Agenda
Audit Committee

2nd Meeting of the Audit Committee

June 19, 2024, 12:00 PM

Council Chambers - Please check the City website for additional meeting detail information. Meetings can be viewed via live-streaming on YouTube and the City Website.

The City of London is situated on the traditional lands of the Anishinaabek (AUh-nish-in-ah-bek), Haudenosaunee (Ho-den-no-show-nee), Lūnaapéewak (Len-ah-pay-wuk) and Attawandaron (Add-a-won-da-run).

We honour and respect the history, languages and culture of the diverse Indigenous people who call this territory home. The City of London is currently home to many First Nations, Métis and Inuit today.

As representatives of the people of the City of London, we are grateful to have the opportunity to work and live in this territory.

Members

Councillors E. Peloza (Chair), P. Cuddy, S. Stevenson, J. Pribil; and, I. Cheema

The City of London is committed to making every effort to provide alternate formats and communication supports for meetings upon request. To make a request for specific to this meeting, please contact accessibility@london.ca or 519-661-2489 ext. 2425.

This Consolidated Report includes the following tabs:

This Consolidated Report includes the following tabs (continued):

Water Supply System – Lake Huron Area

Consolidated Financial Information Return

DRAFT

London
CANADA

Financial Report 2023

The Corporation of the City of London

london.ca

Land Acknowledgements

We acknowledge that we are gathered today on the traditional lands of the Anishinaabek, Haudenosaunee, Lūnaapéewak and Attawandaron. We acknowledge all the treaties that are specific to this area: the Two Row Wampum Belt Treaty of the Haudenosaunee Confederacy/Silver Covenant Chain; the Beaver Hunting Grounds of the Haudenosaunee NANFAN Treaty of 1701; the McKee Treaty of 1790, the London Township Treaty of 1796, the Huron Tract Treaty of 1827, with the Anishinaabeg, and the Dish with One Spoon Covenant Wampum of the Anishnaabek and Haudenosaunee.

This land continues to be home to diverse Indigenous people (First Nations, Métis and Inuit) whom we recognize as contemporary stewards of the land and vital contributors to society. We hold all that is in the natural world in our highest esteem and give honor to the wonderment of all things within Creation. We bring our minds together as one to share good words, thoughts, feelings and sincerely send them out to each other and to all parts of creation. We are grateful for the natural gifts in our world, and we encourage everyone to be faithful to the natural laws of Creation.

The three Indigenous Nations that are neighbours to London are the Chippewas of the Thames First Nation; Oneida Nation of the Thames; and the Munsee-Delaware Nation who all continue to live as sovereign Nations with individual and unique languages, cultures and customs.

This Land Acknowledgement is a first step towards reconciliation. Awareness means nothing without action. It is important that everyone takes the necessary steps towards decolonizing practices. We encourage everyone to be informed about the traditional lands, Treaties, history, and cultures of the Indigenous people local to their region.

Table of Contents

2023 City of London at a Glance

DRAFT

At a Glance

439,385 population

5.3% 2023 Unemployment Rate[V] (Canada Rate is 5.4%)[VI]

66.1% 2023 Labour Participation Rate[V] (Canada Rate is 65.6%)[VI]

423.43 km² Land Area

3,793 lane-kilometres of paved road

Aaa 2023 Credit Rating Provided by Moody's Investors

Message from the City Treasurer

His Worship Mayor Josh Morgan,
Members of London City Council,
Residents and Ratepayers of the City of London.

I am pleased to share The Corporation of the City of London's (the City) Annual Financial Report for the year ended December 31, 2023.

The Financial Statements have been prepared in accordance with Canadian Public Sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The provincial financial information return has been completed using accounting policies and practices prescribed for Ontario Municipalities by the Ministry of Municipal Affairs. The Consolidated Financial Statements and the Financial Statements of Local Boards and Commissions have been audited by the firm of KPMG LLP.

This document provides an overview of the City's 2023 financial performance which saw a return to pre-pandemic service levels. The annual Financial Reports serves as an opportunity to highlight to all residents, community partners and local businesses the City's financial policies and prudent long term financial management through its multi-year budget process. The 2023 results continue London's history of strong financial leadership in business planning and long term financial management that demonstrate the commitment to providing high standards of fiscal excellence.

My sincere thanks for the hard work, dedication, and cooperation from the Finance staff, all Service Areas, and Boards and Commissions in the preparation of this Report.

Sincerely,

Anna Lisa Barbon, CPA, CGA,
Deputy City Manager, Finance Supports

Financial Reporting

External Audit

The City is required under the *Municipal Act, 2001*, section 294.1, for each fiscal year, to prepare annual financial statements for the municipality in accordance with generally accepted accounting principles for local governments. Further, in accordance with section 296, an independent auditor, *licensed under the Public Accounting Act, 2004*, is required to express an opinion as to whether the financial statements of the City are free from material misstatements. The auditors have full access to all the records and materials within the City. Staff periodically met with the auditors to discuss any matters that occur during the audit process. At the end of the year end audit, the City will receive a report from the external auditor which outlines any audit findings. Although the financial statements are audited by an independent third party, the City's management is responsible for the preparation of the financial statements and the integrity and objectivity of the financial information contained within them.

Accounting and Financial Reporting Requirements

The City's financial statements are prepared on a full accrual accounting basis; the same basis of accounting used by the federal and provincial governments. The City continues to account for tangible capital assets, which was adopted in 2009, which provides information for accountability and stewardship and provides critical information on the City's significant investment in assets. For the 2023 Financial Statements, in accordance with Public Sector Accounting Standards, five (5) new standards were introduced; Asset Retirement Obligations, Financial Instruments, Foreign Currency Translation, Portfolio Investments, and Financial Statement Presentation.

Consolidated Financial Statements Overview

The Consolidated Financial Statements include the following individual statements:

Name	Purpose
Consolidated Statement of Financial Position	Provides a summary of the City's assets (financial and non-financial), and financial liabilities as at December 31, 2023.
Consolidated Statement of Operations	Outlines revenues, expenses, surplus for the year and accumulated surplus at year end. This statement reflects the combined operations of the operating, capital, reserve and reserve funds for the City and its consolidated entities and provides the calculation of the City's accumulated surplus at year end.
Consolidated Statement of Change in Net Financial Assets	Outlines the changes in net financial assets as a result of annual operations, tangible capital asset transactions, as well as changes in other non-financial assets.
Consolidated Statement of Cash Flows	Summarizes the City's cash position and changes during the year by outlining the City's sources and uses of cash.
Consolidated Statement of Remeasurement Gains and Losses	This statement identifies unrealized changes arising from remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income.

The Consolidated Financial Statements combine the financial results of the City's service areas with the financial results of the boards and commissions, and government business enterprises that the City effectively controls. There are 20 entities that are directly included in the financial statements, and these are listed in Note 1 to the Consolidated Financial Statements. The notes to the statements provide further detail about the City's financial results and are an integral part of the statements.

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position is the municipal equivalent of the private sector's balance sheet. This statement includes the net book value of the City's tangible capital assets. This statement focuses on the City's assets (financial and non-financial) and liabilities. The difference between the liabilities and financial assets is the City's net financial assets, which represents the net amount by which financial assets are available to fund future obligations.

Note 15 to the Consolidated Financial Statements details the breakdown of the accumulated surplus, including all of its components: amount invested in tangible capital assets; equity in government business enterprises, reserve and reserve fund balances; and unfunded liabilities that must be recovered from future revenues.

The City has received funds for specific purposes under legislation, regulation or agreements. The recognition of these funds as revenues has been deferred until related expenses occur in the future. For example, development charges and Federal and Provincial Government transfers received (such as public transit funding) are not recognized as revenues until such time as the projects are constructed. These restricted funds are included in liabilities as "Deferred Revenue" and not in the accumulated surplus. A breakdown of the City's deferred revenue obligatory reserve funds can be found in Note 8 to the Consolidated Financial Statements.

As a result of the significant investment in tangible capital assets, there is a large, accumulated surplus. Also contributing to the accumulated surplus, is that the City has a net financial asset position which assists in financing future unfunded liabilities and expenses. Although tangible capital asset balances are considerable for municipalities – much larger on a percentage basis than any other level of government – they do not provide liquidity, and are not typically available for sale, the proceeds of which could be used for other purposes. It is for this purpose that tangible capital assets are not included in the calculation of net financial assets position, arguably the most important financial statistic for governments.

Consolidated Statement of Operations and Accumulated Surplus

The Consolidated Statement of Operations and Accumulated Surplus are considered to be the municipal equivalent to the private sector’s Statement of Income and Retained Earnings.

The Consolidated Statement of Operations and Accumulated Surplus provides a summary of the revenues, expenses and surplus throughout the reporting period and outlines the change in accumulated surplus. The 2023 budget values presented in this statement have been adjusted to reflect the differences between amounts as budgeted at the City on a modified “cash requirements" basis and amounts now recorded in these financial statements.

Note 20 to the Consolidated Financial Statements outlines the adjustments to the budget, particularly reduction of debt proceeds and payments, reduction of tangible capital asset purchases and inclusion of estimated amortization expense. These adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting. The accrual based budget results in a surplus, as the City must fund reinvestment in assets at replacement costs which are much greater than their historical cost.

Consolidated Statement of Net Financial Assets

The Consolidated Statement of Net Financial Assets is unique to governments. Other senior levels of government have been preparing this statement for a number of years. This statement focuses on the financial assets of the City, adjusting the annual surplus for the impact of tangible capital assets: mainly deducting the costs to acquire assets, and adding back amortization charged during the year.

Consolidated Statement of Remeasurement Gains and Losses

The Consolidated Statement of Remeasurement Gains and Losses is being introduced as part of the City's Financial Statements for the year ended December 31, 2023. The inclusion of this new statement is in accordance with the Public Sector Accounting Handbook Section (PS) 1201, Financial Statement Presentation. The requirement to adopt this section is a result of PS 3450 Financial Instruments, PS 3041 Portfolio Investments and PS 2601 Foreign Currency Translation. This new statement includes unrealized gains and losses arising from remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships.

City of London Budget

Budgetary Process

In March 2020, Municipal Council approved the City of London's second Multi-Year Budget (operating and capital) that covers a four (4) year period (2020-2023) and is linked to Municipal Council's Strategic Plan. Council also approved a ten-year capital plan. Linking the strategic plan to the budget provides accountability between what is achieved and the cost to the tax and rate payer. Rather than approving a budget annually, the City of London approves budgets in four (4) year cycles, with the last year aligning with the first year of the new term of Municipal Council.

An important element of the Multi-Year Budget is the annual budget update process. The municipality is required by the *Municipal Act, 2001* to review and readopt the budget for that year. Annual updates continue to provide the opportunity to adjust the budget to provide flexibility for special events or circumstances that require funding and resource adjustments for the remaining years of the Multi-Year Budget cycle.

The budget is presented on a modified accrual basis of accounting which is a combination of the cash basis accounting and the accrual basis of accounting. This approach balances the projected outflow of cash with the inflow of cash. For consolidated financial statement purposes, in accordance with standards set out by the Public Sector Accounting Board, the financial statements are prepared on a full accrual basis.

Further, the budget is presented as a service-based budget which currently categorizes the organization into ten service programs: Culture Services; Economic Prosperity; Environmental Services; Parks, Recreation & Neighbourhood Services; Planning and Development Services; Protective Services; Social and Health Services; Transportation Services; Corporate, Operational & Council Services; and Financial Management.

The budget process incorporates input from Elected Officials, Civic Administration, as well as the public. The process begins with the Council approved Strategic Plan, followed by the setting of overall budget targets, taking into consideration the economic climate within the area. Staff will then make recommendations to revise expenditure levels or revenues to meet the targets along with inclusion of additional investment or reduction business cases. Prior to final deliberations on the budget, the public is informed of, and engaged on, the budget and public input is solicited to aid the decision-making process. Provincial legislation requires revenues to be raised to meet all budgeted expenditures. Municipalities may not budget for surpluses or deficits and any that occur must be fully accounted for in the next year's budget. The City's Municipal Council-approved Surplus/Deficit Policy provides framework for the allocation of surpluses and funding of deficits.

The City of London adopted and approved its 2023 Annual Budget Update in February 2023. The 2023 budget update also included the updated 10-year capital forecast to 2032.

During 2023, the City of London began development of its third Multi-Year Budget. On June 16, 2023, the Province of Ontario announced that it was extending "Strong Mayor" powers to 26 additional Ontario municipalities, including London, effective July 1, 2023. Section 284.16 of the Municipal Act describes the powers and duties of the Mayor with respect to the municipal budget process. Under the new "Strong Mayor" process, the power to propose and adopt the budget defaults to the Mayor and cannot be delegated. In addition, the powers are mandatory rather than permissive under section 284.16(2) and there is no 'opt-out' provision. O. Reg. 530/22 outlines prescriptive timelines and requirements for the passing of a budget. Under O. Reg. 530/22, the proposed budget must be prepared, presented to council and made public by the Mayor before February 1st each year. O. Reg. 530/22 further outlines the following timelines for the budget process:

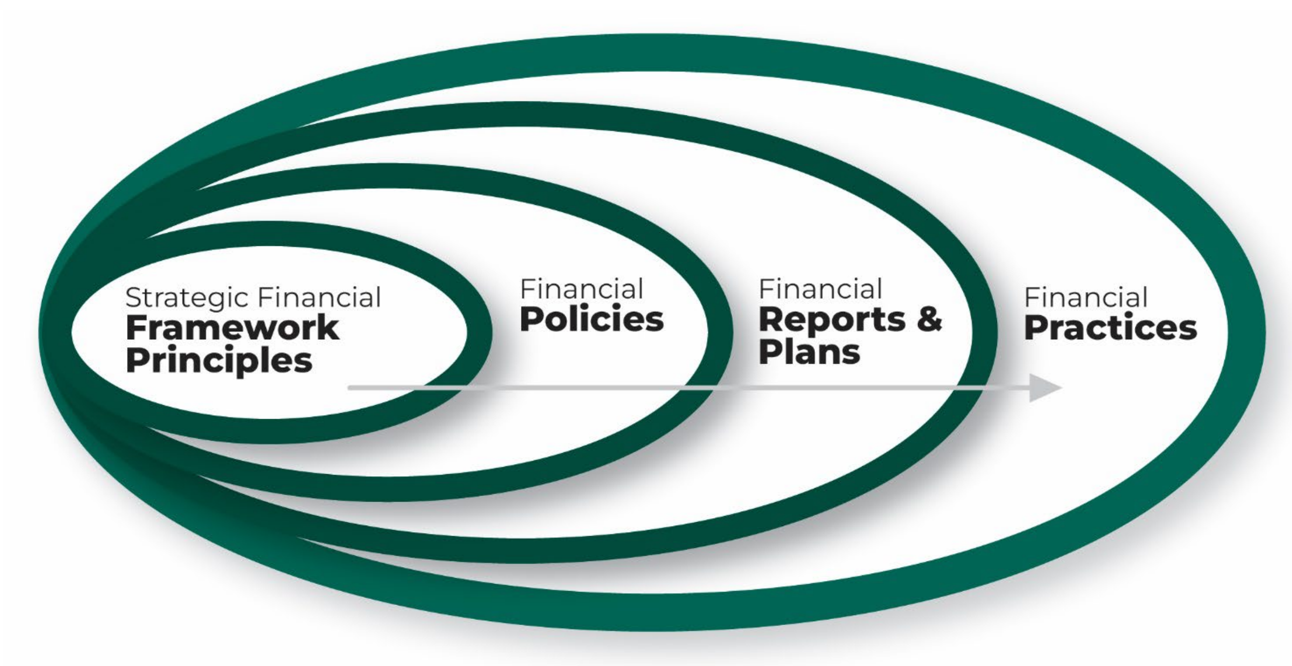
- Within 30 days after receiving the proposed budget from the head of council, the council may pass a resolution making an amendment to the proposed budget (noting that the council may pass a resolution to shorten the 30-day period);
- If a council does not pass a resolution to amend the budget within the prescribed time period, the proposed budget shall be deemed to be adopted by the municipality;
- Within 10 days after the expiry of the time period for council to pass a resolution to amend the proposed budget, the head of council may veto a resolution passed by council (noting that the head of council may, in writing, shorten the 10-day period);
- If the head of council does not veto a resolution to amend the budget, the proposed budget shall be deemed to be adopted by the municipality with the council amendment;
- Within 15 days after the expiry of the time period for the head of council to veto a resolution to amend the budget, council may override the head of council's veto if two-thirds of the members of council vote to override the veto (noting that the council may pass a resolution to shorten the 15-day period);
- If council overrides the veto, the veto does not apply and the proposed budget is deemed to be adopted by the municipality with the council amendment.

Subsequent to 2023 fiscal year end, on March 1, 2024, the City of London's 2024-2027 Multi-Year Budget was deemed adopted as amended utilizing the Strong Mayor's process.

Financial Management

Strategic Financial Framework

In 2023, Council approved the Strategic Financial Framework that links existing financial policies, financial reports and plans, and ongoing financial practices together and outlines the general principles that Civic Administration utilizes in financial planning and decision making for the City. It is intended to be a supplement to, rather than a replacement for, the City's various existing financial policies and documents. The City of London is currently governed by a robust set of Council-approved financial policies (a few of which are highlighted in the following section), while the City's tactical financial plans are outlined in the City's Multi-Year Budget (covering a period of 4 years) and the associated Annual Budget Updates. The City's financial results are reported in this Annual Financial Report which includes the audited financial statements. The City also produces, maintains and updates a variety of related plans, such as the Corporate Asset Management Plan and Development Charges Background Study, that inform the financial management of the municipality. The principles in the Strategic Financial Framework underpin these various financial policies, reports, and plans, as well as the City's ongoing financial practices and activities. The relationship between these various components is best illustrated by the following graphic:



Capital Financing Policies

The City uses a balanced approach to finance capital projects, consistent with the Council approved Capital Budget and Financing Policy, Reserve and Reserve Fund Policy and Debt Management Policy. Sources of capital financing include: tax and rate supported capital levy ("pay as you go"), reserves and reserve funds, debt, non-tax/rate supported development charges and other third-party contributions like senior government funding. Capital projects are classified as lifecycle, growth, or service improvement. Lifecycle projects are primarily funded by capital levy and reserve funds. Growth projects are primarily funded by development charges and debt. Service improvements are commonly funded by all three tax and rate supported sources (capital levy, reserve fund and debt). Third-party contributions are generally applied per the parameters of funding programs, contribution agreement etc. The City currently has no further debt projected as a source of financing on future lifecycle capital projects, limiting the debt burden on future generations while providing intergenerational equity. Furthermore, consistent with the Debt Management Policy, the capital financing strategy ensures that debt is at a level that will not impair the financial position or the credit rating of the City.

Investment Policy

The City invests public funds in a manner that conforms to the applicable legislation under the *Municipal Act, 2001* and associated regulations. The City's investment portfolio remains sufficiently liquid to meet daily operating cash flow requirements and limits the requirement for temporary borrowing. The portfolio aims to be structured to maintain appropriate maturities to meet the funding requirements of the City.

The City's objectives to investing, in priority order, are to adhere to statutory requirements, preserve capital, maintain liquidity and achieve an adequate rate of return to maintain the purchasing power of invested funds. One of the key strategies utilized to meet these objectives is diversification. The City's investment diversification is guided by limiting investments in securities to those with higher credit ratings, purchasing securities with varying maturities and investing in marketable securities that have an active secondary market. Another key strategy used by the City for internally managed investments is the "buy and hold" strategy. By purchasing investments at varying maturity dates and holding the investments to term, the interest rate risk is minimized and capital is preserved. Along with the diversification and buy and hold strategies, during 2023, the City maintained portfolios managed by external investment managers.

These strategies facilitate the City working towards achieving its investment return goals while managing risk to capital.

Property Taxation Policy

Property tax policy in the City is guided by four (4) principles as follows:

- Equity
- Economic Development
- Transparency and Public Acceptance
- Administrative Efficiency

Every year as part of its tax policy review, the City reviews its tax ratios and compares them to other municipalities in the Province to ensure they are equitable, competitive and conducive to economic development.

A major component of property tax policy in Ontario is the annual setting of tax ratios for property classes by Municipal Councils. Tax ratios determine the relative tax level for the various property classes within a municipality. In September 2011 in a report on future tax policy, an objective was identified to lower and equalize the tax ratios for multi-residential and industrial properties to a level equal to the commercial property class. The objective was to gradually lower the ratios subject to Council's approval each year.

The first step of this process began in 2013 with a decrease in the multi-residential tax ratio only.

In 2014, the multi-residential was reduced to a level equal to the commercial tax ratio and the industrial tax ratios was also reduced.

In 2015 the industrial tax ratio was adjusted to a level equal to the commercial and multi-residential property classes and the objective identified in 2011 was achieved.

The purpose of these changes has been to promote economic development in the industrial and multi-residential property classes and enhance equity in these property classes relative to the commercial class.

In 2020, the City further adopted a policy of equalizing municipal tax increases in the multi-residential and the residential classes. This was accomplished by adjusting the tax ratio in the multi-residential class resulting in a slightly reduced multi-residential tax ratio.

In a response to the pandemic, the Provincial government delayed the property assessment update scheduled for 2020. As reassessment remains delayed, the result is no assessment-based shifts between classes in 2023. As the schedule for future assessments has not been determined, and future impacts including tax shifts between property classes are unknown, to the only change to tax ratios in 2023 was to slightly lower the multi-residential ratio to equalize the property tax increase in the multi-residential and residential classes.

The Province reduced Business Education Tax rates for Commercial and Industrial classes in 2021. The result is that London will no longer be at a disadvantage based on provincial education property tax policy for business properties. The positive impact is a reduction in the education portion of property tax for Commercial and Industrial property owners which continued in 2023.

Future Tax Policy

As part of its annual tax policy review, the City will continue to monitor its tax ratios in all classes and all its other policies related to taxation to ensure that property taxation in the City is equitable, conducive to economic development, transparent to the public and administratively efficient.

The Province of Ontario is conducting a review of the assessment and property tax system. It is expected that reassessment will resume once this review is completed and any legislative changes arising from the review will further impact future tax policy.

Credit Rating provided by

Moody's Investors Service

Moody's Investors Service (Moody's) typically reviews the credit worthiness of the City of London annually and then assigns the City a credit rating. Moody's is a leading provider of credit ratings, research and risk analysis.

The rating process involves a review of the City's annual audited Consolidated Financial Statements, the Financial Information Return (FIR) that is filed annually with the Ministry of Municipal Affairs and Housing, the approved Multi-Year Budget, associated Annual Budget Updates and forecasts. Moody's also utilizes independent research from a variety of sources such as Statistics Canada, comparisons with other municipalities and local media. Along with reviewing and analyzing the materials noted above, Moody's arranges an annual meeting with the City to interview senior management and the head of Council.

As published in Moody's credit rating opinion on September 6, 2023, the City has maintained its Aaa credit rating with a stable outlook.

The City has proudly held the Aaa rating since 1977, making 2023 the 47th consecutive year of the Aaa rating and reaffirming that the City's debt has the highest rating possible.

The City's achievement of being Aaa rated for 47 consecutive years is a testament to the success of the City's prudent, conservative approach to fiscal planning.

Aaa

Credit Rating provided by Moody's Investors Service

2023 Financial Results

(all dollar amounts in thousands of dollars)

Financial Results Summary

Highlights from the City's consolidated financial position, based on a full accrual basis of accounting, for the year ending December 31, 2023 include the following:

- The City's net financial assets position improved to $1,056 million in 2023, representing an increase of $79 million (8.1%) over 2022. When the City's financial assets are greater than its financial liabilities, it would indicate that the City is in a stronger financial position to provide for future expenses and liability repayments.
- The City's net book value of tangible capital assets increased to $4,576 million, a 4.3% increase over 2022. Major contributing factors to this increase were the result of major investments in wastewater infrastructure, roads infrastructure, and water infrastructure.
- The City realized an annual surplus of $279.5 million. As this is based on Public Sector Accounting Standards, this surplus includes transfers to reserves and reserve funds which were identified as an expense under the modified cash basis budget, but includes contributions of tangible capital assets from developers, and capital funding earned in the year.

Consolidated Statement of Operations

2023 ($ millions)	Budget	Actual	Variance
Revenues	1,634.7	1,682.6	47.9
Expenses	1,415.7	1,403.1	(12.6)
Surplus	219.0	279.5	60.5

Table 1: Financial Results Summary

Statement of Operations – Total Revenue

In 2023, revenue realized on a full accrual basis was $1,682.6 million which was $47.9 million greater than budget. Contributing factors to this variance were:

- Greater than anticipated investment income. The Bank of Canada has raised its overnight target rate from 0.25% in March 2022 to 5.0% in July 2023, leading to 2023 rates being significantly higher than was originally budgeted as part of the 2020 to 2023 Multi-Year Budget.
- Higher than budgeted transfer payments from the Province which was related to the Canada-wide Early Learning and Child Care (CWELCC) program.
- User charges (fees) greater than anticipated in; Transportation Services (London Transit), water and wastewater usage charges due in increased consumption along with growth in the city, and higher tipping fee revenue at W12A experienced.

2023 Revenues

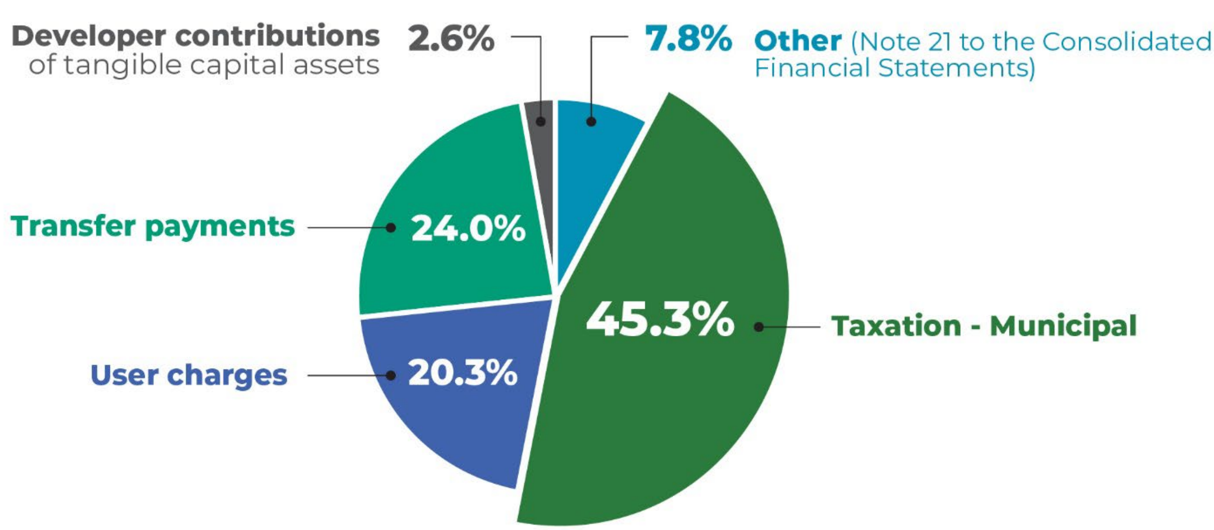


Figure 1 2023 Revenues

Statement of Operations - Total Expenses

In 2023, expenses incurred on a full accrual basis were $1,403.1 million which was $12.6 million lower than budget.

Major contributing factors to this favourable variance was from operational savings realized from;

- Lower than anticipated expenses recognized in Environmental Services attributable to a delay in the implementation of the Green Bin program because of supplier delays in the delivery of required equipment.
- Savings realized in General Government due to the delay in property reassessment, resulting in a significant decrease in assessment at risk and abnormal loss provisions due to appeals.
- These favourable variances were offset by higher than anticipated costs incurred in Protection to Persons and Property predominantly attributable to personnel costs, and expenses realized in Social and Family Services for the Canada-wide Early Learning and Child Care (CWELCC) program.

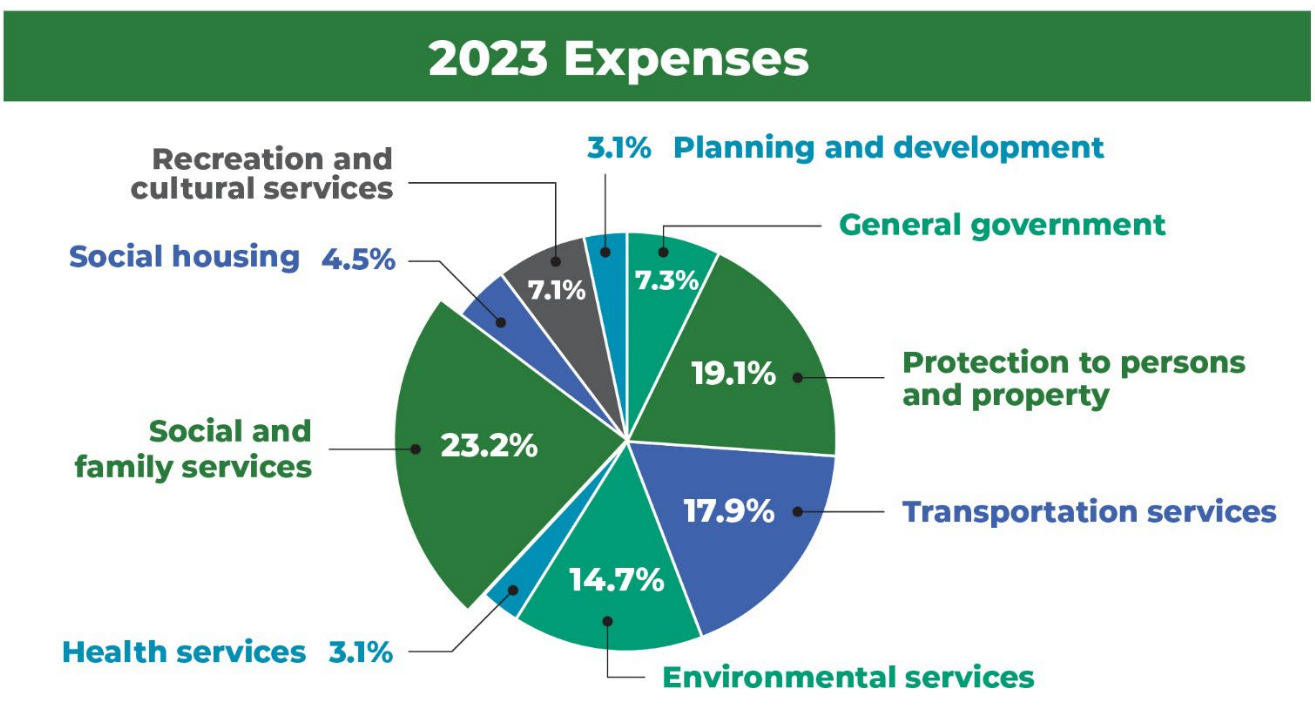


Figure 2 2023 Expenses

Expenses can also be illustrated by account object, grouping similar accounts together by expense category. The table below provides a view of the expenses from this perspective.

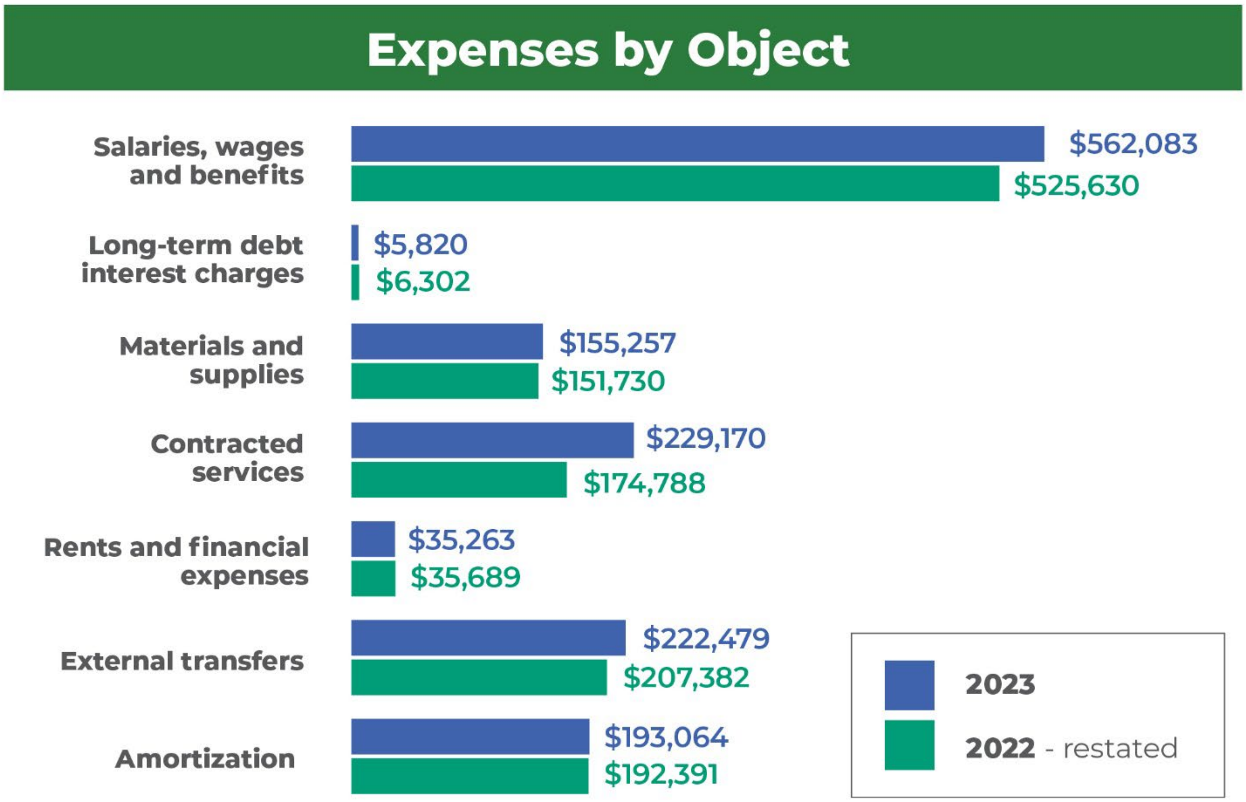


Figure 3 Expenses by Object

City Budget Versus Consolidated Financial Statements Budget

The Consolidated Financial Statements of the Corporation of the City of London are presented on a full accrual accounting basis (PSAS) incorporating entities that are consolidated on a modified equity basis and on a proportionate basis. The Multi-Year Budget, however, excludes those entities that are proportionately consolidated, entities that are government business entities (such as London Hydro Inc.), and Business Improvement Areas. Further, the Multi-Year Budget is prepared on a modified cash basis. Table 2 provides a comparison of the Multi-Year Budget prepared on a modified cash basis in comparison to the full accrual basis.

2023 ($ 000's)	Modified Cash Basis Budget Unconsolidated	Financial Statement Adjustments	Full Accrual Basis Budget Consolidated
Revenue	1,328,520	306,217	1,634,737
Expenses	1,328,520	87,201	1,415,721
Surplus (Deficit)	0	**219,016**	**219,016**

Table 2: Adjustments to Revenue and Expenses from a Modified Cash Basis to Full Accrual Basis

Other key differences between the Consolidated Financial Statements and the Multi-Year Budget document are:

- Amortization is recorded as an expense on the Consolidated Statement of Operations,
- Debt Principal repayments are not expensed,
- Contributions to capital and to reserve funds are also not expensed,
- Revenue recognition for tangible capital assets,
- Gains and Losses on disposal of tangible capital assets,
- Accounting for liabilities such as employee benefits payable, and asset retirement obligation, such as landfill closure, and
- Recognition of developer contributions of assumed tangible capital assets.

(all dollar amounts in thousands of dollars)

Outlined in the table below is a reconciliation of what was reported to the Corporate Services Committee in the 2023 Year-End Operating Budget Monitoring Report on April 15, 2024, highlighting Financial Statement adjustments. Note 20 of the Consolidated Financial Statements provides a similar reconciliation based on the approved budgets.

2023 Operating Budget Surplus per the 2023 Year-End Operating Budget

Monitoring Report to Corporate Services Committee on April 15, 2024	$ millions
Property Tax Supported Budget Surplus	28.0
Water Rate Supported Budget Surplus	3.0
Wastewater & Treatment Rate Supported Budget Surplus	0.0
2023 Operating Budget Surplus	31.0
Transfers to Reserve and Reserve Funds and reductions to authorized but unissued debt in accordance with the Council approved Surplus/Deficit Policy and Council Resolution	(31.0)
Operating Fund Surplus per 2023 Approved Budget (Cash) Format	0.0
Plus: Transfers to (from) Capital, Reserves, and Reserve Funds	302.6
Plus: Debt Principal Repayments (unconsolidated)	27.5
Plus: Capital program funding earned in year	52.3
Less: Capital expenses not capitalized (Non-Tangible Capital Assets)	(33.5)
Less: Amortization of Tangible Capital Assets	(166.8)
Plus: Developer contributions of assumed Tangible Capital Assets	44.1
Less: Loss on disposal of Tangible Capital Assets	(8.8)
Plus: Reserves and reserve fund net revenues earned in year	80.3
Plus: Government Business Enterprises adjustments	(3.8)
Less: Change in employee future benefit liability	(12.8)
Plus: Boards' and Commission's Surpluses (Losses)	(1.5)
2023 Surplus per Financial Statements (PSAS Format)	279.5

Table 3: Reconciliation of Operating Budget Monitoring Report with Consolidated Financial Statements

Financing Sources for Municipal Operations

This graph illustrates the relative amount of the different sources of financing for all City operations, over the past 5 years.

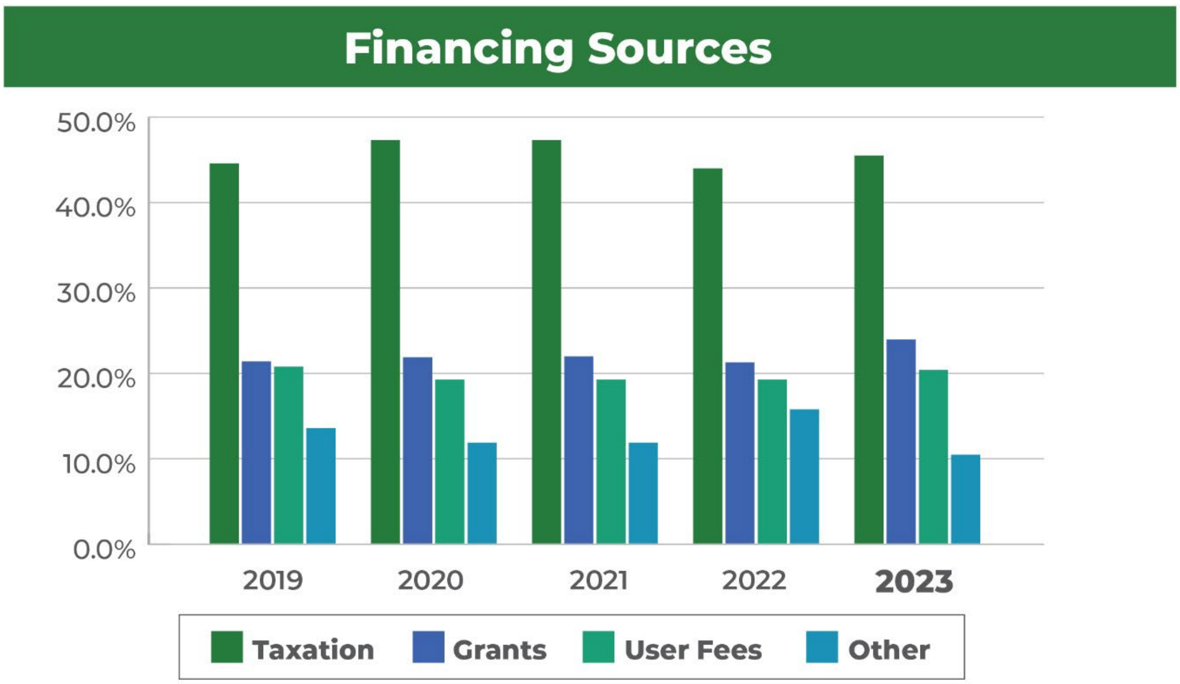


Figure 4 Five (5) Year Overview of Financing Services

Property Tax Rates and Assessment Growth

City Council approved a tax levy of $736.5 million, representing an increase over 2022 of 3.1%. When assessment growth, tax policy and education taxes are taken into consideration, the property tax increase translated into a 2.73% increase in the total tax bill for the typical residential property owner. The table below reflects the taxes on a residential property with an assessed value of $247,000 in 2023 and no average value increase from 2022, due to an assessment freeze.

For 2023, assessment weighted with applicable tax ratios and using consistent valuation dates increased by 1.82%.

Comparative Property Taxes

	2023	2022
Municipal	$3,231	$3,135
Education	378	378
Total	$3,609	$3,513

Table 4: Municipal & Education Comparative Property Taxes

This next chart reflects property taxes collected, including payments-in-lieu, for the past five (5) years showing the distribution between municipal and education. Education taxes are collected by the City and remitted to the various school boards on a quarterly basis.

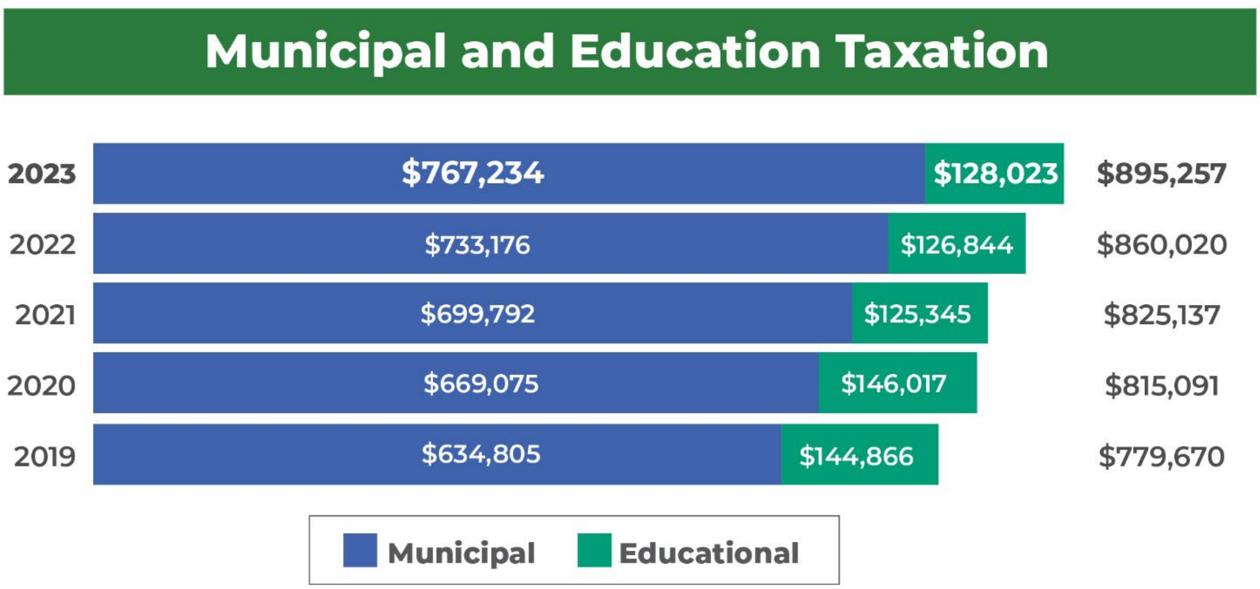


Figure 11 Five (5) year Overview of Property Taxes ($000's)
Source: 2023 Financial Information Return, Schedule 26A

Capital Additions and Disposals

During 2023, additions to our completed capital assets were $277.2 million versus $336.2 million in 2022, excluding works in progress. The City also disposed of capital assets of $121 million compared to $75 million in 2022. There was also a net increase in assets still under construction of $129.6 million in 2023. The following table reflects where the largest net additions in 2023 were, excluding assets still under construction:

NET CAPITAL ASSET INCREASES RANKED BY 2023 SPENDING ($000's)

1.	Water and Wastewater Infrastructure	33,065
2.	Roads Infrastructure	20,535
3.	Land, Landfill and Land Improvements	11,881

Table 5: Largest Net Additions, 2023 ($000's)

In 2023, amortization expense recorded was $193 million and accumulated amortization of $98 million was removed upon disposal of the assets.

This resulted in a 2023 net book value of $4,576 million for the City's tangible capital assets, compared to $4,385 million for 2022.

Annual Surplus and Accumulated Surplus

The annual surplus for the consolidated entity for 2023 was $279.5 million (2022 - $365.4 million). Further, in 2023 in accordance with Public Sector Accounting Standard changes, an accumulated remeasurement loss of $3.1 million due to the unrealized loss was included in the accumulated surplus. This results in an increase to the City's Accumulated Surplus for 2023 to $5,670 million (2022 - $5,394). Note 15 of the Consolidated Financial Statements provides a breakdown of the City's Accumulated Surplus. The majority of the accumulated surplus relates to the City's investment in tangible capital assets which are used to provide services to the public now and in the future.

Analysis of Debenture Issuance and Net Long-term Debt ($000's)

In 2023, the City issued debt of $23,624, which is an increase from 2022 when $21,713 was issued. The 2023 debenture issuance consisted of $21,500 debt through public debentures (2022 - $23,000) and $2,124 (2022 - $713) to the Canada Mortgage and Housing Corporation (CMHC).

The amounts issued financed the following major activities:

Debenture Issuance ($000's)	Public Debentures	CMHC	Total Issuance
General Municipal Activities	8,314	2,124	10,438
Wastewater Infrastructure	13,186	0	13,186
Total	21,500	2,124	23,624

Table 6: Debenture Amounts Issued

The City issued public debentures at an average cost of 3.881% over a 10-year term. In addition, debentures were issued to CMHC at 3.010% for a 10-year term.

During the year, funding transferred to the debt substitution reserve funds totaled $17,029 (2022 - $4,030) to be utilized to reduce future authorized but unissued debt or to manage fluctuations in debt servicing costs as per the Council-approved Reserve Fund By-Laws. This funding is the result of allocations from operating budget surplus and assessment growth funding in accordance with the Council-approved Surplus/Deficit, Assessment Growth Policies and Debt Management Policies.

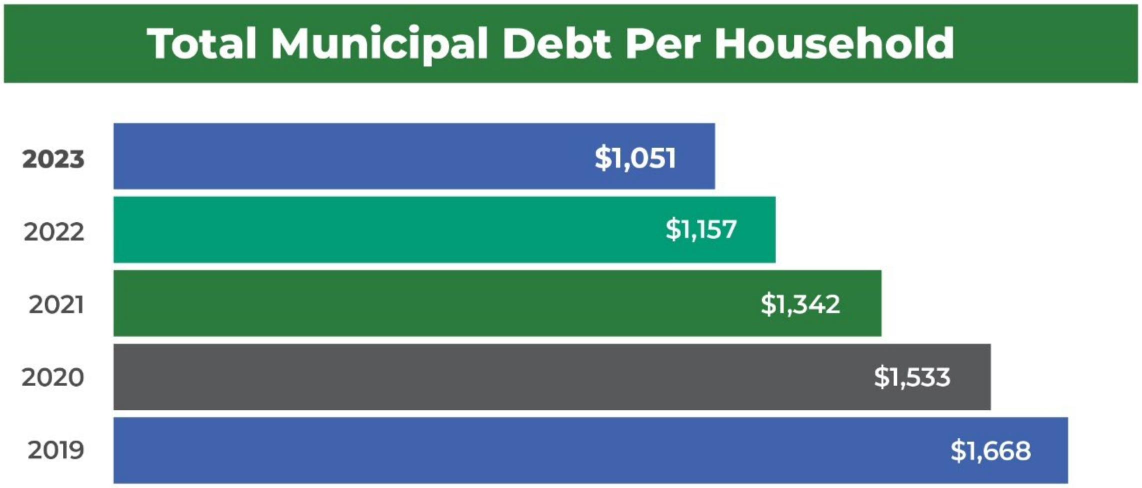


Figure 5 Five (5) Year Overview of Municipal Debt per Household

As a result of the Strategic Financial Planning Process, the City has limited the amount of new debt authorized each year.

General Municipal Debt and Long-term Liabilities and Discretionary Reserves and Reserve Funds per Household as at December 31 ($000's)

	2019	2020	2021	2022	**2023**
Total Tax Supported Debt ($)	169,593	148,194	129,582	113,311	**98,603**
Total Rate Supported Debt ($)	133,800	132,984	118,150	106,868	**101,269**
Total Debt ($)	303,393	281,178	247,732	220,179	**199,872**
Number of Households	181,841	183,358	184,650	190,234	**190,172**
Total Debt per Household ($)	1,668	1,533	1,342	1,157	**1,051**
Discretionary Reserve Funds & Reserves ($)	854,787	1,001,960	1,152,763	1,258,700	**1,380,553**
Discretionary Reserve Funds & Reserves Per Household ($)	4,701	5,465	6,243	6,617	**7,259**

Table 7: Discretionary Reserves and Reserve Funds per Household

Figure 6 Total Actual Debt per Household, 2023

Future Balances on Existing Debt and Long-term Liabilities

The following table outlines principal balances remaining on outstanding debentures for general, water, wastewater and reserve funds as at December 31, 2023. The current obligation will be met by 2033.

Principal Balances Remaining on Outstanding Debentures ($000's)

	2023	2024	2025	2026	2027	2028
General Municipal	98,660	77,227	60,713	46,192	32,980	22,067
Discretionary Reserve Funds	490	-	-	-	-	-
Total Tax Supported Debt	99,150	77,227	60,713	46,192	32,980	22,067
Water	3,842	2,431	994	300	37	37
Wastewater	15,216	11,184	7,732	4,690	2,229	-
Obligatory Reserve Funds	82,730	69,059	55,838	43,286	31,327	20,430
Total Rate Supported Debt	101,788	82,674	64,564	48,276	33,593	20,467
Total Long-term Debt and Liabilities	200,938	159,901	125,277	94,468	66,573	42,534
Less Unamortized Discount	(1,067)	(829)	(638)	(468)	(318)	(200)
Total Long-term Debt and Liabilities, net of Unamortized Discount	199,872	159,072	124,639	94,000	66,255	42,334
Percentage Remaining	100%	80%	62%	47%	33%	21%

Table 8: Principal Balances Remaining on Outstanding Debentures as at December 31, 2023 ($000's)

Reserves and Reserve Funds

At December 31, 2023, the City of London had combined Reserves, and Discretionary and Obligatory Reserve Funds of $1,905 million ($165 million and $1,740 million respectively). These balances reflect a net increase of $128 million from December 2022, created by increased contributions to reserves and reserve funds to allow, predominantly, for future purchases of tangible capital assets and coverage of unfunded liabilities.

Figure 14 below shows the ten-year trend in year-end equity balances. It should be noted that this does not include the effect of budgeted commitments, which significantly reduces the available balance of reserves and reserve funds. Reserves and reserve funds are governed by the City of London's long-term strategic financial plan, including Council approved financial policies and applicable reserve fund by-laws.

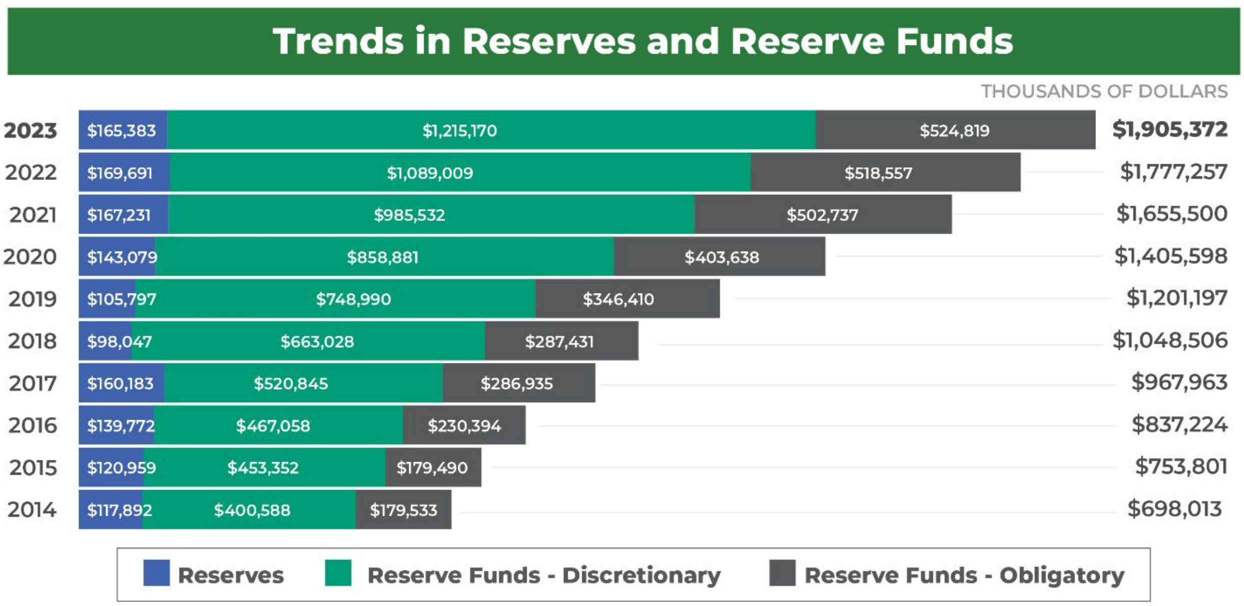


Figure 14 Ten Year Overview of Reserves and Reserve Funds ($000's)

In 2023, Reserve Funds grew by $132 million, reaching $1,740 million by year end. The majority of funds grew due to increased contributions to fund future capital work requirements which were informed by the City's Corporate Asset Management Plan, infrastructure master plans, the Multi-Year Budget, and the Development Charges Background Study; others were drawn down to fund operations as well as fund capital projects leading to the creation of capital assets.

Reserves decreased by $4 million over 2022 balances.

The City has continued its "conservative fiscal practices" (Moody's credit rating opinion) by providing increased contributions to the reserve funds year-over-year, despite significant purchases of tangible capital assets.

Five Year Review and General Statistics

Five Year Review and General Statistics

Five Year Review ($000's)

	2023	2022	2021	2020	2019
TAXATION (including education)					
Residential & Farm	$647,016	$617,243	$589,068	$562,401	$539,339
Commercial & Industrial	248,240	242,777	236,069	252,691	240,331
	$895,257	$860,020	$825,137	$815,092	$779,670
TOTAL TAXES RECEIVABLE	$41,764	$34,286	$29,596	$37,046	$29,223
TAX ARREARS					
Percentage of Current Levy	4.7%	4.0%	3.6%	4.5%	3.7%
TAX RATES (%) (including all area rates & education)					
Residential	1.461166	1.422308	1.388283	1.348259	1.340225
Multi-Residential	2.389441	2.325903	2.267656	2.199140	2.223582
Commercial	3.378597	3.304378	3.239391	3.532945	3.554112
Industrial	3.378597	3.304378	3.239391	3.532945	3.554112
TOTAL LONG-TERM DEBT					
General Municipal Rates	$97,761	$110,510	$123,884	$139,657	$155,812
Water Rates	3,842	5,445	7,734	10,517	13,158
Sewer Rates	15,216	19,455	24,662	33,008	41,663
Municipal Reserve Funds	83,220	84,170	90,112	95,913	89,870
	$200,039	$219,580	$246,392	$279,095	$300,503
DEBT PRINCIPAL & INTEREST REPAYMENTS					
Principal	$43,164	$48,524	$55,781	$57,408	$53,865
Interest and debenture discount	5,820	6,302	7,233	8,395	9,347
	$48,984	$54,826	$63,014	$65,803	$63,212
DEBT ISSUED	$23,624	$21,713	$23,077	$36,000	$49,380
ASSESSMENT GROWTH	1.82%	1.40%	1.38%	1.63%	1.96%
TANGIBLE CAPITAL ASSETS ADDITIONS	$513,493	$498,393	$412,477	$376,254	$392,112
TANGIBLE CAPITAL ASSETS AMORTIZATION	$193,064	$192,366	$186,639	$184,632	$182,017
NET BOOK VALUE TANGIBLE CAPITAL ASSETS	$4,575,778	$4,385,315	$4,183,481	$4,101,180	$3,995,680
ANNUAL SURPLUS	$279,462	$365,390	$279,102	$258,860	$222,165
CONSOLIDATED ACCUMULATED SURPLUS	$5,670,476	$5,394,081	$5,076,874	$4,797,772	$4,538,912
RESERVES, DISCRETIONARY & OBLIGATORY RESERVE FUNDS	$1,905,372	$1,777,257	$1,655,500	$1,405,598	$1,201,197

General Statistics and Indicators

While the following table provides statistics that are not specifically addressed within the Financial Statements, and are drawn from different sources, they do provide a frame of reference when considering the overall financial and economic environment in the City of London.

General Statistic:	2023	2022
Population [i]	**439,385**	430,770
Area in Acres	**104,632**	104,632
Number of Households [ii]	**190,172**	190,234
Number of Properties [ii]	**165,966**	164,833
Building Permit Values ($000's) [iii]	**$1,213,694**	$1,598,196

Average Home Selling Price [iv]	2023	2022
London and St. Thomas	**$641,916**	$716,556
Ontario	**$870,728**	$928,786
Canada	**$677,346**	$702,932

Unemployment Rates (Annual Averages)	2023	2022
London [v]	**5.3%**	5.7%
Ontario [vi]	**5.7%**	5.6%
Canada [vi]	**5.4%**	5.3%

CPI + GDP (Annual Averages)	2023	2022
CPI Canada (percentage change) [vii]	**3.9%**	6.8%
Real GDP Canada (percentage change) [viii]	**1.7%**	4.5%

Table 9: General Statistics and Indicators

Definitions & Endnotes

Definitions

Amortization – the systematic allocation of the historical cost of a tangible capital asset over its useful life.

Accretion expense - is the increase in the carrying amount of a liability for asset retirement obligations due to the passage of time. [xi]

Accumulated Amortization – the total amortization pertaining to a tangible capital asset from the time the asset was placed into service until the date of the financial statement.

Asset Retirement Obligation - is a legal obligation associated with the retirement of a tangible capital asset. [xi]

Assets under Construction – tangible capital assets under construction at the end of the fiscal year that have not been put into service (e.g., engineered structures, buildings, land improvements). [ix]

Consolidated Financial Statements – statements containing financial information for the municipality and its owned or controlled organizations (e.g., fire, library). [ix]

Contributed Assets – assets that have been transferred or donated to the municipality and that will provide a future economic benefit. [ix]

Deferred Revenue – income received that will not be recorded as revenue until certain transactions or events take place. [ix]

Development Charges - an optional revenue tool designed to help municipalities pay for a portion of the capital costs of infrastructure to support new growth. The charges help ensure that a municipality's existing taxpayers are not required to pay the full capital costs of infrastructure or services required to serve new residents and businesses. The charges do not pay for operating costs or for the future repair of infrastructure.

To ensure they have the resources to support growth, municipalities can use development charges to fully recover the eligible costs of services listed under the

Development Charges Act, 1997 (DCA). Some of the services include roads, water and wastewater, police and fire services and transit.

Effective Interest Method - is a method of calculating the amortized cost of a financial instrument asset or financial instrument liability (or a group of financial instrument assets or financial instrument liabilities) and of allocating the interest income or interest expense over the relevant period. [xii]

Equity in Tangible Capital Assets – the net book value of recorded tangible capital assets less capital debt.[ix]

Expenditure – an outlay of cash, payment or disbursement.[ix]

Expense – the cost to the municipality of an activity and can be cash or non-cash cost (e.g., wages, materials, amortization).[ix]

Fair Value - is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. [xii]

Financial Assets – current cash resources plus any items or holdings that are expected to be converted into cash in the future.[ix]

Financial Instruments - are any contracts that give rise to financial instrument assets of one entity and financial instrument liabilities or equity instruments of another entity. [xii]

Financial Instrument Assets - are any assets that are:

- (a) cash;
- (b) an equity instrument of another entity;
- (c) a contractual right:
  - (i) to receive cash or another financial instrument asset from another entity; or
  - (ii) to exchange financial instruments with another entity under conditions that are potentially favourable to the reporting entity. [xii]

Financial Instrument Liabilities are any financial liabilities that are contractual obligations:

- (a) to deliver cash or another financial instrument asset to another entity; or
- (b) to exchange financial instruments with another entity under conditions that are potentially unfavourable to the reporting entity. [xii]

Government Transfers – entitlements, transfers under cost-share agreements, and/or grants from other levels of government.[ix]

Net Book Value – the total cost of a tangible capital asset minus the accumulated amortization and any write-down of the asset.[ix]

Net Financial Assets (Net Debt) – an amount equal to the total financial assets less the total liabilities.[ix]

Portfolio investments - are investments in organizations that do not form part of the government reporting entity. Such investments are normally in equity instruments or debt instruments issued by the investee.[xiii]

Reserves and reserve funds - are included in the accumulated surplus of the municipality. They are both used, among other things, to account for transactions which, for legal or policy reasons, require that amounts specifically earmarked for a project or purpose be identified and spent on that project or activity.

Usually, the purpose is specified when the reserve or reserve fund is established. Reserve fund uses generally are not converted to other uses without council's approval.[x]

Statement of financial position - provides information about the municipality's financial position in terms of its assets (what the municipality owns or controls) and liabilities (what the municipality owes) at the end of the fiscal year or accounting period. It reports the municipality's net debt, and its accumulated surplus or deficit, because these figures are indicators that can be used to assess a municipality's financial position.

Net debt shows the amount of future revenues that will have to be raised to pay for past transactions and events. The accumulated surplus/deficit is the primary indicator of the resources (financial and physical) the municipality has available to provide future services.[x]

Statement of operations - reports the revenues, expenses, results, and surplus or deficit from operations in the fiscal year or accounting period. The statement shows the cost of municipal services provided in the period, the revenues recognized in the period and the difference between them. It summarizes cost-of-service information at a functional level – for example, social services, recreation, general government, transportation and protection, to name a few.[x]

Statement of change in net financial assets (debt) - explains the difference between the annual surplus or deficit and the change in net financial assets (debt). It tracks what the municipality has spent to acquire tangible capital assets and inventories of supplies. It reports on the disposal of tangible capital assets and the use of inventory.[x]

Statement of cash flow - identifies where cash came from, shows how cash was used and provides details on changes in cash and cash equivalents since the previous reporting period. Sources and uses of cash are reported by major activity: operations, capital transactions (acquisitions and disposals), investments (purchases and disposals), and financing (debt proceeds and payments).[x]

Statement of remeasurement gains and losses – reports: (a) the accumulated remeasurement gains and losses at the beginning of the period; (b) remeasurement gains and losses during the period, distinguishing between: (i) amounts arising during the period; and (ii) amounts reclassified during the period to the statement of operations; (c) any other comprehensive income that arises when a government includes the results of government business enterprises and business partnerships in its financial statements; and (d) the accumulated remeasurement gains and losses at the end of the period. [xiv]

Tangible Capital Assets – non-financial assets having a physical substance that are held for use in the supply of goods and services, have economic lives beyond the accounting period, are used on a continuing basis and are not for sale in the ordinary course of operations (e.g., bridge, snowplow).[ix]

Endnotes

[i] Provided by City's Planning and Development Division and Statistics Canada. 2023.(table). *Census Profile*. 2021 Census of Population. Statistics Canada Catalogue no. (number) 98-316-X2021001. Ottawa. Released March 29, 2023. https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/prof/index.cfm?Lang=E (accessed June 5, 2024).

[ii] Municipal Property Assessment Corporation, https://www.mpac.ca/, 2023 year end assessment roll, November 2023

[iii] Provided by City's Building Division

[iv] London-St. Thomas Real Estate Board and The Canadian Real Estate Association, https://www.lstar.ca/ and https://www.crea.ca/

[v] Statistics Canada. Table 14-10-0385-01 Labour force characteristics, annual (accessed June 5, 2024)

[vi] Statistics Canada. Table 14-10-0327-01 Labour force characteristics by sex and detailed age group, annual (accessed June 5, 2024)

[vii] Statistics Canada. Table 18-10-0005-01 Consumer Price Index, annual average, not seasonally adjusted (accessed June 5, 2024)

[viii] Statistics Canada. Table 36-10-0104-01 Gross domestic product, expenditure-based, Canada, quarterly (x 1,000,000) (accessed June 5, 2024)

[ix] Ontario Ministry of Municipal Affairs and Housing, Common Language Guide to Municipal Financial Statements, https://www.ontario.ca/document/tools-municipal-budgeting-and-long-term-financial-planning/common-language-guide-municipal-financial-statements

[x] Ontario Ministry of Municipal Affairs and Housing, The Ontario Municipal Councillor's Guide, Chapter 9, The Fiscal Context, https://www.ontario.ca/document/ontario-municipal-councillors-guide/9-fiscal-context#

[xi] Chartered Professional Accountants of Canada (2024, June). CPA Canada Public Sector Accounting Standards: Section 3280: Asset Retirement Obligations. Retrieved from CPA Canada Standards and Guidance Collection.

[xii] Chartered Professional Accountants of Canada (2024, June). CPA Canada Public Sector Accounting Standards: Section 3450: Financial Instruments. Retrieved from CPA Canada Standards and Guidance Collection.

[xiii] Chartered Professional Accountants of Canada (2024, June). CPA Canada Public Sector Accounting Standards: Section 3041: Portfolio Investments. Retrieved from CPA Canada Standards and Guidance Collection.

[xiv] Chartered Professional Accountants of Canada (2024, June). CPA Canada Public Sector Accounting Standards: Section 1201: Financial Statement Presentation. Retrieved from CPA Canada Standards and Guidance Collection.

Consolidated Financial Statements of

THE CORPORATION OF THE CITY OF LONDON

And Independent Auditors' Report thereon

December 31, 2023

INTRODUCTION

The accompanying Consolidated Financial Statements, and all other financial information included within this financial report, are the responsibility of the management of the City of London. The City's Financial Statements contained in this report have been prepared in accordance with the accounting principles and disclosure requirements of the Chartered Professional Accountants (CPA) of Canada Public Sector Accounting Handbook.

The City Treasurer is responsible for submitting annually, to the Audit Committee and Council, audited financial statements. These financial statements include the consolidated results of the City of London for the fiscal year ending December 31, 2023.

Finance staff are responsible for the coordination and completion of the annual financial statements in a timely, accurate and efficient manner as well as providing support and related financial information to external auditors during the year-end audit.

The Consolidated Financial Statements of the City of London provide important information about the overall financial condition of the City. The purpose of the consolidated financial statements is to present the results of transactions of the City, taking into consideration the accounting for all City Funds and associated city business enterprises.

The audited Consolidated Financial Statements for City operations include:

- Independent Auditors' Report
- Consolidated Statement of Financial Position
- Consolidated Statement of Operations
- Consolidated Statement of Change in Net Financial Assets
- Consolidated Statement of Cash Flows
- Consolidated Statement of Remeasurement Gains and Losses
- Notes to the Consolidated Financial Statements
- Consolidated Schedule of Segment Disclosure – Operating Revenues
- Consolidated Schedule of Segment Disclosure – Operating Expenses

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the City of London

Opinion

We have audited the consolidated financial statements of the Corporation of the City of London (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023, and its consolidated results of operations, its remeasurement gains and losses, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Prospective Change in Accounting Policy

We draw attention to Note 2 to the financial statements which indicates that the Entity has changed its accounting policy for financial instruments and has applied that change prospectively.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Comparative Information

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the "Financial Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the "Financial Report" as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

[Date]

DRAFT

THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Financial Position
December 31, 2023, with comparative information for 2022
(all dollar amounts in thousands of dollars)

	2023	2022 (Restated - note 2)
Financial assets		
Cash and cash equivalents (note 3)	$ **536,152**	$ 427,036
Accounts receivable		
Taxes receivable (note 4)	**32,255**	18,657
Other receivables	**144,674**	125,030
Land held for resale	**36,806**	37,166
Portfolio investments (note 5)	**1,385,726**	1,398,143
Loans and long-term receivables (note 6)	**46,809**	46,003
Investment in government business enterprises and partnerships (note 7)	**240,245**	238,708
Total financial assets	**2,422,667**	2,290,743
Financial liabilities		
Demand loan (note 24)	**534**	508
Accounts payable and accrued liabilities	**228,073**	201,735
Deferred revenue (note 8)	**601,208**	563,971
Accrued interest on long-term debt	**1,198**	1,254
Long-term liabilities (note 9)	**900**	1,800
Long-term debt (note 10)	**198,972**	218,379
City services payable (note 11)	**8,552**	8,099
Employee benefits payable (note 12)	**219,684**	206,471
Asset retirement obligations (note 13)	**107,407**	111,747
Total financial liabilities	**1,366,528**	1,313,964
Net financial assets	**1,056,139**	976,779
Non-financial assets		
Tangible capital assets (note 14)	**4,575,778**	4,385,315
Inventories of supplies	**8,089**	7,143
Prepaid expenses	**30,470**	24,844
Total non-financial assets	**4,614,337**	4,417,302
Contingent Liabilities (note 16)		
Loan Guarantees (note 17)		
Commitments (note 18)		
Accumulated surplus (note 15)	**5,670,476**	5,394,081
Accumulated surplus comprised of:		
Accumulated surplus, before remeasurement losses	**5,673,543**	-
Accumulated remeasurement losses	**(3,067)**	-
Accumulated surplus	$ **5,670,476**	$ 5,394,081

The accompanying notes are an integral part of these consolidated financial statements.

DRAFT

THE CORPORATION OF THE CITY OF LONDON

Consolidated Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

(all dollar amounts in thousands of dollars)

	Budget (note 20)	2023	2022 (Restated - note 2)
Revenues			
Net municipal taxation	$ 757,295	**$ 762,554**	$ 728,757
User charges	328,422	**341,932**	318,715
Transfer payments			
Provincial	312,887	**334,228**	271,112
Federal	80,731	**60,265**	71,431
Other municipalities	8,052	**7,886**	8,696
Investment income	15,195	**53,209**	29,896
Penalties and interest	9,641	**11,605**	12,713
Development charges earned	33,037	**29,678**	38,109
Developer contributions of tangible capital assets (note 14)	53,661	**44,086**	102,716
Other	28,886	**35,970**	41,030
Equity in earnings of government business enterprises and partnerships (note 7)	6,930	**1,185**	36,127
Total revenues	1,634,737	**1,682,598**	1,659,302
Expenses			
General government	122,116	**102,360**	106,970
Protection services	250,679	**267,185**	245,437
Transportation services	256,421	**251,632**	237,929
Environmental services	229,924	**206,585**	205,687
Health services	46,636	**43,443**	37,720
Social and family services	291,434	**326,032**	263,385
Social housing	70,180	**63,506**	59,867
Recreation and cultural services	104,622	**99,059**	90,616
Planning and development	43,709	**43,334**	46,301
Total expenses	1,415,721	**1,403,136**	1,293,912
Annual surplus	219,016	**279,462**	365,390
Accumulated surplus, beginning of year (note 15)	5,394,081	**5,394,081**	5,076,874
Adjustment on adoption of the asset retirement obligations standard (note 2)	-	**-**	(48,183)
Accumulated remeasurement losses (note 2)	-	**(3,067)**	-
Accumulated surplus, end of year (note 15)	$ 5,613,097	**$ 5,670,476**	$ 5,394,081

The accompanying notes are an integral part of these consolidated financial statements.

DRAFT

THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Change in Net Financial Assets
Year ended December 31, 2023, with comparative information for 2022
(all dollar amounts in thousands of dollars)

	Budget	2023	2022
	(note 20)		(Restated - note 2)
Annual surplus	$ 219,016	**$ 279,462**	$ 365,390
Acquisition of tangible capital assets	(398,831)	**(362,690)**	(349,946)
Developer contributions of tangible capital assets	(53,661)	**(44,086)**	(102,716)
Amortization of tangible capital assets	195,778	**193,064**	192,391
Proceeds from sale of tangible capital assets	48	**12,028**	58,098
Loss on disposal of tangible capital assets	1,437	**11,222**	2,848
	(255,229)	**(190,462)**	(199,325)
Change in inventories of supplies	-	**(947)**	(1,056)
Unrealized remeasurement losses	-	**(3,067)**	-
Change in prepaid expenses	-	**(5,626)**	(2,876)
	-	**(9,640)**	(3,932)
Change in net financial assets	(36,213)	**79,360**	162,133
Net financial assets, beginning of year	976,779	**976,779**	865,339
Adjustment on adoption of the asset retirement obligations standard	-	**-**	(50,693)
Net financial assets, end of year	$ 940,566	**$ 1,056,139**	$ 976,779

The accompanying notes are an integral part of these consolidated financial statements.

DRAFT

THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Cash Flows
Year ended December 31, 2023, with comparative information for 2022
(all dollar amounts in thousands of dollars)

	2023	2022 (Restated - note 2)
Cash provided by (used in)		
Operating activities		
Annual surplus	**$ 279,462**	$ 365,390
Items not involving cash		
Amortization of tangible capital assets	**193,064**	192,391
Developer contributions of tangible capital assets	**(44,086)**	(102,716)
Loss on disposal of tangible capital assets	**11,222**	2,848
Change in employee benefits payable	**13,213**	10,433
Change in asset retirement obligations	**(4,340)**	9,385
Equity in earnings of government business enterprises and partnerships	**(1,186)**	(36,372)
Dividends receivable from government business enterprises and partnerships	**5,000**	5,000
Amortization of debenture discount	**134**	158
Change in non-cash assets and liabilities		
Taxes receivable	**(13,598)**	3,985
Other receivables	**(19,644)**	(49,108)
Land held for resale	**360**	(1,693)
Accounts payable and accrued liabilities	**26,338**	25,678
Deferred revenue	**37,237**	20,386
Accrued interest on long-term debt	**(56)**	(197)
City services payable	**453**	1,292
Inventories of supplies	**(947)**	(1,056)
Prepaid expenses	**(5,626)**	(2,876)
Net change in cash from operating activities	**477,000**	442,928
Capital activities		
Proceeds from sale of tangible capital assets	**12,028**	58,098
Acquisition of tangible capital assets	**(362,690)**	(349,946)
Net change in cash from capital activities	**(350,662)**	(291,848)

DRAFT

THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Cash Flows (continued)
Year ended December 31, 2023, with comparative information for 2022
(all dollar amounts in thousands of dollars)

	2023	2022 (Restated - note 2)
Investing activities		
Net decrease (increase) in investments	**3,998**	(347,210)
Issuance of loans and long-term receivables	**(2,209)**	(4,931)
Repayment of loans receivable	**1,403**	12,109
Government business enterprises and partnerships	**1**	244
Net change in cash from investing activities	**$ 3,193**	$ (339,788)
Financing activities		
Long-term debt issued	**$ 23,624**	$ 21,713
Long-term debt repayments	**(43,165)**	(48,524)
Repayments of long-term liabilities	**(900)**	(900)
Repayments of capital lease obligations	**-**	(109)
Demand loan repayments	**26**	103
Net change in cash from financing activities	**(20,415)**	(27,717)
Net change in cash and cash equivalents	**109,116**	(216,425)
Cash and cash equivalents, beginning of year	**427,036**	643,461
Cash and cash equivalents, end of year	**$ 536,152**	$ 427,036

The accompanying notes are an integral part of these consolidated financial statements.

DRAFT

THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Remeasurement Gains and Losses
Year End December 31, 2023 , with comparative information for 2022
(all dollar amounts in thousands of dollars)

	2023	2022
Accumulated remeasurement gains (losses), beginning of the year	$ -	$ -
Adjustment on adoption of the financial instruments standard	(38,429)	-
	(38,429)	-
Unrealized gains (losses) attributable to:		
Portfolio investments		
Designated for fair value	32,665	-
Total unrealized gains (losses)	32,665	-
Amounts reclassified to statement of operations:		
Portfolio investments		
Designated for fair value	2,240	-
Total realized (gains) losses, reclassified to the statement of operations	2,240	-
Proportionate amount of other comprehensive income from investment in government business enterprises	457	-
Net change in remeasurement gains (losses) for the year	35,362	-
Accumulated remeasurement gains (losses), end of the year	$ (3,067)	$ -

The accompanying notes are an integral part of these consolidated finanical statements

The Corporation of the City of London (the "Corporation") is a municipality in the Province of Ontario incorporated in 1855 and operates under the provisions of the *Municipal Act, 2001*.

1. Significant Accounting Policies

The consolidated financial statements of the Corporation are prepared by management, in accordance with Canadian public sector accounting standards as defined in the CPA of Canada Public Sector Handbook – Accounting. Significant accounting policies are as follows:

(a) Basis of Consolidation

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of the Corporation and include all organizations that are accountable to the Corporation for the administration of their financial affairs and resources and are owned or controlled by the Corporation except for the Corporation's government business enterprises or partnerships which are accounted for on the modified equity basis of accounting.

(i) Consolidated Entities

The following local Boards or Commissions are consolidated:

Argyle Business Improvement Association Board of Management
Covent Garden Market Corporation
Eldon House Corporation
Hamilton Road Business Improvement Area Board of Management
Housing Development Corporation, London
Hyde Park Business Improvement Association Board of Management
London & Middlesex Community Housing Inc.
London Convention Centre Corporation
London Downtown Business Association
London Police Services Board
London Public Library Board
London Transit Commission
Museum London
Old East Village Business Improvement Area Board of Management

The transactions and balances between the Corporation and the related boards or commissions have been eliminated.

1. Significant Accounting Policies (continued)

(a) Basis of Consolidation (continued)

(ii) Equity Accounting

Government business enterprises are accounted for by the modified equity method. Under the modified equity method, the accounting principles of government business enterprises are not adjusted to conform to the Corporation's accounting principles and inter-organizational transactions and balances are not eliminated. However, inter-organizational gains and losses are eliminated on assets remaining with the government reporting entities at the reporting date. The Corporation recognizes its equity interest of the government business enterprises' income or loss in its consolidated statement of operations with a corresponding increase or decrease in its investment account. All dividends received will be reflected as reductions in the investment account.

The government business enterprises and partnerships during the year were:

London Hydro Inc.
Fair-City Joint Venture
City-YMCA Joint Venture

(iii) Proportionate Consolidation

The Lake Huron and Elgin Area Water Boards have been consolidated on a proportionate basis, based upon the water flow used by the Corporation in proportion to the entire flows provided by the joint water boards.

Middlesex-London Health Unit is consolidated on a proportionate basis based upon a percentage of grant money provided by the Corporation in comparison to grant money provided by the Province of Ontario and the County of Middlesex.

(iv) Accounting for School Board Transactions

Although the Corporation collects taxation on behalf of the School Boards, the assets, liabilities, revenues and expenses, relating to the operations of the school boards are not reflected in these consolidated financial statements.

During the year, **$128,023** of taxation was collected on behalf of school boards (2022 - $126,844) and remitted to the school boards during the year.

1. Significant Accounting Policies (continued)

(a) Basis of Consolidation (continued)

(v) Trust Funds

Trust funds and their related operations administered by the Corporation are not included in these consolidated financial statements, as they are reported on separately in the Trust Fund Statement of Continuity and Balance Sheet.

Total net assets of Trust Funds administered by the Corporation amounted to **$4,784** (2022 - $4,661).

(b) Basis of Accounting

(i) Accrual Accounting

Revenues and expenses are reported on the accrual basis of accounting. Revenues are recognized as they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Deferred Revenue

The Corporation receives contributions pursuant to legislation, regulations or agreements that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

(iii) Land Held for Resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

1. Significant Accounting Policies (continued)

(b) Basis of Accounting (continued)

(iv) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(a) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Table 1: Tangibe Capital Asset Useful Life

Asset	Useful Life - Years
Landfill and land improvements	5 - 60
Buildings and building improvements	10 - 40
Leasehold improvements	Lease term
Machinery, equipment and furniture	5 - 20
Vehicles	5 - 7
Water and wastewater infrastructure	10 - 100
Roads infrastructure	10 - 80
Computers	3, 4 & 8
Computers under capital lease	3

Amortization is charged using the half year rule in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(b) Contributions of Tangible Capital Assets

Tangible capital assets received as contributions related to water, wastewater infrastructure, roads infrastructure and land are recorded at their estimated fair value at the date they are assumed by the Corporation, and are also recorded as revenue.

1. Significant Accounting Policies (continued)

(b) Basis of Accounting (continued)

(iv) Non-Financial Assets (continued)

(c) Works of Art and Cultural and Historic Assets

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

(d) Interest Capitalization

The Corporation does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

(e) Leased Tangible Capital Assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(f) Inventories of Supplies

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

(v) Budget Figures

London City Council completes separate budget reviews for tax supported operating and capital, as well as water and wastewater budgets each year. Budget figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by the Public Sector Accounting Board (PSAB), certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

1. Significant Accounting Policies (continued)

(b) Basis of Accounting (continued)

(vi) Use of Estimates

The preparation of these consolidated financial statements, in accordance with Canadian Public Sector Accounting standards, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the year. These estimates and assumptions, including employee benefits payable, taxation assessment appeals, legal claims provisions, the valuation of tangible capital assets and their related useful lives and amortization and liabilities for contaminated sites, are based on management's best information and judgment and may differ significantly from future actual results.

The Corporation's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the expected retirement costs, as well as the timing and duration of these retirement costs.

1. Significant Accounting Policies (continued)

(c) Government Transfers

(i) Revenues

Government transfer revenue is recorded once it is authorized by the transferring government. The Corporation is eligible to receive the transfer and the amount can be reasonably estimated. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3100 of the Canadian Public Sector Accounting handbook and recognized as revenue in the period in which the resources are used for the purpose specified.

Government transfers include amounts received for the social assistance program. Funding ratios can vary from 80% to 100% of program costs depending on the social service program. Social service administration funding covers 50% of certain administration costs. The Social Housing program funding is approximately 20% of costs of the program.

In addition, the Corporation periodically receives senior government capital funding in the form of infrastructure grants and receives ongoing funding from Provincial and Federal senior levels of government as a result of an allocation of gas tax funds.

(ii) Expenses

External transfers from the Corporation are recorded as expenses when eligibility criteria have been met by the recipient and the amount can be reasonably estimated. This includes payments issued to individuals eligible under the *Ontario Works Act* and *Day Nurseries Act* as well as funding to contracted local social services agencies, Child Care providers and Housing Providers that deliver services in accordance with legislation and local program policies.

1. Significant Accounting Policies (continued)

(d) Tax Revenues

In 2023 the Corporation received **$762,554** (2022 - $728,757) in property tax revenues for municipal purposes. The authority to levy and collect property taxes is established under the *Municipal Act, 2001*, the *Assessment Act*, the *Education Act*, and other legislation.

The amount of the total annual property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council-approved policies, in order to raise the revenues required to meet operating budget requirements. Education tax rates are established by the Province each year in order to fund the costs of education on a Province-wide basis.

Taxation revenues are recorded at the time tax billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The Corporation may receive supplementary assessment rolls over the course of the year from the Municipal Property Assessment Corporation that identify new or omitted assessments. Property taxes for these supplementary/omitted amounts are then billed according to the approved tax rate for the property class.

Taxation revenues in any year may also be reduced as a result of reductions in assessment values arising from assessment and/or tax appeals. Each year, an amount is identified to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals or other deficiencies in tax revenues (e.g., uncollectible amounts, write-offs, etc.).

(e) User Charges

User charges relate to various programs and fees imposed based on specific activities, such as transit fees, park and recreation services, water, wastewater and solid waste. Revenue is recognized when the activity is performed or when the services are rendered.

(f) Development Charges and Other Revenues

Revenues are recognized in the year that the events giving rise to the revenues occurand the revenues are earned. Amounts received which relate to revenues that will be earned in a subsequent year are deferred and reported as liabilities.

1. Significant Accounting Policies (continued)

(g) Financial Instruments

Financial instruments are classified in one of the following categories: (i) fair value; (ii) cost or amortized cost. The Corporation determines the classification of its financial instruments at initial recognition.

Portfolio investments reported at fair value consist of equity instruments, certain fixed income securities, derivative instruments, and any other investments where the investments are managed and evaluated on a fair value basis and the fair value option is elected.

Unsecured debentures and other long-term debt are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Transaction costs related to the issuance of long-term debt are capitalized and amortized over the term of the debt.

Other financial instruments, including cash and cash equivalents, investments in guaranteed investment certificates, accounts receivable, loans receivable, accounts payable and accrued liabilities, long-term liabilities and city services payable are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

The following table provides the carrying amount information of the Corporation's financial instrument by category.

Table 2: Financial Instruments with Associated Measurement Method

Financial Instruments	Measurement Method
Cash and cash equivalents	Cost
Other receivables	Cost
Portfolio investments	Cost and Fair Value
Loans and long-term receivables	Amortized Cost
Demand loan	Amortized Cost
Accounts payable and accrued liabilities	Cost
Accrued interest on long-term debt	Cost
Long-term liabilities	Cost
Long-term debt	Amortized Cost
City services payable	Cost

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as oppposed to the straight-line method.

1. Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

Fair value category: The Corporation manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the consolidated statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the consolidated statement of operations and related balances reverses from the consolidated statement of remeasurement gains and losses.

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price at the trade date, which is the fair value of the consideration given or received. After initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques that refer to observable market data. These include comparisons with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Amortized cost category: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the consolidated statement of sperations and any unrealized gain is adjusted through the consolidated statement of remeasurement gains and losses.

1. Significant Accounting Policies (continued)

(g) Financial Instruments (continued)

When the asset is sold, the unrealized gains and losses previously recognized in the consolidated statement of remeasurement gains and losses are reversed and recognized in the consolidated statement of operations.

(h) Portfolio Investments

Portfolio investments predominantly consist of authorized investments pursuant to provisions of the *Municipal Act, 2001* and are comprised of fixed income securities such as government and corporate bonds, structured notes, equities, pooled equity funds, and guaranteed investment certificates. Portfolio investments in guaranteed investment certificates are recorded at cost. Portfolio investments in equities, pooled equity funds, and all other fixed income securities are recorded at fair value. Any cash or investments with short maturity dates held within investment accounts are for the purposes of investing and are classified as portfolio investments in the consolidated statement of financial position.

Realized investment income earned on available current funds, reserves, and reserve funds (other than obligatory funds) are reported as revenue in the period earned and recognized in the consolidated statement of operations. Unrealized changes in fair value are recognized in the considated statement of remeasurement gains and losses until they are realized, when they are reclassified to the consolidated statement of operations.

Realized and unrealized investment income earned on obligatory reserve funds forms part of the deferred revenue balances.

(i) Loans Receivable

Loans receivable are recorded at the lower of amortized cost or the net recoverable value when the risk of loss exists. Recoverability is reviewed annually, and a valuation allowance is recorded when recoverability is impaired. A loan receivable is written off when it is no longer recoverable. Recoveries of loans receivable previously written off are recognized in the year received. Changes in the valuation of loans receivables are recognized in the consolidated statement of operations and accumulated surplus. Interest is accrued on loans receivable to the extent it is deemed collectable.

When the terms associated with a loan are considered concessionary such that all or a part of the loan is a grant, the Corporation will expense the grant portion of the transaction in the consolidated statement of operations and accumulated surplus at the time the loan is made.

1. Significant Accounting Policies (continued)

(j) Foreign Currency Translations

Foreign currency translations are recorded at the exchange rate at the time of the transaction.

(k) Contaminated Sites

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- an environmental standard exists,
- contamination exceeds the environmental standard,
- the organization is directly responsible or accepts responsibility for the liability,
- future economic benefits will be given up, and
- a reasonable estimate of the liability can be made.

1. Significant Accounting Policies (continued)

(l) Employee Benefits Payable

The Corporation provides employee benefits including sick leave, benefits under the *Workplace Safety and Insurance Board ("WSIB") Act*, life insurance and extended health and dental benefits for early retirees which will require funding in future periods.

There are also contributions to a multi-employer, defined benefit pension plan, OMERS, which are expensed when contributions are made.

The costs of termination benefits and compensated absences are recognized when the event that obligates the Corporation occurs. Costs include projected future income payments, healthcare continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis.

The costs of other employee benefits are actuarially determined using the projected benefits method pro-rated on service and management's best estimate of retirement ages of employees, salary escalation and expected health costs.

Past service costs from plan amendments related to prior period employee services are accounted for in the period of the plan amendment. The effects of a gain or loss from settlements or curtailments are expensed in the period they occur. Net actuarial gains and losses related to the employee benefits are amortized over the average remaining service life of the related employee group. Employee future benefit liabilities are discounted at the Corporation's cost of borrowing using estimated rates for debt with maturities similar to expected benefit payments in the future. The costs of workplace safety and insurance obligations are actuarially determined and are expensed immediately in the period the events occur.

(m) Loan Guarantees

Periodically the Corporation provides loan guarantees on specific debt held by related authorities not consolidated in the Corporation's financial statements. Loan guarantees are accounted for as contingent liabilities and no amounts are accrued in the consolidated financial statements of the Corporation until the Corporation considers it likely that the borrower will default on the specified loan obligation. Should a default occur the Corporation's resulting liability would be recorded in the consolidated financial statements.

(n) Environmental Provisions

The Corporation has a formal environmental assessment and reclamation program in place to ensure that it complies with environmental legislation. The Corporation provides for the cost of compliance with environmental legislation when costs are identified and can be reasonably measured.

1. Significant Accounting Policies (continued)

(o) Asset Retirement Obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The following liabilities have been recognized based on estimated future expenses:

- Closure of operational landfill sites and post-closure care relating to current and previous landfill sites. The Ontario Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of landfill sites. This requirement is being funded through tipping fees.

- Removal of asbestos in various buildings owned by the Corporation. The Occupational Health and Safety Act states the demolition of a building, all or in part, can be done only when asbestos-containing material that may be disturbed during the work, has been removed.

- Removal of underground fuel and oil storage tanks and related piping. The Technical Standards and Safety Authority (TSSA) states in both its Liquid Fuels Handling Code and the Fuel and Oil Code that an underground storage tank and its piping must be removed when it has been out of service for 2 years or more.

- Removal of leasehold improvements where requested by the landlord. A lease may have a Base Building clause that states that leasehold improvements are to be removed at the end of a lease at the request of the landlord and at the expense of the Corporation.

1. Significant Accounting Policies (continued)

(o) Asset Retirement Obligations (continued)

The liabilities are discounted using a present value calculation, where appropriate, and adjusted yearly for changes in circumstances. The recognition of a liability results in an accompanying increase to the respective tangible capital assets or an adjustment to the annual surplus when an asset was fully amortized. The increase to the tangible capital assets is being amortized in accordance with the accounting policies. At each financial reporting date, the Corporation reviews the carrying amount of the liability. The Corporation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset. The Corporation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

(p) Accumulated Surplus

Accumulated surplus represents the Corporation's net economic resources. It is an amount by which all assets (financial and non-financial) exceed liabilities. An accumulated surplus indicates that the Corporation has net resources (financial and physical) that can be used to provide future services. An accumulated deficit means that liabilities are greater than assets.

(q) Related Party Disclosures

Related parties exist when one party has the ability to control or has shared control over another party. Individuals that are key management personnel or close family members may also be related parties.

Disclosure is made when the transactions or events between related parties occur at a value different from what would have been recorded if they were not related and the transactions could have a material financial impact on the consolidated financial statements.

1. Significant Accounting Policies (continued)

(r) Inter-entity Transactions

Transactions between related parties are recorded at carrying amounts with the exception of the following:

- Transactions in the normal course of business are recorded at exchange amount.
- Transactions with fair value consideration are recorded at exchange amount.
- Transfer of an asset or liability at nominal or no consideration is recorded by the provider at carrying amount and the recipient has the choice of either carrying amount or fair value.
- Cost allocations are reported using the exchange amount and revenues and expenses are reported on a gross basis.
- Unallocated costs for the provision of goods or services may be recorded by the provider at cost, fair value or another amount dictated by policy, accountability structure or budget practice.

(s) Future Accounting Pronouncements

These standards and amendments were not yet effective for the year ended December 31, 2023, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

(i) Revenue

PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Corporation’s December 31, 2024 year-end).

(ii) Public Sector Guideline 8 Purchased Intangible

Public Sector Guideline 8 Purchased Intangible, allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the Corporation’s December 31, 2024 year-end).

(iii) Public Private Partnerships

PS 3160, Public Private Partnerships (P3s), provides specific guidance on the accounting and reporting for public private partnerships between pulic and private sector entities where the public sector entity procures infrastructure using a private sector partner. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Corporation’s December 31, 2024 year-end).

2. Change in Accounting Policies - Adoption of New Accounting Standards

The Corporation adopted the following standards concurrently beginning January 1, 2023:

(a) PS 1201, Financial Statement Presentation

PS 1201, Financial Statement Presentation replaces PS 1200, Financial Statement presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the consolidated statement of remeasurement gains and losses separate from the consolidated statement of operations. Requirements in PS 2601, Foreign Currency Translation, PS 3450, Financial Instruments, and PS 304,1 Portfolio Investments, which are required to be adoped at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

(b) PS 3041, Portfolio Investments

PS 3041, Portfolio Investments replaces PS 3040, Portfolio Investments. The standard provides guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450, Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030, Temporary Investments no longer applies.

These above standards were adopted prospectively. There was no impact to the Corporation as a result of the adoption of the above two standards.

(c) PS 3450, Financial Instruments and PS 2601, Foreign Currency Translation

On January 1, 2023, the Corporation adopted PS 3450, Financial Instruments and PS 2601, Foreign Currency Translation. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments, including derivatives, are included on the consolidated statement of financial position, and are measured at either fair value or amortized cost based on the characteristics of the instrument and the Corporation’s accounting policy choices (see Note 1, Significant accounting policies). Unrealized gains and losses arising from changes in fair value are presented in the consolidated statement of remeasurement gains and losses.

In accordance with the provisions of this new standard, the Corporation reflected an adjustment on January 1, 2023, of a decrease to portfolio investments of **$38,429**, and to accumulated remeasurement gains/(losses) due to the unrealized loss of the Corporation’s investments that were previously recorded at amortized cost.

2. Change in Accounting Policies - Adoption of New Accounting Standards (continued)

(d) PS 3280, Asset Retirement Obligations

On January 1, 2023, the Corporation adopted PS 3280, Asset Retirement Obligations (ARO). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270, Solid Waste Landfill Closure and Post-Closure Liability. The standard was adopted on the modified retrospective basis at the date of adoption, and the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

In accordance with the provisions of this new standard, the Corporation removed the landfill liability that had been recognized to date and recognized an asset retirement obligation on January 1, 2022. The new liability represents 100% of the estimated required closure and post-closure care for the landfill sites owned by the Corporation. The liability was assumed and measured as of the date the landfill sites began accepting waste and was discounted at 3.50%, which was the discount rate as of the date of adoption of the standard. Each cell has an expected useful life of 5 years, which has not been revised.

On January 1, 2022, the Corporation recognized an asset retirement obligation relating to the removal of asbetos in buildings owned by the Corporation. The liability was measured as of the date of purchase of the buildings, when the liability was assumed. The accompanying increase to the respective tangible capital assets was amortized over 40 years, which has not been revised.

On January 1, 2022, the Corporation recognized an asset retirement obligation relating to underground fuel and oil storage tanks owned by the Corporation that must be removed up to 2 years after the end of their useful lives. The liability was measured as of the date the tanks were installed, when the liability was assumed. The accompanying increase to tangible capital assets was amortized over 10 years, which has not been revised.

On January 1, 2022, the Corporation recognized an asset retirement obligation relating to the potential of a landlord requesting removal of leasehold improvements at the end of a lease. The liability was measured as of the date the leasehold improvements were installed or when the lease began, which is when the liability was assumed. The accompany increase to tangible capital assets was amortized over 7 years, which has not been revised.

(all dollar amounts in thousands of dollars)

2. Change in Accounting Policies - Adoption of New Accounting Standards (continued)

(d) PS 3280, Asset Retirement Obligations (continued)

In accordance with the modified retrospective provisions of this new standard, the Corporation reflected the following adjustments at January 1, 2022:

Table 3: Asset Retirement Obligations Restatement

	Balance as previously reported December 31, 2022	Adjustments	Balance restated December 31, 2022
Consolidated Statement of Financial Position			
Asset retirement obligations	$ -	$ 111,747	**$ 111,747**
Land held for resale	37,121	45	**37,166**
Landfill closure and post-closure liability	54,166	(54,166)	**-**
Tangible capital assets	4,378,472	6,843	**4,385,315**
Accumulated surplus	5,444,774	(50,693)	**5,394,081**
Consolidated Statement of Operations			
General government	106,906	64	**106,970**
Protection services	245,430	7	**245,437**
Transportation services	237,928	1	**237,929**
Environmental services	203,312	2,375	**205,687**
Social and family services	263,384	1	**263,385**
Recreation and cultural services	90,557	59	**90,616**
Planning and development	46,298	3	**46,301**
Annual surplus	367,900	(2,510)	**365,390**
Adjustment on adoption of asset retirement obligations standard	-	(48,183)	**(48,183)**
Consolidated Statement of Change in Net Financial Assets			
Acquisition, proceeds, and loss on disposal of tangible capital assets	(384,873)	(6,843)	**(391,716)**
Amortization of tangible capital assets	189,881	2,510	**192,391**
Adjustment on adoption of the asset retirement obligations standard	**$ -**	$ (50,693)	**$ (50,693)**

(all dollar amounts in thousands of dollars)

3. Cash and Cash Equivalents

Table 4: Cash and Cash Equivalents

		2023		2022
Cash on deposit	**$**	**433,112**	$	323,668
Cash equivalents		**103,040**		103,368
	$	**536,152**	$	427,036

Cash equivalents are comprised mainly of term deposits with original maturities of 90 days or less and are recorded at cost.

4. Taxes Receivable

Taxes receivable are reported net of allowance for doubtful accounts. As at December 31, the balances are as follows:

Table 5: Taxes Receivable

		2023		2022
Taxes receivable	**$**	**39,122**	$	32,259
Penalties and interest		**2,642**		2,027
Allowance for doubtful accounts		**(9,509)**		(15,629)
	$	**32,255**	$	18,657

(all dollar amounts in thousands of dollars)

5. Portfolio Investments

The composition of portfolio investments is as follows:

Table 6: Portfolio Investments

	2023	2022[1]
Measured at fair value		
Fixed income securities	**$ 963,745**	$ 873,363
Equity	**6,282**	4,725
Pooled equity funds	**184,559**	134,755
	1,154,586	1,012,843
Measured at cost		
Guaranteed investment certificates	**231,140**	385,300
	$ 1,385,726	$ 1,398,143

(1) 2022 Amounts presented at cost

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the reliability of the data used to determine fair value, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The fair value hierarchy requires the use of observable data from the market each time such data exists. A financial instrument is classified at the lowest level of hierarchy for which significant inputs have been considered in measuring fair value.

(all dollar amounts in thousands of dollars)

5. Portfolio Investments (continued)

The composition of portfolio investments measured at fair value is as follows

Table 7: Portfolio Investments measured at fair value

	2023			
	Level 1	Level 2	Level 3	Total
Fixed income securities	$ 5,158	$ 958,587	$ -	**$ 963,745**
Equity	6,282	-	-	**6,282**
Pooled equity funds	-	184,559	-	**184,559**
	$ 11,440	$ 1,143,146	$ -	**$ 1,154,586**

There were no material transfers between Level 1 and Level 2 for the year. There were also no transfers in or out of Level 3.

6. Loans and Long-term Receivables

Table 8: Loans and long-term Receivables

	2023	2022
Subordinate loan – City of London Arena Trust	**$ 23,275**	$ 23,473
Affordable Housing	**4,383**	4,259
Community Improvement Program	**4,418**	4,567
Development Charge Deferral & Alternative payment	**13,467**	12,385
Other Miscellaneous	**1,266**	1,319
	$ 46,809	$ 46,003

The Corporation previously transferred a capital asset to the City of London Arena Trust, in return for a subordinate loan. This investment is secured by a mortgage charge and assignment of the borrower's interest in the Ground Lease of the Budweiser Gardens building, an assignment of the borrower's interest in the Participatory Occupancy Lease, a general assignment of all present and future subleases, a security interest in the Capital Repair Fund, and a security interest in the trust fund. Repayments vary and are based on an available cash flow calculation within the 50 year agreement. During the year, **$198** (2022 - $198) was received as a payment on the loan.

(all dollar amounts in thousands of dollars)

7. Investment in Government Business Enterprises and Partnerships

The Corporation holds a 100% interest in London Hydro Inc. (2022 - 100%), a 30.000% (2022 - 30.000%) interest in the Fair-City Joint Venture Partnership and a 73.432% (2022 - 73.432%) interest in the City-YMCA Joint Venture Partnership based upon investments as follows:

Table 9: Investment in Government Business Enterprises and Partnerships

		2023		2022
London Hydro Inc. (note 7(a))	**$**	**224,982**	$	223,160
Fair-City Joint Venture Partnership (note 7(b))		**2,306**		2,092
City-YMCA Joint Venture Partnership (note 7(c))		**12,957**		13,456
	$	**240,245**	$	238,708

(a) Investment in London Hydro Inc.

The following table provides condensed supplementary financial information reported separately by London Hydro Inc.:

Table 10: Investment in London Hydro Inc. – Financial Position

		2023		2022
Financial position				
Current assets	**$**	**121,824**	$	117,807
Capital assets		**440,357**		413,772
Total assets		**562,181**		531,579
Regulatory balances		**36,008**		35,015
Total assets and regulatory balance		**598,189**		566,594
Current and other liabilities		**89,235**		83,677
Deferred revenue		**53,347**		48,662
Post-employment benefits		**9,188**		9,855
Long-term debt		**220,000**		200,000
Total liabilities		**371,770**		342,194
Regulatory balances		**1,437**		1,240
Total liabilities and regulatory balances		**373,207**		343,434
Net assets	**$**	**224,982**	$	223,160

(all dollar amounts in thousands of dollars)

7. Investment in Government Business Enterprises and Partnerships (continued)

(a) Investment in London Hydro Inc. (continued)

Table 11: Investment in London Hydro Inc. – Results of Operations

	2023	2022
Results of operations		
Revenues	**$ 475,971**	$ 472,589
Operating expenses	**(456,450)**	(463,095)
Other income (expenses)	**(17,096)**	27,999
Income tax expense	**(1,630)**	(10,468)
Net movement in regulatory balances	**675**	9,610
Net earnings	**1,470**	36,635
Dividends	**(5,000)**	(5,000)
Net assets, beginning of year	**223,160**	191,525
Accumulated other comprehensive income	**5,352**	-
Net assets, end of year - Investment in London Hydro Inc.	**$ 224,982**	$ 223,160

(i) Regulated Business Operations and Distribution Rates

London Hydro Inc. (“the Company”) is a wholly-owned subsidiary company of the Corporation and delivers regulated electricity and related energy services to the inhabitants of the City of London.

The Company is regulated by the Ontario Energy Board (“OEB”), under the authority granted by the *Ontario Energy Board Act,1998*. The OEB has responsibility to set just and reasonable distribution rates and thereby approves all of the Company’s distribution and ancillary rates. The Company’s distribution revenue is determined by applying those regulated rates to customers and their consumption of electricity in the Company’s distribution territory, as established by its distribution license granted by the OEB.

(ii) Regulatory Balances

The Ontario Energy Board allows distribution companies to recover amounts incurred for certain transitional costs as well as certain costs associated with the discretionary metering activities under the Provincial Smart Meter Program which have been authorized to be recovered through the rates. Net regulatory debit balances for 2023 totalled **$36,008** (2022 - $35,015). Net regulatory credit balances for 2023 totalled **$1,437** (2022 - $1,240).

7. Investment in Government Business Enterprises and Partnerships (continued)

(a) Investment in London Hydro Inc. (continued)

(iii) Commitments

The Company has provided **$4,300** (2022 - $4,300) in bank standby letters of credit to the Independent Electricity System Operator (IESO), as required by regulation.

The Company has vendor commitments in connection with projects of **$13,000** (2022 - $13,200).

The Company has committed to operating lease agreements with future minimum non-cancellable annual lease payments of **$739** (2022 - $824).

(iv) Credit Facilities

The Company has an uncommitted operating revolving line of credit facility of $20,000. As at December 31, 2023 the amount drawn under this line of credit was **$9,500** (2022 - $1,700). The line of credit is unsecured and interest options consist of the bank prime rate minus 0.5%, or at Bankers' Acceptances ("B/A") rates, plus a 0.75% stamping fee on B/A based borrowings.

At December 31, 2023, the Company had a committed loan facility of $40,000 and the amount drawn by the Company under this loan facility was $20,000 (2022 - $nil). Under the terms of this agreement, the loan has a maturity date of March 31, 2026. Interest options consist of the bank prime rate minus 0.6% or Bankers' Acceptances ("B/A") rates plus 0.6%. A standby fee of 0.2% is charged for any unused amounts.

The Company has an interest rate swap agreement for an unsecured loan in the amount of $125,000. Interest only payments are due monthly and commenced July 2022. The principal is due at maturity, June 30, 2032. The swap agreement is a fixed rate swap which effectively converts variable interest rates on unsecured Bankers' Acceptances to an effective interest rate of 1.69%, plus a stamping fee of 0.44%, for an all-in-rate of 2.13%.

The Company has an interest rate swap agreement for an unsecured loan in the amount of $75,000. Interest only payments are due monthly and commenced December 2020. The principal is due at maturity, June 30, 2032. The swap agreement is a fixed rate swap which effectively converts variable interest rates on unsecured Bankers' Acceptances to an effective interest rate of 1.53%, plus a stamping fee of 0.44%, for an all-in-rate of 1.97%.

7. Investment in Government Business Enterprises and Partnerships (continued)

(a) Investment in London Hydro Inc. (continued)

At December 31, 2023, the Company would be entitled to collect **$25,600** (2022 - $33,000) if it decided to cancel the swap agreements.

During the year ended December 31, 2023, interest on long-term debt was incurred in the amount of **$**5,000 (2022 - $4,600).

(v) Related Party Transactions

The Corporation has contracted with London Hydro Inc. to provide billing and collection services for water and wastewater charges on a cost recovery basis. Expenses for the year were **$5,724** (2022 - $5,103) and are included on the consolidated statement of operations. At December 31, 2023, the Corporation has a receivable of **$16,283** (2022 - $17,508) for water and wastewater charges collected by London Hydro Inc. Miscellaneous receivables of **$810** (2022 - $1,091) are also outstanding at year end.

The Corporation charged London Hydro Inc. rent, totalling **$100** (2022 - $100).

The Corporation received **$5,000** (2022 - $5,000) in dividend payments, which were recorded as a reduction in the investment in government business enterprises.

(vi) International Financial Reporting Standards (“IFRS”)

The Company’s financial statements have been prepared on a going-concern basis in accordance with IFRS, Accounting Standards.

(all dollar amounts in thousands of dollars)

7. Investment in Government Business Enterprises and Partnerships (continued)

(b) Fair-City Joint Venture Partnership

The following table provides condensed supplementary financial information reported separately by Fair-City Joint Venture Partnership:

Table 12: Fair-City Joint Venture Partnership – Financial Position

	2023	2022
Financial position		
Current assets	**$ 1,727**	$ 1,880
Capital assets	**10,290**	9,785
Total assets	**12,017**	11,665
Accrued liabilities	**590**	778
Deferred capital contributions	**2,865**	2,949
Long-term debt	**876**	965
Total liabilities	**4,331**	4,692
Net assets	**$ 7,686**	$ 6,973

Table 13: Fair-City Joint Venture Partnership – Results of Operations

	2023	2022
Results of operations		
Revenues	**$ 4,039**	$ 3,573
Operating expenses	**(3,323)**	(2,790)
Net earnings	**716**	783
Net earnings available to the Corporation	**215**	165
Distribution for employee future benefit re-measurements	**(1)**	8
Corporation's portion of earnings retained in Joint Venture	**214**	173
Corporation's investment in Fair-City Joint Venture's net assets, beginning of year	**2,092**	2,101
Adjustment due to change in Corporation's share during year	**-**	(182)
Corporation's investment in Fair-City Joint Venture's net assets, end of year	**2,306**	2,092
Investment in Fair-City Joint Venture Partnership	**$ 2,306**	$ 2,092

7. Investment in Government Business Enterprises and Partnerships (continued)

(b) Fair-City Joint Venture Partnership (continued)

(i) Contributions to Joint Venture

On September 1, 2000, the Corporation entered into a joint venture with the Western Fair Association, to construct and operate a four-pad arena complex.

The joint venture is in the form of a partnership, referred to as the Fair-City Joint Venture and the investment is held in the Civic Investment Reserve Fund.

In return for a contribution of $5,000 and a twenty-year loan of $12,000, the Corporation received an initial equity interest of 50% of the partnership. However, once the partnership prepaid $5,000 of the above-noted loan, and for every $1,000 repayment thereafter, the Corporation's equity interest will decrease by 2.857% until the loan is completely repaid and the equity interest has decreased to 30%. During the first five years of operation, 100% of profits from the joint venture were paid to the Western Fair Association.

The Corporation's equity interest as at June 30, 2023 was 30.000% (2022 - 30.000%). The Venturers agreed to apply any change in the equity interest, prospectively, to the first day in the year that the threshold is met and to each year thereafter that subsequent repayment thresholds are met. In the current year, **$nil** (2022 - $69) was available and distributed to the Corporation.

(ii) Related Party Transactions

The Corporation has an Ice Rental Agreement with the Fair-City Joint Venture Partnership for 240 hours per year. **$1,983** was paid for ice rental in 2023 (2022 - $1,948), which was recorded as an expense in the consolidated statement of operations.

(all dollar amounts in thousands of dollars)

7. Investment in Government Business Enterprises and Partnerships (continued)

(c) City-YMCA Joint Venture Partnership

The following table provides condensed supplementary financial information reported separately by City-YMCA Joint Venture Partnership:

Table 14: City-YMCA Joint Venture Partnership – Financial Position

		2023		2022
Financial position				
Capital assets	**$**	**27,135**	$	27,135
Accumulated amortization		**(9,490)**		(8,811)
Net assets	**$**	**17,645**	$	18,324

Table 15: City-YMCA Joint Venture Partnership – Results of Operations

		2023		2022
Results of operations				
Amortization of capital assets	**$**	**(679)**	$	(679)
Net loss		**(679)**		(679)
Net assets, beginning of year		**18,324**		19,003
Net assets, end of year		**17,645**		18,324
Corporation's portion of net assets		**12,957**		13,456
Investment in City-YMCA Joint Venture Partnership	**$**	**12,957**	$	13,456

The Corporation entered into a joint venture agreement with the YMCA of Western Ontario (YMCA) in April 2009 to construct and operate the Stoney Creek Community Centre.

The Corporation was responsible for contributing the land, contributing costs related to construction of the building and running the construction project. The YMCA was responsible for contributing costs related to construction of the building. The Corporation’s contributed share of the project was $19,929 or 73.432%.

7. Investment in Government Business Enterprises and Partnerships (continued)

(c) City-YMCA Joint Venture Partnership (continued)

Construction of this facility was completed in October 2010.

The Joint Venture Partnership has entered into a 40 year lease with the YMCA. The basic annual rent to be paid to the Joint Venture Partnership by the YMCA is nominal. The Joint Venture Partnership does not earn any other type of revenue. In accordance with the lease agreement, the Joint Venture Partnership is not responsible for any costs, expenses or outlays relating to the premises. All capital and operating costs are the responsibility of the tenant, the YMCA.

At the end of the 40 year lease term, the Joint Venture Partnership will transfer the land and building representing the facility to the YMCA for consideration of nil. The transfer of the land and building will result in the dissolution of the Joint Venture Partnership in 2049.

(all dollar amounts in thousands of dollars)

8. Deferred Revenue

Deferred revenue on the consolidated statement of financial position is comprised of the following:

Table 16: Deferred Revenue

	2023	2022
Funds deferred to future periods for specific purposes by legislation, regulation or agreement		
Development Charges Act		
Recreation, transit and culture	**$ 59,745**	$ 55,029
Capital infrastructure	**347,317**	344,501
Development Charges Act (note 11)	**407,062**	399,530
Development Charge Deferral and Alternative Payment Arrangements	**13,467**	12,385
Federal and Provincial gas tax	**99,959**	102,008
Recreational land *(The Planning Act)*	**6,429**	4,634
Unrealized remeasurement losses attributable to funds deferred to future periods	**(2,098)**	-
	524,819	518,557
Other deferred revenue:		
Subsidy advances from Provincial Ministries for future periods	**64,965**	33,577
Prepaid deposits	**446**	455
Prepayment of recreation programs, facility rentals, memberships	**2,231**	1,932
Vacancy rebate allowances	**1,072**	675
Boards and commissions	**7,315**	8,410
Other deferred revenues	**360**	365
	$ 601,208	$ 563,971

(all dollar amounts in thousands of dollars)

9. Long-term Liabilities

The Corporation has committed to provide capital grants to Fanshawe College. Capital grants are subject to annual budget approval and are generally not liabilities, however, the Corporation has committed to these multi-year grants in advance and therefore these amounts are included in long-term liabilities.

Table 17: Long-term Liabilities

	Last Year of Obligation	2023	2022
Fanshawe College, with annual principal repayments of $900, subject to annual budget approval, maturing in 2024	2024	**$ 900**	$ 1,800
		$ 900	$ 1,800

Anticipated principal repayments are summarized as follows:

2024	$ 900

(all dollar amounts in thousands of dollars)

10. Long-term Debt

Provincial legislation restricts the use of long-term debt to financing only capital expenses. Provincial legislation allows the Corporation to issue debt on behalf of school boards, other local boards, municipal enterprises and utilities. The responsibility of raising amounts to service these liabilities lies with the respective organization. The debt is a joint and several obligation of the Corporation and the respective organization.

Long-term debt is as follows:

Table 18: Long-term Debt

	2023	2022
Long-term debt issued by the Corporation at various rates of interest ranging from 0.8% to 5.67% (2022 - 0.45% to 5.67%) with maturity dates ranging from May, 2024 to May, 2033.	**$ 185,191**	$ 204,365
Long-term debt issued to Infrastructure Ontario programs at various rates of interest ranging from 2.60% to 4.44% (2022 - 2.60% to 4.44%) with maturity dates ranging from December, 2024 to March, 2030.	**12,530**	15,388
Long-term debt issued to Canada Mortgage and Housing Corporation at an interest rate of 1.84% to 3.01% (2022 - 1.84% to 3.01%) with term maturity dates ranging from December 2032 to December 2033.	**2,895**	771
Long-term debt issued to Federation of Canadian Municipalities, as Trustee for the Green Municipal Fund (FCM) at various rates of interest ranging from 2.00% to 2.25% (2022 - 2.00% to 2.25%) with maturity dates ranging from April, 2026 to May, 2032.	**1,775**	2,194
Long-term debt, assumed by unconsolidated local Boards, other municipalities, municipal enterprises and utilities.	**(2,352)**	(3,138)
	200,039	219,580
Less: Unamoritized debenture discount	**(1,067)**	(1,201)
Net long-term debt	**$ 198,972**	$ 218,379

(all dollar amounts in thousands of dollars)

10. Long-term Debt (continued)

Principal repayments are summarized as follows:

Table 19: Principal Repayment Summary

	2024	2025	2026	2027	2028	Beyond	Total
General	$ 20,534	$ 16,514	$ 14,522	$ 13,212	$ 10,912	$ 22,067	**$ 97,761**
Water	1,412	1,437	693	300	-	-	**3,842**
Wastewater	4,033	3,452	3,041	2,461	2,229	-	**15,216**
Discretionary	490	-	-	-	-	-	**490**
Obligatory	13,670	13,222	12,552	11,959	10,897	20,430	**82,730**
	$ 40,139	$ 34,625	$ 30,808	$ 27,932	$ 24,038	$ 42,497	**$ 200,039**

Total charges which are included in the consolidated statement of operations, are as follows:

Table 20: Principal Repayments - Total Charges

	2023	2022
Interest on long-term debt	**$ 5,552**	$ 5,995
Amortization of debenture discount	**268**	305
Interest on capital lease obligation	**-**	2
	$ 5,820	$ 6,302

11. City Services Payable

The Corporation operates a system of funding developer claims for construction of infrastructure works. The claimable works generally provide regional benefit beyond the boundaries of the subdivision or development which triggers the requirement for the works. The cost of these works are shared through development charge collections administered by the Corporation through the City Services Reserve Funds.

Claims are subject to approval by the Corporation in accordance with the Development Charges By-law. Payment of claims are ultimately subject to budget availability within the reserve funds.

As at December 31 of each year, the value of all work classified as substantially complete and not paid is recognized as a liability in the consolidated statement of financial position. Repayment of this liability remains subject to all of the rules of the City Services Reserve Funds and Development Charges By-law, including a reliance on development charges received as the source for repayment. At December 31, there is **$407,062** (2022 - $399,530) in the City Services Reserve Funds to fund this liability.

(all dollar amounts in thousands of dollars)

11. City Services Payable (continued)

The continuity breakdown is as follows:

Table 21: City Services - Continuity Breakdown

		Roads	Waste Water	Storm Water	Parks & Recreation	Water	Total
City Services Payable	**Dec 31, 2021**	**$ 1,972**	**$ 72**	**$ 3,519**	**$ 1,025**	**$ 219**	**$ 6,807**
Expenses:							
Value of construction work completed		373	354	1,022	474	23	**2,246**
Payments:							
From City Services Reserve Funds		(112)	(35)	(745)	(30)	(32)	**(954)**
City Services Payable	**Dec 31, 2022**	**2,233**	**391**	**3,796**	**1,469**	**210**	**8,099**
Expenses:							
Value of construction work completed		492	-	740	137	66	**1,435**
Payments:							
From City Services Reserve Funds		(391)	(254)	(298)	(16)	(23)	**(982)**
City Services Payable	**Dec 31, 2023**	**$ 2,334**	**$ 137**	**$ 4,238**	**$ 1,590**	**$ 253**	**$ 8,552**

(all dollar amounts in thousands of dollars)

12. Employee Benefits Payable

Employee future benefits are liabilities of the Corporation to its employees and early retirees for benefits earned but not taken as at December 31. Details are as follows:

Table 22: Employee Benefit Payable

		2023		2022
Post-employment and post-retirement benefits (note 12(a))	**$**	**113,285**	$	110,663
Workplace Safety and Insurance Board Obligation (note 12(b))		**80,874**		70,026
Vacation credits (note 12(c))		**25,158**		24,856
Vested sick leave benefits (note 12(d))		**367**		926
	$	**219,684**	$	206,471

Reserve funds and reserves have been established to partially provide for these employee benefit liabilities. The reserve fund balances at the end of the year are **$203,653** (2022 - $188,586), to fund these obligations.

(a) Post-Employment and Post-Retirement Benefits

The Corporation provides benefits, such as health, dental and life insurance to qualified retirees until they reach 65 years of age and provides certain benefits to employees on long-term disability. The liabilities reported in these consolidated financial statements are based on the most recent actuarial valuation prepared at of December 31, 2021.

The significant assumptions used in the actuarial valuations are as follows:

Table 23: Post-Employment and Post-Retirement Benefits – Assumptions

Assumptions	2023 %	2022 %
Discount rate	**3.00 - 3.50**	3.00
Rate of compensation increase	**2.00**	2.00
Healthcare cost increases	**4.00 – 5.47**	4.00 – 5.55

(all dollar amounts in thousands of dollars)

12. Employee Benefits Payable (continued)

The benefit obligation continuity is as follows:

Table 24: Employee Benefits Payable - Benefit Obligation Continuity

Liability for post-employment and post-retirement benefits		2023		2022
Accrued benefit obligation, January 1	**$**	**109,733**	$	106,738
Current period benefit cost		**5,491**		5,376
Retirement interest expense		**3,272**		3,188
Actuarial gain		**(6,383)**		-
Benefits paid		**(5,804)**		(5,569)
Accrued benefit obligation, December 31		**106,309**		109,733
Unamortized actuarial gain		**6,976**		930
	$	**113,285**	$	110,663

Post-employment and post-retirement benefits expense		2023		2022
Current period benefit cost	**$**	**5,491**	$	5,376
Retirement interest expense		**3,272**		3,188
Amortization of actuarial (gain) loss		**(337)**		284
Total post-employment and post-retirement benefit expense	**$**	**8,426**	$	8,848

The actuarial loss is amortized over the expected average remaining service life of the related employee group of **-** years (2022 - 14 years).

(b) Workplace Safety and Insurance Board Obligation

The Corporation is a Schedule 2 employer under the *Workplace Safety and Insurance Board ("WSIB") Act*, and as such assumes responsibility for financing its workplace safety insurance costs. The actuarial valuation as at December 31, 2023, estimated the accrued benefit obligation for workplace safety and insurance existing claims and future pension awards at **$80,874** (2022 - $70,026).

(all dollar amounts in thousands of dollars)

12. Employee Benefits Payable (continued)

(b) Workplace Safety and Insurance Board Obligation (continued)

The benefit expense for the fiscal year ending Decmber 31, 2023 includes a charge due to special events. In 2023, the Workplace Safety and Insurance Board of Ontario ("WSIB") expanded the list of presumptive cancers for firefighters and fire investigators to include thyroid and pancreatic cancers retroactively to January 1, 1960. This resulted in a plan amendment of $4,744, determined as at December 31, 2023, which was recognized in the benefit expense recorded in the consolidated statement of operations for the fiscal year ending December 31, 2023.

Table 25: Self-Insured (Schedule II) Workers Compensation Actuarial - Assumptions

	December 31, 2023
Discount rate	3.50% per annum
Rate of compensation increase	4.40% per annum
Healthcare cost increases	6.50% per annum

(c) Liability for Vacation Credits

Under the provisions of certain employee vacation plans, some vacation credits are earned as at December 31 but are generally unavailable for use until a later date. In addition, the provisions of certain plans allow the accumulation of vacation credits for use in future periods. The approximate value of these credits as at December 31, 2023 is **$25,158** (2022 - $24,856).

(d) Liability for Vested Sick Leave Benefits

Under the sick leave benefit plan, certain unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Corporation's employment. The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to **$367** (2022 - $926) at December 31, 2023. During the year **$528** (2022 - $69) was paid to employees who left the Corporation's employment.

Reserve funds and reserves have been established to provide for this past service liability. The reserve funds balance at December 31, 2023 is **$213** (2022 - $735). An amount of **$6** (2022 - $13) has been contributed in the current year.

(all dollar amounts in thousands of dollars)

12. Employee Benefits Payable (continued)

(d) Liability for Vested Sick Leave Benefits (continued)

Only employees of the Corporation which commenced their employment prior to February 1, 1985, Police employees starting before January 1, 1982 and Fire employees starting before January 1, 1991 and Library employees starting before May 1, 1985 are entitled to be paid out their balance of accumulated sick time at retirement, which is the balance that makes up this liability.

Anticipated future payments for vested sick leave to employees who are eligible to retire are as follows:

Table 26: Employee Benefits Payable - Anticipated Future Payments

2024	$	353
2025		14
Total	$	367

(e) Pension Agreements

The Corporation makes contributions to the Ontario Municipal Employees' Retirement System Pension Fund (OMERS), which is a multi-employer plan, on behalf of **5,249** (2022 - 5,040) members. The plan is a contributory defined benefit plan which specifies the amount of the retirement benefit to be received by employees based on length of service and rates of pay. Employers and employees contribute jointly to the plan.

The last available report for the OMERS plan was on December 31, 2023. At that time, the plan reported a **$4.20** billion actuarial deficit (2022 - $6.68 billion), based on actuarial liabilities for **$136.19** billion (2022 - $130.31 billion) and actuarial assets for **$131.98** billion (2022 - $123.64) billion. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the Corporation does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The amount contributed to OMERS for 2023 was **$33,185** (2022 - $36,336) for current service. Employer's contributions for current service are included as an expense in the consolidated statement of operations.

13. Asset Retirement Obligations

The Corporation's asset retirement obligations consist of the following:

(a) Landfill closure and post-closure care

The Corporation owns and operates the W12A landfill site and owns various closed landfill sites. The landfill site assets at W12A are broken down into different cells and each cell became active when the cell started accepting waste. Each cell has an estimated useful life of 5 years and at January 1, 2023 there were two assets that had not been fully depreciated. The liability for the closure of operational sites and post-closure care for closed landfill sites has been recognized under PS 3280, Asset Retirement Obligations. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the W12A site including final cover and vegetation, completing facilities for drainage control features, leachate monitoring, water quality monitoring, and monitoring and recovery of gas. Post-closure care activities include all activities related to monitoring the site once it can no longer accept waste, including acquisition of any additional land for buffer zones, treatment and monitoring of leachate, monitoring ground water and surface water, gas monitoring and recovery, and ongoing maintenance of various control systems, drainage systems, and final cover. The estimated liability for the care of landfill sites is the present value of future cash flows associated with closure and post-closure costs.

Key assumptions in determining the liability at December 31, 2023 for landfills are as follows:

- Timing of settlement - the active (W12A) landfill is expected to reach capacity in 2026, which is when the closing costs will be incurred and when the monitoring period will begin. The monitoring costs for the closed landfill sites are presently being incurred.
- Undiscounted liability for W12A - $75,590
- Undiscounted liability for closed landfill sites - $10,691
- Inflation rate - 2.00%
- Discount rate - 3.50%
- Estimated time required for post-closure care; active landfill - 75 years
- Estimated remaining time required for post-closure care; closed landfills - 27 years

13. Asset Retirement Obligations (continued)

(b) Asbestos removal

The Corporation owns and operates various buildings that are known or are assumed to contain asbestos, which represents a health hazard upon demolition of the building. There is a legal obligation to remove the asbestos before these buildings are demolished. Following the adoption of PS 3280, Asset Retirement Obligations, the Corporation recognized an obligation relating to 240 buildings that contain or are suspected to contain asbestos material, of which 128 buildings were not fully amortized at January 1, 2023. Each building has an estimated useful life of 40 years.

Key assumptions in determining the liability at December 31, 2023 for asbestos removal and disposal are as follows:

- Timing of settlement - it is unknown when the buildings will be demolished or abatement will occur
- Undiscounted liability for asbestos removal - $15,827
- Discount rate - due to the unknown timing of retirement, no discount rate was used when estimating the costs
- Estimated time required for retirement activities - at time of demolition only

(c) Removal of underground fuel and oil storage tanks

The Corporation owns various underground fuel and oil storage tanks that have to be removed at the end of their lives. The tanks became a part of the pooled equipment asset for the year in which they were installed. Following the adoption of PS 3280, Asset Retirement Obligations, the Corporation recognized an obligation relating to 27 underground tanks, of which, 17 were not fully amortized at January 1, 2023. Each tank has an estimated useful life of 10 years.

Key assumptions in determining the liability at December 31, 2023 for tank removal are as follows:

- Timing of settlement - it is unknown when the tanks will be removed
- Undiscounted liability for tank removals - $950
- Discount rate - due to the unknown timing of retirement, no discount rate was used when estimating the costs
- Estimated time required for retirement activities - at time of removal only

13. Asset Retirement Obligations (continued)

(d) Removal of leasehold improvements when requested by landlord at the end of a lease

The Corporation has entered into leases with various landlords. Ten of these leases contain a Base Building clause that states that the landlord has the right, at the Corporation's expense, to request the removal of leasehold improvements at the end of the lease. Following the adoption of PS 3280, Asset Retirement Obligations, the Corporation recognized an obligation relating to these 10 leases, of which 5 have associated leasehold improvement assets that were fully amortized, January 1, 2023. Leasehold improvements have an estimated useful life of 7 years. Costs were estimated for the end of each lease and discounted to December 31, 2023 under the assumption that the entire space be stripped and brought back to base building.

Key assumptions in determining the liability at December 31, 2023 for leasehold improvement removals are as follows:

- Timing of settlement - the lease end date ranging from 2026 to 2032
- Undiscounted liability for leasehold improvement removals - $125
- Inflation rate - 2.00%
- Discount rate - 3.50%
- Estimated time required for retirement activities - at time of removal only

All assets, including their increased costs from asset retirement obligations, are amortized using the straight-line amortization method.

The transition and recognition of asset retirement obligations involved an accompanying increase to the related landfill cells, buildings, equipment (tanks) and leasehold improvement capital assets and the restatement of comparative figures.

(all dollar amounts in thousands of dollars)

13. Asset Retirement Obligations (continued)

Changes to the asset retirement obligations in the year are as follows:

Table 27: Asset Retirement Obligation Continuity Schedule

2023	Landfill closure	Asbestos removal	Removal of underground fuel and oil storage tanks	Base building clause	Balance at December 31, 2023
Opening balance	$ 58,348	$ 50,777	$ 2,500	$ 122	**$ 111,747**
Accretion expense	124	-	-	1	**125**
Change in estimate	(4,740)	1,236	1	-	**(3,503)**
Liability settled during period	(807)	(155)	-	-	**(962)**
Closing Balance	$ 52,925	$ 51,858	$ 2,501	$ 123	**$ 107,407**

2022	Landfill closure	Asbestos removal	Removal of underground fuel and oil storage tanks	Base building clause	Balance at December 31, 2022
Opening balance	$ -	$ -	$ -	$ -	**$ -**
Adjustment on adoption of asset retirement obligation	58,348	50,777	2,500	122	**111,747**
Closing Balance	$ 58,348	$ 50,777	$ 2,500	$ 122	**$ 111,747**

(all dollar amounts in thousands of dollars)

14. Tangible Capital Assets

Cost	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
	(Restated - note 2)			
Land	$ 514,107	$ 12,355	$ 1,543	**$ 524,919**
Landfill and land improvements	182,631	10,415	14,243	**178,803**
Buildings and building improvements	1,215,181	47,063	18,817	**1,243,427**
Leasehold improvements	9,274	1,911	-	**11,185**
Machinery, equipment and furniture	346,971	28,050	20,766	**354,255**
Vehicles	156,350	3,727	7,499	**152,578**
Water infrastructure	874,049	28,856	3,485	**899,420**
Wastewater infrastructure	1,760,573	57,909	14,479	**1,804,003**
Roads infrastructure	1,637,974	81,673	37,640	**1,682,007**
Computers	17,760	5,222	2,624	**20,358**
Assets under construction	197,114	236,312	106,715	**326,711**
Total	$ 6,911,984	$ 513,493	$ 227,811	**$ 7,197,666**

Accumulated Amortization	Balance at December 31, 2022	Amortization Expense	Amortization Disposals	Balance at December 31, 2023
	(Restated - note 2)			
Land	$ -	$ -	$ -	**$ -**
Landfill and land improvements	98,183	9,346	14,243	**93,286**
Buildings and building improvements	647,383	35,852	9,340	**673,895**
Leasehold improvements	3,432	673	-	**4,105**
Machinery, equipment and furniture	176,207	22,733	16,441	**182,499**
Vehicles	87,762	12,021	7,458	**92,325**
Water infrastructure	305,779	16,477	3,483	**318,773**
Wastewater infrastructure	563,591	30,640	7,898	**586,333**
Roads infrastructure	634,178	59,855	36,357	**657,676**
Computers	10,154	5,467	2,625	**12,996**
Assets under construction	-	-	-	**-**
Total	$ 2,526,669	$ 193,064	$ 97,845	**$ 2,621,888**

	Net Book Value December 31, 2022	Net Book Value December 31, 2023
	(Restated - note 2)	
Land	$ 514,107	**$ 524,919**
Landfill and land improvements	84,448	**85,517**
Buildings and building improvements	567,798	**569,532**
Leasehold improvements	5,842	**7,080**
Machinery, equipment and furniture	170,764	**171,756**
Vehicles	68,588	**60,253**
Water infrastructure	568,270	**580,647**
Wastewater infrastructure	1,196,982	**1,217,670**
Roads infrastructure	1,003,796	**1,024,331**
Computers	7,606	**7,362**
Assets under construction	197,114	**326,711**
Total	$ 4,385,315	**$ 4,575,778**

(all dollar amounts in thousands of dollars)

14. Tangible Capital Assets (continued)

Cost	Balance at December 31, 2021	Adjustment relating to recognition of Asset Reitrement Obligations	Additions	Disposals	Balance at December 31, 2022
		(note 13)			(Restated - note 2)
Land	$ 498,203	$ 132	$ 16,503	$ 731	**$ 514,107**
Landfill and land improvements	170,346	11,581	8,721	8,017	**182,631**
Buildings and building improvements	1,136,183	51,945	34,627	7,574	**1,215,181**
Leasehold improvements	9,039	-	235	-	**9,274**
Machinery, equipment and furniture	340,280	440	24,300	18,049	**346,971**
Vehicles	142,333	-	17,355	3,338	**156,350**
Water infrastructure	847,633	-	31,806	5,390	**874,049**
Wastewater infrastructure	1,640,274	-	123,984	3,685	**1,760,573**
Roads infrastructure	1,587,437	-	73,405	22,868	**1,637,974**
Computers	18,140	-	5,241	5,621	**17,760**
Assets under construction	142,241	-	162,216	107,343	**197,114**
Total	$ 6,532,109	$ 64,098	$ 498,393	$ 182,616	**$ 6,911,984**

Accumulated Amortization	Balance at December 31, 2021	Adjustment relating to recognition of Asset Reitrement Obligations	Amortization Expense	Amortization Disposals	Balance at December 31, 2022
		(note 13)			(Restated - note 2)
Land	$ -	$ -	$ -	$ -	**$ -**
Landfill and land improvements	89,473	7,817	8,910	8,017	**98,183**
Buildings and building improvements	569,622	46,778	36,467	5,484	**647,383**
Leasehold improvements	2,658	-	575	(199)	**3,432**
Machinery, equipment and furniture	169,333	175	24,588	17,889	**176,207**
Vehicles	78,615	-	12,412	3,265	**87,762**
Water infrastructure	293,495	-	17,359	5,075	**305,779**
Wastewater infrastructure	536,351	-	29,775	2,535	**563,591**
Roads infrastructure	597,563	-	58,023	21,408	**634,178**
Computers	11,518	-	4,257	5,621	**10,154**
Assets under construction	-	-	-	-	**-**
Total	$ 2,348,628	$ 54,770	$ 192,366	$ 69,095	**$ 2,526,669**

	Net Book Value December 31, 2021	Net Book Value December 31, 2022
		(Restated - note 2)
Land	$ 498,203	**$ 514,107**
Landfill and land improvements	80,873	**84,448**
Buildings and building improvements	566,561	**567,798**
Leasehold improvements	6,381	**5,842**
Machinery, equipment and furniture	170,947	**170,764**
Vehicles	63,718	**68,588**
Water infrastructure	554,138	**568,270**
Wastewater infrastructure	1,103,923	**1,196,982**
Roads infrastructure	989,874	**1,003,796**
Computers	6,622	**7,606**
Assets under construction	142,241	**197,114**
Total	$ 4,183,481	**$ 4,385,315**

14. Tangible Capital Assets (continued)

(a) Assets Under Construction

Assets under construction having a value of **$326,711** (2022 - $197,114) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

In the year that an asset is placed into service, the total cost of the developed asset is transferred to each respective asset category as an addition and removed from assets under construction as a disposal.

(b) Contributed Tangible Capital Assets

Contributed capital assets have been recognized at estimated fair value at the date of contribution. The value of contributed assets received during the year is **$44,086** (2022 - $102,716) comprised predominantly of roads infrastructure in the amount of **$15,878** (2022 - $9,426 and water and wastewater infrastructure in the amount of **$24,979** (2022 - $88,737).

(c) Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

(d) Works of Art and Historical Treasures

The Corporation manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Corporation sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized in the consolidated financial statements.

(e) Write-down of Tangible Capital Assets

There were write-downs of tangible capital assets during the year in the amount of **$2,930**. (2022 - $nil).

14. Tangible Capital Assets (continued)

(f) Assets under Shared Control

During 2016, the Corporation entered into a joint arrangement with the YMCA of Southwestern Ontario (YMCA) and the London Public Library Board (Library). The agreement to construct and operate a multipurpose complex, The Southwest Community Centre, with a total project budget of $55,366, includes a community centre, recreation centre and public library branch and features an indoor pool, double pad arena, gymnasium and community centre space in the southwest area of the City.

Each partner proposed to invest in the project as follows:

- The City proposed to provide $40,616 (75.13%) including land, plus $300 for furniture and equipment,
- The YMCA proposed to provide $9,200 (16.61%), plus $1,200 for furniture and equipment, and
- The Library proposed to provide $4,050 (8.26%).

The Library had a portion of the facility built and designed as a public library. The Library has exclusive use of its space. The City and Library will pay the YMCA a portion of the common area maintenance costs subject to the terms of the joint arrangement.

The YMCA has assumed all operational and lifecycle maintenance capital costs for the facility with the exception of the dedicated arena and library components through a lease agreement with a term of 40 years.

Title of the land and building remains with the Corporation. At the end of the term or any mutually agreed upon extension, the Corporation will agree to pay the YMCA and Library an amount equal to their respective partnership interest multiplied by the then fair market value of the partnership.

Total project costs of $54,129 have been offset by contributions from the YMCA of $9,200 and Library of $4,556. The net project costs of $40,373 have been accounted for in the Corporation and capitalized in the consolidated statement of financial position or expensed in the consolidated statement of operations.

The YMCA and the Library have recorded additions of leasehold improvements in their respective accounting records equal to their contributions. This facility opened to the public in the fall of 2018.

(all dollar amounts in thousands of dollars)

15. Accumulated Surplus

Accumulated surplus consists of individual fund surplus, reserves and reserve funds as follows:

Table 28: Accumulated Surplus

	2023	2022 (Restated - note 2)
Surplus		
Invested in tangible capital assets	**$ 4,613,340**	$ 4,349,033
Other	**(91,605)**	16,793
Local boards	**(72)**	(33,125)
Equity in government business enterprise	**234,893**	238,708
Unfunded		
Liability for contaminated sites	**(8,842)**	(8,842)
Asset retirement obligations	**(38,057)**	(1,983)
Employee benefits payable	**(220,987)**	(207,822)
Net long-term debt	**(195,680)**	(217,381)
Total surplus	**4,292,990**	4,135,381
Reserves set aside by Council		
Contingencies	**113,496**	118,116
General operations	**51,887**	51,575
Total reserves	**165,383**	169,691
Reserve funds set aside for specific purposes by Council		
Contingencies	**179,244**	158,653
Infrastructure renewal	**366,134**	328,559
Acquisition of vehicles	**37,230**	45,795
Acquisition of facilities	**54,771**	52,675
Recreational programs and facilities	**3,333**	3,229
Self-insurance (note 16(b))	**19,238**	19,161
Sick leave (note 12(d))	**213**	735
Industrial over sizing	**13,347**	13,064
Other purposes	**458,460**	385,529
Special purpose (note 15(a))	**83,200**	81,609
Total reserve funds	**1,215,170**	1,089,009
Accumulated surplus before remeasurement losses	**5,673,543**	5,394,081
Accumulated remeasurement losses	**(3,067)**	-
Accumulated surplus	**$ 5,670,476**	$ 5,394,081

15. Accumulated Surplus (continued)

The Corporation has chosen to reflect items on a gross rather than a net basis. As such the Corporation has reserve funds and reserves to satisfy certain obligations listed as unfunded in Table 28: Accumulated Surplus.

(a) Special Purpose

The Corporation holds $70 million principal in a reserve fund for a special purpose. The reserve fund is held by the Corporation for the following purposes:

- The investigation, remediation and restoration of the affected lands,
- Any related legal proceedings, including proceedings before any court or administrative tribunal, and
- The Corporation’s actual and reasonable administrative and incidentals costs related thereto.

The Corporation will maintain the principal amount of the $70 million in a properly managed portfolio in compliance with the Corporation's Investment Policy and the *Municipal Act, 2001*. The Corporation will be entitled to use the interest on the funds for its own purposes.

16. Contingent Liabilities

(a) Legal Actions

As at December 31, 2023, certain legal actions and other contingent liabilities are pending against the Corporation. The final outcome of the outstanding claims cannot be determined at this time. However management believes that ultimate disposition of these matters will not materially exceed the amounts recorded in these consolidated financial statements.

Estimated costs to settle claims are based on available information and projections of estimated future expenses developed based on the Corporation's historical experience. Claims are reported as an operating expense in the year of the loss, where the costs are deemed to be likely and can be reasonably determined. Claims provisions are reported as a liability in the consolidated statement of financial position.

(b) Public Liability and Property Loss Self Insurance

The Corporation and its various Boards and Commissions are jointly self-insured for liability, property and casualty claims for varying amounts ranging up to $500 for any individual claim.

Insurance is also purchased for claims in excess of these limits to a maximum of $50,000 for liability claims. The insured and self-insured Boards and Commissions are: Museum London, London Convention Centre Corporation, Covent Garden Market Corporation, London Police Services Board, and London & Middlesex Community Housing Inc., and Housing Development Corporation, London.

The Corporation has made a provision for a reserve fund for self-insurance which as at December 31, 2023 amounted to **$19,238** (2022 - $19,161) and is reported in note 15 of the consolidated financial statements. The contribution for the year of **$6,297** (2022 - $5,310) has been reported in the individual revenues on the consolidated statement of operations.

Claims expensed during the year amounting to **$6,221** (2022 - $4,673) have been reported with individual expenses on the consolidated statement of operations. The payment of these expenses was funded through the self-insurance reserve fund.

There were unsettled liability claims against the Corporation as at December 31, 2023 to be paid from the self-insurance reserve fund. The probable outcome of these claims cannot be determined at this time.

16. Contingent Liabilities (continued)

(c) Environmental Remediation

The Corporation is liable for the environmental remediation of certain land. The coal tar material present in land held by the Corporation was attributable to coal gasification works existing at this location between approximately 1850 and 1930 and identified in a 1987 inventory of coal gasification sites in Ontario by the provincial Ministry of the Environment (MOE).

The Corporation is engaged in an ongoing environmental remediation program and related risk management strategy that addresses the presence of historic coal tar in a section of the bed and bank of the south branch of the Thames River and in two adjacent parcels of Corporation-owned land. In this context:

- A collection system was completed in November 2000 to intercept coal tar-impacted ground water for treatment by an on-site facility which is situated on the smaller parcel.
- A hard-surfaced parking lot was constructed on the larger of the two parcels and is being operated as a municipal parking lot
.
- Coal tar removal and river bed rehabilitation has been satisfactorily completed and a monitoring program which started in 2004 is in place.

The Corporation is responsible for the ongoing environmental remediation program and management strategy.

Future costs for the remediation include operations of the coal tar treatment system, which will carry an ongoing monthly cost for an indeterminate time.

17. Loan Guarantees

The Corporation has entered into an agreement which, under certain conditions, guarantees to assume the purchase and payment of block power from the Ontario Electricity Market on behalf of the Lake Huron Primary Water Supply System (Market Participant). The Corporation, in its capacity as Administering Municipality for the Joint Water Board, has guaranteed payment to the Independent Electricity System Operator (IESO) on behalf of the Market Participant. This guarantee is limited to **$764**. There is no amount outstanding and no anticipated loss from this guarantee.

The Corporation has entered into an agreement which, under certain conditions, guarantees a ten-year credit agreement with Canada Mortgage and Housing Corporation (CMHC) on behalf of London & Middlesex Community Housing Inc. (Borrower). Under the agreement, the Borrower will make quarterly drawdowns up to a maximum of **$40,136**. The outstanding principal of this loan at December 31, 2023 is **$2,895** (2022 - $771).

The maximum exposure to credit risk is the loan guarantee being called, which is **$3,659**.

No amounts have been accrued in the consolidated financial statements of the Corporation with respect to these guarantees, as it is not anticipated at December 31, 2023 that the Corporation will need to make any payments as a result of providing the guarantees.

(all dollar amounts in thousands of dollars)

18. Commitments

(a) London Middlesex Suburban Roads Commission

Section 474.18 of the *Municipal Act, 2001*, requires that the Corporation make annual payments to the County of Middlesex for an indefinite period as compensation for the reduction of income due to the dissolution of the London-Middlesex Suburban Roads Commission. The amount paid in 2023 was **$1,261** (2022 - $1,224). Payments are based on the base year of 1997 at $1,000 and are calculated contingent on annual assessment and tax rate increases.

(b) Rehabilitation and Redevelopment Tax Grant Programs

The Corporation has future commitments on the various Rehabilitation and Redevelopment Programs, which are programs that allow for future reductions in property taxes. The future commitments are as follows:

Table 29: Future Grant Program Commitments

2024	$	5,958
2025		3,396
2026		6,205
2027		2,686
2028		1,135
Beyond		1,533
Total	$	20,913

(c) Fleet, Equipment and Premises Commitments

The Corporation is committed to the following fleet and equipment purchases and minimum annual operating lease payments for premises and equipment as follows:

Table 30: Fleet, Equipment and Premises Commitments

2024	$	17,448
2025		7,823
2026		5,368
2027		2,946
2028		2,964
Beyond		2,170
Total	$	38,719

(all dollar amounts in thousands of dollars)

18. Commitments (continued)

(d) Facilities and Infrastructure Commitments

The Corporation has the following outstanding commitments remaining on facilities and infrastructure contracts as at December 31, 2023:

Table 31: Facilities and Infrastructure Commitments

	2023	2022
Roads	**$ 96,260**	$ 113,941
Water	**23,869**	35,166
Sanitary Sewer	**23,033**	19,819
Storm Sewer	**21,259**	24,311
Transit	**20,455**	12,427
General Government	**11,687**	15,787
Fire, POA and Emergency Measures	**9,495**	1,155
Parks	**5,355**	3,185
Library Facilities	**4,226**	-
Waste Collection, Disposal, and Recycling	**4,003**	11,805
Commercial and Industrial	**2,708**	2,772
Social and Family Services	**2,344**	2,498
Recreational Facilities	**1,823**	5,306
Social Housing	**1,514**	3,050
Cultural Facilities	**542**	402
Environmental Services	**71**	86
Police	**-**	8
	$ 228,644	$ 251,718

These amounts represent uncompleted portions of contracts, as at December 31, 2023, on major projects. The majority of payments on these outstanding commitments will be made in the next three (3) to five (5) years.

(e) Affordable Housing Programs

The Corporation is responsible for the delivery and administration of affordable housing programs in the City of London and the County of Middlesex. The Corporation has entered into various Municipal Contribution Agreements related to Affordable Housing Programs.

As at December 31, 2023, the Corporation has outstanding commitments remaining on these agreements of **$7,185** (2022 - $3,165).

18. Commitments (continued)

(f) Derivatives

The Corporation has the following derivative contracts as at December 31, 2023:

- Contract, expiring October 31, 2024, for the transportation daily natural gas purchases of 145 gigajoules, with a remaining contract value of **$142** (2022 -$170).
- Contract, expiring October 31, 2024, for the transportation daily natural gas purchases of 73 gigajoules, with a remaining contract value of **$135** (2022 - $162).
- Contract, expiring October 31, 2024, for the transportation daily natural gas purchases of 59 gigajoules, with a remaining contract value of **$66** (2022 - $nil).
- Contract, expiring October 31, 2025, for the transportation daily natural gas purchases of 109 gigajoules, with a remaining contract value of **$238** (2022 - $238).
- Contract, fulfilled October 31, 2025, for the transportation daily natural gas purchases of 76 gigajoules, with a remaining contract value of **$130** (2022 - $nil).
- Contract, fulfilled October 31, 2026, for the transportation daily natural gas purchases of 111 gigajoules, with a remaining contract value of **$210** (2022 - $nil).
- Contract, fulfilled October 31, 2027, for the transportation daily natural gas purchases of 111 gigajoules, with a remaining contract value of **$219** (2022 - $nil).

These derivative contracts were purchased to provide price certainty for the cost of natural gas based on the Corporation's expected usage of natural gas, and as such are excluded from the scope of PS 3450, Financial Instruments and are not reflected as an asset or liability in these consolidated financial statements.

(all dollar amounts in thousands of dollars)

19. Provincial Offences Court Administration and Prosecution

On March 26, 2001, pursuant to Bill 108, the Corporation assumed responsibility for Provincial Offences Court Administration and Prosecution. The Province of Ontario transferred the responsibility for the administration and prosecution of provincial offences in London-Middlesex to the Corporation. This transfer was part of the Province's strategy to realign provincial and municipal roles in the delivery of public services. As a result, the Corporation was required to establish its own administration, prosecution office and courtrooms to deal with charges laid under the *Provincial Offences Act*.

Table 32: Charges Laid Under the Provincial Offences Act

	2023	2022
Revenues		
Fines	**$ 4,193**	$ 3,681
Total revenues	**4,193**	3,681
Expenses		
Salary, wages and fringe benefits	**1,583**	1,536
County share of net revenues	**96**	11
Occupancy costs	**99**	82
Provincial government cost recovery	**455**	425
Administration costs	**1,301**	1,335
Equipment and maintenance	**250**	252
Total expenses	**3,784**	3,641
Excess of revenues over expenses	**$ 409**	$ 40

These results comprise part of the other revenue and protection to persons and property expenses that are included in the consolidated statement of operations.

(all dollar amounts in thousands of dollars)

20. Budget Data

Budget data presented in these consolidated financial statements is based upon the 2023 operating budget approved by Council. Adjustments were required to convert the budget from a cash basis to a full accrual basis. These adjustments include revenues and expenses which were budgeted in the capital budget, contributed assets recognized as revenues and amortization expense as well as Board and Commissions budget figures. The adjustments have been reduced for capital assets budgeted in operations. Given that certain budget information is not available in full accrual format, the assumption of using budget adjustments that equal the actual full accrual adjustments was used. These full accrual budget estimates are for financial statement presentation only.

The chart below reconciles the approved budget with the budget figures as presented in these consolidated financial statements.

Table 33: Approved Budget per Consolidated Financial Statements

	Total	Tax	Water	Wastewater
Net budget PSAB surplus	**$ 219,016**	$ 152,786	$ 28,660	$ 37,570
Public Sector Accounting Board (PSAB) reporting requirements:				
Addback (deduct) from net budget PSAB surplus				
Transfers				
Transfers from capital	**216**	216	-	-
Transfers to capital	**(102,736)**	(56,306)	(22,713)	(23,717)
Transfers from reserves and reserve funds	**9,260**	9,260	-	-
Transfers to reserves and reserve funds	**(134,312)**	(76,798)	(16,366)	(41,148)
	(227,572)	(123,628)	(39,079)	(64,865)
Budget adjustments				
Government grants and subsidies	**20,593**	20,593	-	-
Expenses related to government grants and subsidies	**(14,986)**	(14,986)	-	-
Debt principal repayments	**132**	132	-	-
Transfers to capital	**(1,570)**	(1,570)	-	-
Transfers from reserves and reserve funds	**376**	376	-	-
Transfers to reserves and reserve funds	**(4,545)**	(4,545)	-	-
	$ -	$ -	$ -	$ -

(all dollar amounts in thousands of dollars)

20. Budget Data (continued)

Table 33: Approved Budget per Consolidated Financial Statements (continued)

	Total	Tax	Water	Wastewater
Debt principal repayments	**$ (31,970)**	$ (27,623)	$ (108)	$ (4,239)
PSAB adjustments				
Capital program funding earned in year	**(109,232)**	(103,097)	(1,425)	(4,710)
Capital projects not resulting in capital assets	**79,896**	61,676	5,383	12,837
Amortization of tangible capital assets	**182,034**	104,874	20,717	56,443
Developer contributions - assumed capital assets	**(53,661)**	(23,698)	(8,517)	(21,446)
Loss on disposal of capital assets	**2,700**	1,572	544	584
Obligatory reserve fund deferred revenue earned	**(39,161)**	(26,044)	(1,774)	(11,343)
Government business enterprises adjustments	**(6,930)**	(6,930)	-	-
Other	**(6,449)**	(4,124)	(1,294)	(1,031)
Asset retirement obligations	**2,304**	2,304	-	-
Employee future benefits liability	**4,561**	4,249	112	200
	56,062	10,782	13,746	31,534
Boards and Commissions budget PSAB Surplus	**(15,536)**	(12,317)	(3,219)	-
Net Surplus per 2023 Approved Budget	**$ -**	$ -	$ -	$ -

(all dollar amounts in thousands of dollars)

20. Budget Data (continued)

Table 33: Approved Budget per Consolidated Financial Statements (continued)

	Total	Tax	Water	Wastewater
Net surplus per 2023 approved budget – comprised of:				
Revenues				
Property tax	**$ 736,458**	$ 736,458	$ -	$ -
Government grants and subsidies	**229,099**	229,069	-	30
User fees	**269,622**	59,358	93,560	116,704
Municipal revenues - other	**84,241**	83,296	135	810
Municipal revenues - transfers from capital	**216**	216	-	-
Municipal revenues - transfers from reserves and reserve funds	**8,884**	8,884	-	-
Total revenues	**1,328,520**	1,117,281	93,695	117,544
Expenses				
Personnel costs	**456,022**	424,397	12,424	19,201
Administrative expenses	**16,554**	7,460	3,380	5,714
Financial expenses - other	**11,403**	11,329	74	-
Financial expenses - Interest and discount on long-term debt	**4,657**	4,168	3	486
Financial expenses - debt principal repayments	**32,102**	27,755	108	4,239
Financial expenses - transfers to reserves and reserve funds	**129,767**	72,253	16,366	41,148
Financial expenses - transfers to capital	**101,166**	54,736	22,713	23,717
Purchased services	**248,513**	241,628	3,215	3,670
Materials and supplies	**84,340**	39,891	33,209	11,240
Furniture and equipment	**31,225**	26,345	1,730	3,150
Transfers	**218,785**	215,794	-	2,991
Other expenses	**23,625**	13,349	2,774	7,502
Recovered expenses	**(29,639)**	(21,824)	(2,301)	(5,514)
Total expenses	**1,328,520**	1,117,281	93,695	117,544
Net surplus per 2023 Approved Budget	**$ -**	$ -	$ -	$ -

(all dollar amounts in thousands of dollars)

21. Revenues

In the consolidated statement of operations, revenues are grouped by classification for financial presentation purposes. The following is a more detailed breakdown of some of the Corporation's revenue classifications:

Table 34: Revenue Classifications

		2023		2022
Net municipal taxation and user charges				
Net municipal taxation	$	753,618	$	719,842
Payments-in-lieu of taxation		8,936		8,915
		762,554		728,757
User charges		341,932		318,715
	$	1,104,486	$	1,047,472
Transfer payments				
Operating	$	8,221	$	18,045
Capital infrastructure		52,044		53,386
Government of Canada - Total		60,265		71,431
Unconditional - operating		1,336		9,987
Conditional – operating		312,596		247,173
Capital infrastructure		20,296		13,952
Province of Ontario - Total		334,228		271,112
Other municipalities		7,886		8,696
	$	402,379	$	351,239
Investment income				
Investment income - operating	$	25,895	$	12,722
Investment income - reserves and reserve funds		27,314		17,174
	$	53,209	$	29,896
Other revenues				
Provincial Offences Fines	$	4,193	$	3,681
Ontario Lottery & Gaming Corporation		5,132		5,310
Municipal accomodation tax		4,854		3,174
Other contributions - operating		10,417		14,035
Other contributions - capital		8,066		9,463
Donations		653		1,148
Miscellaneous sales		2,655		4,219
	$	35,970	$	41,030

(all dollar amounts in thousands of dollars)

22. Expenses by Object

The consolidated statement of operations represents the Corporation's expenses by function. The following classifies those same expenses by object.

Table 35: Expenses by Object

		2023		2022
				(Restated - note 2)
Salaries, wages and fringe benefits	**$**	**562,083**	$	525,630
Long-term debt interest charges		**5,820**		6,302
Materials and supplies		**155,257**		151,730
Contracted services		**229,170**		174,788
Rents and financial expenses		**35,263**		35,689
External transfers		**222,479**		207,382
Amortization of tangible capital assets		**193,064**		192,391
Total expenses by object	**$**	**1,403,136**	$	1,293,912

23. Liability for Contaminated Sites

Under Public Sector Accounting Board Standard PS 3260 *Liability for Contaminated Sites*, the Corporation has identified one site that had contamination and was not in productive use, as follows:

With respect to the first site, reports indicate that remediation for this site will be required and has been estimated at **$595** (2022 - $595).

With respect to the second site, reports indicate that remediation for this site will be required and has been estimated at **$8,247** (2022 - $8,247).

These amounts have been recorded as a liability at year end and have been included in accounts payable and accrued liabilities in the consolidated statement of financial position.

24. Demand Loan

In 2020, the Middlesex-London Health Unit entered a loan agreement for a demand instalment loan with an amortization period of 20 years to finance the fit-up and relocation costs related to the move to Citi Plaza. The loan was subsequently converted into two non-revolving amortizing instalment loans, one with a fixed rate instalment loan and one as a floating rate instalment loan. The fixed rate of interest on the first loan is 1.915% per annum over a term of 5 years and shall be repaid by monthly blended payments of principal and interest. The interest rate on the second loan is calculated at prime less 0.75% per annum and shall be repaid by monthly principal payments.

All amounts under the demand loans are repayable immediately on demand by the bank.

25. Financial instruments and risk management

The Corporation's activities expose it to a range of financial risks. These risks include market risk, (including foreign currency risk, interest rate risk, and other price risk), credit risk and liquidity risk.

(a) Market Risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual instrument, its issuer or general market factors. Market price risk is composed of currency risk, interest rate risk and other price risk.

The Corporation's portfolio investments are exposed to market risk, both within its fixed income and equity holdings predominantly through interest rate risk and price risk. Portfolio investments are predominantly held in Canadian denominated currency.

Within portfolio investments, exposure to interest rate risk; the risk future cashflows or fair values will fluctuate due to volatility in market interest rate risks, exists due to its interest-bearing holdings. Bond valuations are inversely related to interest rates. Management monitors this exposure regularly and estimates that if interest rates increased by 1% and all other variables are held constant, the potential change in unrealized loss on its fair valued fixed income holdings would be $30,222.

Price risk within portfolio investments is predominantly driven by holdings in diversified Canadian equities and management estimates that a decrease of 1% in the overall equity markets as measured by changes in the S&P/TSX Composite, the potential change in unrealized loss on its fair valued equity holdings would be $1,846.

Management aims to reduce market risk through diversification of portfolio investments in terms of asset mix, sectors, issuers, and securities.

(all dollar amounts in thousands of dollars)

25. Financial instruments and risk management (continued)

(b) Credit Risk

Credit risk is the risk of financial loss if a counterparty fails to honour its contractual obligation. The Corporation is exposed to credit risk on portfolio investments. The Corporation manages this risk through its established credit quality requirements of securities, as outlined in its investment policy and through diversification of its holdings. The Corporation only invests in investment grade securities or issuances and as such, management has assessed the impact of credit risk to portfolio investments as low, with no change year over year.

The credit rating profile for the Corporation's fixed income holdings is as follows:

Credit Rating	2023
AAA	16.6 %
AA	47.2 %
A	33.6 %
BBB	2.6 %
Total	100.0 %

The Corporation is also subject to credit risk with respect to loans and accounts receivables. The Corporation manages credit risk by engaging with recognized, credit worthy third parties. The Corporation has no significant concentration of credit risk with any one individual customer. There were no changes in exposures to credit risk during the year. The outstanding amounts related to financial instruments are presented in the table below.

	Current	31-60 days	61-90 days	91-120 days	Over 120 days	Total
Government receivables	$ 69,340	$ -	$ 1,220	$ -	$ -	**$ 70,560**
Other account receivables	46,962	1,960	228	245	1,060	**50,455**
Total	116,302	1,960	1,448	245	1,060	**121,015**
Less allowance	-	-	-	157	868	**1,025**
Net receivable	$116,302	$ 1,960	$ 1,448	$ 88	$ 192	**$119,990**

(all dollar amounts in thousands of dollars)

25. Financial instruments and risk management (continued)

(b) Credit Risk (continued)

The net receivables total amount differs from the amount reported on the consolidated statement of financial position, for items excluded from financial instruments as per PS 3450, Financial Instruments, primarily receivables from government for goods and services tax recoveries, and property taxes.

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Loans and long-term receivables	$ 994	$ 2,197	$ 3,873	$ 39,745	**$ 46,809**
Total	$ 994	$ 2,197	$ 3,873	$ 39,745	**$ 46,809**

(c) Liquidity Risk

Liquidity risk is the risk the Corporation will be unable to fulfill its obligations associated with its financial liabilities. The Corporation maintains an unsecured line of credit of $100,000 (2022 - $100,000) to ensure funds are available to meet current requirements. As at December 31, 2023, no amount has been drawn on the facility. In addition, the Corporation has $2,000 of available commercial card credit that can be accessed. Management believes based on its assessment of cash flows it will have access to sufficient capital through internally generated cash, external sources, the undrawn line of credit, as well as commercial card credit, to meet current forecasted expenditures.

The Corporation is also exposed to liquidity risk with respect to accounts payable and accrued liabilities. The majority of accounts payable and accrued liabilities are expected to be settled in thirty days. The maturities of other financial liabilities are provided in the notes to financial statements related to those liabilities.

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 194,385	$ 571	$ 238	$ 590	**$ 195,784**
Total	$ 194,385	$ 571	$ 238	$ 590	**$ 195,784**

The accounts payable and accrued liabilities total amount differs from the amount reported on the consolidated statement of financial position, for items excluded from financial instruments as per PS 3450, Financial Instruments, primarily payables to government for goods and services tax, employment benefits, and insurance contracts.

26. Segmented Information

The Corporation is a diversified municipal government institution that provides a wide range of services to its citizens, including police, fire, roadways, public transit, water, wastewater, solid waste and recycling, social and community services. For management reporting purposes the Corporation's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The Operating Fund reports on municipal services that are funded primarily by property taxation. Taxation and payments-in-lieu of taxes are apportioned to General Revenue Fund Services based on the Fund's net surplus. User charges, Government transfers, transfer from other funds and other revenues have been taken from the allocations on schedule 12 of the Financial Information Return.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1. The segmented information reports total revenues and expenses by segment.

The Corporation's services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) Protection Services

Protection is comprised predominantly of the Police Services and Fire departments. The mandate of the Police Services department is to ensure the safety and security of the lives and property of citizens through law enforcement, victims' assistance, public order maintenance, crime prevention and emergency response. The Fire department is responsible for providing proactive fire and injury prevention education programs, comprehensive inspection programs and fire code enforcement. In addition, the department responds to emergency calls for assistance related to fires, rescues, motor vehicle accidents and cardiac medical events as well as calls related to hazardous material incidents, swift water and ice rescue and limited types of technical rescue calls.

26. Segmented Information (continued)

(b) Transportation Services

Transportation Services are comprised of year-round road maintenance, parking, traffic signals and street lighting. Activities include the maintenance of roadsides defined as sidewalks, walkways, boulevards and the urban forest. This service is responsible for the operational integrity of the roadway system through year-round surface maintenance and winter maintenance, including snow and ice control. Parking supports the controlled movement of vehicles to benefit London businesses and residents through policy and operational efforts. Traffic signal services provide the planning, design, operation and maintenance of the Corporation’s street lights and traffic signal network including a computerized traffic signal control system.

The London Transit Commission serves as an agent for the Corporation responsible for the delivery of public transit services for the residents of the City of London as provided under the *City of London Act*.

Public transit services include conventional and specialized transit services. Service design, development and delivery for the respective services take their direction from the Corporation’s Official Plan, Transportation Plan and London Transit’s Long Term Growth Strategy, Ridership Growth Plan, Business Plan and Accessibility Plan.

26. Segmented Information (continued)

(c) Environmental Services

(i) Water and Wastewater Utilities

The Water Utility provides the planning, engineering, operation and maintenance for the Corporation's water infrastructure. Wholesale potable water is purchased from both the Lake Huron and the Elgin Area Primary Water Supply Systems. Services include the planning and engineering to support the delivery of safe, clean, high quality drinking water of sufficient flow and pressure to enhance the quality of life and support economic development for the residents and businesses of London. Operation and maintenance services ensure the reliable delivery of water to all customers and sustainability of a high quality water infrastructure.

The Wastewater Utility provides the planning, engineering, operation and maintenance for the Corporation's wastewater and drainage infrastructure. Services include the operation of pollution control plants and sewage pumping stations for the treatment of sanitary sewage, year-round maintenance of sanitary and storm sewer systems and planning and implementation of capital works to provide new services and improve existing systems. All services are delivered in an environmentally and fiscally responsible manner while maintaining sustainability of the infrastructure.

(ii) Solid Waste and Recycling

Solid Waste and Recycling provides solid waste collection services managing the safe and permanent disposal of non-hazardous wastes collected in an environmentally safe process including the management and operation of a landfill site. It also provides a variety of services and projects relating to the Management of Solid Waste for its customers and the citizens and businesses of London. Such services include daily recyclable and waste drop-off, on-site composting, residential/industrial/commercial and city facilities recycling.

(d) Health Services

The Middlesex-London Health Unit provides a wide range of public health services in London and Middlesex County. The programs and services are designed to help citizens live a healthy life, free from disease and injury through health promotion and prevention activities. The Health Unit also monitors the air, food and water supply in the community to make sure it is safe and provides services to individuals and communities and advocates for public policies that make the City of London healthier.

Ambulance Services provide medical emergency medical services to the City of London and Middlesex County.

26. Segmented Information (continued)

(e) Social and Family Services

As the Consolidated Municipal Service Manager, the Community Services Department is legislated to deliver the Province's Ontario Works program to qualified residents within the City of London; homelessness funding to local emergency shelters and administers the distribution of child care fee subsidies to families in need and wage subsidies to local child care agencies.

The Department also delivers Council-directed social services, including the London CARES initiative and the Child and Youth Agenda in partnership with community agencies and groups. The Department operates the Dearness Home long term care facility; an Adult Day Program and Home Help Services.

(f) Social Housing

The Housing Division is responsible for establishing and maintaining a system for administering mortgage and rent subsidies for social housing providers; receiving and evaluating financial reports of housing providers; assessing extraordinary financial requests from housing providers; responding to requests for technical support from housing providers and reviewing housing providers operations to ensure compliance with the *Housing Services Act* and any rules allocated by the Service Manager. The Division also fulfills the application intake function for social housing providers (the Housing Access Centre) and delivers federal, provincial and municipal affordable housing programs.

(g) Parks and Recreation

The Department works collaboratively with their colleagues and partners to improve the quality of life for all Londoners by creating opportunities for individuals to lead healthy, socially-active lives through the direct delivery of recreation programs; strengthening neighbourhoods; leading the integration of community wide initiatives; managing and operating parks and recreation facilities such as Storybook Gardens, municipal golf courses; providing aquatic opportunities; and supporting local sport and special event initiatives.

(h) Cultural Services

The Culture Office provides the infrastructure necessary to place a greater focus on culture by acting as the central access point for the cultural functions and responsibilities of the City of London. The Culture Office promotes collaboration, communication and the sharing of knowledge and resources for the purpose of generating economic prosperity through cultural vitality.

26. Segmented Information (continued)

(i) Planning, Development and Compliance

(i) Planning Services

Planning Services provides a wide range of planning and associated services to guide long-term land use and development activity in the City. The Division is organized under four sections – Policy Planning and Programs, Environmental and Parks Planning, Community Planning and Design and Urban Forestry. The Division employs professional resources consisting of Planners, Parks Planning Co-ordinators, Landscape Architects, a Community Projects Co-ordinator, Urban Designers, Ecologists, a Research Analyst and a Heritage Planner as well as support technical and support staff. A wide range of services are provided by the Division including Official Plan and Zoning By-law approvals, policy development, secondary plans, Community Improvement Plans, economic revitalization programs, brownfield revitalization incentives, heritage preservation incentives, urban design, environmental and ecological evaluations, parks planning, urban forestry, commemorative programs and heritage planning.

(ii) Development Services

Development Services is a multi-disciplinary team providing a single point of administration for development approvals under the *Planning Act*. The Division includes Planners, Engineers, Landscape Planners, Site Plan Officers, Inspectors, a Subdivision Co-ordinator, Integrated Land Planning Technologists and technical support staff that function as geographic teams (east and west) to provide an integrated processing framework to provide quality development approvals in a timely manner. Planning Act applications processed by Development Services include Plans of subdivision including associated Official Plan and Zoning By-law amendments, site plan approvals, condominium approvals and consents. The Division also administers subdivision and development agreement servicing standards and compliance through inspection, assumption and security management.

(iii) Building Services

Building Services, by administering the provisions of the *Ontario Building Act* and the *Building Code*, ensures high quality building construction in addition to keeping paramount the health and safety of the citizens of London. These directives are established through the enforcement of various municipal By-laws such as the Property Standards By-law, the Sign and Canopy By-law and the Pool Fence By-law to name a few.

26. Segmented Information (continued)

(i) Planning, Development and Compliance (continued)

(iv) Licensing and Municipal Law Enforcement Services

The Licensing and Municipal Law Enforcement Services area is divided into three interrelated areas. The Community By-laws section is responsible for seeking compliance with community based City by-laws which focus on health and safety, consumer protection, nuisance control and quality of life issues. The Licensing and Parking Enforcement areas are responsible for addressing compliance issues with business licensing by-laws and parking infractions. This section also manages a number of parking lots providing parking services to citizens and visitors alike. The Animal Care and Control service area is responsible for administration, planning, co-ordination and direction of animal care and control in an effort to ensure that policies, practices, directives, by-laws and regulations are in place and adhered to for the protection of the public and the welfare of domestic animals in the community.

DRAFT

THE CORPORATION OF THE CITY OF LONDON

Consolidated Schedule of Segment Disclosure - Operating Revenues

Year ended December 31, 2023, with comparative information for 2022

(all dollar amounts in thousands of dollars)

Revenues	Taxation	User Charges	Government Transfers	Developer Contributions	Other	2023	2022
General government	**$ 760,887**	**$ 7,256**	**$ 672**	**$ -**	**$ 47,656**	**$ 816,471**	$ 801,556
Fire	-	606	1,178	-	963	**2,747**	639
Police	-	1,490	11,757	-	2,528	**15,775**	11,390
Other protection services	-	11,699	-	-	4,555	**16,254**	17,140
Total protection services	**-**	**13,795**	**12,935**	**-**	**8,046**	**34,776**	29,169
Transit	(766)	36,409	11,949	-	1,390	**48,982**	60,669
Other transportation services	-	3,619	50,795	15,878	40,760	**111,052**	101,480
Total transportation services	**(766)**	**40,028**	**62,744**	**15,878**	**42,150**	**160,034**	162,149
Water and wastewater	-	210,782	5,429	24,979	11,293	**252,483**	316,097
Solid waste	-	19,286	9,093	-	2,941	**31,320**	21,276
Total environmental services	**-**	**230,068**	**14,522**	**24,979**	**14,234**	**283,803**	337,373
Health Services	-	-	6,562	-	157	**6,719**	6,740
General assistance	-	2	164,157	-	165	**164,324**	138,627
Assistance to aged persons	-	5,919	19,248	-	123	**25,290**	24,000
Child care	-	255	100,497	-	121	**100,873**	62,478
Total social and family services	**-**	**6,176**	**283,902**	**-**	**409**	**290,487**	225,105
Social housing	-	11,285	15,899	(405)	3,216	**29,995**	43,984
Parks and recreation	-	19,736	2,959	3,634	1,924	**28,253**	24,421
Libraries	-	420	642	-	638	**1,700**	1,654
Cultural services	-	1,525	729	-	1,142	**3,396**	3,521
Total recreation and cultural services	**-**	**21,681**	**4,330**	**3,634**	**3,704**	**33,349**	29,596
Planning, development and compliance	**2,433**	**11,643**	**813**	**-**	**12,075**	**26,964**	23,630
Total revenues	**$ 762,554**	**$ 341,932**	**$ 402,379**	**$ 44,086**	**$ 131,647**	**$ 1,682,598**	$ 1,659,302

DRAFT

THE CORPORATION OF THE CITY OF LONDON
Consolidated Schedule of Segment Disclosure - Operating Expenses
Year ended December 31, 2023, with comparative information for 2022
(all dollar amounts in thousands of dollars)

Expenses	Salaries, wages and fringe benefits	Materials and supplies	Contracted services	External transfers	Amortization	Other	2023	2022 (Restated - note 2)
	EXPENSES							
General government	**$ 62,698**	**$ 15,898**	**$ 11,832**	**$ 12**	**$ 11,086**	**$ 834**	**$ 102,360**	$ 106,970
Fire	73,089	3,359	447	-	3,095	16	**80,006**	74,372
Police	141,500	8,000	3,059	-	5,639	243	**158,441**	144,618
Other protection services	20,075	3,446	1,792	2,199	367	859	**28,738**	26,447
Total protection services	**234,664**	**14,805**	**5,298**	**2,199**	**9,101**	**1,118**	**267,185**	245,437
Transit	60,324	27,312	9,193	-	12,655	375	**109,859**	103,383
Other transportation services	30,463	21,832	18,163	2	61,126	10,187	**141,773**	134,546
Total transportation services	**90,787**	**49,144**	**27,356**	**2**	**73,781**	**10,562**	**251,632**	237,929
Water and wastewater	30,642	36,839	14,992	2,985	69,758	11,418	**166,634**	160,913
Solid waste	10,755	5,368	16,326	341	3,291	3,870	**39,951**	44,774
Total environmental services	**41,397**	**42,207**	**31,318**	**3,326**	**73,049**	**15,288**	**206,585**	205,687
Public health services	6,040	584	537	6,119	140	436	**13,856**	14,099
Ambulance services	-	-	29,587	-	-	-	**29,587**	23,621
Total health services	6,040	584	30,124	6,119	140	436	**43,443**	37,720
General assistance	21,938	1,180	23,779	136,611	405	2,834	**186,747**	161,967
Assistance to aged persons	25,986	4,430	825	140	1,257	177	**32,815**	31,845
Child care	2,447	1,549	56,387	45,691	3	393	**106,470**	69,573
Total social and family services	**50,371**	**7,159**	**80,991**	**182,442**	**1,665**	**3,404**	**326,032**	263,385

DRAFT

THE CORPORATION OF THE CITY OF LONDON

Consolidated Schedule of Segment Disclosure - Operating Expenses

Year ended December 31, 2023, with comparative information for 2022

(all dollar amounts in thousands of dollars)

	EXPENSES							
Expenses	**Salaries, wages and fringe benefits**	**Materials and supplies**	**Contracted services**	**External transfers**	**Amortization**	**Other**	**2023**	**2022**
								(Restated - note 2)
Social housing	10,777	3,626	24,125	20,194	3,453	1,331	**63,506**	59,867
Parks and recreation	28,565	8,271	7,265	36	14,050	5,051	**63,238**	55,928
Libraries	16,155	3,987	1,264	(117)	2,765	1,601	**25,655**	24,602
Cultural services	3,242	1,064	2,688	1,493	1,679	-	**10,166**	10,086
Total recreation and cultural services	**47,962**	**13,322**	**11,217**	**1,412**	**18,494**	**6,652**	**99,059**	90,616
Planning, development and compliance	**17,387**	**8,512**	**6,909**	**6,773**	**2,295**	**1,458**	**43,334**	46,301
Total expenses	**$ 562,083**	**$ 155,257**	**$ 229,170**	**$ 222,479**	**$ 193,064**	**$ 41,083**	**$ 1,403,136**	$ 1,293,912

Consolidated Financial Statements of

THE TRUST FUNDS OF THE CITY OF LONDON

And Independent Auditor’s Report thereon

Year ended December 31, 2023

DRAFT

KPMG LLP
140 Fullarton Street Suite 1400
London ON N6A 5P2
Canada
Tel 519 672-4800
Fax 519 672-5684

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the City of London

Qualified Opinion

We have audited the consolidated financial statements of The Trust Funds of the City of London (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of earnings and fund equity for the year then ended
- and notes and schedules to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the ***Basis for Qualified Opinion***, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023, and its consolidated results of operations and changes in fund equity for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In common with many charitable organizations, the Entity derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- assets reported in the statement of financial position as at December 31, 2023 and December 31, 2022
- capital receipts and fund equity reported in the statement of earnings and fund equity for the years ended December 31, 2023 and December 31, 2022

Our opinion on the financial statements for the year ended December 31, 2022 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to doso.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

Date

THE TRUST FUNDS OF THE CITY OF LONDON

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Cash and short-term deposits (Schedule 1)	**$ 2,628,469**	$ 2,288,701
Accounts receivable (Schedule 1)	**62,994**	39,949
Investments (Schedule 1, Note 2)	**3,000,000**	2,800,000
Prepaid expenses (Schedule 1)	**-**	144
Total Assets	**5,691,463**	5,128,794
Liability and Fund Equity		
Accounts payable (Schedule 1)	**907,724**	467,563
Fund equity (Schedule 1)	**4,783,739**	4,661,231
Total Liability and Fund Equity	**$ 5,691,463**	$ 5,128,794

The accompanying notes are an integral part of these financial statements.

THE TRUST FUNDS OF THE CITY OF LONDON

Consolidated Statement of Earnings and Fund Equity

December 31, 2023, with comparative information for 2022

	2023	2022
Fund equity, beginning of year	**$ 4,661,231**	$ 4,672,566
Revenues		
Capital receipts (Schedule 2)	**447,630**	449,422
Interest (Schedule 2)	**249,513**	82,947
Total revenues	**697,143**	532,369
Expenditures		
Maintenance payments, Dearness Home (Schedule 2)	**42,732**	47,070
Disbursements (Schedule 2)	**531,903**	496,634
Total expenditures	**574,635**	543,704
Fund Equity, end of year	**$ 4,783,739**	$ 4,661,231

The accompanying notes are an integral part of these financial statements.

THE TRUST FUNDS OF THE CITY OF LONDON

Notes to Consolidated Financial Statements

Year ended December 31, 2023

1. Significant accounting policies:

The consolidated financial statements of the Trust Funds of the City of London have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the CPA Canada Public Sector Accounting Handbook, including the 4200 standards for government not-for-profit organizations. The significant accounting policies are summarized below:

a) Basis of consolidation:

The assets, liabilities, revenues, and expenditures of the trust funds of the London Public Library Board are consolidated in these financial statements.

b) Basis of accounting:

Revenues and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of legal obligation to pay.

c) Contributions:

Contributions received with direction by the donor that the capital of the gift is to be held for a period of not less than ten years are included in the capital portion of each Fund.

Contributions received for library use and investment income are included in the income portion of each fund.

THE TRUST FUNDS OF THE CITY OF LONDON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

d) Financial Instruments:

Financial Instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument.

Financial instrument	Measurement method
Cash	Cost
Investments	Amortized cost
Accounts receivable	Cost

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

Fair value category: The trust funds have not elected to reflect any financial instruments at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. A statement of Remeasurement Gains and Losses has not been included as there are no matters to report therein.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

THE TRUST FUNDS OF THE CITY OF LONDON

Consolidated Statement of Financial Position (continued)

Year ended December 31, 2023

2. Investments:

Investments are recorded at cost less any amounts written off to reflect a permanent decline in value. Investments consist of term deposits with short-term maturities and interest rates ranging from 2.5% to 5.65% (2022 – 2.5% to 4.8%)

3. Financial risks and concentration of risk:

The assets of the trust funds are exposed to a variety of financial risks, including credit risks and liquidity risk. Their overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the trust funds' financial performance. The trust funds are subject to interest rate risk in their investments that have variable interest rates. It is the trust funds' opinion that they are not subject to significant currency or other risks.

THE TRUST FUNDS OF THE CITY OF LONDON

Schedule 1 – Detailed Consolidated Statement of Financial Position

Year ended December 31, 2023

	Sundry Trusts	E.P. Williams Estate	Bostwick Cemetery	London Public Library	Park Farms	Dearness Residents' Trust	Woodhull Perpetual Maintenance	Woodhull Stone Monument	Amelia Lucy Ronalds Little Trust	**2023**
Assets										
Cash and short-term deposits	$158,627	$180,242	$15,034	$1,525,016	$158,875	$101,490	$288,119	$25,000	$176,066	**$2,628,469**
Accounts receivable	11,181	-	-	51,813	-	-	-	-	-	**62,994**
Investments	-	-	-	3,000,000	-	-	-	-	-	**3,000,000**
Prepaid Expenses	-	-	-	-	-	-	-	-	-	**-**
Total assets	$169,808	$180,242	$15,034	$4,576,829	$158,875	$101,490	$288,119	$25,000	$176,066	**$5,691,463**
Liability and Fund Equity										
Accounts payable	$ -	$ -	$ -	$901,492	$ -	$6,232	$ -	$ -	$ -	**$ 907,724**
Fund Equity	169,808	180,242	15,034	3,675,337	158,875	95,258	288,119	25,000	176,066	**4,783,739**
Total Liability and Fund Equity	$169,808	$180,242	$15,034	$4,576,829	$158,875	$101,490	$288,119	$25,000	$176,066	**$5,691,463**

See accompanying notes to consolidated financial statements.

THE TRUST FUNDS OF THE CITY OF LONDON

Schedule 2 – Detailed Consolidated Statement of Earnings and Fund Equity

Year ended December 31, 2023

	Sundry Trusts	E.P. Williams Estate	Bostwick Cemetery	London Public Library	Park Farms	Dearness Residents' Trust	Woodhull Perpetual Maintenance	Woodhull Stone Monument	Amelia Lucy Ronalds Little Trust	**2023**
Fund equity, beginning of year	$160,974	$170,865	$14,251	$3,605,434	$150,609	$95,414	$271,068	$23,699	$168,917	**$4,661,231**
Receipts										
Capital Receipts	-	-	-	314,467	-	131,063	2,100	-	-	**447,630**
Interest	8,834	9,377	783	196,818	8,266	-	14,951	1,301	9,183	**249,513**
Total receipts	8,834	9,377	783	511,285	8,266	131,063	17,051	1,301	9,183	**697,143**
Expenditures										
Maintenance payments, Dearness Home	-	-	-	-	-	42,732	-	-	-	**42,732**
Disbursements	-	-	-	441,382	-	88,487	-	-	2,034	**531,903**
Total expenditures	-	-	-	441,382	-	131,219	-	-	2,034	**574,635**
Fund equity, end of year	$169,808	$180,242	$15,034	$3,675,337	$158,875	$95,258	$288,119	$25,000	$176,066	**$4,783,739**

See accompanying notes to consolidated financial statements.

Financial Statements of

ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

And Independent Auditor's Report thereon.

Year ended December 31, 2023

(STATEMENTS NOT AVAILABLE AT TIME OF PRINTING)

Financial Statements of

COVENT GARDEN MARKET CORPORATION

And Independent Auditor's Report thereon

Year ended December 31, 2023

KPMG LLP
140 Fullarton Street, Suite 1400
London, ON N6A 5P2
Canada
Telephone 519 672 4880
Fax 519 672 5684

INDEPENDENT AUDITOR'S REPORT

To the Chair and Members of Covent Garden Market Corporation

Opinion

We have audited the financial statements of Covent Garden Market Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023 and its results of operations, its remeasurement gains and losses, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

March 25, 2024

COVENT GARDEN MARKET CORPORATION

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Investments (note 3)	$ 2,138,887	$ 2,577,281
Accounts receivable (note 4)	347,519	318,013
Prepaid expenses	51,076	47,105
Current portion of long-term receivables (note 6)	8,445	16,711
	2,545,927	2,959,110
Capital assets (note 5)	3,301,840	3,387,635
Long-term receivables (note 6)	42,263	52,671
	$ 5,890,030	$ 6,399,416
Liabilities, Deferred Contributions and Net Assets		
Current liabilities:		
Bank indebtedness	$ 192,538	$ 163,405
Accounts payable and accrued liabilities	459,654	487,658
Current portion of long-term debt (note 7)	146,132	137,152
	798,324	788,215
Deferred capital contributions (note 8)	1,520,308	1,609,834
Long-term debt (note 7)	69,892	216,024
	2,388,524	2,614,073
Net assets:		
Invested in capital assets (note 9)	1,565,508	1,424,625
Unrestricted	1,944,626	2,360,718
Accumulated unrealized remeasurement losses	(8,628)	-
	3,501,506	3,785,343
	$ 5,890,030	$ 6,399,416

See accompanying notes to financial statements.

On behalf of the Board:

____________________ Director ____________________ Director

COVENT GARDEN MARKET CORPORATION

Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Parking fees	$ 1,749,678	$ 1,396,765
Market rentals	844,243	796,328
Common area maintenance	623,773	588,344
Amortization of deferred capital contributions	89,526	90,187
Promotion fund	48,438	45,319
Miscellaneous	40,068	3,884
Central chilling lease	19,164	19,449
Sponsorships	18,500	30,000
Management fees	17,460	17,460
Government funding (note 12)	-	1,800,000
	3,450,850	4,787,736
Expenses:		
Operating (Schedule 1)	3,068,614	2,683,916
Management (Schedule 2)	700,179	692,650
	3,768,793	3,376,566
Excess (deficiency) of revenue over expenses before the undernoted items	(317,943)	1,411,170
Other income (expense):		
Interest	95,728	86,256
Tenant leaseholds	(52,994)	(21,671)
	42,734	64,585
Excess (deficiency) of revenue over expenses	$ (275,209)	$ 1,475,755

See accompanying notes to financial statements.

COVENT GARDEN MARKET CORPORATION

Statement of Changes in Net Assets

Year ended December 31, 2023, with comparative information for 2022

	Invested in capital assets (note 9)	Unrestricted	Accumulated unrealized remeasurement losses	2023 Total	2022 Total
Net assets, beginning of year	$ 1,424,625	$ 2,360,718	$ -	$ 3,785,343	$ 2,309,588
Excess (deficiency) of revenue over expenses	(173,323)	(101,886)	-	(275,209)	1,475,755
Unrealized loss on portfolio investment	-	-	(8,628)	(8,628)	-
Net change in investment in capital assets (note 9)	314,206	(314,206)	-	-	-
Net assets, end of year	$ 1,565,508	$ 1,944,626	$ (8,628)	$ 3,501,506	$ 3,785,343

See accompanying notes to financial statements.

COVENT GARDEN MARKET CORPORATION

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ (275,209)	$ 1,475,755
Items not involving cash:		
Amortization of capital assets	262,849	264,985
Amortization of deferred capital contributions	(89,526)	(90,187)
Accumulated remeasurement losses	(8,628)	-
Changes in non-cash operating working capital (note 10)	(42,807)	(63,517)
	(153,321)	1,587,036
Financing activities:		
Repayment of long-term debt	(137,152)	(128,724)
Purchase of investments	-	(1,506,058)
Proceeds on sale of investments	438,394	-
	301,242	(1,634,782)
Capital activities:		
Purchase of capital assets	(177,054)	(84,672)
Contributions received	-	3,000
	(177,054)	(81,672)
Increase in bank indebtedness	(29,133)	(129,418)
Bank indebtedness, beginning of year	(163,405)	(33,987)
Bank indebtedness, end of year	$ (192,538)	$ (163,405)

See accompanying notes to financial statements.

Covent Garden Market Corporation (the "Corporation") was incorporated without share capital under The Corporations Act, 1953 and pursuant to private legislation remains a local board of The City of London (the "City"). The Corporation has erected and operates a public market and parking facilities on land leased from the City.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards, including the 4200 standards for government not-for-profit organizations.

(a) Basis of presentation:

The Corporation follows the deferral method of accounting for contributions.

Contributions received by the Corporation without restriction are used for operational expenditures.

Contributions that are restricted in nature are used for capital expenditures or expenses determined by the Board of Directors and approved by the City.

(b) Revenue recognition:

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets.

Government transfer payments from the City are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expense have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

1. Significant accounting policies (continued):

(c) Property, plant and equipment:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Corporation's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on the following basis at the following annual rates:

Asset	Basis	Rate
Buildings	Straight-line	40 years
Equipment and fixtures	Declining balance	20%
Computer equipment	Declining balance	33.3%
Renovations, parking upgrade	Straight-line	10 years
Central chilling program	Straight-line	15 years

An asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

1. Significant accounting policies (continued):

(d) Deferred capital contributions:

Capital contributions are deferred and amortized over the same term and on the same basis as the related capital assets.

(e) Financial instruments:

Financial Instruments are classified into three categories: fair value, amortized cost or cost. Portfolio investments reported at fair value consist of equity instruments, certain fixed income securities, derivative instruments, and any other investments where the investments are managed and evaluated on a fair value basis and the fair value option is elected.

Other financial instruments, including cash and cash equivalents, investments in guaranteed investment certificates, accounts receivable, loans receivable, accounts payable and accrued liabilities, and long-term debt are initially recorded at their fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

Fair value category: The Corporation manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and related balances reversed from the Statement of Remeasurement Gains and Losses. A Statement of Remeasurement Gains and Losses has not been included as there are no material matters to report therein.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and valuation allowances for accounts receivable. Actual results could differ from those estimates.

(g) Government funding:

Government funding is recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the funding occur, performance criteria are met, and a reasonable estimate of the amount can be made. Government funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenditures are incurred or services performed.

2. Change in accounting policy - adoption of new accounting standards:

The Corporation adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments.

(a) PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

(b) PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and nonmonetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

(c) PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

(d) PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

2. Change in accounting policy - adoption of new accounting standards (continued):

(d) (continued)

Fair value hierarchy: The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

(i) Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

(iii) Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

(e) PS 3280 Asset Retirement Obligations ("ARO") establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023.

In the past, the Corporation has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

2. Change in accounting policy - adoption of new accounting standards (continued):

(e) (continued)

There was no impact to the Corporation as a result of the adoption of this standard.

3. Investments:

The Corporation has elected to record its investments at fair market value. Investments consist of fixed income mutual funds, bond funds and alternative funds, as well as principal at risk notes.

4. Accounts receivable:

	2023	2022
Trade	$ 660,080	$ 588,505
Provision for doubtful accounts	(312,561)	(270,492)
	$ 347,519	$ 318,013

5. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Buildings	$ 7,580,595	$ 4,765,207	$ 2,815,388	$ 2,852,467
Equipment and fixtures	2,433,415	2,005,481	427,934	471,591
Computer equipment	58,059	53,023	5,036	4,527
Renovations, parking upgrade	165,724	121,664	44,060	48,955
Central chilling program	612,077	602,655	9,422	10,095
	$ 10,849,870	$ 7,548,030	$ 3,301,840	$ 3,387,635

Ownership of capital assets is vested with the City. The Corporation operates the facilities on behalf of the City. These fixed assets and the related amortization have been included in the financial statements of the Corporation in order to reflect the assets over which it has stewardship and the amortization costs related to those assets.

6. Long-term receivables:

	2023	2022
Tenant asset purchase loan, fixed interest rate of 5%, repayable in blended monthly payments of $755, due 2027	$ 32,161	$ 39,245
Tenant asset purchase loan, fixed interest rate of 7.41%, repayable in blended monthly payments of $936, due 2025	18,547	30,137
	50,708	69,382
Less current portion	8,445	16,711
	$ 42,263	$ 52,671

Principal repayments are due as follows:

2024	$ 8,445
2025	17,099
2026	8,458
2027	7,344
Thereafter	9,362
	$ 50,708

7. Long-term debt:

	2023	2022
Note payable to the City for construction of the mezzanine, fixed interest rate of 6.5%, unsecured, repayable in blended monthly payments of $6,028, due 2025	$ 135,451	$ 196,947
Note payable to the City for purchase of Tenant A Space, fixed interest rate of 6.34%, unsecured, repayable in blended yearly payments of $90,000, due 2024	80,573	156,229
	216,024	353,176
Less current portion long-term debt	146,132	137,152
	$ 69,892	$ 216,024

Future principal payments required on all long-term debt for the next 2 years are as follows:

2024	$ 146,132
2025	69,892
	$ 216,024

Interest paid on the notes payable to the City, a related party, amounted to $25,189 (2022 - $33,617).

Lease costs associated with the central refrigeration system are charged by the Corporation to the tenants who use the system. These revenues and related costs are included in the statement of operations.

8. Deferred capital contributions:

Deferred capital contributions represent contributions received from the City to fund construction for which the Corporation is responsible. These unamortized contributions will be recognized as revenue over the life of the assets for which they were received.

	2023	2022
Balance, beginning of year	$ 1,609,834	$ 1,697,021
Additional contributions received	-	3,000
Amortization of contributions	(89,526)	(90,187)
Balance, end of year	$ 1,520,308	$ 1,609,834

9. Invested in capital assets:

Invested in capital assets is calculated as follows:

	2023	2022
Capital assets	$ 3,301,840	$ 3,387,635
Amounts financed by:		
Deferred capital contributions	1,520,308	1,609,834
Long-term debt	216,024	353,176
	1,736,332	1,963,010
	$ 1,565,508	$ 1,424,625

Change in net assets invested in capital assets is calculated as follows:

	2023	2022
Deficiency of revenues over expenses:		
Amortization of capital assets	$ (262,849)	$ (264,985)
Amortization of deferred capital contributions	89,526	90,187
	$ (173,323)	$ (174,798)
Net change in investment in capital assets:		
Purchase of capital assets	$ 177,054	$ 84,673
Repayment of long-term debt	137,152	128,723
Deferred capital contributions received	-	(3,000)
	$ 314,206	$ 210,396

10. Changes in non-cash operating working capital:

		2023		2022
Accounts receivable	$	(29,506)	$	(111,551)
Prepaid expenses		(3,971)		(36,589)
Current portion of long-term receivable		(1,096)		(16,711)
Accounts payable and accrued liabilities		(28,004)		154,005
Long-term receivable		19,770		(52,671)
	$	(42,807)	$	(63,517)

11. Financial and other risks:

As the valuation of all financial instruments held by the Corporation at fair value are derived from quoted process in active markets, all would be in Level 1 of the fair value hierarchy.

Risks arising from financial instruments and risk management

The Corporation is exposed to a variety of financial risks including credit risks, liquidity risk and market risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's financial performance.

(a) Credit risk:

The Corporation's principal financial assets that are subject to credit risk are cash and accounts receivable. The carrying amounts of financial assets on the Statement of Financial Position represent the Corporation's maximum credit exposure as at the Statement of Financial Position date.

(b) Liquidity risk:

The Corporation mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current and the terms of long-term financing are disclosed in Note 7. There have been no significant changes from the previous year in the Corporation's exposure to liquidity risk or policies, procedures and methods used to measure the risk. Contractual maturities associated with long-term financing are described in Note 7. All accounts payable and accrued liabilities will be paid within six (6) months.

11. Financial and other risks (continued):

(c) Market risk:

The Corporation is exposed to interest rate risk and price risk with regard to its short and long-term investments, all of which are regularly monitored.

The Corporation's financial instruments consist of cash, bank indebtedness, accounts receivable,long-term receivables, investments, accounts payable and accrued liabilities, and long-term debt. It is the Corporation's opinion that the Corporation is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

12. Government funding:

In 2022, the Corporation applied for and received $1,800,000 of unrestricted funding from the City of London. Amounts received were recorded as government funding in the Statement of Operations.

COVENT GARDEN MARKET CORPORATION

Schedule 1 - Operating Expenses

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Contracted services and professional fees	$ 948,490	$ 810,938
Advertising	461,833	406,201
Security	425,488	435,414
Maintenance, repairs and supplies	359,972	284,887
Light and heat	341,522	242,377
Amortization	258,617	259,523
Insurance	152,178	129,811
Miscellaneous	65,748	33,522
Salaries and benefits	25,789	43,586
Interest expense, notes payable	25,189	33,617
Telephone	3,788	3,508
Travel and entertainment	-	532
	$ 3,068,614	$ 2,683,916

Schedule 2 - Management Expenses

	2023	2022
Salaries	$ 413,180	$ 414,917
Benefits	101,809	79,291
Professional fees	94,443	90,183
Miscellaneous	27,337	29,317
Maintenance repairs and supplies	19,430	30,557
Telephone	15,293	13,552
Insurance	10,754	9,173
Travel and entertainment	10,639	8,379
Amortization	4,232	5,462
Contracted Services	2,912	11
Marketing and promotion	150	3,208
Light and heat	-	8,600
	$ 700,179	$ 692,650

Financial Statements of

ELDON HOUSE CORPORATION

And Independent Auditor's Report thereon

Year ended December 31, 2023

KPMG LLP
140 Fullarton Street, Suite 1400
London, ON N6A 5P2
Canada
Telephone 519 672 4880
Fax 519 672 5684

INDEPENDENT AUDITOR'S REPORT

To the Chair and Members of Eldon House Corporation

Opinion

We have audited the financial statements of Eldon House Corporation (the Corporation), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and changes in accumulated surplus (deficit) for the year then ended
- the statement of changes in net financial debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2023 and its results of operations, its changes in net financial liabilities and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

May 10, 2024

ELDON HOUSE CORPORATION

Statement of Financial Position

December 31, 2023, with comparative information for 2022

		2023		2022
Financial assets:				
Cash and cash equivalents	$	133,411	$	130,990
Accounts receivable		535		176
Investments and marketable securities (note 3)		38,063		52,317
		172,009		183,483
Financial liabilities:				
Accounts payable and accrued liabilities		146,680		126,754
Deferred revenue		34,857		24,190
Deposits payable		781		781
		182,318		151,725
Net financial debt		(10,309)		31,758
Non-financial assets				
Tangible capital assets (note 4)		6,387		9,271
Prepaid expenses and deposits		375		372
		6,762		9,643
Accumulated surplus (deficit) (note 5)	$	(3,547)	$	41,401

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

Statement of Operations and Changes in Accumulated Surplus (Deficit)

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
Revenue:			
The Corporation of the City of London	$ 308,261	$ 308,261	$ 304,206
Other income	76,719	83,557	42,696
Grants	38,558	42,462	60,623
Donations	14,859	3,198	1,275
	438,397	437,478	408,800
Expenses:			
Salaries and benefits	310,371	351,701	326,557
Office and general	24,396	26,624	30,478
Repairs and maintenance	20,914	28,756	26,151
Utilities	21,959	27,144	24,614
Programs and exhibitions	27,595	26,934	16,025
Professional fees	7,320	10,373	5,847
Amortization	12,363	2,884	3,643
Insurance	3,184	3,649	3,332
Advertising	6,368	2,984	2,860
Telephone and internet	2,866	1,206	707
Meals and entertainment	1,061	171	651
	438,397	482,426	440,865
Annual deficit	-	(44,948)	(32,065)
Accumulated surplus, beginning of year	41,401	41,401	73,466
Accumulated surplus (deficit), end of year	$ 41,401	$ (3,547)	$ 41,401

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

Statement of Changes in Net Financial Assets (Debt)

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
Annual deficit	$ -	$ (44,948)	$ (32,065)
Acquisition of tangible capital assets	-	-	(7,203)
Amortization	12,363	2,884	3,643
Prepaid expenses and deposits	-	(3)	-
	12,363	(42,067)	(35,625)
Net financial assets, beginning of year	31,758	31,758	67,383
Net financial assets (debt), end of year	$ 44,121	$ (10,309)	$ 31,758

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual deficit	$ (44,948)	$ (32,065)
Item not involving cash:		
Amortization	2,884	3,643
Changes in non-cash operating working capital:		
Accounts receivable	(359)	10,758
Investments and marketable securities	14,254	(52,317)
Accounts payable and accrued liabilities	19,926	29,739
Deferred revenue	10,667	(16,663)
	2,424	(56,905)
Financing:		
Prepaid expenses and deposits	(3)	-
Capital activities:		
Acquisition of tangible capital assets	-	(7,203)
Increase (decrease) in cash and cash equivalents	2,421	(64,108)
Cash and cash equivalents, beginning of year	130,990	195,098
Cash and cash equivalents, end of year	$ 133,411	$ 130,990

See accompanying notes to financial statements.

Eldon House Corporation (the "Corporation") was incorporated by Municipal Bylaw on January 1, 2013. The Corporation's primary activity is the management of the operations of Eldon House, a historic home and museum in London, Ontario.

1. Significant accounting policies:

The financial statements of the Corporation are prepared in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants of Canada's Public Sector Handbook - Accounting ("PSAB").

(a) Basis of accounting:

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Rate
Furniture and fixtures	5-7 years
Computer hardware	4 years
Website	5 years
Office equipment	5 years
CCTV security system	5 years
Audio visual equipment	4 years

Works of art and material cultural and historical assets are not recorded as assets in these financial statements.

(c) Government transfers:

Government transfer payments from The Corporation of the City of London are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

1. Significant accounting policies (continued):

(d) Deferred revenue:

Contributions received for expenses of future periods are recorded as deferred revenue and recognized as revenue in the fiscal period the expenses are incurred.

(e) Contributed services:

Volunteers contribute a significant amount of time each year to assist the Corporation in carrying out its operations. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

(f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(g) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions which include donations and grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of equipment and leaseholds are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related equipment and leaseholds.

Revenue from other income is recognized when the services are provided or the goods sold.

(h) Budget figures:

Budget figures have been provided for comparison purposes.

1. Significant accounting policies (continued):

(i) Financial instruments:

Financial Instruments are classified into three categories: fair value, amortized cost or cost. Portfolio investments reported at fair value consist of equity instruments, certain fixed income securities, derivative instruments, and any other investments where the investments are managed and evaluated on a fair value basis and the fair value option is elected.

Other financial instruments, including cash and cash equivalents, investments in guaranteed investment certificates, accounts receivable, loans receivable, accounts payable and accrued liabilities, and long-term debt are initially recorded at their fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

Fair value category: The Corporation manages and reports performance for groups of financial assets on a far-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and related balances reversed from the Statement of Remeasurement Gains and Losses. A Statement of Remeasurement Gains and Losses has not been included as there are no material matters to report therein.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category: Amounts are measured at cost less any amount for valuation allowance.Valuation allowances are made when collection is in doubt.

2. Change in accounting policy - adoption of new accounting standards:

The Corporation adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments.

(a) PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

(b) PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

(c) PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

2. Change in accounting policy - adoption of new accounting standards (continued):

(d) PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses. Fair value hierarchy: The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

(i) Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

(iii) Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

2. Change in accounting policy - adoption of new accounting standards (continued):

(e) PS 3280 Asset Retirement Obligations ("ARO") establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023.

In the past, the Corporation has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

There was no impact to the Corporation as a result of the adoption of this standard.

3. Investments and marketable securities:

Investments are made up of guaranteed investment certificates which are recorded at amortized cost, have maturity dates of December 31, 2024 with an interest rate of 5%.

4. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
Furniture and fixtures	$ 18,215	$ -	$ -	$ 18,215
Computer hardware	13,136	-	-	13,136
Website	7,937	-	-	7,937
Office equipment	6,014	-	-	6,014
CCTV security system	25,285	-	-	25,285
Audio visual equipment	1,258	-	-	1,258
	$ 71,845	$ -	$ -	$ 71,845

Accumulated amortization	Balance at December 31, 2022	Disposals	Amortization expense	Balance at December 31, 2023
Furniture and fixtures	$ 16,986	$ -	$ 180	$ 17,166
Computer hardware	11,833	-	434	12,267
Website	7,937	-	-	7,937
Office equipment	5,234	-	780	6,014
CCTV security system	19,327	-	1,489	20,816
Audio visual equipment	1,257	-	1	1,258
	$ 62,574	$ -	$ 2,884	$ 65,458

4. Tangible capital assets (continued):

Net book value	Balance at December 31, 2022	Balance at December 31, 2023
Furniture and fixtures	$ 1,229	$ 1,049
Computer hardware	1,303	869
Website	-	-
Office equipment	780	-
CCTV security system	5,958	4,469
Audio visual equipment	1	-
	$ 9,271	$ 6,387

5. Accumulated deficit:

The balance of accumulated deficit is comprised of the following:

	2023	2022
Invested in tangible capital assets	$ 6,387	$ 9,271
Operating fund	(9,934)	32,130
	$ (3,547)	$ 41,401

The Board of Directors (the "Board") has internally restricted certain funds received from Bequests for a purpose that will be determined at a later date. Movements out of internally restricted funds are approved by the Board.

6. Trust fund:

The Amelia Lucy Ronalds Little Fund represents restricted funds to be used for the improvement, redecoration, refurbishing, restoration, and enhancement of the Corporation and the artifacts contained therein. The balance in this fund at December 31, 2023 was $176,066 (2022 - $168,917). The Corporation of the City of London is responsible for administration of the fund. This fund has not been included in the statement of financial position of the Corporation.

7. Comparative information:

Certain comparative information have been reclassified from those previously presented to conform to the presentation of the 2023 financial statements.

8. Financial risks and other risks:

Risks arising from financial instruments and risk management

The Corporation is exposed to a variety of financial risks including credit risks, liquidity risk and market risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's financial performance.

(a) Credit risk:

The Corporation's principal financial assets that are subject to credit risk are cash and accounts receivable. The carrying amounts of financial assets on the Statement of Financial Position represent the Corporation's maximum credit exposure as at the Statement of Financial Position date.

(b) Liquidity risk:

The Corporation mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current. There have been no significant changes from the previous year in the Corporation's exposure to liquidity risk or policies, procedures and methods used to measure the risk. All accounts payable and accrued liabilities will be paid within six (6) months.

(c) Market risk:

The Corporation is exposed to interest rate risk and price risk with regard to its short-term investments, all of which are regularly monitored.

The Corporation's financial instruments consist of cash, accounts receivable, investments and marketable securities, and accounts payable and accrued liabilities. It is the Corporation's opinion that the Corporation is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

Financial Statements of

FAIR-CITY JOINT VENTURE

And Independent Auditor's Report thereon

Year ended June 30, 2023

KPMG

KPMG LLP
140 Fullarton Street, Suite 1400
London ON N6A 5P2
Canada
Tel 519-672-4880
Fax 519-672-5684

INDEPENDENT AUDITOR'S REPORT

To the Venture Partners of Fair-City Joint Venture

Opinion

We have audited the financial statements of Fair-City Joint Venture (the Entity), which comprise:

- the statement of financial position as at June 30, 2023
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2023 and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

August 17, 2023

FAIR-CITY JOINT VENTURE

Statement of Financial Position

June 30, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	$ 1,391,140	$ 939,944
Accounts receivable (note 2)	146,049	554,540
Prepaid expenses	73,019	73,019
	1,610,208	1,567,503
Capital assets (note 3)	10,290,269	9,785,012
	$ 11,900,477	$ 11,352,515
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 147,290	$ 134,727
Payable to Western Fair Association (note 11)	119,880	20,278
Deferred revenue	116,914	421,590
Current portion of capital lease obligation (note 4)	89,070	89,731
	473,154	666,326
Capital lease obligation (note 4)	876,203	965,273
Employee future benefits (note 5)	116,970	111,494
Deferred capital contributions (note 6)	2,864,900	2,949,000
	4,331,227	4,692,093
Net assets:		
Investment in capital assets (note 7)	6,460,096	6,230,008
Internally restricted (note 9)	1,109,154	430,414
	7,569,250	6,660,422
	$ 11,900,477	$ 11,352,515

See accompanying notes to financial statements.

On behalf of the Board:

_______________________ Director _______________________ Director

FAIR-CITY JOINT VENTURE

Statement of Operations

Year ended June 30, 2023, with comparative information for 2022

	2023	2022
Revenues:		
Ice rentals (note 11)	$ 3,468,969	$ 3,122,706
Sponsorship and other	466,055	333,313
Amortization of deferred capital contributions	153,900	127,000
	4,088,924	3,583,019
Expenditures:		
Salaries and benefits	1,121,564	897,087
Amortization of capital assets	642,746	593,837
Utilities	639,594	560,906
Supplies and services	443,331	415,257
Interest expense (note 11)	84,141	94,567
Management fees (note 11)	245,335	214,981
	3,176,711	2,776,635
Excess of revenues over expenditures (note 10)	$ 912,213	$ 806,384

See accompanying notes to financial statements.

FAIR-CITY JOINT VENTURE

Statement of Changes in Net Assets

Year ended June 30, 2023, with comparative information for 2022

	Western Fair Association	The City of London	Internally restricted (note 9)	Investment in capital assets (note 7)	2023 Total	2022 Total
Net assets, beginning of year	$ -	$ -	$ 430,414	$ 6,230,008	$ 6,660,422	$ 6,059,140
Excess of revenues over expenditures	638,549	273,664	-	-	912,213	806,384
Employee future benefit remeasurements	(2,369)	(1,016)	-	-	(3,385)	28,058
Allocation to internally restricted	(915,560)	(392,383)	1,307,943	-	-	-
Receivable (payable) to venturers	-	-	-	-	-	(233,160)
Change in investment in capital assets	279,380	119,735	(629,203)	230,088	-	-
Net assets, end of year	$ -	$ -	$ 1,109,154	$ 6,460,096	$ 7,569,250	$ 6,660,422

See accompanying notes to financial statements.

FAIR-CITY JOINT VENTURE
Statement of Cash Flows

Year ended June 30, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess of revenues over expenditures	$ 912,213	$ 806,384
Items not involving cash:		
Amortization	642,746	593,837
Change in employee future benefits liability	2,091	9,780
Amortization of deferred capital contributions	(153,900)	(127,000)
Accounts receivable	408,491	(475,848)
Prepaid expenses	-	2,775
Accounts payable and accrued liabilities	12,563	(61,332)
Deferred revenue	(304,676)	33,147
Payable to Western Fair Association	99,602	-
	1,619,130	781,743
Financing:		
Repayments of related party debt	-	(347,505)
Payment of obligations under capital lease	(89,731)	(83,875)
Capital contributions received	69,800	449,000
	(19,931)	17,620
Investing:		
Net change in investment	-	200,839
Purchase of capital assets	(1,148,003)	(206,325)
	(1,148,003)	(5,486)
Increase in cash	451,196	793,877
Cash, beginning of year	939,944	146,067
Cash, end of year	$ 1,391,140	$ 939,944

See accompanying notes to financial statements.

Fair-City Joint Venture (the "Joint Venture") is a partnership between the Western Fair Association (the "Association") and The City of London (the "City") entered into on September 1, 2000. The partners jointly control the Joint Venture. The purpose of the Joint Venture is to construct and operate a four pad arena to provide facilities for the betterment of the community, and is to be used by the community as a whole. The Joint Venture is registered under the Ontario Partnerships Act.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian Accounting Standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting. The Joint Venture's significant accounting policies are as follows:

(a) Revenue recognition:

The Joint Venture recognizes revenue when the service has been rendered and persuasive evidence of an arrangement exists, the price to the buyer is fixed or determinable and collection is reasonably assured. Deposits received for future rentals are included in deferred revenue until the rental is provided and the sale is recognized.

Contributions restricted for the purpose of capital assets are deferred, and when expended, are amortized into revenue at a rate corresponding with the amortization for the related capital asset.

(b) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the straight-line method over the following estimated useful lives of the assets:

Asset	Useful life
Building	40 years
Machinery and equipment	5 years
Special alterations	10-25 years
Solar array under capital lease	20 years

When assets become fully amortized, the cost of the asset and the related accumulated amortization are removed from the respective amounts. Costs related to capital projects in progress are accumulated and no amortization is recorded until the capital project is substantially complete and the assets are ready for use. When completed, the costs of capital projects in progress are transferred to the appropriate asset category and amortized in accordance with the category's useful life.

1. Significant accounting policies (continued):

(c) Employee future benefits:

(i) Pension plan:

The Joint Venture participates in the defined contribution pension plan sponsored by the Association.

(ii) Post-employment benefits other than pension:

The Joint Venture also participates in the post-employment benefits plan provided by the Association that provides its current and retired employees with extended health and dental benefits, post retirement insurance coverage and sick leave benefits. The cost of these benefits is actuarially determined using the projected benefit method prorated on service using management's best estimates of salary escalation, retirement ages of employees and expected health care costs. Remeasurement differences arising from plan amendments, changes in assumptions and actuarial gains and losses are immediately recognized in net assets.

The Joint Venture accrues its obligations under employee post-employment benefits other than pension as the employees render the services necessary to earn them based on the latest valuation for accounting purposes. The actuarial valuation is performed at least every three years. In the years between valuations, plan results are prepared based on extrapolations of the latest available valuation results.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs incurred on he acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Joint Venture determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flow, the amount that could be realized from selling the financial asset or the amount the Joint Venture expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(e) Use of estimates:

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and employee future benefits. Actual amounts could differ from those estimates.

(f) Government funding:

Government funding is recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the funding occur, performance criteria are met, and a reasonable estimate of the amount can be made. Government funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenditures are incurred or services performed.

2. Accounts receivable:

	2023	2022
Miscellaneous	$ 33,643	$ 52,857
Due from Western Fair Association (note 11)	-	355,162
Trade	122,772	156,887
Reserve for bad debts	(10,366)	(10,366)
	$ 146,049	$ 554,540

Included in miscellaneous receivables is HST receivable in the amount of $nil (2022 - $15,293)

3. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Building	$ 15,446,432	$ 8,299,481	$ 7,146,951	$ 7,544,485
Machinery and equipment	186,915	110,398	76,517	73,358
Special alterations	2,889,693	486,243	2,403,450	1,235,287
Solar array under capital lease	1,474,114	810,763	663,351	737,057
Capital in progress	-	-	-	194,825
	$ 19,997,154	$ 9,706,885	$ 10,290,269	$ 9,785,012

At June 30, 2023, machinery and equipment includes assets under capital lease with a cost of $134,115 (2022 - $134,115) and accumulated amortization of $97,538 (2022 - $73,154).

4. Capital lease obligation:

The Joint Venture has entered into one capital lease for certain ice surfacing equipment expiring April 21, 2024 and one capital lease for a solar array expiring June 28, 2033.

2024	$	166,603
2025		146,037
2026		146,037
2027		146,037
2028		146,037
Thereafter		657,167
Total minimum lease payments		1,407,918
Less amount representing interest at between 3.43% and 8.21%		442,645
Present value of net minimum capital lease payments		965,273
Less current portion of obligations under capital lease		89,070
	$	876,203

5. Employee future benefits:

(a) Pension plan:

The Joint Venture contributed and expensed $21,563 (2022 - $21,905) to the defined contribution pension plan during the year.

(b) Post-employment benefits other than pension:

The Joint Venture provides its current and retired employees with extended health and dental benefits and post retirement insurance coverage. The Joint Venture's post employment benefits also include sick leave benefits comprised of a non-vested and vested portion. The non-vested program allows for employees to accumulate at most 85 unused sick days and the vested program provides for 50% of sick days accumulated prior to March 2012 to be paid to the employee on retirement. All benefits are provided upon retirement and provide coverage equal to one year for every five years of employment. These benefits are not payable on death or termination.

5. Employee future benefits: (continued):

(b) Post-employment benefits other than pension (continued):

The most recent actuarial valuation of the health plan was performed as of June 30, 2021 and the results are extrapolated to June 30, 2023. The most recent actuarial valuation of the sick leave plans was performed as of May 31, 2023 and the results are extrapolated to June 30, 2023.

The discount rate used in the actuarial measurement of the employee future benefit liability was 4.86% (2022 - 5.00%). The employee future benefit liability relating to post-employment benefits other than pension is $116,970 (2022 - $111,494). This liability has been recorded in the financial statements.

Benefit expenses included in salaries and benefits expenditures consist of the following:

	2023	2022
Current service cost	$ 6,274	$ 9,098
Interest cost	5,490	4,046
	$ 11,764	$ 13,144

Details of annual contributions and benefits paid are as follows:

	2023	2022
Employer contributions	$ 9,673	$ 3,363
Benefit payments	(9,673)	(3,363)

6. Deferred capital contributions:

Deferred capital contributions represent both the unamortized amounts of grants already spent, and the unspent amount of grants received for the future purchase of capital assets.

The change in deferred capital contributions consist of the following:

	2023	2022
Balance, beginning of year	$ 2,949,000	$ 2,627,000
Amortization of deferred capital contributions	(153,900)	(127,000)
Contributions received	69,800	449,000
Balance, end of year	$ 2,864,900	$ 2,949,000

7. Investments in capital assets:

Investments in capital assets consists of the following:

	2023	2022
Capital assets	$ 10,290,269	$ 9,785,012
Less amounts financed by:		
Obligation under capital leases	965,273	1,055,004
Deferred capital contributions:		
Deferred capital contributions	2,864,900	2,949,000
Less: amounts financed by Ontario Trillium Fund	-	(449,000)
	3,830,173	3,555,004
	$ 6,460,096	$ 6,230,008

7. Elected taxation amounts (continued):

The change in investment in capital assets is calculated as follows:

		2023		2022
Amortization of deferred capital contributions	$	153,900	$	127,000
Amortization of capital assets		(642,746)		(593,837)
		(488,846)		(466,837)
Purchase of capital assets		629,203		206,325
Repayment of related party debt		-		347,505
Repayment of obligations under capital leases		89,731		83,875
	$	230,088	$	170,868

8. Contributions to Joint Venture:

In return for their interests in the Joint Venture, both the City and the Association made contributions to the Joint Venture. The City contributed a $5,000,000 non-refundable capital grant which is recorded as a deferred capital contribution. The Association contributed the lease of the land for the arena at below market values and ongoing project management. Under the terms of the joint venture agreement, the partners agree annually to a contribution to internally restricted net assets for future capital purchases. For the year ended June 30, 2023, both partners agreed to a total contribution of $1,307,943 (2022 - $636,739).

9. Internally restricted net assets:

		2023		2022
Balance, beginning of year	$	430,414	$	-
Current year allocation to internally restricted net assets		1,307,943		636,739
Capital expenditures		(629,203)		(206,325)
Balance, end of year	$	1,109,154	$	430,414

10. Allocation of excess of revenues over expenditures to partners:

The excess of revenues over expenditures of the Joint Venture have been allocated to the partners in accordance with the Joint Venture agreement. The agreement states that the excess of revenues over expenditures will be allocated to the Association for the first five years and will be allocated equally to the partners after this time until certain related party debt repayment thresholds are met. Once the Joint Venture has repaid $5 million of principal on the related party debt, for every $1 million repayment thereafter, the Association's equity interest will increase by 2.857%, to a maximum of 70%, and the City's equity interest will decrease by 2.857%, to a minimum of 30%. Any deficiency of revenue over expenditures incurred by the Joint Venture accrues to the Association.

The Association's equity interest as at June 30, 2023 was 70.00% (2022 - 70.00%) and the City's equity interest was 30.00% (2022 - 30.00%). As per the partnership agreement, change in the equity interest is applied to the first day in the year that the threshold is met and to each year thereafter when subsequent repayment thresholds are met.

The terms of the Joint Venture Agreement stipulate that the excess of revenues over expenditures available for distribution to the partners annually is determined as follows:

	2023	2022
Excess of revenues over expenditures	$ 912,213	$ 806,384
Amortization of capital assets	642,746	593,837
Amortization of deferred capital contributions	(153,900)	(127,000)
Repayment of related party debt	-	(347,505)
Repayment of obligations under capital leases	(89,731)	(83,875)
Excess (deficiency) of revenues over expenditures	1,311,328	841,841
Allocation to internally restricted net assets	(1,307,943)	(636,739)
Employee future benefit remeasurements	(3,385)	28,058
Amounts available for distribution to (contributions required by) partners	$ -	$ 233,160

11. Related party transactions:

During the year, the Joint Venture entered into the following transactions, which are recorded at the exchange amount, with related parties:

(a) During the year, the City, a related party, rented ice time from the Joint Venture in the amount of $2,258,509 (2022 - $1,928,641). Additionally, included in accounts receivable is $nil (2022 - $nil) due from the City.

(b) The Joint Venture also paid interest of $nil (2022 - $4,568) to the City on account of the related party debt.

(c) Partner distributions of $nil were declared during the year and paid or payable to the Association and the City (2022 - $233,160).

(d) During the year, the Joint Venture paid management fees to the Association in the amount of $245,335 (2022 - $214,981).

(e) The amount due to Western Fair Association of $119,880 (2022 - $20,278) is unsecured and non-interest bearing with no specific repayment terms. Additionally, included in accounts receivable is $nil (2022 - $355,162) due from the Association.

12. Financial risks and concentration of risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Joint Venture will be unable to fulfil its obligations in a timely basis or at a reasonable cost. The Joint Venture manages its liquidity risk by monitoring its operating requirements. There have been no changes to the risk exposures from 2022.

(b) Credit risk:

Credit risk is the risk of financial loss to the Joint Venture if a counterparty to a financial instrument fails to meet its obligation. The Joint Venture is exposed to credit risks with respect to accounts receivable. The Joint Venture has established policies for extending credit to various businesses, groups and individuals who purchase goods and services from the Joint Venture in order to reduce incidents of non-payment. Management believes that the credit risk is minimized by dealing with creditworthy counterparties.

DRAFT Financial Statements of

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

And Independent Auditor's Report thereon

Year ended December 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Hamilton Road Business Improvement Area Board of Management

Opinion

We have audited the financial statements of the Hamilton Road Business Improvement Area Board of Management (the “Board”), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Board as at December 31, 2023, and its results of operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor's Responsibilities for the Audit of the Financial Statements***” section of our auditor's report.

We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Can't Show KPMG.bmp

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

Month DD, YYYY

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Financial Position

DRAFT

December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets		
Cash	$ 223,951	$ 40,351
Accounts receivable	346	5,823
HST receivable	8,659	5,859
Due from Hyde Park BIA (note 6)	1,392	9,817
	234,348	61,850
Financial liabilities		
Accounts payable and accrued liabilities (note 4)	5,440	2,774
Deferred revenue	6,392	14,817
	11,832	17,591
Net financial assets	222,516	44,259
Non-financial assets		
Tangible capital assets (note 3)	861	1,086
Prepaid expenses	1,544	1,544
	2,405	2,630
Accumulated surplus (note 2)	$ 224,921	$ 46,889

See accompanying notes to financial statements.

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Operations

DRAFT

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
Revenue:			
Municipal levy - The City of London	$ 70,000	$ 70,000	$ 70,478
Other:			
Draw from operating fund	8,011	-	-
Government grants (note 4)	27,054	244,666	23,921
Digital Main Street grant	-	17,765	12,936
Corporate contributions	-	2,376	13,700
Miscellaneous	10,000	846	(239)
	115,065	335,653	120,796
Expenditures:			
Administration	89,945	115,990	80,212
Business development	12,000	25,289	27,504
Office	12,000	14,157	11,363
Advertising, marketing and promotion	-	1,305	-
Amortization of tangible capital assets	-	636	637
Member services	1,120	244	536
	115,065	157,621	120,252
Other income/expenses:			
Annual surplus	-	178,032	544
Accumulated surplus, beginning of year	46,889	46,889	46,345
Accumulated surplus, end of year	$ 46,889	$ 224,921	$ 46,889

See accompanying notes to financial statements.

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Changes in Net Financial Assets

DRAFT

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023	2022
Annual surplus	$ -	$ 178,032	$ 544
Acquisition of tangible capital assets	-	(550)	-
Loss on disposal of tangible capital assets	-	139	-
Amortization of tangible capital assets	-	636	637
	-	178,257	1,181
Change in prepaid expenses	-	-	(10)
Change in net financial assets	-	178,257	1,171
Net financial assets, beginning of year	44,259	44,259	43,088
Net financial assets, end of year	44,259	$ 222,516	$ 44,259

See accompanying notes to financial statements.

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Cash Flows

DRAFT

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 178,032	$ 544
Items not involving cash:		
Amortization of tangible capital assets	636	637
Loss on disposal of tangible capital assets	139	-
Changes in non-cash operating working capital:		
Accounts receivable	5,477	(5,373)
HST receivable	(2,800)	(3,002)
Due from Hyde Park BIA	8,425	7,285
Accounts payable and accrued liabilities	2,666	(1,785)
Deferred revenue	(8,425)	(2,285)
Prepaid expenses	-	(10)
	5,343	(5,170)
Capital activities:		
Purchase of tangible capital assets	(550)	-
Increase (decrease) in cash	183,600	(3,989)
Cash, beginning of year	40,351	44,340
Cash, end of year	$ 223,951	$ 40,351

See accompanying notes to financial statements.

Subsection 204(1) of the Municipal Act, 2001 provides that a local municipality may designate an area as an improvement area and may establish a board of management. Hamilton Road Business Improvement Area Board of Management (the "Board") was incorporated on October 2, 2018, in the Province of Ontario. The Board was established as a local board of the Corporation of the City of London to manage the Hamilton Road Business Improvement Area.

The Board was established to oversee the improvement, beautification and maintenance of municipally-owned land, buildings and structures in the area beyond that provided at the expense of the municipality generally and to promote the area as a business or shopping area.

Prior to incorporation, the Board operated as Hamilton Road Business Association and incurred revenue and expenses in the normal course of business.

The financial statements of the Board are prepared in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants of Canada Public Sector Handbook - Accounting.

1. Significant accounting policies:

The financial statements of the Board are prepared in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants of Canada Public Sector Accounting Handbook. The Board's significant accounting policies are as follows:

(a) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Computer equipment	4

1. Significant accounting policies (continued):

(b) Government transfers:

Government transfer payments from The Corporation of the City of London are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(c) Deferred revenue:

Contributions received for expenses of future periods are recorded as deferred revenue and recognized as revenue in the fiscal period the expenses are incurred.

(d) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(e) Budget figures:

Budget figures have been provided for comparison purposes.

(f) Donations in kind:

The Old East Village Business Improvement Area recognizes revenues and expenses for services which are donated which can be reasonably valued and are services which otherwise would have been purchased.

1. Significant accounting policies (continued):

(g) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

(h) Financial instruments:

Financial instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Cost
Accounts receivable	Cost
Accounts payable and accrued liabilities	Cost

Fair value category: The Board manages and reports performance for groups of financial assets on a far-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. A Statement of Remeasurement Gains and Losses has not been included as there are no matters to report therein.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

1. Significant accounting policies (continued):

(i) Financial instruments (continued):

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

2. Change in accounting policy - adoption of new accounting standards:

The Board adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments.

PS1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and nonmonetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

2. Change in accounting policy - adoption of new accounting standards (continued):

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and nonmonetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

2. Change in accounting policy - adoption of new accounting standards (continued):

PS 3280 Asset Retirement Obligations ("ARO") establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023. There was no impact to the financial statements as a result of the adoption of this standard.

3. Investments:

Investments are made up of guaranteed investment certificates which are recorded at amortized cost, have maturity dates of December 31, 2024 with an interest rate of 5%.

4. Accumulated surplus:

The balance of accumulated surplus is comprised of the following:

	2023	2022
Invested in tangible capital assets	$ 861	$ 1,086
Operating fund	224,060	45,803
	$ 224,921	$ 46,889

5. Tangible capital assets:

Cost		December 31, 2022		Additions		Disposals		December 31, 2023
Computer equipment	$	2,548	$	550	$	(560)	$	2,538
Total	$	2,548	$	550	$	(560)	$	2,538

Accumulated amortization		December 31, 2022		Amortization Expense		Disposals		December 31, 2023
Computer equipment	$	1,462	$	636	$	421	$	1,677
Total	$	1,462	$	636	$	421	$	1,677

		Net book value December 31, 2022		Net book value December 31, 2023
Computer equipment	$	1,086	$	861
Total	$	1,086	$	861

6. Related party transactions:

At year end, the amount due from Hyde Park BIA relating to the shared Digital Main Street grant was $1,392 (2022 - $9,817) .

Included in government grant revenue is $10,389 (2022 - $346) received from the City of London.

7. **Financial risks and concentration of risk:**

Risks arising from financial instruments and risk management

The Board is exposed to a variety of financial risks including credit risk, liquidity risk and market risk. The Board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Board's financial performance.

(a) Credit risk:

The Board's principal financial assets are cash and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the Statement of Financial Position represent the Board's maximum credit exposure as at the Statement of Financial Position date.

(b) Liquidity risk:

The Board mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all payable within six months. There have been no significant changes from the previous year in the Board's exposure to liquidity risk or policies, procedures and methods used to measure the risk.

The Board's financial instruments consist of cash, other investments, accounts receivable and accounts payable and accrued liabilities. It is the Board's opinion that the Board is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

Financial Statements of

HOUSING DEVELOPMENT CORPORATION, LONDON

And Independent Auditors' Report thereon

December 31, 2023

KPMG LLP
140 Fullarton Street, Suite 1400
London, ON N6A 5P2
Canada
Telephone 519 672 4880
Fax 519 672 5684

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Housing Development Corporation, London

Opinion

We have audited the financial statements of Housing Development Corporation, London (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 3, 2024

HOUSING DEVELOPMENT CORPORATION, LONDON
Statement of Financial Position
December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets		
Due from the Corporation of the City of London (note 4)	$ -	$ 1,740,869
Trade and other receivables (note 4)	**6,354,849**	3,636,448
Loans receivable	**289,260**	240,120
Total financial assets	**6,644,109**	5,617,437
Financial liabilities		
Due to the Corporation of the City of London (note 4)	**2,812,851**	-
Accounts payable and accrued liabilities (note 4)	**315,559**	2,135,156
Deferred revenue	**-**	382
Total financial liabilities	**3,128,410**	2,135,538
Net financial assets	**3,515,699**	3,481,899
Non-financial assets		
Tangible capital assets (note 5)	**33,542,115**	34,365,939
Prepaid expenses	**-**	4,834
Total non-financial assets	**33,542,115**	34,370,773
Commitments (note 10)		
Other matters (note 12)		
Accumulated surplus (note 6)	**$37,057,814**	$37,852,672

The accompanying notes are an integral part of these financial statements.

HOUSING DEVELOPMENT CORPORATION, LONDON
Statement of Operations
Year ended December 31, 2023, with comparative information for 2022

	Budget (note 9)	2023	2022
Revenues			
Transfer payments			
Municipal - the Corporation of the City of London (note 4)	$ 4,830,640	**$ 5,479,722**	$ 13,953,415
Federal	-	**-**	13,105
Property rental income	-	**446,463**	370,625
Interest income	217,000	**139,845**	63,867
Other	-	**865,824**	-
Total revenues	5,047,640	**6,931,854**	14,401,012
Expenses			
External transfers	-	**4,801,097**	3,734,232
Materials and supplies	69,037	**1,185,226**	237,230
Contracted services	31,500	**1,043,640**	199,235
Amortization of tangible capital assets (note 5)	689,000	**689,000**	286,446
Office rental expense	4,834	**7,749**	29,024
Salaries, wages and fringe benefits	-	**-**	82,032
Total expenses	794,371	**7,726,712**	4,568,199
Annual surplus (deficit)	4,253,269	**(794,858)**	9,832,813
Accumulated surplus, beginning of year (note 6)	37,852,672	**37,852,672**	28,019,859
Accumulated surplus, end of year (note 6)	$ 42,105,941	**$ 37,057,814**	$ 37,852,672

The accompanying notes are an integral part of these financial statements.

HOUSING DEVELOPMENT CORPORATION, LONDON
Statement of Change in Net Financial Assets
Year ended December 31, 2023, with comparative information for 2022

	Budget	2023	2022
Annual surplus (deficit)	$ 4,253,269	**$ (794,858)**	$ 9,832,813
Acquisition of tangible capital assets	(1,350,393)	**(1,350,393)**	(13,376,934)
Amortization of tangible capital assets	689,000	**689,000**	286,446
Loss on disposal of tangible capital assets	1,485,217	**1,485,217**	-
	5,077,093	**28,966**	(3,257,675)
Change in prepaid expenses	-	**4,834**	3,487
Change in net financial assets	5,077,093	**33,800**	(3,254,188)
Net financial assets, beginning of year	3,481,899	**3,481,899**	6,736,087
Net financial assets, end of year	$ 8,558,992	**$ 3,515,699**	$ 3,481,899

The accompanying notes are an integral part of these financial statements.

HOUSING DEVELOPMENT CORPORATION, LONDON
Statement of Cash Flows
Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	**$ (794,858)**	$ 9,832,813
Items not involving cash		
Amortization of tangible capital assets	**689,000**	286,446
Loss on disposal of tangible capital assets	**1,485,217**	-
Change in non-cash assets and liabilities		
Due from the Corporation of the City of London	**4,553,720**	4,727,343
Prepaid expenses	**4,834**	3,487
Trade and other receivables	**(2,718,401)**	(1,772,835)
Accounts payable and accrued liabilities	**(1,819,597)**	338,007
Deferred revenue	**(382)**	(5,289)
Net change in cash from operating activities	**1,399,533**	13,409,972
Capital activities		
Purchase of tangible capital assets	**(1,350,393)**	(13,376,934)
Net change in cash from capital activities	**(1,350,393)**	(13,376,934)
Investing activities		
Issuance of loans receivable	**(49,140)**	(15,278)
Net change in cash from investing activities	**(49,140)**	(15,278)
Financing activities		
Long-term debt issued (repayments)	**-**	(17,760)
Net change in cash from financing activities	**-**	(17,760)
Net change in cash flows and cash, end of year	**$ -**	$ -

The accompanying notes are an integral part of these financial statements.

1. Nature of Reporting Entity

Housing Development Corporation, London (the "Corporation") is a municipal services corporation with share capital incorporated under the *Business Corporations Act*, R.S.O. 1990, c.B.16 on October 26, 2015.

The Corporation is a wholly owned subsidiary company of The Corporation of the City of London (the "City") and is managed by a Board of Directors appointed by the City, as the sole shareholder.

2. Significant Accounting Policies

The financial statements of the Corporation are prepared by management, in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants (CPA) of Canada Public Sector Handbook – Accounting.

Significant accounting policies are as follows:

(a) Basis of Accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Asset Retirement Obligation

An asset retirement obligation is recognized when, as the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

2. Significant Accounting Policies (continued)

(c) Tangible Capital Assets (continued)

Asset	Useful Life - Years
Leasehold improvements	Lease term
Building	40
Equipment and furniture	5-10

Annual amortization is charged in the year of acquisition and in the year of disposal using the following rules:

- Leasehold improvements - prorated by month, based on in-service date.
- Building, equipment and furniture - half year rule.

Assets under construction are not amortized until the asset is available for productive use.

(d) Government Transfers

Government transfer payments from the City are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(e) Financial Instruments

Financial instruments are classified in one of the following categories: (i) fair value; (ii) cost or amortized cost. The Corporation determines the classification of its financial instruments at initial recognition.

Unsecured debentures and other long-term debt are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Transaction costs related to the issuance of long-term debt are capitalized and amortized over the term of the debt.

Other financial instruments, including due to and from the Corporation of the City of London, trade accounts receivable, loans receivable, accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

2. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

The following table provides the carrying amount information of the Corporation's financial instruments by category.

Financial Instruments	Measurement Method
Due to and from the Corporation of the City of London	Cost
Trade and other receivables	Cost
Other loans receivable	Amortized Cost
Accounts payable and accrued liabilities	Cost

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

Fair value category: The Corporation manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and related balances reverses from the Statement of Remeasurement Gains and Losses. A statement of Remeasurement Gains and Losses has not been included as there are no material matters to report therein.

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price at the trade date, which is the fair value of the consideration given or received. After initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques that refer to observable market data. These include comparisons with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

2. Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

Amortized cost category: Amounts are measured using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial asset or financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

2. Significant Accounting Policies (continued)

(f) Loans Receivable

Loans receivable are recorded at the lower of amortized cost and the net recoverable value when the risk of loss exists. Recoverability is reviewed annually, and a valuation allowance is recorded when recoverability is impaired. A loan receivable is written off when it is no longer recoverable. Recoveries of loans receivable previously written off are recognized in the year received. Changes in the valuation of loans receivables are recognized in the statement of operations and accumulated surplus. Interest is accrued on loans receivable to the extent it is deemed collectable.

When the terms associated with a loan are considered concessionary such that all or a part of the loan is a grant, the Corporation will expense the grant portion of the transaction in the statement of operations and accumulated surplus at the time the loan is made.

(g) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at the year-end date. Revenue and expenses are translated at the exchange rate prevailing on the transaction date. Realized and unrealized exchange gains and losses are included in the statement of operations.

(h) Use of Estimates

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the valuation allowances for receivables and useful lives assigned to tangible capital assets.

Actual results could differ from those estimates.

(i) Budget Figures

Budget figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by the Public Sector Accounting Board (“PSAB”), certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

2. Significant Accounting Policies (continued)

(j) Liability for Contaminated Sites

Under PS 3260, liability for contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

(k) Related Party Disclosures

Related parties exist when one party has the ability to control or has shared control over another party. Individuals that are key management personnel or close family members may also be related parties.

Disclosure is made when the transactions or events between related parties occur at a value different from what would have been recorded if they were not related and the transactions could have a material financial impact on the financial statements.

(l) Inter-entity Transactions

Transactions between related parties are recorded at carrying amounts with the exception of the following:

- Transactions in the normal course of business are recorded at exchange amount.
- Transactions with fair value consideration are recorded at exchange amount.
- Transfer of an asset or liability at nominal or no consideration is recorded by the provider at carrying amount and the recipient has the choice of either carrying amount or fair value.
- Cost allocations are reported using the exchange amount and revenues and expenses are reported on a gross basis.
- Unallocated costs for the provision of goods or services maybe recorded by the provider at cost, fair value or another amount dictated by policy, accountability structure or budget practice.

2. Significant Accounting Policies (continued)

(m) Future Accounting Pronouncements

These standards and amendments were not yet effective for the year ended December 31, 2023, and have therefore not been applied in preparing these consolidated financial statements. Management is currently assessing the impact of the following accounting standards updates on the future consolidated financial statements.

(i) Revenue

PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Corporation's December 31, 2024 year-end).

(ii) Public Sector Guideline 8 Purchased Intangible

Public Sector Guideline 8 Purchased Intangible, allows public sector entities to recognize intangible purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the Corporation's December 31, 2024 year-end).

(iii) Public Private Partnerships

PS 3160, Public Private Partnerships (P3s), provides specific guidance on the accounting and reporting for public private partnerships between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Corporation's December 31, 2024 year-end).

3. Change in Accounting Policies - Adoption of New Accounting Standards

The Corporation adopted the following standards concurrently, beginning January 1, 2023:

(a) PS 1201, Financial Statement Presentation

PS 1201, Financial Statement Presentation replaces PS 1200, Financial Statement presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601, Foreign Currency Translation, PS 3450, Financial Instruments, and PS 3041, Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

(b) PS 3041, Portfolio Investments

PS 3041, Portfolio Investments replaces PS 3040, Portfolio Investments. The standard provides guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450, Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030, Temporary Investments no longer applies.

(c) PS 3450, Financial Instruments and PS 2601, Foreign Currency Translation

The Corporation adopted PS 3450, Financial Instruments and PS 2601, Foreign Currency Translation standards prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position, and are measured at either fair value or amortized cost based on characteristics of the instrument and the Corporation's accounting policy choices. (see note 2, Significant accounting policies). Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

These above standards were adopted prospectively. There was no impact to the Corporation as a result of the adoption of the above standards.

3. Change in Accounting Policies - Adoption of New Accounting Standards (continued)

(d) PS 3280, Asset Retirement Obligations

The Corporation adopted PS 3280, Asset Retirement Obligations (ARO). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets by public sector entities. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

There was no impact to the Corporation as a result of the adoption of PS 3280, Asset Retirement Obligations.

4. Related Party Transactions

The City maintains a separate general ledger on behalf of the Corporation. All funds are paid and received through the City's bank account and are held for use by the Corporation.

In accordance with the City of London Council's direction of September 2, 2014, the Corporation has been extended shared services support from the City. The City's support services include information technology, risk management, facility, finance, payroll, purchasing, legal and other administrative services to ensure operational efficiency. The Corporation incurred charges of **$51,198** (2022 - $37,967) for these services and this expense has been included in the Statement of Operations.

In 2023, the Corporation transferred land to the City with a carrying value of **$404,581**, for nominal consideration. This loss on disposal has been recorded in the Statement of Operations in external transfers.

During the year, the Corporation received municipal revenues from the shareholder, as follows:

- Operating appropriation revenue of **$57,371** (2022 - $174,169)
- Annual contribution to the affordable housing reserve fund of **$3,300,000** (2022 - $3,080,000)
- Municipal funding contribution of **$2,122,351** (2022 - $10,699,246) towards building construction and rental property operations.
- Municipal revenue for insurance claims of **$199,000.**

As at December 31, 2023, the Corporation owed the City **$2,834,835** (2022 - $26,800), along with $**28,998** (2022 - $27,357), owing to other Boards of the City. Included in trades and other receivables is **$274,985** (2022 - $117,458) due from other Boards of the City.

5. Tangible Capital Assets

Cost	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
Land	$ 3,626,930	$ 95,040	$ 1,485,217	**$ 2,236,753**
Building	18,593,199	12,880,832	-	**31,474,031**
Leasehold improvements	218,431	-	-	**218,431**
Equipment and furniture	279,592	480,662	-	**760,254**
Assets under construction	12,106,141	1,255,351	13,361,492	**-**
Total	$ 34,824,293	$ 14,711,885	$ 14,846,709	**$ 34,689,469**

Accumulated Amortization	Balance at December 31, 2022	Amortization Expense	Amortization Disposals	Balance at December 31, 2023
Land	$ -	$ -	$ -	**$ -**
Building	228,336	629,918	-	**858,254**
Leasehold improvements	211,149	7,282	-	**218,431**
Equipment and furniture	18,869	51,800	-	**70,669**
Assets under construction	-	-	-	**-**
Total	$ 458,354	$ 689,000	$ -	**$ 1,147,354**

	Net Book Value December 31, 2022	Net Book Value December 31, 2023
Land	$ 3,626,930	**$ 2,236,753**
Building	18,364,863	**30,615,777**
Leasehold improvements	7,282	**-**
Equipment and furniture	260,723	**689,585**
Assets under construction	12,106,141	**-**
Total	$ 34,365,939	**$ 33,542,115**

6. Accumulated Surplus

Accumulated surplus consists of the following:

	2023	2022
Surplus		
Invested in tangible capital assets	**$ 33,542,115**	$ 34,365,939
Reserve funds set aside for specific purpose by the Board		
Future affordable housing (note 7)	**3,515,599**	3,486,633
Share capital		
100 Class A common shares (note 8)	**100**	100
	$ 37,057,814	$ 37,852,672

7. Analysis of Reserve Fund

	2023	2022
Reserve fund for future affordable housing:		
Balance, beginning of year	**$ 3,486,633**	$ 6,744,308
Interest earned	**139,845**	63,867
Contributions from current operations:		
Annual	**3,300,000**	3,080,000
Transfers from capital operations	**210,577**	-
Transfers to current operations	**(3,533,754)**	(3,733,960)
Transfers to capital operations:		
Development of land for future use	**(87,702)**	(2,667,582)
Balance, end of year	**$ 3,515,599**	$ 3,486,633

	2023	2022
Comprised of:		
Contributions from the City of London, stipulated for use in future affordable housing projects	**$ 3,438,579**	$ 3,191,739
Accumulated operating surpluses held for future administration expenses	**77,020**	294,894
Balance, end of year	**$ 3,515,599**	$ 3,486,633

8. Share Capital

	2023	**2022**
Authorized:		
An unlimited number of Class A common shares		
An unlimited number of Class B common shares		
An unlimited number of Class C common shares		
An unlimited number of non-cumulative, redeemable, voting Class A Special shares		
An unlimited number of non-cumulative, redeemable, voting Class B Special shares		
An unlimited number of non-cumulative, redeemable, voting Class C Special shares		
An unlimited number of non-cumulative, redeemable, voting Class D Special shares		
An unlimited number of non-cumulative, redeemable, voting Class E Special shares		
Issued:		
100 Class A common shares	**$ 100**	$ 100

9. Budget Data

Budget data presented in these financial statements are based upon the 2023 operating budget approved by the Board. Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting. These adjustments include revenues and expenses which were budgeted in the capital budget and amortization. Given that certain budget information is not available in full accrual format, the assumption of using budget adjustments that equal the actual full accrual adjustments was used. These full accrual budget estimates are for financial statement presentation only.

The chart below reconciles the approved budget with the budget figures as presented in these financial statements.

	Budget
Revenues	
Municipal revenue – The Corporation of the City of London	$ 4,176,797
Municipal revenue – Transfers from capital and reserve fund	48,000
Government grants	2,000
Total Revenues	4,226,797
Expenses	
Personnel costs	556,390
Administrative expenses	47,500
Financial expenses - Transfers to reserve fund	3,300,000
Purchased services	110,197
Materials and supplies	12,080
Furniture and equipment	15,000
Recovered expenses	185,630
Total expenses	4,226,797
Net surplus as per approved budget	-
PSAB reporting requirements and Budget adjustments:	
Capital program funding earned in year	1,473,269
Decrease in transfers to (from) capital and reserve fund	3,252,000
Increase in amortization	(689,000)
Increase in interest income - reserve fund	217,000
Net PSAB budget surplus as per financial statements	$ 4,253,269

10. Commitments

(a) The City is responsible for the delivery and administration of affordable housing programs in the City of London and the County of Middlesex. The City has delegated responsibilities for the administration and development activities for capital development within the Rental Housing Component to the Corporation. Under this delegated authority, the Corporation has entered into various Municipal Contribution Agreements related to Affordable Housing Programs. The agreements are between the Corporation, the City and the successful proponent, who is selected through a procurement process. The agreements establish the proponent's obligations with respect to the program and the Corporation's and City's obligation to provide funding to the proponent.

As at December 31, 2023, the Corporation has outstanding commitments remaining on these agreements of **$557,745** (2022 - $618,625).

(b) The Corporation also has outstanding commitments remaining on construction contracts as at December 31, 2023, of **$141,513** (2022 - $nil).

11. Financial Instruments and Risk Management

The Corporation's activities expose it to credit risk and liquidity risk.

11. Financial Instruments and Risk Management (continued)

(a) Credit Risk

Credit risk is the risk of financial loss if a counterparty fails to honour its contractual obligation.

The Corporation is also subject to credit risk with respect to loans and trade accounts receivables. The Corporation manages credit risk by engaging with recognized, credit worthy third parties. The Corporation has no significant concentration of credit risk with any one individual customer. There were no changes in exposures to credit risk during the year. The outstanding amounts related to financial instruments are presented in the table below.

	Current	31-60 days	61-90 days	91-120 days	Over 120 days	Total
Other account receivables	$941,809	$ -	$ -	$ -	$ -	**$941,809**
Net receivable	$941,809	$ -	$ -	$ -	$ -	**$941,809**

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Loans and long-term receivables	$ -	$ -	$ -	$289,260	**$ 289,260**
Total	$ -	$ -	$ -	$289,260	**$ 289,260**

(b) Liquidity Risk

The Corporation is also exposed to liquidity risk with respect to accounts payable and accrued liabilities. Most accounts payable and accrued liabilities are expected to be settled in thirty days. The maturities of other financial liabilities are provided in the notes to financial statements related to those liabilities. There have been no significant changes in the exposure to risk or policies, procedures, or methods to measure risk. The outstanding amounts related to financial instruments at year-end are presented in the table below.

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 315,559	$ -	$ -	$ -	**$ 315,559**
Total	$ 315,559	$ -	$ -	$ -	**$ 315,559**

12. Other matters

The Corporation of the City of London (City), the sole shareholder of the Corporation, has undertaken resolutions to direct the transition of the affordable housing portfolio of the Housing Development Corporation, London into the City's corporate structure, including the Corporation's staff and business operations. At its Municipal Council meeting on March 23, 2021, the City resolved to have Civic Administration undertake all actions required to support the dissolution of the Corporation and report back when it has been confirmed that all commitments and functions of the Corporation have been assumed by the City.

DRAFT Financial Statements of

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

And Independent Auditor's Report thereon

Year ended December 31, 2023

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The Hyde Park Business Improvement Association Board of Management

Opinion

We have audited the financial statements of The Hyde Park Business Improvement Association Board of Management (the Board), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets (debt) for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2023 and its results of operations, its changes in net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DRAFT
Chartered Professional Accountants, Licensed Public Accountants

London, Canada

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Statement of Financial Position

DRAFT

December 31, 2023, with comparative information for 2022

		2023		2022
Financial assets:				
Cash	$	81,662	$	313,316
Accounts receivable		1,612		5,148
HST receivable		59,382		42,024
		142,656		360,488
Financial liabilities:				
Accounts payable and accrued liabilities (note 5)		207,250		100,538
Deferred revenue		3,190		11,815
Deposits payable		29,960		21,395
		240,400		133,748
Net financial assets (debt)		(97,744)		226,740
Non financial assets:				
Tangible capital assets (note 4)		79,277		40,728
Prepaid expenses		6,938		25,906
		86,215		66,634
Commitments (note 6)				
Accumulated surplus (deficit) (note 3)	$	(11,529)	$	293,374

See accompanying notes to financial statements.

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Statement of Operations and Accumulated Surplus

DRAFT

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
Revenue:			
Municipal levy - The City of London	$ 530,000	$ 374,577	$ 480,996
Other:			
Miscellaneous	76,000	93,323	133,608
Program income	-	18,665	24,916
	606,000	486,565	639,520
Expenses:			
Business development	451,290	444,197	324,935
Administration	290,023	223,222	194,148
General expenses	5,430	40,470	45,356
Miscellaneous	-	28,513	2,220
Office	24,257	25,127	25,145
Amortization of tangible capital assets	-	16,337	8,336
Member services	9,000	13,603	11,676
	780,000	791,469	611,816
Annual surplus (deficit)	(174,000)	(304,904)	27,704
Accumulated surplus, beginning of year	293,374	293,374	265,670
Accumulated surplus (deficit), end of year (note 3)	$ 119,374	$ (11,529)	$ 293,374

See accompanying notes to financial statements.

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Statement of Changes in Net Financial Assets (debt)

DRAFT

Year ended December 31, 2023, with comparative information for 2022

	Budget 2023	Actual 2023	Actual 2022
Annual surplus (deficit)	$ (174,000)	$ (304,904)	$ 27,704
Acquisition of tangible capital assets	-	(54,886)	(4,817)
Amortization of tangible capital assets	-	16,337	8,336
Change in prepaid expenses	-	18,969	(13,939)
Change in net financial assets	(174,000)	(324,484)	17,284
Net financial assets, beginning of year	226,740	226,740	209,456
Net financial assets (debt), end of year	$ 52,740	$ (97,744)	$ 226,740

See accompanying notes to financial statements.

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Statement of Cash Flows

DRAFT

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	$ (304,904)	$ 27,704
Item not involving cash:		
Amortization	16,337	8,336
Changes in non-cash operating working capital:		
Accounts receivable	3,536	14,375
HST receivable	(17,358)	22,057
Accounts payable and accrued liabilities	106,712	3,321
Deposits payable	8,565	7,270
Deferred revenue	(8,625)	(6,685)
Prepaid expenses	18,969	(13,939)
	(176,768)	62,439
Capital activities:		
Purchase of tangible capital assets	(54,886)	(4,817)
Increase (decrease) in cash	(231,654)	57,622
Cash, beginning of year	313,316	255,694
Cash, end of year	$ 81,662	$ 313,316

See accompanying notes to financial statements.

Subsection 204(1) of the Municipal Act, 2001 provides that a local municipality may designate an area as an improvement area and may establish a board of management. The Hyde Park Business Improvement Association Board of Management (the "Board") was incorporated on October 3, 2017, in the Province of Ontario. The Board was established as a local board of the Corporation of the City of London to manage the Hyde Park Business Improvement Area.

The Board was established to oversee the improvement, beautification and maintenance of municipally-owned land, buildings and structures in the area beyond that provided at the expense of the municipality generally and to promote the area as a business or shopping area.

Prior to incorporation, the Board operated as Hyde Park Business Association and incurred revenue and expenses in the normal course of business.

1. Significant accounting policies:

The financial statements of the Board are prepared in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants of Canada Public Sector Accounting Handbook. The Board's significant accounting policies are as follows:

(a) Basis of accounting:

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Rate
Furniture and fixtures	10 years
Computer hardware	4 years
Leasehold improvements	Lease-term

1. Significant accounting policies (continued):

(c) Government transfers:

Government transfer payments from The Corporation of the City of London are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(d) Deferred revenue:

Contributions received for expenses of future periods are recorded as deferred revenue and recognized as revenue in the fiscal period the expenses are incurred.

(e) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(f) Financial instruments:

Financial instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Cost
Accounts receivable	Cost
Accounts payable and accrued liabilities	Cost

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

Fair value category: The Board manages and reports performance for groups of financial assets on a far-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. A Statement of Remeasurement Gains and Losses has not been included as there are no matters to report therein.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

(g) Budget figures:

Budget figures have been provided for comparison purposes.

2. Change in Accounting policy – adoption of new accounting standards:

The Board adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments.

PS1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

2. Change in Accounting policy – adoption of new accounting standards (continued):

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

Fair value hierarchy
The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:
Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).
The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

2. Change in Accounting policy – adoption of new accounting standards (continued):

PS 3280 Asset Retirement Obligations ("ARO") establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023. There was no impact to the financial statements as a result of the adoption of this standard.

3. Accumulated surplus (deficit):

The balance of accumulated surplus (deficit) is comprised of the following:

	2023	2022
Invested in tangible capital assets	$ 79,277	$ 40,728
Operating fund	(90,806)	252,646
	$ (11,529)	$ 293,374

4. Tangible capital assets:

Cost	December 31, 2022	Additions	Disposals	December 31, 2023
Furniture and fixtures	$ 51,761	$ 21,715	$ -	$ 73,476
Computer hardware	14,379	919	-	15,298
Leasehold Improvements	7,189	32,252	-	39,441
	$ 73,329	$ 54,886	$ -	$ 128,215

Accumulated amortization	December 31, 2022	Amortization expense	Disposals	December 31, 2023
Furniture and fixtures	$ 19,062	$ 6,301	$ -	$ 25,363
Computer hardware	6,350	3,243	-	9,593
Leasehold Improvements	7,189	6,793	-	13,982
	$ 32,601	$ 16,337	$ -	$ 48,938

Net book value	December 31, 2022	December 31, 2023
Furniture and fixtures	$ 8,029	$ 48,113
Computer hardware	32,699	5,705
Leasehold Improvements	-	25,459
	$ 40,728	$ 79,277

5. Related party transactions:

At December 31, 2023, there was an amount payable from the Board to the Corporation of the City of London of $155,423 (2022 - $3,004) which has been included in accounts payable and accrued liabilities. Also included in accounts payable and accrued liabilities is $9,928 (2022 - $43,629) owing to certain other Boards of the City of London.

6. Commitments:

The Board has entered into a five-year lease agreement for their premises. Future minimum lease payments under the lease as of December 31, 2023 are as follows:

Year ending December 31:

2024	$	24,984
2025		25,734
2026		26,506
2027		22,637
	$	99,861

7. Financial risks and concentration of risk:

Risks arising from financial instruments and risk management.

The Board is exposed to a variety of financial risks including credit risk, liquidity risk and market risk. The Board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Board's financial performance.

(a) Credit risk:

The Board's principal financial assets are cash and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the Statement of Financial Position represent the Board's maximum credit exposure as at the Statement of Financial Position date.

7. Financial risks and concentration of risk (continued):

(b) Liquidity risk:

The Board mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all payable within six months. There have been no significant changes from the previous year in the Board’s exposure to liquidity risk or policies, procedures and methods used to measure the risk.

The Board's financial instruments consist of cash, other investments, accounts receivable and accounts payable and accrued liabilities. It is the Board's opinion that the Board is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

Financial Statements of

THE LONDON CONVENTION CENTRE CORPORATION

And Independent Auditor's Report thereon

Year ended December 31, 2023

KPMG LLP
140 Fullarton Street, Suite 1400
London, ON N6A 5P2
Canada
Telephone 519 672 4880
Fax 519 672 5684

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The London Convention Centre Corporation

Opinion

We have audited the financial statements of The London Convention Centre Corporation (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023 and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 8, 2024

THE LONDON CONVENTION CENTRE CORPORATION

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial assets:		
Cash	$ 838,569	$ 848,206
Accounts receivable (note 3)	614,394	518,468
Other receivables	34,680	279,819
Receivable from The City of London	-	184,596
	1,487,643	1,831,089
Financial liabilities:		
Accounts payable and accrued liabilities	483,474	816,200
Payable to The City of London	100,423	-
Accrued sick and vacation	28,123	12,707
Advance deposits and deferred revenue	607,191	893,339
	1,219,211	1,722,246
Net financial assets	268,432	108,843
Non-financial assets		
Inventory (note 4)	66,966	86,199
Tangible capital assets (note 6)	16,874,878	16,725,652
Prepaid expenses	75,687	64,337
	17,017,531	16,876,188
Contingencies (note 11)		
Accumulated surplus (note 8)	$ 17,285,963	$ 16,985,031

See accompanying notes to financial statements.

On behalf of the Board:

____________________ Director ____________________ Director

THE LONDON CONVENTION CENTRE CORPORATION

Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
	(note 10)		
Sales:			
Food and beverage	$ 3,465,000	$ 4,329,574	$ 2,839,848
Other	1,033,900	1,182,274	875,616
Capital reserve drawdown	460,000	1,177,510	506,761
Space rental	585,000	757,546	549,500
City capital appropriation	677,604	677,604	667,587
Technical	342,985	536,881	272,380
Federal grants	-	404,602	558,201
Parking	418,450	400,412	254,311
City grant	-	-	850,000
	6,982,939	9,466,403	7,374,204
Cost of goods sold:			
Food and beverage	982,060	1,140,578	798,897
Other	135,013	50,949	72,676
Technical	7,503	6,985	6,587
	1,124,576	1,198,512	878,160
	5,858,363	8,267,891	6,496,044
Expenditures:			
Event services and culinary	2,210,963	2,121,611	1,680,653
Amortization of tangible capital assets	1,343,444	1,398,083	1,343,444
Corporate services	1,049,879	1,111,121	1,049,900
City appropriation	677,604	1,030,329	699,983
Sales and catering	908,202	906,296	741,818
Facility services	561,187	637,236	479,741
Energy	570,060	604,191	540,772
Cleaning	131,812	82,720	59,595
Other	49,615	48,897	22,226
Parking	52,738	26,475	39,743
	7,555,504	7,966,959	6,657,875
Annual surplus (deficit) (note 9)	(1,697,141)	300,932	(161,831)
Accumulated surplus, beginning of year	16,985,031	16,985,031	17,146,862
Accumulated surplus, end of year	$ 15,287,890	$ 17,285,963	$ 16,985,031

See accompanying notes to financial statements.

THE LONDON CONVENTION CENTRE CORPORATION

Statement of Changes in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 10)	2023 Actual	2022 Actual
Annual surplus (deficit)	$ (1,697,141)	$ 300,932	$ (161,831)
Amortization of tangible capital assets	1,343,444	1,398,083	1,343,444
Acquisition of tangible capital assets	(460,000)	(1,547,309)	(1,105,064)
	(813,697)	151,706	76,549
Acquisition of inventory	-	(66,966)	(86,199)
Acquisition of prepaid expenses	-	(75,687)	(64,337)
Consumption of inventory	-	86,199	44,421
Use of prepaid expenses	-	64,337	39,267
Change in net financial assets	(813,697)	159,589	9,701
Net financial assets, beginning of year	108,843	108,843	99,142
Net financial assets, end of year	$ (704,854)	$ 268,432	$ 108,843

See accompanying notes to financial statements.

THE LONDON CONVENTION CENTRE CORPORATION

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	$ 300,932	$ (161,831)
Item not involving cash:		
Amortization of tangible capital assets	1,398,083	1,343,444
Changes in non-cash operating working capital:		
Accounts receivable	(95,926)	(269,771)
Other receivables	245,139	(235,138)
Inventory	19,233	(41,778)
Prepaid expenses	(11,350)	(25,070)
Accounts payable and accrued liabilities	(332,726)	584,870
Accrued sick and vacation	15,416	(38,662)
Receivable from the City of London	285,019	(168,000)
Advance deposits and deferred revenue	(286,148)	(73,208)
	1,537,672	914,856
Capital activities:		
Acquisition of tangible capital assets	(1,547,309)	(1,105,064)
Net change in cash	(9,637)	(190,208)
Cash, beginning of year	848,206	1,038,414
Cash, end of year	$ 838,569	$ 848,206

See accompanying notes to financial statements.

1. Significant accounting policies:

The financial statements of The London Convention Centre Corporation (the "Corporation") are prepared in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants Canada Public Sector Accounting Handbook.

(a) Basis of accounting:

Sources of financing and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Rate
Buildings and building improvements	5-40 years
Furniture and equipment	5-20 years
Infrastructure	3-10 years
Vehicles	10-20 years

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

An asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

1. Significant accounting policies (continued):

(c) Revenue recognition:

Revenue from events is recorded in the statement of operations in the year in which the event is held, and the related receivable is considered collectible.

Government transfer payments are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(d) Inventory:

Inventory is valued at the lower of cost, being laid down cost, and net realizable value, using the specific item costing method.

(e) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Such estimates include valuation of accounts receivable, inventory, and tangible capital assets. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, and makes adjustments in the financial statements on a prospective basis. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates.

(f) Budget figures:

Budget figures have been provided for comparison purposes. Given differences between the budgeting model and public sector accounting standards ("PSAS"), certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAS.

1. Significant accounting policies (continued):

(g) Financial instruments:

Financial Instruments are classified into three categories: fair value, amortized cost or cost. Portfolio investments reported at fair value consist of equity instruments, certain fixed income securities, derivative instruments, and any other investments where the investments are managed and evaluated on a fair value basis and the fair value option is elected.

Other financial instruments, including cash and cash equivalents, investments in guaranteed investment certificates, accounts receivable, loans receivable, accounts payable and accrued liabilities, and long-term debt are initially recorded at their fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

Fair value category: The Corporation manages and reports performance for groups of financial assets on a far-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and related balances reversed from the Statement of Remeasurement Gains and Losses. A Statement of Remeasurement Gains and Losses has not been included as there are no material matters to report therein.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

2. Change in accounting policy - adoption of new accounting standards:

The Corporation adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments.

(a) PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

(b) PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and nonmonetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

(c) PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

2. Change in accounting policy - adoption of new accounting standards (continued):

(d) PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

Fair value hierarchy: The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

(i) Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

(iii) Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

2. Change in accounting policy - adoption of new accounting standards (continued):

(e) PS 3280 Asset Retirement Obligations ("ARO") establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 on a modified retroactive basis with prior period restatement.

In the past, the Corporation has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

3. Accounts receivable:

Included in accounts receivable is $148,007 (2022 - $25,815) owing from the City of London.

4. Inventory:

At December 31, inventory consists of:

	2023	2022
Food	$ 25,097	$ 28,386
Beverages	41,869	57,813
	$ 66,966	$ 86,199

5. Capital reserve:

A capital reserve is managed by The City of London to finance future capital expenditures. The reserve has not been recognized in these financial statements and will be accounted for as the funds are received and expended.

	2023	2022
Opening balance	$ 2,405,852	$ 2,174,386
Interest	51,151	38,310
Contributions	784,413	699,917
Capital expenditures	(1,368,932)	(506,761)
Closing balance	$ 1,872,484	$ 2,405,852

6. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
Building	$ 27,143,683	$ -	$ -	$ 27,143,683
Building improvements	13,245,560	1,612,079	-	14,857,639
Equipment	1,757,096	84,720	-	1,841,816
Furniture	1,106,315	5,425	-	1,111,740
Infrastructure	1,063,946	246,539	-	1,310,485
Vehicles	63,841	2,263	-	66,104
Construction in progress	435,344	31,627	(435,344)	31,627
	$ 44,815,785	$ 1,982,653	$ (435,344)	$ 46,363,094

Accumulated amortization	Balance at December 31, 2022	Disposals	Amortization expense	Balance at December 31, 2023
Building	$ 19,794,070	$ -	$ 686,648	$ 20,480,718
Building improvements	5,139,541	-	561,375	5,700,916
Equipment	1,610,543	-	41,532	1,652,075
Furniture	756,567	-	28,897	785,464
Infrastructure	752,984	-	77,237	830,221
Vehicles	36,428	-	2,394	38,822
Construction in progress	-	-	-	-
	$ 28,090,133	$ -	$ 1,398,083	$ 29,488,216

Net book value	Balance at December 31, 2022	Balance at December 31, 2023
Building	$ 7,349,613	$ 6,662,965
Building improvements	8,106,019	9,156,723
Equipment	146,553	189,741
Furniture	349,748	326,276
Infrastructure	310,962	480,264
Vehicles	27,413	27,282
Construction in progress	435,344	31,627
	$ 16,725,652	$ 16,874,878

6. Tangible capital assets (continued):

Ownership of capital assets is vested with the City of London. The Centre Corporation operates the facilities on behalf of the City of London. The fixed assets and the related amortization have been included in the financial statements of The London Convention Centre Corporation in order to reflect the assets over which it has stewardship.

7. Pension agreement:

The London Convention Centre Corporation contributes to the Ontario Municipal Employees Retirement Fund ("OMERS") which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2023 was $233,015 (2022 - $188,199) for current service and is expensed in the statement of operations.

The last available report for the OMERS plan was on December 31, 2023. At that time, the plan reported a $4.2 billion actuarial deficit (2022 - $6.7 billion), based on actuarial liabilities for $136.1 million (2022 - $130.3 million) and actuarial assets for $131.9 million (2022 - $123.6 million). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

8. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves funds as follows:

	2023	2022
Surplus:		
Invested in tangible capital assets	$ 16,874,878	$ 16,725,652
Other	411,085	259,379
	$ 17,285,963	$ 16,985,031

9. Income from operations:

In order to assess the operations of the Corporation, management removes the impact of capital items from the operating results included in the statement of operations. Accordingly, management defines income from operations as follows:

	2023	2022
Annual surplus (deficit)	$ 300,932	$ (161,831)
Add back:		
Amortization	1,398,083	1,343,444
City appropriation	1,030,329	699,983
	2,428,412	2,043,427
Deduct:		
City capital funding	(1,855,114)	(1,174,348)
	$ 874,230	$ 707,248

10. Budget data:

Budget figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by the PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

Revenues	$ 5,845,335
Cost of goods sold	(1,124,576)
Expenses	(5,534,456)
Annual deficit, as budgeted	(813,697)
City capital appropriation	677,604
Capital reserve drawdown	460,000
Amortization of capital assets	(1,343,444)
City appropriation	(677,604)
Annual deficit, revised	$ (1,697,141)

11. Contingencies:

The Corporation is subject to certain actual and potential legal claims, which have arisen in the normal course of operations. It has been determined by management that the outcome of these claims are not determinable at this point and as such, no amounts have been included in these financial statement.

12. Financial and other risks:

As the valuation of all financial instruments held by the Corporation at fair value are derived from quoted process in active markets, all would be in Level 1 of the fair value hierarchy.

Risks arising from financial instruments and risk management

The Corporation is exposed to a variety of financial risks including credit risks, liquidity risk and market risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's financial performance.

(a) Credit risk:

The Corporation's principal financial assets that are subject to credit risk are cash and accounts receivable. The carrying amounts of financial assets on the Statement of Financial Position represent the Corporation's maximum credit exposure as at the Statement of Financial Position date.

(b) Liquidity risk:

The Corporation mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current. There have been no significant changes from the previous year in the Corporation's exposure to liquidity risk or policies, procedures and methods used to measure the risk. All accounts payable and accrued liabilities will be paid within six (6) months.

The Corporation's financial instruments consist of cash, bank indebtedness, accounts receivable, long-term receivables, and accounts payable and accrued liabilities. It is the Corporation's opinion that the Corporation is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

Combined Financial Statements of

LONDON DOWNTOWN BUSINESS ASSOCIATION

And Independent Auditor's Report thereon

Year ended December 31, 2023

KPMG LLP
140 Fullarton Street, Suite 1400
London ON N6A 5P2
Canada
Telephone 519 672 4880
Fax 519 672 5684

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of London Downtown Business Association

Opinion

We have audited the combined financial statements of London Downtown Business Association (the Entity), which comprise:

- the combined statement of financial position as at December 31, 2023
- the combined statement of operations for the year then ended
- the combined statement of change in net financial assets for the year then ended
- the combined statement of cash flows for the year then ended
- and notes to the combined financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the financial statements present fairly, in all material respects, the combined financial position of the Entity as at December 31, 2023, and its combined results of operations, its combined change in net financial assets and its combined cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

London, Canada

May 24, 2024

LONDON DOWNTOWN BUSINESS ASSOCIATION

Combined Statement of Financial Position

December 31, 2023, with comparative information for 2022

	LDBA 2023	Main Street 2023	Total 2023	Total 2022
Financial assets				
Cash and cash equivalents	$ 1,878,784	$ 312,403	$ 2,191,187	$ 1,082,764
Accounts receivable	178,262	3,224	181,486	165,307
Due from the Hyde Park Business Improvement Association Board of Management (note 4)	2,490	-	2,490	11,048
	2,059,536	315,627	2,375,163	1,259,119
Financial liabilities				
Accounts payable and accrued liabilities (note 4)	232,689	529	233,218	299,717
Deferred revenue	2,490	-	2,490	11,048
Funds on deposit	-	144,517	144,517	144,705
	235,179	145,046	380,225	455,470
Net financial assets	1,824,357	170,581	1,994,938	803,649
Non-financial assets				
Tangible capital assets (note 3)	13,867	-	13,867	18,780
Prepaid expenses	9,940	-	9,940	11,496
	23,807	-	23,807	30,276
Commitments (note 6)				
Accumulated surplus (note 5)	$ 1,848,164	$ 170,581	$ 2,018,745	$ 833,925

See accompanying notes to combined financial statements.

On behalf of the Board:

______________________ Director ______________________ Director

LONDON DOWNTOWN BUSINESS ASSOCIATION

Combined Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	Budget	LDBA 2023	Main Street 2023	Total 2023	Total 2022
Revenue:					
Municipal levy from the City of London	$ 1,583,343	$ 1,723,334	$ -	$ 1,723,334	$ 1,715,552
Grant income		1,194,400	-	1,194,400	-
Main Street London funding	305,000	-	240,000	240,000	106,158
Interest income	1,700	17,432	1,822	19,254	6,544
Miscellaneous income (note 4)	30,000	8,425	-	8,425	377,803
Total revenue	1,920,043	2,943,591	241,822	3,185,413	2,206,057
Expenses:					
Business development	674,498	705,158	-	705,158	706,038
Salaries and wages	587,100	554,427	22,837	577,264	567,679
Programs	305,000	-	118,491	118,491	203,715
Member services	167,500	354,873	-	354,873	490,041
Administration	102,945	92,821	-	92,821	108,387
Rent	83,000	80,513	-	80,513	79,718
Amortization	-	8,473	-	8,473	19,522
Bad debts	-	-	-	-	600
Business retention	-	-	63,000	63,000	-
Total expenses	1,920,043	1,796,265	204,328	2,000,593	2,175,700
Annual surplus	-	1,147,326	37,494	1,184,820	30,357
Accumulated surplus, beginning of year	803,568	700,838	133,087	833,925	803,568
Accumulated surplus, end of year	$ 803,568	$ 1,848,164	$ 170,581	$ 2,018,745	$ 833,925

See accompanying notes to combined financial statements.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Combined Statement of Change in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	Budget	LDBA 2023	Main Street 2023	Total 2023	Total 2022
Annual surplus	$ -	$ 1,147,326	$ 37,494	$ 1,184,820	$ 30,357
Amortization of tangible capital assets	-	8,473	-	8,473	19,522
	-	1,155,799	37,494	1,193,293	49,879
Change in prepaid expenses	-	(2,004)	-	(2,004)	(11,496)
Change in net financial assets	-	1,153,795	37,494	1,191,289	38,383
Net financial assets, beginning of year	803,649	670,562	133,087	803,649	765,266
Net financial assets, end of year	$ 803,649	$ 1,824,357	$ 170,581	$ 1,994,938	$ 803,649

See accompanying notes to combined financial statements.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Combined Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash and cash equivalents provided by (used in):		
Operating activities:		
Annual surplus	$ 1,184,820	$ 30,357
Item not involving cash:		
Amortization	8,473	19,522
Changes in non-cash operating working capital:		
Accounts receivable	(16,179)	(71,009)
Due from related party	8,558	7,285
Prepaid expenses	1,556	(11,496)
Accounts payable and accrued liabilities	(66,499)	143,382
Deferred revenue	(8,558)	(7,285)
	1,112,171	110,756
Financing activities:		
Funds on deposit	(188)	(53,343)
Capital activities:		
Acquisitions of tangible capital assets	(3,560)	-
Investing activities:		
Change in investments, net	-	401,972
Increase in cash and cash equivalents	1,108,423	459,385
Cash and cash equivalents, beginning of year	1,082,764	623,379
Cash and cash equivalents, end of year	$ 2,191,187	$ 1,082,764
Supplemental cash flow information:		
Cash	$ 2,130,390	$ 1,021,967
Cash equivalents	60,797	60,797
	$ 2,191,187	$ 1,082,764

See accompanying notes to combined financial statements.

1. Significant accounting policies:

The combined financial statements of the London Downtown Business Association (the "Association") are prepared in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants Canada Public Sector Handbook - Accounting.

(a) Basis of accounting:

Sources of financing and expenditures are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Cash equivalents:

Cash equivalents consist of guaranteed investment certificates due on demand.

(c) Investments:

Investments consist of guaranteed investment certificates. Interest income is recognized as it is earned.

(d) Government transfers:

Government transfer payments from the City of London are recognized in the combined financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(e) Deferred revenue:

Funds received for expenses of future periods are deferred and recognized as income when the costs for which the revenue is received are incurred.

1. Significant accounting policies (continued):

(f) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Rate
Furniture	5 years
Computer equipment	4 years
Leasehold improvements	Lease term

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Such estimates include valuation of accounts receivable, tenant improvement loans and other long-lived assets. Actual results could differ from those estimates.

(h) Budget amounts:

Budget figures have been provided for comparison purposes.

(i) Related party transactions:

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

1. Significant accounting policies (continued):

(j) Financial instruments:

Financial Instruments are classified into three categories: fair value, amortized cost or cost. Portfolio investments reported at fair value consist of equity instruments, certain fixed income securities, and any other investments where the investments are managed and evaluated on a fair value basis and the fair value option is elected.

Other financial instruments, including cash and cash equivalents, accounts receivable, loans receivable, and accounts payable and accrued liabilities are initially recorded at their fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

Fair value category: Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and related balances reversed from the Statement of Remeasurement Gains and Losses. A Statement of Remeasurement Gains and Losses has not been included as there are no matters to report therein.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

2. Change in accounting policy - adoption of new accounting standards:

The Association adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*.

(a) PS 1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

(b) PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

(c) PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

(d) PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

Fair value hierarchy: The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

(i) Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

2. Change in accounting policy - adoption of new accounting standards (continued):

(d) PS 3450 *Financial Instrument*s (continued):

(ii) Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

(iii) Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

(e) PS 3280 *Asset Retirement Obligations* ("ARO") establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard had no impact on the Association.

3. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
Furniture	$ 18,685	$ -	$ -	$ 18,685
Computer equipment	11,753	3,560	-	15,313
Leasehold improvements	124,272	-	-	124,272
Total	$ 154,710	$ 3,560	$ -	$ 158,270

Accumulated amortization	Balance at December 31, 2022	Disposals	Amortization expense	Balance at December 31, 2023
Furniture	$ 4,048	$ -	$ 3,737	$ 7,785
Computer equipment	11,753	-	593	12,346
Leasehold improvements	120,129	-	4,143	124,272
Total	$ 135,930	$ -	$ 8,473	$ 144,403

	Net book value December 31, 2022	Net book value December 31, 2023
Furniture	$ 14,637	$ 10,900
Computer equipment	-	2,967
Leasehold improvements	4,143	-
	$ 18,780	$ 13,867

4. Related party transactions:

At year end, amounts owing to the Corporation of the City of London (the "City"), an organization that has control over the Association, were $220,009 (2022 - $204,686). This has been included in accounts payable and accrued liabilities on the Combined Statement of Financial Position. During the year, $1,160,000 (2022 - $101,371) was received from the City and recorded within grant income (2022 - miscellaneous income) on the Combined Statement of Operations. Included in accounts receivable is $12,047 owing from the City (2022 - nil).

The Hyde Park Business Improvement Association Board of Management ("HPBIA") is an organization under common control. Through the shared Digital Main Street grant, HPBIA incurred expenses of $17,765 (2022 - $12,936) on behalf of the Association. This has been included in miscellaneous income and member services on the Combined Statement of Operations.

5. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserve funds as follows:

	2023	2022
Surplus:		
Invested in tangible capital assets	$ 13,867	$ 18,780
Operating surplus	1,860,361	670,440
	1,874,228	689,220
Restricted cash for Downtown Dollars	144,517	144,705
	$ 2,018,745	$ 833,925

6. Commitments:

The Association is committed to payments under operating leases for their premises as well as furniture and equipment as follows:

2024	$ 86,520
2025	31,825
	$ 118,345

7. Financial risks and concentration of risk:

As the valuation of all financial instruments held by the Association at fair value are derived from quoted prices in active markets, all would be in Level 1 of the fair value hierarchy.

Risks arising from financial instruments and risk management

The Association is exposed to a variety of financial risks including credit risks, liquidity risk and market risk. The Association's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Association's financial performance.

(a) Credit risk:

The Association's principal financial assets that are subject to credit risk are cash and accounts receivable. The carrying amounts of financial assets on the Statement of Financial Position represent the Association's maximum credit exposure as at the Statement of Financial Position date.

(b) Liquidity risk:

The Association mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current. There have been no significant changes from the previous year in the Association's exposure to liquidity risk or policies, procedures and methods used to measure the risk. All accounts payable and accrued liabilities will be paid within six (6) months.

(c) Market risk:

The Association is exposed to interest rate risk and price risk with regard to its short and long-term investments, all of which are regularly monitored.

The Association's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. It is the Association's opinion that the Association is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

London
Hydro

London Hydro Inc.

Financial Statements

For the year ended December 31, 2023
with comparative amounts for 2022

KPMG LLP
140 Fullarton Street, Suite 1400
London, ON N6A 5P2
Canada
Telephone 519 672 4880
Fax 519 672 5684

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of London Hydro Inc.

Opinion

We have audited the financial statements of London Hydro Inc. (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of profit or loss and other comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in Management's Discussion and Analysis as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

London, Canada

April 3, 2024

London Hydro Inc.
Table of Contents to the Financial Statements
For the year ended December 31, 2023

London Hydro Inc.
Statement of Financial Position
December 31, 2023, with comparative amounts at December 31, 2022
(in thousands of dollars)

	Note		2023		2022
ASSETS					
Current assets					
Accounts receivable	5	$	90,394	$	80,056
Materials and supplies			1,105		893
Prepaid expenses			4,775		3,842
Total current assets			96,274		84,791
Non-current assets					
Property, plant and equipment	6,15		411,036		389,432
Intangible assets	7		29,321		24,340
Interest rate swap	13,23		25,550		33,016
Total non-current assets			465,907		446,788
Total assets			562,181		531,579
Regulatory balances	9		36,008		35,015
Total assets and regulatory balances		$	598,189	$	566,594
LIABILITIES					
Current liabilities					
Bank indebtedness	10	$	9,429	$	2,162
Accounts payable and accrued liabilities	11		44,130		46,931
Due to shareholder	21		6,445		5,695
Income tax payable			823		803
Current portion of lease liability	15		37		36
Current portion of customer and other deposits			800		522
Current portion of deferred revenue	12		3,520		3,058
Total current liabilities			65,184		59,207
Non-current liabilities					
Long-term debt	13,23		220,000		200,000
Post-employment benefits	14		9,188		9,855
Customer and other deposits			632		797
Deferred revenue	12		48,395		44,285
Deferred tax liability	8		26,289		25,931
Lease liability	15		2,082		2,119
Total non-current liabilities			306,586		282,987
Total liabilities			371,770		342,194
Equity					
Share capital	16		96,116		96,116
Retained earnings			123,514		122,149
Accumulated other comprehensive income			5,352		4,895
Total equity			224,982		223,160
Total liabilities and equity			596,752		565,354
Regulatory balances	9		1,437		1,240
Commitments and contingencies (Note 22), Subsequent event (Note 24)					
Total liabilities, equity and regulatory balances		$	598,189	$	566,594

On behalf of the Board:

____________________________ Director

____________________________ Director

The accompanying notes are an integral part of these financial statements.

London Hydro Inc.
Statement of Comprehensive Income
For the year ended December 31, 2023, with comparative amounts for 2022
(in thousands of dollars)

	Note		2023		2022
Revenues					
Electricity sales	17	$	382,829	$	384,773
Distribution revenue	17		79,753		75,335
Other	18		13,389		12,481
			475,971		472,589
Operating expenses					
Electricity purchased			380,037		390,970
Operating expenses	19		52,346		49,387
Depreciation and amortization	6,7		24,067		22,738
			456,450		463,095
Income from operating activities			19,521		9,494
Net finance expense (income)	13,20		12,201		(22,811)
Income before income taxes			7,320		32,305
Income tax expense	8		1,630		10,468
Income for the year			5,690		21,837
Movement of regulatory balances					
Net movement of regulatory balances			(1,290)		7,133
Income taxes	8		1,965		2,477
	9		675		9,610
Net income for year and net movement in regulatory balances			6,365		31,447
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Remeasurements of post-employment benefits	14		457		5,188
Tax on remeasurements	8		(121)		(1,375)
Net movement in regulatory balances, net of tax	9		121		1,375
Other comprehensive income			457		5,188
Total comprehensive income for the year		$	6,822	$	36,635

The accompanying notes are an integral part of these financial statements.

London Hydro Inc.
Statement of Changes in Equity
For the year ended December 31, 2023, with comparative amounts for 2022
(in thousands of dollars)

	Note	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at January 1, 2022		$ 96,116	$ 95,702	$ (293)	$ 191,525
Net income and net movement in regulatory balances		-	31,447	-	31,447
Other comprehensive income		-	-	5,188	5,188
Dividends	16	-	(5,000)	-	(5,000)
Balance at December 31, 2022		$ 96,116	$ 122,149	$ 4,895	$ 223,160
Balance at January 1, 2023		$ 96,116	$ 122,149	$ 4,895	$ 223,160
Net loss and net movement in regulatory balances		-	6,365	-	6,365
Other comprehensive income		-	-	457	457
Dividends	16	-	(5,000)	-	(5,000)
Balance at December 31, 2023		$ 96,116	$ 123,514	$ 5,352	$ 224,982

The accompanying notes are an integral part of these financial statements.

London Hydro Inc.
Statement of Cash Flows
For the year ended December 31, 2023, with comparative amounts for 2022
(in thousands of dollars)

	Note	2023	2022
Operating activities			
Net income and net movement in regulatory balances		$ 6,365	$ 31,447
Adjustments for:			
Depreciation and amortization	6,7	24,067	22,738
Amortization of deferred revenue	18	(1,071)	(938)
Post-employment benefits	14	(210)	35
Gain on disposal of property, plant and equipment	18	(319)	(111)
Net finance expense (income)	20	12,201	(22,811)
Income tax expense	8	1,630	10,468
		42,663	40,828
Change in non-cash working capital:			
Accounts receivable		(10,338)	(1,329)
Materials and supplies		(212)	(345)
Prepaid expenses		(933)	(1,412)
Accounts payable and accrued liabilities		(2,801)	8,661
Due to shareholder		750	(11)
Customer and other deposits		113	(1,326)
		(13,421)	4,238
Other:			
Regulatory balances	9	(675)	(9,610)
Income tax paid		(1,373)	(1,153)
Income tax received		-	225
Interest paid	20	(5,021)	(4,791)
Interest received	20	286	205
		(6,783)	(15,124)
Net cash from operating activities		22,459	29,942
Investing activities			
Purchase of property, plant and equipment	6	(40,210)	(37,767)
Purchase of intangible assets	7	(10,654)	(8,588)
Capital contributions received from customers		5,643	4,479
Proceeds on disposal of property, plant and equipment		531	356
Net cash used in investing activities		(44,690)	(41,520)
Financing activities			
Dividends paid	16	(5,000)	(5,000)
Proceeds from long-term debt	13	20,000	125,000
Lease liability	15	(36)	(35)
Repayment of long-term debt	13	-	(125,000)
Net cash from financing activities		14,964	(5,035)
Change in cash		(7,267)	(16,613)
(Bank indebtedness) cash, beginning of year		(2,162)	14,451
Bank indebtedness, end of year		$ (9,429)	$ (2,162)

The accompanying notes are an integral part of these financial statements.

1. Reporting entity

London Hydro Inc. ("the Company") is a rate regulated, municipally-owned hydro distribution company located in the City of London. The Company is a wholly-owned subsidiary company of the Corporation of the City of London and was incorporated on April 26, 2000 under the laws of the Province of Ontario, Canada.

The Company delivers electricity and related energy services to inhabitants of the City of London. The address of the Company's registered office is 111 Horton Street, London, Ontario, Canada.

2. Basis of presentation

a) Statement of compliance

The Company's financial statements have been prepared on a going-concern basis in accordance with IFRS Accounting Standards ("IFRS").

b) Approval of financial statements

These financial statements were approved by the Board of Directors on March 28, 2024.

c) Basis of measurement

These financial statements have been prepared on the historical cost basis, unless otherwise stated.

d) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

2. Basis of presentation (continued)

e) Use of estimates and judgments (continued)

Information about judgements and estimation uncertainties made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

(i) 3(b) – measurement of unbilled revenue

(ii) 3(b) – determination of the performance obligation for contributions from customers and the related amortization period

(iii) 3(d), 3(e), 6, 7 – estimation of useful lives of its property, plant and equipment and intangible assets

(iv) 3(e), 3(l), 7 – capitalization of configuration and customization costs in Software-as-a-Service (“SaaS”) arrangements and determining whether services are distinct from the SaaS access

(v) 5 – estimation for allowance for doubtful accounts

(vi) 6, 15 – leases: whether an arrangement contains a lease

(vii) 9 – recognition and measurement of regulatory balances

(viii) 14 – measurement of defined benefit obligations: key actuarial assumptions

(ix) 22 – recognition and measurement of provisions and contingencies

Critical accounting estimates and judgments for leases

Judgments made in relation to accounting policies applied - Management exercises judgment in determining the appropriate lease term on a lease by lease basis. Management considers the facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option. The periods covered by renewal options are only included in the lease term if management is reasonably certain to renew. Changes in the economic environment or changes in the industry may impact management’s assessment of the lease term. Any changes in management’s estimate of lease terms may have a material impact on the Company’s balance sheet and statement of earnings.

Key sources of estimation - In determining the carrying amount of right-of-use assets and lease liabilities, the Company is required to estimate the incremental borrowing rate specific to each leased asset if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate of each leased asset by incorporating the Company's creditworthiness, the security, term and value of the underlying leased asset, and the economic environment in which the leased asset operates in. The incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment.

2. Basis of presentation (continued)

e) Use of estimates and judgments (continued)

Critical accounting estimates and judgments for SaaS arrangements

Capitalization of configuration and customization costs in SaaS arrangements - Part of the customization and configuration activities undertaken in implementing SaaS arrangements may entail the development of software code that enhances, modifies, or creates additional capability to the existing on-premise software to enable it to connect with the cloud-based software applications. This is referred to as bridging modules or application programming interfaces (APIs). Judgement was applied in determining whether the additional code meets the definition of and recognition criteria for an intangible asset in IAS 38, *Intangible Assets*.

Determination whether configuration and customization services are distinct from the SaaS access - Costs incurred to configure or customize the cloud provider's application software are recognised as operating expenses when the services are received. In a contract where the cloud provider provides both the SaaS configuration and customization, as well as the SaaS access over the contract term, the Company applied judgement to determine whether these services are distinct from each other or not, and therefore, whether the configuration and customization costs incurred are expensed as the software is configured or customized (i.e. upfront), or over the SaaS contract term.

Specifically, where the configuration and customization activities significantly modify or customize the cloud-based software, these activities will not be distinct from the access to the cloud software over the contract term. Judgement has been applied in determining whether the degree of customization and modification of the cloud-based software that would be deemed significant.

2. Basis of presentation (continued)

f) Rate regulation

The Company is regulated by the Ontario Energy Board ("OEB"), under the authority granted by the *Ontario Energy Board Act, 1998*. Among other things, the OEB has the power and responsibility to approve or set rates for the distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies ("LDCs"), such as the Company, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

Rate setting

Distribution revenue

For the distribution revenue, the Company files a "Cost of Service" ("COS") rate application with the OEB where rates are determined through a review of the forecasted annual amount of operating and capital expenditures, debt and shareholder's equity required to support the Company's business. The COS is usually filed every five years. The Company estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and interveners and rates are ultimately approved by the OEB after the review and revisions have been completed.

In the intervening years, an Incentive Regulation Mechanism ("IRM") rate application is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflator for Final Domestic Demand ("GDP IPI-FDD") net of a productivity factor and a "stretch factor" determined by the relative efficiency of an electricity distributor.

2. Basis of presentation (continued)

f) Rate regulation (continued)

Rate setting – Distribution revenue (continued)

The Company previously filed a COS application in August 2016 for rates effective May 1, 2017 to April 30, 2022. The GDP IPI-FDD for 2021 was 2.2%, the OEB applied productivity factor was 0.0% and the OEB determined stretch factor was (0.3)%, resulting in a net adjustment of 1.9% to the previous year's rates effective May 1, 2021.

In August 2021, the Company filed a Cost of Service application which was approved by the OEB on February 24, 2022 for rates effective May 1, 2022. The monthly total bill impact of the new rates for a typical residential customer was an increase of approximately $1.41 or 1.17% before taxes.

The GDP IPI-FDD for 2023 was 3.7%, the OEB applied productivity factor was 0.0% and the OEB determined stretch factor was (0.3)%, resulting in a net adjustment of 3.4% to the previous year's rates effective May 1, 2023.

As a licensed distributor, the Company is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Company is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Company ultimately collects these amounts from customers.

Electricity rates

The OEB sets electricity prices for residential and small commercial consumers once each year based on an estimate of how much it will cost to supply the province with electricity for the next year. All remaining consumers, other than consumers with retail contracts who pay a contracted rate plus a global adjustment rate adder, pay the market price for electricity. The Company is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

3. Material accounting policies

The accounting policies set out below have been applied consistently in all years presented in these financial statements.

a) Financial instruments

Non-derivative

All financial assets are classified as loans and receivables and all financial liabilities are classified as other liabilities. These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method less any impairment for the financial assets as described in note 3(f).

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables without a significant financing component are initially measured at the transaction price. All other financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets - Recognition and de-recognition

All financial assets are recognized and de-recognized on trade date. The Company determines the classification of its financial assets on the basis of both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets. A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company’s financial assets are classified as follows:

Financial assets	Classification under IFRS 9
Accounts receivable	Amortized cost

3. Material accounting policies (continued)

a) Financial instruments (continued) - Non-derivative (continued)

Financial assets - Subsequent measurement

Financial assets at amortized cost are measured using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate except for short-term receivables where the interest revenue would be immaterial. Interest income, foreign exchange gains and losses, impairment, and any gain or loss on de-recognition are recognized in profit or loss. Financial assets at FVTPL are measured at fair value. Net changes in the fair value are recognized in profit or loss. Financial assets at fair value through other comprehensive income ("FVOCI") are measured at fair value. Net changes in the fair value are recognized in other comprehensive income.

Financial assets - Impairment

The Company applies the expected credit loss model to financial assets at amortized cost, contract assets and debt instruments measured at FVOCI. The Company measures loss allowances at an amount equal to the lifetime expected credit losses ("ECLs") in accordance with the 'simplified approach' available under the standard. Under this approach, loss allowances on trade accounts receivable are always measured at lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

Financial liabilities - Recognition and de-recognition

The Company determines the classification of its financial liabilities at initial recognition. The Company's financial liabilities are classified as follows:

Financial liabilities	Classification under IFRS 9
Bank indebtedness	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Due to shareholder	Amortized cost
Lease liability	Amortized cost
Customer and other deposits	Amortized cost
Deferred revenue	Amortized cost
Long-term debt	Amortized cost

The Company de-recognizes financial liabilities when the Company's obligations are discharged, cancelled or they expire.

Financial liabilities - Subsequent measurement

Financial liabilities at amortized cost are measured using the effective interest rate method.

3. Material accounting policies (continued)

a) Financial instruments (continued)

Derivative

Derivatives are initially measured at fair value and any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are recognized in profit or loss. Embedded derivatives are separated from the host contract upon initial recognition and accounted for separately at FVTPL when the host contract is not a financial asset and certain conditions are met. The Company does not use derivative instruments for speculative purposes.

The Company holds derivative financial instruments to manage its interest rate risk exposures. Derivatives are initially recognized at fair value; any directly attributable transaction costs are recognized in the Statement of Comprehensive Income as incurred as a change in interest rate swap. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in the Statement of Comprehensive Income.

Hedge accounting has not been used in the preparation of these financial statements.

Fair value measurements

Financial instruments recorded on the statements of financial position are categorized based on the fair value hierarchy of inputs. The three levels of the fair value hierarchy are described as follows:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities. The Company does not use Level 1 inputs for its fair value measurements.
- Level 2: inputs, other than quoted prices in active markets, that are observable for the asset or liability either directly or indirectly. The Company's Level 2 inputs include quoted market prices for interest rates and credit risk premiums. The Company obtains information from sources including the Bank of Canada and market exchanges. The Company uses Level 2 inputs for all of its financial instrument fair value measurements.
- Level 3: inputs that are not based on observable market data. The Company does not use Level 3 inputs for any of its fair value measurements.

3. Material accounting policies (continued)

b) Revenue recognition

Sale and distribution of electricity

The performance obligations for the sale and distribution of electricity are recognized over time using an output method to measure the satisfaction of the performance obligation. The value of the electricity services transferred to the customer is determined on the basis of cyclical meter readings plus estimated customer usage since the last meter reading date to the end of the year and represents the amount that the Company has the right to bill. Revenue includes rates for electricity supplied, distribution, and any other regulatory charges. The related cost of power is recorded on the basis of power used.

For customer billings related to electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties, the Company has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

Capital contributions

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are scoped out of IFRS 15 Revenue from Contracts with Customers. Cash contributions received from developers are recorded as deferred revenue and amortized to income on a straight-line basis over the useful life of the related asset.

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15 Revenue from Contracts with Customers. The contributions are received to obtain a connection to the distribution system in order receive ongoing access to electricity. The Company has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the useful life of the related asset.

Other revenue

Revenue earned from the provision of services is recognized as the service is rendered.

Government grants are recognized as revenue in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received.

3. Material accounting policies (continued)

c) Materials and supplies

Materials and supplies, the majority of which are consumed by the Company in the provision of its services, are valued at the lower of cost and net realizable value, with cost being determined on a weighted average basis, and includes expenditures incurred in acquiring the materials and supplies and other costs incurred in bringing them to their existing location and condition.

d) Property, plant and equipment

Items of property, plant and equipment ("PP&E") used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost, less accumulated depreciation. All other items of PP&E are measured at cost, or, where the item is contributed by customers, its fair value, less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes contracted services, materials and transportation costs, direct labour, overhead costs, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon the lower of OEB prescribed rates and the incremental cost of debt incurred on the Company's borrowings. Qualifying assets are considered to be those that take in excess of 12 months to construct.

When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal, if any, with the carrying amount of the item and is included in profit or loss.

Major spare parts and standby equipment are recognized as items of PP&E.

(in thousands of dollars)

3. Material accounting policies (continued)

d) Property, plant and equipment (continued)

The cost of replacing a part of an item of PP&E is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. In this event, the replaced part of PP&E is written off, and the related gain or loss is included in the Statement of Comprehensive Income. The costs of the day-to-day servicing of PP&E are recognized in the Statement of Comprehensive Income as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed periodically. The Company has concluded it does not have any legal or constructive obligation to remove PP&E.

Depreciation is calculated to write off the cost of items of PP&E using the straight-line method over their estimated useful lives, and is generally recognized in the Statement of Comprehensive Income. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate. Land is not depreciated. Construction-in-progress assets are not depreciated until the project is complete and the asset is available for use.

The estimated useful lives are as follows:

	Years
Building structures and components	12 - 75
Distribution system and equipment	25 - 60
Substation equipment	15 - 45
Right-of-use land asset	40
System supervisory equipment	8 - 35
Metering devices	15 - 30
Renewable generation assets	20
Automotive equipment	8 - 12
Equipment, tools and furniture	5 - 8
Computer hardware	3 - 5

3. Material accounting policies (continued)

e) Intangible assets

Intangible assets are measured at cost, less accumulated amortization. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of intangible assets includes contracted services, direct labour, overhead costs, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon the lower of OEB prescribed rates and the incremental cost of debt incurred on the Company's borrowings. Qualifying assets are considered to be those that take in excess of 12 months to complete.

Payments to obtain rights to access land ("land rights") are classified as intangible assets. These include payments made for easements, right of access and right of use over land for which the Company does not hold title. Land rights are measured at cost less accumulated amortization.

Computer software that is acquired or developed by the Company, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization.

Capital contributions represent costs incurred and associated with assets that are not owned by the Company. These contributions are incurred where the Company is charged with the responsibility of upgrading assets that the Company does not hold title to. Capital contributions include costs towards the refurbishment and upgrade of a transformer station and wholesale meters. These assets are measured at cost less accumulated amortization.

Intangible assets in progress consist of application software under development at December 31, 2023.

Amortization is recognized in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively if appropriate. The estimated useful lives are:

	Years
Capital contributions	30 - 45
Land rights	25
Computer software	3 - 5

3. Material accounting policies (continued)

f) Impairment

Financial assets measured at amortized cost

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows from that asset.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Interest on the impaired assets continues to be recognized through the unwinding of the discount. Losses are recognized in the Statement of Comprehensive Income. An impairment loss is reversed through the Statement of Comprehensive Income if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

A loss allowance for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss allowance is measured at an amount equal to the lifetime expected credit losses for the asset.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than materials and supplies and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Comprehensive Income.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. Material accounting policies (continued)

g) Customer and other deposits

Customer and other deposits include cash deposits from electricity distribution customers and retailers to guarantee the payment of energy bills. Interest is paid on customer deposits at the rate of prime less 2% per annum. Deposits from electricity distribution customers are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Company in accordance with policies set out by the OEB, or upon termination of their electricity distribution service.

h) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

i) Regulatory balances

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Company.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the deferred cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in net movement in regulatory balances in the Statement of Comprehensive Income or Other Comprehensive Income ("OCI"). When the customer is billed at rates approved by the OEB for the recovery of the deferred costs, the customer billings are recognized in revenue. The regulatory debit balance is reduced by the amount of these customer billings with the offset to net movement in regulatory balances in the Statement of Comprehensive Income or OCI.

The probability of recovery of the regulatory deferral account debit balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover the balance. The assessment of likelihood of recovery is based upon previous decisions made by the OEB for similar circumstances, policies or guidelines issued by the OEB, etc. Any resulting impairment loss is recognized in the Statement of Comprehensive Income in the year incurred.

3. Material accounting policies (continued)

i) Regulatory balances (continued)

When the Company expects to refund amounts to ratepayers in the future, the Company recognizes a regulatory deferral account credit balance. The offsetting amount is recognized in net movement in regulatory balances in the Statement of Comprehensive Income or OCI. The amounts returned to the customers are recognized as a reduction of revenue. The credit balance is reduced by the amount of these customer repayments with the offset to net movement in regulatory balances in the Statement of Comprehensive Income or OCI.

j) Post-employment benefits

Pension plan

The Company provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund"), and provides pensions for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Company to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. The Company is not responsible for any other contractual obligations other than the contributions. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in the Statement of Comprehensive Income when they are due.

Post-employment benefits, other than pension

The Company provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans. The obligations for these post-employment benefit plans are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. Remeasurements of the net defined benefit obligations, including actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately in OCI. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in the Statement of Comprehensive Income.

3. Material accounting policies (continued)

k) Leases

The Company's accounting policy for leases is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

3. Material accounting policies (continued)

l) Software-as-a-Service arrangements

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customize, and the ongoing fees to obtain access to the cloud provider's application software, are recognized as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances, modifies, or creates additional capability to existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognized as intangible software assets and amortized over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any changes are accounted for prospectively as a change in accounting estimate.

m) Finance income and finance expenses

Finance income is recognized as it accrues in the Statement of Comprehensive Income. Finance income comprises interest earned on cash.

Finance expenses comprise interest expense on borrowings and customer deposits, as well as the change in the unrealized gain/loss on the swap agreements. Finance expenses are recognized in the Statement of Comprehensive Income unless they are capitalized as part of the cost of qualifying assets.

3. Material accounting policies (continued)

n) Income taxes

The income tax expense comprises current and deferred tax. Income tax expense is recognized in the Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Company is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the Electricity Act, 1998, the Company makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Tax Acts as modified by the Electricity Act, 1998, and related regulations. Prior to October 1, 2001, the Company was not subject to income or capital taxes. Payments in lieu of taxes ("PILs") are referred to as income taxes.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets and liabilities are recognized for unused tax losses, unused tax credits and temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted, at the reporting date.

(in thousands of dollars)

4. Standards issued not yet adopted

There is a new standard, amendments to the standard and interpretations which have not been applied in preparing these financial statements. This standard and amendments are described below:

Classification of Liabilities as Current or Non-current (Amendments to IAS 1):

On January 23, 2020, the International Accounting Standards Board (IASB) issued amendments to IAS 1 Presentation of Financial Statements (the 2020 amendments), to clarify the classification of liabilities as current or non-current. On October 31, 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1) (the 2022 amendments), to improve the information a company provides about long-term debt with covenants.

The 2020 amendments and the 2022 amendments (collectively "the Amendments") are effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted. A company that applies the 2020 amendments early is required to also apply the 2022 amendments. For the purposes of non-current classification, the Amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must exist at the end of the reporting period and have substance.

The Amendments reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which a company must comply after the reporting date do not affect a liability's classification at that date. The Company intends to adopt this standard in its financial statements for the annual period beginning January 1, 2024. The extent of the impact of adoption of the standard has not yet been determined.

5. Accounts receivable

	2023	2022
Trade receivables	$ 51,497	$ 43,727
Unbilled revenue	41,717	37,221
Other	3,904	4,992
Allowance for doubtful accounts	(6,724)	(5,884)
	$ 90,394	$ 80,056

Included in accounts receivable is approximately $17.1 million (December 31, 2022 – $13.3 million) of customer receivables for water consumption that the Company bills and collects on behalf of the Corporation of the City of London. As the Company does not assume liability for collection of these amounts, any amount relating to water consumption that is determined to be uncollectible is charged to the Corporation of the City of London.

Also, included in the accounts receivable is $1.2 million (December 31, 2022 – $1.4 million) of energy, water, and sundry receivables due from the Corporation of the City of London.

(in thousands of dollars)

6. Property, plant and equipment

a) Cost or deemed cost:

	Land and buildings	Distribution substation equipment	Other distribution equipment	Other equipment	Construction in progress	Total
Balance at January 1, 2022	$ 21,554	$ 10,177	$ 388,559	$ 32,952	$ 12,868	$ 466,110
Additions	1,795	277	31,539	3,631	525	37,767
Disposals / retirements	(663)	(164)	(1,585)	(1,246)	-	(3,658)
Balance at December 31, 2022	$ 22,686	$ 10,290	$ 418,513	$ 35,337	$ 13,393	$ 500,219
Balance at January 1, 2023	$ 22,686	$ 10,290	$ 418,513	$ 35,337	$ 13,393	$ 500,219
Additions	1,271	107	30,320	3,730	4,782	40,210
Disposals / retirements	(23)	(49)	(1,856)	(2,192)	-	(4,120)
Balance at December 31, 2023	$ 23,934	$ 10,348	$ 446,977	$ 36,875	$ 18,175	$ 536,309

b) Accumulated depreciation:

	Land and buildings	Distribution substation equipment	Other distribution equipment	Other equipment	Construction in progress	Total
Balance at January 1, 2022	$ 4,600	$ 2,313	$ 75,306	$ 14,761	$ -	$ 96,980
Depreciation	763	377	12,835	3,245	-	17,220
Disposals / retirements	(601)	(40)	(1,538)	(1,234)	-	(3,413)
Balance at December 31, 2022	$ 4,762	$ 2,650	$ 86,603	$ 16,772	$ -	$ 110,787
Balance at January 1, 2023	$ 4,762	$ 2,650	$ 86,603	$ 16,772	$ -	$ 110,787
Depreciation	851	487	13,410	3,646	-	18,394
Disposals / retirements	(9)	(27)	(1,692)	(2,180)	-	(3,908)
Balance at December 31, 2023	$ 5,604	$ 3,110	$ 98,321	$ 18,238	$ -	$ 125,273

c) Carrying amounts:

Balance at	Land and buildings	Distribution substation equipment	Other distribution equipment	Other equipment	Construction in progress	Total
December 31, 2022	$ 17,924	$ 7,640	$ 331,910	$ 18,565	$ 13,393	$ 389,432
December 31, 2023	$ 18,330	$ 7,238	$ 348,656	$ 18,637	$ 18,175	$ 411,036

Property, plant and equipment includes a right-of-use asset with a carrying value of $2.0 million (December 31, 2022 – $2.0 million) associated with property rented from the City of London with an initial measurement of $2.3 million, amortized on a straight-line basis over 40 years commencing with the 2018 fiscal year (see Note 15).

(in thousands of dollars)

7. Intangible assets

a) Cost or deemed cost:

	Land rights	Capital contributions	Computer software	Work in progress	Total
Balance at January 1, 2022	$ 451	$ 6,604	$ 25,302	$ 1,624	$ 33,981
Additions	341	-	4,478	3,769	8,588
Disposals / retirements	(23)	-	(3,146)	-	(3,169)
Balance at December 31, 2022	$ 769	$ 6,604	$ 26,634	$ 5,393	$ 39,400
Balance at January 1, 2023	$ 769	$ 6,604	$ 26,634	$ 5,393	$ 39,400
Additions	(44)	-	5,019	5,679	10,654
Disposals / retirements	(15)	-	(6,907)	-	(6,922)
Balance at December 31, 2023	$ 710	$ 6,604	$ 24,746	$ 11,072	$ 43,132

b) Accumulated amortization:

	Land rights	Capital contributions	Computer software	Work in progress	Total
Balance at January 1, 2022	$ 98	$ 801	$ 11,812	$ -	$ 12,711
Amortization	25	166	5,327	-	5,518
Disposals / retirements	(23)	-	(3,146)	-	(3,169)
Balance at December 31, 2022	$ 100	$ 967	$ 13,993	$ -	$ 15,060
Balance at January 1, 2023	$ 100	$ 967	$ 13,993	$ -	$ 15,060
Amortization	30	166	5,477	-	5,673
Disposals / retirements	(15)	-	(6,907)	-	(6,922)
Balance at December 31, 2023	$ 115	$ 1,133	$ 12,563	$ -	$ 13,811

c) Carrying amounts:

Balance at	Land rights	Capital contributions	Computer software	Work in progress	Total
December 31, 2022	$ 669	$ 5,637	$ 12,641	$ 5,393	$ 24,340
December 31, 2023	$ 595	$ 5,471	$ 12,183	$ 11,072	$ 29,321

During the year ended December 31, 2023, borrowing costs of $0.4 million (December 31, 2022 — $nil) were capitalized as part of the cost of intangible assets. An interest rate of 5.0% was used to determine the amount of borrowing costs to be capitalized.

(in thousands of dollars)

8. Income tax (recovery) expense

Income tax expense (recovery) is comprised of:		2023		2022
Current income tax				
Current period income tax expense	$	1,350	$	1,640
Adjustment for subseqently enacted legislation				(277)
Adjustment for prior period income tax expense		43		332
		1,393		1,695
Deferred tax				
Change in recognized deductible temporary differences:				
(Loss) gain on interest rate swap		(1,978)		7,260
Corporate minimum tax		250		(964)
Property, plant, equipment and intangible assets		2,422		2,095
Post-employment benefits		55		(10)
Deferred revenue		(512)		392
		237		8,773
Total current and deferred income tax in profit and loss, before movement of regulatory balance		1,630		10,468
Other comprehensive income				
Post-employment benefits		121		1,375
Total current and deferred income tax, before movement of regulatory		1,751		11,843
Net movement in regulatory balances		(2,086)		(3,852)
Income tax (recovery) expense recognized in the Statement of Comprehensive Income	$	(335)	$	7,991

Reconciliation of effective tax rate:		2023		2022
Income before taxes	$	6,487	$	44,626
Canada and Ontario statutory income tax rates		26.5%		26.5%
Expected tax provision on income at statutory rates		1,719		11,826
Increase (decrease) in income taxes resulting from:				
Net movement in regulatory balances		(2,086)		(3,852)
Other items		32		17
	$	(335)	$	7,991

Significant components of the Corporation's deferred tax balances:		2023		2022
Property, plant, equipment and intangible assets	$	(25,387)	$	(22,965)
Post-employment benefits		2,435		2,611
Deferred revenue		2,720		2,208
Future income taxes to be realized by customers		(20,232)		(18,146)
Corporate minimum tax		714		964
Gain on interest rate swap		(6,771)		(8,749)
	$	(26,289)	$	(25,931)

(in thousands of dollars)

9. Regulatory balances

Reconciliation of the carrying amount for each class of regulatory balances:

Regulatory assets:

Regulatory deferral account debit balances		January 1, 2022		Changes		(Recovery)/ reversal		December 31, 2022	Remaining years
Group 1 deferred accounts	$	7,415	$	7,115	$	-	$	14,530	-
Regulatory settlement account		1,801		164		(1,678)		287	0.3
Other regulatory accounts		5,088		(3,034)		-		2,054	-
Income tax		14,292		3,852		-		18,144	-
	$	28,596	$	8,097	$	(1,678)	$	35,015	

Regulatory deferral account debit balances		January 1, 2023		Changes		(Recovery)/ reversal		December 31, 2023	Remaining years
Group 1 deferred accounts	$	14,530	$	(2,755)	$	-	$	11,775	-
Regulatory settlement account		287		5,072		(3,059)		2,300	0.3
Other regulatory accounts		2,054		(351)		-		1,703	-
Income tax		18,144		2,086		-		20,230	-
	$	35,015	$	4,052	$	(3,059)	$	36,008	

Regulatory liabilities:

Regulatory deferral account credit balances		January 1, 2022		Changes		Recovery/ (reversal)		December 31, 2022	Remaining years
Other regulatory accounts	$	5,806	$	(4,771)	$	205	$	1,240	-
	$	5,806	$	(4,771)	$	205	$	1,240	

Regulatory deferral account credit balances		January 1, 2023		Changes		Recovery/ (reversal)		December 31, 2023	Remaining years
Other regulatory accounts	$	1,240	$	197	$	-	$	1,437	-
	$	1,240	$	197	$	-	$	1,437	

9. Regulatory balances (continued)

The regulatory balances are recovered or settled through fixed and/or volumetric rate riders approved by the OEB. The volumetric rate riders are determined using estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors including the economy and weather. The Company has received approval from the OEB to establish its regulatory balances. Regulatory balances attract interest at OEB prescribed rates, which are based on Bankers' Acceptances three-month rate plus a spread of 25 basis points. The rate was set at 4.73% in the first quarter, 4.98% in the second and third quarters and 5.49% in the fourth quarter of 2023 (March 31, 2022 – 0.57%, June 30, 2022 – 1.02%, September 30, 2022 – 2.20% and December 31, 2022 – 3.87%).

Regulatory developments in Ontario's electricity industry and other governmental policy changes may affect the electricity distribution rates charged by the Company and the costs Company is permitted to recover. There is a risk that the OEB may disallow the recovery of a portion of certain costs incurred in the current period through future rates or disagree with the proposed recovery period. In the event that the disposition of these balances is assessed to no longer be probable based on management's judgment, any impairment will be recorded in the period when the assessment is made. There was no impairment recorded for the year ended December 31, 2023.

a) Group 1 deferral accounts

The Group 1 deferral accounts consist of energy related cost variances including Smart Metering Entity, Wholesale Market and Retail Transmission Charge Variances. As a regulated distributor of electricity, the Company is obligated to provide energy supply to all consumers at regulated or spot rates unless they elect to purchase their energy from an energy retailer. The regulatory framework requires that all energy commodity and non-commodity costs be billed at regulated rates to consumers who are on the Regulated Price Plan.

Variances between purchase costs and amounts billed for electricity are required to be captured in the Retail Settlement Variance Accounts ("RSVA") for disposition through future rate riders. The variance accounts have been further defined by the regulator into commodity and non-commodity accounts. Those accounts defined as commodity accounts are eligible for regulatory review on a quarterly basis. All other accounts are defined as non-commodity and are currently eligible for review on an annual basis.

b) Regulatory settlement account

During 2020, the Company filed its 2021 IRM rate application in which it proposed the disposition of its Group 1 account balances as at December 31, 2019 via rate riders. These accounts included amounts accumulated between January 1, 2017 and December 31, 2019, with the exception of the Capacity Based Recovery Amount Variances, which accumulated between January 1, 2016 and December 31, 2019. The Company also proposed the recovery of the Lost Revenue Adjustment Mechanism Variance ("LRAMVA") balance accumulated between January 1, 2017 and December 31, 2017 via rate riders. The OEB authorized the refund/recovery of these balances over a one-year period commencing May 1, 2021.

9. Regulatory balances (continued)

b) Regulatory settlement account (continued)

In February of 2022, the OEB approved the Company's 2022 Cost of Service rate application which included the disposition of its Group 1 account balances as at December 31, 2020 via rate riders. These accounts included amounts accumulated between January 1, 2020 and December 31, 2020. The OEB authorized the refund/recovery of these balances over a one-year period commencing May 1, 2022.

The 2022 Cost of Service rate application also included a request for the disposition of the other regulatory account balances as at December 31, 2020 via rate riders. The LRAMVA balance proposed for recovery accumulated between January 1, 2018 and December 31, 2019. The OEB authorized the refund/recovery of the true-up of the funding of capital projects under the Advanced Capital Module, non-cash OPEB adjustments, Retail Cost Variances, Pole Attachment Revenue variances, tax savings as a result of changes to CCA rates and the LRAMVA balances over a one-year period commencing May 1, 2022.

During 2022, the Company filed its 2023 IRM rate application in which it proposed the disposition of Group 1 account balances as at December 31, 2021 via rate riders. The disposition request included the balances of Smart Metering Entity Charge Variance, RSVA – Retail Transmission Network Charge, RSVA – Retail Transmission Connection Charge and the remainder balance of Disposition and Recovery/Refund of Regulatory Balances (2018). These accounts included amounts accumulated between January 1, 2021 and December 31, 2021. The Company also proposed the recovery of the LRAMVA balance accumulated between January 1, 2020 and December 31, 2021 via rate riders. The OEB authorized the refund/recovery of these balances over a one-year period commencing May 1, 2023.

c) Other regulatory accounts

The other regulatory account debit balance includes deferred costs for incremental locate services as a result of the implementation of the Getting Ontario Connected Act, 2022 and various deferred costs in connection with Impacts Arising from the COVID-19 Emergency. The other regulatory account credit balance includes the carrying charges on Pension & OPEB Forecast Accrual versus Actual Cash Payment Differential amount. Distribution revenue repayable to customers as a result of tax savings due to increased capital cost allowance provided for through the Accelerated Investment Incentive introduced in Bill C-97 effective November 2018, and the $1.5 million Immediate Expense incentive effective April 2021, are also included in other regulatory account credit balances.

d) Income tax

The Company has recognized a regulatory deferral account for the amount of deferred taxes that will ultimately be recovered from/paid back to its customers. This balance will fluctuate as the Company's deferred tax balance fluctuates.

(in thousands of dollars)

10. Short-term borrowings

Bank indebtedness includes short-term advances on the Company's revolving line of credit and includes outstanding cheques and cash. Advances are drawn from an uncommitted operating revolving line of credit facility of $20 million with the Toronto Dominion Bank. At December 31, 2023 the amount drawn by the Company under this line of credit was $9.5 million (December 31, 2022 — $1.7 million). The line of credit is unsecured and interest is at bank prime rate on prime based borrowings minus 0.5%, or at Bankers' Acceptances ("B/A") rates plus a 0.75% stamping fee on B/A based borrowings.

11. Accounts payable and accrued liabilities

		2023		2022
Due to Independent Electricity System Operator	$	28,312	$	28,682
Harmonized sales tax		213		962
Payroll and benefits payable		3,683		4,102
Other		11,922		13,185
	$	44,130	$	46,931

12. Deferred revenue

		2023		2022
Capital contributions for completed projects	$	41,548	$	36,013
Deposits held		10,367		11,330
		51,915		47,343
Less: Current portion		3,520		3,058
	$	48,395	$	44,285

Capital contributions for completed projects are recognized as revenue on a straight-line basis over the life of the asset for which the contribution was received.

Included in deposits held is $0.4 million (December 31, 2022 – $nil) received from the Corporation of the City of London as contributions for the construction of capital assets.

(in thousands of dollars)

13. Long-term debt

		2023		2022
Unsecured, committed extendible revolving loan bearing interest at prime, minus 0.6%, interest only payments due March 2026	$	20,000	$	-
Unsecured, non-revolving term instalment loan with an effective 10 year interest rate of 1.69%, utilizing a fixed rate swap converting variable interest rates on unsecured Bankers' Acceptances, plus a stamping fee of 0.44%, interest only payments, due June 2032		125,000		125,000
Unsecured, non-revolving term instalment loan with an effective 11.6 year interest rate of 1.53%, utilizing a fixed rate swap converting variable interest rates on unsecured Bankers' Acceptances, plus a stamping fee of 0.44%, interest only payments, due June 2032		75,000		75,000
	$	220,000	$	200,000

At December 31, 2023, the Company had a committed loan facility of $40 million with the Toronto Dominion Bank and the amount drawn by the Company under this loan facility was $20 million (December 31, 2022 — $nil). Under the terms of this agreement, the loan has a maturity date of March 31, 2026. Interest options consist of the bank prime rate minus 0.6% or Bankers' Acceptances ("B/A") rates plus 0.6%. A standby fee of 0.2% is charged for any unused amounts.

The Company has an interest rate swap agreement with the Toronto Dominion Bank for an unsecured loan in the amount of $125 million. Interest only payments are due monthly and commenced July 2022. The principal is due at maturity June 30, 2032. The swap agreement is a fixed rate swap which effectively converts variable interest rates on unsecured Bankers' Acceptances to an effective interest rate of 1.69%, plus a stamping fee of 0.44%, for an all-in rate of 2.13%.

The Company has an interest rate swap agreement with the Toronto Dominion Bank for an unsecured loan in the amount of $75 million. Interest only payments are due monthly and commenced December 2020. The principal is due at maturity June 30, 2032. The swap agreement is a fixed rate swap which effectively converts variable interest rates on unsecured Bankers' Acceptances to an effective interest rate of 1.53%, plus a stamping fee of 0.44%, for an all-in rate of 1.97%.

(in thousands of dollars)

13. Long-term debt (continued)

The derivative swap agreements entered into with the Toronto Dominion Bank do not meet the standard to apply hedge accounting. Accordingly, the interest rate swap contracts are recorded at their fair value at the end of the period with the unrealized gain or loss recorded in the Statements of Comprehensive Income as finance expenses. The unrealized loss for the year ended December 31, 2023 was $7.5 million (December 31, 2022 — unrealized gain $27.4 million).

At December 31, 2023, the Company would be entitled to collect $25.6 million (December 31, 2022 — $33.0 million) if it decided to cancel the swap agreements with the Toronto Dominion Bank.

During the year ended December 31, 2023, interest on long-term debt was incurred in the amount of $5.0 million (December 31, 2022 — $4.6 million) of which $0.4 million (December 31, 2022 — $nil) was capitalized as part of the cost of intangible assets.

Reconciliation of opening and closing balances for liabilities from financing activities:

		2023		2022
Balance, beginning of year	$	200,000	$	200,000
Add: Advances		20,000		125,000
Less: Repayments		-		125,000
	$	220,000	$	200,000

14. Post-employment benefits

a) Multi-employer pension plan

The Company provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer and its employees. During the year ended December 31, 2023, the Company made employer contributions of $3.5 million to OMERS (December 31, 2022 — $3.3 million), of which $0.9 million (December 31, 2022 — $0.8 million) has been capitalized as part of PP&E and the remaining amount of $2.6 million (December 31, 2022 — $2.5 million) has been recognized in the Statement of Comprehensive Income. The Company estimates that a contribution of $4.0 million to OMERS will be made during the next fiscal year.

As at December 31, 2023, OMERS had approximately 612,500 members, of whom 356 are employees of the Company. The most recently available OMERS annual report is for the year ended December 31, 2023, which reported that the plan was 97% funded, with an unfunded liability of $4.2 billion. This unfunded liability is likely to result in future payments by participating employers and members.

(in thousands of dollars)

14. Post-employment benefits (continued)

b) Post-employment benefits other than pension

The Company pays certain medical and life insurance benefits on behalf of some of its retired employees. The Company recognizes these post-employment benefits in the year in which employees' services were rendered. The Company is recovering its post-employment benefits in rates based on the expense and remeasurements recognized for post-employment benefit plans.

Reconciliation of the obligation:

		2023		2022
Defined benefit obligation, beginning of year	$	9,855	$	15,008
Included in profit or loss:				
Current service costs		285		517
Interest cost		475		432
Other benefits		2		(33)
		762		916
Benefits paid		(972)		(881)
		(210)		35
Actuarial (gains) / losses included in OCI:				
Changes in demographic assumptions		(1,021)		(1,582)
Changes in financial assumptions		268		(3,676)
Effect of experience adjustments		296		70
		(457)		(5,188)
Defined benefit obligation, end of year	$	9,188	$	9,855

Actuarial assumptions:

	2023	2022
Discount (interest) rate	4.6%	5.1%
Salary levels	4.0%	4.0%
Immediate medical costs	5.0%	4.9%
Ultimate medical costs	4.0%	4.0%
Dental cost rate	4.0%	4.0%
Year ultimate rate reached	2040	2040

A 1% increase in the assumed discount rate would result in the defined benefit obligation decreasing by $0.9 million. A 1% decrease in the assumed discount rate would result in the defined benefits obligation increasing by $0.9 million.

(in thousands of dollars)

15. Lease liability

The Company has a lease liability in connection with a right-of-use asset associated with property rented from the City of London included in property, plant and equipment with an initial measurement of $2.3 million, amortized on a straight-line basis over 40 years commencing with the 2018 fiscal year.

Right-of-use-asset:

		2023		2022
Cost				
Balance, beginning of year	$	2,319	$	2,319
Balance, end of year	$	2,319	$	2,319
Accumulated depreciation				
Balance, beginning of year	$	290	$	232
Depreciation		58		58
Balance, end of year	$	348	$	290
Carrying amount	$	1,971	$	2,029

Lease liability:

		Future minimum lease payments		Interest		Present value of minimum lease payments
Less than one year	$	100	$	63	$	37
Between one and five years		400		241		159
More than five years		2,900		977		1,923
	$	3,400	$	1,281	$	2,119

(in thousands of dollars)

16. Share capital

		2023		2022
Authorized:				
An unlimited number of common shares				
An unlimited number of non-voting, non-cumulative preference shares, redeemable at the paid-up amount				
Issued:				
1,001 common shares	$	96,116	$	96,116

Dividends

The holder of the common shares is entitled to receive dividends as declared from time to time. On March 30, 2023, the Board of Directors declared a $5.0 million dividend payable to the sole shareholder, the Corporation of the City of London, to be paid by the end of 2023. On March 22, 2022, the Board of Directors declared a $5.0 million dividend payable to the sole shareholder, the Corporation of the City of London, to be paid by the end of 2022.

17. Revenue from contracts with customers

The Company generates revenue primarily from electricity rates and the distribution of electricity to its customers. These revenues disaggregated by type of customer are illustrated below:

Electricity rates:

		2023		2022
Residential	$	139,457	$	145,359
Commercial		225,662		224,852
Large users		15,035		12,003
Other		2,675		2,559
	$	382,829	$	384,773

Distribution revenue:

		2023		2022
Residential	$	51,025	$	48,693
Commercial		26,328		24,822
Large users		1,066		514
Other		1,334		1,306
	$	79,753	$	75,335

(in thousands of dollars)

18. Other revenue

		2023		2022
City of London services	$	4,028	$	4,028
Late payment charges		2,934		2,503
Other services, recoveries and sundry revenues		1,675		1,423
Amortization of deferred revenue		1,071		938
Pole and other rental income		875		763
Customer billing service fees		836		859
Occupancy charges		510		588
Income tax incentive credits		453		509
Sale of scrap		367		428
Renewable generation revenue		321		331
Gain on disposal of property, plant and equipment		319		111
	$	13,389	$	12,481

19. Operating expenses

		2023		2022
Labour and benefits	$	30,787	$	29,819
Professional services		7,630		6,524
Computer hardware and software		4,835		3,963
Rental, regulatory and other expenses		1,850		1,702
Bad debts		1,842		1,604
Facilities maintenance and repair		1,654		1,713
Property tax and insurance		1,560		1,412
Corporate training and employee expenses		1,301		1,216
Materials and supplies		1,039		1,119
Fleet operations and maintenance		1,022		1,119
Postage		980		1,064
Office equipment services and maintenance		450		452
Allocations to capital and billable activities		(2,604)		(2,320)
	$	52,346	$	49,387

(in thousands of dollars)

20. Finance expense (income)

		2023		2022
Finance income				
Interest income on bank deposits	$	(286)	$	(205)
Finance expenses				
Interest on long-term debt		4,979		4,581
Interest on short-term debt		242		73
Interest on funds used for construction project		(442)		-
Lease liability interest		64		65
Other		178		72
		5,021		4,791
Unrealized change in fair value of interest rate swap		7,466		(27,397)
Net finance expense (income)	$	12,201	$	(22,811)

21. Due to shareholder

Trade balances due to shareholder:

		2023		2022
Water consumption	$	6,033	$	5,307
Non-interest bearing trade balance due to shareholder, without stated repayment terms		412		388
	$	6,445	$	5,695

The Company delivers electricity to the City of London throughout the year for the electricity needs of the City of London and its related organizations. Electricity delivery charges are at prices and under terms approved by the OEB. The Company also provides additional services to the City of London, including water and waste water billing, customer care services and water meter data management services.

During the year ended December 31, 2023, the Company billed customers for water related services on behalf of the shareholder and remitted funds to the shareholder in the amount of $209.0 million (December 31, 2022 – $200.5 million). The shareholder paid $3.9 million (December 31, 2022 – $3.9 million) for this service.

During the year ended December 31, 2023, the Company performed water meter data management services on behalf of the shareholder. The shareholder paid $0.1 million (December 31, 2022 – $0.1 million) for this service.

(in thousands of dollars)

22. Commitments and contingencies

General

From time to time, the Company is involved in various litigation matters arising in the ordinary course of its business. The Company has no reason to believe that the outcome of any of these matters could reasonably be expected to have a materially adverse impact on the Company's financial position, results of operations or its ability to carry on any of its business activities.

General Liability Insurance

The Company is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2023, no assessments have been made.

Letters of credit

At December 31, 2023, the Company had provided $4.3 million (December 31, 2022 – $4.3 million) in bank standby letters of credit to the IESO.

Vendor commitments

The Company has commitments in connection with Infrastructure projects of $1.4 million (2022 — $0.2 million), Information Systems projects of $8.8 million (2022 — $12.0 million) and new vehicle acquisitions of $2.8 million (2022 — $1.0 million).

Operating leases

The Company is committed to lease agreements for various vehicles, equipment and property rights. The future minimum non-cancellable annual lease payments are as follows:

	2023	2022
Less than one year	$ 229	$ 221
Between one and five years	439	486
More than five years	71	117
	$ 739	$ 824

The Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets or leases with lease terms that are less than 12 months. Lease payments associated with these arrangements are instead recognized as an expense over the term on either a straight-line basis, or another systematic basis if more representative of the pattern of benefit. Operating leases expensed during the year ended December 31, 2023 were $0.3 million (December 31, 2022 — $0.3 million).

23. Financial instruments and risk management

Fair value disclosure

The carrying values of cash/bank indebtedness, accounts receivable, due to shareholder and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand. The carrying value of long-term debt and interest rate swap approximates fair value because of the nature of the instruments.

At December 31, 2023, the Company would be required to pay $194 million (2022 - $168 million) if it decided to payout its long-term debt obligations.

Financial risks

The Company understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Company's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk, as well as related mitigation strategies are discussed below.

a) Credit risk

Financial assets carry credit risk that a counter-party will fail to discharge an obligation which would result in a financial loss. Financial assets held by the Company, such as accounts receivable, expose it to credit risk. The Company primarily assesses credit risk exposure by customer segment. Concentrations of consumption by segment or individual customer, may impact risk due to varying energy consumption patterns and allowable security deposit requirements associated with each segment. The Company is not exposed to a significant concentration of credit risk within any customer segment or individual customer. No single customer accounts for revenue in excess of 10% of total revenue.

The carrying amount of accounts receivable relating to energy sales is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the Statement of Comprehensive Income within operating expenses. Subsequent recoveries of receivables previously provisioned are credited to operating expenses. The balance of the allowance for impairment loss at December 31, 2023 is $6.7 million (December 31, 2022 – $5.9 million). During the year ended December 31, 2023, bad debt expense was $1.8 million (December 31, 2022 – $1.6 million).

23. Financial instruments and risk management (continued)

a) Credit risk (continued)

At December 31, 2023, approximately $3.1 million (December 31, 2022 — $2.4 million) is included in the allowance for doubtful accounts for uncollectible amounts relating to water consumption. No uncollectible accounts in connection with water consumption are realized in the Statement of Comprehensive Income since amounts are fully recovered from the City of London.

The Company's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2023, approximately $6.4 million (December 31, 2022 — $5.2 million) is considered 60 days past due. The Company has approximately 167 thousand customers, the majority of whom are residential.

By regulation, the Company is responsible for collecting both the distribution and energy portions of the electricity bill. On average, the Company earns 25% of amounts billed to customers with the remaining 75% being collected for other parties. The Company is therefore exposed to a credit risk substantially greater than the income that it regularly earns. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. At December 31, 2023, the Company held deposits in the amount of $1.4 million (December 31, 2022 — $1.3 million). If presented with substantial credit losses, the Company has the ability to make an application to the regulator for recovery of those losses through distribution rate adjustments in future years.

b) Market risk

Market risks primarily refer to the risk of loss that result from changes in commodity prices, foreign exchange rates, and interest rates. The Company currently does not have significant commodity or foreign exchange risk. The Company is exposed to fluctuations in interest rates as the regulated rate of return for the Company's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates. A 1% increase in the interest rate at December 31, 2023 would have increased interest expense on the long-term debt by $0.2 million (December 31, 2022 — $nil), assuming all other variables remain constant. A 1% decrease in the interest rate would have an equal but opposite effect.

23. Financial instruments and risk management (continued)

c) Liquidity risk

The Company monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Company's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Company monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due. The majority of accounts payable, as reported on the Statement of Financial Position, are due within 30 days.

The Company has an uncommitted operating revolving line of credit facility of $20 million with the Toronto Dominion Bank. At December 31, 2023 the amount drawn by the Company under this line of credit was $9.5 million (December 31, 2022 — $1.7 million). The line of credit is unsecured and interest options consist of the bank prime rate minus 0.5%, or B/A rates, plus a 0.75% stamping fee on B/A based borrowings.

At December 31, 2023, the Company had a committed loan facility of $40 million with the Toronto Dominion Bank and the amount drawn by the Company under this loan facility was $20 million (December 31, 2022 — $nil). Under the terms of this agreement, the loan has a maturity date of March 31, 2026. Interest options consist of the bank prime rate minus 0.6% or B/A rates plus 0.6%. A standby fee of 0.2% is charged for any unused amounts.

The Company also has a bilateral facility for $4.3 million for the purpose of issuing a letter of credit to support the prudential requirements of the IESO, of which $nil has been drawn and posted with the IESO (December 31, 2022 — $nil).

(in thousands of dollars)

23. Financial instruments and risk management (continued)

c) Liquidity risk (continued)

Liquidity risk associated with financial commitments are as follows:

As at December 31, 2023	Total	Due within one year	Due in one to five years	Due in over five years
Bank indebtedness	$ 9,429	$ 9,429	$ -	$ -
Accounts payable and accrued liabilities	44,130	44,130	-	-
Lease liability	3,400	100	400	2,900
Long-term debt	220,000	-	20,000	200,000
Interest to be paid on long-term debt	38,176	5,460	18,209	14,507
	$ 315,135	$ 59,119	$ 38,609	$ 217,407

As at December 31, 2022	Total	Due within one year	Due in one to five years	Due in over five years
Bank indebtedness	$ 2,162	$ 2,162	$ -	$ -
Accounts payable and accrued liabilities	46,931	46,931	-	-
Lease liability	3,500	100	400	3,000
Long-term debt	200,000	-	-	200,000
Interest to be paid on long-term debt	39,347	4,140	16,560	18,647
	$ 291,940	$ 53,333	$ 16,960	$ 221,647

d) Capital disclosures

The main objectives of the Company, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Company’s definition of capital includes shareholder’s equity and long-term debt.

	2023	2022
Long-term debt	$ 220,000	$ 200,000
Shareholder's equity	224,982	223,160
	$ 444,982	$ 423,160

24. Subsequent event

On March 28, 2024, the Board of Directors declared a $5.0 million dividend payable to the sole shareholder, the Corporation of the City of London, to be paid by the end of 2024.

Financial Statements of

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

And Independent Auditor's Report thereon

Year ended December 31, 2023

KPMG LLP
140 Fullarton Street, Suite 1400
London, ON N6A 5P2
Canada
Telephone 519 672 4880
Fax 519 672 5684

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of London & Middlesex Community Housing Inc.

Opinion

We have audited the financial statements of London & Middlesex Community Housing Inc. (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of change in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations, its change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Comparative Information

We draw attention to Note 3 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 3 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter - Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion such adjustments are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity’s ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

May 31, 2024

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Financial Position

December 31, 2023, with comparative information for 2022

		2023		2022
				(Restated - note 3)
Financial Assets				
Cash	$	513,297	$	1,289,054
Accounts receivable (note 4)		4,246,100		2,350,779
Due from The Corporation of the City of London		2,796,240		1,349,187
		7,555,637		4,989,020
Financial Liabilities				
Accounts payable and accrued liabilities		7,331,461		4,570,862
Tenant advances		956,834		874,437
Unearned miscellaneous revenue		84,536		60,818
Asset retirement obligation (note 13)		36,316,420		36,316,420
CMHC loan (note 9)		2,894,602		771,000
		47,583,853		42,593,537
Net debt		(40,028,216)		(37,604,517)
Non-Financial Assets				
Tangible capital assets (note 8)		73,611,712		64,636,161
Prepaid expenses		1,266,636		966,537
		74,878,348		65,602,698
Commitments (note 6)				
Accumulated surplus (note 11)	$	34,850,132	$	27,998,181

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
			(Restated - note 3)
Revenue:			
Rental revenue	$ 14,001,605	$ 13,563,029	$ 13,847,990
The Corporation of the City of London:			
Rental subsidy	12,630,651	12,630,651	12,094,182
Funding adjustment	–	33,364	(16,009)
Business Case 19	2,046,000	2,046,000	1,806,000
Capital funding	–	10,632,740	4,201,132
CMHC revenue	–	1,359,403	456,568
Other	450,533	630,071	523,247
	29,128,789	40,895,258	32,913,110
Expenses:			
Salaries, wages and employee benefits	7,945,860	7,948,931	6,822,096
Maintenance, materials and services:			
Building, general	5,212,683	7,770,696	6,446,480
Grounds	1,295,350	1,443,300	1,429,266
Painting	374,015	553,831	259,746
Other	289,712	189,368	187,783
	7,171,760	9,957,195	8,323,275
Utilities:			
Electricity	1,863,579	1,973,032	1,980,685
Water	1,651,572	1,639,400	1,500,973
Natural gas	1,192,177	1,125,786	1,068,159
Energy saving project rebates	–	(39,328)	–
	4,707,328	4,698,890	4,549,817
Amortization	–	2,745,193	2,521,836
Property:			
Municipal taxes	5,410,033	5,434,420	5,285,587
Insurance	1,065,959	1,061,607	860,366
Mortgage payments (note 5)	–	–	9,046
	6,475,992	6,496,027	6,154,999
Administration	2,827,849	2,197,071	3,007,799
Total expenses	29,128,789	34,043,307	31,379,822
Annual surplus	–	6,851,951	1,533,288
Accumulated surplus, beginning of year	27,998,181	27,998,181	62,781,313
Adjustment for asset retirement obligation	–	–	(36,316,420)
Accumulated surplus, end of year	$ 27,998,181	$ 34,850,132	$ 27,998,181

See accompanying notes to financial statements.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Changes in Net Debt

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
			(Restated - note 3)
Annual surplus	$ –	$ 6,851,951	$ 1,533,288
Acquisition of tangible capital assets	–	(11,720,746)	(4,766,860)
Amortization of tangible capital assets	–	2,745,193	2,521,836
	–	(8,975,553)	(2,245,024)
Acquisition of prepaid expenses	–	(8,434,437)	(7,941,654)
Use of prepaid expenses	–	8,134,340	7,781,931
	–	(300,097)	(159,723)
Change in net debt	–	(2,423,699)	(871,459)
Net debt, beginning of year	(37,604,517)	(37,604,517)	(416,638)
Adjustment for asset retirement obligation (note 3)	–	–	(36,316,420)
Net debt, end of year	$ (37,604,517)	$ (40,028,216)	$ (37,604,517)

See accompanying notes to financial statements.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 6,851,951	$ 1,533,288
Items not involving cash:		
Amortization	2,745,193	2,521,836
Changes in non-cash items:		
Accounts receivable	(1,895,322)	(1,310,141)
Prepaid expenses	(300,098)	(159,721)
Due from The Corporation of the City of London	(1,447,050)	(354,322)
Accounts payable and accrued liabilities	2,760,599	182,274
Tenant advances	82,397	7,066
Unearned miscellaneous revenue	23,717	(868)
	8,821,387	2,419,412
Capital activities:		
Acquisition of tangible capital assets	(11,720,746)	(4,766,860)
Financing activities:		
Issuance of CMHC loan	2,123,602	711,733
Net decrease in cash	(775,757)	(1,635,715)
Cash, beginning of year	1,289,054	2,924,769
Cash, end of year	$ 513,297	$ 1,289,054

See accompanying notes to financial statements.

1. Incorporation:

London & Middlesex Community Housing Inc. (formerly London & Middlesex Housing Corporation) (the "Corporation") operates housing accommodation primarily for persons of low and moderate income. The Corporation operates 3,282 units throughout The City of London and the County of Middlesex and is 100% owned by The Corporation of the City of London.

2. Significant accounting policies:

The financial statements of the Corporation are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Corporation are as follows:

(a) Tangible capital assets:

(i) Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Site improvements	25 - 30
Buildings and improvements	25 - 40
Technology and communications	3
Vehicles	10
Furniture and fixtures	10
Machinery and equipment	25
Appliances	10

One half-year's amortization is charged in the year of acquisition.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

An asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

2. Significant accounting policies (continued):

(a) Tangible capital assets (continued):

(i) (continued):

A liability for the removal of asbestos and other hazardous materials in the building owned by the Corporation has been recognized based on estimated future expenses.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in this note.

In addition, the Corporation's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

(ii) Contributions of capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.

(b) Revenue recognition:

Rental revenue is recognized at the time the service is provided. Other revenues are recognized when the services are earned.

Government transfer payments are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(c) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying value of tangible capital assets and the valuation allowances for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

2. Significant accounting policies (continued):

(d) Budget data:

Budget Figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

(e) Pension contributions:

The Corporation has a pension agreement with the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer defined contribution benefit plan. The Corporation's costs are the contributions due to the plan in the period.

(f) Contaminated sites:

Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic or radioactive material or live organisms that exceeds the environmental standard. This standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

(g) Financial instruments:

PS 3450, *Financial Instruments*, establishes the standards on accounting for and reporting all types of financial instruments including derivatives. The effective date of this standard has been deferred and is now effective for fiscal periods beginning on or after April 1, 2022 (the Corporation’s December 31, 2023 year-end).

Financial instruments are classified into three categories: fair value, amortized cost or cost. Portfolio investments reported at fair value consist of equity instruments, certain fixed income securities, and any other investments where the investments are managed and evaluated on a fair value basis and the fair value option is elected.

Other financial instruments, including cash, accounts receivable, CMHC loan, and accounts payable and accrued liabilities are initially recorded at their fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

3. Change in accounting policy – adoption of new accounting standards:

The Corporation adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 3450 *Financial Instruments*.

(a) PS 1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 *Foreign Currency Translation*, PS 3450 *Financial Instruments*, and PS 3041 *Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

(b) PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

(c) PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

(d) PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

    Fair value hierarchy: The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

    (i) Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

    (ii) Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3. Change in accounting policy – adoption of new accounting standards (continued):

(d) (continued):

(iii) Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist.

A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

(e) PS 3280 *Asset Retirement Obligations* ("ARO") establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 using the modified retrospective approach.

In the past, the Corporation has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

As a result of applying this accounting standard, an asset retirement obligation of $36,316,420 (2022 - $36,316,420) was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the Corporation owned buildings.

3. Change in accounting policy – adoption of new accounting standards (continued):

(e) (continued):

The adoption of PS 3280 ARO was applied to the comparative period and balances were restated as follows:

2022	As previously stated	Adjustments	As restated
Statement of Financial Position			
Asset retirement obligation liability	–	36,316,420	36,316,420
Accumulated surplus	64,314,601	(36,316,420)	27,998,181
Statement of Changes in Net Debt			
Adjustment for asset retirement	–	(36,316,420)	(36,316,420)
Net debt, beginning of year	(1,288,097)	(36,316,420)	(37,604,517)

4. Accounts receivable:

Accounts receivable recorded on the statement of financial position are composed of the following:

	2023	2022
Rent	$ 1,747,410	$ 1,811,198
Allowance for doubtful accounts	(782,979)	(1,014,699)
Harmonized Sales Tax	845,416	620,213
LMHC Accounts Receivable	2,274,066	615,615
Sundry	162,187	318,452
	$ 4,246,100	$ 2,350,779

5. Income producing properties:

The income producing properties held by London & Middlesex Housing Authority and passed through to the Corporation were originally financed by the Province of Ontario through general obligation provincial debentures. At the time of the transfer of ownership the Province did not transfer the responsibility for repayment of these debentures. Accordingly, the value of the provincial debentures associated with them have not been recorded on the Corporation's financial statements.

6. Commitments:

(a) Contractual obligations:

The Corporation is committed to the following minimum annual operating lease payments for premises and equipment

2024	$	601,754
2025		593,427
2026		153,881

7. Pension agreement:

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. In 2023 contribution rates are 9.0% for employee earnings below the year's maximum pensionable earnings and 14.6% thereafter. Employee contributions match these rates.

Contributions to OMERS by the Corporation are recognized as an expense in the period they are incurred. A total of $564,779 was incurred as pension expense in 2023 (2022 - $467,983).

The last available report for the OMERS plan was on December 31, 2023. At that time, the plan reported a $4.2 billion actuarial deficit (2022 - $6.7 billion), based on actuarial liabilities for $136.2 billion (2022 - $130.3 billion) and actuarial assets for $131.9 billion (2022 - $123.6 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

8. Tangible capital assets:

Cost	Balance at December 31, 2022	2023 Additions	2023 Disposals	Balance at December 31, 2023
	(Restated - note 3)			
Land	$ 24,605,751	$ –	$ –	$ 24,605,751
Site improvements	3,835,972	3,102,887	–	6,938,859
Buildings and improvements	140,665,793	7,486,752	–	148,152,545
Technology and communications	1,705,217	5,346	64,625	1,645,938
Vehicles	48,297	–	–	48,297
Furniture and fixtures	318,180	10,895	42,683	286,392
Machinery and equipment	4,317,004	935,353	–	5,252,357
Appliances	2,517,795	179,513	–	2,697,308
Total	**$ 178,014,009**	**$ 11,720,746**	**$ 107,308**	**$ 189,627,447**

Accumulated amortization	Balance at December 31, 2022	2023 Disposals	2023 Amortization	Balance at December 31, 2023
	(Restated - note 3)			
Land	$ –	$ –	$ –	$ –
Site improvements	2,067,465	–	141,114	2,208,579
Buildings and improvements	105,679,566	–	2,131,559	107,811,125
Technology and communications	1,414,499	64,625	187,058	1,536,932
Vehicles	48,297	–	–	48,297
Furniture and fixtures	201,604	42,683	24,363	183,284
Machinery and equipment	2,028,897	–	157,788	2,186,685
Appliances	1,937,520	–	103,311	2,040,831
Total	**$ 113,377,848**	**$ 107,308**	**$ 2,745,193**	**$ 116,015,733**

	Net book value December 31, 2022	Net book value December 31, 2023
	(Restated - note 3)	
Land	$ 24,605,751	$ 24,605,751
Site improvements	1,768,506	4,730,279
Buildings and improvements	34,986,227	40,341,421
Technology and communications	290,718	109,006
Vehicles	–	–
Furniture and fixtures	116,577	103,108
Machinery and equipment	2,288,107	3,065,672
Appliances	580,275	656,475
Total	**$ 64,636,161**	$ **73,611,712**

9. CMHC credit agreement:

On November 25, 2021, together with the City of London as a guarantor, LMCH entered into a ten-year credit agreement with Canada Mortgage and Housing Corporation (CMHC) to finance repairs and renewal of designated housing units at thirteen sites owned and operated by LMCH. Under the agreement, LMCH will make quarterly drawdowns up to a maximum of $40,136,090. LMCH plans to draw the full amount by the end of 2027, 39% of the loan will be forgivable. LMCH will be receiving funds in seven tranches each with its specific interest rate. The first Loan Facility was received on December 9, 2021 with the applicable interest rate for a Repayable Loan of 1.84% for the first tranche, second tranche was received in 2022 bear interest of 3.01%. CMHC received funding is allocated to three areas: Energy efficiency, Accessibility and Property Repairs & Renewals. LMCH has an option to extend the term of any of the repayable loans for an additional ten years. At this time the intention is to pay each tranche back to CMHC after the first ten years and waive the option to extend.

	2023	2022
Repayable Loan Tranche 1	$ 57,305	$ 58,336
Repayable Loan Tranche 2	2,837,297	712,664
	$ 2,894,602	$ 771,000

Forgivable loans in the amount of $1,359,403 (2022 - $456,568) were received during the year and were reflected as CMHC revenue on the statement of operations. Should the Corporation not meet certain requirements throughout the term of the loans they may be required to repay these amounts.

10. Capital allotment:

An approved capital allotment is managed by the City of London to finance future capital expenditures. The allotment has not been recognized in these financial statements and will be accounted for as the funds are received and expensed.

	2023	2022
Opening balance	$ 9,407,277	$ 6,308,910
Contributions during the year	8,350,000	6,525,000
Capital expenditures	(7,264,032)	(3,426,633)
	$ 10,493,245	$ 9,407,277

11. Accumulated surplus:

	2023	2022
Surplus:		
Business Case 18 Co-investment Funding	$ 449,442	$ 449,440
CHMC loan	(2,894,602)	(771,000)
Invested in tangible capital assets	73,611,712	64,636,161
Asset retirement obligation (note 13)	(36,316,420)	(36,316,420)
	$ 34,850,132	$ 27,998,181

12. Contingencies:

The Corporation is subject to certain actual and potential legal claims, which have arisen in the normal course of operations. It has been determined by management that the outcome of these claims is not determinable at this point and as such no amount has been included in these financial statements.

13. Asset retirement obligations:

The Corporation has recorded an asset retirement obligation as of the January 1, 2023 implementation date on a modified retroactive basis, with a restatement of prior year amounts.

As at December 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligation liability is below:

	2023	2022
Liabilities for asset retirement obligations, beginning of year	$ 36,316,420	$ –
Opening adjustments	–	36,316,420
Liabilities for asset retirement obligations, end of year	$ 36,316,420	$ 36,316,420

14. Financial risks and concentration risk:

Risks arising from financial instruments and risk management:

The Corporation is exposed to a variety of financial risks including credit risks, liquidity risk and market risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's financial performance.

(a) Credit risk:

The Corporation's principal financial assets that are subject to credit risk are cash and accounts receivable. The carrying amounts of financial assets on the Statement of Financial Position represent the Corporation's maximum credit exposure as at the Statement of Financial Position date.

(b) Liquidity risk:

The Corporation mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current. There have been no significant changes from the previous year in the Corporation's exposure to liquidity risk or policies, procedures and methods used to measure the risk. All accounts payable and accrued liabilities will be paid within twelve (12) months.

(c) Market risk:

The Corporation's financial instruments consist of cash, accounts receivable, loans payable and accounts payable and accrued liabilities. It is Corporation's opinion that it is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

Financial Statements of

THE LONDON PUBLIC LIBRARY BOARD

And Independent Auditor's Report thereon

Year ended December 31, 2023

KPMG LLP
140 Fullarton Street, Suite 1400
London, ON N6A 5P2
Canada
Telephone 519 672 4880
Fax 519 672 5684

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The London Public Library Board

Opinion

We have audited the accompanying financial statements of The London Public Library Board (the Board), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net financial assets (debt) for the year then ended
- the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2023, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada
May 28, 2024

THE LONDON PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Financial Assets		
Cash	$ 3,127,732	$ 3,555,172
Accounts receivable:		
The Corporation of the City of London	400,080	194,316
London Public Library Board Trust Funds	901,492	465,906
Other	158,924	161,027
	4,588,228	4,376,421
Financial Liabilities		
Accounts payable and accrued liabilities	2,259,373	1,166,392
Deferred revenue	175,726	197,757
Payable to The Corporation of the City of London	–	19,783
Employee future benefits and other liabilities (note 3)	2,192,589	2,207,480
Asset retirement obligation (note 10)	49,540	–
	4,677,228	3,591,412
Net financial assets (deficit)	(89,000)	785,009
Non-Financial Assets		
Tangible capital assets (note 7)	21,379,080	21,595,288
Prepaid expenses	405,915	331,015
	21,784,995	21,926,303
Accumulated surplus (note 8)	**$ 21,695,995**	**$ 22,711,312**

See accompanying notes to financial statements.

On behalf of the Board:

____

Director

____

Director

THE LONDON PUBLIC LIBRARY BOARD

Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
	(note 9)		
Revenue:			
User charges			
Fines	$ 35,710	$ 35,036	$ 35,678
Fee, rental, sundry	523,353	616,066	546,951
Grants			
Federal	–	43,609	67,868
Ontario	598,829	598,829	598,829
Other	–	1,739	1,278
The Corporation of the City of London			
Current	22,128,694	22,128,694	21,741,937
Capital	789,813	789,813	473,877
Investment income	81,412	183,472	93,797
Contribution from Trust Funds (note 4)	–	441,382	407,313
	24,157,811	24,838,640	23,967,528
Expenses:			
Personnel	16,596,437	16,171,403	15,450,541
Amortization of tangible capital assets	–	2,716,171	2,434,513
Facility services	2,512,407	2,638,118	2,421,337
Collections and lending services	2,576,500	1,318,805	1,393,483
Utilities	992,504	970,892	942,222
Purchased services	1,024,692	924,453	714,120
Technology	925,949	177,234	580,465
Trust fund expenditures (note 4)	–	441,382	374,349
Administrative	229,505	197,705	129,333
Major repairs and maintenance (capital)	789,813	35,846	98,977
Contribution to self-insurance reserve	93,885	94,037	92,044
Program services	100,000	107,926	47,849
Equipment	68,311	59,985	8,464
Contribution to Trust Funds	–	–	2,101
	25,910,003	25,853,957	24,689,798
Annual deficit	(1,752,192)	(1,015,317)	(722,270)
Accumulated surplus, beginning of year	22,711,312	22,711,312	23,433,582
Accumulated surplus, end of year	**$ 20,959,120**	**$ 21,695,995**	**$ 22,711,312**

See accompanying notes to financial statements.

THE LONDON PUBLIC LIBRARY BOARD

Statement of Changes in Net Financial Assets (Debt)

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget (note 9)	2023 Actual	2022 Actual
Annual deficit	$ (1,752,192)	$ (1,015,317)	$ (722,270)
Acquisition of tangible capital assets	(695,000)	(2,499,962)	(1,737,553)
Amortization of tangible capital assets	–	2,716,171	2,434,513
	(2,447,192)	(799,108)	(25,310)
Use of prepaid expenses	–	(74,901)	7,541
Change in net debt	(2,447,192)	(874,009)	(17,769)
Net financial assets, beginning of year	785,009	785,009	802,778
Net financial assets (debt), end of year	**$ (1,662,183)**	**$ (89,000)**	**$ 785,009**

See accompanying notes to financial statements.

THE LONDON PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual deficit	$ (1,015,317)	$ (722,270)
Items not involving cash:		
Amortization of tangible capital assets	2,716,171	2,434,513
Change in employee future benefits and other liabilities	(14,891)	(7,715)
Changes in non-cash assets and liabilities:		
Receivable from The Corporation of the City of London	(205,763)	14,284
Receivable from London Public Library Board Trust Funds	(435,586)	(400,311)
Other accounts receivable	2,101	(18,182)
Accounts payable and accrued liabilities	1,142,521	110,587
Payable to The Corporation of the City of London	(19,783)	9,184
Deferred revenue	(22,031)	155,692
Prepaid expenses	(74,900)	7,541
	2,072,522	1,583,323
Capital activities:		
Cash used to acquire tangible capital assets	(2,499,962)	(1,737,553)
Decrease in cash	(427,440)	(154,230)
Cash, beginning of year	3,555,172	3,709,402
Cash, end of year	**$ 3,127,732**	**$ 3,555,172**

See accompanying notes to financial statements.

1. Significant accounting policies:

The financial statements of The London Public Library Board (the "Board"), a registered charity and a local board of the Corporation of the City of London (the "City"), are prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants Canada. Significant accounting policies adopted by the Board are as follows:

(a) Basis of accounting:

The Board follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Municipal funding:

The City provides funding to the Board for both operating and capital expenditures such as refurbishment, replacement and major repairs and maintenance to the Library buildings. Government transfer payments from the City are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(c) Deferred revenue:

Deferred revenues represent grants and other designated funding which has been received but for which the service has yet to be performed. These amounts will be recognized as revenues in the fiscal year in which the services are performed.

(d) Financial instruments:

Financial Instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument.

Financial instrument	Measurement Method
Cash	Cost
Accounts receivable	Cost
Accounts payable and accrued liabilities	Cost

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

Fair value category – The Board has not elected to reflect any financial instruments at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. A Statement of Remeasurement Gains and Losses has not been included as there are no matters to report therein.

Amortized cost – Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category – Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

(e) Employee future benefits:

The Board provides certain employee benefits which will require funding in future periods. These benefits include life insurance, extended health and dental benefits for early retirees.

The costs of life insurance, extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, insurance and health care cost trends, long term inflation rates and discount rates.

(f) Pension contributions:

The Board has a pension agreement with the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer defined contribution benefit plan. The Board's costs are the contributions due to the plan in the period.

1. Significant accounting policies (continued):

(g) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Buildings	15 - 60
Leasehold improvements	40
Shelving	40
Furniture and equipment	7
Collections	7
Computers	3

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

An asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

– there is a legal obligation to incur retirement costs in relation to a tangible capital asset;

– the past transaction or event giving rise to the liability has occurred;

– it is expected that future economic benefits will be given up; and

– a reasonable estimate of the amount can be made.

A liability for the removal of asbestos and other hazardous materials in the buildings owned by the Board has been recognized based on estimated future expenses.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in this note. In addition, the Board's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

ii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

iii) Leased tangible capital assets:

Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(h) Budget data:

Budget information has been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and in preparing actuarial valuations for employee future benefits.

In addition, the Board's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from those estimates.

1. Significant accounting policies (continued):

(j) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

2. Change in accounting policy – adoption of new accounting standards:

The Board adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments.

(a) PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

(b) PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

(c) PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

(d) PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

2. Change in accounting policy – adoption of new accounting standards (continued):

Fair value hierarchy: The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

(i) Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

(iii) Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

(e) PS 3280 Asset Retirement Obligations (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 on a modified retroactive basis. Prior period restatement was not done as the liability was not significant.

In the past, the Board has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from buildings. The Board reports liabilities related to the legal obligations where the Board is obligated to incur costs to retire a tangible capital asset.

2. Change in accounting policy – adoption of new accounting standards (continued):

As a result of applying this accounting standard, an asset retirement obligation of $49,540 was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the Board owned buildings.

3. Employee future benefits and other liabilities:

Employee future benefits and other liabilities are comprised of the following:

		2023		2022
Liability for vested sick leave benefits (a)	$	14,053	$	29,665
Vacation pay liability		188,536		183,815
Employee future benefits obligation (b)		1,990,000		1,994,000
	$	2,192,589	$	2,207,480

(a) Liability for vested sick leave benefits

Under the sick leave benefit plan, employees hired prior to May 1, 1985 can accumulate unused sick leave and may become entitled to a cash payment when they leave the employment of the Board.

The liability of these accumulated days, to the extent that they have vested and could be taken in cash by an employee upon ceasing employment with the Board as at December 31, 2023, amounts to $15,612 (2022 - $29,665). This amount is fully funded by a reserve held by the City in the amount of $29,841 (2022 - $44,565).

(b) Retiree benefits

The Board provides certain post-employment and post-retirement employee benefits which will require funding in future periods.

The Board pays certain life insurance benefits on behalf of the retired employees as well as extended health and dental benefits for early retirees to age sixty-five. The Board recognizes these post-retirement costs in the period in which the employees rendered the services. The most recent actuarial valuation was performed as at December 31, 2021.

3. Employee future benefits and other liabilities (continued):

(b) Retiree benefits (continued)

Detailed information about retiree benefits is as follows:

	2023	2022
Accrued employee future benefit obligation:		
Balance, beginning of year	$ 2,005,000	$ 1,990,000
Current year benefit cost	82,000	79,000
Interest cost	59,000	59,000
Benefits paid	(131,000)	(123,000)
Actuarial loss	(94,000)	–
Balance at the end of the year	1,921,000	2,005,000
Unamortized actuarial gain (loss)	69,000	(11,000)
Employee future benefits obligation	$ 1,990,000	$ 1,994,000

Post-employment and post-retirement benefit expenses included in total expenditures consist of the following:

	2023	2022
Current year benefit cost	$ 82,000	$ 79,000
Interest on accrued benefit obligation	59,000	59,000
Amortization of net actuarial gain	(14,000)	(9,000)
Total expenses	$ 127,000	$ 129,000

Significant assumptions used in the actuarial valuation are as follows:

Discount rate	3.50%
Rate of compensation increase	2.00%
Healthcare cost increases	4.00%

The actuarial gain is amortized over the expected average remaining service life of the related employee group of fourteen years.

4. Trust funds:

Trust funds administered by the Board amounting to $4,576,829 (2022 - $4,071,340) have not been included in the statement of financial position nor have their operations been included in the statement of operations. They are reported separately on The London Public Library Board Trust Fund Financial Statements ("Trust Funds").

During the year, the Trust Funds transferred $441,382 (2022 - $407,313) to the Board for capital and operating expenses. This amount and the related expenditures have been included in the statement of operations.

5. Commitments:

The Board is committed under operating leases for the rental of premises and equipment. The minimum annual payments under these leases are as follows:

2024	$	910,734
2025		747,188
2026		682,408
2027		648,151
2028 and beyond		1,346,024
	$	4,334,505

6. Pension agreement:

The Board has a pension agreement with OMERS, which is a multi-employer plan, on behalf of its full and part-time staff. The plan is a contributory defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2023 is $1,129,326 (2022 - $1,036,431) for current service and is included as an expenditure in the statement of operations.

The last available report for the OMERS plan was on December 31, 2023. At that time, the plan reported a $4.2 billion actuarial deficit (2022 - $6.7 billion), based on actuarial liabilities for $136.1 billion (2022 - $130.3 billion) and actuarial value of net assets for $131.9 billion (2022 - $123.6 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

7. Tangible capital assets:

Cost	Balance at December 31, 2022	2023 Additions	2023 Disposals	Balance at December 31, 2023
Land	$ 3,904,165	$ –	$ –	$ 3,904,165
Buildings	39,412,208	–	–	39,412,208
Leasehold improvements	4,981,852	–	–	4,981,852
Collections	9,038,588	1,063,289	1,409,223	8,692,654
Shelving	1,281,713	–	186,731	1,094,982
Computers	657,982	1,165,913	170,102	1,653,793
Furniture and equipment	1,139,497	270,760	76,792	1,333,465
Total	**$ 60,416,005**	**$ 2,499,962**	**$ 1,842,848**	**61,073,119**

Accumulated amortization	Balance at December 31, 2022	2023 Additions	2023 Disposals	Balance at December 31, 2023
Land	$ –	$ –	$ –	$ –
Buildings	31,376,725	729,699	–	32,106,423
Leasehold improvements	886,850	122,754	–	1,009,605
Collections	4,758,076	1,266,517	1,409,223	4,615,370
Shelving	815,898	32,043	186,731	661,210
Computers	279,140	385,294	170,102	494,332
Furniture and equipment	704,028	179,864	76,792	807,100
Total	**$ 38,820,717**	**2,716,171**	**1,842,848**	**$ 39,694,040**

	Net book value December 31, 2022	Net book value December 31, 2023
Land	$ 3,904,165	$ 3,904,165
Buildings	8,035,483	7,305,785
Leasehold improvements	4,095,002	3,972,247
Collections	4,280,512	4,077,284
Shelving	465,815	433,772
Computers	378,842	1,159,461
Furniture and equipment	435,469	526,366
Total	**$ 21,595,288**	$ **21,379,080**

8. Accumulated surplus:

Accumulated surplus consists of surplus and reserve funds as follows:

	2023	2022
Surplus		
Invested in tangible capital assets	$ 21,379,080	$ 21,595,288
Unfunded		
Employee benefits, accrued sick and vacation	(202,591)	(213,480)
Employee benefits, future benefit liability	(1,990,000)	(1,994,000)
Total surplus	19,186,489	19,387,808
Reserves set aside by the Board		
Stabilization fund	2,419,665	3,098,938
Collections encumbrance fund	60,000	180,000
Total reserves	2,479,665	3,278,938
Reserve held by the City on behalf of the Board		
Sick leave reserve	29,841	44,566
	$ 21,695,995	$ 22,711,312

9. Budget data:

Budget information has been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

	Budget amount
Revenues	
Operating budget	$ 25,120,190
Expenses	
Operating budget	25,120,190
Annual surplus, as per approved budget	$ –

9. Budget data (continued):

		Budget amount
Capital funding from the City	$	789,813
Major repairs and maintenance		(789,813)
Drawdown from Stabilization fund		(1,572,192)
Drawdown from Collections encumbrance fund		(180,000)
Annual (deficit), revised	$	(1,752,192)

10. Asset retirement obligation :

The Board has recorded an asset retirement obligation of $49,540 as of January 1, 2023. As at December 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

11. Financial risks and concentration of risk:

The Board is exposed to a variety of financial risks, including credit risks and liquidity risk. The Board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Board's financial performance.

(a) Credit risk:

The Board's principal financial assets that are subject to credit risk are accounts receivable. The carrying amounts of financial assets on the Statement of Financial Position represent the Board's maximum credit exposure as at the Statement of Financial Position date.

(b) Liquidity risk:

The Board mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. There have been no significant changes from the previous year in the Board's exposure to liquidity risk or policies, procedures and methods used to measure the risk. All accounts payable and accrued liabilities will be paid within six months.

The Board's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. It is the Board's opinion that they are not exposed to significant interest rate or currency risks arising from these financial instruments.

Financial Statements of

LONDON TRANSIT COMMISSION

And Independent Auditor's Report thereon

Year ended December 31, 2023

KPMG LLP
140 Fullarton Street, Suite 1400
London, ON N6A 5P2
Canada
Telephone 519 672 4880
Fax 519 672 5684

INDEPENDENT AUDITOR'S REPORT

To the Commissioners, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of London

Opinion

We have audited the accompanying financial statements of the London Transit Commission ("the Entity"), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Comparative Information

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ending December 31, 2022 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 18, 2024

LONDON TRANSIT COMMISSION
Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022 (restated - note 2)
Financial Assets		
Cash and cash equivalents	$ 40,793,113	$ 47,795,605
Accounts receivable	1,949,374	1,820,420
Due from The City of London	1,304,742	911,098
	44,047,229	50,527,123
Financial Liabilities		
Accounts payable and accrued liabilities	11,910,290	9,649,550
Due to The City of London	175,330	54,596
Due to Province of Ontario (note 11)	-	6,783,573
Accrued liability insurance claims (note 8)	1,330,926	1,363,724
Employee future benefits (note 7)	4,169,000	4,276,000
Asset retirement obligation liability (note 13)	1,691,000	1,691,000
Deferred fare media	4,812,546	5,736,130
Deferred revenue (note 11)	13,782,007	12,954,472
	37,871,099	42,509,045
Net financial assets	6,176,130	8,018,078
Non - Financial Assets		
Inventories (note 3)	3,951,503	3,677,451
Tangible capital assets (note 10)	88,032,913	98,515,162
Prepaid expenses	1,923,427	1,689,021
	93,907,843	103,881,634
Commitments (note 9)		
Accumulated surplus (note 4)	$ 100,083,973	$ 111,899,712

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION
Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	Budget (note 12)	2023	2022 (restated - note 2)
Revenue:			
Grants:			
The City of London (note 5)	$ 56,055,200	$ 47,051,343	$ 53,016,799
Province of Ontario (note 5)	19,476,600	10,342,804	17,724,352
Government of Canada (note 5)	1,231,500	141,650	1,630,248
	$ 76,763,300	$ 57,535,797	$ 72,371,399
User charges, conventional transit:			
Cash fares	$ 3,312,900	$ 3,177,129	$ 3,015,009
Ticket fares	9,261,200	9,700,829	8,458,796
Pass fares	21,390,100	22,773,931	17,522,498
Other transportation revenue	-	1,481,609	1,056,432
	$ 33,964,200	$ 37,133,498	$ 30,052,735
Other revenue, conventional transit:			
Advertising	$ 712,300	$ 717,779	$ 609,553
Interest and discounts	1,490,400	2,604,259	1,189,318
Rent	2,500	720	1,176
Gain on disposal of capital assets	48,000	68,160	31,400
Miscellaneous	31,000	48,452	27,221
	$ 2,284,200	$ 3,439,370	$ 1,858,668
User charges, specialized transit:			
Cash fares	$ 34,800	$ 25,729	$ 24,831
Ticket fares	396,600	324,616	289,783
Pass fares	148,600	145,946	113,683
	$ 580,000	$ 496,291	$ 428,297
Total revenue	$ 113,591,700	$ 98,604,956	$ 104,711,099

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

		Budget (note 12)		2023		2022 (restated - note 2)
Expenses:						
Salaries, wages and benefits:						
Transportation	$	43,347,586	$	43,831,886	$	37,624,782
Vehicle maintenance		10,943,270		10,454,217		9,874,270
Facility		665,837		627,330		606,996
Planning, marketing and general administration		4,233,207		4,141,434		3,871,287
	$	59,189,900	$	59,054,867	$	51,977,335
Materials, supplies, utilities and services:						
Transportation	$	4,801,300	$	4,173,540	$	3,802,325
Vehicle maintenance		7,499,700		8,063,879		6,969,028
Facility		3,931,800		3,611,667		3,489,897
Planning, marketing and general administration		2,309,200		2,239,231		1,871,114
Fuel		10,413,900		9,819,653		10,505,899
Amortization		-		12,654,784		13,230,331
	$	28,955,900	$	40,562,754	$	39,868,594
Current operations, specialized transit:						
Administration:						
Salaries and benefits	$	1,344,300	$	1,289,089	$	1,182,598
Materials and supplies		273,600		320,928		270,372
	$	1,617,900	$	1,610,017	$	1,452,970
Contracted service delivery	$	10,561,500	$	9,193,057	$	7,842,637
	$	12,179,400	$	10,803,074	$	9,295,607
Total expenses	$	100,325,200	$	110,420,695	$	101,141,536
Annual surplus (deficit) (note 12)	$	13,266,500	$	(11,815,739)	$	3,569,563
Accumulated surplus, beginning of year		111,899,712		111,899,712		108,330,149
Accumulated surplus, end of year	$	125,166,212	$	100,083,973	$	111,899,712

LONDON TRANSIT COMMISSION

Statement of Change in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	Budget (note 12)	2023	2022 (restated - note 2)
Annual surplus (deficit)	$ 13,266,500	$ (11,815,739)	$ 3,569,563
Acquisition of tangible capital assets	(22,574,500)	(2,172,535)	(17,545,982)
Amortization of tangible capital assets	-	12,654,784	13,230,331
Gain on disposal of tangible capital assets	(48,000)	(68,160)	(31,400)
Proceeds on sale of tangible capital assets	48,000	68,160	31,400
	$ (9,308,000)	$ (1,333,490)	$ (746,088)
Inventories	-	(274,052)	(888,606)
Prepaid expenses	-	(234,406)	(148,432)
	$ -	$ (508,458)	$ (1,037,038)
Change in net financial assets	(9,308,000)	(1,841,948)	(1,783,126)
Adjustment for asset retirement obligation	-	-	(1,691,000)
Net financial assets, beginning of year	8,018,078	8,018,078	11,492,204
Net financial assets, end of year	$ (1,289,922)	$ 6,176,130	$ 8,018,078

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION
Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

		2023		2022 (restated - note 2)
Cash provided by (used in):				
Operating activities:				
Annual surplus (deficit)	$	(11,815,739)	$	3,569,563
Items not involving cash:				
Amortization		12,654,784		13,230,331
Gain on disposal of tangible capital assets		(68,160)		(31,400)
Change in employee future benefit liability		(107,000)		(32,000)
Changes in non-cash assets and liabilities:				
Accounts receivable		(128,954)		943,934
Due from The City of London		(393,644)		(367,692)
Inventories		(274,052)		(888,606)
Prepaid expenses		(234,406)		(148,432)
Accounts payable and accrued liabilities		2,260,740		102,793
Due to The City of London		120,734		33,697
Due to Province of Ontario		(6,783,573)		6,783,573
Accrued liability insurance claims		(32,798)		131,256
Deferred fare media		(923,584)		17,332
Deferred revenue		827,535		(12,003,610)
Net change in cash from operating activities	$	(4,898,117)	$	11,340,739
Capital activities:				
Proceeds on sale of tangible capital assets		68,160		31,400
Cash used to acquire tangible capital assets		(2,172,535)		(17,545,982)
Net change in cash from capital activities		(2,104,375)		(17,514,582)
Net change in cash and cash equivalents		(7,002,492)		(6,173,843)
Cash and cash equivalents, beginning of year		47,795,605		53,969,448
Cash and cash equivalents, end of year	$	40,793,113	$	47,795,605
Cash	$	14,553,587	$	15,871,636
Cash equivalents		26,239,526		31,923,969
Cash and cash equivalents, end of year	$	40,793,113	$	47,795,605

See accompanying notes to financial statements.

1. Significant accounting policies:

The financial statements of the London Transit Commission (the "Commission"), a local commission of the Corporation of the City of London (the "City of London"), are the representation of management prepared in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants Canada Public Sector Accounting Handbook.

(a) Basis of accounting:

The Commission follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measureable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

The balances reported for cash and cash equivalents in these financial statements include both funds for current purposes and balances held for reserve funds.

Cash and cash equivalents include amounts held in banks and highly liquid investments with maturities at time of purchase of three months or less.

(c) Deferred fare media and revenue:

The Commission receives contributions pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or the services performed.

Government transfer payments from the City of London and the Province of Ontario are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If the funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as deferred revenue at year end.

(d) Post-employment benefits liability:

The Commission provides defined retirement and other future benefits to specified employee groups. These benefits include pension, health, dental, life insurance, compensated absences, and workers' compensation benefits. The Commission has adopted the following policies with respect to accounting for:

(i) The cost of employee future benefit plans are actuarially determined using management's best estimate of salary escalation, insurance and health care cost trends, long-term inflation rates and discount rates.

(ii) The cost of multi-employer defined benefit pension plan, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions to the plan in the period. OMERS provides benefits for employees of Ontario municipalities, local boards, public utilities and school boards. As this is a multi employer plan, no liability is recorded on the Commission's books.

1. Significant accounting policies (continued):

(e) **Tangible capital assets:**

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life - years
Site work	25
Buildings	5 - 60
Shelters, pads, and terminals	10
Rolling stock	12
Fare and data collection equipment	15
Radio/communication equipment	15
Bike racks on buses	5
Service fleet	3
Shop equipment	5
Small tools	3
Computer hardware	3
Computer software	3

Tangible capital assets which are under construction are not amortized until the tangible capital assets are available for productive use.

(f) **Use of estimates:**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(g) **Financial instruments**

Financial Instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	**Measurement method**
Cash and cash equivalents	Cost
Accounts receivable	Cost
Accounts payable and accrued liabilities	Cost
Due to / from The City of London	Amortized cost

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

1. Significant accounting policies (continued):

Fair value category: The Commission manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. A Statement of Remeasurement Gains and Losses has not been included as there are no matters to report therein.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

(h) **Asset retirement obligations**

An asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

A liability for the removal of asbestos, fuel tanks and other hazardous materials in several of the buildings owned by the Commission has been recognized based on estimated future expenses.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in this note, 1.(e).

In addition, the Commission's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

2. Change in Accounting policy - adoption of new accounting standards:

The Commission adopted the following standards concurrently beginning January 1, 2023 prospectively: *PS 1201 Financial Statement Presentation*, *PS 2601 Foreign Currency Translation*, *PS 3041 Portfolio Investments* and *PS 3450 Financial Instruments.*

PS1201 Financial Statement Presentation replaces *PS 1200 Financial Statement Presentation*. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in *PS 2601 Foreign Currency Translation*, *PS 3450 Financial Instruments*, and *PS 3041 Portfolio Investments*, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces *PS 2600 Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

PS 3041 Portfolio Investments replaces *PS 3040 Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to *PS 3450 Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, *PS 3030 Temporary Investments* no longer applies.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

Fair value hierarchy

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

PS 3280 Asset Retirement Obligations (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 on a modified retroactive basis with prior period restatement.

2. Change in Accounting policy - adoption of new accounting standards (continued):

In the past, the Commission has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

As a result of applying this accounting standard, an asset retirement obligation of $1,691,000 (2022 – $1,691,000) was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the Commission owned buildings and equipment, including tanks. The adoption of *PS 3280 ARO* was applied to the comparative period and balances were restated as follows:

2022

	As previously reported	Adjustments	As restated
Statement of Financial Position			
Tangible Capital Assets	$ 97,857,077	$ 658,085	$ 98,515,162
Asset retirement obligation liability	-	1,691,000	1,691,000
Accumulated Surplus (deficit)	112,932,627	(1,032,915)	111,899,712
Statement of Change in Net Debt			
Adjustment for asset retirement obligation	-	(1,691,000)	(1,691,000)
Net debt, beginning of year	9,709,078	(1,691,000)	8,018,078

3. Inventories:

	2023	2022
Spare parts	$ 3,951,503	$ 3,677,451

4. Accumulated surplus:

Accumulated surplus consists of individual fund surpluses, reserves and reserve funds as follows:

	2023	2022 (restated - note 2)
Surplus:		
Invested in tangible capital assets	$ 88,032,913	$ 98,515,162
To be recovered from public liability insurance reserve fund	(1,330,926)	(1,363,724)
Unfunded:		
Employee future benefits liability	(4,169,000)	(4,276,000)
Vacation pay earned and accrued payroll	(3,213,900)	(2,947,600)
Asset retirement obligation liability	(1,691,000)	(1,691,000)
Total surplus	77,628,087	88,236,838
Reserves set aside for specific purposes of the Commission (note 11):		
Energy management reserve	1,665,750	1,665,750
General operating reserve	3,416,765	3,661,087
Health care management reserve	4,586,499	4,854,965
Total reserves	9,669,014	10,181,802
Reserve funds set aside for specific purposes by the Commission (note 11):		
Capital program reserve fund	7,637,923	7,872,568
Public liability insurance reserve fund	5,148,949	5,608,504
Total reserve funds	12,786,872	13,481,072
	$ 100,083,973	$ 111,899,712

5. Grants:

(a) The City of London:

Grants from The City of London for current and capital operations for conventional transit and specialized transit are as follows:

	2023	2022
Operating grants:		
Specialized transit	$ 9,793,620	$ 9,401,300
Conventional transit	36,042,920	33,878,400
	45,836,540	43,279,700
Capital grants:		
Capital levy and debentures	1,214,803	9,350,892
Development	-	386,207
	1,214,803	9,737,099
Total grants received from The City of London	$ 47,051,343	$ 53,016,799

5. Grants (continued):

In addition, The City of London sponsors certain groups using both conventional and specialized public transit. These groups receive reduced fares or free fares. The Commission receives grants, on behalf of the respective groups, as fare offsets and are shown as such on the Statement of Operations as part of the ticket and pass fares. Particulars of the grants are as follows:

	2023	2022
Equalization grant, seniors (reduced fares)	$ 276,848	$ 239,806
Equalization grant, income related (reduced fares)	201,620	154,428
Equalization grant, youth (reduced fares)	360,808	258,604
Free transportation, blind	161,984	131,969
Free transportation, children	261,083	181,314
	$ 1,262,343	$ 966,121

(b) Province of Ontario:

Provincial grants recognized as revenue during the year ended December 31, for capital and operating programs are as follows:

	2023	2022
Capital grants:		
Gas tax program	$ 41,608	$ 3,856,251
Investing in Canada infrastructure program	117,924	1,357,182
Safe restart program	-	225,289
	159,532	5,438,722
Operating grants:		
Gas tax program	10,183,272	8,237,300
Safe restart program	-	4,048,330
	10,183,272	12,285,630
Total Province of Ontario grants	$ 10,342,804	$ 17,724,352

(c) Government of Canada:

	2023	2022
Capital grants:		
Investing in Canada infrastructure program	$ 141,650	$ 1,630,248
Total Government of Canada grants	$ 141,650	$ 1,630,248

6. Pension agreement:

Effective February 1, 1989, the London Transit Commission commenced participation in the Ontario Municipal Employees Retirement System (OMERS) which is a multi employer plan, for all active employees at that date as well as for all new employees. As of December 31, 2023 there were 682 (2022 - 655) active employees. The plan is a contributory defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on their length of service and rates of pay. Changes by OMERS to the plan, since February 1, 1989, apply to service after February 1, 1989. For pre-February 1, 1989 service, the Commission provides pension benefits, as determined by the pension plan document.

The amount contributed to OMERS for 2023 was $3,673,923 (2022 - $3,219,070) for current service and is expensed in the statement of operations.

The last available report for the OMERS plan was on December 31, 2023. At that time, the plan reported a $4.2 billion actuarial deficit (2022 - $6.7 billion), based on actuarial liabilities for $136.1 million (2022 - $130.3 million) and actuarial assets for $131.9 million (2022 - $123.6 million). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

The London Transit Commission continues to sponsor a pre-February 1, 1989, contributory defined benefit pension plan for employees on long term disability at February 1, 1989 that are not likely to return to active employment.

7. Employee future benefits:

The Commission provides benefits to retirees until they reach sixty-five years of age and provides certain benefits to employees on long-term disability. The employee future benefit liability has been estimated based on an actuarial valuation which was completed at December 31, 2021.

	2023	2022
Employee future benefits liability as of December 31	$ 4,169,000	$ 4,276,000

Retirement and other future benefit expenses included in total expenditures consist of the following:

	2023	2022
Current year benefit cost	$ 277,000	$ 267,000
Interest on accrued benefit obligation	102,000	100,000
Amortized gain	(174,000)	(116,000)
Benefits paid	(312,000)	(283,000)
	$ (107,000)	$ (32,000)

7. Employee future benefits (continued):

Significant assumptions are as follows:

	2023	2022
Discount rate	3.50%	3.00%
Rate of compensation increase	2.00%	2.00%
Healthcare cost current	5.47%	5.50%
Healthcare cost ultimate	4.00%	4.00%

8. Public liability insurance:

At December 31, 2023, there were 101 liability claims (2022- 122) and 5 accident benefits claims (2022- 11) outstanding that may result in payment under the insurance deductible provisions. The estimated cost to the Commission is $1,292,537 and $38,389 (2022 - $1,219,530 and $144,195) respectively for a total of $1,330,926 (2022 - $1,363,724) to be funded from the public liability reserve fund.

9. Commitments:

(a) Bus procurement:

The Commission has approved the awarding of contracts with New Flyer Industries for the purchase of fifteen buses for $12,427,200 in 2022. These buses were not received until January & February 2024. In 2023 the commission approved the purchase of ten buses from New Flyer Industries for $8,010,280. It is anticipated these buses will arrive by the end of April 2024.

10. Tangible capital assets:

The historical cost, accumulated amortization and net book value of tangible capital assets employed by the Commission at December 31 is as follows:

Cost	Balance December 31, 2022 (restated - note 2)	Additions	Disposals	Balance December 31, 2023
Land	$ 2,804,632	$ -	$ -	$ 2,804,632
Site work	3,723,042	90,079	-	3,813,121
Buildings	47,686,127	257,327	-	47,943,454
Shelters, pads, and terminals	4,861,098	424,227	-	5,285,325
Rolling stock	138,232,822	-	(5,672,900)	132,559,922
Fare and data collection equipment	7,283,479	41,608	-	7,325,087
Radio/communication equipment	9,863,252	-	-	9,863,252
Bike racks on buses	158,878	-	-	158,878
Service fleet	446,976	59,940	-	506,916
Shop equipment	4,370,488	126,037	-	4,496,525
Small tools	246,495	70,454	(74,768)	242,181
Computer hardware	1,356,187	236,919	-	1,593,106
Computer software	2,207,275	129,921	-	2,337,196
Capital work in progress	102,948	736,023	-	838,971
	$ 223,343,699	$ 2,172,535	$ (5,747,668)	$ 219,768,566

Accumulated amortization	Balance December 31, 2022 (restated - note 2)	Disposals	Amortization	Balance December 31, 2023
Land	$ -	$ -	$ -	$ -
Site work	1,986,088	-	152,525	2,138,613
Buildings	22,903,509	-	1,258,999	24,162,508
Shelters, pads, and terminals	2,558,130	-	450,472	3,008,602
Rolling stock	76,474,765	(5,672,900)	9,619,276	80,421,141
Fare and data collection equipment	4,462,024	-	358,718	4,820,742
Radio/communication equipment	8,141,194	-	303,094	8,444,288
Bike racks on buses	158,878	-	-	158,878
Service fleet	407,748	-	45,626	453,374
Shop equipment	4,261,299	-	91,894	4,353,193
Small tools	157,644	(74,768)	80,727	163,603
Computer hardware	1,241,256	-	156,811	1,398,067
Computer software	2,076,002	-	136,642	2,212,644
	$ 124,828,537	$ (5,747,668)	$ 12,654,784	$ 131,735,653

Net book value	Balance December 31, 2022 (restated - note 2)	Balance December 31, 2023
Land	$ 2,804,632	$ 2,804,632
Site work	1,736,954	1,674,508
Buildings	24,782,618	23,780,946
Shelters, pads, and terminals	2,302,968	2,276,723
Rolling stock	61,758,057	52,138,781
Fare and data collection equipment	2,821,455	2,504,345
Radio/communication equipment	1,722,058	1,418,964
Service fleet	39,228	53,542
Shop equipment	109,189	143,332
Small tools	88,851	78,578
Computer hardware	114,931	195,039
Computer software	131,273	124,552
Capital in process	102,948	838,971
	$ 98,515,162	$ 88,032,913

11. Analysis of reserves, reserve funds, and deferred revenues:

	Energy management reserve	General operating reserve	Health care management reserve	2023 Total	2022 Total
Reserves:					
Balance, beginning of year	$ 1,665,750	$ 3,661,087	$ 4,854,965	$ 10,181,802	$ 10,848,155
Contributions from current operations	-	-	123,152	123,152	871,147
Appropriations to current operations	-	(244,322)	(391,618)	(635,940)	(1,537,500)
	$ 1,665,750	$ 3,416,765	$ 4,586,499	$ 9,669,014	$ 10,181,802

	Capital program	Public liability insurance	2023 Total	2022 Total
Reserve funds:				
Balance, beginning of year	$ 7,872,568	$ 5,608,504	$ 13,481,072	$ 13,424,751
Interest earned	421,904	301,753	723,657	303,710
Contributions from current operations	-	-	-	681,400
	8,294,472	5,910,257	14,204,729	14,409,861
Expenditures:				
Appropriations to current operations	-	(761,308)	(761,308)	(505,801)
Appropriations to capital LTC	(656,549)	-	(656,549)	(422,988)
	(656,549)	(761,308)	(1,417,857)	(928,789)
Balance, end of year	$ 7,637,923	$ 5,148,949	$ 12,786,872	$ 13,481,072

Deferred revenues	Provincial gas tax program	Safe restart program	2023 Total	2022 Total
Deferred revenues:				
Balance, beginning of year	$ 12,954,472	$ -	$ 12,954,472	$ 24,958,082
Interest earned	716,093	-	716,093	544,039
Contributions	11,052,415	-	11,052,415	11,147,133
	24,722,980	-	24,722,980	36,649,254
Expenditures:				
Appropriations to current operations	(10,899,365)	-	(10,899,365)	(12,512,743)
Appropriations to capital LTC	(41,608)	-	(41,608)	(4,398,466)
Unused funds owed back to province	-	-	-	(6,783,573)
	(10,940,973)	-	(10,940,973)	(23,694,782)
Balance, end of year	$ 13,782,007	$ -	$ 13,782,007	$ 12,954,472

12. Reconciliation of annual surplus to Commission approved operating surplus:

The Commission's annual operating and capital budget programs are fully funded with actual to budget performance expected to be in a balanced position, that is the Commission does not budget for a surplus or deficit.

PSAB requirements impact how and where revenue and expenditure items are reported and on what financial statement. This results in the reporting of a 2023 budget surplus, a 2023 actual deficit and a 2022 actual surplus.

These reported surplus and deficits, budgeted and actual, are reconciled to the balanced position in the following table:

	Budget (note 12)	2023	2022
Annual surplus (deficit)	$ 13,266,500	$ (11,815,739)	$ 3,569,563
Capital expenditures	(22,574,500)	(2,172,535)	(17,545,982)
Transfers from reserves and reserve funds	10,856,100	2,053,797	2,166,716
Contributions to reserves and reserve funds	(1,548,100)	(846,809)	(1,556,684)
Amortization of tangible capital assets	-	12,654,784	13,230,331
Increase (decrease) in employee future benefits	-	(107,000)	(31,999)
Increase (decrease) in liability for insurance claims	-	(32,798)	131,256
Increase (decrease) in liability for vacation pay	-	266,300	36,800
Other	-	-	(66,072)
Commission approved surplus (deficit)	$ -	$ -	$ (66,071)

13. Asset retirement obligations:

The Commission has recorded an asset retirement obligation as of the January 1, 2023 implementation date on a modified retroactive basis, with a restatement of prior year amounts.

As at December 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligation liability is below:

As at December 31	2023	2022
Liabilities for Asset Retirement Obligations at Beginning of Year	$ 1,691,000	$ -
Opening adjustments	-	1,691,000
Liabilities for Asset Retirement Obligations at of Year	$ 1,691,000	$ 1,691,000

14. Financial instruments:

(a) Risks arising from financial instruments and risk management.

The Commission is exposed to a variety of financial risks including credit risk, liquidity risk and market risk. The Commission's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Commission's financial performance.

(b) Credit risk

The Commission's principal financial assets are cash and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the Statement of Financial Position represent the Commission's maximum credit exposure as at the Statement of Financial Position date.

(c) Liquidity risk

The Commission mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current. There have been no significant changes from the previous year in the Commission's exposure to liquidity risk or policies, procedures and methods used to measure the risk. The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

As at December 31, 2023	Within 6 months	6-12 months	1-4 years	4+ years
Accounts payable and accrued liabilities	$ 9,100,457	$ 1,801,044	$ 419,092	$ 589,697

As at December 31, 2022	Within 6 months	6-12 months	1-4 years	4+ years
Accounts payable and accrued liabilities	$ 8,669,623	$ 156,923	$ 341,055	$ 481,949

Financial Statements of

MIDDLESEX-LONDON HEALTH UNIT

And Independent Auditors' Report thereon

Year ended December 31, 2023

(STATEMENTS NOT AVAILABLE AT TIME OF PRINTING)

ML

MIDDLESEX-LONDON

HEALTH

UNIT

Financial Statements of

MUSEUM LONDON

And Independent Auditor's Report thereon

Year ended December 31, 2023

KPMG LLP
140 Fullarton Street, Suite 1400
London, ON N6A 5P2
Canada
Telephone 519 672 4880
Fax 519 672 5684

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Museum London

Opinion

We have audited the financial statements of Museum London (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and accumulated surplus for the year then ended
- the statement of change in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- the statement of accumulated remeasurement gains for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023 and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Comparative Information

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter

Other Matter - Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion such adjustments are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 2, 2024

MUSEUM LONDON

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
Financial assets:		
Cash	$ 346,163	$ 398,753
Investments (note 3)	9,300,802	7,787,559
Due from the Corporation of the City of London (note 9)	-	33,422
Other receivables	65,814	99,435
	9,712,779	8,319,169
Financial liabilities:		
Accounts payable and accrued liabilities	271,437	296,310
Payable to the Corporation of the City of London (note 9)	39,515	32,692
Asset retirement obligation (note 12)	292,290	292,290
Deferred revenue	215,994	51,350
Employee future benefits (note 5)	72,994	58,761
	892,230	731,403
Net financial assets	8,820,549	7,587,766
Non-financial assets:		
Tangible capital assets (note 4)	6,932,835	7,713,685
Inventory	99,784	71,289
Prepaid expenses	43,582	39,084
	7,076,201	7,824,058
Accumulated surplus (note 6)	$ 15,896,750	$ 15,411,824

See accompanying notes to financial statements.

On behalf of the Board:

_______________ Chair _______________ Chair

MUSEUM LONDON

Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
	(note 11)		(Restated - note 2)
Revenue:			
Federal	$ 344,000	$ 469,938	$ 478,588
Provincial	217,190	217,190	242,190
Municipal:			
Operating	1,928,128	1,933,089	1,903,462
Capital	-	151,952	108,066
Community:			
Donations	210,000	130,301	143,403
Public programs	87,674	93,416	55,498
Ancillary services:			
Catering and rentals	119,000	152,047	118,122
Fundraising events	-	56,736	68,157
Sponsorships	47,000	53,000	-
Donations of art and artifacts	-	380,400	794,400
Investment income	15,000	300,885	441,426
Miscellaneous	69,000	28,482	51,337
Program revenue	108,600	148,037	163,475
Lease and parking income	213,700	205,139	184,952
	3,359,292	4,320,612	4,753,076
Expenses:			
Operating:			
Operations	1,180,982	1,104,908	1,024,622
General and administration	1,180,718	1,169,120	1,171,818
Public programs	161,213	168,416	240,537
Publicity	206,792	212,059	212,296
Curatorial and collections management	699,062	707,378	678,085
Amortization of tangible capital assets	1,000,000	958,995	963,909
Ancillary services:			
Catering and rentals	96,641	93,239	88,817
Exhibitions and collection expense	213,037	268,165	280,372
Donation of art and artifacts	-	380,400	794,400
Purchase of art and artifacts	28,500	65,586	57,866
Investment expense	-	39,522	41,294
Townsend and Mavers scholarships	-	5,222	-
	4,766,945	5,173,010	5,554,016
Deficit	(1,407,653)	(852,398)	(800,940)
Accumulated surplus, beginning of year	15,411,824	15,411,824	16,417,367
Adjustment for asset retirement obligation (note 2)	-	-	(204,603)
Unrealized remeasurement gains	-	1,337,324	-
Accumulated surplus, end of year	$ 14,004,171	$ 15,896,750	$ 15,411,824

See accompanying notes to financial statements.

MUSEUM LONDON

Statement of Change in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
	(note 11)		(Restated - note 2)
Deficit	$ (1,407,653)	$ (852,398)	$ (800,940)
Acquisition of tangible capital assets	(610,000)	(178,144)	(145,556)
Amortization of tangible capital assets	1,000,000	958,995	963,909
	(1,017,653)	(71,547)	17,413
Change in prepaid expenses	-	(4,499)	7,955
Change in inventory	-	(28,495)	(9,380)
Unrealized remeasurement gains	-	1,337,324	-
Change in net financial assets	(1,017,653)	1,232,783	15,988
Net financial assets, beginning of year	7,587,766	7,587,766	7,864,068
Adjustment for asset retirement obligation	-	-	(292,290)
Net financial assets, end of year	$ 6,570,113	$ 8,820,549	$ 7,587,766

See accompanying notes to financial statements.

MUSEUM LONDON

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Deficit	$ (852,398)	$ (800,940)
Items not involving cash:		
Amortization of tangible capital assets	958,995	963,909
Change in employee future benefits	14,233	1,414
Changes in non-cash operating working capital:		
Due from the Corporation of the City of London	33,422	8,154
Other receivables	33,621	319,076
Prepaid expenses	(4,499)	7,955
Accounts payable and accrued liabilities	(24,873)	39,065
Payable to the Corporation of the City of London	6,823	(22,793)
Deferred revenue	164,644	(238,255)
Payable to the federal government	-	(983,147)
Inventory	(28,495)	(9,380)
	301,473	(714,942)
Capital activity:		
Acquisition of tangible capital assets	(178,144)	(145,556)
Investing activities:		
Change in investments, net	(175,919)	(113,337)
Decrease in cash and cash equivalents	(52,590)	(973,835)
Cash, beginning of year	398,753	1,372,588
Cash, end of year	$ 346,163	$ 398,753

See accompanying notes to financial statements.

MUSEUM LONDON

Statement of Accumulated Remeasurement Gains

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Accumulated remeasurement gains, beginning of year	$ -	$ -
Unrealized gain attributable to:		
Portfolio investments recorded at fair market value	1,337,324	-
Accumulated remeasurement gains,end of year	$ 1,337,324	$ -

1. Significant accounting policies:

The financial statements of Museum London, a registered charity, are prepared by management in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants Canada Public Sector Accounting Handbook ("PSAB").

The statement of operations combines financial transactions of the operating, tangible capital asset, and reserve and restricted funds.

(a) Operating funds are available for financing expenditures for the day to day operations of Museum London;

(b) Tangible capital asset funds are available for financing expansion, replacement and major repairs and maintenance of Museum London facilities; and

(c) Reserves and restricted funds are designated for specific purposes and are either not available for day to day operations or require special approval in accordance with Museum London Board policy.

Note 10 provides a summary of the financial activities of each fund. Transfers between the funds are made as approved by the Board.

(a) Basis of accounting:

Museum London follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Government transfers:

Government transfer payments are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expense have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(c) Deferred revenue:

Deferred revenue represent grants, sponsorships and other designated funding which has been received but for which the related exhibitions, programs or other services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

1. Significant accounting policies (continued):

(d) Investment income:

Investment income is reported as revenue in the period earned. Income earned on restricted and unrestricted investment funds becomes part of the investment funds and are not available for operating purposes.

(e) Financial instruments:

Financial Instruments are classified into three categories: fair value, amortized cost or cost. Portfolio investments reported at fair value consist of equity instruments, certain fixed income securities, and any other investments where the investments are managed and evaluated on a fair value basis and the fair value option is elected.

Other financial instruments, including cash and cash equivalents, accounts receivable, loans receivable, and accounts payable and accrued liabilities are initially recorded at their fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

Fair value category: Museum London manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

1. Significant accounting policies (continued):

(f) Employee future benefits:

The Museum London provides certain employee benefits which will require funding in future periods. These benefits include amounts for vacation for current employees. These future liabilities are recognized at current cost.

(g) Pension contributions:

The costs of defined contribution pension plan benefits to the Ontario Municipal Employees Retirement Fund ("OMERS") are the employer's contributions due to the plan in the period.

(h) Capital assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful life
Building and building improvements:	
Building structure and initial site-works	60 years
Building shell (cladding, roofing, windows)	20 years
Building services (heating, electrical, mechanical)	5-15 years
Site-work betterments and interior refurbishing	5-7 years
Furniture and equipment:	
Heavy equipment	10 years
Furniture and small equipment	5 years

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

1. Significant accounting policies (continued):

(h) Capital assets (continued):

(i) Tangible capital assets (continued):

An asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

A liability for the removal of asbestos and other hazardous materials in the building owned by the Museum London has been recognized based on estimated future expenses.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in this note.

In addition, the Museum London's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

(ii) Works of art and cultural and historic assets:

Works of art and material cultural and historic assets are not recorded as assets in these financial statements.

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

1. Significant accounting policies (continued):

(i) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles, as defined in the Chartered Professional Accountants Canada Public Sector Accounting Handbook, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(j) Budget figures:

Budget figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

2. Change in accounting policy - adoption of new accounting standards:

Museum London adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments.

(a) PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

(b) PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

(c) PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

2. Change in accounting policy - adoption of new accounting standards (continued):

(d) PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

Fair value hierarchy: The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

(i) Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

(iii) Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

(e) PS 3280 Asset Retirement Obligations ("ARO") establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 using the modified retrospective approach.

2. Change in accounting policy - adoption of new accounting standards (continued):

(e) (continued):

In the past, Museum London has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

As a result of applying this accounting standard, an asset retirement obligation of $292,290 (2022 - $292,290) was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the Museum London owned buildings and equipment. The adoption of PS 3280 ARO was applied to the comparative period and balances were restated as follows:

2022	As previously reported	Adjustments	As restated
Statement of Financial Position			
Tangible capital assets	$ 7,625,998	$ 87,687	$ 7,713,685
Asset retirement obligation liability	-	(292,290)	(292,290)
Accumulated surplus (deficit)	15,616,427	(204,603)	15,411,824
Statement of Changes in Net Financial Assets			
Adjustment for asset retirement obligation	-	(292,290)	(292,290)
Net assets, beginning of year	7,880,056	(292,290)	7,587,766
Statement of Operations			
Surplus/(deficit) for the year	(800,940)	-	(800,940)

3. Investments:

At December 31, investments were comprised of the following:

	2023 At fair market value	2022 At cost
Canadian bond	$ 3,018,929	$ 3,062,528
Canadian equity	3,188,922	2,551,373
US equity	1,061,985	691,258
International equity	2,030,966	1,482,400
	$ 9,300,802	$ 7,787,559

At December 31, 2022 the approximate market value of the investments amounted to $8,280,700.

4. Tangible capital assets:

	Balance December 31, 2022 (Restated - note 2)	Additions	Disposal	Write offs	Balance December 31, 2023
Cost:					
Land	$ 1,175,120	$ -	$ -	$ -	$ 1,175,120
Building and building improvements	14,279,209	151,952	-	(352,194)	14,078,967
Furniture and equipment	314,554	26,192	-	(166,158)	174,588
	$ 15,768,883	$ 178,144	$ -	$ (518,352)	$ 15,428,675
Accumulated amortization:					
Building and building improvements	$ 7,834,902	$ 905,022	$ -	$ (352,195)	$ 8,387,729
Furniture and equipment	220,296	53,973	-	(166,158)	108,111
	$ 8,055,198	$ 958,995	$ -	$ (518,353)	$ 8,495,840
Net book value:					
Land	$ 1,175,120				$ 1,175,120
Building and building improvements	6,444,307				5,691,238
Furniture and equipment	94,258				66,477
	$ 7,713,685				$ 6,932,835

5. Employee future benefits:

Employee future benefits, reported on the statement of financial position, are comprised of the following:

	2023	2022
Vacation pay earned but not taken	$ 72,994	$ 58,761

Under the provision of certain employee vacation plans, some vacation credits are earned as at December 31, but are generally unavailable for use until a later date.

6. Accumulated surplus:

The accumulated surplus consists of the following:

	2023	2022 (Restated - note 2)
Surplus (deficit):		
Operating fund	$ (1,172,254)	$ (890,644)
Investment in tangible capital assets	6,932,835	7,713,685
Unfunded employee benefits	(72,994)	(58,761)
Accumulated unrealized remeasurement gains	1,337,324	-
Total surplus	7,024,911	6,764,280
Reserve funds set aside for specific purposes by Museum London:		
Operating endowment	4,813,194	4,704,932
Restricted funds held by Museum London include the following:		
Moore acquisitions fund	3,233,972	3,196,915
Moore collection management fund	375,317	364,363
Nancy Geddes Poole fund	137,802	133,788
Volunteer committee acquisitions fund	254,892	247,546
Townsend and Mavers fund	56,662	-
	$ 15,896,750	$ 15,411,824

7. Insurance:

Museum London has accumulated works of art with an insured value. These works of art are not recorded as tangible capital assets in the financial statements.

8. Pension plan:

Museum London makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS") on behalf of twenty members of its staff. The plan is a contributory defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay.

Contributions for employees with a normal retirement age of sixty five were made at the rate of 9.0% for earnings up to the yearly maximum pensionable earnings of $66,600 and at a rate of 14.60% for earnings greater than the yearly maximum pensionable earnings.

The amount contributed to OMERS for 2023 was $136,264 (2022 - $116,829) and is included as an expense in the statement of operations and accumulated surplus. Employees' contributions to OMERS in 2023 were $136,264 (2022 - $116,829).

The last available report for the OMERS plan was on December 31, 2023. At that time, the plan reported a $4.2 billion actuarial deficit (2022 - $6.7 billion), based on actuarial liabilities for $136.1 billion (2022 - $130.3 billion) and actuarial assets for $131.9 billion (2022 - $123.6 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

9. Related party transactions and balances:

	2023	2022
Due from the Corporation of the City of London	$ -	$ 33,422
Due to the Corporation of the City of London	(39,515)	(32,692)
	$ (39,515)	$ 730

Amounts due to and from the Corporation of the City of London, an organization that has significant influence over Museum London are non interest bearing and have no specific terms.

Transactions are entered into with related parties in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, unless otherwise noted.

10. Annual surplus (deficit):

The annual surplus (deficit) in the statement of operations and accumulated surplus includes the net change of the balance of each of the three funds: operating, investment in tangible capital asset, and reserve and restricted funds along with the change in unfunded employee future benefits as follows:

	2023	2022
Operating fund	$ (281,610)	$ (289,873)
Investment in tangible capital assets	(780,851)	(818,353)
Reserves and restricted funds	224,296	308,700
Change in unfunded employee benefits	(14,233)	(1,414)
Deficit	$ (852,398)	$ (800,940)

10. Annual surplus (deficit) (continued):

Statements of financial activities for the three funds follow:

(i) Operating Fund:

	2023 Budget	2023 Total	2022 Total
Revenue:			
Federal:			
Canada Arts Council:			
Operating	$ 320,000	$ 320,000	$ 320,000
Programs	-	-	64,000
Canadian Heritage:			
Other	33,000	149,938	94,588
Provincial:			
Ontario Arts Council:			
Operating grant	162,236	165,236	190,236
Ministry of Tourism and Culture	51,954	51,954	51,954
Other	3,000	-	-
Municipal	1,928,128	1,933,089	1,903,462
Community:			
Donations	210,000	129,301	129,155
Public programs	87,674	93,416	55,498
Ancillary services:			
Catering and rentals	119,000	152,047	118,122
Fundraising events	-	56,736	68,157
Sponsorships	47,000	53,000	-
Investment income	15,000	23,923	19,102
Miscellaneous	69,000	28,482	51,337
Lease and parking income	213,700	205,140	184,952
Program revenue	108,600	148,036	163,475
	$ 3,368,292	$ 3,510,298	$ 3,414,038

10. Annual surplus (deficit) (continued):

(i) Operating Fund (continued):

		2023 Budget		2023 Total		2022 Total (Restated - note 2)
Expenses:						
Operating:						
Operations	$	1,180,982	$	1,104,908	$	1,024,622
General and administration		1,180,718		1,169,124		1,171,818
Public programs		161,213		168,416		240,537
Publicity		206,792		212,059		212,296
Curatorial and collections management		699,062		707,376		678,085
Ancillary services:						
Catering and rentals		96,641		93,239		88,817
Exhibitions and collections expense		213,037		268,165		280,372
Purchase of art and artifacts		28,500		65,586		57,866
		3,766,945		3,788,873		3,754,413
Net expenditures		(398,653)		(278,575)		(340,375)
Financing and transfers:						
Transfer to restricted funds		-		(56,662)		-
Transfer to investment in tangible capital assets		-		(26,192)		(37,490)
Transfer from reserves and restricted funds		-		65,586		57,866
Transfer from reserves and restricted funds		-		-		28,712
Employee benefits		-		14,233		1,414
Net financing and transfers		-		(3,035)		50,502
Change in fund balance		(398,653)		(281,610)		(289,873)
Deficit, beginning of year		(890,644)		(890,644)		(308,481)
Adjustment for asset retirement obligation (note 2)		-		-		(292,290)
Deficit, end of year	$	(1,289,297)	$	(1,172,254)	$	(890,644)

10. Annual surplus (deficit) (continued):

(ii) Investment in tangible capital assets:

	2023	2022 (Restated - note 2)
Revenue:		
Municipal	$ 151,952	$ 108,066
Expenditures:		
Amortization of tangible capital assets	(958,995)	(963,909)
Net expenditures	(807,043)	(855,843)
Financing and transfers:		
Transfer from operating fund	26,192	37,490
Change in fund balance	(780,851)	(818,353)
Surplus, beginning of year	7,713,685	8,444,351
Adjustment for asset retirement obligation (note 2)	-	87,687
Surplus, end of year	$ 6,932,834	$ 7,713,685

10. Annual surplus (deficit) (continued):

(iii) Reserve and Restricted Funds:

(a) Reserves:

	2023	2022
Revenue:		
Net investment revenue	$ 107,262	$ 172,178
Donations	1,000	13,948
Net revenue	108,262	186,126
Financing and transfers:		
Change in fund balance	108,262	186,126
Surplus, beginning of year	4,704,932	4,518,806
Surplus, end of year	$ 4,813,194	$ 4,704,932

10. Annual surplus (deficit) (continued):

(iii) Reserve and Restricted Funds:

(b) Restricted Funds:

		2023		2022
Revenue:				
Net investment revenue	$	130,180	$	208,852
Donations:				
Miscellaneous		-		300
		130,180		209,152
Expenditures:				
Townsend and Mavers scholarships		5,222		-
Net revenue		124,958		209,152
Financing and transfers:				
Transfer to operating fund		(65,586)		(86,578)
Transfer from operating fund		56,662		-
		(8,924)		(86,578)
Change in fund balance		116,034		122,574
Surplus, beginning of year		3,942,612		3,820,038
Surplus, end of year	$	4,058,646	$	3,942,612

11. Budget data:

Budget figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

	Budget amount
Revenue:	
Operating budget	$ 3,359,292
Expense:	
Operating budget	3,766,945
Annual operating surplus, as budgeted	(407,653)
Amortization of tangible capital assets	(1,000,000)
Annual deficit, revised	$ (1,407,653)

12. Asset retirement obligations:

The Museum London has recorded an asset retirement obligation as of the January 1, 2023 implementation date on a modified retroactive basis, with a restatement of prior year amounts.

As at December 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligation liability is below:

As at December 31	2023	2022
Liabilities for asset retirement obligations, beginning of year	$ 292,290	$ -
Opening adjustments	-	292,290
Liabilities for asset retirement obligations, end of year	$ 292,290	$ 292,290

13. Financial risks and concentration of risk:

As the valuation of all financial instruments held by Museum London at fair value are derived from quoted prices in active markets, all would be in Level 1 of the fair value hierarchy.

Risks arising from financial instruments and risk management

Museum London is exposed to a variety of financial risks including credit risks, liquidity risk and market risk. Museum London's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on Museum London's financial performance.

(a) Credit risk:

Museum London's principal financial assets that are subject to credit risk are cash and accounts receivable. The carrying amounts of financial assets on the Statement of Financial Position represent the Museum London's maximum credit exposure as at the Statement of Financial Position date.

(b) Liquidity risk:

Museum London mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current. There have been no significant changes from the previous year in Museum London's exposure to liquidity risk or policies, procedures and methods used to measure the risk. All accounts payable and accrued liabilities will be paid within six (6) months.

(c) Market risk:

Museum London is exposed to interest rate risk and price risk with regard to its short and long-term investments, all of which are regularly monitored.

Museum London's financial instruments consist of cash, accounts receivable, investments, and accounts payable and accrued liabilities. It is Museum London's opinion that Museum London is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

Financial Statements of

OLD EAST VILLAGE IMPROVEMENT AREA BOARD OF MANAGEMENT

And Independent Auditor's Report thereon.

Year ended December 31, 2023

(STATEMENTS NOT AVAILABLE AT TIME OF PRINTING)

DRAFT

Financial Statements of

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

And Independent Auditors' Report thereon

December 31, 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Elgin Area Primary Water Supply System

Opinion

We have audited the financial statements of Elgin Area Primary Water Supply System (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Comparative Information

We draw attention to Note 3 to the financial statements, which explains that certain comparative information presented for the year ending December 31, 2022 has been restated.

Note 3 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

May 31, 2024

DRAFT

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Financial Position
December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
Financial assets		
Due from the Corporation of the City of London (note 4)	**$ 19,616,763**	$ 15,645,242
Trade and other receivables	**711,924**	712,820
Loan receivable (note 5)	**108,902**	130,271
Total financial assets	**20,437,589**	16,488,333
Financial liabilities		
Accounts payable and accrued liabilities	**1,700,865**	821,275
Accrued interest on long-term debt	**34,238**	42,647
Long-term debt (note 6)	**4,164,888**	5,333,202
Asset retirement obligation (note 7)	**664,058**	629,041
Total financial liabilities	**6,564,049**	6,826,165
Net financial assets	**13,873,540**	9,662,168
Non-financial assets		
Tangible capital assets (note 8)	**61,557,059**	62,713,804
Prepaid expenses	**256,291**	230,053
Total non-financial assets	**61,813,350**	62,943,857
Commitments (note 11)		
Accumulated Surplus (note 9)	**$ 75,686,890**	$ 72,606,025

The accompanying notes are an integral part of these financial statements.

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Operations
Year ended December 31, 2023, with comparative information for 2022

	Budget	2023	2022
	(note 12)		(Restated - note 2)
Revenues			
User charges	$ 15,647,811	**$ 15,422,481**	$ 15,024,168
Investment income	202,000	**464,067**	249,206
Other	25,189	**32,570**	29,700
Total revenues	15,875,000	**15,919,118**	15,303,074
Expenses			
Salaries, wages and fringe benefits	1,061,436	**1,062,772**	928,768
Materials and supplies	7,833,749	**7,183,651**	6,842,875
Contracted services	664,974	**649,218**	831,377
Rents and financial expenses	112,000	**109,913**	81,320
Interest on long-term debt (note 6)	120,708	**120,709**	180,877
Amortization of tangible capital assets (note 8)	3,540,674	**3,540,674**	3,589,352
Administrative charges to the Corporation of the City of London	184,598	**171,316**	168,785
Total expenses	13,518,139	**12,838,253**	12,623,354
Annual surplus	2,356,861	**3,080,865**	2,679,720
Accumulated surplus, beginning of year (note 9)	72,606,025	**72,606,025**	70,276,264
Adjustment on adoption of the asset retirement obligation standard (note 3)	-	**-**	(349,959)
Accumulated surplus, end of year (note 9)	$ 74,962,886	**$ 75,686,890**	$ 72,606,025

The accompanying notes are an integral part of these financial statements.

DRAFT

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Change in Net Financial Assets
Year ended December 31, 2023, with comparative information for 2022

	Budget (note 12)	2023	2022 (Restated - note 2)
Annual surplus	$ 2,356,861	**$ 3,080,865**	$ 2,679,720
Acquisition of tangible capital assets	(10,447,026)	**(2,383,929)**	(1,672,932)
Amortization of tangible capital assets	3,540,674	**3,540,674**	3,589,352
	(4,549,491)	**4,237,610**	4,596,140
Change in prepaid expenses	-	**(26,238)**	(37,060)
Change in net financial assets	(4,549,491)	**4,211,372**	4,559,080
Net financial assets, beginning of year	9,662,168	**9,662,168**	5,732,098
Adjustment on adoption of the asset retirement obligation standard (note 3)	-	**-**	(629,010)
Net financial assets, end of year	$ 5,112,677	**$ 13,873,540**	$ 9,662,168

The accompanying notes are an integral part of these financial statements.

DRAFT

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Cash Flows
Year ended December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
Cash provided by (used in)		
Operating activities		
Annual surplus	**$ 3,080,865**	$ 2,679,720
Items not involving cash		
Amortization of tangible capital assets	**3,540,674**	3,589,352
Amortization of debenture discount	**7,810**	15,178
Accretion expense	**-**	31
Change in non-cash assets and liabilities		
Due from the Corporation of the City of London	**(3,971,521)**	(2,171,252)
Prepaid expenses	**(26,238)**	(37,060)
Trade and other receivables	**896**	46,514
Accounts payable and accrued liabilities	**879,590**	(133,354)
Accrued interest on long-term debt	**(8,409)**	(17,351)
Asset retirement obligation	**35,018**	-
Net change in cash from operating activities	**3,538,685**	3,971,778
Capital activities		
Purchase of tangible capital assets	**(2,383,929)**	(1,672,932)
Net change in cash from capital activities	**(2,383,929)**	(1,672,932)
Financing activities		
Long-term debt repayments	**(1,176,125)**	(2,323,163)
Loan receivable	**21,369**	24,317
Net change in cash from financing activities	**(1,154,756)**	(2,298,846)
Net change in cash flows and cash, end of year	**$ -**	$ -

The accompanying notes are an integral part of these financial statements.

1. Nature of Reporting Entity

The Ontario Water Resources Commission (the "Commission") of the Province of Ontario constructed, owned and operated a water treatment plant on Lake Erie and pipeline to the City of St. Thomas and the Ford Talbotville Assembly Plant on or about 1967. The Ministry of the Environment (the "Ministry") was created in about 1973 and assumed all operations and activities of the Commission. In or about 1991, operational related activities (water and wastewater systems) of the Ministry were transferred to the Ontario Clean Water Agency, a Crown corporation of the Province of Ontario. In accordance with agreements with the associated municipalities, the Ministry extended pipelines to the present communities of Port Burwell, Port Stanley, and Southwold, and in 1996 to the City of London and the Town of Aylmer.

In accordance with the *Municipal Water and Sewage Systems Transfer Act*, 1997, the final Transfer Order for Elgin Area Primary Water Supply System (the "Entity") was effective on November 29, 2000.

Under the transfer order, the works, properties and all assets, liabilities, rights and obligations of the system were transferred jointly to The Corporation of the City of London, The Corporation of the Town of Aylmer, The Corporation of the Municipality of Bayham, The Corporation of the Municipality of Central Elgin, The Corporation of the Township of Malahide, The Corporation of the Township of Southwold and The Corporation of the City of St. Thomas. The Corporation of the City of London (the "Corporation") was named as the administering municipality. The Corporation of the Municipality of Dutton Dunwich joined the joint board of management in 2018. The appointment and voting structure was approved in the December 2019 board meeting.

The transfer order established a joint board of management to govern the management of the water supply system. The joint board of management is comprised of seven members appointed by the respective councils of participating municipalities. The Board composition is as follows:

Municipality	Members	Votes
The Corporation of the City of London	3	3
The Corporation of the City of St. Thomas	2	2
The Corporations of the Township of Southwold and the Municipality of Central Elgin and the Municipality of Dutton Dunwich (acting jointly)	1	1
The Corporations of the Municipality of Bayham, Township of Malahide and Town of Aylmer (acting jointly)	1	1

2. Significant Accounting Policies

The financial statements of the Entity are prepared by management in accordance with Canadian generally accepted accounting principles as defined in the CPA Canada Public Sector Handbook - Accounting. Significant accounting policies are as follows:

(a) Accrual Accounting

Sources of financing and expenses are reported on the accrual basis of accounting.

(b) Asset Retirement Obligation

An asset retirement obligation (ARO) is recognized when, at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The following liabilities have been recognized based on estimated future expenses:

- Removal of asbestos in various buildings owned by the Entity. The Occupational Health and Safety Act states the demolition of a building, all or in part, can be done only when asbestos-containing material that may be disturbed during the work, has been removed.

- Removal of underground fuel and oil storage tanks and related piping. The Technical Standards and Safety Authority (TSSA) states in both its Liquid Fuels Handling Code and the Fuel and Oil Code that an underground storage tank and its piping must be removed when it has been out of service for 2 years or more.

- Removal of leasehold improvements where requested by the landlord. A lease may have a Base-Building clause that states that leasehold improvements are to be removed at the end of a lease at the request of the landlord and at the expense of the Entity.

(c) Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

2. Significant Accounting Policies (continued)

(c) Non-financial Assets (continued)

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Buildings and building improvements	15 – 40
Vehicles	5 – 15
Machinery and equipment	7 – 20
Water infrastructure	10 – 60
Computers	3

Annual amortization is charged in the year of acquisition and in the year of disposal using the half year rule. Assets under construction are not amortized until the asset is available for productive use.

(ii) Interest Capitalization

The interest costs associated with the acquisition or construction of a tangible capital asset are not capitalized.

(d) Revenue Recognition

The Entity recognizes revenue when water is drawn by each customer, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

(e) Government Transfers

Government transfer payments to the Entity are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performance. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

2. Significant Accounting Policies (continued)

(f) Financial Instruments

Financial instruments are classified in one of the following categories: (i) fair value; (ii) cost or amortized cost. The Entity determines the classification of its financial instruments at initial recognition.

Unsecured debentures and other long-term debt are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Transaction costs related to the issuance of long-term debt are capitalized and amortized over the term of the debt.

Other financial instruments, including cash and cash equivalents, trade accounts receivable, loans receivable, accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

The following table provides the carrying amount information of the Entity's financial instruments by category.

Financial Instruments	Measurement Method
Due from the Corporation of the City of London	Cost
Trade and other receivables	Cost
Other loans receivable	Amortized Cost
Accounts payable and accrued liabilities	Cost
Accrued interest on long-term debt	Cost
Long-term debt	Amortized Cost

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as oppposed to the straight-line method.

Fair value category: The Entity manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and related balances reverses from the Statement of Remeasurement Gains and Losses. A statement of Remeasurement Gains and Losses has not been included as there are no material matters to report therein.

2. Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price at the trade date, which is the fair value of the consideration given or received. After initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques that refer to observable market data. These include comparisons with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Amortized cost category: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

2. Significant Accounting Policies (continued)

(g) Loans Receivable

Loans receivable are recorded at the lower of amortized cost and the net recoverable value when the risk of loss exists. Recoverability is reviewed annually, and a valuation allowance is recorded when recoverability is impaired. A loan receivable is written off when it is no longer recoverable. Recoveries of loans receivable previously written off are recognized in the year received. Changes in the valuation of loans receivables are recognized in the statement of operations and accumulated surplus. Interest is accrued on loans receivable to the extent it is deemed collectable.

When the terms associated with a loan are considered concessionary such that all or a part of the loan is a grant, the Entity will expense the grant portion of the transaction in the statement of operations and accumulated surplus at the time the loan is made.

(h) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at the year-end date. Revenue and expenses are translated at the exchange rate prevailing on the transaction date. Realized and unrealized exchange gains and losses are included in the statement of operations.

(i) Use of Estimates

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the valuation allowances for receivables and useful lives assigned to tangible capital assets.

Actual results could differ from those estimates.

The Entity's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the expected retirement costs, as well as the timing and duration of these retirement costs.

2. Significant Accounting Policies (continued)

(j) Budget Figures

Budget figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB"), certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

(k) Liability for Contaminated Sites

Under PS 3260, liability for contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

(l) Related Party Disclosures

Related parties exist when one party has the ability to control or has shared control over another party. Individuals that are key management personnel or close family members may also be related parties.

Disclosure is made when the transactions or events between related parties occur at a value different from what would have been recorded if they were not related and the transactions could have a material financial impact on the consolidated financial statements.

(m) Inter-entity Transactions

Transactions between related parties are recorded at carrying amounts with the exception of the following:

- Transactions in the normal course of business are recorded at exchange amount.
- Transactions with fair value consideration are recorded at exchange amount.
- Transfer of an asset or liability at nominal or no consideration is recorded by the provider at carrying amount and the recipient has the choice of either carrying amount or fair value.
- Cost allocations are reported using the exchange amount and revenues and expenses are reported on a gross basis.
- Unallocated costs for the provision of goods or services maybe recorded by the provider at cost, fair value or another amount dictated by policy, accountability structure or budget practice.

2. Significant Accounting Policies (continued)

(n) Future Accounting Pronouncements

These standards and amendments were not yet effective for the year ended December 31, 2023, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

(i) Revenue

PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Entity’s December 31, 2024 year-end).

(ii) Public Sector Guideline 8 Purchased Intangible

Public Sector Guideline 8 Purchased Intangible, allows public sector entities to recognize intangible purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the Entity''s December 31, 2024 year-end).

(iii) Public Private Partnerships

PS 3160, Public Private Partnerships (P3s), provides specific guidance on the accounting and reporting for public private partnerships between pulic and private sector entities where the public sector entity procures infrastructure using a private sector partner. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Entity’s December 31, 2024 year-end).

3. Change in Accounting Policies - Adoption of New Accounting Standards

The Entity adopted the following standards concurrently, beginning January 1, 2023:

(a) PS 1201, Financial Statement Presentation

PS 1201, Financial Statement Presentation replaces PS 1200 Financial Statement presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adoped at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

3. Change in Accounting Policies - Adoption of New Accounting Standards (continued)

(b) PS 3041, Portfolio Investments

PS 3041, Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

(c) PS 3450, Financial Instruments and PS 2601, Foreign Currency Translation

The Entity adopted PS 3450 Financial Instruments and PS 2601 Foreign Currency Translation standards prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position, and are measured at either fair value or amorized cost based on characteristics of the instrument and the Entity's accounting policy choices. (see note 2, Significant accounting policies). Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

These above standards were adopted prospectively. There was no impact to the Entity as a result of the adoption of the above standards.

(d) PS 3280, Asset Retirement Obligations

The Entity adopted PS 3280 Asset Retirement Obligations (ARO). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets by public sector entities. The standard was adopted on the modified retrospective basis at the date of adoption, with the restatement of comparative information. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

On January 1, 2023:

The Entity recognized an asset retirement obligation relating to various buildings owned by the Entity that contain asbestos. The liability was measured as of the date of purchase of the buildings, when the liability was assumed. The buildings have an expected useful life of 40 years, which has not been revised.

3. Change in Accounting Policies - Adoption of New Accounting Standards (continued)

(d) PS 3280, Asset Retirement Obligations (continued)

The Entity recognized an asset retirement obligation relating to underground fuel and oil storage tanks owned by the Entity that must be removed up to 2 years after the end of their useful lives. The liability was measured as of the date of the tanks were installed, when the liability was assumed. The tanks have an expected useful life of 10 years, which has not been revised.

The Entity recognized an asset retirement obligation relating to the potential of a landlord requesting removal of leasehold improvements at the end of a lease. The liability was measured as of the date the leasehold improvements were installed or when the lease began, which is when the liability was assumed. Leasehold improvement assets have an expected useful life of 7 years, which has not been revised.

As a result of applying this accounting standard, an asset retirement obligation of $664,058 (2022 - $629,041) was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the Entity owned buildings and building improvements and machinery and equipment. The adoption of this standard was applied to the comparative period as follows:

2022	As previously reported	Adjustments	As restated
Statement of Financial Position			
Tangible capital assets	$ 62,453,643	$ 260,161	**$ 62,713,804**
Asset retirement obligation	-	629,041	**629,041**
Accumulated surplus	72,974,905	(368,880)	**72,606,025**
Statement of Change in Net Financial Assets			
Adjustment for asset retirement obligation	-	(629,010)	**(629,010)**
Adjustment for asset retirement obligation - accretion	-	(31)	**(31)**
Statement of Operations			
Rents and financial expenses	81,289	31	**81,320**
Amortization of tangible capital assets	3,570,463	18,889	**3,589,352**
Surplus for the year	$ 2,698,640	$ (18,920)	**$ 2,679,720**

4. Due from the Corporation of the City of London

As the Administering Municipality, the Corporation manages the daily operations of the Entity. The Corporation maintains a separate general ledger on behalf of the Entity. All funds are paid and received through the Corporation's bank account and held for use by the Entity.

5. Loan Receivable

		2023		2022
Buy-in Charge Loan - Municipality of Dutton Dunwich	**$**	**108,902**	$	130,271
Interest Earned on Loan at prime rate less 1.53%	**$**	**6,631**	$	3,683

Effective January 1, 2018, the Municipality of Dutton Dunwich entered into a four-party water supply agreement with the Township of Southwold, the St. Thomas Secondary Water Supply System, and the Elgin Area Water Primary Supply System resulting in a buy-in charge of $252,000. Dutton Dunwich has requested and the Entity has consented to payment of this buy-in charge over a 10 year term bearing interest on the outstanding amount. During the year, $21,369 was received as payment on the loan. This loan is paid quarterly and will mature in December 2027.

6. Long-term Debt

Long-term debt is stated as follows:

	2023	2022
Long-term debt assumed by the Corporation of the City of London, as Administering Municipality, on behalf of the Elgin Area Primary Water Supply System, with semi-annual interest payments:		
at rates ranging from 2.20% to 2.70% (2022 - 1.95% to 2.70%), maturing March 2026.	**$ 2,251,149**	$ 2,971,630
at rates ranging from 2.20% to 2.85% (2022 - 2.00% to 2.85%), maturing March 2027.	**1,936,288**	2,391,931
Total long-term debt	**4,187,437**	5,363,561
Less: Unamortized debenture discount	**(22,549)**	(30,359)
Net long-term debt	**$ 4,164,888**	$ 5,333,202

The long-term debt repayment schedule is as follows:

2024	$ 1,201,240
2025	1,227,616
2026	1,255,362
2027	503,219
Total	$ 4,187,437

Total interest charges for the year for long-term debt, which are included in the statement of operations, are as follows:

	2023	2022
Interest on long-term debt	**$ 112,899**	$ 165,699
Amortization of debenture discount	**7,810**	15,178
	$ 120,709	$ 180,877

7. Asset Retirement Obligation

The Entity's Asset retirement obligation consists of several obligations as follows:

(a) Asbestos removal:

The Entity owns and operates various buildings that are known or are assumed to contain asbestos, which represents a health hazard upon demolition of the building. There is a legal obligation to remove the asbestos before these buildings are demolished. Following the adoption of PS3280, the Entity recognized an obligation relating to 6 buildings that contain or are suspected to contain asbestos material, of which, none have been fully amortized at January 1, 2023. Each building has an estimated useful life of 40 years.

Key assumptions in determining the liability at December 31, 2023 for asbestos removal and disposal are as follows:

- Timing of settlement - it is unknown when the buildings will be demolished
- Undiscounted liability for asbestos removal - $534,881
- Discount rate - Due to the unknown timing of retirement, no discount rate was used when estimating the costs
- Estimated time required for retirement activities - at time of demolition only

(b) Removal of underground fuel and oil storage tanks:

The Entity owns various underground fuel and oil storage tanks that have to be removed at the end of their lives. The tanks became a part of the pooled equipment asset for the year in which they were installed. Following the adoption of PS3280, the Entity recognized an obligation relating to 1 underground tank, which has been fully amortized at January 1, 2023. Each tank has an estimated useful life of 20 years.

Key assumptions in determining the liability at December 31, 2023 for tank removal are as follows:

- Timing of settlement - it is unknown when the tanks will be removed
- Undiscounted liability for tank removals - $125,000
- Discount rate - Due to the unknown timing of retirement, no discount rate was used when estimating the costs
- Estimated time required for retirement activities - at time of removal only

7. Asset Retirement Obligation (continued)

(c) Removal of leasehold improvements when requested by landlord at the end of a lease:

The Entity has entered into leases with these that contains a Base Building clause that states that the landlord has the right, at the Entity's expense, to request the removal of leasehold improvements at the end of the lease. Following the adoption of PS3280, the Entity recognized an obligation relating to 1 lease, which has associated leasehold improvement assets that were not fully amortized at January 1, 2023. Leasehold improvements have an estimated useful life of 7 years.

Key assumptions in determining the liability at December 31, 2023 for leasehold improvement removals are as follows:

- Timing of settlement - the lease end date of 2034
- Undiscounted liability for leasehold improvement removals - $3,566
- Inflation rate - 2.00%
- Discount rate - 3.50%
- Estimated time required for retirement activities - at time of removal only

All assets, including their increased costs from asset retirement obligation, are depreciated using the straight-line amortization method.

The transition and recognition of asset retirement obligations involved an accompanying increase to the related buildings, equipment (tanks) and leasehold improvement capital assets and the restatement of comparative figures.

7. Asset Retirement Obligation (continued)

Changes to the asset retirement obligation in the year are as follows:

2023	Asbestos removal	Removal of underground fuel and oil storage tanks	Removal of leasehold improvements	Balance at December 31, 2023
Opening balance	$ 501,364	$ 125,000	$ 2,677	**$ 629,041**
Accretion expense	-	-	-	**-**
Change in estimate	36,690	-	1,500	**38,190**
Liability settled during period	(3,173)	-	-	**(3,173)**
Closing Balance	$ 534,881	$ 125,000	$ 4,177	**$ 664,058**

2022	Asbestos removal	Removal of underground fuel and oil storage tanks	Removal of leasehold improvements	Balance at December 31, 2022
Opening balance	$ -	$ -	$ -	$ -
Adjustment on adoption of asset retirement obligation (note 3)	501,364	125,000	2,677	629,041
Closing Balance	$ 501,364	$ 125,000	$ 2,677	$ 629,041

8. Tangible Capital Assets

Cost	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
	(Restated - note 2)			
Land	$ 1,251,559	$ -	$ -	**$ 1,251,559**
Buildings and building improvements	32,397,274	866,839	5,200	**33,258,913**
Machinery and equipment	32,305,413	1,610,185	1,256,165	**32,659,433**
Vehicles	11,527	-	-	**11,527**
Water infrastructure	25,653,491	-	-	**25,653,491**
Computers	416,075	56,590	237,870	**234,795**
Assets under construction	1,141,234	914,808	1,064,493	**991,549**
Total	$ 93,176,573	$ 3,448,422	$ 2,563,728	**$ 94,061,267**

Accumulated Amortization	Balance at December 31, 2022	Amortization Expense	Amortization Disposal	Balance at December 31, 2023
	(Restated - note 2)			
Land	$ -	$ -	$ -	**$ -**
Buildings and building improvements	10,749,378	1,078,854	5,200	**11,823,032**
Machinery and equipment	13,364,283	1,827,793	1,256,165	**13,935,911**
Vehicles	9,060	1,646	-	**10,706**
Water infrastructure	6,055,525	524,167	-	**6,579,692**
Computers	284,523	108,214	237,870	**154,867**
Assets under construction	-	-	-	**-**
Total	$ 30,462,769	$ 3,540,674	$ 1,499,235	**$ 32,504,208**

	Net Book Value December 31, 2022	Net Book Value December 31, 2023
	(Restated - note 2)	
Land	$ 1,251,559	**$ 1,251,559**
Buildings and building improvements	21,647,896	**21,435,881**
Machinery and equipment	18,941,130	**18,723,522**
Vehicles	2,467	**821**
Water infrastructure	19,597,966	**19,073,799**
Computers	131,552	**79,928**
Assets under construction	1,141,234	**991,549**
Total	$ 62,713,804	**$ 61,557,059**

8. Tangible Capital Assets (continued)

Cost	Balance at December 31, 2021	Adjustment relating to ARO	Additions	Disposals	Balance at December 31, 2022
		(note 7)			(Restated - note 2)
Land	$ 1,251,559	$ -	$ -	$ -	$ 1,251,559
Buildings and building improvements	31,384,548	503,133	509,593	-	32,397,274
Machinery and equipment	32,199,576	125,000	509,554	528,717	32,305,413
Vehicles	11,527	-	-	-	11,527
Water infrastructure	25,654,691	-	-	1,200	25,653,491
Computers	406,549	-	9,526	-	416,075
Assets under construction	496,975	-	794,891	150,632	1,141,234
Total	$ 91,405,425	$ 628,133	$ 1,823,564	$ 680,549	$ 93,176,573

Accumulated Amortization	Balance at December 31, 2021	Adjustment relating to ARO	Amortization Expense	Amortization Disposal	Balance at December 31, 2022
		(note 7)			(Restated - note 2)
Land	$ -	$ -	$ -	$ -	$ -
Buildings and building improvements	9,447,314	283,605	1,018,459	-	10,749,378
Machinery and equipment	11,919,662	84,367	1,888,971	528,717	13,364,283
Vehicles	7,414	-	1,646	-	9,060
Water infrastructure	5,532,519	-	524,206	1,200	6,055,525
Computers	147,342	-	137,181	-	284,523
Assets under construction	-	-	-	-	-
Total	$ 27,054,251	$ 367,972	$ 3,570,463	$ 529,917	$ 30,462,769

	Net Book Value December 31, 2021	Net Book Value December 31, 2022
		(Restated - note 2)
Land	$ 1,251,559	$ 1,251,559
Buildings and building improvements	21,937,234	21,647,896
Machinery and equipment	20,279,914	18,941,130
Vehicles	4,113	2,467
Water infrastructure	20,122,172	19,597,966
Computers	259,207	131,552
Assets under construction	496,975	1,141,234
Total	$ 64,351,174	$ 62,713,804

8. Tangible Capital Assets (continued)

(a) Assets Under Construction

Assets under construction with a cost of **$991,548** (2022 - $1,141,234) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

(b) Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

(c) Write-down of Tangible Capital Assets

There were no write-downs in tangible capital assets during the year (2022 - $nil).

9. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserve funds as follows:

	2023	**2022** (Restated - note 2)
Surplus		
Invested in tangible capital assets	**$ 56,819,307**	$ 56,843,619
Reserve funds set aside for specific purpose by the Entity		
Infrastructure renewal - water operations	**18,867,583**	15,762,406
	$ 75,686,890	$ 72,606,025

10. Financial Instruments and Risk Management

The Entity's activities expose it to credit risk and liquidity risk.

(a) Credit Risk

Credit risk is the risk of financial loss if a counterparty fails to honour its contractual obligation.

The Entity is also subject to credit risk with respect to loans and trade accounts receivables. The Entity manages credit risk by engaging with recognized, credit worthy third parties. The Entity has no significant concentration of credit risk with any one individual customer. There were no changes in exposures to credit risk during the year. The outstanding amounts related to financial instruments are presented in the table below.

	Current	31-60 days	61-90 days	91-120 days	Over 120 days	Total
Government receivables	$614,072	$ -	$ -	$ -	$ -	**$614,072**
Other account receivables	3,790	-	-	-	-	**3,790**
Total	617,862	-	-	-	-	**617,862**
Net receivable	$617,862	$ -	$ -	$ -	$ -	**$617,862**

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Loans and long-term receivables	$ 22,266	$ 48,495	$ 38,141	$ -	**$ 108,902**
Total	$ 22,266	$ 48,495	$ 38,141	$ -	**$ 108,902**

10. Financial Instruments and Risk Management (continued)

(b) Liquidity Risk

The Entity is also exposed to liquidity risk with respect to accounts payable and accrued liabilities. Most accounts payable and accrued liabilities are expected to be settled in thirty days. The maturities of other financial liabilities are provided in the notes to financial statements related to those liabilities. There have been no significant changes in the exposure to risk or policies, procedures, or methods to measure risk. The outstanding amounts related to financial instruments at year-end are presented in the table below.

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 1,786,695	$ -	$ -	$ -	**$ 1,786,695**
Total	$ 1,786,695	$ -	$ -	$ -	**$ 1,786,695**

11. Committments

The Entity has $2,492,590 (2022 - $2,044,329) in outstanding commitments remaining on facilities and infrastructure contracts as at December 31, 2023.

These amounts represent uncompleted portions of contracts, as at December 31, 2023, on major projects. The majority of payments on these outstanding commitments will be made in the next three (3) to five (5) years.

12. Budget Data

Budget data presented in these financial statements are based upon the 2023 operating budget approved by the joint board of management. Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting. The chart below reconciles the approved budget with the budget figures as presented in these financial statements.

	Budget
Revenues	
User charges	$ 15,647,811
Municipal revenue - other	31,189
Total revenues	15,679,000
Expenses	
Personnel costs	1,043,436
Administrative expenses	37,250
Financial expenses - other	426,900
Financial expenses - interest and discount on long-term debt	120,708
Financial expenses - debt principal repayments	1,176,125
Financial expenses - transfers to reserves and reserve funds	4,723,384
Purchased services	1,179,150
Material and supplies	6,709,699
Furniture and equipment	77,750
Other expenses	184,598
Total expenses	15,679,000
Net surplus as per budget	-
PSAB reporting requirements	
Transfers to reserves and reserve funds	4,723,384
Debt principal repayments	1,176,125
Capital expenses not resulting in capital assets	(197,974)
Amortization	(3,540,674)
Reserve fund interest earned	196,000
Net PSAB budget surplus as per financial statements	$ 2,356,861

DRAFT

Financial Statements of

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

And Independent Auditors' Report thereon

December 31, 2023

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Lake Huron Area Primary Water Supply System

Opinion

We have audited the financial statements of Lake Huron Area Primary Water Supply System (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Comparative Information

We draw attention to Note 3 to the financial statements, which explains that certain comparative information presented for the year ending December 31, 2022 has been restated.

Note 3 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

May 31, 2024

DRAFT

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Financial Position
December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 2)
Financial assets		
Due from the Corporation of the City of London (note 4)	**$ 53,238,456**	$ 48,836,240
Trade and other receivables	**1,000,304**	682,999
Loan receivable (note 5)	**1,420,466**	1,474,565
Total financial assets	**55,659,226**	50,993,804
Financial liabilities		
Accounts payable and accrued liabilities	**5,306,313**	1,514,216
Accrued interest on long-term debt	**13,051**	20,633
Long-term debt (note 6)	**1,996,774**	3,096,033
Asset retirement obligation (note 7)	**901,138**	931,713
Total financial liabilities	**8,217,276**	5,562,595
Net financial assets	**47,441,950**	45,431,209
Non-financial assets		
Tangible capital assets (note 8)	**146,143,305**	144,523,698
Prepaid expenses	**442,020**	422,124
Total non-financial assets	**146,585,325**	144,945,822
Commitments (note 11)		
Accumulated surplus (note 9)	**$ 194,027,275**	$ 190,377,031

The accompanying notes are an integral part of these financial statements.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Operations
Year ended December 31, 2023, with comparative information for 2022

	Budget	2023	2022
	(note 12)		(Restated - note 2)
Revenues			
User charges	$ 24,474,000	**$ 24,266,205**	$ 23,435,675
Investment income	847,000	**1,339,391**	856,718
Other	5,000	**5,277**	14,104
Total revenues	25,326,000	**25,610,873**	24,306,497
Expenses			
Salaries, wages and fringe benefits	1,081,436	**1,062,166**	928,791
Materials and supplies	13,123,700	**12,131,289**	11,768,268
Contracted services	1,286,978	**1,378,662**	1,511,617
Rents and financial expenses	117,000	**112,456**	92,467
Interest on long-term debt	59,412	**59,412**	89,339
Amortization of tangible capital assets	6,914,488	**6,914,488**	7,272,166
Administrative charges to the Corporation of the City of London	328,174	**302,156**	297,690
Total expenses	22,911,188	**21,960,629**	21,960,338
Annual surplus	2,414,812	**3,650,244**	2,346,159
Accumulated surplus, beginning of year (note 9)	190,377,031	**190,377,031**	188,636,648
Adjustment on adoption of the asset retirement obligation standard (note 3)	-	**-**	(605,776)
Accumulated surplus, end of year (note 9)	$ 192,791,843	**$ 194,027,275**	$ 190,377,031

The accompanying notes are an integral part of these financial statements.

DRAFT

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Changes in Net Financial Assets
Year ended December 31, 2023, with comparative information for 2022

	Budget (note 12)	2023	2022 (Restated - note 2)
Annual surplus	$ 2,414,812	**$ 3,650,244**	$ 2,346,159
Acquisition of tangible capital assets	(27,159,022)	**(8,534,095)**	(6,393,205)
Amortization of tangible capital assets	6,914,488	**6,914,488**	7,272,166
	(17,829,722)	**2,030,637**	3,225,120
Change in prepaid expenses	-	**(19,896)**	(77,750)
Change in net financial assets	(17,829,722)	**2,010,741**	3,147,370
Net financial assets, beginning of year	45,431,209	**45,431,209**	43,215,521
Adjustment on adoption of the asset retirement obligation standard (note 3)	-	**-**	(931,682)
Net financial assets, end of year	$ 27,601,487	**$ 47,441,950**	$ 45,431,209

The accompanying notes are an integral part of these financial statements.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Cash Flows
Year ended December 31, 2023, with comparative information for 2022

	2023	2022
		(Restated - note 2)
Cash provided by (used in)		
Operating activities		
Annual surplus	**$ 3,650,244**	$ 2,346,159
Items not involving cash		
Amortization of tangible capital assets	**6,914,488**	7,272,166
Amortization of debenture discount	**6,973**	8,201
Accretion expense	**-**	31
Change in non-cash assets and liabilities		
Due from the Corporation of the City of London	**(4,402,216)**	(299,330)
Prepaid expenses	**(19,896)**	(77,750)
Trade and other receivables	**(317,305)**	(220,334)
Accounts payable and accrued liabilities	**3,792,098**	(1,508,936)
Accrued interest on long-term debt	**(7,582)**	(8,442)
Asset retirement obligation	**(30,576)**	-
Net change in cash from operating activities	**9,586,228**	7,511,765
Capital activities		
Purchase of tangible capital assets	**(8,534,095)**	(6,393,205)
Net change in cash from capital activities	**(8,534,095)**	(6,393,205)
Financing activities		
Long-term debt repayments	**(1,106,232)**	(1,283,326)
Loan receivable	**54,099**	164,766
Net change in cash from financing activities	**(1,052,133)**	(1,118,560)
Net change in cash flows and cash, end of year	**$ -**	$ -

The accompanying notes are an integral part of these financial statements.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to the Financial Statements
Year ended December 31, 2023

1. Nature of Reporting Entity

The final transfer order for Lake Huron Area Primary Water Supply System (the “Entity") was effective September 15, 2000, transferring assets along with any other real property to The Corporation of the City of London (the “Corporation”) in trust to act as the Administering Municipality on behalf of the participating municipalities.

Under the transfer order, the works, properties and all assets, liabilities, rights and obligations of the system are conveyed, assigned and transferred to the Corporation as Trustee. Each of the benefitting municipalities, for so long as the municipality is serviced by the works has an undivided beneficial ownership interest in the works as tenant in common with all other municipalities jointly. The proportion that each municipality’s interest bears to the total of all municipalities’ interests shall be in the same ratio that the quantity of water supplied from the works to the municipalities at any time and from time to time bears to the total quantity of water supplied to all municipalities at such time. At present, the benefitting municipalities are The Corporation of the City of London, the Municipalities of Bluewater, South Huron, Lambton Shores, North Middlesex, Lucan-Biddulph, Middlesex Centre and Strathroy-Caradoc.

The transfer order established a joint board of management to govern the management of the water supply system. The joint board of management is comprised of eleven members appointed by the respective councils of participating municipalities. The Board composition is as follows:

Municipality	Members	Votes
The Corporation of the City of London	4	16
The Corporation of the Municipality of Bluewater	1	1
The Corporation of the Municipality of South Huron	1	1
The Township of Lucan-Biddulph	1	1
The Corporation of the Municipality of Lambton Shores	1	1
The Municipality of North Middlesex	1	3
The Municipality of Middlesex Centre	1	1
The Corporation of the Municipality of Strathroy-Caradoc	1	3

2. Significant Accounting Policies

The financial statements of the Entity are prepared by management, in accordance with Canadian generally accepted accounting principles as defined in the CPA Canada Public Sector Handbook – Accounting. Significant accounting policies are as follows:

(a) Accrual Accounting

Sources of financing and expenses are reported on the accrual basis of accounting.

(b) Asset Retirement Obligation

An asset retirement obligation (ARO) is recognized when, at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The following liabilities have been recognized based on estimated future expenses:

- Removal of asbestos in several of the buildings owned by the Entity. The Occupational Health and Safety Act states the demolition of a building, all or in part, can be done only when asbestos-containing material that may be disturbed during the work, has been removed.

- Removal of underground fuel and oil storage tanks and related piping. The Technical Standards and Safety Authority (TSSA) states in both its Liquid Fuels Handling Code and the Fuel and Oil Code that an underground storage tank and its piping must be removed when it has been out of service for 2 years or more.

- Removal of leasehold improvements where requested by the landlord. A lease may have a Base-Building clause that states that leasehold improvements are to be removed at the end of a lease at the request of the landlord and at the expense of the Entity.

(c) Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

2. Significant Accounting Policies (continued)

(c) Non-financial Assets (continued)

(i) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Buildings and building improvements	15 – 40
Vehicles	5 – 15
Machinery and equipment	7 – 20
Water infrastructure	10 – 60
Computers	3

Annual amortization is charged in the year of acquisition and in the year of disposal using the half year rule. Assets under construction are not amortized until the asset is available for productive use.

(ii) Interest Capitalization

The interest costs associated with the acquisition or construction of a tangible capital asset are not capitalized.

(d) Revenue Recognition

The Entity recognizes revenue when water is drawn by each customer, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

(e) Government Transfers

Government transfer payments to the Entity are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

2. Significant Accounting Policies (continued)

(f) Financial Instruments

Financial instruments are classified in one of the following categories: (i) fair value; (ii) cost or amortized cost. The Entity determines the classification of its financial instruments at initial recognition.

Unsecured debentures and other long-term debt are initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Transaction costs related to the issuance of long-term debt are capitalized and amortized over the term of the debt.

Other financial instruments, including cash and cash equivalents, trade accounts receivable, loans receivable, accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at cost, net of any povrisions for impairment.

The following table provides the carrying amount information of the Entity's financial instruments by category.

Financial Instruments	Measurement Method
Due from the Corporation of the City of London	Cost
Trade and other receivables	Cost
Other loans receivable	Amortized Cost
Accounts payable and accrued liabilities	Cost
Accrued interest on long-term debt	Cost
Long-term debt	Amortized Cost

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as oppposed to the straight-line method.

Fair value category: The Entity manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and related balances reverses from the Statement of Remeasurement Gains and Losses. A statement of Remeasurement Gains and Losses has not been included as there are no material matters to report therein.

2. Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price at the trade date, which is the fair value of the consideration given or received. After initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques that refer to observable market data. These include comparisons with similar instruments where market observable prices exist, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Amortized cost category: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

A statement of remeasurement gains and losses has not been included as there are no matters to report therein.

2. Significant Accounting Policies (continued)

(g) Loans Receivable

Loans receivable are recorded at the lower of amortized cost and the net recoverable value when the risk of loss exists. Recoverability is reviewed annually, and a valuation allowance is recorded when recoverability is impaired. A loan receivable is written off when it is no longer recoverable. Recoveries of loans receivable previously written off are recognized in the year received. Changes in the valuation of loans receivables are recognized in the statement of operations and accumulated surplus. Interest is accrued on loans receivable to the extent it is deemed collectable.

When the terms associated with a loan are considered concessionary such that all or a part of the loan is a grant, the Entity will expense the grant portion of the transaction in the statement of operations and accumulated surplus at the time the loan is made.

(h) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at the year-end date. Revenue and expenses are translated at the exchange rate prevailing on the transaction date. Realized and unrealized exchange gains and losses are included in the statement of operations.

(i) Use of Estimates

The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the valuation allowances for receivables and useful lives assigned to tangible capital assets.

Actual results could differ from those estimates.

The Entity’s implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the expected retirement costs, as well as the timing and duration of these retirement costs.

2. Significant Accounting Policies (continued)

(j) Budget Figures

Budget figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB"), certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

(k) Liability for Contaminated Sites

Under PS 3260, liability for contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

(l) Related Party Disclosures

Related parties exist when one party has the ability to control or has shared control over another party. Individuals that are key management personnel or close family members may also be related parties.

Disclosure is made when the transactions or events between related parties occur at a value different from what would have been recorded if they were not related and the transactions could have a material financial impact on the consolidated financial statements.

(m) Inter-entity Transactions

Transactions between related parties are recorded at carrying amounts with the exception of the following:

- Transactions in the normal course of business are recorded at exchange amount.
- Transactions with fair value consideration are recorded at exchange amount.
- Transfer of an asset or liability at nominal or no consideration is recorded by the provider at carrying amount and the recipient has the choice of either carrying amount or fair value.
- Cost allocations are reported using the exchange amount and revenues and expenses are reported on a gross basis.
- Unallocated costs for the provision of goods or services maybe recorded by the provider at cost, fair value or another amount dictated by policy, accountability structure or budget practice.

2. Significant Accounting Policies (continued)

(n) Future Accounting Pronouncements

These standards and amendments were not yet effective for the year ended December 31, 2023, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

(i) Revenue

PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Entity’s December 31, 2024 year-end).

(ii) Public Sector Guideline 8 Purchased Intangible

Public Sector Guideline 8 Purchased Intangible, allows public sector entities to recognize intangible purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the Entity’s December 31, 2024 year-end).

(iii) Public Private Partnerships

PS 3160, Public Private Partnerships (P3s), provides specific guidance on the accounting and reporting for public private partnerships between pulic and private sector entities where the public sector entity procures infrastructure using a private sector partner. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Entity's December 31, 2024 year-end).

3. Change in Accounting Policies - Adoption of New Accounting Standards

The Entity adopted the following standards concurrently, beginning January 1, 2023:

(a) PS 1201, Financial Statement Presentation

PS 1201, Financial Statement Presentation replaces PS 1200 Financial Statement presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adoped at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

3. Change in Accounting Policies - Adoption of New Accounting Standards (continued)

(b) PS 3041, Portfolio Investments

PS 3041, Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

(c) PS 3450, Financial Instruments and PS 2601, Foreign Currency Translation

The Entity adopted PS 3450 Financial Instruments and PS 2601 Foreign Currency Translation standards prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position, and are measured at either fair value or amorized cost based on characteristics of the instrument and the Entity's accounting policy choices. (see note 2, Significant accounting policies). Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

These above standards were adopted prospectively. There was no impact to the Entity as a result of the adoption of the above standards.

(d) PS 3280, Asset Retirement Obligations

The Entity adopted PS 3280 Asset Retirement Obligations (ARO). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets by public sector entities. The standard was adopted on the modified retrospective basis at the date of adoption, with the restatement of comparative information. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

On January 1, 2023:

The Entity recognized an asset retirement obligation relating to various buildings owned by the Entity that contain asbestos. The liability was measured as of the date of purchase of the buildings, when the liability was assumed. The buildings have an expected useful life of 40 years, which has not been revised.

3. Change in Accounting Policies - Adoption of New Accounting Standards (continued)

(d) PS 3280, Asset Retirement Obligations (continued)

The Entity recognized an asset retirement obligation relating to underground fuel and oil storage tanks owned by the Entity that must be removed up to 2 years after the end of their useful lives. The liability was measured as of the date of the tanks were installed, when the liability was assumed. The tanks have an expected useful life of 10 years, which has not been revised.

The Entity recognized an asset retirement obligation relating to the potential of a landlord requesting removal of leasehold improvements at the end of a lease. The liability was measured as of the date the leasehold improvements were installed or when the lease began, which is when the liability was assumed. Leasehold improvement assets have an expected useful life of 7 years, which has not been revised.

As a result of applying this accounting standard, an asset retirement obligation of $901,138 (2022 - $931,713) was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the Entity owned buildings and building improvements. The adoption of this standard was applied to the comparative period and balances were reated as follows:

2022	As previously reported	Adjustments	As restated
Statement of Financial Position			
Tangible capital assets	$ 144,215,499	$ 308,199	**$ 144,523,698**
Asset retirement obligation	-	931,713	**931,713**
Accumulated surplus	191,000,545	(623,514)	**190,377,031**
Statement of Change in Net Financial Assets			
Adjustment for asset retirement obligation	**-**	(931,682)	**(931,682)**
Adjustment for asset retirement obligation - accretion	**-**	(31)	**(31)**
Statement of Operations			
Rents and financial expenses	92,436	31	**92,467**
Amortization of tangible capital assets	7,254,459	17,707	**7,272,166**
Surplus for the year	$ 2,363,897	$ (17,738)	**$ 2,346,159**

4. Due from the Corporation of the City of London

As the Administering Municipality, the Corporation manages the daily operations of the Entity. The Corporation maintains a separate general ledger on behalf of the Entity. All funds are paid and received through the Corporation's bank account and are held for use by the Entity.

5. Loan Receivable

	2023	2022
Repayment Loan - Municipality of North Middlesex	**$ 1,420,466**	$ 1,474,565

Effective July 1, 2022, a repayment loan was established between the Lake Huron Area Primary Water Supply System and the Municipality of North Middlesex where the Municipality of North Middlesex will pay the Lake Huron Area Primary Water Supply System $1,639,331 over 10 years with a fixed rate of 2.69% paid semi-annually. This loan will mature in January 2032.

6. Long-term Debt

Long-term debt is stated as follows:

	2023	2022
Long-term debt assumed by the Corporation of the City of London, as Administering Municipality, on behalf of the Lake Huron Area Primary Water Supply System, with semi-annual interest payments:		
at rate of 3.80% (2022 - rates ranging from 3.65% to 3.80%), maturing September 2023.	**$ -**	$ 168,240
at rates ranging from 1.95% to 2.25% (2022 - 1.75% to 2.25%), maturing March 2025.	**1,833,343**	2,730,652
at rates ranging from 2.20% to 2.85% (2022 - 2.00% to 2.85%), maturing March 2027.	**172,886**	213,569
Total long-term debt	**2,006,229**	3,112,461
Less: Unamortized debenture discount	**(9,455)**	(16,428)
Net long-term debt	**$ 1,996,774**	$ 3,096,033

The long-term debt repayment schedule is as follows:

2025	$ 951,752
2026	965,816
2027	43,730
2028	44,931
Total	$ 2,006,229

Total interest charges for the year for long-term debt, which are included in the statement of operations, are as follows:

	2023	2022
Interest on long-term debt	**$ 52,439**	$ 81,138
Amortization of debenture discount	**6,973**	8,201
	$ 59,412	$ 89,339

7. Asset Retirement Obligation

The Entity's Asset retirement obligation consists of several obligations as follows:

(a) Asbestos removal:

The Entity owns and operates various buildings that are known or are assumed to contain asbestos, which represents a health hazard upon demolition of the building. There is a legal obligation to remove the asbestos before these buildings are demolished. Following the adoption of PS3280, the Entity recognized an obligation relating to 7 buildings that contain or are suspected to contain asbestos material, of which, none have been fully amortized at January 1, 2023. Each building has an estimated useful life of 40 years.

Key assumptions in determining the liability at December 31, 2023 for asbestos removal and disposal are as follows:

- Timing of settlement - it is unknown when the buildings will be demolished
- Undiscounted liability for asbestos removal - $704,036
- Discount rate - Due to the unknown timing of retirement, no discount rate was used when estimating the costs
- Estimated time required for retirement activities - at time of demolition only

(b) Removal of underground fuel and oil storage tanks:

The Entity owns various underground fuel and oil storage tanks that have to be removed at the end of their lives. The tanks became a part of the pooled equipment asset for the year in which they were installed. Following the adoption of PS3280, the Entity recognized an obligation relating to 3 underground tanks, which have been fully amortized at January 1, 2023. Each tank has an estimated useful life of 10 years.

Key assumptions in determining the liability at December 31, 2023 for tank removal are as follows:

- Timing of settlement - it is unknown when the tanks will be removed
- Undiscounted liability for tank removals - $225,000
- Discount rate - Due to the unknown timing of retirement, no discount rate was used when estimating the costs
- Estimated time required for retirement activities - at time of removal only

7. Asset Retirement Obligation (continued)

(c) Removal of leashold improvements when requested by landord at the end of a lease:

The Entity has entered into a leases with these leases contain a Base Building clause that states that the landlord has the right, at the Entity's expense, to request the removal of leasehold improvements at the end of the lease. Following the adoption of PS3280, the Entity recognized an obligation relating to 1 lease, which has associated leasehold improvement assets that were not fully amortized at January 1, 2023. Leasehold improvements have an estimated useful life of 7 years.

Key assumptions in determining the liability at December 31, 2023 for leasehold improvement removals are as follows:

- Timing of settlement - the lease end date of 2034.
- Undiscounted liability for leasehold improvement removals - $3,566
- Inflation rate - 2.00%
- Discount rate - 3.50%
- Estimated time required for retirement activities - at time of removal only

All assets, including their increased costs from asset retirement obligation, are depreciated using the straight-line amortization method.

The transition and recognition of asset retirement obligations involved an accompanying increase to the related buildings, equipment (tanks) and leasehold improvement capital assets and the restatement of comparative figures.

7. Asset Retirement Obligation (continued)

Changes to the asset retirement obligation in the year are as follows:

2023	**Asbestos removal**	**Removal of underground fuel and oil storage tanks**	**Removal of leasehold improvements**	**Balance at December 31, 2023**
Opening balance	$ 704,036	$ 225,000	$ 2,677	**$ 931,713**
Accretion expense	-	-	-	**-**
Change in estimate	46,093	-	1,501	**47,594**
Liability settled during period	(78,169)	-	-	**(78,169)**
Closing balance	$ 671,960	$ 225,000	$ 4,178	**$ 901,138**

2022	**Asbestos removal**	**Removal of underground fuel and oil storage tanks**	**Removal of leasehold improvements**	**Balance at December 31, 2022**
Opening balance	$ -	$ -	$ -	$ -
Adjustment on adoption of asset retirement obligation (note 3)	704,036	225,000	2,677	931,713
Closing balance	$ 704,036	$ 225,000	$ 2,677	$ 931,713

8. Tangible Capital Assets

Cost	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
	(Restated - note 2)			
Land	$ 2,524,816	$ -	$ -	**$ 2,524,816**
Buildings and building improvements	59,409,046	340,287	33,167	**59,716,166**
Machinery and equipment	37,799,691	709,133	778,607	**37,730,217**
Vehicles	11,527	-	**-**	**11,527**
Water infrastructure	120,564,246	844,055	**-**	**121,408,301**
Computers	399,719	161,554	200,752	**360,521**
Assets under construction	2,007,858	6,779,766	300,701	**8,486,923**
Total	$ 222,716,903	$ 8,834,795	$ 1,313,227	**$ 230,238,471**

Accumulated Amortization	Balance at December 31, 2022	Amortization Expense	Amortization Disposal	Balance at December 31, 2023
	(Restated - note 2)			
Land	$ -	$ -	$ -	**$ -**
Buildings and building improvements	25,124,392	2,434,946	33,167	**27,526,171**
Machinery and equipment	14,396,570	2,139,852	778,607	**15,757,815**
Vehicles	9,060	1,646	-	**10,706**
Water infrastructure	38,400,198	2,208,437	-	**40,608,635**
Computers	262,984	129,607	200,752	**191,839**
Assets under construction	-	-	-	**-**
Total	$ 78,193,204	$ 6,914,488	$ 1,012,526	**$ 84,095,166**

	Net Book Value December 31, 2022	Net Book Value December 31, 2023
	(Restated - note 2)	
Land	$ 2,524,816	**$ 2,524,816**
Buildings and building improvements	34,284,654	**32,189,995**
Machinery and equipment	23,403,121	**21,972,402**
Vehicles	2,467	**821**
Water infrastructure	82,164,048	**80,799,666**
Computers	136,735	**168,682**
Assets under construction	2,007,858	**8,486,923**
Total	$ 144,523,699	**$ 146,143,305**

8. Tangible Capital Assets (continued)

Cost	Balance at December 31, 2021	Adjustment relating to ARO	Additions	Disposals	Balance at December 31, 2022
		(note 7)			(Restated - note 2)
Land	$ 2,524,816	$ -	$ -	$ -	$ 2,524,816
Buildings and building improvements	56,452,844	705,806	2,250,396	-	59,409,046
Machinery and equipment	36,544,315	-	9,321,405	8,066,029	37,799,691
Vehicles	11,527	-	-	-	11,527
Water infrastructure	120,245,187	-	319,059	-	120,564,246
Computers	480,199	-	19,037	99,517	399,719
Assets under construction	7,524,549	-	825,746	6,342,437	2,007,858
Total	$ 223,783,437	$ 705,806	$ 12,735,643	$ 14,507,983	$ 222,716,903

Accumulated Amortization	Balance at December 31, 2021	Adjustment relating to ARO	Amortization Expense	Amortization Disposal	Balance at December 31, 2022
		(note 7)			(Restated - note 2)
Land	$ -	$ -	$ -	$ -	$ -
Buildings and building improvements	22,396,125	397,606	2,330,661	-	25,124,392
Machinery and equipment	20,033,273	-	2,429,326	8,066,029	14,396,570
Vehicles	7,414	-	1,646	-	9,060
Water infrastructure	36,065,144	-	2,335,054	-	38,400,198
Computers	204,728	-	157,773	99,517	262,984
Assets under construction	-	-	-	-	-
Total	$ 78,706,684	$ 397,606	$ 7,254,460	$ 8,165,546	$ 78,193,204

	Net Book Value December 31, 2021	Net Book Value December 31, 2022
		(Restated - note 2)
Land	$ 2,524,816	$ 2,524,816
Buildings and building improvements	34,056,719	34,284,654
Machinery and equipment	16,511,042	23,403,121
Vehicles	4,113	2,467
Water infrastructure	84,180,043	82,164,048
Computers	275,471	136,735
Assets under construction	7,524,549	2,007,858
Total	$ 145,076,753	$ 144,523,699

8. Tangible Capital Assets (continued)

(a) Assets Under Construction

Assets under construction with a cost of **$8,486,923** (2022 - $2,007,858) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

(b) Tangible Capital Assets Disclosed at Nominal Values

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

(c) Write-down of Tangible Capital Assets

There were no write-downs in tangible capital assets during the year (2022 - $nil).

9. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserve funds as follows:

	2023	**2022** (Restated - note 2)
Surplus		
Invested in tangible capital assets	**$ 144,565,748**	$ 141,005,100
Reserve funds set aside for specific purpose by the Entity:		
Infrastructure renewal - water operations	**49,461,527**	49,371,931
	$ 194,027,275	$ 190,377,031

10. Financial Instruments and Risk Management

The Entity's activities expose it and it's financial instruments to credit risk and liquidity risk.

(a) Credit Risk

Credit risk is the risk of financial loss if a counterparty fails to honour its contractual obligation.

The Entity is also subject to credit risk with respect to loans and trade accounts receivables. The Entity manages credit risk by engaging with recognized, credit worthy third parties. The Entity has no significant concentration of credit risk with any one individual customer. There were no changes in exposures to credit risk during the year. The outstanding amounts related to financial instruments are presented in the table below.

	Current	31-60 days	61-90 days	91-120 days	Over 120 days	Total
Government receivables	$490,360	$ -	$ -	$ -	$ -	**$490,360**
Net receivable	$490,360	$ -	$ -	$ -	$ -	**$490,360**

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Loans and long-term receivables	$167,710	$309,919	$497,067	$445,770	**$ 1,420,466**
Total	$167,710	$309,919	$497,067	$445,770	**$ 1,420,466**

10. Financial Instruments and Risk Management (continued)

(b) Liquidity Risk

The Entity is also exposed to liquidity risk with respect to accounts payable and accrued liabilities. Most accounts payable and accrued liabilities are expected to be settled in thirty days. The maturities of other financial liabilities are provided in the notes to financial statements related to those liabilities. There have been no significant changes in the exposure to risk or policies, procedures, or methods to measure risk. The outstanding amounts related to financial instruments at year-end are presented in the table below.

	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	$ 5,540,339	$ -	$ -	$ -	**$ 5,540,339**
Total	$ 5,540,339	$ -	$ -	$ -	**$ 5,540,339**

11. Commitments

The Entity has $9,512,745 (2022 - $14,449,950) in outstanding commitments remaining on facilities and infrastructure contracts as at December 31, 2023.

These amounts represent uncompleted portions of contracts, as at December 31, 2023, on major projects. The majority of payments on these outstanding commitments will be made in the next three (3) to five (5) years.

12. Budget Data

Budget data presented in these financial statements are based upon the 2023 operating budget approved by the joint board of management. Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting. The chart below reconciles the approved budget with the budget figures as presented in these financial statements.

	Budget
Revenues	
User charges	$ 24,474,000
Municipal revenues - other	25,000
Total revenues	24,499,000
Expenses	
Personnel costs	1,151,973
Administrative expenses	60,250
Financial expenses - other	365,000
Financial expenses - interest and discount on long-term debt	59,412
Financial expenses - debt principal repayments	1,106,232
Financial expenses - transfers to reserves and reserve funds	8,180,046
Purchased services	1,667,000
Materials and supplies	11,559,700
Furniture and equipment	129,750
Other expenses	328,174
Recovered expenses	(108,537)
Total expenses	24,499,000
Net surplus as per budget	-
PSAB reporting requirements	
Transfers to reserves and reserve funds	8,180,046
Debt principal repayments	1,106,232
Capital expenses not resulting in capital assets	(783,978)
Amortization	(6,914,488)
Reserve fund interest earned	827,000
Net PSAB budget surplus as per financial statements	$ 2,414,812

2023 FINANCIAL INFORMATION RETURN

Municipality: London C
Tier: Single-Tier
Area: Middlesex Co

MSO Office: Western Ontario
Asmt Code: 3936
MAH Code: 59101

DECLARATION OF THE MUNICIPAL TREASURER

Version: 2023.01001

Pursuant to the information required by the Province of Ontario under Section 294 (1) of the Municipal Act, the following schedules are attached:

Schedule	Title
10	CONSOLIDATED STATEMENT OF OPERATIONS: REVENUE
12	GRANTS, USER FEES AND SERVICE CHARGES
20	TAXATION INFORMATION
22	MUNICIPAL AND SCHOOL BOARD TAXATION
24	PAYMENTS-IN-LIEU OF TAXATION
26	TAXATION AND PAYMENTS-IN-LIEU SUMMARY
28	UPPER-TIER ENTITLEMENTS **(UPPER TIERS ONLY)**
40	CONSOLIDATED STATEMENT OF OPERATIONS: EXPENSES
42	ADDITIONAL INFORMATION
51	INFRASTRUCTURE SUMMARY BY ASSET CLASS & FUNCTION
53	CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT) AND TANGIBLE CAPITAL ASSET ACQUISITION FINANCING / DONATIONS
54	CONSOLIDATED STATEMENT OF CASH FLOW (SELECT DIRECT OR INDIRECT METHOD)
60	CONTINUITY OF RESERVES AND RESERVE FUNDS
61	DEVELOPMENT CHARGES RESERVE FUNDS
62	DEVELOPMENT CHARGES RATES (INCLUDING SPECIAL AREAS)
70	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
71	**STATEMENT OF REMEASUREMENT GAINS AND LOSSES** ** NEW
72	CONTINUITY OF TAXES RECEIVABLE (**SINGLE / LOWER-TIERS ONLY**)
74	**LONG TERM LIABILITIES, COMMITMENTS AND ASSET RETIREMENT OBLIGATIONS LIABILITIES**
76	GOVERNMENT BUSINESS ENTERPRISES (GBE)
77	OTHER ENTITIES (DSSAB, HEALTH UNIT, OTHER AND TOTAL ALL)
80	STATISTICAL INFORMATION
81	ANNUAL DEBT REPAYMENT LIMIT
83	NOTES

For the purposes of this Financial Information Return, the amounts disclosed on the attached schedules are in agreement with the books and records of the municipality and its consolidated entities.
This Financial Information Return has been prepared in accordance with the Financial Information Return instructions.

Questions regarding the information contained in the Schedules should be addressed to:

0020	Name	Sharon Swance
0022	Telephone	519-661-2489 ext 0146
0028	**Email **(Required)**	sswance@london.ca
0030	Website address of Municipality	www.london.ca
0091	Municipal Auditor	Katie denBok
0092	Municipal Audit Firm	KPMG LLP
0095	**Municipal Auditor's Email **(Required)**	kdenbok@kpmg.ca
0090	Municipal Treasurer	Anna Lisa Barbon
0093	**Municipal Treasurer's Email **(Required)**	abarbon@london.ca
0094	Date	6/7/2024

Signature of Municipal Treasurer

Signature	Date

0070	Outstanding In-Year Critical Errors	0
0075	Schedule 54: Cashflow - Direct or Indirect Method Chosen	**INDIRECT**
0077	Method used to allocate Program Support to other functions in Schedule 40	**OMBI Method**
0078	If "Other Method" is selected in line 0077, please describe method of Program Support.	

	Municipal Data	Municipal Data 1 (#)	Data Source 2 (List)
0040	Households	190,234	MPAC
0041	Population	439,385	Municipal
0042	Youth Population	30,104	Municipal

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 10
CONSOLIDATED STATEMENT OF OPERATIONS: REVENUE
for the year ended December 31, 2023

			Own Purposes Revenue 1 $
	STATEMENT OF OPERATIONS: REVENUE		
	Property Taxation		
0299	Taxation - Own Purposes (SLC 26 9199 04 - 72 2899 07) For UT (SLC 28 0299 12 - 28 0299 08)		753,618,000
0499	Payments-In-Lieu of Taxation (SLC 26 9599 08) For UT (SLC 28 0299 08)		8,936,359
9940		**Subtotal**	762,554,359
0510	Estimated Tax Revenue		
	Government Transfers - Unconditional Grants		
0620	Ontario Municipal Partnership Fund (OMPF)		0
0625	Ontario Cannabis Legalization Implementation Fund (OCLIF)		110,688
0626	Safe Restart Agreement: Municipal Operating Funding		0
0627	Safe Restart Agreement: Public Transit Funding		0
0628	Social Services Relief Fund (SSRF)		1,225,000
0629	Provincial COVID-19 Recovery Funding		0
0695	Other		0
0696	Other		0
0697	Other		0
0698	Other		0
0699		**Subtotal**	1,335,688
	Government Transfers - Conditional Grants		
0810	Ontario Conditional Grants (SLC 12 9910 01)		301,654,980
0815	Ontario Grants for Tangible Capital Assets (SLC 12 9910 05)		20,296,673
0820	Canada Conditional Grants (SLC 12 9910 02)		8,221,462
0825	Canada Grants for Tangible Capital Assets (SLC 12 9910 06)		25,125,340
0830	Deferred Revenue Earned (Provincial Gas Tax) (SLC 60 1042 01 + SLC 60 1045 01)		10,940,973
0831	Deferred Revenue Earned (Canada Community - Building Fund) (Federal Gas Tax) (SLC 60 1047 01 + SLC 60 1048 01)		26,918,688
0899		**Subtotal**	393,158,116
1098	**Revenue From Other Municipalities for Tangible Capital Assets (SLC 12 9910 07)**		0
1099	**Revenue From Other Municipalities (SLC 12 9910 03)**		7,885,855
1299	**Total User Fees and Service Charges (SLC 12 9910 04)**		304,327,484
	Licences, Permits, Rents, etc.		
1410	Trailer Revenue and Permits		0
1420	Licences and Permits		10,744,274
1430	Rents, Concessions and Franchises		26,859,858
1431	Royalties		0
1432	Green Energy		0
1498	Other		0
1499		**Subtotal**	37,604,132
	Fines and penalties		
1605	Provincial Offences Act (POA) Municipality which administers POA only		4,192,808
1610	Other Fines		5,742,276
1620	Penalties and Interest on Taxes		5,862,848
1698	Other		0
1699		**Subtotal**	15,797,932

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 10
CONSOLIDATED STATEMENT OF OPERATIONS: REVENUE
for the year ended December 31, 2023

	Other revenue		
1805	Investment Income		25,895,090
1806	Interest Earned on Reserves and Reserve Funds		27,314,382
1811	Gain (Loss) on Sale of Land & Capital Assets		68,160
1812	Deferred Revenue Earned (Development Charges) (SLC 60 1025 01 + SLC 60 1026 01)		29,551,340
1813	Deferred Revenue Earned (Recreational land (The Planning Act)) (SLC 60 1032 01 + SLC 60 1035 01)		126,590
1815	Deferred Revenue Earned (Community Benefits Charges) (SLC 60 1036 01)		0
1830	Donations		653,113
1831	Donated Tangible Capital Assets (SLC 53 0610 01)		44,086,308
1840	Sale of Publications, Equipment, etc.		2,586,527
1850	Contributions From Non-consolidated Entities		0
1865	Other Revenues from Government Business Enterprise (i.e.., Dividends, etc.)		0
1870	Gaming and Casino Revenues		5,132,300
1890	Other		0
1891	Other		0
1892	Other		0
1893	Other		0
1894	Other		0
1895	Other		0
1896	Other	Obligatory Interest Earned ROR	2,214,291
1897	Other	Other	16,268,675
1898	Other		0
1899		**Subtotal**	153,896,776
1880	**Municipal Land Transfer Tax (City of Toronto Act, 2006)**		0
1886	**Transient Accommodation Tax**		4,854,510
1888	**Vacant Home Tax**		
1905	**Increase (Decrease) in Government Business Enterprise Equity**		1,185,470
9910		**TOTAL Revenues**	1,682,600,322

FIR2023: London C

Schedule 10

Asmt Code: 3936

MAH Code: 59101

CONSOLIDATED STATEMENT OF OPERATIONS: REVENUE

for the year ended December 31, 2023

Continuity of Accumulated Surplus (Deficit)

		1 $
2010	**PLUS**: Total Revenues (SLC 10 9910 01)	1,682,600,322
2020	**LESS**: Total Expenses (SLC 40 9910 11)	1,403,139,508
2030	**PLUS**:	0
2040	**PLUS**:	0
2045	**PLUS**: PSAB Adjustments	0
2099	**Annual Surplus (Deficit), Before Remeasurement Gains (Losses)**	279,460,814
2060	**Accumulated Surplus (Deficit), Before Remeasurement Gains (Losses) at the beginning of year**	5,444,773,935
2061	Prior Period Adjustments	-50,692,688
2062	Restated Accumulated Surplus (Deficit) at the Beginning of the Year	5,394,081,247
9950	**Accumulated Surplus (Deficit), Before Remeasurement Gains (Losses) at the end of year (SLC 10 2099 01 + SLC 10 2062 01)**	5,673,542,061

Continuity of Government Business Enterprise Equity

		1 $
6010	Government Business Enterprise Equity, Beginning of the Year	238,707,951
6020	**PLUS**: Net Income for Government Business Enterprise for Year	1,185,470
6060	**PLUS**: Hydro Dividends	-5,000,000
6065	**LESS**: Dividends Paid	
6090	Government Business Enterprise Equity, End of Year	**234,893,421**

Total of line 0899 includes:

Provincial Gas Tax Funding

		1 $
4018	Provincial Gas Tax for Transit Operating Expenses	10,183,272
4019	Provincial Gas Tax for Transit Capital Expenses	757,701
4020	Provincial Gas Tax Recognized in the Year	10,940,973

Total of Line 0899 Includes:

Canada Community - Building Fund - (Federal Gas Tax)

		1 $
4205	**Canada Community - Building Fund for Operating Expenses: Capacity Building**	0
4099	**Canada Community - Building Fund for Capital Expenses**	50,542,974
4299	**Canada Community - Building Fund Recognized in the Year**	50,542,974

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 12
GRANTS, USER FEES AND SERVICE CHARGES
for the year ended December 31, 2023

Code		Ontario Conditional Grants 1 $	Canada Conditional Grants 2 $	Other Municipalities 3 $	User Fees and Service Charges 4 $	Ontario Grants - Tangible Capital Assets 5 $	Canada Grants - Tangible Capital Assets 6 $	Other Municipalities - Tangible Capital Assets 7 $
0299	**General Government**	1,419,378	0	1,798	2,062,416	0	0	0
	Protection Services							
0410	Fire	682,020	0	0	605,857	495,877	0	0
0420	Police	6,838,563	7,654	1,541,626	1,489,912	3,377,208	0	0
0421	Court Security	0	0	0	0	0	0	0
0422	Prisoner Transportation	0	0	0	0	0	0	0
0430	Conservation Authority	0	0	0	0	0	0	0
0440	Protective Inspection and Control	0	0	0	953,154	0	0	0
0445	Building Permit and Inspection Services	0	0	0	71,525	0	0	0
0450	Emergency Measures	0	0	0	0	0	0	0
0460	Provincial Offences Act (POA)							
0498	Other	0	0	0	0	0	0	0
0499	Subtotal	7,520,583	7,654	1,541,626	3,120,448	3,873,085	0	0
	Transportation Services							
0611	Roads - Paved	0	0	0	374,833	14,867,540	17,956,425	0
0612	Roads - Unpaved	0	0	0	15,905	0	0	0
0613	Roads - Bridges and Culverts	0	0	0	57,276	0	0	0
0614	Roads - Traffic Operations & Roadside	0	0	0	233,697	263,217	315,892	0
0621	Winter Control - Except Sidewalks, Parking Lots	0	0	0	505,024	0	0	0
0622	Winter Control - Sidewalks, Parking Lots Only	0	0	0	81,935	0	0	0
0631	Transit - Conventional	0	0	0	35,871,875	235,954	771,742	0
0632	**Transit - Accessible**	0	0	0	496,291	0	0	0
0640	Parking	0	0	0	2,180,716	0	0	0
0650	Street Lighting	0	0	0	0	0	0	0
0660	Air Transportation	0	0	0	0	0	0	0
0698	Other	0	0	0	0	0	0	0
0699	Subtotal	0	0	0	39,817,552	15,366,711	19,044,059	0
	Environmental Services							
0811	Wastewater Collection / Conveyance	6,026	0	29,113	34,249,439	0	1,125,000	0
0812	Wastewater Treatment & Disposal	8,035	0	33,966	45,670,771	0	1,031,946	0
0821	Urban Storm Sewer System	6,026	0	33,966	34,244,587	0	1,128,671	0
0822	Rural Storm Sewer System	0	0	0	0	0	0	0
0831	Water Treatment	0	0	146,241	33,752,528	0	0	0
0832	Water Distribution / Transmission	0	0	271,591	62,683,267	0	0	0
0840	Solid Waste Collection	0	0	0	878,684	0	0	0
0850	Solid Waste Disposal	0	0	47,842	9,284,635	0	0	0
0860	Waste Diversion	0	0	501,904	9,122,610	0	0	0
0898	Other Other	0	0	0	2,101	0	0	0
0899	Subtotal	20,087	0	1,064,623	229,888,622	0	3,285,617	0
	Health Services							
1010	Public Health Services	6,146,698	52,935	251,827	0	0	0	0
1020	Hospitals	0	0	0	0	0	0	0
1030	Ambulance Services	0	0	0	0	0	0	0
1035	Ambulance Dispatch							
1040	Cemeteries	0	0	0	0	0	0	0
1098	Other	0	0	0	0	0	0	0
1099	Subtotal	6,146,698	52,935	251,827	0	0	0	0
	Social and Family Services							
1210	General Assistance	156,172,112	6,759,174	0	2,058	0	0	0
1220	**Assistance to Seniors**	19,248,389	0	0	5,918,688	0	0	0
1230	**Child Care and Early Years Learning**	100,245,723	251,000	0	0	0	0	0
1298	Other Other	0	0	0	164,842	0	0	0
1299	Subtotal	275,666,224	7,010,174	0	6,085,588	0	0	0
	Social Housing							
1410	Public Housing	0	0	0	630,071	0	1,359,403	0
1420	Non - Profit / Cooperative Housing	8,512,630	0	5,037,500	0	0	0	0
1430	Rent Supplement Programs	405,525	79,051	0	0	0	0	0
1497	Other	0	0	0	0	0	0	0
1498	Other Other	498,063	0	0	0	0	0	0
1499	Subtotal	9,416,218	79,051	5,037,500	630,071	0	1,359,403	0
	Recreation and Cultural Services							
1610	Parks	0	0	0	265	719,153	551,123	0
1620	Recreation Programs	284,805	45,369	0	7,341,003	0	0	0
1631	Recreation Facilities - Golf Course, Marina, Ski Hill	0	0	0	3,392,231	0	0	0
1634	Recreation Facilities - All Other	145,286	0	0	339,228	217,782	871,128	0
1640	Libraries	598,829	43,609	0	417,684	0	0	0
1645	Museums	0	49,914	0	0	0	0	0
1650	Cultural Services	217,190	469,938	0	980,752	0	0	0
1698	Other							0
1699	Subtotal	1,246,110	608,830	0	12,471,163	936,935	1,422,251	0
	Planning and Development							
1810	Planning and Zoning	201,917	0	0	2,411,635	0	0	0
1820	Commercial and Industrial	17,765	462,818	-11,519	7,839,989	119,942	0	0
1830	Residential Development	0	0	0	0	0	14,010	0
1840	Agriculture and Reforestation	0	0	0	0	0	0	0
1850	Tile Drainage / Shoreline Assistance				0			
1898	Other	0	0	0	0	0	0	0
1899	Subtotal	219,682	462,818	-11,519	10,251,624	119,942	14,010	0
1910	Other							
9910	TOTAL	301,654,980	8,221,462	7,885,855	304,327,484	20,296,673	25,125,340	0

FIR2023: London C
Asmt Code: 3936
MAH Code: 59101

Schedule 20
TAXATION INFORMATION
for the year ended December 31, 2023

General Information

1. Optional Property Classes in Effect

		2
		Y or N
0202	N New Multi-Residential	Y
0205	G Parking Lot (Includes CJ, CR, CX, CY, CZ)	N
0210	D Office Building	N
0215	S Shopping Centre	N
0220	L Large Industrial	N
0225	Other	N

2. Capping Parameters and Results

		Exit capping immediately	Decrease - Percentage Retained	Tax Adjustment - Increasers	Net Class Impact	Annualized Tax Limit	CVA Tax Limit	CVA Threshold Value for Protected Properties	CVA Threshold Value for Clawed Back Properties	Exclude Properties Previously at CVA Tax	Exclude Properties that go from Capped to Clawed Back	Exclude Properties that go from Clawed Back to Capped
		1	2	3	4	5	6	7	8	9	10	11
		Y or N	%	$	$	%	%	$	$	Y or N	Y or N	Y or N
0320	M Multi-Residential	Y										
0330	C Commercial	Y										
0340	I Industrial	Y										

3. Graduated Taxation (Tax Bands)

		Graduated Tax Rates in Effect?	Number of Tax Bands	Low Band CVA Boundary	Low Band % of Highest Band Rate	Middle Band CVA Boundary	Middle Band % of Highest Band Rate
		2	3	4	5	6	7
		Y or N	#	$	%	$	%
0610	C Commercial	N					
0611	G Parking Lot	N					
0612	D Office Building	N					
0613	S Shopping Centre	N					
0620	I Industrial	N					
0621	L Large Industrial	N					

4. Phase-In Program in Effect (Most recent Phase-In only)

		Phase-In Program in Effect?	Year Current Phase-In Initiated	Term of Current Phase-In
		2	3	4
		Y or N	Year	# of Years
0805	R Residential	N		
0810	M Multi-Residential	N		
0815	N New Multi-Residential	N		
0820	C Commercial (Includes G, D, S)	N		
0840	I Industrial (Includes L)	N		
0850	F Farmland	N		
0855	T Managed Forest	N		
0860	P Pipeline	N		

5. Rebates for Eligible Charities

		2
		%
1010	Rebate Percentage for Eligible Charities (SLC 72 2099 xx)	40.0%

6. Property Tax Due Dates for Current Year

To be completed by Single / Lower-tier Municipalities Only

		INTERIM Billing Installments			FINAL Billing Installments		
		Installments	First Due Date	Last Due Date	Installments	First Due Date	Last Due Date
		2	3	4	5	6	7
		#	YYYYMMDD	YYYYMMDD	#	YYYYMMDD	YYYYMMDD
1210	R Residential	2	20230228	20230331	3	20230630	20231031
1220	M Multi-Residential	2	20230228	20230331	3	20230630	20231031
1230	F Farmland	2	20230228	20230331	3	20230630	20231031
1240	T Managed Forest	2	20230228	20230331	3	20230630	20231031
1250	C Commercial	2	20230228	20230331	3	20230630	20231031
1260	I Industrial	2	20230228	20230331	3	20230630	20231031
1270	P Pipeline	2	20230228	20230331	3	20230630	20231031
1298	Other						

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 22
MUNICIPAL and SCHOOL BOARD TAXATION
for the year ended December 31, 2023

1. GENERAL PURPOSE LEVY INFORMATION

		Phase-In Taxable Assessment	LT/ST Taxes	UT Taxes	Education Taxes	TOTAL
9299	**TOTAL**	49,289,360,089	736,457,672	0	124,522,090	860,979,762

	RTC RTQ	Tax Band	Property Class	Tax Rate Description	Tax Ratio	Percent of Full Rate	CVA Assessment	Phase-In Taxable Assessment	Tax Rates LT / ST	Tax Rates UT	Tax Rates EDUC	Tax Rates TOTAL	Municipal Taxes LT / ST	Municipal Taxes UT	Education Taxes	TOTAL
	1	2	3	4	5	6	7	16	8	9	10	11	12	13	14	15
	LIST	LIST				%	$	$	0.xxxxxx%	0.xxxxxx%	0.xxxxxx%	0.xxxxxx%	$	$	$	$
2001	**0.00000**		**London C**													
0010	RT	0	Residential	Full Occupied	1.000000	100%	39,811,287,506	39,811,287,506	1.308166%	0.000000%	0.153000%	1.461166%	520,797,727	0	60,911,270	581,708,997
0031	R1	0	Residential	Farm. Awaiting Devel. - Ph I	1.000000	75%	6,266,400	6,266,400	0.981124%	0.000000%	0.114750%	1.095874%	61,481	0	7,191	68,672
0050	MT	0	Multi-Residential	Full Occupied	1.709600	100%	1,757,288,385	1,757,288,385	2.236441%	0.000000%	0.153000%	2.389441%	39,300,718	0	2,688,651	41,989,369
0061	M1	0	Multi-Residential	Farm. Awaiting Devel. - Ph I	1.709600	44%	3,271,000	3,271,000	0.981124%	0.000000%	0.114750%	1.095874%	32,093	0	3,753	35,846
0080	NT	0	New Multi-Residential	Full Occupied	1.000000	100%	425,585,300	425,585,300	1.308166%	0.000000%	0.153000%	1.461166%	5,567,362	0	651,146	6,218,508
0110	FT	0	Farmland	Full Occupied	0.102820	100%	464,289,027	464,289,027	0.134506%	0.000000%	0.038250%	0.172756%	624,497	0	177,591	802,088
0140	TT	0	Managed Forest	Full Occupied	0.250000	100%	1,879,700	1,879,700	0.327042%	0.000000%	0.038250%	0.365292%	6,147	0	719	6,866
0210	CT	0	Commercial	Full Occupied	1.910000	100%	3,813,933,850	3,813,933,850	2.498597%	0.000000%	0.880000%	3.378597%	95,294,837	0	33,562,618	128,857,455
0215	CH	0	Commercial	Full Occupied, Shared PIL	1.910000	100%	17,109,464	17,109,464	2.498597%	0.000000%	1.250000%	3.748597%	427,497	0	213,868	641,365
0231	C1	0	Commercial	Farm. Awaiting Devel. - Ph I	1.910000	39%	1,193,000	1,193,000	0.981124%	0.000000%	0.114750%	1.095874%	11,705	0	1,369	13,074
0240	CU	0	Commercial	Excess Land	1.910000	100%	62,122,956	62,122,956	2.498597%	0.000000%	0.880000%	3.378597%	1,552,202	0	546,682	2,098,884
0245	CK	0	Commercial	Excess Land, Shared PIL	1.910000	100%	630,300	630,300	2.498597%	0.000000%	1.250000%	3.748597%	15,749	0	7,879	23,628
0270	CX	0	Commercial	Vacant Land	1.910000	100%	97,278,216	97,278,216	2.498597%	0.000000%	0.880000%	3.378597%	2,430,591	0	856,048	3,286,639
0310	GT	0	Parking Lot	Full Occupied	1.910000	100%	113,781,046	113,781,046	2.498597%	0.000000%	0.880000%	3.378597%	2,842,930	0	1,001,273	3,844,203
0320	DT	0	Office Building	Full Occupied	1.910000	100%	363,013,680	363,013,680	2.498597%	0.000000%	0.880000%	3.378597%	9,070,249	0	3,194,520	12,264,769
0330	DU	0	Office Building	Excess Land	1.910000	100%	2,159,380	2,159,380	2.498597%	0.000000%	0.880000%	3.378597%	53,954	0	19,003	72,957
0340	ST	0	Shopping Centre	Full Occupied	1.910000	100%	1,614,818,462	1,614,818,462	2.498597%	0.000000%	0.880000%	3.378597%	40,347,806	0	14,210,402	54,558,208
0350	SU	0	Shopping Centre	Excess Land	1.910000	100%	1,468,400	1,468,400	2.498597%	0.000000%	0.880000%	3.378597%	36,689	0	12,922	49,611
0510	IT	0	Industrial	Full Occupied	1.910000	100%	330,822,085	330,822,085	2.498597%	0.000000%	0.880000%	3.378597%	8,265,911	0	2,911,234	11,177,145
0515	IH	0	Industrial	Full Occupied, Shared PIL	1.910000	100%	5,819,600	5,819,600	2.498597%	0.000000%	1.250000%	3.748597%	145,408	0	72,745	218,153
0531	I1	0	Industrial	Farm. Awaiting Devel. - Ph I	1.910000	39%	1,081,000	1,081,000	0.981124%	0.000000%	0.114750%	1.095874%	10,606	0	1,240	11,846
0534	I4	0	Industrial	Farm. Awaiting Devel. - Ph II	1.910000	100%	112,200	112,200	2.498597%	0.000000%	0.880000%	3.378597%	2,803	0	987	3,790
0540	IU	0	Industrial	Excess Land	1.910000	100%	10,450,800	10,450,800	2.498597%	0.000000%	0.880000%	3.378597%	261,123	0	91,967	353,090
0545	IK	0	Industrial	Excess Land, Shared PIL	1.910000	100%	304,400	304,400	2.498597%	0.000000%	1.250000%	3.748597%	7,606	0	3,805	11,411
0570	IX	0	Industrial	Vacant Land	1.910000	100%	62,240,900	62,240,900	2.498597%	0.000000%	0.880000%	3.378597%	1,555,149	0	547,720	2,102,869
0610	LT	0	Large Industrial	Full Occupied	1.910000	100%	201,616,389	201,616,389	2.498597%	0.000000%	0.880000%	3.378597%	5,037,581	0	1,774,224	6,811,805
0620	LU	0	Large Industrial	Excess Land	1.910000	100%	7,105,643	7,105,643	2.498597%	0.000000%	0.880000%	3.378597%	177,541	0	62,530	240,071
0710	PT	0	Pipeline	Full Occupied	1.713000	100%	112,331,000	112,331,000	2.240888%	0.000000%	0.880000%	3.120888%	2,517,212	0	988,513	3,505,725
0920	C7	0	Commercial	Small Scale On Farm Business	1.910000	100%	50,000	50,000	2.498597%	0.000000%	0.220000%	2.718597%	1,249	0	110	1,359
0970	C0	0	Commercial	Small Scale on Farm Business Discounted	1.910000	100%	50,000	50,000	2.498597%	0.000000%	0.220000%	2.718597%	1,249	0	110	1,359
													0	0	0	0
9201				**Subtotal**			49,289,360,089	49,289,360,089					736,457,672	0	124,522,090	860,979,762

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 22
MUNICIPAL and SCHOOL BOARD TAXATION
for the year ended December 31, 2023

		Municipal Taxes		Education Taxes	TOTAL
		LT / ST	UT		
		12	13	14	15
		$	$	$	$
	4. ADJUSTMENTS TO TAXATION				
7010	Adjustments for properties, shared as if Payment-In-Lieu (Hydro properties RTQ = H, J, K)	298,297		-298,297	0
	5. SUPPLEMENTARY TAXES				
9799	Total of all supplementary taxes (Supps, Omits, Section 359)	11,775,794		1,879,245	13,655,039
	6. AMOUNT LEVIED BY TAX RATE				
9910	**TOTAL Levied by Tax Rate**	748,531,763	0	126,103,038	874,634,801
	7. AMOUNTS ADDED TO TAX BILL				
8005	Local improvements	324,444			324,444
8010	Sewer and water service charges	5,145,434			5,145,434
8015	Sewer and water connection charges				0
8020	Fire service charges				0
8025	Minimum tax (differential only)				0
8030	Municipal drainage charges				0
8035	Waste management collection charges				0
8040	Business improvement area	2,808,320			2,808,320
8097	Other				0
9890	**Subtotal**	8,278,198	0	0	8,278,198
	8. OTHER TAXATION AMOUNTS				
8045	Railway rights-of-way (RTC = W)	55,784		58,310	114,094
8050	Utility transmission and utility corridors (RTC = U)				0
8098	Other				0
9892	**Subtotal**	55,784	0	58,310	114,094
	9. TOTAL AMOUNT LEVIED				
9990	**TOTAL Levies**	756,865,745	0	126,161,348	883,027,093

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 24
PAYMENTS-IN-LIEU of TAXATION
for the year ended December 31, 2023

1. GENERAL PURPOSE PAYMENTS-IN-LIEU

		PIL Phased-In Assessment	LT/ST PILS	UT PILS	Education PILS	TOTAL
9299	TOTAL	222,516,200	5,673,865	0	1,805,956	7,479,821

	RTC RTQ	Tax Band	Property Class	Tax Rate Description	Tax Ratio	Percent of Full Rate	CVA Assessment	Phase-In Taxable Assessment	Tax Rates LT / ST	Tax Rates UT	Tax Rates EDUC	Tax Rates TOTAL	Municipal Taxes LT / ST	Municipal Taxes UT	Education Taxes	TOTAL
	1	2	3	4	5	6	7	16	8	9	10	11	12	13	14	15
	LIST	LIST				%	$	$	0.xxxxxx%	0.xxxxxx%	0.xxxxxx%	0.xxxxxx%	$	$	$	$
2001	0.00000	London C														
1010	RF	0	Residential	PIL: Full Occupied	1.000000	100%	1,602,000	1,602,000	1.308166%	0.000000%	0.153000%	1.461166%	20,957	0	2,451	23,408
1015	RP	0	Residential	PIL: Full Occupied, Taxable Tenant of Province	1.000000	100%	27,000	27,000	1.308166%	0.000000%	0.153000%	1.461166%	353	0	41	394
1028	RG	0	Residential	PIL: 'General' Only (No Educ.)	1.000000	100%	620,400	620,400	1.308166%	0.000000%	0.000000%	1.308166%	8,116	0	0	8,116
1210	CF	0	Commercial	PIL: Full Occupied	1.910000	100%	98,067,100	98,067,100	2.498597%	0.000000%	1.250000%	3.748597%	2,450,302	0	1,225,839	3,676,141
1220	CG	0	Commercial	PIL: 'General' Only (No Educ.)	1.910000	100%	52,050,800	52,050,800	2.498597%	0.000000%	0.000000%	2.498597%	1,300,540	0	0	1,300,540
1260	CW	0	Commercial	PIL: Excess Land, 'General' Only	1.910000	100%	481,300	481,300	2.498597%	0.000000%	0.000000%	2.498597%	12,026	0	0	12,026
1280	CY	0	Commercial	PIL: Vacant Land	1.910000	100%	1,156,500	1,156,500	2.498597%	0.000000%	1.250000%	3.748597%	28,896	0	14,456	43,352
1290	CZ	0	Commercial	PIL: Vacant Land, 'General' Only	1.910000	100%	2,147,000	2,147,000	2.498597%	0.000000%	0.000000%	2.498597%	53,645	0	0	53,645
1310	GF	0	Parking Lot	PIL: Full Occupied	1.910000	100%	11,784,000	11,784,000	2.498597%	0.000000%	1.250000%	3.748597%	294,435	0	147,300	441,735
1320	DF	0	Office Building	PIL: Full Occupied	1.910000	100%	25,310,000	25,310,000	2.498597%	0.000000%	1.250000%	3.748597%	632,395	0	316,375	948,770
1328	DG	0	Office Building	PIL: 'General' Only (No Educ.)	1.910000	100%	21,203,000	21,203,000	2.498597%	0.000000%	0.000000%	2.498597%	529,778	0	0	529,778
1590	IZ	0	Industrial	PIL: Vacant Land, 'General' Only	1.910000	100%	107,600	107,600	2.498597%	0.000000%	0.000000%	2.498597%	2,688	0	0	2,688
5010	HF	0	Landfill	PIL: Full Occupied	3.262797	100%	7,959,500	7,959,500	4.268280%	0.000000%	1.250000%	5.518280%	339,734	0	99,494	439,228
													0	0	0	0
													0	0	0	0
													0	0	0	0
													0	0	0	0
													0	0	0	0
													0	0	0	0
													0	0	0	0
9201				Subtotal			222,516,200	222,516,200					5,673,865	0	1,805,956	7,479,821

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 24
PAYMENTS-IN-LIEU of TAXATION
for the year ended December 31, 2023

		Municipal PILS		Education PILS	TOTAL
		LT / ST	UT		
		12	13	14	15
		$	$	$	$
	4. SUPPLEMENTARY PAYMENTS-IN-LIEU				
9799	Total of all supplementary PILS (Supps, Omits, Section 444)				0
	5. PAYMENTS-IN-LIEU LEVIED BY TAX RATE				
9910	**TOTAL PILS Levied by Tax Rate**	5,673,865	0	1,805,956	7,479,821
	6. AMOUNTS ADDED TO PAYMENTS-IN-LIEU				
8005	Local improvements				0
8010	Sewer and water service charges				0
8015	Sewer and water connection charges				0
8020	Fire service charges				0
8030	Municipal drainage charges				0
8035	Waste management collection charges				0
8040	Business improvement area				0
8097	Other Airport	89,161			89,161
9890	**Subtotal**	89,161	0	0	89,161
	7. OTHER PAYMENTS-IN-LIEU AMOUNTS				
8045	Railway rights-of-way (RTC = W) - from Ontario Enterprises				0
8046	Railway rights-of-way (RTC = W) - from Province				0
8050	Utility transmission and utility corridors (RTC = U) - from Ontario Enterprises	39,197		55,483	94,680
8051	Utility transmission and utility corridors (RTC = U) - from Province				0
8055	Institutional Payments - Heads and Beds (MunAct 323, 324)	4,565,775			4,565,775
8060	Hydro-electric Power Dams - from Province				0
8098	Other				0
9892	**Subtotal**	4,604,972	0	55,483	4,660,455
	8. TOTAL PAYMENTS-IN-LIEU LEVIED				
9990	**TOTAL PILS Levied**	10,367,998	0	1,861,439	12,229,437

FIR2023: London C
Asmt Code: 3936
MAH Code: 59101

Schedule 26
TAXATION and PAYMENTS-IN-LIEU SUMMARY
for the year ended December 31, 2023

3. Payments-In-Lieu of Taxation: Distribution of Entitlements

	Source of PILS	PILS Levied			Total PILS Levied	Adjustment to PILS Levied	Total PIL Entitlement	Distribution of PIL Entitlement in Col. 7			Distribution of Education PILS in column 10 by School Board				
		LT / ST	UT	Education				LT / ST	UT	Education	English - Public	French - Public	English - Separate	French - Separate	Other
		3	4	5	2	6	7	8	9	10	11	12	13	14	15
		$	$	$	$	$	$	$	$	$	$	$	$	$	$
5010	**Canada**	1,605,817		795,326	2,401,143	-340,648	2,060,495	2,060,495							
5020	**Canada Enterprises**	243,959			243,959	-24,080	219,879	219,879							
	Ontario														
	Municipal Tax Assist. Act														
5210	Prev. Exempt Properties				0		0								
5220	Other Mun. Tax Asst. Act				0		0								
5230	Inst. Payments - Heads and Beds	4,565,775	0	0	4,565,775		4,565,775	4,565,775							
5232	Railway Rights-of-way	0	0	0	0		0								
5234	Utility Corridors / Transmission	0	0	0	0		0								
5236	Hydro-Electric Power Dams	0	0	0	0		0								
5240	Other PIL's	1,462,382			1,462,382	-64	1,462,318	1,462,318							
	Ontario Enterprises														
5410	Ontario Mortgage and Housing Corporation				0		0								
5430	Liquor Control Board of Ontario	444,051			444,051		444,051	444,051							
5432	Railway Rights-of-way	0	0	0	0		0								
5434	Utility Corridors/Transmission	39,197	0	55,483	94,680		94,680	94,680							
5437	Ontario Lottery and Gaming Corp				0		0								
5460	Other				0		0								
5610	**Municipal Enterprises**				0		0								
5910	**Other Muns and Enterprises**	1,407,328		755,322	2,162,650	-2,162,650	0								
5950	**Amounts Added to PIL**	89,161	0	0	89,161		89,161	89,161							
9599	**TOTAL**	9,857,670	0	1,606,131	11,463,801	-2,527,442	8,936,359	8,936,359	0	0	0	0	0	0	0

DRAFT

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 26
TAXATION and PAYMENTS-IN-LIEU SUMMARY
for the year ended December 31, 2023

1. Municipal and School Board Taxation

		TOTAL	ENG - Public	FRE - Public	ENG - Separate	FRE - Separate	Other
9010	Legislated Percentage of Education Taxes distributed to each School Board (Applic. to Com, Ind, Pipelines)	100.000%	76.270%	0.963%	21.108%	1.659%	0.000%

		Taxable Asmt. (CVA)	Taxable Asmt. (Wtd & Disc CVA)	Phase-In Taxable Asmt. (CVA)	Phase-In Taxable Asmt. (Wtd & Disc CVA)	TOTAL Taxes	Municipal Taxes LT / ST	Municipal Taxes UT	Education Taxes	Distribution of Education Taxes in column 6 by School Board: ENG - Public	FRE - Public	ENG - Separate	FRE - Separate	Other
	Property Class Group	16	2	18	17	3	4	5	6	7	8	9	10	11
		$	$	$	$	$	$	$	$	$	$	$	$	$
0010	Residential	39,817,553,906	39,815,987,306	39,817,553,906	39,815,987,306	581,777,669	520,859,208	0	60,918,461	51,694,733	180,769	8,796,317	246,642	
0050	Multi-residential	2,186,144,685	3,432,298,773	2,186,144,685	3,432,298,773	48,243,723	44,900,173	0	3,343,550	3,116,992	3,028	220,144	3,386	
0110	Farmland	464,289,027	47,738,198	464,289,027	47,738,198	802,088	624,497	0	177,591	167,727	5	9,851	8	
0140	Managed Forests	1,879,700	469,925	1,879,700	469,925	6,866	6,147	0	719	710	0	8	1	
9110	**Subtotal**	42,469,867,318	43,296,494,202	42,469,867,318	43,296,494,202	630,830,346	566,390,025	0	64,440,321	54,980,162	183,802	9,026,320	250,037	0
0210	Commercial	3,992,367,786	7,624,038,591	3,992,367,786	7,624,038,591	134,923,763	99,735,079	0	35,188,684	26,838,409	338,867	7,427,627	583,780	0
0215	Commercial New Construction	0	0	0	0	0	0	0	0	0	0	0	0	0
0310	Parking Lot	113,781,046	217,321,798	113,781,046	217,321,798	3,844,203	2,842,930	0	1,001,273	763,671	9,642	211,349	16,611	0
0320	Office Building	365,173,060	697,480,545	365,173,060	697,480,545	12,337,726	9,124,203	0	3,213,523	2,450,954	30,946	678,310	53,312	0
0325	Office Building New Construction	0	0	0	0	0	0	0	0	0	0	0	0	0
0340	Shopping Centre	1,616,286,862	3,087,107,906	1,616,286,862	3,087,107,906	54,607,819	40,384,495	0	14,223,324	10,848,129	136,971	3,002,259	235,965	0
0345	Shopping Centre New Construction	0	0	0	0	0	0	0	0	0	0	0	0	0
9120	**Subtotal**	6,087,608,754	11,625,948,840	6,087,608,754	11,625,948,840	205,713,511	152,086,707	0	53,626,804	40,901,163	516,426	11,319,546	889,669	0
0510	Industrial	410,830,985	783,433,221	410,830,985	783,433,221	13,878,304	10,248,606	0	3,629,698	2,768,371	34,954	766,157	60,217	0
0515	Industrial New Construction	0	0	0	0	0	0	0	0	0	0	0	0	0
0610	Large Industrial	208,722,032	398,659,081	208,722,032	398,659,081	7,051,876	5,215,122	0	1,836,754	1,400,892	17,688	387,702	30,472	0
0615	Large Industrial New Construction	0	0	0	0	0	0	0	0	0	0	0	0	0
9130	**Subtotal**	619,553,017	1,182,092,302	619,553,017	1,182,092,302	20,930,180	15,463,728	0	5,466,452	4,169,263	52,642	1,153,859	90,688	0
0705	Landfill	0	0	0	0	0	0	0	0	0	0	0	0	0
0710	Pipelines	112,331,000	192,423,003	112,331,000	192,423,003	3,505,725	2,517,212	0	988,513	753,939	9,519	208,655	16,399	0
0810	Other Property Classes	0	0	0	0	0	0	0	0					
9160	Adj. for Shared PIL Properties					0	298,297	0	-298,297	-227,511	-2,873	-62,964	-4,949	
9170	Supplementary Taxes					13,655,039	11,775,794	0	1,879,245	1,598,403	10,306	252,202	18,334	
9180	**Total Levied by Rate**					874,634,801	748,531,763	0	126,103,038	102,175,419	769,822	21,897,618	1,260,179	0
9190	Amts Added to Tax Bill					8,278,198	8,278,198	0	0					
9192	Other Taxation Amounts					114,094	55,784	0	58,310	44,473	562	12,308	967	
9199	**TOTAL before Adj.**	49,289,360,089	56,296,958,347	49,289,360,089	56,296,958,347	883,027,093	756,865,745	0	126,161,348	102,219,892	770,384	21,909,926	1,261,146	0

2. Payments-In-Lieu of Taxation

		PIL Asmt. (CVA)	PIL Asmt. (Wtd & Disc CVA)	Phase-In PIL Asmt. (CVA)	Phase-In PIL Asmt. (Wtd & Disc CVA)	Total PILS Levied	Municipal PILS LT / ST	Municipal PILS UT	Education PILS
	Property Class Group	16	2	18	17	3	4	5	6
		$	$	$	$	$	$	$	$
1010	Residential	2,249,400	2,249,400	2,249,400	2,249,400	31,918	29,426	0	2,492
1050	Multi-residential	0	0	0	0	0	0	0	0
1110	Farmland	0	0	0	0	0	0	0	0
1140	Managed Forests	0	0	0	0	0	0	0	0
9210	**Subtotal**	2,249,400	2,249,400	2,249,400	2,249,400	31,918	29,426	0	2,492
1210	Commercial	153,902,700	293,954,157	153,902,700	293,954,157	5,085,704	3,845,409	0	1,240,295
1215	Commercial New Construction	0	0	0	0	0	0	0	0
1310	Parking Lot	11,784,000	22,507,440	11,784,000	22,507,440	441,735	294,435	0	147,300
1320	Office Building	46,513,000	88,839,830	46,513,000	88,839,830	1,478,548	1,162,173	0	316,375
1325	Office Building New Construction	0	0	0	0	0	0	0	0
1340	Shopping Centre	0	0	0	0	0	0	0	0
1345	Shopping Centre New Construction	0	0	0	0	0	0	0	0
9220	**Subtotal**	212,199,700	405,301,427	212,199,700	405,301,427	7,005,987	5,302,017	0	1,703,970
1510	Industrial	107,600	205,516	107,600	205,516	2,688	2,688	0	0
1515	Industrial New Construction	0	0	0	0	0	0	0	0
1610	Large Industrial	0	0	0	0	0	0	0	0
1615	Large Industrial New Construction	0	0	0	0	0	0	0	0
9230	**Subtotal**	107,600	205,516	107,600	205,516	2,688	2,688	0	0
1705	Landfill	7,959,500	25,970,233	7,959,500	25,970,233	439,228	339,734	0	99,494
1718	Pipelines	0	0	0	0	0	0	0	0
1810	Other Property Classes	0	0	0	0	0	0	0	0
9270	Supplementary PILS					0	0	0	0
9280	**Total Levied by Rate**					7,479,821	5,673,865	0	1,805,956
9290	Amts Added to PILs					89,161	89,161	0	0
9292	Other PIL Amounts					4,660,455	4,604,972	0	55,483
9299	**TOTAL before Adj.**	222,516,200	433,726,576	222,516,200	433,726,576	12,229,437	10,367,998	0	1,861,439

Part 3 contains Distribution of PILS by School Boards

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 40
CONSOLIDATED STATEMENT OF OPERATIONS: EXPENSES
for the year ended December 31, 2023

		Salaries, Wages and Employee Benefits 1 $	Interest on Long Term Debt 2 $	Materials 3 $	Contracted Services 4 $	Rents and Financial Expenses 5 $	External Transfers 6 $	Amortization 16 $	Total Expenses Before Adjustments 7 $	Inter-Functional Adjustments 12 $	Allocation of Program Support * 13 $	Total Expenses After Adjustments 11 $
	General government											
0240	Governance	3,537,889		347,448	45,027	0	4,000	10,008	3,944,372	0	1,316,637	5,261,009
0250	Corporate Management	19,308,006	14,609	8,284,575	6,872,390	997,868	8,049	11,075,105	46,560,602	-326,092	2,660,349	48,894,859
0260	Program Support	40,001,037		7,117,746	4,914,914	367,934			52,401,631	-220,573	-52,181,058	0
0299	**Subtotal**	62,846,932	14,609	15,749,769	11,832,331	1,365,802	12,049	11,085,113	102,906,605	-546,665	-48,204,072	54,155,868
	Protection Services											
0410	Fire	73,089,395	13,424	3,358,551	447,059	2,713		3,095,461	80,006,603		3,929,248	83,935,851
0420	Police	141,500,452	84,028	8,000,385	3,059,459	158,831		5,702,431	158,505,586		4,856,428	163,362,014
0421	Court Security	4,407,781		73,198	40,361			0	4,521,340			4,521,340
0422	Prisoner Transportation	313,307		45,345	2,050			0	360,702			360,702
0430	Conservation Authority						2,102,257	0	2,102,257		6,003	2,108,260
0440	Protective Inspection and Control	6,535,003		2,611,408	416,272	176,041		57,607	9,796,331		1,059,553	10,855,884
0445	Building Permit and Inspection Services	6,840,019		277,638	266,109	92,083		16,591	7,492,440		821,105	8,313,545
0450	Emergency Measures	400,741		11,712	107,873			95,041	615,367		297,282	912,649
0460	Provincial Offences Act (POA)	1,577,653		429,018	959,675	113,661	96,417	134,473	3,310,897	477,097	318,966	4,106,960
0498	Other							0	0			0
0499	**Subtotal**	234,664,351	97,452	14,807,255	5,298,858	543,329	2,198,674	9,101,604	266,711,523	477,097	11,288,585	278,477,205
	Transportation Services											
0611	Roads - Paved	12,642,230	1,494,960	6,763,558	10,597,445	2,813,834		45,539,317	79,851,344	2,790	2,024,430	81,878,564
0612	Roads - Unpaved	195,695		195,654	7,190	66,563		0	465,102		115,059	580,161
0613	Roads - Bridges and Culverts	1,702,577		405,603	488,687	55,941		3,576,875	6,229,683		176,160	6,405,843
0614	Roads - Traffic Operations & Roadside	8,710,071		2,810,852	4,999,049	299,432		5,583,975	22,403,379	4,689	987,279	23,395,347
0621	Winter Control - Except Sidewalks, Parking Lots	4,376,232		5,037,632	258,010	4,580,349		0	14,252,223		483,029	14,735,252
0622	Winter Control - Sidewalks, Parking Lots Only	628,671		787,811	36,914	741,277		0	2,194,673		74,574	2,269,247
0631	Transit - Conventional	59,034,597	373,461	26,970,742				12,655,153	99,033,953	2,050	187,402	99,223,405
0632	**Transit - Accessible**	1,289,089		341,128	9,193,057		1	0	10,823,275		9,105	10,832,380
0640	Parking	2,026,465		394,566	996,382	124,335	1,895	571,933	4,115,576		277,732	4,393,308
0650	Street Lighting	181,127	2,836	5,436,093	779,337			5,853,656	12,253,049		188,407	12,441,456
0660	Air Transportation							0	0			0
0698	Other Other Transportation Services				305			0	305		3,959	4,264
0699	**Subtotal**	90,786,754	1,871,257	49,143,639	27,356,376	8,681,731	1,896	73,780,909	251,622,562	9,529	4,527,136	256,159,227
	Environmental Services											
0811	Wastewater Collection / Conveyance	5,107,249	1,364,647	1,578,628	2,039,985	3,250,438		14,749,186	28,090,133		845,664	28,935,797
0812	Wastewater Treatment & Disposal	10,153,670	170,053	12,415,049	1,751,155	396,170	2,974,026	14,255,013	42,115,136		1,265,295	43,380,431
0821	Urban Storm Sewer System	3,198,605	688,853	1,595,243	3,864,226	4,121,814		18,200,324	31,669,065		688,088	32,357,153
0822	Rural Storm Sewer System	48,837		-3,288	1,240			0	46,789		26,566	73,355
0831	Water Treatment	1,872,112	57,255	8,219,134	1,793,282	75,007	5,349	2,246,437	14,268,576		361,705	14,630,281
0832	Water Distribution / Transmission	9,195,046	58,277	12,948,833	5,260,480	1,222,433	5,349	20,307,664	48,998,082		1,454,826	50,452,908
0840	Solid Waste Collection	6,897,638		3,338,081	1,169,715	3,155		83,434	11,492,023	-36,782	341,478	11,796,719
0850	Solid Waste Disposal	2,157,384		1,271,688	-3,560,620	4,501,483	4,363	2,526,499	6,900,797		266,803	7,167,600
0860	Waste Diversion	1,700,305		758,431	18,716,446	-674,399	336,213	681,064	21,518,060	76,686	261,135	21,855,881
0898	Other Climate	1,067,771		84,380	280,962	22,466		0	1,455,579	-9,378	146,263	1,592,464
0899	**Subtotal**	41,398,617	2,339,085	42,206,179	31,316,871	12,918,567	3,325,300	73,049,621	206,554,240	30,526	5,657,823	212,242,589

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 40
CONSOLIDATED STATEMENT OF OPERATIONS: EXPENSES
for the year ended December 31, 2023

		Salaries, Wages and Employee Benefits	Interest on Long Term Debt	Materials	Contracted Services	Rents and Financial Expenses	External Transfers	Amortization	Total Expenses Before Adjustments	Inter-Functional Adjustments	Allocation of Program Support *	Total Expenses After Adjustments
		1	2	3	4	5	6	16	7	12	13	11
		$	$	$	$	$	$	$	$	$	$	$
	Health Services											
1010	Public Health Services	6,039,591		582,690	537,443	436,111	6,119,836	139,846	13,855,517		11,520	13,867,037
1020	Hospitals							0	0			0
1030	Ambulance Services				29,587,476			0	29,587,476		4,868	29,592,344
1035	Ambulance Dispatch							0	0			0
1040	Cemeteries							0	0			0
1098	Other							0	0			0
1099	**Subtotal**	6,039,591	0	582,690	30,124,919	436,111	6,119,836	139,846	43,442,993	0	16,388	43,459,381
	Social and Family Services											
1210	General Assistance	21,938,225		1,179,570	23,779,082	3,036,918	136,610,634	404,996	186,949,425	-203,086	4,549,270	191,295,609
1220	**Assistance to Seniors**	25,986,201	176,538	4,429,970	825,310		140,192	1,257,225	32,815,436		1,943,791	34,759,227
1230	**Child Care and Early Years Learning**	2,098,707		1,412,567	56,378,147	163,895	45,690,980	3,125	105,747,421	227,910	531,971	106,507,302
1298	Other Cafeteria	348,841		135,903	9,461	1,399		0	495,604		186,278	681,882
1299	**Subtotal**	50,371,974	176,538	7,158,010	80,992,000	3,202,212	182,441,806	1,665,346	326,007,886	24,824	7,211,310	333,244,020
	Social Housing											
1410	Public Housing	9,068,392	85,646	2,388,752	17,826,484	1,138,425		2,756,420	33,264,119		172,414	33,436,533
1420	Non - Profit / Cooperative Housing	7,632			4,155,483		16,005,556	0	20,168,671		29,099	20,197,770
1430	Rent Supplement Programs						1,519,409	0	1,519,409		28,920	1,548,329
1497	Other Other - Social Housing	1,701,175		38,844	242,198	99,397	45,566	0	2,127,180		229,952	2,357,132
1498	Other Other - Affordable Housing			1,163,242	1,901,370	7,749	2,656,471	696,550	6,425,382		18,395	6,443,777
1499	**Subtotal**	10,777,199	85,646	3,590,838	24,125,535	1,245,571	20,227,002	3,452,970	63,504,761	0	478,780	63,983,541
	Recreation and Cultural Services											
1610	Parks	7,514,363	215,331	2,885,291	2,368,276	397,105		5,768,092	19,148,458	4,689	1,801,983	20,955,130
1620	Recreation Programs	12,607,935		2,941,709	1,385,012	681,137	35,900	33,277	17,684,970		2,675,054	20,360,024
1631	Recreation Facilities - Golf Course, Marina, Ski Hill	1,837,529		1,474,018	229,537	24,922		183,888	3,749,894		468,444	4,218,338
1634	Recreation Facilities - All Other	6,604,829	789,005	970,857	3,281,902	2,939,364		8,064,416	22,650,373		11,826,974	34,477,347
1640	Libraries	16,155,423	52,367	3,870,272	1,264,024	1,548,958		2,764,680	25,655,724		34,106	25,689,830
1645	Museums	347,663		110,933				112,109	570,705		5,564	576,269
1650	Cultural Services	2,893,906		953,100	2,684,544		1,492,514	1,566,392	9,590,456		146,213	9,736,669
1698	Other Other				3,999			0	3,999		12,305	16,304
1699	**Subtotal**	47,961,648	1,056,703	13,206,180	11,217,294	5,591,486	1,528,414	18,492,854	99,054,579	4,689	16,970,643	116,029,911
	Planning and Development											
1810	Planning and Zoning	10,763,068		258,267	1,734,139	287,615		102,727	13,145,816		1,202,088	14,347,904
1820	Commercial and Industrial	6,472,709	175,462	8,237,691	5,129,911	990,011	6,772,957	2,094,668	29,873,409		700,170	30,573,579
1830	Residential Development		2,573		26,541			0	29,114		28,150	57,264
1840	Agriculture and Reforestation	150,809		17,507	17,762	1,823		98,119	286,020		119,872	405,892
1850	Tile Drainage / Shoreline Assistance								0			0
1898	Other Other							0	0		3,127	3,127
1899	**Subtotal**	17,386,586	178,035	8,513,465	6,908,353	1,279,449	6,772,957	2,295,514	43,334,359	0	2,053,407	45,387,766
1910	Other							0	0			0
9910	**TOTAL**	562,233,652	5,819,325	154,958,025	229,172,537	35,264,258	222,627,934	193,063,777	1,403,139,508	0	0	1,403,139,508

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 42
ADDITIONAL INFORMATION
for the year ended December 31, 2023

Additional Information Contained in Schedule 40

		1 $
	Total of Column 1 Includes:	
5010	Salaries and Wages	420,750,655
5020	Employee Benefits	141,482,997
5099	Total Salaries, Wages and Employee Benefits (Not Including Line 5050) .	562,233,652
5050	Salaries, Wages and Employee Benefits Ccapitalized on Schedule 51	0
5098	Total Salaries, Wages and Employee Benefits (Including Capitalized Wages) .	562,233,652
	Total of Column 3 Includes:	
5110	Amounts for Tax Write-offs Reported in SLC 40 0250 03	2,872,871
	Total of Column 4 Includes:	
5210	Municipal Property Assessment Corporation (MPAC) .	5,069,573
	Total of Column 5 Includes:	
5610	Short Term Interest Costs	0
5611	**Asset Retirement Obligation Expense / Accretion Expense**	
	Total of Column 6 Includes:	
5810	Grants to Charitable and Non-Profit Organizations	8,981,983
5820	Grants to Universities and Colleges	22,783
	Contributions to Unconsolidated Joint Local Boards	
5840	Health Unit	0
5850	District Social Services Administration Board (DSSAB)	0
5860	Consolidated Municipal Service Manager (CMSM)	0
5870	Homes for fhe Aged	0
5880	Recreation Boards	0
5890	Fire Area Boards	0
5895	Other .	
5896	Other .	
5897	Other Tourism London .	2,402,361
5898	Other Conservation Authority - Thames, Kettle .	5,076,284
	Tourism	
5991	Specify **MAT transferred to Tourism London -** .	2,318,350
5992	Specify .	
5993	Specify .	
	Total of Column 11 Includes:	
6010	Payments for Long Term Commitments and Liabilities Financed From the Consolidated Statement of Operations	

FIR2023: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 51

SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2023

ANALYSIS BY FUNCTIONAL CLASSIFICATION

			COST						AMORTIZATION				
		2023 Opening Net Book Value	2023 Opening Cost Balance	Additions and Betterments	ARO Increase in TCA Cost	Disposals	Write Downs	2023 Closing Cost Balance	2023 Opening Amortization Balance	Annual Amortization	Amortization Disposal	2023 Closing Amortization Balance	2023 Closing Net Book Value
		1	2	3	14	4	5	6	7	8	9	10	11
		$	$	$	$	$	$	$	$	$	$	$	$
0299	**General Government.**	92,147,836	172,779,207	17,336,716	361,249	6,103,693	0	184,373,479	80,631,371	11,085,113	6,043,095	85,673,389	98,700,090
	Protection Services												
0410	Fire	28,220,950	61,345,260	2,903,280	32,281	1,323,665	0	62,957,156	33,124,310	3,095,461	1,323,668	34,896,103	28,061,053
0420	Police	35,821,061	74,916,531	7,550,271	1,832	3,134,838	0	79,333,796	39,095,470	5,702,431	3,133,334	41,664,567	37,669,229
0421	Court Security	0	0	0	0	0	0	0	0	0	0	0	0
0422	Prisoner Transportation	0	0	0	0	0	0	0	0	0	0	0	0
0430	Conservation Authority	0	0	0	0	0	0	0	0	0	0	0	0
0440	Protective Inspection and Control	609,716	917,937	0	0	212	0	917,725	308,221	57,607	0	365,828	551,897
0445	Building Permit and Inspection Services	111,639	155,203	9,554	0	1,404	0	163,353	43,563	16,591	1,404	58,750	104,603
0450	Emergency Measures	610,866	1,118,941	1,141	0	4,794	0	1,115,288	508,075	95,041	4,794	598,322	516,966
0460	Provincial Offences Act (POA)	1,939,034	3,774,542	836,484	0	171,832	0	4,439,194	1,835,508	134,473	171,832	1,798,149	2,641,045
0498	Other	0	0	0	0	0	0	0	0	0	0	0	0
0499	**Subtotal**	67,313,266	142,228,414	11,300,730	34,113	4,636,745	0	148,926,512	74,915,147	9,101,604	4,635,032	79,381,719	69,544,793
	Transportation Services												
0611	Roads - Paved	910,821,878	1,349,514,140	74,159,361	43,492	23,875,526	0	1,399,841,467	438,692,262	45,539,317	19,462,024	464,769,555	935,071,912
0612	Roads - Unpaved	0	0	0	0	0	0	0	0	0	0	0	0
0613	Roads - Bridges and Culverts	103,449,408	154,937,969	1,014,815	0	2,466,052	0	153,486,732	51,488,561	3,576,875	2,466,052	52,599,384	100,887,348
0614	Roads - Traffic Operations & Roadside	96,686,092	149,873,411	13,329,959	0	2,576,973	0	160,626,397	53,187,319	5,583,975	2,576,973	56,194,321	104,432,076
0621	Winter Control - Except Sidewalks, Parking Lots	0	0	0	0	0	0	0	0	0	0	0	0
0622	Winter Control - Sidewalks, Parking Lots Only	0	0	0	0	0	0	0	0	0	0	0	0
0631	Transit - Conventional	100,951,264	225,781,462	1,441,193	0	5,747,668	0	221,474,987	124,830,199	12,655,153	5,747,668	131,737,684	89,737,303
0632	Transit - Accessible	0	0	0	0	0	0	0	0	0	0	0	0
0640	Parking	2,548,700	4,298,228	4,414	0	231,668	0	4,070,974	1,749,528	571,933	231,668	2,089,793	1,981,181
0650	Street Lighting	74,701,276	170,981,396	6,787,970	0	11,976,052	0	165,793,314	96,280,120	5,853,656	11,976,052	90,157,724	75,635,590
0660	Air Transportation	0	0	0	0	0	0	0	0	0	0	0	0
0698	Other	0	0	0	0	0	0	0	0	0	0	0	0
0699	**Subtotal**	1,289,158,618	2,055,386,606	96,737,712	43,492	46,873,939	0	2,105,293,871	766,227,989	73,780,909	42,460,437	797,548,461	1,307,745,410
	Environmental Services												
0811	Wastewater Collection / Conveyance	478,071,996	721,476,612	29,481,681	10,860	9,517,414	0	741,451,739	243,404,616	14,749,186	6,768,756	251,385,046	490,066,693
0812	Wastewater Treatment & Disposal	197,337,773	401,176,526	7,375,014	120,930	4,664,741	0	404,007,729	203,838,753	14,255,013	4,664,741	213,429,025	190,578,704
0821	Urban Storm Sewer System	786,910,438	1,137,072,463	30,721,848	0	6,654,468	0	1,161,139,843	350,162,025	18,200,324	2,778,109	365,584,240	795,555,603
0822	Rural Storm Sewer System	0	0	0	0	0	0	0	0	0	0	0	0
0831	Water Treatment	64,318,636	106,871,258	0	53,634	2,126,101	0	104,798,791	42,552,622	2,246,437	1,545,929	43,253,130	61,545,661
0832	Water Distribution / Transmission	618,919,107	965,611,390	30,469,876	15,116	3,664,075	0	992,432,307	346,692,283	20,307,664	3,650,515	363,349,432	629,082,875
0840	Solid Waste Collection	487,058	796,174	97,746	0	20,897	0	873,023	309,117	83,434	20,897	371,654	501,369
0850	Solid Waste Disposal	49,925,862	81,386,993	60,894	0	5,933,128	0	75,514,759	31,461,131	2,526,499	4,604,412	29,383,218	46,131,541
0860	Waste Diversion	15,059,586	24,254,858	0	0	9,326,833	0	14,928,025	9,195,272	681,064	5,154,534	4,721,802	10,206,223
0898	Other	0	0	0	0	0	0	0	0	0	0	0	0
0899	**Subtotal**	2,211,030,456	3,438,646,274	98,207,059	200,540	41,907,657	0	3,495,146,216	1,227,615,819	73,049,621	29,187,893	1,271,477,547	2,223,668,669
	Health Services												
1010	Public Health Services	923,425	1,945,791	449,136	0	0	0	2,394,927	1,022,366	139,846	0	1,162,212	1,232,715
1020	Hospitals	0	0	0	0	0	0	0	0	0	0	0	0
1030	Ambulance Services	0	0	0	0	0	0	0	0	0	0	0	0
1035	Ambulance Dispatch	0	0	0	0	0	0	0	0	0	0	0	0
1040	Cemeteries	0	0	0	0	0	0	0	0	0	0	0	0
1098	Other	0	0	0	0	0	0	0	0	0	0	0	0
1099	**Subtotal**	923,425	1,945,791	449,136	0	0	0	2,394,927	1,022,366	139,846	0	1,162,212	1,232,715

FIR2023: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 51

SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2023

ANALYSIS BY FUNCTIONAL CLASSIFICATION

			COST						AMORTIZATION				
		2023 Opening Net Book Value	2023 Opening Cost Balance	Additions and Betterments	ARO Increase in TCA Cost	Disposals	Write Downs	2023 Closing Cost Balance	2023 Opening Amortization Balance	Annual Amortization	Amortization Disposal	2023 Closing Amortization Balance	2023 Closing Net Book Value
		1	2	3	14	4	5	6	7	8	9	10	11
		$	$	$	$	$	$	$	$	$	$	$	$
	Social and Family Services												
1210	General Assistance	6,028,402	9,068,104	10,361	0	306,032	0	8,772,433	3,039,702	404,996	304,911	3,139,787	5,632,646
1220	**Assistance to Seniors**	19,783,015	36,667,717	3,154,504	21,373	203,731	0	39,639,863	16,884,703	1,257,225	203,731	17,938,197	21,701,666
1230	**Child Care and Early Years Learning**	17,259	32,188	0	0	1,846	0	30,342	14,929	3,125	1,846	16,208	14,134
1298	Other	0	0	0	0	0	0	0	0	0	0	0	0
1299	**Subtotal**	25,828,676	45,768,009	3,164,865	21,373	511,609	0	48,442,638	19,939,334	1,665,346	510,488	21,094,192	27,348,446
	Social Housing												
1410	Public Housing	64,982,508	142,086,416	11,727,731	0	457,884	0	153,356,263	77,103,908	2,756,420	148,276	79,712,052	73,644,211
1420	Non - Profit / Cooperative Housing	0	0	0	0	0	0	0	0	0	0	0	0
1430	Rent Supplement Programs	0	0	0	0	0	0	0	0	0	0	0	0
1497	Other	0	0	0	0	0	0	0	0	0	0	0	0
1498	Other Affordable Housing	22,293,518	22,807,150	13,456,535	0	1,511,935	0	34,751,750	513,632	696,550	26,718	1,183,464	33,568,286
1499	**Subtotal**	87,276,026	164,893,566	25,184,266	0	1,969,819	0	188,108,013	77,617,540	3,452,970	174,994	80,895,516	107,212,497
	Recreation and Cultural Services												
1610	Parks	238,654,581	288,222,392	10,201,328	33,996	3,723,839	0	294,733,877	49,567,811	5,768,092	3,723,839	51,612,064	243,121,813
1620	Recreation Programs	171,196	333,184	29,431	0	42,139	0	320,476	161,988	33,277	42,139	153,126	167,350
1631	Recreation Facilities - Golf Course, Marina, Ski Hill	1,020,051	4,331,953	569,026	16,398	473,451	0	4,443,926	3,311,902	183,888	473,451	3,022,339	1,421,587
1634	Recreation Facilities - All Other	107,842,885	200,976,895	8,844,841	309,165	13,365,232	0	196,765,669	93,134,011	8,064,416	7,372,702	93,825,725	102,939,944
1640	Libraries	21,595,288	60,416,006	2,549,499	0	1,842,849	0	61,122,656	38,820,718	2,764,680	1,842,848	39,742,550	21,380,106
1645	Museums	855,155	1,527,282	213,120	13,465	0	0	1,753,867	672,127	112,109	0	784,236	969,631
1650	Cultural Services	10,848,036	27,435,670	678,563	87,539	1,306,593	0	26,895,179	16,587,634	1,566,392	1,306,594	16,847,432	10,047,747
1698	Other	0	0	0	0	0	0	0	0	0	0	0	0
1699	**Subtotal**	380,987,192	583,243,382	23,085,808	460,563	20,754,103	0	586,035,650	202,256,191	18,492,854	14,761,573	205,987,472	380,048,178
	Planning and Development												
1810	Planning and Zoning	607,260	1,024,014	9,092	0	12,085	0	1,021,021	416,754	102,727	12,085	507,396	513,625
1820	Commercial and Industrial	32,198,886	70,718,715	2,429,883	45,252	224,310	0	72,969,540	38,519,829	2,094,668	58,229	40,556,268	32,413,272
1830	Residential Development	0	0	0	0	0	0	0	0	0	0	0	0
1840	Agriculture and Reforestation	729,891	1,919,406	7,793	0	0	0	1,927,199	1,189,516	98,119	0	1,287,635	639,564
1850	Tile Drainage / Shoreline Assistance	0	0					0	0			0	0
1898	Other	0	0					0	0			0	0
1899	**Subtotal**	33,536,037	73,662,135	2,446,768	45,252	236,395	0	75,917,760	40,126,099	2,295,514	70,314	42,351,299	33,566,461
1910	Other	0	0					0	0			0	0
9910	**Total Tangible Capital Assets**	4,188,201,532	6,678,553,384	277,913,060	1,166,582	122,993,960	0	6,834,639,066	2,490,351,856	193,063,777	97,843,826	2,585,571,807	4,249,067,259

FIR2023: London C **Schedule 51**

Asmt Code: 3936 **SCHEDULE OF TANGIBLE CAPITAL ASSETS**

MAH Code: 59101 **for the year ended December 31, 2023**

SEGMENTED BY ASSET CLASS

	General Capital Assets		2023 Opening Net Book Value (NBV) 1 $	2023 Closing Net Book Value (NBV) 11 $
2005	Land		514,107,010	524,918,914
2010	Land Improvements		84,448,548	85,517,490
2020	Buildings		366,214,791	377,207,861
2030	Machinery & Equipment		96,442,367	99,395,092
2040	Vehicles		6,830,596	8,112,835
2097	Other		0	0
2098	Other	Other	12,353,699	11,873,829
2099	**Total General Capital Assets**		1,080,397,011	1,107,026,021

	Infrastructure Assets		2023 Opening Net Book Value (NBV) 1 $	2023 Closing Net Book Value (NBV) 11 $
2205	Land		0	0
2210	Land Improvements		0	0
2220	Buildings		207,423,735	199,403,602
2230	Machinery & Equipment		69,575,738	67,849,794
2240	Vehicles		61,758,057	52,138,781
2250	Linear Assets		2,769,046,991	2,822,649,061
2297	Other		0	
2298	Other		0	0
2299	**Total Infrastructure Assets**		3,107,804,521	3,142,041,238
9920	**Total Tangible Capital Assets**		4,188,201,532	4,249,067,259

	Construction-in-progress	2023 Opening Net Book Value (NBV) 1 $	Expenditures in 2023 2 $	Less Assets Capitalized 3 $	2023 Closing Net Book Value (NBV) 11 $
2405	**Construction-in-progress**	197,113,757	236,312,035	106,715,413	326,710,379
9921	**Total Tangible Capital Assets and Construction-in-progress**	4,385,315,289	236,312,035	106,715,413	4,575,777,638

FIR2023: London C — Schedule 53

Asmt Code: 3936
MAH Code: 59101

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT) AND TANGIBLE CAPITAL ASSET ACQUISITION FINANCING / DONATIONS

for the year ended December 31, 2023

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)

			1
			$
1010	Annual Surplus (Deficit), Before Remeasurement Gains (Losses) (SLC 10 2099 01)		279,460,814
1020	Acquisition of Tangible Capital Assets ((SLC 51A 9910 03 + SLC 51A 9910 14 + SLC 53 1031 01) *-1)		-234,993,334
1030	Amortization of Tangible Capital Assets (SLC 51 9910 08)		193,063,777
1031	Contributed (Donated) Tangible Capital Assets		-44,086,308
1032	Change in Construction-in-progress (SLC 51B 2405 03 - SLC 51B 2405 02)		-129,596,622
1040	Gain / (Loss) on Sale of Tangible Capital Assets		11,222,220
1050	Proceeds on Sale of Tangible Capital Assets		12,028,155
1060	Write-downs of Tangible Capital Assets		
1070	Other		
1071	Other		
1099		Subtotal	-192,362,112
1210	Change in Supplies Inventories		-946,717
1220	Change in Prepaid Expenses		-5,709,852
1230	Other	Unrealized remeasurement losses	-3,066,676
1299		Subtotal	-9,723,245
1301	Net Change in Remeasurement Gains (Losses) For the Year (SLC 71 1299 01)		35,362,359
1410	Increase (Decrease) in Net Financial Assets (Net Debt)		112,737,816
1420	Net Financial Assets (Net Debt), Beginning of Year		976,771,130
1422	Prior Period Adjustment		-33,462,590
1423	Restated Net Financial Assets (Net Debt), Beginning of Year		943,308,540
9910	Net Financial Assets (Net Debt), End of Year		1,056,046,356

SOURCES OF FINANCING FOR TCA ACQUISITIONS / DONATIONS

			1
			$
	Long Term Liabilities Incurred		
0205	Canada Mortgage and Housing Corporation (CMHC)		
0210	Ontario Financing Authority		
0215	Commercial Area Improvement Program		
0220	Other Ontario Housing Programs		
0235	Serial Debentures		
0240	Sinking Fund Debentures		
0245	Long Term Bank Loans		
0250	Long Term Reserve Fund Loans		
0255	Lease Purchase Agreements (Tangible Capital Leases)		
0260	Construction Financing Debentures		
0265	Infrastructure Ontario		
0297	Other		
0298	Other		
0299		Subtotal	0
	Financing From Dedicated Revenue		
0405	Municipal Property Tax by Levy		930,385
0406	Reserves and Reserve Funds (SLC 60 1012 02 + SLC 60 1012 03)		122,939,443
0410	Municipal User Fees & Service Charges		
0415	Development Charges (SLC 61 0299 08)		29,551,340
0416	Recreation Land (The Planning Act) (SLC 60 1032 01)		126,590
0417	Community Benefits Charges (SLC 60 1036 01)		0
0419	Donations		
0420	Other		
0446	Proceeds From the Sale of Tangible Capital Assets, etc.		
0447	Investment Income		
0448	Prepaid Special Charges		
0495	Other		
0496	Other		
0497	Other		
0498	Other		
0501		Subtotal	153,547,758
	Government Transfers		
0425	Capital Grants: Federal (SLC 12 9910 06 - (SLC 10 4099 01 - SLC 60 1047 01)		1,501,054
0430	Capital Grants: Provincial (SLC 12 9910 05 - (SLC 10 4019 01 - SLC 60 1045 01)		19,580,580
0435	Capital Grants: Other Municipalities (SLC 12 9910 07)		0
0440	Canada Community - Building Fund - AMO (SLC 10 4099 01)		50,542,974
0445	Provincial Gas Tax (SLC 10 4019 01)		757,701
0502		Subtotal	72,382,309
0499		Subtotal	225,930,067
0610	Contributed (Donated) Tangible Capital Assets		44,086,308
9920		Total Capital Financing	270,016,375
0810	Unexpended Capital Financing or (Unfinanced Capital Outlay)		-138,659,889

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 54

CONSOLIDATED STATEMENT OF CASH FLOW - INDIRECT METHOD
for the year ended December 31, 2023

**** Municipalities must choose either the direct or indirect method. If direct method is chosen, please use Schedule 54A.***

CONSOLIDATED STATEMENT OF CASH FLOW - INDIRECT METHOD

		2023 Actual 1 $
	Operating Transactions	
2010	Annual Surplus (Deficit), Before Remeasurement Gains (Losses) (Slc 10 2099)	279,460,814
2020	Non-Cash Items Including Amortization	217,106,261
2021	Contributed (Donated) Tangible Capital Assets	-44,086,307
2022	Change In Non-Cash Assets and Liabilities	3,679,539
2023	**Accretion Expense**	124546
2030	Prepaid Expenses	-5,625,950
2040	Change In Deferred Revenue	26,340,166
2096	Other	
2097	Other	0
2098	Other	0
2099	**Cash Provided By Operating Transactions**	476,999,069
	Capital Transactions	
0610	Proceeds On Sale of Tangible Capital Assets	12,028,155
0620	Cash Used to Acquire Tangible Capital Assets	-126,378,157
0630	Change In Construction-In-Progress	-236,312,035
0698	Other	0
0699	**Cash Applied to Capital Transactions**	-350,662,037
	Investing Transactions	
0810	Proceeds From Portfolio Investments	0
0820	Portfolio Investments	3,998,010
0898	Other: Issurance of loans and long-term receivable	-804,323
0899	**Cash Provided By / (Applied To) Investing Transactions**	3,193,687
	Financing Transactions	
1010	Proceeds From Long Term Debt Issues	23,623,602
1020	Principal Long Term Debt Repayment	-44,064,426
1030	Temporary Loans	0
1031	Repayment of Temporary Loans	26,697
1096	Other	0
1097	Other	0
1098	Other	0
1099	**Cash Provided By Operating Transactions**	-20,414,127
1210	Increase In Cash and Cash Equivalents	109,116,592
1220	Cash and Cash Equivalents, Beginning of Year	427,035,887
9920	Cash and Cash Equivalents, End of Year	536,152,479

		2023 Actual 1 $
	Cash and Cash Equivalents Represented By:	
1401	Cash	536,152,479
1402	Temporary Borrowings	0
1403	Short Term Investments	0
1404	Other	0
9940	**Cash and Cash Equivalents, End of Year**	536,152,479

		1 $
	Cash:	
1501	Unrestricted	536,152,479
1502	Restricted	0
1503	Unallocated	0
9950	**Cash and Cash Equivalents, End of Year**	536,152,479

FIR2023: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 60

CONTINUITY OF RESERVES AND RESERVE FUNDS

for the year ended December 31, 2023

Line	Description	Obligatory Reserve Funds, Deferred Revenue 1 $	Discretionary Reserve Funds 2 $	Reserves 3 $
0299	**Balance, Beginning of Year**	518,557,623	1,089,008,586	169,691,029
0312	Contribution From Operations:		247,902,757	51,253,808
	Development Charges Act			
0615	Net Development Charges Collected (SLC 61B 0299 06 - SLC 61B 0299 03).	31,619,255		
0616	Net Development Charges Receivable (SLC 61A 0299 20 - SLC 61A 0299 18).	662,530		
0699	**Subtotal Development Charges Act**	32,281,785		
0810	Lot Levies		0	0
0820	Subdivider Contributions	0		
0830	Recreational Land (The Planning Act)	1,759,993		
0834	Community Benefits Charges			
0841	Investment Income	10,538,971	27,898,194	0
0842	Interest Earned On Development Charges Receivable (SLC 61A 0299 18)	419,316		
0860	Gasoline Tax - Province	11,052,415		
0861	Building Code Act, 1992	0		
0862	Canada Community - Building Fund (Federal Gas Tax)	22,124,445		
0864	Building Canada Fund (BCF)	0		
0870	Inter - Reserve Fund / Reserves Transfer		0	0
0895	Other	0		
0896	Other: Unrealized Gains (losses) related to obligatory reserves	-2,113,629		
0897	Other	0		
0898	Other	0		
9940	**TOTAL Revenues & Surplus**	76,063,296	275,800,951	51,253,808
	Less: Utilization of Reserve Funds and Reserves (Transfers)			
1012	For Acquisition of Tangible Capital Asset	0	103,155,948	19,783,495
1015	For Current Operations	2,264,625	46,484,657	35,778,125
1025	Development Charges Earned to Tangible Capital Asset Acquisition (SLC 61B 0299 08).	29,551,340		
1026	Development Charges Earned to Operations (SLC 61B 0299 07).	0		
1027	Monies Borrowed From Development Charges Reserve Fund (SLC 61B 0299 23).	0		
1032	Recreational Land (the Planning Act) Earned to Tangible Capital Asset Acquisition	126,590		
1035	Recreational Land (the Planning Act) Earned to Operations	0		
1036	Community Benefits Charges	0		
1042	Deferred Revenue Earned (Provincial Gas Tax) For Transit (Operations)	10,899,365		
1045	Deferred Revenue Earned (Provincial Gas Tax) For Transit (Capital)	41,608		
1047	Deferred Revenue Earned (Canada Community - Building Fund) (Federal Gas Tax)	26,918,688		
1048	Deferred Revenue Earned (Canada Community - Building Fund For Capacity Building)	0		
1070	Inter - Reserve Fund / Reserves Transfer		0	0
0910	Less: Utilization (Deferred Revenue Recognized)	69,802,216	149,640,605	55,561,620
2099	**Balance, End of Year**	524,818,703	1,215,168,932	165,383,217

FIR2023: London C
Asmt Code: 3936
MAH Code: 59101

Schedule 60
CONTINUITY OF RESERVES AND RESERVE FUNDS
for the year ended December 31, 2023

	Totals in Line 2099 are Analysed as Follows:	Obligatory Reserve Funds, Deferred Revenue 1 $	Discretionary Reserve Funds 2 $	Reserves 3 $
5010	Working Funds		0	16,952
5020	Contingencies		182,438,945	153,601,219
	Asset Replacement Funds For: Sewer & Water			
5030	Sewer		0	0
5040	Water		0	0
5050	Replacement of Equipment		29,591,688	7,986
5060	Sick Leave		213,148	0
5070	Insurance		19,237,622	0
5080	Workplace Safety and Insurance Board (WSIB)		18,777,021	0
5090	Post-Employment Benefits		4,058,645	0
5091	Tax Rate Stabilization		0	0
5630	Lot Levies		0	0
5660	Parking Revenues		6,190,112	0
5670	Debenture Repayment		0	0
5680	Exchange Rate Stabilization		0	0
	Per Service Purpose:			
5205	**General Government**		110,155,679	0
5210	**Protection Services**		9,546,391	0
	Transportation Services:			
5215	Roadways		5,713,568	0
5216	Winter Control		0	0
5220	Transit		37,727,198	9,669,012
5221	Parking		0	0
5222	Street Lighting		0	0
5223	Air Transportation		0	0
	Environmental Services:			
5225	Wastewater System		178,132,381	0
5230	Storm Water System		5,740,656	0
5235	Waterworks System		155,061,356	0
5240	Solid Waste Collection		0	0
5245	Solid Waste Disposal		34,172,539	0
5246	Waste Diversion		5,723,924	0
5250	**Health Services**		0	0
5255	**Social and Family Services**		13,872,426	0
5260	**Social Housing**		86,278,362	0
	Recreation and Cultural Services:			
5265	Parks		6,974,641	0
5266	Recreation Programs		0	0
5271	Recreation Facilities - Golf Course, Marina, Ski Hill		3,333,184	0
5274	Recreation Facilities - All Other		8,063,146	0
5275	Libraries		4,063,007	2,088,048
5276	Museums		0	0
5277	Cultural Services		12,377,611	0
5280	**Planning and Development**		214,839,370	0
5290	**Other** Other and unspecified		62,886,312	0
	Obligatory Deferred Revenue:			
5635	**Development Charges Cash Collected (SLC 61B 0299 28)**	407,062,521		
5636	Development Charges Installments Receivable (Uncollected) (SLC 61A 0299 25)	13,466,764		
5640	Subdivider Contributions	0		
5650	Recreational Land (The Planning Act)	6,428,568		
5655	Community Benefits Charges			
5661	Building Code Act, 1992	0		
5690	Gasoline Tax - Province	13,782,007		
5691	Canada Community-Building Fund (Federal Gas Tax)	86,176,504		
5693	Building Canada Fund (BCF)	0		
5695	Other			
5696	Other Unrealized losses related to OBG RF 2023	-2,113,629		
5697	Other OBG Consolidation RF 80138	15,968		
5698	Other			
5699	Other			
9930	**TOTAL**	524,818,703	1,215,168,932	165,383,217

FIR2023: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 60
CONTINUITY OF RESERVES AND RESERVE FUNDS
for the year ended December 31, 2023

Municipal Development-Related Charges

B: Parkland Special Account
Parkland provided in the year

	Special Account	Amount of Land 1 #	Value of Land 2 $
5801	Non-Residential (Standard Rate)		
5802	Residential (Standard Rate)	9	4,022,876
5803	Residential (Alternative Rate)	16	7,177,177
5804	Other		

C: Community Benefit Charges

	Special Account	Value of In Kind Contributions 1 $
5901	In Kind Contributions (Reported In Year Building Permit Issued)	

D: Spending or Allocation of Opening Obligatory Reserve Fund Balances

	Development Charges	Spend / Allocate Opening Balance 1 %	Spend / Allocate Opening Balance 2 $
6001	Highways (Roads and Structures)	174	228,482,921
6002	Wastewater Services, Including Sewers and Treatment Services	497	82,306,746
6003	Water Supply Services, Including Distribution and Treatment	34	14,308,181

	Parkland	Spend / Allocate Opening Balance 1 %	Spend / Allocate Opening Balance 2 $
6004	Parkland Special Account	19	1,217,379

	Community Benefits Charges	Spend / Allocate Opening Balance 1 %	Spend / Allocate Opening Balance 2 $
6005	Community Benefits Charges Special Account		

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 61
DEVELOPMENT CHARGES RECEIVABLE
for the year ended December 31, 2023

	Services		Total Opening Development Charges Receivables Balance, January 1	Development Charges Receivable				
				New Development Charge Installments Receivable	New Development Charge Interest Receivable	Less: Prior Year Development Charges Installment Receivables and Interest Collected During the Year	Total New Development Charges Receivable	Total Closing Development Charges Receivables Balance, December 31
			24	17	18	19	20	25
			$	$	$	$	$	$
0205	General Government		0				0	0
0206	Emergency Preparedness Services		0				0	0
0207	Electrical Power Services		0				0	0
0210	Fire Protection Services		0				0	0
0215	Policing Services		0				0	0
0216	Provincial Offences Act Services		0				0	0
0220	Highways (Roads and Structures)		0				0	0
0225	Transit		0				0	0
0226	Toronto-York Subway Extension		0				0	0
0230	Wastewater Services, (Including Sewers and Treatment Services)		0				0	0
0235	Stormwater Drainage and Control Services		0				0	0
0240	Water Supply Services, (Including Distribution and Treatment Services)		0				0	0
0245	Emergency Medical Services		0				0	0
0246	Public Health Services		0				0	0
0250	Long-term Care		0				0	0
0255	Child Care and Early Years Programs and Services		0				0	0
0260	Housing		0				0	0
0270	GO Transit		0				0	0
0275	Library		0				0	0
0280	Parks and Recreation Services		0				0	0
0285	Development Studies		0				0	0
0286	Parking		0				0	0
0287	Animal Control		0				0	0
0288	Municipal Cemeteries		0				0	0
0289	Waste Diversion Services		0				0	0
0290	Other	Development Charges Deferred	12,384,918	662,530	419,316	0	1,081,846	13,466,764
0295	Other		0				0	0
0296	Other		0				0	0
0297	Other		0				0	0
0299		**TOTAL**	12,384,918	662,530	419,316	0	1,081,846	13,466,764

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 61
DEVELOPMENT CHARGES CASH COLLECTED AND AMOUNTS EARNED (DC INFLOWS / OUTFLOWS)
for the year ended December 31, 2023

	Services		Total Opening Development Charges: Cash Collected, Balance, January 1	Development Charges Cash Collected	Interest and Investment Income Earned	Repayment of Monies Borrowed from DC Reserve Fund and Associated Interest	Net Development Charges Cash Collected	Total Development Charges Before Outflows: Cash Collected, Balance, December 31	To: Consolidated Statement of Operations	To: Tangible Capital Asset Acquisition	Other Disbursements	Monies Borrowed from Development Charges Reserve Fund	Total Development Charges Outflows	Total Ending Development Charges Balance (DC Cash Collected) at December 31
			Inflows / Revenue						Outflows / Expenditures					
				Development Charges Cash Collected					Development Charges Earned / Utilized					
			26	2	3	21	6	27	7	8	9	23	11	28
			$	$	$	$	$	$	$	$	$	$	$	$
0205	General Government		2,829,291		59,932		59,932	2,889,223		691,653			691,653	2,197,570
0206	Emergency Preparedness Services		0				0	0					0	0
0207	Electrical Power Services		0				0	0					0	0
0210	Fire Protection Services		2,013,661	60,035	-50,839		9,196	2,022,857		746,279	99		746,378	1,276,479
0215	Policing Services		7,528,940	436,038	45,978		482,016	8,010,956		-117,742	67,967		-49,775	8,060,731
0216	Provincial Offences Act Services		0				0	0					0	0
0220	Highways (Roads and Structures)		151,165,990	16,035,904	3,319,462		19,355,366	170,521,356		28,804,188	258,112		29,062,300	141,459,056
0225	Transit		8,208,207	135,332	222,728		358,060	8,566,267		-286,988	216		-286,772	8,853,039
0226	Toronto-York Subway Extension		0				0	0					0	0
0230	Wastewater Services, (Including Sewers and Treatment Services)		52,139,891	3,486,085	315,615		3,801,700	55,941,591		-1,775,956	1,224,412		-551,544	56,493,135
0235	Stormwater Drainage and Control Services		91,016,371	6,631,106	1,717,490		8,348,596	99,364,967		3,624,054	512,140		4,136,194	95,228,773
0240	Water Supply Services, (Including Distribution and Treatment Services)		37,807,180	1,748,578	1,048,204		2,796,782	40,603,962		-2,000,429	2,664		-1,997,765	42,601,727
0245	Emergency Medical Services		0				0	0					0	0
0246	Public Health Services		0				0	0					0	0
0250	Long-term Care		0				0	0					0	0
0255	Child Care and Early Years Programs and Services		0				0	0					0	0
0260	Housing		0				0	0					0	0
0270	GO Transit		0				0	0					0	0
0275	Library		4,656,139	568	122,708		123,276	4,779,415					0	4,779,415
0280	Parks and Recreation Services		42,164,957	3,085,609	927,324		4,012,933	46,177,890		-133,719	199,016		65,297	46,112,593
0285	Development Studies		0				0	0					0	0
0286	Parking		0				0	0					0	0
0287	Animal Control		0				0	0					0	0
0288	Municipal Cemeteries		0				0	0					0	0
0289	Waste Diversion Services		0				0	0					0	0
0290	Other	Development Charges Deferred	3				0	3					0	3
0295	Other		0				0	0					0	0
0296	Other		0				0	0					0	0
0297	Other		0				0	0					0	0
0299			399,530,630	31,619,255	7,728,602	0	39,347,857	438,878,487	0	29,551,340	2,264,626	0	31,815,966	407,062,521

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 62
DEVELOPMENT CHARGES RATES
for the year ended December 31, 2023

Sq. Foot / Sq. Metre / Per Hectare / Per Other (Please specify)

RESIDENTIAL CHARGES ($)

	Service	Single Detached 1	Semi-Detached 2	Other Multiples 3	Apartments < = 1 Bedroom 4	Apartments > = 2 Bedroom 5	Secondary Units 17	Other 6	Other 7	Other 8	Other 9
1	**Municipal Wide Charges**				*If Other, Please Specify >*						
210	Fire Protection Services	86.89	86.89	58.76	52.08	38.43					
215	Policing Services	643.20	643.20	434.98	385.50	284.49					
275	Library										
280	Parks and Recreation Services	5,135.43	5,135.43	3,473.00	3,077.97	2,271.44					
225	Transit	189.28	189.28	128.01	113.45	83.72					
289	Waste Diversion Services	336.65	336.65	227.67	201.77	148.90					
220	Highways (Roads and Structures)	21,918.83	21,918.83	14,823.31	13,137.25	9,694.87					
9910	**TOTAL MUNICIPAL WIDE CHARGES**	28,310.28	28,310.28	19,145.73	16,968.02	12,521.85	0.00	0.00	0.00	0.00	0.00

NON - RESIDENTIAL CHARGES ($)

	Service	NON Res. Sq. Foot / Sq. Metre / Per Hectar/ Per Other (Please Specify) 10	Industrial Sq. Foot / Sq. Metre / Per Hectar/ Per Other (Please Specify) 11	Commercial Sq. Foot / Sq. Metre/ Per Hectare/ Per Other (Please Specify) 12	Institutional Sq. Foot / Sq. Metre/ Per Hectare/ Per Other (Please Specify) 13	Other 14	Other 15	Other 16
1	**Municipal Wide Charges**				*If Other, Please Specify >*			
210	Fire Protection Services		0.06	0.67	0.34	0.03		
215	Policing Services		0.41	4.27	2.16	0.21		
275	Library							
280	Parks and Recreation Services		0.12	0.28	0.17	0.06		
225	Transit		0.31	1.75	1.09	0.16		
289	Waste Diversion Services							
220	Highways (Roads and Structures)		96.50	220.42	137.01	48.25		
9910	**TOTAL MUNICIPAL WIDE CHARGES**	0.00	97.40	227.39	140.77	48.71	0.00	0.00

1250 Are the rates being reported based on a new development charge by-law that was approved by council within the reporting year?

If "Yes", please attach an electronic version of the new by-law.

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 62
DEVELOPMENT CHARGES RATES - SPECIAL AREAS
for the year ended December 31, 2023

RESIDENTIAL CHARGES ($)

	Service	Single Detached	Semi-Detached	Other Multiples	Apartments < = 1 Bedroom	Apartments > = 2 Bedroom	Secondary Units	Other	Other	Other	Other
		1	2	3	4	5	17	6	7	8	9
1	**Inside the Urban Growth Area**				***If Other, Please Specify >***						
1100	Sanitary Sewerage	4,500.25	4,500.25	3,043.44	2,697.27	1,990.50					
1101	Major Stormwater Management Works	8,924.38	8,924.38	6,035.40	5,348.91	3,947.32					
240	Water Supply Services (Including Distribution and Tre	2,332.12	2,332.12	1,577.17	1,397.78	1,031.51					
9910	**TOTAL FOR INSIDE THE URBAN GROWTH AREA**	15,756.75	15,756.75	10,656.01	9,443.96	6,969.33	0.00	0.00	0.00	0.00	0.00

NON - RESIDENTIAL CHARGES ($)

	Service	NON Res. Sq. Foot / Sq. Metre (Please Specify	Industrial Sq. Foot / Sq. Metre (Please Specify	Commercial Sq. Foot / Sq. Metre (Please Specify	Institutional Sq. Foot / Sq. Metre (Please Specify	Other	Other	Other
		10	11	12	13	14	15	16
1	**Inside the Urban Growth Area**				***If Other, Please Specify >***			
1100	Sanitary Sewerage		57.77	34.59	20.62	28.89		
1101	Major Stormwater Management Works		85.78	87.76	54.28	42.89		
240	Water Supply Services (Including Distribution and Tre		25.15	23.53	14.58	12.58		
9910	**TOTAL FOR INSIDE THE URBAN GROWTH AREA**	0.00	168.70	145.88	89.48	84.36	0.00	0.00

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 70
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the year ended December 31, 2023

Financial Assets

Code	Description			1 $
0299	**Cash and Cash Equivalents.**			536,152,479
	Accounts Receivable			
0410	Canada			52,924,721
0420	Ontario			36,156,214
0430	Upper-Tier			0
0440	Other Municipalities			3,538,727
0450	School Boards			2,376,299
0490	Other Receivables			49,507,257
0499			**Subtotal**	144,503,218
	Taxes Receivable			
0610	Current Year's Levies			20,572,211
0620	Previous Year's Levies			6,270,024
0630	Prior Year's Levies			499,220
0640	Penalties and Interest			2,641,795
0690	Less: Allowance For Uncollectables			9,508,581
0699			**Subtotal**	20,474,669
	Investments *			
0817	**Portfolio Investments**			240,402,798
0818	**Derivatives**			0
0819	**Financial Assets, Designated to the Fair Value Category**			1,143,146,237
0820	Government Business Enterprises			240,245,422
0828	Other	Long-term investments		25,451,993
0829			**Subtotal**	1,649,246,450
	Debt Recoverable from Others			
0861	Municipalities (SLC 74 0630 01).			2,339,135
0862	School Boards (SLC 74 0620 01).			0
0863	Retirement Funds (SLC 74 0899 01).			0
0864	Sinking Funds (SLC 74 1099 01).			0
0865	Individuals			
0868	Other			
0845			**Subtotal**	2,339,135
	Other Financial Assets			
0830	Inventories Held For Resale			170,572
0831	Land Held For Resale			36,805,985
0835	Notes Receivable			0
0840	Mortgages Receivable			10,066,797
0850	Deferred Taxes Receivable			7,714
0852	Development Charges Installments Receivable (SLC 60 5636 01)			13,466,764
0890	Other	ADV COMM SERV- Miscellaneous		11,681,144
0891	Other			
0898			**Subtotal**	72,198,976
9930			**TOTAL Financial Assets**	2,424,914,927

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 70
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the year ended December 31, 2023

Liabilities

			1 $
	Temporary Loans		
2010	Operating Purposes		
	Tangible Capital Assets:		
2020	Canada		
2030	Ontario		
2040	Other		533,613
2099		**Subtotal**	533,613
	Accounts Payable and Accrued Liabilities		
2210	Canada		4,790,394
2220	Ontario		1,650,506
2230	Upper-tier		0
2240	Other Municipalities		19,220,560
2250	School Boards		61,986
2260	Interest On Debt		1,197,822
2270	Trade Accounts Payable		139,809,989
2271	**Derivatives**		0
2272	**Financial Liabilities, Designated to the Fair Value Category**		0
2290	Other		62,250,951
2299		**Subtotal**	228,982,208
2301	Estimated Tax Liabilities (PS3510)		
	Deferred Revenue		
2410	Obligatory Reserve Funds (SLC 60 2099 01)		524,818,703
2490	Other		76,389,138
2499		**Subtotal**	601,207,841
	Long Term Liabilities		
2610	Debt Issued		201,311,322
2620	Debt Payable to Others		900,000
2630	Lease Purchase Agreements (Tangible Capital Leases)		
2640	Other		
2650	Other		
2660	Less: Debt Issued On Behalf of Government Business Enterprise		
2699		**Subtotal**	202,211,322
	Post Employment Benefits		
2810	Accumulated Sick Leave		367,429
2820	Accrued Vacation Pay		25,158,031
2830	Accrued Pensions Payable		0
2840	Accrued Workplace Safety and Insurance Board Claims (Wsib)		80,874,000
2898	Other — Other - Post Retirement Benefits		113,284,841
2899		**Subtotal Post Employment Benefits**	219,684,301
	Liability For Contaminated Sites		
2910	Remediation Costs of Contaminated Sites		8,842,422
	Liability For Asset Retirement Obligations		
2920	**Asset Retirement Obligation Liabilities (SLC 74E 9910 07)**		107,406,864
9940		**TOTAL Liabilities**	1,368,868,571
9945	**Net Financial Assets (Net Debt): Total Financial Assets LESS Total Liabilities**		1,056,046,356

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 70
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the year ended December 31, 2023

Non-Financial Assets

			1
			$
6210	Tangible Capital Assets (SLC 51 9921 11).		4,575,777,638
6250	Inventories of Supplies		8,089,320
6260	Prepaid Expenses		30,562,071
6261	Intangible Assets		
6262	Other		
6299		**Total Non-Financial Assets**	4,614,429,029
9970		**Total Accumulated Surplus (Deficit)**	5,670,475,385

Analysis of the Accumulated Surplus (Deficit)

			1
			$
6410	Equity in Tangible Capital Assets		4,613,339,934
6411	Investment in Intangible Assets		
6412	Other	Other - Unrealized Remeasurement Gains (Losses)	-3,066,676
6420	Reserves and Reserve Funds (SLC 60 2099 02 + SLC 60 2099 03)		1,380,552,149
6430	General Surplus (Deficit)		
6431	Unexpended Capital Financing		93,201,522
	Local Boards		
5030	Transit Operations		
5035	Water Operations		1,224,936
5040	Wastewater Operations		
5041	Solid Waste Operations		
5045	Libraries		
5050	Cemeteries		
5055	Recreation, Community Centres and Arenas		
5060	Business Improvement Area		386,704
5076	Other	Utilities, Social Housing, London Convention Centre	-2,445,160
5077	Other	Covent Garden Market	1,944,626
5078	Other		
5079	Other	Museum London	-1,182,188
5098		**Total Local Boards**	-71,082
5080	Equity in Government Business Enterprises (SLC 10 6090 01)		234,893,421
6601	Unfunded Employee Benefits		-220,986,853
6603	Unfunded Remediation Costs of Contaminated Sites		-8,842,422
6604	**Unfunded Asset Retirement Obligation Costs**		-38,056,960
6610	Other	Unfunded Net long-term debt	-195,680,493
6620	Other		
6630	Other	Surplus/Deficit Prior Yr	-184,807,155
6640	Other		
6699		**Total Other**	-648,373,883
9971		**Total Accumulated Surplus (Deficit)**	5,670,475,385

Accumulated Surplus (Deficit) comprised of:

9980	**Accumulated Surplus (Deficit), Before Remeasurement Gains (Losses) (SLC 10 9950 01)**	5,673,542,061
9981	**Accumulated Surplus (Deficit), Remeasurement Gains (Losses) (SLC 71 9910 01)**	-3,066,676
9982	**Total Accumulated Surplus (Deficit)**	5,670,475,385

FIR2023: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 71

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

for the year ended December 31, 2023

			1
			$
0299	**Accumulated Remeasurement Gains (Losses), Beginning of The Year**		-38,429,035
	Unrealized Gains (Losses) Attributable to:		
0410	Foreign Exchange		0
0420	Derivatives		0
0430	Portfolio Investments		32,665,347
0440	Other Financial Instruments, Designated to Fair Value Category		0
0499		**Subtotal**	32,665,347
	Realized (Gains) Losses, Reclassified to the Statement of Operations		
0610	Foreign Exchange		0
0620	Derivatives		0
0630	Portfolio Investments		2,240,012
0640	Other Financial Instruments, Designated to Fair Value Category		0
0699		**Subtotal**	2,240,012
1099	**Other Comprehensive Income (Loss)**		457,000
1299	**Net Change in Remeasurement Gains (Losses) for the Year (SLC 71 0499 01 + SLC 0699 01 + SLC 1099 01)**		35,362,359
9910	**Accumulated Remeasurement Gains (Losses), End of Year. (SLC 71 0299 01 + SLC 1299 01)**		-3,066,676

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Single / Lower-Tier ONLY **Schedule 72**

CONTINUITY OF TAXES RECEIVABLE

for the year ended December 31, 2023

Continuity of Taxes Receivable

		9
		$
0210	Taxes Receivable, Beginning of Year	9,368,715
0215	PLUS: Amounts Added to Tax Bills For Collection Purposes Only	1,955,690
0220	PLUS: Tax Amounts Levied In the Year (SLC 26 9199 03)	883,027,093
0225	PLUS: Current Year Penalties and Interest	6,347,467
0240	LESS: Total Cash Collections (SLC 72 0699 09)	870,125,067
0250	LESS: Tax Adjustments Before Allowances (SLC 72 2899 09)	7,607,094
0260	LESS: Tax Adjustments Not Applied to Taxation (SLC 72 4999 09)	2,492,135
0280	PLUS:	
0290	Taxes Receivable, End of Year	20,474,669

Cash Collections

		9
		$
0610	Current Year'S Tax	847,323,834
0620	Previous Year'S Tax	16,433,996
0630	Penalties and Interest	4,683,986
0640	Amounts Added to Tax Bills For Collection Purposes Only	1,683,251
0690	Other	
0699	**TOTAL Cash Collections**	870,125,067

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Single / Lower-Tier ONLY **Schedule 72**

CONTINUITY OF TAXES RECEIVABLE

for the year ended December 31, 2023

Tax Adjustments Applied to Taxation

		SCHOOL BOARDS								
		English - Public	French - Public	English - Separate	French - Separate	Other	TOTAL Education	Lower-Tier (Single-Tier)	Upper-Tier	TOTAL Tax Adjustment
		1	2	3	4	5	6	7	8	9
		$	$	$	$	$	$	$	$	$
1000	Taxes Collected On Behalf of "Other" Bodies (Mun. Act 353)						0			0
1010	Write-off of Taxes (Mun. Act 354)						0			0
1020	Cancellation, Reduction, Refund of Taxes, Overcharges (Mun. Act 357/358)						0			0
1030	Cancellation, Reduction Or Refund of Taxes (Mun. Act 365)						0			0
1040	ARB Decisions, Advisory Notice of Adjustment Due to An ARB Decisions (Assessment Act 40/19.1(7))	3,280,461	34,579	819,851	65,138		4,200,029			4,200,029
1050	RFR (Assessment Act 39.1)						0			0
1060	Increase of Taxes, Error In Calculating Taxes (Mun. Act 359/359.1)						0			0
1070	Post Roll Amended Notice (PRAN) (Assessment Act Section 32)						0			0
1080	Special Amended Notice (SAN) (Assessment Act)						0			0
1090	Tax Incentive Adjustment (TIA) (Assessment Act)						0			0
1099	**Subtotal**	3,280,461	34,579	819,851	65,138	0	4,200,029	0	0	4,200,029
1299	Discounts for Advance Payments (Mun. Act 345(10))									0
1499	Tax Credit (Mun. Act 474.3)							-7,068,007		-7,068,007
1699	Tax Cancellation - Low Income Seniors and Disabled Persons (Mun. Act 319)						0			0
1810	Rebates to Commercial Properties (Mun. Act 362)						0			0
1820	Rebates to Industrial Properties (Mun. Act 362)						0			0
1899	**Subtotal**	0	0	0	0	0	0	0	0	0
2099	Rebates for Charities (Mun. Act 361)	171,379	2,076	46,408	3,567		223,430	612,166		835,596
2299	Vacant Unit Rebates (Mun. Act 364)	-49,807	-472	-12,713	-1,118		-64,110	180,925		116,815
2301	Contaminated Property (Mun. Act 365.1)						0			0
2399	Reduction for Heritage Property (Mun. Act 365.2)						0			0
2400	Change In Assessment (Mun. Act 365.3)						0			0
2890	Other LEGIONS						0	16,104		16,104
2891	Other MUNICIPAL HOUSING						0	544,602		544,602
2892	Other Less: Prior Yr. Tax Adj Allowance						0	8,961,955		8,961,955
2893	Other						0			0
2899	**Tax Adjustments Before Allowances**	3,402,033	36,183	853,546	67,587	0	4,359,349	3,247,745	0	7,607,094

Tax Adjustments Not Applied to Taxation

		SCHOOL BOARDS								
		English - Public	French - Public	English - Separate	French - Separate	Other	TOTAL Education	Lower-Tier (Single-Tier)	Upper-Tier	TOTAL Tax Adjustment
		1	2	3	4	5	6	7	8	9
		$	$	$	$	$	$	$	$	$
4010	Tax Sale, Tax Registration Accounts							2,492,091		2,492,091
4210	Tax Deferral - Low Income Seniors and Disabled Persons (Mun. Act 319)	4					4	40		44
4420	Net Impact of 5% Capping Limit Program						0			0
4890	Other						0			0
4891	Other						0			0
4999	**Tax Adjustments Not Applied to Taxation**	4	0	0	0	0	4	2,492,131	0	2,492,135

Additional Information

		1	2	3	4	5	6	7	8	9
6010	Recovery of Tax Deferrals						0			0
7010	Entitlement of School Boards	98,817,855	734,201	21,056,380	1,193,559	0	121,801,995			

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 74
LONG TERM LIABILITIES AND COMMITMENTS
for the year ended December 31, 2023

1. Debt Burden of the Municipality

		1
	All Outstanding Debt Issued By the Municipality, Predecessor Municipalities and Consolidated Entities	$
0210	to Ontario and Agencies	12,529,691
0220	to Canada and Agencies	4,669,626
0230	to Others	185,012,005
0297	Other	
0298	Other	
0299	**Subtotal**	202,211,322
0499	**PLUS**: All Debt Assumed By the Municipality From Others	
	LESS: All Debt Assumed By Others	
0610	Ontario	
0620	School Boards	
0630	Other Municipalities	2,339,135
0640	Government Business Enterprises	
0697	Other	
0698	Other	
0699	**Subtotal**	2,339,135
	LESS: Debt Retirement Funds	
0810	Wastewater	
0820	Water	
0896	Other	
0897	Other	
0898	Other	
0899	**Subtotal**	0
	LESS: Own Sinking Funds (Actual Balances)	
1010	General Municipal	
1020	Enterprises and Others	
1096	Other	
1097	Other	
1098	Other	
1099	**Subtotal**	0
9910	**TOTAL Net Long Term Liabilities of the Municipality**	199,872,187

2. Debt Burden of the Municipality: Analysed by Debt Instrument

1210	Sinking Fund Debentures	
1220	Installment (Serial) Debentures	198,972,187
1230	Long Term Bank Loans	
1240	Lease Purchase Agreements (Tangible Capital Leases)	
1250	Mortgages	
1280	Construction Financing Debentures	
1297	Other: Capital Grants	900,000
1298	Other	
9920	**TOTAL Net Long Term Liabilities of the Municipality**	199,872,187

3. Debt Burden of the Municipality: Analysed by Function

1405	General Government	
1410	Protection Services	1,636,192
	Transportation Services:	
1415	Roadways	51,810,859
1416	Winter Control	
1420	Transit	13,842,149
1421	Parking	
1422	Street Lighting	0
1423	Air Transportation	
	Environmental Services:	
1425	Wastewater System	59,365,992
1430	Storm Water System	21,157,691
1435	Waterworks System	3,822,526
1440	Solid Waste Collection	
1445	Solid Waste Disposal	
1446	Waste Diversion	
1450	Health Services	
1455	Social and Family Services	2,409,927
1460	Social Housing	2,894,602
	Recreation and Cultural Services:	
1465	Parks	509,823
1466	Recreation Programs	
1471	Recreation Facilities - Golf Course, Marina, Ski Hill	
1474	Recreation Facilities - All Other	34,820,396
1475	Libraries	853,513
1476	Museums	
1477	Cultural Services	
1480	Planning and Development	5,848,517
1490	Other Long Term Liabilities	900,000
9930	**TOTAL Net Long Term Liabilities of the Municipality**	199,872,187

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 74
LONG TERM LIABILITIES AND COMMITMENTS
for the year ended December 31, 2023

8. Contingent Liabilities

		Contingent Liabilities 4 Y or N	Is Value in Column 2 Estimated? 1 Y or N	Value 2 $	Number of Years Payable Over 3 Years
2610	Pending or Threatened Litigation				
2620	Retroactive Wage Settlements				
2630	Guarantees of Long Term Indebtedness in the Name of the Municipality But Assumed by Others				
2640	Outstanding Loans Guaranteed				
2698	Other .				
2699	**TOTAL**			0	

10. Debt Charges for the Current Year

		Principal 1 $	Interest 2 $	Total 3 $
	Recovered from the Consolidated Statement of Operations			
3012	General Tax Rates	29,927,979	3,553,236	
3014	Other	0	0	
3015	Tile Drainage / Shoreline Assistance			
3020	**Recovered From Reserve Funds**	14,136,447	2,266,089	
	Recovered From Unconsolidated Entities:			
3030	Electricity			
3040	Gas			
3050	Telephone			
3097	Other .			
3098	Other .			
3099	**TOTAL**	44,064,426	5,819,325	
	Line 3099 Includes:			
3110	Lump Sum (Balloon) Repayments of Long Term Debt	0		
3120	Provincial Grant Funding for Repayment of Long Term Debt			
	Analysis of Lease Purchase Agreements (Tangible Capital Leases)			
3140	Debt Charges for Lease Purchase Agreements (Tangible Capital Leases)	0	0	0

11. Long Term Debt Refinanced

		Principal 1 $	Interest 2 $
3410	Repayment of Provincial Special Assistance		
3420	Other Long Term Debt Refinanced		

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 74
LONG TERM LIABILITIES AND COMMITMENTS
for the year ended December 31, 2023

12. Future Principal and Interest Payments on EXISTING Debt

		RECOVERABLE FROM:							
		Consolidated Statement of Operations		Reserve Funds		Unconsolidated Entities		All Others	
		Principal 1 $	Interest 2 $	Principal 3 $	Interest 4 $	Principal 5 $	Interest 6 $	Principal 7 $	Interest 8 $
3210	Year 2024	26,731,349	2,846,287	487,140	0			13,581,381	2,041,455
3220	Year 2025	21,293,938	2,184,721	0	0			13,139,618	1,706,621
3230	Year 2026	18,162,733	1,676,868	0	0			12,475,218	1,378,486
3240	Year 2027	15,895,489	1,218,326	0	0			11,888,494	1,055,379
3250	Year 2028	13,082,814	824,088	0	0			10,837,663	748,110
3260	Years 2029 to 2033	21,968,363	2,536,786	0	0			20,327,987	1,092,854
3270	Years 2034 onwards	0							
3280	Interest to be Earned on Sinking Funds								
3299	**TOTAL**	117,134,686	11,287,076	487,140	0	0	0	82,250,361	8,022,905

13. Other Notes

Please list all other notes and forward supporting schedules as required by email to: **FIR.mah@ontario.ca**

3601

** Use ALT + ENTER Keys to "Return" to the next line.*

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 74
LONG TERM LIABILITIES AND COMMITMENTS
for the year ended December 31, 2023

14. ASSET RETIREMENT OBLIGATION LIABILITY

ANALYSIS BY FUNCTIONAL CLASSIFICATION		Liabilities for ARO at Beginning of Year 1 $	Transfer of Solid Waste Landfill Liability 2 $	Liability Incurred During the Year 3 $	Liability Settled During the Year 4 $	Increase in Liabilities Due to Accretion Expense 5 $	Increase (Decrease) Reflecting Change in the Estimate of Liability 6 $	Liabilities for ARO at End of Year 7 $
0299	General Government	5,377,685	0	0	0	565	362,051	5,740,301
0499	Protection Services	524,482	0	0	0	156	33,686	558,324
0699	Transportation Services	1,768,442	0	38,767	25,330	0	4,725	1,786,604
0899	Environmental Services	61,043,896	0	0	893,156	123,627	-4,527,137	55,747,230
1099	Health Services	0	0	0	0	0	0	0
1299	Social and Family Services	323,933	0	0	0	164	20,007	344,104
1499	Social Housing	36,316,420	0	0	0	0	0	36,316,420
1699	Recreation and Cultural Services	5,716,406	0	49,540	8,661	0	468,780	6,226,065
1899	Planning and Development	675,852	0	0	35,308	34	47,238	687,816
1910	Other	0	0	0	0	0	0	0
9910	**Total Asset Retirement Obligations**	111,747,116	0	88,307	962,455	124,546	-3,590,650	107,406,864

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 76
GOVERNMENT BUSINESS ENTERPRISES
for the year ended December 31, 2023

GOVERNMENT BUSINESS ENTERPRISES

STATEMENT OF FINANCIAL POSITION

			Please Specify GBE					
			Investment in London Hydro Inc.	Fair-City Joint Venture	City-YMCA Joint Venture			Total
			1	2	3	4	5	20
	Assets		$	$	$	$	$	$
0210	Current		121,824,000	1,727,146				123,551,146
0220	Capital		440,357,000	10,290,269	17,645,677			468,292,946
0297	Other							0
0298	Other	Other	36,008,000					36,008,000
0299		**Total Assets**	598,189,000	12,017,415	17,645,677	0	0	627,852,092
	Liabilities							
0410	Current		79,806,000	590,124				80,396,124
0420	Long-term		220,000,000	876,203				220,876,203
0497	Other		62,535,000	2,864,900				65,399,900
0498	Other	Other	10,866,000					10,866,000
0499		**Total Liabilities**	373,207,000	4,331,227	0	0	0	377,538,227
9910		**Net Equity**	224,982,000	7,686,188	17,645,677	0	0	250,313,865
0610		Municipality's Share ($)	100	30	73			203

STATEMENT OF OPERATIONS

			1	2	3	4	5	20
0810	Revenues			4,039,605				4,039,605
0820	Expenses			3,323,424	678,680			4,002,104
9920		**Net Income (Loss)**	0	716,181	-678,680	0	0	37,501
1010		Municipality's Share ($)	100	30	73			203
1020		Dividends paid	5,000,000					5,000,000

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 80
STATISTICAL INFORMATION
for the year ended December 31, 2023

1. Municipal Workforce Profile

Employees of the Municipality

		Full-Time Funded Positions 1 #	Part-Time Funded Positions 2 #	Seasonal Employees 3 #
0205	Administration	285.00	1.00	3.00
0210	**Fire**	440.00	0.00	2.00
0211	Uniform	366.00	0.00	0.00
0212	Civilian	74.00	0.00	2.00
0215	**Police**	937.00	0.00	31.00
0216	Uniform	688.00	0.00	0.00
0217	Civilian	249.00	0.00	31.00
0260	**Court Security**	0.00	0.00	0.00
0261	Uniform			
0262	Civilian			
0263	**Prisoner Transportation**	0.00	0.00	0.00
0264	Uniform			
0265	Civilian			
0220	Transit			
0225	Public Works	936.00	1.00	166.00
0227	**Ambulance**	0.00	0.00	0.00
0228	Uniform			
0229	Civilian			
0230	Health Services			
0235	Homes for the Aged	186.00	227.00	0.00
0240	Other Social Services	307.00	0.00	24.00
0245	Parks and Recreation	120.00	0.00	1,576.00
0250	Libraries			
0255	Planning	94.00	0.00	5.00
0290	Other	247.00	1.00	24.00
0298	**Subtotal**	3,552.00	230.00	1,831.00
0300	Proportion of Municipal Employees Covered by 'Collective Agreements' (%)			

Employees of Joint Local Boards

		Full-Time Funded Positions 1 #	Part-Time Funded Positions 2 #	Seasonal Employees 3 #
0305	Administration			
0310	**Fire**	0.00	0.00	0.00
0311	Uniform			
0312	Civilian			
0315	**Police**	0.00	0.00	0.00
0316	Uniform			
0317	Civilian			
0360	**Court Security**	0.00	0.00	0.00
0361	Uniform			
0362	Civilian			
0363	**Prisoner Transportation**	0.00	0.00	0.00
0364	Uniform			
0365	Civilian			
0320	**Transit**	626.00		
0325	Public Works			
0327	**Ambulance**	0.00	0.00	0.00
0328	Uniform			
0329	Civilian			
0330	Health Services	426.00		
0335	Homes for the Aged			
0340	Other Social Services			
0345	Parks and Recreation			
0350	Libraries	171.00		
0355	Planning			
0390	Other	470.00		
0398	**Subtotal**	1,693.00	0.00	0.00
0399	**TOTAL**	5,245.00	230.00	1,831.00

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 80
STATISTICAL INFORMATION
for the year ended December 31, 2023

2. Selected Investments of Own Sinking Funds as at Dec. 31

		Own Municipality 1 $	Other Municipalities, School Boards 2 $	Provincial 3 $	Federal 4 $
0610	Own Sinking Funds				

3. Municipal Procurement This Year

		Number of Contracts 1 #	Value of Contracts 2 $
1010	Total Construction Contracts Awarded	93	209,006,421
1020	Construction Contracts Awarded at $100,000 or Greater	77	208,708,363

4. Building Permit Information

		Number of Building Permits 1 #	Total Value of Building Permits 2 $
1210	Residential Properties	2,063	372,776,568
1220	Multi-Residential Properties	23	199,566,972
1230	All Other Property Classes	682	529,623,828
1299	**Subtotal**	2,768	1,101,967,368

5. Insured Value of Physical Assets

			1 $
1410	Buildings		2,681,260,552
1420	Machinery and Equipment		100,000,000
1430	Vehicles		
1497	Other	city, police, fire vehicles .	79,793,567
1498	Other	.	
1499		**Subtotal**	2,861,054,119

6. Total Dollar Losses Due to Structural Fires

		1 $
1510	Losses Due to Structural Fires, Averaged Over 3 Yrs (2021 - 2023)	18,539,043

7. Vacant Home Tax

		1 #
1710	**Number of Properties for Which the Vacant Home Tax was Levied in 2023**	0

FIR2023: London C
Asmt Code: 3936
MAH Code: 59101

Schedule 80
STATISTICAL INFORMATION
for the year ended December 31, 2023

8. Consolidated Local Boards Including Joint Local Boards and All Local Entities Set Up By the Municipality

(I) PROPORTIONALLY CONSOLIDATED joint local boards

	Name of Board or Entity 1	Board Description 3 LIST	Board Code 2	Proportion of Total Municipal Contributions Consolidated 4 %	Municipality's Share of Total Contributions 5 $	Municipality's Share of Total Fee Revenues 6 $
0801	Lake Huron Primary Water Supply System	Water Board	0802	82%	0	0
0802	Elgin Area Primary Water Supply System	Water Board	0802	52%	0	0
0803	Middlesex-London Health Unit	Health Board (Unit), Medical Centre	1001	17%	0	0
0804						
0805						
0806						
0807						
0808						
0809						
0810						
0811						
0812						
0813						
0814						
0815						
0816						
0817						
0818						
0819						
0820						
0821						
0822						
0823						
0824						
0825						
0826						
0827						
0828						
0829						
0830						
0831						
0832						
0833						
0834						
0835						
0836						
0837						
0838						
0839						
0840						
0841						
0842						
0843						
0844						
0845						
0846						
0847						
0848						
0849						

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 80
STATISTICAL INFORMATION
for the year ended December 31, 2023

(II) FULLY CONSOLIDATED local boards and any local entities set up by the municipality

	Name of Board or Entity 1	Board Description 3 LIST	Board Code 2	Proportion of Total Municipal Contributions Consolidated 4 %	Municipality's Share of Total Contributions 5 $	Municipality's Share of Total Fee Revenues 6 $
0851	Argyle Business Improvement Association Board of Man	Business Improvement Area	1805	100%		
0852	Covent Garden Market Corporation	Other	9001	100%		
0853	Eldon House Corporation	Museum	1605	100%		
0854	Hamilton Road Business Improvement Association Board	Business Improvement Area	1805	100%		
0855	Housing Development Corporation, London	Housing Authority	1401	100%		
0856	Hyde Park Business Improvement Association Board of I	Business Improvement Area	1805	100%		
0857	London & Middlesex Community Housing Inc.	Housing Authority	1401	100%		
0858	London Convention Centre Corporation	Other	9001	100%		
0859	London Downtown Business Association	Business Improvement Area	1805	100%		
0860	London Police Services Board	Police Board	0402	100%		
0861	London Public Library Board	Library Board	1604	100%		
0862	London Transit Commission	Transit Commission	0602	100%		
0863	Museum London	Museum	1605	100%		
0864	Old East Village Business Improvement Area Board of M	Business Improvement Area	1805	100%		
0865				100%		
0866				100%		
0867				100%		
0868				100%		
0869				100%		
0870				100%		
0871				100%		
0872				100%		
0873				100%		
0874				100%		
0875				100%		
0876				100%		
0877				100%		
0878				100%		
0879				100%		
0880				100%		
0881				100%		
0882				100%		
0883				100%		
0884				100%		
0885				100%		
0886				100%		
0887				100%		
0888				100%		
0889				100%		
0890				100%		
0891				100%		
0892				100%		
0893				100%		
0894				100%		
0895				100%		
0896				100%		
0897				100%		
0898				100%		
0899				100%		

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 80
STATISTICAL INFORMATION
for the year ended December 31, 2023

9. Building Permit Information (Performance Measures)

		Column 1 #	Column 2 #	Column 3 #	Description 4 LIST
1300	What method does your municipality use to determine total construction value?				TACBOC Construction Value Standard
1302	If "Other Method" is selected in line 1300, please describe the method used to determine total construction value.				

Total Value of Construction Activity

		1 $
1304	Total Value of Construction Activity for 2023 based on permits issued.	1,101,967,368

Review of Complete Building Permit Applications:

Median number of working days to review a complete building permit application and issue a permit or not issue a permit, and provide all reasons for refusal (by Category):

		Median Number of Working Days 1#
1306	**Category 1: Houses** *(houses not exceeding 3 storeys / 600 square metres)* *Reference : provincial standard is 10 working days*	10
1308	**Category 2 : Small Buildings** *(small commercial/industrial not exceeding 3 storeys / 600 square metres)* *Reference : provincial standard is 15 working days*	16
1310	**Category 3 : Large Buildings** *(large residential / commercial / industrial / institutional)* *Reference : provincial standard is 20 working days*	23
1312	**Category 4 : Complex Buildings** *(post disaster buildings, including hospitals, power / water, fire / police / EMS, communications)*	

***Note** : If no complete applications were submitted and accepted for a Category on lines 1306 to 1312, please leave the cell blank and do not enter zero.*

Number Of Building Permit Applications

		Number of Complete Applications 1 #	Number of Incomplete Applications 2 #	Total Number of Complete and Incomplete Applications 3 #
1314	**Category 1 : Houses** *(houses not exceeding 3 storeys / 600 square metres)*	1,820	69	1,889
1316	**Category 2 : Small Buildings** *(small commercial/industrial not exceeding 3 storeys / 600 square metres)*	400	15	415
1318	**Category 3 : Large Buildings** *(large residential / commercial / industrial / institutional)*	632	28	660
1320	**Category 4 : Complex Buildings** *(post disaster buildings, including hospitals, power / water, fire / police / EMS), communications*	0	0	0
1322	**Subtotal**	2,852	112	2,964

***Note:** Zero should be entered on lines 1314 to 1320 in column 1 if no complete applications were submitted and accepted for a category. Zero should be entered in column 2 if no incomplete applications were submitted and accepted for a category.*

10. Planning and Development

Land Use Planning *(using building permit information)*

		Residential Units within Settlement Areas 1 #	Total Residential Units 2 #	Total Secondary Units 3 #
1350	Number of residential units in new detached houses	241	242	5
1352	Number of residential units in new semi-detached houses	9	9	0
1354	Number of residential units in new row houses	334	334	0
1356	Number of residential units in new apartments / condo apartments	855	855	0
1358	**Subtotal**	1,439	1,440	5

Land Designated for Agricultural Purposes

		Hectares 1 #
1370	Hectares of land designated for agricultural purposes in the Official Plan as of December 31, 2023	12,320

FIR2023: London C
Asmt Code: 3936
MAH Code: 59101

Schedule 80
STATISTICAL INFORMATION
for the year ended December 31, 2023

11. Transportation Services

		1 #
1710	**Roads:** Total Paved Lane Km	3,793
1720	**Condition of Roads:** Number of paved lane kilometres where the condition is rated as good to very good.	1,900

		Column 1 #	Column 2 #	Column 3 #	Description 4 LIST
1722	Has the entire municipal road system been rated?				Y
1725	Indicate the rating system used and the year the rating was conducted				2023 PAVEMENT QUALITY INDEX

		1 #
1730	**Roads:** Total Unpaved Lane Km	26
1740	**Winter Control:** Total Lane Km maintained in winter	3,875
1750	**Transit:** Total Number of Regular Service Passenger Trips on Conventional Transit in Service Area.	18,412,516
1755	**Transit:** Population of Service Area	429,700
1760	**Bridges and Culverts:** Total Square Metres of Surface Area on Bridges and Culverts	94,223

	Rating Of Bridges And Culverts	Number of structures where the condition of primary components is rated as good to very good 1 #	Total Number 2 #
1765	Bridges	97	135
1766	Culverts	28	59
1767	**Subtotal**	125	194

		Column 1 #	Column 2 #	Column 3 #	Description 4 LIST
1768	Have all bridges and culverts in the municipal system been rated?				Y
1769	Indicate the rating system used and the year the rating was conducted.				Bridge Management System

12. Environmental Services

		1 #
1810	**Wastewater Main Backups:** Total number of backed up wastewater mains	9
1815	**Wastewater Collection / Conveyance:** Total KM of Wastewater Mains.	1,551
1820	**Wastewater Treatment and Disposal :** Total Megalitres of Wastewater Treated	73,790.000
1825	**Wastewater Bypasses Treatment:** Estimated megalitres of untreated wastewater.	145.900
1835	**Urban Storm Water Management :** Total KM of Urban Drainage System plus *(0.005 KM times No. of Catch basins)*	1,658
1840	**Rural Storm Water Management:** Total KM of Rural Drainage System plus *(0.005 KM times No. of Catch basins)* .	369
1845	**Water Treatment:** Total Megalitres of Drinking Water Treated.	46,666.000
1850	**Water Main Breaks:** Number of water main breaks in a year	54
1855	**Water Distribution/Transmission:** Total kilometres of Water Distribution / Transmission Pipe.	1,655
1860	**Solid Waste Collection:** Total tonnes collected from all property classes.	93,526
1865	**Solid Waste Disposal:** Total tonnes disposed of from all property classes.	373,326
1870	**Waste Diversion:** Total tonnes diverted from all property classes.	75,507

13. Recreation Services

		1 #
1910	**Trails:** Total kilometres of trails (*owned by municipality and third parties*).	263
1920	**Indoor recreation facility space:** Square metres of indoor recreation facilities *(municipally owned)* .	99,735
1930	**Outdoor recreation facility space:** Square metres of outdoor recreation facility space *(municipally owned)* .	70,102

14. Other Revenue (Used for the calculation of Operating Cost)

		1 $
2310	**Fire Services:** Other revenue.	
2320	**Paved Roads:** Other revenue.	
2330	**Solid Waste Disposal:** Other revenue.	
2340	**Waste Diversion:** Other Revenue	
2370	Assessment on Exempt Properties *(Enter data from returned roll)*	4,380,521,547

FIR2023: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 81
ANNUAL DEBT REPAYMENT LIMIT
based on the information reported for the year ended December 31, 2023

DETERMINATION OF ANNUAL DEBT REPAYMENT LIMIT

NOTE: THE ESTIMATED ANNUAL REPAYMENT LIMIT IS EFFECTIVE JANUARY 01, 2025
Please note that fees and revenues for Homes for the Aged are not reflected in this estimate.

		1
	Debt Charges for the Current Year	$
0210	Principal (SLC 74 3099 01).	44,064,426
0220	Interest (SLC 74 3099 02).	5,819,325
0299	**Subtotal**	**49,883,751**
0610	Payments for Long Term Commitments and Liabilities Financed from the Consolidated Statement of Operations (SLC 42 6010 01)	0
9910	**Total Debt Charges**	49,883,751

		1
	Excluded Debt Charges	$
1010	Electricity - Principal (SLC 74 3030 01)	0
1020	Electricity - Interest (SLC 74 3030 02)	0
1030	Gas - Principal (SLC 74 3040 01)	0
1040	Gas - Interest (SLC 74 3040 02)	0
1050	Telephone - Principal (SLC 74 3050 01)	0
1060	Telephone - Interest (SLC 74 3050 02)	0
1099	**Subtotal**	**0**
1410	Debt Charges for Tile Drainage / Shoreline Assistance (SLC 74 3015 01 + SLC 74 3015 02)	0
1411	Provincial Grant Funding for Repayment of Long Term Debt (SLC 74 3120 01 + SLC 74 3120 02)	0
1412	Lump Sum (Balloon) Repayments of Long Term Debt (SLC 74 3110 01 + SLC 74 3110 02)	0
1420	**Total Debt Charges to be Excluded**	**0**
9920	**Net Debt Charges**	**49,883,751**

		1
		$
1610	**Total Revenues** (SLC 10 9910 01)	1,682,600,322
	Excluded Revenue Amounts	
2010	Fees for Tile Drainage / Shoreline Assistance (SLC 12 1850 04)	0
2210	Ontario Grants, Including Grants for Tangible Capital Assets (SLC 10 0699 01 + SLC 10 0810 01 + SLC10 0815 01)	323,287,341
2220	Canada Grants, Including Grants for Tangible Capital Assets (SLC 10 0820 01 + SLC 10 0825 01)	33,346,802
2225	Deferred Revenue Earned (Provincial Gas Tax) (SLC 10 0830 01)	10,940,973
2226	Deferred Revenue Earned (Canada Gas Tax) (SLC 10 0831 01)	26,918,688
2230	Revenue from Other Municipalities, Including Revenue for Tangible Capital Assets (SLC 10 1099 01 + SLC 10 1098 01)	7,885,855
2240	Gain (Loss) on Sale of Land & Capital Assets (SLC 10 1811 01)	68,160
2250	Deferred Revenue Earned (Development Charges) (SLC 10 1812 01)	29,551,340
2251	Deferred Revenue Earned (Recreation Land (The Planning Act)) (SLC 10 1813 01)	126,590
2256	Deferred Revenue Earned (Community Benefits Charges) (SLC 10 1815 01)	0
2252	Donated Tangible Capital Assets (SLC 53 0610 01)	44,086,308
2254	Increase / Decrease in Government Business Enterprise equity (SLC 10 1905 01)	1,185,470
2255	Other Revenue (SLC 10 1890 01 + SLC 10 1891 01 + SLC 10 1892 01 + SLC 10 1893 01 + SLC 10 1894 01 + SLC 10 1895 01 + SLC 10 1896 01 + SLC 10 1897 01 + SLC 10 1898 01)	18,482,966
2299	**Subtotal**	**495,880,493**
2410	Fees and Revenue for Joint Local Boards for Homes for the Aged	
2610	**Net Revenues**	**1,186,719,829**
2620	**25% of Net Revenues**	**296,679,957**
9930	**ESTIMATED ANNUAL REPAYMENT LIMIT**	**246,796,206**

For Illustration Purposes Only

Annual Interest Rate		Term		
	@		years =	

2023 Consolidated Financial Report

Audit Committee
June 19, 2024

Financial Consolidated Report

- In accordance with **Section 294.1** of the ***Municipal Act, 2001*** requirement.
- **Aligns** with Council's 2023 – 2027 Strategic Plan by demonstrating that London's finances are **transparent** and **well planned.**
- City of London's Financial Consolidated Report comprises:
  - ❑ 14 fully consolidated boards and commissions
  - ❑ 3 proportionately consolidated entities
  - ❑ 3 government business entities

Consolidated Financial Statements

Highlights and Adjustments

- Incorporation of five (5) new standards that required additional note disclosure along with restatements for comparator purposes.
- Adjustments were required and undertaken related to;
  - The classification to the High Interest Savings Account on the Statement of Financial Position.
  - Correct the accounting for a parcel of land that was expropriated, and
  - Recognize the South London Community Pool onto the City's books.

Impact of New Accounting Standards

- 2023 Consolidated Financials Statements were enhanced as follows:

Public Sector Accounting Standard	Impact
PS 1201, Financial Statement Presentation	• Inclusion of an additional statement "Statement of Remeasurement Gains and Losses". • Incorporates, where applicable the impact of PS3041, PS3450, and PS2601

PS 3041 Portfolio Investments	• Distinctly reported out in "Statement of Financial Position" and "Statement of Remeasurement Gains and Losses".
	• Acknowledged in the following notes to Financial Statements:
	  • Note 1: Significant Accounting Policies
	  • Note 2: Change in Accounting Policies – Adoption of New Accounting Standards
	  • Note 5: Portfolio Investments (formerly Note 4: Investments)

Impact of New Accounting Standards (continued)

- 2023 Consolidated Financials Statements were enhanced as follows:

Public Sector Accounting Standard	Impact

PS 3450, Financial Instruments, and PS 2601, Foreign Currency Translation	• Financial instruments are included on the statement of financial position and are measured at either **fair value** or **amortized cost**.
	• Accumulated remeasurement gains (losses) at end of year **($3.1) million**.
	• Implications incorporated across all 5 Statements.
	• Acknowledged in the following notes to Financial Statements:
	  • Note 1: Significant Accounting Policies
	  • Note 2: Change in Accounting Policies – Adoption of New Accounting Standards
	  • Note 5: Portfolio Investments (formerly Note 4: Investments)
	  • Note 26: Financial Instruments and Risk Management

Impact of New Accounting Standards (continued)

- 2023 Consolidated Financials Statements were enhanced as follows:

Public Sector Accounting Standard	Impact

PS 3280, Asset Retirement Obligation (ARO)	• Recognition of **$107.4 million** in 2023, including restatement of 2022 numbers.
	• Landfill Closure and post-closure liability no longer discreet on statements, but incorporated into ARO Liability
	• Discreetly reported out in the Statement of Financial Position
	• Acknowledged in the following notes to Financial Statements:
	  • Note 1: Significant Accounting Policies
	  • Note 2: Change in Accounting Policies – Adoption of New Accounting Standards
	  • Note 13: Asset Retirement Obligation (formerly Landfill Closure and Post-Closure Liability)

Consolidated Statements Comprise

Statement of Financial Position

- Summary of **assets** (financial and non-financial) and **liabilities**.

Statement of Operations

- Summary of **revenues, expenses** for the year.
- Identifies accumulated **surplus** at year end.

Statement of Change in Net Financial Assets

- Identifies changes in financial assets as a result of annual **operations** and tangible **capital asset** transactions.

Statement of Cash Flows

- Highlights changes in case throughout the year, **sources** and **uses.**

Statement of Remeasurement Gains and Losses

- Identifies unrealized gains and losses associated with financial instruments in the **fair value** category.
- Amounts **reclassified** to the statement of operations upon derecognition or settlement, and
- Other comprehensive income reported when a government includes the results of **government business enterprises** in the government's summary financial statements.

Statement of Financial Position

- ✓ **Financial Assets increased $131.9 million**

  (*attributable to an increase in cash and accounts receivable*)

- ✓ **Financial Liabilities increased $52.6 million**

  (mainly attributable to deferred revenue – development charges and accounts payable partially offset by a decrease in long-term debt)

- ✓ **Net Financial Assets increased $79.4 million**

  (Financial Assets less Financial Liabilities)

- ✓ **Non-Financial Assets increased $197 million**

  (comprised of $190 million in net book value of tangible capital asset)

- ✓ **Accumulated Surplus at the end of 2023 increased by $276.4 million**

  *(*The majority of the accumulated surplus relates to the City's investment in tangible capital assets which are used to provide services to the public now and in the future.*)*

Notable Capital Projects (Assets) Recognized in 2023

- ✓ East London Link and Municipal infrastructure Improvements Phase 1, $25.4 million
- ✓ Downtown Loop Phase 2, $18.3 million
- ✓ Watermain cleaning and lining, $5.9 million
- ✓ Cured in place pipe (CIPP) Sewer lining, $5.7 million
- ✓ New ultraviolet water treatment equipment at Greenway, $4.8 million
- ✓ Dearness Home Auditorium Expansion, $ 2.5 million
- ✓ Assets contributed by developers, $44.1 million
  - ➢ *5.7 kms of roads*
  - ➢ *5.7 kms of sidewalks*
  - ➢ *177 streetlights*
  - ➢ *6.7 km of water pipe*
  - ➢ *7.2 km of sanitary pipe*
  - ➢ *8.9 km of storm sewer*

Five Year Review Highlights 2023 compared to 5-year average

❑ Tax Arrears	4.7% (4.1%)
❑ Total Long-Term Debt	$200 million ($249 million)
❑ Debt Principal Repayments	$43 million ($52 million)
❑ Debt Issued	$24 million ($31 million)
❑ Tangible Capital Asset Additions	$513 million ($438 million)
❑ Annual Surplus	$279 million ($281 million)
❑ Assessment Growth	1.82% (1.64%)

Statement of Operations

$ 000's	2023 Budget	2023 Actual	Budget to Actual Variance
Revenue	1,634,737	1,682,598	47,861
Expenses	1,415,721	1,403,136	(12,585)
Surplus (Rev. – Ex.)	219,016	279,462	60,446

- **Key items contributing to annual surplus:**
  - Investment income higher than anticipated.
  - Greater than anticipated user charge (fee) revenue recognized in Transportation Services, water and wastewater consumption-based revenue, along with W12A tipping fee revenue.
  - Lower than anticipated expenses due to the delay in Green Bin, as well as lower expense incurred for tax appeals due to the delay in provincial reassessment.

City Budget vs. PSAB Budget ($ 000's)

- City Financial Statements are presented on a **full accrual accounting basis (PSAB)** whereas the Multi-Year Budget is presented on a **modified cash basis**.

2023	Modified Cash Basis Budget	Financial Statement Adjustments	Full Accrual Basis PSAB Budget
Revenue	1,328,520	285,247	1,634,737
Expenses	1,328,520	66,231	1,415,721
Surplus (Rev – Ex)	-	**219,016**	**219,016**

- **Key items different than modified cash basis budget:**
  - **Amortization** is recorded as an **expense** on the Statement of Operations
  - **Debt principal** repayments are **not expensed**.
  - Contributions to **capital and reserve funds** are also **not expensed**.
  - Revenue recognition for tangible capital assets.
  - Consolidation of boards and commissions:

Comparing the Budget Surplus to Financial Statement Surplus Highlighting Adjustments

2023 Operating Budget Surplus per the Year-End Budget Monitoring Report to Corporate Services Committee on April 15, 2024	$ millions
Property Tax Supported Budget Surplus	28.0
Water Rate Supported Budget Surplus	3.0
Wastewater & Treatment Rate Supported Budget Surplus	0.0
2023 Operating Budget Surplus	**31.0**
Transfers to Reserve and Reserve Funds and reductions to authorized but unissued debt in accordance with the Council approved Surplus/Deficit Policy and Council Resolution	(31.0)
Operating Fund Surplus per 2023 Approved Budget (Cash) Format	**0.0**
Plus : Transfers to (from) Capital and Reserves and Reserve Funds	302.6
Plus: Debt Principal Repayments	27.5
Plus: Capital program funding earned in year	52.3
Less: Capital expenses not capitalized (Non-TCA)	(33.5)
Less: Amortization of Tangible Capital Assets (TCA)	(166.8)
Plus: Developer contributions of assumed TCA	44.1
Less: Loss on disposal of TCA	(8.8)
Plus: Reserves and reserve fund net revenues earned in year	80.3
Plus: Government Business Enterprises adjustments	(3.8)
Less: Change in employee future benefit liability	(12.8)
Plus: Boards' and Commission's Surpluses (Losses)	(1.5)
2023 Consolidated Surplus per Financial Statements (PSAB Format)	**279.5**

Public Sector Accounting Board (PSAB) Landscape

- 2024 Financial Statements will be further enhanced in keeping with new Public Sector Accounting Standards, where required for.
  - **PS 3400 Revenue** (recognition and measurement)
  - **PS 3160 Public Private Partnership** (accounting and reporting where infrastructure is procured using a private sector partner)

- **Continued monitoring of Sustainability** disclosure requirements in keeping with recommendations from
  - the Task Force on Climate-Related Financial Disclosures (TCFD),
  - International Financial Reporting Standards S1 & S2, General Requirements for Disclosure of Sustainability, and
  - The proposals from the Canadian Sustainability Standards Board

Where do we go from here?

- **THANKS** is extended to all internal (Civic Service Areas) and external (Boards, Commissions) who contributed to the City's 2023 Financial Report.
- KPMG will present their **AUDIT FINDINGS REPORT.**
- Council to **APPROVE** Consolidated Financial Statements on June 25th, and then the **FINAL** version will be made available to the public in late July.

The Corporation of the City of London

Audit Findings Report
for the year ending December 31, 2023

KPMG LLP

Licensed Public Accountants

Prepared June 7, 2024 for presentation on June 19, 2024.

kpmg.ca/audit

KPMG contacts

Key contacts in connection with this engagement

Katie denBok

Lead Audit Engagement Partner

519-660-2115

kdenbok@kpmg.ca

Melissa Redden

Audit Senior Manager

519-660-2124

mredden@kpmg.com

Bailey Church

PSAS and ARO Resource Partner

613-212-3698

bchurch@kpmg.ca

Table of contents

The purpose of this report is to assist you, as a member of the Audit Committee, in your review of the results of our audit of the consolidated financial statements as at and for the period ended December 31, 2023. This report builds on the Audit Plan we presented to the Audit Committee. This report is intended solely for the information and use of Management, the Audit Committee, and the City Council and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Audit highlights

No matters to report — Matters to report

Status

We have completed the audit of the consolidated financial statements ("financial statements"), with the exception of certain remaining outstanding procedures, which are highlighted on the 'Status' slide of this report.

Significant changes

Significant changes since our audit plan

Risks and results

Significant risks

- Risk of management override of controls
- Implementation of PS 3280 – Asset Retirement Obligations

Other risks of material misstatement

- Implementation of PS 3450 – Financial Instruments
- Payroll and Employee future benefits
- Accounts payable and accrued liabilities
- Tangible capital assets
- Taxation, user charges and transfer payments revenue
- Gross long-term liabilities and debt recoverable from local municipalities

Going concern matters

Policies and practices & Specific topics

Significant unusual transactions

Accounting policies and practices

Other financial reporting matters

Specific topics

Uncorrected misstatements

Uncorrected misstatements

- See page 18 and Appendix C for the management representation letter.

Corrected misstatements

Corrected misstatements

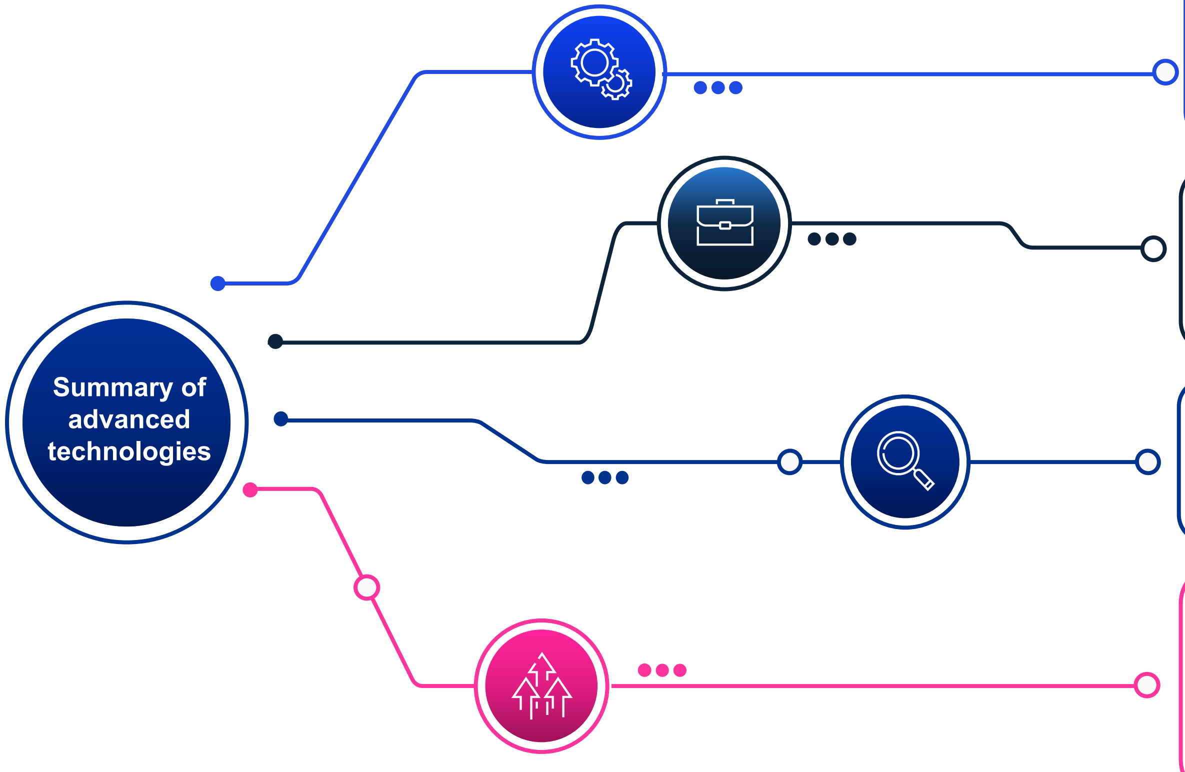
- See page 20 and Appendix C for the management representation letter.

Control deficiencies

Significant deficiencies

Technology highlights

As previously communicated in our audit planning report, we have utilized technology to enhance the quality and effectiveness of the audit.



KPMG Clara Workflow (KCw)

A modern, intuitively written, highly applicable audit methodology that allows us to deliver globally consistent engagements. The tool allows us to identify and respond to relevant risks, document our audit procedures, conclusions, and reporting.

DataSnipper

An Excel based audit tool, which allows to extract, search, document and review PDF documents. The tool also provides automated document matching features allowing matching of Excel data with underlying source documents.

KPMG Clara for Clients (KCfc)

Allows the client team to see the real-time status of the engagement and who from our KPMG team is leading on a deliverable.

Monetary Unit Sampling

Sampling tool embedded in our KCw application used by the engagement team to calculate the most efficient sample sizes based on the specific risk considerations of an account and assertion, select and extract items from a population, and evaluate our results after audit procedures have been performed over selected items.

KPMG's software audit tools are intended to be used as internal enablement tools in conjunction with the performance of audit services. Information resulting from use of software audit tools may not be used as a basis for management's conclusions as to the fairness of presentation of its financial statements or form a part of the internal control.

Status

As of June 7, 2024, we have completed the audit of the consolidated financial statements, with the exception of certain remaining procedures, which include:

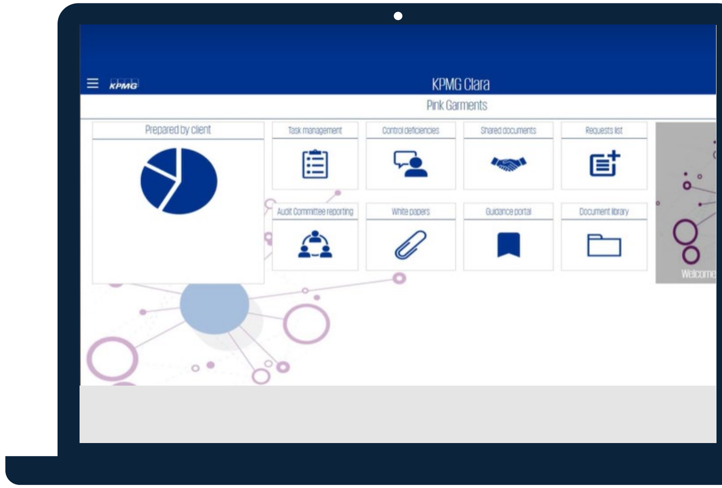
- Receipt of supporting documentation and/or performance of audit procedures over the following:
  - Investments
  - Operating and grant revenue
  - Deferred revenue
  - WSIB estimate data
  - Legal accruals
- Response and review of legal letters from external law firms;
- Obtaining internal and external legal letter updates to the date of financial statement approval;
- Completion of audit procedures over Management's consolidation workbook;
- Tie-out of the consolidated financial statements, including note disclosures;
- Review of the financial report;
- Final manager and partner review;
- Completion of final quality control review;
- Completing our discussions with the Audit Committee;
- Completing subsequent events procedures, up to the date of approval of the financial statements;
- Receipt of the signed management representation letter; and
- Obtaining evidence of City Council's approval of the consolidated financial statements.

We will update the Audit Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

Our auditor's report, a draft of which is provided in Appendix: Draft Auditor's Report, will be dated upon the completion of <u>any</u> remaining procedures.

Our auditor's report has been modified from the standard report because of the change in standards – refer to Emphasis of Matter and Other Matter paragraphs within the draft auditor's report.

KPMG Clara for Clients (KCfc)



Real-time collaboration and transparency

We leveraged **KCfc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

Significant risks and results

We highlight our significant findings in respect of **significant risk.**

Risk of material misstatement due to fraud resulting from management override of controls

RISK OF FRAUD

Significant risk	Estimate?
The risk of material misstatement due to fraud resulting from management override of controls is a presumed risk for all entities under Canadian Auditing Standards ("CAS"). We have not identified any specific areas which highlight this risk over the course of our audit.	No

Our response

- The risk resides with management's ability to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- As this risk is non-rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. KPMG performed procedures as noted in our audit planning report, including testing of journal entries and other adjustments, performed a retrospective review of estimates and evaluated the business rationale of significant unusual transactions.

Significant findings

No significant findings were noted during our testing.

Significant risks and results

We highlight our significant findings in respect of **significant risk.**

Implementation of PS 3280 – Asset Retirement Obligations

RISK OF
ERROR

Significant risk	Estimate?
Asset retirement obligation is $107.4 for 2023, which consists of $52.9 million relating to landfill liabilities – there is a risk that an ARO is not identified and/or accurately recorded or that the related liability is not accurately recorded on initial recognition or the wrong measurement basis is applied.	Yes

Our response

Our primary procedures included:

- Obtaining an understanding of the approach taken by Management to identify and measure in-scope ARO, including:
  - Management specialists consulted
  - List of agreements and other significant documents reviewed to identify potential ARO
- Evaluating the design and implementation of controls surrounding the implementation of the new standard, including the process of identifying assets that may contain an ARO.
- Obtaining and performing substantive testing to ensure the list of tangible capital assets used for the estimate is complete.
- Obtaining an understanding of the data sources used to measure in-scope ARO, including significant measurement assumptions and decisions, as well as the rationale and significant judgments applied.
- Performed substantive testing over a selection of in-scope ARO and evaluated the reasonability of data and assumptions used on initial implementation. Assessed and performed substantive testing over any significant changes during the year.
- Obtained an understanding of transitional provisions applied upon initial implementation and inspected the entries made by Management.
- Reviewed financial statement note disclosure in accordance with PSAS.

Significant risks and results

We highlight our significant findings in respect of **significant risk.**

Implementation of PS 3280 – Asset Retirement Obligations (continued)

RISK OF ERROR

Significant findings

- The City has chosen not to discount or use the present value technique for measurement of the ARO liability for asbestos and underground tank removals. This was decided as the timeline for the retirement activities is not well defined and discounting would add an additional layer of substantial uncertainty. KPMG notes that while PS 3280 does not require the present value technique for measurement, it does suggest that it is often the best available technique. We understand the City's position for not discounting the obligation as there is uncertainty as to the timing of remediation. This position is consistent with our understanding of what many other municipalities are doing as well.
- With respect to the landfill and leasehold improvement ARO liabilities, the City has chosen to discount and use the present value technique for measurement. The discount rate used was 3.50%, which is consistent with the City's other estimates requiring discounting.
- For the landfill liability, prior to the implementation of PS 3280, this was calculated based on the usage percentage for actual waste received. With the standard implementation, the City is required to record the liability at 100% usage. This has resulted in an increase to the 2022 landfill liability amount of $4.2 million.
- For asbestos-containing buildings, the City assessed buildings based on whether they were considered complex or non-complex. Complex buildings were those considered to have multiple components with varying life expectancies. The ARO cost for these buildings was calculated based on the average cost per square foot of the City's most recent buildings that have been either demolished or fully abated of asbestos since 2011. Through our testing of these buildings, KPMG determined that the abatement costs for two of the five buildings making up the average cost per square foot were incorrect. As a result, the City's ARO was overstated by $1.8 million. Management has made the decision to correct this through fiscal 2022. Please refer to the management representation letter which shows the corrected misstatement within Appendix.
- Finally, the City has appropriately reduced the ARO balances in the year by remediation that has occurred during fiscal 2023.
- No other issues were noted during the performance of the procedures noted above. Financial statements have been reviewed for appropriate disclosures relating to the adoption of the new accounting policy.
- In subsequent periods, continued effective communication between facilities management and finance will be important to ensure that all remediated obligations are removed, costs updated, or new obligations identified.

Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.

Implementation of PS 3450 – Financial Instruments

Other risk of material misstatement	Estimate?
The risk of material misstatement linked to financial instruments is, in our view, primarily linked to: Application of new financial instrument standard (and related standards as disclosed in the notes) and its presentation in the financial statements. This standard was applied on a prospective basis.	No

Our response

Our primary procedures consisted of the following:

- Obtaining an understanding of the process undertaken by the City to identify all financial assets and liabilities and assessed in accordance with PS 3450.
- Obtaining an understanding of the key changes to the policies and records of the City as a result of the new standard.
- With respect to investments, we have:
  - Obtained management's records and reconciliations of amounts included in the financial statements.
  - Obtained confirmations from the City's custodians for assets held confirming both number of units held and values associated with each investment.
  - Used our proprietary iRadar technology to develop an independent expectation of fair values.
  - Obtained the System of Control Report (SOC) of management's custodian and evaluating the custodian's control environment, where necessary.
  - Performed testing over significant investment additions during the year.
- Reviewed financial statement presentation and note disclosure in accordance with PSAS.

Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.

Implementation of PS 3450 – Financial Instruments (continued)

Significant findings

- The City completed their assessment of their financial instruments and elected to record investments, excluding GICs, at fair value instead of cost. No other significant changes were required for any of the remaining financial instruments identified.
- A new statement, the Statement of Remeasurement Gains and Losses, has been included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments are presented in this statement. Realized gains and losses continue to be presented in the statement of operations.
- The measurement provisions of the standard have been applied on a prospective basis. The decrease to the 2022 investment values of $38.4 upon transition has been recorded through the statement of remeasurement gains and losses within the accumulated remeasurement gains and losses component at the beginning of fiscal 2023.
- No other issues were noted during the performance of the procedures noted above up to the date of this report. Certain procedures relating to valuation of investments are still ongoing. Financial statements have been reviewed for appropriate disclosures relating to the adoption of the new accounting policy, as well as the new statement of remeasurement gains and losses.

Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.

Payroll and Employee Future Benefits

Other risk of material misstatement	Estimate?
The Corporation provides defined retirement and other future benefits for some groups of its retirees and employees. As at December 31, 2023, the Corporation had a liability for employee future benefits of $219.7 million (2022 - $206.5 million).	Yes, there is estimation uncertainty due to assumptions and estimates used by the actuary in calculating the liability for the City's post-retirement non-pension benefits and WSIB.

Our response

- The balance of employee future benefits is comprised of the following:
  - Post-employment and post-retirement benefits of $113.3 million (2022 - $110.7 million) - includes health, dental, life insurance and long-term disability, which are provided to retirees until they reach 65 years;
  - WSIB accrual of $80.9 million (2022 - $70.0 million) – as a Schedule 2 Employer, the Corporation must finance its own costs related to WSIB;
  - Vacation liability of $25.2 million (2022 - $24.9 million) – relates to vacation credits earned but not taken by employees as at December 31; and
  - Unused sick leave liability of $0.3 million (2022 - $0.9 million) – represents the liability for accumulated vested sick days that can be taken in cash by an employee on termination or retirement.
- The calculation of employee benefits payable requires Management to make certain estimates, including estimates of discount rate, salary escalation, retirement age, expected health care and dental costs, and estimated claim costs. The liability for the post-employment and post-retirement benefits is determined through an actuarial valuation which was prepared by Mercer as of December 31, 2021. We performed attribute testing over the underlying data used by Mercer to prepare the valuation in a prior year.
- The liability for workplace safety and insurance costs is determined through an actuarial valuation which was prepared by Mercer as of December 31, 2023. We performed attribute testing over the underlying data used by Mercer to prepare the valuation. Vacation and unused sick leave liabilities are accrued in the consolidated financial statements when they are earned by employees.
- KPMG performed the procedures as indicated in our audit planning report.

Significant findings

No significant findings were noted during our testing.

Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.

Accounts Payable and Accrued Liabilities

Other risk of material misstatement

This represents a significant account balance for the Corporation and includes contingent liabilities.

PSAS 3300 *Contingent Liabilities* requires that the City recognize a liability when “it is likely that a future event will confirm that a liability has been incurred at the date of the financial statements; and the amount can be reasonably estimated.”

At any point in time, the City is subject to a number of matters which could potentially result in the determination of a contingent liability as defined above, including, but not limited to matters such as legal claims, etc.

Estimate?

Estimation uncertainty exists related to the likelihood and/or measurement of the liabilities.

However, this estimation uncertainty does not result in a risk of material misstatement.

Our response

- Management accrues estimates for liabilities that have been incurred at year end, but not yet paid, within accounts payable and accrued liabilities in the consolidated financial statements.
- With respect to accrued legal liabilities, we have:
  - Discussed with Management the nature and rationale for the accrual;
  - Reviewed Management’s assessment of the likelihood of incurring the liability for each claim, range of possible outcomes, and the amount in the range that has been accrued in the consolidated financial statements;
  - Compared the current period accruals to the amounts accrued at the prior year end for significant fluctuations;
  - Reviewed the Corporation’s in-house legal letter for any potentially unrecorded accruals at year end;
  - Reviewed legal letters obtained from external legal counsel to ensure all claims have been accrued at year end and that likelihood of outcome for each claim as reported by external counsel is consistent with Management’s assessment; and
  - Where possible, reviewed subsequent payments to determine whether the liability at year end is reasonably stated.

Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.

Accounts Payable and Accrued Liabilities (continued)

Our response (continued)

- We have performed procedures over the general liabilities as outlined within our audit planning report that was presented to you.

Significant findings

No significant findings were noted during our testing performed up to the date of this report. As at the date of this report, certain procedures over legal accruals are in progress.

Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.

Tangible Capital Assets

Other risk of material misstatement	Estimate?
The Corporation has a large balance of tangible capital assets and is continually spending on capital projects. There is judgement involved in determining the useful lives of capital assets and when the amortization period should begin.	Estimation uncertainty exists related to the useful lives of the assets.

Our response

- KPMG performed the procedures as indicated in our audit planning report.

Significant findings

- There have been no changes to the amortization rates used in the prior year. This is reasonable given the nature of assets and their useful lives.
- Through our testing we noted the following misstatements:
    - During our testing over WIP, we identified $1.7 million being recorded to non-TCA that was actually capital in nature and should have been capitalized. Management has corrected this misstatement within the financial statements.
    - Through our recalculation of amortization, an asset that had not previously been recorded but which was acquired prior to 2023 was noted. Through discussion with management, this asset was identified during the ARO process and was recorded at that time. We noted that accumulated amortization was not being reflected appropriately. Therefore, a misstatement was proposed and corrected by management.
    - For both misstatements above, refer to the management representation letter at Appendix C where these corrected misstatements have been summarized.

Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.

Taxation, user charges and transfer payments revenue

Other risk of material misstatement	Estimate?
For the year ended December 31, 2023, these revenue streams amounted to more than $1.5 billion for the Corporation (2022 - $1.4 billion). Net municipal taxation accounted for $762.6 million (2022 - $728.8 million), user charges represented $341.9 million (2022 - $318.7 million) and transfer payments were a total of $402.4 million (2022 - $351.2 million).	No

Our response

- KPMG performed the procedures as indicated in our audit planning report.

Significant findings

No significant findings were noted during our testing performed up to the date of this report. As at the date of this report, certain procedures over revenue are in progress.

Other risks of material misstatement and results

We highlight our significant findings in respect of **other risks of material misstatement**.

Gross long-term liabilities and debt recoverable from local municipalities

Other risk of material misstatement	Estimate?
Individual debt issuances at the Corporation have historically been for significant amounts. The total debt balance for the year ended December 31 was $199.0 million (2021 - $218.4 million). $21.5 million was obtained through a public debenture issuance during the fiscal year at an average cost of 3.881% over a 10 year term. An additional $2.1 million in debentures was issued to the Canada Mortgage and Housing Corporation at 3.01% over a 10 year term.	No

Our response

KPMG performed the procedures as indicated in our audit planning report. We did not select a sample of long-term liability additions or repayments for testing as we did not consider there to be a risk over the account. Testing was focused on long-term debt and its repayments.

Significant findings

No significant findings were noted during our testing performed up to the date of this report.

Uncorrected misstatements

Uncorrected misstatements include financial presentation and disclosure omissions.

Impact of uncorrected misstatements – Not material to the financial statements

- The management representation letter includes the Summary of Uncorrected Misstatements, which discloses the impact of all uncorrected misstatements considered to be other than clearly trivial
  - This includes the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole
- Based on both qualitative and quantitative considerations, management have decided not to correct certain misstatements and represented to us that the misstatements —individually and in the aggregate—are, in their judgment, not material to the financial statements. This management representation is included in the management representation letter.
- We concur with management's representation that the uncorrected misstatements are not material to the financial statements. Accordingly, the uncorrected misstatements have no effect on our auditor's report.

Below is a summary of the impact of the uncorrected misstatement:

Annual surplus	(in $'000s)
As currently presented	$279,462
Uncorrected misstatements	($2,282)
As a % of the balance	(0.8%)

Individually significant uncorrected misstatements

Uncorrected misstatements greater than $1,100,000 individually:

Presented in thousands	Income effect	Financial position		
Description of individually significant misstatements	**(Decrease) Increase**	**Assets (Decrease) Increase**	**Liabilities (Decrease) Increase**	**Equity (Decrease) Increase**
Overstatement to income from recording the net book value of the South London Community Pool through fiscal 2023 as opposed to on implementation of the tangible capital asset standard.	(2,282)	-	-	-
Total misstatements **(see Management Representation Letter)**	**(2,282)**	**-**	**-**	**-**

Corrected misstatements

Corrected misstatements include financial presentation and disclosure misstatements.

Impact of corrected misstatements

- Discuss the effect on the financial reporting process
  - Discussion about the cause of the corrected misstatements (e.g. control deficiencies)
  - Discussion about that the matters underlying the corrected misstatements (e.g. control deficiencies) could potentially cause future-period financial statements to be materially misstated.
- Refer to management's representation letter under Appendix C where the corrected misstatements are summarized.

Control deficiencies

Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.

Accounting policies and practices

Initial selection

The following new significant accounting policies and practices were selected and applied during the period.

- PS 3280, *Asset Retirement Obligations (ARO)*, became effective for the Corporation's fiscal 2023 year end. The new standard is a complex accounting standard which requires the application of professional judgement and have resulted in significant changes to the Corporation's financial statements. The asset retirement obligations ("ARO") standard has resulted in the Corporation recording a liability related to future costs of any legal obligations to be incurred upon retirement of any controlled tangible capital assets ("TCA"). The amount of the initial liability has been added to the historical cost of the asset and amortized over its useful life if the asset is in productive use.
- PS 3450, *Financial instruments*, PS 2601, *Foreign currency translation*, PS 1201, *Financial statement presentation* and PS 3041 *Portfolio investments* became effective for this year end. Equity instruments quoted in an active market and free-standing derivatives are now carried at fair value. All other financial instruments can be carried at cost or fair value depending on the entity's choice. This choice must be made on initial recognition of the financial instrument and is irrevocable. A new statement, the Statement of Remeasurement Gains and Losses, has been included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments are presented in this statement.

Revised

Changes to significant accounting policies and practices and the impact on the financial statements are disclosed in Note 1 to the financial statements. Note 2 to the financial statements includes additional information relating to the transitional adjustments. Notes 5, Portfolio Investments, and 26, Financial instruments and risk management, have also been updated for impacts due to PS 3450.

Significant qualitative aspects

The adoption of the Asset Retirement Obligations Standard required management to calculate the value of the obligation as of the date of transition.

The adoption of the Financial Instruments Standard required management to determine the value of each financial instrument, based on the required or deemed recognition approach (i.e. fair value or amortized cost) as of the date of transition.

For application of both Standards, the Corporation used internal knowledge and expertise.

Other financial reporting matters

We also highlight the following:

Financial statement presentation - form, arrangement, and content	The presentation and disclosure in the financial statements is in accordance with the required standards as disclosed in the notes to the financial statements.
Concerns regarding application of new accounting pronouncements	No matters to report.
Significant qualitative aspects of financial statement presentation and disclosure	No matters to report.

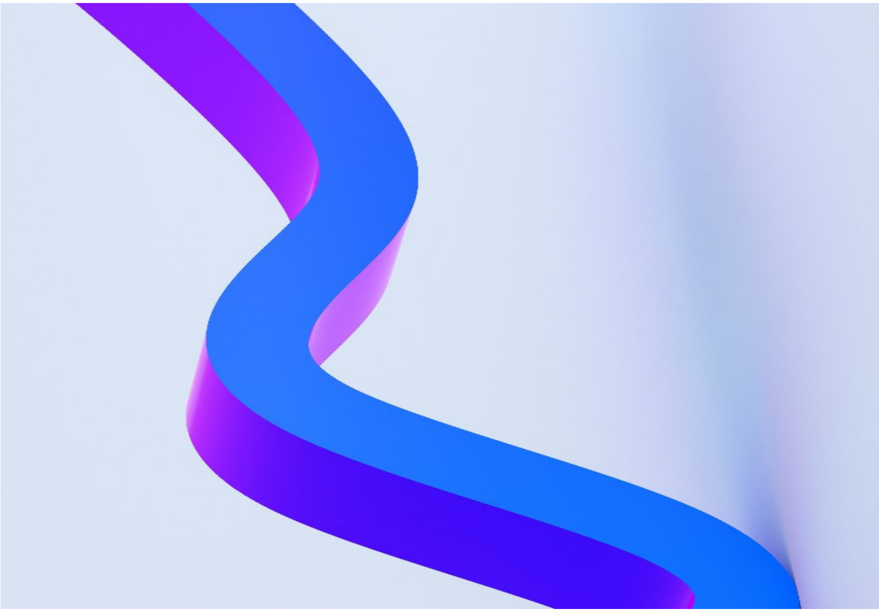
Independence

As a firm, we are committed to being and being seen to be independent. We have strict rules and protocols to maintain our independence that meet or exceed those of the IESBA Code[1] and CPA Code. The following are the actions or safeguards applied to reduce or eliminate threats to an acceptable level:

- Dedicated ethics & independence partners
- Process for reporting breaches of professional standards and policy, and documented disciplinary policy
- Ethics, independence and integrity training for all staff
- International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest
- Operating polices, procedures and guidance contained in our quality & risk management manual
- Mandated procedures for evaluating independence of prospective audit clients
- Restricted investments and relationships
- Annual ethics and independence confirmation for staff

Statement of compliance

We confirm that, as of the date of this communication, **we are independent** of the City in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.



1 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)

Appendices

A Draft auditor's report

B Other required communications

C Management representation letter

D Audit quality

E New accounting standards

F New auditing standards

G Insights

H Environmental, social and governance (ESG)

I Technology

Appendix A: Draft auditor's report

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the City of London

Opinion

We have audited the consolidated financial statements of the Corporation of the City of London (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023, and its consolidated results of operations, its remeasurement gains and losses, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditor's Responsibilities for the Audit of the Financial Statements**" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Prospective Change in Accounting Policy

We draw attention to Note 2 to the financial statements which indicates that the Entity has changed its accounting policy for financial instruments and has applied that change prospectively.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Comparative Information

We draw attention to Note 2 to the financial statements, which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditors' report thereon, included in the "Financial Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the "Financial Report" as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

[Date]

Appendix B: Other required communications

Engagement terms

A copy of the engagement letter and any subsequent amendments has been provided to the Audit Committee.

CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- CPAB Audit Quality Insights Report: 2021 Annual Inspections Results
- CPAB Audit Quality Insights Report: 2022 Interim Inspections Results
- CPAB Audit Quality Insights Report: 2022 Annual Inspections Results
- CPAB Audit Quality Insights Report: 2023 Interim Inspections Results

Appendix C: Management representation letter

(Letterhead of Client)

KPMG LLP
1400-140 Fullarton Street
London, Ontario
N6A 5P2

[Date]

To whom it may concern:

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of The Corporation of the City of London ("the Entity") as at and for the period ended December 31, 2023.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated January 1, 2023, including for:

   a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.

   b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:

      — the names of all related parties and information regarding all relationships and transactions with related parties;

      — the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.

   c) providing you with unrestricted access to such relevant information.

d) providing you with complete responses to all enquiries made by you during the engagement.

e) providing you with additional information that you may request from us for the purpose of the engagement.

f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.

g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.

h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.

i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

3) We have disclosed to you:

   a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

   b) all information in relation to fraud or suspected fraud that we are aware of that involves:

      — management;

      — employees who have significant roles in internal control over financial reporting; or

      — others

      where such fraud or suspected fraud could have a material effect on the financial statements.

   c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.

   d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.

e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment or disclosure in the financial statements have been adjusted or disclosed.

Related parties:

5) We have disclosed to you the identity of the Entity's related parties.

6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.

7) All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.

Estimates:

8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Going concern:

9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.

10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Comparative information:

11) In respect of the **restatement** related to the Asset Retirement Obligation in the comparative information, we reaffirm that the written representations we previously provided to you, in respect of the prior period financial statements presented as comparative information, remain appropriate.

Misstatements:

12) The effects of the uncorrected misstatements described in **Attachment II** are immaterial, both individually and in the aggregate, to the financial statements as a whole.

13) We approve the corrected misstatements identified by you during the audit described in **Attachment II**.

Other information:

14) We confirm that the final version of Annual Financial Report 2023 will be provided to you when available, and prior to issuance by the City, to enable you to complete your audit procedures in accordance with professional standards.

Non-SEC registrants or non-reporting issuers:

15) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).

16) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Commitments & Contingencies:

17) There are no:

    i) Other liabilities that are required to be recognized and no other contingent assets or contingent liabilities that are required to be disclosed in the financial statements in accordance with the relevant financial reporting framework, including liabilities or contingent liabilities arising from illegal acts or possible illegal acts, or possible violations of human rights legislation

    ii) Other environmental matters that may have an impact on the financial statements

Accounting Policies:

18) The accounting policies selected and applied are appropriate in the circumstances.

19) There have been no changes in, or newly adopted, accounting policies that have not been disclosed to you and appropriately reflected in the financial statements.

Environmental Matters:

20) The Entity has appropriately recognized, measured and disclosed environmental matters in the financial statements.

Estimates / Measurement Uncertainty:

21) We are responsible for making any fair value measurements and disclosures included in the financial statements.

22) For recorded or disclosed amounts that incorporate fair value measurements:

    a) the measurement methods are appropriate and consistently applied.

    b) the significant assumptions used in determining fair value measurements represent our best estimates, are reasonable, are adequately supported and have been consistently applied.

    c) the resulting valuations are reasonable.

    d) presentation and disclosure is complete and appropriate and in accordance with the relevant financial reporting framework.

Assets & Liabilities – General:

23) We have no knowledge of material unrecorded assets or liabilities or contingent assets or liabilities (such as claims related to patent infringements, unfulfilled contracts, etc., whose values depend on fulfillment of conditions regarded as uncertain or receivables sold or discounted, endorsements or guarantees, additional taxes for prior years, repurchase agreements, sales subject to renegotiation or price re-determination, etc.) that have not been disclosed to you.

24) We have no knowledge of shortages that have been discovered and not disclosed to you (such as shortages in inventory, cash, negotiable instruments, etc.).

25) We have no knowledge of arrangements with financial institutions involving restrictions on cash balances and lines of credit or similar arrangements and not disclosed to you.

26) We have no knowledge of agreements to repurchase assets previously sold, including sales with recourse, that have not been disclosed to you.

27) We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.

Receivables:

28) Receivables reported in the financial statements represent valid claims against customers and other debtors for sales or other charges arising on or before the balance sheet date, and do not include amounts relating to goods shipped on consignment or approval. Receivables have been appropriately reduced to their net realizable value.

Long-Lived Assets:

29) The Entity has appropriately grouped long-lived assets together for purposes of assessing impairment.

30) We have reviewed long-lived assets, including amortizable intangible assets, to be held and used, for impairment, whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable.

Provisions:

31) Provision, when material, has been made for:

    a) losses to be sustained in the fulfillment of, or inability to fulfill, any sales commitments.

    b) losses to be sustained as a result of purchase commitments for inventory or other assets at quantities in excess of normal requirements or at prices in excess of prevailing market prices.

    c) losses to be sustained as a result of the reduction of excess, damaged, unusable or obsolete inventories to their estimated net realizable value.

    d) losses to be sustained as a result of other-than-temporary declines in the fair value of investments.

e) losses to be sustained from impairment of property, plant and equipment, including amortizable intangible assets.

f) losses to be sustained from impairment of goodwill and/or non-amortizable assets.

Revenues:

32) All sales transactions entered into by the Entity are final and there are no side agreements (contractual or otherwise) with customers, or other terms in effect, which allow for the return of merchandise, except for defectiveness or other conditions covered by the usual and customary warranties.

Financial Instruments, Off-Balance-Sheet Activities, Hedging and Guarantees:

33) Guarantees, whether written or oral, under which the Entity is contingently liable, including guarantee contracts and indemnification agreements, have been recorded in accordance with the relevant financial reporting framework.

34) Off-balance sheet activities, including accounting policies related to non-consolidation of certain entities and revenue recognition, have been recorded and disclosed in the financial statements. Specifically, for those off-balance sheet activities in which the Entity is a transferor of financial assets, the off-balance sheet vehicle is either a qualifying special purpose entity as defined in the relevant financial reporting framework, or the Entity is not the primary beneficiary pursuant to the relevant financial reporting framework. For those off-balance sheet activities in which the Entity is a sponsor, administrator or lessee, the off-balance sheet vehicle is not controlled by the Entity for accounting purposes because the Entity is not the primary beneficiary pursuant to the relevant financial reporting framework.

35) The following information about financial instruments has been properly disclosed in the financial statements:

   a) extent, nature, and terms of financial instruments, both recognized and unrecognized;

   b) the amount of credit risk of financial instruments, both recognized and unrecognized, and information about the collateral supporting such financial instruments; and

   c) significant concentrations of credit risk arising from all financial instruments, both recognized and unrecognized, and information about the collateral supporting such financial instruments.

Employee Future Benefits:

36) The employee future benefits costs, assets and obligation, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.

37) There are no arrangements (contractual or otherwise) by which programs have been established to provide employee future benefits.

38) All arrangements (contractual or otherwise) by which programs have been established to provide employee benefits have been disclosed to you and included in the determination of pension costs and obligations.

39) The set of actuarial assumptions for each plan is individually consistent.

40) The discount rate used to determine the accrued benefit obligation for each plan was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments; or inherent in the amount at which the accrued benefit obligation could be settled.

41) The assumptions included in the actuarial valuation are those that management instructed Mercer to use in computing amounts to be used by us in determining pension costs and obligations and in making required disclosures in the above-named financial statements, in accordance with the relevant financial reporting framework.

42) In arriving at these assumptions, management has obtained the advice of Mercer, but has retained the final responsibility for them.

43) The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.

44) All changes to plan provisions or events occurring subsequent to the date of the actuarial valuation and up to the date of this letter have been considered in the determination of pension costs and obligations and as such have been communicated to you as well as to the actuary.

45) The extrapolations are accurate and properly reflect the effects of changes and events that occurred subsequent to the most recent valuation and that had a material effect on the extrapolation.

46) All material events and changes to the plan subsequent to the most recent actuarial valuation have been properly reflected in the extrapolation.

Management's Use of Specialists:

47) We agree with the findings of the various Facilities Personnel as management's expert in preparing the estimate for the asset retirement obligation liability, including the estimate for the landfill closure and post-closure liability. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

48) We agree with the findings of the various Investment Custodians as management's expert in preparing the year-end values for investments. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

49) We agree with the findings of C.D. Watters Engineering Ltd. as management's expert in preparing the estimate for standard unit rates for assumed assets. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

50) We agree with the findings of Barry Card, City Solicitor; Tara Pollitt, Deputy City Manager, Legal Services and City Solicitor; Jason Wills, Risk Manager; and Patty Malone, Senior Director, London Police Services Legal Service, as management's expert in preparing the estimate for the legal liability. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Approval of financial statements:

51) Ian Collins has the recognized authority to take, and has taken, responsibility for the financial statements.

Yours very truly,

____

Mr. Ian Collins, Director, Financial Services

____

Ms. Anna Lisa Barbon, Deputy City Manager, Finance Supports

I have recognized authority to take and assert that I have taken responsibility for the financial statements.

cc: Audit Committee

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Information is obscured if it is communicated in a way that would have a similar effect for users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;

b) information regarding a material item, transaction or other event is scattered throughout the financial statements;

c) dissimilar items, transactions or other events are inappropriately aggregated;

d) similar items, transactions or other events are inappropriately disaggregated; and

e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.]

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II – Summary of Audit Misstatements Schedule(s)

Uncorrected misstatements F2023:

	Annual surplus effect	Financial position		
Description	**(Decrease) Increase**	**Assets (Decrease) Increase**	**Liabilities (Decrease) Increase**	**Accumulated surplus (Decrease) Increase**
Overstatement to income from recording the net book value of the South London Community Pool through fiscal 2023 as opposed to on implementation of the tangible capital asset standard.	(2,281,974)	-	-	-
Total uncorrected misstatements	**(2,281,974)**	**-**	**-**	**-**

Corrected misstatements F2023:

	Annual surplus effect	Financial position		
Description	**(Decrease) Increase**	**Assets (Decrease) Increase**	**Liabilities (Decrease) Increase**	**Accumulated surplus (Decrease) Increase**
To move capital costs recorded as non-TCA to TCA.	1,700,000	1,700,000	-	1,700,000
To adjust the overstatement of net book value for the South London Community Pool.	(3,062,489)	(3,062,489)	-	(3,062,489)
To reclassify high-interest savings interest from accrued receivables to cash.	-	3,039,601 (3,039,601)	-	-
Total corrected misstatements	**(1,362,489)**	**(1,362,489)**	**-**	**(1,362,489)**

Uncorrected misstatements F2022 (Revised):

	Annual surplus effect	Financial position		
Description	**(Decrease) Increase**	**Assets (Decrease) Increase**	**Liabilities (Decrease) Increase**	**Accumulated surplus (Decrease) Increase**
Overstatement of expenses as a result of vacation liability adjustment for Fire and Police agencies made in 2022 relating to prior periods.	4,743,567	-	-	-
Overstatement of childcare revenue in relation to the Canada-Wide Early Learning Childcare program	821,841 (821,841)	1,016,644	1,016,644	-
Reclassification of tax appeals pending from the tax allowance account to the tax appeals payable account.	-	7,868,000	7,868,000	-
To record the net book value and depreciation for the South London Community Pool.	(133,520)	2,281,974	-	2,415,494 (133,520)
Total uncorrected misstatements	**4,610,047**	**11,166,618**	**8,884,644**	**2,281,974**

Corrected misstatements F2022 (Revised):

	Annual surplus effect	**Financial position**		
Description	**(Decrease) Increase**	**Assets (Decrease) Increase**	**Liabilities (Decrease) Increase**	**Accumulated surplus (Decrease) Increase**
Reclassification of payables from deferred revenue to accounts payable and accrued liabilities.	-	-	1,590,402 (1,590,402)	
Adjustment relating to restated balances from new standard implemented in F2023: To record the impact of corrected cost calculations on asbestos ARO, TCA and accumulated surplus.	-	(213,851)	(1,849,983)	1,636,133
Total corrected misstatements	**-**	**(213,851)**	**(1,849,983)**	**1,636,133**

Appendix D: Audit quality - How do we deliver audit quality?

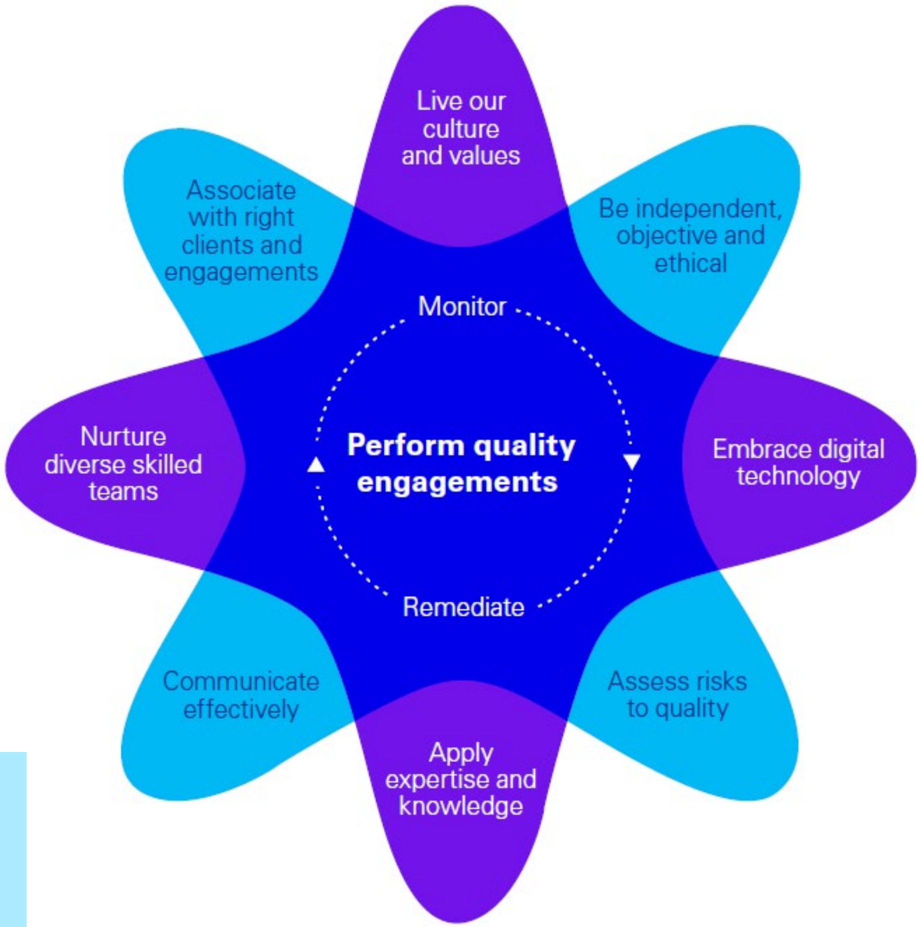
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Our Transparency Report includes our firm's Statement on the Effectiveness of our SoQM.

KPMG 2023 Audit Quality and Transparency Report

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management;** and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics** and **integrity.**



Doing the right thing. Always.

Appendix D: Audit quality - Indicators (AQIs)

The objective of these measures is to provide the Audit Committee and management with more in-depth information about factors that influence audit quality within an audit process. Below you will find the current status of the AQIs that we have agreed with management are relevant for the audit.

Team composition

Experience of the team

- Katie DenBok, Lead Audit Engagement Partner – over 18 years of public auditing, accounting and reporting experience and has been involved with the audit of public sector entities, not-for-profit organizations, and a number of local private companies. Katie has been on the City of London engagement for over 13 years.
- Melissa Redden, Audit Senior Manager – over 13 years of experience in public accounting servicing a broad range of clientele, including public sector entities, not-for-profit organizations, and private enterprises. Melissa has been on the City of London engagement for over 11 years.

Timing of prepared by client (PBC) items

Timeliness of PBC items

- 195 items were requested on our client assistance listing in total – additional sample items were requested as necessary throughout the course of the audit:
- Majority of items were received in a timely manner. Certain items were received later in the audit; however, this was expected based on communications with management throughout the course of the audit.

Technology in the audit

Implementation of Technology in the Audit

- We have expanded the number of technologies implemented in the audit – see page 5.

Engagement hours

Hours spent by level and phase of the audit

- Partner: 7%
- Senior Manager: 17%
- Staff and Seniors: 76%
- *Based on time incurred up to end of day May 26, 2024. Expected that the proportion of partner and senior manager time would increase up to the completion of the audit as final review and reporting occurs.

Nothing to report | Some matters to report | Specific matters to report

Appendix E: Changes in accounting standards

Standard	Summary and implications
Revenue	• The new standard PS 3400 *Revenue* is effective for fiscal years beginning on or after April 1, 2023 *(City's December 31, 2024 year-end).* • The new standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. • The standard notes that in the case of revenue arising from an exchange transaction, a public sector entity must ensure the recognition of revenue aligns with the satisfaction of related performance obligations. • The standard notes that unilateral revenue arises when no performance obligations are present, and recognition occurs when there is authority to record the revenue and an event has happened that gives the public sector entity the right to the revenue.
Purchased Intangibles	• The new Public Sector Guideline 8 *Purchased intangibles* is effective for fiscal years beginning on or after April 1, 2023 with earlier adoption permitted *(City's December 31, 2024 year-end).* • The guideline allows public sector entities to recognize intangibles purchased through an exchange transaction. The definition of an asset, the general recognition criteria and GAAP hierarchy are used to account for purchased intangibles. • Narrow scope amendments were made to PS 1000 *Financial statement concepts* to remove the prohibition to recognize purchased intangibles and to PS 1201 *Financial statement presentation* to remove the requirement to disclose purchased intangibles not recognized. • The guideline can be applied retroactively or prospectively.

Appendix E: Changes in accounting standards (continued)

Standard	Summary and implications
Public Private Partnerships	• The new standard PS 3160 *Public private partnerships* is effective for fiscal years beginning on or after April 1, 2023 *(City's December 31, 2024 year-end).* • The standard includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. • The standard notes that recognition of infrastructure by the public sector entity would occur when it controls the purpose and use of the infrastructure, when it controls access and the price, if any, charged for use, and it controls any significant interest accumulated in the infrastructure when the public private partnership ends. • The public sector entity recognizes a liability when it needs to pay cash or non-cash consideration to the private sector partner for the infrastructure. • The infrastructure would be valued at cost, which represents fair value at the date of recognition with a liability of the same amount if one exists. Cost would be measured in reference to the public private partnership process and agreement, or by discounting the expected cash flows by a discount rate that reflects the time value of money and risks specific to the project. • The standard can be applied retroactively or prospectively.
Concepts Underlying Financial Performance	• The revised conceptual framework is effective for fiscal years beginning on or after April 1, 2026 with earlier adoption permitted. • The framework provides the core concepts and objectives underlying Canadian public sector accounting standards. • The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.

Appendix E: Changes in accounting standards (continued)

Standard	Summary and implications

Financial Statement Presentation	• The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*. PS 1202 *Financial statement presentation* will apply to fiscal years beginning on or after April 1, 2026 to coincide with the adoption of the revised conceptual framework. Early adoption will be permitted.
	• The proposed section includes the following:
	  • Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.
	  • Separating liabilities into financial liabilities and non-financial liabilities.
	  • Restructuring the statement of financial position to present total assets followed by total liabilities.
	  • Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).
	  • Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”.
	  • A new provision whereby an entity can use an amended budget in certain circumstances.
	  • Inclusion of disclosures related to risks and uncertainties that could affect the entity’s financial position.
	• The Public Sector Accounting Board is currently deliberating on feedback received on exposure drafts related to the reporting model.

Appendix E: Changes in accounting standards (continued)

Standard	Summary and implications
Employee benefits	• The Public Sector Accounting Board has initiated a review of sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*. • The intention is to use principles from International Public Sector Accounting Standard 39 *Employee benefits* as a starting point to develop the Canadian standard. • Given the complexity of issues involved and potential implications of any changes that may arise from the review of the existing guidance, the new standards will be implemented in a multi-release strategy. The first standard will provide foundational guidance. Subsequent standards will provide additional guidance on current and emerging issues. • The proposed section PS 3251 *Employee benefits* will replace the current sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*. It will apply to fiscal years beginning on or after April 1, 2026. Early adoption will be permitted and guidance applied retroactively. • This proposed section would result in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position. Organizations would also assess the funding status of their post-employment benefit plans to determine the appropriate rate for discounting post-employment benefit obligations. • The Public Sector Accounting Board is in the process of evaluating comments received from stakeholders on the exposure draft.

Appendix F: Newly effective and upcoming changes to auditing standards

Effective for periods beginning on or after December 15, 2022

ISA/CAS 220

(Revised) Quality management for an audit of financial statements

ISQM1/CSQM1

Quality management for firms that perform audits or reviews of financial statements or other assurance or related services engagements

ISQM2/CSQM2

Engagement quality reviews

Effective for periods beginning on or after December 15, 2023

ISA 600/CAS 600

Revised special considerations – Audits of group financial statements

Appendix G: Insights to enhance your business

We have the unique opportunity as your auditors to perform a deeper dive to better understand your business processes that are relevant to financial reporting.

Lean in Audit

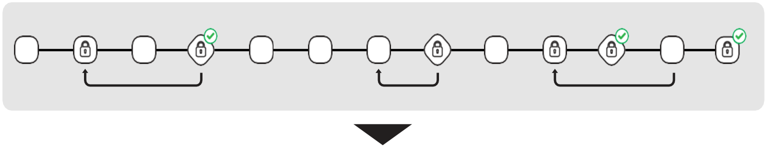
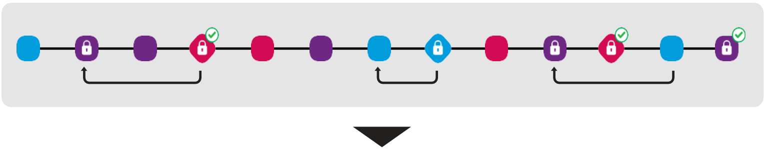
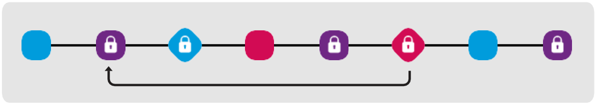
Lean in Audit™ is KPMG's award-winning methodology that offers a new way of looking at processes and engaging people within your finance function and organization through the audit.

By incorporating Lean process analysis techniques into our audit procedures, we can enhance our understanding of your business processes that are relevant to financial reporting and provide you with new and pragmatic insights to improve your processes and controls.

Clients like you have seen immediate benefits such as improved quality, reduced rework, shorter processing times and increased employee engagement.

We look forward to working with you to incorporate this approach in your audit.

How it works

Standard Audit	Typical process and how it's audited	
Lean in Audit™	Applying a Lean lens to perform walkthroughs and improve Audit quality while identifying opportunities to minimize risks and redundant steps	
How Lean in Audit helps improve businesses processes	Make the process more streamlined and efficient for all	

Value: what customers want **(maximize)**

Necessary: required activities **(minimize)**

Redundant: non-essential activities **(remove)**

Process controls

Key controls tested

Appendix G: Audit and assurance insights

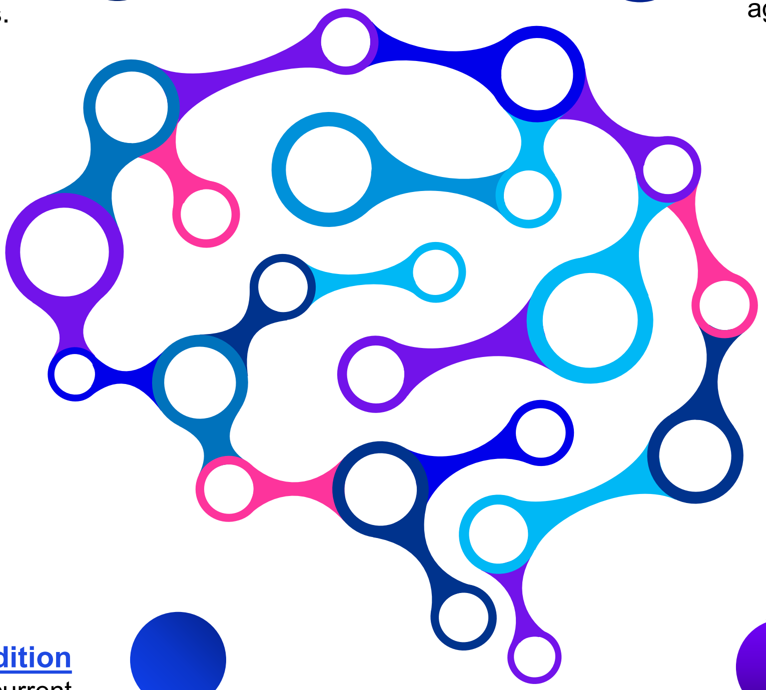
Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights
Curated research and insights for audit committees and boards.

Board Leadership Centre
Leading insights to help board members maximize boardroom opportunities

Current Developments
Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Securities & Auditing Matters and US Outlook reports.

Audit Committee Guide – Canadian Edition
A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.



Accelerate 2023
The key issues driving the audit committee agenda in 2023.

Momentum
A quarterly newsletter with the latest thought-leadership from KPMG's subject matter leaders across Canada and valuable audit resources for clients.

KPMG Climate Change Financial Reporting Resource Centre
Our climate change resource center provides insights to help you identify the potential financial statement impacts to your business.

Government and Public Sector Insights
Navigating the contentious issues disrupting all government and public sector organizations requires the steady hand of a trusted guide.

Appendix H: Climate risk in the financial statements

All entities are facing climate-related risks and opportunities – and are making strategic decisions in response. The impacts of climate-related risks in the financial statements are broad, potentially complex and will depend on industry-specific risks.

How might climate-related risks impact the financial statements?

01 Assets

Consider the useful lives and residual values of PP&E and intangible assets, cash flow projections used for impairment testing of non-financial assets, and the potential impacts on inventories.

02 Liabilities

Consider the recognition of environmental and decommissioning obligations, accounting for emissions or ‘green’ schemes, impact on employee-benefit arrangements, and restructuring provisions.

03 Borrowers

Consider the accounting for different forms of government assistance, potential for embedded derivatives in green bonds, lease of green technology, impacts of leasing polluting assets.

04 Lenders

Consider how climate-related risks impact operating and financing leases, the potential impact on expected credit losses, and whether green loans meet the solely payments of principal and interest (SPPI) criterion.

05 Disclosures

Consider the impact on the going concern assessment and related disclosures and whether the impacts of climate-related matters have been disclosed clearly.

Appendix I: Continuous evolution

Our investment: $5B

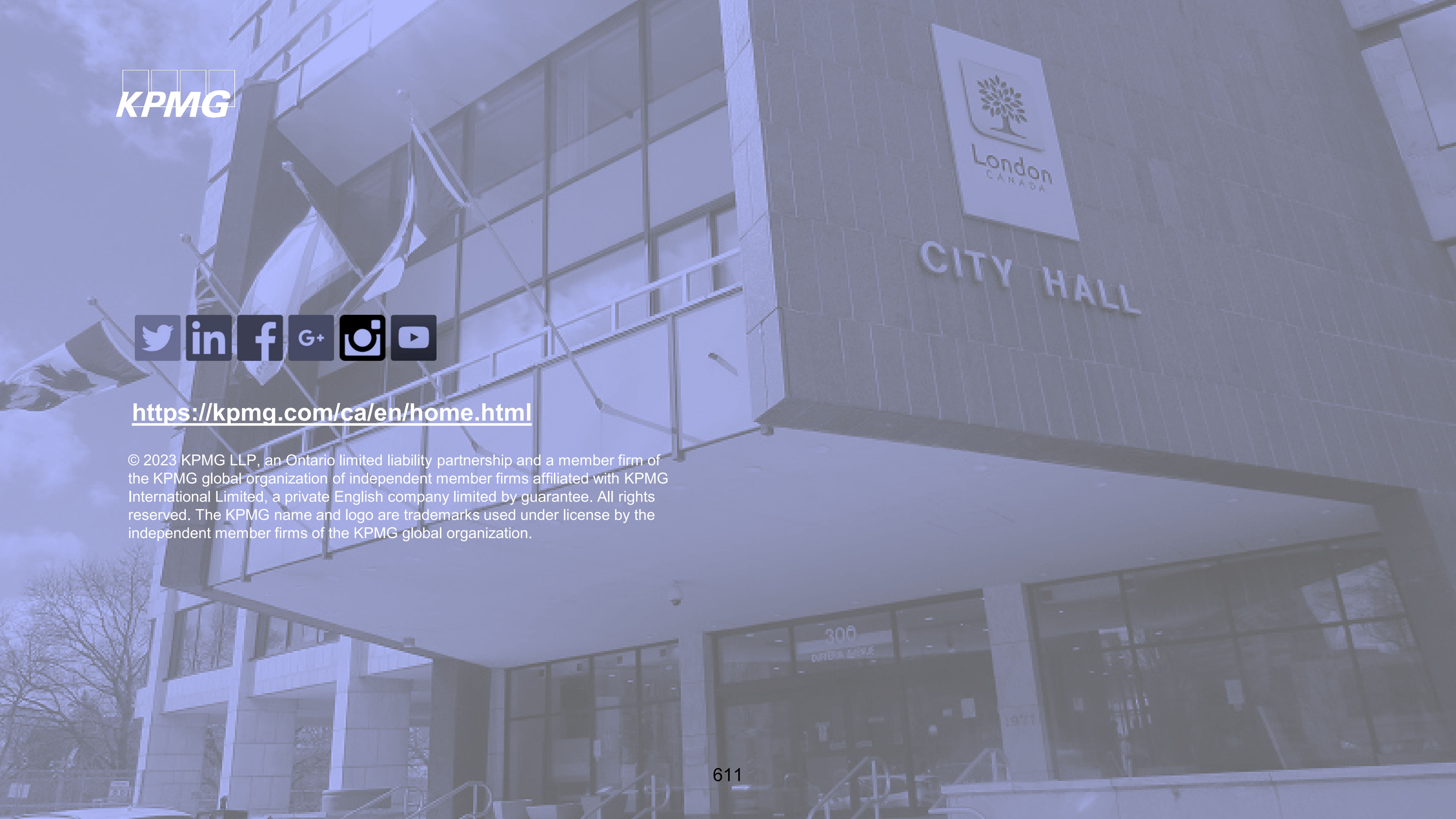
We are in the midst of a five-year investment to develop our people, digital capabilities, and advanced technology.

Responsive delivery model

Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

Result: A better experience

Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.



KPMG

https://kpmg.com/ca/en/home.html

MEMO TO : **City of London – Audit Committee**

FROM : **MNP LLP**

SUBJECT : **Briefing Note From Internal Audit**

DATE : **June 19, 2024**

- MNP is in the reporting phase of the HRIS Readiness Assessment. This assessment looked to determine the preparedness for the implementation of the HRIS, including whether project objectives are being met, desired outcomes are on track to be achieved, the efficacy of project management and identification of lessons learned. This audit report will be presented at the next Audit Committee meeting scheduled for September 18, 2024.

- MNP is in the reporting phase of the Accessibility Review. The objective of this targeted review was to assess the City's compliance with the Accessibility for Ontarians with Disabilities Act (AODA), and the standards defined in the Integrated Accessibility Standards Regulation (IASR) in order to provide an overview of gaps in compliance, the associated risks with non-compliance, and recommendations for improvement. This audit report will be presented at the next Audit Committee meeting scheduled for September 18, 2024.

- MNP is in the final planning/ early execution phase of the Municipal Affordable Housing Development Value for Money audit. Given a critical component of new developments are projects that are directly sponsored by the City, and there is a plan to intensify and reuse underdeveloped properties to add to the City's affordable housing supply, this audit will review these projects in order to understand root causes for any budget/cost changes, schedule delays, delivery effectiveness, and to better understand "Lessons Learned" from these projects to help guide future affordable housing development projects. This audit report will be presented at the next Audit Committee meeting scheduled for September 18, 2024.

City of London - Internal Audit

Emergency Management Program Review

29 May 2024

Prepared By: MNP LLP

Table of Contents

1.0 BACKGROUND

The City of London ("City") is a municipality with a population of approximately 519,000 (as of 2023) and it provides various community support services to its residents. As a municipality, the City is continually attempting to improve its operating efficiency, effectiveness, and transparency for the benefit of its residents. With this focus on continuous improvement, and in accordance with the City's current internal audit plan, a review of the City's emergency management program was performed.

The scope of the review included all aspects of emergency management and business continuity but excluded IT disaster recovery and cyber incident response.

2.0 OBJECTIVES

The principal objectives of this review were to:

- Review and assess the functioning and maturity of all components of the City's emergency management program.
- Identify and highlight existing strengths that should be sustained and that can serve as a foundation for further enhancements.
- Identify and detail opportunities for improvement, aiming to bolster the city's overall resilience and the efficacy of the emergency management program.

3.0 METHODOLOGY AND APPROACH

The review methodology was anchored in globally recognized standards that define leading practices in emergency management and business continuity including:

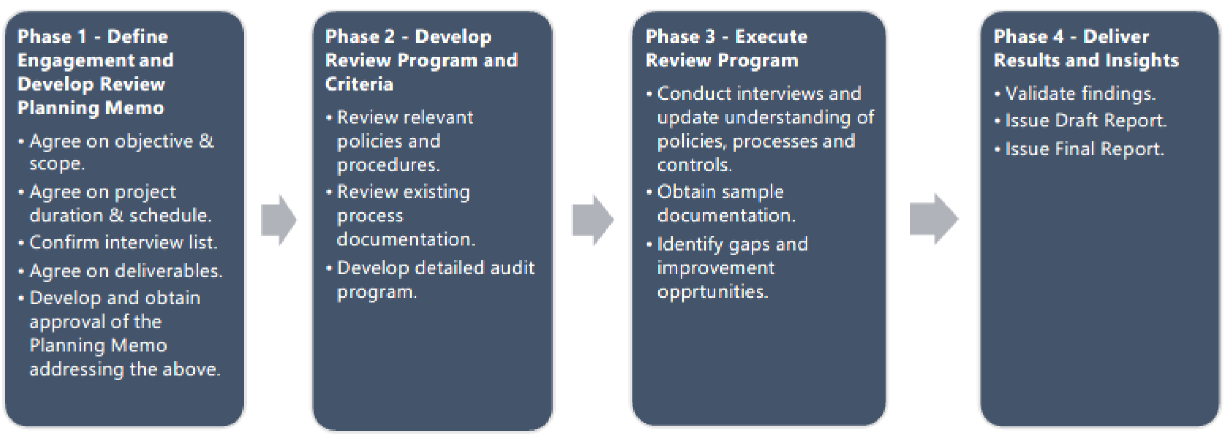
- CSA Z1600-17 – Emergency and Continuity Management Program
- ISO 22301 – Business Continuity Management Systems
- DRI International's Professional Practices

The above standards and leading practices were further supplemented by MNP's experience as a consultancy and knowledge gained through conducting a large number of similar reviews for municipalities across Canada.

The review methodology targeted, and this report is structured around, the four key components of comprehensive emergency management program.

- **Governance and Structure:** The leadership, authority, accountability, and organizational structure of the program, including the integration of the different program components and elements.
- **Risk Assessment and Analysis:** The risk-based aspect of the program, how risks are identified, assessed, and prioritized to inform the development of emergency management and business continuity strategies, plans and priorities.
- **Plans and Procedures:** This component includes the different documents that translate policy and strategic objectives into actionable plans and procedures. The review included evaluating the clarity, completeness, and efficacy of emergency response plans, procedures and supporting annexes.
- **Sustainment and Continuous Improvement:** The ongoing training programs, exercises, and maintenance activities that ensure the program adapts to new challenges, maintains its effectiveness and is continuously improving.

The approach and high-level work plan for the review included the following phases:



Maturity Rating Scale:

It was determined during the planning phase that, for this review and the specific objectives, results are optimally presented by maturity level. The maturity rating scale used is shown in the table below.

Rating	Description
Low Maturity	Plan or program element has not been developed, is outdated, OR is not aligned with leading practices. Immediate action is necessary, and a specific management action plan should be developed as a priority.

Medium Maturity	Plan or program element has been developed but should be improved/updated, does not align with leading practices, OR element is under development but not complete and/or implemented. Effort should be focused on fully developing or updating to address opportunities for improvement.
High Maturity	Plan or program element is fully developed, aligned with leading practices, and implemented. Effort should be focused on sustainment, continual improvement, updating and refinement as part of a regular review cycles.

4.0 SUMMARY OF RESULTS

The information below summarizes the overall results of the review and provides an overview of current strengths of the City's emergency management program as well as identified opportunities for improvement to program maturity. A full list of observations by emergency management program component, along with recommendations and considerations for management, can be found in Section 7.0 of this report.

Overview and Current Strengths

The City of London's emergency management program is mature, fully developed, implemented, and continually improving. The program goes beyond compliance with provincial standards and incorporates all components and elements of a high functioning and leading practice-based emergency management program. Overall, the emergency management program is rated as having High Maturity with only two areas rated as Medium Maturity and no areas rated as Low Maturity.

Notable current strengths are outlined below. These strengths are aspects of the program that should be sustained and will require continuous effort to maintain over time.

- **Emergency Management Culture:** There is a strong "emergency management culture" evident throughout the city’s operations, emphasizing practical readiness over theoretical planning. Leaders at all levels are engaged and there is evidence of a city-wide commitment to the emergency management function. This culture has been fostered and developed over the years and is a key differentiator for the City of London. It is a result of/outcome from a combination of the other strengths listed below.
- **Relationships and Interoperability:** The program excels in fostering relationships and interoperability with a wide array of emergency management partners - including police, fire, emergency medical services, hospitals, critical infrastructure service providers, and post-secondary institutions.

- **Experienced Leadership:** The knowledge and experience of the emergency management program leaders is a key strength. The program is being driven by these dedicated leaders - Director of Emergency Management and Security Services, 2 x managers and a Deputy City Manager who is also experienced in emergency management – and they are respected both within the City and with emergency management partners.
- **Plan Documents and Communication Systems:** Well-maintained and current plan documents and robust communication systems are in place to help ensure an effective and coordinated response to all types of emergencies and business disruptions.
- **Training and Exercise Program:** A comprehensive training and exercise program keeps emergency response teams well-prepared, ensuring they are familiar with their roles and can respond efficiently during actual emergencies. The training and exercise program also is a key contributor to the overall emergency management culture.
- **Emergency Operations Centre (EOC):** The city's EOC facility is a cornerstone of the emergency management program both for the City and the emergency management partners. This has been a very worthwhile investment. Equipped with appropriate technology and resiliency (i.e. generators) the EOC serves as the command hub during emergencies, enhancing communication and operational decision-making, as well as a hub for emergency management training.

Summary of Recommendations

In summary, there are three (3) main recommendations resulting from this review – one general and overarching recommendation, and two (2) specific recommendations to enhance program maturity (the only items from the program review rate as Medium Maturity).

General Recommendation – Sustain and Maintain: As noted in the section above, the City of London's emergency management program is mature and high functioning; however, continuous effort and focus is required to maintain and continuously improve all components. The emergency management program is well-regarded by staff, citizens, and emergency management partners who expect it to continue playing a pivotal leadership role across all phases of emergency management.

To meet these expectations and maintain the current strengths it is recommended that continued effort and investment be sustained. While appropriate, the program is lean in staffing for the scope and breadth of emergency management and business continuity services and functions provided. In addition, in order to be prepared for the future, and taking into consideration evolving risks (i.e. climate change and human caused hazards) regular review and updates to strategies and plans is required to adapt to evolving emergency management and continuity of operations challenges and opportunities.

Recommendation - Streamline and Reconcile the Number of Business Continuity Plans: The City took the appropriate approach when developing business continuity plans in 2019 and followed leading practices when developing the initial baseline of department level business continuity plans.

While plan content and format are effective, and interviewees confirmed that they find the plans clear and helpful, there are a large number of plans to manage – some of which are for non-time critical areas. There is an opportunity to reduce the total number of plans to focus primarily on the critical and time sensitive functions.

It is recommended that during the planned 2024 business continuity review the City review and reconcile the total number of department plans and focus effort going forward on the critical and time sensitive departments and functions. Streamlining and reducing the number of plans will help create efficiencies, reduce the effort required for plan management and updates and allow time for training and exercising the department business continuity leads.

Recommendation - Enhance Recovery Phase Planning

An acknowledged opportunity for improvement with the current program is related to the recovery phase of the emergency management cycle. Although there is a Recovery Plan Annex in the overarching London Emergency Response Plan (LERP) it should be enhanced and include more detail to help the City prepare for this challenging phase of emergency management.

It is recommended that, utilizing the current Recovery Plan Annex as a starting point, a more detailed and potentially stand-alone recovery plan document be developed. This plan should include, but is not limited to: defined membership, by name and position, for each of the identified recovery committees; and, process documentation along with tools and templates to support recovery efforts. Once the recovery plan is developed training for individuals identified as committee leads should be conducted.

5.0 ACKNOWLEDGEMENT OF COOPERATION AND EFFORTS

Internal Audit would like to express our appreciation for the cooperation and efforts made by City personnel who lead and manage the emergency management program. Their contributions assisted in ensuring a successful review engagement.

6.0 LIMITATIONS AND RESTRICTIONS

This report is intended solely for the information and use of the City of London and should not be distributed to third parties without MNP's prior written consent. Any use that a third party makes of this report, and any reliance or decisions made based on it, are the responsibility of such third party. MNP accepts no liability or responsibility for any loss or damages suffered by any third party as a result of decisions made or actions taken based on this report.

7.0 DETAILED OBSERVATIONS, RECOMMENDATIONS AND CONSIDERATIONS

The table below provides detailed observations made during the review along with recommendations and considerations for implementation. Each observation is accompanied by a maturity rating. Recommendations are as follows:

- Continue current efforts to sustain, maintain and improve all aspects to the emergency management program.
- Streamline and reconcile the number of business continuity plans.
- Enhance recovery phase planning.

#	Observations	Maturity Rating	Recommendations and Considerations	Management Response
1	**Governance and Structure** • Aligned with Provincial requirements, the City has established and implemented a robust governance framework for emergency management - with strong participation from senior leadership and community emergency management partners. This collaborative approach enhances preparation as well as decision-making and operational coordination during emergencies. • The reporting structure for the emergency management function (a dedicated Director reporting to a Deputy City Manager) is well-defined, and there is sufficient staffing and resources to support an effective program. However, current staffing levels are lean when considering the scope of the program any	High	Recommendation: Sustain and Maintain Consideration should be given to: • Continued focus on succession planning for the emergency management and business continuity functions to ensure continuity of leadership and expertise within the program. This should include identifying potential future leaders and providing them with the necessary training and development opportunities. • Conduct regular reviews of resource allocation to ensure the	**Action Plan:** Management agrees with recommendation. Training and Development of Staff is ongoing and annual capacity assessments are conducted. **Accountability:** Emergency Management Team. **Timeline:** Ongoing

#	Observations	Maturity Rating	Recommendations and Considerations	Management Response
	reduction in staff or funding could significantly impact the program's efficacy. • The program is led by experienced and knowledgeable individuals, whose expertise is critical to its success.		program remains adequately staffed and funded.	
2	**<u>Risk Assessment and Business Impact Analysis</u>** <u>Risk Assessment</u> • The Hazard Identification and Risk Assessment (HIRA) process within the City is robust, effectively identifying potential hazards and assessing risks comprehensively. The HIRA is regularly updated to reflect new information and emerging threats, ensuring that the data remains current and relevant. • The information derived from the HIRA is effectively summarized, providing clear and actionable insights that are integral to informing the City's emergency planning and exercise programs. This ensures that all emergency management activities are aligned with the identified risks, enhancing preparedness and response strategies.	**High**	<u>Recommendation</u>: Sustain and Maintain Consideration and focus should be given to: • Continued to use HIRA information to guide planning and exercises, ensuring that the emergency management program remains aligned with identified risks and priorities. • Ensuring communication of HIRA findings to all relevant emergency management partners to assist with a shared understanding of risks.	**Action Plan:** Management agrees with recommendation. HIRA is reviewed annually and informs training and exercises. HIRA is shared via the CEMPC. **Accountability:** Emergency Management Team. **Timeline:** Ongoing

#	Observations	Maturity Rating	Recommendations and Considerations	Management Response
	Business Impact Analysis • Business Impact Analyses (BIAs) have been conducted across various departments, identifying critical business functions and assessing the potential impact of disruptions. However, these BIAs require a review and update to ensure they reflect the current operational environment and any changes in priorities or processes. • The ongoing review and update of BIAs have been recognized as necessary by the City's emergency management leaders, with steps already being taken to refresh and refine these analyses.	**Medium**	Recommendation: As part of business continuity plan streamline and reconciliation update BIA information. Consideration for Implementation: • A full BIA is not required, and a prudent approach is to review the existing time criticality of functions and services and generally group them into "detailed continuity planning required" or "detailed continuity planning not required".	**Action Plan:** Management agrees with recommendation. Work is underway. **Accountability:** Emergency Management Team. **Timeline:** 2025 Q4
3	**Overall Plans and Procedures** • The City's London Emergency Response Plan (LERP) is meticulously documented, kept current, and demonstrates a commitment to continuous improvement. This comprehensive approach ensures that the City is well-prepared to respond effectively to a variety of emergencies. • The annexes to the LERP are extensive and cover a wide array of high-risk scenarios and specific incidents. Each annex is clearly owned by designated individuals or departments, ensuring	**High**	Recommendation: Sustain and Maintain Consideration and focus should be given to: • Continued use of the HIRA information to inform prioritisation. • Continued annual review of the LERP annexes to incorporate new risks, insights from recent	**Action Plan:** Management agrees with recommendation. **Accountability:** Emergency Management Team. **Timeline:** Ongoing

#	Observations	Maturity Rating	Recommendations and Considerations	Management Response
	accountability and clarity in emergency response roles. • Communications systems, protocols and procedures are well developed and practiced.		exercises, and lessons learned from actual incidents.	
	Business Continuity Plans • The business continuity plans developed by the City are thorough and adhere to best practices, ensuring that critical business functions can sustain operations during disruptions. However, there exists an opportunity to enhance efficiency by consolidating the numerous department-level plans. • Streamlining these plans will not only reduce the administrative burden of managing and updating them but will also enable a more focused approach to business continuity planning and exercises, prioritizing the most critical services.	**Medium**	Recommendation: As part of the ongoing business continuity review, reconcile and reduce the total number of plans and focus efforts on the most critical and time-sensitive departments and services Considerations for Implementation • Once the areas that require a full business continuity plan are identified consider what, if any, type of plan document the non-time critical departments and services require. • Consider using the workshop method to help the time critical departments and services with their plan updates.	**Action Plan:** Management agrees with recommendation. Work is already underway. **Accountability:** Emergency Management Team. **Timeline:** 2025 Q3

#	Observations	Maturity Rating	Recommendations and Considerations	Management Response
	Recovery Planning • A recovery plan annex has been established, providing a foundational framework for execution of the recovery. • The annex provides a good start point for more detailed planning and has identified the committees required in recovery. However, there is an opportunity to expand this annex into a more fulsome and functional plan.	**Medium**	Recommendation: Leveraging the existing Recovery Plan Annex as a starting point, develop a detailed and potentially stand-alone recovery plan. document be developed. Considerations for Implementation • In planning consider the complexities of the recovery phase and the fact that recovery operations may need to occur concurrent to response and could continue long after response has concluded. • Develop process documentation and specific tools and templates to provide structure and help guide recovery efforts. • Identify committee leads and provide them with training to prepare them for their roles in the recovery phase.	**Action Plan:** Management agrees with recommendation. Draft has been initiated. Work is ongoing. **Accountability:** Emergency Management Team. **Timeline:** 2026 Q2

#	Observations	Maturity Rating	Recommendations and Considerations	Management Response
4	**<u>Sustainment and Continuous Improvement</u>** • The City's exercise and training program is a significant strength in the overall emergency management program. It is well-structured, comprehensive, and consistently praised by those involved. This program ensures that all personnel are well-prepared to execute their emergency response roles effectively and helps foster and sustain the City's emergency management culture. • The individual training programs are meticulously designed, leverages external service providers, and provides tailored training that ensures each participant is adequately prepared for their specific responsibilities during an emergency. Interviewees unanimously noted their confidence in their training and readiness. • In addition to the annual exercise, the City has effectively leveraged real events as training opportunities for EOC staff. This approach not only reinforces the practical skills needed during emergencies but also provides valuable lessons that can be applied to future scenarios.	High	<u>Recommendation</u>: Sustain and Maintain Consideration: With the inherent time and effort required for emergency management and business continuity exercises the City should consider leveraging external resources and consultants to assist with exercise planning. With their experience level, the City's emergency management program leaders should continue to be the overall leads for exercises and the external resources used to supplement, but not lead, exercise planning efforts.	**Action Plan:** Management agrees with recommendation. **Accountability:** Emergency Management Team. **Timeline:** Ongoing

APPENDIX A – LIST OF INTERVIEWEES

No	Position/Department	Interviewee(s)
1	Manager, Emergency Management	Andre Beauregard
2	Manager, Emergency Management	Henry Klausnitzer
3	Manager, Procurement and Supply Operations	Todd Turner
4	Deputy City Manager, Enterprise Supports	John Paradis
5	Director Of Finance	Kyle Murray
6	Division Manager, Sewer Operations	Brad Weber
7	Division Manager of Stormwater	Shawna Chambers
8	Mayor, City of London	Josh Morgan
9	Director of Emergency Management and Security Services	Paul Ladouceur
10	Member of EOC Policy Group, Acting City Manager	Kelly Scherr
11	Member of EOC Policy Group, Deputy City Manager	Kevin Dickens

APPENDIX B – REPORT DISTRIBUTION LIST

This report was distributed to the following parties:

City of London
To:
Paul Ladouceur, Director of EM and Security Services
John Paradis, Deputy City Manager, Enterprise Supports
MNP LLP
Cliff Trollope, Engagement Partner Deepak Jaswal, City of London Internal Audit Lead Ahmed Ashraf, Senior Consultant

City of London
Audit Committee Meeting
June 19, 2023
Internal Audit Follow Up Activities Dashboard

Internal Audit Follow Up Activities as of May 31, 2024

A strong indicator of an effective internal control environment is the timeliness with which Management addresses reported control deficiencies. On a quarterly basis, MNP will conduct an audit follow-up process to ensure internal audit findings have been effectively remediated through the implementation of related Management action plans on a timely basis.

There were **eight (8)** recommendations from issued audit reports that were followed-up on during this quarter. No Management action items were closed, **four (4)** action items were retargeted, and **four (4)** action items are on track to be completed by their respective due dates.

- ***Neighbourhood Decision Making Program Value for Money ("VfM") Audit*** – Two (2) Medium Risk Observations.
- ***Recruitment and Selection Audit*** – One (1) Medium Risk Observation.
- ***Vendor Risk Management Audit*** - One (1) High Risk and Four (4) Medium Risk Observations.

Remediation Status Legend

On Track For Completion	Delayed	Critical Delay/Deviation

Open Management Action Plans

#	Management Action Plan	Risk Rating	Due Date	Remediation Status	Quarterly Update
	Neighbourhood Decision Making Program Value for Money ("VfM") Audit				
1	**Tracking the Effectiveness of Implemented Ideas/Projects** The success of ideas post implementation should be measured, where practical. The frequency, type and nature of analysis can vary depending on the implemented idea. Both qualitative and quantitative analysis should be utilized to help determine if desired outcomes have been accomplished. As an example, to determine the effectiveness of an implemented idea, the City could utilize factors such as: • Measuring resident attendance or usage (i.e., for park playgrounds, benches, skate parks, community electric vehicle charging stations, etc.). • Tracking social media engagement (i.e., reviewing hashtags for locations/implemented ideas). • Performing resident surveys to obtain their opinions on the implemented idea. • Measuring community safety metrics (i.e., after installation of streetlights and traffic signs).	**Medium**	March 2025	**On Track for Completion**	Management is on track to complete their action plan by the documented due date.

#	Management Action Plan	Risk Rating	Due Date	Remediation Status	Quarterly Update

2	**<u>Service Level Agreements ("SLAs") and Key Performance Indicators ("KPIs")</u>**
	
	SLAs and related KPIs should be established for key processes of the Program. The development of the SLAs and KPIs should factor in the processing of ideas by type, volume, and frequency to help ensure any service standards created are realistic and represent an accurate reflection on performance.
	The following are examples of internal and external measures that could be implemented by the NDM Program team:
	• Feasibility Analysis (Internal Measure)
	    ○ Average time taken for SMEs or relevant staff to provide idea feasibility notes and conclusion.
	• Communications with idea submitters (External Measures)
	    ○ Average time taken to communicate the idea feasibility result to an idea submitter.
	    ○ Average time taken to communicate the voting results to an idea submitter and next steps for idea implementation.
	    ○ Average time taken to provide status update/progress of implementation to an idea submitter.
	Internal measures should be communicated within the City and external measures should be communicated to residents via the City's website to ensure performance expectations are clear and understood by each party.
		Medium	December 2024	**On Track for Completion**	Management is on track to complete their action plan by the documented due date.
					
					The development of SLA's and related KPI's continues and will be finalized in collaboration with relevant City Service Area Leads once complete.

Recruitment and Selection Audit					

#	Management Action Plan	Risk Rating	Due Date	Remediation Status	Quarterly Update
1	**<u>Sourcing and Attracting Applicants</u>** People Services will develop the value proposition for working at the City of London and work with Strategic Communications on how best to promote this within our recruitment processes with full implementation targeted for Q2 2024.	**Medium**	June 2024	**On Track for Completion**	Management is on track to complete their action plan by the documented due date. The update to the City's recruitment website is on track to go live and will include new additions such as: • Job Posting Template: Updated to include information about the City of London, inclusive graphics, and community partner logos. • FAQs: Expanded to include more questions based on public inquiries about the recruitment process and steps involved. • Tango Guide: Created to assist applicants with using our new application software. • Top Reasons to Work for the City: New section added.

#	Management Action Plan	Risk Rating	Due Date	Remediation Status	Quarterly Update
	Vendor Risk Management Audit				
1	**Vendor Due Diligence and Formalization of the Vendor Risk Assessment Process** Procurement Services has engaged a consultant to review and advise on adding vendor management tools including risk assessments, Performance evaluations, Performance rectification processes. A consulting project is underway with an estimated update of the Procurement of Goods and Services Policy targeted for June 2024. The degree to which additional due diligence is implemented, will be dependent upon the business case submitted requesting operating funds to take on the additional responsibilities of a full Vendor Performance Program/Office.	**High**	Original - Q3 2024 Revised - Q1 2025	**Delayed**	Business Case #P-73 Vendor Performance Management was not adopted as part of the Multi-Year Budget so Administration will look to amend the scope of the procurement of goods and services policy to adjust the policy framework and tools to reflect what can be achieved given the current state. Vendor Performance Management tools can be implemented on high-risk, high-visibility and high-value projects, exceeding a pre-determined threshold. This will include project specific performance evaluations, performance report cards, rectification processes and a debarment process.
2	**Periodic Performance Evaluation of Vendors** Procurement Services has engaged a consultant to review and advise on adding vendor management tools including risk assessments, performance evaluations, performance rectification processes and vendor debarment.	**Medium**	Original - Q4 2024 Revised – Q1 2025	**Delayed**	Business Case #P-73 Vendor Performance Management was not adopted as part of the Multi-Year Budget so Administration will look to amend the scope of the procurement of goods and services policy to adjust the policy framework and tools to reflect what can be achieved given the current state. Vendor Performance Management tools can be implemented on high-risk, high-visibility and high-value projects, exceeding a pre-determined threshold. This will include project specific performance evaluations, performance report cards, rectification processes and a debarment process.

#	Management Action Plan	Risk Rating	Due Date	Remediation Status	Quarterly Update
3	**Vendor Contract** Procurement Services has engaged a consultant to draft a standard City of London Master Contract document. Starting in 2024, for centralized procurements entered into, Procurement will require copies of signed agreements to be provided when complete. Procurement Services will establish the centralized repository to store these contracts along with procurement records.	**Medium**	Original - Q3 2024 Revised – Q1 2025	**Delayed**	Business Case #P-73 Vendor Performance Management was not adopted as part of the Multi-Year Budget so Administration will look to amend the scope of the procurement of goods and services policy to adjust the policy framework and tools to reflect what can be achieved given the current state.
4	**Vendor Management Reporting** A Vendor Performance Management (VPM) program will need to be implemented and included in new bidding templates. Reporting would begin after the VPM has been implemented for a year.	**Medium**	Q3 2025	**On Track for Completion**	Although Business Case #P-73 Vendor Performance Management was not adopted as part of the Multi-Year Budget, Civic Administration is working with a consultant to determine the scale and scope that can be implemented within existing resources.
5	**Formalization of Key VRM Processes** Procurement Services has engaged a consultant to review the City's Procurement of Goods and Services Policy, which will take into consideration vendor management. Approval of the VPM Business Case will affect the degree in which this is undertaken.	**Medium**	Original - Q3 2024 Revised – Q1 2025	**Delayed**	Agreement with third party was signed on December 13, 2023, and work has commenced on reviewing the City's existing practices and policy however, Business Case #P-73 Vendor Performance Management was not adopted as part of the Multi-Year Budget. Civic Administration will look to amend the scope of the procurement of goods and services policy to adjust the policy framework and tools to reflect what can be achieved given the current state. Vendor Performance Management tools can be implemented on high-risk, high-visibility and high-value projects, exceeding a pre-determined threshold.