miles including operation to Richmond Hill, 5.84 miles -----	382.32
Trolley coach route miles-----	26.28
Subway route miles-----	6.67
Street cars owned-----	738
Buses owned-----	812
Trolley coaches owned-----	153
Subway cars owned-----	334

*—(Number of fares collected)

Fares Zone 1

Adults —20¢ cash or 1 ticket or token (6 for \$1.00 or 2 for 35¢)

(Books of 18 tickets for \$3.00)

Children—(not over 56" in height)—10¢ cash or 1 ticket (4 for 25¢)

Scholars—1 ticket—(9 for \$1.00) (1 scholar's ticket good for ride anywhere in Metro Area and may be used on school days from 6:30 A.M. to 4:30 P.M.)

Zone 2—Same as Zone 1

Zones 1 and 2 continuous—1 combination ticket (4 for \$1.25)

Zones 2 and 3 combined

Adults —30¢ cash or 1 ticket or token (6 for \$1.00)
plus 1 ticket (4 for 30¢)

Children—15¢ cash or 1 ticket (4 for 25¢) plus 5¢

Scholars—2 tickets (9 for \$1.00)

Zones 3 and 4 (Beyond Metro)

Single Zone Adults —10¢ cash

Children—5¢ cash only

Scholars—1 ticket (9 for \$1.00)

Two Zones Adults —15¢ cash or 2 tickets (4 for 30¢)

Children—10¢ cash or 1 ticket (4 for 25¢)

Scholars—1 ticket (9 for \$1.00)

Electric traction power consumption—kilowatt hours-----	185,471,000
Diesel oil consumption in gallons—including Gray Coach Lines-----	5,375,539
Gasoline consumption in gallons—including Gray Coach Lines-----	506,938
Taxes paid on gasoline and diesel oil-----	\$ 860,538
Property taxes paid-----	1,294,595
Other taxes and licenses paid-----	151,179
Total taxes and licenses paid-----	2,306,312
Number of regular employees—including Gray Coach Lines-----	6,030
Gross payroll—including Gray Coach Lines-----	\$34,971,800
Metropolitan Area population-----	1,778,400

