

Agenda Including Addeds

Audit Committee

3rd Meeting of the Audit Committee

June 15, 2022, 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

Members

Deputy Mayor J. Morgan (Chair), M. van Holst, J. Helmer, S. Turner, L. Higgs

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THE CORPORATION OF THE CITY OF LONDON

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LAND ACKNOWLEDGEMENT

We acknowledge that we are gathered today 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 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 peoples (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. It is the work of all citizens to steps towards decolonizing practices and bringing our awareness into action. We encourage everyone to be informed about the traditional lands, Treaties, history, and cultures of the Indigenous people local to their region.

THE CORPORATION OF THE CITY OF LONDON

Consolidated Report

Year ended December 31, 2021

This Consolidated Report includes the following:

Consolidated Financial Report

- **Treasurer's Message & Financial Reporting**
- **Five Year Review**
- **Definitions**

Consolidated Financial Statements

Consolidated Trust Funds

Argyle Business Improvement Association Board of Management

Covent Garden Market Corporation

Eldon House Corporation

Fair-City Joint Venture

Hamilton Road Business Improvement Area Board of Management

Housing Development Corporation, London

Hyde Park Business Improvement Association Board of Management

London Convention Centre Corporation

London Downtown Business Association

London Hydro Inc.

London & Middlesex Community Housing Inc.

London Public Library Board

London Transit Commission

Middlesex-London Health Unit

Museum London

Old East Village Business Improvement Area Board of Management

Water Supply System – Elgin Area

THE CORPORATION OF THE CITY OF LONDON

Consolidated Report

Year ended December 31, 2021

This Consolidated Report includes the following tabs (continued):

Water Supply System – Lake Huron Area

Consolidated Financial Information Return

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THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

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THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

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2021 City of London at a Glance

City of London...



At a Glance

422,324
Population

423.43 km²
Land Area

3,756
Lane KM of
Paved Road

65.3%

7.6%

Aaa

2021 Labour Participation Rate
(Canada's Rate is 65.1%)^y

2021 Unemployment Rate
(Canada Rate is 7.5%)^y

2021 Credit Rating
Provided by Moody's
Investors

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

Message from the City Treasurer



Photo 1: City Treasurer, Anna Lisa Barbon

His Worship Mayor Ed Holder,
Members of London City Council,
Residents and Ratepayers of the City of London.

I am pleased to present the Annual Financial Report of The Corporation of the City of London (the City) for the year ended December 31, 2021.

The Financial Statements have been prepared in accordance with Canadian Public Sector accounting standards as defined in the Chartered Professional Accountants (CPA) Public Sector Handbook – Accounting. 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 Annual Financial Report serves as an opportunity to communicate to stakeholders, residents and local businesses regarding the Municipality's 2021 financial performance. This Report also highlights the City's significant financial policies, budget process and provides additional details about the City's financial results in the past year as the impacts of the global pandemic continued. The 2021 results demonstrate London's continued commitment to strong financial leadership and fiscal prudence with a strong balance sheet, despite the uncertainty and impacts of the COVID-19 pandemic. We are committed to providing high standards of fiscal excellence and long-term financial management at the City of London.

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,

A handwritten signature in black ink that reads "A. Barbon".

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

Financial Reporting

External Audit

The City is required under the *Municipal Act, 2001* to engage independent auditors 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.

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, 2021.
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.

Financial Reporting (continued)

Consolidated Financial Statements Overview (continued)

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 7 to the Consolidated Financial Statements.

As a result of the significant investment in tangible capital assets, there is a large accumulated surplus. While there is a large accumulated surplus, this occurs at the same time 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 2021 budget values presented in this statement have been adjusted to reflect the differences between amounts as budgeted at the City on a modified "cash

Financial Reporting (continued)

Consolidated Statement of Operations and Accumulated Surplus (continued)

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.



Photo 3: Museum London

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, Municipal Council approves budgets in four (4) year cycles, with the last year being subject to reconfirmation by the new term of Municipal Council.

An important element of the Multi-Year Budget is the annual budget update process. Municipal Council is required by the *Municipal Act, 2001* to review and readopt the budget for that year. Annual updates continue to provide Municipal Council 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 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 2022 Annual Budget Update in December 2021. The 2022 budget update also included the updated 10-year capital forecast to 2031.



Photo 4: Thames River along Labatt Park

Financial Management

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”), reserve funds, debt, non-tax/rate supported development charges and senior government funding. Capital projects are classified as lifecycle, growth, or service improvements. 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). By 2022, the City is projected to have eliminated the use of debt as a source of financing on lifecycle capital projects, limiting the debt burden on future generations while providing intergenerational equity. Furthermore, consistent with the Debt Management Policy, the capital plan 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 Council-approved Investment Policy was comprehensively reviewed and updated in 2021, however, the primary objectives of the Policy remained unchanged. 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, the City also maintains portfolios managed by external investment managers.

The benefit of investment services provided by a sophisticated team of experts include: regular monitoring, more active trading (where appropriate and beneficial), diversification of funds, access to leading market research and external expertise. Together these strategies ensure that the City is achieving its investment goal of maximizing investment income at minimal risk to capital.

Financial Management (continued)

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 lower the ratios over a number of years 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, both the multi-residential and industrial tax ratios were reduced.

The multi-residential tax ratio was brought down to a level equal to the commercial tax ratio in that year. 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 therefore has been 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. The result is no assessment-based shifts between classes in 2021. As the schedule for future assessments has not been determined, and future impacts including tax shifts between property classes are unknown, there were no changes to tax ratios in 2021.

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 will be a reduction in the education portion of property tax for Commercial and Industrial property owners.

The ending of the tax mitigation, known as capping, required by the Provincial Government will simplify the calculation of property taxes and will enhance equity and transparency in the property tax system in London. No properties had tax decreases clawed back in any property class in 2021, nor will there be capping adjustments in future years.

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.

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, 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 a meeting with the City and interviews with senior management and the Mayor or Deputy Mayor.

As published in Moody's credit rating opinion on July 23, 2021, the City has maintained its Aaa credit rating with a stable outlook.

The City has proudly held the Aaa rating since 1977, making 2021 the 45th 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 45 consecutive years is a testament to the success of the City's prudent, conservative approach to fiscal planning.

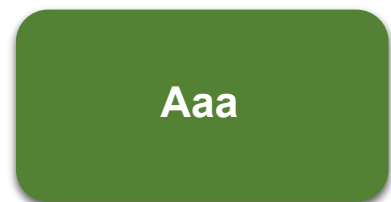


Figure 1: 2021 Credit Rating Provided by Moody's Investor Service.



Photo 5: Dundas Street

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

Economic Overview

London's economy has been mostly resilient during the pandemic. Real GDP in the city rose past its pre-pandemic (2019) level in 2021, rising 6.7%. This year, London's economy is projected to expand by 3.8% with another 1.8% gain in real GDP forecast for 2023. (Conference Board of Canada, Major City Insights London, March 2022)

Sectoral Performance

Health care and financial services, two of the city's major sectors performed incredibly good over the past year. These two industries have helped to offset the impact of supply chain disruptions on manufactures and will continue to be key drivers for London's economy in the years ahead. Additionally, the city's tourism sector will continue healthy growth over the next few months, with the momentum carrying well into 2023. London's proximity to Toronto and Detroit means high-profile entertainers make a stop in the Forest City when permitted. (Conference Board of Canada, Major City Insights London, March 2022)

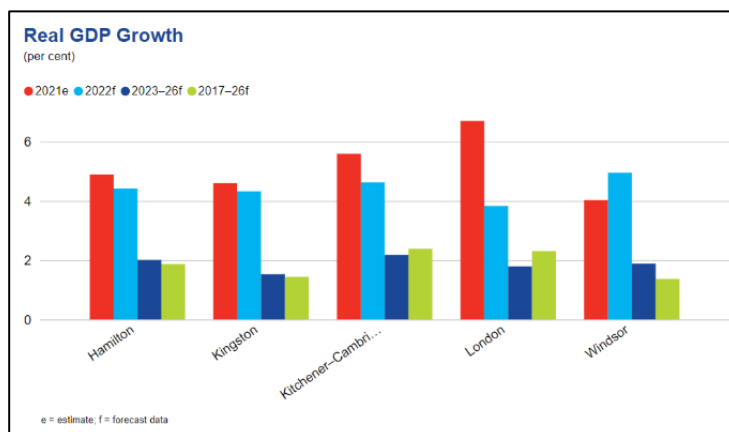


Figure 2: Real GDP Growth, London, Ontario - Source: Conference Board of Canada, Major City Insights London, March 2022

Sector	2019	2020	2021e	2022	2023	2024	2025	2026
Total employment	253.8	257.2	280.5	277.8	279.6	283.1	286.6	290.0
Manufacturing	35.0	32.3	34.2	32.8	34.9	35.3	35.6	35.8
Construction	17.8	20.0	19.6	22.0	19.0	19.0	19.3	19.7
Primary and utilities	3.3	5.5	4.5	6.8	5.7	5.5	5.5	5.5
Wholesale and retail trade	37.5	31.9	37.4	37.8	38.5	39.4	40.1	40.7
Transportation and warehousing	10.8	12.8	12.0	8.9	10.1	10.5	10.6	10.7
Information and cultural industries	3.0	3.1	4.2	3.7	3.5	3.5	3.6	3.6
Finance, insurance, real estate, business, building, and other support services	29.6	28.9	34.0	30.0	31.0	31.7	32.1	32.6
Professional, scientific and technical services	17.2	20.4	18.9	22.6	22.9	23.2	23.7	24.2
Educational services	21.6	23.0	26.8	27.5	26.5	26.3	26.5	26.6
Health care and social assistance	38.1	39.5	46.0	44.3	44.4	44.8	45.2	45.6
Arts, entertainment and recreation	5.1	6.0	4.6	3.6	4.2	4.6	4.7	4.9
Accommodation and food services	15.1	14.9	17.2	19.0	18.7	18.8	19.1	19.3
Other services (except public administration)	10.2	9.1	10.3	9.7	10.2	10.5	10.7	10.8
Public administration	9.5	9.6	10.7	9.3	9.8	9.9	10.0	10.0

Figure 3: London, Ontario's relative employment growth by sector. Source: Conference Board of Canada, Major City Insights London, March 2022

The health care sector accounts for about 16% of jobs in London. After rising an expected 16.3% in 2021, driven by a stunning 14.3% expansion in the second quarter, employment in the industry is projected to post a modest contraction over the next two years. Nevertheless, the city's health care sector is leading research and development hub in Ontario, and the industry will continue to attract top talent from around the

globe. Employment in London's health care sector will also benefit from the metropolitan area's solid population growth and aging population, both which are projected to increase the demand for medical services. (Conference Board of Canada, Major City Insights London, March 2022). Finance, insurance, and real-estate sector is another key industry in the London economy, which accounts for 12% of London-wide employment. Employment in the financial sector has been surging, as 5,100 jobs have been added in the last year (for growth of 17.7%). The area's red-hot housing market has increased the demand for mortgages and home insurance, leading to a greater need for workers in the industry. (Conference Board of Canada, Major City Insights London, March 2022)

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

Economic Overview (continued)

Employment

Employment growth in the City has been blistering over the past year even though high-contact sectors are still struggling to regain their footing. Momentum is expected to fade in London's labour market over the short term, but there are enough bright spots in the metropolitan area's economy to keep employment near its perspective record high reached in 2021. (Conference Board of Canada, Major City Insights London, March 2022)

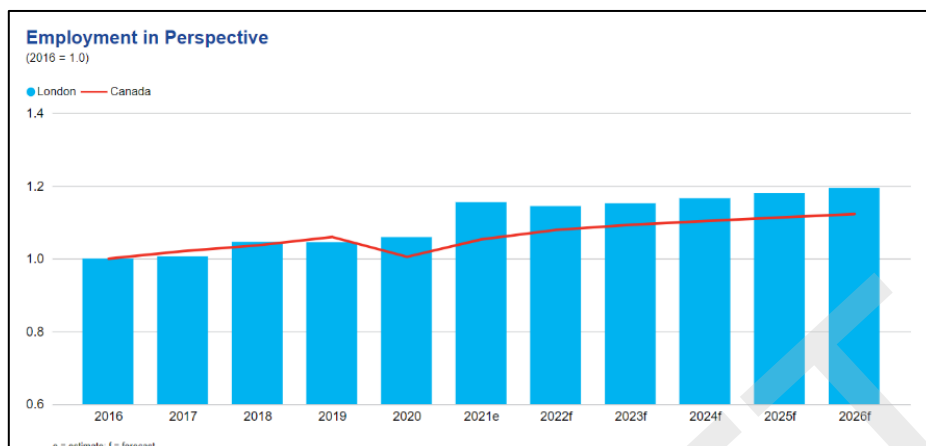


Figure 4: Employment Perspective in London, Ontario, vs. Canada. Source: Conference Board of Canada, Major City Insights London, March 2022

The city added 23,300 jobs in 2021, equivalent to 9.1%. The performance was particularly impressive considering that, unlike most other parts of Canada, employment in the city increased in 2020. It is predicted that employment in London will mostly hold steady in 2022-23, as employment will fall just by 2,700 this year before 1,800 jobs are added in 2023. The modest contraction reflects the declining outlook for London's labour force participation rate, which reached an 11-year high in the second quarter of last year.

Given that the city's population is aging, and its labour force participation rate has trended downward for the better part of two decades, the recent spike in participation rate is temporary, and more workers will exit the labour force in the short term, stunting employment growth. (Conference Board of Canada, Major City Insights London, March 2022)

On a positive note, the rise of remote working over the past two years has been a boon to London's labour market. Workers who now have the flexibility to work anywhere in the country have realized the Forest City is a more affordable alternative to the Greater Toronto Area and have relocated to the London area as a result. Looking ahead, employment in the industry is projected to moderate over the short term as residential markets cool and the record level of savings in the economy dissipates. (Conference Board of Canada, Major City Insights London, March 2022)

Migration and Cost of Living

The metropolitan area is projected to benefit from strong migration over the next few years. With immigration levels recovering and the Toronto area facing a housing supply crunch, new migrants are projected to opt to settle in the more affordable London area rather than in the Greater Toronto Area.

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

Economic Overview (continued)

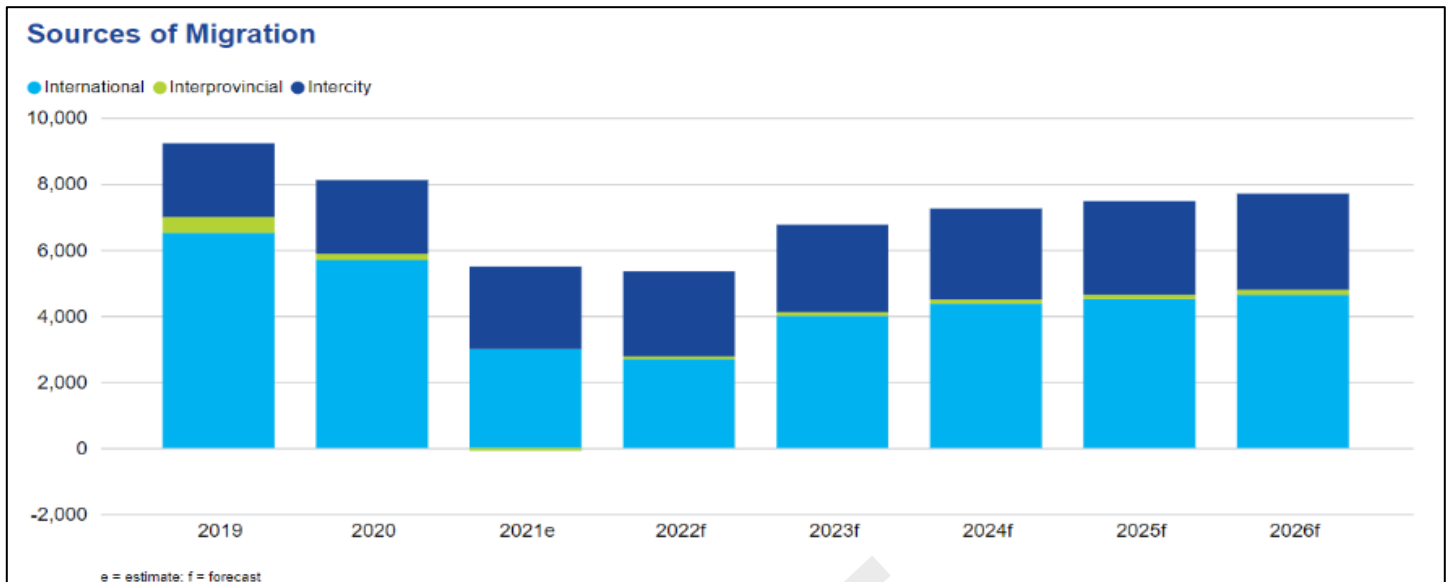


Figure 5: Sources of Migration for London, Ontario. Source: Conference Board of Canada, Major City Insights London, March 2022

The return of most students to in-person learning at Western University and Fanshawe College this year will provide a welcome boost to London’s economy, allowing high-contact industries such as restaurants and arts and entertainment to post a strong recovery. Population in the census metropolitan area is set to increase by 1.1% annually over the next two years. The city’s affordability compared with other major cities in the province, along with increased flexibility around remote working, is projected to draw residents from other areas of Canada and around the globe to London. (Conference Board of Canada, Major City Insights London, March 2022)

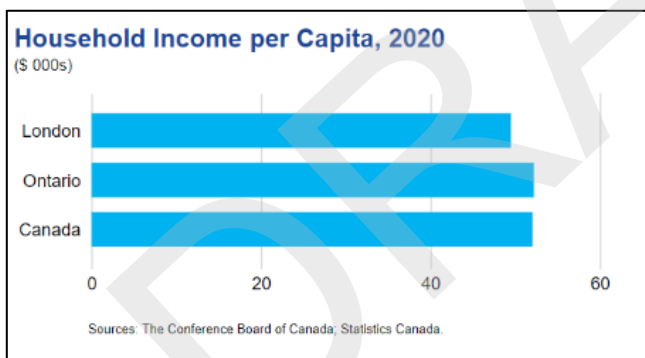


Figure 6: Household Income per Capita, in 2020 for London, Ontario. Source: Conference Board of Canada, Major City Insights London, March 2022

After surging over the past two years, household disposable income is set to contract by 2.5% this year. Next year, as the economy stabilizes and manufacturers regain their footing, household disposable income is projected to rise by 3.5%. Falling levels of disposable income combined with the difficulties surrounding supply chains, are projected to limit growth in retail sales to just 0.7% in 2022. (Conference Board of Canada, Major City Insights London, March 2022)

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

Economic Overview (continued)

Construction and Real Estate

London's real estate market is coming off an excellent year, as 5,600 units broke ground in 2021, a record high. The rise in remote working over the past two years has encouraged many households to invest in more space, adding fuel to the metropolitan area's housing market. Another factor driving up residential construction has been the resale market. Resale home listings in London have been flat for the past two years, while sales have risen quickly. That has led to surging prices for existing homes, encouraging homebuyers to invest in new homes rather than trying to purchase existing units. (Conference Board of Canada, Major City Insights London, March 2022)

About 4,130 starts are expected annually in 2022-23 in the London area. The slowdown will be driven by rising interest rates and a scale-back in buyers looking for additional space. The forecast for housing starts in the city still represents a hot housing market by historical standards. It is projected that prices for existing homes to decelerate but remain elevated, further encouraging development of new units over the next few years.

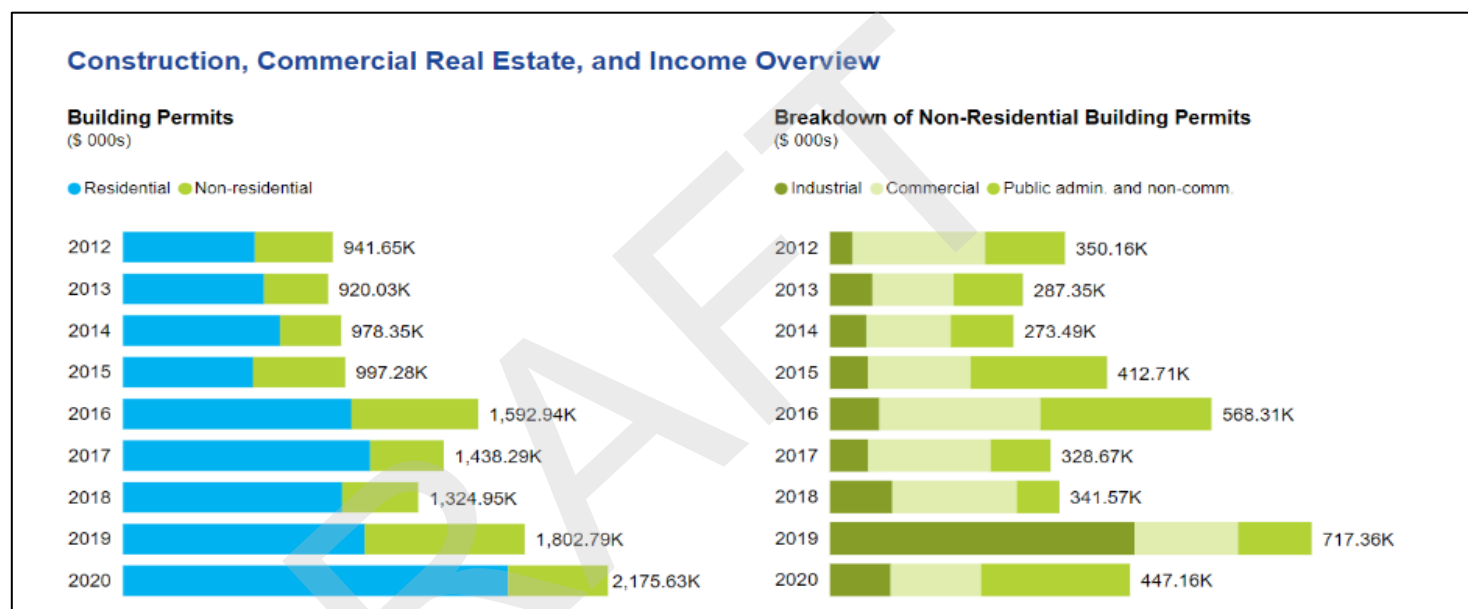


Figure 7 - Construction Overview for London, Ontario. Source: Conference Board of Canada, Major City Insights London, March 2022, Statistics Canada, and CBRE

On the non-residential side of London's construction sector, infrastructure projects will boost activity. Construction of both the Adelaide Street North underpass and the East London Link bus rapid transit project is expected to get under way this year and take around three years to complete. (Conference Board of Canada, Major City Insights London, March 2022)

On the downside, projections for office construction are bleak. According to CBRE, the city's office vacancy rate has surged over the past two years, reaching 26.1% in the final quarter of 2021. Overall, it is projected that construction output will expand just 0.9% this year, with another gain of 0.3% forecast for 2023. The growth is a testament to a moderating housing market and commercial building projects. (Conference Board of Canada, Major City Insights London, March 2022)

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

2021 Financial Results

Financial Results Summary

2021 (millions)	Budget	Actual	Variance
Revenues	1,439	1,477	38
Expenses	1,252	1,198	(54)
Surplus	187	279	92

Table 1: Financial Results Summary

The City's financial position remained stable during 2021, with the City's cash and investments increasing by \$253 million to a combined total of \$1,694 million, compared to \$1,441 million in 2020. Municipal Council's adherence to the Strategic Financial Plan continues to produce positive results that are reflected in maintaining the financial health of the City.

Net Financial Assets

The City's financial position improved to a net financial asset position of \$865 million in 2021, representing an increase of \$194 million over 2020. The net financial assets are the difference between the financial assets and financial liabilities. This means that the City's financial assets are larger than its financial liabilities and indicates that the City is in a stronger position to provide for future expenses and liability repayments.

Total Revenues

Total revenues are \$1,477 million in 2021, up \$57 million (4%) compared to 2020. This is mainly as a result of:

- Tax and transfer payments were \$1,019 million, up \$36 million (3.8%) compared to 2020;
- User charges were \$283 million, up \$5.7 million (2.1%) compared to 2020, predominantly in the areas of water and wastewater, and planning, development and compliance.

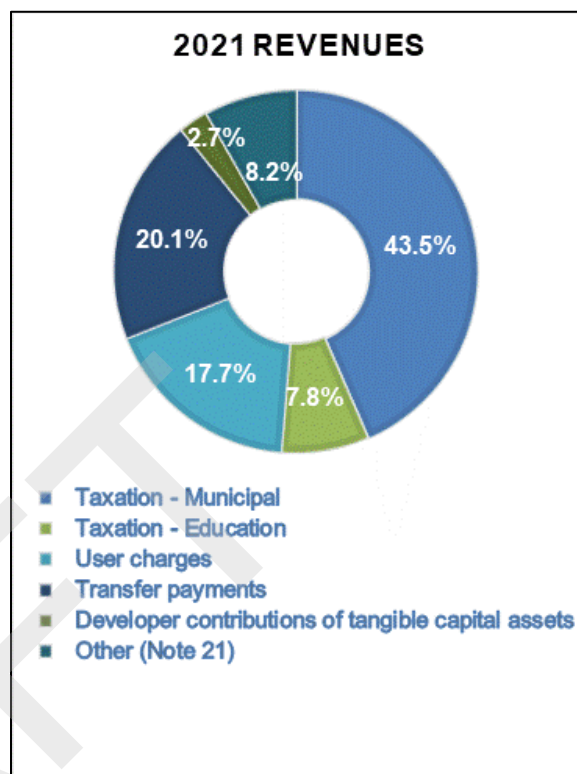


Figure 8: 2021 Revenues

Revenue Budget Variance

In 2021, revenue realized on a full accrual basis of \$1.5 billion was \$38 million greater than budget. Contributing factors to this variance were:

- Greater than anticipated investment income \$17.5 million
- Higher than anticipated Development Charges revenue earned \$14.5 million related to growth capital works.
- Greater than expected equity earnings in government business enterprises by \$14.0 million
- Higher than anticipated investment income partially offset by lower than anticipated user fees because of program restrictions attributable to Covid-19, \$4.0 million.
- Greater than expected developer contributions of tangible capital assets by \$3.7 million.

2021 Financial Results (continued)

Total Expenses

Total expenses are \$1,198 million in 2021, up \$36.7 million (3.2%) compared to 2020. This is mainly due in part to:

- Increase spending in Transportation Services (\$23.3 million), Environmental Services (\$10.1 million), Recreation and Cultural Services (\$6.3 million), and Health Services (\$3.0 million).
- Decrease spending in General Government (\$1.1 million) and Planning and Development (\$8.1 million).

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.

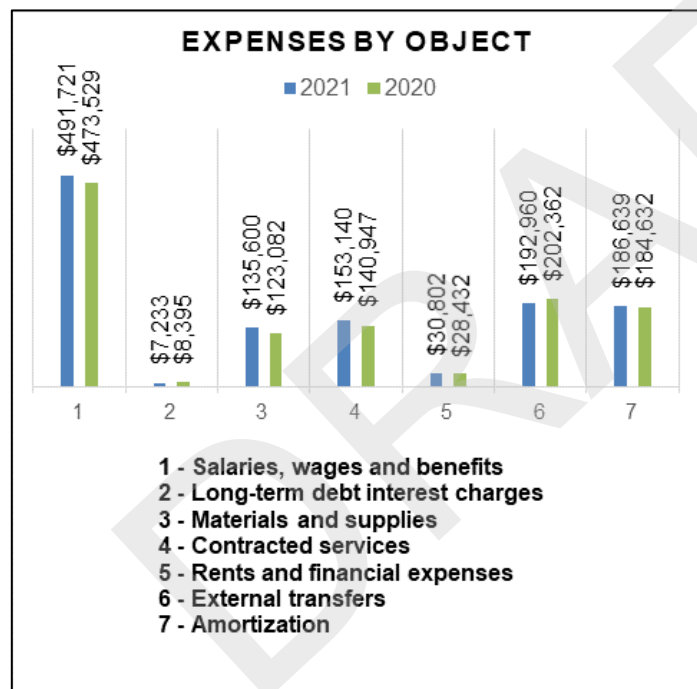


Figure 10: Expenses by Object (\$000's)

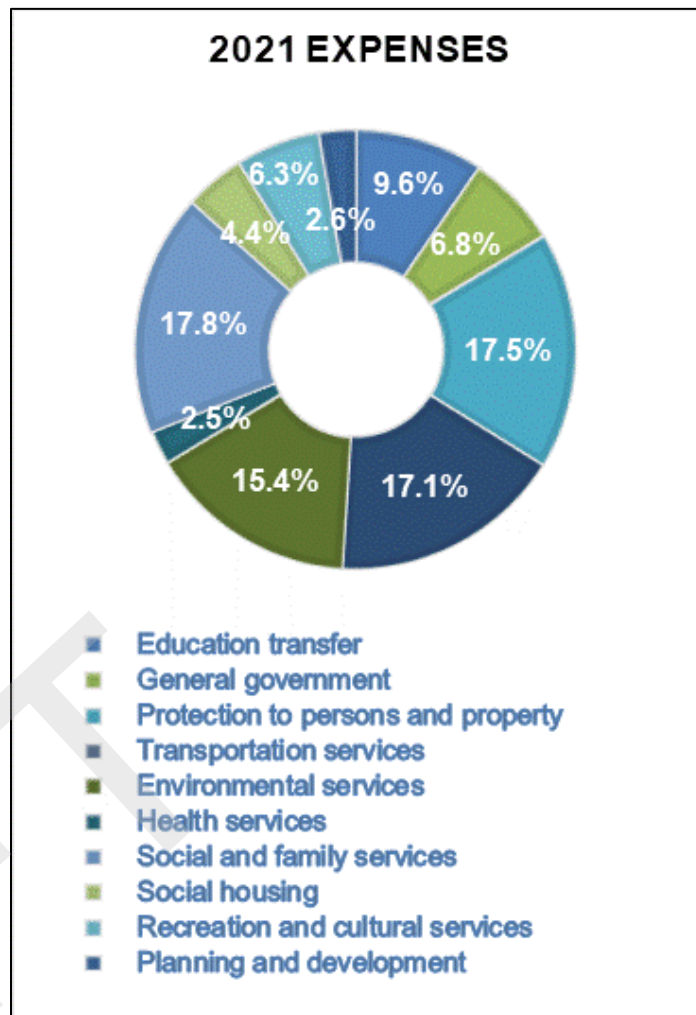


Figure 9: 2021 Expenses

Expense Budget Variance

In 2021, expenses incurred on a full accrual basis were \$1,198 million which was \$54 million lower than budget. Major contributing factor to this variance was net operational savings realized primarily from temporary closures or reduced operations in various programs, services, and facilities throughout the City due to public health restrictions. This resulted in lower costs incurred in Recreation and Cultural Services, Transportation Services, Social and Family Services, and General Government. However, higher than anticipated costs were incurred in Social Housing.

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

2021 Financial Results (continued)

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.

2021 (\$ 000's)	Modified Cash Basis Budget Unconsolidated	Financial Statement Adjustments	Full Accrual Basis Budget Consolidated
Revenue	1,236,587	202,462	1,439,049
Expenses	1,236,587	15,098	1,251,685
Surplus (Deficit)	-	187,364	187,364

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 Statement of Operations,
- Debt Principal repayment 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, landfill closure and post-closure, and
- Recognition of developer contributions of assumed tangible capital assets.

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

2021 Financial Results (continued)

Outlined in the table below is a reconciliation of what was reported to the Corporate Services Committee in the 2021 Year-End Operating Budget Monitoring Report on April 19, 2022, highlighting Financial Statement adjustments. Note 20 of the Consolidated Financial Statements provides a similar reconciliation based on the approved budgets.

2021 Operating Budget Surplus per the 2021 Year-End Operating Budget Monitoring Report to Corporate Services Committee on April 19, 2022	\$ millions
Property Tax Supported Budget Surplus	19.6
Water Rate Supported Budget Surplus	3.7
Wastewater & Treatment Rate Supported Budget Surplus	2.2
2021 Operating Budget Surplus	25.5
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	(25.5)
Operating Fund Surplus per 2021 Approved Budget (Modified Cash Basis)	0
Financial Statement Adjustments:	
Plus: Transfers to (from) Capital, Reserves, and Reserve Funds	275.3
Plus: Debt Principal Repayments (unconsolidated)	38.6
Plus: Capital program funding earned in year	44.1
Less: Capital expenses not capitalized (Non-Tangible Capital Assets)	(47.7)
Less: Amortization of Tangible Capital Assets	(156.7)
Plus: Developer contributions of assumed Tangible Capital Assets	43.5
Less: Loss on disposal of Tangible Capital Assets	(7.7)
Plus: Reserves and reserve fund net revenues earned in year	71.5
Plus: Government Business Enterprises adjustments	15.1
Less: Change in landfill liability, contaminated site liability and employee future benefit liability	(19.6)
Plus: Boards' and Commission's Surpluses	22.7
2021 Surplus per Financial Statements (PSAS Format)	279.1

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

2021 Financial Results (continued)

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.

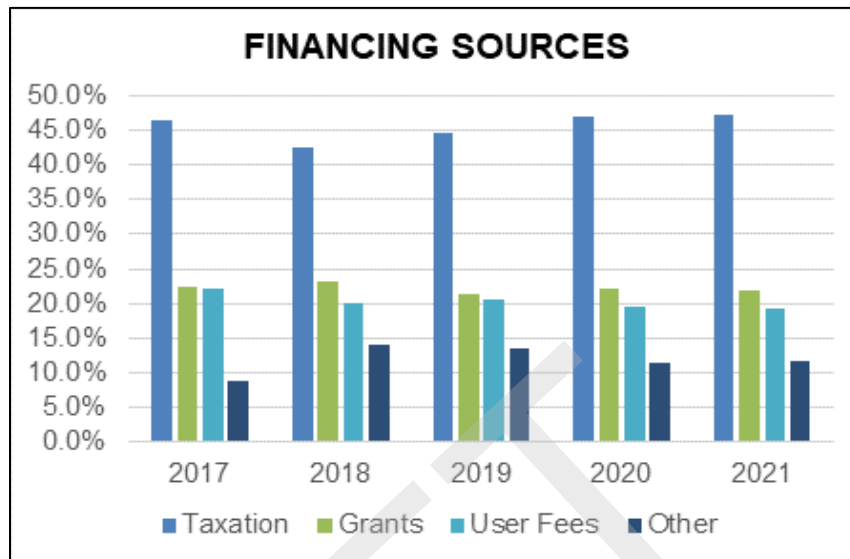


Figure 11: Five (5) Year Overview of Financing Services

Property Tax Rates and Assessment Growth

City Council approved a tax levy of \$ 673.6 million, representing an increase over 2020 of 4.56%. When assessment growth, tax policy and education taxes are taken into consideration, the property tax increase translated into a 3.0 % 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 2021 and an average value increase from 2020, due to an assessment freeze.

For 2021, assessment weighted with applicable tax ratios and using consistent valuation dates increased by 1.38%.

COMPARATIVE PROPERTY TAXES

	2021	2020
Municipal	\$3,051	\$2,952
Education	378	378
Total	\$3,429	\$3,330

Table 4: Municipal & Education Comparative Property Taxes

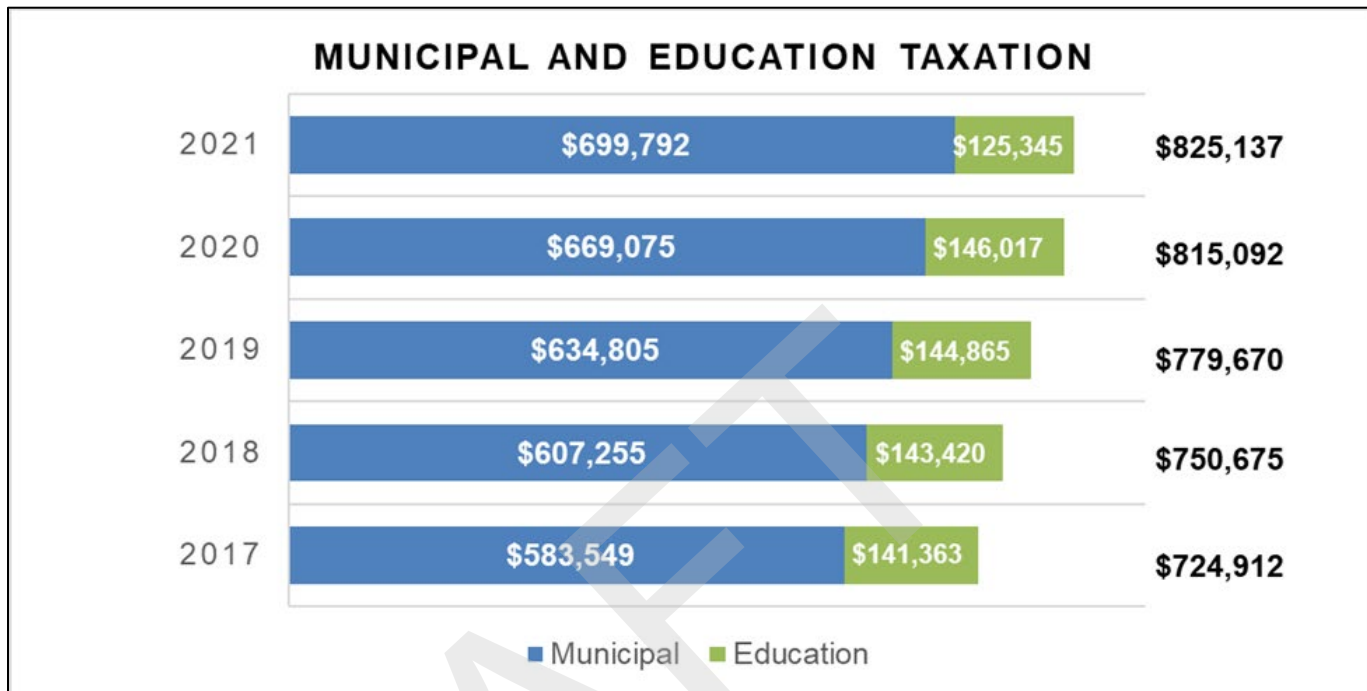
THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

2021 Financial Results (continued)

Property Tax Rates and Assessment Growth (continued)

This next chart reflects property taxes collected 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 12: Five (5) year Overview of Property Taxes (\$000's)
Source: 2021 Financial Information Return, Schedule 26A*

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

2021 Financial Results (continued)

Capital Additions and Disposals

During 2021, additions to our completed capital assets were \$298 million versus \$265 million in 2020, excluding works in progress. The City also disposed of capital assets of \$72 million compared to \$206 million in 2020. There was also a net decrease in assets still under construction of \$19 million in 2021. The following table reflects where the largest net additions in 2021 were, excluding assets still under construction:

NET CAPITAL ASSET INCREASES RANKED BY 2021 SPENDING (\$000's)

1.	Roads and Bridges Infrastructure	\$44,769
2.	Land, Landfill and Land Improvements	28,058
3.	Water and Wastewater Infrastructure	23,630

Table 5: Largest Net Additions, 2021 (\$000's)

In 2021 amortization expense recorded was \$187 million and accumulated amortization of \$62 million was removed upon disposal of the assets.

This resulted in a 2021 net book value of \$4,183 million for the City's tangible capital assets, compared to \$4,101 million for 2020.

Annual Surplus and Accumulated Surplus

The annual surplus for the consolidated entity for 2021 was \$279 million (2020 - \$259 million). This results in an increase to the City's Accumulated Surplus for 2021 to \$5,077 million (2020 - \$4,798 million).

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

2021 Financial Results (continued)

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

In 2021, the City issued debt of \$23,077, which is a decrease from 2020 when \$36,000 was issued. The 2021 debenture issuance consisted of \$23,000 debt through public debentures (2020-\$36,000) and \$77 (2020 – nil) 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 (Roads, Industrial Land, Recreation, Housing)	\$14,062	\$77	\$14,139
Wastewater Infrastructure	8,938	-	8,938
	\$23,000	\$77	\$23,077

Table 6: Debenture Amounts Issued

The City issued public debentures at an average cost of 1.819% over a 10-year term, and issued debentures to CMHC at 1.840% for a 10-year term.

During the year, debt substitution totaled \$4,300 (2020 - \$4,100) as a result of an allocation of a portion of the debt servicing cost budget and funding allocations from operating budget surplus and assessment growth funding in accordance with the Council-approved Surplus/Deficit and Assessment Growth Policies.

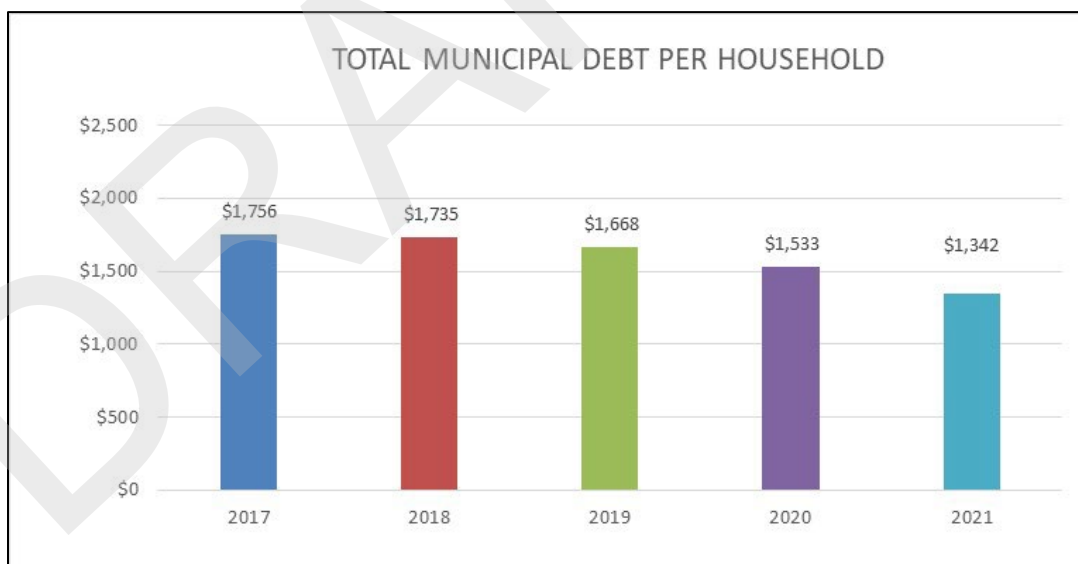


Figure 13: Five (5) Year Overview of Municipal Debt per Household

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

2021 Financial Results (continued)

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

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

	2017	2018	2019	2020	2021
Total Tax Supported Debt (\$)	192,732	184,684	169,593	148,194	129,582
Total Rate Supported Debt (\$)	117,883	126,443	133,800	132,984	118,150
Total Debt (\$)	310,615	311,127	303,393	281,178	247,732
Number of Households	176,859	179,342	181,841	183,358	184,650
Total Debt per Household (\$)	1,756	1,735	1,668	1,533	1,342
Discretionary Reserve Funds & Reserves (\$)	681,028	761,075	854,787	1,001,960	1,152,763
Discretionary Reserve Funds & Reserves Per Household (\$)	3,851	4,244	4,701	5,465	6,243

Table 7: Discretionary Reserves and Reserve Funds per Household

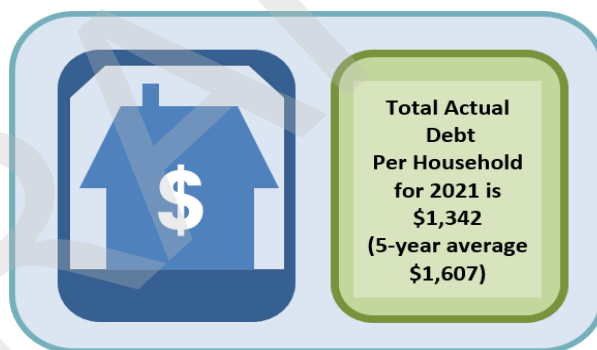


Figure 14: Total Actual Debt per Household, 2021

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

2021 Financial Results (continued)

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, 2021. The current obligation will be met by 2032.

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

	2021	2022	2023	2024	2025	2026
General Municipal	126,584	99,325	75,255	57,154	42,740	30,319
Discretionary Reserve Funds	3,752	1,656	490	-	-	-
Total Tax Supported Debt	130,336	100,981	75,745	57,154	42,740	30,319
Water	7,734	5,393	3,776	2,382	1,761	1,725
Wastewater	24,662	19,456	15,217	11,184	7,732	4,690
Obligatory Reserve Funds	86,359	73,802	61,703	50,223	39,191	28,829
Total Rate Supported Debt	118,755	98,651	80,696	63,789	48,684	35,244
Total Long-term Debt and Liabilities	249,091	199,614	156,441	120,943	91,424	65,563
Less Unamortized Discount	(1,359)	(1,060)	(807)	(604)	(441)	(299)
	247,732	198,572	155,634	120,339	90,983	65,264
Percentage Remaining	100%	80%	63%	49%	37%	26%

Table 8: Principal Balances Remaining on Outstanding Debentures as at December 31, 2021 (\$000's)

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

2021 Financial Results (continued)

Reserves and Reserve Funds

At December 31, 2021, the City of London had combined Reserves, and Discretionary and Obligatory Reserve Funds of \$1,636 million (\$167 million and \$1,469 million respectively). These balances reflect a net increase of \$237 million from December 2020, 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 15 below shows the ten-year trend in yearend 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.

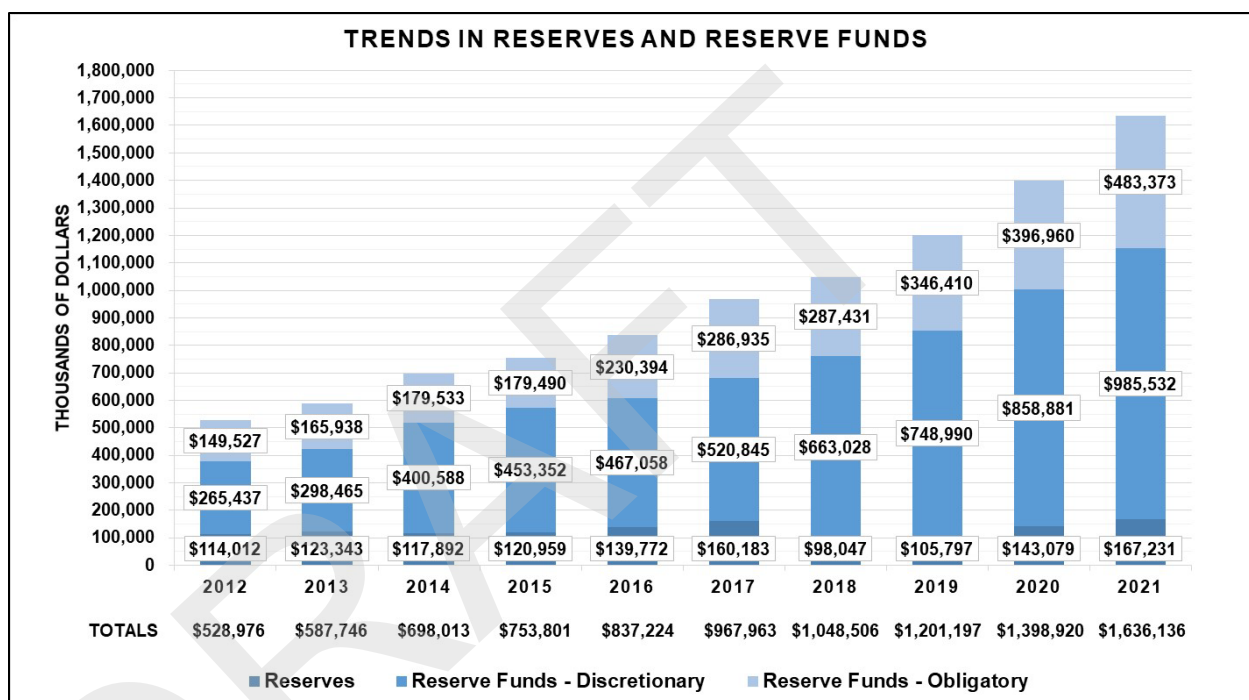


Figure 15: Ten Year Overview of Reserves and Reserve Funds (\$000's)

In 2021, Reserve Funds grew by \$213 million, reaching \$1,469 million by year end. The majority of funds grew due to increased contributions; others were drawn down to fund operations as well as the purchase of capital assets.

Reserves increased by \$24 million over 2020 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.

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

Five Year Review and General Statistics

Five Year Review (\$000's)

	2021	2020	2019	2018	2017
TAXATION (including education)					
Residential & Farm	\$589,068	\$562,401	\$539,339	\$522,543	\$507,405
Commercial & Industrial	236,069	252,691	240,331	228,132	217,507
	\$825,137	\$815,092	\$779,670	\$750,675	\$724,912
TOTAL TAXES RECEIVABLE	\$29,596	\$37,046	\$29,223	\$29,792	\$28,937
TAX ARREARS					
Percentage of Current Levy	3.6%	4.5%	3.7%	4.0%	4.0%
TAX RATES (%) (including all area rates & education)					
Residential	1.388283	1.348259	1.340225	1.350819	1.360444
Multi-Residential	2.267656	2.199140	2.223582	2.290515	2.361127
Commercial	3.239391	3.532945	3.554112	3.618981	3.693816
Industrial	3.239391	3.532945	3.554112	3.618981	3.693816
TOTAL LONG-TERM DEBT					
General Municipal Rates	\$123,884	\$139,657	\$155,812	\$163,414	\$164,844
Water Rates	7,734	10,517	13,158	15,638	18,927
Sewer Rates	24,662	33,008	41,663	50,346	55,551
Municipal Reserve Funds	30,111	95,913	89,870	75,590	62,653
	\$246,391	\$279,095	\$300,503	\$304,988	\$301,975
DEBT PRINCIPAL & INTEREST REPAYMENTS					
Principal	\$55,781	\$57,408	\$53,865	\$ 51,987	\$49,361
Interest and debenture discount	7,233	8,395	9,347	9,605	9,698
	\$63,014	\$65,803	\$63,212	\$61,592	\$59,059
DEBT ISSUED	\$23,077	\$36,000	\$49,380	\$55,000	\$41,000
ASSESSMENT GROWTH	1.38%	1.63%	1.96%	1.27%	0.91%
TANGIBLE CAPITAL ASSETS ADDITIONS	\$412,477	\$376,254	\$392,112	\$502,850	\$457,929
TANGIBLE CAPITAL ASSETS AMORTIZATION	\$186,639	\$184,632	\$182,017	\$172,672	\$162,828
NET BOOK VALUE TANGIBLE CAPITAL ASSETS	\$4,183,481	\$4,101,180	\$3,995,680	\$3,892,797	\$3,749,717
ANNUAL SURPLUS	\$279,102	\$258,860	\$222,165	\$272,392	\$166,359
CONSOLIDATED ACCUMULATED SURPLUS	\$5,076,874	\$4,797,772	\$4,538,912	\$4,316,747	\$4,044,355
RESERVES, DISCRETIONARY & OBLIGATORY RESERVE FUNDS	\$1,636,136	\$1,398,920	\$1,201,197	\$1,048,506	\$967,963

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

Five Year Review and General Statistics (continued)

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.

	2021	2020
GENERAL STATISTICS:		
Population ⁱ	422,324	402,659
Area in Acres	104,632	104,632
Number of Households ⁱⁱ	184,650	183,358
Number of Properties ⁱⁱ	163,302	161,687
Building Permit Values (\$000's) ⁱⁱⁱ	\$1,163,083	\$1,621,544
Average Home Selling Price ^{iv}		
London and St. Thomas	\$637,132	\$488,500
Ontario	\$871,876	\$705,369
Canada	\$688,113	\$567,091
Unemployment Rates (Annual Averages) ^v		
London	7.6%	8.8%
Ontario	8.0%	9.6%
Canada	7.5%	9.5%
CPI Canada (percentage change) ^{vi}	3.4%	0.7%
Real GDP Canada (percentage change) ^{vii}	5.0%	-4.5%

Table 9: General Statistics and Indicators

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

Definitions

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

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.^{viii}

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).^{viii}

Consolidated Financial Statements – statements containing financial information for the municipality and its owned or controlled organizations (e.g., fire, library).^{viii}

Contributed Assets – assets that have been transferred or donated to the municipality and that will provide a future economic benefit.^{viii}

Deferred Revenue – income received that will not be recorded as revenue until certain transactions or events take place.^{viii}

Development charges - a revenue tool designed to help municipalities to pay for a portion of growth-related capital costs incurred to provide services to new residents and businesses. Some of the services for which a municipality may charge a development charge include roads, water and wastewater, police and fire services, and transit. Development charges pay for increased capital costs relating to growth. They do not pay for operating costs or for the future repair of infrastructure.^{ix}

Equity in Tangible Capital Assets – the net book value of recorded tangible capital assets less capital debt.^{viii}

Expenditure – an outlay of cash, payment or disbursement.^{viii}

Expense – the cost to the municipality of an activity. This can be cash or non-cash cost (e.g., wages, materials, amortization).^{viii}

Financial Assets – current cash resources plus any items or holdings that are expected to be converted into cash in the future.^{viii}

Government Transfers – entitlements, transfers under cost-share agreements, and/or grants from other levels of government.^{viii}

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

Definitions (continued)

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.^{viii}

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.^{ix}

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.^{ix}

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.^{ix}

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.^{ix}

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).^{ix}

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, snow plow).^{ix}

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2021

Endnotes

ⁱ Provided by City's Planning Service Area

ⁱⁱ Municipal Property Assessment Corporation, <https://www.mpac.ca/>, 2021 year end assessment roll, December 2021

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 14-10-0327-01 Labour force characteristics by sex and detailed age group, annual](#)

^{vi} Statistics Canada. [Table 18-10-0005-01 Consumer Price Index, annual average, not seasonally adjusted](#)

^{vii} Statistics Canada. [Table 36-10-0104-01 Gross domestic product, expenditure-based, Canada, quarterly \(x 1,000,000\)](#)

^{viii} Municipal Financial Statements (Toronto: Queen's Printer for Ontario, 2016), <http://www.mah.gov.on.ca/AssetFactory.aspx?did=15792>

^{ix} Ministry of Municipal Affairs and Housing, "The Fiscal Context," The Ontario Municipal Councillor's Guide 2018, <https://www.ontario.ca/document/ontario-municipal-councillors-guide-2018/9-fiscal-context>

Consolidated Financial Statements of

**THE CORPORATION OF THE CITY
OF LONDON**

And Independent Auditors' Report thereon

December 31, 2021

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Statements

Year ended December 31, 2021

(all dollar amounts in thousands of dollars)

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, 2021.

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:

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

INDEPENDENT AUDITORS' 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, 2021
- the consolidated statement of operations 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, 2021, and its consolidated results of operations, 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 "***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.

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 auditors' report thereon, included in the "Financial Report" as at the date of this auditors' 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 auditors' 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.

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.
- 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

July 5, 2022

THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Financial Position
December 31, 2021, with comparative information for 2020
(all dollar amounts in thousands of dollars)

	2021	2020
Financial assets		
Cash and cash equivalents (note 2)	\$ 643,461	\$ 562,193
Accounts receivable		
Taxes receivable (note 3)	22,642	29,171
Other receivables	75,922	78,123
Land held for resale	35,473	36,847
Investments (note 4)	1,050,932	879,284
Loans and long-term receivable (note 5)	53,181	38,894
Investment in government business enterprises and partnerships (note 6)	207,581	192,448
Total financial assets	2,089,192	1,816,960
Financial liabilities		
Demand Loan (note 26)	404	670
Accounts payable and accrued liabilities	176,056	173,407
Deferred revenue (note 7)	543,586	452,077
Accrued interest on long-term debt	1,451	1,715
Long-term liabilities (note 8)	2,700	3,600
Long-term debt (note 9)	245,033	277,578
Capital lease obligations (note 10)	109	356
City Services payable (note 11)	6,807	7,803
Employee benefits payable (note 12)	196,038	181,726
Landfill closure and post-closure liability (note 13)	51,669	46,320
Total financial liabilities	1,223,853	1,145,252
Net financial assets	865,339	671,708
Non-financial assets		
Tangible capital assets (note 14)	4,183,481	4,101,180
Inventories of supplies	6,086	5,465
Prepaid expenses	21,968	19,419
Total non-financial assets	4,211,535	4,126,064
Contingent Liabilities (note 16)		
Loan Guarantees (note 17)		
Commitments (note 18)		
Accumulated surplus (note 15)	\$ 5,076,874	\$ 4,797,772

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

THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Operations
Year ended December 31, 2021, with comparative information for 2020
(all dollar amounts in thousands of dollars)

	Budget	2021	2020
	(note 20)		
Revenues			
Net municipal taxation	\$ 692,652	\$ 696,617	\$ 666,502
User charges	296,803	283,304	277,565
Transfer payments			
Provincial	277,295	275,228	270,847
Federal	36,325	39,425	37,571
Other municipalities	8,359	7,963	6,823
Investment income	4,772	22,293	22,024
Penalties and interest	8,106	7,761	6,714
Development charges earned	27,742	42,294	38,084
Developer contributions of tangible capital assets (note 14)	38,699	43,543	61,134
Other	42,207	38,636	28,937
Equity in earnings of government business enterprises and partnerships (note 15)	6,089	20,133	4,038
Total revenues	1,439,049	1,477,197	1,420,239
Expenses			
General government	124,539	89,993	91,141
Protection services	228,929	232,168	231,189
Transportation services	233,607	226,800	203,528
Environmental services	202,850	204,003	193,923
Health services	33,714	33,515	30,502
Social and family services	260,010	234,926	232,912
Social housing	40,671	58,854	58,499
Recreation and cultural services	91,862	83,091	76,866
Planning and development	35,503	34,745	42,819
Total expenses	1,251,685	1,198,095	1,161,379
Annual surplus	187,364	279,102	258,860
Accumulated surplus, beginning of year (note 15)	4,797,772	4,797,772	4,538,912
Accumulated surplus, end of year (note 15)	\$ 4,985,136	\$ 5,076,874	\$ 4,797,772

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

THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Change in Net Financial Assets
Year ended December 31, 2021, with comparative information for 2020
(all dollar amounts in thousands of dollars)

	Budget	2021	2020
Annual surplus	\$ 187,364	\$ 279,102	\$ 258,860
Acquisition of tangible capital assets	(73,718)	(235,235)	(235,444)
Developer contributions of tangible capital assets	(38,699)	(43,543)	(61,134)
Amortization of tangible capital assets	178,060	186,639	184,632
Proceeds from sale of tangible capital assets	48	9,942	6,511
Gain on disposal of tangible capital assets	(48)	(104)	(65)
	65,643	(82,301)	(105,500)
Change in inventories of supplies	-	(621)	(409)
Change in prepaid expenses	-	(2,549)	(3,406)
	-	(3,170)	(3,815)
Change in net financial assets	253,007	193,631	149,545
Net financial assets, beginning of year	671,708	671,708	522,163
Net financial assets, end of year	\$ 924,715	\$ 865,339	\$ 671,708

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

THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Cash Flows
Year ended December 31, 2021, with comparative information for 2020
(all dollar amounts in thousands of dollars)

	2021	2020
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 279,102	\$ 258,860
Items not involving cash		
Amortization of tangible capital assets	186,639	184,632
Developer contributions of tangible capital assets	(43,543)	(61,134)
Gain on disposal of tangible capital assets	(104)	(65)
Change in employee benefits payable	14,312	20,027
Change in landfill closure and post-closure liability	5,349	5,269
Equity in earnings of government business enterprises and partnerships	(21,044)	(5,156)
Dividends receivable from government business enterprises and partnerships	5,000	5,000
Amortization of debenture discount	159	93
Change in non-cash assets and liabilities		
Taxes receivable	6,529	(7,097)
Other receivables	2,201	(598)
Land held for resale	1,374	1,475
Accounts payable and accrued liabilities	2,650	(303)
Deferred revenue	91,509	79,831
Accrued interest on long-term debt	(264)	(311)
City Services payable	(996)	(7,212)
Inventories of supplies	(621)	(409)
Prepaid expenses	(2,549)	(3,406)
Net change in cash from operating activities	525,703	469,496
Capital activities		
Proceeds from sale of tangible capital assets	9,942	6,511
Acquisition of tangible capital assets	(235,235)	(235,444)
Net change in cash from capital activities	(225,293)	(228,933)
Investing activities		
Net decrease (increase) in investments	(171,648)	(138,171)
Issuance of loans and long-term receivables	(15,009)	(12,966)
Repayment of loans receivable	722	2,169
Repayment of promissory note receivable from government business enterprises	855	969
Government business enterprises and partnerships (notes (6.a)(v))	56	149
Net change in cash from investing activities	\$ (185,024)	\$ (147,850)

THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Cash Flows (continued)
Year ended December 31, 2021, with comparative information for 2020
(all dollar amounts in thousands of dollars)

	2021	2020
Financing activities		
Long-term debt issued	\$ 23,077	\$ 36,000
Long-term debt repayments	(55,781)	(57,408)
Repayments of long-term liabilities	(900)	(900)
Repayments of capital lease obligations	(247)	(293)
Demand loan issued	-	670
Demand loan repayments	(267)	-
Net change in cash from financing activities	(34,118)	(21,931)
Net change in cash and cash equivalents	81,268	70,782
Cash and cash equivalents, beginning of year	562,193	491,411
Cash and cash equivalents, end of year	\$ 643,461	\$ 562,193

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

THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements
Year ended December 31, 2021
(all dollar amounts in thousands of dollars)

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, **\$125,345** of taxation was collected on behalf of school boards (2020 - \$146,017) and remitted to the school boards during the year.

THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2021
(all dollar amounts in thousands of dollars)

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 **\$4,673** (2020 - \$4,597).

(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.

THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2021
(all dollar amounts in thousands of dollars)

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: Tangible 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.

THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2021
(all dollar amounts in thousands of dollars)

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, landfill closure and post-closure liabilities, 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.

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 social service program and on the Provincial Upload Schedule for the Ontario Works 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 2021 the Corporation received **\$696,617** (2020 - \$666,502) 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.

1. Significant Accounting Policies (continued)

(f) Development Charges and Other Revenues

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

(g) Financial Instruments

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivables, investments, loans receivable, accounts payable and accrued liabilities, long-term debt, long-term liabilities and city services payable. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

(h) Investments

Investments are recorded at amortized cost less any amounts written off to reflect a permanent decline in value. Investments consist of authorized investments pursuant to provisions of the *Municipal Act, 2001* and comprise government and corporate bonds, debentures, pooled investment funds and short-term instruments of various financial institutions. Investments with original maturity dates greater than 90 days are classified as investments in the consolidated statement of financial position.

Investment income earned on available current funds, reserves and reserve funds (other than obligatory funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances.

(i) 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)

(j) 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.

(k) 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.

(l) 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)

(m) Provision for Landfill Rehabilitation

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 provided for over the estimated remaining life of the landfill sites based on usage, and is funded through tipping fees. The annual provision is reported as an operating expense, and the accumulated provision is reported as a liability on the consolidated statement of financial position.

(n) 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.

(o) 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.

(p) 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.

1. Significant Accounting Policies (continued)

(q) Future Accounting Pronouncements

These standards and amendments were not yet effective for the year ended December 31, 2021, 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) Asset Retirement Obligations

PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation, and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. This standard is effective for fiscal years beginning on or after April 1, 2022 (the Corporation's December 31, 2023 year-end).

(ii) Financial Statement Presentation

PS 1201, Financial Statement Presentation requires entities to present a new statement of remeasurement gains and losses separate from the consolidated statement of operations and accumulated surplus. 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. This standard is effective for fiscal years beginning on or after April 1, 2022 and applies when PS 3450, Financial Instruments, and PS 2601, Foreign Currency Translation, are adopted (the Corporation's December 31, 2023 year-end).

(iii) 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).

(iv) Foreign Currency Translation

PS 2601, Foreign Currency Translation, establishes the standards on accounting for and reporting transactions that are denominated in a foreign currency. 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). Earlier adoption is permitted. A public sector entity adopting this standard must also adopt the new financial instruments standard.

THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2021
(all dollar amounts in thousands of dollars)

1. Significant Accounting Policies (continued)

(q) Future Accounting Pronouncements (continued)

(v) 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).

(vi) 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).

2. Cash and Cash Equivalents

Table 2: Cash and Cash Equivalents

	2021	2020
Cash on deposit	\$ 437,598	\$ 550,218
Cash equivalents	205,863	11,975
	\$ 643,461	\$ 562,193

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

3. Taxes Receivable

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

Table 3: Taxes Receivable

	2021	2020
Taxes receivable	\$ 27,959	\$ 35,267
Penalties and interest	1,637	1,779
Allowance for doubtful accounts	(6,954)	(7,875)
	\$ 22,642	\$ 29,171

THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2021
(all dollar amounts in thousands of dollars)

4. Investments

Investments are comprised of the following:

Table 4: Investments

	2021		2020	
	Cost	Market Value	Cost	Market Value
Pooled investment funds	\$ 74,833	\$ 84,222	\$ 42,634	\$ 45,865
Government fixed income	246,338	245,050	166,274	172,693
Corporate fixed income	664,877	662,874	599,258	605,296
Asset backed securities	64,884	65,586	71,022	76,086
Other investments	-	-	96	96
	\$ 1,050,932	\$ 1,057,732	\$ 879,284	\$ 900,036

THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2021
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5. Loans and Long-term Receivables

Table 5: Loans and long-term Receivables

	2021	2020
Subordinate loan – City of London Arena Trust	\$ 23,671	\$ 23,723
Affordable Housing	4,172	4,094
Community Improvement Program	4,498	4,285
Development Charge Deferral & Alternative payment	19,364	6,678
Other Miscellaneous	1,476	114
	\$ 53,181	\$ 38,894

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, **\$52** (2020 - \$68) was received as a payment on the loan.

6. Investment in Government Business Enterprises and Partnerships

The Corporation holds a 100% interest in London Hydro Inc. (2020 - 100%), a 32.858% (2020 - 35.715%) interest in the Fair-City Joint Venture Partnership and a 73.432% (2020 - 73.432%) interest in the City-YMCA Joint Venture Partnership based upon investments as follows:

Table 6: Investment in Government Business Enterprises and Partnerships

	2021	2020
London Hydro Inc. (note (6.a))	\$ 191,525	\$ 175,136
Fair-City Joint Venture Partnership (note (6.b))	2,101	2,859
City-YMCA Joint Venture Partnership (note (6.c))	13,955	14,453
	\$ 207,581	\$ 192,448

THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2021
(all dollar amounts in thousands of dollars)

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

(a) Investment in London Hydro Inc.

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

Table 7: Investment in London Hydro Inc. – Financial Position

	2021	2020
Financial position		
Current assets	\$ 102,906	\$ 115,217
Capital assets	390,400	376,435
Total assets	493,306	491,652
Regulatory balances	28,596	22,993
Total assets and regulatory balance	521,902	514,645
Current and other liabilities	63,116	76,860
Deferred revenue	46,447	42,367
Post-employment benefits	15,008	16,100
Long-term debt	200,000	200,000
Total liabilities	324,571	335,327
Regulatory balances	5,806	4,182
Total liabilities and regulatory balances	330,377	339,509
Net assets	\$ 191,525	\$ 175,136

Table 8: Investment in London Hydro Inc. – Results of Operations

	2021	2020
Results of operations		
Revenues	\$ 468,939	\$ 517,704
Operating expenses	(454,527)	(499,977)
Other income (expense)	10,040	(11,271)
Income tax expense	(6,574)	(1,206)
Net movement in regulatory balances	3,731	196
Net earnings	21,609	5,446
Dividends	(5,000)	(5,000)
Change in accounting policy	(220)	-
Net assets, beginning of year	175,136	174,690
Net assets, end of year -		
Investment in London Hydro Inc.	\$ 191,525	\$ 175,136

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

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

(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 2021 totalled **\$28,596** (2020 - \$22,935). Net regulatory credit balances for 2021 totalled **\$5,806** (2020 - \$4,182).

(iii) Commitments

The Company has provided **\$4,300** (2020 - \$4,300) in bank standby letters of credit to the independent Electricity System Operator, as required by regulation.

The Company has vendor commitments in connection with projects of **\$800** (2020 - \$500).

The Company has committed to operating lease agreements with future minimum non-cancellable annual lease payments of **\$1,213** (2020 - \$916).

(iv) Credit Facilities

The Company has an uncommitted operating revolving line of credit facility of \$20,000. As at December 31, 2021 the amount drawn under this facility was **\$nil** (2020 - \$nil).

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

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

The Company has an interest rate swap agreement for an unsecured loan in the amount of \$40,000. Interest only payments are due quarterly and commenced March 2018. The principal is due at maturity. The agreement is a fixed rate swap and matures June 2022.

The Company has an interest rate swap agreement for an unsecured loan in the amount of \$85,000. Interest only payments are due quarterly and commenced December 2014. The principal is due at maturity. The agreement is a fixed rate swap and matures June 2022.

The Company has an interest rate swap agreement for an unsecured loan in the amount of \$75,000. Interest only payments are due quarterly and commenced December 2020. The principal is due at maturity. The agreement is a fixed rate swap and matures June 2032.

The Company entered into a futures contract on December 4, 2020 for \$125,000. The future contract will be converted into a swap agreement on June 30, 2022 to repay the \$40,000 and \$85,000 fixed rate swaps maturing June 2022. The swap agreement is a fixed rate swap and matures June 2032 .

At December 31, 2021, the Company would be required to pay **\$1,100** (2020 - \$3,900) if it wished to cancel the certain swap agreements, and would be entitled to collect \$6,700 (2020 - \$4,400 payment requirement), if it decided to cancel the other swap agreement.

(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 **\$5,040** (2020 - \$5,025) and are included on the consolidated statement of operations. At December 31, 2021, the Corporation has a receivable of **\$15,400** (2020 - \$14,356) for water and wastewater charges collected by London Hydro Inc. Miscellaneous receivables of **\$463** (2020 - \$789) are also outstanding at year end.

The Corporation, charged London Hydro Inc. rent, totalling **\$100** (2020 - \$100).

The Corporation received **\$5,000** (2020 - \$5,000) in dividend payments, which were recorded as a reduction in the investment in government business enterprises.

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

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

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

The Company’s financial statements have been prepared in accordance with IFRS.

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THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2021
(all dollar amounts in thousands of dollars)

6. 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 9: Fair-City Joint Venture Partnership – Financial Position

	2021	2020
Financial position		
Current assets	\$ 1,051	\$ 1,215
Capital assets	10,172	10,762
Total assets	11,223	11,977
Accrued liabilities	1,146	2,125
Deferred capital contributions	2,627	2,754
Long-term debt	1,055	1,486
Total liabilities	4,828	6,365
Net assets	\$ 6,395	\$ 5,612

Table 10: Fair-City Joint Venture Partnership – Results of Operations

	2021	2020
Results of operations		
Revenues	\$ 2,975	\$ 3,158
Operating expenses	(2,508)	(2,575)
Net earnings	467	583
Net earnings available to the Corporation	223	208
Distribution for employee future benefit re-measurements	34	(5)
Corporation's portion of earning retained in Joint Venture	257	203
Corporation's investment in Fair-City Joint Venture's net assets, beginning of year	2,004	1,945
Adjustment due to change in Corporation's share during year	(160)	(144)
Corporation's investment in Fair-City Joint Venture's net assets, end of year	2,101	2,004
Promissory note due to the Corporation	-	855
Investment in Fair-City Joint Venture Partnership	\$ 2,101	\$ 2,859

6. 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, 2021 was 32.858% (2020 - 35.175%). 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 **\$69** (2020 - \$nil) contribution was required by 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. **\$1,910** was paid for ice rental in 2021 (2020 - \$1,910), which was recorded as an expense in the consolidated statement of operations.

The partnership has a term loan, payable to the Corporation, bearing interest at 6.377%, payable in monthly blended payments of \$88, due October 1, 2021, secured by a general security agreement over all assets. The balance outstanding at December 31, 2021 is **\$nil** (2020 - \$855). During the year, the partnership paid interest to the Corporation in the amount of **\$25** (2020 - \$87), which was recorded as investment income in the consolidated statement of operations.

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Year ended December 31, 2021
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6. 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 11: City-YMCA Joint Venture Partnership – Financial Position

	2021	2020
Financial position		
Capital assets	\$ 27,135	\$ 27,135
Accumulated amortization	(8,132)	(7,453)
Net assets	\$ 19,003	\$ 19,682

Table 12: City-YMCA Joint Venture Partnership – Results of Operations

	2021	2020
Results of operations		
Amortization of capital assets	\$ (679)	\$ (678)
Net loss	(679)	(678)
Net assets, beginning of year	19,682	20,360
Net assets, end of year	19,003	19,682
Corporation's portion of net assets	13,955	14,453
Investment in City-YMCA Joint Venture Partnership	\$ 13,955	\$ 14,453

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%.

Construction of this facility was completed in October 2010.

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

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

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.

THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2021
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7. Deferred Revenue

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

Table 13: Deferred Revenue

	2021	2020
Funds deferred to future periods for specific purposes by legislation, regulation or agreement		
Development Charges Act		
Recreation, transit and culture	\$ 47,624	\$ 38,854
Capital infrastructure	308,792	267,186
Development Charges Act (Note 11)	356,416	306,040
Development Charge Deferral and Alternative Payment Arrangements	19,364	6,678
Federal and Provincial gas tax	112,103	80,415
Recreational land (<i>The Planning Act</i>)	3,797	4,752
Safe Restart Public Transit Funding	11,057	5,753
	502,737	403,638
Other deferred revenue:		
Subsidy advances from Provincial Ministries for future periods	30,334	41,648
Prepaid deposits	472	258
Prepayment of recreation programs, facility rentals, memberships	728	518
Vacancy rebate allowances	621	600
Boards and commissions	8,369	5,112
Other deferred revenues	325	303
	\$ 543,586	\$ 452,077

THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2021
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8. 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 14: Long-term Liabilities

	Last Year of Obligation	2021	2020
Fanshawe College, with annual principal repayments of \$900, subject to annual budget approval, maturing on 2024	2024	\$ 2,700	\$ 3,600
		\$ 2,700	\$ 3,600

Anticipated principal repayments are summarized as follows:

2022	\$ 900
2023	900
2024	900
Total	\$ 2,700

THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
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9. Long-term Debt

Provincial legislation restricts the use of long-term debt to financing capital expenses only. 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 15: Long-term Debt

	2021	2020
Long-term debt issued by the Corporation at various rates of interest ranging from 0.36% to 5.67% (2020 - 0.80% to 5.67%) with maturity dates ranging from September, 2022 to April, 2031.	\$ 230,025	\$ 253,530
Long-term debt issued to Infrastructure Ontario programs at various rates of interest ranging from 2.60% to 4.44% (2020 - 2.60% to 4.44%) with maturity dates ranging from December, 2024 to March, 2030.	18,246	26,385
Long-term debt issued to Canada Mortgage and Housing Corporation at an interest rate of 1.84% (2020 - 2.23%) and maturing December, 2031.	59	1,823
Long-term debt issued to Canada Mortgage and Housing Corporation at an interest rate of Canada Prime Rate plus 2% and maturing August, 2023.	18	-
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% (2020 - 2.00% to 2.25%) with maturity dates ranging from April, 2026 to May, 2032.	2,605	3,006
Long-term debt, assumed by unconsolidated local Boards, other municipalities, municipal enterprises and utilities.	(4,561)	(5,649)
	246,392	279,095
Less: Unamortized debenture discount	(1,359)	(1,517)
Net long-term debt	\$ 245,033	\$ 277,578

THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2021
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9. Long-term Debt (continued)

Principal repayments are summarized as follows:

Table 16: Principal Repayment Summary

	2022	2023	2024	2025	2026	Beyond	Total
General	\$ 26,359	\$ 23,170	\$ 17,201	\$ 14,414	\$ 12,420	\$ 30,320	\$ 123,884
Water	2,341	1,617	1,395	1,419	671	291	7,734
Wastewater	5,207	4,239	4,033	3,452	3,041	4,690	24,662
Discretionary	2,096	1,166	490	-	-	-	3,752
Obligatory	12,556	12,099	11,480	11,032	10,362	28,831	86,360
	\$ 48,559	\$ 42,291	\$ 34,599	\$ 30,317	\$ 26,494	\$ 64,132	\$ 246,392

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

Table 17: Principal repayments - Total Charges

	2021	2020
Interest on long-term debt	\$ 6,913	\$ 8,061
Amortization of debenture discount	311	317
Interest on capital lease obligation	9	17
	\$ 7,233	\$ 8,395

10. Capital Lease Obligations

Table 18: Capital Lease Obligations

	2021	2020
2021	\$ -	\$ 256
2022	111	110
Minimum lease payments	111	366
Less amount representing interest at 3.25% (2020 - 3.25%)	2	10
Present value of net minimum capital lease payments	\$ 109	\$ 356

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 **\$356,416** (2020 - \$306,040) in the City Services Reserve Funds to fund this liability.

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Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2021
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11. City Services Payable (continued)

The continuity breakdown is as follows:

Table 19: City Services - Continuity Breakdown

		Roads	Waste Water	Storm Water	Parks & Recreation	Water	Total
City Services Payable	Dec 31, 2019 \$	3,372 \$	1,825 \$	8,140 \$	1,343 \$	335 \$	15,015
Expenses:							
Value of construction work completed		321	11	318	30	-	680
Payments:							
From City Services Reserve Funds		(1,205)	(1,773)	(4,663)	(144)	(107)	(7,892)
City Services Payable	Dec 31, 2020	2,488	63	3,795	1,229	228	7,803
Expenses:							
Value of construction work completed		115	24	695	-	34	868
Payments:							
From City Services Reserve Fund in 2021		(631)	(15)	(971)	(204)	(43)	(1,864)
City Services Payable	Dec 31, 2021 \$	1,972 \$	72 \$	3,519 \$	1,025 \$	219 \$	6,807

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Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2021
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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 20: Employee Benefit Payable

	2021	2020
Post-employment and post-retirement benefits (note (12.a))	\$ 107,384	\$ 97,356
Workplace Safety and Insurance Board Obligation (note (12.b))	68,413	64,880
Vacation credits (note (12.c))	19,041	18,234
Vested sick leave benefits (note (12.d))	1,200	1,256
	\$ 196,038	\$ 181,726

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 **\$170,919** (2020 - \$143,947), 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 as of December 31, 2021.

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

Table 21: Post-Employment and Post-Retirement Benefits – Assumptions

Assumptions	2021	2020
	%	%
Discount rate	3.00	3.25
Rate of compensation increase	2.00	2.00
Healthcare cost increases	4.00 – 5.63	4.00 – 5.70

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Notes to Consolidated Financial Statements (continued)
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12. Employee Benefits Payable (continued)

The benefit obligation continuity is as follows:

Table 22: Employee Benefits Payable - Benefit Obligation Continuity

Liability for post-employment and post-retirement benefits	2021	2020
Accrued benefit obligation, January 1	\$ 87,219	\$ 84,484
Current period benefit cost	4,609	4,450
Retirement interest expense	2,817	2,728
Plan amendment	6,137	-
Actuarial loss	10,825	-
Benefits paid	(4,869)	(4,443)
Accrued benefit obligation December 31	106,738	87,219
Unamortized actuarial gain	646	10,137
	\$ 107,384	\$ 97,356
Post-employment and post-retirement benefits expense	2021	2020
Current period benefit cost	\$ 4,609	\$ 4,450
Retirement interest expense	2,817	2,728
Plan amendment	6,137	-
Amortization of actuarial loss (gain)	1,334	(367)
Total post-employment and post-retirement benefit expense	\$ 14,897	\$ 6,811

The actuarial loss is amortized over the expected average remaining service life of the related employee group of **14** years (2020 - 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, 2021 estimated the accrued benefit obligation for workplace safety and insurance existing claims and future pension awards at **\$68,413** (2020 - \$64,880).

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Notes to Consolidated Financial Statements (continued)
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12. Employee Benefits Payable (continued)

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

Table 23: Self-Insured (Schedule II) Workers Compensation Actuarial - Assumptions

	December 31, 2021
Discount rate	3.00% per annum
Rate of compensation increase	2.00% per annum
Healthcare cost increases	4.00% 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, 2021 is **\$19,041** (2020 - \$18,234).

(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 **\$1,200** (2020 - \$1,256) at December 31, 2021. During the year **\$447** (2020 - \$311) 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, 2021 is **\$790** (2020 - \$1,217). An amount of **\$20** (2020 - \$31) has been contributed in the current year.

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.

12. Employee Benefits Payable (continued)

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

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

Table 24: Employee Benefits Payable - Anticipated Future Payments

2022	\$	1,098
2023		19
2024		83
Total	\$	1,200

(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 **4,692** (2020 - 4,587) 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, 2021. At that time, the plan reported a **\$3.13** billion actuarial deficit (2020 - \$3.21 billion), based on actuarial liabilities for **\$120.80** billion (2020 - \$113.06 billion) actuarial assets for **\$117.67** billion (2020 - \$109.84) 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 2021 was **\$35,154** (2020 - \$35,393) for current service. Employer's contributions for current service are included as an expense in the consolidated statement of operations.

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13. Landfill Closure and Post-Closure Liability

PSAB Handbook Section 3270: *Solid Waste Landfill Closure and Post-Closure Liability*, sets out the standard for anticipated closure and post-closure costs for existing and closed landfill sites. This liability is the estimated cost to date, based on a volumetric basis, of the expenses relating to those activities required when the site or phase stops accepting waste.

The Sanitary Closure costs include 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, 2021 for landfills are as follows:

Table 25: Landfill Closure Key Assumptions

Active (W12A) landfill is expected to reach capacity in 2024	
Remaining capacity of active (W12A) as at December 31, 2021	0.63 million tonnes
Expected closing cost in 2021 dollars	\$1,931
Inflation rate	1.8%
Discount rate	3.00%
Estimated time required for post-closure care – active landfill	75 years
Estimated remaining time required for post-closure care – closed landfills	25-35 years

The liability as at December 31, 2021 is comprised of:

Table 26: Landfill Closure and Post-Closure Liability

	2021	2020
Active landfill (W12A) closure, site rehabilitation and monitoring obligation	\$ 42,140	\$ 37,144
Closed landfills site rehabilitation and monitoring obligation	9,529	9,176
	\$ 51,669	\$ 46,320

13. Landfill Closure and Post-Closure Liability (continued)

A reserve fund has been established for sanitary landfill activity and funds could be utilized for this sanitary landfill site closure and post-closure liability. The reserve fund balance at December 31, 2021 is **\$28,345** (2020 - \$26,034).

The Corporation, with Council approval, is in the process of completing an Individual Environmental Assessment (EA) for the expansion of the W12A landfill site. The Minister of the Environment, Conservation and Parks approved the proposed Amended Terms of Reference for the undertaking in July, 2019 and the Environmental Study Report has been submitted to the Ministry of Environment Conservation and Parks for public and government comment. At this stage in the process the EA is approximately 95% complete. Successful completion of this EA process will result in extension of the anticipated closure date and an increase in the remaining waste disposal capacity currently assumed in the determination of the liability.

The Corporation anticipates the project to be completed over the next few years and a Ministry decision be reached by 2023.

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14. Tangible Capital Assets

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Land	\$ 471,919	\$ 26,332	\$ 48	\$ 498,203
Landfill and land improvements	167,079	10,730	7,463	170,346
Buildings and building improvements	1,106,858	34,000	4,675	1,136,183
Leasehold improvements	9,344	142	447	9,039
Machinery, equipment and furniture	324,189	29,134	13,043	340,280
Vehicles	137,535	14,559	9,761	142,333
Water infrastructure	825,207	26,133	3,707	847,633
Wastewater infrastructure	1,604,274	47,647	11,647	1,640,274
Roads infrastructure	1,499,496	105,333	17,392	1,587,437
Computers	17,614	3,899	3,373	18,140
Assets under construction	161,372	114,568	133,699	142,241
Total	\$ 6,324,887	\$ 412,477	\$ 205,255	\$ 6,532,109

Accumulated Amortization	Balance at December 31, 2020	Amortization Expense	Amortization Disposals	Balance at December 31, 2021
Land	\$ -	\$ -	\$ -	\$ -
Landfill and land improvements	87,980	8,961	7,468	89,473
Buildings and building improvements	539,447	34,155	3,980	569,622
Leasehold improvements	2,741	563	646	2,658
Machinery, equipment and furniture	157,426	24,733	12,826	169,333
Vehicles	75,967	12,234	9,586	78,615
Water infrastructure	279,993	17,129	3,627	293,495
Wastewater infrastructure	515,057	28,036	6,742	536,351
Roads infrastructure	554,391	56,642	13,470	597,563
Computers	10,705	4,186	3,373	11,518
Assets under construction	-	-	-	-
Total	\$ 2,223,707	\$ 186,639	\$ 61,718	\$ 2,348,628

	Net Book Value December 31, 2020	Net Book Value December 31, 2021
Land	\$ 471,919	\$ 498,203
Landfill and land improvements	79,099	80,873
Buildings and building improvements	567,411	566,561
Leasehold improvements	6,603	6,381
Machinery, equipment and furniture	166,763	170,947
Vehicles	61,568	63,718
Water infrastructure	545,214	554,138
Wastewater infrastructure	1,089,217	1,103,923
Roads infrastructure	945,105	989,874
Computers	6,909	6,622
Assets under construction	161,372	142,241
Total	\$ 4,101,180	\$ 4,183,481

14. Tangible Capital Assets (continued)

(a) Assets Under Construction

Assets under construction having a value of **\$142,241** (2020 - \$161,372) 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 **\$43,543** (2020 - \$61,134) comprised predominantly of roads infrastructure in the amount of **\$24,248** (2020 - \$21,877 and water and wastewater infrastructure in the amount of **\$17,898** (2020 - \$38,416).

(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 **\$130** (2020 - \$485).

(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.

14. Tangible Capital Assets (continued)

(f) Assets under Shared Control (continued)

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 or expensed as follows:

Table 27: Tangible Capital Assets under Shared Control

Capitalized as	
Land	\$ 5,155
Building	26,754
Equipment	7,709
Expensed as	
Contracted services	755
Total	\$ 40,373

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.

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15. Accumulated Surplus

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

Table 28: Accumulated Surplus

	2021	2020
Surplus		
Invested in tangible capital assets	\$ 4,218,845	\$ 4,137,671
Other	(4,894)	(25,099)
Local boards	2,903	2,110
Equity in government business enterprise	207,581	192,448
Unfunded		
Landfill closure and post-closure liability and liability for contaminated sites	(60,573)	(55,417)
Employee benefits payable	(197,209)	(182,873)
Net long-term debt	(242,542)	(273,028)
Total surplus	3,924,111	3,795,812
Reserves set aside by Council		
Contingencies	117,113	100,549
General operations	50,118	42,530
Total reserves	167,231	143,079
Reserve funds set aside for specific purposes by Council		
Contingencies	142,329	116,372
Infrastructure renewal	299,062	272,699
Acquisition of vehicles	40,588	32,965
Acquisition of facilities	43,634	38,641
Recreational programs and facilities	766	380
Self-insurance (note (16.b))	18,524	15,221
Sick leave (note (12.d))	790	1,217
Industrial over sizing	12,847	13,468
Other purposes	347,136	289,545
Special purpose	79,856	78,373
Total reserve funds	985,532	858,881
Accumulated surplus	\$ 5,076,874	\$ 4,797,772

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 the preceding table, as more fully described in notes 12 and 13.

(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, 2021, 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, 2021 amounted to **\$18,524** (2020 - \$15,221) and is reported in note 15 of the consolidated financial statements. The contribution for the year of **\$6,177** (2020 - \$6,192) has been reported in the individual revenues on the consolidated statement of operations.

Claims expensed during the year amounting to **\$2,874** (2020 - \$2,862) 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, 2021 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.

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17. Loan Guarantees

The Corporation entered into agreements which, under certain conditions, guarantee a \$7,000 loan from the VersaBank, formerly known as the Pacific & Western Bank of Canada, to the trustee of the City of London Arena Trust. The outstanding principal of this loan at December 31, 2021 is **\$1,086** (2020 - \$1,686).

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 **\$762**. There is no amount outstanding and no anticipated loss from this guarantee.

The Corporation has entered into an agreement which, under certain conditions, guarantees to assume payment obligations to OMERS on behalf of the Housing Development Corporation, London (Principal). The Corporation, as an associated employer of the Principal, is required to furnish financial security in the form of a letter of guarantee. 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, 2021 is **\$59** (2020 - \$nil)

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, 2021 that the Corporation will need to make any payments as a result of providing the guarantees.

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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 2021 was **\$1,191** (2020 - \$1,152). 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

2022	\$	6,370
2023		1,444
2024		2,793
2025		3,367
2026		6,495
Beyond		1,631
Total	\$	22,100

(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

2022	\$	21,176
2023		10,244
2024		6,554
2025		5,861
2026		5,114
Beyond		14,940
Total	\$	63,889

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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, 2021:

Table 31: Facilities and Infrastructure Commitments

	2021	2020
Roads	\$ 47,547	\$ 61,896
Storm Sewer	37,253	29,006
Water	27,426	25,021
Sanitary Sewer	25,469	20,326
Waste Collection, Disposal, and Recycling	11,320	791
General Government	11,117	5,237
Transit	10,900	9,824
Commercial and Industrial	6,943	2,659
Recreational Facilities	2,430	4,719
Fire, POA and Emergency Measures	1,433	308
Parks	974	2,304
Social Housing	865	1,082
Social and Family Services	260	296
Cultural Facilities	64	474
Library Facilities	49	-
	\$ 184,050	\$ 163,943

These amounts represent uncompleted portions of contracts, as at December 31, 2021, 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, 2021, the Corporation has outstanding commitments remaining on these agreements of **\$5,448** (2020 - \$10,987).

18. Commitments (continued)

(f) Derivatives

The Corporation has the following derivative contracts as at December 31, 2021:

- Contract, expiring October 31, 2022, for the transportation daily natural gas purchases of 218 gigajoules, with a remaining contract value of **\$150** (2020 - \$109).
- Contract, expiring October 31, 2023, for the transportation daily natural gas purchases of 182 gigajoules, with a remaining contract value of **\$216** (2020 - \$nil).
- Contract, expiring October 31, 2024, for the transportation daily natural gas purchases of 145 gigajoules, with a remaining contract value of **\$170** (2020 - \$nil).

This derivative contract was purchased to provide price certainty. The value of this contract is not reflected as an asset or liability in these consolidated financial statements.

- Contract with one block, negotiated May 5, 2017, with a daily electricity purchase of nil megawatt hours, covering the period of November 1, 2018 to August 31, 2021, with a remaining contract cost at December 31, 2021 is **\$nil** (2020 - \$173).

This derivative contract was purchased to provide price certainty for 26% of the Lake Huron Area Primary Water Supply System's electricity needs over the term of the contract. The value of the contract is not reflected as an asset or liability in these consolidated financial statements.

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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

	2021	2020
Revenues		
Fines	\$ 4,059	\$ 3,360
Total revenues	4,059	3,360
Expenses		
Salary, wages and fringe benefits	1,554	1,561
County share of net revenues	108	5
Occupancy costs	81	52
Provincial government cost recovery	364	229
Administration costs	1,254	1,239
Equipment and maintenance	223	194
Total expenses	3,584	3,280
Excess of revenues over expenses	\$ 475	\$ 80

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

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20. Budget Data

Budget data presented in these consolidated financial statements is based upon the 2021 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	\$ 187,364	\$ 129,440	\$ 24,628	\$ 33,296
Public Sector Accounting Board (PSAB) reporting requirements:				
Addback (deduct) from net budget PSAB surplus				
Transfers				
Transfers to capital	(95,078)	(51,269)	(21,414)	(22,395)
Transfers from reserves and reserve funds	8,257	8,257	-	-
Transfers to reserves and reserve funds	(114,376)	(68,190)	(14,362)	(31,824)
	(201,197)	(111,202)	(35,776)	(54,219)
Budget adjustments				
Government grants and subsidies	879	879	-	-
Expenses related to government grants and subsidies	614	614	-	-
Transfers to capital	100	100	-	-
Transfers from reserves and reserve funds	1,597	1,597	-	-
Transfers to reserves and reserve funds	(3,190)	(3,190)	-	-
	\$ -	\$ -	\$ -	\$ -

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20. Budget Data (continued)

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

	Total	Tax	Water	Wastewater
Debt principal repayments	\$ (39,103)	\$ (30,420)	\$ (337)	\$ (8,346)
PSAB adjustments				
Capital program funding earned in year	(58,469)	(52,334)	(1,425)	(4,710)
Capital projects not resulting in capital assets	48,964	31,651	5,283	12,030
Amortization of tangible capital assets	164,939	95,025	18,771	51,143
Developer contributions - assumed capital assets	(38,699)	(13,364)	(5,427)	(19,908)
Loss on disposal of capital assets	2,654	1,595	485	574
Obligatory reserve fund deferred revenue earned	(33,007)	(22,006)	(1,515)	(9,486)
Government business enterprises adjustments	(6,089)	(6,089)	-	-
Other	728	1,749	(493)	(528)
Landfill liability	2,059	2,059	-	-
Employee future benefits liability	3,506	3,266	86	154
	86,586	41,552	15,765	29,269
Boards and Commissions budget				
PSAB Surplus	(33,650)	(29,370)	(4,280)	-
Net Surplus per 2021 Approved Budget	\$ -	\$ -	\$ -	\$ -

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20. Budget Data (continued)

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

	Total	Tax	Water	Wastewater
Net surplus per 2021 approved budget – comprised of:				
Revenues				
Property tax	\$ 673,581	\$ 673,581	\$ -	\$ -
Government grants and subsidies	225,722	225,692	-	30
User fees	252,596	56,145	87,354	109,097
Municipal revenues - other	78,028	77,084	134	810
Municipal revenues - transfers from reserves and reserve funds	6,660	6,660	-	-
Total revenues	1,236,587	1,039,162	87,488	109,937
Expenses				
Personnel costs	415,518	387,667	9,931	17,920
Administrative expenses	16,160	7,335	3,279	5,546
Financial expenses - other	11,333	11,259	74	-
Financial expenses - Interest and discount on long-term debt	5,300	4,440	13	847
Financial expenses - debt principal repayments	39,103	30,420	337	8,346
Financial expenses - transfers to reserves and reserve funds	111,186	65,000	14,362	31,824
Financial expenses - transfers to capital	95,178	51,369	21,414	22,395
Purchased services	230,113	223,476	3,088	3,549
Materials and supplies	82,636	40,054	30,900	11,682
Furniture and equipment	30,719	26,019	1,652	3,048
Transfers	204,971	202,117	-	2,854
Other expenses	21,322	11,188	2,765	7,369
Recovered expenses	(26,951)	(21,182)	(327)	(5,442)
Total expenses	1,236,587	1,039,162	87,488	109,937
Net surplus per 2021 Approved Budget	\$ -	\$ -	\$ -	\$ -

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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

	2021	2020
Net municipal taxation and user charges		
Net municipal taxation	\$ 686,251	\$ 656,530
Payments-in-lieu of taxation	10,366	9,972
	696,617	666,502
User charges	283,304	277,565
	\$ 979,921	\$ 944,067
Transfer payments		
Operating	\$ 4,647	\$ 6,190
Capital infrastructure	34,778	31,381
Government of Canada - Total	39,425	37,571
Unconditional - operating	37,751	38,896
Conditional – operating	224,080	227,279
Capital infrastructure	13,397	4,672
Province of Ontario - Total	275,228	270,847
Other municipalities	7,963	6,823
	\$ 322,616	\$ 315,241
Investment income		
Investment income - operating	\$ 4,781	\$ 4,265
Investment income - reserves and reserve funds	17,512	17,759
	\$ 22,293	\$ 22,024
Other revenues		
Provincial Offences Fines	\$ 4,059	\$ 3,360
Ontario Lottery & Gaming Corporation	2,676	1,050
Municipal accomodation tax	1,582	1,331
Other contributions - operating	19,747	10,763
Other contributions - capital	5,525	5,464
Donations	1,476	572
Miscellaneous sales	3,571	6,397
	\$ 38,636	\$ 28,937

THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2021
(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

	2021	2020
Salaries, wages and fringe benefits	\$ 491,721	\$ 473,529
Long-term debt interest charges	7,233	8,395
Materials and supplies	135,600	123,082
Contracted services	153,140	140,947
Rents and financial expenses	30,802	28,432
External transfers	192,960	202,362
Amortization of tangible capital assets	186,639	184,632
Total expenses by object	\$ 1,198,095	\$ 1,161,379

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 **\$657** (2020 - \$850).

With respect to the second site, reports indicate that remediation for this site will be required and has been estimated at **\$8,247** (2020 - **\$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. Comparative Figures

Certain comparative figures have been reclassified to conform to the 2021 financial statement presentation.

25. Impact of COVID-19 Pandemic

Effective March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

The Corporation responded by implementing a variety of cost containment measures, while the Federal and Provincial governments responded by providing funding through the Safe Restart Agreement and additional program specific funding.

25. Impact of COVID-19 Pandemic (continued)

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Corporation's operations and financial position is not known at this time, although to date the impact has been manageable. These impacts could include a decline in future cash flows and changes to the value of assets and liabilities. Though management continues to make best efforts to forecast possible financial scenarios, an estimate of the future financial effect of the pandemic, on the Corporation, is not practicable at this time.

26. 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.

27. 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:

27. Segmented Information (continued)

(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.

(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.

27. 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.

27. 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.

27. 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.

27. 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.

THE CORPORATION OF THE CITY OF LONDON
Consolidated Schedule of Segment Disclosure - Operating Revenues
Year ended December 31, 2021, with comparative information for 2020
(all dollar amounts in thousands of dollars)

Revenues	Taxation	User Charges	Government Transfers	Developer Contributions	Other	2021	2020
General government	\$ 694,019	\$ 4,227	\$ 16,617	\$ 13	\$ 41,219	\$ 756,095	\$ 725,675
Fire	-	384	99	-	178	661	285
Police	-	1,058	6,747	-	1,716	9,521	7,803
Other protection services	-	12,734	-	-	6,226	18,960	16,761
Total protection services	-	14,176	6,846	-	8,120	29,142	24,849
Transit	-	21,742	27,726	-	220	49,688	45,331
Other transportation services	-	2,573	19,731	24,248	35,269	81,821	71,619
Total transportation services	-	24,315	47,457	24,248	35,489	131,509	116,950
Water and wastewater	-	195,183	10,795	17,898	22,560	246,436	264,753
Solid waste	-	12,240	1,550	-	6,819	20,609	13,290
Total environmental services	-	207,423	12,345	17,898	29,379	267,045	278,043
Health Services	-	-	5,654	-	(130)	5,524	5,448
General assistance	-	38	129,975	-	65	130,078	139,301
Assistance to aged persons	-	5,470	15,235	-	91	20,796	20,741
Child care	-	41	50,908	-	179	51,128	41,082
Total social and family services	-	5,549	196,118	-	335	202,002	201,124
Social housing	-	12,646	35,254	-	1,478	49,378	36,594
Parks and recreation	-	8,902	751	1,384	3,573	14,610	16,870
Libraries	-	242	612	-	239	1,093	843
Cultural services	-	166	855	-	3,595	4,616	3,224
Total recreation and cultural services	-	9,310	2,218	1,384	7,407	20,319	20,937
Planning, development and compliance	2,598	5,658	107	-	7,820	16,183	10,619
Total revenues	\$ 696,617	\$ 283,304	\$ 322,616	\$ 43,543	\$ 131,117	\$ 1,477,197	\$ 1,420,239

THE CORPORATION OF THE CITY OF LONDON
Consolidated Schedule of Segment Disclosure - Operating Expenses
Year ended December 31, 2021, with comparative information for 2020
(all dollar amounts in thousands of dollars)

Expenses	Salaries, Wages & Benefits	Materials	Contracted Services	External Transfers	Amortization	Other	2021	2020
General government	\$ 54,775	\$ 9,081	\$ 12,502	\$ 11	\$ 10,261	\$ 3,363	\$ 89,993	\$ 91,141
Fire	68,055	2,774	359	-	2,913	48	74,149	82,208
Police	117,010	6,438	2,641	12	5,159	397	131,657	125,958
Other protection services	17,029	3,675	2,372	2,085	321	880	26,362	23,023
Total protection services	202,094	12,887	5,372	2,097	8,393	1,325	232,168	231,189
Transit	53,039	20,751	7,650	-	13,291	525	95,256	88,086
Other transportation services	27,189	21,850	13,668	2	57,701	11,134	131,544	115,442
Total transportation services	80,228	42,601	21,318	2	70,992	11,659	226,800	203,528
Water and wastewater	29,979	33,251	12,926	2,772	69,318	9,912	158,158	152,913
Solid waste	10,710	10,305	17,322	1,589	3,201	2,718	45,845	41,010
Total environmental services	40,689	43,556	30,248	4,361	72,519	12,630	204,003	193,923
Public health services	4,830	554	289	5,654	79	289	11,695	11,557
Ambulance services	-	-	21,822	-	-	-	21,822	18,945
Total health services	4,830	554	22,111	5,654	79	289	33,517	30,502
General assistance	22,133	438	7,764	117,299	445	2,712	150,791	158,719
Assistance to aged persons	22,624	3,397	1,105	96	1,199	433	28,854	26,997
Child care	2,056	738	20,744	31,359	4	380	55,281	47,196
Total social and family services	46,813	4,573	29,613	148,754	1,648	3,525	234,926	232,912
Social housing	8,647	2,707	18,622	25,497	2,424	957	58,854	58,499
Parks and recreation	22,542	5,879	6,006	41	12,827	2,159	49,454	45,227
Libraries	14,286	3,608	1,541	-	3,494	930	23,859	23,273
Cultural services	2,479	2,638	763	2,101	1,710	87	9,778	8,365
Total recreation and cultural services	39,307	12,125	8,310	2,142	18,031	3,176	83,091	76,865
Planning, development and compliance	14,338	7,516	5,044	4,442	2,292	1,111	34,743	42,819
Total expenses	\$ 491,721	\$ 135,600	\$ 153,140	\$ 192,960	\$ 186,639	\$ 38,035	\$ 1,198,095	\$ 1,161,378
Annual surplus							\$ 279,102	\$ 258,861

Consolidated Financial Statements of

**THE TRUST FUNDS
OF THE CITY OF LONDON**

And Independent Auditors' Report thereon

Year ended December 31, 2021

INDEPENDENT AUDITORS' 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, 2021
- 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, 2021, 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, 2021 and December 31, 2020
- capital receipts and fund equity reported in the statement of earnings and fund equity for the years ended December 31, 2021 and December 31, 2020

Our opinion on the financial statements for the year ended December 31, 2020 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 "**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 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 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.

London, Canada

Date

THE TRUST FUNDS OF THE CITY OF LONDON

Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
	Total	Total
Assets:		
Cash and short-term deposits (Schedule 1)	\$ 1,932,423	\$ 2,297,456
Accounts receivable (Schedule 1)	5,865	6,177
Investments (Schedule 1, Note 2)	2,800,000	2,300,000
Prepaid expenses (Schedule 1)	2,082	2,082
	\$ 4,740,370	\$ 4,605,715
Liability and Fund Equity:		
Accounts payable (Schedule 1)	\$ 67,805	\$ 9,154
Fund equity (Schedule 1)	4,672,565	4,596,561
	\$ 4,740,370	\$ 4,605,715

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

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Fund equity, beginning of year	\$ 4,596,561	\$ 4,362,867
Revenue:		
Capital receipts (Schedule 2)	614,792	454,714
Interest (Schedule 2)	26,322	48,803
	641,114	503,517
Expenditures:		
Maintenance payments, Dearness Home (Schedule 2)	113,566	108,083
Disbursements (Schedule 2)	451,544	161,740
	565,110	269,823
Fund equity, end of year	\$ 4,672,565	\$ 4,596,561

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

THE TRUST FUNDS OF THE CITY OF LONDON

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2021

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.

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 0.42% to 0.75% (2020 – 0.55% to 0.70%)

THE TRUST FUNDS OF THE CITY OF LONDON

Schedule 1 - Detailed Consolidated Statement of Financial Position

Year ended December 31, 2021

	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	2021
Assets:										
Cash and short-term deposits	\$ 155,065	\$ 166,593	\$ 13,895	\$ 887,666	\$ 146,844	\$ 115,342	\$ 261,540	\$ 22,911	\$ 162,567	\$ 1,932,423
Accounts receivable	1,884	-	-	3,981	-	-	-	-	-	5,865
Investments	-	-	-	2,800,000	-	-	-	-	-	2,800,000
Prepaid expenses	-	-	-	2,082	-	-	-	-	-	2,082
	\$ 156,949	\$ 166,593	\$ 13,895	\$ 3,693,729	\$ 146,844	\$ 115,342	\$ 261,540	\$ 22,911	\$ 162,567	\$ 4,740,370
Liability and Fund Equity:										
Accounts payable	\$ -	\$ -	\$ -	\$ 65,620	\$ -	\$ 2,185	\$ -	\$ -	\$ -	\$ 67,805
Fund equity	156,949	166,593	13,895	3,628,109	146,844	113,157	261,540	22,911	162,567	4,672,565
	\$ 156,949	\$ 166,593	\$ 13,895	\$ 3,693,729	\$ 146,844	\$ 115,342	\$ 261,540	\$ 22,911	\$ 162,567	\$ 4,740,370

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, 2021

	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	2021
Fund equity, beginning of year	\$ 155,544	\$ 164,848	\$ 13,771	\$ 3,542,469	\$ 145,529	\$ 126,860	\$ 256,065	\$ 22,160	\$ 169,315	\$ 4,596,561
Receipts:										
Capital receipts	-	-	-	421,238	-	189,854	3,150	550	-	614,792
Interest	1,405	1,491	124	17,976	1,315	-	2,325	201	1,485	26,322
	1,405	1,491	124	439,214	1,315	189,854	5,475	751	1,485	641,114
Expenditures:										
Maintenance payments, Dearness Home	-	-	-	-	-	113,566	-	-	-	113,566
Disbursements	-	(254)	-	353,574	-	89,991	-	-	8,233	451,544
	-	(254)	-	353,574	-	203,557	-	-	8,233	565,110
Fund equity, end of year	\$ 156,949	\$ 166,593	\$ 13,895	\$ 3,628,109	\$ 146,844	\$ 113,157	\$ 261,540	\$ 22,911	\$ 162,567	\$ 4,672,565

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, 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Argyle Business Improvement Association Board of Management

Opinion

We have audited the financial statements of Argyle Business Improvement Association Board of Management (the Entity), which comprise:

- the statement of financial position as at December 31, 2021,
- the statement of operations for the year then ended,
- the statement of changes 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, 2020, and its results of operations, its change 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.

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.

London, Canada

[Date]

Draft

ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Statement of Financial Position

As at December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash and cash equivalents (note 3)	\$ 150,098	\$ 119,800
Due from Related Parties (note 6)	26,045	12,901
Accounts Receivable	4,320	3,426
GST/HST Receivable	7,250	6,942
Total financial assets	187,713	143,069
Financial liabilities		
Accounts payable and accrued liabilities	17,257	10,264
Due to related parties (note 6)	23,229	3,140
Deferred revenue	18,200	12,901
Total financial liabilities	58,686	26,305
Net financial assets	129,027	116,764
Non-financial assets		
Tangible capital assets (note 4)	12,082	13,982
Total non-financial assets	12,082	13,982
COVID 19 impact (note 7)		
Accumulated surplus (note 5)	\$ 141,109	\$ 130,746

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

ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Statement of Operations

For the year ended December 31, 2021, with comparative information for 2020

	Budget		
	2021	2021	2020
Revenues			
Municipal levy - The Corporation of the City of London	\$ 215,000	\$ 215,000	\$ 215,000
Federal grants	10,000	4,320	11,115
Santa clause parade sponsorship	-	2,000	-
Digital Main Street	-	14,608	12,453
Misc. (Brdrm etc)	1,750	450	400
HST rebate	5,000		
Interest and dividends	250	373	604
Prior year surplus	30,000	-	-
Other - City of London Patio Grant	-	7,844	-
Total revenues	262,000	244,595	239,572
Expenses			
Salaries, wages and benefits	103,000	91,118	94,845
Planters/hanging baskets	22,500	17,952	23,390
Office rent	20,000	19,732	19,505
Advertising, marketing and promotion	25,000	19,348	18,038
Community initiatives	20,000	15,957	12,914
Digital Main Street	-	14,608	12,453
Professional fees	9,000	6,412	5,568
Repairs and maintenance	2,500	1,148	3,584
Special Events	10,000	4,044	3,456
Tax write offs	10,000	23,229	3,140
Improvement Grant	10,000	-	-
Amortization	-	2,650	2,954
Training, travel and professional development	1,200	1,350	2,356
Office supplies	3,000	2,060	2,151
Insurance	1,800	1,714	1,589
Safety and Security	12,000	6,838	-
Clean Streets	5,000	1,550	-
Utilities	2,000	1,629	1,574
Office administration	1,300	119	1,213
Telephone and internet service	1,200	1,049	951
Membership fees and dues	500	590	487
HST	2,000	1,135	-
Total expenses	262,000	234,232	210,168
Net surplus	-	10,363	29,404
Accumulated surplus, beginning of year (note 5)	141,109	130,746	101,342
Accumulated surplus, end of year (note 5)	\$ 141,109	\$ 141,109	\$ 130,746

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

ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Statement of Net Financial Assets

For the year ended December 31, 2021, with comparative information for 2020

	Budget		
	2021	2021	2020
Net surplus	\$ -	\$ 10,363	\$ 29,404
Acquisition of tangible capital assets	-	(750)	(430)
Amortization of tangible capital assets	-	2,650	2,954
Decrease in inventory	-	-	1,439
	-	1,900	3,963
Change in net financial assets	-	12,263	33,367
Net financial assets, beginning of year	116,764	116,764	83,397
Net financial assets, end of year	\$ 116,764	\$ 129,027	\$ 116,764

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

ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Statement of Cash Flows

For the year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Net surplus	\$ 10,363	\$ 29,404
Item not involving cash		
Amortization of tangible capital assets	2,650	2,954
Changes in non-cash assets and liabilities:		
GST/HST Receivable	(308)	(214)
Due from Hyde Park Business Improvement	(13,144)	(6,341)
Accounts payable and accrued liabilities	6,995	954
Deferred revenue	5,299	6,341
Due to related parties	20,089	(9,482)
Accounts Receivable	(894)	(3,426)
Banners	-	1,439
Prepaid expenses	-	101
Net change in cash from operating activities	31,050	21,730
Capital activities:		
Purchase of tangible capital assets	(750)	(430)
Cash used in capital activities	(750)	(430)
Increase in cash and cash equivalents	30,298	21,300
Cash and cash equivalents, beginning of year	119,800	98,500
Cash and cash equivalents, end of year	\$ 150,098	\$ 119,800

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

ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Notes to Financial Statements

Year ended December 31, 2021

1. Nature of reporting entity

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 Argyle Business Improvement Association Board of Management (the "Board") was incorporated on October 9, 2012, in the Province of Ontario. The Board was established as a local board of The Corporation of the City of London to manage the Argyle Business Improvement Association. This Association is comprised of those lands in the City of London abutting on the north and south sides of Dundas Street, east of Highbury Avenue and west of Wavell Street.

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. The Board was granted municipality status in 2017.

Prior to incorporation, the Association operated as the Argyle Business Improvement Association and incurred revenue and expenses in the normal course of business

2. Significant accounting policies

The financial statements of the Argyle Business Improvement Association Board of Management are the representation of management, prepared in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants of Canada Public Sector Accounting Handbook.

Significant accounting policies are as follows:

(a) Basis of accounting

Revenues 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) 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	Useful Life - Years
Leasehold improvements	10
Furniture and fixtures	5
Computer equipment	4

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.

ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. 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) 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.

(e) 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.

(f) 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.

3. Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	2021	2020
Cash on deposit	\$ 149,615	\$ 119,314
Petty cash	—	—
Credit union membership shares	483	486
	\$ 150,098	\$ 119,800

ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Tangible capital assets

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Leasehold improvements	\$ 8,293	\$	\$	\$ 8,293
Furniture and fixtures	12,494			12,494
Computer equipment	8,043	750		8,792
	\$ 28,830	\$ 750	\$ -	\$ 29,580

Accumulated Amortization	Balance at December 31, 2020	Amortization Expense	Disposals	Balance at December 31, 2021
Leasehold improvements	\$ 2,487	\$ 829	\$	\$ 3,316
Furniture and fixtures	6,157	1,267		7,425
Computer equipment	6,204	553		6,757
	\$ 14,848	\$ 2,650	\$	\$ 17,498

Net book value	Balance at December 31, 2020	Balance at December 31, 2021
Leasehold improvements	\$ 5,806	\$ 4,977
Furniture and fixtures	6,337	5,069
Computer equipment	1,839	2,035
	\$ 13,982	\$ 12,082

5. Accumulated surplus

The balance of accumulated surplus is comprised of the following:

	2021	2020
Invested in tangible capital assets	\$ 12,082	\$ 13,982
Operating fund	129,027	116,763
	\$ 141,109	\$ 130,745

6. Related party transactions

At December 31, 2021 the amount due to the Corporation of the City of London is \$23,220 (2020 - \$3,140) and the amount due from Hyde Park Business Improvement Association Board of Management is \$18,200 (2020 - \$12,901) and the amount due from the City of London is \$7,844.

ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2021

7. COVID 19 impact

Effective March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At the time of approval of these financial statements, the entity has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic.

- Closure of office to the public from March 23, 2020 until July 2, 2020, December 23, 2020 until February 17, 2021, and again from April 3, 2021 until the date of the auditors' report based on public health recommendations.
- Mandatory working from home requirement for those able to do so.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the association's operations and financial position is not known at this time. These impacts could include a decline in future cash flows and changes to the value of assets and liabilities. Though management continues to make best efforts to forecast possible financial scenarios, an estimate of the financial effect of the pandemic on the Association is not practicable at this time.

Draft

Financial Statements of

**COVENT GARDEN MARKET
CORPORATION**

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP
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London Ontario N6A 5P2
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INDEPENDENT AUDITORS' 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, 2021;
- 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 and schedule 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, 2021, 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 "***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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.



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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.



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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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

March 7, 2022

COVENT GARDEN MARKET CORPORATION

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Investments (note 2)	\$ 1,071,223	\$ 1,903,232
Accounts receivable (note 3)	206,462	201,200
Prepaid expenses	10,516	20,478
	<u>1,288,201</u>	<u>2,124,910</u>
Capital assets (note 4)	3,567,947	3,835,554
	<u>\$ 4,856,148</u>	<u>\$ 5,960,464</u>

Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Bank indebtedness	\$ 33,987	\$ 80,894
Accounts payable and accrued liabilities	333,653	279,668
Current portion of long-term debt (note 6)	128,724	120,814
	<u>496,364</u>	<u>481,376</u>
Deferred capital contributions (note 5)	1,697,021	1,788,291
Long-term debt (note 6)	353,175	481,899
Net assets:		
Invested in capital assets (note 7)	1,389,027	1,444,550
Unrestricted	920,561	1,764,348
	<u>2,309,588</u>	<u>3,208,898</u>
	<u>\$ 4,856,148</u>	<u>\$ 5,960,464</u>

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

COVENT GARDEN MARKET CORPORATION

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Parking fees	\$ 816,630	\$ 1,013,074
Market rentals	674,970	371,643
Common area maintenance	535,640	480,486
Amortization of deferred capital contributions	91,270	92,111
Government funding (note10)	59,870	124,152
Promotion fund	44,133	37,033
Central chilling lease	17,915	15,488
Management fees	17,460	17,460
Miscellaneous	1,813	890
	<u>2,259,701</u>	<u>2,152,337</u>
Expenses:		
Operating (Schedule)	2,602,348	2,443,820
Management (Schedule)	533,719	493,019
	<u>3,136,067</u>	<u>2,936,839</u>
Loss before the undernoted	(876,366)	(784,502)
Other income (expenses):		
Interest income	17,330	40,464
Tenant leaseholds	(40,274)	(34,013)
	<u>(22,944)</u>	<u>6,451</u>
Deficiency of revenues over expenses	<u>\$ (899,310)</u>	<u>\$ (778,051)</u>

See accompanying notes to financial statements.

COVENT GARDEN MARKET CORPORATION

Statement of Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020

	Invested in capital assets (note 7)	Unrestricted	2021 Total	2020 Total
Balance, beginning of year	\$ 1,444,550	\$ 1,764,348	\$ 3,208,898	\$ 3,986,949
Deficiency of revenue over expenses	(195,033)	(704,277)	(899,310)	(778,051)
Net change in investment in capital assets (note 7)	139,510	(139,510)	-	-
Balance, end of year	\$ 1,389,027	\$ 920,561	\$ 2,309,588	\$ 3,208,898

See accompanying notes to financial statements.

COVENT GARDEN MARKET CORPORATION

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Deficiency of revenues over expenses	\$ (899,310)	\$ (778,051)
Adjustments for:		
Amortization of capital assets	286,303	312,463
Amortization of deferred capital contributions	(91,270)	(92,111)
Net change in non-cash operating working capital (note 8)	58,695	(2,543)
	(645,582)	(560,242)
Capital activities:		
Purchase of capital assets	(18,696)	(36,200)
Financing activities:		
Repayment of long-term debt	(120,814)	(113,390)
Investing activities:		
Proceeds on sale of investments	831,999	430,575
Decrease (increase) in bank indebtedness	46,907	(279,257)
Cash (bank indebtedness), beginning of year	(80,894)	198,363
Bank indebtedness, end of year	\$ (33,987)	\$ (80,894)

See accompanying notes to financial statements.

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

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.

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(c) Capital assets:

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

(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 recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported 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.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

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.

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(e) Financial instruments (continued):

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.

Long-term debt is recorded at cost.

PSAS requires the Corporation to classify fair value measurements using a fair value hierarchy, 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 in inactive markets or market data for substantially the full term of the assets or liabilities; 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 Corporation does not incur unrealized gains and losses which meet the definition for recognition in the statement of remeasurement gains and losses. Accordingly, no statement of remeasurement gains and losses is presented in these 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 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.

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(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. Investments:

Investments are recorded at cost or amortized cost. Investments consist of highly liquid cash equivalents, bond funds and guaranteed investment certificates with terms varying from one year to two years, some of which are cashable instruments. Investments are held for the purpose of meeting short-term commitments.

3. Accounts receivable:

	2021	2020
Trade	\$ 504,811	\$ 469,010
Provision for doubtful accounts	298,349	267,810
	\$ 206,462	\$ 201,200

4. Capital assets:

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Buildings	\$ 7,463,179	\$ 4,456,656	\$ 3,006,523	\$ 3,160,579
Equipment and fixtures	2,293,221	1,803,797	489,424	598,626
Computer equipment	56,041	49,251	6,790	7,385
Renovations, parking upgrade	165,724	111,329	54,395	57,375
Central chilling program	612,077	601,262	10,815	11,589
	\$10,590,242	\$ 7,022,295	\$ 3,567,947	\$ 3,835,554

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Capital assets (continued):

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.

5. 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.

	2021	2020
Balance, beginning of year	\$ 1,788,291	\$ 1,880,402
Amortization of contributions	(91,270)	(92,111)
Balance, end of year	\$ 1,697,021	\$ 1,788,291

6. Long-term debt:

	2021	2020
Note payable to the City for construction of the mezzanine, fixed interest rate of 6.5%, unsecured, due in blended monthly payments of \$6,028, due 2025	\$ 254,632	\$ 308,744
Note payable to the City for purchase of Tenant A Space, interest rate of 6.34%, unsecured, due in blended yearly payments of \$90,000, due 2024	227,267	293,969
	481,899	602,713
Less current portion	128,724	120,814
	\$ 353,175	\$ 481,899

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

6. Long-term debt (continued):

Future principal payments required on all long-term debt for the next 4 years are as follows:

2022	\$	128,724
2023		137,152
2024		146,132
2025		69,891
	\$	481,899

Interest paid on the notes payable to the City, a related party, amounted to \$41,527 (2020 - \$48,951).

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.

7. Invested in capital assets:

(a) Invested in capital assets is calculated as follows:

	2021	2020
Capital assets	\$ 3,567,947	\$ 3,835,554
Amounts financed by:		
Deferred capital contributions	1,697,021	1,788,291
Long-term debt	481,899	602,713
	2,178,920	2,391,004
	\$ 1,389,027	\$ 1,444,550

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

7. Invested in capital assets (continued):

(b) Change in net assets invested in capital assets is calculated as follows:

	2021	2020
Deficiency of revenues over expenses:		
Amortization of capital assets	\$ (286,303)	\$ (312,463)
Amortization of deferred capital contributions	91,270	92,111
	\$ (195,033)	\$ (220,352)
Net change in investment in capital assets:		
Purchase of capital assets	\$ 18,696	\$ 36,200
Repayment of long-term debt	120,814	113,390
	\$ 139,510	\$ 149,590

8. Net change in non-cash balances related to continuing operations:

	2021	2020
Accounts receivable	\$ (5,262)	\$ 27,632
Prepaid expenses	9,962	(3,222)
Accounts payable and accrued liabilities	53,995	(26,953)
	\$ 58,695	\$ (2,543)

9. Financial and other risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporation is exposed to credit risk with respect to the accounts receivable and cash.

The Corporation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the provision for doubtful accounts. The maximum exposure to credit risk of the Corporation at December 31, 2021 is the carrying value of these assets.

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Financial and other risks (continued):

(a) Credit risk (continued):

The carrying amount of accounts receivable is valued with consideration for a provision for doubtful accounts. The amount of any related impairment loss is recognized in the income statement. Subsequent recoveries of impairment losses related to accounts receivable are credited to the income statement. The balance of the provision for doubtful accounts at December 31, 2021 is \$298,349 (2020 - \$267,810).

There have been no significant changes to the credit risk exposure from 2020.

(b) Liquidity risk:

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Corporation manages its liquidity risk by monitoring its operating requirements. The Corporation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There have been no significant changes to the liquidity risk exposure from 2020.

(c) Market risk:

Market risk is the risk that changes in market prices, such as interest rates will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

(d) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose the Corporation to cash flow interest rate risk.

There has been no change to the interest rate risk exposure from 2020.

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Financial and other risks (continued):

(e) Other risk:

The ongoing COVID-19 pandemic has forced the Corporation to take measures to mitigate expenses as the risk of declining revenue continued through 2021. The Corporation has had to adapt to changing government imposed restrictions which has resulted in maintaining capacity limits within the building, removal of food courts, work from home while available, limiting in-person meetings, and limiting discretionary spending. This risk has not changed from 2020.

10. Government funding:

During the year, the Corporation applied for and received \$59,869 of Canada Emergency Wage Subsidy ("CEWS") funding. Amounts received were recorded as government funding in the Statement of Operations.

COVENT GARDEN MARKET CORPORATION

Schedule - Operating and Management Expenses

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Operating expenses:		
Contracted services and professional fees	\$ 708,384	\$ 695,876
Security	552,197	402,161
Advertising	310,960	273,536
Amortization	279,939	304,278
Maintenance, repairs and supplies	261,022	266,812
Light and heat	233,486	234,952
Insurance	117,661	102,898
Miscellaneous	49,272	73,169
Salaries and benefits	43,971	37,438
Interest expense, notes payable	41,527	48,951
Telephone	3,788	3,330
Travel and entertainment	141	419
	\$ 2,602,348	\$ 2,443,820
Management expenses:		
Salaries	\$ 340,562	\$ 323,179
Benefits	70,257	68,606
Professional fees	56,084	46,460
Miscellaneous	22,101	11,465
Maintenance repairs and supplies	17,863	17,267
Telephone	9,393	9,849
Amortization	6,364	8,184
Insurance	8,377	7,271
Travel and entertainment	2,479	738
Light and heat	239	-
	\$ 533,719	\$ 493,019

Financial Statements of

**ELDON HOUSE
CORPORATION**

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Chair and Members, Eldon House Corporation

Qualified Opinion

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

- the statement of financial position as at December 31, 2021;
- 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, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements, present fairly, in all material respects, the financial position of the Corporation as at December 31, 2021, 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 Qualified Opinion

In common with many charitable organizations, the Corporation 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 Corporation.

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

- the accumulated surplus reported in the statement of financial position as at December 31, 2021 and December 31, 2020;
- the donations revenue and annual surplus reported in the statement of operations for the years ended December 31, 2021 and December 31, 2020;



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- the annual surplus reported in the statement of changes in net assets for the years ended December 31, 2021 and December 31, 2020; and
- the annual surplus reported in the statement of cash flows for the years ended December 31, 2021 and December 31, 2020.

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 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.

Our opinion on the financial statements for the year ended December 31, 2021 was qualified accordingly because of the possible effects of this limitation in scope. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for a 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 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.

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.



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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 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 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.



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- 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 18, 2022

ELDON HOUSE CORPORATION

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash and cash equivalents	\$ 195,098	\$ 165,327
Accounts receivable	10,934	-
Prepaid expenses and deposits	372	375
	<u>206,404</u>	<u>165,702</u>
Financial liabilities		
Accounts payable and accrued liabilities	97,015	79,367
Deferred revenue	40,853	41,853
Deposits payable	781	781
	<u>138,649</u>	<u>122,001</u>
Net financial assets	67,755	43,701
Non-financial assets		
Tangible capital assets (note 2)	5,711	14,535
Impact of COVID-19 pandemic (note 5)		
Accumulated surplus (note 3)	<u>\$ 73,466</u>	<u>\$ 58,236</u>

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget 2021	2021	2020
Revenue:			
The Corporation of the City of London	\$ 299,217	\$ 299,217	\$ 295,223
Grants	37,427	50,269	25,329
Other income	74,468	25,322	11,123
Donations	14,423	5,486	17,026
	<u>425,535</u>	<u>380,294</u>	<u>348,701</u>
Expenditures:			
Salaries and benefits	301,266	259,559	231,559
Repairs and maintenance	20,300	23,488	27,603
Office and general	22,665	21,825	20,458
Utilities	21,315	20,591	20,683
Programs and exhibitions	26,786	15,180	4,922
Amortization	12,000	8,824	9,522
Telephone and internet	2,782	5,997	690
Professional fees	7,105	4,800	4,800
Insurance	3,091	3,205	1,469
Advertising	6,181	1,538	2,266
Meals and entertainment	1,030	57	480
Cost of sales	1,015	-	278
	<u>425,535</u>	<u>365,064</u>	<u>324,730</u>
Annual surplus	-	15,230	23,971
Accumulated surplus, beginning of year	58,236	58,236	34,265
Accumulated surplus, end of year	\$ 58,236	\$ 73,466	\$ 58,236

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	Budget		
	2021	2021	2020
Annual surplus	\$ -	\$ 15,230	\$ 23,971
Acquisition of tangible capital assets	-	-	(3,500)
Amortization	-	8,824	9,522
	-	24,054	29,993
Net financial assets, beginning of year	43,701	43,701	13,708
Net financial assets, end of year	\$ 43,701	\$ 67,755	\$ 43,701

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 15,230	\$ 23,971
Item not involving cash:		
Amortization	8,824	9,522
Changes in non-cash operating working capital:		
Accounts receivable	(10,934)	-
Prepaid expenses and deposits	3	-
Accounts payable and accrued liabilities	17,648	(1,279)
Deferred revenue	(1,000)	10,760
	29,771	42,974
Capital activities:		
Acquisition of tangible capital assets	-	(3,500)
Increase in cash and cash equivalents	29,771	39,474
Cash and cash equivalents, beginning of year	165,327	125,853
Cash and cash equivalents, end of year	\$ 195,098	\$ 165,327
Represented by:		
Cash	\$ 143,663	\$ 114,056
Cash equivalents	51,435	51,271
	\$ 195,098	\$ 165,327

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

1. Significant accounting policies:

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.

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 to 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.

ELDON HOUSE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

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) 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.

ELDON HOUSE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(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.

2. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Furniture and fixtures	\$ 18,215	\$ -	\$ -	\$ 18,215
Computer hardware	11,399	-	-	11,399
Website	7,937	-	-	7,937
Office equipment	6,014	-	-	6,014
CCTV security system	19,819	-	-	19,819
Audio visual equipment	1,258	-	-	1,258
Total	\$ 64,642	\$ -	\$ -	\$ 64,642

ELDON HOUSE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Furniture and fixtures	\$ 13,215	\$ -	\$ 2,549	\$ 15,764
Computer hardware	11,399	-	-	11,399
Website	7,146	-	791	7,937
Office equipment	3,687	-	1,206	4,893
CCTV security system	13,874	-	3,964	17,838
Audio visual equipment	786	-	314	1,100
Total	\$ 50,107	\$ -	\$ 8,824	\$ 58,931

	Net book value December 31, 2020	Net book value December 31, 2021
Furniture and fixtures	\$ 5,000	\$ 2,451
Computer hardware	-	-
Website	791	-
Office equipment	2,327	1,121
CCTV security system	5,945	1,981
Audio visual equipment	472	158
Total	\$ 14,535	\$ 5,711

ELDON HOUSE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Accumulated surplus:

The balance of accumulated surplus is comprised of the following:

	2021	2020
Invested in tangible capital assets	\$ 5,711	\$ 14,535
Operating fund	67,755	27,909
Internally restricted	-	15,792
	<u>\$ 73,466</u>	<u>\$ 58,236</u>

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.

4. 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, 2021 was \$162,567 (2020 - \$169,315). 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.

5. Impact of COVID-19 pandemic:

The COVID-19 pandemic continued to impact financial results in 2021 but to a lesser degree than 2020. While the house was closed for two months early in 2021, the Corporation was able to provide various tours and resumed the Summer Tea Program. Various measures were taken to mitigate costs, which included reductions in operating hours and the postponement of non-essential expenditures.

At the time of approval of the financial statements, COVID-19 restrictions are being lifted and we expect a return to normalized operations; that said due to the inability to social distance, and lack of air flow in the house masks are still required when inside the building.

Financial Statements of

**FAIR-CITY JOINT
VENTURE**

And Independent Auditors' Report thereon

Year ended June 30, 2021



KPMG LLP
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INDEPENDENT AUDITORS' 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, 2021
- 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, 2021 and its results of operations, 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 "***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.

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.



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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.



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- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that tapers at both ends, serving as a decorative underline.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

September 8, 2021

FAIR-CITY JOINT VENTURE

Statement of Financial Position

June 30, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 146,067	\$ 203,373
Investment (note 2)	200,839	354,627
Accounts receivable (note 3)	291,574	462,753
Prepaid expenses	75,794	72,865
	<u>714,274</u>	<u>1,093,618</u>
Capital assets (note 4)	10,172,524	10,762,756
	<u>\$ 10,886,798</u>	<u>\$ 11,856,374</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 196,060	\$ 131,798
Payable to Western Fair Association (note 15)	-	508,705
Deferred revenue	388,443	173,078
Current portion of related party debt, secured (note 6)	347,505	999,936
Current portion of capital lease obligation (note 7)	83,874	96,043
	<u>1,015,882</u>	<u>1,909,560</u>
Related party debt, secured (note 6)	-	347,505
Capital lease obligation (note 7)	1,055,005	1,138,879
Employee future benefits (note 9)	129,771	215,831
Deferred capital contributions (note 10)	2,627,000	2,754,000
	<u>4,827,658</u>	<u>6,365,775</u>
Net assets:		
Investment in capital assets (note 11)	6,059,140	5,426,393
Internally restricted (note 13)	-	64,206
	<u>6,059,140</u>	<u>5,490,599</u>
Contingencies (note 17)		
	<u>\$ 10,886,798</u>	<u>\$ 11,856,374</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

FAIR-CITY JOINT VENTURE

Statement of Operations

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
Revenues:		
Ice rentals (note 15)	\$ 2,239,911	\$ 2,940,303
Sponsorship and other	181,324	455,167
Amortization of deferred capital contributions	127,000	132,632
	<u>2,548,235</u>	<u>3,528,102</u>
Expenditures:		
Salaries and benefits (note 8)	540,052	1,016,438
Amortization of capital assets	630,937	659,186
Utilities	464,817	605,069
Supplies and services	355,447	360,614
Interest expense (note 15)	152,133	216,029
Management fees (note 15)	152,894	211,686
	<u>2,296,280</u>	<u>3,069,022</u>
Excess of revenues over expenditures (note 14)	<u>\$ 251,955</u>	<u>\$ 459,080</u>

See accompanying notes to financial statements.

FAIR-CITY JOINT VENTURE

Statement of Changes in Net Assets

Year ended June 30, 2021, with comparative information for 2020

	Western Fair Association	The City of London	Internally restricted (note 13)	Investment in capital assets (note 11)	2021	2020
Net assets, beginning of year	\$ -	\$ -	\$ 64,206	\$ 5,426,393	\$ 5,490,599	\$ 5,044,280
Excess of revenues over expenditures	169,168	82,787	-	-	251,955	459,080
Employee future benefit remeasurements	69,628	34,076	-	-	103,704	(12,761)
Allocation from internally restricted	15,779	7,722	(23,501)	-	-	-
Venturer contributions receivable	142,934	69,948	-	-	212,882	-
Change in investment in capital assets	(397,509)	(194,533)	(40,705)	632,747	-	-
Net assets, end of year	\$ -	\$ -	\$ -	\$ 6,059,140	\$ 6,059,140	\$ 5,490,599

See accompanying notes to financial statements.

FAIR-CITY JOINT VENTURE

Statement of Cash Flows

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess of revenues over expenditures	\$ 251,955	\$ 459,080
Items not involving cash:		
Amortization	630,937	659,186
Change in employee future benefits liability	17,645	13,780
Amortization of deferred capital contributions	(127,000)	(132,632)
Gain on disposal of capital asset	-	(30,000)
Accounts receivable	384,061	(238,727)
Prepaid expenses	(2,929)	86,145
Accounts payable and accrued liabilities	64,261	(156,915)
Deferred revenue	215,365	(200,473)
Payable to Western Fair Association	(508,705)	366,615
	925,590	826,059
Financing:		
Repayments of related party debt	(999,936)	(939,095)
Payment of obligations under capital lease	(96,043)	(105,429)
	(1,095,979)	(1,044,524)
Investing:		
Net change in investment	153,788	499,508
Purchase of capital assets	(40,705)	(149,793)
	113,083	349,715
Increase (decrease) in cash	(57,306)	131,250
Cash, beginning of year	203,373	72,123
Cash, end of year	\$ 146,067	\$ 203,373

See accompanying notes to financial statements.

FAIR-CITY JOINT VENTURE

Notes to Financial Statements

Year ended June 30, 2021

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.

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2021

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 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.

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2021

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. Investment:

The investment is comprised of a term deposit that matures on September 30, 2021 with an effective interest rate of 0.46% (2020 - 0.67%).

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2021

3. Accounts receivable:

	2021	2020
Miscellaneous	\$ 89,212	\$ 123,560
Due from Western Fair Association (note 15)	81,274	-
Due from the City of London (note 15)	69,948	-
Trade	56,140	339,193
Reserve for bad debts	(5,000)	-
	<u>\$ 291,574</u>	<u>\$ 462,753</u>

Included in miscellaneous receivables is HST receivable in the amount of \$11,822 (2020 - \$7,650)

4. Capital assets:

	2021		2020	
	Cost	Accumulated amortization	Net book value	Net book value
Building	\$ 15,446,432	\$ 7,504,415	\$ 7,942,017	\$ 8,339,551
Machinery and equipment	362,495	243,646	118,849	212,939
Special alterations	1,608,979	308,084	1,300,895	1,325,798
Solar array under capital lease	1,474,114	663,351	810,763	884,468
	<u>\$ 18,892,020</u>	<u>\$ 8,719,496</u>	<u>\$ 10,172,524</u>	<u>\$ 10,762,756</u>

At June 30, 2021, machinery and equipment includes assets under capital lease with a cost of \$275,008 (2020 - \$275,008) and accumulated amortization of \$176,853 (2020 - \$126,852).

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2020 - \$1,612), which includes amounts payable for payroll related taxes.

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2021

6. Related party debt:

	2021	2020
Obligation to The City of London: Term loan, bearing interest at 6.377%, payable in monthly blended payments of \$88,019, due October 1, 2021, secured by a general security agreement over all assets	\$ 347,505	\$ 1,347,441
Current portion of related party debt	347,505	999,936
	\$ -	\$ 347,505

Principal repayments over the remaining term are as follows:

2022	\$ 347,505
------	------------

7. Capital lease obligation:

The Joint Venture has entered into two capital leases for certain ice surfacing equipment which expire April 21, 2024 and one capital lease for a solar array expiring June 28, 2033.

2022	\$ 173,850
2023	173,850
2024	166,897
2025	146,037
2026	146,037
Thereafter	949,240
Total minimum lease payments	1,755,911
Less amount representing interest at between 3.43% and 8.21%	617,032
Present value of net minimum capital lease payments	1,138,879
Less current portion of obligations under capital lease	83,874
	\$ 1,055,005

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2021

8. Government Funding:

During the year, The Joint Venture applied for \$284,306 of Canada Emergency Wage Subsidy ("CEWS") funding which has been recorded net of Salaries and benefits in the Statement of Operations.

As at June 30, 2021, \$23,238 was owing to the Joint Venture for funding applied for and not received. This amount has been recorded in miscellaneous receivable.

9. Employee future benefits:

(a) Pension plan:

The Joint Venture contributed and expensed \$21,674 (2020 - \$29,577) 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.

The most recent actuarial valuation was prepared as at June 30, 2021 for the health plan. The most recent actuarial valuation of the sick leave plans was performed as of June 30, 2020 and the results are extrapolated to June 30, 2021.

The discount rate used in the actuarial measurement of the employee future benefit liability was 3.05% (2020 - 2.88%). The employee future benefit liability relating to post-employment benefits other than pension is \$129,771 (2020 - \$215,831). This liability has been recorded in the financial statements.

Benefit expenses included in salaries and benefits expenditures consist of the following:

	2021	2020
Current service cost	\$ 13,265	\$ 14,879
Interest cost	6,379	6,166
	<u>\$ 19,644</u>	<u>\$ 21,045</u>

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2021

9. Employee future benefits: (continued):

(b) Post-employment benefits other than pension (continued):

Details of annual contributions and benefits paid are as follows:

	2021	2020
Employer contributions	\$ 2,000	\$ 2,000
Benefit payments	(2,000)	(7,264)

10. 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:

	2021	2020
Balance, beginning of year	\$ 2,754,000	\$ 2,886,632
Amortization of deferred capital contributions	(127,000)	(132,632)
Balance, end of year	\$ 2,627,000	\$ 2,754,000

11. Investments in capital assets:

Investments in capital assets consists of the following:

	2021	2020
Capital assets	\$ 10,172,524	\$ 10,762,756
Less amounts financed by:		
Related party debt	347,505	1,347,441
Obligation under capital leases	1,138,879	1,234,922
Deferred capital contributions	2,627,000	2,754,000
	4,113,384	5,336,363
	\$ 6,059,140	\$ 5,426,393

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2021

11. Investments in capital assets (continued):

The change in investment in capital assets is calculated as follows:

	2021	2020
Amortization of deferred capital contributions	\$ 127,000	\$ 132,632
Amortization of capital assets	(630,937)	(659,186)
Gain on disposal of capital asset	-	30,000
	(503,937)	(496,554)
Purchase of capital assets	40,705	149,793
Repayment of related party debt	999,936	939,095
Repayment of obligations under capital leases	96,043	105,429
	\$ 632,747	\$ 697,763

12. 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, 2021, both partners agreed to a total contribution of \$nil (2020 - \$nil).

13. Internally restricted net assets:

	2021	2020
Balance, beginning of year	\$ 64,206	\$ 315,650
Current year allocation from internally restricted net assets	(23,501)	(101,651)
Capital expenditures	(40,705)	(149,793)
Balance, end of year	\$ -	\$ 64,206

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2021

14. 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, 2021 was 67.14% (2020 - 64.29%) and the City's equity interest was 32.86% (2020 - 35.72%). 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:

	2021	2020
Excess of revenues over expenditures	\$ 251,955	\$ 459,080
Amortization of capital assets	630,937	659,186
Amortization of deferred capital contributions	(127,000)	(132,632)
Gain on disposal of capital asset	-	(30,000)
Repayment of related party debt	(999,936)	(939,095)
Repayment of obligations under capital leases	(96,043)	(105,429)
Deficiency of revenues over expenditures	(340,087)	(88,890)
Allocation from (to) internally restricted net assets	23,501	101,651
Employee future benefit remeasurements	103,704	(12,761)
Contributions required by partners	\$ (212,882)	\$ -

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2021

15. 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 \$1,623,022 (2020 - \$1,894,041). Additionally, included in accounts receivable is \$69,948 (2020 - \$308,343) due from the City.
- (b) The Joint Venture also paid interest of \$56,288 (2020 - \$117,129) to the City on account of the related party debt (note 6).
- (c) There were no partner distributions declared during the year and paid or payable to the Association and the City (2020 - \$nil and \$nil) respectively.
- (d) During the year, the Joint Venture paid management fees to the Association in the amount of \$152,894 (2020 - \$211,686).
- (e) The amount due to Western Fair Association of \$nil (2020 - \$508,705) is unsecured and non-interest bearing with no specific repayment terms. Additionally, included in accounts receivable is \$81,274 (2020 - \$nil) due from the Association.

16. 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 2020.

- (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.

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2021

16. Financial risks and concentration of risk: (continued):

(c) Impact of COVID-19 Pandemic:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the Joint Venture has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic.

- Closure of the facility from the end of December to mid February, based on public health recommendations. The facility reopened mid February to the end of March for all groups, with varying levels of restrictions and protocols in place. From April to the end of June, the facility was closed to all groups, with the exception of Olympic skaters only.
- Temporary layoff of employees.
- Collaborating with City of London and user groups to ensure a safe environment for all employees and patrons.
- Additional cleaning and health & safety protocols are in place.
- Limiting access to the building and areas within.

Although the next 12 months will continue to bring uncertainty as the Joint Venture emerges in a world with COVID-19, management is confident that they have an action plan in place that will ensure the stability and longevity of the organization.

17. Contingencies:

From time-to-time the Joint Venture may have litigation pending or in progress. With respect to claims at June 30, 2021, management's position is that the Joint Venture has valid defences and appropriate insurance coverage in place. In the opinion of management, the aggregate amount of any potential liability is not expected to have a material effect on the Joint Venture's financial position.

Financial Statements of

**HAMILTON ROAD BUSINESS
IMPROVEMENT AREA
BOARD OF MANAGEMENT**

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP
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INDEPENDENT AUDITORS' 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, 2021
- 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, 2021, 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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.



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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.

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.



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- 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 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 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.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 20, 2022

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash	\$ 44,340	\$ 16,975
Accounts receivable	450	-
HST receivable	2,857	4,022
Due from Hyde Park BIA (note 4)	17,102	11,671
	<u>64,749</u>	<u>32,668</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 4)	4,559	9,698
Deferred revenue	17,102	11,671
	<u>21,661</u>	<u>21,369</u>
Net financial assets	43,088	11,299
Non-financial assets		
Tangible capital assets (note 3)	1,723	1,773
Prepaid expenses	1,534	1,319
	<u>3,257</u>	<u>3,092</u>
Accumulated surplus (note 2)	<u>\$ 46,345</u>	<u>\$ 14,391</u>

See accompanying notes to financial statements.

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget		
	2021	2021	2020
Revenue:			
Municipal levy - The City of London	\$ 70,000	\$ 69,778	\$ 68,997
Other:			
Government grants (note 4)	60,231	79,264	6,938
Digital Main Street grant	-	14,476	12,453
Miscellaneous	5,000	5,450	2,500
	<u>135,231</u>	<u>168,968</u>	<u>90,888</u>
Expenditures:			
Administration	107,270	100,162	86,136
Business development	16,706	24,565	9,190
Office	10,800	11,548	11,718
Amortization of tangible capital assets	-	572	253
Member services	455	167	446
	<u>135,231</u>	<u>137,014</u>	<u>107,743</u>
Annual surplus (deficit)	-	31,954	(16,855)
Accumulated surplus, beginning of year	14,391	14,391	31,246
Accumulated surplus, end of period	<u>\$ 14,391</u>	<u>\$ 46,345</u>	<u>14,391</u>

See accompanying notes to financial statements.

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Changes in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	Budget 2021	2021	2020
Annual surplus (deficit)	\$ -	\$ 31,954	\$ (16,855)
Acquisition of tangible capital assets	-	(522)	(2,026)
Loss on disposal of tangible capital assets	-	-	142
Amortization of tangible capital assets	-	572	253
	-	32,004	(18,486)
Change in prepaid expenses	-	(215)	(838)
Change in net financial assets	-	31,789	(19,324)
Net financial assets, beginning of year	11,299	11,299	30,623
Net financial assets, end of year	11,299	\$ 43,088	\$ 11,299

See accompanying notes to financial statements.

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 31,954	\$ (16,855)
Items not involving cash:		
Amortization of tangible capital assets	572	253
Loss on disposal of tangible capital assets	-	142
Changes in non-cash operating working capital:		
Accounts receivable	(450)	-
HST receivable	1,165	(1,835)
Due from Hyde Park BIA	(5,431)	(6,341)
Accounts payable and accrued liabilities	(5,139)	(423)
Deferred revenue	5,431	6,341
Prepaid expenses	(215)	(838)
	(4,639)	(19,556)
Capital activities:		
Purchase of tangible capital assets	(522)	(2,026)
Increase (decrease) in cash	27,365	(21,582)
Cash, beginning of year	16,975	38,557
Cash, end of year	\$ 44,340	\$ 16,975

See accompanying notes to financial statements.

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements

Year ended December 31, 2021

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:

(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	Useful Life - Years
Computer equipment	4

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2021

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) Budget figures:

Budget figures have been provided for comparison purposes.

(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.

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Accumulated surplus:

The balance of accumulated surplus is comprised of the following:

	2021	2020
Invested in tangible capital assets	\$ 1,723	\$ 1,773
Operating fund	\$ 44,622	12,618
	\$ 46,345	\$ 14,391

3. Tangible capital assets:

Cost	December 31, 2020	Additions	Disposals	December 31, 2021
Computer equipment	\$ 2,026	\$ 522	-	\$ 2,548
Total	\$ 2,026	\$ 522	-	\$ 2,548

Accumulated amortization	December 31, 2020	Amortization Expense	Disposals	December 31, 2021
Computer equipment	\$ 253	\$ 572	-	\$ 825
Total	\$ 253	\$ 572	-	\$ 825

	Net book value December 31, 2020	Net book value December 31, 2021
Computer equipment	\$ 1,773	\$ 1,723
Total	\$ 1,773	\$ 1,723

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Related party transactions:

At year end, the amount due to the City of London and included in accounts payable and accrued liabilities was \$222 (2020 - \$1,003) and the amount due from Hyde Park BIA relating to the shared Digital Main Street grant was \$17,102 (2020 - \$11,671).

Included in government grant revenue is \$51,111 (2020 - \$nil) received from the City of London.

Financial Statements of

**HOUSING DEVELOPMENT CORPORATION,
LONDON**

And Independent Auditors' Report thereon

December 31, 2021

INDEPENDENT AUDITORS' 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, 2021
- 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, 2021, 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.

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

Date

HOUSING DEVELOPMENT CORPORATION, LONDON
Statement of Financial Position
December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Due from the Corporation of the City of London (note 3)	\$ 6,468,212	\$ 6,955,352
Trade and other receivables	1,863,613	170,290
Loan receivable	224,842	220,558
Total financial assets	8,556,667	7,346,200
Financial liabilities		
Accounts payable and accrued liabilities	1,797,149	331,199
Long-term debt (note 4)	17,760	-
Deferred revenue	5,671	7,961
Total financial liabilities	1,820,580	339,160
Net assets	6,736,087	7,007,040
Non-financial assets		
Tangible capital assets (note 5)	21,275,451	2,735,914
Prepaid expenses	8,321	7,847
Total non-financial assets	21,283,772	2,743,761
Commitments (note 10)		
Subsequent events (note 12)		
Accumulated surplus (note 6)	\$28,019,859	\$ 9,750,801

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

HOUSING DEVELOPMENT CORPORATION, LONDON

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget	2021	2020
	(note 9)		
Revenues			
Transfer payments			
Municipal - the Corporation of the City of London (note 3)	\$ 15,783,922	\$ 18,854,525	\$ 3,249,118
Federal	152,000	203,733	93,764
Interest income	90,000	155,372	166,201
Total revenues	16,025,922	19,213,630	3,509,083
Expenses			
Salaries, wages and fringe benefits	731,762	622,313	659,559
Materials and supplies	70,087	44,949	55,034
Contracted services	54,560	74,613	84,843
Office rental expense	31,000	27,038	25,824
External transfers	-	131,060	283,660
Amortization of tangible capital assets (note 6)	44,599	44,599	44,791
Total expenses	932,008	944,572	1,153,711
Annual surplus	15,093,914	18,269,058	2,355,372
Accumulated surplus, beginning of year (note 6)	9,750,801	9,750,801	7,395,429
Accumulated surplus, end of year (note 6)	\$ 24,844,715	\$ 28,019,859	\$ 9,750,801

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, 2021, with comparative information for 2020

	Budget	2021	2020
Annual surplus	\$ 15,093,914	\$ 18,269,058	\$ 2,355,372
Acquisition of tangible capital assets	(18,584,136)	(18,584,136)	(2,341,337)
Amortization of tangible capital assets	44,599	44,599	44,791
	(3,445,623)	(270,479)	58,826
Change in prepaid expenses	-	(474)	(64)
Change in net financial assets	(3,445,623)	(270,953)	58,762
Net financial assets, beginning of year	7,007,040	7,007,040	6,948,278
Net financial assets, end of year	\$ 3,561,417	\$ 6,736,087	\$ 7,007,040

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

HOUSING DEVELOPMENT CORPORATION, LONDON
Statement of Cash Flows
Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 18,269,058	\$ 2,355,372
Items not involving cash		
Amortization of tangible capital assets	44,599	44,791
Change in non-cash assets and liabilities		
Due from the Corporation of the City of London	487,140	(181,606)
Prepaid expenses	(474)	(64)
Trade and other receivables	(1,693,323)	(94,395)
Loans receivable	(4,284)	(6,353)
Accounts payable and accrued liabilities	1,465,950	225,881
Deferred revenue	(2,290)	(2,289)
Net change in cash from operating activities	18,566,376	2,341,337
Capital activities		
Purchase of tangible capital assets	(18,584,136)	(2,341,337)
Net change in cash from capital activities	(18,584,136)	(2,341,337)
Financing activities		
Proceeds from issuance of long term debt	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.

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to Financial Statements
Year ended December 31, 2021

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) 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
Leasehold improvements	Lease term
Office equipment and furniture	5

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
- Office equipment and furniture - half year rule.

Assets under construction are not amortized until the asset is available for productive use.

2. Significant Accounting Policies (continued)

(c) 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.

(d) 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.

(e) 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.

(f) 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.

2. Significant Accounting Policies (continued)

(g) 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.

(h) 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.

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to Financial Statements (continued)
Year ended December 31, 2021

3. 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 has also entered into an agreement with the City under which the Corporation reimburses the City for salaries and fringe benefits for employees that provide services on behalf of the Corporation. The Corporation incurred charges of **\$183,397** (2020 - \$193,017) for these services and this expense has been included in the Statement of Operations.

During the year, the Corporation received municipal revenues from the shareholder, as follows:

- Operating budget appropriation revenue of **\$416,409** (2020 - \$342,987)
- Annual contribution to the affordable housing reserve fund of **\$2,770,000** (2020 - \$2,500,000)
- Administrative fee revenue of **\$262,160** (2020 - \$406,131)
- Municipal funding contribution of \$15,405,956 (2020 - \$nil) towards building construction.
- Municipal funding contribution of **\$nil** (2020 - \$nil) for land acquisition. On May 30, 2017, the City of London Council passed a resolution to transfer lands from City of London ownership to the Corporation for affordable housing purposes. The transaction was completed during 2018 and recorded as a tangible capital asset addition by the Corporation, noting that the lands were transferred at their net book values, as follows:

	Net Book Value	Market Value
403 Thompson Road, London	\$ 160,000	\$ 250,000
122 Baseline Road West, London	95,401	490,000
	\$ 255,401	\$ 740,000

The City Council resolution stipulates that the transfer will be subject to a 10-year reversion clause should the lands not be sold or developed by the Corporation.

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to Financial Statements (continued)
Year ended December 31, 2021

4. Long-term Debt

The Corporation received funding from Canada Mortgage Housing Corporation (CMHC) under the Seed Funding Program, established pursuant to Section 76, of the National Housing Act, for the development or implementation of proposals to help increase the supply of affordable housing and to assist the continued viability and affordability of existing projects. The Seed Funding Program offers funding under a grant program as well as a loan program. Under the grant program, the Corporation received \$150,000 in grant revenue during the year. This has been reported in the statement of operations.

The Corporation also received funding in 2021 that is subject to a loan agreement between the Corporation and CMHC, where CMHC agrees to provide a loan up to an amount of \$45,000. As of year-end, advances in the amount of \$17,760 had been received by the Corporation.

Long-term debt is as follows:

	2021	2020
Long-term debt issued by CMHC under Seed Funding Program	\$ 17,760	\$ -

Principal repayment is due on the maturity date of August 5, 2023.

There is no interest expense on long-term debt incurred during the year. The Corporation will not be required to pay interest on the repayment amount until the maturity date of August 5, 2023. Interest on the repayment amount will commence on the 30th day following the maturity date, at an interest rate equal to Canada Prime Rate plus two percent (2%). Interest is calculated semi-annually and not in advance.

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to Financial Statements (continued)
Year ended December 31, 2021

5. Tangible Capital Assets

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Land	\$ 2,639,267	\$ 438,075	\$ -	\$ 3,077,342
Leasehold improvements	218,431	-	-	218,431
Office equipment and furniture	5,525	-	-	5,525
Assets under construction	-	18,146,061	-	18,146,061
Total	\$ 2,863,223	\$ 18,584,136	\$ -	\$ 21,447,359

Accumulated Amortization	Balance at December 31, 2020	Amortization Expense	Amortization Disposals	Balance at December 31, 2021
Land	\$ -	\$ -	\$ -	\$ -
Leasehold improvements	123,777	43,686	-	167,463
Office equipment and furniture	3,532	913	-	4,445
Total	\$ 127,309	\$ 44,599	\$ -	\$ 171,908

	Net Book Value December 31, 2020	Net Book Value December 31, 2021
Land	\$ 2,639,267	\$ 3,077,342
Leasehold improvements	94,654	50,968
Office equipment and furniture	1,993	1,080
Assets under construction	-	18,146,061
Total	\$ 2,735,914	\$ 21,275,451

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to Financial Statements (continued)
Year ended December 31, 2021

6. Accumulated Surplus

Accumulated surplus consists of the following:

	2021	2020
Surplus		
Invested in tangible capital assets	\$ 21,275,451	\$ 2,735,914
Capital deficit	-	(132,358)
Total surplus	21,275,451	2,603,556
Reserve funds set aside for specific purpose by the Board		
Future affordable housing (note 7)	6,744,308	7,147,145
Share capital		
100 Class A common shares (note 8)	100	100
	\$ 28,019,859	\$ 9,750,801

7. Analysis of Reserve Fund

	2021	2020
Reserve fund for future affordable housing:		
Balance, beginning of year	\$ 7,147,145	\$ 6,955,961
Interest earned	155,372	166,201
Contributions from current operations:		
Annual	2,770,000	2,500,000
Transfers to current operations	(136,927)	(283,660)
Transfers to capital operations:		
Development of land for future use	(3,191,282)	(2,191,357)
Balance, end of year	\$ 6,744,308	\$ 7,147,145

	2021	2020
Comprised of:		
Contributions from the City of London, stipulated for use in future affordable housing projects	\$ 6,449,687	\$ 6,846,658
Accumulated operating surpluses held for future administration expenses	294,621	300,487
Balance, end of year	\$ 6,744,308	\$ 7,147,145

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to Financial Statements (continued)
Year ended December 31, 2021

8. Share Capital

	2021	2020
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

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to Financial Statements (continued)
Year ended December 31, 2021

9. Budget Data

Budget data presented in these financial statements are based upon the 2021 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	\$ 3,589,562
Municipal revenue – Transfers from capital and reserve fund	44,000
Government grants	2,000
Total Revenues	3,635,562
Expenses	
Personnel costs	501,985
Administrative expenses	46,500
Financial expense - Transfers to reserve fund	2,770,000
Purchased services	105,942
Materials and supplies	11,490
Furniture and equipment	15,000
Recovered expenses	184,645
Total expenses	3,635,562
Net surplus as per approved budget	-
PSAB reporting requirements and Budget adjustments:	
Capital program funding earned in year	12,322,513
Decrease in transfers to (from) capital and reserve fund	2,726,000
Increase in amorization	(44,599)
Increase in interest income - reserve fund	90,000
Net PSAB budget surplus as per financial statements	\$ 15,093,914

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to Financial Statements (continued)
Year ended December 31, 2021

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, 2021, the Corporation has outstanding commitments remaining on these agreements of **\$629,475** (2020 - \$255,531).

- (b) The Corporation is committed to the following minimum annual operating lease payments for premises as follows:

2022	\$	23,875
2023		4,000
Total	\$	27,875

11. Impact of COVID-19 Pandemic

Effective March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the Corporation has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Office closure to the public from March 18, 2020 to the date of the auditors' report based on public health recommendations
- Working from home requirements for those able to do so

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Corporation's operations and financial position is not known at this time, although to date the impact has not been significant. These impacts could include a decline in future cash flows and changes to the value of assets and liabilities. Though management continues to make best efforts to forecast possible financial scenarios, an estimate of the future financial effect of the pandemic on the Corporation is not practicable at this time.

12. Other matters

Since year-end, 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 work and report back on the recommendations to winding up the Corporation 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 Auditors' Report thereon

Year ended December 31, 2021

DRAFT

INDEPENDENT AUDITORS' 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, 2021;
- 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, 2021, 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

Page 2

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.

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.

Page 3

- 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 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 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.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

Date

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Statement of Financial Position

DRAFT

As at December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash	\$ 255,694	\$ 174,084
Accounts receivable	81,677	65,508
HST receivable	1,927	1,925
	<u>339,298</u>	<u>241,517</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 5)	97,217	66,799
Deferred revenue	18,500	13,201
Deposits payable	14,125	8,470
	<u>129,842</u>	<u>88,470</u>
Net financial assets	209,456	153,047
Non-financial assets		
Tangible capital assets (note 4)	44,247	51,463
Prepaid expenses	11,967	890
	<u>56,214</u>	<u>52,353</u>
Nature of reporting entity Commitments (note 6)		
Accumulated surplus (note 3)	<u>\$ 265,670</u>	<u>\$ 205,400</u>

See accompanying notes to financial statements.

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Statement of Operations

DRAFT

Year ended December 31, 2021 , with comparative information for 2020

	Budget		
	2021	2021	2020
Revenue:			
Revenues			
Municipal levy - The City of London	\$ 434,000	\$ 438,604	\$ 389,779
Other:			
Miscellaneous	-	37,641	22,510
Program income	8,000	14,776	12,453
	<u>442,000</u>	<u>491,021</u>	<u>424,742</u>
Expenditures			
Administration	172,485	155,830	140,170
Business development	146,639	198,614	135,832
Office	31,054	23,833	24,075
General expenses	16,950	29,765	17,477
Miscellaneous	6,000	13,846	13,959
Amortization of tangible capital assets	-	8,863	8,674
Member services	6,000	-	851
	<u>379,128</u>	<u>430,751</u>	<u>341,038</u>
Surplus	62,872	60,270	83,704
Accumulated surplus, beginning of year	205,400	205,400	121,696
Accumulated surplus, end of period (note 3)	\$ 268,272	\$ 265,670	\$ 205,400

See accompanying notes to financial statements.

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Statement of Changes in Net Financial Assets

DRAFT

Year ended December 31, 2021 , with comparative information for 2020

	Budget 2021	2021	2020
Surplus	\$ -	\$ 60,270	\$ 83,704
Acquisition of tangible capital assets	-	(1,649)	(6,288)
Amortization of tangible capital assets	-	8,863	8,674
	-	67,484	86,090
Use (acquisition) of prepaid expenses	-	(11,075)	1,411
Change in net financial assets	-	56,409	87,501
Net financial assets, beginning of year	153,047	153,047	65,546
Net financial assets, end of year	\$ 153,047	\$ 209,456	\$ 153,047

See accompanying notes to financial statements.

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Statement of Cash Flows

DRAFT

Year ended December 31, 2021 , with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Surplus	\$ 60,270	\$ 83,704
Item not involving cash:		
Amortization of tangible capital assets	8,863	8,674
Changes in non-cash operating working capital:		
Accounts receivable	(16,169)	(44,335)
HST receivable	(2)	13,493
Accounts payable and accrued liabilities	30,418	21,494
Deposits payable	5,655	-
Deferred revenue	10,954	14,810
Prepaid expenses	(11,075)	1,412
	83,259	99,252
Capital activities:		
Purchase of tangible capital assets	(1,649)	(6,288)
	81,610	92,964
Cash, beginning of year	174,084	81,120
Cash, end of year	\$ 255,694	\$ 174,084

See accompanying notes to financial statements.

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

DRAFT Notes to Financial Statements

Year ended December 31, 2021

1. Nature of reporting entity:

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.

The financial statements of The Hyde Park Business Improvement Association Board of Management are prepared in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants of Canada Public Sector Accounting Handbook.

2. Significant accounting policies:

(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	Useful Life - Years
Furniture and fixtures	10
Computer hardware	4
Leasehold improvements	Lease-term

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2021

2. 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) Budget figures:

Budget figures have been provided for comparison purposes.

3. Accumulated surplus:

The balance of accumulated surplus is comprised of the following:

	2021	2020
Invested in tangible capital assets	\$ 44,247	\$ 51,463
Operating fund	221,423	153,937
	<u>\$ 265,670</u>	<u>\$ 205,400</u>

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Tangible capital assets:

Cost	2020	Additions	Disposals	2021
Furniture and fixtures	\$ 51,761	\$ -	\$ -	\$ 51,761
Computer hardware	7,913	1,649	-	9,562
Leasehold Improvements	7,189	-	-	7,189
Total	\$ 66,863	\$ 1,649	\$ -	\$ 68,512

Accumulated amortization	2020	Disposals	Amortization expense	2021
Furniture and fixtures	\$ 8,632	\$ -	\$ 5,215	\$ 13,847
Computer hardware	3,120	-	1,718	4,838
Leasehold Improvements	3,650	-	1,930	5,580
Total	\$ 15,402	\$ -	\$ 8,863	\$ 24,265

	Net book value 2020	Net book value 2021
Furniture and fixtures	\$ 43,129	\$ 37,914
Computer hardware	4,794	4,724
Leasehold Improvements	3,540	1,609
	\$ 51,463	\$ 44,247

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2021

5. Related party transactions:

At December 31, 2021, The Corporation of the City of London owed Hyde Park Business Improvement Area \$5,155 (2020 - \$3,378). Included in Accounts payable is \$72,769 (2020 - \$51,575) owing to the other Boards of the City of London.

6. Commitments:

On November 1, 2017, the Hyde Park Business Improvement Association Board of Management entered into a five-year lease agreement for their premises. Future minimum lease payments under the lease as of December 31, 2021 are as follows:

Year ending December 31:

2022	\$	20,113
	\$	20,113

7. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

Financial Statements of

**THE LONDON CONVENTION
CENTRE CORPORATION**

And Independent Auditors' Report thereon.

Year ended December 31, 2021



KPMG LLP
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London Ontario N6A 5P2
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INDEPENDENT AUDITORS' 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, 2021;
- the statement of operations 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;
- 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, 2021, 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.



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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.



Page 3

- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

March 25, 2022

THE LONDON CONVENTION CENTRE CORPORATION

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets		
Cash	\$ 1,038,414	\$ 405,313
Accounts receivable	248,697	55,191
Other receivables	44,681	83,793
Receivable from The City of London	16,596	40,210
	<u>1,348,388</u>	<u>584,507</u>
Financial Liabilities		
Accounts payable and accrued liabilities	231,330	342,417
Long-term debt (note 6)	-	1,421,665
Accrued sick and vacation	51,369	27,859
Advance deposits and deferred revenue	966,547	874,119
	<u>1,249,246</u>	<u>2,666,060</u>
Net financial assets (debt)	99,142	(2,081,553)
Non-Financial Assets		
Tangible capital assets (note 4)	16,964,032	18,252,620
Prepaid expenses	39,267	38,896
Inventory (note 2)	44,421	51,039
	<u>17,047,720</u>	<u>18,342,555</u>
Contingencies (note 10)		
Impact of COVID-19 pandemic (note 11)		
Accumulated surplus (note 7)	<u>\$ 17,146,862</u>	<u>\$ 16,261,002</u>

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, 2021, with comparative information for 2020

	Budget 2021 (note 9)	2021	2020
Revenue:			
City grant	\$ -	\$ 3,966,171	\$ 1,648,000
Food and beverage	1,870,000	764,874	927,941
Other	598,400	298,827	908,636
City capital appropriation	707,721	1,672,721	702,904
Capital reserve drawdown	1,014,000	292,876	712,244
Parking	394,900	133,680	188,510
Space rental	300,000	114,937	145,556
Technical	181,085	91,116	96,467
	<u>5,066,106</u>	<u>7,335,202</u>	<u>5,330,258</u>
Cost of goods sold:			
Food and beverage	500,025	341,911	292,059
Other	33,464	1,302	34,231
Technical	3,690	6,270	6,250
	<u>537,179</u>	<u>349,483</u>	<u>332,540</u>
	<u>4,528,927</u>	<u>6,985,719</u>	<u>4,997,718</u>
Expenditures:			
Amortization of tangible capital assets	1,416,418	1,418,785	1,428,480
City appropriation	707,721	1,672,217	1,059,272
Event services and culinary	1,327,911	847,286	848,138
Corporate services	854,481	874,676	831,048
Sales and catering	806,792	496,306	511,052
Facility services	475,592	383,717	381,722
Energy	545,160	341,835	333,999
Cleaning	65,995	21,940	43,149
Interest and bank charges	-	15,653	32,643
Other	24,604	12,260	24,348
Parking	50,222	15,184	122,230
	<u>6,274,896</u>	<u>6,099,859</u>	<u>5,616,081</u>
Annual surplus (deficit) (note 8)	(1,745,969)	885,860	(618,363)
Accumulated surplus, beginning of year	16,261,002	16,261,002	16,879,365
Accumulated surplus, end of year	<u>\$ 14,515,033</u>	<u>\$ 17,146,862</u>	<u>\$ 16,261,002</u>

See accompanying notes to financial statements.

THE LONDON CONVENTION CENTRE CORPORATION

Statement of Change in Net Financial Assets (Debt)

Year ended December 31, 2021, with comparative information for 2020

	Budget 2021 (note 9)	2021	2020
Annual surplus (deficit)	\$ (1,745,969)	\$ 885,860	\$ (618,363)
Acquisition of tangible capital assets	(1,014,000)	(130,197)	(599,447)
Amortization of tangible capital assets	1,416,418	1,418,785	1,428,480
Loss on disposal of tangible capital assets	-	-	4,670
	(1,343,551)	2,174,448	215,340
Acquisition of inventory	-	(44,421)	(51,039)
Acquisition of prepaid expenses	-	(39,267)	(38,896)
Consumption of inventory	-	51,039	63,605
Use of prepaid expenses	-	38,896	38,864
	-	6,247	12,534
Increase (decrease) in net financial assets (debt)	(1,343,551)	2,180,695	227,874
Net financial debt, beginning of year	(2,081,553)	(2,081,553)	(2,309,427)
Net financial assets(debt), end of year	\$ (3,425,104)	\$ 99,142	\$ (2,081,553)

See accompanying notes to financial statements.

THE LONDON CONVENTION CENTRE CORPORATION

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 885,860	\$ (618,363)
Item not involving cash:		
Amortization of tangible capital assets	1,418,785	1,428,480
Loss on disposal of tangible capital assets	-	4,670
Forgiveness of long-term debt	(1,421,665)	-
Changes in non-cash operating working capital:		
Accounts receivable	(193,506)	792,517
Other receivables	39,112	(79,840)
Inventory	6,618	12,566
Accounts payable and accrued liabilities	(111,087)	(787,531)
Accrued sick and vacation	23,510	(33,321)
Payable to The City of London	23,614	(144,938)
Advance deposits and deferred revenue	92,428	(271,218)
Prepaid expenses	(371)	(32)
	763,298	302,990
Investing activities:		
Acquisition of tangible capital assets	(130,197)	(599,447)
Net change in cash	633,101	(296,457)
Cash, beginning of year	405,313	701,770
Cash, end of year	\$ 1,038,414	\$ 405,313

See accompanying notes to financial statements.

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements

Year ended December 31, 2021

1. Significant accounting policies:

The financial statements of The London Convention Centre 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

(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.

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(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 amounts:

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.

2. Inventory:

At December 31, inventory consists of:

	2021	2020
Food	\$ 15,510	\$ 25,669
Beverages	28,911	25,370
	<u>\$ 44,421</u>	<u>\$ 51,039</u>

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. 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.

	2021	2020
Opening balance	\$ 760,849	\$ 391,459
Contributions during the year	1,672,721	1,059,272
Interest	33,692	22,362
Capital expenditures	(292,876)	(712,244)
Closing balance	\$ 2,174,386	\$ 760,849

4. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Building	\$ 27,143,683	\$ -	-	\$ 27,143,683
Building improvements	12,794,061	79,554	-	12,873,615
Equipment	1,720,573	1,776	-	1,722,349
Furniture	1,099,222	-	-	1,099,222
Infrastructure	781,768	28,385	-	810,153
Vehicles	41,217	20,482	-	61,699
	\$ 43,580,524	\$ 130,197	\$ -	\$ 43,710,721

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Tangible capital assets (continued):

	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Accumulated amortization				
Building	\$ 18,420,489	\$ -	\$ 686,933	\$ 19,107,422
Building improvements	3,949,114	-	639,820	4,588,934
Equipment	1,535,126	-	37,187	1,572,313
Furniture	694,842	-	32,474	727,316
Infrastructure	694,116	-	22,218	716,334
Vehicles	34,217	-	153	34,370
	\$ 25,327,904	\$ -	\$ 1,418,785	\$ 26,746,689

	Net book value December 31, 2020	Net book value December 31, 2021
Building	\$ 8,723,194	\$ 8,036,261
Building improvements	8,844,947	8,284,681
Equipment	185,447	150,036
Furniture	404,380	371,906
Infrastructure	87,652	93,819
Vehicles	7,000	27,329
	\$ 18,252,620	\$ 16,964,032

Ownership of capital assets is vested with the City of London. The London Convention 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.

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

5. 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 2021 was \$133,832 (2020 - \$144,134) for current service and is expensed in the statement of operations.

The last available report for the OMERS plan was on December 31, 2021. At that time, the plan reported a \$3.1 billion actuarial deficit (2020 - \$3.2 billion), based on actuarial liabilities for \$120.8 billion (2020 - \$113.1 billion) and actuarial assets for \$117.7 billion (2020 - \$109.8 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.

6. Long-term debt:

The note payable to the City of London, a related party, bears interest at a fixed rate of 2.3% per annum. On January 12, 2021, City of London Council approved the forgiveness of the note payable of \$1,421,665 in its entirety.

7. Accumulated surplus:

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

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 16,964,032	\$ 18,252,620
Unfunded:		
Payable to The City of London used to finance tangible capital assets	-	(1,421,665)
Other	182,830	(569,953)
	<u>\$ 17,146,862</u>	<u>\$ 16,261,002</u>

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Income from operations:

In order to assess the operations of The London Convention Centre 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:

	2021	2020
Annual surplus (deficit)	\$ 885,860	\$ (618,363)
Add back:		
Amortization	1,418,785	1,428,480
City appropriation	1,672,217	1,059,272
Interest on long-term debt	-	30,882
	3,091,002	2,518,634
Deduct:		
City capital funding	(1,965,597)	(1,415,148)
	\$ 2,011,265	\$ 485,123

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Budget data:

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.

	Budget amount
Revenues:	
Operating budget	\$ 3,344,385
Cost of goods sold:	
Operating budget	537,179
Expenses:	
Operating budget	4,150,757
Annual deficit, as budgeted	(1,343,551)
City capital appropriation	707,721
Capital reserve drawdown	1,014,000
Amortization of tangible capital assets	(1,416,418)
City appropriation	(707,721)
Annual deficit, revised	\$ (1,745,969)

10. 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.

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2021

11. Impact of COVID-19 pandemic:

Effective March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At the time of approval of these financial statements, The London Convention Centre Corporation was closed from January to August 2021 inclusive due to public health restrictions, resulting in continued temporary layoffs and flexible working from home policies for remaining staff for much of the year.

London Convention Centre continued to support the community, providing approximately 37,629 meals at cost paid for by the Food Bank to support London's homeless population. Funding from the City of London of \$2,500,000 was received to maintain the building and minimal operations while closed and continued to assist with operations once events were being held again in the last part of the year.

Combined Financial Statements of

**LONDON DOWNTOWN BUSINESS
ASSOCIATION**

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP
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Canada
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INDEPENDENT AUDITORS' 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, 2021
- 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 combined financial statements present fairly, in all material respects, the combined financial position of the Entity as at December 31, 2021, 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 "***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 combined 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.

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

April 21, 2022

LONDON DOWNTOWN BUSINESS ASSOCIATION

Combined Statement of Financial Position

December 31, 2021, with comparative information for 2020

	LDBA 2021	Main Street 2021	Total 2021	Total 2020
Financial assets				
Cash and cash equivalents	\$ 358,915	\$ 264,464	\$ 623,379	\$ 1,342,249
Investments	401,972	-	401,972	-
Accounts receivable	93,698	600	94,298	110,280
Due from the Hyde Park Business Improvement Association Board of Management (note 3)	18,333	-	18,333	306
	<u>872,918</u>	<u>265,064</u>	<u>1,137,982</u>	<u>1,452,835</u>
Financial liabilities				
Accounts payable and accrued liabilities (note 3)	154,552	1,783	156,335	221,568
Deferred revenue	18,333	-	18,333	306
Funds on deposit	-	198,048	198,048	218,782
	<u>172,885</u>	<u>199,831</u>	<u>372,716</u>	<u>440,656</u>
Net financial assets	700,033	65,233	765,266	1,012,179
Non-financial assets				
Tangible capital assets (note 2)	38,302	-	38,302	35,714
Commitments (note 5)				
Accumulated surplus (note 4)	\$ 738,335	\$ 65,233	\$ 803,568	\$ 1,047,893

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, 2021, with comparative information for 2020

	Budget	LDBA 2021	Main Street 2021	Total 2021	Total 2020
Revenue:					
Municipal levy from the City of London	\$ 1,747,082	\$ 1,840,732	\$ -	\$ 1,840,732	\$ 1,847,183
Purchased services revenue from the City of London		-	-	-	89,922
Main Street London funding	200,000	-	245,000	245,000	168,114
Interest income	1,200	3,847	569	4,416	4,071
Miscellaneous income (note 3)	224,000	157,970	39,531	197,501	14,095
Total revenue	2,172,282	2,002,549	285,100	2,287,649	2,123,385
Expenses:					
Business development	639,932	612,360	-	612,360	654,066
Salaries and wages	641,200	699,129	28,796	727,925	585,415
Programs	200,000	-	353,581	353,581	316,594
Member services	505,750	641,032	-	641,032	306,027
Administration	102,400	100,125	628	100,753	85,136
Rent	83,000	80,226	-	80,226	79,538
Amortization	-	16,097	-	16,097	16,363
Bad debts	-	-	-	-	7,298
Business retention	-	-	-	-	2,365
Total expenses	2,172,282	2,148,969	383,005	2,531,974	2,052,802
Annual surplus (deficit)	-	(146,420)	(97,905)	(244,325)	70,583
Accumulated surplus, beginning of year	1,047,893	884,755	163,138	1,047,893	977,310
Accumulated surplus, end of year	\$ 1,047,893	\$ 738,335	\$ 65,233	\$ 803,568	\$ 1,047,893

See accompanying notes to combined financial statements.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Combined Statement of Change in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	Budget	LDBA 2021	Main Street 2021	Total 2021	Total 2020
Annual surplus (deficit) \$	-	\$ (146,420)	\$ (97,905)	\$ (244,325)	\$ 70,583
Acquisition of tangible capital assets	-	(18,685)	-	(18,685)	-
Amortization of tangible capital assets	-	16,097	-	16,097	16,363
Change in net financial assets	-	(149,008)	(97,905)	(246,913)	86,946
Net financial assets, beginning of year	1,012,179	849,041	163,138	1,012,179	925,233
Net financial assets, end of year	\$(1,012,179)	\$ 700,033	\$ 65,233	\$ 765,266	\$ 1,012,179

See accompanying notes to combined financial statements.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Combined Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash and cash equivalents provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (244,325)	\$ 70,583
Item not involving cash:		
Amortization	16,097	16,363
Changes in non-cash operating working capital:		
Accounts receivable	15,982	(21,842)
Tenant improvement loans	-	7,298
Due from related party	(18,027)	6,254
Accounts payable and accrued liabilities	(65,233)	(46,469)
Deferred revenue	18,027	(6,254)
	(277,479)	25,933
Financing activities:		
Funds on deposit	(20,734)	83,886
Capital activities:		
Acquisitions of tangible capital assets	(18,685)	-
Investing activities:		
Change in investments, net	(401,972)	-
Increase (decrease) in cash and cash equivalents	(718,870)	109,819
Cash and cash equivalents, beginning of year	1,342,249	1,232,430
Cash and cash equivalents, end of year	\$ 623,379	\$ 1,342,249
Supplemental cash flow information:		
Cash	\$ 562,581	\$ 1,281,451
Cash equivalents	60,798	60,798
	\$ 623,379	\$ 1,342,249

See accompanying notes to combined financial statements.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements

Year ended December 31, 2021

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.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2021

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.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2021

2. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Furniture	\$ 43,050	\$ 18,685	\$ (43,050)	\$ 18,685
Computer equipment	13,433	-	(1,680)	11,753
Leasehold improvements	124,272	-	-	124,272
Total	\$ 180,755	\$ 18,685	\$ (44,730)	\$ 154,710

Accumulated amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Furniture	\$ 43,050	\$ (43,050)	\$ 311	\$ 311
Computer equipment	6,718	(1,680)	3,359	8,397
Leasehold improvements	95,273	-	12,427	107,700
Total	\$ 145,041	\$ (44,730)	\$ 16,097	\$ 116,408

	Net book value December 31, 2020	Net book value December 31, 2021
Furniture	\$ -	\$ 18,374
Computer equipment	6,715	3,356
Leasehold improvements	28,999	16,572
	\$ 35,714	\$ 38,302

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2021

3. 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 \$36,350 (2020 - \$68,207). This has been included in Accounts payable and accrued liabilities on the Combined Statement of Financial Position. During the year, \$153,493 (2020 - nil) was received from the City and recorded within Miscellaneous income on the Combined Statement of Operations.

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 \$14,476 (2020 - \$6,254) on behalf of the Association. This has been included in Miscellaneous income and Member services on the Combined Statement of Operations.

4. Accumulated surplus:

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

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 38,302	\$ 35,714
Operating surplus	567,218	793,397
	605,520	829,111
Restricted cash for Downtown Dollars	198,048	218,782
	\$ 803,568	\$ 1,047,893

5. Commitments:

The Association is committed to payments under operating leases for their premises as well as furniture and equipment as follows:

2022	\$ 77,955
2023	76,380
2024	31,825
	\$ 186,160

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2021

6. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.



London Hydro Inc.

Financial Statements

For the year ended December 31, 2021
with comparative amounts for 2020



KPMG LLP
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Fax 519 672-5684

INDEPENDENT AUDITORS' 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, 2021
- the statement of 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 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, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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.

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.



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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 auditors' report thereon, included in Management's Discussion and Analysis as at the date of this auditors' 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 auditors' 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 International Financial Reporting Standards (IFRS), 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.



Page 3

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
March 22, 2022

London Hydro Inc.
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For the year ended December 31, 2021

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London Hydro Inc.

Statement of Financial Position

December 31, 2021, with comparative amounts at December 31, 2020

(in thousands of dollars)

	Note	2021	2020
ASSETS			
<i>(restated - Note 3 (n))</i>			
Current assets			
Cash	5	\$ 14,451	\$ 28,298
Accounts receivable	6	78,727	84,709
Materials and supplies	7	548	458
Prepaid expenses		2,430	2,261
Total current assets		96,156	115,726
Non-current assets			
Property, plant and equipment	8,16	369,130	352,992
Intangible assets	9	21,270	22,714
Unrealized gain on interest rate swap	14,25	6,750	-
Total non-current assets		397,150	375,706
Total assets		493,306	491,432
Regulatory balances	11	28,596	22,935
Total assets and regulatory balances		\$ 521,902	\$ 514,367
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	12	\$ 38,270	\$ 46,004
Due to shareholder	22	5,706	5,749
Income tax payable		36	100
Dividends payable	17	-	5,000
Current portion of lease liability	16	35	34
Current portion of long-term debt	14,25	125,000	-
Current portion of customer and other deposits		1,371	2,923
Current portion of deferred revenue	13	3,462	3,092
Total current liabilities		173,880	62,902
Non-current liabilities			
Long-term debt	14,25	75,000	200,000
Post-employment benefits	15	15,008	16,100
Customer and other deposits		1,274	2,025
Deferred revenue	13	40,340	34,327
Deferred tax liability	10	15,783	9,448
Lease liability	16	2,155	2,190
Unrealized loss on interest rate swap	14,25	1,131	8,277
Total non-current liabilities		150,691	272,367
Total liabilities		324,571	335,269
Equity			
Share capital	17	96,116	96,116
Retained earnings		95,702	80,246
Accumulated other comprehensive loss		(293)	(1,446)
Total equity		191,525	174,916
Total liabilities and equity		516,096	510,185
Regulatory balances	11	5,806	4,182
<i>Commitments and contingencies (Note 23), Subsequent event (Note 26)</i>			
Total liabilities, equity and regulatory balances		\$ 521,902	\$ 514,367

On behalf of the Board:



Director



Director

London Hydro Inc.

Statement of Comprehensive Income

For the year ended December 31, 2021, with comparative amounts for 2020

(in thousands of dollars)

	Note	2021	2020
<i>(restated - Note 3 (n))</i>			
Revenues			
Electricity sales	18	\$ 381,901	\$ 436,237
Distribution revenue	18	73,691	70,239
Other	19	13,347	11,228
		468,939	517,704
Operating expenses			
Electricity purchased		385,324	433,635
Operating expenses	20	47,109	45,217
Depreciation and amortization	8,9	22,094	21,253
		454,527	500,105
Income from operating activities		14,412	17,599
Net finance (income) expense	14,21	(8,887)	11,027
Income before income taxes		23,299	6,572
Income tax expense	10	6,574	1,172
Income for the year		16,725	5,400
Movement of regulatory balances			
Net movement of regulatory balances		1,384	(2,150)
Income taxes	10	2,347	2,312
	11	3,731	162
Net income for year and net movement in regulatory balances		20,456	5,562
Other comprehensive income (loss)			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefits	15	1,153	(244)
Tax on remeasurements	10	(306)	65
Net movement in regulatory balances, net of tax	11	306	(65)
Other comprehensive income (loss)		1,153	(244)
Total comprehensive income for the year		\$ 21,609	\$ 5,318

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, 2021, with comparative amounts for 2020
(in thousands of dollars)

<i>(restated - Note 3 (n))</i>	Note	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance at January 1, 2020 as previously reported	\$	96,116	\$ 79,776	\$ (1,202)	\$ 174,690
Restatement adjustments <i>(Note 3 (n))</i>	3	-	(92)	-	(92)
Balance at January 1, 2020, restated		96,116	79,684	(1,202)	174,598
Net income and net movement in regulatory balances		-	5,562	-	5,562
Other comprehensive loss		-	-	(244)	(244)
Dividends	17	-	(5,000)	-	(5,000)
Balance at December 31, 2020, restated	\$	96,116	\$ 80,246	\$ (1,446)	\$ 174,916
Balance at January 1, 2021	\$	96,116	\$ 80,246	\$ (1,446)	\$ 174,916
Net income and net movement in regulatory balances		-	20,456	-	20,456
Other comprehensive income		-	-	1,153	1,153
Dividends	17	-	(5,000)	-	(5,000)
Balance at December 31, 2021	\$	96,116	\$ 95,702	\$ (293)	\$ 191,525

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

London Hydro Inc.
Statement of Cash Flows

For the year ended December 31, 2021, with comparative amounts for 2020

(in thousands of dollars)

	Note	2021	2020
<i>(restated - Note 3 (n))</i>			
Operating activities			
Net income and net movement in regulatory balances		\$ 20,456	\$ 5,562
Adjustments for:			
Depreciation and amortization	8,9	22,094	21,253
Amortization of deferred revenue	19	(792)	(678)
Post-employment benefits	15	61	321
Loss (gain) on disposal of property, plant and equipment	19	102	(28)
Net finance (income) expense	21	(8,887)	11,027
Income tax expense	10	6,574	1,172
		39,608	38,629
Change in non-cash working capital:			
Accounts receivable		5,982	(13,340)
Materials and supplies		(90)	(40)
Prepaid expenses		(169)	456
Accounts payable and accrued liabilities		(7,734)	(2,436)
Due to shareholder		(43)	(1,203)
Customer and other deposits		(2,303)	542
		(4,357)	(16,021)
Other:			
Regulatory balances	11	(3,731)	(162)
Income tax paid		(609)	(210)
Income tax received		-	864
Interest paid	21	(5,161)	(4,502)
Interest received	21	152	105
		(9,349)	(3,905)
Net cash from operating activities		25,902	18,703
Investing activities			
Purchase of property, plant and equipment	8	(33,405)	(38,061)
Purchase of intangible assets	9	(3,981)	(5,271)
Capital contributions received from customers		7,175	4,446
Proceeds on disposal of property, plant and equipment		496	85
Net cash used in investing activities		(29,715)	(38,801)
Financing activities			
Dividends paid	17	(10,000)	-
Proceeds from long-term debt	14	-	75,000
Lease liability	16	(34)	(32)
Repayment of long-term debt	14	-	(30,000)
Net cash from financing activities		(10,034)	44,968
Change in cash		(13,847)	24,870
Cash, beginning of year		28,298	3,428
Cash, end of year		\$ 14,451	\$ 28,298

The accompanying notes are an integral part of these financial statements

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

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 in accordance with International Financial Reporting Standards (“IFRS”).

b) Approval of financial statements

These financial statements were approved by the Board of Directors on March 22, 2022.

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.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

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), 8, 9 – estimation of useful lives of its property, plant and equipment and intangible assets
- (iv) 3(e), 9 – capitalization of configuration and customization costs in Software-as-a-Service (“SaaS”) arrangements and determining whether services are distinct from the SaaS access
- (v) 6 – estimation for allowance for doubtful accounts
- (vi) 8, 16 – leases: whether an arrangement contains a lease
- (vii) 11 – recognition and measurement of regulatory balances
- (viii) 15 – measurement of defined benefit obligations: key actuarial assumptions
- (ix) 23 – 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 all 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.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

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. During the year, the Company recognized \$0.4 million (2020 – \$0.1 million) as intangible assets in respect of customization and configuration costs incurred in implementing SaaS arrangements.

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. During the year, the Company recognized nil (2020 – \$0.3 million) as prepayments in respect of customization and configuration activities undertaken in implementing SaaS arrangements which are considered not to be distinct from the access to the SaaS access over the contract term.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

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 transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and 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 approved based upon the review, including any resulting revisions.

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 Inflation 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.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

2. Basis of presentation (continued)

f) Rate regulation (continued)

Rate setting – Distribution revenue (continued)

In August 2016, the Company filed a COS application which has been approved by the OEB for rates effective May 1, 2017. The GDP IPI-FDD for 2018 was 1.2%, the OEB applied productivity factor was 0.0% and the OEB determined stretch factor was (0.15)%, resulting in a net adjustment of 1.05% to the previous year's rates effective May 1, 2018. The GDP IPI-FDD for 2019 was 1.5%, the OEB applied productivity factor was 0.0% and the OEB determined stretch factor was (0.30)%, resulting in a net adjustment of 1.2% to the previous year's rates effective May 1, 2019.

The net adjustment for the 2020 rates was approved by the OEB at 1.7% to be effective as of May 1, 2020 although due to COVID-19, the company elected to defer the implementation of the new rate until November 1, 2020. The OEB has approved a deferral account for the Company to record the lost revenue associated with this deferred implementation date. The Company has collected most of the amounts from this deferred implementation.

The GDP IPI-FDD for 2021 was 2.2%, the OEB applied productivity factor was 0.0% and the OEB determined stretch factor was (0.30)%, 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 total bill impact of the new rates for a typical residential customer will be an increase of approximately \$1.41 or 1.17% before taxes.

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 twice 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.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

3. Significant 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).

Derivative

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.

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.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

3. Significant accounting policies (continued)

b) Revenue recognition (continued)

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 and the related performance incentive payments under CDM programs 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.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021
(in thousands of dollars)

3. Significant 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 weighted average 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.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

3. Significant 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

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

3. Significant 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, 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 weighted average 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, 2021.

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

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

3. Significant 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.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

3. Significant 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.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

3. Significant accounting policies (continued)

i) Regulatory balances (continued)

When the Company is required 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.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

3. Significant 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.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021
(in thousands of dollars)

3. Significant accounting policies (continued)

l) 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. Finance expenses are recognized in the Statement of Comprehensive Income unless they are capitalized as part of the cost of qualifying assets.

m) 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 ("OEFEC"). 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.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021
(in thousands of dollars)

3. Significant accounting policies (continued)

n) Change in accounting policy

During the year, the Company changed its accounting policy in relation to upfront configuration and customization costs incurred in implementing SaaS arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The new accounting policy is presented below.

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.

Prior to this policy change, all upfront SaaS configuration and customization costs were recognized as an intangible asset and amortized over the useful life of the software on a straight-line basis. This revised accounting policy has been applied in preparing the financial statements for the year ended December 31, 2021, and in the comparative information presented for the year ended December 31, 2020. Amounts previously reported have been restated to account for the impact of this change in accounting policy, as follows:

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

3. Significant accounting policies (continued)

n) Change in accounting policy (continued)

Reconciliation of Statement of Finance Position and Statement of Changes in Equity

As at December 31, 2020	Transitional Adjustments			As Restated
	As Originally Presented	Opening Statement of Financial Position January 1, 2020	Restatement of Amounts for the 2020 Fiscal Year	
Assets				
Prepaid expenses	\$ 1,752	\$ 379	\$ 130	\$ 2,261
Total current assets	115,217	379	130	115,726
Intangible assets	23,443	(471)	(258)	22,714
Total non-current assets	376,435	(471)	(258)	375,706
Total assets	491,652	(92)	(128)	491,432
Regulatory balances	22,993	(24)	(34)	22,935
Total assets and regulatory balances	\$ 514,645	\$ (116)	\$ (162)	\$ 514,367
Liabilities				
Deferred tax liability	9,506	(24)	(34)	9,448
Total non-current liabilities	272,425	(24)	(34)	272,367
Total liabilities	335,327	(24)	(34)	335,269
Equity				
Retained earnings	80,466	(92)	(128)	80,246
Total equity	175,136	(92)	(128)	174,916
Total liabilities, equity and regulatory balances	\$ 514,645	\$ (116)	\$ (162)	\$ 514,367

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

3. Significant accounting policies (continued)

n) Change in accounting policy (continued)

Reconciliation of Statement of Comprehensive Income

For the year ended December 31, 2020	As Originally Presented	Transitional Adjustments	As Restated
Operating expenses			
Operating expenses	\$ 44,910	\$ 307	\$ 45,217
Depreciation and amortization	21,432	(179)	21,253
Total operating expenses	499,977	128	500,105
Income taxes			
Income tax expense	1,206	(34)	1,172
Income for the year	5,494	(94)	5,400
Movement of regulatory balances			
Income taxes	2,346	(34)	2,312
Net income for year and net movement in regulatory balances	196	(34)	162
Total comprehensive income for the year	\$ 5,446	\$ (128)	\$ 5,318

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

4. Standards issued not yet adopted

There are new standards, amendments to standards and interpretations which have not been applied in preparing these financial statements. These standards or amendments relate to the measurement and disclosure of financial assets and liabilities. The extent of the impact on adoption of these standards and amendments has not yet been determined.

- i. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- ii. Definition of Accounting Estimates (Amendments to IAS 8)
- iii. Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- iv. Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)
- v. Annual Improvements to IFRS Standards 2018–2020

- i. Classification of Liabilities as Current or Non-current (Amendments to IAS 1):

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements (the 2020 amendments), to clarify the classification of liabilities as current or non-current. The 2020 amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

The 2020 amendments are subject to future developments. Certain application issues resulting from the 2020 amendments have been raised with the IFRS Interpretations Committee, which referred them to the IASB. In November 2021, the IASB published the exposure draft Non-current Liabilities with Covenants (proposed amendments to IAS 1). The exposure draft aims to improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with conditions, in addition to addressing concerns about the classification of such a liability as current or non-current. The IASB proposed to defer the effective date of the 2020 amendments to no earlier than January 1, 2024.

For the purposes of non-current classification, the 2020 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 have substance and exist at the end of the reporting period. The 2020 amendments also clarify how a company classifies a liability that includes a counterparty conversion option.

The amendments state that settlement of a liability includes transferring a company's own equity instruments to the counterparty, and when classifying liabilities as current or non-current, a company can ignore only those conversion options that are recognised as equity.

The Company intends to adopt this standard in its financial statements for the annual period beginning January 1, 2023 or January 1, 2024 should be effective date be deferred. The extent of the impact of adoption of the standard has not yet been determined.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021
(in thousands of dollars)

4. Standards issued not yet adopted (continued)

ii. Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8). The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The Company intends to adopt these standards in its financial statements for the annual period beginning January 1, 2023. The extent of the impact of adoption of the standard has not yet been determined.

iii. Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

On February 12, 2021, the IASB issued Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The amendments help companies provide useful accounting policy disclosures. The key amendments include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Company intends to adopt these standards in its financial statements for the annual period beginning January 1, 2023. The Company does not expect these standards to have a material impact on the financial statements.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021
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4. Standards issued not yet adopted (continued)

iv. Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

On May 14, 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16). The amendments are effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted.

The amendments provide guidance on the accounting for sale proceeds and the related production costs for items a company produces and sells in the process of making an item of property, plant and equipment available for its intended use. Specifically, proceeds from selling items before the related item of property, plant and equipment is available for use should be recognized in profit or loss, together with the costs of producing those items.

The Company intends to adopt this standard in its financial statements for the annual period beginning January 1, 2022. The extent of the impact of adoption of the standard has not yet been determined.

v. Annual Improvements to IFRS Standards 2018–2020

On May 14, 2020, the IASB issued Annual Improvements to IFRS Standards 2018–2020. The amendments are effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted. The amendments relate to the following:

- *IFRS 9 Financial Instruments*: Clarifies which fees are included for the purpose of performing the '10 per cent test' for derecognition of financial liabilities.
- *IFRS 16 Leases*: Removes the illustration of payments from the lessor relating to leasehold improvements in the Illustrative Example 13.
- *IAS 41 Agriculture*: Removes the requirement to exclude cash flows for taxation when measuring fair value.

The Company intends to adopt these standards in its financial statements for the annual period beginning January 1, 2022. The Company does not expect these standards to have a material impact on the financial statements.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

5. Cash

	2021	2020
Bank balances	\$ 14,451	\$ 28,298

6. Accounts receivable

	2021	2020
Trade receivables	\$ 42,326	\$ 41,125
Unbilled revenue	35,077	38,018
Other	5,856	9,296
Allowance for doubtful accounts	(4,532)	(3,730)
	\$ 78,727	\$ 84,709

Included in accounts receivable is approximately \$13.6 million (2020 – \$12.4 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 \$1.6 million (2020 – \$1.4 million) of energy, water, and sundry receivables due from the Corporation of the City of London.

7. Materials and supplies

Amounts written down due to obsolescence during the year ended December 31, 2021 was \$0.1 million (2020 – \$0.1 million).

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

8. 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, 2020	\$ 21,375	\$ 10,211	\$ 328,329	\$ 27,267	\$ 14,334	\$ 401,516
Additions	1,056	225	34,399	4,179	(1,798)	38,061
Disposals / retirements	(1,145)	-	(883)	(639)	-	(2,667)
Balance at December 31, 2020	\$ 21,286	\$ 10,436	\$ 361,845	\$ 30,807	\$ 12,536	\$ 436,910
Balance at January 1, 2021	\$ 21,286	\$ 10,436	\$ 361,845	\$ 30,807	\$ 12,536	\$ 436,910
Additions	638	217	28,322	3,896	332	33,405
Disposals / retirements	(370)	(476)	(1,608)	(1,751)	-	(4,205)
Balance at December 31, 2021	\$ 21,554	\$ 10,177	\$ 388,559	\$ 32,952	\$ 12,868	\$ 466,110

b) Accumulated depreciation:

	Land and buildings	Distribution substation equipment	Other distribution equipment	Other equipment	Construction in progress	Total
Balance at January 1, 2020	\$ 4,388	\$ 1,672	\$ 53,894	\$ 10,921	\$ -	\$ 70,875
Depreciation	908	378	11,525	2,842	-	15,653
Disposals / retirements	(1,139)	-	(865)	(606)	-	(2,610)
Balance at December 31, 2020	\$ 4,157	\$ 2,050	\$ 64,554	\$ 13,157	\$ -	\$ 83,918
Balance at January 1, 2021	\$ 4,157	\$ 2,050	\$ 64,554	\$ 13,157	\$ -	\$ 83,918
Depreciation	778	386	12,277	3,228	-	16,669
Disposals / retirements	(335)	(123)	(1,525)	(1,624)	-	(3,607)
Balance at December 31, 2021	\$ 4,600	\$ 2,313	\$ 75,306	\$ 14,761	\$ -	\$ 96,980

c) Carrying amounts:

Balance at	Land and buildings	Distribution substation equipment	Other distribution equipment	Other equipment	Construction in progress	Total
December 31, 2020	\$ 17,129	\$ 8,386	\$ 297,291	\$ 17,650	\$ 12,536	\$ 352,992
December 31, 2021	\$ 16,954	\$ 7,864	\$ 313,253	\$ 18,191	\$ 12,868	\$ 369,130

Property, plant and equipment includes a right-of-use asset with a carrying value of \$2.1 million (2020 – \$2.1 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 16).

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

9. Intangible assets

a) Cost or deemed cost:

	Land rights	Capital contributions	Computer software	Work in progress	Total
Balance at January 1, 2020	\$ 390	\$ 8,343	\$ 24,978	\$ 749	\$ 34,460
Additions	116	-	4,973	182	5,271
Disposals / retirements	-	-	(5,216)	-	(5,216)
Balance at December 31, 2020	\$ 506	\$ 8,343	\$ 24,735	\$ 931	\$ 34,515
Balance at January 1, 2021	\$ 506	\$ 8,343	\$ 24,735	\$ 931	\$ 34,515
Additions	23	(1,739)	5,004	693	3,981
Disposals / retirements	(78)	-	(4,437)	-	(4,515)
Balance at December 31, 2021	\$ 451	\$ 6,604	\$ 25,302	\$ 1,624	\$ 33,981

b) Accumulated amortization:

	Land rights	Capital contributions	Computer software	Work in progress	Total
Balance at January 1, 2020	\$ 120	\$ 425	\$ 10,872	\$ -	\$ 11,417
Amortization	26	204	5,370	-	5,600
Disposals / retirements	-	-	(5,216)	-	(5,216)
Balance at December 31, 2020	\$ 146	\$ 629	\$ 11,026	\$ -	\$ 11,801
Balance at January 1, 2021	\$ 146	\$ 629	\$ 11,026	\$ -	\$ 11,801
Amortization	30	172	5,223	-	5,425
Disposals / retirements	(78)	-	(4,437)	-	(4,515)
Balance at December 31, 2021	\$ 98	\$ 801	\$ 11,812	\$ -	\$ 12,711

c) Carrying amounts:

Balance at	Land rights	Capital contributions	Computer software	Work in progress	Total
December 31, 2020	\$ 360	\$ 7,714	\$ 13,709	\$ 931	\$ 22,714
December 31, 2021	\$ 353	\$ 5,803	\$ 13,490	\$ 1,624	\$ 21,270

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

10. Income tax expense (recovery)

Income tax expense (recovery) is comprised of:	2021	2020
Current income tax		
Current year income tax expense	\$ 557	\$ 574
Amendment for prior period income tax credits	(12)	(10)
Adjustment for prior period income tax expense	-	53
	545	617
Deferred tax		
Change in recognized deductible temporary differences:		
Gain (loss) on interest rate swap	3,682	(1,757)
Property, plant, equipment and intangible assets	3,055	3,051
Post-employment benefits	(16)	(85)
Deferred revenue	(692)	(654)
	6,029	555
Total current and deferred income tax in profit and loss, before movement of regulatory balance	6,574	1,172
Other comprehensive income (loss)		
Post-employment benefits	306	(65)
Total current and deferred income tax in total comprehensive income, before movement of regulatory balances	6,880	1,107
Net movement in regulatory balances	(2,653)	(2,247)
Income tax expense (recovery) recognized in Statement of Comprehensive Income	\$ 4,227	\$ (1,140)

Reconciliation of effective tax rate:	2021	2020
Income before taxes	\$ 25,836	\$ 4,178
Canada and Ontario statutory income tax rates	26.5%	26.5%
Expected tax provision on income at statutory rates	6,847	1,107
Increase (decrease) in income taxes resulting from:		
Adjustment for prior years	(12)	43
Net movement in regulatory balances	(2,653)	(2,247)
Other items	45	(43)
	\$ 4,227	\$ (1,140)

Significant components of the Corporation's deferred tax balances:	2021	2020
Property, plant, equipment and intangible assets	\$ (20,870)	\$ (17,815)
Post-employment benefits	3,976	4,266
Deferred revenue	2,600	1,908
Future income taxes to be realized by customers	(14,294)	(11,641)
Gain (loss) on interest rate swap	(1,489)	2,193
	\$ (15,783)	\$ (9,448)

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

11. Regulatory balances

Reconciliation of the carrying amount for each class of regulatory balances:

Regulatory assets:

Regulatory deferral account debit balances	January 1, 2020	Changes	(Recovery)/ reversal	December 31, 2020	Remaining years
Group 1 deferred accounts	\$ 3,476	\$ 1,924	\$ -	\$ 5,400	-
Regulatory settlement account	4,997	(60)	(4,937)	-	-
Other regulatory accounts	3,128	2,858	(92)	5,894	0.3
Income tax	9,394	2,247	-	11,641	-
	\$ 20,995	\$ 6,969	\$ (5,029)	\$ 22,935	

Regulatory deferral account debit balances	January 1, 2021	Changes	(Recovery)/ reversal	December 31, 2021	Remaining years
Group 1 deferred accounts	\$ 5,400	\$ 2,015	\$ -	\$ 7,415	-
Regulatory settlement account	-	3,833	(2,032)	1,801	0.3
Other regulatory accounts	5,894	(312)	(496)	5,086	-
Income tax	11,641	2,653	-	14,294	-
	\$ 22,935	\$ 8,189	\$ (2,528)	\$ 28,596	

Regulatory liabilities:

Regulatory deferral account credit balance	January 1, 2020	Changes	Recovery/ (reversal)	December 31, 2020	Remaining years
Other regulatory accounts	\$ 2,339	\$ 998	\$ 845	\$ 4,182	1.3
	\$ 2,339	\$ 998	\$ 845	\$ 4,182	

Regulatory deferral account credit balance	January 1, 2021	Changes	Recovery/ (reversal)	December 31, 2021	Remaining years
Other regulatory accounts	\$ 4,182	\$ 1,624	\$ -	\$ 5,806	0.3
	\$ 4,182	\$ 1,624	\$ -	\$ 5,806	

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

11. 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 0.57% in 2021 (2020 – 0.57%).

a) Group 1 deferral accounts

The Group 1 deferral accounts consist of purchased power cost variances including the Smart Metering Entity 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 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.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021
(in thousands of dollars)

11. Regulatory balances (continued)

c) Other regulatory accounts

Other regulatory account debit balances include various deferred costs in connection with LRAMVA, OEB Cost Assessment Variance, non-cash OPEB adjustment, Impacts Arising from the COVID-19 Emergency and Retail Cost Variances. During 2020, the Company deferred the implementation of its approved rates effective May 1, 2020 until November 1, 2020 due to the COVID-19 emergency. The Company was approved to recover the forgone revenues via rate riders during a six-month period commencing on November 1, 2020.

Other regulatory account credit balances include pole attachment revenue variances and advanced funding for capital projects. The Company filed its 2017 COS rate application in 2016 which included a request for funding capital projects under the Advanced Capital Module and received an approval. During 2017, the Company filed its 2018 IRM rate application, which included a request for the recovery of such costs via rate riders. The OEB authorized the recovery of these costs via rate riders until the effective date of the next cost of service-based rate order. Distribution revenue repayable to customers representing tax savings as a result of increased capital cost allowance provided for through the Accelerated Investment Incentive introduced in Bill C-97 effective November 2018 is also included in other regulatory account credit balances.

d) Income tax

As a result, 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.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021
(in thousands of dollars)

12. Accounts payable and accrued liabilities

		2021		2020
Due to Independent Electricity System Operator	\$	23,979	\$	29,319
Payroll and benefits payable		4,371		4,016
Other		9,920		12,669
	\$	38,270	\$	46,004

13. Deferred revenue

		2021		2020
Capital contributions for completed projects	\$	33,065	\$	28,005
Deposits held		10,737		9,414
		43,802		37,419
Less: Current portion		3,462		3,092
	\$	40,340	\$	34,327

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 \$1.8 million (2020 – \$1.8 million) received from the Corporation of the City of London as contributions for the construction of capital assets.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

14. Long-term debt

	2021	2020
Unsecured, non-revolving term instalment loan bearing interest at the 4.4 year Bankers' Acceptance rate of 2.7% plus a stamping fee of 0.28%, interest only payments due June 2022	\$ 40,000	\$ 40,000
Unsecured, non-revolving term instalment loan bearing interest at the 7.6 year Bankers' Acceptance rate of 2.5% plus a stamping fee of 0.37%, interest only payments due June 2022	85,000	85,000
Unsecured, non-revolving term instalment loan bearing interest at the 11.6 year Bankers' Acceptance rate of 1.5% plus a stamping fee of 0.44%, interest only payments due June 2032	75,000	75,000
	200,000	200,000
Less: current portion	125,000	-
	\$ 75,000	\$ 200,000

The Company has an interest rate swap agreement with the Royal Bank of Canada for an unsecured loan in the amount of \$40 million. Interest only payments are due quarterly and commenced March 2018. The principal is due at maturity. The agreement is a fixed rate swap and matures June 2022, which effectively converts variable interest rates on unsecured Bankers' Acceptances to an effective interest rate of 2.7%, plus a stamping fee of 0.28%, for an all-in rate of 2.98%.

The Company has an interest rate swap agreement with the Royal Bank of Canada for an unsecured loan in the amount of \$85 million. Interest only payments are due quarterly and commenced December 2014. The principal is due at maturity. The agreement is a fixed rate swap and matures June 2022, which effectively converts variable interest rates on unsecured Bankers' Acceptances to an effective interest rate of 2.46%, plus a stamping fee of 0.37%, for an all-in rate of 2.83%.

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 quarterly and commenced December 2020. The principal is due at maturity. The agreement is a fixed rate swap and matures June 2032, 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%.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

14. Long-term debt (continued)

The company entered into a futures contract with Toronto Dominion Bank on December 4, 2020 for \$125 million. The future contract will be converted into a swap agreement on June 30, 2022 to repay the \$40 million and \$85 million Royal Bank of Canada fixed rate swaps maturing June 2022. The swap agreement is a fixed rate swap and matures June 2032, 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 swap agreements entered into with Royal Bank of Canada and 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 gain for the year ended December 31, 2021 was \$13.9 million (2020 – unrealized loss \$6.6 million).

At December 31, 2021, the Company would be required to pay \$1.1 million (2020 – \$3.9 million) if it wished to cancel the swap agreements with the Royal Bank of Canada. At December 31, 2021, the Company would be entitled to collect \$6.7 million (2020 – \$4.4 million payment requirement) if it decided to cancel the swap agreement with the Toronto Dominion Bank.

During the year ended December 31, 2021, interest on long-term debt was incurred in the amount of \$5.1 million (2020 – \$4.3 million).

Reconciliation of opening and closing balances for liabilities from financing activities:

	2021	2020
Balance, beginning of year	\$ 200,000	\$ 155,000
Add: Advances	-	75,000
Less: Repayments	-	30,000
	200,000	200,000
Less: Current portion	125,000	-
	\$ 75,000	\$ 200,000

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

15. Post-employment benefits

a) OMERS 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, 2021, the Company made employer contributions of \$3.2 million to OMERS (2020 – \$3.2 million), of which \$0.8 million (2020 – \$0.8 million) has been capitalized as part of PP&E and the remaining amount of \$2.4 million (2020 – \$2.4 million) has been recognized in the Statement of Comprehensive Income. The Company estimates that a contribution of \$3.3 million to OMERS will be made during the next fiscal year.

As at December 31, 2021, OMERS had approximately 541,000 members, of whom 326 are employees of the Company. The most recently available OMERS annual report is for the year ended December 31, 2021, which reported that the plan was 97% funded, with an unfunded liability of \$3.1 billion. This unfunded liability is likely to result in future payments by participating employers and members.

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.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

15. Post-employment benefits (continued)

c) Post-employment benefits other than pension (continued)

Reconciliation of the obligation:

	2021	2020
Defined benefit obligation, beginning of year	\$ 16,100	\$ 15,535
Included in profit or loss:		
Current service costs	568	493
Past service costs	-	90
Interest cost	386	462
Other benefits	(55)	52
	899	1,097
Benefits paid	(838)	(776)
	61	321
Actuarial (gains) / losses included in OCI:		
Changes in demographic assumptions	-	(1,257)
Changes in financial assumptions	(1,170)	1,465
Effect of experience adjustments	17	36
	(1,153)	244
Defined benefit obligation, end of year	\$ 15,008	\$ 16,100

Actuarial assumptions:

	2021	2020
Discount (interest) rate	3.0%	2.5%
Salary levels	4.0%	4.0%
Immediate medical costs	5.0%	5.0%
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 \$2.1 million. A 1% decrease in the assumed discount rate would result in the defined benefits obligation increasing by \$2.4 million.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

16. 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:

	2021		2020	
Cost:				
Balance, beginning of year	\$	2,319	\$	2,319
Balance, end of year	\$	2,319	\$	2,319
Accumulated depreciation:				
Balance, beginning of year	\$	174	\$	116
Depreciation		58		58
Balance, end of year	\$	232	\$	174
Carrying amount	\$	2,087	\$	2,145

Lease liability:

	Future minimum lease payments		Interest	Present value of minimum lease payments		
Less than one year	\$	100	\$	65	\$	35
Between one and five years		400		250		150
More than five years		3,100		1,095		2,005
	\$	3,600	\$	1,410	\$	2,190

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

17. Share capital

	2021	2020
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, 2021, 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 2021. On March 31, 2020, the Board of Directors declared a \$5.0 million special dividend payable to the sole shareholder, the Corporation of the City of London, to be paid by the end of 2021.

18. 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:

	2021	2020
Residential	\$ 147,012	\$ 173,900
Commercial	219,976	245,290
Large users	12,158	13,816
Other	2,755	3,231
	\$ 381,901	\$ 436,237

Distribution revenue:

	2021	2020
Residential	\$ 47,495	\$ 45,536
Commercial	24,006	22,608
Large users	804	696
Other	1,386	1,399
	\$ 73,691	\$ 70,239

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

19. Other revenue

	2021	2020
City of London services	\$ 4,027	\$ 4,027
Late payment charges	2,147	1,471
Sale of scrap	1,817	803
Other services, recoveries and sundry revenues	1,180	893
Customer billing service fees	934	937
Pole and other rental income	931	928
Amortization of deferred revenue	792	678
Occupancy charges	650	578
Income tax incentive credits	590	495
Renewable generation revenue	341	348
Collection charges	40	42
(Loss) gain on disposal of property, plant and equipment	(102)	28
	\$ 13,347	\$ 11,228

20. Operating expenses

	2021	2020
Labour and benefits	\$ 29,247	\$ 27,695
Professional services	6,276	5,811
Computer hardware and software	3,640	3,524
Facilities maintenance and repair	1,609	1,528
Rental, regulatory and other expenses	1,329	2,274
Bad debts	1,305	800
Property tax and insurance	1,299	1,263
Corporate training and employee expenses	1,047	994
Materials and supplies	1,042	973
Postage	1,013	1,090
Fleet operations and maintenance	996	943
Office equipment services and maintenance	417	418
Allocations to capital and billable activities	(2,111)	(2,096)
	\$ 47,109	\$ 45,217

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

21. Finance (income) and expenses

	2021	2020
Finance income		
Interest income on bank deposits	\$ (152)	\$ (105)
Finance expenses		
Interest on long-term debt	5,064	4,332
Interest on short-term debt	1	29
Lease liability interest	66	67
Other	30	74
	5,161	4,502
Change in interest rate swap		
Unrealized (gain) loss on interest rate swap	(13,896)	6,630
Net finance (income) expense	\$ (8,887)	\$ 11,027

22. Due to shareholder

Trade balances due to shareholder:

	2021	2020
Water consumption	\$ 5,509	\$ 5,349
Non-interest bearing trade balance due to shareholder, without stated repayment terms	197	400
	\$ 5,706	\$ 5,749

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 replacement administrative services.

During the year ended December 31, 2021, the Company billed customers for water related service on behalf of the shareholder and remitted funds to the shareholder in the amount of \$191.2 million (2020 – \$187.6 million). The shareholder paid \$3.9 million (2020 – \$3.9 million) for this service.

During the year ended December 31, 2021, the Company performed water meter data management services on behalf of the shareholder. The shareholder paid \$0.1 million (2020 – \$0.1 million) for this service.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

23. 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, 2021, no assessments have been made.

Letters of credit

At December 31, 2021, the Company had provided \$4.3 million (2020 – \$4.3 million) in bank standby letters of credit to the IESO.

Vendor commitments

The Company has commitments in connection with new vehicle acquisitions of \$0.8 million (2020 – \$0.5 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:

	2021	2020
Less than one year	\$ 310	\$ 309
Between one and five years	666	587
More than five years	237	20
	\$ 1,213	\$ 916

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, 2021 was of \$0.3 million (2020 – \$0.3 million).

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

24. Joint venture agreement

On January 1, 2013, The Company entered into an agreement with London District Renewable Energy Co-Operative Inc. ("LDREC") to create a joint venture with the legal name "London Renewable Energy Initiative" for the intention of identifying, applying for and constructing solar projects that have been approved under the Feed-in Tariff ("FIT") government program. The Company has a 49% equity interest in LDREC while appointing 60% of the members of the Executive Committee resulting in controlling interest. To date no significant work has been completed and no amounts have been recorded in these financial statements in connection with this venture.

25. Financial instruments and risk management

Fair value disclosure

The carrying values of cash, 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 fair value of the long-term debt at December 31, 2021 is \$198 million (2020 – \$205 million). The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The interest rate used to calculate fair value at December 31, 2021 was 1.41% (2020 – 1.15%).

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.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

25. Financial instruments and risk management (continued)

a) Credit risk (continued)

The carrying amount of accounts receivable 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 as bad debt expense. Subsequent recoveries of receivables previously provisioned are credited to the Statement of Comprehensive Income. The balance of the allowance for impairment loss at December 31, 2021 is \$4.5 million (2020 – \$3.7 million). During the year ended December 31, 2021, bad debt expense was \$1.3 million (2020 – \$0.8 million). At December 31, 2021, approximately \$1.8 million (2020 – \$1.4 million) is included in the allowance for doubtful accounts for uncollectible amounts relating to water consumption. No bad debt expense has been realized in the Statement of Comprehensive Income in connection with water consumption as these 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, 2021, approximately \$4.0 million (2020 – \$3.2 million) is considered 60 days past due. The Company has approximately 164 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 23% of amounts billed to customers with the remaining 77% 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, 2021, the Company held deposits in the amount of \$2.6 million (2020 – \$4.9 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 or decrease in the interest rate at December 31, 2021 would have no impact (2020 – nil) on interest expense on the long-term debt as all debt instruments are fixed.

London Hydro Inc.
Notes to the Financial Statements
For the year ended December 31, 2021

(in thousands of dollars)

25. 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 \$20.0 million with the Toronto Dominion Bank. At December 31, 2021 the amount drawn by the Company under this line of credit was nil (2020 – nil). 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.

The Company also has a bilateral facility for \$4.3 million for the purpose of issuing letters of credit mainly to support the prudential requirements of the IESO, of which nil has been drawn and posted with the IESO (2020 – nil).

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.

		2021		2020
Long-term debt	\$	200,000	\$	200,000
Shareholder's equity		191,525		174,916
	\$	391,525	\$	374,916

25. Financial instruments and risk management (continued)

e) Other risk – Impact of COVID-19

The COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. The Government of Ontario originally announced a state of emergency on March 17, 2020 which remained in effect until July 24, 2020 when the Reopening Ontario Act, 2020 was introduced providing for restrictive orders. A secondary state of emergency was declared effective January 14, 2021 until February 16, 2021 and a third state of emergency was declared effective April 8, 2021 until May 5, 2021 with further steps for reopening commencing thereafter. These measures, which include the implementation of travel bans, self-imposed quarantine periods and physical distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The OEB issued an Accounting Order on March 25, 2020 for the establishment of deferral accounts and informed the Company that it is to track any COVID-19 related expenses for potential recovery. On June 17, 2021, the OEB issued OEB-2020-0133 to provide guidance and clarification as to amounts that may be eligible for recovery through future rates. Eligible amounts include certain lost revenues as well as incremental expenditures incurred as a result of the pandemic that are deemed to be material. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

26. Subsequent event

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.

Financial Statements of

**LONDON & MIDDLESEX
COMMUNITY HOUSING INC.**

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP
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Canada
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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, 2021
- 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, 2021, 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.



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.



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- 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 24, 2022

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets		
Cash	\$ 2,924,769	\$ 1,755,302
Accounts receivable (note 3)	1,040,638	1,286,192
Due from The Corporation of the City of London	994,867	693,761
	<u>4,960,274</u>	<u>3,735,255</u>
Financial Liabilities		
Accounts payable and accrued liabilities	4,388,588	3,551,271
Tenant advances	867,371	809,468
Unearned miscellaneous revenue	61,686	70,382
CMHC loan (note 8)	59,267	-
	<u>5,376,912</u>	<u>4,431,121</u>
Net debt	(416,638)	(695,866)
Non-Financial Assets		
Tangible capital assets (note 7)	62,391,137	61,962,783
Prepaid expenses	806,814	695,866
	<u>63,197,951</u>	<u>62,658,649</u>
Commitments (note 5)		
Contingencies (note 11)		
Accumulated surplus (note 10)	\$ 62,781,313	\$ 61,962,783

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, 2021, with comparative information for 2020

	2021 Budget	2021 Actual	2020 Actual
Revenue:			
Rental revenue	\$ 12,228,555	\$ 12,217,135	\$ 12,364,052
The Corporation of the City of London:			
Rental subsidy	11,690,441	11,690,441	11,195,047
Funding adjustment	–	(158,265)	(629,910)
Business Case 19	1,494,000	1,494,000	1,194,000
Capital funding	–	2,866,758	5,463,825
Business Case 18 Co-investment funding	–	449,442	50,557
CMHC revenue	–	37,891	–
Energy savings project rebates	–	306,796	–
Other	270,281	391,418	325,127
	25,683,277	29,295,616	29,962,698
Expenses:			
Salaries, wages and employee benefits	6,793,346	6,367,014	5,974,889
Maintenance, materials and services:			
Building, general	4,636,841	5,560,180	5,123,475
Grounds	1,309,000	1,306,839	1,070,619
Painting	372,000	351,828	335,828
Other	176,680	121,975	96,666
	6,494,521	7,340,822	6,626,588
Utilities:			
Electricity	1,985,653	1,938,019	1,696,433
Water	1,405,906	1,392,732	1,378,339
Natural gas	964,869	942,303	945,950
	4,356,428	4,273,054	4,020,722
Amortization	–	2,345,568	2,243,494
Property:			
Municipal taxes	5,127,480	5,117,741	5,022,251
Insurance	805,710	800,296	702,332
Mortgage payments (note 5)	55,652	55,652	35,907
	5,988,842	5,973,689	5,760,490
Administration	2,050,140	2,176,939	2,252,370
Total expenses	25,683,277	28,477,086	26,878,553
Annual surplus	–	818,530	3,084,145
Accumulated surplus, beginning of year	61,962,783	61,962,783	58,878,638
Accumulated surplus, end of year	61,962,783	62,781,313	61,962,783

See accompanying notes to financial statements.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Changes in Net Debt

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget	2021 Actual	2020 Actual
Annual surplus	\$ —	\$ 818,530	\$ 3,084,145
Acquisition of tangible capital assets	—	(2,773,922)	(5,327,640)
Amortization of tangible capital assets	—	2,345,568	2,243,494
	—	(428,354)	(3,084,146)
Acquisition of prepaid expenses	—	(7,575,428)	(6,700,076)
Use of prepaid expenses	—	7,464,480	6,513,795
Change in net debt	—	279,228	(186,282)
Net debt, beginning of year	(695,866)	(695,866)	(509,584)
Net debt, end of year	\$ (695,866)	\$ (416,638)	\$ (695,866)

See accompanying notes to financial statements.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 818,530	\$ 3,084,145
Items not involving cash:		
Amortization	2,345,568	2,243,494
Changes in non-cash items:		
Accounts receivable	245,554	246,771
Prepaid expenses	(110,949)	(186,282)
Due from The Corporation of the City of London	(301,106)	2,212,438
Accounts payable and accrued liabilities	837,318	(508,369)
Tenant advances	57,903	68,397
Unearned miscellaneous revenue	(8,696)	21,985
	3,884,122	7,182,579
Capital activities:		
Acquisition of tangible capital assets	(2,773,922)	(5,327,640)
Financing activities:		
Issuance of CMHC loan	59,267	–
Net increase in cash	1,169,467	1,854,939
Cash (bank indebtedness), beginning of year	1,755,302	(99,637)
Cash, end of year	\$ 2,924,769	\$ 1,755,302

See accompanying notes to financial statements.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements

Year ended December 31, 2021

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.

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.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Significant accounting policies (continued):

(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.

(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.

3. Accounts receivable:

Accounts receivable consists of the following:

	2021	2020
Rent	\$ 866,432	\$ 902,424
Allowance for doubtful accounts	(433,746)	(411,283)
Harmonized Sales Tax	430,837	429,554
Sundry	177,115	365,497
	<u>\$ 1,040,638</u>	<u>\$ 1,286,192</u>

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

4. 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.

5. Commitments:

(a) Debt service payment:

The Corporation is responsible for the debt service payments on one of its properties located on Bella Street in Strathroy, Ontario. These payments of both principal and interest are made directly to the mortgagee and are expensed when incurred. A total of \$55,652 was expensed and paid in 2021 (2020 - \$35,907). The Ontario government is considered to be the holder of this debt, thus no provision has been made in the Corporation's financial statements for the mortgage.

(b) Contractual obligations:

The Corporation is committed to the following minimum annual operating lease payments for premises and equipment

2022	\$	606,562
2023		606,562
2024		606,562
2025		598,235
2026		153,881

6. 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 2021 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 \$442,277 was incurred as pension expense in 2021 (2020 - \$385,370).

The last available report for the OMERS plan was on December 31, 2021. At that time, the plan reported a \$3.1 billion actuarial deficit (2020 - \$3.2 billion), based on actuarial liabilities for \$117.7 billion (2020 - \$109.8 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.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

7. Tangible capital assets:

Cost	Balance at December 31, 2020	2021 Additions	2021 Disposals	Balance at December 31, 2021
Land	\$ 24,605,751	\$ —	\$ —	\$ 24,605,751
Site improvements	3,577,427	94,971	—	3,672,398
Buildings and improvements	98,492,981	2,327,925	—	100,820,906
Technology and communications	1,586,913	184,522	45,202	1,726,233
Vehicles	48,297	—	—	48,297
Furniture and fixtures	269,666	22,719	—	292,385
Machinery and equipment	3,522,396	27,409	—	3,549,805
Appliances	2,269,889	116,375	—	2,386,264
Total	\$134,373,320	\$ 2,773,921	\$ 45,202	\$137,102,039

Accumulated amortization	Balance at December 31, 2020	2021 Disposals	2021 Amortization	Balance at December 31, 2021
Land	\$ —	\$ —	\$ —	\$ —
Site improvements	1,899,500	—	81,828	1,981,328
Buildings and improvements	65,803,638	—	1,685,513	67,489,151
Technology and communications	975,073	45,202	351,671	1,281,542
Vehicles	41,053	—	4,829	45,882
Furniture and fixtures	146,134	—	28,429	174,563
Machinery and equipment	1,789,610	—	110,413	1,900,023
Appliances	1,755,526	—	82,885	1,838,411
Total	\$ 72,410,534	\$ 45,202	\$ 2,345,568	\$ 74,710,900

	Net book value December 31, 2020	Net book value December 31, 2021
Land	\$ 24,605,751	\$ 24,605,751
Site improvements	1,677,926	1,691,069
Buildings and improvements	32,689,343	33,331,755
Technology and communications	611,840	444,691
Vehicles	7,244	2,415
Furniture and fixtures	123,531	117,821
Machinery and equipment	1,732,785	1,649,782
Appliances	514,363	547,853
Total	\$ 61,962,783	\$ 62,391,137

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. 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. First Loan Facility was received on December 9, 2021 with the applicable interest rate for a Repayable Loan of 1.84%. LMCH has an option to extend the term of any of the Repayable Loans for an additional 10 years.

	2021	2020
Opening balance	\$ -	\$ -
Forgivable loan	37,891	-
Repayable loan	59,267	-
	\$ 97,158	\$ -

9. Capital allotment :

	2021	2020
Opening balance	\$ 3,856,956	\$ 2,110,656
Contributions during the year	5,614,000	4,361,000
Capital expenditures	(3,162,046)	(2,614,700)
	\$ 6,308,910	\$ 3,856,956

10. Accumulated surplus:

	2021	2020
Surplus:		
Business Case 18 Co-investment Funding	\$ 390,176	\$ -
Invested in tangible capital assets	62,391,137	61,962,783
	\$ 62,781,313	\$ 61,962,783

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2021

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 is not determinable at this point and as such no amount has been included in these financial statements.

Financial Statements of

THE LONDON PUBLIC LIBRARY BOARD

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP
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Canada
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of 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, 2021
- 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, 2021, 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' 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.

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 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.



Page 3

- 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 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 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

May 25, 2022

THE LONDON PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash	\$ 3,709,402	\$ 2,963,710
Accounts receivable		
The Corporation of the City of London	208,600	157,235
London Public Library Board Trust Funds	65,595	4,354
Other	142,845	112,839
	<u>4,126,442</u>	<u>3,238,138</u>
Financial liabilities:		
Accounts payable and accrued liabilities	1,055,805	830,246
Deferred revenue	42,065	32,026
Payable to The Corporation of the City of London	10,599	20,794
Employee future benefits and other liabilities (note 3)	2,215,195	2,346,198
	<u>3,323,664</u>	<u>3,229,264</u>
Net financial assets	802,778	8,874
Non-financial assets:		
Tangible capital assets (note 7)	22,292,248	24,291,917
Prepaid expenses	338,556	165,184
	<u>22,630,804</u>	<u>24,457,101</u>
Commitments (note 5)		
Accumulated surplus (note 8)	<u>\$ 23,433,582</u>	<u>\$ 24,465,975</u>

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

THE LONDON PUBLIC LIBRARY BOARD

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget 2021	2021	2020
	(note 9)		
Revenue:			
User charges			
Fines	\$ 19,000	\$ 20,750	\$ 56,794
Fee, rental, sundry	280,180	249,883	273,644
Grants			
Federal	-	12,961	-
Ontario	598,829	598,829	598,829
The Corporation of the City of London			
Current	21,391,623	21,391,623	23,313,254
Capital	268,897	268,896	248,538
Investment income	10,960	14,698	17,393
Contribution from Trust Funds (note 4)	-	353,573	94,341
Total revenues	22,569,489	22,911,213	24,602,793
Expenses:			
Personnel	15,611,610	14,318,714	14,202,588
Amortization of tangible capital assets	-	3,493,767	3,657,469
Facility services	2,165,418	2,105,612	1,907,626
Collections and lending services	2,513,532	1,238,695	1,285,793
Utilities	827,948	812,215	781,049
Purchased services	665,306	603,610	489,582
Technology	780,293	571,200	536,688
Trust fund expenditures (note 4)	-	344,243	84,262
Administrative	140,141	196,202	85,940
Major repairs and maintenance (capital)	268,897	124,690	748
Contribution to self-insurance reserve	105,340	91,104	91,600
Program services	40,841	42,038	28,005
Equipment	60,000	1,516	2,670
Total expenses	23,179,326	23,943,606	23,154,020
Annual surplus (deficit)	(609,837)	(1,032,393)	1,448,773
Accumulated surplus, beginning of year	24,465,975	24,465,975	23,017,202
Accumulated surplus, end of year	\$ 23,856,138	\$ 23,433,582	\$ 24,465,975

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

THE LONDON PUBLIC LIBRARY BOARD

Statement of Change in Net Financial Assets (Debt)

Year ended December 31, 2021, with comparative information for 2020

	Budget 2021	2021	2020
	(note 9)		
Annual surplus (deficit)	(609,837)	\$ (1,032,393)	\$ 1,448,773
Acquisition of tangible capital assets	(695,000)	(1,494,098)	(1,516,417)
Amortization of tangible capital assets	-	3,493,767	3,657,469
	(1,304,837)	967,276	3,589,825
Change in prepaid expenses	-	(173,372)	148,334
Change in net financial assets (debt)	(1,304,837)	793,904	3,738,159
Net financial assets (debt), beginning of year	8,874	8,874	(3,729,285)
Net financial assets (debt), end of year	\$ (1,295,963)	\$ 802,778	\$ 8,874

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

THE LONDON PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (1,032,393)	\$ 1,448,773
Items not involving cash:		
Amortization of tangible capital assets	3,493,767	3,657,469
Change in employee future benefits and other liabilities	(131,003)	59,525
Forgiveness of long-term debt (note 2)	-	(1,752,219)
Change in non-cash assets and liabilities:		
Receivable from The Corporation of the City of London	(51,365)	18,340
Receivable from London Public Library Board Trust Funds	(61,241)	1,208
Other accounts receivable	(30,006)	25,374
Accounts payable and accrued liabilities	225,559	(184,529)
Payable to The Corporation of the City of London	(10,195)	(3,301)
Deferred revenue	10,039	(53,583)
Accrued interest on long-term debt	-	(47,703)
Prepaid expenses	(173,372)	148,334
	<u>2,239,790</u>	<u>3,317,688</u>
Capital activities:		
Cash used to acquire tangible capital assets	(1,494,098)	(1,516,417)
	<u>(1,494,098)</u>	<u>(1,516,417)</u>
Increase in cash	745,692	1,801,271
Cash, beginning of year	2,963,710	1,162,439
Cash, end of year	<u>\$ 3,709,402</u>	<u>\$ 2,963,710</u>

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

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2021

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) Investment income:

Investment income is reported as revenue in the period earned.

(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.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(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.

(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 years
Leasehold improvements	40 years
Shelving	40 years
Furniture and equipment	7 years
Collections	7 years
Computers	3 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.

(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.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(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.

(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. Long-term debt:

On March 2, 2020, the City approved the forgiveness of the long-term debt issued in 2018 at an interest rate of 3.258%, with a maturity date of March 2028. As of March 2020, the total value of the long term debt was \$1,799,922, which has been recorded to current revenue from the City in the statement of operations.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Employee future benefits and other liabilities:

Employee future benefits and other liabilities are comprised of the following:

	2021	2020
Liability for vested sick leave benefits (a)	\$ 29,665	\$ 62,431
Vacation pay liability	197,530	279,767
Employee future benefits obligation (b)	1,988,000	2,004,000
	<u>\$ 2,215,195</u>	<u>\$ 2,346,198</u>

(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, 2021, amounts to \$29,665 (2020 - \$62,431). This amount is fully funded by a reserve held by the City in the amount of \$43,792 (2020 - \$75,581).

(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.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Employee future benefits and other liabilities (continued):

(b) Retiree benefits (continued):

Detailed information about retiree benefits is as follows:

	2021	2020
Accrued employee future benefit obligation:		
Balance, beginning of year	\$ 1,467,000	\$ 1,446,000
Current period benefit cost	70,000	67,000
Interest cost	48,000	47,000
Benefits paid	(90,000)	(93,000)
Actuarial loss	495,000	-
Balance, end of year	1,990,000	1,467,000
Unamortized actuarial gain (loss)	(2,000)	537,000
Employee future benefits obligation	\$ 1,988,000	\$ 2,004,000

Post-employment and post-retirement benefit expenses included in total expenditures consist of the following:

	2021	2020
Current year benefit cost	\$ 70,000	\$ 67,000
Interest on accrued benefit obligation	48,000	47,000
Amortization of net actuarial gain	(44,000)	(44,000)
Total expense	\$ 74,000	\$ 70,000

Significant assumptions used in the actuarial valuation are as follows:

Discount rate	3.00%
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.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Trust funds:

Trust funds administered by the Board amounting to \$3,693,730 (2020 - \$3,551,244) 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 \$353,573 (2020 - \$94,341) 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:

2022	\$	856,800
2023		862,018
2024		853,911
2025		669,848
2026 and beyond		2,544,788
	\$	5,787,365

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 2021 is \$970,908 (2020 - \$1,017,408) 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, 2021. At that time, the plan reported a \$3.13 billion actuarial deficit (2020 - \$3.21 billion), based on actuarial liabilities for \$120.8 billion (2020 - \$113.06 billion) and actuarial assets for \$117.67 billion (2020 - \$109.84 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.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

7. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Land	\$ 3,904,165	\$ -	\$ -	\$ 3,904,165
Buildings	39,232,986	106,999	-	39,339,985
Leasehold improvements	4,961,563	4,781	-	4,966,344
Collections	9,218,291	1,194,985	1,343,005	9,070,271
Shelving	1,328,440	-	46,727	1,281,713
Computers	1,450,087	168,216	587,451	1,030,852
Furniture and equipment	1,249,826	19,117	-	1,268,943
Total	\$ 61,345,358	\$ 1,494,098	\$ 1,977,183	\$ 60,862,273

Accumulated amortization	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Buildings	\$ 29,420,008	\$ 1,476,106	\$ -	\$ 30,896,114
Leasehold improvements	644,369	120,696	-	765,065
Collections	4,744,834	1,306,326	1,343,005	4,708,155
Shelving	797,955	32,627	46,727	783,855
Computers	864,162	413,489	587,451	690,200
Furniture and equipment	582,113	144,523	-	726,636
Total	\$ 37,053,441	\$ 3,493,767	\$ 1,977,183	\$ 38,570,025

	Net book value December 31, 2020	Net book value December 31, 2021
Land	\$ 3,904,165	\$ 3,904,165
Buildings	9,812,978	8,443,871
Leasehold improvements	4,317,194	4,201,279
Collections	4,473,457	4,362,116
Shelving	530,485	497,858
Computers	585,925	340,652
Furniture and equipment	667,713	542,307
Total	\$ 24,291,917	\$ 22,292,248

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Accumulated surplus:

Accumulated surplus consists of surplus and reserve funds as follows:

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 22,292,248	\$ 24,291,917
Unfunded:		
Employee benefits, accrued sick and vacation	(227,195)	(342,198)
Employee benefits, future benefit liability	(1,988,000)	(2,004,000)
Total surplus	20,077,053	21,945,719
Reserves set aside by the Board:		
Stabilization fund	2,931,612	1,964,675
Collections encumbrance fund	381,125	480,000
Total reserves	3,312,737	2,444,675
Reserve held by the City on behalf of the Board:		
Sick leave reserve	43,792	75,581
	\$ 23,433,582	\$ 24,465,975

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	\$ 22,910,429
Expenses:	
Operating budget	22,910,429
Annual surplus, as per approved budget	\$ -
Capital funding from the City	\$ 268,897
Major repairs and maintenance	(268,897)
Drawdown from Stabilization fund	(469,837)
Drawdown from Collections encumbrance fund	(140,000)
Annual (deficit), revised	\$ (609,837)

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2021

10. Comparative information

Certain comparative information has been reclassified to conform with the financial presentation adopted in the current year.

Financial Statements of

LONDON TRANSIT COMMISSION

And Independent Auditors' Report thereon

Year ended December 31, 2021

DRAFT

INDEPENDENT AUDITORS' 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, 2021
- 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, 2021, 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 "***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.

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 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

(Date)

LONDON TRANSIT COMMISSION

Statement of Financial Position

DRAFT

December 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets		
Cash and cash equivalents	\$ 53,969,448	\$ 43,034,445
Accounts receivable	2,764,354	2,093,705
Due from The City of London	543,406	534,296
	<u>57,277,208</u>	<u>45,662,446</u>
Financial Liabilities		
Accounts payable and accrued liabilities	9,546,757	8,509,760
Due to The City of London	20,899	97,522
Accrued liability insurance claims (note 7)	1,232,468	1,186,003
Employee future benefits (note 6)	4,308,000	4,297,000
Deferred fare media	5,718,798	3,006,077
Deferred revenue (note 10)	24,958,082	19,013,262
	<u>45,785,004</u>	<u>36,109,624</u>
Net financial assets	11,492,204	9,552,822
Non - Financial Assets		
Inventories (note 2)	2,788,845	2,314,946
Tangible capital assets (note 9)	93,541,426	93,207,988
Prepaid expenses	1,540,589	1,495,389
	<u>97,870,860</u>	<u>97,018,323</u>
Commitments (note 8)		
Subsequent event and contingencies (note 12)		
Accumulated surplus (note 3)	<u>\$ 109,363,064</u>	<u>\$ 106,571,145</u>

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Operations

DRAFT

Year ended December 31, 2021, with comparative information for 2020

	Budget	2021	2020
Revenue:			
Grants:			
The City of London (note 4)	\$ 51,101,600	\$ 49,657,649	\$ 46,401,300
Province of Ontario (note 4)	28,999,500	23,968,521	21,560,750
Government of Canada (note 4)	960,200	640,065	167,658
	<u>81,061,300</u>	<u>74,266,235</u>	<u>68,129,708</u>
User charges, conventional transit:			
Cash fares	2,887,800	2,346,270	1,661,097
Ticket fares	8,608,100	6,388,415	4,728,307
Pass fares	14,091,300	12,921,044	15,157,538
Other transportation revenue	500	242,941	449,945
Contract service	-	-	232
	<u>25,587,700</u>	<u>21,898,670</u>	<u>21,997,119</u>
Other revenue, conventional transit:			
Advertising	527,800	528,517	677,817
Interest and discounts	480,100	469,979	448,723
Rent	2,500	1,956	2,676
Gain on disposal of capital assets	48,000	102,753	74,710
Miscellaneous	31,000	59,430	155,017
	<u>1,089,400</u>	<u>1,162,635</u>	<u>1,358,943</u>
User charges, specialized transit:			
Cash fares	10,200	24,947	15,315
Ticket fares	232,600	230,058	159,351
Pass fares	144,200	78,321	90,929
	<u>387,000</u>	<u>333,326</u>	<u>265,595</u>
Total revenue	\$ 108,125,400	\$ 97,660,866	\$ 91,751,365

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Operations

DRAFT

Year ended December 31, 2021, with comparative information for 2020

	Budget	2021	2020
Expenses:			
Salaries, wages and benefits:			
Transportation	\$ 39,719,957	\$ 37,551,216	\$ 35,055,261
Vehicle maintenance	10,928,994	10,202,734	9,731,316
Facility	642,762	522,793	526,617
Planning, marketing and general administration	4,156,387	3,730,274	3,580,993
	<u>55,448,100</u>	<u>52,007,017</u>	<u>48,894,187</u>
Materials, supplies, utilities and services:			
Transportation	4,388,400	3,538,188	2,722,336
Vehicle maintenance	6,701,700	5,786,524	6,041,624
Facility	3,556,300	3,007,216	2,790,340
Planning, marketing and general administration	2,801,900	1,865,527	1,633,287
Fuel	6,811,000	6,406,003	4,882,243
Amortization	-	13,290,021	12,826,719
	<u>24,259,300</u>	<u>33,893,479</u>	<u>30,896,549</u>
Current operations, specialized transit:			
Administration:			
Salaries and benefits	1,190,700	1,048,097	1,019,495
Materials and supplies	258,400	269,986	267,876
	<u>1,449,100</u>	<u>1,318,083</u>	<u>1,287,371</u>
Contracted service delivery	8,500,100	7,650,368	7,418,080
	<u>9,949,200</u>	<u>8,968,451</u>	<u>8,705,451</u>
Total expenses	<u>89,656,600</u>	<u>94,868,947</u>	<u>88,496,187</u>
Annual surplus (note 11)	18,468,800	2,791,919	3,255,178
Accumulated surplus, beginning of year	106,571,145	106,571,145	103,315,967
Accumulated surplus, end of year	<u>\$ 125,039,945</u>	<u>\$ 109,363,064</u>	<u>\$ 106,571,145</u>

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Change in Net Financial Assets

DRAFT

Year ended December 31, 2021, with comparative information for 2020

	Budget	2021	2020
Annual surplus	\$ 18,468,800	\$ 2,791,919	\$ 3,255,178
Acquisition of tangible capital assets	(20,109,000)	(13,689,530)	(12,147,956)
Amortization of tangible capital assets	-	13,290,021	12,826,719
Gain on disposal of tangible capital assets	(48,000)	(102,753)	(74,710)
Proceeds on sale of tangible capital assets	48,000	168,824	74,710
	(1,640,200)	2,458,481	3,933,941
Inventories	-	(473,899)	(1,778)
Prepaid expenses	-	(45,200)	(453,050)
	-	(519,099)	(454,828)
Change in net financial assets	(1,640,200)	1,939,382	3,479,113
Net financial assets, beginning of year	9,552,822	9,552,822	6,073,709
Net financial assets, end of year	\$ 7,912,622	\$ 11,492,204	\$ 9,552,822

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Cash Flows

DRAFT

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 2,791,919	\$ 3,255,178
Items not involving cash:		
Amortization	13,290,021	12,826,719
Gain on disposal of tangible capital assets	(102,753)	(74,710)
Change in employee future benefit liability	11,000	(57,000)
Changes in non-cash assets and liabilities:		
Accounts receivable	(670,649)	2,459,987
Due from The City of London	(9,110)	73,284
Inventories	(473,899)	(1,778)
Prepaid expenses	(45,200)	(453,050)
Accounts payable and accrued liabilities	1,036,997	(1,238,846)
Due to The City of London	(76,623)	46,860
Accrued liability insurance claims	46,465	(488,281)
Deferred fare media	2,712,721	(1,349,638)
Deferred revenue	5,944,820	7,619,757
Net change in cash from operating activities	24,455,709	22,618,482
Capital activities:		
Proceeds on sale of tangible capital assets	168,824	74,710
Cash used to acquire tangible capital assets	(13,689,530)	(12,147,956)
Net change in cash from capital activities	(13,520,706)	(12,073,246)
Net change in cash and cash equivalents	10,935,003	10,545,236
Cash and cash equivalents, beginning of year	43,034,445	32,489,209
Cash and cash equivalents, end of year	\$ 53,969,448	\$ 43,034,445
Cash	\$ 10,839,308	\$ 19,401,446
Cash equivalents	43,130,140	23,632,999
Cash and cash equivalents, end of year	\$ 53,969,448	\$ 43,034,445

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Notes to Financial Statements

DRAFT

Year ended December 31, 2021

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 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) 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 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.

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2021

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.

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2021

2. Inventories:

	2021	2020
Spare parts	\$ 2,788,845	\$ 2,314,946

3. Accumulated surplus:

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

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 93,541,426	\$ 93,207,988
To be recovered from public liability insurance reserve fund	(1,232,468)	(1,186,003)
Unfunded:		
Employee future benefits liability	(4,308,000)	(4,297,000)
Vacation pay earned and accrued payroll	(2,910,800)	(2,840,400)
Total surplus	85,090,158	84,884,585
Reserves set aside for specific purposes of the Commission (note 10):		
Energy management reserve	3,203,250	3,203,250
General operating reserve	3,361,514	3,324,963
Health care management reserve	4,283,391	4,283,391
Total reserves	10,848,155	10,811,604
Reserve funds set aside for specific purposes by the Commission (note 10):		
Capital program reserve fund	7,837,193	6,205,525
Public liability insurance reserve fund	5,587,558	4,669,431
Total reserve funds	13,424,751	10,874,956
	\$ 109,363,064	\$ 106,571,145

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2021

4. 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:

	2021	2020
Operating grants:		
Specialized transit	\$ 8,854,400	\$ 7,902,900
Conventional transit	31,977,600	30,185,700
	40,832,000	38,088,600
Capital grants:		
Capital levy and debentures	8,687,719	8,312,700
Development	137,930	-
	8,825,649	8,312,700
Total grants received from The City of London	\$ 49,657,649	\$ 46,401,300

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:

	2021	2020
Equalization grant, seniors (reduced fares)	\$ 183,120	\$ 125,328
Equalization grant, income related (reduced fares)	144,364	173,706
Equalization grant, youth (reduced fares)	109,522	94,089
Free transportation, blind	106,691	96,715
Free transportation, children	101,180	114,687
	\$ 644,877	\$ 604,525

(b) Province of Ontario:

Provincial grants recognized as revenue during the year ended December 31, for capital and operating programs are as follows:

	2021	2020
Capital grants:		
Gas tax program	\$ 2,344,999	\$ 1,661,510
Investing in Canada infrastructure program	449,291	-
Safe restart program	777,020	1,399,364
	3,571,310	3,060,874
Operating grants:		
Gas tax program	8,160,062	7,128,154
Safe restart program	12,237,149	11,371,722
	20,397,211	18,499,876
Total Province of Ontario grants	\$ 23,968,521	\$ 21,560,750

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2021

4. Grants (continued):

(c) Government of Canada:

	2021	2020
Capital grants:		
Public Transit Infrastructure Funding	\$ 100,774	\$ 167,658
Investing in Canada infrastructure program	539,291	-
Total Government of Canada grants	\$ 640,065	\$ 167,658

5. 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, 2021 there were 632 (2020 - 609) 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.

At December 31, 2021, the OMERS plan is in an actuarial deficit position, which is being addressed through rate contributions and benefit reductions. Depending on an individual's normal retirement age and pensionable earnings, 2021 contribution rates were 9.0% and 14.6% (2020 - 9.0% and 14.6%). Total employer contributions to OMERS for 2021 were \$3,145,472. (2020 - \$3,148,472)., and are recorded in the statement of operations.

The last available report for the OMERS plan was on December 31, 2021. At that time, the plan reported a \$3.13 billion actuarial deficit (2020 - \$3.2 billion), based on actuarial liabilities for \$120.8 billion (2020 - \$122 billion) and actuarial assets for \$117.7 billion (2020 - \$111 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.

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.

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2021

6. 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.

	2021	2020
Employee future benefits liability as of December 31	\$ 4,308,000	\$ 4,297,000

Retirement and other future benefit expenses included in total expenditures consist of the following:

	2021	2020
Current year benefit cost	\$ 268,000	\$ 258,000
Interest on accrued benefit obligation	106,000	104,000
Amortized gain	(39,000)	(108,000)
Benefits paid	(324,000)	(311,000)
	\$ 11,000	\$ (57,000)

Significant assumptions are as follows:

	2021	2020
Discount rate	3.00%	3.25%
Rate of compensation increase	2.00%	2.00%
Healthcare cost current	5.63%	5.70%
Healthcare cost ultimate	4.00%	4.00%

7. Public liability insurance:

At December 31, 2021, there were 84 liability claims (2020- 67) and 13 accident benefits claims (2020- 3) outstanding that may result in payment under the insurance deductible provisions. The estimated cost to the Commission is \$1,120,432 and \$112,036 (2020 - \$1,139,227 and \$46,776) respectively for a total of \$1,232,468 (2020 - \$1,186,003) to be funded from the public liability reserve fund.

8. Commitments:

(a) Lease obligation:

The Commission rents a portion of a property located at 150 Dundas Street for an information office and sales outlet. The lease expires August 31, 2022. The annual base lease amount is \$21,046 plus an approximate additional amount of \$9,000 for taxes and common area maintenance. Lease payments until the expiry of the lease total \$20,383.

(b) Bus procurement:

The Commission has approved the awarding of contracts with New Flyer Industries for the purchase of seventeen buses for \$10,900,000. It is anticipated that these buses will arrive from June to August 2022.

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

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Year ended December 31, 2021

9. 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, 2020	Additions	Disposals	Balance December 31, 2021
Land	\$ 2,804,632	\$ -	\$ -	\$ 2,804,632
Site work	3,079,573	-	-	3,079,573
Buildings	46,079,445	396,903	-	46,476,348
Shelters, pads, and terminals	4,000,357	355,350	-	4,355,707
Rolling stock	120,675,136	12,353,668	(8,545,307)	124,483,497
Fare and data collection equipment	6,774,788	93,273	-	6,868,061
Radio/communication equipment	9,404,066	88,826	-	9,492,892
Bike racks on buses	158,878	-	-	158,878
Service fleet	370,037	36,198	-	406,235
Shop equipment	4,367,778	-	(20,427)	4,347,351
Small tools	272,403	76,894	(103,930)	245,367
Computer hardware	1,122,674	122,229	-	1,244,903
Computer software	1,927,271	166,189	-	2,093,460
	\$ 201,037,038	\$ 13,689,530	\$ (8,669,664)	\$ 206,056,904

Accumulated amortization	Balance December 31, 2020	Disposals	Amortization	Balance December 31, 2021
Land	\$ -	\$ -	\$ -	\$ -
Site work	1,590,794	-	123,183	1,713,977
Buildings	19,420,231	-	1,278,859	20,699,090
Shelters, pads, and terminals	1,760,126	-	387,793	2,147,919
Rolling stock	66,836,056	(8,479,236)	9,918,834	68,275,654
Fare and data collection equipment	3,776,740	-	329,340	4,106,080
Radio/communication equipment	6,981,338	-	609,355	7,590,693
Bike racks on buses	158,878	-	-	158,878
Service fleet	274,586	-	66,090	340,676
Shop equipment	3,863,800	(20,427)	345,642	4,189,015
Small tools	191,325	(103,930)	81,789	169,184
Computer hardware	1,047,905	-	93,740	1,141,645
Computer software	1,927,271	-	55,396	1,982,667
	\$ 107,829,050	\$ (8,603,593)	\$ 13,290,021	\$ 112,515,478

Net book value	Balance December 31, 2020	Balance December 31, 2021
Land	\$ 2,804,632	\$ 2,804,632
Site work	1,488,779	1,365,596
Buildings	26,659,214	25,777,258
Shelters, pads, and terminals	2,240,231	2,207,788
Rolling stock	53,839,080	56,207,843
Fare and data collection equipment	2,998,048	2,761,981
Radio/communication equipment	2,422,728	1,902,199
Bike racks on buses	-	-
Service fleet	95,451	65,559
Shop equipment	503,978	158,336
Small tools	81,078	76,183
Computer hardware	74,769	103,258
Computer software	-	110,793
	\$ 93,207,988	\$ 93,541,426

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

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Year ended December 31, 2021

10. Analysis of reserves, reserve funds, and deferred revenues:

	Energy management reserve	General operating reserve	Health care management reserve	2021 Total	2020 Total
Reserves:					
Balance, beginning of year	\$ 3,203,250	\$ 3,324,963	\$ 4,283,391	\$ 10,811,604	\$ 9,213,675
Contributions from current operations	-	36,551	-	36,551	1,680,328
Appropriations to current operations	-	-	-	-	(82,399)
	\$ 3,203,250	\$ 3,361,514	\$ 4,283,391	\$ 10,848,155	\$ 10,811,604

	Capital program	Public liability insurance	2021 Total	2020 Total
Reserve funds:				
Balance, beginning of year	\$ 6,205,525	\$ 4,669,431	\$ 10,874,956	\$ 9,029,125
Interest earned	48,308	36,158	84,466	98,231
Contributions from current operations	1,984,871	1,400,000	3,384,871	2,727,546
	8,238,704	6,105,589	14,344,293	11,854,902
Expenditures:				
Appropriations to current operations	-	(518,031)	(518,031)	(572,482)
Appropriations to capital LTC	(401,511)	-	(401,511)	(407,464)
	(401,511)	(518,031)	(919,542)	(979,946)
Balance, end of year	\$ 7,837,193	\$ 5,587,558	\$ 13,424,751	\$ 10,874,956

Deferred revenues	Provincial gas tax program	Safe restart program	2021 Total	2020 Total
Deferred revenues:				
Balance, beginning of year	\$ 13,260,690	\$ 5,752,572	\$ 19,013,262	\$ 11,393,505
Interest earned	130,830	120,166	250,996	199,259
Contributions	11,145,262	18,318,789	29,464,051	29,180,508
	24,536,782	24,191,527	48,728,309	40,773,272
Expenditures:				
Appropriations to current operations	(8,160,062)	(12,237,149)	(20,397,211)	(18,499,876)
Appropriations to capital LTC	(2,475,830)	(897,186)	(3,373,016)	(3,260,134)
	(10,635,892)	(13,134,335)	(23,770,227)	(21,760,010)
Balance, end of year	\$ 13,900,890	\$ 11,057,192	\$ 24,958,082	\$ 19,013,262

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

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Year ended December 31, 2021

11. 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 2021 budget surplus, a 2021 actual surplus and a 2020 actual surplus.

These reported surplus and deficits, budgeted and actual, are reconciled to the balanced position in the following table:

	Budget	2021	2020
Annual surplus	\$ 18,468,800	\$ 2,791,919	\$ 3,255,178
Capital expenditures	(20,109,000)	(13,689,530)	(12,147,956)
Transfers from reserves and reserve funds	2,585,300	882,991	1,062,345
Contributions to reserves and reserve funds	(945,100)	(3,469,338)	(4,506,105)
Amortization of tangible capital assets	-	13,290,021	12,826,719
Decrease in employee future benefits	-	11,000	(57,000)
Increase (decrease) in liability for insurance claims	-	46,465	(488,281)
Other	-	136,472	55,100
Commission approved deficit	\$ -	\$ -	\$ -

12. Subsequent event and contingencies:

Effective March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and societal impact. At the time of approval of these financial statements, the commission has continued to experience ongoing fluctuations in ridership demand and corresponding transportation revenue, strongly correlated to the waves of the pandemic and resulting restrictions placed on the public. Service hours are monitored and maintained at a level that best balances ridership demand, public safety protocols and ever-changing labour resource availability. LTC has worked with all three levels of government who have continued to prioritize the delivery of public transit, including the advancement of additional funding to support the shortfalls.

The pandemic is likely to have an ongoing impact on ridership levels with the long-term effects not determinable at this time. 2022 has also presented a greater strain on the global supply chain with part availability and rising price an ongoing concern. Though management continues to make best efforts to forecast possible financial scenarios, an estimate on the long-term effect of the pandemic on the commission is not practicable at this time.

Financial Statements of

MIDDLESEX-LONDON HEALTH UNIT

And Independent Auditors' Report thereon

Year ended December 31, 2021



MIDDLESEX-LONDON HEALTH UNIT

Financial Statements

Year ended December 31, 2021

Financial Statements

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MIDDLESEX-LONDON HEALTH UNIT

Financial Statements

Year ended December 31, 2021

Management's Responsibility for the Financial Statements

The accompanying financial statements of the Middlesex-London Health Unit ("Health Unit") are the responsibility of the Health Unit's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Health Unit's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The Finance & Facilities Committee meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by The Corporation of the City of London. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Health Unit's financial statements.

Emily Williams, BScN, RN, MBA, CHE
Chief Executive Officer

David Jansseune, CPA, CMA
Assistant Director, Finance

Matthew Reid, Chair
Board of Health

INDEPENDENT AUDITORS' REPORT

To the Chair and Members, Middlesex-London Board of Health

Opinion

We have audited the financial statements of Middlesex-London Health Unit (the "Health Unit"), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations and accumulated surplus 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 Health Unit as at December 31, 2021, 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Health Unit 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 Health Unit'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 Health Unit or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Health Unit'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 Health Unit'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 Health Unit'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 Health Unit 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

July 2022

London, Canada

MIDDLESEX-LONDON HEALTH UNIT

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial Assets		
Cash	\$ 10,481,078	\$ 32,081
Accounts receivable	764,281	452,326
Grants receivable	2,480,606	5,484,210
	<u>13,725,965</u>	<u>5,968,617</u>
Financial Liabilities		
Accounts payable and accrued liabilities	3,700,447	1,154,443
Deferred revenue	2,905,137	2,009,192
Demand loan (note 5)	4,026,743	4,200,000
Due to Province of Ontario	4,383,914	1,364,996
Due to Government of Canada	-	53
Due to The Corporation of the City of London	-	-
Due to The Corporation of the County of Middlesex	121,949	-
Accrued wages and benefits	2,714,699	1,827,538
Post-retirement benefits liability (note 2)	3,057,800	2,882,300
	<u>20,910,689</u>	<u>13,438,522</u>
Net Debt	(7,184,724)	(7,469,905)
Non-Financial Assets		
Tangible capital assets (note 5)	7,524,760	8,053,507
Prepaid expenses	209,881	222,809
	<u>7,734,641</u>	<u>8,276,316</u>
Commitments (note 7)		
Contingencies (note 8)		
Accumulated surplus (note 9)	\$ 549,917	\$ 806,411

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

MIDDLESEX-LONDON HEALTH UNIT

Statement of Operations and Accumulated Surplus

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget	2021	2020
Revenue:			
Grants:			
Ministry of Health	\$ 51,915,900	\$ 50,589,511	\$ 28,080,246
The Corporation of the City of London	6,735,292	6,095,059	6,095,059
Ministry of Children and Youth Services	2,483,313	2,538,604	2,537,762
The Corporation of the County of Middlesex	1,282,910	1,160,961	1,160,961
Government of Canada	437,816	370,667	277,028
	62,855,231	60,754,862	38,151,056
Other:			
Property search fees	4,036	3,500	1,300
Family planning	245,194	82,737	108,627
Investment income	-	-	4,833
Other income (note 10)	975,854	607,215	506,925
	1,225,084	693,452	621,685
Total Revenue	64,080,315	61,448,314	38,772,741
Expenditures:			
Salaries:			
Public Health Nurses	19,545,842	12,426,386	10,040,858
Other salaries	7,819,730	13,786,815	9,042,536
Administrative staff	10,803,275	11,337,651	3,219,411
Public Health Inspectors	2,725,696	2,444,933	2,478,582
Dental staff	1,382,930	704,311	850,790
Medical Officers of Health	570,036	610,193	572,114
	42,847,509	41,310,289	26,204,291
Other Operating:			
Benefits	9,143,824	7,322,256	5,342,696
Professional services	4,062,081	4,089,278	2,358,160
Rent and maintenance	2,322,137	2,869,385	2,143,256
Other expenses (note 11)	1,437,129	1,127,707	935,654
Materials and supplies	3,367,924	3,915,687	1,199,134
Amortization expense	582,501	789,355	522,263
Travel	317,209	280,851	109,120
	21,232,806	20,394,519	12610,283
Total Expenditures	64,080,315	61,704,808	38,814,574
Annual deficit	-	(256,494)	(41,833)
Accumulated surplus, beginning of year	806,411	806,411	848,244
Accumulated surplus, end of year	\$ 806,411	\$ 549,917	\$ 806,411

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

MIDDLESEX-LONDON HEALTH UNIT

Statement of Change in Net Debt

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget	2021	2020
Annual deficit	\$ -	\$ (256,494)	\$ (41,833)
Acquisition of tangible capital assets, net	-	(260,608)	(3,293,785)
Amortization of tangible capital assets	-	789,355	522,263
	-	272,253	(2,813,355)
Acquisition of prepaid expenses	-	(209,881)	(229,809)
Use of prepaid expenses	-	229,809	212,983
	-	12,928	(9,826)
Change in net debt	-	285,181	(2,823,181)
Net debt, beginning of year	(7,469,905)	(7,469,905)	(4,646,724)
Net debt, end of year	\$(7,469,905)	\$(7,184,724)	\$(7,469,905)

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

MIDDLESEX-LONDON HEALTH UNIT

Statement of Cash Flows

December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (256,494)	\$ (41,833)
Items not involving cash:		
Amortization expense	789,355	522,263
Change in post-retirement benefits liability	175,500	156,600
Changes in non-cash assets and liabilities:		
Accounts receivable	(311,955)	729,684
Grants receivable	3,003,604	(5,080,122)
Prepaid expenses	12,928	(9,826)
Due to Province of Ontario	3,018,918	851,689
Due to Government of Canada	(53)	(62,583)
Due to The Corporation of the City of London	-	(7,767)
Due to The Corporation of the County of Middlesex	121,949	(1,477)
Accounts payable and accrued liabilities	2,546,004	(1,068,008)
Deferred Revenue	895,945	1,936,625
Accrued wages and benefits	887,161	1,286,091
Net change in cash from operating activities	10,882,862	(788,664)
Financing Activities:		
Repayment of bank indebtedness	-	(1,500,000)
Proceeds from (repayment of) demand loan	(173,257)	4,200,000
Net change in cash from financing activities	(173,257)	2,700,000
Capital activities:		
Acquisition of tangible capital assets	(260,608)	(3,293,785)
Net change in cash from capital activities	(260,608)	(3,293,785)
Net change in cash	10,448,997	(1,382,499)
Cash and cash equivalents, beginning of year	32,081	1,414,530
Cash and cash equivalents, end of year	\$ 10,481,078	\$ 32,081

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

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements

Year ended December 31, 2021

The Middlesex-London Health Unit (the "Health Unit") is a joint local board of the municipalities of The Corporation of the City of London and The Corporation of the County of Middlesex that was created on January 1, 1972. The Health Unit provides programs which promote healthy and active living throughout the participating municipalities.

1. Significant accounting policies:

The financial statements of the Health Unit are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Middlesex-London Health Unit are as follows:

(a) Basis of presentation:

The financial statements reflect the assets, liabilities, revenue and expenditures of the reporting entity. The reporting entity is comprised of all programs funded by the Government of Canada, the Province of Ontario, The Corporation of the City of London, and The Corporation of the County of Middlesex. It also includes other programs that the Board of Health may offer from time to time with special grants and/or donations from other sources.

Inter-departmental transactions and balances have been eliminated.

(b) Basis of accounting:

Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of donations, which are included in the statement of operations as received.

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 services and the creation of a legal obligation to pay.

The operations of the Health Unit are funded by government transfers from the Government of Canada, Province of Ontario, The Corporation of the City of London and The Corporation of the County of Middlesex. Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Government transfers not received at year end are recorded as grants receivable due from the related funding organization in the statement of financial position.

Funding amounts in excess of actual expenditures incurred during the year are either contributed to reserves or reserve funds, when permitted, or are repayable and are reflected as liabilities due to the related funding organization in the statement of financial position.

MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(c) Employee future benefits:

- (i) The Unit provides certain employee benefits which will require funding in future periods. These benefits include sick leave, life insurance, extended health and dental benefits for early retirees.

The cost of sick leave, life insurance, extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, accumulated sick days at retirement, insurance and health care cost trends, long term inflation rates and discount rates.

- (ii) The cost of multi-employer defined benefit pension plan, namely the Ontario Municipal Employees Retirement System (OMERS) pensions, are the employer's contributions due to the plan in the period. As this is a multi-employer plan, no liability is recorded on the Health Unit's financial statements.

(d) 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 that extend 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 attributed 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 the estimated useful lives as follows:

Asset	Useful Life - Years
Leasehold Improvements	5 - 20
Computer Systems	4
Motor Vehicles	5
Furniture & Equipment	7

Assets under construction are not amortized until the asset is available for productive use.

MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(d) Non-financial assets (continued):

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt and are recorded as revenue.

(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 payment are charged to expense as incurred.

(e) Use of estimates:

The preparation of the Health Unit's financial statements requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, and in performing actuarial valuations of post-employment benefits.

In addition, the Health Unit's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of the useful lives of tangible capital assets.

Actual results could differ from these estimates.

MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2021

2. Employee future benefits:

The Health Unit 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 Health Unit recognizes these post-retirement costs in the period in which the employees render services. The most recent actuarial valuation was performed as at December 31, 2021.

	2021	2020
Accrued employee future benefit obligations	\$ 3,277,000	\$ 3,055,100
Unamortized net actuarial loss	(219,200)	(172,800)
Employee future benefits liability as of December 31	\$ 3,057,800	\$ 2,882,300

Retirement and other employee future benefit expenses included in the benefits in the statement of operations consist of the following:

	2021	2020
Current year benefit cost	\$ 209,000	\$ 200,000
Interest on accrued benefit obligation	103,200	107,700
Amortization of net actuarial loss	38,300	57,700
Total benefit cost	\$ 350,500	\$ 365,400

Benefits paid during the year were \$175,000 (2020 - \$208,800).

MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2021

2. Employee future benefits (continued):

The main actuarial assumptions employed for the valuation are as follows:

(i) Discount rate:

The obligation as at December 31, 2021, of the present value of future liabilities and the expense for the year ended December 31, 2021, are determined using a discount rate of 3.00% and 3.25% respectively (2020 – 3.25%).

(ii) Medical costs:

Prescription drug costs are assumed to increase at the rate of 4.5% per year (2020 – 4.3%) varying over 19 years to an ultimate rate of 4.1%. Other Medical costs are assumed to increase at a rate of 4.6% per year (2020 - 4.3%), varying over 19 years to an ultimate rate of 4.1%. Vision costs are assumed to increase at a rate of 0% per year.

(iii) Dental costs:

Dental costs are assumed to increase at the rate of 4.9% per year (2020 – 4.7%), varying over 19 years to an ultimate rate of 4.1%.

3. Pension agreement:

The Health Unit contributes to the OMERS which is a multi-employer plan, on behalf of 314 members. 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.

During 2020, the plan required employers to contribute 9.0% of employee earnings up to the year's maximum pensionable earnings and 14.6% thereafter. The Health Unit contributed \$2,101,187 (2020 - \$2,032,276) to the OMERS pension plan on behalf of its employees during the year ended December 31, 2021.

The last available report for the OMERS plan was on December 31, 2020. At that time, the plan reported a \$3.1 billion actuarial deficit (2020 - \$3.2 billion), based on actuarial liabilities for \$120.8 billion (2020 - \$113.1 billion) and actuarial assets for \$117.7 billion (2020 - \$109.8 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.

4. Bank indebtedness:

To better manage daily cash flows, the Health Unit entered into a \$8 million (2020 - \$1.5 million) demand revolving line of credit, available by way of overdraft. Interest on amounts drawn is calculated at prime rate less 0.75% per annum. No amount was outstanding under the line of credit as at year end or as at the previous year end.

MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2021

5. Demand Loan:

In 2020, the Health Unit entered a loan agreement for a \$4.2 million 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, with \$3,050,000 established as a fixed rate instalment loan, and the remaining \$1,150,000 established 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 is being repaid by monthly blended payments of principal and interest of \$15,307. The interest rate on the second loan is calculated at prime rate less 0.75% per annum and shall be repaid by monthly principal payments of \$4,792. All amounts under the demand loans are repayable immediately on demand by the bank.

Principal payments are due as follows:

2022	\$	186,118
2023		188,603
2024		191,135
2025		193,717
2026		196,349
Thereafter		3,070,821
		<hr/>
		\$4,026,473
		<hr/>

MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2021

6. Tangible Capital Assets:

Cost	Balance at December 31, 2020	Additions	Disposals / Transfers	Balance at December 31, 2021
Leasehold Improvements – 20 years	\$6,610,569	\$ 146,134	\$ -	\$ 6,756,703
Computer Systems	1,461,274	94,345	-	1,555,619
Furniture & Equipment	1,184,461	20,129	-	1,204,590
Total	\$ 9,256,304	\$ 260,608	\$ -	\$ 9,516,912

Accumulated amortization	Balance at December 31, 2020	Amortization expense	Disposals / Transfers	Balance at December 31, 2021
Leasehold Improvements – 20 years	\$ 137,740	334,182	\$ -	\$ 471,922
Computer Systems	614,528	306,339	-	920,867
Furniture & Equipment	450,529	148,834	-	599,363
Total	\$ 1,202,797	\$ 789,355	\$ -	\$ 1,992,152

	Net book value December 31, 2020	Net book value December 31, 2021
Leasehold Improvements – 20 years	\$ 6,472,829	\$ 6,284,781
Computer Systems	846,746	634,751
Furniture & Equipment	733,932	605,226
Total	\$ 8,053,507	\$ 7,524,760

During the year, the Health Unit deemed not to have disposed of or transferred fully amortized assets (2020 - \$3,466,702).

MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2021

6. Tangible Capital Assets (continued):

Cost	Balance at December 31, 2019	Additions	Disposals / Transfers	Balance at December 31, 2020
Leasehold Improvements – 20 years	\$4,403,906	\$ 2,206,663	\$ -	\$ 6,610,569
Leasehold Improvements – 15 years	2,700,140	-	(2,700,140)	-
Leasehold Improvements – 5 years	21,780	-	(21,780)	-
Computer Systems	1,257,713	597,988	(384,427)	1,461,274
Motor Vehicle	5,385	-	(5,385)	-
Furniture & Equipment	1,040,297	499,134	(354,970)	1,184,461
Total	\$ 9,429,221	\$ 3,293,785	\$ (3,466,702)	\$ 9,256,304
Accumulated amortization	Balance at December 31, 2019	Amortization expense	Disposals / Transfers	Balance at December 31, 2020
Leasehold Improvements – 20 years	\$ -	\$ 137,740	\$ -	\$ 137,740
Leasehold Improvements – 15 years	2,700,140	-	(2,700,140)	-
Leasehold Improvements – 5 years	21,780	-	(21,780)	-
Computer Systems	737,707	261,248	(384,427)	614,528
Motor Vehicle	5,385	-	(5,385)	-
Furniture & Equipment	682,224	123,275	(354,970)	450,529
Total	\$ 4,147,236	\$ 522,263	\$ (3,466,702)	\$ 1,202,797
	Net book value December 31, 2019			Net book value December 31, 2020
Leasehold Improvements – 20 years	\$ 4,403,906			\$6,472,829
Computer Systems	520,006			846,746
Motor Vehicle	-			-
Furniture & Equipment	358,073			733,932
Total	\$ 5,281,985			\$ 8,053,507

MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2021

7. Commitments:

The Health Unit is committed under operating leases for office equipment and rental property.

Future minimum payments to expiry are as follows:

2022	\$ 708,924
2023	677,178
2024	672,092
2025	713,536
2026	730,658
Thereafter	\$ 10,870,261

8. Contingencies:

From time to time, the Health Unit is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts. These claims may be covered by the Health Unit's insurance. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely, and it is estimable.

9. Accumulated Surplus:

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2021	2020
Surpluses:		
Invested in tangible capital assets	\$ 7,524,760	\$ 8,053,507
Net transfer to surplus	(66,378)	(340,873)
Unfunded:		
Demand loan	(4,026,743)	(4,200,000)
Post-employment benefits	(3,057,800)	(2,882,300)
Total surplus	373,839	630,334
Reserves set aside by the Board:		
Employment costs	176,077	176,077
Total reserves	176,077	176,077
Accumulated surplus	\$ 549,917	\$ 806,411

MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2021

10. Other income:

The following revenues are presented as other income in the statement of operations:

	2021 Budget	2021	2020
Collaborative project	\$ 303,560	\$ 409,739	\$ 131,891
Food handler training	10,000	3,094	7,376
Miscellaneous	400,094	42,197	190,953
OHIP	208,000	130,397	145,725
Vaccines	54,200	21,787	30,980
	\$ 975,854	\$ 607,215	\$ 506,925

11. Other expenses:

The following expenditures are presented as other expenses in the statement of operations:

	2021 Budget	2021	2020
Communications	\$ 183,296	\$ 219,536	\$ 244,371
Health promotion/advertising	435,203	194,485	227,702
Miscellaneous	293,248	253,155	261,408
Postage and courier	44,366	24,024	39,138
Printing	252,710	198,752	52,230
Staff development	228,306	77,235	110,805
Capital funding - SOAHAC	-	160,500	-
	\$ 1,437,129	\$ 1,127,707	\$ 935,654

12. Impact of COVID-19 Pandemic:

During the year, the Middlesex-London Health Unit has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Continued to support a comprehensive incident management (IMS) response and redeployment of a majority of staff to support COVID-19 related assignments;
- Maintained a 7 day a week call centre, case management, and contact tracing throughout the London and Middlesex community, and provided ongoing support to the COVID-19 Assessment Centres;
- Continued to provide prioritized essential public health services to the community;
- Maintained mandatory working from home requirement for those staff able to do so;
- Maintained the COVID-19 vaccine program including operation of mass vaccination clinics and mobile team deployment.

These factors continue to present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

Financial Statements of

MUSEUM LONDON

And Independent Auditors' Report thereon

Year ended December 31, 2021



KPMG LLP
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Canada
Tel 519-672-4880
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INDEPENDENT AUDITORS' 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, 2021
- 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
- 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, 2021 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.

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.



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- 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 21, 2022

MUSEUM LONDON

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 1,372,588	\$ 646,413
Due from the Corporation of the City of London (note 8)	41,576	34,765
Due from Museum London Foundation (note 8)	-	7,287
Other receivables	418,511	241,009
Investments (note 2)	7,674,222	6,220,065
	<u>9,506,897</u>	<u>7,149,539</u>
Financial liabilities:		
Accounts payable and accrued liabilities	257,245	189,074
Payable to the Corporation of the City of London (note 8)	55,485	38,422
Deferred revenue	289,605	225,736
Employee future benefits (note 4)	57,347	55,589
Payable to the federal government (note 11)	983,147	-
	<u>1,642,829</u>	<u>508,821</u>
Net financial assets	7,864,068	6,640,718
Non-financial assets:		
Tangible capital assets (note 3)	8,444,351	9,463,022
Prepaid expenses	108,948	101,224
	<u>8,553,299</u>	<u>9,564,246</u>
Accumulated surplus (note 5)	<u>\$ 16,417,367</u>	<u>\$ 16,204,964</u>

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, 2021, with comparative information for 2020

	2021 Budget	2021 Actual	2020 Actual
Revenue:			
Federal (note 11)	\$ 627,500	\$ 369,394	\$ 968,895
Provincial	220,190	435,919	233,229
Municipal:			
Operating	1,854,259	1,857,868	1,826,882
Capital	-	19,757	212,928
Community:			
Donations	57,000	341,723	126,075
Public programs	29,200	27,750	25,466
Ancillary services:			
Catering and rentals	29,000	21,652	30,142
Fundraising events	38,000	200	300
Public program and exhibitions sponsorship	1,700	49,844	1,888
Donations of art and artifacts	-	1,036,684	344,608
Investment income	5,000	386,945	159,987
Other	476,755	346,309	266,261
	3,338,604	4,894,045	4,196,661
Expenses:			
Operating:			
Operations	964,406	858,113	895,920
General and administration	1,017,118	1,002,529	888,124
Public programs	172,737	150,041	180,789
Publicity	172,353	194,392	171,359
Curatorial and collections management	652,237	625,256	630,401
Amortization of tangible capital assets	1,000,000	1,038,428	1,054,169
Ancillary services:			
Catering and rentals	69,753	67,689	64,029
Public programs and exhibitions	220,000	249,019	186,330
Donation of art and artifacts	-	1,036,684	344,608
Purchase of art and artifacts	50,000	77,884	46,801
Collection expense	20,000	21,523	16,931
Investment expense	-	39,794	22,845
Repayment of federal support (note 11)	-	605,035	-
	4,338,604	5,966,387	4,502,306
Deficit	(1,000,000)	(1,072,342)	(305,645)
Accumulated surplus, beginning of year	16,204,964	16,204,964	16,510,609
Transfer from Museum London Foundation (note 8)			
	-	1,284,745	-
Accumulated surplus, end of year	\$ 15,204,964	\$ 16,417,367	\$ 16,204,964

See accompanying notes to financial statements.

MUSEUM LONDON

Statement of Change In Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget	2021 Actual	2020 Actual
Deficit	\$ (1,000,000)	\$ (1,072,342)	\$ (305,645)
Acquisition of tangible capital assets	(360,000)	(19,757)	(212,928)
Amortization of tangible capital assets	1,000,000	1,038,428	1,054,169
	(360,000)	(53,671)	535,596
Change in prepaid expenses	-	(7,724)	2,791
Transfer from Museum London Foundation	-	1,284,745	-
Change in net financial assets	(360,000)	1,223,350	538,387
Net financial assets, beginning of year	6,640,718	6,640,718	6,102,331
Net financial assets, end of year	\$ 6,280,718	\$ 7,864,068	\$ 6,640,718

See accompanying notes to financial statements.

MUSEUM LONDON

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Deficit	\$ (1,072,342)	\$ (305,645)
Items not involving cash:		
Amortization of tangible capital assets	1,038,428	1,054,169
Change in employee future benefits	1,758	(8,122)
Changes in non-cash operating working capital:		
Due from the Corporation of the City of London	(6,811)	253,080
Due from Museum London Foundation	7,287	(319)
Other receivables	(177,502)	(157,725)
Prepaid expenses	(7,724)	2,791
Accounts payable and accrued liabilities	68,171	(310,432)
Payable to the Corporation of the City of London	17,063	(7,309)
Deferred revenue	63,869	30,968
Payable to the federal government	983,147	-
	915,344	551,456
Capital activity:		
Acquisition of tangible capital assets	(19,757)	(212,928)
Investing activities:		
Change in investments, net	(1,454,157)	(122,015)
Transfer from Museum London Foundation	1,284,745	-
	(169,412)	(122,015)
Increase in cash and cash equivalents	726,175	216,513
Cash and cash equivalents, beginning of year	646,413	429,900
Cash and cash equivalents, end of year	\$ 1,372,588	\$ 646,413

See accompanying notes to financial statements.

MUSEUM LONDON

Notes to Financial Statements

Year ended December 31, 2021

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 9 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 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) 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.

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2021

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) Investments:

Investments are recorded at cost. If the market value of investments becomes lower than cost and this decline is considered to be other than temporary, the investments are written down to market value.

(f) Employee future benefits:

The Museum 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.

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(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.

(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.

(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.

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. 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 PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

2. Investments:

At December 31, investments at cost were comprised of the following:

	2021	2020
Canadian bond	\$ 3,992,297	\$ 3,031,745
Canadian equity	1,886,260	1,646,623
US equity	722,438	674,448
International equity	1,073,227	867,249
	<u>\$ 7,674,222</u>	<u>\$ 6,220,065</u>

At December 31, 2021 the approximate market value of the investments amounted to \$9,376,702 (2020 - \$7,343,205).

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Tangible capital assets:

	Balance December 31, 2020	Additions	Disposal	Write offs	Balance December 31, 2021
Cost:					
Land	\$ 1,175,120	\$ -	\$ -	\$ -	\$ 1,175,120
Building and building improvements	15,580,051	19,757	-	1,360,702	14,239,106
Furniture and equipment	297,790	-	-	5,145	292,645
	\$ 17,052,961	\$ 19,757	\$ -	\$ 1,365,847	\$ 15,706,871
Accumulated amortization:					
Building and building improvements	\$ 7,507,376	\$ 933,384	\$ -	\$ 1,360,702	\$ 7,080,058
Furniture and equipment	82,563	105,044	-	5,145	182,462
	\$ 7,589,939	\$ 1,038,428	\$ -	\$ 1,365,847	\$ 7,262,520
Net book value:					
Land	\$ 1,175,120				\$ 1,175,120
Building and building improvements	8,072,675				7,159,048
Furniture and equipment	215,227				110,183
	\$ 9,463,022				\$ 8,444,351

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Employee future benefits:

Employee future benefits, reported on the statement of financial position, are comprised of the following:

	2021	2020
Vacation pay earned but not taken	\$ 57,347	\$ 55,589

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.

5. Accumulated surplus:

The accumulated surplus consists of the following:

	2021	2020
Surplus:		
Operating fund	\$ (308,481)	\$ -
Investment in tangible capital assets	8,444,351	9,463,022
Unfunded employee benefits	(57,347)	(55,589)
Total surplus	8,078,523	9,407,433
Reserve funds set aside for specific purposes by Museum London:		
Operating endowment	4,518,806	3,129,527
Restricted funds held by Museum London include the following:		
Moore acquisitions fund	3,084,819	2,992,321
Moore collection management fund	345,330	330,541
Nancy Geddes Poole fund	126,464	120,474
Volunteer committee acquisitions fund	234,713	223,956
Satellite Gallery	28,712	712
	\$ 16,417,367	\$ 16,204,964

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2021

6. Insurance:

Museum London has accumulated works of art with an insured value of \$67,101,670 (2020 \$67,101,670). These works of art are not recorded as tangible capital assets in the financial statements.

7. 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 \$61,600 and at a rate of 14.60% for earnings greater than the yearly maximum pensionable earnings.

The amount contributed to OMERS for 2021 was \$112,282 (2020 - \$108,283) and is included as an expense in the statement of operations and accumulated surplus. Employees' contributions to OMERS in 2021 were \$112,282 (2020 - \$108,283).

The last available report for the OMERS plan was on December 31, 2021. At that time, the plan reported a \$3.1 billion actuarial deficit (2020 - \$3.2 billion), based on actuarial liabilities for \$120.8 billion (2020 - \$113.1 billion) and actuarial assets for \$117.7 billion (2020 - \$109.8 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. Related party transactions and balances:

Amounts due to and from the Corporation of the City of London, an organization that has significant influence over Museum London, and from Museum London Foundation, an organization under common significant influence, 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.

During the year, the Museum London Foundation transferred \$1,284,745 to the Museum, consisting of cash and investments at fair market value at the time of transfer. This has been recorded directly through accumulated surplus.

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. 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:

	2021	2020
Operating fund	\$ (593,226)	\$ -
Investment in tangible capital assets	(1,018,671)	(841,241)
Reserves and restricted funds	541,313	527,474
Change in unfunded employee benefits	(1,758)	8,122
Deficit	\$ (1,072,342)	\$ (305,645)

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Annual surplus (deficit) (continued):

Statements of financial activities for the three funds follow:

(i) Operating Fund:

	2021 Budget	2021 Total	2020 Total
Revenue:			
Federal:			
Canada Arts Council:			
Operating	\$ 320,000	\$ 331,714	\$ 320,000
Other	307,500	37,680	648,895
Provincial:			
Ontario Arts Council:			
Operating grant	165,236	341,483	165,236
Ministry of Tourism and Culture	51,954	70,040	51,954
Other	3,000	24,396	16,039
Municipal	1,854,259	1,857,868	1,826,882
Community:			
Donations	57,000	314,023	92,347
Public programs	29,200	27,750	25,466
Ancillary services:			
Catering and rentals	29,000	21,652	30,142
Fundraising events	38,000	200	300
Public program and exhibition sponsorship	1,700	49,844	1,888
Investment income	5,000	4,009	4,169
Other	476,755	318,309	250,469
	\$ 3,338,604	\$ 3,398,968	\$ 3,433,787

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Annual surplus (deficit) (continued):

(i) Operating Fund (continued):

	2021 Budget	2021 Total	2020 Total
Expenses:			
Operating:			
Operations	\$ 964,406	\$ 858,113	\$ 895,920
General and administration	1,017,118	1,002,529	887,765
Public programs	172,737	150,041	180,912
Publicity	172,353	194,392	171,359
Curatorial and collections management	652,237	625,256	630,761
Catering and rentals	69,753	67,689	64,029
Exhibitions	220,000	249,019	186,206
Purchase of art and artifacts	50,000	77,884	46,801
Collection expense	20,000	21,523	16,931
Repayment of federal support	-	605,035	-
	<u>3,338,604</u>	<u>3,851,481</u>	<u>3,080,684</u>
Net revenue (expenditures)	-	(452,513)	353,103
Financing and transfers:			
Transfer to reserves	-	(210,000)	(391,500)
Transfer to restricted funds	-	(12,030)	-
Transfer from reserves and restricted funds	-	79,559	46,519
Employee benefits	-	1,758	(8,122)
Net financing and transfers	-	(140,713)	(353,103)
Change in fund balance	-	(593,226)	-
Transfer from Museum London Foundation	-	284,745	-
Surplus, end of year	\$ -	\$ (308,481)	\$ -

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Annual surplus (deficit) (continued):

(ii) Investment in tangible capital assets:

	2021	2020
Revenue:		
Municipal	\$ 19,757	\$ 212,928
Expenditures:		
Amortization of tangible capital assets	(1,038,428)	(1,054,169)
Change in fund balance	(1,018,671)	(841,241)
Surplus, beginning of year	9,463,022	10,304,263
Surplus, end of year	\$ 8,444,351	\$ 9,463,022

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Annual surplus (deficit) (continued):

(iii) Reserve and Restricted Funds:

(a) Reserves:

	2021	2020
Revenue:		
Net investment revenue	\$ 151,579	\$ 53,877
Donations	27,700	49,519
Net revenue	179,279	103,396
Financing and transfers:		
Transfer from operating fund	210,000	391,500
Net financing and transfers	210,000	391,500
Change in fund balance	389,279	494,896
Surplus, beginning of year	3,129,527	2,634,631
Transfer from Museum London Foundation	1,000,000	-
Surplus, end of year	\$ 4,518,806	\$ 3,129,527

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2021

9. Annual surplus (deficit) (continued):

(iii) Reserves and Restricted Funds (continued):

(b) Restricted Funds:

	2021	2020
Revenue:		
Net investment revenue	\$ 191,563	\$ 79,097
Donations:		
Partnership contributions	28,000	-
Net revenue	219,563	79,097
Financing and transfers:		
Transfer to operating fund	(79,559)	(46,519)
Transfer from operating fund	12,030	-
	(67,529)	(46,519)
Change in fund balance	152,034	32,578
Surplus, beginning of year	3,668,004	3,635,426
Surplus, end of year	\$ 3,820,038	\$ 3,668,004

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2021

10. 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	\$ 3,338,604
Expense:	
Operating budget	3,338,604
Annual operating surplus, as budgeted	-
Amortization of tangible capital assets	(1,000,000)
Annual deficit, revised	\$ (1,000,000)

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2021

11. Government funding:

a) Temporary Wage Subsidy ("TWS")

During the year, the Museum applied for \$nil (2020 - \$25,000) of TWS funding. Amounts claimed in accordance with TWS funding were recorded in the statement of operations and accumulated surplus.

b) Canada Emergency Wage Subsidy ("CEWS")

During the year, the Museum applied for \$378,112 (2020 - \$605,035) of CEWS funding. This funding was intended to provide relief to eligible organizations that wanted to rehire workers previously laid off and retain those already on payroll. Amounts claimed in accordance with CEWS were recorded in the statement of operations and accumulated surplus as part of federal revenue. In March 2022, subsequent to year end, the Museum received notification from the Canada Revenue Agency ("CRA") that they may not be eligible for CEWS. The Museum intends to challenge this ruling; however, it is expected that a resolution may not be obtained for an extended period of time. Due to uncertainty surrounding retention of CEWS funding, the total amounts claimed in 2020 of \$605,035 and 2021 of \$378,112 have been recorded as a payable to the federal government at year end, with the prior year amount being expensed in the statement of operations and accumulated surplus.

As at December 31, 2021, \$nil (2020 - \$200,928) was owing to the Museum for funding applied for and not received. This amount has been recorded in other receivables.

c) Canada Emergency Business Account ("CEBA") Loan

During fiscal 2020, the Museum applied for and received \$40,000 for the CEBA loan. The terms of the loan state that if the loan is repaid prior to December 31, 2022, then \$10,000 is eligible to be forgiven. If the loan is not repaid by the due date, then it will be converted into a 3 year term loan bearing an interest rate of 5% per annum.

The \$10,000 forgivable portion of the loan has been recognized as federal revenue upon receipt. The remaining \$30,000 loan was repaid during 2020.

12. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year's earnings.

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2021

13. Other risks:

Effective March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At the time of approval of these financial statements, Museum London has experienced the following indicators of financial implications and undertaken the following activities and responses in relation to the COVID-19 pandemic:

- Loss of revenue due to cancellation of events, rentals, programs and activities
- Receipt of additional provincial COVID funding of \$176,417

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Museum's operations and financial position is not known at this time. These impacts could include a decline in future cash flows and changes to the value of assets and liabilities. Though management continues to make best efforts to forecast possible financial scenarios, an estimate of the financial effect of the pandemic on the Museum is not practicable at this time.

Financial Statements of

**OLD EAST VILLAGE
IMPROVEMENT AREA
BOARD OF MANAGEMENT**

And Independent Auditor's Report thereon.

Year ended December 31, 2021

(STATEMENTS NOT AVAILABLE AT TIME OF PRINTING)

Financial Statements of

**ELGIN AREA PRIMARY WATER SUPPLY
SYSTEM**

And Independent Auditors' Report thereon

December 31, 2021

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, 2021
- 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 Entity as at December 31, 2021, 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 "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.

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

Date

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Financial Position
December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Due from the Corporation of the City of London (note 3)	\$ 13,473,990	\$ 10,030,838
Trade and other receivables	759,334	1,117,550
Loan receivable (note 4)	154,588	181,013
Total financial assets	14,387,912	11,329,401
Financial liabilities		
Accounts payable and accrued liabilities	954,628	835,863
Accrued interest on long-term debt	59,998	75,672
Long-term debt (note 5)	7,641,188	9,898,522
Total financial liabilities	8,655,814	10,810,057
Net financial assets	5,732,098	519,344
Non-financial assets		
Tangible capital assets (note 6)	64,351,174	66,840,118
Prepaid expenses	192,993	124,347
Total non-financial assets	64,544,167	66,964,465
Accumulated surplus (note 7)	\$ 70,276,265	\$ 67,483,809

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

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	Budget (note 9)	2021	2020
Revenues			
User charges	\$ 13,977,000	\$ 14,339,882	\$ 13,807,636
Investment income	85,000	207,725	245,059
Other	531,040	557,466	22,834
Total revenues	14,593,040	15,105,073	14,075,529
Expenses			
Salaries, wages and fringe benefits	754,150	813,024	707,885
Materials and supplies	5,946,100	6,448,934	6,758,652
Contracted services	1,083,462	1,043,618	589,890
Rents and financial expenses	70,800	56,844	68,687
Interest on long-term debt (note 5)	238,563	238,563	291,196
Amortization of tangible capital assets (note 6)	3,531,538	3,531,538	3,487,572
Administrative charges to the Corporation of the City of London	180,100	180,096	170,222
Total expenses	11,804,713	12,312,617	12,074,104
Annual surplus	2,788,327	2,792,456	2,001,425
Accumulated surplus, beginning of year (note 7)	67,483,809	67,483,809	65,482,384
Accumulated surplus, end of year (note 7)	\$ 70,272,136	\$ 70,276,265	\$ 67,483,809

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

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Change in Net Financial Assets
Year ended December 31, 2021, with comparative information for 2020

	Budget	2021	2020
Annual surplus	\$ 2,788,327	\$ 2,792,456	\$ 2,001,425
Acquisition of tangible capital assets	(717,339)	(1,042,594)	(3,627,900)
Amortization of tangible capital assets	3,531,538	3,531,538	3,487,572
	5,602,526	5,281,400	1,861,097
Change in prepaid expenses	-	(68,646)	(8,261)
Change in net financial assets (debt)	5,602,526	5,212,754	1,852,836
Net financial assets (debt), beginning of year	519,344	519,344	(1,333,492)
Net financial assets, end of year	\$ 6,121,870	\$ 5,732,098	\$ 519,344

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

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM**Statement of Cash Flows**

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 2,792,456	\$ 2,001,425
Items not involving cash		
Amortization of tangible capital assets	3,531,538	3,487,572
Amortization of debenture discount	15,178	15,178
Change in non-cash assets and liabilities		
Due from the Corporation of the City of London	(3,443,152)	582,536
Prepaid expenses	(68,646)	(8,261)
Trade and other receivables	358,216	(28,363)
Accounts payable and accrued liabilities	118,765	(210,127)
Accrued interest on long-term debt	(15,674)	(13,611)
Net change in cash from operating activities	3,288,681	5,826,349
Capital activities		
Purchase of tangible capital assets	(1,042,594)	(3,627,900)
Net change in cash from capital activities	(1,042,594)	(3,627,900)
Financing activities		
Long-term debt repayments	(2,272,512)	(2,223,979)
Loan receivable	26,425	25,530
Net change in cash from financing activities	(2,246,087)	(2,198,449)
Net change in cash flows and cash, end of year	\$ -	\$ -

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

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements
Year ended December 31, 2021

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

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2021

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) 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 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.

(c) 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.

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2021

2. Significant Accounting Policies (continued)

(d) 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.

(e) 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.

(f) 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.

(g) 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.

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2021

2. Significant Accounting Policies (continued)

(h) 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.

(i) 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.

3. 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.

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2021

4. Loan Receivable

	2021	2020
Buy-in Charge Loan - Municipality of Dutton Dunwich	\$ 154,588	\$ 181,013
Interest Earned on Loan at prime rate less 1.53%	\$ 1,576	\$ 2,470

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, \$26,425 was received as payment on the loan. This loan is paid quarterly and will mature in December 2027.

5. Long-term Debt

Long-term debt is stated as follows:

	2021	2020
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 3.05% to 3.20% (2020 - 2.90% to 3.20%), maturing September 2022.	\$ 1,170,450	\$ 2,312,400
at rates ranging from 1.70% to 2.70% (2020 - 1.50% to 2.70%), maturing March 2026.	3,677,592	4,369,296
at rates ranging from 1.80% to 2.85% (2020 - 1.55% to 2.85%), maturing March 2027.	2,838,682	3,277,540
Total long-term debt	7,686,724	9,959,236
Less: Unamortized debenture discount	(45,536)	(60,714)
Net long-term debt	\$ 7,641,188	\$ 9,898,522

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2021

5. Long-term Debt (continued)

The long-term debt repayment schedule is as follows:

2022	\$ 2,323,163
2023	1,176,125
2024	1,201,240
2025	1,227,615
2026	1,255,362
2027 and beyond	503,219
Total	\$ 7,686,724

Total interest charges for the year for long-term debt, which are included in the statement of operations, are as follows:

	2021	2020
Interest on long-term debt	\$ 223,385	\$ 276,018
Amortization of debenture discount	15,178	15,178
	\$ 238,563	\$ 291,196

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2021

6. Tangible Capital Assets

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Land	\$ 1,251,559	\$ -	\$ -	\$ 1,251,559
Buildings and building improvements	30,962,096	459,544	37,092	31,384,548
Machinery and equipment	32,130,137	463,235	393,796	32,199,576
Vehicles	11,527	-	-	11,527
Water infrastructure	25,699,667	-	44,976	25,654,691
Computers	327,602	168,679	89,732	406,549
Assets under construction	545,839	187,703	236,567	496,975
Total	\$ 90,928,427	\$ 1,279,161	\$ 802,163	\$ 91,405,425

Accumulated Amortization	Balance at December 31, 2020	Amortization Expense	Amortization Disposals	Balance at December 31, 2021
Land	\$ -	\$ -	\$ -	\$ -
Buildings and building improvements	8,494,944	989,462	37,092	9,447,314
Machinery and equipment	10,421,147	1,892,312	393,797	11,919,662
Vehicles	5,768	1,646	-	7,414
Water infrastructure	5,051,762	525,733	44,976	5,532,519
Computers	114,688	122,385	89,731	147,342
Assets under construction	-	-	-	-
Total	\$ 24,088,309	\$ 3,531,538	\$ 565,596	\$ 27,054,251

	Net Book Value December 31, 2020	Net Book Value December 31, 2021
Land	\$ 1,251,559	\$ 1,251,559
Buildings and building improvements	22,467,152	21,937,234
Machinery and equipment	21,708,990	20,279,914
Vehicles	5,759	4,113
Water infrastructure	20,647,905	20,122,172
Computers	212,914	259,207
Assets under construction	545,839	496,975
Total	\$ 66,840,118	\$ 64,351,174

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2021

6. Tangible Capital Assets (continued)

(a) Assets Under Construction

Assets under construction with a cost of **\$496,975** (2020 - \$545,839) 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 **\$nil** write-downs in tangible capital assets during the year (2020 - \$nil).

7. Accumulated Surplus

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

	2021	2020
Surplus		
Invested in tangible capital assets	\$ 56,761,115	\$ 56,975,226
Reserve funds set aside for specific purpose by the Entity		
Infrastructure renewal - water operations	13,515,150	10,508,583
	\$ 70,276,265	\$ 67,483,809

8. Financial Instruments

(a) The carrying values of Due from the Corporation of the City of London, Trade accounts receivable and Accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of the instruments.

The fair value of Long-term debt approximates its carrying value as interest rates are similar to current market rates of interest available to the Entity.

(b) Financial Risks

The Entity is not exposed to any significant interest, foreign currency or credit risks arising from its financial instruments.

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2021

9. Budget Data

Budget data presented in these financial statements are based upon the 2021 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	\$ 13,977,000
Municipal revenue - other	10,000
Total revenues	13,987,000
Expenses	
Personnel costs	740,900
Administrative expenses	35,850
Financial expenses - other	235,000
Financial expenses - interest and discount on long-term debt	238,564
Financial expenses - debt principal repayments	2,272,512
Financial expenses - transfers to reserves and reserve funds	4,360,974
Purchased services	451,600
Material and supplies	5,425,600
Furniture and equipment	45,900
Other expenses	180,100
Total expenses	13,987,000
Net surplus as per budget	-
PSAB reporting requirements	
Transfers to reserves and reserve funds	4,360,974
Debt principal repayments	2,272,512
Capital funding earned	527,040
Capital expenses not resulting in capital assets	(919,661)
Amortization	(3,531,538)
Reserve fund interest earned	79,000
Net PSAB budget surplus as per financial statements	\$ 2,788,327

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2021

10. Impact of COVID-19 Pandemic

Effective March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the Entity has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Due to the temporary closure of non-essential business and restrictions in activities, consumption within the municipalities served by the water system has moderately declined
- Lower water demand volumes within the municipalities may result in lower expenditures
- The Regional Water Supply office has remained open but reduced their staffing compliment on premises from March 18, 2020 to the date of the auditors' report based on public health recommendations
- Implemented voluntary working from home strategy in service delivery
- Modifications to shift coverage and work-isolations to minimize risks to operating staff at the water treatment plants

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Entity's operations and financial position is not known at this time, although to date the impact has not been significant. These impacts could include a decline in future cash flows and changes to the value of assets and liabilities. Though management continues to make best efforts to forecast possible financial scenarios, an estimate of the future financial effect of the pandemic on the Entity is not practicable at this time.

Financial Statements of

**LAKE HURON AREA PRIMARY WATER
SUPPLY SYSTEM**

And Independent Auditors' Report thereon

December 31, 2021

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, 2021
- 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, 2021, 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.

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

Date

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Financial Position
December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Due from the Corporation of the City of London (note 3)	\$ 48,536,911	\$ 44,588,744
Trade and other receivables	462,664	745,428
Loan receivable (note 4)	1,639,331	-
Total financial assets	50,638,906	45,334,172
Financial liabilities		
Accounts payable and accrued liabilities	3,023,153	977,399
Accrued interest on long-term debt	29,075	36,640
Long-term debt (note 5)	4,371,157	5,624,219
Total financial liabilities	7,423,385	6,638,258
Net financial assets	43,215,521	38,695,914
Non-financial assets		
Tangible capital assets (note 6)	145,076,753	144,293,049
Prepaid expenses	344,374	283,448
Total non-financial assets	145,421,127	144,576,497
Commitments (note 9)		
Contingent liabilities (note 10)		
Accumulated surplus (note 7)	\$ 188,636,648	\$ 183,272,411

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, 2021, with comparative information for 2020

	Budget (note 11)	2021	2020
Revenues			
User charges	\$ 23,275,000	\$ 23,730,080	\$ 23,698,905
Investment income	324,000	889,875	927,618
Other municipalities (note 4)	1,409,900	1,639,331	-
Other	5,000	1,669	7,426
Total revenues	25,013,900	26,260,955	24,633,949
Expenses			
Salaries, wages and fringe benefits	779,150	825,321	726,734
Materials and supplies	11,435,700	10,905,724	10,679,193
Contracted services	1,392,944	1,251,399	625,370
Rents and financial expenses	85,500	63,002	65,613
Interest on long-term debt	116,778	116,779	141,565
Amortization of tangible capital assets	7,416,861	7,416,861	7,496,404
Administrative charges to the Corporation of the City of London	317,600	317,632	305,730
Total expenses	21,544,533	20,896,718	20,040,609
Annual surplus	3,469,367	5,364,237	4,593,340
Accumulated surplus, beginning of year	183,272,411	183,272,411	178,679,071
Accumulated surplus, end of year (note 7)	\$ 186,741,778	\$ 188,636,648	\$ 183,272,411

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

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Changes in Net Financial Assets
Year ended December 31, 2021, with comparative information for 2020

	Budget	2021	2020
Annual surplus	\$ 3,469,367	\$ 5,364,237	\$ 4,593,340
Acquisition of tangible capital assets	(4,366,856)	(8,200,565)	(3,249,108)
Amortization of tangible capital assets	7,416,861	7,416,861	7,496,404
	6,519,372	4,580,533	8,840,636
Change in prepaid expenses	-	(60,926)	(40,060)
Change in net financial assets	6,519,372	4,519,607	8,800,576
Net financial assets, beginning of year	38,695,914	38,695,914	29,895,338
Net financial assets, end of year	\$ 45,215,286	\$ 43,215,521	\$ 38,695,914

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, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 5,364,237	\$ 4,593,340
Items not involving cash		
Amortization of tangible capital assets	7,416,861	7,496,404
Amortization of debenture discount	8,201	8,201
Change in non-cash assets and liabilities		
Due from the Corporation of the City of London	(3,948,167)	(6,956,714)
Prepaid expenses	(60,926)	(40,060)
Trade and other receivables	282,764	(72,361)
Accounts payable and accrued liabilities	2,045,754	(533,686)
Accrued interest on long-term debt	(7,565)	(6,569)
Net change in cash from operating activities	11,101,159	4,488,555
Capital activities		
Purchase of tangible capital assets	(8,200,565)	(3,249,108)
Net change in cash from capital activities	(8,200,565)	(3,249,108)
Financing activities		
Long-term debt repayments	(1,261,263)	(1,239,447)
Loan receivable	(1,639,331)	-
Net change in cash from financing activities	(2,900,594)	(1,239,447)
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 Financial Statements
Year ended December 31, 2021

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

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2021

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) 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 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.

(c) 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.

2. Significant Accounting Policies (continued)

(d) 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.

(e) 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.

(f) 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.

(g) 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.

2. Significant Accounting Policies (continued)

(h) 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.

(i) 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.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2021

3. 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.

4. Loan Receivable

Subsequent to year end, the Entity discovered that the Municipality of North Middlesex was not billed for their portion of the pipeline to Strathroy in 2006. As a result, 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. At the time of approval of these financial statements, the terms are currently being negotiated.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2021

5. Long-term Debt

Long-term debt is stated as follows:

	2021	2020
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 rates ranging from 3.05% to 3.20% (2020 - 2.90% to 3.20%), maturing September 2022.	\$ 195,075	\$ 385,400
at rates ranging from 3.45% to 3.80% (2020 - 3.20% to 3.80%), maturing September 2023.	332,130	491,820
at rates ranging from 1.55% to 2.25% (2020 - 1.40% to 2.25%), maturing March 2025.	3,615,124	4,487,187
at rates ranging from 1.80% to 2.85% (2020 - 1.55% to 2.85%), maturing March 2027.	253,458	292,643
Total long-term debt	4,395,787	5,657,050
Less: Unamortized debenture discount	(24,630)	(32,831)
Net long-term debt	\$ 4,371,157	\$ 5,624,219

The long-term debt repayment schedule is as follows:

2022	\$ 1,283,326
2023	1,106,232
2024	951,752
2025	965,816
2026	43,730
2027 and beyond	44,931
Total	\$ 4,395,787

Total interest charges for the year for long-term debt, which are included in the statement of operations, are as follows:

	2021	2020
Interest on long-term debt	\$ 108,578	\$ 133,364
Amortization of debenture discount	8,201	8,201
	\$ 116,779	\$ 141,565

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2021

6. Tangible Capital Assets

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Land	\$ 2,412,389	\$ 112,427	\$ -	\$ 2,524,816
Buildings and building improvements	55,975,219	533,348	55,723	56,452,844
Machinery and equipment	36,267,668	1,128,757	852,110	36,544,315
Vehicles	11,527	-	-	11,527
Water infrastructure	119,032,580	1,212,607	-	120,245,187
Computers	328,939	236,880	85,620	480,199
Assets under construction	2,548,004	5,918,010	941,465	7,524,549
Total	\$ 216,576,326	\$ 9,142,029	\$ 1,934,918	\$ 223,783,437

Accumulated Amortization	Balance at December 31, 2020	Amortization Expense	Amortization Disposals	Balance at December 31, 2021
Land	\$ -	\$ -	\$ -	\$ -
Buildings and building improvements	20,213,329	2,238,520	55,724	22,396,125
Machinery and equipment	18,154,125	2,731,258	852,110	20,033,273
Vehicles	5,768	1,646	-	7,414
Water infrastructure	33,774,473	2,290,671	-	36,065,144
Computers	135,582	154,766	85,620	204,728
Assets under construction	-	-	-	-
Total	\$ 72,283,277	\$ 7,416,861	\$ 993,454	\$ 78,706,684

	Net Book Value December 31, 2020	Net Book Value December 31, 2021
Land	\$ 2,412,389	\$ 2,524,816
Buildings and building improvements	35,761,890	34,056,719
Machinery and equipment	18,113,543	16,511,042
Vehicles	5,759	4,113
Water infrastructure	85,258,107	84,180,043
Computers	193,357	275,471
Assets under construction	2,548,004	7,524,549
Total	\$ 144,293,049	\$ 145,076,753

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2021

6. Tangible Capital Assets (continued)

(a) Assets Under Construction

Assets under construction with a cost of **\$7,524,549** (2020 - \$2,548,004) 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 **\$nil** write-downs in tangible capital assets during the year (2020 - \$nil).

7. Accumulated Surplus

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

	2021	2020
Surplus		
Invested in tangible capital assets	\$ 139,795,274	\$ 136,172,679
Reserve funds set aside for specific purpose by the Entity:		
Infrastructure renewal - water operations	48,841,374	47,099,732
	\$ 188,636,648	\$ 183,272,411

8. Financial Instruments

(a) The carrying values of Due from the Corporation of the City of London, Trade and other receivables and Accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of the instruments.

The fair value of Long-term debt approximates its carrying value as interest rates are similar to current market rates of interest available to the Entity.

(b) Financial Risks

The Entity is not exposed to any significant interest, foreign currency or credit risks arising from its financial instruments.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2021

9. Commitments

Derivatives

The Entity has the following derivative:

- Contract with one block negotiated May 5, 2017, with a daily electricity purchase of 24 megawatt hours. Covering the period of November 1, 2018 to August 31, 2021, remaining contract cost at December 31, 2021 is **\$nil** (2020 - \$172,635).

This derivative contract was purchased to ensure price certainty for 26% of the Entity's electricity needs over the term of the contract. The value of the contract is not reflected as an asset or liability in these financial statements.

10. Contingent Liabilities

There are certain claims pending against the Entity as at December 31, 2021. The final outcome of these claims cannot be determined at this time, however management believes that settlement of these matters will not materially exceed amounts recorded in these financial statements.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2021

11. Budget Data

Budget data presented in these financial statements are based upon the 2021 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	\$ 23,275,000
Municipal revenues - other	25,000
Total revenues	23,300,000
Expenses	
Personnel costs	740,900
Administrative expenses	61,850
Financial expenses - other	355,500
Financial expenses - interest and discount on long-term debt	116,778
Financial expenses - debt principal repayments	1,261,262
Financial expenses - transfers to reserves and reserve funds	8,741,210
Purchased services	1,210,100
Materials and supplies	10,448,900
Furniture and equipment	45,900
Other expenses	317,600
Total expenses	23,300,000
Net surplus as per budget	-
PSAB reporting requirements	
Transfers to reserves and reserve funds	8,741,210
Debt principal repayments	1,261,262
Capital funding earned	1,409,900
Capital expenses not resulting in capital assets	(830,144)
Amortization	(7,416,861)
Reserve fund interest earned	304,000
Net PSAB budget surplus as per financial statements	\$ 3,469,367

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2021

12. Impact of COVID-19 Pandemic

Effective March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the Entity has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Due to the temporary closure of non-essential business and restrictions in activities, consumption within the municipalities served by the water system has moderately declined
- Lower water demand volumes within the municipalities may result in lower expenditures
- The Regional Water Supply office has remained open but reduced their staffing compliment on premises from March 18, 2020 to the date of the auditors' report based on public health recommendations
- Implemented voluntary working from home strategy in service delivery
- Modifications to shift coverage and work-isolations to minimize risks to operating staff at the water treatment plants

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Entity's operations and financial position is not known at this time, although to date the impact has not been significant. These impacts could include a decline in future cash flows and changes to the value of assets and liabilities. Though management continues to make best efforts to forecast possible financial scenarios, an estimate of the future financial effect of the pandemic on the Entity is not practicable at this time.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Notes to Financial Statements (continued)
Year ended December 31, 2021

12. Impact of COVID-19 Pandemic

Effective March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the Entity has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Due to the temporary closure of non-essential business and restrictions in activities, consumption within the municipalities served by the water system has moderately declined
- Lower water demand volumes within the municipalities may result in lower expenditures
- The Regional Water Supply office has remained open but reduced their staffing compliment on premises from March 18, 2020 to the date of the auditors' report based on public health recommendations
- Implemented voluntary working from home strategy in service delivery
- Modifications to shift coverage and work-isolations to minimize risks to operating staff at the water treatment plants

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2021 FINANCIAL INFORMATION RETURN

Municipality: **London C**
Tier: **Single-Tier**
Area: **Middlesex Co**

MSO Office: **Western Ontario**
Asmt Code: **3936**
MAH Code: **59101**

Submitting: **FIR Schedules Only**
Version: **2021.01001**

DECLARATION OF THE MUNICIPAL TREASURER

Pursuant to the information required by the Province of Ontario under the Municipal Affairs Act, the following schedules are attached:

Schedule	Title	Completion
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-TIER ONLY
40	CONSOLIDATED STATEMENT OF OPERATIONS: EXPENSES	
42	ADDITIONAL INFORMATION	
51	SCHEDULE OF TANGIBLE CAPITAL ASSETS	
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	
72	CONTINUITY OF TAXES RECEIVABLE	SINGLE/LOWER-TIER ONLY
74	LONG TERM LIABILITIES AND COMMITMENTS	
76	GOVERNMENT BUSINESS ENTERPRISES (GBE)	
77	OTHER ENTITIES (DSSAB, HEALTH UNIT, OTHER AND TOTAL ALL)	
79	COMMUNITY IMPROVEMENT PLANS	
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
0024	Fax	519-661-5932
0028	Email (Required)	sswance@london.ca
0030	Website address of Municipality	www.london.ca
0091	Municipal Auditor	Kate 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	6/5/2022

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	OMB Method
0078	If "Other Method" is selected in line 0077, please describe method of allocating Program Support	

	Municipal Data 1 (#)	Data Source 2 (List)
0040	Households	183,358 MPAC
0041	Population	422,324 Stats Can
0042	Youth Population	28,935 Stats Can

2021.01001

FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

**Schedule 10
CONSOLIDATED STATEMENT OF OPERATIONS: REVENUE**

for the year ended December 31, 2021

STATEMENT OF OPERATIONS: REVENUE		Own Purposes Revenue
		1
		\$
0299	Property Taxation	
	Taxation - Own Purposes (SLC 26 9199 04 - 72 2899 07) For UT (SLC 28 0299 12 - 28 0299 08)	686,251,019
0499	Payments-In-Lieu of Taxation (SLC 26 9599 08) For UT (SLC 28 0299 08)	10,365,640
9940	Subtotal	696,616,659
0510	Estimated tax revenue	
	Government Transfers	
0620	Ontario Municipal Partnership Fund (OMPF)	0
0625	Ontario Cannabis Legalization Implementation Fund (OCLIF)	380,107
0626	Safe Restart Agreement: Municipal Operating Funding	4,398,000
0627	Safe Restart Agreement: Public Transit Funding	13,134,335
0628	Social Services Relief Fund (SSRF)	8,131,403
0629	Provincial COVID-19 Recovery Funding	11,707,987
0695	Other	
0696	Other	
0697	Other	
0698	Other	
0699	Subtotal	37,751,832
	Conditional Grants	
0810	Ontario conditional grants (SLC 12 9910 01)	213,443,818
0815	Ontario Grants for Tangible Capital Assets (SLC 12 9910 05)	13,396,592
0820	Canada conditional grants (SLC 12 9910 02)	4,647,072
0825	Canada Grants for Tangible Capital Assets (SLC 12 9910 06)	21,012,441
0830	Deferred revenue earned (Provincial Gas Tax) (SLC 60 1042 01 + SLC 60 1045 01)	10,635,892
0831	Deferred revenue earned (Canada Community - Building Fund) (Federal Gas Tax) (SLC 60 1047 01 + SLC 60 1048 01)	13,765,448
0899	Subtotal	276,901,263
1098	Revenue from other municipalities for Tangible Capital Assets (SLC 12 9910 07)	1,356,432
1099	Revenue from other municipalities (SLC 12 9910 03)	6,606,286
1299	Total User Fees and Service Charges (SLC 12 9910 04)	252,199,496
	Licences, permits, rents, etc.	
1410	Trailer revenue and permits	
1420	Licences and permits	11,869,653
1430	Rents, concessions and franchises	19,219,664
1431	Royalties	
1432	Green Energy	
1498	Other Other	14,776
1499	Subtotal	31,104,093
	Fines and penalties	
1605	Provincial Offences Act (POA) <i>Municipality which administers POA only</i>	4,059,088
1610	Other fines	2,826,404
1620	Penalties and interest on taxes	4,934,236
1698	Other	
1699	Subtotal	11,819,728
	Other revenue	
1805	Investment income	4,780,998
1806	Interest earned on reserves and reserve funds	17,511,900
1811	Gain/Loss on sale of land & capital assets	102,753
1812	Deferred revenue earned (Development Charges) (SLC 60 1025 01 + SLC 60 1026 01)	38,955,726
1813	Deferred revenue earned (Recreational land (The Planning Act)) (SLC 60 1032 01 + SLC 60 1035 01)	3,338,754
1814	Other Deferred revenue earned	
1830	Donations	1,476,149
1831	Donated Tangible Capital Assets (SLC 53 0610 01)	43,542,669
1840	Sale of publications, equipment, etc.	3,468,431
1850	Contributions from non-consolidated entities	
1865	Other Revenues from Government Business Enterprise (ie. Dividends, etc.)	
1870	Gaming and Casino Revenues	2,676,249
1890	Other	
1891	Other Other	1
1892	Other	
1893	Other	
1894	Other	
1895	Other Other	102,060
1896	Other Other	2,120,319
1897	Other Other	23,049,469
1898	Other	
1899	Subtotal	141,125,478
1880	Municipal Land Transfer Tax (City of Toronto Act, 2006)	
1886	Transient Accommodation Tax	1,582,338
1905	Increase/Decrease in Government Business Enterprise equity	20,132,564
9910	TOTAL Revenues	1,477,196,169

2021-01001

FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

**Schedule 10
CONSOLIDATED STATEMENT OF OPERATIONS: REVENUE**

for the year ended December 31, 2021

Continuity of Accumulated Surplus/(Deficit)		1
		\$
2010	PLUS: Total Revenues (SLC 10 9910 01)	1,477,196,169
2020	LESS: Total Expenses (SLC 40 9910 11)	1,198,094,520
2030	PLUS:	
2040	PLUS:	
2045	PLUS: PSAB Adjustments	
2099	Annual Surplus/(Deficit)	279,101,649
2060	Accumulated surplus/(deficit) at the beginning of year	4,797,772,154
2061	Prior period adjustments	
2062	Restated accumulated surplus/(deficit) at the beginning of year	4,797,772,154
2063	Other comprehensive Income (loss)	
9950	Accumulated surplus/(deficit) at the end of year (SLC 10 2099 01 + SLC 10 2062 01 + SLC 10 2063 01)	5,076,873,803

Continuity of Government Business Enterprise Equity		1
		\$
6010	Government Business Enterprise Equity, beginning of year	192,448,177
6020	PLUS: Net Income for Government Business Enterprise for year	20,132,565
6060	PLUS: Other	-5,000,000
6090	Government Business Enterprise Equity, end of year	207,580,742

Total of line 0899 includes:		1
Provincial Gas Tax Funding		\$
4018	Provincial Gas Tax for Transit operating expenses	8,160,062
4019	Provincial Gas Tax for Transit capital expenses	2,475,829
4020	Provincial Gas Tax	10,635,891

Total of line 0899 includes:		1
Canada Community - Building Fund - (Federal Gas Tax)		\$
4025	General Government	129,825
Transportation Services:		
4030	Roads - Paved	3,867,647
4031	Roads - Unpaved	
4032	Roads - Bridges and Culverts	2,865,458
4033	Roadways - Traffic Operations & Roadside	
4040	Transit - Conventional	2,866,000
4041	Transit - Disabled & special needs	
4045	Air transportation	
4046	Other Other	8,374
4047	Short-Line Rail	
4048	Short-Sea Shipping	
Environmental Services:		
4060	Wastewater collection/conveyance	1,125,000
4061	Wastewater treatment & disposal	
4062	Urban storm sewer system	1,125,000
4063	Rural storm sewer system	
4064	Water treatment	
4065	Water distribution/transmission	93,781
4066	Solid waste collection	
4067	Solid waste disposal	894,630
4068	Waste diversion	15,264
4069	Other	4,585,849
4075	Recreation Facilities - All Other	401,505
4076	Cultural services	
4080	Commercial and industrial	
4081	Broadband Connectivity	
4082	Tourism Infrastructure	
4083	Brownfield Redevelopment	
4084	Other	
4099	Canada Community - Building Fund used for Capital Investments	17,978,333
4205	Canada Community - Building Fund for Operating expenses: Capacity Building	
4299	Canada Community - Building Fund Recognized in the year	17,978,333

FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

**Schedule 12
GRANTS, USER FEES AND SERVICE CHARGES**

for the year ended December 31, 2021

	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	378,484			2,572,086		213,670	
Protection services							
0410 Fire	99,200			383,621			
0420 Police	6,029,260		503,809	1,058,083			
0421 Court Security							
0422 Prisoner Transportation							
0430 Conservation authority							
0440 Protective inspection and control				855,250			
0445 Building permit and inspection services				106,815			
0450 Emergency measures							
0460 Provincial Offences Act (POA)							
0498 Other							
0499 Subtotal	6,128,460	0	503,809	2,403,769	0	0	0
Transportation services							
0611 Roads - Paved				221,752	4,966,056	7,902,069	
0612 Roads - Unpaved				9,529			
0613 Roads - Bridges and Culverts				29,285		319,089	
0614 Roads - Traffic Operations & Roadside				207,035		121,096	
0621 Winter Control - Except sidewalks, Parking Lots				366,995			
0622 Winter Control - Sidewalks, Parking Lots Only				59,514			
0631 Transit - Conventional				21,255,749	449,429	2,140,143	
0632 Transit - Disabled & special needs				333,326			
0640 Parking				1,483,473			
0650 Street lighting							
0660 Air transportation							
0698 Other						8,374	
0699 Subtotal	0	0	0	23,966,658	5,415,485	10,490,771	0
Environmental services							
0811 Wastewater collection/conveyance	441,841		17,033	31,504,682		1,125,000	
0812 Wastewater treatment & disposal	441,841		17,033	31,504,682	83,631	167,261	
0821 Urban storm sewer system	589,121		22,710	42,006,243	38,287	1,129,818	
0822 Rural storm sewer system							
0831 Water treatment			82,443	31,527,204			1,356,432
0832 Water distribution/transmission			473,230	58,550,521		68,760	
0840 Solid waste collection				756,744			
0850 Solid waste disposal			51,208	5,903,632			
0860 Waste diversion			588,495	5,579,442			
0898 Other	130,000		7,245	319			
0899 Subtotal	1,602,803	0	1,259,397	207,333,469	121,918	2,490,839	1,356,432
Health services							
1010 Public health services	5,329,933	37,186	116,470				
1020 Hospitals							
1030 Ambulance services							
1035 Ambulance dispatch							
1040 Cemeteries							
1098 Other							
1099 Subtotal	5,329,933	37,186	116,470	0	0	0	0
Social and family services							
1210 General assistance	118,079,181	3,764,596		1,800			
1220 Assistance to aged persons	15,234,568			5,469,679			
1230 Child care	50,656,790	251,000		1,550			
1298 Other				812			
1299 Subtotal	183,970,539	4,015,596	0	5,473,841	0	0	0
Social Housing							
1410 Public Housing				429,309			
1420 Non - Profit/Cooperative Housing	7,545,552		4,726,610				
1430 Rent Supplement Programs	5,811,987						
1497 Other							
1498 Other	1,346,371				7,859,189	7,750,500	
1499 Subtotal	14,703,910	0	4,726,610	429,309	7,859,189	7,750,500	0
Recreation and cultural services							
1610 Parks				72		66,661	
1620 Recreation programs	9,709	116,843		2,240,410			
1631 Recreation facilities - Golf Course, Marina, Ski Hill				2,977,936			
1634 Recreation facilities - All Other	223,237			19,557			
1640 Libraries	598,829	12,961		242,393			
1645 Museums	47,519	2,750					
1650 Cultural services	435,919	369,394		110,376			
1698 Other							
1699 Subtotal	1,315,213	501,948	0	5,590,744	0	66,661	0
Planning and development							
1810 Planning and zoning				2,443,190			
1820 Commercial and industrial	14,476	92,342		1,982,830			
1830 Residential development							
1840 Agriculture and reforestation				3,600			
1850 Tile drainage/shoreline assistance							
1898 Other							
1899 Subtotal	14,476	92,342	0	4,429,620	0	0	0
1910 Other							
9910 TOTAL	213,443,818	4,647,072	6,606,286	252,199,496	13,396,592	21,012,441	1,356,432

FIR2021: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 20
TAXATION INFORMATION
for the year ended December 31, 2021

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 <input type="text"/>	N

2. Capping Parameters and Results

	Exit capping immediately	Decrease - Percentage Retained	Tax Adjustment - Increases	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)

	Grad. Tax Rates in Effect?	Number of Tax Bands	Low Band		Middle Band	
			CVA Boundary	% of Highest Band Rate	CVA Boundary	% 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 Yrs
0805	R Residential		
0810	M Multi-Residential		
0815	N New Multi-Residential		
0820	C Commercial (Includes G, D, S)		
0840	I Industrial (Includes L)		
0850	F Farmland		
0855	T Managed Forest		
0860	P Pipeline		

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 Instalments			FINAL Billing Instalments			
	Instalments	First Due Date	Last Due Date	Instalments	First Due Date	Last Due Date	
	2	3	4	5	6	7	
	#	YYYYMMDD	YYYYMMDD	#	YYYYMMDD	YYYYMMDD	
1210	R Residential	2	20210226	20210331	3	20210630	20211029
1220	M Multi-Residential	2	20210226	20210331	3	20210630	20211029
1230	F Farmland	2	20210226	20210331	3	20210630	20211029
1240	T Managed Forest	2	20210226	20210331	3	20210630	20211029
1250	C Commercial	2	20210226	20210331	3	20210630	20211029
1260	I Industrial	2	20210226	20210331	3	20210630	20211029
1270	P Pipeline	2	20210226	20210331	3	20210630	20211029
1298	Other <input type="text"/>						

2021.01001

FIR2021: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 22 MUNICIPAL and SCHOOL BOARD TAXATION for the year ended December 31, 2021

1. GENERAL PURPOSE LEVY INFORMATION

		Phase-In Taxable Assessment	LT/ST Taxes	UT Taxes	Education Taxes	TOTAL
9299	TOTAL	47,575,500,795	673,580,940	0	121,446,820	795,027,760

RTC RTQ	Tax Band	Property Class	Tax Rate Description	Tax Ratio	Percent of Full Rate	CVA Assessment	Phase-In Taxable Assessment	Tax Rates				Municipal Taxes		Education Taxes	TOTAL
								LT / ST	UT	EDUC	TOTAL	LT / ST	UT	Taxes	
1 LIST	2 LIST	3	4	5	6 %	7 \$	16 \$	8 0.xxxxxx%	9 0.xxxxxx%	10 0.xxxxxx%	11 0.xxxxxx%	12 \$	13 \$	14 \$	15 \$
2001	0	London C													
0010	RT	0 Residential	Full Occupied	1.000000	100%	38,525,310,609	38,525,310,609	1.235283%		0.153000%	1.388283%	475,896,613	0	58,943,725	534,840,338
0031	R1	0 Residential	Farm. Awaiting Devel. - Ph I	1.000000	75%	7,126,400	7,126,400	0.926462%		0.114750%	1.041212%	66,023	0	8,178	74,201
0050	MT	0 Multi-Residential	Full Occupied	1.711880	100%	1,765,427,765	1,765,427,765	2.114656%		0.153000%	2.267656%	37,332,724	0	2,701,104	40,033,828
0061	M1	0 Multi-Residential	Farm. Awaiting Devel. - Ph I	1.000000	75%	3,271,000	3,271,000	0.926462%		0.114750%	1.041212%	30,305	0	3,753	34,058
0080	NT	0 New Multi-Residential	Full Occupied	1.000000	100%	38,489,900	38,489,900	1.235283%		0.153000%	1.388283%	475,459	0	58,890	534,349
0110	FT	0 Farmland	Full Occupied	0.102820	100%	475,528,727	475,528,727	0.127012%		0.038250%	0.165262%	603,979	0	181,890	785,869
0140	TT	0 Managed Forest	Full Occupied	0.250000	100%	1,058,800	1,058,800	0.308821%		0.038250%	0.347071%	3,270	0	405	3,675
0210	CT	0 Commercial	Full Occupied	1.910000	100%	3,102,556,189	3,102,556,189	2.359391%		0.880000%	3.239391%	73,201,431	0	27,302,494	100,503,925
0215	CH	0 Commercial	Full Occupied, Shared PIL	1.910000	100%	16,623,364	16,623,364	2.359391%		1.250000%	3.609391%	392,210	0	207,792	600,002
0231	C1	0 Commercial	Farm. Awaiting Devel. - Ph I	1.000000	75%	1,193,000	1,193,000	0.926462%		0.114750%	1.041212%	11,053	0	1,369	12,422
0240	CU	0 Commercial	Excess Land	1.910000	100%	36,680,784	36,680,784	2.359391%		0.880000%	3.239391%	865,443	0	322,791	1,188,234
0245	CK	0 Commercial	Excess Land, Shared PIL	1.910000	100%	1,244,400	1,244,400	2.359391%		1.250000%	3.609391%	29,360	0	15,555	44,915
0270	CX	0 Commercial	Vacant Land	1.910000	100%	105,772,016	105,772,016	2.359391%		0.880000%	3.239391%	2,495,575	0	930,794	3,426,369
0310	GT	0 Parking Lot	Full Occupied	1.910000	100%	119,546,797	119,546,797	2.359391%		0.880000%	3.239391%	2,820,576	0	1,052,012	3,872,588
0320	DT	0 Office Building	Full Occupied	1.910000	100%	359,662,937	359,662,937	2.359391%		0.880000%	3.239391%	8,485,855	0	3,165,034	11,650,889
0330	DU	0 Office Building	Excess Land	1.910000	100%	2,159,380	2,159,380	2.359391%		0.880000%	3.239391%	50,948	0	19,003	69,951
0340	ST	0 Shopping Centre	Full Occupied	1.910000	100%	1,445,775,382	1,445,775,382	2.359391%		0.880000%	3.239391%	34,111,494	0	12,722,823	46,834,317
0350	SU	0 Shopping Centre	Excess Land	1.910000	100%	1,523,300	1,523,300	2.359391%		0.880000%	3.239391%	35,941	0	13,405	49,346
0510	IT	0 Industrial	Full Occupied	1.910000	100%	244,117,585	244,117,585	2.359391%		0.880000%	3.239391%	5,759,688	0	2,148,235	7,907,923
0515	IH	0 Industrial	Full Occupied, Shared PIL	1.910000	100%	5,745,500	5,745,500	2.359391%		1.250000%	3.609391%	135,559	0	71,819	207,378
0531	I1	0 Industrial	Farm. Awaiting Devel. - Ph I	1.000000	75%	1,407,000	1,407,000	0.926462%		0.114750%	1.041212%	13,035	0	1,615	14,650
0534	I4	0 Industrial	Farm. Awaiting Devel. - Ph II	1.910000	100%	112,200	112,200	2.359391%		0.880000%	3.239391%	2,647	0	987	3,634
0540	IU	0 Industrial	Excess Land	1.910000	100%	8,580,700	8,580,700	2.359391%		0.880000%	3.239391%	202,452	0	75,510	277,962
0570	IX	0 Industrial	Vacant Land	1.910000	100%	52,718,500	52,718,500	2.359391%		0.880000%	3.239391%	1,243,836	0	463,923	1,707,759
0610	LT	0 Large Industrial	Full Occupied	1.910000	100%	140,562,009	140,562,009	2.359391%		0.880000%	3.239391%	3,316,407	0	1,236,946	4,553,353
0620	LU	0 Large Industrial	Excess Land	1.910000	100%	5,104,623	5,104,623	2.359391%		0.880000%	3.239391%	120,438	0	44,921	165,359
0710	PT	0 Pipeline	Full Occupied	1.713000	100%	110,210,500	110,210,500	2.116040%		0.880000%	2.996040%	2,332,098	0	969,852	3,301,950
2140	JT	0 Industrial, NConstr.	Full Occupied	1.910000	100%	72,653,200	72,653,200	2.359391%		0.880000%	3.239391%	1,714,173	0	639,348	2,353,521
2145	JU	0 Industrial, NConstr.	Excess Land	1.910000	100%	2,244,800	2,244,800	2.359391%		0.880000%	3.239391%	52,964	0	19,754	72,718
2235	KT	0 Large Ind., NConstr.	Full Occupied	1.910000	100%	64,035,300	64,035,300	2.359391%		0.880000%	3.239391%	1,510,843	0	563,511	2,074,354
2240	KU	0 Large Ind., NConstr.	Excess Land	1.910000	100%	1,978,600	1,978,600	2.359391%		0.880000%	3.239391%	46,683	0	17,412	64,095
2440	XT	0 Commercial, NConstr.	Full Occupied	1.910000	100%	617,073,037	617,073,037	2.359391%		0.880000%	3.239391%	14,559,166	0	5,430,243	19,989,409
2445	XU	0 Commercial, NConstr.	Excess Land	1.910000	100%	11,787,600	11,787,600	2.359391%		0.880000%	3.239391%	278,116	0	103,731	381,847
2635	YT	0 Office Build., NConstr.	Full Occupied	1.910000	100%	17,659,695	17,659,695	2.359391%		0.880000%	3.239391%	416,661	0	155,405	572,066
2835	ZT	0 Shopp. Centre, NConstr.	Full Occupied	1.910000	100%	210,509,196	210,509,196	2.359391%		0.880000%	3.239391%	4,966,735	0	1,852,481	6,819,216
0920	C7	0 Commercial	Small Scale On Farm Business	1.910000	100%	50,000	50,000	2.359391%		0.220000%	2.579391%	1,180	0	110	1,290
9201			Subtotal			47,575,500,795	47,575,500,795					673,580,940	0	121,446,820	795,027,760

2021.01001

FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 22 MUNICIPAL and SCHOOL BOARD TAXATION

for the year ended December 31, 2021

		Municipal Taxes		Education Taxes	TOTAL
		LT / ST	UT	14	15
		\$	\$	\$	\$
4. ADJUSTMENTS TO TAXATION					
7010	Adjustments for properties, shared as if Payment-In-Lieu (Hydro properties RTQ = H, J, K)	296,072		-296,072	0
5. SUPPLEMENTARY TAXES					
9799	Total of all supplementary taxes (Supps, Omits, Section 359)	8,854,296		2,302,128	11,156,424
6. AMOUNT LEVIED BY TAX RATE					
9910	TOTAL Levied by Tax Rate	682,731,308	0	123,452,876	806,184,184
7. AMOUNTS ADDED TO TAX BILL					
8005	Local improvements	463,617			463,617
8010	Sewer and water service charges	3,163,631			3,163,631
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	2,665,233			2,665,233
8097	Other <input type="text"/>				0
9890	Subtotal	6,292,481	0	0	6,292,481
8. OTHER TAXATION AMOUNTS					
8045	Railway rights-of-way (RTC = W)	55,623		58,508	114,131
8050	Utility transmission and utility corridors (RTC = U)				0
8098	Other <input type="text"/>				0
9892	Subtotal	55,623	0	58,508	114,131
9. TOTAL AMOUNT LEVIED					
9990	TOTAL Levies	689,079,412	0	123,511,384	812,590,796

FIR2021: London C
 Asmt Code: 3936
 MAH Code: 59101

Schedule 24
PAYMENTS-IN-LIEU of TAXATION
 for the year ended December 31, 2021

1. GENERAL PURPOSE PAYMENTS-IN-LIEU

	PIL Phased-In Assessment		LT/ST PILS	UT PILS	Education PILS	TOTAL
9299 TOTAL	222,139,300		5,333,924	0	1,777,176	7,111,100

KIC DTC 1 LIST	Tax Band 2 LIST	Property Class 3	Tax Rate Description 4	Tax Ratio 5	Percent of Full Rate 6 %	PIL CVA Assessment 7 \$	PIL Phased-In Assessment 16 \$	Tax Rates				Municipal PILS		Education PILS 14 \$	TOTAL 15 \$
								LT / ST 8 0.xxxxxx%	UT 9 0.xxxxxx%	EDUC 10 0.xxxxxx%	TOTAL 11 0.xxxxxx%	LT / ST 12 \$	UT 13 \$		
2001	0	London C													
1010	RF 0	Residential	PIL: Full Occupied	1.000000	100%	1,609,200	1,609,200	1.235283%		0.153000%	1.388283%	19,878	0	2,462	22,340
1028	RG 0	Residential	PIL: 'General' Only (No Educ.)	1.000000	100%	612,400	612,400	1.235283%			1.235283%	7,565	0	0	7,565
1210	CF 0	Commercial	PIL: Full Occupied	1.910000	100%	84,937,500	84,937,500	2.359391%		1.250000%	3.609391%	2,004,008	0	1,061,719	3,065,727
1220	CG 0	Commercial	PIL: 'General' Only (No Educ.)	1.910000	100%	51,241,800	51,241,800	2.359391%			2.359391%	1,208,994	0	0	1,208,994
1260	CW 0	Commercial	PIL: Excess Land, 'General' Only	1.910000	100%	481,300	481,300	2.359391%			2.359391%	11,356	0	0	11,356
1280	CY 0	Commercial	PIL: Vacant Land	1.910000	100%	1,156,500	1,156,500	2.359391%		1.250000%	3.609391%	27,286	0	14,456	41,742
1290	CZ 0	Commercial	PIL: Vacant Land, 'General' Only	1.910000	100%	2,233,000	2,233,000	2.359391%			2.359391%	52,685	0	0	52,685
1310	GF 0	Parking Lot	PIL: Full Occupied	1.910000	100%	11,784,000	11,784,000	2.359391%		1.250000%	3.609391%	278,031	0	147,300	425,331
1320	DF 0	Office Building	PIL: Full Occupied	1.910000	100%	25,310,000	25,310,000	2.359391%		1.250000%	3.609391%	597,162	0	316,375	913,537
1328	DG 0	Office Building	PIL: 'General' Only (No Educ.)	1.910000	100%	21,203,000	21,203,000	2.359391%			2.359391%	500,262	0	0	500,262
1590	IZ 0	Industrial	PIL: Vacant Land, 'General' Only	1.910000	100%	107,600	107,600	2.359391%			2.359391%	2,539	0	0	2,539
4410	XF 0	Commercial, NConstr.	PIL: Full Occupied	1.910000	100%	12,379,000	12,379,000	2.359391%		0.980000%	3.339391%	292,069	0	121,314	413,383
5010	HF 0	Landfill	PIL: Full Occupied	2.959453	100%	9,084,000	9,084,000	3.655762%		1.250000%	4.905762%	332,089	0	113,550	445,639
											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	222,139,300	222,139,300			5,333,924	0	1,777,176	7,111,100

2021.01001

FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 24 PAYMENTS-IN-LIEU of TAXATION for the year ended December 31, 2021

		Municipal PILS		Education PILS	TOTAL
		LT / ST	UT	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			
		5,333,924	0	1,777,176	7,111,100
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 <input type="text" value="Airport"/>	936,088			936,088
9890		Subtotal		0	936,088
		936,088	0	0	936,088
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	39,781		56,310	96,091
8051	Utility transmission and utility corridors (RTC = U) - from Province				0
8055	Institutional Payments - Heads and Beds (Mun. Act 323, 324)	4,402,650			4,402,650
8060	Hydro-electric Power Dams - from Province				0
8098	Other <input type="text"/>				0
9892		Subtotal		56,310	4,498,741
		4,442,431	0	56,310	4,498,741
8. TOTAL PAYMENTS-IN-LIEU LEVIED					
9990		TOTAL PILS Levied			
		10,712,443	0	1,833,486	12,545,929

FIR2021: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 26
TAXATION and PAYMENTS-IN-LIEU SUMMARY
for the year ended December 31, 2021

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%	100.000%	76.959%	0.912%	20.515%	1.614%	0.000%

Property Class Group	16	2	18	17	TOTAL Taxes	Municipal Taxes		Education Taxes	Distribution of Education Taxes in column 6 by School Board				
	(\$)	(\$)	(\$)	(\$)		4	5		7	8	9	10	11
0010 Residential	38,532,437,009	38,530,655,409	38,532,437,009	38,530,655,409	534,914,539	475,962,636	0	58,951,903	49,657,562	187,839	8,860,214	246,288	
0050 Multi-residential	1,807,188,665	3,063,143,632	1,807,188,665	3,063,143,632	40,602,235	37,838,488	0	2,763,747	2,576,770	3,249	180,044	3,684	
0110 Farmland	475,528,727	48,893,864	475,528,727	48,893,864	785,869	603,979	0	181,890	172,210	5	9,667	8	
0140 Managed Forests	1,058,800	264,700	1,058,800	264,700	3,675	3,270	0	405	396	0	8	1	
9110 Subtotal	40,816,213,201	41,642,957,605	40,816,213,201	41,642,957,605	576,306,318	514,408,373	0	61,897,945	52,406,938	191,093	9,049,933	249,981	0
0210 Commercial	3,264,119,753	6,233,084,848	3,264,119,753	6,233,084,848	105,777,157	76,996,252	0	28,780,905	22,149,497	262,482	5,904,403	464,524	0
0215 Commercial New Construction	628,860,637	1,201,123,817	628,860,637	1,201,123,817	20,371,256	14,837,282	0	5,533,974	4,258,891	50,470	1,135,295	89,318	0
0310 Parking Lot	119,546,797	228,334,382	119,546,797	228,334,382	3,872,588	2,820,576	0	1,052,012	809,618	9,594	215,820	16,979	0
0320 Office Building	361,822,317	691,080,625	361,822,317	691,080,625	11,720,840	8,536,803	0	3,184,037	2,450,403	29,038	653,205	51,390	0
0325 Office Building New Construct	17,659,695	33,730,017	17,659,695	33,730,017	572,066	416,661	0	155,405	119,598	1,417	31,881	2,508	0
0340 Shopping Centre	1,447,298,682	2,764,340,483	1,447,298,682	2,764,340,483	46,883,663	34,147,435	0	12,736,228	9,801,674	116,154	2,612,837	205,563	0
0345 Shopping Centre New Constru	210,509,196	402,072,564	210,509,196	402,072,564	6,819,216	4,966,735	0	1,852,481	1,425,651	16,895	380,036	29,899	0
9120 Subtotal	6,049,817,077	11,553,766,737	6,049,817,077	11,553,766,737	196,016,786	142,721,744	0	53,295,042	41,015,331	486,051	10,933,478	860,182	0
0510 Industrial	312,681,485	595,589,516	312,681,485	595,589,516	10,119,306	7,357,217	0	2,762,089	2,125,676	25,190	566,643	44,580	0
0515 Industrial New Construction	74,898,000	143,055,180	74,898,000	143,055,180	2,426,239	1,767,137	0	659,102	507,238	6,011	135,215	10,638	0
0610 Large Industrial	145,666,632	278,223,267	145,666,632	278,223,267	4,718,712	3,436,845	0	1,281,867	986,512	11,691	262,975	20,689	0
0615 Large Industrial New Construct	66,013,900	126,086,549	66,013,900	126,086,549	2,138,449	1,557,526	0	580,923	447,073	5,298	119,176	9,376	0
9130 Subtotal	599,260,017	1,142,954,512	599,260,017	1,142,954,512	19,402,706	14,118,725	0	5,283,981	4,066,499	48,190	1,084,009	85,283	0
0705 Landfill	0	0	0	0	0	0	0	0	0	0	0	0	0
0710 Pipelines	110,210,500	188,790,587	110,210,500	188,790,587	3,301,950	2,332,098	0	969,852	746,388	8,845	198,965	15,653	0
0810 Other Property Classes	0	0	0	0	0	0	0	0	0	0	0	0	0
9160 Adj. for shared PIL properties	0	0	0	0	0	296,072	0	-296,072	-227,854	-2,700	-60,739	-4,779	0
9170 Supplementary Taxes	0	0	0	0	11,156,424	8,854,296	0	2,302,128	1,937,851	12,738	327,646	23,893	0
9180 Total Levied by Rate					806,184,184	682,731,308	0	123,452,876	99,945,154	744,217	21,533,292	1,230,214	0
9190 Amts Added to Tax Bill					6,292,481	6,292,481	0	0					
9192 Other Taxation Amounts					114,131	55,623	0	58,508	45,027	534	12,003	944	
9199 TOTAL before Adj.	47,575,500,795	54,528,469,441	47,575,500,795	54,528,469,441	812,590,796	689,079,412	0	123,511,384	99,990,181	744,751	21,545,295	1,231,158	0

2. Payments-In-Lieu of Taxation		PIL Asmt. (CVA)		Phase-In PIL Asmt. (CVA)		Phase-In PIL Asmt. (Wtd & Disc CVA)		Total PILS Levied	Municipal PILS		Education PILS
Property Class Group	16	2	18	17	3	4	5		6		
1010 Residential	2,221,600	2,221,600	2,221,600	2,221,600	29,905	27,443	0	2,462			
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	2,221,600	2,221,600	2,221,600	2,221,600	29,905	27,443	0	2,462			
1210 Commercial	140,050,100	267,495,691	140,050,100	267,495,691	4,380,504	3,304,329	0	1,076,175			
1215 Commercial New Construction	12,379,000	23,643,890	12,379,000	23,643,890	413,383	292,069	0	121,314			
1310 Parking Lot	11,784,000	22,507,440	11,784,000	22,507,440	425,331	278,031	0	147,300			
1320 Office Building	46,513,000	88,839,830	46,513,000	88,839,830	1,413,799	1,097,424	0	316,375			
1325 Office Building New Construct	0	0	0	0	0	0	0	0			
1340 Shopping Centre	0	0	0	0	0	0	0	0			
1345 Shopping Centre New Constru	0	0	0	0	0	0	0	0			
9220 Subtotal	210,726,100	402,486,851	210,726,100	402,486,851	6,633,017	4,971,853	0	1,661,164			
1510 Industrial	107,600	205,516	107,600	205,516	2,539	2,539	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 Construct	0	0	0	0	0	0	0	0			
9230 Subtotal	107,600	205,516	107,600	205,516	2,539	2,539	0	0			
1705 Landfill	9,084,000	26,883,671	9,084,000	26,883,671	445,639	332,089	0	113,550			
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	0	0	0	0			
9280 Total Levied by Rate					7,111,100	5,333,924	0	1,777,176			
9290 Amts Added to PILs					936,088	936,088	0	0			
9292 Other PIL Amounts					4,498,741	4,442,431	0	56,310			
9299 TOTAL before Adj.	222,139,300	431,797,638	222,139,300	431,797,638	12,545,924	10,712,443	0	1,833,486			

Part 3 contains Distribution of PILS by School Boards

2021.01001

FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 26

TAXATION and PAYMENTS-IN-LIEU SUMMARY

for the year ended December 31, 2021

3. Payments-In-Lieu of Taxation: Distribution of Entitlements

Source of PILS	PILS Levied			TOTAL PILS Levied	Adjustment to PILS Levied	TOTAL PIL Entitlement	Distrib. 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				8	9	10	11	12	13	14	15		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
5010 Canada	1,516,440		795,337	2,311,777	-76,598	2,235,179	2,235,179									
5020 Canada Enterprises	153,549		81,350	234,899	-24,079	210,820	210,820									
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	4,402,650	0	0	4,402,650		4,402,650	4,402,650									
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	1,382,837			1,382,837	-2,029	1,380,808	1,380,808									
Ontario Enterprises																
5410 Ontario Mortgage and Housing Corporation				0		0										
5430 Liquor Control Board of Ont.	400,224			400,224		400,224	400,224									
5432 Railway Rights-of-way	0	0	0	0		0										
5434 Utility Corridors/Transmission	39,781	0	56,310	96,091		96,091	96,091									
5437 Ontario Lottery and Gaming Corp.				0		0										
5460 Other				0		0										
5610 Municipal Enterprises	481,896		221,884	703,780		703,780	703,780									
5910 Other Muns and Enterprises	1,398,978		678,605	2,077,583	-2,077,583	0										
5950 Amounts Added to PIL	936,088	0	0	936,088		936,088	936,088									
9599 TOTAL	10,712,443	0	1,833,486	12,545,929	-2,180,289	10,365,640	10,365,640	0	0	0	0	0	0	0	0	0

FIR2021: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 40
CONSOLIDATED STATEMENT OF OPERATIONS: EXPENSES
for the year ended December 31, 2021

	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General government											
0240 Governance	3,123,195		104,553	40,442		10,000	18,827	3,297,017		940,025	4,237,042
0250 Corporate Management	14,595,042	153,465	6,897,985	6,725,152	3,700,866	1,000	119,755	32,193,265	-232,000	2,196,137	34,157,402
0260 Program Support	37,056,528		2,078,688	5,736,287	83,294		10,122,147	55,076,944	-342,565	-44,612,232	10,122,147
0299 Subtotal	54,774,765	153,465	9,081,226	12,501,881	3,784,160	11,000	10,260,729	90,567,226	-574,565	-41,476,070	48,516,591
Protection services											
0410 Fire	68,055,013	41,564	2,774,428	359,253	5,626		2,913,438	74,149,322		3,649,902	77,799,224
0420 Police	117,009,720	174,542	6,438,032	2,641,388	222,365	12,268	5,159,206	131,657,521		5,157,242	136,814,763
0421 Court Security	3,114,258		43,948	3,492				3,161,698		0	3,161,698
0422 Prisoner Transportation	173,072		36,379	209			33,122	242,782		0	242,782
0430 Conservation authority						1,977,242		1,977,242		3,651	1,980,893
0440 Protective inspection and control	5,314,840		2,991,398	390,414	166,572		57,831	8,921,055		775,304	9,696,359
0445 Building permit and inspection services	5,638,383		198,769	272,370	51,344		9,843	6,170,709		601,701	6,772,410
0450 Emergency measures	1,185,187		21,673	908,725			110,023	2,225,608		432,215	2,657,823
0460 Provincial Offences Act (POA)	1,602,911		382,431	796,479	87,332	108,269		3,087,422	574,565	401,818	4,063,805
0498 Other								0		0	0
0499 Subtotal	202,093,384	216,106	12,887,058	5,372,330	533,239	2,097,779	8,393,463	231,593,359	574,565	11,021,833	243,189,757
Transportation services											
0611 Roads - Paved	11,165,815	1,564,906	5,977,240	8,210,990	4,957,752		42,948,977	74,825,680		1,572,017	76,397,697
0612 Roads - Unpaved	176,811		165,156	4,434	44,053			390,454		128,052	518,506
0613 Roads - Bridges and Culverts	1,532,934		384,223	130,245	178,754		3,537,186	5,763,342		177,392	5,940,734
0614 Roads - Traffic Operations & Roadside	7,571,525		2,681,270	3,899,264	336,785		4,796,516	19,285,360		756,676	20,041,036
0621 Winter Control - Except sidewalks, Parking Lots	4,381,447		5,085,056	291,982	3,426,691	125		13,185,301		394,114	13,579,415
0622 Winter Control - Sidewalks, Parking Lots Only	625,400		796,372	44,715	553,827			2,020,314		61,234	2,081,548
0631 Transit - Conventional	51,990,517	524,306	20,478,290	849			13,290,784	86,284,746		191,278	86,476,024
0632 Transit - Disabled & special needs	1,048,097		272,928	7,650,368				8,971,393		5,767	8,977,160
0640 Parking	1,594,683		424,728	792,090	62,267	2,075	442,633	3,318,476		259,218	3,577,694
0650 Street lighting	140,617	9,115	6,336,192	293,844			5,975,465	12,755,233		137,639	12,892,872
0660 Air transportation								0		0	0
0698 Other								0		579	579
0699 Subtotal	80,227,846	2,098,327	42,601,455	21,317,932	9,560,978	2,075	70,991,686	226,800,299	0	3,682,966	230,483,265
Environmental services											
0811 Wastewater collection/conveyance	4,783,794	1,157,878	1,499,534	1,335,914	5,285,945		13,976,430	28,039,495		653,294	28,692,789
0812 Wastewater treatment & disposal	9,976,350	254,022	9,994,510	1,586,359	433,200	2,758,958	13,469,997	38,473,396	1,054,679		39,528,075
0821 Urban storm sewer system	3,090,978	908,299	1,447,706	3,197,422	560,084		16,569,526	25,774,015		602,658	26,376,673
0822 Rural storm sewer system	132,016		6,894	436				139,346		26,119	165,465
0831 Water treatment	1,440,233	112,887	7,916,438	1,586,809	43,683	6,277	4,545,026	15,651,353		350,650	16,002,003
0832 Water distribution/transmission	9,495,763	116,722	12,249,806	5,016,728	1,023,233	6,277	20,757,342	48,665,871		1,130,507	49,796,378
0840 Solid waste collection	6,976,109		3,359,787	898,783	28		69,005	11,303,712		280,009	11,583,721
0850 Solid waste disposal	2,032,042		6,651,539	811,958	2,717,811		2,272,227	14,485,577		264,296	14,749,873
0860 Waste diversion	1,701,599		293,770	15,610,807	369	1,588,536	859,978	20,055,059		217,975	20,273,034
0898 Other	1,059,254		136,444	203,409	15,780			1,414,887		110,320	1,525,207
0899 Subtotal	40,688,138	2,549,808	43,556,428	30,248,625	10,080,133	4,360,048	72,519,531	204,002,711	0	4,690,507	208,693,218
Health services											
1010 Public health services	4,829,519		553,896	288,583	287,863	5,653,990	79,189	11,693,040		9,617	11,702,657
1020 Hospitals								0		0	0
1030 Ambulance services				21,822,358				21,822,358		4,166	21,826,524
1035 Ambulance dispatch								0		0	0
1040 Cemeteries								0		0	0
1098 Other								0		0	0
1099 Subtotal	4,829,519	0	553,896	22,110,941	287,863	5,653,990	79,189	33,515,398	0	13,783	33,529,181
Social and family services											
1210 General assistance	22,134,676		438,067	7,761,364	2,908,095	117,299,294	444,613	150,986,109	-196,144	4,346,304	155,136,269
1220 Assistance to aged persons	22,623,865	432,841	3,397,455	1,104,838		95,572	1,198,655	28,853,226		1,581,249	30,434,475
1230 Child care	1,830,404		695,965	20,740,458	154,687	31,358,635	3,673	54,783,822	224,375	477,844	55,486,041
1298 Other	226,414		42,453	4,406	771		294	274,338		78,535	352,873
1299 Subtotal	46,815,359	432,841	4,573,940	29,611,066	3,063,553	148,753,501	1,647,235	234,897,495	28,231	6,483,932	241,409,658

2021.01.001

FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 40

CONSOLIDATED STATEMENT OF OPERATIONS: EXPENSES

for the year ended December 31, 2021

	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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Social Housing											
1410	Public Housing	6,379,012	2,388,066	16,311,426	835,565		2,370,086	28,284,155		77,096	28,361,251
1420	Non-Profit/Cooperative Housing			1,654,432		17,283,126		18,937,558		25,544	18,963,102
1430	Rent Supplement Programs			5,716		2,616,477		2,622,193		26,015	2,648,208
1497	Other	1,805,669	49,580	179,222	93,906	43,796	8,741	2,180,914		184,837	2,365,751
1498	Other	462,900	269,949	470,806	27,039	5,553,495	44,599	6,828,788		64,810	6,893,598
1499	Subtotal	8,647,581	0	18,621,602	956,510	25,496,894	2,423,426	58,853,608	0	378,302	59,231,910
Recreation and cultural services											
1610	Parks	6,811,505	319,775	2,786,455	1,986,046	463,455	11,590	5,321,114		1,700,898	19,400,838
1620	Recreation programs	9,391,895		1,330,176	707,708	217,873	29,791	36,811	-28,231	2,162,116	13,848,139
1631	Rec. Fac. - Golf Crs, Marina, Ski Hill	1,650,354		1,097,899	307,677	145,144		200,213		506,074	3,907,361
1634	Rec. Fac. - All Other	4,688,210	1,037,059	664,317	3,004,675	3,392		7,268,906		8,576,615	25,243,174
1640	Libraries	14,285,948	126,212	3,607,525	1,541,397	804,279		3,493,767		31,183	23,890,311
1645	Museums	259,559		83,321	12,322			8,824		22,336	386,362
1650	Cultural services	2,219,458		2,554,697	719,872	86,301	2,101,311	1,700,473		304,972	9,687,084
1698	Other			31,291				1,018		188	32,497
1699	Subtotal	39,306,529	1,483,046	12,124,390	8,310,988	1,720,444	2,142,692	18,031,126	-28,231	13,304,382	96,395,766
Planning and development											
1810	Planning and zoning	9,444,324		111,248	1,505,416	289,717	78,750	109,101		1,139,220	12,677,776
1820	Commercial and Industrial	4,421,835	293,536	7,379,330	3,286,845	525,285	4,363,404	2,085,102		648,398	23,003,735
1830	Residential development	2,420	5,515		11,608					49,226	68,769
1840	Agriculture and reforestation	469,188		23,507	240,539			98,139		63,036	894,409
1850	Tile drainage/shoreline assistance										0
1898	Other									485	485
1899	Subtotal	14,337,767	299,051	7,514,085	5,044,408	815,002	4,442,154	2,292,342	0	1,900,365	36,645,174
1910	Other							0			0
9910	TOTAL	491,721,288	7,232,844	135,600,073	153,139,773	30,801,882	192,960,133	186,638,727	0	0	1,198,094,520

2021.01001

FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 42

ADDITIONAL INFORMATION

for the year ended December 31, 2021

Additional information contained in Schedule 40

		1
		\$
Total of column 1 includes:		
5010	Salaries and wages	366,673,796
5020	Employee benefits	125,047,492
5099	Total Salaries, Wages and Employee benefits (Not including line 5050)	491,721,288
5050	Salaries, Wages and Employee benefits capitalized on Schedule 51	
5098	Total Salaries, Wages and Employee benefits (including capitalized wages)	491,721,288
Total of column 3 includes:		
5110	Amounts for tax write-offs reported in SLC 40 0250 03	2,760,807
Total of column 4 includes:		
5210	Municipal Property Assessment Corporation (MPAC)	5,064,950
Total of column 5 includes:		
5610	Short term interest costs	
Total of column 6 includes:		
5810	Grants to charitable and non-profit organizations	4,937,882
5820	Grants to universities and colleges	87,545
Contributions to UNCONSOLIDATED joint local boards		
5840	Health unit	
5850	District Social Services Administration Board (DSSAB)	
5860	Consolidated Municipal Service Manager (CMSM)	
5870	Homes for the aged	
5880	Recreation boards	
5890	Fire area boards	
5895	Other	
5896	Other	
5897	Other	2,027,176
5898	Other	4,135,846
Tourism		
5991	Specify Other	1,703,649
5992	Specify	
5993	Specify	
Total of column 11 includes:		
6009	Total COVID-19 Expenses as reported on SLC 40 9910 11	
6010	Payments for long term commitments and liabilities financed from the consolidated statement of operations	

FIR2021: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 51 SCHEDULE OF TANGIBLE CAPITAL ASSETS for the year ended December 31, 2021

ANALYSIS BY FUNCTIONAL CLASSIFICATION

	COST										AMORTIZATION				2021 Closing Net Book Value
	2021 Opening Net Book Value	2021 Opening Cost Balance	Additions and Betterments	Disposals	Write Downs	2021 Closing Cost Balance	2021 Opening Amortization Balance	Annual Amortization	Amortization Disposal	2021 Closing Amortization Balance					
	1 \$	2 \$	3 \$	4 \$	5 \$	6 \$	7 \$	8 \$	9 \$	10 \$				11 \$	
0299 General government	92,246,382	163,204,729	7,411,026	8,011,737		162,604,018	70,958,347	10,260,729	7,996,214	73,222,862				89,381,156	
Protection services															
0410 Fire	29,647,555	58,865,957	1,016,082	1,010,175		58,871,864	29,218,402	2,913,438	1,005,700	31,126,140				27,745,724	
0420 Police	38,703,732	72,714,995	4,530,976	2,358,497		74,887,474	34,011,263	5,192,328	2,249,235	36,954,356				37,933,118	
0421 Court Security	0	0				0	0			0				0	
0422 Prisoner Transportation	0	0				0	0			0				0	
0430 Conservation authority	0	0				0	0			0				0	
0440 Protective inspection and control	692,336	962,326	2,925	34,509		930,742	269,990	57,831	34,509	293,312				637,430	
0445 Building permit and inspection services	67,385	89,102	6,679			95,781	21,717	9,843		31,560				64,221	
0450 Emergency measures	578,299	1,181,884	225,095	277,632		1,129,347	603,585	110,023	277,632	435,976				693,371	
0460 Provincial Offences Act (POA)	2,124,689	3,741,138	6,900	2,063		3,745,975	1,616,449	110,000	2,063	1,724,386				2,021,589	
0498 Other	0	0				0	0			0				0	
0499 Subtotal	71,813,996	137,555,402	5,788,657	3,682,876	0	139,661,183	65,741,406	8,393,463	3,569,139	70,565,730				69,095,453	
Transportation services															
0611 Roads - Paved	841,958,176	1,214,767,261	91,626,943	10,597,732		1,295,796,472	372,809,085	42,948,977	6,570,589	409,187,473				886,608,999	
0612 Roads - Unpaved	0	0				0	0			0				0	
0613 Roads - Bridges and Culverts	92,787,001	138,936,484	15,768,387	1,951,999		152,752,872	46,149,493	3,537,186	1,828,819	47,857,850				104,895,022	
0614 Roads - Traffic Operations & Roadside	82,866,568	129,528,184	10,627,175	1,647,563		138,507,796	46,861,616	4,796,516	1,647,563	49,810,569				88,697,227	
0621 Winter Control - Except sidewalks, Parking Lots	125	2,525		2,525		0	2,400	125		0				0	
0622 Winter Control - Sidewalks, Parking Lots Only	0	0				0	0			0				0	
0631 Transit - Conventional	95,717,493	203,567,482	13,689,530	8,672,046		208,584,966	107,849,989	13,290,784	8,605,975	112,534,798				96,050,168	
0632 Transit - Disabled & special needs	0	0				0	0			0				0	
0640 Parking	2,375,348	3,409,119	1,213,847	32,949		4,590,017	1,033,771	442,633	32,949	1,443,455				3,146,562	
0650 Street lighting	77,382,624	170,487,513	5,817,058	3,440,979		172,863,592	93,104,889	5,975,465	3,440,979	95,639,375				77,224,217	
0660 Air transportation	0	0				0	0			0				0	
0698 Other	0	0				0	0			0				0	
0699 Subtotal	1,193,087,335	1,860,698,568	138,742,940	26,345,793	0	1,973,095,715	667,611,233	70,991,686	22,129,399	716,473,520				1,256,622,195	
Environmental services															
0811 Wastewater collection/conveyance	437,248,439	663,513,981	17,819,069	11,658,490		669,674,560	226,265,542	13,976,430	6,897,527	233,344,445				436,330,115	
0812 Wastewater treatment & disposal	202,219,753	378,403,374	19,807,554	259,675		397,951,253	176,183,621	13,469,997	259,675	169,393,943				208,557,310	
0821 Urban storm sewer system	722,939,365	1,040,872,801	30,937,787	1,357,929		1,070,452,659	317,933,436	16,589,526	1,213,515	333,289,447				737,163,212	
0822 Rural storm sewer system	0	0				0	0			0				0	
0831 Water treatment	61,503,041	93,670,274	1,700,002	1,104,794		94,265,482	32,167,233	4,545,026	1,104,794	35,607,465				68,658,017	
0832 Water distribution/transmission	602,040,412	923,426,899	25,726,757	4,097,095		945,056,561	321,386,487	20,757,342	4,016,793	338,127,036				606,929,525	
0840 Solid waste collection	413,754	632,737	144,740	29,834		747,643	218,983	69,005	29,834	258,154				489,489	
0850 Solid waste disposal	47,915,537	67,409,858	2,407,227	62,012		69,755,073	19,494,321	2,272,227	62,012	21,704,536				48,050,537	
0860 Waste diversion	15,269,611	22,932,278	728,089	135,336		23,525,031	7,662,667	859,978	135,336	8,387,309				15,137,722	
0898 Other	0	0				0	0			0				0	
0899 Subtotal	2,089,549,912	3,190,862,202	99,271,225	18,705,165	0	3,271,428,262	1,101,312,290	72,519,531	13,719,486	1,160,112,335				2,111,315,927	
Health services															
1010 Public health services	1,286,638	2,126,970		452,548		1,674,422	840,332	79,190		919,522				754,900	
1020 Hospitals	0	0				0	0			0				0	
1030 Ambulance services	0	0				0	0			0				0	
1035 Ambulance dispatch	0	0				0	0			0				0	
1040 Cemeteries	0	0				0	0			0				0	
1098 Other	0	0				0	0			0				0	
1099 Subtotal	1,286,638	2,126,970	0	452,548	0	1,674,422	840,332	79,190	0	919,522				754,900	
Social and family services															
1210 General assistance	6,872,322	9,220,328	4,336	96,500		9,128,164	2,348,006	444,613	96,500	2,696,119				6,432,045	
1220 Assistance to aged persons	21,745,671	37,709,970	112,898	753,409		37,069,459	15,964,299	1,198,655	753,409	16,409,545				20,659,914	
1230 Child care	24,669	42,662		5,924		36,738	17,993	3,967	5,924	16,036				20,702	
1298 Other	0	0				0	0			0				0	
1299 Subtotal	28,642,662	46,972,960	117,234	855,833	0	46,234,361	18,330,298	1,647,235	855,833	19,121,700				27,112,861	
Social Housing															
1410 Public Housing	62,621,070	135,045,932	2,845,721	400,786		137,490,867	72,424,862	2,370,086	59,457	74,735,491				62,755,376	
1420 Non-Profit/Cooperative Housing	0	0				0	0			0				0	
1430 Rent Supplement Programs	0	0				0	0			0				0	
1497 Other	2,784,129	2,950,662	438,075			3,388,737	166,533	53,340		219,873				3,168,864	
1498 Other	0	0				0	0			0				0	
1499 Subtotal	65,405,199	137,996,594	3,283,796	400,786	0	140,879,604	72,591,395	2,423,426	59,457	74,955,364				65,924,240	

FIR2021: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 51
SCHEDULE OF TANGIBLE CAPITAL ASSETS
for the year ended December 31, 2021

ANALYSIS BY FUNCTIONAL CLASSIFICATION

	COST					AMORTIZATION				2021 Closing Net Book Value	
	2021 Opening Net Book Value	2021 Opening Cost Balance	Additions and Betterments	Disposals	Write Downs	2021 Closing Cost Balance	2021 Opening Amortization Balance	Annual Amortization	Amortization Disposal		2021 Closing Amortization Balance
	1	2	3	4	5	6	7	8	9	10	11
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation and cultural services											
1610 Parks	218,866,276	268,728,362	16,622,310	6,464,380		278,886,292	49,862,086	5,321,115	6,423,437	48,759,764	230,126,528
1620 Recreation programs	175,054	350,279	27,335	50,417		327,197	175,225	36,811	50,417	161,619	165,578
1631 Rec. Fac. - Golf Crs, Marina, Ski Hill	1,474,181	5,375,021	5,200	866,631		4,513,590	3,900,840	200,213	741,760	3,359,293	1,154,297
1634 Rec. Fac. - All Other	95,843,845	177,645,675	24,437,764	2,213,632		199,869,807	81,801,830	7,288,904	2,213,632	86,857,102	113,012,705
1640 Libraries	24,291,918	61,345,359	1,494,099	1,977,183		60,862,275	37,053,441	3,493,767	1,977,183	38,570,025	22,292,250
1645 Museums	951,308	1,278,025				1,278,025	326,717		94,293	421,010	857,015
1650 Cultural services	13,370,910	28,065,322	429,082	1,904,938		26,589,466	14,694,412	1,615,004	1,904,938	14,404,478	12,184,988
1698 Other	1,523	10,176		10,176		10,176	8,653		1,018	9,671	505
1699 Subtotal	354,975,015	542,798,219	43,015,790	13,477,181	0	572,336,828	187,823,204	18,031,125	13,311,367	192,542,962	379,793,866
Planning and development											
1810 Planning and zoning	820,299	1,056,647		29,491		1,027,156	236,348	109,101	29,491	315,958	711,198
1820 Commercial and Industrial	39,963,017	74,317,109	731,857	44,872		75,004,094	34,354,092	2,085,102	44,477	36,394,717	38,609,377
1830 Residential development	1,091,866	2,155,101				2,155,101	1,063,235			1,063,235	1,091,866
1840 Agriculture and reforestation	925,760	1,921,888		2,481		1,919,407	996,128	98,139	2,481	1,091,786	827,621
1850 Tile drainage/shoreline assistance	0	0				0	0			0	0
1898 Other	0	0				0	0			0	0
1899 Subtotal	42,800,942	79,450,745	731,857	76,844	0	80,105,758	36,649,803	2,292,342	76,449	38,855,696	41,240,062
1910 Other	0	0				0	0			0	0
9910 Total Tangible Capital Assets	3,939,808,081	6,161,666,389	298,362,525	72,008,763	0	6,388,020,151	2,221,858,308	186,638,727	61,717,344	2,346,779,691	4,041,240,460

2021.01001

FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 51

SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2021

SEGMENTED BY ASSET CLASS

		2021 Opening Net Book Value (NBV) 1 \$	2021 Closing Net Book Value (NBV) 11 \$
General Capital Assets			
2005	Land	471,918,897	498,203,385
2010	Land Improvements	79,099,352	80,873,371
2020	Buildings	349,614,510	354,030,939
2030	Machinery & Equipment	95,405,841	92,903,857
2040	Vehicles	7,729,016	7,510,387
2097	Other <input type="text"/>	0	
2098	Other <input type="text" value="Other"/>	11,913,415	11,482,960
2099	Total General Capital Assets	1,015,681,031	1,045,004,899
Infrastructure Assets			
2205	Land	0	
2210	Land Improvements	0	
2220	Buildings	224,398,260	218,909,404
2230	Machinery & Equipment	66,352,894	73,182,971
2240	Vehicles	53,839,080	56,207,843
2250	Linear Assets	2,579,536,816	2,647,935,343
2297	Other <input type="text"/>	0	
2298	Other <input type="text"/>	0	
2299	Total Infrastructure Assets	2,924,127,050	2,996,235,561
9920	Total Tangible Capital Assets	3,939,808,081	4,041,240,460
2405	Construction-in-progress	161,372,329	142,240,864
9921	Total Tangible Capital Assets and Construction-in-progress	4,101,180,410	4,183,481,324

2021.01.001

FIR2021: London C

Schedule 51

Asmt Code: 3936

SCHEDULE OF TANGIBLE CAPITAL ASSET: CONSTRUCTION-IN-PROGRESS

MAH Code: 59101

for the year ended December 31, 2021

ANALYSIS BY FUNCTIONAL CLASSIFICATION

		COST			
		2021 Opening Balance	Expenditures in 2021	Less Assets Capitalized	2021 Closing Balance
		1	2	3	4
		\$	\$	\$	\$
0299	General government	10,934,370	9,793,751	9,401,120	11,327,001
	Protection services				
0410	Fire	243,545	1,058,991	185,858	1,116,678
0420	Police	1,649,042	1,098,261	1,119,279	1,628,024
0421	Court Security	0	0	0	0
0422	Prisoner Transportation	0	0	0	0
0430	Conservation authority	0	0	0	0
0440	Protective inspection and control	0	0	0	0
0445	Building permit and inspection services	0	0	0	0
0450	Emergency measures	0	0	0	0
0460	Provincial Offences Act (POA)	0	0	0	0
0498	Other	122,942	0	122,942	0
0499	Subtotal	2,015,529	2,157,252	1,428,079	2,744,702
	Transportation services				
0611	Roads - Paved	34,514,586	26,412,613	27,770,354	33,156,845
0612	Roads - Unpaved	0	0	0	0
0613	Roads - Bridges and Culverts	4,154,491	491,418	2,923,508	1,722,401
0614	Roadways - Traffic Operations & Roadside	4,394,602	738,358	1,603,114	3,529,846
0621	Winter Control - Except sidewalks, Parking Lots	0	0	0	0
0622	Winter Control - Sidewalks, Parking Lots Only	0	0	0	0
0631	Transit - Conventional	0	0	0	0
0632	Transit - Disabled & special needs	0	0	0	0
0640	Parking	18,330	20,637	0	38,967
0650	Street lighting	1,072,583	432,368	1,021,610	483,341
0660	Air transportation	0	0	0	0
0698	Other	0	0	0	0
0699	Subtotal	44,154,592	28,095,394	33,318,586	38,931,400
	Environmental services				
0811	Wastewater collection/conveyance	19,440,454	10,521,289	18,334,633	11,627,110
0812	Wastewater treatment & disposal	6,587,356	791,778	5,777,877	1,601,257
0821	Urban storm sewer system	29,604,813	22,601,999	23,587,046	28,619,766
0822	Rural storm sewer system	0	0	0	0
0831	Water treatment	1,298,070	984,529	783,045	1,499,554
0832	Water distribution/transmission	16,424,996	18,521,391	13,498,472	21,447,915
0840	Solid waste collection	0	0	0	0
0850	Solid waste disposal	153,942	323,734	87,999	389,677
0860	Waste diversion	313,336	15,264	313,336	15,264
0898	Other	0	0	0	0
0899	Subtotal	73,822,967	53,759,984	62,382,408	65,200,543
	Health services				
1010	Public health services	0	0	0	0
1020	Hospitals	0	0	0	0
1030	Ambulance services	0	0	0	0
1035	Ambulance dispatch	0	0	0	0
1040	Cemeteries	0	0	0	0
1098	Other	0	0	0	0
1099	Subtotal	0	0	0	0
	Social and family services				
1210	General assistance	0	0	0	0
1220	Assistance to aged persons	175,509	120,533	0	296,042
1230	Child care	0	0	0	0
1298	Other	0	0	0	0
1299	Subtotal	175,509	120,533	0	296,042
	Social Housing				
1410	Public Housing	0	0	0	0
1420	Non-Profit/Cooperative Housing	0	0	0	0
1430	Rent Supplement Programs	0	0	0	0
1497	Other	0	18,146,062	0	18,146,062
1498	Other	0	0	0	0
1499	Subtotal	0	18,146,062	0	18,146,062
	Recreation and cultural services				
1610	Parks	8,928,317	1,135,358	6,821,056	3,242,619
1620	Recreation programs	0	0	0	0
1631	Rec. Fac. - Golf Crs, Marina, Ski Hill	0	0	0	0
1634	Rec. Fac. - All Other	20,851,144	519,688	20,052,928	1,317,904
1640	Libraries	0	0	0	0
1645	Museums	0	0	0	0
1650	Cultural services	169,060	0	9,600	159,460
1698	Other	0	0	0	0
1699	Subtotal	29,948,521	1,655,046	26,883,584	4,719,983
	Planning and development				
1810	Planning and zoning	0	0	0	0
1820	Commercial and Industrial	88,793	548,599	60,504	576,888
1830	Residential development	7,048	291,195	0	298,243
1840	Agriculture and reforestation	225,000	0	225,000	0
1850	Tile drainage/shoreline assistance	0	0	0	0
1898	Other	0	0	0	0
1899	Subtotal	320,841	839,794	285,504	875,131
1910	Other	0	0	0	0
9910	Total Construction-In-Progress	161,372,329	114,567,816	133,699,281	142,240,864

FIR2021: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 53

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT) AND TANGIBLE CAPITAL ASSET ACQUISITION FINANCING/DONATIONS
for the year ended December 31, 2021

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)

		1
		\$
1010	Annual Surplus/(Deficit) (SLC 10 2099 01)	279,101,649
1020	Acquisition of tangible capital assets	-235,235,839
1030	Amortization of tangible capital assets (SLC 51 9910 08)	186,638,727
1031	Contributed (Donated) tangible capital assets	-43,542,669
1032	Change in construction-in-progress	
1040	(Gain)/Loss on sale of tangible capital assets	-102,753
1050	Proceeds on sale of tangible capital assets	9,941,617
1060	Write-downs of tangible capital assets	
1070	Other <input type="text"/>	
1071	Other <input type="text"/>	
1099	Subtotal	-82,300,917
1210	Change in supplies inventories	-621,570
1220	Change in prepaid expenses	-5,655,450
1230	Other <input type="text"/>	
1299	Subtotal	-6,277,020
1410	(Increase)/decrease in net financial assets/net debt	190,523,712
1420	Net financial assets (net debt), beginning of year	674,859,744
1421	Other comprehensive income (loss)	
9910	Net financial assets (net debt), end of year	865,383,456

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 <input type="text"/>	
0298	Other <input type="text"/>	
0299	Subtotal	0
Financing from Dedicated Revenue		
0405	Municipal Property Tax by Levy	1,021,712
0406	Reserves and Reserve funds (SLC 60 1012 02 + SLC 60 1012 03)	67,549,396
0410	Municipal User Fees & Service Charges	
0415	Development Charges (SLC 61 0299 08)	38,955,726
0416	Recreation land (The Planning Act) (SLC 60 1032 01)	3,338,754
0419	Donations	
0420	Other <input type="text"/>	
0446	Proceeds from the sale of Tangible Capital Assets, etc.	
0447	Investment income	
0448	Prepaid special charges	
0495	Other <input type="text"/>	
0496	Other <input type="text"/>	
0497	Other <input type="text"/>	
0498	Other <input type="text"/>	
0501	Subtotal	110,865,588
Government Transfers		
0425	Capital Grants: Federal (SLC 12 9910 06 - (SLC 10 4099 01 - SLC 60 1047 01)	16,799,556
0430	Capital Grants: Provincial (SLC 12 9910 05 - (SLC 10 4019 01 - SLC 60 1045 01)	13,396,593
0435	Capital Grants: Other Municipalities (SLC 12 9910 07)	1,356,432
0440	Canada Community -Building Fund - AMO (SLC 10 4099 01)	17,978,333
0445	Provincial Gas Tax (SLC 10 4019 01)	2,475,829
0502	Subtotal	52,006,743
0499	Subtotal	162,872,331
0610	Contributed (Donated) tangible capital assets	43,542,669
9920	Total Capital Financing	206,415,000
0810	Unexpended Capital Financing or (Unfinanced Capital Outlay)	-72,363,508

FIR2021: London C

Asmt Code: 3936
MAH Code: 59101

CONSOLIDATED STATEMENT OF CASH FLOW - INDIRECT METHOD for the year ended December 31, 2021

Schedule 54

* 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

		2021 Actual 1 \$
Operating Transactions		
2010	Annual Surplus/(Deficit) (SLC 10 2099 01)	279,101,649
2020	Non-cash items including amortization	190,312,053
2021	Contributed (Donated) tangible capital assets	-43,542,669
2022	Change in non-cash assets and liabilities	10,873,740
2030	Prepaid expenses	-4,889,924
2040	Change in deferred revenue	91,508,252
2096	Other <input type="text"/>	
2097	Other <input type="text"/>	
2098	Other <input type="text"/>	
2099	Cash provided by operating transactions	523,363,101
Capital Transactions		
0610	Proceeds on sale of tangible capital assets	9,941,620
0620	Cash used to acquire tangible capital assets	-120,668,026
0630	Change in construction-in-progress	-114,567,813
0698	Other <input type="text"/>	
0699	Cash applied to capital transactions	-225,294,219
Investing Transactions		
0810	Proceeds from portfolio investments	
0820	Portfolio investments	-171,648,421
0898	Other <input type="text"/>	-13,375,553
0899	Cash provided by / (applied to) investing transactions	-185,023,974
Financing Transactions		
1010	Proceeds from long term debt issues	23,077,027
1020	Principal long term debt repayment	-56,927,704
1030	Temporary loans	-267,025
1031	Repayment of temporary loans	
1096	Other <input type="text"/>	
1097	Other <input type="text"/>	
1098	Other <input type="text"/>	
1099	Cash applied to financing transactions	-34,117,702
1210	Increase in cash and cash equivalents	78,927,206
1220	Cash and cash equivalents, beginning of year	564,533,501
9920	Cash and cash equivalents, end of year	643,460,707

		2021 Actual 1 \$
Cash and cash equivalents represented by:		
1401	Cash	641,359,265
1402	Temporary borrowings	
1403	Short term investments	2,101,442
1404	Other <input type="text"/>	
9940	Cash and cash equivalents, end of year	643,460,707

		1 \$
Cash:		
1501	Unrestricted	643,460,707
1502	Restricted	
1503	Unallocated	
9950	Cash and cash equivalents, end of year	643,460,707

2021.01

FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 60
CONTINUITY OF RESERVES AND RESERVE FUNDS

for the year ended December 31, 2021

	Obligatory Res. Funds, Deferred Rev.	Discretionary Res. Funds	Reserves				
	1	2	3				
	\$	\$	\$				
0299 Balance, beginning of year	396,960,260	858,881,280	143,078,921				
0310 Allocation of Surplus		197,126,852	34,946,227				
0315 Allocation of Surplus : for operating.		190,278,487	32,903,039				
0320 Allocation of Surplus : for capital.		6,848,365	2,043,188				
Development Charges Act							
0610 Non-discounted services	76,549,682						
0620 Discounted services	9,250,082						
0630 Credits utilized (Development Charges Act) (SLC 61 0299 05).	0						
0699 Subtotal Development Charges Act	85,799,764						
0810 Lot levies							
0820 Subdivider contributions							
0830 Recreational land (the Planning Act)	2,282,750						
0841 Investment Income	7,381,329	17,440,993					
0860 Gasoline Tax - Province	11,145,262						
0861 Building Code Act, 1992 (Section 1.9.1.1 (d))							
0862 Canada Community - Building Fund (Federal Gas Tax)	43,537,514						
0864 Building Canada Fund (BCF)							
0870 Inter - Reserve Fund / Reserves Transfer							
0895 Other <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>Other</td></tr><tr><td> </td></tr><tr><td> </td></tr><tr><td> </td></tr></table>	Other				18,318,789		
Other							
0896 Other							
0897 Other							
0898 Other							
9940 TOTAL Revenues & Surplus	168,465,408	214,567,845	34,946,227				
Less: Utilization of reserve funds and reserves (transfers)							
1012 For acquisition of tangible capital asset	897,186	67,133,019	416,377				
1015 For current operations	14,357,468	20,783,833	10,378,421				
1025 Development Charges earned to tangible capital asset acquisition (SLC 61 0299 08).	38,955,726						
1026 Development Charges earned to operations (SLC 61 0299 07).	0						
1032 Recreational land (the Planning Act) earned to tangible capital asset acquisition	3,338,754						
1035 Recreational land (the Planning Act) earned to operations							
1042 Deferred revenue earned (Provincial Gas Tax) for Transit (Operations)	8,160,062						
1045 Deferred revenue earned (Provincial Gas Tax) for Transit (Capital)	2,475,830						
1047 Deferred revenue earned (Canada Community - Building Fund) (Federal Gas Tax)	13,765,448						
1048 Deferred revenue earned (Canada Community - Building Fund for Capacity Building)							
1055 Development Charges Act - Credits Provided (SLC 61 0299 10)	102,060						
1070 Inter - Reserve Fund / Reserves Transfer							
0910 Less: Utilization (deferred revenue recognized).	82,052,534	87,916,852	10,794,798				
2099 Balance, end of year	483,373,134	985,532,273	167,230,350				

2021.01001

FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 61

DEVELOPMENT CHARGES RESERVE FUNDS

for the year ended December 31, 2021

	Development Charges Proceeds					Development Charges Disbursements					Balance December 31	
	Balance January 1	Development Charges Collected	Interest and Investment Income	Credits Utilized	Total	To: Consolidated Statement of Operations	To: Tangible Capital Asset Acquisition	Other Disbursements	Credits Provided	Total		
	1 \$	2 \$	3 \$	5 \$	6 \$	7 \$	8 \$	9 \$	10 \$	11 \$		12 \$
Development Charges												
0205 General Government	5,536,271		80,098		80,098		388,343	1,791,775	553	2,180,671		3,435,698
0210 Fire Protection	1,612,597	178,839	36,185		215,024		9,225		236	9,461		1,818,160
0215 Police Protection	5,398,020	1,171,685	29,238		1,200,923		6,408	111,987	1,462	119,857		6,479,086
0220 Roads and Structures	120,108,218	43,588,746	2,728,094		46,316,840		25,558,233	-925,492	53,636	24,686,377		141,738,681
0225 Transit	7,635,522	404,473	164,733		569,206		141,797		849	142,646		8,062,082
0230 Wastewater	38,167,035	9,287,819	292,424		9,580,243		2,040,860	823,856	10,853	2,875,569		44,871,709
0235 Stormwater	68,132,965	17,803,385	1,109,646		18,913,031		9,636,351	403,477	22,350	10,062,178		76,983,818
0240 Water	28,231,336	4,519,207	659,468		5,178,675		153,580	-220,000	6,088	-60,332		33,470,343
0245 Emergency Medical Services	0				0							0
0250 Homes for the Aged	0				0							0
0255 Daycare	0				0							0
0260 Housing	0				0							0
0265 Parkland Development	0				0							0
0270 GO Transit	0				0							0
0275 Library	4,433,563	5,329	93,776		99,105					0		4,532,668
0280 Recreation	26,784,535	8,840,281	560,688		9,400,969		1,020,929	134,716	207	1,155,852		35,029,652
0285 Development Studies	0				0				5,826	5,826		-5,826
0286 Parking	0				0					0		0
0287 Animal Control	0				0					0		0
0288 Municipal Cemeteries	0				0					0		0
0290 Other	3				0					0		3
0295 Other	0				0					0		0
0296 Other	0				0					0		0
0297 Other	0				0					0		0
0299 TOTAL	306,040,065	85,799,764	5,754,350	0	91,554,114	0	38,955,726	2,120,319	102,060	41,178,105		356,416,074

FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

**Schedule 62
DEVELOPMENT CHARGES RATES**

for the year ended December 31, 2021

Sq. Foot / Sq. Metre / Per Hectare / Per Other (Please specify)

Sq. Metre

RESIDENTIAL CHARGES (\$)

Service (MUST BE SELECTED IF DATA IS ENTERED)	Apartments									
	Single Detached	Semi-Detached	Other Multiples	<= 1 Bedroom	>= 2 Bedroom	Secondary Units	Other	Other	Other	Other
	1	2	3	4	5	17	6	7	8	9
1	Municipal Wide Charges									
	<i>If Other, Please Specify ></i>									
210	Fire	67.35	67.35	45.55	40.37	29.79				
450	Police	498.56	498.56	337.17	298.82	220.52				
310	Library									
410	Parks and Recreation	3,980.66	3,980.66	2,692.05	2,385.84	1,760.68				
650	Transit	146.72	146.72	99.22	87.94	64.90				
900	Waste Diversion	260.95	260.95	176.48	156.40	115.42				
530	Roads	16,990.07	16,990.07	11,490.08	10,183.15	7,514.84				
9910	TOTAL MUNICIPAL WIDE CHARGES	21,944.31	21,944.31	14,840.55	13,152.52	9,706.15	0.00	0.00	0.00	0.00

NON - RESIDENTIAL CHARGES (\$)

NON Res.	Industrial	Commercial	Institutional	Hospitals, Universities, Churches, Non-Profit Organs. (50% of Institutional)	Other	Other
Per Sq. Metre	Per Sq. Metre	Per Sq. Metre	Per Sq. Metre			
10	11	12	13	14	15	16
				<i>If Other, Please Specify ></i>		
	0.05	0.52	0.26	0.13		
	0.32	3.31	1.68	0.84		
	0.09	0.22	0.13	0.07		
	0.24	1.35	0.84	0.42		
	74.80	170.85	106.20	53.10		
0.00	75.50	176.25	109.11	54.56	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.

2021.01

FIR2021: London C

Schedule 70

Asmt Code: 3936

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MAH Code: 59101

for the year ended December 31, 2021

Financial Assets		1
		\$
0299	Cash and cash equivalents	643,460,707
	Accounts receivable	
0410	Canada	25,345,971
0420	Ontario	10,343,024
0430	Upper-tier	
0440	Other municipalities	1,506,394
0450	School boards	159,163
0490	Other receivables	38,390,845
0499	Subtotal	75,745,397
	Taxes receivable	
0610	Current year's levies	13,283,934
0620	Previous year's levies	4,482,815
0630	Prior year's levies	315,592
0640	Penalties and interest	1,636,681
0690	LESS: Allowance for uncollectables	6,954,371
0699	Subtotal	12,764,651
	Investments *	
0805	Canada	167,260,047
0810	Ontario	91,865,004
0815	Municipal	
0820	Government business enterprises	207,580,743
0828	Other <input type="text"/>	815,478,277
0829	Subtotal	1,282,184,071
	Debt Recoverable from Others	
0861	Municipalities (SLC 74 0630 01)	4,534,176
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 <input type="text"/>	
0845	Subtotal	4,534,176
	Other financial assets	
0830	Inventories held for resale	176,184
0831	Land held for resale	35,472,938
0835	Notes receivable	
0840	Mortgages receivable	29,510,242
0850	Deferred taxes receivable	9,021
0890	Other <input type="text"/>	9,913,578
0898	Subtotal	75,081,963
9930	TOTAL Financial Assets	2,093,770,965
8010	* Market value of Investments included in Line 0829	1,282,160,576

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FIR2021: London C

Schedule 70

Asmt Code: 3936

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MAH Code: 59101

for the year ended December 31, 2021

Liabilities		1
Temporary loans		\$
2010	Operating purposes	
Tangible Capital Assets:		
2020	Canada	
2030	Ontario	
2040	Other	403,972
2099	Subtotal	403,972
Accounts Payable		
2210	Canada	3,874,922
2220	Ontario	1,527,126
2230	Upper-tier	
2240	Other municipalities	2,012,259
2250	School boards	98,486
2260	Interest on debt	1,451,017
2270	Trade accounts payable	113,089,135
2290	Other	53,357,912
2299	Subtotal	175,410,857
2301	Estimated Tax Liabilities (PS3510)	
Deferred revenue		
2410	Obligatory reserve funds (SLC 60 2099 01)	483,373,134
2490	Other	60,212,508
2499	Subtotal	543,585,642
Long term liabilities		
2610	Debt issued	249,566,794
2620	Debt payable to others	2,700,000
2630	Lease purchase agreements (Tangible capital leases)	109,187
2640	Other	
2650	Other	
2660	LESS: Debt issued on behalf of Government Business Enterprise	
2699	Subtotal	252,375,981
Solid Waste Management Facility Liabilities		
2799	Solid waste landfill closure and post-closure	51,669,000
Post employment benefits		
2810	Accumulated sick leave	1,200,386
2820	Accrued vacation pay	19,041,300
2830	Accrued pensions payable	
2840	Accrued Workplace Safety and Insurance Board claims (WSIB)	68,413,000
2898	Other	107,383,765
2899	Subtotal post employment benefits	196,038,451
Liability for contaminated sites		
2910	Remediation costs of contaminated sites	8,903,606
9940	TOTAL Liabilities	1,228,387,509
9945	Net Financial Assets / Net Debt (Total Financial Assets LESS Total Liabilities)	865,383,456
Non-Financial Assets		1
		\$
6210	Tangible Capital Assets (SLC 51 9921 11)	4,183,481,324
6250	Inventories of Supplies	6,086,187
6260	Prepaid Expenses	21,922,836
6299	Total Non-Financial Assets	4,211,490,347
9970	Total Accumulated Surplus/(Deficit)	5,076,873,803
Analysis of the Accumulated Surplus/(Deficit)		1
		\$
6410	Equity in Tangible Capital Assets	4,218,845,069
6420	Reserves and Reserve Funds (SLC 60 2099 02 + SLC 60 2099 03)	1,152,762,623
6430	General Surplus/ (Deficit)	
6431	Unexpended capital financing	83,165,913
Local boards		
5030	Transit operations	
5035	Water operations	1,434,550
5040	Wastewater operations	
5041	Solid waste operations	
5045	Libraries	
5050	Cemeteries	
5055	Recreation, community centres and arenas	
5060	Business Improvement Area	398,132
5076	Other	390,177
5077	Other	920,561
5078	Other	
5079	Other	-240,726
5098	Total Local Boards	2,902,694
5080	Equity in Government Business Enterprises (SLC 10 6090 01)	207,580,742
6601	Unfunded Employee Benefits	-197,208,710
6602	Unfunded Landfill closure costs	-51,669,000
6603	Unfunded Remediation costs of contaminated sites	-8,903,605
6610	Other	-242,541,675
6620	Other	
6630	Other	-88,060,248
6640	Other	
6699	Total Other	-588,383,238
9971	Total Accumulated Surplus/(Deficit)	5,076,873,803

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FIR2021: London C

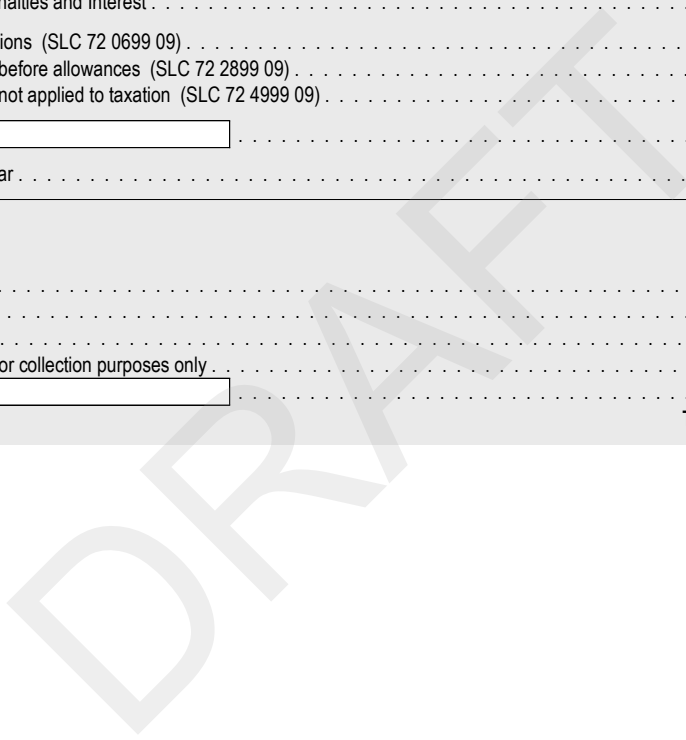
Asmt Code: 3936

MAH Code: 59101

Single/Lower-Tier ONLY Schedule 72 CONTINUITY OF TAXES RECEIVABLE

for the year ended December 31, 2021

Continuity of Taxes Receivable		9
		\$
0210	Taxes receivable, beginning of year	19,136,853
0215	PLUS: Amounts added to tax bills for collection purposes only	1,808,689
0220	PLUS: Tax amounts levied in the year (SLC 26 9199 03)	812,590,796
0225	PLUS: Current Year Penalties and Interest	5,554,300
0240	LESS: Total cash collections (SLC 72 0699 09)	821,228,155
0250	LESS: Tax adjustments before allowances (SLC 72 2899 09)	5,254,678
0260	LESS: Tax adjustments not applied to taxation (SLC 72 4999 09)	-156,846
0280	PLUS: <input type="text"/>	
0290	Taxes receivable, end of year	12,764,651
Cash Collections		9
		\$
0610	Current year's tax	788,573,804
0620	Previous year's tax	25,442,898
0630	Penalties and interest	4,920,479
0640	Amounts added to tax bills for collection purposes only	2,290,974
0690	Other <input type="text"/>	
0699	TOTAL Cash Collections	821,228,155



FIR2021: London C

Asmt Code: 3936
MAH Code: 59101

Single/Lower-Tier ONLY Schedule 72
CONTINUITY OF TAXES RECEIVABLE
for the year ended December 31, 2021

	SCHOOL BOARDS					TOTAL Education	Lower-Tier (Single-Tier)	Upper-Tier	TOTAL Tax Adjustment	
	English - Public	French - Public	English - Separate	French - Separate	Other					
	1	2	3	4	5					
Tax Adjustments Applied to Taxation										
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
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 365)						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 d						0			0	
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 3)						0			0	
1080 Special Amended Notice (SAN) (Assessment Act)						0			0	
1090 Tax Incentive Adjustment (TIA) (Assessment Act)						0			0	
1099 Subtotal	0	0	0	0	0	0	0	0	0	
1299 Discounts for Advance Payments (Mun. Act 345(10))									0	
1499 Tax Credit (Mun. Act 474.3)									0	
1699 Tax Cancellation - Low income seniors and Disabled persons (Mun. Act 362)	1,685,032	16,287	402,705	31,386		2,135,410	-1,630,789		504,621	
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)	233,903	2,681	60,873	4,933		302,390	610,480		912,870	
2299 Vacant Unit Rebates (Mun. Act 364)	-8,935	-83	-2,298	-199		-11,515	-19,302		-30,817	
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 <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>LEGIONS</td></tr></table>	LEGIONS						0	6,914		6,914
LEGIONS										
2891 Other <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>MUNICIPAL HOUSING</td></tr></table>	MUNICIPAL HOUSING						0	443,413		443,413
MUNICIPAL HOUSING										
2892 Other <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>Less: Prior Yr. Tax Adj Allowance</td></tr></table>	Less: Prior Yr. Tax Adj Allowance						0	3,417,677		3,417,677
Less: Prior Yr. Tax Adj Allowance										
2893 Other <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td></tr></table>							0			0
2899 Tax adjustments before allowances	1,910,000	18,885	461,280	36,120	0	2,426,285	2,828,393	0	5,254,678	

	SCHOOL BOARDS					TOTAL Education	Lower-Tier (Single-Tier)	Upper-Tier	TOTAL Tax Adjustment	
	English - Public	French - Public	English - Separate	French - Separate	Other					
	1	2	3	4	5					
Tax Adjustments Not Applied to Taxation										
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
4010 Tax sale, Tax registration accounts							-157,035		-157,035	
4210 Tax Deferral - Low income seniors and Disabled persons (Mun. Act 362)	21					21	168		189	
4420 Net Impact of 5% Capping Limit Program						0			0	
4890 Other <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td></tr></table>							0			0
4891 Other <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td></td></tr></table>							0			0
4999 Tax Adjustments Not Applied to Taxation	21	0	0	0	0	21	-156,867	0	-156,846	

Additional Information									
6010 Recovery of Tax Deferrals						0			0
7010 Entitlement of School Boards	98,080,160	725,866	21,084,015	1,195,038	0	121,085,078			

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Asmt Code: 3936

MAH Code: 59101

Schedule 74 LONG TERM LIABILITIES AND COMMITMENTS for the year ended December 31, 2021

1. Debt burden of the municipality

		1
	All outstanding debt issued by the municipality, predecessor municipalities and consolidated entities	\$
0210	To Ontario and agencies	18,245,588
0220	To Canada and agencies	2,681,912
0230	To Others	231,448,481
0297	Other <input type="text"/>	
0298	Other <input type="text"/>	
0299	Subtotal	252,375,981
0499	PLUS: All debt assumed by the municipality from others	
	LESS: All debt assumed by others	
0610	Ontario	
0620	School boards	
0630	Other Municipalities	4,534,176
0640	Government Business Enterprises	
0697	Other <input type="text"/>	
0698	Other <input type="text"/>	
0699	Subtotal	4,534,176
	LESS: Debt retirement funds	
0810	Sewer	
0820	Water	
0896	Other <input type="text"/>	
0897	Other <input type="text"/>	
0898	Other <input type="text"/>	
0899	Subtotal	0
	LESS: Own sinking funds (Actual balances)	
1010	General municipal	
1020	Enterprises and others	
1096	Other <input type="text"/>	
1097	Other <input type="text"/>	
1098	Other <input type="text"/>	
1099	Subtotal	0
9910	TOTAL Net Long Term Liabilities of the Municipality	247,841,805

2. Debt burden of the municipality: Analysed by debt instrument

1210	Sinking fund debentures	
1220	Installment (serial) debentures	245,032,619
1230	Long term bank loans	
1240	Lease purchase agreements (Tangible capital leases)	109,186
1250	Mortgages	
1280	Construction Financing Debentures	
1297	Other <input type="text"/>	2,700,000
1298	Other <input type="text"/>	
9920	TOTAL Net Long Term Liabilities of the Municipality	247,841,805

3. Debt burden of the municipality: Analysed by function

1405	General government	280,892
1410	Protection services	4,579,664
	Transportation services:	
1415	Roadways	58,022,606
1416	Winter Control	
1420	Transit	19,665,918
1421	Parking	
1422	Street Lighting	175,904
1423	Air Transportation	
	Environmental services:	
1425	Wastewater system	59,672,649
1430	Storm water system	26,284,762
1435	Waterworks system	7,689,546
1440	Solid Waste collection	
1445	Solid Waste disposal	
1446	Waste diversion	
1450	Health services	
1455	Social and family services	5,779,988
1460	Social housing	77,028
	Recreation and cultural services:	
1465	Parks	1,504,043
1466	Recreation programs	
1471	Recreation facilities - Golf Course, Marina, Ski Hill	
1474	Recreation facilities - All Other	47,906,629
1475	Libraries	2,535,757
1476	Museums	
1477	Cultural services	
1480	Planning and development	10,966,419
1490	Other long term liabilities	2,700,000
9930	TOTAL Net Long Term Liabilities of the Municipality	247,841,805

FIR2021: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 74 LONG TERM LIABILITIES AND COMMITMENTS for the year ended December 31, 2021

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 <input type="text"/>				
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	42,188,069	4,915,865	
3014	Other			
3015	Tile Drainage/Shoreline Assistance			
3020	Recovered from reserve funds	14,739,635	2,316,779	
Recovered from unconsolidated entities:				
3030	Electricity			
3040	Gas			
3050	Telephone			
3097	Other <input type="text"/>			
3098	Other <input type="text"/>			
3099	TOTAL	56,927,704	7,232,644	
Line 3099 includes:				
3110	Lump sum (balloon) repayments of long term debt			
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)	246,932	8,571	255,503

11. Long term debt refinanced		Principal 1 \$	Interest 2 \$
3410	Repayment of Provincial Special Assistance		
3420	Other long term debt refinanced		

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FIR2021: London C

Schedule 74

Asmt Code: 3936

LONG TERM LIABILITIES AND COMMITMENTS

MAH Code: 59101

for the year ended December 31, 2021

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 2022	34,714,092	3,855,043	2,082,454	127,960			12,472,662	1,856,779
3220 Year 2023	29,760,242	2,879,853	1,158,855	51,923			12,019,725	1,588,514
3230 Year 2024	23,402,527	2,040,882	487,139	8,456			11,405,954	1,317,062
3240 Year 2025	19,190,788	1,522,760					10,964,191	1,065,610
3250 Year 2026	16,053,026	1,087,878					10,299,790	816,231
3260 Years 2027 to 2031	35,037,789	1,328,470					28,684,002	1,129,633
3270 Years 2032 onwards	108,569	600						
3280 Int. to be earned on sink. funds								
3299 TOTAL	158,267,033	12,715,486	3,728,448	188,339	0	0	85,846,324	7,773,829

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.

2021.01001

FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 76

GOVERNMENT BUSINESS ENTERPRISES

for the year ended December 31, 2021

GOVERNMENT BUSINESS ENTERPRISES

STATEMENT OF FINANCIAL POSITION

		Please Specify GBE					Total
		Investment in London Hydro Inc.	Fair-City Joint Venture Partnership	City-YMCA Joint Venture Partnership			
		1	2	3	4	5	20
		\$	\$	\$	\$	\$	\$
Assets							
0210	Current	102,906,000	1,050,660				103,956,660
0220	Capital	390,400,000	10,172,524	19,003,036			419,575,560
0297	Other						0
0298	Other <input type="text" value="other"/>	28,596,000					28,596,000
0299	Total Assets	521,902,000	11,223,184	19,003,036	0	0	552,128,220
Liabilities							
0410	Current	63,116,000	1,145,653				64,261,653
0420	Long-term	200,000,000	1,055,005				201,055,005
0497	Other	61,455,000	2,627,000				64,082,000
0498	Other <input type="text" value="Other"/>	5,806,000					5,806,000
0499	Total Liabilities	330,377,000	4,827,658	0	0	0	335,204,658
9910	Net Equity	191,525,000	6,395,526	19,003,036	0	0	216,923,562
0610	Municipality's Share	100	33	73			206

STATEMENT OF OPERATIONS

0810	Revenues	468,939,000	2,975,600				471,914,600
0820	Expenses	447,330,000	2,508,277	-678,680			449,159,597
9920	Net Income (Loss)	21,609,000	467,323	678,680	0	0	22,755,003
1010	Municipality's Share	100	33	73			206
1020	Dividends paid	5,000,000					5,000,000

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FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 79

COMMUNITY IMPROVEMENT PLANS

for the year ended December 31, 2021

Community Improvement Plans (Section 28 of the Planning Act)		Total Value of all approved Grants, Loans & Tax Assistance	Number of Approved Grants/Loans/Tax Assistance Applications
		1 \$	2 #
Grants			
2010	Environment Site Assessment/Remediation	17,565	1
2020	Development/Redevelopment of Land/Buildings	171,393	16
Loans			
2210	Loans issued in current year (2021)	300,745	6
2220	Outstanding Loans as of 2021	4,498,274	148
Tax Assistance (per Municipal Act 365.1 ss21)			
2410	Cancellation	0	0
2420	Deferral	0	0
Long Term Commitments for Grants, Loans or Tax Assistance beyond 2021			
2610	Year: 2022	6,369,978	
2620	Year: 2023	1,444,279	
2630	Year: 2024	2,793,454	
2640	Year: 2025	3,366,828	
2650	Year: 2026	6,495,269	
2660	Years beyond 2026	1,630,684	

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Asmt Code: 3936

MAH Code: 59101

Schedule 80

STATISTICAL INFORMATION

for the year ended December 31, 2021

1. Municipal workforce profile

Employees of the Municipality

	Full-Time Funded Positions 1 #	Part-Time Funded Positions 2 #	Seasonal Employees 3 #
0205 Administration	241.00	1.00	2.00
0210 Fire	419.00	0.00	1.00
0211 Uniform	350.00		
0212 Civilian	69.00		1.00
0215 Police	873.00	7.00	10.00
0216 Uniform	651.00		
0217 Civilian	222.00	7.00	10.00
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	912.00	2.00	130.00
0227 Ambulance	0.00	0.00	0.00
0228 Uniform			
0229 Civilian			
0230 Health Services			
0235 Homes for the Aged	158.00	221.00	1.00
0240 Other Social Services	317.00	1.00	10.00
0245 Parks and Recreation	105.00		1,091.00
0250 Libraries			
0255 Planning	63.00		15.00
0290 Other	223.00	1.00	19.00
0298 Subtotal	3,311.00	233.00	1,279.00

0300 Proportion of Munic. Empl. covered by 'Collective Agreements' (%)

Employees of Joint Local Boards

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	590.00		
0325 Public Works			
0327 Ambulance	0.00	0.00	0.00
0328 Uniform			
0329 Civilian			
0330 Health Services	300.00		
0335 Homes for the Aged			
0340 Other Social Services			
0345 Parks and Recreation			
0350 Libraries	158.00		
0355 Planning			
0390 Other	449.00		
0398 Subtotal	1,497.00	0.00	0.00
0399 TOTAL	4,808.00	233.00	1,279.00

FIR2021: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 80
STATISTICAL INFORMATION
for the year ended December 31, 2021

2. Selected investments of own sinking funds as at Dec. 31

0610 Own sinking funds

Own Municipality	Other Munic., School Boards	Provincial	Federal
1	2	3	4
\$	\$	\$	\$

3. Municipal procurement this year

1010 Total construction contracts awarded
1020 Construction contracts awarded at \$100,000 or greater

Number of Contracts	Value of Contracts
1	2
#	\$
91	176,783,973
76	176,084,378

4. Building permit information

1210 Residential properties
1220 Multi-Residential properties
1230 All other property classes
1299 **Subtotal**

Number of Building Permits	Total Value of Building Permits
1	2
#	\$
3,173	773,830,536
17	458,158,000
1,570	402,094,584
4,760	1,634,083,120

5. Insured value of physical assets

1410 Buildings
1420 Machinery and equipment
1430 Vehicles
1497 Other City, Policy, Fire vehicles
1498 Other
1499 **Subtotal**

1
\$
2,092,640,192
100,000,000
63,033,970
63,601,391
2,319,275,553

6. Total Dollar Losses due to Structural Fires

1510 Losses due to structural fires, averaged over 3 yrs (2019 - 2021)

1
\$
15,072,877



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Asmt Code: 3936

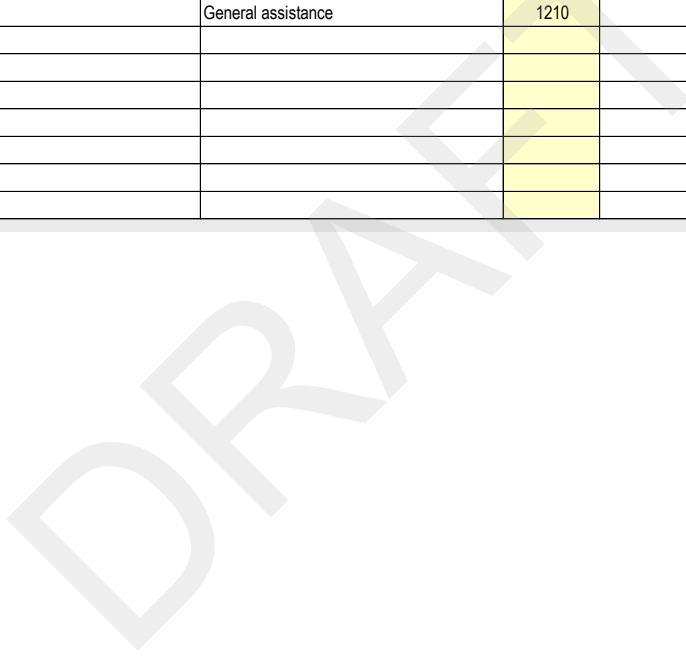
MAH Code: 59101

Schedule 80 STATISTICAL INFORMATION for the year ended December 31, 2021

7. Alternate service delivery arrangements

Municipal services which the municipality currently provides through some form of alternate service delivery: (Top 10 by Operating Expenses)

	Municipal service 1	S40 Functional Heading 3 LIST	S40 Line Number 2	Statement of Operations: Expenses 4 \$	Comments 5
1601	Animal Control Services	Protective inspection and control	0440	390,414	
1602	Recycling	Waste diversion	0860	15,610,807	
1603	OC Employee Security	General assistance	1210	7,761,364	
1604					
1605					
1606					
1607					
1608					
1609					
1610					



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FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 80 STATISTICAL INFORMATION

for the year ended December 31, 2021

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 Munic. 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	83%	0	0
0802	Elgin Area Primary Water Supply System	Water Board	0802	51%	0	0
0803	Middlesex-London Health Unit	Health Board (Unit), Medical Centre	1001	10%	0	0
0804						
0805						
0806						
0807						
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0811						
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FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 80 STATISTICAL INFORMATION for the year ended December 31, 2021

(II) FULLY CONSOLIDATED local boards and any local entities set up by the municipality

1 Name of Board or Entity	3 Board Description LIST	2 Board Code	4 Proportion of Total Munc. Contributions Consolidated %	5 Municipality's Share of Total Contributions \$	6 Municipality's Share of Total Fee Revenues \$
0851	Argyle Business Improvement Association Board of Mana	1805	100%		
0852	Covent Garden Market Corporation	9001	100%		
0853	Eldon House Corporation	1605	100%		
0854	Hamilton Road Business Improvement Association Board	1805	100%		
0855	Housing Development Corporation, London	1401	100%		
0856	Hyde Park Business Improvement Association Board Of M	1805	100%		
0857	London & Middlesex Community Housing Inc.	1401	100%		
0858	London Convention Centre Corporation	9001	100%		
0859	London Downtown Business Association	1805	100%		
0860	London Police Services Board	0402	100%		
0861	London Public Library Board	1604	100%		
0862	London Transit Commission	0602	100%		
0863	Museum London	1605	100%		
0864	Old East Village Business Improvement Area Board of Ma	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%		

FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 80
STATISTICAL INFORMATION
for the year ended December 31, 2021

9. Building Permit Information (Performance Measures)

1300 What method does your municipality use to determine total construction value?

1302 If "Other Method" is selected in line 1300, please describe the method used to determine total construction value

Column 1 #	Column 2 #	Column 3 #	Description 4 LIST
			TACBOC Construction Value Standard

Total Value of Construction Activity

1304 Total Value of Construction Activity for 2021 based on permits issued.

1	\$
	1,634,083,120

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
#	12

1306 **Category 1 : Houses (houses not exceeding 3 storeys/600 square metres)**

Reference : provincial standard is 10 working days

31

1308 **Category 2 : Small Buildings (small commercial/industrial not exceeding 3 storeys/600 square metres)**

Reference : provincial standard is 15 working days

30

1310 **Category 3 : Large Buildings (large residential/commercial/industrial/institutional)**

Reference : provincial standard is 20 working days

30

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 Complete Applications	Number of Incomplete Applications	Total Number of Complete and Incomplete Applications
1 #	2 #	3 #
3,278	87	3,365
319	13	332
695	19	614
18	0	18
Subtotal	4,210	4,329

Number Of Building Permit Applications

1314 **Category 1 : Houses (houses not exceeding 3 storeys/600 square metres)**

1316 **Category 2 : Small Buildings (small commercial/industrial not exceeding 3 storeys/600 square metres)**

1318 **Category 3 : Large Buildings (large residential/ commercial/ industrial/ institutional)**

1320 **Category 4 : Complex Buildings (post disaster buildings, including hospitals, power/water, fire/police/EMS), communications.**

1322 **Subtotal**

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)

1350 Number of residential units in new detached houses

1352 Number of residential units in new semi-detached houses

1354 Number of residential units in new row houses

1356 Number of residential units in new apartments/condo apartments

1358 **Subtotal**

Residential Units within Settlement Areas	Total Residential Units	Total Secondary Units
1 #	2 #	3 #
1,139	1,146	118
2	2	16
790	790	0
1,924	1,924	0
Subtotal	3,855	134

Land Designated for Agricultural Purposes

1370 Hectares of land designated for agricultural purposes in the Official Plan as of December 31, 2021.

Hectares	1
#	1,239

11. Transportation Services

1710 Roads : Total Paved Lane Km

1	#
	3,756

1720 Condition of Roads : Number of paved lane kilometres where the condition is rated as good to very good.

1,843

1722 Has the entire municipal road system been rated?

1725 Indicate the rating system used and the year the rating was conducted

Column 1 #	Column 2 #	Column 3 #	Description 4 LIST
			Y
			2021 Pavement Quality Index

1730 Roads : Total UnPaved Lane Km

26

1740 Winter Control : Total Lane Km maintained in winter

3,791

FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 80
STATISTICAL INFORMATION
for the year ended December 31, 2021

1750	Transit : Total Number of Regular Service Passenger Trips on Conventional Transit in Service Area	8,266,498
1755	Transit : Population of Service Area	418,800
1760	Bridges and Culverts : Total Square Metres of Surface Area on Bridges and Culverts	93,368

Rating Of Bridges And Culverts		Number of structures where the condition of primary components is rated as good to very good, requiring only repair	Total Number
		1	2
		#	#
1765	Bridges	91	136
1766	Culverts	29	58
1767	Subtotal	120	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.			2020 & 2021 Bridge Management System

12. Environmental Services

	1	
	#	
1810	Wastewater Main Backups : Total number of backed up wastewater mains	5
1815	Wastewater Collection/Conveyance : Total KM of Wastewater Mains	1,482
1820	Wastewater Treatment and Disposal : Total Megalitres of Wastewater Treated	71,525,000
1825	Wastewater Bypasses Treatment : Estimated megalitres of untreated wastewater	63,000
1835	Urban Storm Water Management : Total KM of Urban Drainage System plus (0.005 KM times No. of Catch basins)	1,648
1840	Rural Storm Water Management : Total KM of Rural Drainage System plus (0.005 KM times No. of Catch basins)	350
1845	Water Treatment : Total Megalitres of Drinking Water Treated	47,334,000
1850	Water Main Breaks : Number of water main breaks in a year	77
1855	Water Distribution/Transmission : Total kilometres of Water Distribution / Transmission Pipe	1,635
1860	Solid Waste Collection : Total tonnes collected from all property classes	96,314
1865	Solid Waste Disposal : Total tonnes disposed of from all property classes	302,370
1870	Waste Diversion : Total tonnes diverted from all property classes	77,367

13. Recreation Services

	1	
	#	
1910	Trails : Total kilometres of trails (owned by municipality and third parties)	250
1920	Indoor recreation facility space : Square metres of indoor recreation facilities (municipally owned)	94,678
1930	Outdoor recreation facility space : Square metres of outdoor recreation facility space (municipally owned)	68,968

14. Other Revenue (Used for the calculation of Operating Cost)

	1	
	\$	
2310	Fire Services: Other revenue	
2320	Paved Roads : Other revenue	256,592
2330	Solid Waste Disposal : Other revenue	
2340	Waste Diversion : Other Revenue	7,225,767
2370	Assessment on Exempt Properties (Enter data from returned roll)	4,221,246,514

2021.01001

FIR2021: 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, 2021

NOTE: THE ESTIMATED ANNUAL REPAYMENT LIMIT IS EFFECTIVE JANUARY 01, 2023

Please note that fees and revenues for Homes for the Aged are not reflected in this estimate.

DETERMINATION OF ANNUAL DEBT REPAYMENT LIMIT

		1
		\$
Debt Charges for the Current Year		
0210	Principal (SLC 74 3099 01)	56,927,704
0220	Interest (SLC 74 3099 02)	7,232,644
0299	Subtotal	64,160,348
0610	Payments for Long Term Commitments and Liabilities financed from the consolidated statement of operations (SLC 42 6010 01)	0
9910	Total Debt Charges	64,160,348

		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	64,160,348

		1
		\$
1610	Total Revenues (SLC 10 9910 01)	1,477,196,169
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)	264,592,242
2220	Canada Grants, including Grants for Tangible Capital Assets (SLC 10 0820 01 + SLC 10 0825 01)	25,659,513
2225	Deferred revenue earned (Provincial Gas Tax) (SLC 10 0830 01)	10,635,892
2226	Deferred revenue earned (Canada Gas Tax) (SLC 10 0831 01)	13,765,448
2230	Revenue from other municipalities, including Revenue for Tangible Capital Assets (SLC 10 1099 01 + SLC 10 1098 01)	7,962,718
2240	Gain/Loss on sale of land & capital assets (SLC 10 1811 01)	102,753
2250	Deferred revenue earned (Development Charges) (SLC 10 1812 01)	38,955,726
2251	Deferred revenue earned (Recreation Land (The Planning Act)) (SLC 10 1813 01)	3,338,754
2253	Other Deferred revenue earned (SLC 10 1814 01)	0
2252	Donated Tangible Capital Assets (SLC 53 0610 01)	43,542,669
2254	Increase / Decrease in Government Business Enterprise equity (SLC 10 1905 01)	20,132,564
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)	25,271,849
2299	Subtotal	453,960,128
2410	Fees and Revenue for Joint Local Boards for Homes for the Aged	0
2610	Net Revenues	1,023,236,041
2620	25% of Net Revenues	255,809,010
9930	ESTIMATED ANNUAL REPAYMENT LIMIT	191,648,662

For Illustration Purposes Only

Annual Interest Rate @ Term years =

2021.01

FIR2021: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 83

NOTES

for the year ended December 31, 2021

NOTES

0010 **Schedule 10 :**

0020 **Schedule 12 :**

See File attached providing a breakdown of Sch 42 COVID expenses.

0030 **Schedule 40 :**

0040 **Schedule 51 :**

0050 **Schedule 53 :**

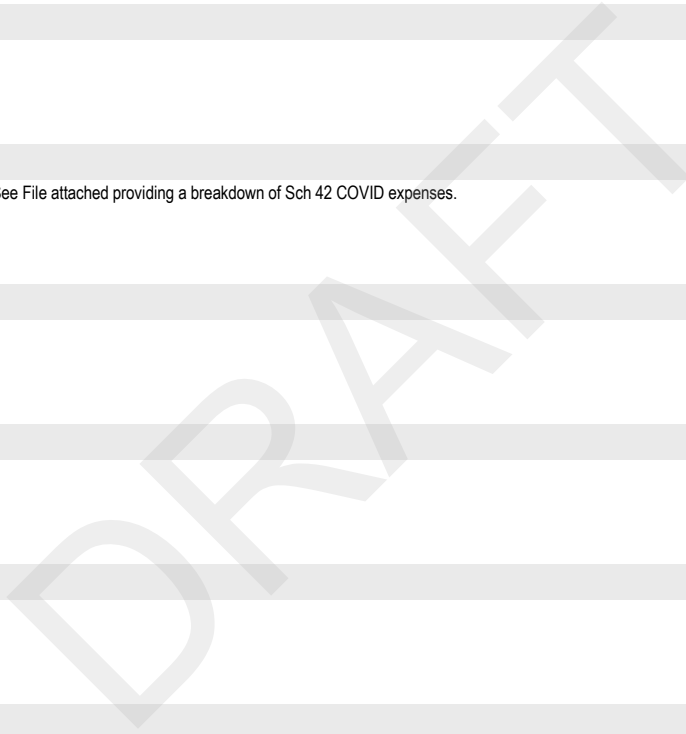
0060 **Schedule 54 :**

0070 **Schedule 60 :**

0080 **Schedule 70 :**

0090 **Schedule 74 :**

0110 **Schedule - Other :**





2021 Consolidated Financial Report



Audit Committee
June 15, 2022

- **Aligns** with Council's 2019 – 2023 Strategic Plan by demonstrating that London's finances are **transparent** and **well planned**, to balance equity and affordability.
- City of London Financial Report comprises:
 - ❑ 14 fully consolidated boards and commissions
 - ❑ 3 proportionately consolidated entities
 - ❑ 3 government business entities
- In accordance with **Section 294.1** of the ***Municipal Act, 2001*** requirement.

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 Changes 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 Financial Position

- ✓ Financial Assets increased \$ 272 million
(attributable to an increase in Investments and Cash)
- ✓ Financial Liabilities increased \$ 78 million
(attributable to deferred revenue – development charges and Employee Benefits Payable offset by a decrease in long-term debt)
- ✓ Net Financial Assets increased \$ 194 million
(Financial Assets less Financial Liabilities)
- ✓ Non-Financial Assets increased \$ 85 million
(comprised of \$298 million in tangible capital asset additions excluding works in progress)
- ✓ Accumulated Surplus increased \$279 million

Highlights and Changes

- Employee Benefits Payable (Note 12) reflect an actuarial review that was just recently conducted as of December 31, 2021 by Mercers.
- Timing and awareness of transactions brought to our attention the criticalness of communication:
 - Accounting for \$ held with benefit providers
 - Triggers on holdbacks
 - Recognition of government transfers



Notable Capital Projects (Assets) Recognized in 2021

- ✓ East Lions Community Centre, \$22.6 million
- ✓ Greenway Wastewater Treatment Plant Organic Rankine Cycle System, \$17.3 million
- ✓ Dundas Street Infrastructure Renewal in Old East Village, \$15.0 million
- ✓ Veteran's Memorial Parkway Expansion, \$12.7 million
- ✓ New Kilally Sports Field. \$4.7 million
- ✓ Assets contributed by developers, \$43.5 million
 - *9.0 kms of roads*
 - *10.7 kms of sidewalks*
 - *305 streetlights*
 - *7.5 km of water pipe*
 - *3.4 km of sanitary pipe*
 - *4.0 km of storm sewer*



Five Year Review Highlights 2021 compared to 5-year average

❑ Tax Arrears	3.6% (4.5%)
❑ Total Long-Term Debt	\$246 million (\$279 million)
❑ Debt Principal Repayments	\$55.8 million (\$57.4 million)
❑ Debt Issued	\$23 million (\$36 million)
❑ Tangible Capital Asset Additions	\$412 million (\$376 million)
❑ Annual Surplus	\$279 million (\$259 million)
❑ Assessment Growth	1.38% (1.63%)

City Budget vs. PSAB Accounting (\$ 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**.

2021	Modified Cash Basis Budget	Financial Statement Adjustments	Full Accrual Basis PSAB Budget
Revenue	1,236,587	202,462	1,439,049
Expenses	1,236,587	15,098	1,251,685
Surplus (Rev – Ex)	-	187,364	187,364

- 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: **gross** versus net

City Budget vs. PSAB Accounting (\$ 000's) Revenue

Statement of Operations - Revenues	City Budget 2021 (Unconsolidated)	PSAB Accounting 2021 Actuals
Net Municipal Taxation	695,449	696,617
Grants, User Fees and Other Revenue	534,479	539,509
Transfers from Capital and Reserve Funds	6,660	-
Capital Funding Earned	-	44,065
Developer Contributions	-	43,543
Reserve Fund Deferred Revenue Earned	-	71,534
Government Business Enterprise Adjustments	-	15,133
Boards and Commissions Surplus	-	22,651
Total Revenues	<u>1,236,588</u>	<u>1,433,052</u>

City Budget vs. PSAB Accounting (000's) Expenses

Statement of Operations - Expenses	City Budget 2021 (Unconsolidated)	PSAB Accounting 2021 Actuals
Operating Expenses	991,120	922,154
Debt Principal Repayments	39,103	-
Transfer to Reserve & Reserve Funds	111,187	-
Capital Expenditures (pay as you go financing)	95,178	-
Capital Expenses not capitalized	-	47,749
Amortization	-	156,683
Loss on Disposal of Capital Assets	-	7,717
Landfill, Contaminated Sites, and Employee future benefits Liability	-	19,647
Total Expenses	<u>1,236,588</u>	<u>1,153,950</u>
Annual Surplus	<u>0</u>	<u>279,102</u>

Comparing the Budget Surplus to Financial Statement Surplus

2021 Operating Budget Surplus per the Year-End Budget Monitoring Report to Corporate Services Committee on April 19, 2022	\$ millions
Property Tax Supported Budget Surplus	19.6
Water Rate Supported Budget Surplus	3.7
Wastewater & Treatment Rate Supported Budget Surplus	2.2
2021 Operating Budget Surplus	25.5
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	(25.5)
Operating Fund Surplus per 2021 Approved Budget (Cash Format)	0.0
Financial Statement adjustments:	
Plus: Transfers to (from) Capital and Reserves and Reserve Funds	275.3
Plus: Debt Principal Repayments	38.6
Plus: Capital program funding earned in year	44.1
Less: Capital expenses not capitalized (Non-TCA)	(47.7)
Less: Amortization of Tangible Capital Assets (TCA)	(156.7)
Plus: Developer contributions of assumed TCA	43.5
Less: Loss on disposal of TCA	(7.7)
Plus: Reserves and reserve fund net revenues earned in year	71.5
Plus: Government Business Enterprises adjustments	15.1
Less: Change in landfill liability, contaminated site liability and employee future benefit liability	(19.6)
Plus: Boards' and Commission's Surpluses	22.7
2021 Consolidated Surplus per Financial Statements (PSAB Format)	279.1

Public Sector Accounting Board (PSAB) Landscape

- Work is well underway in preparation for **Asset Retirement Obligations** and **Financial Instruments** requirements.
- Cross Functional teams formed
- Participation in Province wide working groups (Municipal Finance Officers Association, Ministry of Municipal Affairs and Housing)
- Conversations with auditors
- Planning engagement of Boards and Commissions, along with Audit Committee in the lead up to reporting requirement.
- Monitoring developments in Sustainability disclosure in keeping with the City's Climate Emergency Action Plan.

Where do we go from here?

- ❑ The preparation of the 2021 Financial Report was a total **TEAM** effort and **LEARNING EXPERIENCE** by all.
- ❑ **THANKS** is extended to all internal (Civic Service areas) and external (Boards, Commissions, and consolidate entities) who contributed to the City's 2021 Financial Report
- ❑ KPMG will present their **Audit Findings Report**

The Corporation of the City of London

Audit Findings Report
for the year ended December 31, 2021

KPMG LLP

Licensed Public Accountants

Prepared on June 3, 2022
for presentation on June 15,
2022

kpmg.ca/audit

The KPMG logo consists of the letters 'KPMG' in a bold, sans-serif font. Above the letters 'P' and 'M' are four small, empty square boxes arranged horizontally.



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Control deficiencies	18
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Appendices	21

KPMG contacts

The contacts at KPMG in connection with this report are:



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Our refreshed Values

What we believe



We do what is right.



We never stop learning
and improving.



We think and act boldly.



We respect each other
and draw strength from
our differences.



We do what matters.



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.

'Perform quality engagements' sits at the core along with our commitment to continually monitor and remediate to fulfil on our quality drivers.

Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.

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 controls**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics, and integrity**.



Visit our [Resources](#) page for more information.

Doing the right thing. Always.

Audit highlights

Purpose of this report¹

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 (the “financial statements”) of the Corporation of the City of London (the “City”) as at and for the year ended December 31, 2021. This report builds on the Audit Plan we presented to you on February 9, 2022.

Status of the audit

As of the date of this report, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include:

- Receipt of supporting documentation and/or performance of audit procedures over the following:
 - Grant revenue
 - Legal accruals
 - Journal entry testing
 - Supporting memos for various sections of the file
- 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;
- Review and tie-out of the consolidated financial statements, including note disclosures;
- Review of the financial report;

- Completion of final quality control review;
- Final manager and partner 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 (dated upon City Council approval of the financial statements); 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 auditors’ report will be dated upon the completion of any remaining procedures.

Significant changes from the audit plan

There have been no significant changes regarding our audit from the Audit Planning Report previously presented to you.

¹ This report to the Audit Committee is intended solely for the information and use of Management, the Audit Committee, and 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.

Going concern

No matters to report.

Significant risks and other significant matters

There are no significant findings to communicate related to significant risks or other significant matters.

Refer to page 6 for additional information.

Uncorrected audit misstatements

The impact of the uncorrected differences is as follows:

Annual surplus	(in \$'000s)
As currently presented	\$279,099
Uncorrected differences	(\$5,017)
As a % of the balance	1.80%

Refer to pages 13 – 14 for additional information.

Control deficiencies

We did not identify any control deficiencies that we determined to be significant deficiencies in internal control over financial reporting. A significant deficiency in internal control is a deficiency, or combination of deficiencies, in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

We did identify a control observation to bring to your attention.

Refer to pages 15 - 16 for additional information.

Significant accounting policies and practices

There have been no initial selections of, or changes to, significant accounting policies and practices to bring to your attention.

Independence

We have included a copy of our annual independence letter dated as of the date of this report, which notes that we are independent of The Corporation of the City of London (the "Corporation") in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada.

See Appendix: Independence Letter.

Audit risks and results

We highlight our significant findings in respect of **significant risks** as identified in our discussion with you in the Audit Plan.

Fraud Risk from Management Override of Controls	New or changed?	Estimate?
Management override of controls is a presumed significant risk as prescribed by professional auditing standards.	No change from the Audit Plan.	No significant estimates noted.

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 have been noted during our testing to date.

Other areas of focus

We highlight our significant findings in respect of **other areas of focus** as identified in our discussion with you in the Audit Plan, as well as any additional areas of focus identified.

Payroll and Employee Future Benefits	New or changed?	Estimate?
The Corporation provides defined retirement and other future benefits for some groups of its retirees and employees. As at December 31, 2021, the Corporation had a liability for employee future benefits of \$196.0 million (2020 - \$181.7 million).	No change from the Audit Plan.	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

- KPMG performed the procedures as indicated in our audit planning report.

Significant findings

The balance of employee future benefits is comprised of the following:

- Post-employment and post-retirement benefits of \$107.4 million (2020 - \$97.4 million) - includes health, dental, life insurance and long-term disability, which are provided to retirees until they reach 65 years;
- WSIB accrual of \$68.4 million (2020 - \$64.9 million) – as a Schedule 2 Employer, the Corporation must finance its own costs related to WSIB;
- Vacation liability of \$19.0 million (2020 - \$18.2 million) – relates to vacation credits earned but not taken by employees as at December 31; and
- Unused sick leave liability of \$1.2 million (2020 - \$1.3 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 the current year.

The liability for workplace safety and insurance costs is determined through an actuarial valuation which was prepared by Mercer as of December 31, 2020 and extrapolated for the current year. Vacation and unused sick leave liabilities are accrued in the consolidated financial statements when they are earned by employees.

Other areas of focus

Landfill Closure and Post-closure Liability	New or changed?	Estimate?
This represents a significant account balance for the Corporation and certain accrued liabilities require judgment and estimation by management.	No change from the prior year.	Yes, there is estimation uncertainty due to assumptions and estimates used by Management in calculating the liability.

Our response

- The Corporation is required to accrue anticipated closure and post-closure costs for existing and closed landfill sites in accordance with the Ontario Environmental Protections Act and PS 3270.
- The liability is the estimated cost, based on a volumetric basis, of the expenditures relating to those activities required when the site stops accepting waste.
- Determination of this liability is dependent upon significant Management estimates including expected and remaining capacity of the landfill, expected closing costs and estimated time needed for post-closure care.
- The estimated liability for the landfill sites is calculated as the present value of anticipated future cash flows associated with closure and post-closure costs, multiplied by the percentage of the used capacity of the sites.
- At December 31, 2021, the landfill accrual amounted to \$51.7 million (2020 - \$46.3 million), \$42.2 million of which related to the future closure of the active landfill and \$9.5 million relating to monitoring of closed landfills.
- We obtained an understanding of the calculation through discussions with the Corporation's Solid Waste Management Division Manager. We reviewed the analysis prepared by Management and obtained corroborative evidence to support Management's assumptions. The assumptions used by Management in the calculation are considered reasonable based on the audit evidence obtained and are consistent with the assumptions and estimates made in other sections of the consolidated financial statements

Significant findings

No significant findings were noted during our testing. We believe Management's process for identifying significant accounting estimates is considered adequate.

Other areas of focus

Accounts Payable and Accrued Liabilities	New or changed?	Estimate?
<p>This represents a significant account balance for the Corporation and includes contingent liabilities.</p> <p>PSAS 3300 <i>Contingent Liabilities</i> 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.”</p> <p>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.</p>	<p>No change from the prior year.</p>	<p>Estimation uncertainty exists related to the likelihood and/or measurement of the liabilities.</p> <p>However, this estimation uncertainty does not result in a risk of material misstatement.</p>

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.
- Included within this balance are estimates related to liabilities for contaminated sites. As disclosed in note 23 to the financial statements, as at December 31, 2021, a liability of \$8.9 million (2020 - \$9.1 million) for remediation of contaminated sites has been recognized, net of any expected recoveries. We obtained an understanding of the calculation through discussions with Management and obtained corroborative evidence to support assumptions. Management has accrued these amounts based on reports prepared by independent consultants to estimate the cost of remediation for the contaminated property or comparable properties.
- 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;
 - Reviewed results of the environmental assessment prepared by independent third-party consultants; and
 - Where possible, reviewed subsequent payments to determine whether the liability at year end is reasonably stated.
- Management has represented that these balances are fairly presented for financial reporting purposes.

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 ongoing.

Other areas of focus

Capital Projects and Acquisitions	New or changed?	Estimate?
<p>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.</p>	<p>No change from the Audit Plan.</p>	<p>Estimation uncertainty exists related to the useful lives of the assets.</p> <p>However, this estimation uncertainty does not result in a risk of material misstatement.</p>

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.

See Appendix: Technology in the Audit for details on the data and analytics routines performed over tangible capital assets. Certain findings were noted as a result of performance of these procedures. Refer to page 20 for details.

Other areas of focus

Areas of Focus	New or changed?	Estimate?
<p><u>Taxation, user charges and transfer payments revenue</u> For the year ended December 31, 2021, these revenue streams amounted to more than \$1.3 billion for the Corporation (2020 - \$1.3 billion).</p>	No change from the Audit Plan.	No significant estimates noted.
<p><u>Debt issuances</u> Individual debt issuances at the Corporation have historically been for significant amounts</p>	No change from the Audit Plan.	No significant estimates noted.

Our response

- KPMG performed the procedures as indicated in our audit planning report.

Significant findings

No significant findings were noted during our testing.

Other matters

Professional standards require us to communicate to the Committee other matters. We highlight the following that we would like to bring to your attention:

Matter	Comments
Vacation accrual	<p>Disclosed in the financial statements is vacation entitlements liability (see note 12), which is \$19.0 million in 2021 (2020 - \$18.2 million). The City's various collective agreements, Management bylaw and other HR policies permit certain maximum days to be carried over if unused. We note that there is an upward trend in this accrual over the past several years and we understand that this increase is due to factors such as the increased number of unused days carried over, partially due to the implications that the COVID-19 pandemic had on the ability to take vacation time.</p> <p>We note that there are several risks associated with maintaining high levels of vacation accruals, for example, the cost of those vacation entitlements become increasingly more expensive as compensation levels increase, it can be potentially disruptive to the City's operations in the case where employees are granted extended leaves, and the financial impact to the City's financial position becomes less favourable as more reliance is placed on reserves or future funding in order to fund this liability.</p> <p>In line with leading practices, we recommend that management carefully assess vacation entitlements, enforce any plans in place to draw down on entitlements in order to better manage this liability and avoid servicing it at a higher cost than necessary. We note that in 2022, this liability may continue to rise if employees continue to defer vacation plans.</p> <p>Additionally, as another leading practice and as a fraud prevention measure, we note that management should ensure that staff take annual vacations and that another employee perform their work in their absence. This cost-efficient control is one of the most effective methods of identifying any potential irregularities in performance. It also provides cross training for succession planning purposes.</p> <p>Management's response:</p> <p>Management is aware of the increasing trend in vacation credits. This has primarily been influenced by the impact of COVID-19 and managing the operations of the City, as certain staff were required to cancel/defer vacation plans to provide the appropriate coverage as a result of 14-day self isolation periods.</p>

Management is currently considering the best way to manage vacation going forward, within the current procedures and/or collective agreement parameters, and considers this topic a priority for the near future.

Uncorrected and corrected audit misstatements

Audit misstatements include presentation and disclosure misstatements, including omissions.

Uncorrected audit misstatements

The management representation letter includes the Summary of Uncorrected Audit Misstatements, which discloses the impact of all uncorrected differences considered to be other than clearly trivial, including the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the consolidated financial statements as a whole.

Based on both qualitative and quantitative considerations, management have decided not to correct certain differences and represented to us that the differences—individually and in the aggregate—are, in their judgment, not material to the consolidated financial statements. This management representation is included in the management representation letter.

We concur with management's representation that the differences are not material to the consolidated financial statements. Accordingly, the differences have no effect on our auditors' report.

Corrected audit misstatements

The management representation letter includes all misstatements identified as a result of the audit, communicated to management and subsequently corrected in the financial statements.

Significant uncorrected audit misstatements summary

Significant uncorrected audit misstatements - in thousands

As at and year ended December 31, 2021	Annual surplus effect	Financial position		
Description of misstatements greater than \$900,000 individually	(Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Equity (Decrease) Increase
Overstatement of revenue as a result of childcare adjustment made in 2021 relating to 2020 funding	(2,183)	-	-	-
Understatement of protection service expenses as a result of prepaid benefits adjustment made in 2021 relating to prior periods	(2,834)	-	-	-
Total misstatements	(5,017)	-	-	-

Control deficiencies

Consideration of internal control over financial reporting

A significant deficiency in internal control over financial reporting is a deficiency, or combination of deficiencies, in internal control that, in the auditor’s professional judgment, is of sufficient importance to merit the attention of those charged with governance.

In planning and performing our audit, we considered ICFR relevant to the City’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 consolidated 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.

Significant deficiencies in internal control over financial reporting

Description	Potential effect
No significant control deficiencies were noted.	

Other control observations

Description	Potential effect
Lack of detailed secondary review over holdbacks	<p>During our work over Tangible Capital Assets - Holdback Accruals (refer to Appendix: Technology in the Audit), we identified a holdback that was no longer considered payable as at December 31, 2021 and should have been removed from Accounts payable and accrued liabilities, resulting in an overstatement of this account and expenses. This was a long-standing holdback and was overlooked when this account was reviewed in preparation of the year end financial statements.</p> <p>KPMG recommends that management carefully review this account, especially those items that have been on the listing for a number of years, to ensure they remain appropriate year over year.</p>

Financial statement presentation and disclosure

Misstatements, including omissions, if any, related to presentation and disclosure items are in the management representation letter.

We also highlight the following:

Financial statement presentation - form, arrangement, and content	The form, arrangement and content of the financial statements is adequate.
Significant qualitative aspects of financial statement presentation and disclosure	We did not note any material disclosure omissions in the financial statements.
Concerns regarding application of new accounting pronouncements	<p>There were no new public sector accounting standards or amendments to standards effective for the year; however, there are several significant upcoming changes, including financial instruments and asset retirement obligations. See Appendix: Current developments for additional information on these upcoming standard changes.</p> <p>Management has created working groups to begin the process of determining the impact of these changes, as well as determining the appropriate measurement. We have no concerns at this time relating to their implementation.</p>

Appendices

Content

Appendix: Other required communications

Appendix: Management representation letter

Appendix: Independence letter

Appendix: Draft Auditors' Report

Appendix: Technology in the audit

Appendix: Current developments

Appendix: Upcoming changes to auditing standards

Appendix: Audit and assurance insights

**Appendix: Why audit committees should know about
asset retirement obligations**

Appendix: Other required communications

Report

The conclusion of our audit is set out in our auditors' report.
Refer to the draft report in Appendix: Draft Auditors' Report.

Representations of management

We will obtain from management certain representations upon the completion of the audit.

Refer to the draft letter in Appendix: Management representation letter.

Audit Quality in Canada

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 Interim Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2020 Annual Inspections Results](#)

Engagement terms

A copy of the engagement letter and any subsequent amendments have been provided to the Audit Committee.

Appendix: Management representation letter

(Letterhead)

KPMG LLP
1400-140 Fullarton Street
London, Ontario
N6A 5P2
July 5, 2022

Ladies and Gentlemen:

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, 2021.

- 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 September 15, 2016 and amended on December 9, 2021, 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:
 - 1 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:
 1. 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, 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:
 1. 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:
 - 1 We have disclosed to you the identity of the Entity's related parties.
 - 2 We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
 - 3 All related party relationships and transactions/balances have been appropriately accounted for and disclosed in accordance with the relevant financial reporting framework.
- Estimates:
 - 1 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:

- 1 We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 2 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.
 - Misstatements:
 - 1 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.
 - 2 We approve the corrected misstatements identified by you during the audit described in [Attachment II](#).
 - Non-SEC registrants or non-reporting issuers:
 - 1 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).
 - 2 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:
 - 1 There are no:
 - a. 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
 - b. Other environmental matters that may have an impact on the financial statements
- Accounting Policies:
 - 1 The accounting policies selected and applied are appropriate in the circumstances.
 - 2 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:
 - 1 The Entity has appropriately recognized, measured and disclosed environmental matters in the financial statements.
- Estimates / Measurement Uncertainty:
 - 1 We are responsible for making any fair value measurements and disclosures included in the financial statements.
 - 2 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:
 - 1 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.
 - 2 We have no knowledge of shortages that have been discovered and not disclosed to you (such as shortages in inventory, cash, negotiable instruments, etc.).
 - 3 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.
 - 4 We have no knowledge of agreements to repurchase assets previously sold, including sales with recourse, that have not been disclosed to you.
 - 5 We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.

- Comparative Figures/Financial statements:
 - 1 We have no knowledge of any significant matters that may have arisen that would require a restatement of the comparative figures/financial statements.
- Receivables:
 - 1 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:
 - 1 The Entity has appropriately grouped long-lived assets together for purposes of assessing impairment.
 - 2 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:
 - 1 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:
 - 1 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:
 - 1 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.
 - 2 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.

- 3 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:
 - 1 The employee future benefits costs, assets and obligation, if any, have been determined, accounted for and disclosed in accordance with the financial reporting framework.
 - 2 There are no arrangements (contractual or otherwise) by which programs have been established to provide employee future benefits.
 - 3 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.
 - 4 The set of actuarial assumptions for each plan is individually consistent.

- 5 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.
- 6 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.
- 7 In arriving at these assumptions, management has obtained the advice of Mercer, but has retained the final responsibility for them.
- 8 The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.
- 9 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.
- 10 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.
- 11 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:

- 1 We agree with the findings of Michael Losee Division Manager, Solid Waste Management as management's expert in preparing 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.
- 2 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.
 - Approval of financial statements:
 - 1 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 Schedules

Corrected misstatements F2021:

	Annual surplus effect	Financial position		
Description	(Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Accumulated surplus (Decrease) Increase
Reclassification of deposits on hand from investments to cash and cash equivalents.	-	(200,000,000) 200,000,000	-	-
Overstatement of holdback payable.	1,660,780	-	(1,660,780)	1,660,780
Total corrected misstatements	1,660,780	-	(1,660,780)	1,660,780

Uncorrected misstatements F2021:

	Annual surplus effect	Financial position		
Description	(Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Accumulated surplus (Decrease) Increase
Overstatement of revenue as a result of childcare adjustment made in 2021 relating to 2020 funding.	(2,183,165)	-	-	-
Understatement of protection service expenses as a result of prepaid benefits adjustment made in 2021 relating to prior periods.	(2,834,395)	-	-	-
Total uncorrected misstatements	(5,017,560)	-	-	-

Uncorrected misstatements F2020 (Revised):

	Annual surplus effect	Financial position		
Description	(Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Accumulated surplus (Decrease) Increase
Overstatement of revenue that results from correcting the statement of financial position in the current year – recording CIP loans receivable	(2,643,902)	-	-	-
Understatement of childcare revenues in the year	2,183,165	-	(2,183,165)	2,183,165
Understatement of prepaid expenses in the current and prior years in relation to protection services	753,199	2,834,395	-	753,199 2,081,196
Total uncorrected misstatements	292,462	2,834,395	(2,183,165)	5,017,560

Appendix: Independence letter



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

Audit Committee

The Corporation of the City of London
300 Dufferin Avenue
London, Ontario N6A 4L9

June 3, 2022

Professional standards specify that we communicate to you in writing all relationships between the Entity and our firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, we consider relevant rules and related interpretations prescribed by the relevant professional bodies and any applicable legislation or regulation, covering such matters as:

- a) provision of services in addition to the audit engagement
- b) other relationships such as:
 - holding a financial interest, either directly or indirectly, in a client
 - holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client
 - personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client
 - economic dependence on a client

PROVISION OF SERVICES

The following summarizes professional services performed for the Entity (and its related entities) relating to 2021:

Description of Professional Services
<p>Audit and audit related</p> <ul style="list-style-type: none"> • Audit of the consolidated financial statements of the Entity for the year ended December 31, 2021 • Audit of all individual Boards and Commissions and Trust Funds financial statements for the year ended December 31, 2021 • Audit of the Dearness Program Report and Dearness Long-Term Care Report • Audit of Joint Water Board (Huron and Elgin) Financial Statements • Review of Childcare Program Envelopes • Review of the statement of operations of Ontario Works program administered by the Entity • Audit of the schedule of monthly expenses and subsidy claims of the Homelessness Partnering Strategy • Specified auditing procedures over the City of London Closed Circuit Television System for the year ended December 31, 2021
<p>Tax</p> <ul style="list-style-type: none"> • Preparation of corporate tax return for London & Middlesex Community Housing Inc. • Preparation of corporate tax return for Eldon House • Preparation of corporate tax return for Housing Development Corporation, London • Preparation of corporate tax return for Argyle Business Improvement Association Board of Management • Preparation of corporate tax return for Hyde Park Business Improvement Association Board of Management

Professional standards require that we communicate the actions that have been taken to eliminate identified threats to independence or to reduce them to an acceptable level. We have not provided any prohibited services. We have taken the following actions or applied the following safeguards regarding threats to independence created by the services listed above:

- We instituted policies and procedures to prohibit us from making management decisions or assuming responsibility for such decisions.

- We obtained pre-approval of non-audit services and during this pre-approval process we discussed the nature of the engagement and other independence issues related to the services.
- We obtained management's acknowledgement of responsibility for the results of the work performed by us regarding non-audit services and we have not made any management decisions or assumed responsibility for such decisions.

OTHER RELATIONSHIPS

We are not aware of any other relationships between our firm and the Entity that, in our professional judgement, may reasonably be thought to bear on our independence.

CONFIRMATION OF INDEPENDENCE

We confirm that, as of the date of this letter, we are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada.

OTHER MATTERS

This letter is confidential and intended solely for use by those charged with governance in carrying out and discharging their responsibilities and should not be used for any other purposes.

KPMG shall have no responsibility for loss or damages or claims, if any, to or by any third party as this letter has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

Yours very truly,

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the "K" and extends to the right, ending under the "P".

Chartered Professional Accountants, Licensed Public Accountants

Appendix: Draft Auditors' Report

INDEPENDENT AUDITORS' 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, 2021
- the consolidated statement of operations 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, 2021, and its consolidated results of operations, 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 "***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.

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 auditors' report thereon, included in the "Financial Report" as at the date of this auditors' 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 auditors' 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.

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.
- 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

July 5, 2022

Appendix: Technology in the audit

As previously communicated in our Audit Planning Report, we have utilized technology to enhance the quality and effectiveness of the audit.

Technology	Areas of the audit where Advance Technology routines were used	Insights
KPMG Clara for Clients	Utilized secure client collaboration site to share documents over the course of the audit.	This site enabled us to securely transfer documents throughout the engagement.
Journal Entry Analysis	We utilized Computer Assisted Audit Techniques (“CAATs”) to analyze journal entries and apply certain criteria to identify potential high-risk journal entries for further testing.	<p>We developed a set of high-risk criteria and applied the criteria to the entire population of journal entries. Journal entries containing high risk conditions were tested to ensure they were supported by proper documentation and followed the journal entry initiation and approval controls and process in place.</p> <p>We did not find any exceptions in our testing over journal entries.</p>
Tangible Capital Assets - WIP	We utilized CAATs to compare the WIP detail in fiscal 2021 to the WIP detail in fiscal 2020, testing any projects that did not incur costs in fiscal 2021 and remain in work in progress (WIP) as at December 31, 2021.	This routine obtained audit evidence over the completeness of tangible capital assets and amortization expense. No issues noted during the test.
Tangible Capital Assets - Disposals	We utilized CAATs to compare the disposal listing to the asset detail, testing assets that were recorded in both listings.	This routine obtained audit evidence over existence of tangible capital assets. No issues noted during the test.

**Tangible Capital
Assets - Holdback
Accruals**

We utilized CAATs to compare the tangible capital asset WIP listing to the holdbacks accrual listing, testing any significant WIP projects that did not have a corresponding holdback accrual and vice versa.

This routine obtained audit evidence over the completeness of holdback accruals.

Through our testing, we noted one misstatement with respect to a holdback accrual that should have been removed during the year. Management has chosen to correct this misstatement in the current year. This has been included in the management representation letter.

Appendix: Technology in the audit



We have included a summary of journal entries at various thresholds for the Unconsolidated City level.

Thresholds for Individual Journal Entries	Total Number of Journal Entries	Percentage of Total Number of Journal Entries	Total Value of Journal Entries (in 000's)	Percentage of Total Value of Journal Entries
Less than \$100	5,445	14.1%	244	0.0%
\$100 - \$500	8,231	21.2%	2,083	0.0%
\$500 - \$10,000	12,911	33.3%	37,566	0.2%
\$10,000 - \$100,000	7,243	18.7%	259,761	1.4%
Subtotal - Journal entries less than \$100,000	33,830	87.3%	299,654	1.6%
\$100,000 - \$1,000,000	3,163	8.2%	1,042,175	5.6%
\$1,000,000 - \$10,000,000	1,411	3.6%	4,966,236	26.6%
\$10,000,000 +	333	0.9%	12,334,156	66.2%
Subtotal - Journal entries greater than \$100,000	4,907	12.7%	18,342,567	98.4%
Total	38,737	100.0%	18,642,221	100.0%

Appendix: Current developments

Title	Details	Link
Public Sector Update – connection series	Public Sector Accounting Standards are evolving – Get a comprehensive update on the latest developments from our PSAB professionals. Learn about current changes to the standards, active projects and exposure drafts, and other items.	Contact your KPMG team representative to sign up for these webinars. Public Sector Minute Link

The following are upcoming changes that will be effective in future periods as they pertain to Public Sector Accounting Standards. We have provided an overview of what these standards are and what they mean to your financial reporting so that you may evaluate any impact to your future financial statements.

Standards	Summary and implications
Asset Retirement Obligations	<ul style="list-style-type: none"> – The new standard is effective for fiscal years beginning on or after April 1, 2022. – The new standard addresses the recognition, measurement, presentation and disclosure of legal obligations associated with retirement of tangible capital assets in productive use. Retirement costs will be recognized as an integral cost of owning and operating tangible capital assets. PSAS currently contains no specific guidance in this area. – The ARO standard will require the public sector entity to record 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 will be added to the historical cost of the asset and amortized over its useful life. – As a result of the new standard, the public sector entity will have to: <ul style="list-style-type: none"> ○ Consider how the additional liability will impact net debt, as a new liability will be recognized with no corresponding increase in a financial asset; ○ Carefully review legal agreements, senior government directives and legislation in relation to all controlled TCA to determine if any legal obligations exist with respect to asset retirements; ○ Begin considering the potential effects on the organization as soon as possible to coordinate with resources outside the finance department to identify AROs and obtain information to estimate the value of potential AROs to avoid unexpected issues.

Financial Instruments and Foreign Currency Translation

- The accounting standards, PS3450 *Financial Instruments*, PS2601 *Foreign Currency Translation*, PS1201 *Financial Statement Presentation* and PS3041 *Portfolio Investments* are effective for fiscal years commencing on or after April 1, 2022.
- Equity instruments quoted in an active market and free-standing derivatives are to be carried at fair value. All other financial instruments, including bonds, can be carried at cost or fair value depending on the public sector entity's choice and this choice must be made on initial recognition of the financial instrument and is irrevocable.
- Hedge accounting is not permitted.
- A new statement, the Statement of Remeasurement Gains and Losses, will be included in the financial statements. Unrealized gains and losses incurred on fair value accounted financial instruments will be presented in this statement. Realized gains and losses will continue to be presented in the statement of operations.
- In July 2020, PSAB approved federal government narrow-scope amendments to PS3450 *Financial Instruments* which will be included in the Handbook in the fall of 2020. Based on stakeholder feedback, PSAB is considering other narrow-scope amendments related to the presentation and foreign currency requirements in PS3450 *Financial Instruments*. The exposure drafts were released in summer 2020.

Revenue

- The new standard is effective for fiscal years beginning on or after April 1, 2023.
- The new standard establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement.
- The standard notes that in the case of revenues 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 revenues arise 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.

Public Private Partnerships (“P3”)

- PSAB has introduced Section PS3160, which includes new requirements for the recognition, measurement and classification of infrastructure procured through a public private partnership. The standard has an effective date of April 1, 2023 and may be applied retroactively or prospectively.
 - 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 P3 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.
-

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- 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.

Purchased Intangibles

- In October 2019, PSAB approved a proposal to allow public sector entities to recognize intangibles purchased through an exchange transaction. Practitioners are expected to use the definition of an asset, the general recognition criteria and the GAAP hierarchy to account for purchased intangibles.
 - PSAB has approved Public Sector Guideline 8 which allows recognition of intangibles purchased through an exchange transaction. Narrow-scope amendments were made to Section PS 1000 Financial statement concepts to remove prohibition on recognition of intangibles purchased through exchange transactions and PS 1201 Financial statement presentation to remove the requirement to disclose that purchased intangibles are not recognized.
 - The effective date is April 1, 2023 with early adoption permitted. Application may be retroactive or prospective.
-

Appendix: Upcoming changes to auditing standards

The following changes to auditing standards applicable to our 2022 audit are listed below.

Standard	Key observations
Revised CAS 315, <i>Identifying and Assessing the Risks of Material Misstatement</i>	<p>Revised CAS 315, <i>Identifying and Assessing the Risks of Material Misstatement</i> has been released and is effective for audits of financial statements for periods beginning on or after December 15, 2021.</p> <p>The standard has been significantly revised, reorganized and enhanced to require a more robust risk identification and assessment in order to promote better responses to the identified risks. Key changes include:</p> <ul style="list-style-type: none">– Enhanced requirements relating to exercising professional skepticism– Distinguishing the nature of, and clarifying the extent of, work needed for indirect and direct controls– Clarification of which controls need to be identified for the purpose of evaluating the design and implementation of controls– Introduction of scalability– Incorporation of considerations for using automated tools and techniques– New and revised concepts and definitions related to identification and assessment of risk– Strengthened documentation requirements <p>CPA Canada plans to publish a Client Briefing document in early 2022 to help you better understand the changes you can expect on your 2022 audit.</p>

Appendix: Audit and assurance insights

Our latest thinking on the issues that matter most to audit committees, Boards and Management.

Featured insight	Summary	Reference
Accelerate 2022	The key issues driving the audit committee agenda in 2022.	Learn more
Audit Committee Guide – Canadian Edition	A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.	Learn more
Unleashing the positive in net zero	Real solutions for a sustainable and responsible future.	Learn more
KPMG Audit & Assurance Insights	Curated research and insights for audit committees and boards.	Learn more
Board Leadership Centre	Leading insights to help board members maximize boardroom opportunities.	Learn more
KPMG Climate Change Financial Reporting Resource Centre	Our climate change resource centre provides insights to help you identify the potential financial statement impacts to your business.	Learn more
The business implications of coronavirus (COVID 19)	Resources to help you understand your exposure to COVID-19, and more importantly, position your business to be resilient in the face of this and the next global threat.	Learn more
Momentum	A quarterly Canadian newsletter which provides a snapshot of KPMG's latest thought leadership, audit and assurance insights and information on upcoming and past audit events – keeping management and board members abreast on current issues and emerging challenges within audit.	Sign-up now

KPMG Learning Academy	Technical accounting and finance courses designed to arm you with leading-edge skills needed in today's disruptive environment.	Learn more
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Appendix: Why audit committees should know about asset retirement obligations



Why Audit Committees should know about Asset Retirement Obligations

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Municipalities have evolved significantly over the last two decades and this evolution has escalated over the last two years due to the huge push towards digital transformation. Municipalities have come to a refreshed realization about the dynamic change it needs from their citizens resulting in a push towards a citizen-centric approach to defining their goals and objectives.

With all this change, the citizens are looking for new and improved ways to obtain information from the municipalities and public sector entities generally. They are looking for information that is timely, accurate and accessible. For instance, more and more municipalities are moving towards quarterly financial reporting to provide more timely information to stakeholders.

The finance function within municipalities tend to focus a large portion of their resources on their budget-setting process each year, relative to financial reporting. This budget sets out the municipality's operating and capital spending plan for the next year, leading to the determination of the necessary tax levy to support the planned spend. It is necessarily a cash-based document, which leads to difficulty in comparing it to a municipality's financial results, which are prepared on a basis prescribed by the Chartered Professional Accountants Canada. The annual financial statements are presented on an accrual basis in accordance with Public Sector Accounting Standards (PSAS). This disconnect between the cash basis and accrual basis often makes it difficult for 'Those Charged With Governance' (TCWG) to fully understand the actual financial results since relatively more resources are deployed towards the creation of the budget than the presentation of the financial results. While there are quite a few intersections between the budget-based reporting and PSAS reporting, there are many differences that can come in the way of effective municipal financial management and oversight.

Please note that the discussion in this paper is relevant for all public sector entities that report their financial results in accordance with PSAS. While the specific examples in this paper focus on municipalities, the same implications can be applied to other entities with slight modification to incorporate the differences in operations in the various types of public sector entities.

With that in mind, let's talk about a new reporting standard which is required to be implemented by public sector entities for years ending on or after April 1, 2022 and why it is important for TCWG to understand the implications of this new standard. This standard pertains to Asset Retirement Obligations (ARO) and requires public sector entities to set up a liability related to the legal obligation for retiring a tangible capital asset. The assets that fall into this standard are the ones that are controlled by the public sector entity and includes leased assets. This standard has far-reaching impacts for municipalities and requires proper attention from TCWG, in order to exercise appropriate oversight over the financial reporting process. We have highlighted some key items here:

- (a) Completeness of liabilities
- (b) Legal obligations
- (c) Completeness of assets
- (d) Technical expertise
- (e) Financing repercussions
- (f) Environmental Social Governance (ESG) implications

Let's talk about these one by one!

a. Completeness of liabilities

In many cases, the liability associated with AROs has not been recorded within the financial records of the public sector entities which means that these entities are underreporting their obligations. It is possible that certain public sector entities might have some of these obligations included within their legal obligations however it is unclear how these are being tracked and whether the process used to determine the magnitude of these legal obligations is accurate.

Not only is it important to have accurate and complete information for the measurement and recognition of these liabilities for financial reporting purposes, but the same information is also equally important for financial planning and for effective financial management of the municipalities.

One of the tools used by municipalities in order to perform long term financial planning is through reserves and reserve funds to ensure they have sufficient funds set aside for future needs. If a municipality does not have a clear understanding of their ARO liability, it would hinder their ability to assess the adequacy of their reserve funds. Cash flow management would also be impacted due to the potential unplanned outflow in any given year.





b. Legal obligations

Next, let's talk about legal obligations. It is important to understand that the obligation related to the ARO is a legal obligation. However, unlike some of the traditional legal obligations, where there might be uncertainty around the outcome of the legal item, there is no uncertainty related to the existence of the future obligation related to an ARO. This means that the future settlement is guaranteed for an ARO and the uncertainty in this situation is limited to the quantification or the amount of the future settlement.

Not getting a good handle on the ARO liability also increases the risk of negative legal implications for the municipality in the future. As an example, if there is a contaminated site that requires a municipality to perform clean up to ensure the safety of the residents, but this contamination is not rectified in a timely and reasonable manner as required by environmental regulations. This could result in severe legal implications for the municipality due to the hazardous nature of these materials and potential negative health impact on the residents.

The new ARO reporting standard also includes the concept of promissory estoppel as part of the legal liability assessment. For your convenience, we have included the definition of promissory estoppel in the glossary at the end of this document.

The key point that is important to emphasize is that it would be important to engage a legal expert as part of the ARO implementation team as this assessment might be outside the expertise of the core finance team members.

c. Completeness of assets

When Canadian municipalities first began reporting their tangible capital assets as a component of their balance sheets back in 1999, it was apparent that many municipalities did not have good historical data on the assets that they owned at that time and consequently many still do not have a complete listing of owned assets. A comprehensive approach to asset management brings numerous benefits to local and regional governments and assists them in being able to demonstrate that taxpayers get good value from each capital asset they fund, in part or in whole.

This is a contributing factor as to why there are regulatory requirements for good asset management practices. For example, the Federal Gas Tax Agreement requires municipalities to demonstrate a strong asset management system. In absence of a well-thought-out asset management plan, local municipalities could put at risk the operational effectiveness of their assets, public health and safety and overall public confidence in the local government. A solid asset management approach helps to ensure reliability of the services offered by a local government and thus instill more confidence from the public.

Asset management itself is quite a broad topic of discussion for municipalities, perhaps the above description provides an understanding of why there is so much emphasis placed on good asset management. As important as it already was to have a complete listing of tangible capital assets in order to develop a reasonable asset management plan, it has become even more so with the implementation of financial reporting standards for AROs. This due to the fact that AROs are based on identifiable

tangible capital assets controlled by the Entity. If the asset listing is not complete or not up to date, any obligations relating to assets not being reported would also not be captured. If items are missed in the scoping and measurement of AROs, this results in a significant risk for the municipalities where the corresponding liabilities will be incomplete. There might be other consequences of missing these liabilities for municipalities depending on the nature and extent of error such as cash-flow management, environmental and social implications.

The ARO standard does not require entities to assess their overall asset management approach for reasonableness. The ARO standard also does not require entities to undertake an asset management exercise to make sure they have a complete inventory of all of their assets. However, it is quite clear that the entities who have an accurate and complete listing of their assets through a well-thought-out asset management plan are the ones who will be in the best position to ensure completeness of their AROs.





d. Technical expertise

Another matter to consider and assess is the quality of the information that the entity has regarding their assets. How well does the entity understand its assets including the nature and components of its assets? For the finance team to scope and measure the ARO associated with different assets, they would need clear guidance from subject matter experts that understand the technical aspect of this determination.

Finance teams would likely have the requisite expertise relating to the cost and fair value of these assets but may not be as aware of the legal, environmental, and / or other obligations attached to these assets. The knowledge of subject matter experts will be to assist the finance team in this area.

In addition to legal experts, other experts on which the exercise may depend upon include individuals from the operations team, mechanical and engineering teams, etc.

It would be important to have a discussion with the finance team to identify which subject matter experts are considered necessary based on their initial assessment in order to make optimal resource allocations. It would also be important to note that these needs could change as the implementation project matures.

e. Financing repercussions

Even though not directly related to ARO, financing repercussions should also be front of mind with overall asset management, particularly when planning for asset replacement / remediation / maintenance. In different provinces in Canada, there are restrictions on the amount of borrowing for local municipalities. In Ontario, for instance, long-term borrowing is restricted to capital investments and is also subject to a prescribed maximum level based on a preset formula.

Local municipalities use debt to help finance large capital projects. Local municipalities conduct long-term financial planning through the adoption of a multi-year capital plan and a long-term fiscal plan that would typically consider the amount and timing of debt necessary to support the planned expenditures over the term of Council. It also becomes important to understand the useful life of the asset in order to match the cost to the period over which the benefits are received. This provides more affordable financing by matching the repayment term to the economic useful life of the project, instead of funding the entire cost from current revenues.

In recent years, we have noted the trend of the issuance of green bonds, with the province of Ontario reaching a whopping \$10.75 billion in green bonds in 2021. Other local municipalities are following suit and this move is expected to continue. It would be important to have a good grasp on the asset management plans before these green bonds are attached to environmentally friendly infrastructure capital projects. Talking about green bonds, let's move into other ESG considerations.



f. ESG Implications

It is quite interesting that the concept of ARO touches all three aspects of the ESG spectrum i.e., environmental, social and governance. Physical contamination caused by hazardous materials such as asbestos or the toxins and leachate from landfills are all contributors towards damaging the environment.

Inappropriate or sub-optimal treatment of these hazardous materials can have significant health detriments which becomes a social responsibility issue whereby the expectation is that public sector entities, especially municipalities would ensure appropriate level of remediation for these hazardous items. The heightened fiduciary responsibility in the public sector environment especially with the elected officials with the municipalities creates a huge need for an appropriate level of governance in place.

The ESG implications for ARO have gained a lot of traction in recent years. These discussions have become more important now as public sector entities work towards the implementation of this new standard. While it is important to embrace ESG into our strategic planning, it will be critical to ensure that this planning is comprehensive and well thought out. As daunting as this task can seem, the key is to have a structured approach to map out what is relevant for the organization and to design a plan to tackle these implications.

In conclusion, while the ARO standard implementation may seem like any other accounting standard implementation, it has far reaching implications from a municipal operational and governance perspective requiring consideration and input from the organization as a whole, not just its finance team. It is therefore critical to take the time to understand these implications and design a plan to address them in a meaningful manner.

We would be more than happy to continue this discussion with you. We are currently running customized sessions for different entities to help them understand these various implications of AROs and how to best address them.

Special thanks to Kevin Travers, Partner KPMG Enterprise and Bailey Church, Partner Accounting Advisory Services for their contributions to this publication.



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Glossary

Public Sector

Public sector refers to governments, government components, government organizations and partnerships. Each of these entities is a “public sector entity”. A government component is an integral part of government, such as a department, ministry or fund. It is not a separate entity with the power to contract in its own name and that can sue and be sued. A government organization is any organization controlled by a government that is a separate entity with the power to contract in its own name and that can sue and be sued. Public sector organizations have a higher accountability to the taxpayer – above and beyond the traditional fiduciary duty.

Promissory estoppel

The elements of a promissory estoppel claim are “(1) a promise clear and unambiguous in its terms; (2) reliance by the party to whom the promise is made; (3) [the] reliance must be both reasonable and foreseeable; and (4) the party asserting the estoppel must be injured by his reliance.”



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City of London

Internal Audit Plan – Presentation for Audit Committee

June 15, 2022



Wherever business takes you

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Meeting Objective & Agenda

Meeting Objective

- ✓ Present final iterations of the Internal Audit Plan and Internal Audit Charter.
- ✓ Present the Quarterly Internal Audit Follow Up Activities Update Dashboard.

Meeting Agenda

- ✓ Presentation of Internal Audit Plan
- ✓ Presentation of Internal Audit Charter
- ✓ Presentation of Internal Audit Follow Up Activities Update Dashboard

Internal Audit Plan FY 2022

Audit	Type	Risk	Scope	Timing
Talent Management	Compliance	The City may experience challenges retaining high performing and/or experienced staff possessing important corporate history and/or knowledge are temporarily inaccessible or permanently unavailable resulting in diminished or delayed productivity and service delivery. In addition, the organization may fail to attract, select or match qualified individuals for jobs within the organization.	To evaluate the City's succession planning framework and related processes for maintaining the necessary skills to ensure operational resilience and minimal disruption during turnover of personnel in key roles, including the identification of key roles, comprehensiveness and adequacy of succession and back-up plans, workforce planning, procedural documentation, knowledge management and programs to develop expertise.	Q3 2022
Neighbourhood Decision Making Program	VfM	The Neighbourhood Decision Making Program is not delivering value to the citizens of the City of London as intended.	A review of the design and operating effectiveness of key controls pertaining to the Neighbourhood Decision Making Program, including submission, evaluation and approvals, as well as return on investment (measuring outputs and outcomes) and identify opportunities to optimize and expand the scope of the program where practical.	Q3 2022
Asset Retirement	Compliance	The City is not compliant with section PS 3280 – Asset Retirement Obligations.	Assessment of the processes and controls in place related to the identification, monitoring and reporting of environmental and financial asset retirement obligations, specifically considering compliance with requirements under Section PS 3280 – Asset Retirement Obligations.	Q4 2022

Internal Audit Plan FY 2023

Audit	Type	Risk	Scope	Timing
Vendor Management	Compliance	Ineffective vendor management resulting in violations of laws, regulations, and internal processes, loss or disclosure of customer information due to negligence or data breach, fiscal performance requirements not being met and operational service interruption.	Evaluate the mechanisms and processes in place to manage vendor risk (third party), with a focus on governance, compliance and risk management including assessment of materiality and due diligence performed prior to commencement of services and the monitoring and reporting of performance with SLA's and contractual terms.	Q1 2023
Grant Facilitation Review – London Arts Council & London Heritage Council	VfM	The Community Arts Investment and Heritage Funding Programs are not delivering value to the citizens of the City of London as intended.	A review to understand if City funds have been/are being spent with due regard for economy and efficiency and help ascertain if there are satisfactory procedures for measuring and reporting on the effectiveness of the Community Arts Investment Program as administered by London Arts Council Program and the Heritage Funding Program as administered by the London Heritage Council.	Q2 2023
Cybersecurity	Compliance	The City is insufficiently prepared to manage cyber threats that could cause operational disruption and reputational harm.	A review of the City's cybersecurity program and policies and standards, its ability to respond to cyber threats, vulnerabilities, risk reporting, risk awareness and culture.	Q2 2023
HRIS Implementation	Compliance	HRIS implementation does not achieve desired objectives and outcomes, resulting in operational inefficiencies.	Post-implementation review of the HRIS, focusing on evaluating whether project objectives were met, desired outcomes accomplished, how effectively the project was run and identify any lessons learned.	Q3 2023
Records Management & Retention	Compliance	The possibility of direct or indirect impacts to operations, resulting from inadequate or failed internal processes and systems, lack of appropriate safeguards related to the management of records.	An evaluation of the processes and controls for records management, as well as processes followed to ensure compliance to internal records retention and management policies and applicable records management legislative requirements.	Q2 2022
Project Management	Compliance	Inconsistent and ineffective use of project management processes for the delivery and management of projects, resulting in undesired outcomes (e.g., delays, overtures, project outcomes not being delivered).	An assessment to determine the efficiency and effectiveness of the project management processes across the City, including methodologies, tools, controls and training in place for project planning, execution and reporting.	Q4 2023

Internal Audit Plan FY 2024

Audit	Type	Risk	Scope	Timing
Privacy	Compliance	The possibility of direct or indirect impacts to operations, resulting from inadequate or failed internal processes and systems, lack of appropriate safeguards, issues related to staff and/or external events relating to privacy around the collection, storage, adaptation, alteration, disclosure and dissemination of data.	Review of processes for the collection, use and disposal of personal identifiable information and an evaluation of the design and operating effectiveness of in scope/relevant privacy practices and controls.	Q1 2024
Municipal Affordable Housing Development	VfM	Projects and funding associated with affordable housing through the Municipal Housing Development Program have not delivered value to the citizens of the City of London as intended.	A review to understand if the Municipal Housing Development Program and associated processes and funds were administered with due regard for economy and efficiency and determine if desired outcomes were effectively achieved.	Q1 2024
Anti-Racism Anti- Oppression (ARAO)	Compliance	The City has not made the desired/anticipated progress related to its Anti-Racism Anti- Oppression program.	A review of the City's progress towards implementation of its ARAO framework and policies.	Q2 2024
Performance Measurement	Compliance	Performance metrics are not aligned with corporate goals and the controls around performance measurement and reporting, including information collection, analysis and reporting have not been designed adequately and are not operating effectively, resulting in inaccurate, incomplete and unclear data being reported.	An assessment of the City's performance metrics and frameworks to ensure alignment with corporate strategies and goals. The assessment will support determine whether the City has the data and tools to appropriately evaluate the efficiency and effectiveness of its performance, including a review of the data and tools used, and controls in place to ensure data for performance standards is accurate, valid, reliable and transparent.	Q3 2024
Climate Emergency Action Plan	Compliance	The City has not made the desired/anticipated progress against the action items within the Climate Emergency Action Plan, resulting in operational and reputational impact.	A review of the City's progress against actionable items within the Climate Emergency Action Plan.	Q4 2024

Internal Audit Plan Audit Pool (1/2)

Additional audits that were identified during the risk assessment process have been placed in an audit pool and can be considered as alternatives to proposed audits and can also be considered for future year audits.

Audit	Type	Risk	Scope
Procurement	Compliance	The City is not compliant in following procurement practices for the purchasing of services, products or resources, resulting in possible fraud, quality, cost and delivery risk.	Review of procurement practices to test compliance to policies and the effectiveness of controls in place to ensure vendors are appropriately approved, authorized, onboarded and terminated.
Emergency Management	Compliance	The City's emergency management program is not appropriately designed, operating and sustained.	Assess the procedures and controls in place related to the City's emergency management process. Elements of business continuity, disaster recovery and cyber incident response will be considered including an evaluation of end-user requirements.
Accessibility	Compliance	The City does not appropriately comply with the requirements of the Accessibility for Ontarians with Disabilities Act ("AODA").	Assess the City's compliance with the 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.
Continuous Improvement	Compliance	The City's Continuous Improvement Program is not aligned with the strategic framework and implementation plan.	An assessment to determine the efficiency and effectiveness of the Continuous Improvement Program, including tools and controls in place to support people, processes and customers such as enterprise-wide training, tools and techniques, standard practices, improvement methodologies, and benefits analysis.
Creating a Safe London for Women and Girls	Compliance	The City has not made the desired/anticipated progress related to its Creating a Safe London for Women and Girls initiative.	A review of the City's progress towards the execution of its Creating a Safe London for Women and Girls initiative.

Internal Audit Plan Audit Pool (2/2)

Additional audits that were identified during the risk assessment process have been placed in an audit pool and can be considered as alternatives to proposed audits and can also be considered for future year audits.

Audit	Type	Risk	Scope
Fire Vehicles	VfM	The City is not obtaining maximum return of investment from its fire vehicles fleet.	A review to understand if City funds have been/are being spent with due regard for economy and efficiency to help determine if there is an opportunity to change the current fire vehicle model (i.e., electrification).
Service London	VfM	The City is not obtaining maximum return of investment from the Service London service.	A review to understand if key processes of Service London are effective and delivering the appropriate return and value for the City, considering economy and efficiency.
Community Improvement Plans (CIPs)	VfM	The City is not obtaining maximum return of investment from Community Improvement Plans (CIPs).	A review of Community Improvement Plans (CIPs) incentives to assess value for money and determine the effectiveness of the CIPs. Scope would be limited to one/two CIPs (depending on size and complexity).



INTERNAL AUDIT CHARTER

1.0 INTRODUCTION AND PURPOSE

This Charter establishes the purpose, authority and responsibilities conferred by the Audit Committee on Internal Audit, with respect to the carrying out of internal auditing activities within the City of London (“City”).

Internal auditing is an independent and objective assurance and consulting activity designed to add value and improve the City’s operations. It helps the City accomplish its strategy and objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The objectives of internal auditing are to assist City staff in the effective discharge of their responsibilities by furnishing them with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed and by promoting effective control at a reasonable cost.

Internal Audit is responsible to provide independent assessments to the City Council of the Municipality, through the Audit Committee, as to whether risks are being adequately managed and to provide information to the Audit Committee that supports them in the execution of their responsibilities.

2.0 ROLE OF INTERNAL AUDIT

The responsibilities are defined in this charter, which is approved by the Audit Committee.

Internal Audit is independent of management and as such the Audit Committee has the authority to communicate directly with Internal Audit. Additionally, Internal Audit has direct access to the Audit Committee. Internal Audit reports administratively to the Deputy City Manager Finance Supports and functionally to the Audit Committee of the City.

3.0 AUTHORITY

In carrying out its duties and responsibilities, acting reasonably, Internal Audit is entitled to have full and unrestricted access to all City activities, records, property, personnel, and information, which it considers to be necessary to properly fulfill its function.

Internal Audit are authorized to:

- Have full and free access to the Audit Committee;
- Allocate resources, set frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish audit objectives; and,
- Obtain the necessary assistance from personnel in units of the City where they perform audits, as well as other specialized services from within or outside the City.

Internal Audit are not authorized to:

- Perform any operational duties for the organization or its affiliates;
- Initiate or approve accounting transactions external to Internal Audit; and,
- Direct the activities of any City employee not employed by Internal Audit, except as follows:
 - To the extent that employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors, they may be directed by Internal Audit staff.

4.0 INDEPENDENCE

The independence of Internal Audit is largely determined by its reporting lines in the City. Internal Audit reports functionally to the Audit Committee (including required regular in camera meetings) and administratively to the Deputy City Manager Finance Supports.

In addition, all internal audit activities shall remain free of influence by any element in the City, including matters of audit selection, scope, procedures, frequency, timing, or report content, to permit maintenance of an independent and objective attitude necessary in providing reports.

Internal audit shall have no direct operational responsibility or authority over any of the activities they review. Accordingly, they shall not develop nor install systems or procedures, prepare records, or engage in any other activity which would normally be audited. An internal audit does not in any way relieve other persons in the City of the responsibilities assigned to them.

5.0 RESPONSIBILITIES

Internal Audit is entrusted with the responsibility to appraise the policies, procedures, and management controls of the City to ensure that the activities are properly managed and to promote effective controls at reasonable cost. In discharging this responsibility, Internal Audit shall:

Performance

- Ensure that internal audit resources are appropriate, adequate, and effectively deployed to achieve the approved plan. This would include maintaining an
- adequate complement of professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter. Where the necessary skills are not available internally within the audit team, these should be obtained externally through outsourcing/co-sourcing agreements, or through recruitment.

Annual Planning and Execution

- Develop an annual rolling three year internal audit plan and budget using an appropriate risk-based methodology, including any risks or control concerns identified by the Senior Leadership Team and the Audit Committee and submit that plan to the Audit Committee for review and approval as well as periodic updates.
- Implement the annual rolling three year internal audit plan, as approved, including as appropriate any special tasks or projects requested by the Senior Leadership Team and the Audit Committee.

Scope and Focus of Work

Examine and evaluate the adequacy, effectiveness and efficiency of risk management practices and methodologies to provide assurance that management is operating prudently and within the City's Risk Management Appetite.

- Review systems and operations to assess the extent to which City objectives are achieved, and determine the adequacy and effectiveness of risk management, control, and governance systems. Assess the design and operation of systems of control to give reasonable assurance that the following objectives are achieved by management:
 - safeguarding assets and verify their existence;
 - complying with established policies, procedures, and instructions;
 - complying with legal and regulatory requirements and codes of conduct;
 - providing relevant, reliable, and accurate management and financial information; and,

- detecting and deterring fraud.
- Confirm the effective operation of the controls as designed through testing of transactions.
- Assess the efficiency and effectiveness of internal controls and recommend improvements in procedures and systems.
- Evaluate and assess significant merging/consolidating of functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.

Reporting

Internal audit will report periodically to the Audit Committee on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.

Reporting will include:

- Significant risk exposures and control issues, corporate governance issues, and other matters needed or requested by the Audit Committee.
- Periodic reports to the Audit Committee and management summarizing results of audit activities, including the follow up of previously reported issues.
- Assessing progress against the approved rolling annual three year internal audit plan, as well as any proposed changes to the plan for approval.
- Bring to the attention of the Audit Committee any significant observations that warrant their immediate attention.
- Keep the Audit Committee informed of emerging trends and successful practices in internal auditing.
- Assist in the investigation of suspected fraudulent activities within the City and notify management and the Audit Committee of the results.
- Monitor the overall effectiveness and progress of management in clearing outstanding audit observations and highlight items where timely action is lagging.

Coordination with Other Assurance Functions

Auditing and oversight assurance functions are critical for all organizations. External auditors also independently assess the effectiveness of selected areas of organizational operations. Given the impact that audit and oversight functions have on other parts of the organization it is important to ensure the necessary work is coordinated, well organized and that similar or redundant requests are avoided whenever practical. This helps optimize the performance of the City. In this regard, Internal Audit shall:

- Consider the scope of work of the external auditors, as appropriate, for providing sufficient audit coverage to the organization at a reasonable overall cost. Wherever possible, share information and coordinate activities with the external auditors and providers of other assurance and consulting services to ensure proper coverage and minimize duplication of efforts; and,
- Consider the degree of reliance that can be placed on other Governance structures within the City to reduce the amount of Internal Audit work required and thus reduce overall disruption to the City while ensuring that governance and risk assessments are appropriate, consistent, and communicated to the Senior Leadership Team and the Audit Committee, as needed.

Quality Assurance and Improvement Program

Internal audit will develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity and continuously monitors its effectiveness. Internal audit will adopt a process to monitor and assess the overall effectiveness of the quality program, which will include:

- Internal assessments including ongoing reviews of the performance of the internal audit activity and periodic reviews performed through self-assessment or by other persons within the organization, with knowledge of internal auditing practices and internal audit standards.

6.0 CONSULTING ACTIVITIES

In addition to its responsibilities to provide appropriate levels of internal audit coverage to the organization overall, Internal Audit can also add value in a consulting capacity. As such, it is responsible to carry out ad hoc assessments, inspections, investigations, examinations, or reviews requested by the Senior Leadership Team or by the Audit Committee.

Guidance on Accepting and Performing Consulting Activities

Consulting engagement objectives must address governance, risk management, and control processes to the extent agreed upon with the City.

In performing consulting engagements, internal auditors must ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. If internal auditors develop reservations about the scope during the engagement, these reservations must be discussed with the City to determine whether to continue with the engagement.

Internal auditors must exercise due professional care throughout a consulting engagement by considering the:

- Needs and expectations of the City, including the nature, timing, and communication of engagement results and the availability of skills to meet these expectations;

- Relative complexity and extent of work needed to achieve the engagement's objectives; and,
- Cost of the consulting engagement in relation to potential benefits.

Internal Audit must decline the consulting engagement or obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement, or the engagement conflicts with internal audit's assurance role.

7.0 SCOPE OF WORK

The scope of work of Internal Audit is to determine whether the City's network of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed;
- Interaction with the various governance groups to leverage their work as practical
- Significant financial, managerial, and operating information is accurate, reliable, and timely;
- Employees' actions comply with policies, standards, procedures, and applicable laws and regulations;
- Resources are utilized efficiently and effectively, and adequately safeguarded;
- Programs, plans, and objectives are achieved;
- Quality and continuous improvement are fostered in the City's control process; and,
- Significant legislative or regulatory issues impacting the City are recognized and addressed appropriately.

Opportunities for improving management control, profitability, and the City's image may be identified during audits. They will be communicated appropriately to management and the Audit Committee.

8.0 ACCOUNTABILITY

Internal Audit, in the discharge of its duties, shall be directly accountable to the Audit Committee to:

- Meet with the Audit Committee at least quarterly and provide an assessment on the adequacy and effectiveness of the City's key processes for controlling its activities and managing its risks in the areas set forth under the scope of work, as well as the basis for the assessment;
- Report significant issues related to the processes for controlling the activities of the City and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution;
- Periodically provide information on the status and results of the annual rolling three-year internal audit plan and the sufficiency of department resources; and,
- Co-ordinate with and provide assessment of other control and monitoring functions (risk management, compliance, security, legal, ethics, environmental, external audit).

9.0 STANDARDS OF AUDIT PRACTICE

The internal audit profession is covered by the International Professional Practices Framework of The Institute of Internal Auditors. This framework includes mandatory elements consisting of the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing. Internal Audit will meet these mandatory requirements of the profession.

Internal Audit shall employ established and proven frameworks and practices that are appropriate for the organization and for the effective performance of Internal Audit responsibilities.

10.0 CODE OF CONDUCT

All internal auditors shall abide by the Institute of Internal Auditors' Code of Ethics.

11.0 AMENDMENT OF CHARTER

The Internal Audit Charter will be reviewed, updated, and reported to the Audit Committee for approval at least annually.

City of London
Audit Committee Meeting
15 June 2022
Internal Audit Follow Up Activities Dashboard

Internal Audit Follow Up Activities as of June 6, 2022

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 are thirteen (13) recommendations from completed audits that were followed up on during this quarter. Refer to Appendix A.

- SaaS Application Review – one (1) Medium
- Fire Process Assessment– three (3) Medium
- Fleet Allocation & Utilization Management Assessment – two (2) Medium
- Advanced Traffic Management System (ATMS) Project Review – three (3) Medium
- Dearness Home Process Assessment – four (4) Medium

	Due	Due in Future Quarters	Closed	On Track for Completion	TBD	Re-Targeted	Total Remaining Open Items
Total	4	5	3	5	4	1	10

Legend

Due: Management action plans due to be implemented on or before June 30, 2022.

Due in Future Quarters: Management action plans due in future quarters.

Closed: Remediation activities reviewed by IA and were adequate to close audit finding.

On Track for Completion: Remediation activities anticipated to be completed on time.

To Be Determined– Discussions are underway with management to better understand the nature of the recommendation against managements action plan and current state environment.

Re-Targeted: Management action plans that have been re-targeted.

Total Remaining Open Items: Management action plans due in future quarters, including re-targeted ones from this quarter, and those that are TBD.

Below is a table representing the length of time the open Management action items have been outstanding and the original risk rating attached to the audit finding associated with the Management action item.

Risk Rating ¹	Ageing in Months					Total
	0-3	4-6	7-9	10-12	12+	
High						
Medium		6			4	10

¹ Low risk observations are intended as leading practice recommendations and are not subject to follow-up by Internal Audit.

City of London
 Audit Committee Meeting
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 Internal Audit Follow Up Activities Dashboard

Appendix A: Open Management Action Plans

SaaS Application Review

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
1	Mat Daley, Director, Information Technology Services, Enterprise supports	<p>SA 1.01 – IT Security Training</p> <p>Expand the existing training to include threats of unsanctioned SaaS applications. The Acceptable Use policy should also be updated to include information on the importance of compliance with such policies and discourage employees from non-compliance. The attendance for training should be monitored, and any deviations from the policy should be recorded and followed up on to reinforce the understanding of and compliance with the policy.</p>	<p>Management will take the following actions:</p> <ol style="list-style-type: none"> 1. Update existing training to include specific information regarding SaaS applications, associated threats, and potential impact to the delivery of Public Service. 2. Update the Use of Technology Administrative Procedures to include SaaS specific information that is direct connected to procedure compliance. 	Medium	Closed	N/A	<p>ITS have provided information through multiple different communications means across the organization to maximize the impact of this information, while also preparing ITS service desk resources to respond to questions from users.</p> <p>This was achieved by actioning the following:</p> <ul style="list-style-type: none"> : Provided SaaS information to People Services to be included in Corporate Orientation and training. : Provided a presentation to the Technology Investment Strategy Committee for further distribution through City management teams. : Shared Corporate wide email specific to SaaS applications. : Supported ITS Service Desk by creating a FAQ document to ensure message consistency <p>Furthermore, the Use of Technology Administrative Procedures was updated to include SaaS specific information.</p>	N/A

Fire Process Assessment

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
1	Richard Hayes, Deputy Fire Chief-Operations	<p>FD 1.0 Key Performance Indicators (“KPI”)</p> <p>We recommend implementing a process to establish benchmarks and monitor the KPIs above in conjunction with the implementation of the ICO Solutions fire department management system (ICO system) to drive leading practices and better controls through fleet operation efficiency and fleet readiness. We also recommend that the KPIs be used to assist in preparing budgets and forecasting performance.</p>	<p>The ICO implementation team has the KPIs that should be utilized. These data capturing requirements will be built into the ICO processes. This will provide the ability to run reports as needed. This enhancement is contingent on the completion of the ICO system and the ability of personnel to log data appropriately.</p> <p>Please note, if this recommendation requires updates or enhancements to the current ICO system, from either an ITS perspective and/or service area perspective, Civic Administration will take this project through the next multi-year ITS and budget approval processes.</p>	Medium	December 2022	5 Months	<p>Management is on track to implement their action plan for December 2022.</p> <p>ICO Technologies was recently purchased by another vendor (Harris Computer Corporation). Management has recently had discussions with the new vendor which is a Canadian Organization.</p> <p>Management and IT will be meeting with the new project lead to discuss resources to move this project forward.</p> <p>It is anticipated implementation timelines will not be impacted.</p>	N/A
2	Richard Hayes, Deputy Fire Chief-Operations	<p>FD 2.0– Condition based vehicle assessments</p> <p>We recommend implementing policies and procedures to require and drive the completion of condition assessments in conjunction with maintenance data, that will support the Corporate Asset Management Plan and Fire Department Financial Capital Planning.</p>	<p>This initiative is twofold. Firstly, there is the need to align policies and procedures to the actions that will be undertaken within the current ICO Records Management system. Secondly, the ICO implementation team has the KPIs that should be utilized. These data capturing requirements will be built into the current ICO processes. This will provide the ability to run reports as needed. This enhancement is contingent on the completion of the current ICO system and the ability of personnel to log data appropriately.</p> <p>Please note, if this recommendation requires updates or enhancements to the current ICO system, from either an ITS perspective and/or service area perspective, Civic Administration will take this project through the next multi-year ITS and budget approval processes.</p>	Medium	December 2022	5 Months	<p>Management is on track to implement their action plan for December 2022.</p>	N/A

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
3	Richard Hayes, Deputy Fire Chief-Operations	<p>FD 3.0– Preventative maintenance, productivity, and inventory requirements Maintenance</p> <p>The ICO system modules for mechanic productivity improvement, telematics data (once available), and KPIs should be used to drive maintenance effectiveness and productivity and help address the balance of reactive and preventive maintenance.</p> <p>Parts Inventory</p> <p>We recommend implementing a policy and supporting process to track parts inventory and required parts on hand (minimum stock holdings for example).</p>	<p>This initiative is twofold. Firstly, there is the need to align policies and procedures to the actions that will be undertaken within the ICO Records Management system. Secondly, the ICO implementation team has the KPIs that should be utilized. These data capturing requirements will be built into the ICO processes. This will provide the ability to run reports as needed. This enhancement is contingent on the completion of the ICO system and the ability of personnel to log data appropriately.</p> <p>The implementation of this recommendation is also contingent on the additional resources requested through the 2022 annual budget approval process.</p>	Medium	<p>December 2022</p> <p>(If additional resources are required, the timeline would be adjusted to align with the next multi-year budget approval process: 2024-2027).</p>	5 Months	Management is on track to implement their action plan for December 2022.	N/A

Fleet Allocation & Utilization Management Assessment

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
1	Director of Fleet and Facilities and Senior Manager of Fleet in conjunction with Fleet Planning Manager and respective Service Area Managers.	<p>FP 1.0 – Confirm delegated authority</p> <p>Implement clear delegated authorities and escalation protocols for fleet replacement decisions and governance. This would help to ensure accountability for the number of assets held and better balance the considerations to be taken when decisions are to be made.</p>	<p>Actions to be taken Develop an administrative policy for delegated authority and escalation protocols that defines a procedure and approval process for Service Area vehicles and replacement decisions, rental/owned balance, and additional vehicles and equipment added to the fleet.</p> <p>Considerations Procedure must adequately preserve the service area's subject matter expertise as it relates to their vehicle and equipment requirements.</p>	Medium	<p>Consultations with Service areas to be completed September 30, 2022.</p> <p>Administrative Policy draft prepared December 2022.</p> <p>Approval targeted for March 31, 2023.</p>	5 Months	<p>Management is on track to implement their action plan within the anticipated due date.</p> <p>A new senior manager for Fleet is now in place and working on driving forward management action items.</p>	N/A
2	Senior Manager of Fleet in conjunction with Fleet Maintenance Manager, System Technologist, ITS and Driver Safety and Compliance.	<p>FP 2.0 – Improve productivity/reduce costs</p> <p>Automation of Work Orders/General Productivity Implement telematics capabilities on fleet assets prioritized as having a likely payback and reviewing the data to better inform preventative maintenance scheduling (provided that the City is willing to adopt this leading practice). Further, we recommend updating the work order system to be fully automated provided that the budget and implementation resources can be made available. This will allow for mechanic and employee time to be reliably tracked and analyzed efficiently, which can be used to drive productivity. Tighter control over the labour should also be considered by evaluating worker performance vs. agreed on time standards.</p> <p>Operator Damage Implement telematics and policies and procedures to proactively evaluate driver behaviors and address potential risks. This would allow for a trend/root cause analysis to be performed, which would help management to improve safety and reduce costs.</p>	<p>Actions to be taken</p> <ul style="list-style-type: none"> Develop a submission to the Technology Investment Strategy Committee through the designated process. A work order automation business case request will be submitted for consideration as part of the next intake of the Technology Investment Strategy as ITS support will be required. Should this project be prioritized to proceed with technology support, it will be submitted as a business case for consideration as part of the next Multi-Year Budget process. Continue to work closely with Driver Safety and Compliance. Establish a task team of key service area reps to meet regularly to discuss driver safety, trends, training, programming, and compliance issues. Develop a full telematic strategy that includes the required human resource support required to analyze data. Make recommendation on telematics strategy to Director of Fleet and Facilities and subsequently bring forward to CWC 	Medium	<p>Driver Safety Task Team to be developed and in place by April 2022 (Completed).</p> <p>Work order automation and telematics – Feasibility and Recommendations to Director of Fleet and Facilities December 2022, Action Plan to follow December 2022.</p> <p>Telematic Strategy – Meet with stakeholders and Driver Safety and Compliance and continue expansion of the</p>	5 Months	<p>Management is on track to implement their action plan within the anticipated due date.</p> <p>A Driver Safety & Compliance Committee was established earlier this year and meets on a monthly basis.</p> <p>This Committee has a Terms of Reference in place which outlines the Committee's purpose, scope, and responsibilities.</p>	N/A

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
		<p>Asset Pool Program Investigate a pilot program for a City vehicle pool program, based out of a central location. Additionally, we recommend documenting clear policies and procedures on intended usage. Calgary's Flex Fleet program is the current leading practice in Canada.</p>	<p>committee.</p> <ul style="list-style-type: none"> • Explore a PM maintenance program that utilizes telematics data to support the planned maintenance and service schedules. • Develop and implement a gradual vehicle pool program in certain vehicle classes utilizing learned experiences from other municipalities. <p>Considerations Work order automation will require ITS project support (QR codes, barcoding, part inventory system, Kronos, Cognos and JDE integration) and must be considered as part of the Corporate Technology Investment Strategy.</p>		<p>telematics program in the interim. Full telematics strategy and policy developed for December 2023.</p>			

Advanced Traffic Management System (ATMS) Project Review

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
1	Shane Maguire, Divisional Manager, Traffic Engineering with support from Information Technology Services	<p>TM 1.02 - Lack of program oversight including limited interdependency management, and informal status reporting.</p> <p>Document a TIMMS program schedule that includes high level milestones, activities, and their interdependencies for all projects within the program.</p> <p>Implement a dashboard to display high level metrics, for each project, to provide an up-to-date summary of program status. Suggested items include:</p> <ul style="list-style-type: none"> • Budget status, comparing actual spend with estimated budget. • Key risks with assigned owners, mitigation plan and progress status. • Key milestones or deliverables before the next reporting cycle, with estimated completion time. 	The TIMMS program schedule was presented to the Steering Committee at the onset of the program and updates on specific projects have been provided on a monthly basis. Management will establish a living program schedule similar to what has been done with individual projects and develop high-level metrics for updates at Steering Committee meetings.	Medium	Complete	N/A	<p>Management is now utilizing a program oversight tool which helps to visualize project statuses against one another and provide TIMMS program status updates to the Steering Committee on a monthly basis which provides updates on individual projects within the program.</p> <p>While management has completed the management action items, internal audit has identified some additional considerations which are derived from leading practice considerations, and these have been shared directly with management for consideration.</p>	N/A
2	Shane Maguire, Divisional Manager, Traffic Engineering	<p>TM 1.03 - A project risk log is in place although risk monitoring activities are not documented, including risk owners.</p> <p>Reassess and update the risk register on a periodic basis. Document risk owners with risk monitoring actions and updates.</p>	Management will undertake a full review of the Risk Log with the ATMS vendor with a focus on risk ownership and monitoring. Moving forward this will be reviewed at minimum on a quarterly basis.	Medium	Complete	N/A	<p>The ATMS project log is monitored jointly on a weekly basis with the vendor, Parsons. Actions associated with issues and risks are allocated to the City or Parsons with notes provided on the status of each open issue and risk.</p> <p>The risk log is being reviewed in more detail on a quarterly basis and will be reviewed sooner should there be a substantial change.</p>	N/A

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
3	Shane Maguire Divisional Manager, Traffic Engineering	<p>TM 1.04 - No process for benefits realization management including baselining and quantification of benefits.</p> <p>Develop, implement, and execute on a benefit management plan that details the identification, definition, baseline and tracking of the following type of project benefits:</p> <ul style="list-style-type: none"> • Direct financial benefits (tangible). e.g., reduced operating costs. • Direct non-financial benefits (tangible). e.g., reduced peak travel times. • Indirect benefits (intangible), e.g., increased driver satisfaction 	<p>Quantification of benefits realization are an ongoing challenge of the ATMS project both due to ever-changing, dynamic nature of transportation systems and, most recently, the impacts of COVID which show increased positive benefits due to decreased travel demands. However, opportunities will be sought to demonstrate the ATMS benefits through specific improvement initiatives including the Adaptive Corridor Pilot, corridor timing improvements, and transit priority through typical metrics such as travel time and reliability indexes and transit schedule adherence. The ATMS is a nexus point of many tools that will be realized under the overall TIMMS program.</p>	Medium	<p>June 30, 2022</p> <p>Revised Due Date June 2023 (at which time internal audit will assess progress and update this timeline accordingly)</p>	5 Months	<p>The implementation of the new traffic management system is nearing operations. The next step is to utilize the system to quantify before/after conditions. Metrics to support benefits for signal optimization and adaptive pilot performance have been developed.</p> <p>The three main categories for quantification that will need to be timed, based on anticipated completion, are:</p> <ul style="list-style-type: none"> : Traffic Signal Optimization – 12 months. : Adaptive Traffic Signal Pilot Performance – 18 months. : Transit Signal Priority Performance – 18 months. <p>The rationale for the above timelines is primarily dependent on the implementation of supporting field equipment to enable the measurement of metrics for benefits realization using the ATMS.</p>	1

Dearness Home Process Assessment

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
1	Leslie Hancock Administrator - Long Term Care – Dearness Home	<p>DHPA 1.01 – Organizational design and culture</p> <p>From the perspective of continuous improvement and the opportunity to increase the quality-of-service delivery to residents, management should implement the following:</p> <ul style="list-style-type: none"> • Perform a job activity analysis or time study to obtain key data points on the duties of each Clerk and reorganize responsibilities to maximize efficiency. This will create a sense of pride and connectedness to tasks; • Ensure operational plans proactively address issues with engagement and employee experience, as well as, agility, digitalization, ways of working and organizational design that supports long term success; • Ensure that core values and strategic objectives are well communicated to develop a commitment and understanding of role specific values; and, • Maintain a strong point of contact with City of London Human Resource Partners to ensure that the uniqueness of Dearness Home's operations is appropriately considered. 	<p>Management agrees with the observation and recommendation.</p> <p>Management will meet with HR to discuss the report and to seek the necessary support to realize the action plan. The outcome for Q1 2020 is for HR to understand the action plan and be engaged in supporting and enabling improvements.</p> <p>In Q1 2020, management will also meet with clerical staff and their union to discuss this report and future actions.</p> <p>Management will communicate core values and strategic objectives to Clerical staff and work to achieve improved engagement, equitable work distribution, more efficient processes, and enhanced employee experience.</p> <p>To seek practical, actionable improvements, management will engage external consultants with long-term care experience to conduct an activity study, identify possible process enhancements, suggest metrics to track progress, and to recommend optimization strategies and implementation plans.</p> <p>Following the steps above, analysis will be conducted by senior Home and City leadership, HR, and Finance to ensure that organizational systems enable clerical staff to fully support business objectives and the values and beliefs of the Dearness Home.</p>	Medium	March 2021	12+ Months	Internal Audit is to reassess the audit recommendation and management action plan in conjunction with management and produce a new timeline for completion where required.	TBD

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
2	Leslie Hancock Administrator - Long Term Car – Dearness Home	<p>DHPA 1.02 – Cross training</p> <p>Management should identify key prioritized tasks and roles performed, as well as appropriate back-up and second line back-up with the skills and capabilities to perform these activities and ensure that formalized cross training occurs. This could include offering mandatory learnings on duties, the provision of relevant standard operating procedures needed to complete the role and annual check-ins to ensure that knowledge required to effectively complete the role is sufficient.</p> <p>Furthermore, Management could consider including a requirement for formal cross training in current job descriptions, to ensure that staff with relevant skill sets and training are covering specific activities during staff absence or leave.</p>	<p>Management agrees with the observation and recommendation.</p> <p>Management will work with stakeholders to identify cross training opportunities for Clerical roles to ensure business continuity, maintenance of high-quality services and job satisfaction. The goal of these activities is to achieve a future state where the Clerical roles are flexible, mutually supportive, and aligned with the Home's strategic plan and vision.</p>	Medium	March 2021	12+ Months	Internal Audit is to reassess the audit recommendation and management action plan in conjunction with management and produce a new timeline for completion where required.	TBD
3	Leslie Hancock Administrator - Long Term Car – Dearness Home	<p>DHPA 2.0 – Policies and Procedures</p> <p>Management should expand upon the existing SOP library and undertake formally documenting all relevant processes in SOPs, including staff scheduling processes, daily census reporting processes, and patient admissions processes. Furthermore, a cycle should be established to regularly review and revise SOP documentation.</p> <p>When preparing to document an SOP and creating a review cycle, Management should consider the following:</p> <ul style="list-style-type: none"> • Generating an inventory of all relevant SOP documents; 	<p>Management agrees with the observation and recommendation.</p> <p>Management will create a complete set of current state SOPs for clerical roles by working with stakeholders to capture existing processes. As the improvements are implemented and efficiencies are realized, work will continue to define and capture those revised processes. To house this material, Dearness Home will expand upon and improve the functioning library of SOPs already established, which is centrally stored and accessed according to role. The enhanced SOP library will be an invaluable reference tool that will ensure consistent practice and also enable fast and reliable instruction (during cross training and in the orientation of new staff).</p>	Medium	March 2021	12+ Months	Internal Audit is to reassess the audit recommendation and management action plan in conjunction with management and produce a new timeline for completion, where required.	TBD

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
		<ul style="list-style-type: none"> Storing all relevant documentation centrally for ease of access using a Corporate approved database (e.g., SharePoint, etc.); Utilizing version control including documenting the date of last revision with Management approval to clearly articulate completion of any review and revision; and, Adopting a schedule with assigned responsibility to regularly review and revise standard operating procedures and guidelines at minimum annually. 						
4	Leslie Hancock, Administrator - Long Term Care – Dearness Home	<p>DHPA 3.01 – Digitization of manual processes and documents</p> <p>Management should identify key administrative and clerical tasks that are manual and/or paper-based and digitize these using technology that is currently available in the Dearness Home. Management should consider the following:</p> <ul style="list-style-type: none"> Compiling admissions packages electronically via PDF; Tracking admissions metrics via excel and saving the results locally in an access-controlled folder on a shared network; Converting nursing call-in logs to electronic documents and saving them locally in an access-controlled folder on a shared network; Daily scanning of guest sign-in logs and storing these locally in an access-controlled folder on a shared network; and, 	<p>Management agrees with the observation and will work to realize the opportunities identified in the recommendation.</p> <p>Building on recent success in using continuous improvement methodology to deploy text-based scheduling, Dearness Home will continue to increase the use of technology. Opportunities to use technology to enhance efficiency and optimize service will be identified through stakeholder input, data collection, and recommendations from the consultants. Management will ensure these process improvements are aligned with the goals of Dearness Home and the City.</p>	Medium	March 2021	12+ Months	Internal Audit is to reassess the audit recommendation and management action plan in conjunction with management and produce a new timeline for completion, where required.	TBD

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
		<ul style="list-style-type: none"> Utilization of extended features in PointClickCare such as, admissions process automation, performance insight tracking and analytics. 						

City of London
Audit Committee Meeting
15 June 2022
Internal Audit Follow Up Activities Dashboard

Internal Audit Follow Up Activities as of June 10, 2022

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 are thirteen (13) recommendations from completed audits that were followed up on during this quarter. Refer to Appendix A.

- SaaS Application Review – One (1) Medium
- Fire Process Assessment– Three (3) Medium
- Fleet Allocation & Utilization Management Assessment – Two (2) Medium
- Advanced Traffic Management System (ATMS) Project Review – Three (3) Medium
- Dearness Home Process Assessment – Four (4) Medium

	Due	Due in Future Quarters	Closed	On Track for Completion	Re-Targeted	Total Remaining Open Items
Total	8	5	5	5	3	8

Legend

Due: Management action plans due to be implemented on or before June 30, 2022.

Due in Future Quarters: Management action plans due in future quarters.

Closed: Remediation activities reviewed by IA and were adequate to close audit finding.

On Track for Completion: Remediation activities anticipated to be completed on time.

Re-Targeted: Management action plans that have been re-targeted.

Total Remaining Open Items: Management action plans due in future quarters, including re-targeted ones from this quarter, and those that are TBD.

Below is a table representing the length of time the open Management action items have been outstanding and the original risk rating attached to the audit finding associated with the Management action item.

Risk Rating ¹	Ageing in Months					Total
	0-3	4-6	7-9	10-12	12+	
High						
Medium		6			2	8

¹ Low risk observations are intended as leading practice recommendations and are not subject to follow-up by Internal Audit.

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 15 June 2022
 Internal Audit Follow Up Activities Dashboard

Appendix A: Open Management Action Plans

SaaS Application Review

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
1	Mat Daley, Director, Information Technology Services, Enterprise supports	<p>SA 1.01 – IT Security Training</p> <p>Expand the existing training to include threats of unsanctioned SaaS applications. The Acceptable Use policy should also be updated to include information on the importance of compliance with such policies and discourage employees from non-compliance. The attendance for training should be monitored, and any deviations from the policy should be recorded and followed up on to reinforce the understanding of and compliance with the policy.</p>	<p>Management will take the following actions:</p> <ol style="list-style-type: none"> 1. Update existing training to include specific information regarding SaaS applications, associated threats, and potential impact to the delivery of Public Service. 2. Update the Use of Technology Administrative Procedures to include SaaS specific information that is directly connected to procedure compliance. 	Medium	Closed	N/A	<p>ITS have provided information through multiple different communications means across the organization to maximize the impact of this information, while also preparing ITS service desk resources to respond to questions from users.</p> <p>This was achieved by actioning the following:</p> <ul style="list-style-type: none"> : Provided SaaS information to People Services to be included in Corporate Orientation and training. : Provided a presentation to the Technology Investment Strategy Committee for further distribution through City management teams. : Shared Corporate wide email specific to SaaS applications. : Supported ITS Service Desk by creating a FAQ document to ensure message consistency <p>Furthermore, the Use of Technology Administrative Procedures was updated to include SaaS specific information.</p>	N/A

Fire Process Assessment

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
1	Richard Hayes, Deputy Fire Chief-Operations	<p>FD 1.0 Key Performance Indicators (“KPI”)</p> <p>We recommend implementing a process to establish benchmarks and monitor the KPIs above in conjunction with the implementation of the ICO Solutions fire department management system (ICO system) to drive leading practices and better controls through fleet operation efficiency and fleet readiness. We also recommend that the KPIs be used to assist in preparing budgets and forecasting performance.</p>	<p>The ICO implementation team has the KPIs that should be utilized. These data capturing requirements will be built into the ICO processes. This will provide the ability to run reports as needed. This enhancement is contingent on the completion of the ICO system and the ability of personnel to log data appropriately.</p> <p>Please note, if this recommendation requires updates or enhancements to the current ICO system, from either an ITS perspective and/or service area perspective, Civic Administration will take this project through the next multi-year ITS and budget approval processes.</p>	Medium	<p>December 2022</p> <p>(If additional resources are required, the timeline would be adjusted to align with the next multi-year budget approval process: 2024-2027).</p>	5 Months	<p>Management is on track to implement their action plan for December 2022.</p> <p>ICO Technologies was recently purchased by another vendor (Harris Computer Corporation). Management has recently had discussions with the new vendor which is a Canadian Organization.</p> <p>Management and IT will be meeting with the new project lead to discuss resources to move this project forward.</p> <p>It is anticipated implementation timelines will not be impacted.</p>	N/A
2	Richard Hayes, Deputy Fire Chief-Operations	<p>FD 2.0– Condition based vehicle assessments</p> <p>We recommend implementing policies and procedures to require and drive the completion of condition assessments in conjunction with maintenance data, that will support the Corporate Asset Management Plan and Fire Department Financial Capital Planning.</p>	<p>This initiative is twofold. Firstly, there is the need to align policies and procedures to the actions that will be undertaken within the current ICO Records Management system. Secondly, the ICO implementation team has the KPIs that should be utilized. These data capturing requirements will be built into the current ICO processes. This will provide the ability to run reports as needed. This enhancement is contingent on the completion of the current ICO system and the ability of personnel to log data appropriately.</p> <p>Please note, if this recommendation requires updates or enhancements to the current ICO system, from either an ITS perspective and/or service area perspective, Civic Administration will take this project through the next multi-year ITS and budget approval processes.</p>	Medium	<p>December 2022</p> <p>(If additional resources are required, the timeline would be adjusted to align with the next multi-year budget approval process: 2024-2027).</p>	5 Months	<p>Management is on track to implement their action plan for December 2022.</p>	N/A

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
3	Richard Hayes, Deputy Fire Chief-Operations	<p>FD 3.0– Preventative maintenance, productivity, and inventory requirements</p> <p>Maintenance The ICO system modules for mechanic productivity improvement, telematics data (once available), and KPIs should be used to drive maintenance effectiveness and productivity and help address the balance of reactive and preventive maintenance.</p> <p>Parts Inventory We recommend implementing a policy and supporting process to track parts inventory and required parts on hand (minimum stock holdings for example).</p>	<p>This initiative is twofold. Firstly, there is the need to align policies and procedures to the actions that will be undertaken within the ICO Records Management system. Secondly, the ICO implementation team has the KPIs that should be utilized. These data capturing requirements will be built into the ICO processes. This will provide the ability to run reports as needed. This enhancement is contingent on the completion of the ICO system and the ability of personnel to log data appropriately.</p> <p>The implementation of this recommendation is also contingent on the additional resources requested through the 2022 annual budget approval process.</p>	Medium	<p>December 2022</p> <p>(If additional resources are required, the timeline would be adjusted to align with the next multi-year budget approval process: 2024-2027).</p>	5 Months	Management is on track to implement their action plan for December 2022.	N/A

Fleet Allocation & Utilization Management Assessment

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
1	Director of Fleet and Facilities and Senior Manager of Fleet in conjunction with Fleet Planning Manager and respective Service Area Managers.	<p>FP 1.0 – Confirm delegated authority</p> <p>Implement clear delegated authorities and escalation protocols for fleet replacement decisions and governance. This would help to ensure accountability for the number of assets held and better balance the considerations to be taken when decisions are to be made.</p>	<p>Develop an administrative policy for delegated authority and escalation protocols that defines a procedure and approval process for Service Area vehicles and replacement decisions, rental/owned balance, and additional vehicles and equipment added to the fleet.</p> <p>Considerations Procedure must adequately preserve the service area's subject matter expertise as it relates to their vehicle and equipment requirements.</p>	Medium	<p>Consultations with Service areas to be completed September 30, 2022.</p> <p>Administrative Policy draft prepared December 2022.</p> <p>Approval targeted for March 31, 2023.</p>	5 Months	<p>Management is on track to implement their action plan within the anticipated due date.</p> <p>A new senior manager for Fleet is now in place and working on driving forward management action items.</p>	N/A
2	Senior Manager of Fleet in conjunction with Fleet Maintenance Manager, System Technologist, ITS and Driver Safety and Compliance.	<p>FP 2.0 – Improve productivity/reduce costs</p> <p>Automation of Work Orders/General Productivity Implement telematics capabilities on fleet assets prioritized as having a likely payback and reviewing the data to better inform preventative maintenance scheduling (provided that the City is willing to adopt this leading practice). Further, we recommend updating the work order system to be fully automated provided that the budget and implementation resources can be made available. This will allow for mechanic and employee time to be reliably tracked and analyzed efficiently, which can be used to drive productivity. Tighter control over the labour should also be considered by evaluating worker performance vs. agreed on time standards.</p> <p>Operator Damage Implement telematics and policies and procedures to proactively evaluate driver behaviors and address potential risks. This would allow for a trend/root cause analysis to be performed, which would help management to improve safety and reduce costs.</p>	<p>Develop a submission to the Technology Investment Strategy Committee through the designated process. A work order automation business case request will be submitted for consideration as part of the next intake of the Technology Investment Strategy as ITS support will be required. Should this project be prioritized to proceed with technology support, it will be submitted as a business case for consideration as part of the next Multi-Year Budget process.</p> <p>Continue to work closely with Driver Safety and Compliance. Establish a task team of key service area reps to meet regularly to discuss driver safety, trends, training, programming, and compliance issues.</p> <p>Develop a full telematic strategy that includes the required human resource support required to analyze data. Make recommendation on telematics strategy to Director of Fleet and Facilities and subsequently bring forward to CWC committee.</p> <p>Explore a PM maintenance program that utilizes telematics data to support the</p>	Medium	<p>Driver Safety Task Team to be developed and in place by April 2022 (Completed).</p> <p>Work order automation and telematics – Feasibility and Recommendations to Director of Fleet and Facilities December 2022, Action Plan to follow December 2022.</p> <p>Telematic Strategy – Meet with stakeholders and Driver Safety and Compliance and continue expansion of the telematics program in the interim. Full telematics</p>	5 Months	<p>Management is on track to implement their action plan within the anticipated due date.</p> <p>A Driver Safety & Compliance Committee was established earlier this year and meets on a monthly basis.</p> <p>This Committee has a Terms of Reference in place which outlines the Committee's purpose, scope, and responsibilities.</p>	N/A

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
		<p>Asset Pool Program Investigate a pilot program for a City vehicle pool program, based out of a central location. Additionally, we recommend documenting clear policies and procedures on intended usage. Calgary's Flex Fleet program is the current leading practice in Canada.</p>	<p>planned maintenance and service schedules.</p> <p>Develop and implement a gradual vehicle pool program in certain vehicle classes utilizing learned experiences from other municipalities.</p> <p>Considerations Work order automation will require ITS project support (QR codes, barcoding, part inventory system, Kronos, Cognos and JDE integration) and must be considered as part of the Corporate Technology Investment Strategy.</p>		<p>strategy and policy developed for December 2023.</p>			

Advanced Traffic Management System (ATMS) Project Review

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
1	Shane Maguire, Divisional Manager, Traffic Engineering with support from Information Technology Services	<p>TM 1.02 - Lack of program oversight including limited interdependency management, and informal status reporting.</p> <p>Document a TIMMS program schedule that includes high level milestones, activities, and their interdependencies for all projects within the program.</p> <p>Implement a dashboard to display high level metrics, for each project, to provide an up-to-date summary of program status. Suggested items include:</p> <ul style="list-style-type: none"> • Budget status, comparing actual spend with estimated budget. • Key risks with assigned owners, mitigation plan and progress status. • Key milestones or deliverables before the next reporting cycle, with estimated completion time. 	The TIMMS program schedule was presented to the Steering Committee at the onset of the program and updates on specific projects have been provided on a monthly basis. Management will establish a living program schedule similar to what has been done with individual projects and develop high-level metrics for updates at Steering Committee meetings.	Medium	Complete	N/A	<p>Management is now utilizing a program oversight tool which helps to visualize project statuses against one another and provide TIMMS program status updates to the Steering Committee on a monthly basis which provides updates on individual projects within the program.</p> <p>While management has completed the management action items, internal audit has identified some additional considerations which are derived from leading practice considerations, and these have been shared directly with management for consideration.</p>	N/A
2	Shane Maguire, Divisional Manager, Traffic Engineering	<p>TM 1.03 - A project risk log is in place although risk monitoring activities are not documented, including risk owners.</p> <p>Reassess and update the risk register on a periodic basis. Document risk owners with risk monitoring actions and updates.</p>	Management will undertake a full review of the Risk Log with the ATMS vendor with a focus on risk ownership and monitoring. Moving forward this will be reviewed at minimum on a quarterly basis.	Medium	Complete	N/A	<p>The ATMS project log is monitored jointly on a weekly basis with the vendor, Parsons. Actions associated with issues and risks are allocated to the City or Parsons with notes provided on the status of each open issue and risk.</p> <p>The risk log is being reviewed in more detail on a quarterly basis and will be reviewed sooner should there be a substantial change.</p>	N/A

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
3	Shane Maguire, Divisional Manager, Traffic Engineering	<p>TM 1.04 - No process for benefits realization management including baselining and quantification of benefits.</p> <p>Develop, implement, and execute on a benefit management plan that details the identification, definition, baseline and tracking of the following type of project benefits:</p> <ul style="list-style-type: none"> • Direct financial benefits (tangible). e.g., reduced operating costs. • Direct non-financial benefits (tangible). e.g., reduced peak travel times. • Indirect benefits (intangible), e.g., increased driver satisfaction 	Quantification of benefits realization are an ongoing challenge of the ATMS project both due to ever-changing, dynamic nature of transportation systems and, most recently, the impacts of COVID which show increased positive benefits due to decreased travel demands. However, opportunities will be sought to demonstrate the ATMS benefits through specific improvement initiatives including the Adaptive Corridor Pilot, corridor timing improvements, and transit priority through typical metrics such as travel time and reliability indexes and transit schedule adherence. The ATMS is a nexus point of many tools that will be realized under the overall TIMMS program.	Medium	Retargeted for completion: June 2023 (at which time internal audit will assess progress and update this timeline accordingly)	5 Months	<p>The implementation of the new traffic management system is nearing operations. The next step is to utilize the system to quantify before/after conditions. Metrics to support benefits for signal optimization and adaptive pilot performance have been developed.</p> <p>The three main categories for quantification that will need to be timed, based on anticipated completion, are:</p> <ul style="list-style-type: none"> : Traffic Signal Optimization – 12 months. : Adaptive Traffic Signal Pilot Performance – 18 months. : Transit Signal Priority Performance – 18 months. <p>The rationale for the above timelines is primarily dependent on the implementation of supporting field equipment to enable the measurement of metrics for benefits realization using the ATMS.</p>	1

Dearness Home Process Assessment

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
1	Leslie Hancock, Administrator - Long Term Care – Dearness Home	<p>DHPA 1.01 – Organizational design and culture</p> <p>From the perspective of continuous improvement and the opportunity to increase the quality-of-service delivery to residents, management should implement the following:</p> <ul style="list-style-type: none"> • Perform a job activity analysis or time study to obtain key data points on the duties of each Clerk and reorganize responsibilities to maximize efficiency. This will create a sense of pride and connectedness to tasks; • Ensure operational plans proactively address issues with engagement and employee experience, as well as, agility, digitalization, ways of working and organizational design that supports long term success; • Ensure that core values and strategic objectives are well communicated to develop a commitment and understanding of role specific values; and, • Maintain a strong point of contact with City of London Human Resource Partners to ensure that the uniqueness of Dearness Home's operations is appropriately considered. 	<p>Management agrees with the observation and recommendation.</p> <p>Management will meet with HR to discuss the report and to seek the necessary support to realize the action plan. The outcome for Q1 2020 is for HR to understand the action plan and be engaged in supporting and enabling improvements.</p> <p>In Q1 2020, management will also meet with clerical staff and their union to discuss this report and future actions.</p> <p>Management will communicate core values and strategic objectives to Clerical staff and work to achieve improved engagement, equitable work distribution, more efficient processes, and enhanced employee experience.</p> <p>To seek practical, actionable improvements, management will engage external consultants with long-term care experience to conduct an activity study, identify possible process enhancements, suggest metrics to track progress, and to recommend optimization strategies and implementation plans.</p> <p>Following the steps above, analysis will be conducted by senior Home and City leadership, HR, and Finance to ensure that organizational systems enable clerical staff to fully support business objectives and the values and beliefs of the Dearness Home.</p>	Medium	Retargeted for completion: December 31, 2022	12+ Months	<p>Management has implemented a significant proportion of the management action plan.</p> <p>The Senior Manager, Business Supports & Operations position has been created to focus on process and quality improvements, while also working to ensure that Dearness Home continues to deliver high-quality care and services for all residents. The role commenced in November 2021.</p> <p>In December 2021, the clerical team began reporting to Senior Manager, Business Supports & Operations and began to work on administrative process improvements.</p> <p>A Coverage Plan was implemented in January 2021 to ensure coverage flexibility between clerical positions and business continuity in the event of a retirement or secondment.</p> <p>In June 2022, the leadership team will be discussing the implementation of clerical team huddles and meetings with Finance to strengthen communication and align business objectives. A new Manager, Accounting & Reporting has been hired to work on several longer-term solutions regarding future clerical team reporting structure, administrative tasks and responsibilities.</p> <p>The remaining item for management to complete is the performance of a time study which will help assess required future changes due to operational needs of the home and</p>	1

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
							changes in staffing. The time study work was paused until operational conditions stabilized from the impacts of the pandemic.	
2	Leslie Hancock, Administrator - Long Term Care – Dearness Home	<p>DHPA 1.02 – Cross training</p> <p>Management should identify key prioritized tasks and roles performed, as well as appropriate back-up and second line back-up with the skills and capabilities to perform these activities and ensure that formalized cross training occurs. This could include offering mandatory learnings on duties, the provision of relevant standard operating procedures needed to complete the role and annual check-ins to ensure that knowledge required to effectively complete the role is sufficient.</p> <p>Furthermore, Management could consider including a requirement for formal cross training in current job descriptions, to ensure that staff with relevant skill sets and training are covering specific activities during staff absence or leave.</p>	<p>Management agrees with the observation and recommendation.</p> <p>Management will work with stakeholders to identify cross training opportunities for Clerical roles to ensure business continuity, maintenance of high-quality services and job satisfaction. The goal of these activities is to achieve a future state where the Clerical roles are flexible, mutually supportive, and aligned with the Home's strategic plan and vision.</p>	Medium	Complete	Closed	<p>Cross training in various roles has been provided to clerical staff. Full-time reception staff have been trained in scheduling and admission work, while other clerical staff have also completed training in admissions and unit clerk duties.</p> <p>Refresher training has been provided to all roles on the reception position as part of the new coverage plan.</p> <p>Furthermore, procedural manuals have been created for relevant daily, weekly and monthly routines for most clerical roles except for the Community and Program Services Assistant role due to restrictions as a result of the pandemic.</p>	N/A
3	Leslie Hancock, Administrator - Long Term Care – Dearness Home	<p>DHPA 2.0 – Policies and Procedures</p> <p>Management should expand upon the existing SOP library and undertake formally documenting all relevant processes in SOPs, including staff scheduling processes, daily census reporting processes, and patient admissions processes. Furthermore, a cycle should be established to regularly review and revise SOP documentation.</p> <p>When preparing to document an SOP and creating a review cycle, Management should consider the</p>	<p>Management agrees with the observation and recommendation.</p> <p>Management will create a complete set of current state SOPs for clerical roles by working with stakeholders to capture existing processes. As the improvements are implemented and efficiencies are realized, work will continue to define and capture those revised processes. To house this material, Dearness Home will expand upon and improve the functioning library of SOPs already established, which is centrally stored and accessed according to role. The enhanced SOP library will be an invaluable reference tool that will ensure consistent practice</p>	Medium	Complete	Closed	<p>Management has documented a number of standard operating procedures (SOPs) for clerical roles. These include SOPs for relevant daily, weekly and monthly routines for most roles and SOPs for scheduling to ensure the home is staffed appropriately. In addition, the Vacant Positions process has been mapped.</p> <p>Additional business activities will be documented as roles and administrative work continue to expand and evolve.</p>	N/A

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
		<p>following:</p> <ul style="list-style-type: none"> • Generating an inventory of all relevant SOP documents; • Storing all relevant documentation centrally for ease of access using a Corporate approved database (e.g., SharePoint, etc.); • Utilizing version control including documenting the date of last revision with Management approval to clearly articulate completion of any review and revision; and, • Adopting a schedule with assigned responsibility to regularly review and revise standard operating procedures and guidelines at minimum annually. 	and also enable fast and reliable instruction (during cross training and in the orientation of new staff).					
4	Leslie Hancock, Administrator - Long Term Care – Dearness Home	<p>DHPA 3.01 – Digitization of manual processes and documents</p> <p>Management should identify key administrative and clerical tasks that are manual and/or paper-based and digitize these using technology that is currently available in the Dearness Home. Management should consider the following:</p> <ul style="list-style-type: none"> • Compiling admissions packages electronically via PDF; • Tracking admissions metrics via excel and saving the results locally in an access-controlled folder on a shared network; • Converting nursing call-in logs to electronic documents and saving them locally in an access-controlled folder on a shared network; 	<p>Management agrees with the observation and will work to realize the opportunities identified in the recommendation.</p> <p>Building on recent success in using continuous improvement methodology to deploy text-based scheduling, Dearness Home will continue to increase the use of technology. Opportunities to use technology to enhance efficiency and optimize service will be identified through stakeholder input, data collection, and recommendations from the consultants. Management will ensure these process improvements are aligned with the goals of Dearness Home and the City.</p>	Medium	Retargeted for completion: October 2022	12+ Months	<p>Management has completed parts of the management action plan.</p> <p>A texting process to file overtime shifts has been implemented and a related procedural manual has also been created. In addition, a Vacant Positions Dashboard has been created to allow Managers to verify the number and area of vacant positions.</p> <p>Several initiatives are underway which include</p> <ul style="list-style-type: none"> • Postings online; • Schedules available for viewing online; • Care conference communication; and, • Digitizing call-in and staff replacement documentation. <p>These are expected to be implemented by October 2022.</p>	1

#	Responsible Management	Audit Recommendation	Management Action Plan	Risk Rating	Due Date	Time Open	Quarterly Update	Times Re-Targeted
		<ul style="list-style-type: none"> • Daily scanning of guest sign-in logs and storing these locally in an access-controlled folder on a shared network; and, • Utilization of extended features in PointClickCare such as, admissions process automation, performance insight tracking and analytics. 						