



Financial Report 2022

THE CORPORATION OF THE CITY OF LONDON

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london.ca



LAND ACKNOWLEDGEMENT

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

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

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

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

Draft

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

This Consolidated Report includes the following tabs:

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

Draft

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Year ended December 31, 2022

This Consolidated Report includes the following tabs (continued):

Water Supply System – Lake Huron Area

Consolidated Financial Information Return

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Consolidated Financial Report

Year ended December 31, 2022

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2022 City of London at a Glance

City of London...



At a Glance

430,770
Population

423.43 km²
Land Area

3,770
Lane KM of
Paved Road

65.8%

5.7%

Aaa

2022 Labour Participation Rate^v
(Canada's Rate is 65.4%)^{vi}

2022 Unemployment Rate^v
(Canada Rate is 5.3%)^{vi}

2022 Credit Rating
Provided by Moody's
Investors

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2022

Message from the City Treasurer



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

I am pleased to present the Annual Financial Report of The Corporation of the City of London (the City) for the year ended December 31, 2022. This document provides an overview of the City's 2022 financial performance and serves as an opportunity to highlight to all residents, community partners and local businesses the City's financial policies and prudent long term financial management through its multi-year budget process.

The 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 details the City's 2022 financial performance. Pandemic related impacts on revenue lessened as the City began to emerge from required restrictions back to full operation of its facilities. Despite continued impacts, the City successfully addressed the financial pressures. The 2022 results demonstrate London's continued commitment to strong financial leadership and we are committed to providing high standards of fiscal excellence.

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

Sincerely,

A handwritten signature in black ink that reads "Anna Lisa Barbon". The signature is fluid and cursive.

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

THE CORPORATION OF THE CITY OF LONDON

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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, 2022.
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.

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

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.

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2022

Financial Reporting (continued)**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 2022 budget values presented in this statement have been adjusted to reflect the differences between amounts as budgeted at the City on a modified "cash requirements" basis and amounts now recorded in these financial statements.

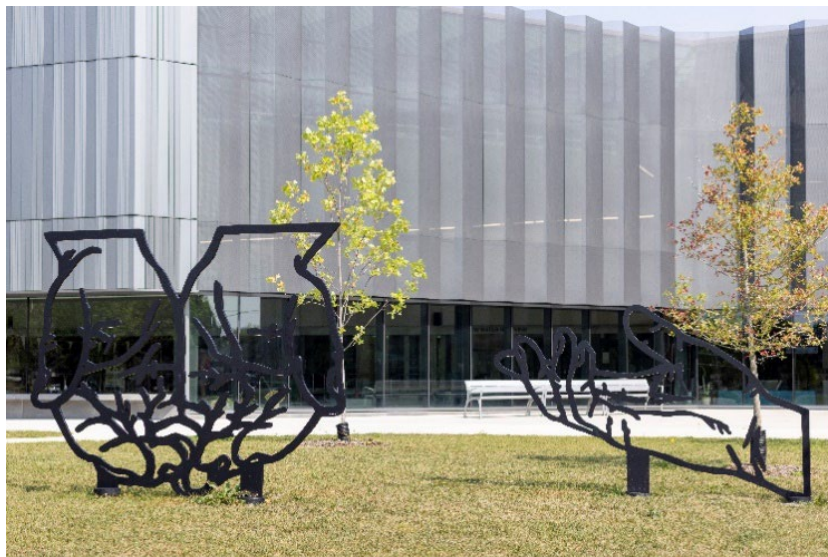


Figure 1 East Lions Community Centre

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.

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2022

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

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

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). As of 2022, the City has no further debt projected as a source of financing on future lifecycle capital projects, limiting the debt burden on future generations while providing intergenerational equity. Furthermore, consistent with the Debt Management Policy, the capital financing strategy ensures that debt is at a level that will not impair the financial position or the credit rating of the City.

Investment Policy

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

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

Together these strategies ensure that the City is achieving its investment goal of maximizing investment income at minimal risk to capital.

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Consolidated Financial Report
Year ended December 31, 2022

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

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

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

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

In a response to the pandemic, the Provincial government delayed the property assessment update scheduled for 2020. The result is no assessment-based shifts between classes in 2022. 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 2022.

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Financial Management (continued)

Property Taxation Policy (continued)

The Province reduced Business Education Tax rates for Commercial and Industrial classes in 2021. The result is that London will no longer be at a disadvantage based on provincial education property tax policy for business properties. The positive impact is a reduction in the education portion of property tax for Commercial and Industrial property owners which continued in 2022.

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. The City of London exited the capping system in 2021 and there were no cap adjustments in 2022, 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.



Figure 2 Kiwanis Park Playground

THE CORPORATION OF THE CITY OF LONDON

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Credit Rating provided by Moody’s Investors Service

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

The rating process involves a review of the City’s annual audited Consolidated Financial Statements, the Financial Information Return (FIR) that is filed annually with the Ministry of Municipal Affairs and Housing, the approved Multi-Year Budget, associated Annual Budget Updates and forecasts. Moody’s also utilizes independent research from a variety of sources such as Statistics Canada, comparisons with other municipalities and local media. Along with reviewing and analyzing the materials noted above, Moody’s arranges 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 October 5, 2022, the City has maintained its Aaa credit rating with a stable outlook.

The City has proudly held the Aaa rating since 1977, making 2022 the 46th 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 46 consecutive years is a testament to the success of the City’s prudent, conservative approach to fiscal planning.



Figure 3 2022 Credit Rating Provided by Moody's Investor Service

THE CORPORATION OF THE CITY OF LONDON

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Economic Overview

Through most of 2022, London's economy continued its pandemic recovery, resulting in an estimated 6.2% increase in real Gross Domestic Product (GDP) last year. In recent months, high inflation and rising interest rates have been moderating consumer demand. As forecasted growth in real GDP slows to 1.3%, London's economy is projected to have a more modest increase for 2023. (Conference Board of Canada, Major City Insights London, March 15, 2023). Figure 4 below provides some economic indicators for London, representing what they were in 2020 and 2021 and what the expected/forecasted results are projected to be.

Economic indicator	2020	2021	2022e	2023	2024	2025	2026	2027
Real GDP at basic prices (2012 \$ millions)	23,898	25,714	27,320	27,684	28,332	28,822	29,296	29,843
Total employment (000s)	257	283	295	295	300	303	306	310
Unemployment rate (per cent)	8.8	7.6	5.8	5.8	5.7	5.7	5.6	5.5
Household income per capita (\$)	48,082	52,912	55,393	56,533	57,908	58,988	60,040	61,150
Population (000s)	554	560	569	580	589	598	608	617
Total housing starts (units)	4,262	5,592	3,292	3,656	3,805	3,931	4,059	4,171
Retail sales (\$ millions)	8,582	9,916	11,186	11,159	11,487	11,708	11,927	12,149
Consumer price index (2002 = 1.000)	1.384	1.432	1.529	1.582	1.616	1.649	1.682	1.716

Note: e = estimate; unshaded area represents forecast data.

Source: Conference Board of Canada, Major City Insights London, March 15, 2023; Statistics Canada; CMHC Housing Time Series Database

Figure 4 Key Economic Indicators, London, Ontario

Sectoral Performance

Two of the city's key sectors performed relatively well in 2022: health services and the finance, insurance, and real estate. In 2021 London's healthcare services sector had a strong year, as demand for healthcare increased in line with the pandemic, with output growing 13.4%. Real GDP in this sector continued to grow in 2022, increasing another 5.5%, and is expected to gain a further 4.3% in 2023. The healthcare services sector makes up 10% of London's economy, a share that is projected to remain steady through the next few years. The province is putting more money into healthcare in the coming years to try to improve services. (Conference Board of Canada, Major City Insights London, March 15, 2023).

In 2022, growth in output for London's manufacturing sector was stronger than the previous year. London's manufacturing output increased by an estimated 4.2% in 2022. Thanks to the opening of Maple Leaf Foods' poultry processing plant and of a Glen Dimplex factory that makes baseboard heaters, the sector received a boost last year. The manufacturing output is expected to grow by 1.7% in 2023, with output surpassing pre-pandemic levels by 2024. (Conference Board of Canada, Major City Insights London, March 15, 2023).

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Economic Overview (continued)

The accommodations and food services sector, as well as the arts and entertainment sector had double-digit output gains in 2022, mainly due to pandemic-related restrictions being lifted. The output growth in 2023 is expected to be 7.3% in the accommodations and food services sector and 11.8% in the arts and entertainment sector. The consumer spending in these sectors is projected to be resilient. (Conference Board of Canada, Major City Insights London, March 15, 2023). Figure 5 below provides employment numbers by sector for 2020 and 2021. Expected and forecasted numbers are provided for the years 2022 through to 2027.

Sector	2020	2021	2022e	2023	2024	2025	2026	2027
Total employment	257.2	282.7	294.5	294.7	300.3	303.3	306.5	309.6
Manufacturing	32.4	34.0	33.8	34.4	34.9	35.0	35.2	35.3
Construction	20.0	20.2	23.9	22.7	23.2	23.5	23.9	24.2
Primary and utilities	5.5	4.4	4.5	4.8	4.7	4.6	4.6	4.5
Wholesale and retail trade	31.9	37.3	41.5	40.0	39.3	39.0	38.9	38.7
Transportation and warehousing	12.8	12.3	12.2	10.2	12.0	12.5	12.8	12.9
Information and cultural industries	3.1	4.2	4.0	4.0	4.2	4.2	4.2	4.2
Finance, insurance, real estate, business, building, and other support services	28.9	34.0	33.8	35.2	34.1	34.5	34.8	35.1
Professional, scientific and technical services	20.5	19.9	22.7	22.7	22.7	23.2	23.6	24.1
Educational services	23.0	27.2	29.0	28.5	28.1	28.0	28.0	28.1
Health care and social assistance	39.5	45.7	44.9	48.3	49.3	49.9	50.8	51.7
Arts, entertainment and recreation	6.0	4.7	6.3	7.0	7.7	8.0	8.2	8.5
Accommodation and food services	14.9	17.2	16.7	16.4	18.1	18.5	18.9	19.2
Other services (except public administration)	9.1	10.4	10.3	10.0	10.9	11.3	11.5	11.7
Public administration	9.7	10.9	11.1	10.4	11.0	11.1	11.2	11.3

Figure 5 Sectoral Employment (000s), London, Ontario

Note: e = estimate, unshaded area represents forecast data

Source: Conference Board of Canada, Major City Insights London, March 15, 2023; Statistics Canada; CMHC Housing Time Series Database

Employment growth leaders in 2022 were the wholesale trade sector and the arts and entertainment sector. Multiple periods of travel restrictions and lockdowns over the last three years caused job levels to fluctuate in these sectors. Employment in the healthcare services sector in 2022 accounted for 16.1% of total jobs while the manufacturing sector and the finance, insurance, and real estate sector make up another 12% each. In the years to come, these three sectors will continue to make up about 40% of the city's labour force. A surge in employment levels in London's healthcare services sector in 2021 was caused by the pandemic. Employment then fell almost 2% last year, however growth is anticipated to resume in 2023. As a result of worker burnout and an aging population, the demand for additional healthcare workers should be on an upward trend through the forecast. At the city level, London's healthcare services sector is known for producing cutting-edge medical research, attracting top talent from around the globe. (Conference Board of Canada, Major City Insights London, March 15, 2023).

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Economic Overview (continued)

Between 2020 and 2021 employment in London's accommodations and food services sector had a significant increase of 15.9% and dropped slightly in 2022 bringing the 2020 to 2022 increase to 12.7%. As a result of the pandemic-related volatility in accommodations and food services, coupled with recent increases in the cost of living, workers may have left jobs in these sectors for higher-paying jobs or enrolled back in school to acquire skills for higher-paying jobs, a small 2.0% drop is projected for 2023. The finance, insurance, and real estate sector saw its employment fall 0.7% in 2022, following the previous year's increase of almost 18%. Rising interest rates led to some cooling in the region's housing market. For 2023, employment in the finance, insurance, and real estate sector is projected to rise by 4.2%. (Conference Board of Canada, Major City Insights London, March 15, 2023).

Labour and Employment

In 2021, employment increased by around 25,000 jobs, or 9.9%. Through 2022 the labour market was tight, and employment growth cooled to 4.2%. Similar to other cities across Canada, London has been experiencing labour shortages, particularly in skilled trades. To help high school students develop their entrepreneurial skills and to encourage them to go into skilled trades, the Thames Valley District School Board launched a pilot program this winter. Such actions may help ease skilled-labour pressures in the medium to long term. Labour shortages are also partly a structural problem, as the population is aging, and more and more people are leaving the workforce each year. London's labour force participation rate is anticipated to trend downwards over the next few years. (Conference Board of Canada, Major City Insights London, March 15, 2023).

Employment increased by 4.2% in 2022 to 11,800 number of jobs in London. Since economic growth is expected to be weaker in 2023, employment growth will be similar. As such, overall job gains of 0.1% are projected for 2023. London's unemployment rate fell to 5.8% in 2022, due to ongoing employment growth, and is projected to remain at this rate for 2023, still relatively low by historical standards. Wages and salaries per employee increased by approximately 5.8% in 2022 and are estimated to increase 3.9% in 2023, reaching \$61,300 (annually). (Conference Board of Canada, Major City Insights London, March 15, 2023).

Migration and Cost of Living

Last year, higher levels of net international migration improved overall migration numbers in the region. Whereas net international migration is expected to move back closer to pre-pandemic levels in 2023, net interprovincial migration should continue to improve. (Conference Board of Canada, Major City Insights London, March 15, 2023).

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Economic Overview (continued)

Migration and Cost of Living (continued)

London's population increased by approximately 1.7% in 2022 and is projected to increase another 1.9% in 2023. Immigration drove growth in 2022. Although net international migration will be a little smaller in 2023, it will remain on par with pre-pandemic levels. (Conference Board of Canada, Major City Insights London, March 15, 2023).

Construction and Real Estate

In 2022, the output in the city's construction sector grew by 7.7% and an additional 0.6% increase is expected in 2023. The strength in the construction sector continues to be driven by a multitude of non-residential projects, as well as strong levels of housing starts. The Southdale Road West infrastructure renewal project and the construction of the underpass on Adelaide Street North contributed to the healthy growth recorded in 2022. The Wellington Gateway project, to widen the road and add transit lanes between Highway 401 and London's downtown, will take around three years to complete and is projected to give the city's construction sector a boost over the next few years. (Conference Board of Canada, Major City Insights London, March 15, 2023).

London's housing market was strong in 2021, with housing starts reaching 5,600 units. In 2022, the starts slowed to 3,300 units, a considerable decline, however still healthy by historical standards. It is projected that over the next two years, the total housing starts will remain between 3,700 and 3,800 units. The Bank of Canada's interest rate hikes have already made an impact on the housing market. Home prices have dropped but are still fairly high compared with pre-pandemic prices. London's affordability compared to the Greater Toronto area will help keep demand for new homes from declining further. (Conference Board of Canada, Major City Insights London, March 15, 2023).

Outlined in Figure 6 is a nine-year overview of total building permits based on cumulative value. Further, for illustrative purposes this is then broken down by type; residential, commercial, industrial, public administration and non-commercial.

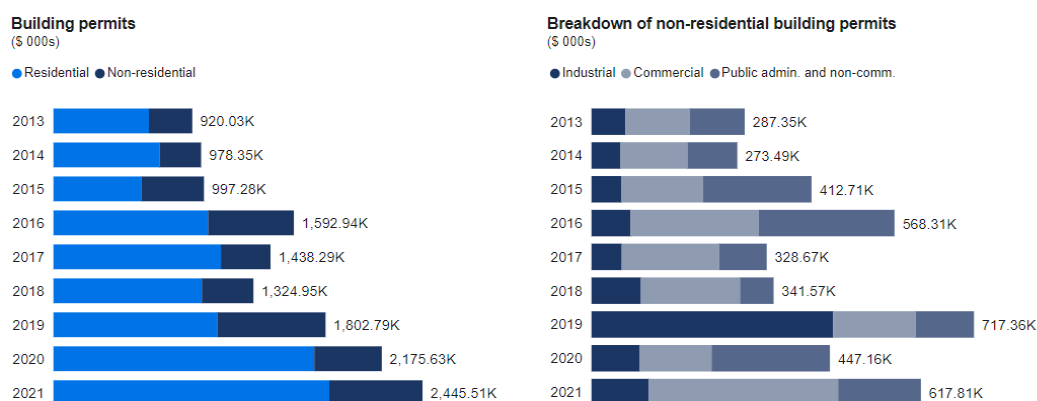


Figure 6 Construction, Commercial real Estate, and Income Overview

Source: Conference Board of Canada, Major City Insights London, March 15, 2023; Statistics Canada; CBRE

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2022

2022 Financial Results**Financial Results Summary**

Highlights from the City's consolidated financial position, based on a full accrual basis of accounting, for the year ending December 31, 2022 include the following:

- The City's net financial assets position improved to \$1,034 million in 2022, representing an increase of \$169 million (19.5%) over 2021. When the City's financial assets are greater than its financial liabilities, it would indicate that the City is in a stronger financial position to provide for future expenses and liability repayments.
- The City's net book value of tangible capital assets increased to \$4,378 million, a 4.6% increase over 2021. Major contributing factors to this increase were the result of major investments in wastewater infrastructure, roads infrastructure, and water infrastructure.
- The City realized an annual surplus of \$367.9 million. As this is based on Public Sector Accounting Board requirements, this surplus includes the transfers to reserves and reserve funds which were identified as an expense under the modified cash basis budget, contributions of tangible capital assets from developers, and capital funding earned in the year.

Consolidated Statement of Operations

2022 (millions)	Budget	Actual	Variance
Revenues	1,570	1,659	89
Expenses	1,343	1,291	(52)
Surplus	227	368	141

Table 1: Financial Results Summary

Statement of Operations – Total Revenue

In 2022, revenue realized on a full accrual basis of \$1.6 billion which was \$89 million greater than budget. Contributing factors to this variance were:

- Developer contributions to tangible capital assets that were \$51.9 million greater than budget.
- Greater than expected equity earnings in government business enterprises of \$29 million.
- Greater than anticipated investment income of \$24.3 million.
- Grant revenue recognized from was lower than expected for Ontario Works and Childcare due to program costs incurred in 2022, however, higher than anticipated revenue from both levels of government for housing was realized.

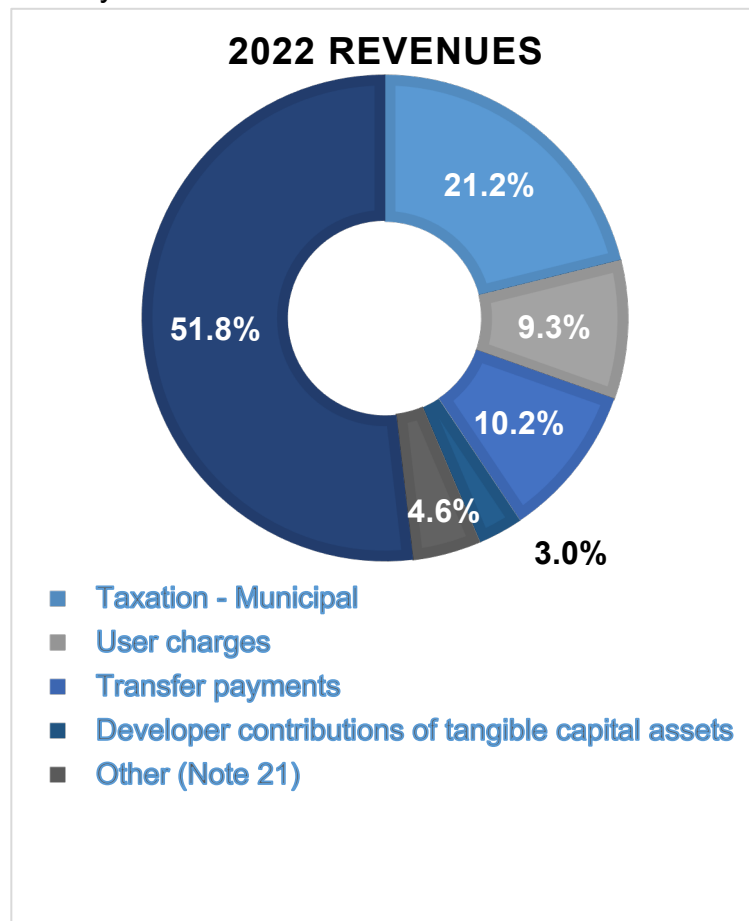


Figure 7 2022 Revenues

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2022

Statement of Operations - Total Expenses

In 2022, expenses incurred on a full accrual basis were \$1,343 million which was \$52 million lower than budget.

Major contributing factors to this favourable variance was net operational savings realized primarily from:

- Lower than anticipated costs in General Government from reduced utility demand at City facilities due to modified operations because of Covid-19 restrictions in the first part of the year. Further savings were realized due to delays in implementing various information technology software applications, and consulting contracts.
- Delayed implementation of the Green Bin program contributed to favourable savings in Environmental Services.
- Transportation Services realized savings due to a gradual recovery in demand of transit services.

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.

2022 EXPENSES

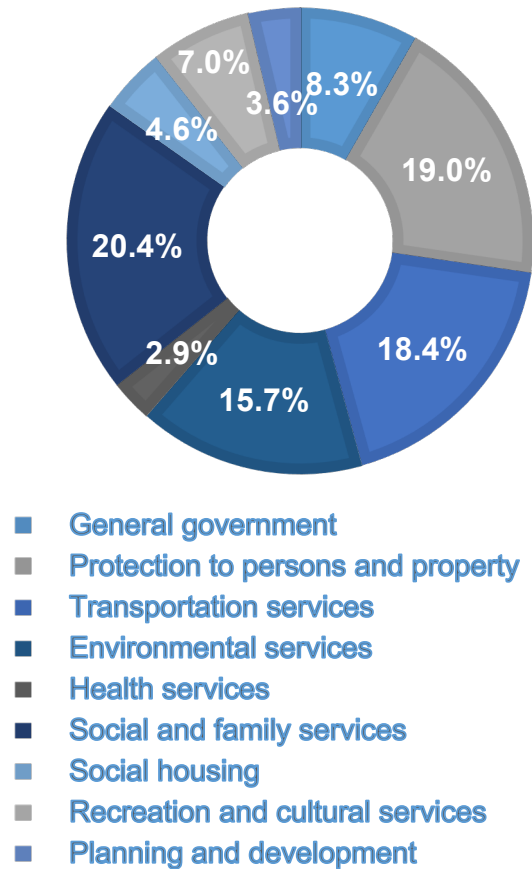


Figure 8 2022 Expenses

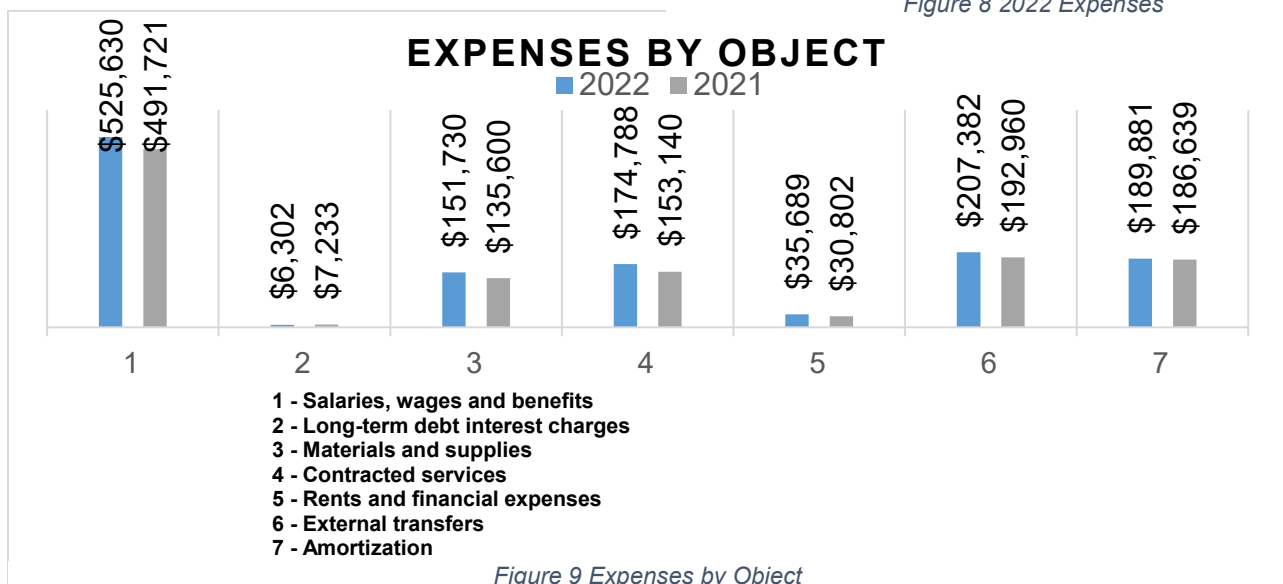


Figure 9 Expenses by Object

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

2022 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.

2022 (\$ 000's)	Modified Cash Basis Budget Unconsolidated	Financial Statement Adjustments	Full Accrual Basis Budget Consolidated
Revenue	1,310,064	260,164	1,570,228
Expenses	1,310,064	33,691	1,343,755
Surplus (Deficit)	-	226,473	226,473

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

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

- Amortization is recorded as an expense on the Consolidated Statement of Operations,
- Debt Principal 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, 2022

2022 Financial Results (continued)

Outlined in the table below is a reconciliation of what was reported to the Corporate Services Committee in the 2022 Year-End Operating Budget Monitoring Report on April 11, 2023, highlighting Financial Statement adjustments. Note 20 of the Consolidated Financial Statements provides a similar reconciliation based on the approved budgets.

2022 Operating Budget Surplus per the 2022 Year-End Operating Budget Monitoring Report to Corporate Services Committee on April 11, 2023	\$ millions
Property Tax Supported Budget Surplus	12.3
Water Rate Supported Budget Surplus	6.6
Wastewater & Treatment Rate Supported Budget Surplus	2.0
2022 Operating Budget Surplus	20.9
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	(20.9)
Operating Fund Surplus per 2022 Approved Budget (Modified Cash Basis)	
Financial Statement Adjustments:	
Plus: Transfers to (from) Capital, Reserves, and Reserve Funds	270.1
Plus: Debt Principal Repayments (unconsolidated)	31.7
Plus: Capital program funding earned in year	48.4
Less: Capital expenses not capitalized (Non-Tangible Capital Assets)	(39.1)
Less: Amortization of Tangible Capital Assets	(160.9)
Plus: Developer contributions of assumed Tangible Capital Assets	102.7
Less: Loss on disposal of Tangible Capital Assets	(2.4)
Plus: Reserves and reserve fund net revenues earned in year	81.0
Plus: Government Business Enterprises adjustments	31.1
Less: Change in landfill liability, contaminated site liability and employee future benefit liability	(12.8)
Plus: Boards' and Commission's Surpluses	18.1
2022 Surplus per Financial Statements (PSAS Format)	367.9

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, 2022

2022 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.

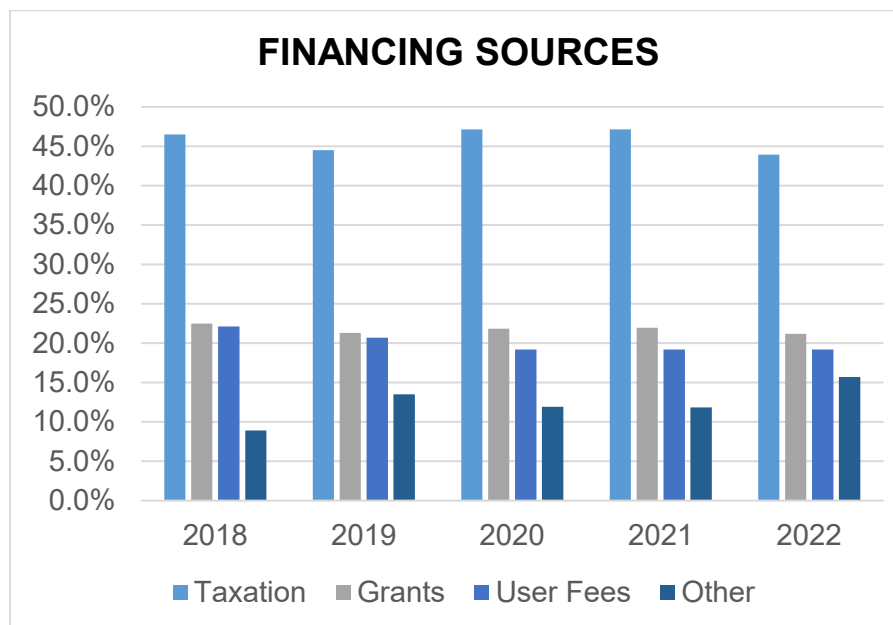


Figure 10 Five (5) Year Overview of Financing Services

Property Tax Rates and Assessment Growth

City Council approved a tax levy of \$701.8 million, representing an increase over 2021 of 4.19%. When assessment growth, tax policy and education taxes are taken into consideration, the property tax increase translated into a 2.45% 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 2022 and no average value increase from 2021, due to an assessment freeze.

For 2022, assessment weighted with applicable tax ratios and using consistent valuation dates increased by 1.40%.

COMPARATIVE PROPERTY TAXES

	2022	2021
Municipal	\$3,135	\$3,051
Education	378	378
Total	\$3,513	\$3,429

Table 4: Municipal & Education Comparative Property Taxes

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

2022 Financial Results (continued)**Property Tax Rates and Assessment Growth (continued)**

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

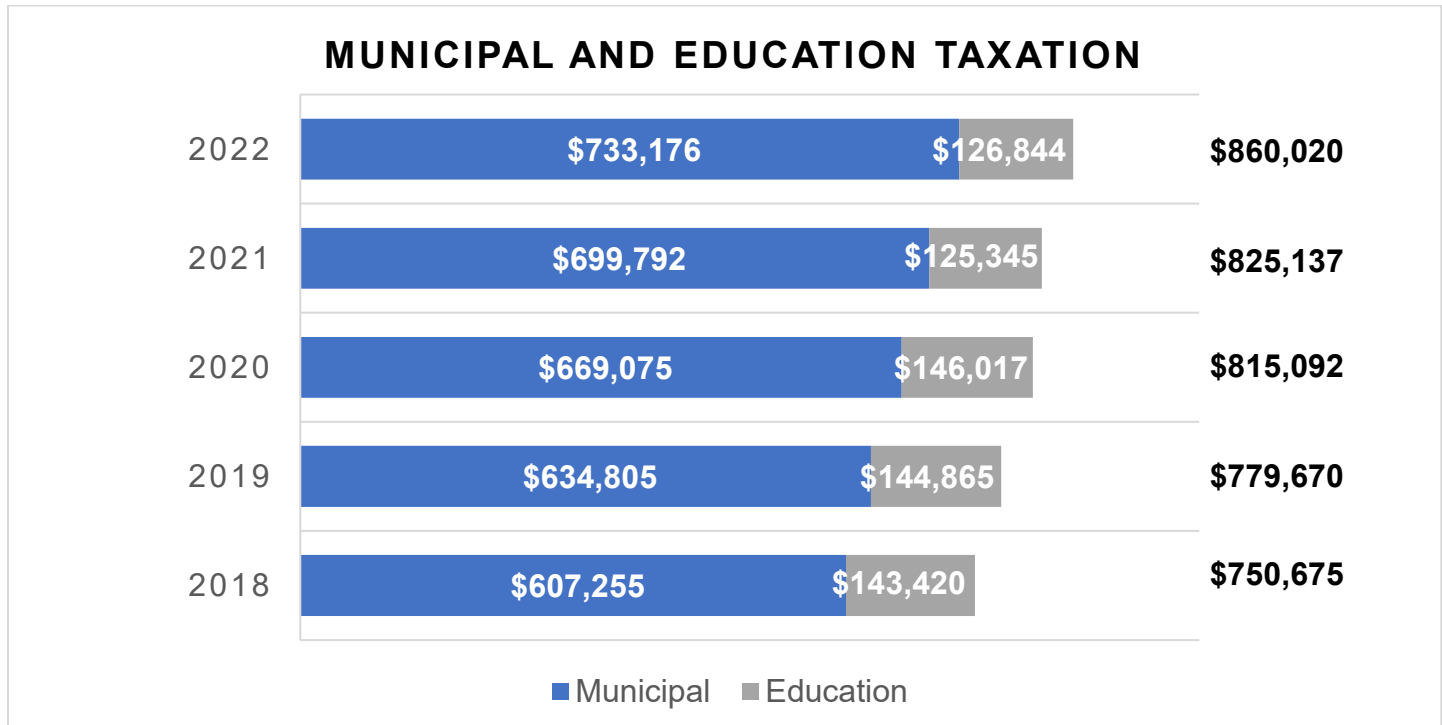


Figure 11 Five (5) year Overview of Property Taxes (\$000's)

Source: 2022 Financial Information Return, Schedule 26A

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

2022 Financial Results (continued)**Capital Additions and Disposals**

During 2022, additions to our completed capital assets were \$336.2 million versus \$297.9 million in 2021, excluding works in progress. The City also disposed of capital assets of \$75 million compared to \$72 million in 2021. There was also a net increase in assets still under construction of \$55 million in 2022. The following table reflects where the largest net additions in 2022 were, excluding assets still under construction:

NET CAPITAL ASSET INCREASES RANKED BY 2022 SPENDING (\$000's)

1.	Water and Wastewater Infrastructure	\$107,191
2.	Land, Landfill and Land Improvements	15,583
3.	Roads and Bridges Infrastructure	13,922

Table 5: Largest Net Additions, 2022 (\$000's)

In 2022, amortization expense recorded was \$190 million and accumulated amortization of \$69 million was removed upon disposal of the assets.

This resulted in a 2022 net book value of \$4,378 million for the City's tangible capital assets, compared to \$4,183 million for 2021.

Annual Surplus and Accumulated Surplus

The annual surplus for the consolidated entity for 2022 was \$368 million (2021 - \$279 million). This results in an increase to the City's Accumulated Surplus for 2022 to \$5,445 million (2021 - \$5,077 million). Note 15 of the Consolidated Financial Statements provides a breakdown of the City's Accumulated Surplus. The majority of the accumulated surplus relates to the City's investment in tangible capital assets which are used to provide services to the public now and in the future.

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2022

2022 Financial Results (continued)**Analysis of Debenture Issuance and Net Long-term Debt (\$000's)**

In 2022, the City issued debt of \$21,713, which is a decrease from 2021 when \$23,077 was issued. The 2022 debenture issuance consisted of \$21,000 debt through public debentures (2021-\$23,000) and \$713 (2021 – \$77) 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, Recreation, Housing)	\$12,289	\$713	\$13,002
Wastewater Infrastructure	8,711	-	8,711
	\$21,000	\$713	\$21,713

Table 6: Debenture Amounts Issued

The City issued public debentures at an average cost of 3.563% over a 10-year term. In addition, debentures were issued to CMHC at 3.010% for a 10-year term.

During the year, debt substitution totaled \$4,030 (2021 - \$4,300) 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.

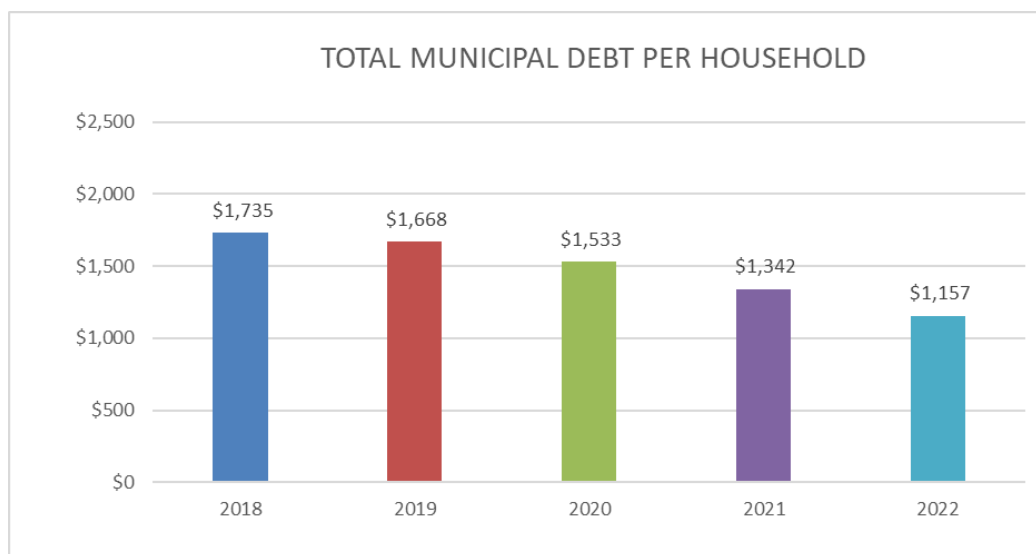
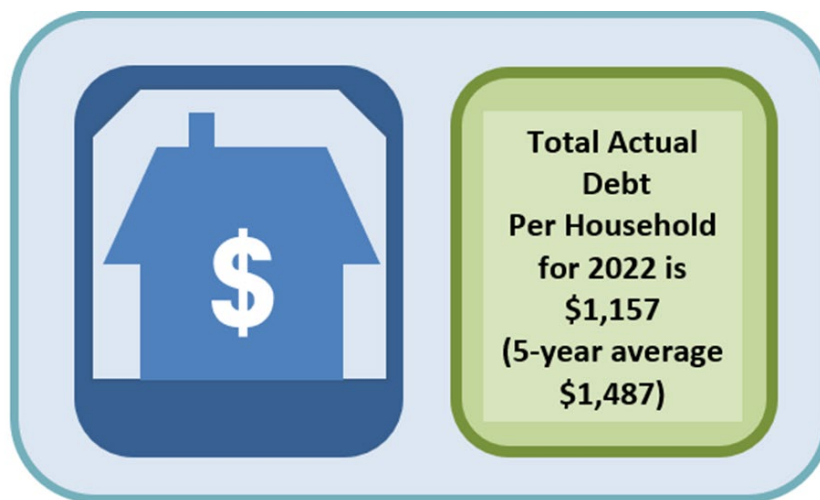


Figure 12 Five (5) Year Overview of Municipal Debt per Household

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 LONDONConsolidated Financial Report
Year ended December 31, 2022**2022 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)**

	2018	2019	2020	2021	2022
Total Tax Supported Debt (\$)	184,684	169,593	148,194	129,582	133,311
Total Rate Supported Debt (\$)	126,443	133,800	132,984	118,150	106,868
Total Debt (\$)	311,127	303,393	281,178	247,732	220,179
Number of Households	179,342	181,841	183,358	184,650	190,234
Total Debt per Household (\$)	1,735	1,668	1,533	1,342	1,157
Discretionary Reserve Funds & Reserves (\$)	761,075	854,787	1,001,960	1,152,763	1,258,700
Discretionary Reserve Funds & Reserves Per Household (\$)	4,244	4,701	5,465	6,243	6,617

Table 7: Discretionary Reserves and Reserve Funds per Household*Figure 13 Total Actual Debt per Household, 2022*

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
 Year ended December 31, 2022

2022 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, 2022. The current obligation will be met by 2032.

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

	2022	2023	2024	2025	2026	2027
General Municipal	112,308	87,018	67,679	52,026	38,366	26,017
Discretionary Reserve Funds	1,656	490	-	-	-	-
Total Tax Supported Debt	113,964	87,508	67,679	52,026	38,366	26,017
Water	5,446	3,819	2,413	983	297	-
Wastewater	19,456	15,217	11,184	7,732	4,690	2,229
Obligatory Reserve Funds	82,514	69,543	57,192	45,289	34,055	23,415
Total Rate Supported Debt	107,416	88,579	70,789	54,004	39,042	25,644
Total Long-term Debt and Liabilities	221,380	176,087	138,468	106,030	77,408	51,661
Less Unamortized Discount	(1,201)	(933)	(715)	(537)	(380)	(245)
Total Long-term Debt and Liabilities, net of Unamortized Discount	220,179	175,154	137,753	105,493	77,028	51,416
Percentage Remaining	100%	80%	63%	48%	35%	23%

Table 8: Principal Balances Remaining on Outstanding Debentures as at December 31, 2022 (\$000's)

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2022

2022 Financial Results (continued)**Reserves and Reserve Funds**

At December 31, 2022, the City of London had combined Reserves, and Discretionary and Obligatory Reserve Funds of \$1,765 million (\$170 million and \$1,595 million respectively). These balances reflect a net increase of \$129 million from December 2021, created by increased contributions to reserves and reserve funds to allow, predominantly, for future purchases of tangible capital assets and coverage of unfunded liabilities.

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

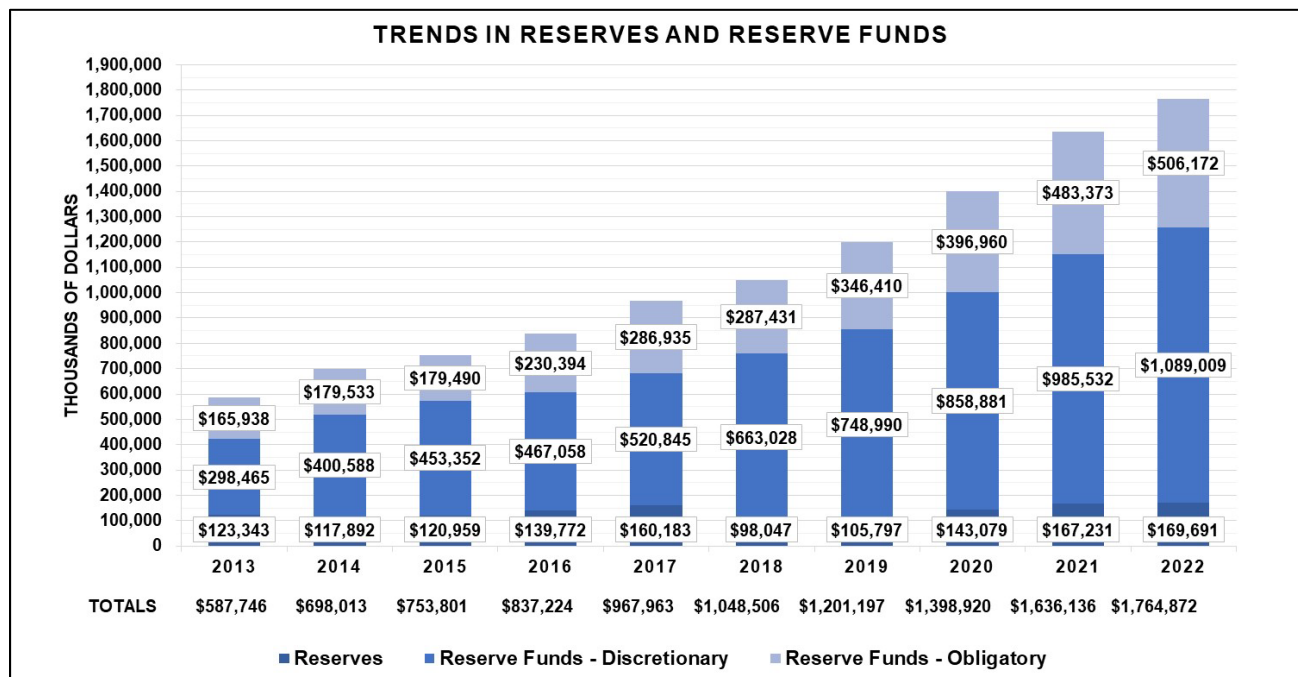


Figure 14 Ten Year Overview of Reserves and Reserve Funds (\$000's)

In 2022, Reserve Funds grew by \$126 million, reaching \$1,595 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 \$3 million over 2021 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 LONDONConsolidated Financial Report
Year ended December 31, 2022**Five Year Review and General Statistics****Five Year Review (\$000's)**

	2022	2021	2020	2019	2018
TAXATION (including education)					
Residential & Farm	\$617,234	\$589,068	\$562,401	\$539,339	\$522,543
Commercial & Industrial	242,777	236,069	252,691	240,331	228,132
	\$860,020	\$825,137	\$815,092	\$779,670	\$750,675
TOTAL TAXES RECEIVABLE	\$34,286	\$29,596	\$37,046	\$29,223	\$29,792
TAX ARREARS					
Percentage of Current Levy	4.0%	3.6%	4.5%	3.7%	4.0%
TAX RATES (%) (including all area rates & education)					
Residential	1.422308	1.388283	1.348259	1.340225	1.350819
Multi-Residential	2.325903	2.267656	2.199140	2.223582	2.290515
Commercial	3.304378	3.239391	3.532945	3.554112	3.618981
Industrial	3.304378	3.239391	3.532945	3.554112	3.618981
TOTAL LONG-TERM DEBT					
General Municipal Rates	\$110,510	\$123,884	\$139,657	\$155,812	\$163,414
Water Rates	5,445	7,734	10,517	13,158	15,638
Sewer Rates	19,455	24,662	33,008	41,663	50,346
Municipal Reserve Funds	84,170	90,112	95,913	89,870	75,590
	\$219,580	\$246,392	\$279,095	\$300,503	\$304,988
DEBT PRINCIPAL & INTEREST REPAYMENTS					
Principal	\$48,524	\$55,781	\$57,408	\$53,865	\$51,987
Interest and debenture discount	6,302	7,233	8,395	9,347	9,605
	\$54,826	\$63,014	\$65,803	\$63,212	\$61,592
DEBT ISSUED	\$21,713	\$23,077	\$36,000	\$49,380	\$55,000
ASSESSMENT GROWTH	1.40%	1.38%	1.63%	1.96%	1.27%
TANGIBLE CAPITAL ASSETS ADDITIONS	\$498,393	\$412,477	\$376,254	\$392,112	\$502,850
TANGIBLE CAPITAL ASSETS AMORTIZATION	\$189,881	\$186,639	\$184,632	\$182,017	\$172,672
NET BOOK VALUE TANGIBLE CAPITAL ASSETS	\$4,378,472	\$4,183,481	\$4,101,180	\$3,995,680	\$3,892,797
ANNUAL SURPLUS	\$367,900	\$279,102	\$258,860	\$222,165	\$272,392
CONSOLIDATED ACCUMULATED SURPLUS	\$5,444,774	\$5,076,874	\$4,797,772	\$4,538,912	\$4,316,747
RESERVES, DISCRETIONARY & OBLIGATORY RESERVE FUNDS	\$1,764,872	\$1,636,136	\$1,398,920	\$1,201,197	\$1,048,506

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2022

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.

	2022	2021
GENERAL STATISTICS:		
Population ⁱ	430,770	422,324
Area in Acres	104,632	104,632
Number of Households ⁱⁱ	190,234	184,650
Number of Properties ⁱⁱ	164,833	163,302
Building Permit Values (\$000's) ⁱⁱⁱ	\$1,598,196	\$1,634,083
Average Home Selling Price ^{iv}		
London and St. Thomas	\$716,589	\$636,434
Ontario	\$931,862	\$872,653
Canada	\$703,835	\$687,421
Unemployment Rates (Annual Averages)		
London ^v	5.7%	7.9%
Ontario ^{vi}	5.6%	8.1%
Canada ^{vi}	5.3%	7.5%
CPI Canada (percentage change) ^{vii}	6.8%	3.4%
Real GDP Canada (percentage change) ^{viii}	4.0%	5.4%

Table 9: General Statistics and Indicators

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2022

Definitions

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

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.^{ix}

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

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

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

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

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

To ensure they have the resources to support growth, municipalities can use development charges to fully recover the eligible costs of services listed under the *Development Charges Act, 1997* (DCA). Some of the services include roads, water and wastewater, police and fire services and transit.^x

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

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

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

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

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2022

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.^{ix}

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

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

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

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

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

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

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

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2022

Endnotes

- ⁱ Provided by City's Planning and Development Division and Statistics Canada Census Profile. 2021 Census of Population. Statistics Canada Catalogue number 98-316-X2021001. Ottawa. Updated March 29, 2023.
<https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/prof/index.cfm?Lang=E> (accessed May 3, 2023).
- ⁱⁱ Municipal Property Assessment Corporation, <https://www.mpac.ca/>, 2022 year end assessment roll, December 2022
- 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 14-10-0393-01 Labour force characteristics, annual](#) (accessed May 3, 2023)
- ^{vi} Statistics Canada. [Table 14-10-0327-01 Labour force characteristics by sex and detailed age group, annual](#) (accessed May 3, 2023)
- ^{vii} Statistics Canada. [Table 18-10-0005-01 Consumer Price Index, annual average, not seasonally adjusted](#) (accessed May 3, 2023)
- ^{viii} Statistics Canada. [Table 36-10-0104-01 Gross domestic product, expenditure-based, Canada, quarterly \(x 1,000,000\)](#) (accessed May 3, 2023)
- ^{ix} Ontario Ministry of Municipal Affairs and Housing, Common Language Guide to Municipal Financial Statements, <https://www.ontario.ca/document/tools-municipal-budgeting-and-long-term-financial-planning/common-language-guide-municipal-financial-statements>
- ^x Ontario Ministry of Municipal Affairs and Housing, The Ontario Municipal Councillor's Guide, Chapter 9, The Fiscal Context, <https://www.ontario.ca/document/ontario-municipal-councillors-guide/9-fiscal-context#>

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Consolidated Financial Statements of
**THE CORPORATION OF THE CITY
OF LONDON**

And Independent Auditors' Report thereon

December 31, 2022

Draft
THE CORPORATION OF THE CITY OF LONDON
Consolidated Financial Statements
Year ended December 31, 2022
(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, 2022.

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

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

The audited Consolidated Financial Statements for City operations include:

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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the consolidated statement of financial position as at December 31, 2022
- 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, 2022, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

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

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

Other Information

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially

inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

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

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

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 27, 2023

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THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Financial Position
December 31, 2022, with comparative information for 2021
(all dollar amounts in thousands of dollars)

	2022	2021
Financial assets		
Cash and cash equivalents (note 2)	\$ 427,036	\$ 643,461
Accounts receivable		
Taxes receivable (note 3)	18,657	22,642
Other receivables	125,030	75,922
Land held for resale	37,121	35,473
Investments (note 4)	1,398,143	1,050,932
Loans and long-term receivable (note 5)	46,003	53,181
Investment in government business enterprises and partnerships (note 6)	238,708	207,581
Total financial assets	2,290,698	2,089,192
Financial liabilities		
Demand Loan (note 25)	508	404
Accounts payable and accrued liabilities	201,735	176,056
Deferred revenue (note 7)	563,971	543,586
Accrued interest on long-term debt	1,254	1,451
Long-term liabilities (note 8)	1,800	2,700
Long-term debt (note 9)	218,379	245,033
Capital lease obligations (note 10)	-	109
City Services payable (note 11)	8,099	6,807
Employee benefits payable (note 12)	206,471	196,038
Landfill closure and post-closure liability (note 13)	54,166	51,669
Total financial liabilities	1,256,383	1,223,853
Net financial assets	1,034,315	865,339
Non-financial assets		
Tangible capital assets (note 14)	4,378,472	4,183,481
Inventories of supplies	7,143	6,086
Prepaid expenses	24,844	21,968
Total non-financial assets	4,410,459	4,211,535
Contingent Liabilities (note 16)		
Loan Guarantees (note 17)		
Commitments (note 18)		
Accumulated surplus (note 15)	\$ 5,444,774	\$ 5,076,874

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

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THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Operations
Year ended December 31, 2022, with comparative information for 2021
(all dollar amounts in thousands of dollars)

	Budget (note 20)	2022	2021
Revenues			
Net municipal taxation	\$ 721,704	\$ 728,757	\$ 696,617
User charges	315,770	318,715	283,304
Transfer payments			
Provincial	318,920	271,112	275,228
Federal	73,608	71,431	39,425
Other municipalities	8,271	8,696	7,963
Investment income	5,560	29,896	22,293
Penalties and interest	9,606	12,713	7,761
Development charges earned	29,822	38,109	42,294
Developer contributions of tangible capital assets (note 14)	50,844	102,716	43,543
Other	29,035	41,030	38,636
Equity in earnings of government business enterprises and partnerships (note 6)	7,088	36,127	20,133
Total revenues	1,570,228	1,659,302	1,477,197
Expenses			
General government	117,777	106,906	89,993
Protection services	238,880	245,430	232,168
Transportation services	249,887	237,928	226,800
Environmental services	217,560	203,312	204,003
Health services	39,273	37,720	33,515
Social and family services	291,263	263,384	234,926
Social housing	46,775	59,867	58,854
Recreation and cultural services	94,638	90,557	83,091
Planning and development	47,702	46,298	34,745
Total expenses	1,343,755	1,291,402	1,198,095
Annual surplus	226,473	367,900	279,102
Accumulated surplus, beginning of year (note 15)	5,076,874	5,076,874	4,797,772
Accumulated surplus, end of year (note 15)	\$ 5,303,347	\$ 5,444,774	\$ 5,076,874

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

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THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Change in Net Financial Assets
Year ended December 31, 2022, with comparative information for 2021
(all dollar amounts in thousands of dollars)

	Budget	2022	2021
Annual surplus	\$ 226,473	\$ 367,900	\$ 279,102
Acquisition of tangible capital assets	(266,863)	(288,333)	(235,235)
Developer contributions of tangible capital assets	(50,844)	(102,716)	(43,543)
Amortization of tangible capital assets	186,585	189,881	186,639
Proceeds from sale of tangible capital assets	48	6,209	9,942
Gain on disposal of tangible capital assets	(48)	(33)	(104)
	(131,122)	(194,992)	(82,301)
Change in inventories of supplies	-	(1,056)	(621)
Change in prepaid expenses	-	(2,876)	(2,549)
	-	(3,932)	(3,170)
Change in net financial assets	95,351	168,976	193,631
Net financial assets, beginning of year	865,339	865,339	671,708
Net financial assets, end of year	\$ 960,690	\$ 1,034,315	\$ 865,339

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

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THE CORPORATION OF THE CITY OF LONDON

Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

(all dollar amounts in thousands of dollars)

	2022	2021
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 367,900	\$ 279,102
Items not involving cash		
Amortization of tangible capital assets	189,881	186,639
Developer contributions of tangible capital assets	(102,716)	(43,543)
Gain on disposal of tangible capital assets	(33)	(104)
Change in employee benefits payable	10,433	14,312
Change in landfill closure and post-closure liability	2,497	5,349
Equity in earnings of government business enterprises and partnerships	(36,372)	(21,044)
Dividends receivable from government business enterprises and partnerships	5,000	5,000
Amortization of debenture discount	158	159
Change in non-cash assets and liabilities		
Taxes receivable	3,985	6,529
Other receivables	(49,108)	2,201
Land held for resale	(1,648)	1,374
Accounts payable and accrued liabilities	25,678	2,649
Deferred revenue	20,386	91,509
Accrued interest on long-term debt	(197)	(264)
City Services payable	1,292	(996)
Inventories of supplies	(1,056)	(621)
Prepaid expenses	(2,876)	(2,549)
Net change in cash from operating activities	433,204	525,702
Capital activities		
Proceeds from sale of tangible capital assets	6,209	9,942
Acquisition of tangible capital assets	(288,333)	(235,235)
Net change in cash from capital activities	(282,124)	(225,293)
Investing activities		
Net decrease (increase) in investments	(347,210)	(171,648)
Issuance of loans and long-term receivables	(4,931)	(15,009)
Repayment of loans receivable	12,109	722
Repayment of promissory note receivable from government business enterprises	-	855
Government business enterprises and partnerships (notes (6.a)(v))	244	56
Net change in cash from investing activities	\$ (339,788)	\$ (185,024)

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THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Cash Flows (continued)
Year ended December 31, 2022, with comparative information for 2021
(all dollar amounts in thousands of dollars)

	2022	2021
Financing activities		
Long-term debt issued	\$ 21,713	\$ 23,077
Long-term debt repayments	(48,524)	(55,781)
Repayments of long-term liabilities	(900)	(900)
Repayments of capital lease obligations	(109)	(247)
Demand loan repayments (advances)	103	(266)
Net change in cash from financing activities	(27,717)	(34,117)
Net change in cash and cash equivalents	(216,425)	81,268
Cash and cash equivalents, beginning of year	643,461	562,193
Cash and cash equivalents, end of year	\$ 427,036	\$ 643,461

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

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THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements
Year ended December 31, 2022
(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.

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THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2022
(all dollar amounts in thousands of dollars)

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, **\$126,844** of taxation was collected on behalf of school boards (2021 - \$125,345) and remitted to the school boards during the year.

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THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2022
(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 **\$4,661** (2021 - \$4,673).

(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.

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THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2022
(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.

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.

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THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2022
(all dollar amounts in thousands of dollars)

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 the social service program. Social service administration funding covers 50% of certain administration costs. The Social Housing program funding is approximately 20% of costs of the program.

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

(ii) Expenses

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

1. Significant Accounting Policies (continued)

(d) Tax Revenues

In 2022 the Corporation received **\$728,757** (2021 - \$696,617) 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.

1. Significant Accounting Policies (continued)

(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.

(q) Future Accounting Pronouncements

These standards and amendments were not yet effective for the year ended December 31, 2022, 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).

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1. Significant Accounting Policies (continued)

(q) Future Accounting Pronouncements (continued)

(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.

(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).

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2. Cash and Cash Equivalents

Table 2: Cash and Cash Equivalents

	2022	2021
Cash on deposit	\$ 323,668	\$ 437,598
Cash equivalents	103,368	205,863
	\$ 427,036	\$ 643,461

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

	2022	2021
Taxes receivable	\$ 32,259	\$ 27,959
Penalties and interest	2,027	1,637
Allowance for doubtful accounts	(15,629)	(6,954)
	\$ 18,657	\$ 22,642

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4. Investments

Investments are comprised of the following:

Table 4: Investments

	2022		2021	
	Cost	Market Value	Cost	Market Value
Pooled investment funds	\$ 142,947	\$ 139,426	\$ 74,833	\$ 84,222
Government fixed income	290,240	269,994	246,338	245,050
Corporate fixed income	873,356	845,451	664,877	662,874
Asset backed securities	91,600	86,822	64,884	65,586
	\$ 1,398,143	\$ 1,341,693	\$ 1,050,932	\$ 1,057,732

Certain guaranteed investment certificates (GICs) have cashable features and could be cashed prior to maturity. They have been classified and grouped as investments instead of cash equivalents based on the Corporation's investment strategy. The intention, at the date of these financial statements, is to hold the GICs to maturity.

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5. Loans and Long-term Receivables

Table 5: Loans and long-term Receivables

	2022	2021
Subordinate loan – City of London Arena Trust	\$ 23,473	\$ 23,671
Affordable Housing	4,259	4,172
Community Improvement Program	4,567	4,498
Development Charge Deferral & Alternative payment	12,385	19,364
Other Miscellaneous	1,319	1,476
	\$ 46,003	\$ 53,181

The Corporation previously transferred a capital asset to the City of London Arena Trust, in return for a subordinate loan. This investment is secured by a mortgage charge and assignment of the borrower's interest in the Ground Lease of the Budweiser Gardens building, an assignment of the borrower's interest in the Participatory Occupancy Lease, a general assignment of all present and future subleases, a security interest in the Capital Repair Fund, and a security interest in the trust fund. Repayments vary and are based on an available cash flow calculation within the 50 year agreement. During the year, **\$198** (2021 - \$52) 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. (2021 - 100%), a 30.000% (2021 - 32.858%) interest in the Fair-City Joint Venture Partnership and a 73.432% (2021 - 73.432%) interest in the City-YMCA Joint Venture Partnership based upon investments as follows:

Table 6: Investment in Government Business Enterprises and Partnerships

	2022	2021
London Hydro Inc. (note (6.a))	\$ 223,160	\$ 191,525
Fair-City Joint Venture Partnership (note (6.b))	2,092	2,101
City-YMCA Joint Venture Partnership (note (6.c))	13,456	13,955
	\$ 238,708	\$ 207,581

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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

	2022	2021
Financial position		
Current assets	\$ 117,807	\$ 102,906
Capital assets	413,772	390,400
Total assets	531,579	493,306
Regulatory balances	35,015	28,596
Total assets and regulatory balance	566,594	521,902
Current and other liabilities	83,677	63,116
Deferred revenue	48,662	46,447
Post-employment benefits	9,855	15,008
Long-term debt	200,000	200,000
Total liabilities	342,194	324,571
Regulatory balances	1,240	5,806
Total liabilities and regulatory balances	343,434	330,377
Net assets	\$ 223,160	\$ 191,525

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

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

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

	2022	2021
Results of operations		
Revenues	\$ 472,589	\$ 468,939
Operating expenses	(463,095)	(454,527)
Other income	27,999	10,040
Income tax expense	(10,468)	(6,574)
Net movement in regulatory balances	9,610	3,731
Net earnings	36,635	21,609
Dividends	(5,000)	(5,000)
Change in accounting policy	-	(220)
Net assets, beginning of year	191,525	175,136
Net assets, end of year - Investment in London Hydro Inc.	\$ 223,160	\$ 191,525

(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 2022 totalled **\$35,015** (2021 - \$28,596). Net regulatory credit balances for 2022 totalled **\$1,240** (2021 - \$5,806).

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

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

(iii) Commitments

The Company has provided **\$4,300** (2021 - \$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 **\$13,200** (2021 - \$800).

The Company has committed to operating lease agreements with future minimum non-cancellable annual lease payments of **\$824** (2021 - \$1,213).

(iv) Credit Facilities

The Company has an uncommitted operating revolving line of credit facility of \$20,000. As at December 31, 2022 the amount drawn under this facility was **\$1,700** (2021 - \$nil). The line of credit is unsecured and interest is at bank prime rate on prime based borrowing minus 0.5%, or at Bankers' Acceptances ("B/A") rates plus a 0.75% stamping fee on B/A based borrowings.

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

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

The Company has an interest rate swap agreement for an unsecured loan in the amount of \$75,000. Interest only payments were 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 was converted into a swap agreement on June 30, 2022 to repay the \$40,000 and \$85,000 fixed rate swaps that matured June 2022. The swap agreement is a fixed rate swap and matures June 2032 .

At December 31, 2022, the Company would be entitled to collect **\$33,000** (2021 - \$6,700) if it decided to cancel the swap agreements. During the year ended December 31, 2022, interest on long-term debt was incurred in the amount of **\$4,600** (2021-\$5,100).

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

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

(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 **\$5,103** (2021 - \$5,040) and are included on the consolidated statement of operations. At December 31, 2022, the Corporation has a receivable of **\$17,508** (2021 - \$15,400) for water and wastewater charges collected by London Hydro Inc. Miscellaneous receivables of **\$1,091** (2021 - \$463) are also outstanding at year end.

The Corporation charged London Hydro Inc. rent, totalling **\$100** (2021 - \$100).

The Corporation received **\$5,000** (2021 - \$5,000) in dividend payments, which were recorded as a reduction in the investment in government business enterprises.

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

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

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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

	2022	2021
Financial position		
Current assets	\$ 1,880	\$ 1,051
Capital assets	9,785	10,172
Total assets	11,665	11,223
Accrued liabilities	778	1,146
Deferred capital contributions	2,949	2,627
Long-term debt	965	1,055
Total liabilities	4,692	4,828
Net assets	\$ 6,973	\$ 6,395

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

	2022	2021
Results of operations		
Revenues	\$ 3,573	\$ 2,975
Operating expenses	(2,790)	(2,508)
Net earnings	783	467
Net earnings available to the Corporation	165	223
Distribution for employee future benefit re-measurements	8	34
Corporation's portion of earning retained in Joint Venture	173	257
Corporation's investment in Fair-City Joint Venture's net assets, beginning of year	2,101	2,004
Adjustment due to change in Corporation's share during year	(182)	(160)
Corporation's investment in Fair-City Joint Venture's net assets, end of year	2,092	2,101
Investment in Fair-City Joint Venture Partnership	\$ 2,092	\$ 2,101

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, 2022 was 30.000% (2021 - 32.858%). 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, a **\$69** (2021 - \$nil) was available and distributed to the Corporation. In 2021 a \$69 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. **\$1,948** was paid for ice rental in 2022 (2021 - \$1,910), which was recorded as an expense in the consolidated statement of operations.

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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

	2022	2021
Financial position		
Capital assets	\$ 27,135	\$ 27,135
Accumulated amortization	(8,811)	(8,132)
Net assets	\$ 18,324	\$ 19,003

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

	2022	2021
Results of operations		
Amortization of capital assets	\$ (679)	\$ (679)
Net loss	(679)	(679)
Net assets, beginning of year	19,003	19,682
Net assets, end of year	18,324	19,003
Corporation's portion of net assets	13,456	13,955
Investment in City-YMCA Joint Venture Partnership	\$ 13,456	\$ 13,955

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.

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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.

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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

	2022	2021
Funds deferred to future periods for specific purposes by legislation, regulation or agreement		
Development Charges Act		
Recreation, transit and culture	\$ 54,090	\$ 47,624
Capital infrastructure	345,440	308,792
Development Charges Act (Note 11)	399,530	356,416
Development Charge Deferral and Alternative Payment Arrangements	12,385	19,364
Federal and Provincial gas tax	102,008	112,103
Recreational land (<i>The Planning Act</i>)	4,634	3,797
Safe Restart Public Transit Funding	-	11,057
	518,557	502,737
Other deferred revenue:		
Subsidy advances from Provincial Ministries for future periods	33,577	30,334
Prepaid deposits	455	472
Prepayment of recreation programs, facility rentals, memberships	1,932	728
Vacancy rebate allowances	675	621
Boards and commissions	8,410	8,369
Other deferred revenues	365	325
	\$ 563,971	\$ 543,586

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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	2022	2021
Fanshawe College, with annual principal repayments of \$900, subject to annual budget approval, maturing on 2024	2024	\$ 1,800	\$ 2,700
		\$ 1,800	\$ 2,700

Anticipated principal repayments are summarized as follows:

2023	\$ 900
2024	900
Total	\$ 1,800

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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

	2022	2021
Long-term debt issued by the Corporation at various rates of interest ranging from 0.45% to 5.67% (2021 - 0.30% to 5.67%) with maturity dates ranging from September, 2023 to May, 2032.	\$ 204,365	\$ 230,025
Long-term debt issued to Infrastructure Ontario programs at various rates of interest ranging from 2.60% to 4.44% (2021 - 2.60% to 4.44%) with maturity dates ranging from December, 2024 to March, 2030.	15,388	18,246
Long-term debt issued to Canada Mortgage and Housing Corporation at an interest rate of 1.84% to 3.01% (2021- 1.84%) and maturing December, 2032.	771	59
Long-term debt issued to Canada Mortgage and Housing Corporation at an interest rate of Canada Prime Rate plus 2% and matured January, 2022.	-	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% (2021 - 2.00% to 2.25%) with maturity dates ranging from April, 2026 to May, 2032.	2,194	2,605
Long-term debt, assumed by unconsolidated local Boards, other municipalities, municipal enterprises and utilities.	(3,138)	(4,561)
	219,580	246,392
Less: Unamortized debenture discount	(1,201)	(1,359)
Net long-term debt	\$ 218,379	\$ 245,033

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9. Long-term Debt (continued)

Principal repayments are summarized as follows:

Table 16: Principal Repayment Summary

	2023	2024	2025	2026	2027	Beyond	Total
General	\$ 24,390	\$ 18,440	\$ 15,653	\$ 13,659	\$ 12,350	\$ 26,018	\$ 110,510
Water	1,627	1,405	1,430	686	297	-	5,445
Wastewater	4,239	4,033	3,452	3,041	2,461	2,229	19,455
Discretionary	1,166	490	-	-	-	-	1,656
Obligatory	12,970	12,352	11,903	11,233	10,640	23,416	82,514
	\$ 44,392	\$ 36,720	\$ 32,438	\$ 28,619	\$ 25,748	\$ 51,663	\$ 219,580

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

Table 17: Principal repayments - Total Charges

	2022	2021
Interest on long-term debt	\$ 5,995	\$ 6,913
Amortization of debenture discount	305	311
Interest on capital lease obligation	2	9
	\$ 6,302	\$ 7,233

10. Capital Lease Obligations

Table 18: Capital Lease Obligations

	2022	2021
2023	\$ -	\$ 111
Less amount representing interest at (2021 - 3.25%)	-	2
Present value of net minimum capital lease payments	\$ -	\$ 109

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 **\$399,531** (2021 - \$356,416) in the City Services Reserve Funds to fund this liability.

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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, 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 Funds		(631)	(15)	(971)	(204)	(43)	(1,864)
City Services Payable	Dec 31, 2021	1,972	72	3,519	1,025	219	6,807
Expenses:							
Value of construction work completed		373	354	1,022	474	23	2,246
Payments:							
From City Services Reserve Fund in 2022		(112)	(35)	(745)	(30)	(32)	(954)
City Services Payable	Dec 31, 2022 \$	2,233 \$	391 \$	3,796 \$	1,469 \$	210 \$	8,099

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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

	2022	2021
Post-employment and post-retirement benefits (note (12.a))	\$ 110,663	\$ 107,384
Workplace Safety and Insurance Board Obligation (note (12.b))	70,026	68,413
Vacation credits (note (12.c))	24,856	19,041
Vested sick leave benefits (note (12.d))	926	1,200
	\$ 206,471	\$ 196,038

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 **\$188,586** (2021 - \$170,919), to fund these obligations.

(a) Post-Employment and Post-Retirement Benefits

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

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

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

Assumptions	2022	2021
	%	%
Discount rate	3.00	3.00
Rate of compensation increase	2.00	2.00
Healthcare cost increases	4.00 – 5.55	4.00 – 5.63

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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	2022	2021
Accrued benefit obligation, January 1	\$ 106,738	\$ 87,219
Current period benefit cost	5,376	4,609
Retirement interest expense	3,188	2,817
Plan amendment	-	6,137
Actuarial loss	-	10,825
Benefits paid	(5,569)	(4,869)
Accrued benefit obligation, December 31	109,733	106,738
Unamortized actuarial gain	930	646
	\$ 110,663	\$ 107,384

Post-employment and post-retirement benefits expense	2022	2021
Current period benefit cost	\$ 5,376	\$ 4,609
Retirement interest expense	3,188	2,817
Plan amendment	-	6,137
Amortization of actuarial loss	284	1,334
Total post-employment and post-retirement benefit expense	\$ 8,848	\$ 14,897

The actuarial loss is amortized over the expected average remaining service life of the related employee group of **14** years (2021 - 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, 2020, updated for discount rates for future years, estimated the accrued benefit obligation for workplace safety and insurance existing claims and future pension awards at **\$70,026** (2021 - \$68,413).

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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, 2022
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, 2022 is **\$24,856** (2021 - \$19,041).

(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 **\$926** (2021 - \$1,200) at December 31, 2022. During the year **\$69** (2021 - \$447) 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, 2022 is **\$735** (2021 - \$790). An amount of **\$13** (2021 - \$20) 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

2023	\$	807
2024		18
2025		101
Total	\$	926

(e) Pension Agreements

The Corporation makes contributions to the Ontario Municipal Employees' Retirement System Pension Fund (OMERS), which is a multi-employer plan, on behalf of **5,040** (2021 - 4,692) 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, 2022. At that time, the plan reported a **\$6.68** billion actuarial deficit (2021 - \$3.13 billion), based on actuarial liabilities for **\$130.31** billion (2021 - \$120.80 billion) actuarial assets for **\$123.64** billion (2021 - \$117.67) 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 2022 was **\$36,336** (2021 - \$35,154) 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, 2022 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, 2022	0.99 million tonnes
Expected closing cost in 2022 dollars	\$2,304
Inflation rate	2.0%
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, 2022 is comprised of:

Table 26: Landfill Closure and Post-Closure Liability

	2022	2021
Active landfill (W12A) closure, site rehabilitation and monitoring obligation	\$ 44,588	\$ 42,140
Closed landfills site rehabilitation and monitoring obligation	9,578	9,529
	\$ 54,166	\$ 51,669

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, 2022 is **\$33,070** (2021 - \$28,345).

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 97% 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 to be reached sometime in 2023.

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14. Tangible Capital Assets

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Land	\$ 498,203	\$ 16,503	\$ 731	\$ 513,975
Landfill and land improvements	170,346	8,721	8,017	171,050
Buildings and building improvements	1,136,183	34,627	7,574	1,163,236
Leasehold improvements	9,039	235	-	9,274
Machinery, equipment and furniture	340,280	24,300	18,049	346,531
Vehicles	142,333	17,355	3,338	156,350
Water infrastructure	847,633	31,806	5,390	874,049
Wastewater infrastructure	1,640,274	123,984	3,685	1,760,573
Roads infrastructure	1,587,437	73,405	22,868	1,637,974
Computers	18,140	5,241	5,621	17,760
Assets under construction	142,241	162,216	107,343	197,114
Total	\$ 6,532,109	\$ 498,393	\$ 182,616	\$ 6,847,886

Accumulated Amortization	Balance at December 31, 2021	Amortization Expense	Amortization Disposals	Balance at December 31, 2022
Land	\$ -	\$ -	\$ -	\$ -
Landfill and land improvements	89,473	8,910	8,017	90,366
Buildings and building improvements	569,622	33,982	5,484	598,120
Leasehold improvements	2,658	575	-	3,233
Machinery, equipment and furniture	169,333	24,588	17,690	176,231
Vehicles	78,615	12,412	3,265	87,762
Water infrastructure	293,495	17,359	5,075	305,779
Wastewater infrastructure	536,351	29,775	2,535	563,591
Roads infrastructure	597,563	58,023	21,408	634,178
Computers	11,518	4,257	5,621	10,154
Assets under construction	-	-	-	-
Total	\$ 2,348,628	\$ 189,881	\$ 69,095	\$ 2,469,414

	Net Book Value December 31, 2021	Net Book Value December 31, 2022
Land	\$ 498,203	\$ 513,975
Landfill and land improvements	80,873	80,684
Buildings and building improvements	566,561	565,116
Leasehold improvements	6,381	6,041
Machinery, equipment and furniture	170,947	170,300
Vehicles	63,718	68,588
Water infrastructure	554,138	568,270
Wastewater infrastructure	1,103,923	1,196,982
Roads infrastructure	989,874	1,003,796
Computers	6,622	7,606
Assets under construction	142,241	197,114
Total	\$ 4,183,481	\$ 4,378,472

14. Tangible Capital Assets (continued)

(a) Assets Under Construction

Assets under construction having a value of **\$197,114** (2021 - \$142,241) 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 **\$102,716** (2021 - \$43,543) comprised predominantly of roads infrastructure in the amount of **\$9,426** (2021 - \$24,248) and water and wastewater infrastructure in the amount of **\$88,737** (2021 - \$17,898).

(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 no write-downs of tangible capital assets during the year. (2021 - \$130).

(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.

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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

	2022	2021
Surplus		
Invested in tangible capital assets	\$ 4,415,593	\$ 4,218,845
Other	16,793	(4,894)
Local boards	3,191	2,903
Equity in government business enterprise	238,708	207,581
Unfunded		
Landfill closure and post-closure liability and liability for contaminated sites	(63,008)	(60,573)
Employee benefits payable	(207,822)	(197,209)
Net long-term debt	(217,381)	(242,542)
Total surplus	4,186,074	3,924,111
Reserves set aside by Council		
Contingencies	118,116	117,113
General operations	51,575	50,118
Total reserves	169,691	167,231
Reserve funds set aside for specific purposes by Council		
Contingencies	158,653	142,329
Infrastructure renewal	328,559	299,062
Acquisition of vehicles	45,795	40,588
Acquisition of facilities	52,675	43,634
Recreational programs and facilities	3,229	766
Self-insurance (note (16.b))	19,161	18,524
Sick leave (note (12.d))	735	790
Industrial over sizing	13,064	12,847
Other purposes	385,529	347,136
Special purpose	81,609	79,856
Total reserve funds	1,089,009	985,532
Accumulated surplus	\$ 5,444,774	\$ 5,076,874

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, 2022, 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, 2022 amounted to **\$19,161** (2021 - \$18,524) and is reported in note 15 of the consolidated financial statements. The contribution for the year of **\$5,310** (2021 - \$6,177) has been reported in the individual revenues on the consolidated statement of operations.

Claims expensed during the year amounting to **\$4,673** (2021 - \$2,874) 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, 2022 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, 2022 is **\$407** (2021 - \$1,086).

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

The Corporation has entered into an agreement which, under certain conditions, guarantees a ten-year credit agreement with Canada Mortgage and Housing Corporation (CMHC) on behalf of London & Middlesex Community Housing Inc. (Borrower). Under the agreement, the Borrower will make quarterly drawdowns up to a maximum of \$40,136. The outstanding principal of this loan at December 31, 2022 is **\$771** (2021 - \$59)

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, 2022 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 2022 was **\$1,224** (2021 - \$1,191). 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

2023	\$	8,444
2024		3,151
2025		3,200
2026		6,939
2027		1,226
Beyond		1,758
Total	\$	24,718

(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

2023	\$	22,866
2024		6,660
2025		5,885
2026		5,122
2027		2,663
Beyond		13,078
Total	\$	56,274

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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, 2022:

Table 31: Facilities and Infrastructure Commitments

	2022	2021
Roads	\$ 113,941	\$ 47,547
Water	35,166	27,426
Storm Sewer	24,311	37,253
Sanitary Sewer	19,819	25,469
General Government	15,787	11,117
Transit	12,427	10,900
Waste Collection, Disposal, and Recycling	11,805	11,320
Recreational Facilities	5,306	2,430
Parks	3,185	974
Social Housing	3,050	865
Commercial and Industrial	2,772	6,943
Social and Family Services	2,498	260
Fire, POA and Emergency Measures	1,155	1,433
Cultural Facilities	402	64
Environmental Services	86	-
Police	8	-
Library Facilities	-	49
	\$ 251,718	\$ 184,050

These amounts represent uncompleted portions of contracts, as at December 31, 2022, 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, 2022, the Corporation has outstanding commitments remaining on these agreements of **\$3,165** (2021 - \$5,448).

18. Commitments (continued)

(f) Derivatives

The Corporation has the following derivative contracts as at December 31, 2022:

- Contract, fulfilled October 31, 2022, for the transportation daily natural gas purchases of 218 gigajoules, with a remaining contract value of **\$nil** (2021 - \$150).
- Contract, expiring October 31, 2023, for the transportation daily natural gas purchases of 182 gigajoules, with a remaining contract value of **\$180** (2021-\$216).
- Contract, expiring October 31, 2023, for the transportation daily natural gas purchases of 109 gigajoules, with a remaining contract value of **\$238** (2021 - \$nil).
- Contract, expiring October 31, 2024, for the transportation daily natural gas purchases of 145 gigajoules, with a remaining contract value of **\$170** (2021 -\$170).
- Contract, expiring October 31, 2024, for the transportation daily natural gas purchases of 73 gigajoules, with a remaining contract value of **\$162** (2021 - \$nil).
- Contract, expiring October 31, 2025, for the transportation daily natural gas purchases of 109 gigajoules, with a remaining contract value of **\$238** (2021 - \$nil).

These derivative contracts were purchased to provide price certainty. The value of these contracts are 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

	2022	2021
Revenues		
Fines	\$ 3,681	\$ 4,059
Total revenues	3,681	4,059
Expenses		
Salary, wages and fringe benefits	1,536	1,554
County share of net revenues	11	108
Occupancy costs	82	81
Provincial government cost recovery	425	364
Administration costs	1,335	1,254
Equipment and maintenance	252	223
Total expenses	3,641	3,584
Excess of revenues over expenses	\$ 40	\$ 475

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 2022 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	\$ 226,473	\$ 166,130	\$ 25,854	\$ 34,489
Public Sector Accounting Board (PSAB) reporting requirements:				
Addback (deduct) from net budget PSAB surplus				
Transfers				
Transfers from capital	168	168	-	-
Transfers to capital	(100,261)	(55,161)	(22,054)	(23,046)
Transfers from reserves and reserve funds	11,804	11,804	-	-
Transfers to reserves and reserve funds	(124,706)	(71,410)	(15,434)	(37,862)
	(212,995)	(114,599)	(37,488)	(60,908)
Budget adjustments				
Government grants and subsidies	31,260	31,260	-	-
Expenses related to government grants and subsidies	(32,302)	(32,193)	(44)	(65)
Debt principal repayments	134	134	-	-
Transfers from capital	168	168	-	-
Transfers to capital	(903)	(903)	-	-
Transfers from reserves and reserve funds	3,716	3,716	-	-
Transfers to reserves and reserve funds	(2,073)	(2,182)	44	65
	\$ -	\$ -	\$ -	\$ -

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20. Budget Data (continued)

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

	Total	Tax	Water	Wastewater
Debt principal repayments	\$ (33,226)	\$ (27,914)	\$ (105)	\$ (5,207)
PSAB adjustments				
Capital program funding earned in year	(95,981)	(90,528)	(743)	(4,710)
Capital projects not resulting in capital assets	61,744	43,242	4,802	13,700
Amortization of tangible capital assets	173,245	99,811	19,716	53,718
Developer contributions - assumed capital assets	(50,844)	(21,980)	(7,660)	(21,204)
Loss on disposal of capital assets	2,741	1,566	582	593
Obligatory reserve fund deferred revenue earned	(35,416)	(23,611)	(1,614)	(10,191)
Government business enterprises adjustments	(7,089)	(7,089)	-	-
Other	95	1,189	(598)	(496)
Landfill liability	2,296	2,296	-	-
Employee future benefits liability	4,918	4,581	121	216
	55,709	9,477	14,606	31,626
Boards and Commissions budget				
PSAB Surplus	(35,961)	(33,094)	(2,867)	-
Net Surplus per 2022 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 2022 approved budget – comprised of:				
Revenues				
Property tax	\$ 701,849	\$ 701,849	\$ -	\$ -
Government grants and subsidies	225,922	225,892	-	30
User fees	261,782	58,559	90,395	112,828
Municipal revenues - other	80,077	79,132	135	810
Municipal revenues - transfers from reserves and reserve funds	8,088	8,088	-	-
Total revenues	1,277,718	1,073,520	90,530	113,668
Expenses				
Personnel costs	433,813	403,611	11,693	18,509
Administrative expenses	16,142	7,183	3,330	5,629
Financial expenses - other	11,372	11,298	74	-
Financial expenses - Interest and discount on long-term debt	5,064	4,426	7	631
Financial expenses - debt principal repayments	33,360	28,048	105	5,207
Financial expenses - transfers to reserves and reserve funds	122,633	69,228	15,478	37,927
Financial expenses - transfers to capital	99,358	54,258	22,054	23,046
Purchased services	239,142	232,381	3,152	3,609
Materials and supplies	82,846	39,675	32,039	11,132
Furniture and equipment	31,200	26,418	1,686	3,096
Transfers	210,466	207,545	-	2,921
Other expenses	21,003	10,790	2,770	7,443
Recovered expenses	(28,681)	(21,341)	(1,858)	(5,482)
Total expenses	1,277,718	1,073,520	90,530	113,668
Net surplus per 2022 Approved Budget	\$ -	\$ -	\$ -	\$ -

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THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2022
(all dollar amounts in thousands of dollars)

21. Revenues

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

Table 34: Revenue Classifications

	2022	2021
Net municipal taxation and user charges		
Net municipal taxation	\$ 719,842	\$ 686,251
Payments-in-lieu of taxation	8,915	10,366
	728,757	696,617
User charges	318,715	283,304
	\$ 1,047,472	\$ 979,921
Transfer payments		
Operating	\$ 18,045	\$ 4,647
Capital infrastructure	53,386	34,778
Government of Canada - Total	71,431	39,425
Unconditional - operating	9,987	37,751
Conditional – operating	247,173	224,080
Capital infrastructure	13,952	13,397
Province of Ontario - Total	271,112	275,228
Other municipalities	8,696	7,963
	\$ 351,239	\$ 322,616
Investment income		
Investment income - operating	\$ 12,722	\$ 4,781
Investment income - reserves and reserve funds	17,174	17,512
	\$ 29,896	\$ 22,293
Other revenues		
Provincial Offences Fines	\$ 3,681	\$ 4,059
Ontario Lottery & Gaming Corporation	5,310	2,676
Municipal accomodation tax	3,174	1,582
Other contributions - operating	14,035	19,747
Other contributions - capital	9,463	5,525
Donations	1,148	1,476
Miscellaneous sales	4,219	3,571
	\$ 41,030	\$ 38,636

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THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2022
(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

	2022	2021
Salaries, wages and fringe benefits	\$ 525,630	\$ 491,721
Long-term debt interest charges	6,302	7,233
Materials and supplies	151,730	135,600
Contracted services	174,788	153,140
Rents and financial expenses	35,689	30,802
External transfers	207,382	192,960
Amortization of tangible capital assets	189,881	186,639
Total expenses by object	\$ 1,291,402	\$ 1,198,095

23. Liability for Contaminated Sites

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

With respect to the first site, reports indicate that remediation for this site will be required and has been estimated at **\$595** (2021 - \$657).

With respect to the second site, reports indicate that remediation for this site will be required and has been estimated at **\$8,247** (2021 - **\$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 2022 financial statement presentation.

25. 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.

26. Segmented Information

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

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

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

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

26. 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.

26. Segmented Information (continued)

(c) Environmental Services

(i) Water and Wastewater Utilities

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

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

(ii) Solid Waste and Recycling

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

(d) Health Services

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

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

26. Segmented Information (continued)

(e) Social and Family Services

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

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

(f) Social Housing

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

(g) Parks and Recreation

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

(h) Cultural Services

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

26. Segmented Information (continued)

(i) Planning, Development and Compliance

(i) Planning Services

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

(ii) Development Services

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

(iii) Building Services

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

26. Segmented Information (continued)

(i) Planning, Development and Compliance (continued)

(iv) Licensing and Municipal Law Enforcement Services

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

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THE CORPORATION OF THE CITY OF LONDON

Consolidated Schedule of Segment Disclosure - Operating Revenues

Year ended December 31, 2022, with comparative information for 2021

(all dollar amounts in thousands of dollars)

Revenues	Taxation	User Charges	Government Transfers	Developer Contributions	Other	2022	2021
General government	\$ 726,955	\$ 4,291	\$ 2,521	\$ 15	\$ 67,774	\$ 801,556	\$ 756,095
Fire	-	474	-	-	165	639	661
Police	-	1,593	7,863	-	1,934	11,390	9,521
Other protection services	-	13,028	-	-	4,112	17,140	18,960
Total protection services	-	15,095	7,863	-	6,211	29,169	29,142
Transit	(717)	29,564	31,148	-	674	60,669	49,688
Other transportation services	-	3,304	41,019	9,426	47,731	101,480	81,821
Total transportation services	(717)	32,868	72,167	9,426	48,405	162,149	131,509
Water and wastewater	-	205,437	9,436	88,737	12,487	316,097	246,436
Solid waste	-	13,569	1,654	-	6,053	21,276	20,609
Total environmental services	-	219,006	11,090	88,737	18,540	337,373	267,045
Health Services	-	-	6,670	-	70	6,740	5,524
General assistance	-	18	138,482	-	127	138,627	130,078
Assistance to aged persons	-	5,461	18,453	-	86	24,000	20,796
Child care	-	115	62,258	-	105	62,478	51,128
Total social and family services	-	5,594	219,193	-	318	225,105	202,002
Social housing	-	14,742	27,695	-	1,547	43,984	49,378
Parks and recreation	-	16,800	851	4,538	2,232	24,421	14,610
Libraries	-	485	667	-	502	1,654	1,093
Cultural services	-	1,056	794	-	1,671	3,521	4,616
Total recreation and cultural services	-	18,341	2,312	4,538	4,405	29,596	20,319
Planning, development and compliance	2,519	8,778	1,728	-	10,605	23,630	16,183
Total revenues	\$ 728,757	\$ 318,715	\$ 351,239	\$ 102,716	\$ 157,875	\$ 1,659,302	\$ 1,477,197

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THE CORPORATION OF THE CITY OF LONDON

Consolidated Schedule of Segment Disclosure - Operating Expenses

Year ended December 31, 2022, with comparative information for 2021

(all dollar amounts in thousands of dollars)

Expenses	Salaries, Wages & Benefits	Materials	Contracted Services	External Transfers	Amortization	Other	2022	2021
General government	\$ 61,862	\$ 13,729	\$ 12,660	\$ 137	\$ 10,058	\$ 8,461	\$ 106,907	\$ 89,993
Fire	67,933	3,070	408	-	2,930	28	74,369	74,149
Police	128,708	7,675	2,586	-	5,258	387	144,614	131,657
Other protection services	17,904	3,517	1,782	2,036	335	874	26,448	26,362
Total protection services	214,545	14,262	4,776	2,036	8,523	1,289	245,431	232,168
Transit	53,144	25,816	7,843	2,910	13,230	440	103,383	95,256
Other transportation services	29,829	22,957	9,918	2	59,285	12,553	134,544	131,544
Total transportation services	82,973	48,773	17,761	2,912	72,515	12,993	237,927	226,800
Water and wastewater	30,247	32,040	15,584	2,855	71,689	6,123	158,538	158,158
Solid waste	10,813	7,354	18,386	1,397	2,978	3,848	44,776	45,845
Total environmental services	41,060	39,394	33,970	4,252	74,667	9,971	203,314	204,003
Public health services	6,001	546	383	6,631	103	433	14,097	11,693
Ambulance services	-	-	23,621	-	-	-	23,621	21,822
Total health services	6,001	546	24,004	6,631	103	433	37,718	33,515
General assistance	21,558	748	6,779	129,623	429	2,828	161,965	150,791
Assistance to aged persons	24,775	4,190	1,304	114	1,149	312	31,844	28,854
Child care	2,109	2,741	32,830	31,615	3	275	69,573	55,281
Total social and family services	48,442	7,679	40,913	161,352	1,581	3,415	263,382	234,926
Social housing	9,267	3,082	20,770	23,092	2,835	819	59,865	58,854
Parks and recreation	26,430	7,662	6,284	36	13,332	2,142	55,886	49,454
Libraries	15,451	4,034	1,738	(49)	2,435	978	24,587	23,859
Cultural services	2,699	729	3,589	1,481	1,604	(16)	10,086	9,778
Total recreation and cultural services	44,580	12,425	11,611	1,468	17,371	3,104	90,559	83,091
Planning, development and compliance	16,900	11,840	8,323	5,502	2,228	1,506	46,299	34,745
Total expenses	\$ 525,630	\$ 151,730	\$ 174,788	\$ 207,382	\$ 189,881	\$ 41,991	\$ 1,291,402	\$ 1,198,095
Annual surplus							\$ 367,900	\$ 279,102

Consolidated Financial Statements of

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

And Independent Auditors' Report thereon

Year ended December 31, 2022

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, 2022
 - 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, 2022, 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, 2022 and December 31, 2021
- capital receipts and fund equity reported in the statement of earnings and fund equity for the years ended December 31, 2022 and December 31, 2021

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 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, 2022, with comparative information for 2021

	2022	2021
	Total	Total
Assets:		
Cash and short-term deposits (Schedule 1)	\$ 2,288,701	\$ 1,932,423
Accounts receivable (Schedule 1)	39,949	5,866
Investments (Schedule 1, Note 2)	2,800,000	2,800,000
Prepaid expenses (Schedule 1)	144	2,082
	\$ 5,128,794	\$ 4,740,371
Liability and Fund Equity:		
Accounts payable (Schedule 1)	\$ 467,563	\$ 67,805
Fund equity (Schedule 1)	4,661,231	4,672,566
	\$ 5,128,794	\$ 4,740,371

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, 2022, with comparative information for 2021

	2022	2021
Fund equity, beginning of year	\$ 4,672,566	\$ 4,596,561
Revenue:		
Capital receipts (Schedule 2)	449,422	614,792
Interest (Schedule 2)	82,947	26,322
	532,369	641,114
Expenditures:		
Maintenance payments, Dearness Home (Schedule 2)	47,070	113,566
Disbursements (Schedule 2)	496,634	451,543
	543,704	565,109
Fund equity, end of year	\$ 4,661,231	\$ 4,672,566

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, 2022

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 2.5% to 4.8% (2021 – 0.42% to 0.75%)

THE TRUST FUNDS OF THE CITY OF LONDON

Schedule 1 - Detailed Consolidated Statement of Financial Position

Year ended December 31, 2022

	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	2022
Assets:										
Cash and short-term deposits	\$ 149,793	\$ 170,865	\$ 14,251	\$ 1,242,428	\$ 150,609	\$ 97,071	\$ 271,068	\$ 23,699	\$ 168,917	\$ 2,288,701
Accounts receivable	11,181	-	-	28,768	-	-	-	-	-	39,949
Investments	-	-	-	2,800,000	-	-	-	-	-	2,800,000
Prepaid expenses	-	-	-	144	-	-	-	-	-	144
	\$ 160,974	\$ 170,865	\$ 14,251	\$ 4,071,340	\$ 150,609	\$ 97,071	\$ 271,068	\$ 23,699	\$ 168,917	\$ 5,128,794
Liability and Fund Equity:										
Accounts payable	\$ -	\$ -	\$ -	\$ 465,906	\$ -	\$ 1,657	\$ -	\$ -	\$ -	\$ 467,563
Fund equity	160,974	170,865	14,251	3,605,434	150,609	95,414	271,068	23,699	168,917	4,661,231
	\$ 160,974	\$ 170,865	\$ 14,251	\$ 4,071,340	\$ 150,609	\$ 97,071	\$ 271,068	\$ 23,699	\$ 168,917	\$ 5,128,794

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, 2022

	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	2022
Fund equity, beginning of year	\$ 156,949	\$ 166,593	\$ 13,895	\$ 3,628,110	\$ 146,844	\$ 113,157	\$ 261,540	\$ 22,911	\$ 162,567	\$ 4,672,566
Receipts:										
Capital receipts	-	-	-	325,613	-	120,809	2,800	200	-	449,422
Interest	4,025	4,272	356	59,024	3,765	-	6,728	588	4,189	82,947
	4,025	4,272	356	384,637	3,765	120,809	9,528	788	4,189	532,369
Expenditures:										
Maintenance payments, Dearness Home	-	-	-	-	-	47,070	-	-	-	47,070
Disbursements	-	-	-	407,313	-	91,482	-	-	(2,161)	496,634
	-	-	-	407,313	-	138,552	-	-	(2,161)	543,704
Fund equity, end of year	\$ 160,974	\$ 170,865	\$ 14,251	\$ 3,605,434	\$ 150,609	\$ 95,414	\$ 271,068	\$ 23,699	\$ 168,917	\$ 4,661,231

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, 2022



KPMG LLP
140 Fullarton Street, Suite 1400
London ON N6A 5P2
Canada
Tel 519 672-4880
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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, 2022,
- 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, 2022, 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

DD/MM/YYYY

ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Statement of Financial Position

As at December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash and cash equivalents (note 3)	\$ 153,097	\$ 150,098
Due from related parties (note 6)	12,453	26,045
Accounts receivable	-	4,320
GST/HST receivable	12,065	7,250
	177,615	187,713
Financial liabilities		
Accounts payable and accrued liabilities	9,913	17,257
Due to related parties (note 6)	1,758	23,229
Deferred revenue	12,453	18,200
Total financial liabilities	24,124	58,686
Net financial assets	153,491	129,027
Non-financial assets		
Tangible capital assets (note 4)	9,730	12,082
	9,730	12,082
Accumulated surplus (note 5)	\$ 163,221	\$ 141,109

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

ARGYLE BUSINESS IMPROVEMENT ASSOCIATION

BOARD OF MANAGEMENT

Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	2022	2021
Revenues:			
Municipal levy - The Corporation of the City of London	\$ 215,000	\$ 215,000	\$ 215,000
Federal grants	10,000	6,223	4,320
Santa clause parade sponsorship	-	-	2,000
Digital main street	-	-	14,608
Miscellaneous	2,700	7,655	450
HST rebate	5,000	-	-
Gift Card Program		27,573	
Interest and dividends	300	1,130	373
Prior year surplus	50,000	-	-
Other - City of London Patio Grant	-	-	7,844
Total revenue	283,000	257,581	244,595
Expenses:			
Salaries, wages and benefits	108,000	96,054	91,118
Tax write offs	10,000	1,758	23,229
Office rent	20,000	19,958	19,732
Advertising, marketing and promotion	25,000	25,132	19,348
Planters/hanging baskets	20,000	22,800	17,952
Community initiatives	20,000	20,212	15,957
Digital main street	-	-	14,608
Safety and security	12,000	10,194	6,838
Professional fees	9,000	6,970	6,412
Special events	10,000	272	4,044
Social Improvement	10,000	-	
Signage, banner and brackets	2,500	1,658	
Amortization	-	2,352	2,650
Streetscape	4,000	-	
Office supplies	3,000	2,870	2,060
Insurance	1,900	1,838	1,714
Utilities	2,000	2,339	1,629
Clean streets	5,000	1,225	1,550
Gift Card Program	-	12,950	
Training, travel and professional development	1,900	1,638	1,350
Repairs and maintenance	2,500	-	1,148
HST	2,000	1,889	1,135
Telephone and internet service	1,200	906	1,049
Membership fees and dues	700	602	590
Office administration	2,300	570	119
Improvement grant	10,000	1,280	-
Total expenses	283,000	235,467	234,232
Excess of revenue over expenses	-	22,113	10,363
Accumulated surplus, beginning of year (note 5)	141,109	141,109	130,746
Accumulated surplus, end of year (note 5)	\$ 141,109	\$ 163,222	\$ 141,109

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

ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	2022	2021
Annual surplus	\$ -	\$ 22,113	\$ 10,363
Acquisition of tangible capital assets	-	-	(750)
Amortization of tangible capital assets	-	2,352	2,650
Decrease in inventory	-	-	-
	-	2,352	1,900
Change in net financial assets	-	24,465	12,263
Net financial assets, beginning of year	129,027	129,027	116,764
Net financial assets, end of year	\$ 129,027	\$ 153,492	\$ 129,027

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

ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 22,113	\$ 10,363
Item not involving cash:		
Amortization of tangible capital assets	2,351	2,650
Changes in non-cash assets and liabilities:		
GST/HST Receivable	(4,815)	(308)
Due from relates parties	13,592	(13,144)
Accounts payable and accrued liabilities	(7,344)	6,993
Deferred revenue	(5,747)	5,299
Due to related parties	(21,471)	20,089
Accounts Receivable	4,320	(894)
Inventory	-	-
Prepaid expenses	-	-
Net change in cash from operating activities	2,999	31,048
Capital activities:		
Purchase of tangible capital assets	-	(750)
Cash used in capital activities	-	(750)
Increase in cash and cash equivalents	2,999	30,298
Cash and cash equivalents, beginning of year	150,098	119,800
Cash and cash equivalents, end of year	\$ 153,097	\$ 150,098

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

Draft
ARGYLE BUSINESS IMPROVEMENT ASSOCIATION
BOARD OF MANAGEMENT

Notes to Financial Statements

Year ended December 31, 2022

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.

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ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2022

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:

	2022	2021
Cash on deposit	\$ 152,423	\$ 149,615
Credit union membership shares	674	483
	<u>\$ 153,097</u>	<u>\$ 150,098</u>

Draft**ARGYLE BUSINESS IMPROVEMENT ASSOCIATION
BOARD OF MANAGEMENT**

Notes to Financial Statements (continued)

Year ended December 31, 2022

4. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Leasehold improvements	\$ 8,293	\$ -	\$ -	\$ 8,293
Furniture and fixtures	12,494	-	-	12,494
Computer equipment	8,793	-	-	8,793
	\$ 29,580	\$	\$	\$ 29,580

Accumulated Amortization	Balance at December 31, 2021	Amortization Expense	Disposals	Balance at December 31, 2022
Leasehold improvements	\$ 3,316	\$ 829	\$ -	\$ 4,145
Furniture and fixtures	7,424	1,014	-	8,438
Computer equipment	6,758	509	-	7,266
	\$ 17,498	\$ 2,352	\$	\$ 19,849

Net Book Value	Balance at December 31, 2021	Balance at December 31, 2022
Leasehold improvements	\$ 5,477	\$ 4,148
Furniture and fixtures	5,070	4,055
Computer equipment	1,535	1,527
	\$ 12,082	\$ 9,730

5. Accumulated surplus:

The balance of accumulated surplus is comprised of the following:

	2022	2021
Invested in tangible capital assets	\$ 9,730	\$ 12,082
Operating fund	153,491	59,027
Reserve fund	-	70,000
	\$ 163,221	\$ 141,109

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ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2022

6. Related party transactions:

At December 31, 2022 the amount due to the Corporation of the City of London is \$1,758 (2021 - \$23,229) and the amount due from Hyde Park Business Improvement Association Board of Management is \$10,915 (2021 - \$18,200).

Financial Statements of

**COVENT GARDEN
MARKET CORPORATION**

And Independent Auditor's Report thereon

Year ended December 31, 2022



KPMG LLP
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London ON N6A 5P2
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INDEPENDENT AUDITOR'S REPORT

To the Chair and Members of Covent Garden Market Corporation

Opinion

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

- the statement of financial position as at December 31, 2022
- 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 December 31, 2022 and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



Page 3

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 18, 2023

COVENT GARDEN MARKET CORPORATION

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Investments (note 2)	\$ 2,577,281	\$ 1,071,223
Accounts receivable (note 3)	318,013	206,462
Prepaid expenses	47,105	10,516
Current portion of long-term receivables (note 4)	16,711	-
	<u>2,959,110</u>	<u>1,288,201</u>
Capital assets (note 5)	3,387,635	3,567,947
Long-term receivables (note 4)	52,671	-
	<u>\$ 6,399,416</u>	<u>\$ 4,856,148</u>

Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Bank indebtedness	\$ 163,405	\$ 33,987
Accounts payable and accrued liabilities	487,658	333,653
Current portion of long-term debt (note 7)	137,152	128,724
	<u>788,215</u>	<u>496,364</u>
Deferred capital contributions (note 6)	1,609,834	1,697,021
Long-term debt (note 7)	216,024	353,175
	<u>2,614,073</u>	<u>2,546,560</u>
Net assets:		
Invested in capital assets (note 8)	1,424,625	1,389,027
Unrestricted	2,360,718	920,561
	<u>3,785,343</u>	<u>2,309,588</u>
	<u>\$ 6,399,416</u>	<u>\$ 4,856,148</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, 2022, with comparative information for 2021

	2022	2021
Revenue:		
Government funding (note 11)	\$ 1,800,000	\$ 59,870
Parking fees	1,396,765	816,630
Market rentals	796,328	674,970
Common area maintenance	588,344	535,640
Amortization of deferred capital contributions	90,187	91,270
Promotion fund	45,319	44,133
Sponsorships	30,000	-
Central chilling lease	19,449	17,915
Management fees	17,460	17,460
Miscellaneous	3,884	1,813
	<u>4,787,736</u>	<u>2,259,701</u>
Expenses:		
Operating (Schedule 1)	2,683,916	2,602,348
Management (Schedule 2)	692,650	533,719
	<u>3,376,566</u>	<u>3,136,067</u>
Excess (deficiency) of revenue over expenses before the undernoted items	1,411,170	(876,366)
Other income (expense):		
Interest	86,256	17,330
Tenant leaseholds	(21,671)	(40,274)
	<u>64,585</u>	<u>(22,944)</u>
Excess (deficiency) of revenue over expenses	<u>\$ 1,475,755</u>	<u>\$ (899,310)</u>

See accompanying notes to financial statements.

COVENT GARDEN MARKET CORPORATION

Statement of Changes in Net Assets

Year ended December 31, 2022, with comparative information for 2021

		Invested in capital assets (note 8)	Unrestricted	2022 Total	2021 Total
Net assets, beginning of year	\$	1,389,027	\$ 920,561	\$ 2,309,588	\$ 3,208,898
Excess (deficiency) of revenue over expenses		(174,798)	1,650,553	1,475,755	(899,310)
Net change in investment in capital assets (note 8)		210,396	(210,396)	-	-
Net assets, end of year	\$	1,424,625	\$ 2,360,718	\$ 3,785,343	\$ 2,309,588

See accompanying notes to financial statements.

COVENT GARDEN MARKET CORPORATION

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 1,475,755	\$ (899,310)
Items not involving cash:		
Amortization of capital assets	264,985	286,303
Amortization of deferred capital contributions	(90,187)	(91,270)
<u>Changes in non-cash operating working capital (note 9)</u>	<u>(63,516)</u>	<u>58,695</u>
	1,587,037	(645,582)
Financing activities:		
Repayment of long-term debt	(128,724)	(120,814)
Purchase of investments	(1,506,058)	-
<u>Proceeds on sale of investments</u>	<u>-</u>	<u>831,999</u>
	(1,634,782)	711,185
Capital activities:		
Purchase of capital assets	(84,673)	(18,696)
<u>Contributions received</u>	<u>3,000</u>	<u>-</u>
	(81,673)	(18,696)
Decrease (increase) in bank indebtedness	(129,418)	46,907
Bank indebtedness, beginning of year	(33,987)	(80,894)
<u>Bank indebtedness, end of year</u>	<u>\$ (163,405)</u>	<u>\$ (33,987)</u>

See accompanying notes to financial statements.

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

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, 2022

1. Significant accounting policies (continued):

(c) Property, plant and equipment:

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

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

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

(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, 2022

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, 2022

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.

(h) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ending December 31, 2022, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

(i) Asset Retirement Obligations

PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with the 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).

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:

	2022	2021
Trade	\$ 588,505	\$ 504,811
Provision for doubtful accounts	(270,492)	(298,349)
	\$ 318,013	\$ 206,462

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

4. Long-term receivables:

	2022	2021
Tenant asset purchase loan, fixed interest rate of 5%, repayable in blended monthly payments of \$755, due 2027	\$ 39,245	\$ -
Tenant purchase of asset loan, fixed interest rate of 7.41%, repayable in blended monthly payments of \$936, due 2025	30,137	-
	69,382	-
Less current portion	16,711	-
	\$ 52,671	\$ -

Principal repayments are due as follows:

2023	\$ 16,711
2024	17,807
2025	17,099
2026	8,458
2027	7,378
Thereafter	1,929
	\$ 69,382

5. Capital assets:

	2022		2021	
	Cost	Accumulated amortization	Net book value	Net book value
Buildings	\$ 7,463,179	\$ 4,610,712	\$ 2,852,467	\$ 3,006,523
Equipment and fixtures	2,377,893	1,906,302	471,591	489,424
Computer equipment	56,041	51,514	4,527	6,790
Renovations, parking upgrade	165,724	116,769	48,955	54,395
Central chilling program	612,077	601,982	10,095	10,815
	\$ 10,674,914	\$ 7,287,279	\$ 3,387,635	\$ 3,567,947

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

5. 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.

6. 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.

	2022	2021
Balance, beginning of year	\$ 1,697,021	\$ 1,788,291
Additional contributions received	3,000	-
Amortization of contributions	(90,187)	(91,270)
Balance, end of year	\$ 1,609,834	\$ 1,697,021

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

7. Long-term debt:

	2022	2021
Note payable to the City for construction of the mezzanine, fixed interest rate of 6.5%, unsecured, repayable in blended monthly payments of \$6,028, due 2025	\$ 196,947	\$ 254,632
Note payable to the City for purchase of Tenant A Space, interest rate of 6.34%, unsecured, repayable in blended yearly payments of \$90,000, due 2024	156,229	227,267
	353,176	481,899
Less current portion long-term debt	137,152	128,724
	\$ 216,024	\$ 353,175

Future principal payments required on all long-term debt for the next 3 years are as follows:

2023	\$ 137,152
2024	146,132
2025	69,892
	\$ 353,176

Interest paid on the notes payable to the City, a related party, amounted to \$33,617 (2021 - \$41,527).

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.

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

8. Invested in capital assets:

Invested in capital assets is calculated as follows:

	2022	2021
Capital assets	\$ 3,387,635	\$ 3,567,947
Amounts financed by:		
Deferred capital contributions	1,609,834	1,697,021
Long-term debt	353,176	481,899
	1,963,010	2,178,920
	\$ 1,424,625	\$ 1,389,027

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

	2022	2021
Deficiency of revenues over expenses:		
Amortization of capital assets	\$ (264,985)	\$ (286,303)
Amortization of deferred capital contributions	90,187	91,270
	\$ (174,798)	\$ (195,033)
Net change in investment in capital assets:		
Purchase of capital assets	\$ 84,673	\$ 18,696
Repayment of long-term debt	128,723	120,814
Deferred capital contributions received	(3,000)	-
	\$ 210,396	\$ 139,510

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Changes in non-cash operating working capital:

	2022	2021
Accounts receivable	\$ (111,551)	\$ (5,262)
Prepaid expenses	(36,589)	9,962
Current portion of long-term receivable	(16,711)	-
Accounts payable and accrued liabilities	154,006	53,995
Long-term receivable	(52,671)	-
	<u>\$ (63,516)</u>	<u>\$ 58,695</u>

10. 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, 2022 is the carrying value of these assets.

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, 2022 is \$270,492 (2021 - \$298,349).

There have been no significant changes to the credit risk exposure from 2021.

(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 2021.

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

10. Financial and other risks (continued):

(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 2021.

(e) Other risk:

The COVID-19 pandemic has forced the Corporation to take measures to mitigate expenses as the risk of declining revenue continued through early 2022. 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 decreased from 2021.

11. Government funding:

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

COVENT GARDEN MARKET CORPORATION

Schedule 1 - Operating Expenses

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Contracted services and professional fees	\$ 810,938	\$ 708,384
Security	435,414	552,197
Advertising	406,201	310,960
Amortization	259,523	279,939
Maintenance, repairs and supplies	284,887	261,022
Light and heat	242,377	233,486
Insurance	129,811	117,661
Miscellaneous	33,522	49,272
Salaries and benefits	43,586	43,971
Interest expense, notes payable	33,617	41,527
Telephone	3,508	3,788
Travel and entertainment	532	141
	<u>\$ 2,683,916</u>	<u>\$ 2,602,348</u>

Schedule 2 - Management Expenses

	2022	2021
Salaries	\$ 414,917	\$ 340,562
Benefits	79,291	70,257
Professional fees	90,183	56,084
Miscellaneous	29,317	22,101
Maintenance repairs and supplies	30,557	17,863
Telephone	13,552	9,393
Amortization	5,462	6,364
Insurance	9,173	8,377
Travel and entertainment	8,379	2,479
Light and heat	8,600	239
Marketing and promotion	3,208	-
Contracted Services	11	-
	<u>\$ 692,650</u>	<u>\$ 533,719</u>

Financial Statements of

**ELDON HOUSE
CORPORATION**

And Independent Auditor's Report thereon

Year ended December 31, 2022



KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Chair and Members of Eldon House Corporation

Qualified Opinion

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

- the statement of financial position as at December 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net 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***" section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022 and its results of operations, its remeasurement gains and losses, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for 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, 2022 and December 31, 2021;
- the donations revenue and annual surplus reported in the statement of operations for the years ended December 31, 2022 and December 31, 2021;
- the annual surplus reported in the statement of changes in net assets for the years ended December 31, 2022 and December 31, 2021; and
- the annual surplus reported in the statement of cash flows for the years ended December 31, 2022 and December 31, 2021.



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Our opinion on the financial statements for the year ended end of 2021 was qualified accordingly because of the possible effects of this limitation in scope.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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



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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 24, 2023

ELDON HOUSE CORPORATION

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 130,990	\$ 195,098
Accounts receivable	176	10,934
Investments and marketable securities	52,317	-
Prepaid expenses and deposits	372	372
	<u>183,855</u>	<u>206,404</u>
Financial liabilities:		
Accounts payable and accrued liabilities	126,754	97,015
Deferred revenue	24,190	40,853
Deposits payable	781	781
	<u>151,725</u>	<u>138,649</u>
Net financial assets	32,130	67,755
Non-financial assets		
Tangible capital assets (note 2)	9,271	5,711
Accumulated surplus (note 3)	<u>\$ 41,401</u>	<u>\$ 73,466</u>

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget	2022 Actual	2021 Actual
Revenue:			
The Corporation of the City of London	\$ 303,706	\$ 304,206	\$ 299,217
Grants	37,988	60,623	50,269
Other income	75,585	42,696	25,322
Donations	14,639	1,275	5,486
	431,918	408,800	380,294
Expenses:			
Salaries and benefits	305,783	326,557	259,559
Office and general	24,035	30,478	21,825
Repairs and maintenance	20,605	26,151	23,488
Utilities	21,635	24,614	20,591
Programs and exhibitions	27,188	16,025	15,180
Professional fees	7,212	5,847	4,800
Amortization	12,180	3,643	8,824
Insurance	3,137	3,332	3,205
Advertising	6,274	2,860	1,538
Telephone and internet	2,823	707	5,997
Meals and entertainment	1,046	651	57
	431,918	440,865	365,064
Annual surplus (deficit)	-	(32,065)	15,230
Accumulated surplus, beginning of year	73,466	73,466	58,236
Accumulated surplus, end of year	\$ 73,466	\$ 41,401	\$ 73,466

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget	2022 Actual	2021 Actual
Annual surplus (deficit)	\$ -	\$ (32,065)	\$ 15,230
Acquisition of tangible capital assets	-	(7,203)	-
Amortization	12,180	3,643	8,824
	12,180	(35,625)	24,054
Net financial assets, beginning of year	67,755	67,755	43,701
Net financial assets, end of year	\$ 79,935	\$ 32,130	\$ 67,755

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (32,065)	\$ 15,230
Item not involving cash:		
Amortization	3,643	8,824
Changes in non-cash operating working capital:		
Accounts receivable	10,758	(10,934)
Investments and marketable securities	(52,317)	-
Prepaid expenses and deposits	-	3
Accounts payable and accrued liabilities	29,739	17,648
Deferred revenue	(16,663)	(1,000)
	(56,905)	29,771
Capital activities:		
Acquisition of tangible capital assets	(7,203)	-
(Decrease) increase in cash and cash equivalents	(64,108)	29,771
Cash and cash equivalents, beginning of year	195,098	165,327
Cash and cash equivalents, end of year	\$ 130,990	\$ 195,098
Represented by:		
Cash	\$ 78,673	\$ 143,663
Cash equivalents	52,317	51,435
	\$ 130,990	\$ 195,098

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

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

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Tangible capital assets:

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

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

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

ELDON HOUSE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

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.

(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.

ELDON HOUSE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(h) Budget figures:

Budget figures have been provided for comparison purposes.

2. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Furniture and fixtures	\$ 18,215	\$ -	\$ -	\$ 18,215
Computer hardware	11,399	1,737	-	13,136
Website	7,937	-	-	7,937
Office equipment	6,014	-	-	6,014
CCTV security system	19,819	5,466	-	25,285
Audio visual equipment	1,258	-	-	1,258
	\$ 64,642	\$ 7,203	\$ -	\$ 71,845

Accumulated amortization	Balance at December 31, 2021	Disposals	Amortization expense	Balance at December 31, 2022
Furniture and fixtures	\$ 15,764	\$ -	\$ 1,222	\$ 16,986
Computer hardware	11,399	-	434	11,833
Website	7,937	-	-	7,937
Office equipment	4,893	-	341	5,234
CCTV security system	17,838	-	1,489	19,327
Audio visual equipment	1,100	-	157	1,257
	\$ 58,931	\$ -	\$ 3,643	\$ 62,574

ELDON HOUSE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Tangible capital assets (continued):

	Balance at December 31, 2021	Balance at December 31, 2022
Net book value		
Furniture and fixtures	\$ 2,451	\$ 1,229
Computer hardware	-	1,303
Website	-	-
Office equipment	1,121	780
CCTV security system	1,981	5,958
Audio visual equipment	158	1
	\$ 5,711	\$ 9,271

3. Accumulated surplus:

The balance of accumulated surplus is comprised of the following:

	2022	2021
Invested in tangible capital assets	\$ 9,271	\$ 5,711
Operating fund	32,130	67,755
	\$ 41,401	\$ 73,466

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, 2022 was \$168,917 (2021 - \$162,567). 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.

Financial Statements of

**FAIR-CITY JOINT
VENTURE**

And Independent Auditors' Report thereon

Year ended June 30, 2022



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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, 2022
- 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, 2022 and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***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.



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.



Page 3

- 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

September 9, 2022

FAIR-CITY JOINT VENTURE

Statement of Financial Position

June 30, 2022, with comparative information for 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 939,944	\$ 146,067
Investment (note 2)	-	200,839
Accounts receivable (note 3)	554,540	291,574
Prepaid expenses	73,019	75,794
	<u>1,567,503</u>	<u>714,274</u>
Capital assets (note 4)	9,785,012	10,172,524
	<u>\$ 11,352,515</u>	<u>\$ 10,886,798</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 134,727	\$ 196,060
Payable to Western Fair Association (note 15)	20,278	-
Deferred revenue	421,590	388,443
Current portion of related party debt, secured (note 6)	-	347,505
Current portion of capital lease obligation (note 7)	89,731	83,874
	<u>666,326</u>	<u>1,015,882</u>
Capital lease obligation (note 7)	965,273	1,055,005
Employee future benefits (note 9)	111,494	129,771
Deferred capital contributions (note 10)	2,949,000	2,627,000
	<u>4,692,093</u>	<u>4,827,658</u>
Net assets:		
Investment in capital assets (note 11)	6,230,008	6,059,140
Internally restricted (note 13)	430,414	-
	<u>6,660,422</u>	<u>6,059,140</u>
	<u>\$ 11,352,515</u>	<u>\$ 10,886,798</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, 2022, with comparative information for 2021

	2022	2021
Revenues:		
Ice rentals (note 15)	\$ 3,122,706	\$ 2,239,911
Sponsorship and other	333,313	181,324
Amortization of deferred capital contributions	127,000	127,000
	<u>3,583,019</u>	<u>2,548,235</u>
Expenditures:		
Salaries and benefits (note 8)	897,087	540,052
Amortization of capital assets	593,837	630,937
Utilities	560,906	464,817
Supplies and services	415,257	355,447
Interest expense (note 15)	94,567	152,133
Management fees (note 15)	214,981	152,894
	<u>2,776,635</u>	<u>2,296,280</u>
Excess of revenues over expenditures (note 14)	<u>\$ 806,384</u>	<u>\$ 251,955</u>

See accompanying notes to financial statements.

FAIR-CITY JOINT VENTURE

Statement of Changes in Net Assets

Year ended June 30, 2022, with comparative information for 2021

	Western Fair Association	The City of London	Internally restricted (note 13)	Investment in capital assets (note 11)	2022 Total	2021 Total
Net assets, beginning of year	\$ -	\$ -	\$ -	6,059,140 \$	6,059,140 \$	5,490,599
Excess of revenues over expenditures	564,469	241,915	-	-	806,384	251,955
Employee future benefit remeasurements	19,641	8,417	-	-	28,058	103,704
Allocation to internally restricted	(445,717)	(191,022)	636,739	-	-	-
Receivable (payable) to venturers	(163,212)	(69,948)	-	-	(233,160)	212,882
Change in investment in capital assets	24,819	10,638	(206,325)	170,868	-	-
Net assets, end of year	\$ -	\$ -	430,414 \$	6,230,008 \$	6,660,422 \$	6,059,140

See accompanying notes to financial statements.

FAIR-CITY JOINT VENTURE

Statement of Cash Flows

Year ended June 30, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Excess of revenues over expenditures	\$ 806,384	\$ 251,955
Items not involving cash:		
Amortization	593,837	630,937
Change in employee future benefits liability	9,780	17,645
Amortization of deferred capital contributions	(127,000)	(127,000)
Accounts receivable	(475,848)	384,061
Prepaid expenses	2,775	(2,929)
Accounts payable and accrued liabilities	(61,332)	64,261
Deferred revenue	33,147	215,365
Payable to Western Fair Association	-	(508,705)
	781,743	925,590
Financing:		
Repayments of related party debt	(347,505)	(999,936)
Payment of obligations under capital lease	(83,875)	(96,043)
Capital contributions received	449,000	-
	17,620	(1,095,979)
Investing:		
Net change in investment	200,839	153,788
Purchase of capital assets	(206,325)	(40,705)
	(5,486)	113,083
Increase (decrease) in cash	793,877	(57,306)
Cash, beginning of year	146,067	203,373
Cash, end of year	\$ 939,944	\$ 146,067

See accompanying notes to financial statements.

FAIR-CITY JOINT VENTURE

Notes to Financial Statements

Year ended June 30, 2022

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, 2022

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, 2022

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 was comprised of a term deposit that fully matured on September 30, 2021 with an effective interest rate of 0.46%.

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2022

3. Accounts receivable:

	2022	2021
Miscellaneous	\$ 52,857	\$ 89,212
Due from Western Fair Association (note 15)	355,162	81,274
Due from the City of London (note 15)	-	69,948
Trade	156,887	56,140
Reserve for bad debts	(10,366)	(5,000)
	<u>\$ 554,540</u>	<u>\$ 291,574</u>

Included in miscellaneous receivables is HST receivable in the amount of \$15,293 (2021 - \$11,822)

4. Capital assets:

	2022		2021	
	Cost	Accumulated amortization	Net book value	Net book value
Building	\$ 15,446,433	\$ 7,901,948	\$ 7,544,485	\$ 7,942,017
Machinery and equipment	161,600	88,242	73,358	118,849
Special alterations	1,588,163	352,876	1,235,287	1,300,895
Solar array under capital lease	1,474,114	737,057	737,057	810,763
Capital in progress	194,825	-	194,825	-
	<u>\$ 18,865,135</u>	<u>\$ 9,080,123</u>	<u>\$ 9,785,012</u>	<u>\$ 10,172,524</u>

At June 30, 2022, machinery and equipment includes assets under capital lease with a cost of \$134,115 (2021 - \$275,008) and accumulated amortization of \$73,154 (2021 - \$176,853).

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2021 - \$nil), which includes amounts payable for payroll related taxes.

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2022

6. Related party debt:

	2022	2021
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
Current portion of related party debt	-	347,505
	\$ -	\$ -

7. Capital lease obligation:

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

2023	\$ 173,850
2024	166,897
2025	146,037
2026	146,037
2027	146,037
Thereafter	803,203
Total minimum lease payments	1,582,061
Less amount representing interest at between 3.43% and 8.21%	527,057
Present value of net minimum capital lease payments	1,055,004
Less current portion of obligations under capital lease	89,731
	\$ 965,273

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2022

8. Government Funding:

During the year, The Joint Venture applied for and received \$131,548 of Canada Emergency Wage Subsidy ("CEWS") and Local Lockdown Program funding which has been recorded net of Salaries and benefits in the Statement of Operations.

9. Employee future benefits:

(a) Pension plan:

The Joint Venture contributed and expensed \$21,905 (2021 - \$21,674) 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 of the health plan was performed as of June 30, 2021 and the results are extrapolated to June 30, 2022. 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, 2022.

The discount rate used in the actuarial measurement of the employee future benefit liability was 5.00% (2021 - 3.05%). The employee future benefit liability relating to post-employment benefits other than pension is \$111,494 (2021 - \$129,771). This liability has been recorded in the financial statements.

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

	2022	2021
Current service cost	\$ 9,098	\$ 13,265
Interest cost	4,046	6,379
	<u>\$ 13,144</u>	<u>\$ 19,644</u>

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2022

9. Employee future benefits: (continued):

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

Details of annual contributions and benefits paid are as follows:

	2022		2021
Employer contributions	\$ 3,363	\$	2,000
Benefit payments	(3,363)		(2,000)

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:

	2022		2021
Balance, beginning of year	\$ 2,627,000	\$	2,754,000
Amortization of deferred capital contributions	(127,000)		(127,000)
Contributions received	449,000		-
Balance, end of year	\$ 2,949,000	\$	2,627,000

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2022

11. Investments in capital assets:

Investments in capital assets consists of the following:

	2022	2021
Capital assets	\$ 9,785,012	\$ 10,172,524
Less amounts financed by:		
Related party debt	-	347,505
Obligation under capital leases	1,055,004	1,138,879
Deferred capital contributions:		
Deferred capital contributions	2,949,000	2,627,000
Less: amounts financed by Ontario Trillium Fund	(449,000)	-
	3,555,004	4,113,384
	\$ 6,230,008	\$ 6,059,140

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

	2022	2021
Amortization of deferred capital contributions	\$ 127,000	\$ 127,000
Amortization of capital assets	(593,837)	(630,937)
	(466,837)	(503,937)
Purchase of capital assets	206,325	40,705
Repayment of related party debt	347,505	999,936
Repayment of obligations under capital leases	83,875	96,043
	\$ 170,868	\$ 632,747

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, 2022, both partners agreed to a total contribution of \$636,739 (2021 - \$nil).

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2022

13. Internally restricted net assets:

	2022		2021	
Balance, beginning of year	\$	-	\$	64,206
Current year allocation to (from) internally restricted net assets		636,739		(23,501)
Capital expenditures		(206,325)		(40,705)
Balance, end of year	\$	430,414	\$	-

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2022

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, 2022 was 70.00% (2021 - 67.14%) and the City's equity interest was 30.00% (2021 - 32.86%). 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:

	2022	2021
Excess of revenues over expenditures	\$ 806,384	\$ 251,955
Amortization of capital assets	593,837	630,937
Amortization of deferred capital contributions	(127,000)	(127,000)
Repayment of related party debt	(347,505)	(999,936)
Repayment of obligations under capital leases	(83,875)	(96,043)
Excess (deficiency) of revenues over expenditures	841,841	(340,087)
Allocation from (to) internally restricted net assets	(636,739)	23,501
Employee future benefit remeasurements	28,058	103,704
Amounts available for distribution to (contributions required by) partners	\$ 233,160	\$ (212,882)

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2022

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 \$1,928,641 (2021 - \$1,623,022). Additionally, included in accounts receivable is \$nil (2021 - \$69,948) due from the City.
- (b) The Joint Venture also paid interest of \$4,568 (2021 - \$56,288) to the City on account of the related party debt (note 6).
- (c) Partner distributions of \$233,160 were declared during the year and paid or payable to the Association and the City (2021 - \$nil).
- (d) During the year, the Joint Venture paid management fees to the Association in the amount of \$214,981 (2021 - \$152,894).
- (e) The amount due to Western Fair Association of \$20,278 (2021 - \$nil) is unsecured and non-interest bearing with no specific repayment terms. Additionally, included in accounts receivable is \$355,162 (2021 - \$81,274) 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 2021.

- (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.

Financial Statements of

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

And Independent Auditor's Report thereon

Year ended December 31, 2022



KPMG LLP
140 Fullarton Street Suite 1400
London ON N6A 5P2
Canada
Tel 519 672-4880
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Hamilton Road Business Improvement Area Board of Management

Opinion

We have audited the financial statements of the Hamilton Road Business Improvement Area Board of Management (the "Board"), which comprise:

- the statement of financial position as at December 31, 2022
- 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, 2022, and its results of operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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



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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

May 11, 2023

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash	\$ 40,351	\$ 44,340
Accounts receivable	5,823	450
HST receivable	5,859	2,857
Due from Hyde Park BIA (note 4)	9,817	17,102
	<u>61,850</u>	<u>64,749</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 4)	2,774	4,559
Deferred revenue	14,817	17,102
	<u>17,591</u>	<u>21,661</u>
Net financial assets	44,259	43,088
Non-financial assets		
Tangible capital assets (note 3)	1,086	1,723
Prepaid expenses	1,544	1,534
	<u>2,630</u>	<u>3,257</u>
Accumulated surplus (note 2)	<u>\$ 46,889</u>	<u>\$ 46,345</u>

See accompanying notes to financial statements.

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	Budget		
	2022	2022	2021
Revenue:			
Municipal levy - The City of London	\$ 70,000	\$ 70,478	\$ 69,778
Other:			
Government grants (note 4)	46,414	23,921	79,264
Digital Main Street grant	-	12,936	14,476
Corporate contributions	-	13,700	
Miscellaneous	5,000	(239)	5,450
	<u>121,414</u>	<u>120,796</u>	<u>168,968</u>
Expenditures:			
Administration	81,819	80,212	100,162
Business development	27,740	27,504	24,565
Office	10,800	11,363	11,548
Amortization of tangible capital assets	-	637	572
Member services	1,055	536	167
	<u>121,414</u>	<u>120,252</u>	<u>137,014</u>
Annual surplus	-	544	31,954
Accumulated surplus, beginning of year	46,345	46,345	14,391
Accumulated surplus, end of period	\$ 46,345	\$ 46,889	46,345

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, 2022, with comparative information for 2021

	Budget 2022	2022	2021
Annual surplus	\$ -	\$ 544	\$ 31,954
Acquisition of tangible capital assets	-	-	(522)
Amortization of tangible capital assets	-	637	572
	-	1,181	32,004
Change in prepaid expenses	-	(10)	(215)
Change in net financial assets	-	1,171	31,789
Net financial assets, beginning of year	43,088	43,088	11,299
Net financial assets, end of year	43,088	\$ 44,259	\$ 43,088

See accompanying notes to financial statements.

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 544	\$ 31,954
Item not involving cash:		
Amortization of tangible capital assets	637	572
Changes in non-cash operating working capital:		
Accounts receivable	(5,373)	(450)
HST receivable	(3,002)	1,165
Due from Hyde Park BIA	7,285	(5,431)
Accounts payable and accrued liabilities	(1,785)	(5,139)
Deferred revenue	(2,285)	5,431
Prepaid expenses	(10)	(215)
	(5,170)	(4,639)
Capital activities:		
Purchase of tangible capital assets	-	(522)
Increase (decrease) in cash	(3,989)	27,365
Cash, beginning of year	44,340	16,975
Cash, end of year	\$ 40,351	\$ 44,340

See accompanying notes to financial statements.

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements

Year ended December 31, 2022

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	

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2022

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, 2022

2. Accumulated surplus:

The balance of accumulated surplus is comprised of the following:

	2022	2021
Invested in tangible capital assets	\$ 1,086	\$ 1,723
Operating fund	45,803	44,622
	\$ 46,889	\$ 46,345

3. Tangible capital assets:

Cost	December 31, 2021	Additions	Disposals	December 31, 2022
Computer equipment	\$ 2,548	\$ -	\$ -	\$ 2,548
Total	\$ 2,548	\$ -	\$ -	\$ 2,548

Accumulated amortization	December 31, 2021	Amortization Expense	Disposals	December 31, 2022
Computer equipment	\$ 825	\$ 637	\$ -	\$ 1,462
Total	\$ 825	\$ 637	\$ -	\$ 1,462

	Net book value December 31, 2021	Net book value December 31, 2022
Computer equipment	\$ 1,723	\$ 1,086
Total	\$ 1,723	\$ 1,086

HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2022

4. Related party transactions:

At year end, the amount due to the City of London and included in accounts payable and accrued liabilities was nil (2021 - \$222) and the amount due from Hyde Park BIA relating to the shared Digital Main Street grant was \$9,817 (2021 - \$17,102).

Included in government grant revenue is \$346 (2021 - \$51,111) received from the City of London.

Draft

Financial Statements of

**HOUSING DEVELOPMENT CORPORATION,
LONDON**

And Independent Auditors' Report thereon

December 31, 2022

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, 2022
- 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, 2022, 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.

Draft

HOUSING DEVELOPMENT CORPORATION, LONDON Statement of Financial Position December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Due from the Corporation of the City of London (note 3)	\$ 1,740,869	\$ 6,468,212
Trade and other receivables (note 3)	3,636,448	1,863,613
Loan receivable	240,120	224,842
Total financial assets	5,617,437	8,556,667
Financial liabilities		
Accounts payable and accrued liabilities (note 3)	2,135,156	1,797,149
Deferred revenue	382	5,671
Long-term debt (note 4)	-	17,760
Total financial liabilities	2,135,538	1,820,580
Net financial assets	3,481,899	6,736,087
Non-financial assets		
Tangible capital assets (note 5)	34,365,939	21,275,451
Prepaid expenses	4,834	8,321
Total non-financial assets	34,370,773	21,283,772
Commitments (note 10)		
Other matters (note 11)		
Accumulated surplus (note 6)	\$37,852,672	\$28,019,859

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

Draft

HOUSING DEVELOPMENT CORPORATION, LONDON

Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	Budget	2022	2021
	(note 9)		
Revenues			
Transfer payments			
Municipal - the Corporation of the City of London (note 3)	\$ 13,963,521	\$ 13,953,415	\$ 18,854,525
Federal	-	13,105	203,733
Property rental income	-	370,625	-
Interest income	150,000	63,867	155,372
Total revenues	14,113,521	14,401,012	19,213,630
Expenses			
Salaries, wages and fringe benefits	82,032	82,032	622,313
Materials and supplies	74,123	237,230	44,949
Contracted services	32,014	199,235	74,613
Office rental expense	32,000	29,024	27,038
External transfers	-	3,734,232	131,060
Amortization of tangible capital assets (note 5)	286,446	286,446	44,599
Total expenses	506,615	4,568,199	944,572
Annual surplus	13,606,906	9,832,813	18,269,058
Accumulated surplus, beginning of year (note 6)	28,019,859	28,019,859	9,750,801
Accumulated surplus, end of year (note 6)	\$ 41,626,765	\$ 37,852,672	\$ 28,019,859

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

Draft

HOUSING DEVELOPMENT CORPORATION, LONDON

Statement of Change in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget	2022	2021
Annual surplus	\$ 13,606,906	\$ 9,832,813	\$ 18,269,058
Acquisition of tangible capital assets	(13,376,933)	(13,376,934)	(18,584,136)
Amortization of tangible capital assets	286,446	286,446	44,599
	516,419	(3,257,675)	(270,479)
Change in prepaid expenses	-	3,487	(474)
Change in net financial assets	516,419	(3,254,188)	(270,953)
Net financial assets, beginning of year	6,736,087	6,736,087	7,007,040
Net financial assets, end of year	\$ 7,252,506	\$ 3,481,899	\$ 6,736,087

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

Draft

HOUSING DEVELOPMENT CORPORATION, LONDON

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 9,832,813	\$ 18,269,058
Items not involving cash		
Amortization of tangible capital assets	286,446	44,599
Change in non-cash assets and liabilities		
Due from the Corporation of the City of London	4,727,343	487,140
Prepaid expenses	3,487	(474)
Trade and other receivables	(1,772,835)	(1,693,323)
Accounts payable and accrued liabilities	338,007	1,465,950
Deferred revenue	(5,289)	(2,290)
Net change in cash from operating activities	13,409,972	18,570,660
Capital activities		
Purchase of tangible capital assets	(13,376,934)	(18,584,136)
Net change in cash from capital activities	(13,376,934)	(18,584,136)
Investing activities		
Issuance of loans receivable	(15,278)	(4,284)
Net change in cash from investing activities	(15,278)	(4,284)
Financing activities		
Long-term debt issued (repayments)	(17,760)	17,760
Net change in cash from financing activities	(17,760)	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**Statement of Cash Flows****Year ended December 31, 2022, with comparative information for 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
Building	40
Equipment and furniture	5-10

Annual amortization is charged in the year of acquisition and in the year of disposal using the following rules:

- Leasehold improvements - prorated by month, based on in-service date.
- Building, equipment and furniture - half year rule.

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to Financial Statements
Year ended December 31, 2022

2. Significant Accounting Policies (continued)

(b) Tangible Capital Assets (continued)

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

(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.

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to Financial Statements (continued)
Year ended December 31, 2022

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.

(i) Future Accounting Changes

These standards and amendments were not yet effective for the year ended December 31, 2022, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

(i) 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).

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to Financial Statements (continued)
Year ended December 31, 2022

2. Significant Accounting Policies (continued)

(i) Future Accounting Changes (continued)

(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, and 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) 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).

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to Financial Statements (continued)
Year ended December 31, 2022

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 **\$25,000** (2021 - \$183,397) 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 appropriation revenue of **\$174,169** (2021 - \$416,409)
- Annual contribution to the affordable housing reserve fund of **\$3,080,000** (2021 - \$2,770,000)
- Administrative fee revenue of **\$nil** (2021 - \$262,160)
- Municipal funding contribution of **\$10,699,246** (2021 - \$15,405,956) towards building construction.

As at December 31, 2022, the Corporation owed the City **\$26,800** (2021 - \$nil), which is included in accounts payable and accrued liabilities along with **\$27,357** (2021 - \$nil), owing to other Boards of the City. Included in trades and other receivables is **\$117,458** (2021 - \$nil) due from other Boards of the City.

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to Financial Statements (continued)
Year ended December 31, 2022

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 in 2021.

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. In 2021, advances in the amount of \$17,760 had been received by the Corporation. These advances were fully repaid in 2022.

Long-term debt is as follows:

	2022	2021
Long-term debt issued by CMHC under Seed Funding Program \$	- \$	17,760

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to Financial Statements (continued)
Year ended December 31, 2022

5. Tangible Capital Assets

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Land	\$ 3,077,342	\$ 549,588	\$ -	\$ 3,626,930
Building	-	18,593,199	-	18,593,199
Leasehold improvements	218,431	-	-	218,431
Equipment and furniture	5,525	274,067	-	279,592
Assets under construction	18,146,061	12,501,026	18,540,946	12,106,141
Total	\$ 21,447,359	\$ 31,917,880	\$ 18,540,946	\$ 34,824,293

Accumulated Amortization	Balance at December 31, 2021	Amortization Expense	Amortization Disposals	Balance at December 31, 2022
Land	\$ -	\$ -	\$ -	\$ -
Building	-	228,336	-	228,336
Leasehold improvements	167,463	43,686	-	211,149
Equipment and furniture	4,445	14,424	-	18,869
Assets under construction	-	-	-	-
Total	\$ 171,908	\$ 286,446	\$ -	\$ 458,354

	Net Book Value December 31, 2021	Net Book Value December 31, 2022
Land	\$ 3,077,342	\$ 3,626,930
Building	-	18,364,863
Leasehold improvements	50,968	7,282
Equipment and furniture	1,080	260,723
Assets under construction	18,146,061	12,106,141
Total	\$ 21,275,451	\$ 34,365,939

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to Financial Statements (continued)
Year ended December 31, 2022

6. Accumulated Surplus

Accumulated surplus consists of the following:

	2022	2021
Surplus		
Invested in tangible capital assets	\$ 34,365,939	\$ 21,275,451
Reserve funds set aside for specific purpose by the Board		
Future affordable housing (note 7)	3,486,633	6,744,308
Share capital		
100 Class A common shares (note 8)	100	100
	\$ 37,852,672	\$ 28,019,859

7. Analysis of Reserve Fund

	2022	2021
Reserve fund for future affordable housing:		
Balance, beginning of year	\$ 6,744,308	\$ 7,147,145
Interest earned	63,867	155,372
Contributions from current operations:		
Annual	3,080,000	2,770,000
Additional one-time from City of London	273	-
Transfers to current operations	(3,734,233)	(136,927)
Transfers to capital operations:		
Development of land for future use	(2,667,582)	(3,191,282)
Balance, end of year	\$ 3,486,633	\$ 6,744,308
	2022	2021
Comprised of:		
Contributions from the City of London, stipulated for use in future affordable housing projects	\$ 3,191,739	\$ 6,449,687
Accumulated operating surpluses held for future administration expenses	294,894	294,621
Balance, end of year	\$ 3,486,633	\$ 6,744,308

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to Financial Statements (continued)
Year ended December 31, 2022

8. Share Capital

	2022	2021
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, 2022

9. Budget Data

Budget data presented in these financial statements are based upon the 2022 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	\$ 3,927,453
Municipal revenue – Transfers from capital and reserve fund	46,000
Government grants	2,000
Total Revenues	3,975,453
Expenses	
Personnel costs	528,510
Administrative expenses	46,950
Financial expenses - Transfers to reserve fund	3,080,000
Purchased services	108,088
Materials and supplies	11,760
Furniture and equipment	15,000
Recovered expenses	185,145
Total expenses	3,975,453
Net surplus as per approved budget	-
PSAB reporting requirements and Budget adjustments:	
Capital program funding earned in year	10,709,352
Decrease in transfers to (from) capital and reserve fund	3,034,000
Increase in amorization	(286,446)
Increase in interest income - reserve fund	150,000
Net PSAB budget surplus as per financial statements	\$ 13,606,906

HOUSING DEVELOPMENT CORPORATION, LONDON
Notes to Financial Statements (continued)
Year ended December 31, 2022

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, 2022, the Corporation has outstanding commitments remaining on these agreements of **\$618,625** (2021 - \$629,475).

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

2023	\$	4,000
Total	\$	4,000

11. Other matters

The Corporation of the City of London (City), the sole shareholder of the Corporation, has undertaken resolutions to direct the transition of the affordable housing portfolio of the Housing Development Corporation, London into the City's corporate structure, including the Corporation's staff and business operations. At its Municipal Council meeting on March 23, 2021, the City resolved to have Civic Administration 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, 2022

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, 2022
- 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, 2022, 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.

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.

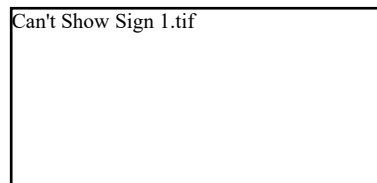
We also:

- 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.



Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 16, 2023

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Statement of Financial Position

DRAFT

As at December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash	\$ 313,316	\$ 255,694
Accounts receivable	5,148	19,523
HST receivable	42,024	64,081
	<u>360,488</u>	<u>339,298</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 5)	100,538	97,217
Deferred revenue	11,815	18,500
Deposits payable	21,395	14,125
	<u>133,748</u>	<u>129,842</u>
Net financial assets	226,740	209,456
Non-financial assets		
Tangible capital assets (note 4)	40,728	44,247
Prepaid expenses	25,906	11,967
	<u>66,634</u>	<u>56,214</u>
Commitments (note 6)		
Accumulated surplus (note 3)	<u>\$ 293,374</u>	<u>\$ 265,670</u>

See accompanying notes to financial statements.

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Statement of Operations

DRAFT

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
Revenue:			
Revenues			
Municipal levy - The City of London	\$ 484,000	\$ 480,996	\$ 438,604
Other:			
Miscellaneous	-	133,608	37,641
Program income	9,000	24,916	14,776
	<u>493,000</u>	<u>639,520</u>	<u>491,021</u>
Expenditures			
Administration	198,760	194,148	155,830
Business development	295,700	324,935	198,614
General expenses	-	45,356	29,765
Office	23,550	25,145	23,833
Miscellaneous	6,000	2,220	13,846
Amortization of tangible capital assets	-	8,336	8,863
Member services	29,800	11,676	-
	<u>553,810</u>	<u>611,816</u>	<u>430,751</u>
Annual surplus	-	27,704	60,270
Accumulated surplus, beginning of year	265,670	265,670	205,400
Accumulated surplus, end of year (note 3)	\$ 265,670	\$ 293,374	\$ 265,670

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, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
Annual surplus	\$ -	\$ 27,704	\$ 60,270
Acquisition of tangible capital assets	-	(4,817)	(1,649)
Amortization of tangible capital assets	-	8,336	8,863
	-	31,223	67,484
Acquisition of prepaid expenses	-	(13,939)	(11,075)
Change in net financial assets	-	17,284	56,409
Net financial assets, beginning of year	209,456	209,456	153,047
Net financial assets, end of year	\$ 209,456	\$ 226,740	\$ 209,456

See accompanying notes to financial statements.

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Statement of Cash Flows

DRAFT

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 27,704	\$ 60,270
Item not involving cash:		
Amortization of tangible capital assets	8,336	8,863
Changes in non-cash operating working capital:		
Accounts receivable	14,375	8,688
HST receivable	22,057	(24,859)
Accounts payable and accrued liabilities	3,321	30,418
Deposits payable	7,270	5,655
Deferred revenue	(6,685)	5,299
Prepaid expenses	(13,939)	(11,075)
	62,439	83,259
Capital activities:		
Purchase of tangible capital assets	(4,817)	(1,649)
Increase in cash	57,622	81,610
Cash, beginning of year	255,694	174,084
Cash, end of year	\$ 313,316	\$ 255,694

See accompanying notes to financial statements.

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

DRAFT Notes to Financial Statements

Year ended December 31, 2022

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	
Leasehold improvements	Lease-term

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2022

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:

	2022	2021
Invested in tangible capital assets	\$ 40,728	\$ 44,247
Operating fund	252,646	221,423
	<u>\$ 293,374</u>	<u>\$ 265,670</u>

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2022

4. Tangible capital assets:

Cost	2021	Additions	Disposals	2022
Furniture and fixtures	\$ 51,761	\$ -	\$ -	\$ 51,761
Computer hardware	9,562	4,817	-	14,379
Leasehold Improvements	7,189	-	-	7,189
Total	\$ 68,512	\$ 4,817	\$ -	\$ 73,330

Accumulated amortization	2021	Disposals	Amortization expense	2022
Furniture and fixtures	\$ 13,847	\$ -	\$ 5,215	\$ 19,062
Computer hardware	4,838	-	1,512	6,350
Leasehold Improvements	5,580	-	1,609	7,189
Total	\$ 24,265	\$ -	\$ 8,336	\$ 32,601

	Net book value 2021	Net book value 2022
Furniture and fixtures	\$ 37,914	\$ 32,699
Computer hardware	4,724	8,029
Leasehold Improvements	1,609	-
Total	\$ 44,247	\$ 40,728

THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2022

5. Related party transactions:

At December 31, 2022, there was an amount payable from Hyde Park Business Improvement Area to the Corporation of the City of London of \$3,004 (2021 - (\$5,155)) which has been included in accounts payable (2021 - accounts receivable). Also included in accounts payable is \$43,629 (2021 - \$72,769) owing to certain 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, 2022 are as follows:

Year ending December 31:

2023	\$	24,257
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Financial Statements of

**THE LONDON
CONVENTION CENTRE
CORPORATION**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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

INDEPENDENT AUDITOR'S REPORT

To the 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, 2022
- the statement of operations for the year then ended
- the statement of changes in net 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, 2022 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

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

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

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

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

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



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



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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 3, 2023

THE LONDON CONVENTION CENTRE CORPORATION

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash	\$ 848,206	\$ 1,038,414
Accounts receivable (note 2)	518,468	248,697
Other receivables	279,819	44,681
Receivable from The City of London	184,596	16,596
	<u>1,831,089</u>	<u>1,348,388</u>
Financial liabilities:		
Accounts payable and accrued liabilities	816,200	231,330
Accrued sick and vacation	12,707	51,369
Advance deposits and deferred revenue	893,339	966,547
	<u>1,722,246</u>	<u>1,249,246</u>
Net financial assets	108,843	99,142
Non-financial assets		
Inventory (note 3)	86,199	44,421
Tangible capital assets (note 5)	16,725,652	16,964,032
Prepaid expenses	64,337	39,267
	<u>16,876,188</u>	<u>17,047,720</u>
Contingencies (note 11)		
Accumulated surplus (note 8)	<u>\$ 16,985,031</u>	<u>\$ 17,146,862</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, 2022, with comparative information for 2021

	2022 Budget (note 10)	2022 Actual	2021 Actual
Sales:			
Food and beverage	\$ 2,700,000	\$ 2,839,848	\$ 764,874
City grant	-	850,000	3,966,171
Federal grant	-	558,201	-
Other	805,150	875,616	298,827
City capital appropriation	717,587	667,587	1,672,721
Space rental	385,000	549,500	114,937
Capital reserve drawdown	1,242,000	506,761	292,876
Technical	239,635	272,380	91,116
Parking	449,200	254,311	133,680
	<u>6,538,572</u>	<u>7,374,204</u>	<u>7,335,202</u>
Cost of goods sold:			
Food and beverage	777,820	798,897	341,911
Other	135,013	72,676	1,302
Technical	4,618	6,587	6,270
	<u>917,451</u>	<u>878,160</u>	<u>349,483</u>
	5,621,121	6,496,044	6,985,719
Expenditures:			
Event services and culinary	1,692,986	1,680,653	862,939
Amortization of tangible capital assets	1,307,574	1,343,444	1,418,784
Corporate services	960,620	1,049,900	874,676
Sales and catering	875,443	741,818	496,306
City appropriation	717,587	699,983	1,672,217
Energy	570,060	540,772	341,835
Facility services	508,279	479,741	383,717
Cleaning	102,222	59,595	21,940
Parking	56,017	39,743	15,184
Other	40,930	22,226	12,260
	<u>6,831,718</u>	<u>6,657,875</u>	<u>6,099,858</u>
Annual surplus (deficit) (note 9)	(1,210,597)	(161,831)	885,861
Accumulated surplus, beginning of year	17,146,862	17,146,862	16,261,002
Accumulated surplus, end of year	<u>\$ 15,936,265</u>	<u>\$ 16,985,031</u>	<u>\$ 17,146,862</u>

See accompanying notes to financial statements.

THE LONDON CONVENTION CENTRE CORPORATION

Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (note 10)	2022 Actual	2021 Actual
Annual surplus (deficit)	\$ (1,210,597)	\$ (161,831)	\$ 885,861
Amortization of tangible capital assets	1,307,574	1,343,444	1,418,784
Acquisition of tangible capital assets	(1,018,186)	(1,105,064)	(130,197)
	(921,209)	76,549	2,174,448
Acquisition of inventory	-	(86,199)	(44,421)
Acquisition of prepaid expenses	-	(64,337)	(39,267)
Consumption of inventory	-	44,421	51,039
Use of prepaid expenses	-	39,267	38,896
Increase (decrease) in net financial assets	-	(66,848)	6,247
Net financial assets (debt), beginning of year	99,142	99,142	(2,081,553)
Net financial assets (debt), end of year	\$ (822,067)	\$ 108,843	\$ 99,142

See accompanying notes to financial statements.

THE LONDON CONVENTION CENTRE CORPORATION

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (161,831)	\$ 885,861
Items not involving cash:		
Amortization of tangible capital assets	1,343,444	1,418,784
Forgiveness of long-term debt	-	(1,421,665)
Changes in non-cash operating working capital:		
Accounts receivable	(269,771)	(193,506)
Other receivables	(235,138)	39,112
Inventory	(41,778)	6,618
Prepaid expenses	(25,070)	(371)
Accounts payable and accrued liabilities	584,870	(111,087)
Accrued sick and vacation	(38,662)	23,510
Receivable from the City of London	(168,000)	23,614
Advance deposits and deferred revenue	(73,208)	92,428
	914,856	763,298
Capital activities:		
Acquisition of tangible capital assets	(1,105,064)	(130,197)
Net change in cash	(190,208)	633,101
Cash, beginning of year	1,038,414	405,313
Cash, end of year	\$ 848,206	\$ 1,038,414

See accompanying notes to financial statements.

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements

Year ended December 31, 2022

1. Significant accounting policies:

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

(a) Basis of accounting:

Sources of financing and expenditures are reported on the accrual basis of accounting.

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

(b) Tangible capital assets:

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

Asset	Rate
Buildings and building improvements	5-40 years
Furniture and equipment	5-20 years
Infrastructure	3-10 years
Vehicles	10-20 years

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(c) Revenue recognition:

Revenue from events is recorded in the statement of operations in the year in which the event is held, and the related receivable is considered collectible.

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

(d) Inventory:

Inventory is valued at the lower of cost, being laid down cost, and net realizable value, using the specific item costing method.

(e) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Such estimates include valuation of accounts receivable, inventory, and tangible capital assets. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, and makes adjustments in the financial statements on a prospective basis. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates.

(f) Budget 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.

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(g) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ending December 31, 2022, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

(i) Asset Retirement Obligations

PS 3280, Asset Retirement Obligations, addresses the recognition, measurement, presentation and disclosure of legal obligations associated with the 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).

2. Accounts receivable:

Included in accounts receivable is \$25,815 owing from the City of London.

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

3. Inventory:

At December 31, inventory consists of:

	2022	2021
Food	\$ 28,386	\$ 15,510
Beverages	57,813	28,911
	\$ 86,199	\$ 44,421

4. 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.

	2022	2021
Opening balance	\$ 2,174,386	\$ 760,849
Interest	38,310	33,692
Contributions	699,917	1,672,721
Capital expenditures	(506,761)	(292,876)
Closing balance	\$ 2,405,852	\$ 2,174,386

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

5. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Building	\$ 27,143,683	\$ -	\$ -	\$ 27,143,683
Building improvements	12,873,615	371,945	-	13,245,560
Equipment	1,722,349	34,747	-	1,757,096
Furniture	1,099,222	7,093	-	1,106,315
Infrastructure	810,153	253,793	-	1,063,946
Vehicles	61,699	2,142	-	63,841
Construction in progress	-	435,344	-	435,344
	\$ 43,710,721	\$ 1,105,064	\$ -	\$ 44,815,785

Accumulated amortization	Balance at December 31, 2021	Disposals	Amortization expense	Balance at December 31, 2022
Building	\$ 19,107,422	\$ -	\$ 686,648	\$ 19,794,070
Building improvements	4,588,934	-	550,607	5,139,541
Equipment	1,572,313	-	38,230	1,610,543
Furniture	727,316	-	29,251	756,567
Infrastructure	716,334	-	36,650	752,984
Vehicles	34,370	-	2,058	36,428
Construction in progress	-	-	-	-
	\$ 26,746,689	\$ -	\$ 1,343,444	\$ 28,090,133

Net book value	Balance at December 31, 2021	Balance at December 31, 2022
Building	\$ 8,036,261	\$ 7,349,613
Building improvements	8,284,681	8,106,019
Equipment	150,036	146,553
Furniture	371,906	349,748
Infrastructure	93,819	310,962
Vehicles	27,329	27,413
Construction in progress	-	435,344
	\$ 16,964,032	\$ 16,725,652

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

5. Tangible capital assets (continued):

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

6. 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 2022 was \$188,199 (2021 - \$133,832) for current service and is expensed in the statement of operations.

The last available report for the OMERS plan was on December 31, 2022. At that time, the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion), based on actuarial liabilities for \$130.3 billion (2021 - \$120.8 billion) and actuarial assets for \$123.6 billion (2021 - \$117.7 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

7. 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.

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

8. Accumulated surplus:

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

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 16,725,652	\$ 16,964,032
Other	259,379	182,830
	<u>\$ 16,985,031</u>	<u>\$ 17,146,862</u>

9. Income from operations:

In order to assess the operations of the Corporation, management removes the impact of capital items from the operating results included in the statement of operations. Accordingly, management defines income from operations as follows:

	2022	2021
Annual surplus (deficit)	\$ (161,831)	\$ 885,861
Add back:		
Amortization	1,343,444	1,418,784
City appropriation	699,983	1,672,217
	<u>2,043,427</u>	<u>3,091,001</u>
Deduct:		
City capital funding	(1,174,348)	(1,965,597)
	<u>\$ 707,248</u>	<u>\$ 2,011,265</u>

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2022

10. Budget data:

Budget figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB"), certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

Revenues	\$ 4,578,985
Cost of goods sold	(917,452)
Expenses	(4,806,556)
Annual deficit, as budgeted	(1,145,023)
City capital appropriation	717,587
Capital reserve drawdown	1,242,000
Amortization of capital assets	(1,307,574)
City appropriation	(717,587)
Annual deficit, revised	\$ (1,210,597)

11. Contingencies:

The Corporation is subject to certain actual and potential legal claims, which have arisen in the normal course of operations. It has been determined by management that the outcome of these claims are not determinable at this point and as such, no amounts have been included in these financial statement.

12. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2022 financial statements.

Combined Financial Statements of

**LONDON DOWNTOWN BUSINESS
ASSOCIATION**

And Independent Auditor's Report thereon

Year ended December 31, 2022



KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of London Downtown Business Association

Opinion

We have audited the combined financial statements of London Downtown Business Association (the "Entity"), which comprise:

- the combined statement of financial position as at December 31, 2022
- the combined statement of operations for the year then ended
- the combined statement of change in net financial assets for the year then ended
- the combined statement of cash flows for the year then ended
- and notes to the combined financial statements, including a summary of significant accounting policies

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

In our opinion, the financial statements present fairly, in all material respects, the combined financial position of the Entity as at December 31, 2022, and its combined results of operations, its combined change in net financial assets and its combined cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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



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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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



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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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

May 8, 2023

LONDON DOWNTOWN BUSINESS ASSOCIATION

Combined Statement of Financial Position

December 31, 2022, with comparative information for 2021

	LDBA 2022	Main Street 2022	Total 2022	Total 2021
Financial assets				
Cash and cash equivalents	\$ 874,346	\$ 208,418	\$ 1,082,764	\$ 623,379
Investments	-	-	-	401,972
Accounts receivable	95,925	69,382	165,307	94,298
Due from the Hyde Park Business Improvement Association Board of Management (note 3)	11,048	-	11,048	18,333
	981,319	277,800	1,259,119	1,137,982
Financial liabilities				
Accounts payable and accrued liabilities (note 3)	299,709	8	299,717	156,335
Deferred revenue	11,048	-	11,048	18,333
Funds on deposit	-	144,705	144,705	198,048
	310,757	144,713	455,470	372,716
Net financial assets	670,562	133,087	803,649	765,266
Non-financial assets				
Tangible capital assets (note 2)	18,780	-	18,780	38,302
Prepaid expenses	11,496	-	11,496	-
	30,276	-	30,276	38,302
Commitments (note 5)				
Accumulated surplus (note 4)	\$ 700,838	\$ 133,087	\$ 833,925	\$ 803,568

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, 2022, with comparative information for 2021

	Budget	LDBA 2022	Main Street 2022	Total 2022	Total 2021
Revenue:					
Municipal levy from the City of London	\$ 1,815,238	\$ 1,700,552	\$ 15,000	\$ 1,715,552	\$ 1,840,732
Main Street London funding	220,000	-	106,158	106,158	245,000
Interest income	1,600	6,350	194	6,544	4,416
Miscellaneous income (note 3)	29,000	219,678	158,125	377,803	197,501
Total revenue	2,065,838	1,926,580	279,477	2,206,057	2,287,649
Expenses:					
Business development	497,838	706,038	-	706,038	612,360
Salaries and wages	570,000	567,679	-	567,679	727,925
Programs	220,000	-	203,715	203,715	353,581
Member services	595,000	490,041	-	490,041	641,032
Administration	100,000	101,079	7,308	108,387	100,753
Rent	83,000	79,718	-	79,718	80,226
Amortization	-	19,522	-	19,522	16,097
Bad debts	-	-	600	600	-
Total expenses	2,065,838	1,964,077	211,623	2,175,700	2,531,974
Annual surplus (deficit)	-	(37,497)	67,854	30,357	(244,325)
Accumulated surplus, beginning of year	803,568	738,335	65,233	803,568	1,047,893
Accumulated surplus, end of year	\$ 803,568	\$ 700,838	\$ 133,087	\$ 833,925	\$ 803,568

See accompanying notes to combined financial statements.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Combined Statement of Change in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget	LDBA 2022	Main Street 2022	Total 2022	Total 2021
Annual surplus (deficit) \$	-	\$ (37,497)	\$ 67,854	\$ 30,357	\$ (244,325)
Acquisition of tangible capital assets	-	-	-	-	(18,685)
Amortization of tangible capital assets	-	19,522	-	19,522	16,097
	-	(17,975)	67,854	49,879	(246,913)
Change in prepaid expenses	-	(11,496)	-	(11,496)	-
Change in net financial assets	-	(29,471)	67,854	38,383	(246,913)
Net financial assets, beginning of year	765,266	700,033	65,233	765,266	1,012,179
Net financial assets, end of year	\$ 765,266	\$ 670,562	\$ 133,087	\$ 803,649	\$ 765,266

See accompanying notes to combined financial statements.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Combined Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash and cash equivalents provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 30,357	\$ (244,325)
Item not involving cash:		
Amortization	19,522	16,097
Changes in non-cash operating working capital:		
Accounts receivable	(71,009)	15,982
Due from related party	7,285	(18,027)
Prepaid expenses	(11,496)	-
Accounts payable and accrued liabilities	143,382	(65,233)
Deferred revenue	(7,285)	18,027
	110,756	(277,479)
Financing activities:		
Funds on deposit	(53,343)	(20,734)
Capital activities:		
Acquisitions of tangible capital assets	-	(18,685)
Investing activities:		
Change in investments, net	401,972	(401,972)
Increase (decrease) in cash and cash equivalents	459,385	(718,870)
Cash and cash equivalents, beginning of year	623,379	1,342,249
Cash and cash equivalents, end of year	\$ 1,082,764	\$ 623,379
Supplemental cash flow information:		
Cash	\$ 1,021,967	\$ 562,581
Cash equivalents	60,797	60,798
	\$ 1,082,764	\$ 623,379

See accompanying notes to combined financial statements.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements

Year ended December 31, 2022

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, 2022

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, 2022

1. Significant accounting policies (continued):

(j) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ending December 31, 2022, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

(i) Asset Retirement Obligations

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

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2022

2. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Furniture	\$ 18,685	\$ -	\$ -	\$ 18,685
Computer equipment	11,753	-	-	11,753
Leasehold improvements	124,272	-	-	124,272
Total	\$ 154,710	\$ -	\$ -	\$ 154,710

Accumulated amortization	Balance at December 31, 2021	Disposals	Amortization expense	Balance at December 31, 2022
Furniture	\$ 311	\$ -	\$ 3,737	\$ 4,048
Computer equipment	8,397	-	3,356	11,753
Leasehold improvements	107,700	-	12,429	120,129
Total	\$ 116,408	\$ -	\$ 19,522	\$ 135,930

	Net book value December 31, 2021	Net book value December 31, 2022
Furniture	\$ 18,374	\$ 14,637
Computer equipment	3,356	-
Leasehold improvements	16,572	4,143
	\$ 38,302	\$ 18,780

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2022

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 \$204,686 (2021 - \$36,350). This has been included in Accounts payable and accrued liabilities on the Combined Statement of Financial Position. During the year, \$101,371 (2021 - \$153,493) 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 \$12,936 (2021 - \$14,476) 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:

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 18,780	\$ 38,302
Operating surplus	670,440	567,218
	689,220	605,520
Restricted cash for Downtown Dollars	144,705	198,048
	\$ 833,925	\$ 803,568

5. Commitments:

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

2023	\$ 76,380
2024	31,825
	\$ 108,205



London Hydro Inc.

Financial Statements

For the year ended December 31, 2022
with comparative amounts for 2021



KPMG LLP
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London ON N6A 5P2
Canada
Tel 519 672-4880
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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of London Hydro Inc.

Opinion

We have audited the financial statements of London Hydro Inc. (the Entity), which comprise:

- the statement of financial position as at December 31, 2022
- 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, 2022, 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 “**Auditor’s Responsibilities for the Audit of the Financial Statements**” section of our auditor’s report.

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

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

Other Information

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

- the information included in Management’s Discussion and Analysis.

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



Other Information

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

- the information included in Management's Discussion and Analysis.

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

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

We obtained the information, other than the financial statements and the auditors' report thereon, included in Management's Discussion and Analysis as at the date of this auditor's report.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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



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

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

We also:

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

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

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

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants
London, Canada

March 30, 2023

London Hydro Inc.
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For the year ended December 31, 2022

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London Hydro Inc.

Statement of Financial Position

December 31, 2022, with comparative amounts at December 31, 2021

(in thousands of dollars)

	Note	2022	2021
ASSETS			
Current assets			
Cash		\$ -	\$ 14,451
Accounts receivable	5	80,056	78,727
Materials and supplies	6	893	548
Prepaid expenses		3,842	2,430
Total current assets		84,791	96,156
Non-current assets			
Property, plant and equipment	7,15	389,432	369,130
Intangible assets	8	24,340	21,270
Unrealized gain on interest rate swap	13,24	33,016	6,750
Total non-current assets		446,788	397,150
Total assets		531,579	493,306
Regulatory balances	10	35,015	28,596
Total assets and regulatory balances		\$ 566,594	\$ 521,902
LIABILITIES			
Current liabilities			
Bank indebtedness		\$ 2,162	\$ -
Accounts payable and accrued liabilities	11	46,931	38,270
Due to shareholder	21	5,695	5,706
Income tax payable		803	36
Current portion of lease liability	15	36	35
Current portion of long-term debt	13,24	-	125,000
Current portion of customer and other deposits		522	1,371
Current portion of deferred revenue	12	3,058	3,462
Total current liabilities		59,207	173,880
Non-current liabilities			
Long-term debt	13,24	200,000	75,000
Post-employment benefits	14	9,855	15,008
Customer and other deposits		797	1,274
Deferred revenue	12	44,285	40,340
Deferred tax liability	9	25,931	15,783
Lease liability	15	2,119	2,155
Unrealized loss on interest rate swap	13,24	-	1,131
Total non-current liabilities		282,987	150,691
Total liabilities		342,194	324,571
Equity			
Share capital	16	96,116	96,116
Retained earnings		122,149	95,702
Accumulated other comprehensive income (loss)		4,895	(293)
Total equity		223,160	191,525
Total liabilities and equity		565,354	516,096
Regulatory balances	10	1,240	5,806
<i>Commitments and contingencies (Note 22), Subsequent event (Note 25)</i>			
Total liabilities, equity and regulatory balances		\$ 566,594	\$ 521,902

On behalf of the Board:


Director


Director

London Hydro Inc.**Statement of Comprehensive Income**

For the year ended December 31, 2022, with comparative amounts for 2021

(in thousands of dollars)

	Note	2022	2021
Revenues			
Electricity sales	17	\$ 384,773	\$ 381,901
Distribution revenue	17	75,335	73,691
Other	18	12,481	13,347
		472,589	468,939
Operating expenses			
Electricity purchased		390,970	385,324
Operating expenses	19	49,387	47,109
Depreciation and amortization	7,8	22,738	22,094
		463,095	454,527
Income from operating activities		9,494	14,412
Net finance income	13,20	(22,811)	(8,887)
Income before income taxes		32,305	23,299
Income tax expense	9	10,468	6,574
Income for the year		21,837	16,725
Movement of regulatory balances			
Net movement of regulatory balances		7,133	1,384
Income taxes	9	2,477	2,347
	10	9,610	3,731
Net income for year and net movement in regulatory balances		31,447	20,456
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefits	14	5,188	1,153
Tax on remeasurements	9	(1,375)	(306)
Net movement in regulatory balances, net of tax	10	1,375	306
Other comprehensive income		5,188	1,153
Total comprehensive income for the year		\$ 36,635	\$ 21,609

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, 2022, with comparative amounts for 2021

(in thousands of dollars)

	Note	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
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	16	-	(5,000)	-	(5,000)
Balance at December 31, 2021		\$ 96,116	\$ 95,702	\$ (293)	\$ 191,525
Balance at January 1, 2022		\$ 96,116	\$ 95,702	\$ (293)	\$ 191,525
Net income and net movement in regulatory balances		-	31,447	-	31,447
Other comprehensive income		-	-	5,188	5,188
Dividends	16	-	(5,000)	-	(5,000)
Balance at December 31, 2022		\$ 96,116	\$ 122,149	\$ 4,895	\$ 223,160

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

London Hydro Inc.
Statement of Cash Flows

For the year ended December 31, 2022, with comparative amounts for 2021

(in thousands of dollars)

	Note	2022	2021
Operating activities			
Net income and net movement in regulatory balances		\$ 31,447	\$ 20,456
Adjustments for:			
Depreciation and amortization	7,8	22,738	22,094
Amortization of deferred revenue	18	(938)	(792)
Post-employment benefits	14	35	61
(Gain) loss on disposal of property, plant and equipment	18	(111)	102
Net finance income	20	(22,811)	(8,887)
Income tax expense	9	10,468	6,574
		40,828	39,608
Change in non-cash working capital:			
Accounts receivable		(1,329)	5,982
Materials and supplies		(345)	(90)
Prepaid expenses		(1,412)	(169)
Accounts payable and accrued liabilities		8,661	(7,734)
Due to shareholder		(11)	(43)
Customer and other deposits		(1,326)	(2,303)
		4,238	(4,357)
Other:			
Regulatory balances	10	(9,610)	(3,731)
Income tax paid		(1,153)	(609)
Income tax received		225	-
Interest paid	20	(4,791)	(5,161)
Interest received	20	205	152
		(15,124)	(9,349)
Net cash from operating activities		29,942	25,902
Investing activities			
Purchase of property, plant and equipment	7	(37,767)	(33,405)
Purchase of intangible assets	8	(8,588)	(3,981)
Capital contributions received from customers		4,479	7,175
Proceeds on disposal of property, plant and equipment		356	496
Net cash used in investing activities		(41,520)	(29,715)
Financing activities			
Dividends paid	16	(5,000)	(10,000)
Proceeds from long-term debt	13	125,000	-
Lease liability	15	(35)	(34)
Repayment of long-term debt	13	(125,000)	-
Net cash from financing activities		(5,035)	(10,034)
Change in cash		(16,613)	(13,847)
Cash, beginning of year		14,451	28,298
(Bank indebtedness) / cash, end of year		\$ (2,162)	\$ 14,451

The accompanying notes are an integral part of these financial statements

1. Reporting entity

London Hydro Inc. ("the Company") is a rate regulated, municipally-owned hydro distribution company located in the City of London. The Company is a wholly-owned subsidiary company of the Corporation of the City of London and was incorporated on April 26, 2000 under the laws of the Province of Ontario, Canada.

The Company delivers electricity and related energy services to inhabitants of the City of London. The address of the Company's registered office is 111 Horton Street, London, Ontario, Canada.

2. Basis of presentation

a) Statement of compliance

The Company's financial statements have been prepared 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 30, 2023.

c) Basis of measurement

These financial statements have been prepared on the historical cost basis, unless otherwise stated.

d) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

2. Basis of presentation (continued)

e) Use of estimates and judgments (continued)

Information about judgements and estimation uncertainties made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- (i) 3(b) – measurement of unbilled revenue
- (ii) 3(b) – determination of the performance obligation for contributions from customers and the related amortization period
- (iii) 3(d), 3(e), 7, 8 – estimation of useful lives of its property, plant and equipment and intangible assets
- (iv) 3(e), 8 – capitalization of configuration and customization costs in Software-as-a-Service (“SaaS”) arrangements and determining whether services are distinct from the SaaS access
- (v) 5 – estimation for allowance for doubtful accounts
- (vi) 7, 15 – leases: whether an arrangement contains a lease
- (vii) 10 – recognition and measurement of regulatory balances
- (viii) 14 – measurement of defined benefit obligations: key actuarial assumptions
- (ix) 22 – recognition and measurement of provisions and contingencies

Critical accounting estimates and judgments for leases

Judgments made in relation to accounting policies applied - Management exercises judgment in determining the appropriate lease term on a lease by lease basis. Management considers 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.

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 \$nil (December 31, 2021 – \$0.4 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 \$0.0 million (December 31, 2021 – \$nil) 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.

2. Basis of presentation (continued)

f) Rate regulation

The Company is regulated by the Ontario Energy Board (“OEB”), under the authority granted by the *Ontario Energy Board Act, 1998*. Among other things, the OEB has the power and responsibility to approve or set rates for the distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies (“LDCs”), such as the Company, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

Rate setting

Distribution revenue

For the distribution revenue, the Company files a “Cost of Service” (“COS”) rate application with the OEB where rates are determined through a review of the forecasted annual amount of operating and capital expenditures, debt and shareholder’s equity required to support the Company’s business. The COS is usually filed every five years. The Company estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and interveners and rates are ultimately approved by the OEB after the review and revisions have been completed.

In the intervening years an Incentive Regulation Mechanism (“IRM”) rate application is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year’s rates are adjusted for the annual change in the Gross Domestic Product Implicit Price 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.

2. Basis of presentation (continued)

f) Rate regulation (continued)

Rate setting – Distribution revenue (continued)

The Company previously filed a COS application in August 2016 for rates effective May 1, 2017 to April 30, 2022. The GDP IPI-FDD for 2021 was 2.2%, the OEB applied productivity factor was 0.0% and the OEB determined stretch factor was (0.3)%, resulting in a net adjustment of 1.9% to the previous year's rates effective May 1, 2021.

In August 2021, the Company filed a Cost of Service application which was approved by the OEB on February 24, 2022 for rates effective May 1, 2022. The monthly total bill impact of the new rates for a typical residential customer was an increase of approximately \$1.41 or 1.17% before taxes.

As a licensed distributor, the Company is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Company is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Company ultimately collects these amounts from customers.

Electricity rates

The OEB sets electricity prices for residential and small commercial consumers once each year based on an estimate of how much it will cost to supply the province with electricity for the next year. All remaining consumers, other than consumers with retail contracts who pay a contracted rate plus a global adjustment rate adder, pay the market price for electricity. The Company is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

3. 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.

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.

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.

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

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, 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, 2022.

Amortization is recognized in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively if appropriate.

The estimated useful lives are:

	Years
Capital contributions	30 - 45
Land rights	25
Computer software	3 - 5

3. 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.

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.

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.

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.

3. Significant accounting policies (continued)

l) Software-as-a-Service arrangements

SaaS arrangements are service contracts providing the Company with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customize, and the ongoing fees to obtain access to the cloud provider's application software, are recognized as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances, modifies, or creates additional capability to existing on-premise systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognized as intangible software assets and amortized over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any changes are accounted for prospectively as a change in accounting estimate.

m) Finance income and finance expenses

Finance income is recognized as it accrues in the Statement of Comprehensive Income. Finance income comprises interest earned on cash.

Finance expenses comprise interest expense on borrowings and customer deposits. Finance expenses are recognized in the Statement of Comprehensive Income unless they are capitalized as part of the cost of qualifying assets.

3. Significant accounting policies (continued)

n) Income taxes

The income tax expense comprises current and deferred tax. Income tax expense is recognized in the Statement of Comprehensive Income except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Company is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the Electricity Act, 1998, the Company makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("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.

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)

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. On October 31, 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1) (the 2022 amendments), to improve the information a company provides about long-term debt with covenants. The 2020 amendments and the 2022 amendments (collectively “the Amendments”) are effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted. A company that applies the 2020 amendments early is required to also apply the 2022 amendments.

For the purposes of non-current classification, the Amendments removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must exist at the end of the reporting period and have substance. The Amendments reconfirmed that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which a company must comply after the reporting date do not affect a liability’s classification at that date. The Company intends to adopt this standard in its financial statements for the annual period beginning January 1, 2024. The extent of the impact of adoption of the standard has not yet been determined.

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.

4. Standards issued not yet adopted (continued)

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

On February 12, 2021, the IASB issued Disclosure of 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.

5. Accounts receivable

	2022	2021
Trade receivables	\$ 43,727	\$ 42,326
Unbilled revenue	37,221	35,077
Other	4,992	5,856
Allowance for doubtful accounts	(5,884)	(4,532)
	\$ 80,056	\$ 78,727

Included in accounts receivable is approximately \$13.3 million (December 31, 2021 – \$13.6 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 \$1.4 million (December 31, 2021 – \$1.6 million) of energy, water, and sundry receivables due from the Corporation of the City of London.

6. Materials and supplies

Amounts written down due to obsolescence during the year ended December 31, 2022 was \$0.1 million (December 31, 2021 – \$0.1 million).

London Hydro Inc.
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7. 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, 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
Balance at January 1, 2022	\$ 21,554	\$ 10,177	\$ 388,559	\$ 32,952	\$ 12,868	\$ 466,110
Additions	1,795	277	31,539	3,631	525	37,767
Disposals /retirements	(663)	(164)	(1,585)	(1,246)	-	(3,658)
Balance at December 31, 2022	\$ 22,686	\$ 10,290	\$ 418,513	\$ 35,337	\$ 13,393	\$ 500,219

b) Accumulated depreciation:

	Land and buildings	Distribution substation equipment	Other distribution equipment	Other equipment	Construction in progress	Total
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
Balance at January 1, 2022	\$ 4,600	\$ 2,313	\$ 75,306	\$ 14,761	\$ -	\$ 96,980
Depreciation	763	377	12,835	3,245	-	17,220
Disposals /retirements	(601)	(40)	(1,538)	(1,234)	-	(3,413)
Balance at December 31, 2022	\$ 4,762	\$ 2,650	\$ 86,603	\$ 16,772	\$ -	\$ 110,787

c) Carrying amounts:

Balance at	Land and buildings	Distribution substation equipment	Other distribution equipment	Other equipment	Construction in progress	Total
December 31, 2021	\$ 16,954	\$ 7,864	\$ 313,253	\$ 18,191	\$ 12,868	\$ 369,130
December 31, 2022	\$ 17,924	\$ 7,640	\$ 331,910	\$ 18,565	\$ 13,393	\$ 389,432

Property, plant and equipment includes a right-of-use asset with a carrying value of \$2.0 million (December 31, 2021 – \$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 15).

London Hydro Inc.
Notes to the Financial Statement
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8. Intangible assets

a) Cost or deemed cost:

	Land rights	Capital contributions	Computer software	Work in progress	Total
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
Balance at January 1, 2022	\$ 451	\$ 6,604	\$ 25,302	\$ 1,624	\$ 33,981
Additions	341	-	4,478	3,769	8,588
Disposals /retirements	(23)	-	(3,146)	-	(3,169)
Balance at December 31, 2022	\$ 769	\$ 6,604	\$ 26,634	\$ 5,393	\$ 39,400

b) Accumulated amortization:

	Land rights	Capital contributions	Computer software	Work in progress	Total
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
Balance at January 1, 2022	\$ 98	\$ 801	\$ 11,812	\$ -	\$ 12,711
Amortization	25	166	5,327	-	5,518
Disposals /retirements	(23)	-	(3,146)	-	(3,169)
Balance at December 31, 2022	\$ 100	\$ 967	\$ 13,993	\$ -	\$ 15,060

c) Carrying amounts:

Balance at	Land rights	Capital contributions	Computer software	Work in progress	Total
December 31, 2021	\$ 353	\$ 5,803	\$ 13,490	\$ 1,624	\$ 21,270
December 31, 2022	\$ 669	\$ 5,637	\$ 12,641	\$ 5,393	\$ 24,340

9. Income tax expense

Income tax expense (recovery) is comprised of:	2022	2021
Current income tax		
Current year income tax expense	\$ 1,640	\$ 557
Amendment for prior period income tax credits	-	(12)
Adjustment for subsequently enacted legislation	(277)	-
Adjustment for prior period income tax expense	332	-
	<u>1,695</u>	<u>545</u>
Deferred tax		
Change in recognized deductible temporary differences:		
Gain on interest rate swap	7,260	3,682
Corporate minimum tax	(964)	-
Property, plant, equipment and intangible assets	2,095	3,055
Post-employment benefits	(10)	(16)
Deferred revenue	392	(692)
	<u>8,773</u>	<u>6,029</u>
Total current and deferred income tax in profit and loss, before movement of regulatory balance	10,468	6,574
Other comprehensive income		
Post-employment benefits	1,375	306
Total current and deferred income tax, before movement of regulatory	<u>11,843</u>	<u>6,880</u>
Net movement in regulatory balances	<u>(3,852)</u>	<u>(2,653)</u>
Income tax expense recognized in the Statement of Comprehensive Income	<u>\$ 7,991</u>	<u>\$ 4,227</u>
Reconciliation of effective tax rate:	2022	2021
Income before taxes	\$ 44,626	\$ 25,836
Canada and Ontario statutory income tax rates	26.5%	26.5%
Expected tax provision on income at statutory rates	<u>11,826</u>	<u>6,847</u>
Increase (decrease) in income taxes resulting from:		
Adjustment for prior years	-	(12)
Net movement in regulatory balances	(3,852)	(2,653)
Other items	17	45
	<u>\$ 7,991</u>	<u>\$ 4,227</u>
Significant components of the Corporation's deferred tax balances:	2022	2021
Property, plant, equipment and intangible assets	\$ (22,965)	\$ (20,870)
Post-employment benefits	2,611	3,976
Deferred revenue	<u>2,208</u>	<u>2,600</u>
Future income taxes to be realized by customers	(18,146)	(14,294)
Corporate minimum tax	964	-
Gain on interest rate swap	<u>(8,749)</u>	<u>(1,489)</u>
	<u>\$ (25,931)</u>	<u>\$ (15,783)</u>

London Hydro Inc.
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10. Regulatory balances

Reconciliation of the carrying amount for each class of regulatory

balances: Regulatory assets:

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	(310)	(496)	5,088	-
Income tax	11,641	2,651	-	14,292	-
	\$ 22,935	\$ 8,189	\$ (2,528)	\$ 28,596	

Regulatory deferral account debit balances	January 1, 2022	Changes	(Recovery)/reversal	December 31, 2022	Remaining years
Group 1 deferred accounts	\$ 7,415	\$ 7,115	\$ -	\$ 14,530	-
Regulatory settlement account	1,801	164	(1,678)	287	0.3
Other regulatory accounts	5,088	(3,034)	-	2,054	-
Income tax	14,292	3,852	-	18,144	-
	\$ 28,596	\$ 8,097	\$ (1,678)	\$ 35,015	

Regulatory liabilities:

Regulatory deferral account credit balances	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	

Regulatory deferral account credit balances	January 1, 2022	Changes	Recovery/(reversal)	December 31, 2022	Remaining years
Other regulatory accounts	\$ 5,806	\$ (4,771)	\$ 205	\$ 1,240	-
	\$ 5,806	\$ (4,771)	\$ 205	\$ 1,240	

10. 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 the first quarter, 1.02% in the second quarter, 2.20% in the third quarter and 3.87% in the fourth quarter of 2022 (March, June, September and December 2021 – 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.

10. Regulatory balances (continued)

b) Regulatory settlement account (continued)

In February of 2022, the OEB approved the Company's 2022 Cost of Service rate application which included the disposition of its Group 1 account balances as at December 31, 2020 via rate riders. These accounts included amounts accumulated between January 1, 2020 and December 31, 2020. The OEB authorized the refund/recovery of these balances over a one-year period commencing May 1, 2022.

The 2022 Cost of Service rate application also included a request for the disposition of the other regulatory account balances as at December 31, 2020 via rate riders. The LRAMVA balance proposed for recovery accumulated between January 1, 2018 and December 31, 2019. The OEB authorized the refund/recovery of the true-up of the funding of capital projects under the Advanced Capital Module, non-cash OPEB adjustments, Retail Cost Variances, Pole Attachment Revenue variances, tax savings as a result of changes to CCA rates and the LRAMVA balances over a one-year period commencing May 1, 2022.

c) Other regulatory accounts

Other regulatory account debit balances include various deferred costs in connection with LRAMVA and Impacts Arising from the COVID-19 Emergency. 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.

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

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.

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11. Accounts payable and accrued liabilities

	2022	2021
Due to Independent Electricity System Operator	\$ 28,682	\$ 23,979
Harmonized sales tax	962	-
Payroll and bene fits payable	4,102	4,371
Other	13,185	9,920
	\$ 46,931	\$ 38,270

12. Deferred revenue

	2022	2021
Capital contributions for completed projects	\$ 36,013	\$ 33,065
Deposits held	11,330	10,737
	47,343	43,802
Less: Current portion	3,058	3,462
	\$ 44,285	\$ 40,340

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.

London Hydro Inc.
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13. Long-term debt

	2022	2021
Unsecured, non-revolving term installment 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
Unsecured, non-revolving term installment 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
Unsecured, non-revolving term installment loan bearing interest at the 10 year Bankers' Acceptance rate of 1.69% plus a stamping fee of 0.44%, interest only payments, due June 2032	125,000	-
Unsecured, non-revolving term installment 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
	<u>200,000</u>	<u>200,000</u>
Less: current portion	-	125,000
	<u>\$ 200,000</u>	<u>\$ 75,000</u>

The Company had an interest rate swap agreement with the Royal Bank of Canada for an unsecured loan in the amount of \$85 million. Interest only payments were due quarterly and commenced December 2014. The principal was due at maturity on June 30, 2022. The agreement was a fixed rate swap which effectively converted 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 had an interest rate swap agreement with the Royal Bank of Canada for an unsecured loan in the amount of \$40 million. Interest only payments were due quarterly and commenced March 2018. The principal was due at maturity on June 30, 2022. The agreement was a fixed rate swap which effectively converted 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 entered into a futures contract with Toronto Dominion Bank on December 4, 2020 for \$125 million. The contract was converted into a swap agreement on June 30, 2022 to repay the \$40 million and \$85 million Royal Bank of Canada fixed rate swaps that matured June 30, 2022. Interest only payments are due monthly and commenced July 2022. The principal is due at maturity. 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%.

London Hydro Inc.
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13. Long-term debt (continued)

The Company has an interest rate swap agreement with the Toronto Dominion Bank for an unsecured loan in the amount of \$75 million. Interest only payments are due monthly and commenced December 2020. The principal is due at maturity. 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%.

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, 2022 was \$27.4 million (December 31, 2021 – \$13.9 million).

At December 31, 2022, the Company would be entitled to collect \$33.0 million (December 31, 2021 – \$6.7 million) if it decided to cancel the swap agreements with the Toronto Dominion Bank.

During the year ended December 31, 2022, interest on long-term debt was incurred in the amount of \$4.6 million (December 31, 2021 – \$5.1 million).

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

	2022		2021	
Balance , beginning of year	\$	200,000	\$	200,000
Add: Advance s		125,000		-
Less: Repayme nts		125,000		-
		200,000		200,000
Less: Curre nt portion		-		125,000
	\$	200,000	\$	75,000

14. 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, 2022, the Company made employer contributions of \$3.3 million to OMERS (December 31, 2021 – \$3.2 million), of which \$0.8 million (December 31, 2021 – \$0.8 million) has been capitalized as part of PP&E and the remaining amount of \$2.5 million (December 31, 2021 – \$2.4 million) has been recognized in the Statement of Comprehensive Income. The Company estimates that a contribution of \$3.6 million to OMERS will be made during the next fiscal year.

As at December 31, 2022, OMERS had approximately 559,000 members, of whom 336 are employees of the Company. The most recently available OMERS annual report is for the year ended December 31, 2022, which reported that the plan was 95% funded, with an unfunded liability of \$6.7 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.

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14. Post-employment benefits (continued)

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

Reconciliation of the obligation:

	2022	2021
De fined be ne fit obligation, beginning of year	\$ 15,008	\$ 16,100
Include d in profit or loss:		
Curre nt service costs	517	568
Past service costs	-	-
Inte rest cost	432	386
Othe r be ne fits	(33)	(55)
	916	899
Be ne fits paid	(881)	(838)
	35	61
Actuarial (gains) / losses include d in OCI:		
Change s in demographic assumptions	(1,582)	-
Change s in financial assumptions	(3,676)	(1,170)
Effe ct of experie nce adjustme nts	70	17
	(5,188)	(1,153)
De fined be ne fit obligation, e nd of year	\$ 9,855	\$ 15,008

Actuarial assumptions:

	2022	2021
Discount (inte rest) rate	5.1%	3.0%
Salary levels	4.0%	4.0%
Immediate medical costs	4.9%	5.0%
Ultimate medical costs	4.0%	4.0%
De ntal cost rate	4.0%	4.0%
Year ultimate rate reache d	2040	2040

A 1% increase in the assumed discount rate would result in the defined benefit obligation decreasing by \$1.1 million. A 1% decrease in the assumed discount rate would result in the defined benefits obligation increasing by \$1.1 million.

London Hydro Inc.
Notes to the Financial Statement
For the year ended December 31, 2022
(in thousands of dollars)

15. Lease liability

The Company has a lease liability in connection with a right-of-use asset associated with property rented from the City of London included in property, plant and equipment with an initial measurement of \$2.3 million, amortized on a straight-line basis over 40 years commencing with the 2018 fiscal year.

Right-of-use-asset:

	2022		2021	
Cost:				
Balance , beginning of year	\$	2,319	\$	2,319
Balance , e nd of year	\$	2,319	\$	2,319
Accumulated depreciation:				
Balance , beginning of year	\$	232	\$	174
Depreciation		58		58
Balance , e nd of year	\$	290	\$	232
Carrying amount	\$	2,029	\$	2,087

Lease liability:

	Future minimum lease payments		Interest	Present value of minimum lease payments		
Less than one year	\$	100	\$	64	\$	36
Between one and five years		400		246		154
More than five years		3,000		1,035		1,965
	\$	3,500	\$	1,345	\$	2,155

London Hydro Inc.
Notes to the Financial Statement
For the year ended December 31, 2022
(in thousands of dollars)

16. Share capital

	2022	2021
Authorize d:		
An unlimite d numbe r of common share s		
An unlimite d numbe r of non-voting, non-cumulative pre fe re nce share s, redeemable at the paid-up amount		
Issued:		
1,001 common share s	\$ 96,116	\$ 96,116

Dividends

The holder of the common shares is entitled to receive dividends as declared from time to time. 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. 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.

17. Revenue from contracts with customers

The Company generates revenue primarily from electricity rates and the distribution of electricity to its customers. These revenues disaggregated by type of customer are illustrated below:

Electricity rates:

	2022	2021
Reside ntial	\$ 145,359	\$ 147,012
Commercial	224,852	219,976
Large users	12,003	12,158
Othe r	2,559	2,755
	\$ 384,773	\$ 381,901

Distribution revenue:

	2022	2021
Reside ntial	\$ 48,693	\$ 47,495
Commercial	24,822	24,006
Large users	514	804
Othe r	1,306	1,386
	\$ 75,335	\$ 73,691

London Hydro Inc.
Notes to the Financial Statement
For the year ended December 31, 2022
(in thousands of dollars)

18. Other revenue

	2022	2021
City of London services	\$ 4,028	\$ 4,027
Late payment charge s	2,503	2,147
Other services, recoveries and sundry revenue s	1,423	1,220
Amortization of deferred revenue	938	792
Customer billing service fees	859	934
Pole and other rental income	763	931
Occupancy charge s	588	650
Income tax incentive credits	509	590
Sale of scrap	428	1,817
Renewable generation revenue	331	341
Gain (loss) on disposal of property, plant and equipment	111	(102)
	\$ 12,481	\$ 13,347

19. Operating expenses

	2022	2021
Labour and benefits	\$ 29,819	\$ 29,247
Professional services	6,524	6,276
Computer hardware and software	3,963	3,640
Facilities maintenance and repair	1,713	1,609
Rental, regulatory and other expenses	1,702	1,329
Bad debts	1,604	1,305
Property tax and insurance	1,412	1,299
Corporate training and employee expenses	1,216	1,047
Materials and supplies	1,119	1,042
Fleet operations and maintenance	1,119	996
Postage	1,064	1,013
Office equipment services and maintenance	452	417
Allocations to capital and billable activities	(2,320)	(2,111)
	\$ 49,387	\$ 47,109

London Hydro Inc.
Notes to the Financial Statement
For the year ended December 31, 2022
(in thousands of dollars)

20. Finance income

	2022	2021
Finance income		
Inte rest income on bank deposits	\$ (205)	\$ (152)
Finance expense s		
Inte rest on long-te rm debt	4,581	5,064
Inte rest on short-te rm debt	73	1
Lease liability inte rest	65	66
Othe r	72	30
	<u>4,791</u>	<u>5,161</u>
Change in inte rest rate swap		
Unre alized gain on inte rest rate swap	(27,397)	(13,896)
Net finance income	\$ (22,811)	\$ (8,887)

21. Due to shareholder

Trade balances due to shareholder:

	2022	2021
Water consumption	\$ 5,307	\$ 5,509
Non-interest bearing trade balance due to shareholder, without stated repayment te rms	388	197
	<u>\$ 5,695</u>	<u>\$ 5,706</u>

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, 2022, the Company billed customers for water related service on behalf of the shareholder and remitted funds to the shareholder in the amount of \$200.5 million (December 31, 2021 – \$191.2 million). The shareholder paid \$3.9 million (December 31, 2021 – \$3.9 million) for this service.

During the year ended December 31, 2022, the Company performed water meter data management services on behalf of the shareholder. The shareholder paid \$0.1 million (December 31, 2021 – \$0.1 million) for this service.

22. Commitments and contingencies

General

From time to time, the Company is involved in various litigation matters arising in the ordinary course of its business. The Company has no reason to believe that the outcome of any of these matters could reasonably be expected to have a materially adverse impact on the Company's financial position, results of operations or its ability to carry on any of its business activities.

General Liability Insurance

The Company is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2022, no assessments have been made.

Letters of credit

At December 31, 2022, the Company had provided \$4.3 million (December 31, 2021 – \$4.3 million) in bank standby letters of credit to the IESO.

Vendor commitments

The Company has commitments in connection with Infrastructure projects of \$0.2 million (2021 - \$nil), Information Systems projects of \$12.0 million (2021 - \$nil) and new vehicle acquisitions of \$1.0 million (2021 – \$0.8million).

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:

		2022		2021
Less than one year	\$	221	\$	309
Between one and five years		486		587
More than five years		117		20
	\$	824	\$	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, 2022 was of \$0.3 million (2021 – \$0.3 million).

23. 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.

24. 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, 2022 is \$168 million (2021 – \$198 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, 2022 was 4.13% (2021 – 1.41%).

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.

24. Financial instruments and risk management (continued)

a) Credit risk (continued)

The carrying amount of accounts receivable relating to energy sales is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the Statement of Comprehensive Income within operating expenses. Subsequent recoveries of receivables previously provisioned are credited to operating expenses. The balance of the allowance for impairment loss at December 31, 2022 is \$5.9 million (December 31, 2021 – \$4.5 million). During the year ended December 31, 2022, bad debt expense was \$1.6 million (December 31, 2021 – \$1.3 million).

At December 31, 2022, approximately \$2.4 million (December 31, 2021 – \$1.8 million) is included in the allowance for doubtful accounts for uncollectible amounts relating to water consumption. No uncollectible accounts in connection with water consumption are realized in the Statement of Comprehensive Income since amounts are fully recovered from the City of London.

The Company's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2022, approximately \$5.2 million (December 31, 2021 – \$4.0 million) is considered 60 days past due. The Company has approximately 166 thousand customers, the majority of whom are residential.

By regulation, the Company is responsible for collecting both the distribution and energy portions of the electricity bill. On average, the Company earns 25% of amounts billed to customers with the remaining 75% being collected for other parties. The Company is therefore exposed to a credit risk substantially greater than the income that it regularly earns. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. At December 31, 2022, the Company held deposits in the amount of \$1.3 million (December 31, 2021 – \$2.6 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, 2022 would have no impact (2021 – \$nil) on interest expense on the long-term debt as all debt instruments are fixed.

24. Financial instruments and risk management (continued)

c) Liquidity risk

The Company monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Company's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Company monitors cash balances to ensure that sufficient levels of liquidity are on hand to meet financial commitments as they come due. The majority of accounts payable, as reported on the Statement of Financial Position, are due within 30 days.

The Company has an uncommitted operating revolving line of credit facility of \$20 million with the Toronto Dominion Bank. At December 31, 2022 the amount drawn by the Company under this line of credit was \$1.7 million (December 31, 2021 – \$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 (December 31, 2021 – \$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.

	2022	2021
Long-term debt	\$ 200,000	\$ 200,000
Shareholder's equity	223,160	191,525
	\$ 423,160	\$ 391,525

25. Subsequent event

On March 30, 2023, the Board of Directors declared a \$5.0 million dividend payable to the sole shareholder, the Corporation of the City of London, to be paid by the end of 2023.

Financial Statements of

**LONDON & MIDDLESEX
COMMUNITY HOUSING INC.**

And Independent Auditor's Report thereon

Year ended December 31, 2022



KPMG LLP
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London ON N6A 5P2
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INDEPENDENT AUDITOR'S 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, 2022
- 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, 2022, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

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

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



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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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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



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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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

May 19, 2023

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial Assets		
Cash	\$ 1,289,054	\$ 2,924,769
Accounts receivable (note 3)	2,350,779	1,040,638
Due from The Corporation of the City of London	1,349,187	994,867
	<u>4,989,020</u>	<u>4,960,274</u>
Financial Liabilities		
Accounts payable and accrued liabilities	4,570,862	4,388,588
Tenant advances	874,437	867,371
Unearned miscellaneous revenue	60,818	61,686
CMHC loan (note 8)	771,000	59,267
	<u>6,277,117</u>	<u>5,376,912</u>
Net debt	(1,288,097)	(416,638)
Non-Financial Assets		
Tangible capital assets (note 7)	64,636,161	62,391,137
Prepaid expenses	966,537	806,814
	<u>65,602,698</u>	<u>63,197,951</u>
Commitments (note 5)		
Accumulated surplus (note 10)	\$ 64,314,601	\$ 62,781,313

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, 2022, with comparative information for 2021

	2022 Budget	2022 Actual	2021 Actual
Revenue:			
Rental revenue	\$ 12,526,837	\$ 13,847,990	\$ 12,217,135
The Corporation of the City of London:			
Rental subsidy	12,094,182	12,094,182	11,690,441
Funding adjustment	–	(16,009)	(158,265)
Business Case 19	1,806,000	1,806,000	1,494,000
Capital funding	–	4,201,132	2,866,758
Business Case 18 Co-investment funding	–	–	449,442
CMHC revenue	–	456,568	37,891
Other	406,391	523,247	391,418
	<u>26,833,410</u>	<u>32,913,110</u>	<u>28,988,820</u>
Expenses:			
Salaries, wages and employee benefits	6,900,485	6,822,096	6,367,014
Maintenance, materials and services:			
Building, general	4,951,929	6,446,480	5,560,180
Grounds	1,225,000	1,429,266	1,306,839
Painting	300,000	259,746	351,828
Other	173,811	187,783	121,975
	<u>6,650,740</u>	<u>8,323,275</u>	<u>7,340,822</u>
Utilities:			
Electricity	1,996,161	1,980,685	1,938,019
Water	1,434,513	1,500,973	1,392,732
Natural gas	970,572	1,068,159	942,303
Energy saving project rebates	–	–	(306,796)
	<u>4,401,246</u>	<u>4,549,817</u>	<u>3,966,258</u>
Amortization	–	2,521,836	2,345,568
Property:			
Municipal taxes	5,388,084	5,285,587	5,117,741
Insurance	882,477	860,366	800,296
Mortgage payments (note 5)	9,275	9,046	55,652
	<u>6,279,836</u>	<u>6,154,999</u>	<u>5,973,689</u>
Administration	2,601,103	3,007,799	2,176,939
Total expenses	<u>26,833,410</u>	<u>31,379,822</u>	<u>28,170,290</u>
Annual surplus	–	1,533,288	818,530
Accumulated surplus, beginning of year	62,781,313	62,781,313	61,962,783
Accumulated surplus, end of year	<u>\$ 62,781,313</u>	<u>\$ 64,314,601</u>	<u>\$ 62,781,313</u>

See accompanying notes to financial statements.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Changes in Net Debt

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget	2022 Actual	2021 Actual
Annual surplus	\$ —	\$ 1,533,288	\$ 818,530
Acquisition of tangible capital assets	—	(4,766,860)	(2,773,922)
Amortization of tangible capital assets	—	2,521,836	2,345,568
	—	(2,245,024)	(428,354)
Acquisition of prepaid expenses	—	(7,941,654)	(7,575,428)
Use of prepaid expenses	—	7,781,931	7,464,481
	—	(159,723)	(110,947)
Change in net debt	—	(871,459)	279,229
Net debt, beginning of year	(416,638)	(416,638)	(695,866)
Net debt, end of year	\$ (416,638)	\$ (1,288,097)	\$ (416,638)

See accompanying notes to financial statements.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,533,288	\$ 818,530
Items not involving cash:		
Amortization	2,521,836	2,345,568
Changes in non-cash items:		
Accounts receivable	(1,310,141)	245,554
Prepaid expenses	(159,721)	(110,949)
Due from The Corporation of the City of London	(354,322)	(301,106)
Accounts payable and accrued liabilities	182,274	837,318
Tenant advances	7,066	57,903
Unearned miscellaneous revenue	(868)	(8,696)
	2,419,412	3,884,122
Capital activities:		
Acquisition of tangible capital assets	(4,766,860)	(2,773,922)
Financing activities:		
Issuance of CMHC loan	711,733	59,267
Net (decrease) increase in cash	(1,635,715)	1,169,467
Cash (bank indebtedness), beginning of year	2,924,769	1,755,302
Cash, end of year	\$ 1,289,054	\$ 2,924,769

See accompanying notes to financial statements.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2022

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.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Significant accounting policies (continued):

(b) Revenue recognition:

Rental revenue is recognized at the time the service is provided. Other revenues are recognized when the services are earned.

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

(c) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying value of tangible capital assets and the valuation allowances for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(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.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Significant accounting policies (continued):

(g) Future accounting pronouncements:

(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 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).

3. Accounts receivable:

Accounts receivable recorded on the statement of financial position are composed of the following:

	2022	2021
Rent	\$ 1,811,198	\$ 866,432
Allowance for doubtful accounts	(1,014,699)	(433,746)
Harmonized Sales Tax	620,213	430,837
Sundry	934,067	177,115
	\$ 2,350,779	\$ 1,040,638

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.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2022

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 \$9,046 was expensed and paid in 2022 (2021 - \$55,652). 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. This debt was paid in full in 2022.

(b) Contractual obligations:

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

2023	\$	601,754
2024		601,754
2025		593,428
2026		151,877

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 2022 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 \$467,983 was incurred as pension expense in 2022 (2021 - \$442,277).

The last available report for the OMERS plan was on December 31, 2022. At that time, the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion), based on actuarial liabilities for \$130.3 billion (2021 - \$120.8 billion) and actuarial assets for \$123.6 billion (2021 - \$117.7 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, 2022

7. Tangible capital assets:

Cost	Balance at December 31, 2021	2022 Additions	2022 Disposals	Balance at December 31, 2022
Land	\$ 24,605,751	\$ –	\$ –	\$ 24,605,751
Site improvements	3,672,398	163,573	–	3,835,971
Buildings and improvements	100,820,906	3,528,468	–	104,349,374
Technology and communications	1,726,233	150,294	171,310	1,705,217
Vehicles	48,297	–	–	48,297
Furniture and fixtures	292,385	25,795	–	318,180
Machinery and equipment	3,549,805	767,199	–	4,317,004
Appliances	2,386,264	131,531	–	2,517,795
Total	\$137,102,039	\$ 4,766,860	\$ 171,310	141,697,589

Accumulated amortization	Balance at December 31, 2021	2022 Disposals	2022 Amortization	Balance at December 31, 2022
Land	\$ –	\$ –	\$ –	\$ –
Site improvements	1,981,328	–	86,137	2,067,465
Buildings and improvements	67,489,151	–	1,873,995	69,363,146
Technology and communications	1,281,542	171,310	304,267	1,414,499
Vehicles	45,882	–	2,415	48,297
Furniture and fixtures	174,565	–	27,039	201,604
Machinery and equipment	1,900,023	–	128,874	2,028,897
Appliances	1,838,411	–	99,109	1,937,520
Total	\$ 74,710,902	171,310	2,521,836	\$ 77,061,428

	Net book value December 31, 2021	Net book value December 31, 2022
Land	\$ 24,605,751	\$ 24,605,751
Site improvements	1,691,070	1,768,506
Buildings and improvements	33,331,755	34,986,228
Technology and communications	444,691	290,718
Vehicles	2,415	–
Furniture and fixtures	117,820	116,576
Machinery and equipment	1,649,782	2,288,107
Appliances	547,853	580,275
Total	\$ 62,391,137	\$ 64,636,161

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2022

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. LMCH plans to draw the full amount by the end of 2027, 39% of the loan will be forgivable. LMCH will be receiving funds in seven tranches each with its specific interest rate. The first Loan Facility was received on December 9, 2021 with the applicable interest rate for a Repayable Loan of 1.84% for the first tranche, second tranche was received in 2022 bear interest of 3.01%. CMHC received funding is allocated to three areas: Energy efficiency, Accessibility and Property Repairs & Renewals. LMCH has an option to extend the term of any of the repayable loans for an additional ten years. At this time the intention is to pay each tranche back to CMHC after the first ten years and waive the option to extend.

	2022		2021	
Repayable Loan Tranche 1	\$	58,336	\$	59,267
Repayable Loan Tranche 2		712,664		-
	\$	771,000	\$	59,267

Forgivable loans in the amount of \$455,638 (2021 - \$37,891) were received during the year and were reflected as CMHC revenue on the statement of operations. Should the Corporation not meet certain requirements throughout the term of the loans they may be required to repay these amounts.

9. Capital allotment:

An approved capital allotment is managed by the City of London to finance future capital expenditures. The allotment has not been recognized in these financial statements and will be accounted for as the funds are received and expensed.

	2022		2021	
Opening balance	\$	6,308,910	\$	3,856,956
Contributions during the year		6,525,000		5,614,000
Capital expenditures		(3,426,633)		(3,162,046)
	\$	9,407,277	\$	6,308,910

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2022

10. Accumulated surplus:

	2022	2021
Surplus:		
Business Case 18 Co-investment Funding	\$ 449,440	\$ 449,443
CHMC loan	(771,000)	(59,267)
Invested in tangible capital assets	64,636,161	62,391,137
	<u>\$ 64,314,601</u>	<u>\$ 62,781,313</u>

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 Auditor's Report thereon

Year Ended December 31, 2022



KPMG LLP
140 Fullarton Street, Suite 1400
London ON N6A 5P2
Canada
Tel 519 672-4880
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The London Public Library Board

Opinion

We have audited the accompanying financial statements of The London Public Library Board (the Board), which comprise:

- the statement of financial position as at December 31, 2022
- 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, 2022, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

May 18, 2023

THE LONDON PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash	\$ 3,555,172	\$ 3,709,402
Accounts receivable		
The Corporation of the City of London	194,316	208,600
London Public Library Board Trust Funds	465,906	65,595
Other	161,027	142,845
	<u>4,376,421</u>	<u>4,126,442</u>
Financial liabilities:		
Accounts payable and accrued liabilities	1,166,392	1,055,805
Deferred revenue	197,757	42,065
Payable to The Corporation of the City of London	19,783	10,599
Employee future benefits and other liabilities (note 3)	2,207,480	2,215,195
	<u>3,591,412</u>	<u>3,323,664</u>
Net financial assets	785,009	802,778
Non-financial assets:		
Tangible capital assets (note 7)	21,595,288	22,292,248
Prepaid expenses	331,015	338,556
	<u>21,926,303</u>	<u>22,630,804</u>
Commitments (note 5)		
Accumulated surplus (note 8)	<u>\$ 22,711,312</u>	<u>\$ 23,433,582</u>

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

THE LONDON PUBLIC LIBRARY BOARD

Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	2022	2021
	(note 9)		
Revenue:			
User charges			
Fines	\$ 15,000	\$ 35,678	\$ 20,750
Fee, rental, sundry	422,946	546,951	249,883
Grants			
Federal	-	67,868	12,961
Ontario	598,829	598,829	598,829
Other	-	1,278	-
The Corporation of the City of London			
Current	21,741,937	21,741,937	21,391,623
Capital	473,878	473,877	268,896
Investment income	14,460	93,797	14,698
Contribution from Trust Funds (note 4)	-	407,313	353,573
Total revenues	23,267,050	23,967,528	22,911,213
Expenses:			
Personnel	15,875,581	15,450,541	14,318,714
Amortization of tangible capital assets	-	2,434,513	3,493,767
Facility services	2,312,641	2,421,337	2,105,612
Collections and lending services	2,598,803	1,393,483	1,238,695
Utilities	961,224	942,222	812,215
Purchased services	757,076	714,120	603,610
Technology	722,561	580,465	571,200
Trust fund expenditures (note 4)	-	374,349	344,243
Administrative	160,011	129,333	196,202
Major repairs and maintenance (capital)	473,878	98,977	124,690
Contribution to self-insurance reserve	91,500	92,044	91,104
Program services	41,000	47,849	42,038
Equipment	30,000	8,464	1,516
Contribution to Trust Funds	-	2,101	-
Total expenses	24,024,275	24,689,798	23,943,606
Annual deficit	(757,225)	(722,270)	(1,032,393)
Accumulated surplus, beginning of year	23,433,582	23,433,582	24,465,975
Accumulated surplus, end of year	\$ 22,676,357	\$ 22,711,312	\$ 23,433,582

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, 2022, with comparative information for 2021

	Budget 2022	2022	2021
	(note 9)		
Annual deficit	(757,225) \$	(722,270) \$	(1,032,393)
Acquisition of tangible capital assets	(1,568,009)	(1,737,553)	(1,494,098)
Amortization of tangible capital assets	-	2,434,513	3,493,767
	(2,325,234)	(25,310)	967,276
Change in prepaid expenses	-	7,541	(173,372)
Change in net financial assets (debt)	(2,325,234)	(17,769)	793,904
Net financial assets, beginning of year	802,778	802,778	8,874
Net financial assets (debt), end of year	\$ (1,522,456) \$	785,009 \$	\$ 802,778

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

THE LONDON PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (722,270)	\$ (1,032,393)
Items not involving cash:		
Amortization of tangible capital assets	2,434,513	3,493,767
Change in employee future benefits and other liabilities	(7,715)	(131,003)
Change in non-cash assets and liabilities:		
Receivable from The Corporation of the City of London	14,284	(51,365)
Receivable from London Public Library Board Trust Funds	(400,311)	(61,241)
Other accounts receivable	(18,182)	(30,006)
Accounts payable and accrued liabilities	110,587	225,559
Payable to The Corporation of the City of London	9,184	(10,195)
Deferred revenue	155,692	10,039
Prepaid expenses	7,541	(173,372)
	1,583,323	2,239,790
Capital activities:		
Cash used to acquire tangible capital assets	(1,737,553)	(1,494,098)
Increase (decrease) in cash	(154,230)	745,692
Cash, beginning of year	3,709,402	2,963,710
Cash, end of year	\$ 3,555,172	\$ 3,709,402

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

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2022

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 required 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 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, 2022

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, 2022

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.

(k) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ending December 31, 2022, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

(i) Asset Retirement Obligations

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

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

3. Employee future benefits and other liabilities:

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

	2022	2021
Liability for vested sick leave benefits (a)	\$ 29,665	\$ 29,665
Vacation pay liability	183,815	197,530
Employee future benefits obligation (b)	1,994,000	1,988,000
	<u>\$ 2,207,480</u>	<u>\$ 2,215,195</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, 2022, amounts to \$29,665 (2021 - \$29,665). This amount is fully funded by a reserve held by the City in the amount of \$44,565 (2021 - \$43,792).

(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, 2022

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

(b) Retiree benefits (continued):

Detailed information about retiree benefits is as follows:

	2022	2021
Accrued employee future benefit obligation:		
Balance, beginning of year	\$ 1,990,000	\$ 1,467,000
Current period benefit cost	79,000	70,000
Interest cost	59,000	48,000
Benefits paid	(123,000)	(90,000)
Actuarial loss	-	495,000
Balance, end of year	2,005,000	1,990,000
Unamortized actuarial loss	(11,000)	(2,000)
Employee future benefits obligation	\$ 1,994,000	\$ 1,988,000

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

	2022	2021
Current year benefit cost	\$ 79,000	\$ 70,000
Interest on accrued benefit obligation	59,000	48,000
Amortization of net actuarial gain	(9,000)	(44,000)
Total expense	\$ 129,000	\$ 74,000

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, 2022

4. Trust funds:

Trust funds administered by the Board amounting to \$4,071,340 (2021 - \$3,693,730) 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 \$407,313 (2021 - \$353,573) 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:

2023	\$	889,716
2024		881,876
2025		698,779
2026		677,439
2027 and beyond		1,966,851
	\$	5,114,661

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 2022 is \$1,036,431 (2021 - \$970,908) 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, 2022. At that time, the plan reported a \$6.6 billion actuarial deficit (2021 - \$3.13 billion), based on actuarial liabilities for \$130.3 billion (2021 - \$120.8 billion) and actuarial assets for \$123.7 billion (2021 - \$117.67 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, 2022

7. Tangible capital assets:

Cost	Balance at December 31, 2021		Additions	Disposals	Balance at December 31, 2022	
Land	\$	3,904,165	\$	-	\$	3,904,165
Buildings		39,339,985		72,223		39,412,208
Leasehold improvements		4,966,344		15,508		4,981,852
Collections		9,070,271		1,211,886		9,038,588
Shelving		1,281,713		-		1,281,713
Computers		1,030,852		319,661		657,982
Furniture and equipment		1,268,943		118,275		1,139,497
Total	\$	60,862,273	\$	1,737,553	\$	60,416,005

Accumulated amortization	Balance at December 31, 2021		Additions	Disposals	Balance at December 31, 2022	
Buildings	\$	30,896,114	\$	480,611	\$	31,376,725
Leasehold improvements		765,065		121,785		886,850
Collections		4,708,155		1,293,490		4,758,076
Shelving		783,855		32,043		815,898
Computers		690,200		281,471		279,140
Furniture and equipment		726,636		225,113		704,028
Total	\$	38,570,025	\$	2,434,513	\$	38,820,717

	Net book value December 31, 2021		Net book value December 31, 2022	
Land	\$	3,904,165	\$	3,904,165
Buildings		8,443,871		8,035,483
Leasehold improvements		4,201,279		4,095,002
Collections		4,362,116		4,280,512
Shelving		497,858		465,815
Computers		340,652		378,842
Furniture and equipment		542,307		435,469
Total	\$	22,292,248	\$	21,595,288

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2022

8. Accumulated surplus:

Accumulated surplus consists of surplus and reserve funds as follows:

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 21,595,288	\$ 22,292,248
Unfunded:		
Employee benefits, accrued sick and vacation	(213,480)	(227,195)
Employee benefits, future benefit liability	(1,994,000)	(1,988,000)
Total surplus	19,387,808	20,077,053
Reserves set aside by the Board:		
Stabilization fund	3,098,938	2,931,612
Collections encumbrance fund	180,000	381,125
Total reserves	3,278,938	3,312,737
Reserve held by the City on behalf of the Board:		
Sick leave reserve	44,566	43,792
	\$ 22,711,312	\$ 23,433,582

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	\$ 23,550,395
Expenses:	
Operating budget	23,550,395
Annual surplus, as per approved budget	\$ -
Capital funding from the City	\$ 473,878
Major repairs and maintenance	(473,878)
Drawdown from Stabilization fund	(556,100)
Drawdown from Collections encumbrance fund	(201,125)
Annual deficit, revised	\$ (757,225)

Financial Statements of

LONDON TRANSIT COMMISSION

And Independent Auditor's Report thereon

Year ended December 31, 2022



KPMG LLP
140 Fullarton Street, Suite 1400
London ON N6A 5P2
Canada
Tel 519 672-4880
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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the London Transit Commission ("the Entity"), which comprise:

- the statement of financial position as at December 31, 2022
- 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, 2022, and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 13, 2023

LONDON TRANSIT COMMISSION

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial Assets		
Cash and cash equivalents	\$ 47,795,605	\$ 53,969,448
Accounts receivable	1,820,420	2,764,354
Due from The City of London	911,098	543,406
	<u>50,527,123</u>	<u>57,277,208</u>
Financial Liabilities		
Accounts payable and accrued liabilities	9,649,550	9,546,757
Due to The City of London	54,596	20,899
Due to Province of Ontario (note 10)	6,783,573	-
Accrued liability insurance claims (note 7)	1,363,724	1,232,468
Employee future benefits (note 6)	4,276,000	4,308,000
Deferred fare media	5,736,130	5,718,798
Deferred revenue (note 10)	12,954,472	24,958,082
	<u>40,818,045</u>	<u>45,785,004</u>
Net financial assets	9,709,078	11,492,204
Non - Financial Assets		
Inventories (note 2)	3,677,451	2,788,845
Tangible capital assets (note 9)	97,857,077	93,541,426
Prepaid expenses	1,689,021	1,540,589
	<u>103,223,549</u>	<u>97,870,860</u>
Commitments (note 8)		
Accumulated surplus (note 3)	<u>\$ 112,932,627</u>	<u>\$ 109,363,064</u>

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	Budget	2022	2021
Revenue:			
Grants:			
The City of London (note 4)	\$ 54,430,000	\$ 53,016,799	\$ 49,657,649
Province of Ontario (note 4)	24,925,900	17,724,352	23,968,521
Government of Canada (note 4)	1,768,700	1,630,248	640,065
	<u>81,124,600</u>	<u>72,371,399</u>	<u>74,266,235</u>
User charges, conventional transit:			
Cash fares	3,280,200	3,015,009	2,346,270
Ticket fares	10,134,300	8,458,796	6,388,415
Pass fares	19,824,700	17,522,498	12,921,044
Other transportation revenue	-	1,056,432	242,941
	<u>33,239,200</u>	<u>30,052,735</u>	<u>21,898,670</u>
Other revenue, conventional transit:			
Advertising	606,300	609,553	528,517
Interest and discounts	480,100	1,189,318	469,979
Rent	2,500	1,176	1,956
Gain on disposal of capital assets	48,000	31,400	102,753
Miscellaneous	31,000	27,221	59,430
	<u>1,167,900</u>	<u>1,858,668</u>	<u>1,162,635</u>
User charges, specialized transit:			
Cash fares	19,900	24,831	24,947
Ticket fares	347,600	289,783	230,058
Pass fares	200,300	113,683	78,321
	<u>567,800</u>	<u>428,297</u>	<u>333,326</u>
Total revenue	\$ 116,099,500	\$ 104,711,099	\$ 97,660,866

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	Budget	2022	2021
Expenses:			
Salaries, wages and benefits:			
Transportation	\$ 41,420,829	\$ 37,624,782	\$ 37,551,216
Vehicle maintenance	10,582,727	9,874,270	10,202,734
Facility	642,574	606,996	522,793
Planning, marketing and general administration	4,451,970	3,871,287	3,730,274
	<u>57,098,100</u>	<u>51,977,335</u>	<u>52,007,017</u>
Materials, supplies, utilities and services:			
Transportation	4,607,200	3,802,325	3,538,188
Vehicle maintenance	7,304,500	6,969,028	5,786,524
Facility	3,646,400	3,489,897	3,007,216
Planning, marketing and general administration	2,256,700	1,871,114	1,865,527
Fuel	9,148,300	10,505,899	6,406,003
Amortization	-	13,230,331	13,290,021
	<u>26,963,100</u>	<u>39,868,594</u>	<u>33,893,479</u>
Current operations, specialized transit:			
Administration:			
Salaries and benefits	1,223,000	1,182,598	1,048,097
Materials and supplies	261,100	270,372	269,986
	<u>1,484,100</u>	<u>1,452,970</u>	<u>1,318,083</u>
Contracted service delivery	9,582,900	7,842,637	7,650,368
	<u>11,067,000</u>	<u>9,295,607</u>	<u>8,968,451</u>
Total expenses	\$ 95,128,200	\$ 101,141,536	\$ 94,868,947
Annual surplus (note 11)	20,971,300	3,569,563	2,791,919
Accumulated surplus, beginning of year	109,363,064	109,363,064	106,571,145
Accumulated surplus, end of year	\$ 130,334,364	\$ 112,932,627	\$ 109,363,064

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Change in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget	2022	2021
Annual surplus	\$ 20,971,300	\$ 3,569,563	\$ 2,791,919
Acquisition of tangible capital assets	(24,532,200)	(17,545,982)	(13,689,530)
Amortization of tangible capital assets	-	13,230,331	13,290,021
Gain on disposal of tangible capital assets	(48,000)	(31,400)	(102,753)
Proceeds on sale of tangible capital assets	48,000	31,400	168,824
	(3,560,900)	(746,088)	2,458,481
Inventories	-	(888,606)	(473,899)
Prepaid expenses	-	(148,432)	(45,200)
	-	(1,037,038)	(519,099)
Change in net financial assets	(3,560,900)	(1,783,126)	1,939,382
Net financial assets, beginning of year	11,492,204	11,492,204	9,552,822
Net financial assets, end of year	\$ 7,931,304	\$ 9,709,078	\$ 11,492,204

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 3,569,563	\$ 2,791,919
Items not involving cash:		
Amortization	13,230,331	13,290,021
Gain on disposal of tangible capital assets	(31,400)	(102,753)
Change in employee future benefit liability	(32,000)	11,000
Changes in non-cash assets and liabilities:		
Accounts receivable	943,934	(670,649)
Due from The City of London	(367,692)	(9,110)
Inventories	(888,606)	(473,899)
Prepaid expenses	(148,432)	(45,200)
Accounts payable and accrued liabilities	102,793	1,036,997
Due to The City of London	33,697	(76,623)
Due to Province of Ontario	6,783,573	-
Accrued liability insurance claims	131,256	46,465
Deferred fare media	17,332	2,712,721
Deferred revenue	(12,003,610)	5,944,820
Net change in cash from operating activities	11,340,739	24,455,709
Capital activities:		
Proceeds on sale of tangible capital assets	31,400	168,824
Cash used to acquire tangible capital assets	(17,545,982)	(13,689,530)
Net change in cash from capital activities	(17,514,582)	(13,520,706)
Net change in cash and cash equivalents	(6,173,843)	10,935,003
Cash and cash equivalents, beginning of year	53,969,448	43,034,445
Cash and cash equivalents, end of year	\$ 47,795,605	\$ 53,969,448
Cash	\$ 15,871,636	\$ 10,839,308
Cash equivalents	31,923,969	43,130,140
Cash and cash equivalents, end of year	\$ 47,795,605	\$ 53,969,448

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Notes to Financial Statements

Year ended December 31, 2022

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)

Year ended December 31, 2022

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)

Year ended December 31, 2022

2. Inventories:

	2022	2021
Spare parts	\$ 3,677,451	\$ 2,788,845

3. Accumulated surplus:

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

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 97,857,077	\$ 93,541,426
To be recovered from public liability insurance reserve fund	(1,363,724)	(1,232,468)
Unfunded:		
Employee future benefits liability	(4,276,000)	(4,308,000)
Vacation pay earned and accrued payroll	(2,947,600)	(2,910,800)
Total surplus	89,269,753	85,090,158
Reserves set aside for specific purposes of the Commission (note 10):		
Energy management reserve	1,665,750	3,203,250
General operating reserve	3,661,087	3,361,514
Health care management reserve	4,854,965	4,283,391
Total reserves	10,181,802	10,848,155
Reserve funds set aside for specific purposes by the Commission (note 10):		
Capital program reserve fund	7,872,568	7,837,193
Public liability insurance reserve fund	5,608,504	5,587,558
Total reserve funds	13,481,072	13,424,751
	\$ 112,932,627	\$ 109,363,064

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

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:

	2022	2021
Operating grants:		
Specialized transit	\$ 9,401,300	\$ 8,854,400
Conventional transit	33,878,400	31,977,600
	<u>43,279,700</u>	<u>40,832,000</u>
Capital grants:		
Capital levy and debentures	9,350,892	8,687,719
Development	386,207	137,930
	<u>9,737,099</u>	<u>8,825,649</u>
Total grants received from The City of London	\$ 53,016,799	\$ 49,657,649

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:

	2022	2021
Equalization grant, seniors (reduced fares)	\$ 239,806	\$ 183,120
Equalization grant, income related (reduced fares)	154,428	144,364
Equalization grant, youth (reduced fares)	258,604	109,522
Free transportation, blind	131,969	106,691
Free transportation, children	181,314	101,180
	<u>\$ 966,121</u>	<u>\$ 644,877</u>

(b) Province of Ontario:

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

	2022	2021
Capital grants:		
Gas tax program	\$ 3,856,251	\$ 2,344,999
Investing in Canada infrastructure program	1,357,182	449,291
Safe restart program	225,289	777,020
	<u>5,438,722</u>	<u>3,571,310</u>
Operating grants:		
Gas tax program	8,237,300	8,160,062
Safe restart program	4,048,330	12,237,149
	<u>12,285,630</u>	<u>20,397,211</u>
Total Province of Ontario grants	\$ 17,724,352	\$ 23,968,521

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

4. Grants (continued):

(c) Government of Canada:

	2022	2021
Capital grants:		
Public Transit Infrastructure Funding	\$ -	\$ 100,774
Investing in Canada infrastructure program	1,630,248	539,291
Total Government of Canada grants	\$ 1,630,248	\$ 640,065

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, 2022 there were 655 (2021 - 632) 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, 2022, 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, 2022 contribution rates were 9.0% and 14.6% (2021 - 9.0% and 14.6%). Total employer contributions to OMERS for 2022 were \$3,219,070. (2021 - \$3,145,472)., and are recorded in the statement of operations.

The last available report for the OMERS plan was on December 31, 2022. At that time, the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion), based on actuarial liabilities for \$130.3 billion (2021 - \$120.8 billion) and actuarial assets for \$123.6 billion (2021 - \$117.7 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)

Year ended December 31, 2022

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.

	2022	2021
Employee future benefits liability as of December 31	\$ 4,276,000	\$ 4,308,000

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

	2022	2021
Current year benefit cost	\$ 267,000	\$ 268,000
Interest on accrued benefit obligation	100,000	106,000
Amortized gain	(116,000)	(39,000)
Benefits paid	(283,000)	(324,000)
	\$ (32,000)	\$ 11,000

Significant assumptions are as follows:

	2022	2021
Discount rate	3.00%	3.00%
Rate of compensation increase	2.00%	2.00%
Healthcare cost current	5.50%	5.63%
Healthcare cost ultimate	4.00%	4.00%

7. Public liability insurance:

At December 31, 2022, there were 122 liability claims (2021 - 84) and 11 accident benefits claims (2021 - 13) outstanding that may result in payment under the insurance deductible provisions. The estimated cost to the Commission is \$1,219,530 and \$112,036 (2021 - \$1,120,432 and \$144,194) respectively for a total of \$1,363,724 (2021 - \$1,232,468) to be funded from the public liability reserve fund.

8. Commitments:

Bus procurement:

The Commission has approved the awarding of contracts with New Flyer Industries for the purchase of fifteen buses for \$12,427,200. It is anticipated that these buses will arrive from September to December 2023.

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

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				Balance December 31, 2022
	December 31, 2021	Additions	Disposals	Reclassified	
Land	\$ 2,804,632	\$ -	\$ -	\$ -	2,804,632
Site work	3,079,573	72,657	-	570,812	3,723,042
Buildings	46,476,348	156,957	-	(638,178)	45,995,127
Shelters, pads, and terminals	4,355,707	505,391	-	-	4,861,098
Rolling stock	124,483,497	15,605,807	(1,856,482)	-	138,232,822
Fare and data collection equipment	6,868,061	415,418	-	-	7,283,479
Radio/communication equipment	9,492,892	370,360	-	-	9,863,252
Bike racks on buses	158,878	-	-	-	158,878
Service fleet	406,235	40,741	-	-	446,976
Shop equipment	4,347,351	23,137	-	-	4,370,488
Small tools	245,367	94,833	(93,705)	-	246,495
Computer hardware	1,244,903	111,284	-	-	1,356,187
Computer software	2,093,460	113,815	-	-	2,207,275
Capital work in progress	-	35,582	-	67,366	102,948
	\$ 206,056,904	\$ 17,545,982	\$ (1,950,187)	\$ -	\$ 221,652,699

Accumulated amortization	Balance				Balance December 31, 2022
	December 31, 2021	Disposals	Amortization	Reclassified	
Land	\$ -	\$ -	\$ -	\$ -	-
Site work	1,713,977	-	148,922	123,189	1,986,088
Buildings	20,699,090	-	1,227,153	(55,649)	21,870,594
Shelters, pads, and terminals	2,147,919	-	410,211	-	2,558,130
Rolling stock	68,275,654	(1,856,482)	10,055,593	-	76,474,765
Fare and data collection equipment	4,106,080	-	355,944	-	4,462,024
Radio/communication equipment	7,590,693	-	550,501	-	8,141,194
Bike racks on buses	158,878	-	-	-	158,878
Service fleet	340,676	-	67,072	-	407,748
Shop equipment	4,189,015	-	72,284	-	4,261,299
Small tools	169,184	(93,705)	82,165	-	157,644
Computer hardware	1,141,645	-	99,611	-	1,241,256
Computer software	1,982,667	-	93,335	-	2,076,002
	\$ 112,515,478	\$ (1,950,187)	\$ 13,162,791	\$ 67,540	\$ 123,795,622

Net book value	Balance		Balance December 31, 2022
	December 31, 2021	December 31, 2022	
Land	\$ 2,804,632	\$ 2,804,632	
Site work	1,365,596	1,736,954	
Buildings	25,777,258	24,124,533	
Shelters, pads, and terminals	2,207,788	2,302,968	
Rolling stock	56,207,843	61,758,057	
Fare and data collection equipment	2,761,981	2,821,455	
Radio/communication equipment	1,902,199	1,722,058	
Bike racks on buses	-	-	
Service fleet	65,559	39,228	
Shop equipment	158,336	109,189	
Small tools	76,183	88,851	
Computer hardware	103,258	114,931	
Computer software	110,793	131,273	
Capital in process	-	102,948	
	\$ 93,541,426	\$ 97,857,077	

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

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

	Energy management reserve	General operating reserve	Health care management reserve	2022 Total	2021 Total
Reserves:					
Balance, beginning of year	\$ 3,203,250	\$ 3,361,514	\$ 4,283,391	\$ 10,848,155	\$ 10,811,604
Contributions from current operations	-	299,573	571,574	871,147	36,551
Appropriations to current operations	(1,537,500)	-	-	(1,537,500)	-
	\$ 1,665,750	\$ 3,661,087	\$ 4,854,965	\$ 10,181,802	\$ 10,848,155

	Capital program	Public liability insurance	2022 Total	2021 Total
Reserve funds:				
Balance, beginning of year	\$ 7,837,193	\$ 5,587,558	\$ 13,424,751	\$ 10,874,956
Interest earned	176,963	126,747	303,710	84,466
Contributions from current operations	281,400	400,000	681,400	3,384,871
	8,295,556	6,114,305	14,409,861	14,344,293
Expenditures:				
Appropriations to current operations	-	(505,801)	(505,801)	(518,031)
Appropriations to capital LTC	(422,988)	-	(422,988)	(401,511)
	(422,988)	(505,801)	(928,789)	(919,542)
Balance, end of year	\$ 7,872,568	\$ 5,608,504	\$ 13,481,072	\$ 13,424,751

Deferred revenues	Provincial gas tax program	Safe restart program	2022 Total	2021 Total
Deferred revenues:				
Balance, beginning of year	\$ 13,900,890	\$ 11,057,192	\$ 24,958,082	\$ 19,013,262
Interest earned	316,926	227,113	544,039	250,996
Contributions	11,147,133	-	11,147,133	29,464,051
	25,364,949	11,284,305	36,649,254	48,728,309
Expenditures:				
Appropriations to current operations	(8,237,300)	(4,275,443)	(12,512,743)	(20,397,211)
Appropriations to capital LTC	(4,173,177)	(225,289)	(4,398,466)	-
Unused funds owed back to province	-	(6,783,573)	(6,783,573)	(3,373,016)
	(12,410,477)	(11,284,305)	(23,694,782)	(23,770,227)
Balance, end of year	\$ 12,954,472	\$ -	\$ 12,954,472	\$ 24,958,082

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

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 2022 budget surplus, a 2022 actual surplus and a 2021 actual surplus.

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

	Budget	2022	2021
Annual surplus (deficit)	\$ 20,971,300	\$ 3,569,563	\$ 2,791,919
Capital expenditures	(24,532,200)	(17,545,982)	(13,689,530)
Transfers from reserves and reserve funds	4,506,000	2,466,289	882,991
Contributions to reserves and reserve funds	(945,100)	(1,856,257)	(3,469,338)
Amortization of tangible capital assets	-	13,230,331	13,290,021
Increase (decrease) in employee future benefits	-	(31,999)	11,000
Increase (decrease) in liability for insurance claims	-	131,256	46,465
Other	-	36,799	70,401
Commission approved surplus (deficit)	\$ -	\$ -	\$ (66,071)

Financial Statements of

MIDDLESEX-LONDON HEALTH UNIT

And Independent Auditors' Report thereon

Year ended December 31, 2022



MIDDLESEX-LONDON HEALTH UNIT

Financial Statements

Year ended December 31, 2022

Financial Statements

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MIDDLESEX-LONDON HEALTH UNIT

Financial Statements

Year ended December 31, 2022

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, 2022
- 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, 2022, 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

June 2023

London, Canada

MIDDLESEX-LONDON HEALTH UNIT

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial Assets		
Cash	\$ 4,181,797	\$ 10,481,078
Accounts receivable	1,195,023	764,281
Grants receivable	6,633,533	2,480,606
	<u>12,010,353</u>	<u>13,725,965</u>
Financial Liabilities		
Accounts payable and accrued liabilities	851,182	1,510,746
Deferred revenue	4,215,872	2,905,137
Demand loan (note 5)	3,840,625	4,026,743
Due to Province of Ontario	5,830,584	4,383,914
Due to The Corporation of the City of London	-	2,189,701
Due to The Corporation of the County of Middlesex	-	121,949
Accrued wages and benefits	953,044	2,714,699
Employee future benefits (note 2)	3,220,100	3,047,800
	<u>18,911,407</u>	<u>20,910,689</u>
Net Debt	(6,901,054)	(7,184,724)
Non-Financial Assets		
Tangible capital assets (note 5)	6,996,281	7,524,760
Prepaid expenses	211,326	209,881
	<u>7,207,607</u>	<u>7,734,641</u>
Commitments (note 7)		
Contingencies (note 8)		
Accumulated surplus (note 9)	<u>\$ 306,553</u>	<u>\$ 549,917</u>

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, 2022, with comparative information for 2021

	2022 Budget	2022	2021
Revenue:			
Grants:			
Ministry of Health	\$ 52,642,573	\$ 44,070,383	\$ 50,589,571
The Corporation of the City of London	7,344,798	7,344,798	6,095,059
Ministry of Children and Youth Services	2,483,313	2,536,257	2,538,604
The Corporation of the County of Middlesex	1,404,859	1,404,859	1,160,961
Government of Canada	291,227	291,223	370,667
	64,166,770	55,647,520	60,754,862
Other:			
Property search fees	5,000	1,916	3,500
Family planning	157,000	70,366	82,737
City of London Tobacco Reinforcement	415,798	294,332	182,206
Other income (note 10)	565,440	454,627	425,009
	1,143,238	821,241	693,452
Total Revenue	65,310,008	56,468,761	61,448,314
Expenditures:			
Salaries:			
Public Health Nurses	11,878,169	13,136,558	12,426,386
Other salaries	14,693,651	10,002,084	13,786,815
Administrative staff	11,548,085	10,632,138	11,337,651
Public Health Inspectors	3,208,548	2,655,422	2,444,933
Dental staff	1,206,191	1,096,889	704,311
Medical Officers of Health	581,622	419,248	610,193
	43,116,266	37,942,338	41,310,289
Other Operating:			
Benefits	9,393,150	7,406,650	7,322,256
Professional services	3,890,960	2,905,417	4,089,278
Rent and maintenance	2,861,574	3,286,234	2,869,385
Other expenses (note 11)	933,923	1,007,827	1,127,707
Materials and supplies	2,271,538	3,264,552	3,915,687
Amortization expense	2,420,566	779,188	789,355
Travel	422,031	119,918	280,851
	21,193,742	18,769,786	20,394,519
Total Expenditures	65,310,008	56,712,124	61,704,808
Annual deficit	-	(243,364)	(256,494)
Accumulated surplus, beginning of year	549,917	549,917	806,411
Accumulated surplus, end of year	\$ 549,917	\$ 306,553	\$ 549,917

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, 2022, with comparative information for 2021

	2022 Budget	2022	2021
Annual deficit	\$ -	\$ (243,364)	\$ (256,494)
Acquisition of tangible capital assets, net	-	(250,710)	(260,608)
Amortization of tangible capital assets	-	779,189	789,355
	-	285,115	272,253
Acquisition of prepaid expenses	-	(211,326)	(209,881)
Use of prepaid expenses	-	209,881	222,809
	-	(1,445)	12,928
Change in net debt	-	283,671	285,181
Net debt, beginning of year	(7,184,724)	(7,184,724)	(7,469,905)
Net debt, end of year	\$(7,184,724)	\$(6,901,054)	\$(7,184,724)

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

MIDDLESEX-LONDON HEALTH UNIT

Statement of Cash Flows

December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (243,363)	\$ (256,494)
Items not involving cash:		
Amortization expense	779,189	789,355
Change in employee future benefits	162,300	175,500
Changes in non-cash assets and liabilities:		
Accounts receivable	(430,742)	(311,955)
Grants receivable	(4,152,927)	3,003,604
Prepaid expenses	(1,445)	12,928
Due to Province of Ontario	1,446,670	3,018,918
Due to Government of Canada	-	(53)
Due to The Corporation of the City of London	-	2,189,701
Due to The Corporation of the County of Middlesex	(121,949)	121,949
Accounts payable and accrued liabilities	(2,849,265)	356,303
Deferred Revenue	1,310,736	895,945
Accrued wages and benefits	(1,761,655)	887,161
Net change in cash from operating activities	(5,862,452)	10,882,862
Financing Activities:		
Proceeds from (repayment of) demand loan	(186,118)	(173,257)
Net change in cash from financing activities	(186,118)	(173,257)
Capital activities:		
Acquisition of tangible capital assets	(250,710)	(260,608)
Net change in cash from capital activities	(250,710)	(260,608)
Net change in cash	(6,299,279)	10,448,997
Cash and cash equivalents, beginning of year	10,481,077	32,081
Cash and cash equivalents, end of year	\$ 4,181,797	\$ 10,481,078

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

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements
Year ended December 31, 2022

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

Notes to Financial Statements (continued)

Year ended December 31, 2022

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

Notes to Financial Statements (continued)

Year ended December 31, 2022

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

Notes to Financial Statements (continued)

Year ended December 31, 2022

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, 2020.

	2022	2021
Accrued employee future benefit obligations	\$ 3,394,800	\$ 3,277,000
Unamortized net actuarial loss	(174,700)	(219,200)
Employee future benefits liability as of December 31	\$ 3,220,100	\$ 3,057,800

Retirement and other employee future benefit expenses included in the benefits in the statement of operations consist of the following:

	2022	2021
Current year benefit cost	\$ 223,800	\$ 209,000
Interest on accrued benefit obligation	101,900	103,200
Amortization of net actuarial loss	44,500	38,300
Total benefit cost	\$ 370,200	\$ 350,500

Benefits paid during the year were \$207,900 (2021 - \$175,000).

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2022

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, 2022, of the present value of future liabilities and the expense for the year ended December 31, 2022, are determined using a discount rate of 3.00% and 3.00% respectively (2020 – 3.00%).

(ii) Medical costs:

Prescription drug costs are assumed to increase at the rate of 4.7% per year (2021 – 4.5%) varying over 19 years to an ultimate rate of 4.0%. Other Medical costs are assumed to increase at a rate of 4.8% per year (2021 - 4.6%), varying over 19 years to an ultimate rate of 4.0%. 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 5.1% per year (2021 – 4.9%), varying over 19 years to an ultimate rate of 4.0%.

3. Pension agreement:

The Health Unit contributes to the OMERS which is a multi-employer plan, on behalf of 386 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 2022, 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 \$2,257,274 (2021 - \$2,101,187) to the OMERS pension plan on behalf of its employees during the year ended December 31, 2022.

The last available report for the OMERS plan was on December 31, 2022. At that time, the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion), based on actuarial liabilities for \$130.3 billion (2021 - \$120.8 billion) and actuarial assets for \$123.6 billion (2021 - \$117.7 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:

In 2021, to better manage daily cash flows, the Health Unit entered into a \$8 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

Notes to Financial Statements (continued)

Year ended December 31, 2022

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:

2023	\$ 188,603
2024	191,135
2025	3,460,887
	<u>\$3,840,625</u>

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2022

6. Tangible Capital Assets:

Cost	Balance at December 31, 2021	Additions	Disposals / Transfers	Balance at December 31, 2022
Leasehold Improvements – 20 years	\$6,756,703	\$ -	\$ -	\$ 6,756,703
Computer Systems	1,555,619	192,333	-	1,747,952
Furniture & Equipment	1,204,590	58,377	-	1,262,967
Total	\$ 9,516,912	\$ 250,710	\$ -	\$ 9,767,622

Accumulated amortization	Balance at December 31, 2021	Amortization expense	Disposals / Transfers	Balance at December 31, 2022
Leasehold Improvements – 20 years	\$ 471,922	334,182	\$ -	\$ 806,104
Computer Systems	920,867	300,707	-	1,221,574
Furniture & Equipment	599,363	144,301	-	743,664
Total	\$ 1,992,152	\$ 779,190	\$ -	\$ 2,771,342

	Net book value December 31, 2021	Net book value December 31, 2022
Leasehold Improvements – 20 years	\$ 6,284,781	\$ 5,950,599
Computer Systems	634,751	526,378
Furniture & Equipment	605,226	519,303
Total	\$ 7,524,760	\$ 6,996,280

During the year, the Health Unit deemed to have disposed of or transferred fully amortized assets with a cost base of nil (2021 - \$ NIL).

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2022

6. Tangible Capital Assets (continued):

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

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2022

7. Commitments:

The Health Unit is committed under operating leases for office equipment and rental property.

Future minimum payments to expiry are as follows:

2023	\$ 821,520
2024	720,831
2025	690,282
2026	711,702
2027	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:

	2022	2021
Surpluses:		
Invested in tangible capital assets	\$ 6,996,281	\$ 7,524,760
Net transfer to surplus	194,921	(66,378)
Unfunded:		
Demand loan	(3,840,625)	(4,026,743)
Post-employment benefits	(3,220,100)	(3,057,800)
Total surplus	130,477	373,839
Reserves set aside by the Board:		
Employment costs	176,077	176,077
Total reserves	176,077	176,077
Accumulated surplus	\$ 306,544	\$ 549,917

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2022

10. Other income:

The following revenues are presented as other income in the statement of operations:

	2022 Budget	2022	2021
Charitable donations	\$100,000	\$ 234,635	\$ 142,806
OHIP billings	-	147,060	130,397
Miscellaneous	-	67,852	126,925
Food handler training	-	4,770	3,094
Vaccines	-	310	21,787
	\$ 565,440	\$ 454,627	\$ 425,009

11. Other expenses:

The following expenditures are presented as other expenses in the statement of operations:

	2022 Budget	2022	2021
Communications	\$ 100,000	\$ 229,813	\$ 219,536
Health promotion/advertising	435,203	214,952	194,485
Miscellaneous	293,248	45,791	138,283
Postage and courier	44,366	97,495	24,024
Printing	252,710	75,274	198,752
Staff development	172,286	201,447	77,235
Capital funding - SOAHAC	-	-	160,500
Insurance	-	143,055	114,872
	\$ 933,923	\$ 1,007,827	\$ 1,127,707

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements (continued)

Year ended December 31, 2022

12. Financial Risks:

(a) Interest rate risk

The Health Unit has debt with variable interest rates based on prime plus a margin. As a result, the Health Unit is exposed to interest rate risk due to fluctuations in the prime rate.

(b) Other risks

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. 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;
- Initiated the COVID-19 vaccine program including implementation 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. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the Health Unit is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.

Financial Statements of

MUSEUM LONDON

And Independent Auditor's Report thereon

Year ended December 31, 2022



KPMG LLP
140 Fullarton Street, Suite 1400
London ON N6A 5P2
Canada
Tel 519-672-4880
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Museum London

Opinion

We have audited the financial statements of Museum London (the Entity), which comprise:

- the statement of financial position as at December 31, 2022
- 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, 2022 and its results of operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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



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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



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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 18, 2023

MUSEUM LONDON

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 398,753	\$ 1,372,588
Due from the Corporation of the City of London (note 8)	33,422	41,576
Other receivables	99,435	418,511
Investments (note 2)	7,787,559	7,674,222
	<u>8,319,169</u>	<u>9,506,897</u>
Financial liabilities:		
Accounts payable and accrued liabilities	296,310	257,245
Payable to the Corporation of the City of London (note 8)	32,692	55,485
Deferred revenue	51,350	289,605
Employee future benefits (note 4)	58,761	57,347
Payable to the federal government (note 11)	-	983,147
	<u>439,113</u>	<u>1,642,829</u>
Net financial assets	7,880,056	7,864,068
Non-financial assets:		
Tangible capital assets (note 3)	7,625,998	8,444,351
Inventory	71,289	61,909
Prepaid expenses	39,084	47,039
	<u>7,736,371</u>	<u>8,553,299</u>
Accumulated surplus (note 5)	<u>\$ 15,616,427</u>	<u>\$ 16,417,367</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, 2022, with comparative information for 2021

	2022 Budget (note 10)	2022 Actual	2021 Actual
Revenue:			
Federal	\$ 393,000	\$ 463,589	\$ 369,394
Provincial	220,190	217,190	435,919
Municipal:			
Operating	1,881,987	1,903,462	1,857,868
Capital	-	108,066	19,757
Community:			
Donations	120,000	143,403	341,723
Public programs	63,200	55,498	27,750
Ancillary services:			
Catering and rentals	29,000	118,122	21,652
Fundraising events	30,500	68,157	48,379
Public program and exhibitions sponsorship	52,250	59,748	49,844
Donations of art and artifacts	-	794,400	1,036,684
Investment income	4,000	441,426	386,945
Other	516,768	229,020	177,288
Rental income	152,200	150,995	120,842
	3,463,095	4,753,076	4,894,045
Expenses:			
Operating:			
Operations	982,434	1,024,622	858,113
General and administration	1,106,061	1,171,818	1,002,529
Public programs	173,827	240,537	199,244
Publicity	180,686	212,296	194,392
Curatorial and collections management	663,721	678,085	625,256
Amortization of tangible capital assets	1,000,000	963,909	1,038,428
Ancillary services:			
Catering and rentals	86,366	88,817	67,689
Exhibitions and collection expense	220,000	280,372	221,339
Donation of art and artifacts	-	794,400	1,036,684
Purchase of art and artifacts	50,000	57,866	77,884
Investment expense	-	41,294	39,794
Repayment of federal support (note 11)	-	-	605,035
	4,463,095	5,554,016	5,966,387
Deficit	(1,000,000)	(800,940)	(1,072,342)
Accumulated surplus, beginning of year	16,417,367	16,417,367	16,204,964
Transfer from Museum London Foundation (note 8)	-	-	1,284,745
Accumulated surplus, end of year	\$ 15,417,367	\$ 15,616,427	\$ 16,417,367

See accompanying notes to financial statements.

MUSEUM LONDON

Statement of Change in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	2022 Budget (note 10)	2022 Actual	2021 Actual
Deficit	\$ (1,000,000)	\$ (800,940)	\$ (1,072,342)
Acquisition of tangible capital assets	(600,000)	(145,556)	(19,757)
Amortization of tangible capital assets	1,000,000	963,909	1,038,428
	(600,000)	17,413	(53,671)
Change in prepaid expenses	-	7,955	(7,294)
Change in inventory	-	(9,380)	(430)
Transfer from Museum London Foundation	-	-	1,284,745
Change in net financial assets	(600,000)	15,988	1,223,350
Net financial assets, beginning of year	7,864,068	7,864,068	6,640,718
Net financial assets, end of year	\$ 7,264,068	\$ 7,880,056	\$ 7,864,068

See accompanying notes to financial statements.

MUSEUM LONDON

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Deficit	\$ (800,940)	\$ (1,072,342)
Items not involving cash:		
Amortization of tangible capital assets	963,909	1,038,428
Change in employee future benefits	1,414	1,758
Changes in non-cash operating working capital:		
Due from the Corporation of the City of London	8,154	(6,811)
Due from Museum London Foundation	-	7,287
Other receivables	319,076	(177,502)
Prepaid expenses	7,955	(7,294)
Inventory	(9,380)	(430)
Accounts payable and accrued liabilities	39,065	68,171
Payable to the Corporation of the City of London	(22,793)	17,063
Deferred revenue	(238,255)	63,869
Payable to the federal government	(983,147)	983,147
	(714,942)	915,344
Capital activity:		
Acquisition of tangible capital assets	(145,556)	(19,757)
Investing activities:		
Change in investments, net	(113,337)	(1,454,157)
Transfer from Museum London Foundation	-	1,284,745
	(113,337)	(169,412)
Increase (decrease) in cash and cash equivalents	(973,835)	726,175
Cash and cash equivalents, beginning of year	1,372,588	646,413
Cash and cash equivalents, end of year	\$ 398,753	\$ 1,372,588

See accompanying notes to financial statements.

MUSEUM LONDON

Notes to Financial Statements

Year ended December 31, 2022

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 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, 2022

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, 2022

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, 2022

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.

(k) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2022, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

(i) Financial Statement Presentation

PS 1201, Financial Statement Presentation requires entities to present a new statement of remeasurement gains and losses separate from the 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 Museum's December 31, 2023 year-end).

(ii) Financial Instruments

PS 3450, Financial Instruments, establishes the standards on accounting for and reporting all types of financial instruments including derivatives. This standard is effective for fiscal periods beginning on or after April 1, 2022 (the Museum's December 31, 2023 year-end).

(iii) Foreign Currency Translation

PS 2601, Foreign Currency Translation, establishes the standards on accounting for and reporting transactions that are denominated in a foreign currency. This standard is effective for fiscal periods beginning on or after April 1, 2022 (the Museum'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.

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Investments:

At December 31, investments at cost were comprised of the following:

	2022	2021
Canadian bond	\$ 3,062,528	\$ 3,992,297
Canadian equity	2,551,373	1,886,260
US equity	691,258	722,438
International equity	1,482,400	1,073,227
	<u>\$ 7,787,559</u>	<u>\$ 7,674,222</u>

At December 31, 2022 the approximate market value of the investments amounted to \$8,280,700 (2021 - \$9,376,702).

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2022

3. Tangible capital assets:

	Balance December 31, 2021	Additions	Disposal	Write offs	Balance December 31, 2022
Cost:					
Land	\$ 1,175,120	\$ -	\$ -	\$ -	\$ 1,175,120
Building and building improvements	14,239,106	111,037	-	(363,224)	13,986,919
Furniture and equipment	292,645	34,519	-	(12,610)	314,554
	\$ 15,706,871	\$ 145,556	\$ -	\$ (375,834)	\$ 15,476,593
Accumulated amortization:					
Building and building improvements	\$ 7,080,058	\$ 913,465	\$ -	\$ (363,224)	\$ 7,630,299
Furniture and equipment	182,462	50,444	-	(12,610)	220,296
	\$ 7,262,520	\$ 963,909	\$ -	\$ (375,834)	\$ 7,850,595
Net book value:					
Land	\$ 1,175,120				\$ 1,175,120
Building and building improvements	7,159,048				6,356,620
Furniture and equipment	110,183				94,258
	\$ 8,444,351				\$ 7,625,998

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2022

4. Employee future benefits:

Employee future benefits, reported on the statement of financial position, are comprised of the following:

	2022	2021
Vacation pay earned but not taken	\$ 58,761	\$ 57,347

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:

	2022	2021
Surplus (deficit)::		
Operating fund	\$ (627,066)	\$ (308,481)
Investment in tangible capital assets	7,625,998	8,444,351
Unfunded employee benefits	(58,761)	(57,347)
Total surplus	6,940,171	8,078,523
Reserve funds set aside for specific purposes by Museum London:		
Operating endowment	4,704,932	4,518,806
Restricted funds held by Museum London include the following:		
Moore acquisitions fund	3,196,915	3,084,819
Moore collection management fund	364,363	345,330
Nancy Geddes Poole fund	133,788	126,464
Volunteer committee acquisitions fund	247,546	234,713
Satellite Gallery	28,712	28,712
	\$ 15,616,427	\$ 16,417,367

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2022

6. Insurance:

Museum London has accumulated works of art with an insured value of \$69,284,074 (2021 \$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 \$64,900 and at a rate of 14.60% for earnings greater than the yearly maximum pensionable earnings.

The amount contributed to OMERS for 2022 was \$116,829 (2021 - \$112,282) and is included as an expense in the statement of operations and accumulated surplus. Employees' contributions to OMERS in 2022 were \$116,829 (2021 - \$112,282).

The last available report for the OMERS plan was on December 31, 2022. At that time, the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion), based on actuarial liabilities for \$130.3 billion (2021 - \$120.8 billion) and actuarial assets for \$123.6 billion (2021 - \$117.7 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 \$nil (2021 - \$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 in the prior year.

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2022

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:

	2022	2021
Operating fund	\$ (318,585)	\$ (593,226)
Investment in tangible capital assets	(818,353)	(1,018,671)
Reserves and restricted funds	337,412	541,313
Change in unfunded employee benefits	(1,414)	(1,758)
Deficit	\$ (800,940)	\$ (1,072,342)

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Annual surplus (deficit) (continued):

Statements of financial activities for the three funds follow:

(i) Operating Fund:

	2022 Budget	2022 Total	2021 Total
Revenue:			
Federal:			
Canada Arts Council:			
Operating	\$ 384,000	\$ 320,000	\$ 320,000
Programs	-	64,000	11,714
Other	9,000	79,589	37,680
Provincial:			
Ontario Arts Council:			
Operating grant	165,236	165,236	165,236
COVID funding	-	-	176,247
Curatorial project indigenous	-	-	24,396
Ministry of Tourism and Culture	51,954	51,954	70,040
Other	3,000	-	-
Municipal	1,881,987	1,903,462	1,857,868
Community:			
Donations	120,000	129,155	314,023
Public programs	63,200	55,498	27,750
Ancillary services:			
Catering and rentals	29,000	118,122	21,652
Fundraising events	30,500	68,157	48,379
Public program and exhibition			
sponsorship	52,250	59,748	49,844
Investment income	4,000	19,102	4,009
Other	516,768	229,020	149,288
Rental income	152,200	150,995	120,842
	\$ 3,463,095	\$ 3,414,038	\$ 3,398,968

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Annual surplus (deficit) (continued):

(i) Operating Fund (continued):

	2022 Budget	2022 Total	2021 Total
Expenses:			
Operating:			
Operations	\$ 982,434	\$ 1,024,622	\$ 858,113
General and administration	1,106,061	1,171,818	1,002,529
Public programs	173,827	240,537	199,244
Publicity	180,686	212,296	194,392
Curatorial and collections management	663,721	678,085	625,256
Ancillary services:			
Catering and rentals	86,366	88,817	67,689
Exhibitions and collections expense	220,000	280,372	221,339
Purchase of art and artifacts	50,000	57,866	77,884
Repayment of federal support	-	-	605,035
	<u>3,463,095</u>	<u>3,754,413</u>	<u>3,851,481</u>
Net revenue (expenditures)	-	(340,375)	(452,513)
Financing and transfers:			
Transfer to reserves	-	-	(210,000)
Transfer to restricted funds	-	-	(12,030)
Transfer to investment in tangible capital assets	-	(37,490)	-
Transfer from reserves and restricted funds	-	57,866	79,559
Employee benefits	-	1,414	1,758
Net financing and transfers	-	21,790	(140,713)
Change in fund balance	-	(318,585)	(593,226)
Surplus, beginning of year	(308,481)	(308,481)	-
Transfer from Museum London Foundation	-	-	284,745
Surplus, end of year	<u>\$ (308,481)</u>	<u>\$ (627,066)</u>	<u>\$ (308,481)</u>

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Annual surplus (deficit) (continued):

(ii) Investment in tangible capital assets:

	2022	2021
Revenue:		
Municipal	\$ 108,066	\$ 19,757
Expenditures:		
Amortization of tangible capital assets	(963,909)	(1,038,428)
Net expenditures	(855,843)	(1,018,671)
Financing and transfers:		
Transfer from operating fund	37,490	-
Change in fund balance	(818,353)	(1,018,671)
Surplus, beginning of year	8,444,351	9,463,022
Surplus, end of year	\$ 7,625,998	\$ 8,444,351

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Annual surplus (deficit) (continued):

(iii) Reserve and Restricted Funds:

(a) Reserves:

	2022	2021
Revenue:		
Net investment revenue	\$ 172,178	\$ 151,579
Donations	13,948	27,700
Net revenue	186,126	179,279
Financing and transfers:		
Transfer from operating fund	-	210,000
Net financing and transfers	-	210,000
Change in fund balance	186,126	389,279
Surplus, beginning of year	4,518,806	3,129,527
Transfer from Museum London Foundation	-	1,000,000
Surplus, end of year	\$ 4,704,932	\$ 4,518,806

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Annual surplus (deficit) (continued):

(iii) Reserves and Restricted Funds (continued):

(b) Restricted Funds:

	2022	2021
Revenue:		
Net investment revenue	\$ 208,852	\$ 191,563
Donations:		
Partnership contributions	-	28,000
Miscellaneous	300	-
Net revenue	209,152	219,563
Financing and transfers:		
Transfer to operating fund	(57,866)	(79,559)
Transfer from operating fund	-	12,030
	(57,866)	(67,529)
Change in fund balance	151,286	152,034
Surplus, beginning of year	3,820,038	3,668,004
Surplus, end of year	\$ 3,971,324	\$ 3,820,038

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2022

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	\$ 3,463,095
Expense:	
Operating budget	3,463,095
Annual operating surplus, as budgeted	-
Amortization of tangible capital assets	(1,000,000)
Annual deficit, revised	\$ (1,000,000)

11. Government funding:

Canada Emergency Wage Subsidy ("CEWS")

During fiscal 2021, the Museum applied for \$378,112 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. In March 2022, the Museum received notification from the Canada Revenue Agency ("CRA") that they may not be eligible for CEWS. The Museum challenged 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 were recorded as a payable to the federal government at the end of fiscal 2021, with the fiscal 2021 amount being expensed in the statement of operations and accumulated surplus. All amounts were repaid in 2022 while awaiting a ruling.

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.

DRAFT Financial Statements of

**OLD EAST VILLAGE BUSINESS
IMPROVEMENT AREA BOARD
OF MANAGEMENT**

And Independent Auditor's Report thereon

Year ended December 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Chair and Members of Old East Village Business Improvement Area Board of Management

Opinion

We have audited the financial statements of Old East Village Business Improvement Area Board of Management (the "Board"), which comprise:

- the statement of financial position as at December 31, 2022;
- the statement of operations for the year then ended;
- the statement of changes in net financial assets for the year then ended;
- the statement of cash flows for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2022, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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

May 29, 2023

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Financial Position

DRAFT

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash and short-term investments (note 3)	\$ 38,553	\$ 130,657
Accounts receivable (note 6)	63,130	38,380
Due from Hyde Park Business Improvement Association Board of Management (note 6)	10,915	18,200
	<u>112,598</u>	<u>187,237</u>
Financial liabilities		
Accounts payable and accrued liabilities	30,442	37,843
Deferred revenue	34,091	35,183
	<u>64,533</u>	<u>73,026</u>
Net financial assets	48,065	114,211
Non-financial assets		
Tangible capital assets (note 5)	2,339	3,383
Prepaid expenses and deposits	3,862	2,161
	<u>6,201</u>	<u>5,544</u>
Accumulated surplus (note 4)	<u>\$ 54,266</u>	<u>\$ 119,755</u>

See accompanying notes to financial statements.

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Operations

DRAFT

Year ended December 31, 2022, with comparative information for 2021

	Budget		
	2022	2022	2021
Revenue:			
Requisition:			
Municipal levy - The Corporation of the City of London	\$ 40,000	\$ 40,000	\$ 41,072
Other:			
The Corporation of the City of London	141,102	141,102	141,102
Other program funding	-	30,727	30,551
Digital Main Street grant	-	12,936	14,608
Canadian Urban Institute	-	65,123	10,778
LEDC Income	-	65,000	-
City Activation	-	89,445	-
	<u>181,102</u>	<u>444,333</u>	<u>238,111</u>
Expenditures:			
Wages and salaries	152,000	157,284	143,098
Purchased services	18,300	12,400	28,500
Special projects	6,500	16,298	21,679
Advertising, marketing and promotion	6,950	8,098	16,784
Office rental	14,400	12,769	12,659
Other program expenses	-	265,495	10,597
COVID assistance	12,000	8,074	8,569
Administration	6,000	4,966	7,742
Financial audit	2,500	5,751	3,331
Beautification	5,000	5,888	2,000
Telephone and internet service	1,500	1,654	1,635
Operating supplies	2,700	2,150	911
Amortization of tangible capital assets	-	1,044	800
HST	-	2,631	508
Printing and communications	1,500	1,208	289
Community initiatives and appreciation	5,500	3,782	206
Training, education and development	1,000	330	-
	<u>235,850</u>	<u>509,822</u>	<u>259,308</u>
Annual surplus (deficit)	-	(65,489)	(21,197)
Accumulated surplus, beginning of year	119,755	119,755	140,952
<u>Accumulated surplus, end of year</u>	<u>\$ 119,755</u>	<u>\$ 54,266</u>	<u>\$ 119,755</u>

See accompanying notes to financial statements.

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Changes in Net Financial Assets

DRAFT

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	2022	2021
Annual surplus (deficit)	\$ -	\$ (65,489)	\$ (21,197)
Acquisition of tangible capital assets	-	-	(1,520)
Amortization of tangible capital assets	-	1,044	800
	-	(64,445)	(21,917)
Acquisition of prepaid expenses	-	(3,862)	(3,548)
Use of prepaid expenses	-	2,161	3,126
	-	(1,701)	(422)
Change in net financial assets	-	(66,146)	(22,339)
Net financial assets, beginning of year	114,211	114,211	136,550
Net financial assets, end of year	\$ 114,211	\$ 48,065	\$ 114,211

See accompanying notes to financial statements.

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Cash Flows

DRAFT

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (65,489)	\$ (21,197)
Item not involving cash:		
Amortization of tangible capital assets	1,044	800
Changes in non-cash operating working capital:		
Accounts receivable	(24,750)	4,795
Due from Hyde Park Business Improvement Association Board of Management	7,285	(5,299)
Accounts payable and accrued liabilities	(7,401)	24,014
Deferred revenue	(1,092)	18,074
Prepaid expenses and deposits	(1,701)	(422)
	(92,104)	20,765
Capital activities:		
Purchase of tangible capital assets	-	(1,520)
Change in cash and short-term investments	(92,104)	19,245
Cash and short-term investments, beginning of year	130,657	111,412
Cash and short-term investments, end of year (note 3)	\$ 38,553	\$ 130,657

See accompanying notes to financial statements.

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

DRAFT Notes to Financial Statements

Year ended December 31, 2022

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 Old East Village Business Improvement Area Board of Management (the "Board") was incorporated on November 15, 1993, in the Province of Ontario. The Board was established as a local board of the Corporation of the City of London to manage the Old East Village 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.

2. Significant accounting policies:

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

(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 declining balance basis over their estimated useful lives as follows:

Asset	Rate
Furniture and fixtures	20%
Computer hardware	30-55%
Computer software	30-45%

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2022

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) Donations in kind:

The Board recognizes revenues and expenses for services which are donated which can be reasonably valued and are services which otherwise would have been purchased.

(f) Use of estimates:

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

(g) Budget figures:

Budget figures have been provided for comparison purposes.

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2022

3. Cash and short-term investments:

	2022	2021
Cash and short-term investments consist of:		
Cash	\$ 32,396	\$ 124,502
Guaranteed investment certificates	6,157	6,155
	\$ 38,553	\$ 130,657

4. Accumulated surplus:

The balance of accumulated surplus is comprised of the following:

	2022	2021
Invested in tangible capital assets	\$ 2,339	\$ 3,383
Reserves:		
Contingencies	3,733	3,733
Pole decorations	2,333	2,333
Mural maintenance	1,936	1,936
	8,002	8,002
Operating fund	43,925	108,370
	\$ 54,266	\$ 119,755

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2022

5. Tangible capital assets:

Cost	December 31, 2021	Additions	Disposals	December 31, 2022
Furniture and fixtures	\$ 22,476	\$ -	\$ -	\$ 22,476
Computer hardware	12,538	-	-	12,538
Computer software	3,609	-	-	3,609
Total	\$ 38,623	\$ -	\$ -	\$ 38,623

Accumulated amortization	December 31, 2021	Disposals	Amortization expense	December 31, 2022
Furniture and fixtures	\$ 20,566	\$ -	\$ 382	\$ 20,948
Computer hardware	11,065	-	662	11,727
Computer software	3,609	-	-	3,609
Total	\$ 35,240	\$ -	\$ 1,044	\$ 36,284

	Net book value December 31, 2021	Net book value December 31, 2022
Furniture and fixtures	\$ 1,908	\$ 1,528
Computer hardware	1,475	811
Computer software	-	-
Total	\$ 3,383	\$ 2,339

6. Related parties and related party transactions:

At December 31, 2022, the amount due from the City of London was \$38,835 (2021 - \$20,740) and the amount due from Hyde Park BIA was \$10,915 (2021 - \$18,200). The Hyde Park BIA is an organization under common control. Through the shared Digital Main Street grant, HPBIA incurred expenses of \$12,936 (2021 - \$14,476) on behalf of the Association. This has been included in revenues and special projects on the statement of operations.

Draft

Financial Statements of

**ELGIN AREA PRIMARY WATER SUPPLY
SYSTEM**

And Independent Auditors' Report thereon

December 31, 2022

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, 2022
- 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, 2022, 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.

Draft

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

Draft

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM Statement of Financial Position December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Due from the Corporation of the City of London (note 3)	\$ 15,645,242	\$ 13,473,990
Trade and other receivables	712,820	759,334
Loan receivable (note 4)	130,271	154,588
Total financial assets	16,488,333	14,387,912
Financial liabilities		
Accounts payable and accrued liabilities	821,275	954,628
Accrued interest on long-term debt	42,647	59,998
Long-term debt (note 5)	5,333,202	7,641,188
Total financial liabilities	6,197,124	8,655,814
Net financial assets	10,291,209	5,732,098
Non-financial assets		
Tangible capital assets (note 6)	62,453,643	64,351,174
Prepaid expenses	230,053	192,993
Total non-financial assets	62,683,696	64,544,167
Accumulated surplus (note 7)	\$ 72,974,905	\$ 70,276,265

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

Draft

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	Budget	2022	2021
	(note 9)		
Revenues			
User charges	\$ 14,734,000	\$ 15,024,168	\$ 14,339,882
Investment income	81,000	249,206	207,725
Other	25,000	29,700	557,466
Total revenues	14,840,000	15,303,074	15,105,073
Expenses			
Salaries, wages and fringe benefits	974,571	928,768	813,024
Materials and supplies	6,730,960	6,842,875	6,448,934
Contracted services	972,894	831,377	1,043,618
Rents and financial expenses	98,200	81,289	56,844
Interest on long-term debt (note 5)	180,877	180,877	238,563
Amortization of tangible capital assets (note 6)	3,570,463	3,570,463	3,531,538
Administrative charges to the Corporation of the City of London	182,800	168,785	180,096
Total expenses	12,710,765	12,604,434	12,312,617
Annual surplus	2,129,235	2,698,640	2,792,456
Accumulated surplus, beginning of year (note 7)	70,276,265	70,276,265	67,483,809
Accumulated surplus, end of year (note 7)	\$ 72,405,500	\$ 72,974,905	\$ 70,276,265

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

Draft

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Statement of Change in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget	2022	2021
Annual surplus	\$ 2,129,235	\$ 2,698,640	\$ 2,792,456
Acquisition of tangible capital assets	(4,644,906)	(1,672,932)	(1,042,594)
Amortization of tangible capital assets	3,570,463	3,570,463	3,531,538
	1,054,792	4,596,171	5,281,400
Change in prepaid expenses	-	(37,060)	(68,646)
Change in net financial assets (debt)	1,054,792	4,559,111	5,212,754
Net financial assets (debt), beginning of year	5,732,098	5,732,098	519,344
Net financial assets (debt), end of year	\$ 6,786,890	\$ 10,291,209	\$ 5,732,098

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

Draft

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 2,698,640	\$ 2,792,456
Items not involving cash		
Amortization of tangible capital assets	3,570,463	3,531,538
Amortization of debenture discount	15,178	15,178
Change in non-cash assets and liabilities		
Due from the Corporation of the City of London	(2,171,252)	(3,443,152)
Prepaid expenses	(37,060)	(68,646)
Trade and other receivables	46,514	358,216
Accounts payable and accrued liabilities	(133,354)	118,765
Accrued interest on long-term debt	(17,351)	(15,674)
Net change in cash from operating activities	3,971,778	3,288,681
Capital activities		
Purchase of tangible capital assets	(1,672,932)	(1,042,594)
Net change in cash from capital activities	(1,672,932)	(1,042,594)
Financing activities		
Long-term debt repayments	(2,323,163)	(2,272,512)
Loan receivable	24,317	26,425
Net change in cash from financing activities	(2,298,846)	(2,246,087)
Net change in cash flows and cash, end of year	\$ -	\$ -

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

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ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements

Year ended December 31, 2022

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

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ELGIN AREA PRIMARY WATER SUPPLY SYSTEM Notes to Financial Statements (continued) Year ended December 31, 2022

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.

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ELGIN AREA PRIMARY WATER SUPPLY SYSTEM Notes to Financial Statements (continued) Year ended December 31, 2022

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.

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ELGIN AREA PRIMARY WATER SUPPLY SYSTEM Notes to Financial Statements (continued) Year ended December 31, 2022

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.

(j) Future Accounting Pronouncements

These standards and amendments were not yet effective for the year ended December 31, 2022, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

(i) 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 Entity's December 31, 2023 year-end).

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ELGIN AREA PRIMARY WATER SUPPLY SYSTEM Notes to Financial Statements (continued) Year ended December 31, 2022

2. Significant Accounting Policies (continued)

(j) Future Accounting Pronouncements (continued)

(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 Entity'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 Entity's December 31, 2023 year-end).

(iv) Revenue

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

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.

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ELGIN AREA PRIMARY WATER SUPPLY SYSTEM Notes to Financial Statements (continued) Year ended December 31, 2022

4. Loan Receivable

	2022	2021
Buy-in Charge Loan - Municipality of Dutton Dunwich	\$ 130,271	\$ 154,588
Interest Earned on Loan at prime rate less 1.53%	\$ 3,683	\$ 1,576

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, \$24,317 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:

	2022	2021
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 a rate of 3.20% (2021 - rates ranging from 3.05% to 3.20%), maturing September 2022.	\$ -	\$ 1,170,450
at rates ranging from 1.95% to 2.70% (2021 - 1.70% to 2.70%), maturing March 2026.	2,971,630	3,677,592
at rates ranging from 2.00% to 2.85% (2021 - 1.80% to 2.85%), maturing March 2027.	2,391,931	2,838,682
Total long-term debt	5,363,561	7,686,724
Less: Unamortized debenture discount	(30,359)	(45,536)
Net long-term debt	\$ 5,333,202	\$ 7,641,188

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ELGIN AREA PRIMARY WATER SUPPLY SYSTEM Notes to Financial Statements (continued) Year ended December 31, 2022

5. Long-term Debt (continued)

The long-term debt repayment schedule is as follows:

2023	\$ 1,176,124
2024	1,201,240
2025	1,227,615
2026	1,255,363
2027	503,219
Total	\$ 5,363,561

Total interest charges for the year for long-term debt, which are included in the statement of operations, are as follows:

	2022	2021
Interest on long-term debt	\$ 165,699	\$ 223,385
Amortization of debenture discount	15,178	15,178
	\$ 180,877	\$ 238,563

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ELGIN AREA PRIMARY WATER SUPPLY SYSTEM Notes to Financial Statements (continued) Year ended December 31, 2022

6. Tangible Capital Assets

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Land	\$ 1,251,559	\$ -	\$ -	\$ 1,251,559
Buildings and building improvements	31,384,548	509,593	-	31,894,141
Machinery and equipment	32,199,576	509,554	528,717	32,180,413
Vehicles	11,527	-	-	11,527
Water infrastructure	25,654,691	-	1,200	25,653,491
Computers	406,549	9,526	-	416,075
Assets under construction	496,975	794,891	150,632	1,141,234
Total	\$ 91,405,425	\$ 1,823,564	\$ 680,549	\$ 92,548,440

Accumulated Amortization	Balance at December 31, 2021	Amortization Expense	Amortization Disposals	Balance at December 31, 2022
Land	\$ -	\$ -	\$ -	\$ -
Buildings and building improvements	9,447,314	1,018,459	-	10,465,773
Machinery and equipment	11,919,662	1,888,971	528,717	13,279,916
Vehicles	7,414	1,646	-	9,060
Water infrastructure	5,532,519	524,206	1,200	6,055,525
Computers	147,342	137,181	-	284,523
Assets under construction	-	-	-	-
Total	\$ 27,054,251	\$ 3,570,463	\$ 529,917	\$ 30,094,797

	Net Book Value December 31, 2021	Net Book Value December 31, 2022
Land	\$ 1,251,559	\$ 1,251,559
Buildings and building improvements	21,937,234	21,428,368
Machinery and equipment	20,279,914	18,900,497
Vehicles	4,113	2,467
Water infrastructure	20,122,172	19,597,966
Computers	259,207	131,552
Assets under construction	496,975	1,141,234
Total	\$ 64,351,174	\$ 62,453,643

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ELGIN AREA PRIMARY WATER SUPPLY SYSTEM Notes to Financial Statements (continued) Year ended December 31, 2022

6. Tangible Capital Assets (continued)

(a) Assets Under Construction

Assets under construction with a cost of **\$1,141,234** (2021 - \$496,975) 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 (2021 - \$nil).

7. Accumulated Surplus

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

	2022	2021
Surplus		
Invested in tangible capital assets	\$ 57,212,499	\$ 56,761,115
Reserve funds set aside for specific purpose by the Entity		
Infrastructure renewal - water operations	15,762,406	13,515,150
	\$ 72,974,905	\$ 70,276,265

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.

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ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Budget Data

Budget data presented in these financial statements are based upon the 2022 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	\$ 14,734,000
Municipal revenue - other	31,000
Total revenues	14,765,000
Expenses	
Personnel costs	961,321
Administrative expenses	35,850
Financial expenses - other	415,000
Financial expenses - interest and discount on long-term debt	180,877
Financial expenses - debt principal repayments	2,323,163
Financial expenses - transfers to reserves and reserve funds	3,770,629
Purchased services	1,112,200
Material and supplies	5,736,325
Furniture and equipment	46,835
Other expenses	182,800
Total expenses	14,765,000
Net surplus as per budget	-
PSAB reporting requirements	
Transfers to reserves and reserve funds	3,770,629
Debt principal repayments	2,323,163
Capital expenses not resulting in capital assets	(469,094)
Amortization	(3,570,463)
Reserve fund interest earned	75,000
Net PSAB budget surplus as per financial statements	\$ 2,129,235

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Financial Statements of

**LAKE HURON AREA PRIMARY WATER
SUPPLY SYSTEM**

And Independent Auditors' Report thereon

December 31, 2022

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, 2022
- 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, 2022, 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.

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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

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM Statement of Financial Position December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Due from the Corporation of the City of London (note 3)	\$ 48,836,240	\$ 48,536,911
Trade and other receivables	682,999	462,664
Loan receivable (note 4)	1,474,565	1,639,331
Total financial assets	50,993,804	50,638,906
Financial liabilities		
Accounts payable and accrued liabilities	1,514,216	3,023,153
Accrued interest on long-term debt	20,633	29,075
Long-term debt (note 5)	3,096,033	4,371,157
Total financial liabilities	4,630,882	7,423,385
Net financial assets	46,362,922	43,215,521
Non-financial assets		
Tangible capital assets (note 6)	144,215,499	145,076,753
Prepaid expenses	422,124	344,374
Total non-financial assets	144,637,623	145,421,127
Commitments		
Contingent liabilities (note 9)		
Accumulated surplus (note 7)	\$ 191,000,545	\$ 188,636,648

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

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Statement of Operations

Year ended December 31, 2022, with comparative information for 2021

	Budget	2022	2021
	(note 10)		
Revenues			
User charges	\$ 24,229,000	\$ 23,435,675	\$ 23,730,080
Investment income	320,000	856,718	889,875
Other municipalities (note 4)	-	-	1,639,331
Other	5,000	14,104	1,669
Total revenues	24,554,000	24,306,497	26,260,955
Expenses			
Salaries, wages and fringe benefits	999,568	928,791	825,321
Materials and supplies	12,009,235	11,768,268	10,905,724
Contracted services	1,631,480	1,511,617	1,251,399
Rents and financial expenses	103,200	92,436	63,002
Interest on long-term debt	89,339	89,339	116,779
Amortization of tangible capital assets	7,254,459	7,254,459	7,416,861
Administrative charges to the Corporation of the City of London	322,400	297,690	317,632
Total expenses	22,409,681	21,942,600	20,896,718
Annual surplus	2,144,319	2,363,897	5,364,237
Accumulated surplus, beginning of year (note 7)	188,636,648	188,636,648	183,272,411
Accumulated surplus, end of year (note 7)	\$ 190,780,967	\$ 191,000,545	\$ 188,636,648

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

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget	2022	2021
Annual surplus	\$ 2,144,319	\$ 2,363,897	\$ 5,364,237
Acquisition of tangible capital assets	(11,113,820)	(6,393,205)	(8,200,565)
Amortization of tangible capital assets	7,254,459	7,254,459	7,416,861
	(1,715,042)	3,225,151	4,580,533
Change in prepaid expenses	-	(77,750)	(60,926)
Change in net financial assets	(1,715,042)	3,147,401	4,519,607
Net financial assets, beginning of year	43,215,521	43,215,521	38,695,914
Net financial assets, end of year	\$ 41,500,479	\$ 46,362,922	\$ 43,215,521

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

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ 2,363,897	\$ 5,364,237
Items not involving cash		
Amortization of tangible capital assets	7,254,459	7,416,861
Amortization of debenture discount	8,201	8,201
Change in non-cash assets and liabilities		
Due from the Corporation of the City of London	(299,330)	(3,948,167)
Prepaid expenses	(77,750)	(60,926)
Trade and other receivables	(220,334)	282,764
Accounts payable and accrued liabilities	(1,508,936)	2,045,754
Accrued interest on long-term debt	(8,442)	(7,565)
Net change in cash from operating activities	7,511,765	11,101,159
Capital activities		
Purchase of tangible capital assets	(6,393,205)	(8,200,565)
Net change in cash from capital activities	(6,393,205)	(8,200,565)
Financing activities		
Long-term debt repayments	(1,283,326)	(1,261,263)
Loan receivable	164,766	(1,639,331)
Net change in cash from financing activities	(1,118,560)	(2,900,594)
Net change in cash flows and cash, end of year	\$ -	\$ -

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

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM Notes to Financial Statements Year ended December 31, 2022

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

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2022

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.

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM Notes to Financial Statements (continued) Year ended December 31, 2022

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.

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM Notes to Financial Statements (continued) Year ended December 31, 2022

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.

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM Notes to Financial Statements (continued) Year ended December 31, 2022

2. Significant Accounting Policies (continued)

(j) Future Accounting Pronouncements

These standards and amendments were not yet effective for the year ended December 31, 2022, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of the following accounting standards updates on the future financial statements.

(i) 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 Entity'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, and adopted (the Entity'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 Entity's December 31, 2023 year-end).

(iv) Revenue

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

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2022

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

(a) Loan Receivable

	2022	2021
Repayment Loan - Municipality of North Middlesex	\$ 1,474,565	\$ 1,639,331
Interest Earned on Loan at prime rate less 2.69%	\$ 20,801	\$ -

Effective July 1, 2022, a repayment loan was established between the Lake Huron Area Primary Water Supply System and the Municipality of North Middlesex where the Municipality of North Middlesex will pay the Lake Huron Area Primary Water Supply Stem \$1,639,331 over 10 years with a fixed rate of 2.69% paid semi-annually. This loan will mature in January 2032.

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM Notes to Financial Statements (continued) Year ended December 31, 2022

5. Long-term Debt

Long-term debt is stated as follows:

	2022	2021
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 a rate of 3.20% (2021 - rates ranging from 3.05% to 3.20%), maturing September 2022.	\$ -	\$ 195,075
at rates ranging from 3.65% to 3.80% (2021 - 3.45% to 3.80%), maturing September 2023.	168,240	332,130
at rates ranging from 1.75% to 2.25% (2021 - 1.55% to 2.25%), maturing March 2025.	2,730,652	3,615,124
at rates ranging from 2.00% to 2.85% (2021 - 1.80% to 2.85%), maturing March 2027.	213,569	253,458
Total long-term debt	3,112,461	4,395,787
Less: Unamortized debenture discount	(16,428)	(24,630)
Net long-term debt	\$ 3,096,033	\$ 4,371,157

The long-term debt repayment schedule is as follows:

2023	\$ 1,106,232
2024	951,752
2025	965,816
2026	43,730
2027	44,931
Total	\$ 3,112,461

Total interest charges for the year for long-term debt, which are included in the statement of operations, are as follows:

	2022	2021
Interest on long-term debt	\$ 81,138	\$ 108,578
Amortization of debenture discount	8,201	8,201
	\$ 89,339	\$ 116,779

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM Notes to Financial Statements (continued) Year ended December 31, 2022

6. Tangible Capital Assets

Cost	Balance at December 31, 2021	Additions	Disposals	Balance at December 31, 2022
Land	\$ 2,524,816	\$ -	\$ -	\$ 2,524,816
Buildings and building improvements	56,452,844	2,250,396	-	58,703,240
Machinery and equipment	36,544,315	9,321,405	8,066,029	37,799,691
Vehicles	11,527	-	-	11,527
Water infrastructure	120,245,187	319,059	-	120,564,246
Computers	480,199	19,037	99,517	399,719
Assets under construction	7,524,549	825,746	6,342,437	2,007,858
Total	\$ 223,783,437	\$ 12,735,643	\$ 14,507,983	\$ 222,011,097

Accumulated Amortization	Balance at December 31, 2021	Amortization Expense	Amortization Disposals	Balance at December 31, 2022
Land	\$ -	\$ -	\$ -	\$ -
Buildings and building improvements	22,396,125	2,330,661	-	24,726,786
Machinery and equipment	20,033,273	2,429,326	8,066,029	14,396,570
Vehicles	7,414	1,646	-	9,060
Water infrastructure	36,065,144	2,335,054	-	38,400,198
Computers	204,728	157,773	99,517	262,984
Assets under construction	-	-	-	-
Total	\$ 78,706,684	\$ 7,254,460	\$ 8,165,546	\$ 77,795,598

	Net Book Value December 31, 2021	Net Book Value December 31, 2022
Land	\$ 2,524,816	\$ 2,524,816
Buildings and building improvements	34,056,719	33,976,454
Machinery and equipment	16,511,042	23,403,121
Vehicles	4,113	2,467
Water infrastructure	84,180,043	82,164,048
Computers	275,471	136,735
Assets under construction	7,524,549	2,007,858
Total	\$ 145,076,753	\$ 144,215,499

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM Notes to Financial Statements (continued) Year ended December 31, 2022

6. Tangible Capital Assets (continued)

(a) Assets Under Construction

Assets under construction with a cost of **\$2,007,858** (2021 - \$7,524,549) 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 (2021 - \$nil).

7. Accumulated Surplus

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

	2022	2021
Surplus		
Invested in tangible capital assets	\$ 141,628,614	\$ 139,795,274
Reserve funds set aside for specific purpose by the Entity:		
Infrastructure renewal - water operations	49,371,931	48,841,374
	\$ 191,000,545	\$ 188,636,648

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.

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Contingent Liabilities

There are certain claims pending against the Entity as at December 31, 2022. 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.

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM Notes to Financial Statements (continued) Year ended December 31, 2022

10. Budget Data

Budget data presented in these financial statements are based upon the 2022 operating budget approved by the joint board of management. Adjustments to budgeted values were required to provide comparative budget values based on the full accrual basis of accounting. The chart below reconciles the approved budget with the budget figures as presented in these financial statements.

	Budget
Revenues	
User charges	\$ 24,229,000
Municipal revenues - other	25,000
Total revenues	24,254,000
Expenses	
Personnel costs	961,318
Administrative expenses	61,850
Financial expenses - other	355,000
Financial expenses - interest and discount on long-term debt	89,339
Financial expenses - debt principal repayments	1,283,326
Financial expenses - transfers to reserves and reserve funds	8,920,632
Purchased services	1,546,850
Materials and supplies	10,659,650
Furniture and equipment	53,635
Other expenses	322,400
Total expenses	24,254,000
Net surplus as per budget	-
PSAB reporting requirements	
Transfers to reserves and reserve funds	8,920,632
Debt principal repayments	1,283,326
Capital funding earned	(1,105,180)
Amortization	(7,254,459)
Reserve fund interest earned	300,000
Net PSAB budget surplus as per financial statements	\$ 2,144,319

2022 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: **2022.01001**

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	Katie denBok
0092	Municipal Audit Firm	KPMG LLP
0095	Municipal Auditor's Email (Required)	kdenbok@london.ca
0090	Municipal Treasurer	Anna Lisa Barbon
0093	Municipal Treasurer's Email (Required)	abarbon@london.ca
0094	Date	6/4/2023

Signature of Municipal Treasurer

Signature	Date
-----------	------

0070 Outstanding In-Year Critical Errors 0

0075 Schedule 54: Cashflow - Direct or Indirect Method Chosen INDIRECT

0077 Method used to allocate Program Support to other functions in Schedule 40 OMBI Method

0078 If "Other Method" is selected in line 0077, please describe method of allocating Program Support

Municipal Data	Municipal Data		Data Source	
	1 (#)	2 (List)	1 (#)	2 (List)
0040 Households		184,650		MPAC
0041 Population		430,770		Municipal
0042 Youth Population		29,514		Municipal

FIR2022: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 10
CONSOLIDATED STATEMENT OF OPERATIONS: REVENUE
for the year ended December 31, 2022

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)	719,842,173
0499	Payments-In-Lieu of Taxation (SLC 26 9599 08) For UT (SLC 28 0299 08)	8,915,222
9940	Subtotal	728,757,395
0510	Estimated tax revenue	
	Government Transfers	
0620	Ontario Municipal Partnership Fund (OMPF)	
0625	Ontario Cannabis Legalization Implementation Fund (OCLIF)	294,540
0626	Safe Restart Agreement: Municipal Operating Funding	
0627	Safe Restart Agreement: Public Transit Funding	4,500,732
0628	Social Services Relief Fund (SSRF)	5,191,258
0629	Provincial COVID-19 Recovery Funding	
0695	Other	
0696	Other	
0697	Other	
0698	Other	
0699	Subtotal	9,986,530
	Conditional Grants	
0810	Ontario conditional grants (SLC 12 9910 01)	234,762,810
0815	Ontario Grants for Tangible Capital Assets (SLC 12 9910 05)	13,952,279
0820	Canada conditional grants (SLC 12 9910 02)	18,045,039
0825	Canada Grants for Tangible Capital Assets (SLC 12 9910 06)	24,841,698
0830	Deferred revenue earned (Provincial Gas Tax) (SLC 60 1042 01 + SLC 60 1045 01)	12,410,477
0831	Deferred revenue earned (Canada Community - Building Fund) (Federal Gas Tax) (SLC 60 1047 01 + SLC 60 1048 01)	28,544,137
0899	Subtotal	332,556,440
1098	Revenue from other municipalities for Tangible Capital Assets (SLC 12 9910 07)	0
1099	Revenue from other municipalities (SLC 12 9910 03)	8,695,791
1299	Total User Fees and Service Charges (SLC 12 9910 04)	281,046,507
	Licences, permits, rents, etc.	
1410	Trailer revenue and permits	
1420	Licences and permits	12,055,832
1430	Rents, concessions and franchises	25,609,513
1431	Royalties	
1432	Green Energy	
1498	Other	3,450
1499	Subtotal	37,668,795
	Fines and penalties	
1605	Provincial Offences Act (POA) <i>Municipality which administers POA only</i>	3,680,756
1610	Other fines	7,805,931
1620	Penalties and interest on taxes	4,907,558
1698	Other	
1699	Subtotal	16,394,245
	Other revenue	
1805	Investment income	12,722,651
1806	Interest earned on reserves and reserve funds	17,111,660
1811	Gain/Loss on sale of land & capital assets	31,400
1812	Deferred revenue earned (Development Charges) (SLC 60 1025 01 + SLC 60 1026 01)	37,601,318
1813	Deferred revenue earned (Recreational land (The Planning Act)) (SLC 60 1032 01 + SLC 60 1035 01)	569,505
1815	Deferred revenue earned (Community Benefits) (SLC 60 1036 01)	0
1830	Donations	1,147,943
1831	Donated Tangible Capital Assets (SLC 53 0610 01)	102,716,360
1840	Sale of publications, equipment, etc.	4,188,050
1850	Contributions from non-consolidated entities	
1865	Other Revenues from Government Business Enterprise (ie. Dividends, etc.)	
1870	Gaming and Casino Revenues	5,309,886
1890	Other	
1891	Other	
1892	Other	
1893	Other	
1894	Other	
1895	Other	
1896	Other	2,058,304
1897	Other	21,438,770
1898	Other	
1899	Subtotal	204,895,847
1880	Municipal Land Transfer Tax (City of Toronto Act, 2006)	
1886	Transient Accommodation Tax	3,174,406
1905	Increase/Decrease in Government Business Enterprise equity	36,127,208
9910	TOTAL Revenues	1,659,303,164

FIR2022: London C

Schedule 10

Asmt Code: 3936
MAH Code: 59101

CONSOLIDATED STATEMENT OF OPERATIONS: REVENUE
for the year ended December 31, 2022

Continuity of Accumulated Surplus/(Deficit)		1
		\$
2010	PLUS: Total Revenues (SLC 10 9910 01)	1,659,303,164
2020	LESS: Total Expenses (SLC 40 9910 11)	1,291,403,032
2030	PLUS:	
2040	PLUS:	
2045	PLUS: PSAB Adjustments	
2099	Annual Surplus/(Deficit)	367,900,132
2060	Accumulated surplus/(deficit) at the beginning of year	5,076,873,803
2061	Prior period adjustments	
2062	Restated accumulated surplus/(deficit) at the beginning of year	5,076,873,803
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)	5,444,773,935

Continuity of Government Business Enterprise Equity		1
		\$
6010	Government Business Enterprise Equity, beginning of year	207,580,742
6020	PLUS: Net Income for Government Business Enterprise for year	36,127,208
6060	PLUS:	-5,000,000
6065	LESS: Dividends paid	
6090	Government Business Enterprise Equity, end of year	238,707,950

Total of line 0899 includes:		1
Provincial Gas Tax Funding		\$
4018	Provincial Gas Tax for Transit operating expenses	8,237,300
4019	Provincial Gas Tax for Transit capital expenses	4,173,177
4020	Provincial Gas Tax	12,410,477

Total of line 0899 includes:		1
Canada Community - Building Fund - (Federal Gas Tax)		\$
4025	General Government	942,773
Transportation Services:		
4030	Roads - Paved	26,757,267
4031	Roads - Unpaved	
4032	Roads - Bridges and Culverts	4,112,304
4033	Roadways - Traffic Operations & Roadside	
4040	Transit - Conventional	9,890,480
4041	Transit - Disabled & special needs	
4045	Air transportation	
4046	Other	1,667
4047	Short-Line Rail	
4048	Short-Sea Shipping	
Environmental Services:		
4060	Wastewater collection/conveyance	3,523,238
4061	Wastewater treatment & disposal	348,441
4062	Urban storm sewer system	3,606,431
4063	Rural storm sewer system	
4064	Water treatment	
4065	Water distribution/transmission	1,178,246
4066	Solid waste collection	
4067	Solid waste disposal	310,511
4068	Waste diversion	155,418
4069	Other	
4075	Recreation Facilities - All Other	462,137
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	51,288,913
4205	Canada Community - Building Fund for Operating expenses: Capacity Building	
4299	Canada Community - Building Fund Recognized in the year	51,288,913

FIR2022: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 12
GRANTS, USER FEES AND SERVICE CHARGES
for the year ended December 31, 2022

	Ontario Conditional Grants	Canada Conditional Grants	Other Municipalities	User Fees and Service Charges	Ontario Grants - Tangible Capital Assets	Canada Grants - Tangible Capital Assets	Other Municipalities - Tangible Capital Assets
	1	2	3	4	5	6	7
	\$	\$	\$	\$	\$	\$	\$
0299 General government	1,576,582		1,591	2,456,305		320	
Protection services							
0410 Fire				474,483			
0420 Police	6,265,072		1,587,092	1,593,125	10,602		
0421 Court Security							
0422 Prisoner Transportation							
0430 Conservation authority							
0440 Protective inspection and control				956,164			
0445 Building permit and inspection services				83,895			
0450 Emergency measures							
0460 Provincial Offences Act (POA)							
0498 Other							
0499 Subtotal	6,265,072	0	1,587,092	3,107,667	10,602	0	0
Transportation services							
0611 Roads - Paved				334,650	10,147,452	16,628,958	
0612 Roads - Unpaved				9,423			
0613 Roads - Bridges and Culverts				79,554		78,675	
0614 Roads - Traffic Operations & Roadside				178,039			
0621 Winter Control - Except sidewalks, Parking Lots				479,901			
0622 Winter Control - Sidewalks, Parking Lots Only				77,754			
0631 Transit - Conventional				29,087,790	2,715,530	4,760,428	
0632 Transit - Disabled & special needs				428,297			
0640 Parking				1,977,280			
0650 Street lighting							
0660 Air transportation							
0698 Other						1,667	
0699 Subtotal	0	0	0	32,652,688	12,862,982	21,469,728	0
Environmental services							
0811 Wastewater collection/conveyance	2,969		35,411	33,401,034	17,739	1,125,000	
0812 Wastewater treatment & disposal	2,969		47,215	33,389,230		348,441	
0821 Urban storm sewer system	3,959		35,411	44,546,516	27,739	1,208,193	
0822 Rural storm sewer system							
0831 Water treatment			91,865	32,902,903			
0832 Water distribution/transmission			499,796	61,105,392			
0840 Solid waste collection				728,534			
0850 Solid waste disposal			45,781	7,196,460		189	
0860 Waste diversion			1,142,637	5,644,349			
0898 Other	15,000			1,496			
0899 Subtotal	24,897	0	1,898,116	218,915,914	45,478	2,681,823	0
Health services							
1010 Public health services	6,151,511	38,438	185,424				
1020 Hospitals							
1030 Ambulance services							
1035 Ambulance dispatch							
1040 Cemeteries							
1098 Other							
1099 Subtotal	6,151,511	38,438	185,424	0	0	0	0
Social and family services							
1210 General assistance	127,545,398	5,745,670					
1220 Assistance to aged persons	18,453,188			5,461,065			
1230 Child care	62,007,437	251,000					
1298 Other				11,262			
1299 Subtotal	208,006,023	5,996,670	0	5,472,327	0	0	0
Social Housing							
1410 Public Housing	325,000			523,247		456,568	
1420 Non - Profit/Cooperative Housing	7,443,193		5,017,068				
1430 Rent Supplement Programs	3,048,050	10,715,197					
1497 Other							
1498 Other	676,129	3,000				10,105	
1499 Subtotal	11,492,372	10,718,197	5,017,068	523,247	0	466,673	0
Recreation and cultural services							
1610 Parks				534	158,217	223,154	
1620 Recreation programs	4,060	105,280		5,934,116			
1631 Recreation facilities - Golf Course, Marina, Ski Hill				3,174,143			
1634 Recreation facilities - All Other	121,690			191,558			
1640 Libraries	598,829	67,868		483,171			
1645 Museums	78,017	66,998					
1650 Cultural services	262,917	463,589	6,500	641,373			
1698 Other							
1699 Subtotal	1,065,513	703,735	6,500	10,424,895	158,217	223,154	0
Planning and development							
1810 Planning and zoning	167,904			2,117,881			
1820 Commercial and industrial	12,936	587,999		5,375,583	875,000		
1830 Residential development							
1840 Agriculture and reforestation							
1850 Tile drainage/shoreline assistance							
1898 Other							
1899 Subtotal	180,840	587,999	0	7,493,464	875,000	0	0
1910 Other							
9910 TOTAL	234,762,810	18,045,039	8,695,791	281,046,507	13,952,279	24,841,698	0

FIR2022: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 20 TAXATION INFORMATION for the year ended December 31, 2022

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 Y or N	2 %	3 \$	4 \$	5 %	6 %	7 \$	8 \$	9 Y or N	10 Y or N	11 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 Y or N	3 #	4 \$	5 %	6 \$	7 %
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 Y or N	3 Year	4 # of Yrs
0805	R Residential	N	
0810	M Multi-Residential	N	
0815	N New Multi-Residential	N	
0820	C Commercial (Includes G, D, S)	N	
0840	I Industrial (Includes L)	N	
0850	F Farmland	N	
0855	T Managed Forest	N	
0860	P Pipeline	N	

5. Rebates for Eligible Charities

	2 %
1010	Rebate Percentage for Eligible Charities (SLC 72 2099 xx)
	40.0%

6. Property Tax Due Dates for Current Year

To be completed by Single/Lower-tier Municipalities Only

	INTERIM Billing Installments			FINAL Billing Installments		
	Installments	First Due Date	Last Due Date	Installments	First Due Date	Last Due Date
	2 #	3 YYYYMMDD	4 YYYYMMDD	5 #	6 YYYYMMDD	7 YYYYMMDD
1210	R Residential	2	20220228	20220331	3	20220630 20221031
1220	M Multi-Residential	2	20220228	20220331	3	20220630 20221031
1230	F Farmland	2	20220228	20220331	3	20220630 20221031
1240	T Managed Forest	2	20220228	20220331	3	20220630 20221031
1250	C Commercial	2	20220228	20220331	3	20220630 20221031
1260	I Industrial	2	20220228	20220331	3	20220630 20221031
1270	P Pipeline	2	20220228	20220331	3	20220630 20221031
1298	Other <input type="text"/>					

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 22 MUNICIPAL and SCHOOL BOARD TAXATION for the year ended December 31, 2022

1. GENERAL PURPOSE LEVY INFORMATION

9299	TOTAL	Phase-In Taxable Assessment	LT/ST Taxes	UT Taxes	Education Taxes	TOTAL
		48,320,271,904	701,849,558	0	122,861,417	824,710,975

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%	39,076,152,281	39,076,152,281	1.269308%		0.153000%	1.422308%	495,996,727	0	59,786,513	555,783,240
0031	R1	0 Residential	Farm. Awaiting Devel. - Ph I	1.000000	75%	7,126,400	7,126,400	0.114750%	1.066731%			67,842	0	8,178	76,020
0050	MT	0 Multi-Residential	Full Occupied	1.711880	100%	1,740,751,785	1,740,751,785	2.172903%		0.153000%	2.325903%	37,824,848	0	2,663,350	40,488,198
0061	M1	0 Multi-Residential	Farm. Awaiting Devel. - Ph I	1.711880	44%	3,271,000	3,271,000	0.951981%	1.066731%			31,139	0	3,753	34,892
0080	NT	0 New Multi-Residential	Full Occupied	1.000000	100%	225,322,700	225,322,700	1.269308%		0.153000%	1.422308%	2,860,039	0	344,744	3,204,783
0110	FT	0 Farmland	Full Occupied	0.102820	100%	470,476,127	470,476,127	0.130510%	0.038250%	0.168760%		614,018	0	179,957	793,975
0140	TT	0 Managed Forest	Full Occupied	0.250000	100%	1,054,800	1,054,800	0.317327%		0.038250%	0.355677%	3,347	0	403	3,750
0210	CT	0 Commercial	Full Occupied	1.910000	100%	3,083,563,841	3,083,563,841	2.424378%		0.880000%	3.304378%	74,757,243	0	27,135,362	101,892,605
0215	CH	0 Commercial	Full Occupied, Shared PIL	1.910000	100%	17,258,464	17,258,464	2.424378%		1.250000%	3.674378%	418,410	0	215,731	634,141
0231	C1	0 Commercial	Farm. Awaiting Devel. - Ph I	1.910000	39%	1,193,000	1,193,000	0.951981%	1.066731%			11,357	0	1,369	12,726
0240	CU	0 Commercial	Excess Land	1.910000	100%	37,978,859	37,978,859	2.424378%		0.880000%	3.304378%	920,751	0	334,214	1,254,965
0245	CK	0 Commercial	Excess Land, Shared PIL	1.910000	100%	630,300	630,300	2.424378%		1.250000%	3.674378%	15,281	0	7,879	23,160
0270	CX	0 Commercial	Vacant Land	1.910000	100%	95,930,416	95,930,416	2.424378%		0.880000%	3.304378%	2,325,716	0	844,188	3,169,904
0310	GT	0 Parking Lot	Full Occupied	1.910000	100%	114,679,046	114,679,046	2.424378%		0.880000%	3.304378%	2,780,254	0	1,009,176	3,789,430
0320	DT	0 Office Building	Full Occupied	1.910000	100%	359,081,797	359,081,797	2.424378%		0.880000%	3.304378%	8,705,500	0	3,159,920	11,865,420
0330	DU	0 Office Building	Excess Land	1.910000	100%	2,159,380	2,159,380	2.424378%		0.880000%	3.304378%	52,352	0	19,003	71,355
0340	ST	0 Shopping Centre	Full Occupied	1.910000	100%	1,443,986,663	1,443,986,663	2.424378%		0.880000%	3.304378%	35,007,695	0	12,707,083	47,714,778
0350	SU	0 Shopping Centre	Excess Land	1.910000	100%	1,468,400	1,468,400	2.424378%		0.880000%	3.304378%	35,600	0	12,922	48,522
0510	IT	0 Industrial	Full Occupied	1.910000	100%	242,430,985	242,430,985	2.424378%		0.880000%	3.304378%	5,877,443	0	2,133,393	8,010,836
0515	IH	0 Industrial	Full Occupied, Shared PIL	1.910000	100%	5,468,000	5,468,000	2.424378%		1.250000%	3.674378%	132,565	0	68,350	200,915
0531	I1	0 Industrial	Farm. Awaiting Devel. - Ph I	1.910000	39%	1,081,000	1,081,000	0.951981%	1.066731%			10,291	0	1,240	11,531
0534	I4	0 Industrial	Farm. Awaiting Devel. - Ph II	1.910000	100%	112,200	112,200	2.424378%		0.880000%	3.304378%	2,720	0	987	3,707
0540	IU	0 Industrial	Excess Land	1.910000	100%	8,071,100	8,071,100	2.424378%		0.880000%	3.304378%	195,674	0	71,026	266,700
0570	IX	0 Industrial	Vacant Land	1.910000	100%	57,614,800	57,614,800	2.424378%		0.880000%	3.304378%	1,396,801	0	507,010	1,903,811
0610	LT	0 Large Industrial	Full Occupied	1.910000	100%	139,043,509	139,043,509	2.424378%		0.880000%	3.304378%	3,370,940	0	1,223,583	4,594,523
0620	LU	0 Large Industrial	Excess Land	1.910000	100%	4,651,123	4,651,123	2.424378%		0.880000%	3.304378%	112,761	0	40,930	153,691
0710	PT	0 Pipeline	Full Occupied	1.713000	100%	111,369,000	111,369,000	2.174325%	0.054325%			2,421,524	0	980,047	3,401,571
2140	JT	0 Industrial, NConstr.	Full Occupied	1.910000	100%	80,307,900	80,307,900	2.424378%		0.880000%	3.304378%	1,946,967	0	706,710	2,653,677
2145	JU	0 Industrial, NConstr.	Excess Land	1.910000	100%	2,222,600	2,222,600	2.424378%		0.880000%	3.304378%	53,884	0	19,559	73,443
2235	KT	0 Large Ind., NConstr.	Full Occupied	1.910000	100%	63,308,280	63,308,280	2.424378%		0.880000%	3.304378%	1,534,832	0	557,113	2,091,945
2240	KU	0 Large Ind., NConstr.	Excess Land	1.910000	100%	2,502,520	2,502,520	2.424378%		0.880000%	3.304378%	60,671	0	22,022	82,693
2440	XT	0 Commercial, NConstr.	Full Occupied	1.910000	100%	666,510,030	666,510,030	2.424378%		0.880000%	3.304378%	16,158,723	0	5,865,288	22,024,011
2445	XU	0 Commercial, NConstr.	Excess Land	1.910000	100%	20,873,600	20,873,600	2.424378%		0.880000%	3.304378%	506,055	0	183,688	689,743
2635	YT	0 Office Build., NConstr.	Full Occupied	1.910000	100%	21,114,295	21,114,295	2.424378%		0.880000%	3.304378%	511,890	0	185,806	697,696
2835	ZT	0 Shopp. Centre, NConstr.	Full Occupied	1.910000	100%	211,455,703	211,455,703	2.424378%		0.880000%	3.304378%	5,126,486	0	1,860,810	6,987,296
0920	CT	0 Commercial	Small Scale On Farm Business	1.910000	100%	50,000	50,000	2.424378%		0.220000%	2.644378%	1,212	0	110	1,322
9201			Subtotal			48,320,271,904	48,320,271,904					701,849,558	0	122,861,417	824,710,975

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 22
MUNICIPAL and SCHOOL BOARD TAXATION
 for the year ended December 31, 2022

1. GENERAL PURPOSE LEVY INFORMATION

		Phase-In Taxable Assessment	LT/ST Taxes	UT Taxes	Education Taxes	TOTAL
9299	TOTAL	48,320,271,904	701,849,558	0	122,861,417	824,710,975

2022.01001

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 22 MUNICIPAL and SCHOOL BOARD TAXATION for the year ended December 31, 2022

		Municipal Taxes		Education Taxes	TOTAL
		LT / ST	UT	14	15
		12	13	\$	\$
		\$	\$		
4. ADJUSTMENTS TO TAXATION					
7010	Adjustments for properties, shared as if Payment-In-Lieu (Hydro properties RTQ = H, J, K)	292,866		-292,866	0
5. SUPPLEMENTARY TAXES					
9799	Total of all supplementary taxes (Supps, Omits, Section 359)	13,958,225		2,395,456	16,353,681
6. AMOUNT LEVIED BY TAX RATE					
9910	TOTAL Levied by Tax Rate	716,100,649	0	124,964,007	841,064,656
7. AMOUNTS ADDED TO TAX BILL					
8005	Local improvements	383,043			383,043
8010	Sewer and water service charges	3,543,454			3,543,454
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	2,720,904			2,720,904
8097	Other <input type="text"/>				0
9890	Subtotal	6,647,401	0	0	6,647,401
8. OTHER TAXATION AMOUNTS					
8045	Railway rights-of-way (RTC = W)	55,807		58,334	114,141
8050	Utility transmission and utility corridors (RTC = U)				0
8098	Other <input type="text"/>				0
9892	Subtotal	55,807	0	58,334	114,141
9. TOTAL AMOUNT LEVIED					
9990	TOTAL Levies	722,803,857	0	125,022,341	847,826,198

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 24 PAYMENTS-IN-LIEU of TAXATION for the year ended December 31, 2022

1. GENERAL PURPOSE PAYMENTS-IN-LIEU

9299	TOTAL	PIL Phased-In Assessment	LT/ST PILS	UT PILS	Education PILS	TOTAL
		222,118,100	5,497,069	0	1,765,289	7,262,358

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	TOTAL 15 \$
								LT / ST 8 0.xxxxxx%	UT 9 0.xxxxxx%	EDUC 10 0.xxxxxx%	TOTAL 11 0.xxxxxx%	LT / ST 12 \$	UT 13 \$	PILS 14 \$	
0		London C													
1010	RF	0 Residential	PIL: Full Occupied	1.000000	100%	1,602,000	1,602,000	1.269308%		0.153000%	1.422308%	20,334	0	2,451	22,785
1015	RP	0 Residential	PIL: Full Occupied, Taxable Tenant of Province	1.000000	100%	27,000	27,000	1.269308%		0.153000%	1.422308%	343	0	41	384
1028	RG	0 Residential	PIL: 'General' Only (No Educ.)	1.000000	100%	620,400	620,400	1.269308%			1.269308%	7,875	0	0	7,875
1210	CF	0 Commercial	PIL: Full Occupied	1.910000	100%	84,974,500	84,974,500	2.424378%		1.250000%	3.674378%	2,060,103	0	1,062,181	3,122,284
1220	CG	0 Commercial	PIL: 'General' Only (No Educ.)	1.910000	100%	51,241,800	51,241,800	2.424378%			2.424378%	1,242,295	0	0	1,242,295
1260	CW	0 Commercial	PIL: Excess Land, 'General' Only	1.910000	100%	481,300	481,300	2.424378%			2.424378%	11,669	0	0	11,669
1280	CY	0 Commercial	PIL: Vacant Land	1.910000	100%	1,156,500	1,156,500	2.424378%		1.250000%	3.674378%	28,038	0	14,456	42,494
1290	CZ	0 Commercial	PIL: Vacant Land, 'General' Only	1.910000	100%	2,147,000	2,147,000	2.424378%			2.424378%	52,051	0	0	52,051
1310	GF	0 Parking Lot	PIL: Full Occupied	1.910000	100%	11,784,000	11,784,000	2.424378%		1.250000%	3.674378%	285,689	0	147,300	432,989
1320	DF	0 Office Building	PIL: Full Occupied	1.910000	100%	25,310,000	25,310,000	2.424378%		1.250000%	3.674378%	613,610	0	316,375	929,985
1328	DG	0 Office Building	PIL: 'General' Only (No Educ.)	1.910000	100%	21,203,000	21,203,000	2.424378%			2.424378%	514,041	0	0	514,041
1590	IZ	0 Industrial	PIL: Vacant Land, 'General' Only	1.910000	100%	107,600	107,600	2.424378%			2.424378%	2,609	0	0	2,609
4410	XF	0 Commercial, NConstr.	PIL: Full Occupied	1.910000	100%	12,379,000	12,379,000	2.424378%		0.880000%	3.304378%	300,114	0	108,935	409,049
5010	HF	0 Landfill	PIL: Full Occupied	3.107426	100%	9,084,000	9,084,000	3.944281%		1.250000%	5.194281%	358,298	0	113,550	471,848
												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			222,118,100	222,118,100					5,497,069	0	1,765,289	7,262,358

2022.01001

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 24 PAYMENTS-IN-LIEU of TAXATION for the year ended December 31, 2022

		Municipal PILS		Education	TOTAL
		LT / ST	UT	PILS	15
		12	13	14	15
		\$	\$	\$	\$
4. SUPPLEMENTARY PAYMENTS-IN-LIEU					
9799	Total of all supplementary PILS (Supps. Omits. Section 444)				0
5. PAYMENTS-IN-LIEU LEVIED BY TAX RATE					
9910		TOTAL PILS Levied by Tax Rate		5,497,069	0
				1,765,289	7,262,358
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 style="width: 100px;" type="text" value="Airport"/>	414,257			414,257
9890	Subtotal	414,257	0	0	414,257
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)	4,421,850			4,421,850
8060	Hydro-electric Power Dams - from Province				0
8098	Other <input style="width: 100px;" type="text"/>				0
9892	Subtotal	4,461,631	0	56,310	4,517,941
8. TOTAL PAYMENTS-IN-LIEU LEVIED					
9990		TOTAL PILS Levied		10,372,957	0
				1,821,599	12,194,556

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 26 TAXATION and PAYMENTS-IN-LIEU SUMMARY for the year ended December 31, 2022

1. Municipal and School Board Taxation

		TOTAL				ENG - Public	FRE - Public	ENG - Separate	FRE - Separate	Other			
9010 Legislated Percentage of Education Taxes distributed to each School Board (Applic. to Com, Ind, Pipelines)		100.000%				76.806%	0.921%	20.692%	1.581%	0.000%			
Property Class Group	Taxable Asmt. (CVA)	Taxable Asmt. (Wtd & Disc CVA)	Phase-In Taxable Asmt. (CVA)	Phase-In Taxable Asmt. (Wtd & Disc CVA)	TOTAL Taxes	Distribution of Education Taxes in column 6 by School Board							
	16	2	18	17	3	7	8	9	10	11			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$			
0010 Residential	39,083,278,681	39,081,497,081	39,083,278,681	39,081,497,081	555,859,260	496,064,569	0	59,794,691	50,576,493	184,583	8,780,228	253,387	3,819
0050 Multi-residential	1,969,345,485	3,207,734,116	1,969,345,485	3,207,734,116	43,727,873	40,716,026	0	3,011,847	2,702,237	3,227	302,564	3,819	8
0110 Farmland	470,476,127	48,374,355	470,476,127	48,374,355	793,975	614,018	0	179,957	169,649	4	10,296	8	0
0140 Managed Forests	1,054,800	263,700	1,054,800	263,700	3,750	3,347	0	403	395	0	8	0	0
9110 Subtotal	41,524,155,093	42,337,869,252	41,524,155,093	42,337,869,252	600,384,858	537,397,960	0	62,986,898	53,448,774	187,814	9,093,096	257,214	0
0210 Commercial	3,236,604,880	6,180,531,441	3,236,604,880	6,180,531,441	106,988,823	78,449,970	0	28,538,853	21,919,551	262,843	5,905,259	451,199	0
0215 Commercial New Construction	687,383,630	1,312,902,733	687,383,630	1,312,902,733	22,713,754	16,664,778	0	6,048,976	4,645,977	55,711	1,251,654	95,634	0
0310 Parking Lot	114,679,046	219,036,978	114,679,046	219,036,978	3,789,430	2,780,254	0	1,009,176	775,108	9,295	208,819	15,955	0
0320 Office Building	361,241,177	689,970,648	361,241,177	689,970,648	11,936,775	8,757,852	0	3,178,923	2,441,604	29,278	657,783	50,259	0
0325 Office Building New Constructi	21,114,295	40,328,303	21,114,295	40,328,303	697,696	511,890	0	185,806	142,710	1,711	38,447	2,938	0
0340 Shopping Centre	1,445,455,063	2,760,819,170	1,445,455,063	2,760,819,170	47,763,300	35,043,295	0	12,720,005	9,769,727	117,151	2,632,023	201,103	0
0345 Shopping Centre New Construc	211,455,703	403,880,393	211,455,703	403,880,393	6,987,296	5,126,486	0	1,860,810	1,429,214	17,138	385,039	29,419	0
9120 Subtotal	6,077,933,794	11,607,469,667	6,077,933,794	11,607,469,667	200,877,074	147,334,525	0	53,542,549	41,123,890	493,127	11,079,024	846,508	0
0510 Industrial	314,778,085	599,972,182	314,778,085	599,972,182	10,397,500	7,615,494	0	2,782,006	2,136,748	25,622	575,653	43,984	0
0515 Industrial New Construction	82,530,500	157,633,255	82,530,500	157,633,255	2,727,120	2,000,851	0	726,269	557,818	6,689	150,280	11,482	0
0610 Large Industrial	143,694,632	274,456,747	143,694,632	274,456,747	4,748,214	3,483,701	0	1,264,513	971,222	11,646	261,653	19,992	0
0615 Large Industrial New Construc	65,810,800	125,698,628	65,810,800	125,698,628	2,174,638	1,595,503	0	579,135	444,810	5,334	119,835	9,156	0
9130 Subtotal	606,814,017	1,157,760,812	606,814,017	1,157,760,812	20,047,472	14,695,549	0	5,351,923	4,110,598	49,291	1,107,420	84,614	0
0705 Landfill	0	0	0	0	0	0	0	0	0	0	0	0	0
0710 Pipelines	111,369,000	190,775,097	111,369,000	190,775,097	3,401,571	2,421,524	0	980,047	752,735	9,026	202,791	15,495	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	292,866	0	-292,866	-224,939	-2,697	-60,600	-4,630	0
9170 Supplementary Taxes	0	0	0	0	16,353,681	13,958,225	0	2,395,456	2,081,949	8,700	290,029	14,778	0
9180 Total Levied by Rate					841,064,656	716,100,649	0	124,964,007	101,293,007	745,261	21,711,760	1,213,978	0
9190 Amts Added to Tax Bill	0	0	0	0	6,647,401	6,647,401	0	0	0	0	0	0	0
9192 Other Taxation Amounts	0	0	0	0	114,141	55,807	0	58,334	44,804	537	12,071	922	0
9199 TOTAL before Adj.	48,320,271,904	55,293,874,828	48,320,271,904	55,293,874,828	847,826,198	722,803,857	0	125,022,341	101,337,811	745,798	21,723,831	1,214,900	0

2. Payments-In-Lieu of Taxation

Property Class Group	PIL Asmt. (CVA)	PIL Asmt. (Wtd & Disc CVA)	Phase-In PIL Asmt. (CVA)	Phase-In PIL Asmt. (Wtd & Disc CVA)	Total PILS Levied	Municipal PILS			Education PILS
	16	2	18	17	3	4	5	6	
	\$	\$	\$	\$	\$	\$	\$	\$	
1010 Residential	2,249,400	2,249,400	2,249,400	2,249,400	31,044	28,552	0	2,492	
1050 Multi-residential	0	0	0	0	0	0	0	0	
1110 Farmland	0	0	0	0	0	0	0	0	
1140 Managed Forests	0	0	0	0	0	0	0	0	
9210 Subtotal	2,249,400	2,249,400	2,249,400	2,249,400	31,044	28,552	0	2,492	
1210 Commercial	140,001,100	267,402,101	140,001,100	267,402,101	4,470,793	3,394,156	0	1,076,637	
1215 Commercial New Construction	12,379,000	23,643,890	12,379,000	23,643,890	409,049	300,114	0	108,935	
1310 Parking Lot	11,784,000	22,507,440	11,784,000	22,507,440	432,989	285,689	0	147,300	
1320 Office Building	46,513,000	88,839,830	46,513,000	88,839,830	1,444,026	1,127,651	0	316,375	
1325 Office Building New Constructi	0	0	0	0	0	0	0	0	
1340 Shopping Centre	0	0	0	0	0	0	0	0	
1345 Shopping Centre New Construc	0	0	0	0	0	0	0	0	
9220 Subtotal	210,677,100	402,393,261	210,677,100	402,393,261	6,756,857	5,107,610	0	1,649,247	
1510 Industrial	107,600	205,516	107,600	205,516	2,609	2,609	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 Construc	0	0	0	0	0	0	0	0	
9230 Subtotal	107,600	205,516	107,600	205,516	2,609	2,609	0	0	
1705 Landfill	9,084,000	28,227,858	9,084,000	28,227,858	471,848	358,298	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					7,262,358	5,497,069	0	1,765,289	
9290 Amts Added to PILs	0	0	0	0	414,257	414,257	0	0	
9292 Other PIL Amounts	0	0	0	0	4,517,941	4,461,631	0	56,310	
9299 TOTAL before Adj.	222,118,100	433,076,035	222,118,100	433,076,035	12,194,556	10,372,957	0	1,821,599	

Part 3 contains Distribution of PILS by School Boards

2022.01001

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 26

TAXATION and PAYMENTS-IN-LIEU SUMMARY

for the year ended December 31, 2022

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	1,558,117		795,326	2,353,443	-415,253	1,938,190	1,938,190									
5020 Canada Enterprises	215,049			215,049		215,049	215,049									
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	4,421,850	0	0	4,421,850		4,421,850	4,421,850									
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	1,434,414			1,434,414	-15,876	1,418,538	1,418,538									
Ontario Enterprises																
5410 Ontario Mortgage and Housing Corporation				0		0										
5430 Liquor Control Board of Ont.	411,247			411,247		411,247	411,247									
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				0		0	0									
5910 Other Muns and Enterprises	1,383,072		748,079	2,131,151	-2,131,151	0										
5950 Amounts Added to PIL	414,257	0	0	414,257		414,257	414,257									
9599 TOTAL	9,877,787	0	1,599,715	11,477,502	-2,562,280	8,915,222	8,915,222	0	0	0	0	0	0	0	0	

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

**Schedule 40
CONSOLIDATED STATEMENT OF OPERATIONS: EXPENSES**

for the year ended December 31, 2022

	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	3,839,218	0	1,313,759	141,505		10,000	14,511	5,318,993		1,206,179	6,525,172
0250 Corporate Management	20,154,956	64,578	7,710,977	6,591,828	8,050,580	126,792	10,043,868	52,743,579	-232,000	2,397,207	54,908,786
0260 Program Support	37,867,619	0	4,704,097	5,926,702	899,848			49,398,266	-322,446	-49,075,820	0
0299 Subtotal	61,861,793	64,578	13,728,833	12,660,035	8,950,428	136,792	10,058,379	107,460,838	-554,446	-45,472,434	61,433,958
Protection services											
0410 Fire	67,933,184	25,544	3,069,904	407,723	2,298		2,929,762	74,368,415		3,892,017	78,260,432
0420 Police	128,708,360	127,781	7,674,830	2,586,057	258,756		5,316,956	144,672,740		4,557,000	149,229,740
0421 Court Security	3,740,801		49,119	30,162			0	3,820,082			3,820,082
0422 Prisoner Transportation	190,615		48,965	1,801			0	241,381			241,381
0430 Conservation authority	0					2,024,531	0	2,024,531	5,434	2,029,965	
0440 Protective inspection and control	5,720,419		2,746,848	450,961	168,140		55,966	9,142,334		946,984	10,089,318
0445 Building permit and inspection services	6,216,298		208,295	184,278	58,619		13,171	6,680,661		716,645	7,397,306
0450 Emergency measures	482,599		38,324	214,865			95,781	831,569		391,277	1,222,846
0460 Provincial Offences Act (POA)	1,553,335		425,102	900,328	92,926	11,327	111,122	3,094,140	554,446	357,701	4,006,287
0498 Other	0						0	0			0
0499 Subtotal	214,545,611	153,325	14,261,387	4,776,175	580,739	2,035,858	8,522,758	244,875,853	554,446	10,867,058	256,297,357
Transportation services											
0611 Roads - Paved	12,219,552	1,491,910	6,410,420	3,763,009	3,144,661		43,917,323	70,946,875		1,887,008	72,833,883
0612 Roads - Unpaved	174,726		176,715	6,766	69,740		0	427,947		96,225	524,172
0613 Roads - Bridges and Culverts	1,666,932		419,551	163,837	51,353		3,630,711	5,932,384		161,964	6,094,348
0614 Roads - Traffic Operations & Roadside	8,533,093		2,868,407	4,444,388	351,238		5,180,853	21,377,979		937,490	22,315,469
0621 Winter Control - Except sidewalks, Parking Lots	4,608,116		5,706,389	346,137	6,324,522		0	16,985,164		498,117	17,483,281
0622 Winter Control - Sidewalks, Parking Lots Only	654,391		892,070	53,331	1,024,953		0	2,624,745		73,847	2,698,592
0631 Transit - Conventional	51,961,146	439,632	25,543,559	860,503		2,910,299	13,230,700	94,085,336		194,690	94,280,026
0632 Transit - Disabled & special needs	1,182,598		272,459	7,842,637			0	9,297,694		6,000	9,303,694
0640 Parking	1,839,698		526,781	860,503	88,660	1,913	597,860	3,915,415		281,984	4,197,399
0650 Street lighting	132,320	6,096	5,956,237	280,232			5,958,689	12,333,574		120,647	12,454,221
0660 Air transportation							0	0			0
0698 Other							0	0		1,446	1,446
0699 Subtotal	82,972,572	1,937,638	48,772,588	17,760,840	11,055,127	2,912,212	72,516,136	237,927,113	0	4,259,418	242,186,531
Environmental services											
0811 Wastewater collection/conveyance	4,779,097	1,128,201	1,329,829	1,831,720	1,138,473		14,999,706	24,707,026		820,015	25,527,041
0812 Wastewater treatment & disposal	10,051,877	252,421	10,779,128	1,685,917	433,647	2,843,598	14,113,200	40,159,788		1,089,526	41,249,314
0821 Urban storm sewer system	3,125,028	743,536	1,877,557	4,398,373	1,073,652		17,667,954	28,886,100		751,150	29,637,250
0822 Rural storm sewer system	74,838		2,886	448			0	78,172		24,283	102,455
0831 Water treatment	1,659,904	86,215	6,726,893	1,976,498	63,535	8,143	4,871,138	15,392,326		393,908	15,786,234
0832 Water distribution/transmission	9,435,202	88,412	11,266,391	5,493,429	1,095,504	8,143	20,537,907	47,926,988		1,530,557	49,457,545
0840 Solid waste collection	6,953,189		3,173,360	1,106,453			77,165	11,310,167		296,727	11,606,894
0850 Solid waste disposal	2,218,300		3,635,641	724,130	3,847,778		2,007,516	12,433,365		246,331	12,679,696
0860 Waste diversion	1,641,074		545,476	16,555,803		1,396,603	892,963	21,031,919		193,172	21,225,091
0898 Other	1,120,344		47,388	197,576	19,213		0	1,384,521		115,186	1,499,707
0899 Subtotal	41,058,853	2,298,785	39,386,549	33,970,347	7,671,802	4,256,487	74,667,549	203,310,372	0	5,460,855	208,771,227
Health services											
1010 Public health services	6,001,344		546,488	383,480	433,743	6,631,038	102,844	14,098,937		10,212	14,109,149
1020 Hospitals							0	0			0
1030 Ambulance services				23,620,950			0	23,620,950		4,425	23,625,375
1035 Ambulance dispatch							0	0			0
1040 Cemeteries							0	0			0
1098 Other							0	0			0
1099 Subtotal	6,001,344	0	546,488	24,004,430	433,743	6,631,038	102,844	37,719,887	0	14,637	37,734,524
Social and family services											
1210 General assistance	21,558,435		747,739	6,779,466	2,946,854	129,623,228	428,666	162,084,388		4,175,982	166,141,271
1220 Assistance to aged persons	24,775,415	311,645	4,190,198	1,303,675		114,339	1,148,820	31,844,092	-119,099	1,744,252	33,588,344
1230 Child care	1,848,182		2,648,866	32,824,851	155,247	31,615,108	3,443	69,095,697	119,099	469,354	69,684,150
1298 Other	261,339		92,359	5,339	1,266		0	360,303		95,838	456,141
1299 Subtotal	48,443,371	311,645	7,679,162	40,913,331	3,103,367	161,352,675	1,580,929	263,384,480	0	6,485,426	269,869,906

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

**Schedule 40
CONSOLIDATED STATEMENT OF OPERATIONS: EXPENSES**

for the year ended December 31, 2022

	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	7,509,072	11,197	2,813,099	18,137,252	685,139	16,009	2,539,726	31,711,494		133,975	31,845,469
1420 Non-Profit/Cooperative Housing				2,379,663		17,902,476	0	20,282,139		25,890	20,308,029
1430 Rent Supplement Programs				6,750		2,461,222	0	2,467,972		25,749	2,493,721
1497 Other	1,676,322		32,162	100,015	94,245	137,012	295,265	2,335,021		199,342	2,534,363
1498 Other	82,032		237,230	146,876	29,024	2,575,275	0	3,070,439		13,388	3,083,827
1499 Subtotal	9,267,426	11,197	3,082,491	20,770,558	808,408	23,091,994	2,834,991	59,867,065	0	398,344	60,265,409
Recreation and cultural services											
1610 Parks	7,379,222	269,340	3,077,280	2,239,967	598,629		5,516,804	19,081,242		1,529,536	20,610,778
1620 Recreation programs	11,318,524		2,445,189	300,294	321,381	36,250	34,546	14,456,184		2,774,123	17,230,307
1631 Rec. Fac. - Golf Crs, Marina, Ski Hill	1,858,811		1,252,750	428,233	22,661		172,106	3,734,561		577,946	4,312,507
1634 Rec. Fac. - All Other	5,873,780	923,936	886,823	3,315,370	6,596		7,608,356	18,614,861		11,121,844	29,736,705
1640 Libraries	15,450,541	90,234	3,985,429	1,737,764	887,634	0	2,434,513	24,586,115		29,923	24,616,038
1645 Museums	322,011		91,073	5,952			89,112	508,148		4,935	513,083
1650 Cultural services	2,376,675		638,067	3,281,851	695	1,481,040	1,513,698	9,292,026		103,547	9,395,573
1698 Other				283,307			505	283,812		9,081	292,893
1699 Subtotal	44,579,564	1,283,510	12,376,611	11,592,738	1,837,596	1,517,290	17,369,640	90,556,949	0	16,150,935	106,707,884
Planning and development											
1810 Planning and zoning	10,716,634		165,879	2,105,824	290,311	570,159	103,939	13,952,746		1,202,388	15,155,134
1820 Commercial and Industrial	5,819,434	237,376	11,644,410	5,861,897	975,889	4,931,314	2,026,174	31,496,494		517,178	32,013,672
1830 Residential development	1,023	4,110		33,500			0	38,633		41,686	80,319
1840 Agriculture and reforestation	362,826		31,953	308,615			97,729	801,123		73,361	874,484
1850 Tile drainage/shoreline assistance								0			0
1898 Other				11,479			0	11,479		1,148	12,627
1899 Subtotal	16,899,917	241,486	11,842,242	8,321,315	1,266,200	5,501,473	2,227,842	46,300,475	0	1,835,761	48,136,236
1910 Other							0	0			0
9910 TOTAL	525,630,451	6,302,164	151,676,351	174,769,769	35,707,410	207,435,819	189,881,068	1,291,403,032	0	0	1,291,403,032

2022.01001

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 42

ADDITIONAL INFORMATION

for the year ended December 31, 2022

Additional information contained in Schedule 40

		1
		\$
Total of column 1 includes:		
5010	Salaries and wages	391,428,749
5020	Employee benefits	134,201,702
5099	Total Salaries, Wages and Employee benefits (Not including line 5050)	525,630,451
5050	Salaries, Wages and Employee benefits capitalized on Schedule 51	
5098	Total Salaries, Wages and Employee benefits (including capitalized wages)	525,630,451
Total of column 3 includes:		
5110	Amounts for tax write-offs reported in SLC 40 0250 03	2,760,086
Total of column 4 includes:		
5210	Municipal Property Assessment Corporation (MPAC)	5,061,564
Total of column 5 includes:		
5610	Short term interest costs	
Total of column 6 includes:		
5810	Grants to charitable and non-profit organizations	5,988,797
5820	Grants to universities and colleges	22,336
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 <input type="text"/>	
5896	Other <input type="text"/>	
5897	Other <input type="text"/>	2,142,954
5898	Other <input type="text"/>	4,868,129
Tourism		
5991	Specify <input type="text"/>	1,571,052
5992	Specify <input type="text"/>	
5993	Specify <input type="text"/>	
Total of column 11 includes:		
6009	Total COVID-19 Expenses as reported on SLC 40 9910 11	8,688,544
6010	Payments for long term commitments and liabilities financed from the consolidated statement of operations	

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

**Schedule 51
SCHEDULE OF TANGIBLE CAPITAL ASSETS**

for the year ended December 31, 2022

ANALYSIS BY FUNCTIONAL CLASSIFICATION

	COST					AMORTIZATION				2022 Closing Net Book Value	
	2022 Opening Net Book Value	2022 Opening Cost Balance	Additions and Betterments	Disposals	Write Downs	2022 Closing Cost Balance	2022 Opening Amortization Balance	Annual Amortization	Amortization Disposal		2022 Closing Amortization Balance
	1 \$	2 \$	3 \$	4 \$	5 \$	6 \$	7 \$	8 \$	9 \$		10 \$
0299 General government	89,381,156	167,694,182	7,266,927	6,899,570		168,061,539	73,222,860	10,058,379	6,733,642	76,547,597	91,513,942
Protection services											
0410 Fire	27,745,724	58,871,864	3,404,827	1,313,136		60,963,555	31,126,138	2,929,762	1,313,136	32,742,764	28,220,791
0420 Police	37,933,118	74,887,474	3,245,382	3,293,153		74,839,703	36,954,356	5,316,956	3,220,165	39,051,147	35,788,556
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	637,430	930,741	26,286	48,270		908,757	293,312	55,966	48,269	301,009	607,748
0445 Building permit and inspection services	64,221	95,781	60,592	1,170		155,203	31,562	13,171	1,170	43,563	111,640
0450 Emergency measures	693,371	1,129,348	13,276	23,683		1,118,941	435,977	95,781	23,683	508,075	610,866
0460 Provincial Offences Act (POA)	2,021,589	3,745,974	28,568			3,774,542	1,724,386	111,122		1,835,508	1,939,034
0498 Other	0	0				0	0			0	0
0499 Subtotal	69,095,453	139,661,182	6,778,931	4,679,412	0	141,760,701	70,565,731	8,522,758	4,606,423	74,482,066	67,278,635
Transportation services											
0611 Roads - Paved	686,608,999	1,297,936,690	68,847,098	17,347,090		1,349,436,698	409,205,501	43,917,323	14,434,258	438,688,566	910,748,132
0612 Roads - Unpaved	0	0				0	0			0	0
0613 Roads - Bridges and Culverts	104,895,022	152,752,874	2,185,095			154,937,969	47,857,851	3,630,711		51,488,562	103,449,407
0614 Roads - Traffic Operations & Roadside	88,697,227	138,510,002	13,167,512	1,804,103		149,873,411	49,810,568	5,180,853	1,804,103	53,187,318	96,686,093
0621 Winter Control - Except sidewalks, Parking Lots	0	0				0	0			0	0
0622 Winter Control - Sidewalks, Parking Lots Only	0	0				0	0			0	0
0631 Transit - Conventional	96,050,168	207,145,908	19,532,920	2,588,965		224,090,463	112,516,771	13,230,700	1,950,187	123,797,284	100,293,179
0632 Transit - Disabled & special needs	0	0				0	0			0	0
0640 Parking	3,146,562	4,590,015		291,787		4,298,228	1,443,455	597,860	291,787	1,749,528	2,548,700
0650 Street lighting	77,224,217	172,863,594	3,435,746	5,317,944		170,981,396	95,639,375	5,958,689	5,317,944	96,280,120	74,701,276
0660 Air transportation	0	0				0	0			0	0
0698 Other	0	0				0	0			0	0
0699 Subtotal	1,256,622,195	1,973,799,083	107,168,371	27,349,289	0	2,053,618,165	716,473,521	72,516,136	23,798,279	765,191,378	1,288,426,787
Environmental services											
0811 Wastewater collection/conveyance	436,330,115	669,674,560	56,575,360	4,901,737		721,348,183	233,344,443	14,499,706	4,521,835	243,322,314	478,025,869
0812 Wastewater treatment & disposal	208,557,310	397,951,254	2,383,152	588,030		399,746,376	189,393,944	14,113,200	588,030	202,919,114	196,827,262
0821 Urban storm sewer system	737,163,212	1,070,452,658	68,184,506	1,564,700		1,137,072,464	333,289,447	17,667,954	795,376	350,162,025	786,910,439
0822 Rural storm sewer system	0	0				0	0			0	0
0831 Water treatment	58,658,017	94,265,483	10,204,159	920,246		103,549,396	35,607,467	4,871,138	920,245	39,558,360	63,991,036
0832 Water distribution/transmission	606,929,525	945,056,561	32,782,640	11,973,624		965,865,577	338,127,035	20,537,907	11,657,690	347,007,252	618,858,325
0840 Solid waste collection	489,489	747,643	74,730	26,200		796,173	258,152	77,165	26,200	309,117	487,056
0850 Solid waste disposal	48,050,537	69,754,150	1,004	68,127		69,687,027	21,704,536	2,007,516	68,127	23,643,925	46,043,102
0860 Waste diversion	15,137,722	23,525,030	814,828	85,000		24,254,858	8,387,309	892,963	85,000	9,195,272	15,059,586
0898 Other	0	0				0	0			0	0
0899 Subtotal	2,111,315,927	3,271,427,339	171,020,379	20,127,664	0	3,422,320,054	1,160,112,333	74,667,549	18,662,503	1,216,117,379	2,206,202,675
Health services											
1010 Public health services	754,900	1,674,423	271,368			1,945,791	919,522	102,844		1,022,366	923,425
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	754,900	1,674,423	271,368	0	0	1,945,791	919,522	102,844	0	1,022,366	923,425
Social and family services											
1210 General assistance	6,432,045	9,128,183	21,971	96,283		9,053,851	2,696,120	428,686	96,283	3,028,503	6,025,348
1220 Assistance to aged persons	20,659,914	37,069,460	271,918	926,419		36,414,959	16,409,543	1,148,820	926,419	16,631,944	19,783,015
1230 Child care	20,702	36,738		4,550		32,188	16,036	3,443	4,550	14,929	17,259
1298 Other	0	0				0	0			0	0
1299 Subtotal	27,112,661	46,234,361	293,889	1,027,252	0	45,500,998	19,121,699	1,580,929	1,027,252	19,675,376	25,825,622
Social Housing											
1410 Public Housing	62,755,376	137,490,886	4,766,860	171,310		142,086,416	74,735,492	2,539,726	171,310	77,103,908	64,982,508
1420 Non-Profit/Cooperative Housing	0	0				0	0			0	0
1430 Rent Supplement Programs	0	0				0	0			0	0
1497 Other	3,168,864	3,388,738				3,388,738	219,872	295,265	1,505	513,632	2,875,106
1498 Other	0	0	19,419,918	1,505		19,418,413	0			0	19,418,413
1499 Subtotal	65,924,240	140,879,604	24,186,778	172,815	0	164,893,567	74,955,364	2,834,991	172,815	77,617,540	87,276,027

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 51
SCHEDULE OF TANGIBLE CAPITAL ASSETS
for the year ended December 31, 2022

ANALYSIS BY FUNCTIONAL CLASSIFICATION

	2022 Opening Net Book Value	COST				2022 Closing Cost Balance	AMORTIZATION				2022 Closing Net Book Value
		2022 Opening Cost Balance	Additions and Betterments	Disposals	Write Downs		2022 Opening Amortization Balance	Annual Amortization	Amortization Disposal	2022 Closing Amortization Balance	
	1	2	3	4	5	6	7	8	9	10	11
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Recreation and cultural services											
1610 Parks	230,126,528	280,838,766	13,831,408	6,847,153		287,823,021	49,823,001	5,516,804	6,124,112	49,215,693	238,607,328
1620 Recreation programs	165,578	327,198	40,164	34,177		333,185	161,620	34,546	34,177	161,989	171,196
1631 Rec. Fac. - Golf Crs, Marina, Ski Hill	1,154,297	4,513,591	37,857	419,922		4,131,526	3,359,290	172,106	419,922	3,111,474	1,020,052
1634 Rec. Fac. - All Other	113,012,705	199,870,729	2,364,770	4,914,881		197,320,618	86,857,103	7,608,356	4,914,881	89,550,578	107,770,040
1640 Libraries	22,292,250	60,862,274	1,737,553	2,183,821		60,416,006	38,570,025	2,434,513	2,183,820	38,820,718	21,595,288
1645 Museums	857,015	1,360,839	7,203			1,368,042	423,775	89,112		512,887	855,155
1650 Cultural services	12,184,988	26,506,651	169,108	567,365		26,108,394	14,401,711	1,513,698		567,365	15,348,044
1698 Other	505	10,176		10,176		0	9,671	505		10,176	0
1699 Subtotal	379,793,866	574,290,224	18,188,063	14,977,495	0	577,500,792	193,606,196	17,369,640	14,254,453	196,721,383	380,779,409
Planning and development											
1810 Planning and zoning	711,198	1,027,156		3,143		1,024,013	315,957	103,939	3,143	416,753	607,260
1820 Commercial and Industrial	38,609,377	69,413,194	802,359	35,918		70,179,635	36,394,718	2,026,174	35,917	38,384,975	31,794,660
1830 Residential development	1,091,866	0				0				0	0
1840 Agriculture and reforestation	827,621	1,919,406				1,919,406	1,091,787	97,729		1,189,516	729,890
1850 Tile drainage/shoreline assistance	0	0				0	0			0	0
1898 Other	0	0				0	0			0	0
1899 Subtotal	41,240,062	72,359,756	802,359	39,061	0	73,123,054	37,802,462	2,227,842	39,060	39,991,244	33,131,810
1910 Other	0	0				0	0			0	0
9910 Total Tangible Capital Assets	4,041,240,460	6,388,020,154	335,977,065	75,272,558	0	6,648,724,661	2,346,779,688	189,881,068	69,294,427	2,467,366,329	4,181,358,332

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FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 51

SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2022

SEGMENTED BY ASSET CLASS

		2022 Opening Net Book Value (NBV) 1 \$	2022 Closing Net Book Value (NBV) 11 \$
General Capital Assets			
2005	Land	498,203,385	513,975,330
2010	Land Improvements	80,873,371	80,684,320
2020	Buildings	354,030,939	363,532,261
2030	Machinery & Equipment	92,903,857	96,177,605
2040	Vehicles	7,510,387	6,830,596
2097	Other <input type="text"/>	0	
2098	Other <input type="text"/>	11,482,960	12,353,699
2099	Total General Capital Assets	1,045,004,899	1,073,553,811
Infrastructure Assets			
2205	Land	0	
2210	Land Improvements	0	
2220	Buildings	218,909,404	207,423,735
2230	Machinery & Equipment	73,182,971	69,575,738
2240	Vehicles	56,207,843	61,758,057
2250	Linear Assets	2,647,935,343	2,769,046,991
2297	Other <input type="text"/>	0	
2298	Other <input type="text"/>	0	
2299	Total Infrastructure Assets	2,996,235,561	3,107,804,521
9920	Total Tangible Capital Assets	4,041,240,460	4,181,358,332
2405	Construction-in-progress	142,240,859	197,113,755
9921	Total Tangible Capital Assets and Construction-in-progress	4,183,481,319	4,378,472,087

2022.01

FIR2022: London C

Schedule 51

Asmt Code: 3936

SCHEDULE OF TANGIBLE CAPITAL ASSET: CONSTRUCTION-IN-PROGRESS

MAH Code: 59101

for the year ended December 31, 2022

ANALYSIS BY FUNCTIONAL CLASSIFICATION

		COST			
		2022 Opening Balance	Expenditures in 2022	Less Assets Capitalized	2022 Closing Balance
		1	2	3	4
		\$	\$	\$	\$
0299	General government	11,327,000	6,910,035	8,833,195	9,403,840
	Protection services				
0410	Fire	1,116,678	107,632	996,398	227,912
0420	Police	1,628,024	2,723,063	733,761	3,617,326
0421	Court Security	0			0
0422	Prisoner Transportation	0			0
0430	Conservation authority	0			0
0440	Protective inspection and control	0			0
0445	Building permit and inspection services	0			0
0450	Emergency measures	0			0
0460	Provincial Offences Act (POA)	0		0	0
0498	Other []	0		0	0
0499	Subtotal	2,744,702	2,830,695	1,730,159	3,845,238
	Transportation services				
0611	Roads - Paved	33,156,845	61,603,482	20,082,663	74,677,664
0612	Roads - Unpaved	0			0
0613	Roads - Bridges and Culverts	1,722,401	5,695,374	27,777	7,389,998
0614	Roadways - Traffic Operations & Roadside	3,529,845	1,629,672	765,305	4,394,212
0621	Winter Control - Except sidewalks, Parking Lots	0			0
0622	Winter Control - Sidewalks, Parking Lots Only	0			0
0631	Transit - Conventional	0	102,948		102,948
0632	Transit - Disabled & special needs	0			0
0640	Parking	38,967	0	38,967	0
0650	Street lighting	483,341	709,179	417,822	774,698
0660	Air transportation	0			0
0698	Other []	0			0
0699	Subtotal	38,931,399	69,740,655	21,332,534	87,339,520
	Environmental services				
0811	Wastewater collection/conveyance	11,627,110	23,392,943	7,995,262	27,024,791
0812	Wastewater treatment & disposal	1,601,257	5,191,737	580,712	6,212,282
0821	Urban storm sewer system	28,619,766	15,851,782	25,850,444	18,621,104
0822	Rural storm sewer system	0			0
0831	Water treatment	1,499,553	650,676	416,812	1,733,417
0832	Water distribution/transmission	21,447,914	19,639,234	19,486,358	21,600,790
0840	Solid waste collection	0			0
0850	Solid waste disposal	389,676	373,434	236,264	526,846
0860	Waste diversion	15,264	0	15,264	0
0898	Other []	0			0
0899	Subtotal	65,200,540	65,099,806	54,581,116	75,719,230
	Health services				
1010	Public health services	0			0
1020	Hospitals	0			0
1030	Ambulance services	0			0
1035	Ambulance dispatch	0			0
1040	Cemeteries	0			0
1098	Other []	0			0
1099	Subtotal	0	0	0	0
	Social and family services				
1210	General assistance	0			0
1220	Assistance to aged persons	296,043	1,427,661		1,723,704
1230	Child care	0			0
1298	Other []	0			0
1299	Subtotal	296,043	1,427,661	0	1,723,704
	Social Housing				
1410	Public Housing	0			0
1420	Non-Profit/Cooperative Housing	0			0
1430	Rent Supplement Programs	0			0
1497	Other []	18,146,062	12,501,025	18,540,946	12,106,141
1498	Other []	0			0
1499	Subtotal	18,146,062	12,501,025	18,540,946	12,106,141
	Recreation and cultural services				
1610	Parks	3,242,618	2,255,843	1,032,696	4,465,765
1620	Recreation programs	0	11,675		11,675
1631	Rec. Fac. - Golf Crs, Marina, Ski Hill	0			0
1634	Rec. Fac. - All Other	1,317,904	805,265	483,080	1,640,089
1640	Libraries	0			0
1645	Museums	0			0
1650	Cultural services	159,460	15,600	0	175,060
1698	Other []	0	1,667		1,667
1699	Subtotal	4,719,982	3,090,050	1,515,776	6,294,256
	Planning and development				
1810	Planning and zoning	0			0
1820	Commercial and Industrial	576,888	616,313	522,875	670,326
1830	Residential development	298,243		286,743	11,500
1840	Agriculture and reforestation	0			0
1850	Tile drainage/shoreline assistance	0			0
1898	Other []	0			0
1899	Subtotal	875,131	616,313	809,618	681,826
1910	Other []	0			0
9910	Total Construction-In-Progress	142,240,859	162,216,240	107,343,344	197,113,755

FIR2022: London C **Schedule 53**
Asmt Code: 3936 **CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**
MAH Code: 59101 **(NET DEBT) AND TANGIBLE CAPITAL ASSET ACQUISITION FINANCING/DONATIONS**
for the year ended December 31, 2022

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)

		1 \$
1010	Annual Surplus/(Deficit) (SLC 10 2099 01)	367,900,132
1020	Acquisition of tangible capital assets	-288,332,589
1030	Amortization of tangible capital assets (SLC 51 9910 08)	189,881,068
1031	Contributed (Donated) tangible capital assets	-102,716,360
1032	Change in construction-in-progress	
1040	(Gain)/Loss on sale of tangible capital assets	-31,400
1050	Proceeds on sale of tangible capital assets	6,208,529
1060	Write-downs of tangible capital assets	0
1070	Other <input style="width: 200px; height: 15px;" type="text"/>	
1071	Other <input style="width: 200px; height: 15px;" type="text"/>	
1099	Subtotal	-194,990,752
1210	Change in supplies inventories	-1,056,417
1220	Change in prepaid expenses	-2,876,192
1230	Other <input style="width: 200px; height: 15px;" type="text"/> Prior Year	-53,194
1299	Subtotal	-3,985,803
1410	(Increase)/decrease in net financial assets/net debt	168,923,577
1420	Net financial assets (net debt), beginning of year	865,383,456
1422	Prior period adjustment	
1423	Restated Net Financial Assets (Net Debt), beginning of year	865,383,456
1421	Other comprehensive income (loss)	
9910	Net financial assets (net debt), end of year	1,034,307,033

SOURCES OF FINANCING FOR TCA ACQUISITIONS / DONATIONS

		1 \$
Long Term Liabilities Incurred		
0205	Canada Mortgage and Housing Corporation (CMHC)	0
0210	Ontario Financing Authority	0
0215	Commercial Area Improvement Program	0
0220	Other Ontario housing programs	0
0235	Serial debentures	0
0240	Sinking fund debentures	0
0245	Long term bank loans	0
0250	Long term reserve fund loans	0
0255	Lease purchase agreements (Tangible capital leases)	0
0260	Construction Financing Debentures	0
0265	Infrastructure Ontario	0
0297	Other <input style="width: 200px; height: 15px;" type="text"/>	0
0298	Other <input style="width: 200px; height: 15px;" type="text"/>	0
0299	Subtotal	0
Financing from Dedicated Revenue		
0405	Municipal Property Tax by Levy	1,361,837
0406	Reserves and Reserve funds (SLC 60 1012 02 + SLC 60 1012 03)	94,072,073
0410	Municipal User Fees & Service Charges	0
0415	Development Charges (SLC 61 0299 08)	37,601,318
0416	Recreation land (The Planning Act) (SLC 60 1032 01)	569,505
0417	Community Benefit Charges (SLC 60 1036 01)	0
0419	Donations	
0420	Other <input style="width: 200px; height: 15px;" type="text"/>	
0446	Proceeds from the sale of Tangible Capital Assets, etc	
0447	Investment income	
0448	Prepaid special charges	
0495	Other <input style="width: 200px; height: 15px;" type="text"/>	
0496	Other <input style="width: 200px; height: 15px;" type="text"/>	
0497	Other <input style="width: 200px; height: 15px;" type="text"/>	
0498	Other <input style="width: 200px; height: 15px;" type="text"/>	
0501	Subtotal	133,604,733
Government Transfers		
0425	Capital Grants: Federal (SLC 12 9910 06 - (SLC 10 4099 01 - SLC 60 1047 01)	2,096,922
0430	Capital Grants: Provincial (SLC 12 9910 05 - (SLC 10 4019 01 - SLC 60 1045 01)	13,952,279
0435	Capital Grants: Other Municipalities (SLC 12 9910 07)	0
0440	Canada Community -Building Fund - AMO (SLC 10 4099 01)	51,288,913
0445	Provincial Gas Tax (SLC 10 4019 01)	4,173,177
0502	Subtotal	71,511,291
0499	Subtotal	205,116,024
0610	Contributed (Donated) tangible capital assets	102,716,360
9920	Total Capital Financing	307,832,384
0810	Unexpended Capital Financing or (Unfinanced Capital Outlay)	-83,216,565

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

CONSOLIDATED STATEMENT OF CASH FLOW - INDIRECT METHOD

for the year ended December 31, 2022

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

		2022 Actual 1 \$
Operating Transactions		
2010	Annual Surplus/(Deficit) (SLC 10 2099 01)	367,900,132
2020	Non-cash items including amortization	171,565,587
2021	Contributed (Donated) tangible capital assets	-102,716,360
2022	Change in non-cash assets and liabilities	-21,054,143
2030	Prepaid expenses	-2,876,192
2040	Change in deferred revenue	20,385,636
2096	Other <input type="text"/>	
2097	Other <input type="text"/>	
2098	Other <input type="text"/>	
2099	Cash provided by operating transactions	433,204,660
Capital Transactions		
0610	Proceeds on sale of tangible capital assets	6,208,529
0620	Cash used to acquire tangible capital assets	-126,116,357
0630	Change in construction-in-progress	-162,216,241
0698	Other <input type="text"/>	
0699	Cash applied to capital transactions	-282,124,069
Investing Transactions		
0810	Proceeds from portfolio investments	
0820	Portfolio investments	-347,210,429
0898	Other <input type="text"/>	7,422,378
0899	Cash provided by / (applied to) investing transactions	-339,788,051
Financing Transactions		
1010	Proceeds from long term debt issues	21,712,664
1020	Principal long term debt repayment	-49,532,968
1030	Temporary loans	102,944
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	-27,717,360
1210	Increase in cash and cash equivalents	-216,424,820
1220	Cash and cash equivalents, beginning of year	643,460,707
9920	Cash and cash equivalents, end of year	427,035,887

		2022 Actual 1 \$
Cash and cash equivalents represented by:		
1401	Cash	424,934,445
1402	Temporary borrowings	
1403	Short term investments	2,101,442
1404	Other <input type="text"/>	
9940	Cash and cash equivalents, end of year	427,035,887
Cash:		
1501	Unrestricted	427,035,887
1502	Restricted	
1503	Unallocated	
9950	Cash and cash equivalents, end of year	427,035,887

2022.01

FIR2022: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 60 CONTINUITY OF RESERVES AND RESERVE FUNDS for the year ended December 31, 2022

	Obligatory Res. Funds, Deferred Rev. 1 \$	Discretionary Res. Funds 2 \$	Reserves 3 \$
0299 Balance, beginning of year	483,373,134	985,532,273	167,230,350
0312 Contribution from Operations:		225,585,646	31,920,608
Development Charges Act			
0615 Net Development Charges Collected (SLC 61 0299 06 - SLC 61 0299 03)	76,913,347		
0616 Net Development Charge Receivable (SLC 61 0299 20 - SLC 61 0299 18)	10,524,603		
0699 Subtotal Development Charges Act	87,437,950		
0810 Lot levies			
0820 Subdivider contributions			
0830 Recreational land (the Planning Act)	1,329,930		
0834 Community Benefit Charges			
0841 Investment Income	8,012,137	17,415,369	
0842 Interest earned on Development Charges Receivable (SLC 61 0299 18)	1,860,315		
0860 Gasoline Tax - Province	11,147,133		
0861 Building Code Act, 1992			
0862 Canada Community - Building Fund (Federal Gas Tax)	17,865,070		
0864 Building Canada Fund (BCF)			
0870 Inter - Reserve Fund / Reserves Transfer			
0895 Other	-6,783,573		
0896 Other			
0897 Other			
0898 Other			
9940 TOTAL Revenues & Surplus	120,868,962	243,001,015	31,920,608
Less: Utilization of reserve funds and reserves (transfers)			
1012 For acquisition of tangible capital asset	225,289	94,117,942	-45,869
1015 For current operations	6,333,747	45,406,760	29,505,798
1025 Development Charges earned to tangible capital asset acquisition (SLC 61 0299 08)	37,601,318		
1026 Development Charges earned to operations (SLC 61 0299 07)	0		
1027 Monies Borrowed from Development Charges Reserve Fund (SLC 61 0299 23)	0		
1032 Recreational land (the Planning Act) earned to tangible capital asset acquisition	569,505		
1035 Recreational land (the Planning Act) earned to operations			
1036 Community Benefit Charges			
1042 Deferred revenue earned (Provincial Gas Tax) for Transit (Operations)	8,237,300		
1045 Deferred revenue earned (Provincial Gas Tax) for Transit (Capital)	4,173,177		
1047 Deferred revenue earned (Canada Community - Building Fund) (Federal Gas Tax)	28,544,137		
1048 Deferred revenue earned (Canada Community - Building Fund for Capacity Building)			
1070 Inter - Reserve Fund / Reserves Transfer			
0910 Less: Utilization (deferred revenue recognized)	85,684,473	139,524,702	29,459,929
2099 Balance, end of year	518,557,623	1,089,008,586	169,691,029

2022.01

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 60

CONTINUITY OF RESERVES AND RESERVE FUNDS

for the year ended December 31, 2022

Totals in line 2099 are analysed as follows:

	Obligatory Res. Funds, Deferred Rev. 1 \$	Discretionary Res. Funds 2 \$	Reserves 3 \$
5010 Working funds			
5020 Contingencies		162,302,851	156,230,291
Asset Replacement funds for: Sewer & Water			
5030 Sewer			
5040 Water			
5050 Replacement of equipment		37,921,939	
5060 Sick leave		734,573	
5070 Insurance		19,161,212	
5080 Workplace Safety and Insurance Board (WSIB)		18,829,913	
5090 Post-employment benefits		3,971,324	
5091 Tax rate stabilization			
5630 Lot levies			
5660 Parking revenues		5,192,610	
5670 Debenture repayment			
5680 Exchange rate stabilization			

Per Service Purpose:

5205 General government		101,655,454	
5210 Protection services		14,947,860	
Transportation services:			
5215 Roadways		4,290,004	
5216 Winter Control			
5220 Transit		23,479,105	10,181,802
5221 Parking			
5222 Street lighting			
5223 Air transportation			
Environmental services:			
5225 Wastewater system		156,630,358	
5230 Storm water system		5,464,761	
5235 Waterworks system		140,849,439	
5240 Solid waste collection			
5245 Solid waste disposal		33,069,927	
5246 Waste diversion		978,180	
Health services:			
5250 Health services			
5255 Social and family services		13,705,017	
5260 Social housing		77,030,004	
Recreation and cultural services:			
5265 Parks		4,977,580	
5266 Recreation programs			
5271 Recreation facilities - Golf Course, Marina, Ski Hill		3,229,236	
5274 Recreation facilities - All Other		4,120,443	
5275 Libraries		3,445,026	3,278,936
5276 Museums			
5277 Cultural services		9,717,935	
5280 Planning and development		201,999,905	
5290 Other <input type="text" value="Other"/>		41,303,930	

Obligatory Deferred Revenue:

5635 Development Charges (SLC 61 0299 14)	399,468,528		
5636 Development Charge Installments Receivable (Uncollected) (SLC 61 0299 13)	12,384,918		
5640 Subdivider contributions			
5650 Recreational land (the Planning Act)	4,634,396		
5655 Community Benefit Charges			
5661 Building Code Act, 1992			
5690 Gasoline Tax - Province	12,954,472		
5691 Canada Community-Building Fund (Federal GasTax)	89,053,207		
5693 Building Canada Fund (BCF)			
5695 Other <input type="text" value="Other"/>			
5696 Other <input type="text" value="Other"/>			
5697 Other <input type="text" value="Other"/>			
5698 Other <input type="text" value="Other"/>			
5699 Other <input type="text" value="Other"/>	62,102		
9930 TOTAL	518,557,623	1,089,008,586	169,691,029

FIR2022: London C **Schedule 60**
Asmt Code: 3936 **CONTINUITY OF RESERVES AND RESERVE FUNDS**
MAH Code: 59101 **for the year ended December 31, 2022**

B: Parkland Special Account
 Parkland provided in the year

Special Account
 5801 Commercial / Industrial
 5802 Residential (standard rate)
 5803 Residential (alternative rate)
 5804 Other

Amount of Land	Value of Land
1	2
#	\$

C: Community Benefit Charges
 In Kind Contributions for the year

Special Account
 5901 In Kind Contributions (reported in year building permit issued)

Value of In Kind Contributions
1
\$

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 61

DEVELOPMENT CHARGES RESERVE FUNDS

for the year ended December 31, 2022

	Inflows / Revenue										Outflows / Expenditures					Total Ending Development Charges Balance at December 31	Development Charge Installments Receivable and Interest Collectible	Development Charges Net of Development Charge Installments Receivable	Commitments for Capital Projects Approved as of December 31	Balance Net of Development Charge Installments Receivable and Capital Commitments
	Development Charges Receivable					Development Charges Cash Collected					Outflows / Expenditures									
	Total Opening Development Charges Balance, January 1	New Development Charge Installments Receivable	New Development Charge Interest Receivable	Less: Prior Year Development Charges Installment Receivables and Interest Collected during the year	Net Development Charges Receivable	Development Charges Cash Collected	Interest and Investment Income Earned	Repayment of Monies Borrowed from DC Reserve Fund and Associated Interest	Net Development Charges Cash Collected	Total Development Charges Inflows: Receivables and Cash Collected	To: Consolidated Statement of Operations	To: Tangible Capital Asset Acquisition	Other Disbursements	Monies Borrowed from Development Charges Reserve Fund	Total Development Charges Outflows					
1	17	18	19	20	2	3	21	6	22	7	8	9	23	11	12	13	14	15	16	
Development Charges	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
0205 General Government	3,435,698				0	2,886	57,024		59,910	59,910				666,317	2,829,291	0	2,829,291		2,829,291	
0206 Emergency Preparedness	0				0				0	0				0	0	0	0		0	
0207 Electrical Power Services	0				0				0	0				0	0	0	0		0	
0210 Fire Protection	1,818,160				0	157,069	35,033		192,102	192,102		-3,399		-3,399	2,013,661	0	2,013,661		2,013,661	
0215 Police Protection	6,479,086				0	1,128,625	37,596		1,166,221	1,166,221		26,196	90,171	116,367	7,528,940	0	7,528,940		7,528,940	
0216 Provinces Offences Act Services	0				0				0	0				0	0	0	0		0	
0220 Roads and Structures	141,738,681				0	38,498,589	2,668,319		41,166,908	41,166,908		31,467,618	271,981	31,739,599	151,165,990	0	151,165,990		151,165,990	
0225 Transit	8,062,082				0	360,756	148,522		509,278	509,278		363,153	938,885	1,302,038	7,269,322	0	7,269,322		7,269,322	
0226 Toronto-York Subway Extension	0				0				0	0				0	0	0	0		0	
0230 Wastewater	44,871,709				0	8,574,984	321,765		8,896,749	8,896,749		689,682	527,298	1,216,980	52,551,478	0	52,551,478		52,551,478	
0235 Stormwater	76,983,818				0	15,895,784	1,178,125		17,073,909	17,073,909		2,514,058		2,514,058	91,543,669	0	91,543,669		91,543,669	
0240 Water	33,470,343				0	4,144,198	658,952		4,803,150	4,803,150		466,313		466,313	37,807,180	0	37,807,180		37,807,180	
0245 Emergency Medical Services	0				0				0	0				0	0	0	0		0	
0246 Public Health Services	0				0				0	0				0	0	0	0		0	
0250 Homes for the Aged	0				0				0	0				0	0	0	0		0	
0255 Daycare	0				0				0	0				0	0	0	0		0	
0260 Housing	0				0				0	0				0	0	0	0		0	
0265 Parkland Development	0				0				0	0		62,102		62,102	-62,102	0	-62,102		-62,102	
0270 GO Transit	0				0				0	0				0	0	0	0		0	
0275 Library	4,532,668				0	40,407	82,135		122,542	122,542		-929		-929	4,656,139	0	4,656,139		4,656,139	
0280 Recreation	35,029,652				0	8,110,049	611,259		8,721,308	8,721,308		1,350,207	229,970	1,580,177	42,170,783	0	42,170,783		42,170,783	
0285 Development Studies	-5,826				0				0	0				0	-5,826	0	-5,826		-5,826	
0286 Parking	0				0				0	0				0	0	0	0		0	
0287 Animal Control	0				0				0	0				0	0	0	0		0	
0288 Municipal Cemeteries	0				0				0	0				0	0	0	0		0	
0289 Waste Diversion Services	0				0				0	0				0	0	0	0		0	
0290 Other	3	20,122,141	1,745,625	9,482,848	12,384,918				12,384,918					0	12,384,921	12,384,918	3		3	
0295 Other	0	2,201,673	114,690	2,316,363	0				0					0	0	0	0		0	
0296 Other	0				0				0					0	0	0	0		0	
0297 Other	0				0				0					0	0	0	0		0	
0299 TOTAL	356,416,074	22,323,814	1,860,315	11,799,211	12,384,918	76,913,347	5,798,730	0	82,712,077	95,096,995	0	37,601,318	2,058,305	0	39,659,623	411,853,446	12,384,918	399,468,528	0	399,468,528

FIR2022: London C **Schedule 70**
Asmt Code: 3936 **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
MAH Code: 59101 **for the year ended December 31, 2022**

Financial Assets		1
		\$
0299	Cash and cash equivalents	427,035,887
Accounts receivable		
0410	Canada	41,756,618
0420	Ontario	28,525,190
0430	Upper-tier	
0440	Other municipalities	1,635,554
0450	School boards	1,650,706
0490	Other receivables	51,345,297
0499	Subtotal	124,913,325
Taxes receivable		
0610	Current year's levies	17,307,201
0620	Previous year's levies	4,668,826
0630	Prior year's levies	994,899
0640	Penalties and interest	2,027,175
0690	LESS: Allowance for uncollectables	15,629,386
0699	Subtotal	9,368,715
Investments *		
0805	Canada	173,515,110
0810	Ontario	140,066,265
0815	Municipal	1,859,688
0820	Government business enterprises	238,707,951
0828	Other <input type="text"/>	1,106,174,646
0829	Subtotal	1,660,323,660
Debt Recoverable from Others		
0861	Municipalities (SLC 74 0630 01)	3,120,544
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	3,120,544
Other financial assets		
0830	Inventories held for resale	116,258
0831	Land held for resale	37,120,994
0835	Notes receivable	
0840	Mortgages receivable	10,145,308
0850	Deferred taxes receivable	7,669
0852	Development Charge Installments Receivable (SLC 60 5636 01)	12,384,918
0890	Other <input type="text"/>	9,272,951
0891	Other <input type="text"/>	
0898	Subtotal	69,048,098
9930	TOTAL Financial Assets	2,293,810,229
8010	* Market value of Investments included in Line 0829	1,282,160,576

FIR2022: London C **Schedule 70**
Asmt Code: 3936 **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
MAH Code: 59101 **for the year ended December 31, 2022**

Liabilities		1
Temporary loans		\$
2010	Operating purposes	
Tangible Capital Assets:		
2020	Canada	
2030	Ontario	
2040	Other	506,916
2099	Subtotal	506,916
Accounts Payable		
2210	Canada	3,945,653
2220	Ontario	10,100,869
2230	Upper-tier	
2240	Other municipalities	8,951,349
2250	School boards	-1,401
2260	Interest on debt	1,254,305
2270	Trade accounts payable	127,949,658
2290	Other	50,045,214
2299	Subtotal	202,245,647
2301	Estimated Tax Liabilities (PS3510)	
Deferred revenue		
2410	Obligatory reserve funds (SLC 60 2099 01)	518,557,623
2490	Other	45,413,664
2499	Subtotal	563,971,287
Long term liabilities		
2610	Debt issued	221,499,916
2620	Debt payable to others	1,800,000
2630	Lease purchase agreements (Tangible capital leases)	
2640	Other	
2650	Other	
2660	LESS: Debt issued on behalf of Government Business Enterprise	
2699	Subtotal	223,299,916
Solid Waste Management Facility Liabilities		
2799	Solid waste landfill closure and post-closure	54,166,000
Post employment benefits		
2810	Accumulated sick leave	925,504
2820	Accrued vacation pay	24,856,490
2830	Accrued pensions payable	
2840	Accrued Workplace Safety and Insurance Board claims (WSIB)	70,026,000
2898	Other	110,663,014
2899	Subtotal post employment benefits	206,471,008
Liability for contaminated sites		
2910	Remediation costs of contaminated sites	8,842,422
9940	TOTAL Liabilities	1,259,503,196
9945	Net Financial Assets / Net Debt (Total Financial Assets LESS Total Liabilities)	1,034,307,033
Non-Financial Assets		1
		\$
6210	Tangible Capital Assets (SLC 51 9921 11)	4,378,472,087
6250	Inventories of Supplies	7,142,603
6260	Prepaid Expenses	24,852,212
6261	Intangible Assets	
6262	Other	
6299	Total Non-Financial Assets	4,410,466,902
9970	Total Accumulated Surplus/(Deficit)	5,444,773,935
Analysis of the Accumulated Surplus/(Deficit)		1
		\$
6410	Equity in Tangible Capital Assets	4,415,593,074
6411	Investment in Intangible Assets	
6412	Other	
6420	Reserves and Reserve Funds (SLC 60 2099 02 + SLC 60 2099 03)	1,258,699,615
6430	General Surplus/ (Deficit)	
6431	Unexpended capital financing	118,263,617
Local boards		
5030	Transit operations	
5035	Water operations	1,281,608
5040	Wastewater operations	
5041	Solid waste operations	
5045	Libraries	
5050	Cemeteries	
5055	Recreation, community centres and arenas	
5060	Business Improvement Area	466,422
5076	Other	-321,558
5077	Other	2,360,718
5078	Other	
5079	Other	-594,936
5098	Total Local Boards	3,192,254
5080	Equity in Government Business Enterprises (SLC 10 6090 01)	238,707,950
6601	Unfunded Employee Benefits	-207,822,024
6602	Unfunded Landfill closure costs	-54,166,000
6603	Unfunded Remediation costs of contaminated sites	-8,842,422
6610	Other	-217,381,459
6620	Other	
6630	Other	-101,470,670
6640	Other	
6699	Total Other	-589,682,575
9971	Total Accumulated Surplus/(Deficit)	5,444,773,935

2022.01001

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Single/Lower-Tier ONLY Schedule 72 CONTINUITY OF TAXES RECEIVABLE for the year ended December 31, 2022

Continuity of Taxes Receivable		9
		\$
0210	Taxes receivable, beginning of year	12,764,651
0215	PLUS: Amounts added to tax bills for collection purposes only	2,103,918
0220	PLUS: Tax amounts levied in the year (SLC 26 9199 03)	847,826,198
0225	PLUS: Current Year Penalties and Interest	5,240,130
0240	LESS: Total cash collections (SLC 72 0699 09)	852,222,661
0250	LESS: Tax adjustments before allowances (SLC 72 2899 09)	6,932,035
0260	LESS: Tax adjustments not applied to taxation (SLC 72 4999 09)	-588,514
0280	PLUS: <input type="text"/>	
0290	Taxes receivable, end of year	9,368,715
Cash Collections		9
		\$
0610	Current year's tax	816,897,221
0620	Previous year's tax	28,460,104
0630	Penalties and interest	4,749,079
0640	Amounts added to tax bills for collection purposes only	2,116,257
0690	Other <input type="text"/>	
0699	TOTAL Cash Collections	852,222,661

2022.01001

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

**Single/Lower-Tier ONLY Schedule 72
CONTINUITY OF TAXES RECEIVABLE**

for the year ended December 31, 2022

Tax Adjustments Applied to Taxation		SCHOOL BOARDS					TOTAL Education 6 \$	Lower-Tier (Single-Tier) 7 \$	Upper-Tier 8 \$	TOTAL Tax Adjustment 9 \$
		English - Public 1 \$	French - Public 2 \$	English - Separate 3 \$	French - Separate 4 \$	Other 5 \$				
1000	Taxes collected on behalf of "other" bodies (Mun. Act 353)					0			0	
1010	Write-off of taxes (Mun. Act 354)	2,951,969	32,045	753,895	60,532	3,798,441			3,798,441	
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)					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	2,951,969	32,045	753,895	60,532	3,798,441	0	0	3,798,441	
1299	Discounts for Advance Payments (Mun. Act 345(10))								0	
1499	Tax Credit (Mun. Act 474.3)						-5,067,347		-5,067,347	
1699	Tax Cancellation - Low income seniors and Disabled persons (M					0			0	
1810	Rebates to Commercial properties (Mun. Act 362)					0			0	
1820	Rebates to Industrial properties (Mun. Act 362)					0			0	
1899	Subtotal	0	0	0	0	0	0	0	0	
2099	Rebates for Charities (Mun. Act 361)	196,376				196,376	638,695		835,071	
2299	Vacant Unit Rebates (Mun. Act 364)	-24,466				-24,466	-54,679		-79,145	
2301	Contaminated Property (Mun. Act 365.1)					0			0	
2399	Reduction for Heritage Property (Mun. Act 365.2)					0			0	
2400	Change in Assessment (Mun. Act 365.3)					0			0	
2890	Other LEGIONS					0	15,625		15,625	
2891	Other MUNICIPAL HOUSING					0	405,766		405,766	
2892	Other Less: Prior Yr. Tax Adj Allowance					0	7,023,624		7,023,624	
2893	Other					0			0	
2899	Tax adjustments before allowances	3,123,879	32,045	753,895	60,532	3,970,351	2,961,684	0	6,932,035	

Tax Adjustments Not Applied to Taxation		SCHOOL BOARDS					TOTAL Education 6 \$	Lower-Tier (Single-Tier) 7 \$	Upper-Tier 8 \$	TOTAL Tax Adjustment 9 \$
		English - Public 1 \$	French - Public 2 \$	English - Separate 3 \$	French - Separate 4 \$	Other 5 \$				
4010	Tax sale, Tax registration accounts						-587,436		-587,436	
4210	Tax Deferral - Low income seniors and Disabled persons (Mun.	10	0	0	0	10	-1,088		-1,078	
4420	Net Impact of 5% Capping Limit Program					0			0	
4890	Other					0			0	
4891	Other					0			0	
4999	Tax Adjustments Not Applied to Taxation	10	0	0	0	10	-588,524	0	-588,514	

Additional Information		SCHOOL BOARDS					TOTAL Education 6 \$	Lower-Tier (Single-Tier) 7 \$	Upper-Tier 8 \$	TOTAL Tax Adjustment 9 \$
		English - Public 1 \$	French - Public 2 \$	English - Separate 3 \$	French - Separate 4 \$	Other 5 \$				
6010	Recovery of Tax Deferrals	-65	-208	0	0	0	-273		-273	
7010	Entitlement of School Boards	98,213,857	713,545	20,969,936	1,154,368	0	121,051,707			

2022.01001

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 74 LONG TERM LIABILITIES AND COMMITMENTS

for the year ended December 31, 2022

1. Debt burden of the municipality

All outstanding debt issued by the municipality, predecessor municipalities and consolidated entities		1
		\$
0210	To Ontario and agencies	15,387,629
0220	To Canada and agencies	2,965,463
0230	To Others	204,946,824
0297	Other	
0298	Other	
0299	Subtotal	223,299,916
0499	PLUS: All debt assumed by the municipality from others	
LESS: All debt assumed by others		
0610	Ontario	
0620	School boards	
0630	Other Municipalities	3,120,544
0640	Government Business Enterprises	
0697	Other	-12
0698	Other	
0699	Subtotal	3,120,532
LESS: Debt retirement funds		
0810	Sewer	
0820	Water	
0896	Other	
0897	Other	
0898	Other	
0899	Subtotal	0
LESS: Own sinking funds (Actual balances)		
1010	General municipal	
1020	Enterprises and others	
1096	Other	
1097	Other	
1098	Other	
1099	Subtotal	0
9910	TOTAL Net Long Term Liabilities of the Municipality	220,179,384

2. Debt burden of the municipality: Analysed by debt instrument

1210	Sinking fund debentures	
1220	Installment (serial) debentures	218,379,384
1230	Long term bank loans	
1240	Lease purchase agreements (Tangible capital leases)	0
1250	Mortgages	
1280	Construction Financing Debentures	
1297	Other	1,800,000
1298	Other	
9920	TOTAL Net Long Term Liabilities of the Municipality	220,179,384

3. Debt burden of the municipality: Analysed by function

1405	General government	0
1410	Protection services	2,997,271
Transportation services:		
1415	Roadways	55,977,347
1416	Winter Control	
1420	Transit	15,882,326
1421	Parking	
1422	Street Lighting	89,111
1423	Air Transportation	
Environmental services:		
1425	Wastewater system	55,271,966
1430	Storm water system	25,619,597
1435	Waterworks system	5,415,772
1440	Solid Waste collection	
1445	Solid Waste disposal	
1446	Waste diversion	
1450	Health services	
1455	Social and family services	3,565,017
1460	Social housing	771,000
Recreation and cultural services:		
1465	Parks	974,992
1466	Recreation programs	
1471	Recreation facilities - Golf Course, Marina, Ski Hill	
1474	Recreation facilities - All Other	41,712,038
1475	Libraries	1,662,529
1476	Museums	
1477	Cultural services	
1480	Planning and development	8,440,418
1490	Other long term liabilities	1,800,000
9930	TOTAL Net Long Term Liabilities of the Municipality	220,179,384

2022.01001

FIR2022: London C

Schedule 74

Asmt Code: 3936

LONG TERM LIABILITIES AND COMMITMENTS

MAH Code: 59101

for the year ended December 31, 2022

12. Future principal and Interest payments on EXISTING debt

		RECOVERABLE FROM:							
		Consolidated Statement of Operations		Reserve Funds		Unconsolidated Entities		All Others	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
		1	2	3	4	5	6	7	8
		\$	\$	\$	\$	\$	\$	\$	\$
3210	Year 2023	30,981,742	3,287,570	1,158,855	51,923			12,884,743	1,861,615
3220	Year 2024	24,642,971	2,415,541	487,139	8,456			12,270,972	1,567,078
3230	Year 2025	20,431,756	1,859,693	0	0			11,829,209	1,289,275
3240	Year 2026	55,744,999	3,470,119	0	0			42,418,042	2,626,189
3250	Year 2027	4,705,020	128,221	0	0			2,623,936	73,207
3260	Years 2028 to 2032								
3270	Years 2033 onwards								
3280	Int. to be earned on sink. funds .								
3299	TOTAL	136,506,488	11,161,144	1,645,994	60,379	0	0	82,026,902	7,417,364

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.

2022.01001

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 76 GOVERNMENT BUSINESS ENTERPRISES

for the year ended December 31, 2022

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	117,807,000	1,880,473				119,687,473
0220	Capital	413,772,000	9,785,012	18,324,357			441,881,369
0297	Other						0
0298	Other <input type="text" value="Other"/>	35,015,000					35,015,000
0299	Total Assets	566,594,000	11,665,485	18,324,357	0	0	596,583,842
Liabilities							
0410	Current	81,515,000	777,820				82,292,820
0420	Long-term	200,000,000	965,273				200,965,273
0497	Other	58,517,000	2,949,000				61,466,000
0498	Other <input type="text" value="Other"/>	3,402,000					3,402,000
0499	Total Liabilities	343,434,000	4,692,093	0	0	0	348,126,093
9910	Net Equity	223,160,000	6,973,392	18,324,357	0	0	248,457,749
0610	Municipality's Share	100	30	73			203
STATEMENT OF OPERATIONS							
0810	Revenues	472,589,000	3,573,073				476,162,073
0820	Expenses	435,954,000	2,790,105	678,680			439,422,785
9920	Net Income (Loss)	36,635,000	782,968	-678,680	0	0	36,739,288
1010	Municipality's Share	100	30	73			203
1020	Dividends paid	5,000,000					5,000,000

2022.01001

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 79

COMMUNITY IMPROVEMENT PLANS

for the year ended December 31, 2022

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	10,000	1
2020	Development/Redevelopment of Land/Buildings	96,353	22
Loans			
2210	Loans issued in current year (2022)	173,565	6
2220	Outstanding Loans as of 2022	4,566,657	160
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 2022			
2610	Year: 2023	8,443,907	
2620	Year: 2024	3,151,125	
2630	Year: 2025	3,199,820	
2640	Year: 2026	6,938,622	
2650	Year: 2027	1,226,426	
2660	Years beyond 2027	1,758,359	

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 80

STATISTICAL INFORMATION

for the year ended December 31, 2022

1. Municipal workforce profile

Employees of the Municipality

	Full-Time Funded Positions 1 #	Part-Time Funded Positions 2 #	Seasonal Employees 3 #
0205 Administration	263.00	1.00	7.00
0210 Fire	433.00	0.00	1.00
0211 Uniform	359.00		
0212 Civilian	74.00		1.00
0215 Police	920.00	2.00	20.00
0216 Uniform	659.00		
0217 Civilian	261.00	2.00	20.00
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	914.00	2.00	212.00
0227 Ambulance	0.00	0.00	0.00
0228 Uniform			
0229 Civilian			
0230 Health Services			
0235 Homes for the Aged	177.00	226.00	1.00
0240 Other Social Services	302.00	1.00	18.00
0245 Parks and Recreation	110.00		1,442.00
0250 Libraries			
0255 Planning	83.00		15.00
0290 Other	232.00	1.00	23.00
0298 Subtotal	3,434.00	233.00	1,739.00

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	611.00		
0325 Public Works			
0327 Ambulance	0.00	0.00	0.00
0328 Uniform			
0329 Civilian			
0330 Health Services	386.00		
0335 Homes for the Aged			
0340 Other Social Services			
0345 Parks and Recreation			
0350 Libraries	137.00		
0355 Planning			
0390 Other	439.00		
0398 Subtotal	1,573.00	0.00	0.00
0399 TOTAL	5,007.00	233.00	1,739.00

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

**Schedule 80
STATISTICAL INFORMATION**

for the year ended December 31, 2022

2. Selected investments of own sinking funds as at Dec. 31

0610 Own sinking funds

Own Municipality 1 \$	Other Munic., School Boards 2 \$	Provincial 3 \$	Federal 4 \$

3. Municipal procurement this year

1010 Total construction contracts awarded

1020 Construction contracts awarded at \$100,000 or greater

Number of Contracts 1 #	Value of Contracts 2 \$
78	260,977,557
69	260,552,844

4. Building permit information

1210 Residential properties

1220 Multi-Residential properties

1230 All other property classes

1299 **Subtotal**

Number of Building Permits 1 #	Total Value of Building Permits 2 \$
613	318,807,671
2,091	684,764,460
1,472	594,623,604
4,176	1,598,195,735

5. Insured value of physical assets

1410 Buildings

1420 Machinery and equipment

1430 Vehicles

1497 Other

1498 Other

1499 **Subtotal**

1 \$
2,681,710,551
100,000,000
65,331,112
2,847,041,663

6. Total Dollar Losses due to Structural Fires

1510 Losses due to structural fires, averaged over 3 yrs (2020 - 2022)

1 \$
17,096,757

2022.01001

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 80 STATISTICAL INFORMATION

for the year ended December 31, 2022

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	450,961	
1602	Recycling	Waste diversion	0860	16,555,803	
1603	OC Employee Security	General assistance	1210	6,779,466	
1604					
1605					
1606					
1607					
1608					
1609					
1610					

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FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 80

STATISTICAL INFORMATION

for the year ended December 31, 2022

8. Consolidated Local boards including Joint local boards and all local entities set up by the municipality

(I) PROPORTIONALLY CONSOLIDATED joint local boards

1	3 LIST	2	4 %	5 \$	6 \$
Name of Board or Entity	Board Description	Board Code	Proportion of Total Munic. Contributions Consolidated	Municipality's Share of Total Contributions	Municipality's Share of Total Fee Revenues
0801	Lake Huron Primary Water Supply System	0802	82%	0	0
0802	Elgin Area Primary Water Supply System	0802	52%	0	0
0803	Middlesex-London Health Unit	1001	13%	0	0
0804					
0805					
0806					
0807					
0808					
0809					
0810					
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0812					
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FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 80 STATISTICAL INFORMATION

for the year ended December 31, 2022

(II) FULLY CONSOLIDATED local boards and any local entities set up by the municipality

Name of Board or Entity 1	Board Description 3 LIST	Board Code 2	Proportion of Total Munic. Contributions Consolidated 4 %	Municipality's Share of Total Contributions 5 \$	Municipality's Share of Total Fee Revenues 6 \$
0851	Argyle Business Improvement Association Board of 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%		
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0888			100%		
0889			100%		
0890			100%		
0891			100%		
0892			100%		
0893			100%		
0894			100%		
0895			100%		
0896			100%		
0897			100%		
0898			100%		
0899			100%		

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 80
STATISTICAL INFORMATION
for the year ended December 31, 2022

11. Transportation Services		1			
		#			
1710	Roads : Total Paved Lane Km	3,770			
1720	Condition of Roads : Number of paved lane kilometres where the condition is rated as good to very good.	1,812			
		Column 1	Column 2	Column 3	Description 4
		#	#	#	LIST
1722	Has the entire municipal road system been rated?				Y
1725	Indicate the rating system used and the year the rating was conducted				2022 Pavement Quality Index
1730	Roads : Total UnPaved Lane Km	26			
1740	Winter Control : Total Lane Km maintained in winter	3,800			
1750	Transit : Total Number of Regular Service Passenger Trips on Conventional Transit in Service Area	13,366,417			
1755	Transit : Population of Service Area	424,300			
1760	Bridges and Culverts : Total Square Metres of Surface Area on Bridges and Culverts	93,754			
		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	88	135		
1766	Culverts	28	58		
1767	Subtotal	116	193		
		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.				2021 & 2022 Bridge Management System
12. Environmental Services		1			
		#			
1810	Wastewater Main Backups : Total number of backed up wastewater mains	4			
1815	Wastewater Collection/Conveyance : Total KM of Wastewater Mains.	1,620			
1820	Wastewater Treatment and Disposal : Total Megalitres of Wastewater Treated.	68,580,000			
1825	Wastewater Bypasses Treatment : Estimated megalitres of untreated wastewater.	17,700,000			
1835	Urban Storm Water Management : Total KM of Urban Drainage System plus (0.005 KM times No. of Catch basins).	1,640			
1840	Rural Storm Water Management : Total KM of Rural Drainage System plus (0.005 KM times No. of Catch basins).	354			
1845	Water Treatment : Total Megalitres of Drinking Water Treated.	45,977,000			
1850	Water Main Breaks : Number of water main breaks in a year.	79			
1855	Water Distribution/Transmission : Total kilometres of Water Distribution / Transmission Pipe.	1,645			
1860	Solid Waste Collection : Total tonnes collected from all property classes.	90,683			
1865	Solid Waste Disposal : Total tonnes disposed of from all property classes.	331,384			
1870	Waste Diversion : Total tonnes diverted from all property classes.	71,153			
13. Recreation Services		1			
		#			
1910	Trails : Total kilometres of trails (owned by municipality and third parties).	260			
1920	Indoor recreation facility space : Square metres of indoor recreation facilities (municipally owned).	99,735			
1930	Outdoor recreation facility space : Square metres of outdoor recreation facility space (municipally owned).	70,102			
14. Other Revenue (Used for the calculation of Operating Cost)		1			
		\$			
2310	Fire Services: Other revenue.				
2320	Paved Roads : Other revenue.	256,657			
2330	Solid Waste Disposal : Other revenue.				
2340	Waste Diversion : Other Revenue.	6,556,859			
2370	Assessment on Exempt Properties (Enter data from returned roll)	4,350,351,647			

2022.01

FIR2022: London C Schedule 81

Asmt Code: 3936 ANNUAL DEBT REPAYMENT LIMIT

MAH Code: 59101 based on the information reported for the year ended December 31, 2022

NOTE: THE ESTIMATED ANNUAL REPAYMENT LIMIT IS EFFECTIVE JANUARY 01, 2024
Please note that fees and revenues for Homes for the Aged are not reflected in this estimate.

DETERMINATION OF ANNUAL DEBT REPAYMENT LIMIT

Debt Charges for the Current Year		1
		\$
0210	Principal (SLC 74 3099 01)	49,532,968
0220	Interest (SLC 74 3099 02)	6,302,164
0299	Subtotal	55,835,132
0610	Payments for Long Term Commitments and Liabilities financed from the consolidated statement of operations (SLC 42 6010 01)	0
9910	Total Debt Charges	55,835,132

Excluded Debt Charges		1
		\$
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	55,835,132

		1
		\$
1610	Total Revenues (SLC 10 9910 01)	1,659,303,164
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 + SLC 10 0815 01)	258,701,619
2220	Canada Grants, including Grants for Tangible Capital Assets (SLC 10 0820 01 + SLC 10 0825 01)	42,886,737
2225	Deferred revenue earned (Provincial Gas Tax) (SLC 10 0830 01)	12,410,477
2226	Deferred revenue earned (Canada Gas Tax) (SLC 10 0831 01)	28,544,137
2230	Revenue from other municipalities, including Revenue for Tangible Capital Assets (SLC 10 1099 01 + SLC 10 1098 01)	8,695,791
2240	Gain/Loss on sale of land & capital assets (SLC 10 1811 01)	31,400
2250	Deferred revenue earned (Development Charges) (SLC 10 1812 01)	37,601,318
2251	Deferred revenue earned (Recreation Land (The Planning Act)) (SLC 10 1813 01)	569,505
2256	Deferred revenue earned (Community Benefits) (SLC 10 1815 01)	0
2252	Donated Tangible Capital Assets (SLC 53 0610 01)	102,716,360
2254	Increase / Decrease in Government Business Enterprise equity (SLC 10 1905 01)	36,127,208
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)	23,497,074
2299	Subtotal	551,781,626
2410	Fees and Revenue for Joint Local Boards for Homes for the Aged	0
2610	Net Revenues	1,107,521,538
2620	25% of Net Revenues	276,880,385
9930	ESTIMATED ANNUAL REPAYMENT LIMIT	221,045,253

For Illustration Purposes Only

Annual Interest Rate	@	Term	years =	
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2022.01

FIR2022: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 83

NOTES

for the year ended December 31, 2022

NOTES

0010 **Schedule 10 :**

0020 **Schedule 12 :**

0030 **Schedule 40 :**

See file attached providing a breakdown of Sch42 COVID expenses

0040 **Schedule 51 :**

0050 **Schedule 53 :**

0060 **Schedule 54 :**

0070 **Schedule 60 :**

0080 **Schedule 70 :**

0090 **Schedule 74 :**

0110 **Schedule - Other :**