

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

The Consolidated Financial Statements include the following individual statements:

Name	Purpose
Consolidated Statement of Financial Position	Provides a summary of the City's financial assets and liabilities (the financial resources the City has available for future services and the future revenues required to pay for past transactions).
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 Net Financial Assets (Debt)	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 Consolidated Financial Statements combine the financial results of the City's departments with the financial results of the boards and commissions and government business enterprises that the City effectively controls. There are 18 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 (debt), which represents the net amount that must be financed from future budgets.

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 (discussed on Page C.5) 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 debt/net financial assets position, arguably the most important financial statistic for governments.

Consolidated Statement of Operations and Accumulated Surplus

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

The Consolidated Statement of Operations and Accumulated Surplus provides a summary of the revenues, expenses and surplus throughout the reporting period and outlines the change in accumulated surplus. The 2015 budget values presented in this statement have been adjusted to reflect the differences between amounts as budgeted at the City on a modified "cash requirements" basis and amounts now recorded in these financial statements. Note 20 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 (Debt)

The Consolidated Statement of Net Financial Assets (Debt) 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.

Financial Results Summary

The City of London's financial position remained stable during 2015, with the City's cash and investments increasing by \$77 million. Municipal Council's adherence to the strategic financial plan continues to produce positive results that are reflected in maintaining the financial health of the City.

The following significant items occurred in 2015:

- On the Consolidated Statement of Financial Position, the City has improved its net financial asset position to \$197 million; this is an improvement from the net financial asset position in 2014 of \$128 million. This means that City's financial assets are larger than its financial liabilities. This indicates that the City is in a stronger position to provide for future expenses and liability repayments despite the fact that the increase in the accumulated surplus position is made up predominantly of the investment in tangible capital assets.
- Total revenues were \$1,155 billion in 2015, an increase of \$43 million from 2014. Total expenses were \$1,009 million, an increase of \$15 million from 2014. This increases the annual surplus to \$146 million in 2015 from \$117 million in 2014, an increase of \$29 million. This is mainly as a result of:
 - Increases of \$8 million in Provincial and Federal Funding along with increases of \$21 million in tax revenues, user fees of \$8 million and in other types of revenues by \$6 million; and
 - Increases in expenses of \$15 million.
- In relation to the tax-supported unconsolidated budget, which is presented on a cash basis, we reported a break-even position after a transfer of \$2 million to the Operating Contingency Reserve and no transfer to the Unfunded Liability Reserve.
- The City issued debt in 2015 of \$40.5 million, an increase from 2014 when \$30 million was issued. During the year, debt substitution totaled \$7.3 million (2014 - \$5.8 million) as a result of an allocation of a portion of the debt servicing cost budget.
- The Urban Works Reserve Fund (UWRF) liability as at December 31, 2015 totalled \$7.3 million, a \$3.4 million decrease over the 2014 balance.
- Consolidated Reserves, Reserve Funds and Obligatory Reserve Funds had a combined yearend balance of \$754 million, an increase of \$56 million over 2014.
- In 2015, tangible capital assets increased by \$82 million which included \$310 million in additions, \$141 million in disposals, amortization expense of \$148 million and disposal of accumulated amortization of \$53 million; this is all net of changes in assets under construction which had a net increase of \$8 million. This brought the net book value of the City's assets to \$3,486 billion from \$3,404 billion in 2014.
- The City's Accumulated Surplus increased by \$146 million in 2015, due to the increase in tangible capital assets and an increase in financial assets. The Accumulated Surplus for 2015 is \$3.7 billion.

This report highlights and supplements information contained in the annual financial statements. It also provides a historical review of a few key financial elements. Comments are categorized as follows:

Operating Results

1. Net Debt, Revenues and Expenses
2. Financing Sources for Municipal Operations
3. Breakdown of Revenues and Expenses
4. Tax Rate and Assessment Growth

Capital Assets, Financing and Taxes Receivable

5. Capital Additions, Disposals and Amortization
6. Urban Works Reserve Fund Liability
7. Analysis of Debenture Issuance and Net Long-term Debt
8. Future Balances on Existing Debt and Long-term Liabilities
9. Reserves and Reserve Funds
10. Taxes Receivable

Economic Conditions

11. Statistics and Indicators

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1. Net Financial Assets, Total Revenues and Total Expenses

Results for the year are as follows:

The City's financial position improved to a net financial asset position of \$197 million in 2015. The net financial assets are the difference between the financial assets and financial liabilities, which indicates liquidity and provides the analysis of any amounts that are required to either fund from future revenues or provide the liquidity to fund future expenses or repayment of liabilities.

Total revenues are \$1,155 billion, up \$43 million (3.9%) compared to 2014:

- Tax and user charges revenues are \$793 million, up \$29 million (3.8%) compared to 2014;
- Transfer payments are \$236 million, up \$8 million (3.5%) compared to 2014, predominantly due to provincial uploading in social services.

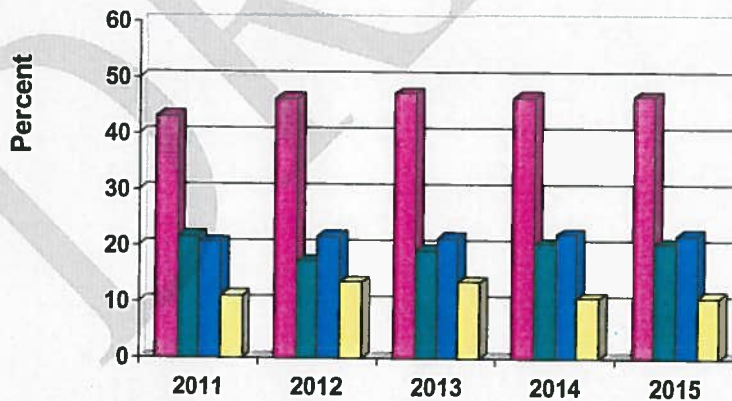
Total expenses are \$1,009 million, up \$15 million (1.5%) compared to 2014:

- This includes an increase of \$14 million for transportation services, \$9 million for social and family services, \$8 million for environmental services and \$5 million for social housing.
- This is offset by a decrease of \$21 million for planning and development.

2. Financing Sources for Municipal Operations

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

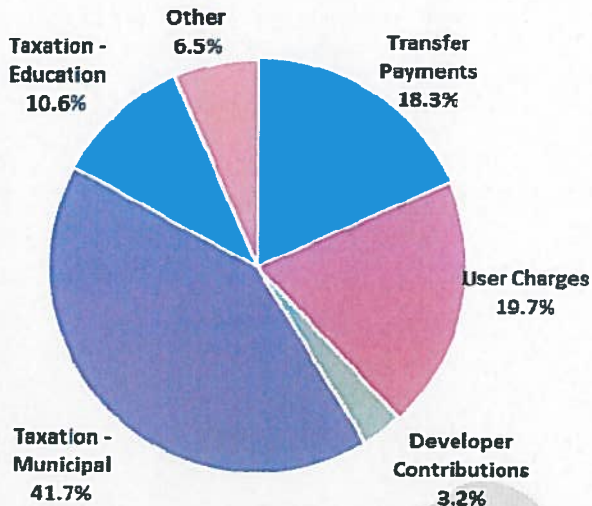
FINANCING SOURCES



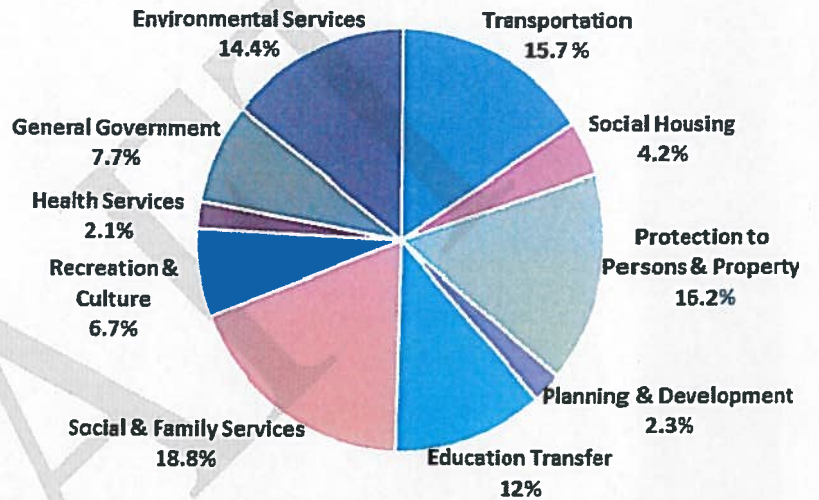
■ Taxation ■ Grants ■ User Fees ■ Other

3. Breakdown of Revenues and Expenses

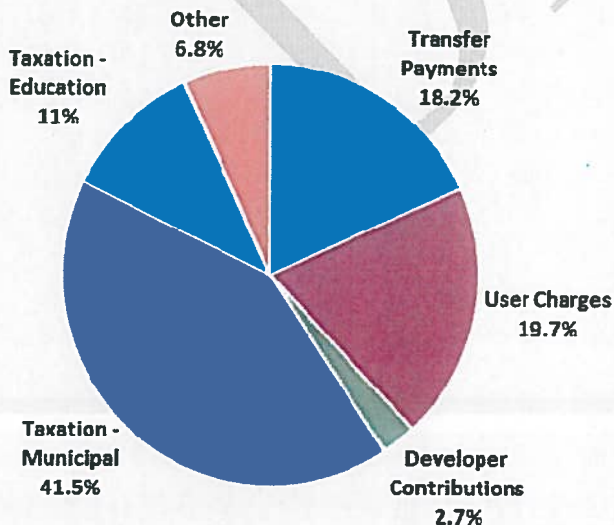
2015 REVENUES (%)



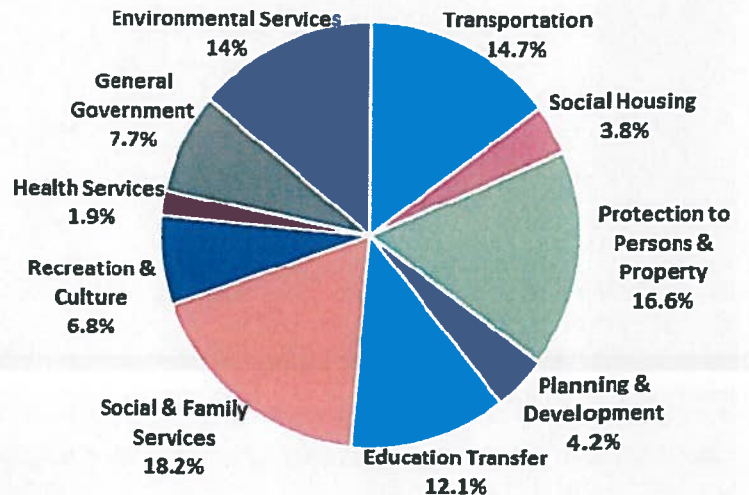
2015 EXPENSES (%)



2014 REVENUES (%)



2014 EXPENSES (%)



4. Tax Rate and Assessment Growth

City Council approved a tax levy of \$517.1 million, representing an increase over 2014 of 3.7%. When assessment growth and 2015 tax policy are taken into consideration, the levy increase translated into a 2.5% increase in the total tax bill for the typical residential property owner. The following table reflects the taxes on a residential property in 2014 and an assessed value of \$221,000 in 2015 (based on phased-in January 1, 2013 market values) and an average value increase from 2014 (based on phased-in January 1, 2013 values).

COMPARATIVE PROPERTY TAXES

	<u>2015</u> \$	<u>2014</u> \$
Municipal	2,589	2,509
Education	<u>431</u>	<u>437</u>
Total	<u>3,020</u>	<u>2,946</u>

For 2015 assessment weighted with applicable tax ratios and using consistent valuation dates increased by 1.17%

5. Capital Additions and Disposals

During 2015, additions to our completed capital assets were \$310 million versus \$313 million in 2014. We also disposed of capital assets of \$141 million compared to \$137 million in 2014. There was also an increase in assets still under construction of \$8 million in 2015. The following were the largest net additions in 2015 excluding assets still under construction:

NET CAPITAL ASSET INCREASES RANKED BY 2015 SPENDING (\$000'S)

1 Roads and Bridges Infrastructure	\$35,198
2 Sanitary and Storm Wastewater Infrastructure	26,536
3 Waterworks Infrastructure	10,118
4 Land, Landfill and Land Improvements	7,499
5 Vehicles	1,898

In 2015 amortization expense recorded was \$148 million and accumulated amortization of \$53 million was removed upon disposal of the assets.

6. Urban Works Reserve Fund Liability (UWRF)

The Urban Works reserve fund liability represents works completed as at December 31, as follows:

URBAN WORKS RESERVE FUND (\$000'S)

2015	Roads	Sanitary	Storm	SWM	Total
Authorized but unpaid	1,323	145	209	-	1,677
Received but not authorized	-	284	-	-	284
In excess of the upper limit	-	1,557	-	2,660	4,217
Completed, but no claim received	761	43	275	-	1,079
TOTAL	2,084	2,029	484	2,660	7,257

URBAN WORKS RESERVE FUND (\$000'S)

2014	Roads	Sanitary	Storm	SWM	Total
Authorized but unpaid	-	952	307	-	1,259
Received but not authorized	465	952	-	-	1,417
In excess of the upper limit	863	1,702	472	3,915	6,952
Completed, but no claim received	341	417	287	-	1,045
TOTAL	1,669	4,023	1,066	3,915	10,673

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

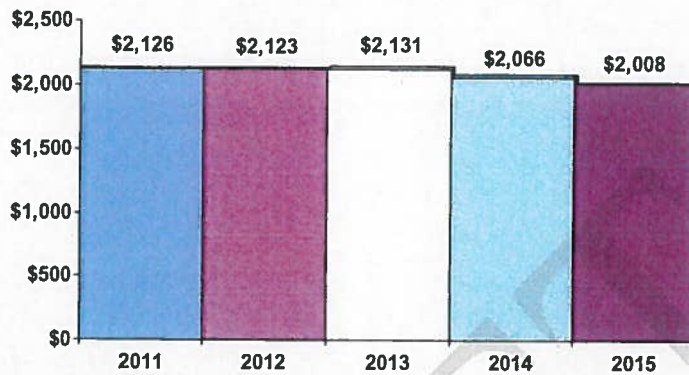
In 2015, the City issued \$40,500 of debt through public debentures (2014 - \$30,000).

The amounts issued financed the following major activities:

Debenture Issuance (\$000's)	Public Debentures
General Municipal Activities (Roads, Transit, Recreation, Police Facilities and Industrial Parks)	19,575
Wastewater Infrastructure	12,260
Water Infrastructure (on behalf of Lake Huron Primary Water Supply System)	8,665
	40,500

The City issued public debentures at an average net borrowing cost to the City of 1.869% for a 10 year term.

TOTAL 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. Based on cash flow requirements and the status of capital projects, a debt issuance of \$40.5 million was required in 2015.

GENERAL MUNICIPAL DEBT AND LONG-TERM LIABILITIES AND DISCRETIONARY RESERVE FUNDS AND RESERVES PER HOUSEHOLD

DECEMBER 31 (\$000's)	2011	2012	2013	2014	2015
Total Tax Supported Debt	245,172	238,215	243,560	239,697	225,909
Total Rate Supported Debt	111,118	120,913	119,857	116,174	122,250
Total Debt	356,290	359,128	363,417	355,871	348,159
Number of Households	167,570	169,145	170,543	172,281	173,415
Total Debt per Household (\$)	2,126	2,123	2,131	2,066	2,008
Discretionary Reserve Funds & Reserves	360,012	379,449	421,808	518,480	574,311
Discretionary Reserve Funds & Reserves per Household (\$)	2,148	2,243	2,473	3,010	3,312

8. Future Balances on Existing Debt and Long-term Liabilities

The following table outlines principal balances remaining on outstanding debentures for general water, sewer and reserve funds as at December 31, 2015. The current obligation will be met by 2032.

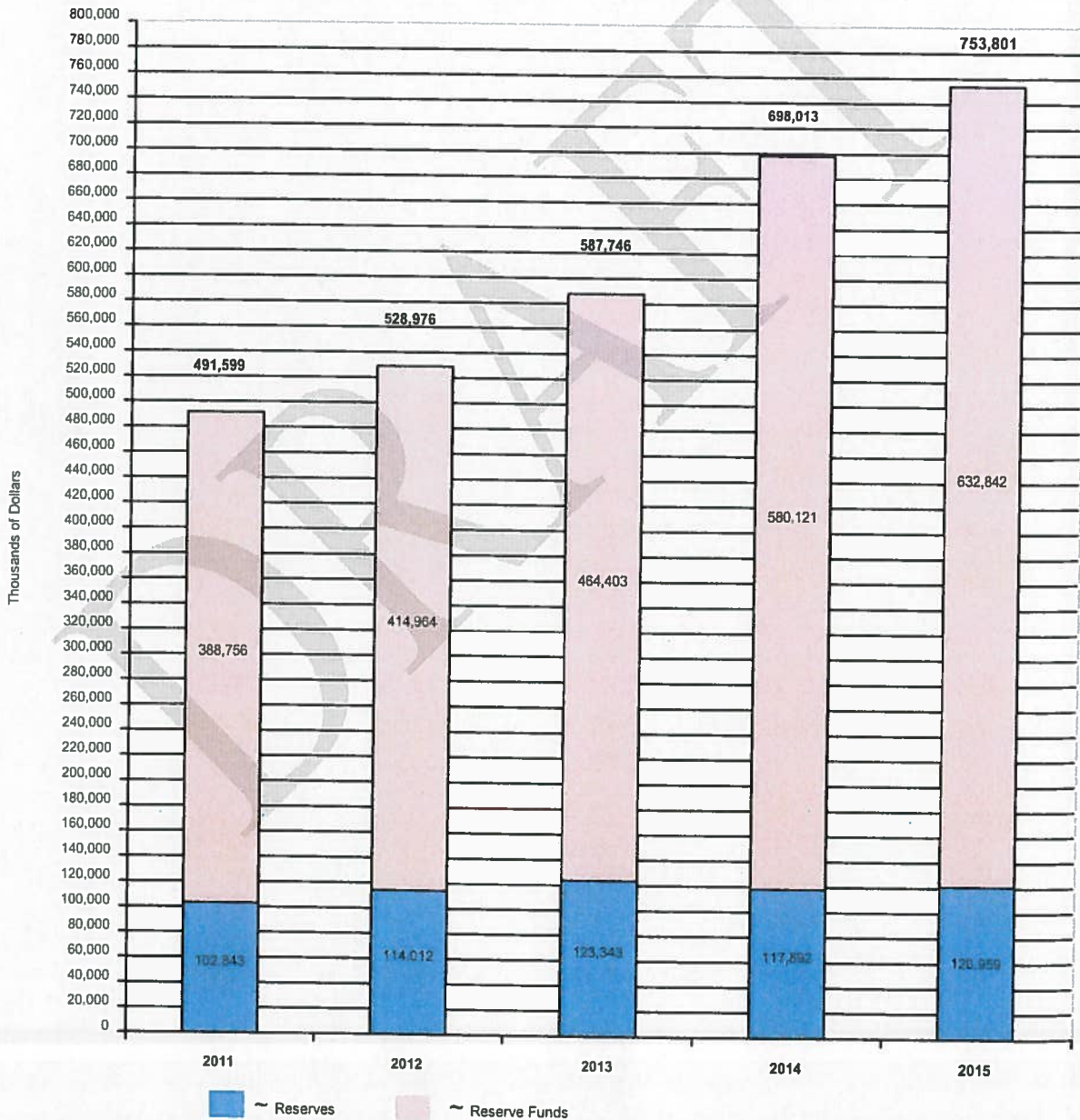
DEBT AND LONG-TERM LIABILITIES OUTSTANDING as at DECEMBER 31 (\$000's)

	2015	2016	2017	2018	2019	2020
General Municipal	200,114	168,423	137,733	109,087	82,205	56,955
Discretionary Reserve Funds	26,860	22,860	18,764	14,561	10,239	5,786
Total Tax Supported Debt	226,974	191,283	156,497	123,648	92,444	62,741
Water	16,916	14,749	12,520	10,229	8,327	6,384
Sewer	70,416	61,922	53,350	45,249	37,050	28,887
Obligatory Reserve Funds	35,367	30,677	25,926	21,846	17,694	13,465
Total Rate Supported Debt	122,699	107,348	91,796	77,324	63,071	48,736
Total Long-term Debt and Liabilities	349,673	298,631	248,293	200,972	155,515	111,477
Less Unamortized Discount	(1,514)	(1,291)	(1,069)	(871)	(678)	(486)
Total Long-term Debt and Liabilities, net of Unamortized Discount	348,159	297,340	247,224	200,101	154,837	110,991
Percentage Remaining	100%	85%	71%	57%	44%	32%

9. Reserves and Reserve Funds

At December 31, 2015, the City of London had combined Reserves and Discretionary and Obligatory Reserve Funds of \$754 million (\$120 million and \$633 million respectively). These balances reflect a net increase of \$56 million from December 2014, created by increased contributions to reserves and reserve funds to allow predominantly for future purchases of tangible capital assets and coverage of unfunded liabilities. The chart does not include the effect of budgeted commitments made, which would reduce balances significantly.

TRENDS IN RESERVES AND RESERVE FUNDS



In 2015, Reserve Funds grew by \$53 million, reaching \$633 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 2014 balances.

The City has continued its "conservative fiscal practices" (Moody's credit rating opinion) by providing increased contributions to the reserve funds in 2015 increasing over the 2014 levels despite significant purchases on tangible capital assets. The following table shows the breakdown of reserves and reserve funds by entity with comparative data for 2014.

	RESERVES (\$000's)		RESERVE FUNDS (\$000'S)	
	2015	2014	2015	2014
City				
City of London Reserves	108,073	104,994	-	-
Discretionary Reserve Funds (City Only)	-	-	419,162	368,725
Obligatory Reserve Funds (City Only)	-	-	151,011	152,050
	108,073	104,994	570,173	520,775
Boards and Commissions				
London Downtown Business Association	543	265	-	-
London Public Library	216	183	-	-
Old East Village Business Improvement Area	70	79	-	-
Middlesex London Health Unit	314	308	-	-
London Convention Centre	653	1,062	-	-
Museum London	-	-	6,524	6,400
London Transit Commission	9,127	9,088	37,027	36,227
Public Utilities Commission	1,963	1,913	-	-
Lake Huron Primary Water Supply System	-	-	14,881	12,501
Elgin Area Water Supply System	-	-	4,237	4,218
	12,886	12,898	62,669	59,376
	120,959	117,892	632,842	580,121

10. Taxes Receivable (\$000's)

At the end of 2015, taxes receivable before adjustments for allowance for uncollectible items, were % of the total taxes levied in the year.

	2015	2014	2013	2012	2011
Total Taxes Levied	680,021	658,368	637,905	629,864	630,674
Total Taxes Receivable at Year End	34,898	35,007	36,677	35,287	36,095
Percentage of Total Taxes Levied	5.1%	5.3%	5.7%	5.6%	5.7%

11. Statistics and Indicators

While the following statistics 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.

	2015	2014
GENERAL STATISTICS:		
Population ^(a)	381,310	377,520
Area in Acres	104,632	104,632
Number of Households ^(b)	173,415	172,281
Number of Properties ^(b)	146,686	144,755
Building Permit Values ^(c) (\$000's)	711,633	818,500
Average Home Selling Price ^(d)		
London	\$265,370	\$255,453
Ontario	\$465,556	\$430,984
Canada	\$442,999	\$408,085
Unemployment Rates (Annual Averages) ^(e)		
London	6.5%	7.5%
Ontario	6.8%	7.3%
Canada	6.9%	6.9%
CPI Canada ^(e) (percentage change)	1.1%	2.0%
Real GDP Canada ^(f) (percentage change)	1.8%	2.4%

Sources of Information

(a) From City's Planning Service Area

(b) Municipal Property Assessment Corporation

(c) Provided by City's Building Division

(d) London-St. Thomas Real Estate Board and The Canadian Real Estate Association

(e) Statistics Canada June 2015 and June 2016

(f) Statistics Canada October 2015 and June 2016

CONCLUSION

The City has continued the implementation of its Strategic Financial Plan, which has placed us in a solid financial position. Overall debt and long-term liabilities have decreased while other liabilities have increased slightly. However, reserve and reserve fund balances have also increased to offset the additional liabilities. This allowed us to withstand the ongoing global economic downturn, despite the impacts on our social service costs.

During 2015, we were able to see increased Federal and Provincial funding and increased user fees offset by increases in spending. This led to an increase in our annual surplus from 2014 and resulting in an improved net financial asset position, which strengthens our future financial position.

Martin Hayward
Managing Director, Corporate Services and
City Treasurer, Chief Financial Officer

Anna Lisa Barbon
Director, Financial Services

June 2016

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THE CORPORATION OF THE CITY OF LONDON
 Five Year Financial Review
 (all dollar amounts in thousands of dollars)

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	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
TAXATION (Including education)					
Residential and Farm	\$ 477,128	\$ 457,611	\$ 439,150	\$ 427,640	\$ 421,319
Commercial and Industrial	<u>202,893</u>	<u>200,757</u>	<u>198,755</u>	<u>202,223</u>	<u>209,355</u>
	<u>\$ 680,021</u>	<u>\$ 658,368</u>	<u>\$ 637,905</u>	<u>\$ 629,863</u>	<u>\$ 630,674</u>
TAX RATES (Including all area rates and education)					
Residential	1.366710	1.367795	1.367937	1.385267	1.442744
Multi-residential	2.479835	2.509294	2.578781	2.631033	2.760758
Commercial	3.714835	3.766294	3.778755	3.795249	4.129253
Industrial	3.814835	4.145845	4.630114	4.652022	5.116887
TAX ARREARS					
Percentage of Current Levy	<u>5.1%</u>	<u>5.3%</u>	<u>5.7%</u>	<u>5.6%</u>	<u>5.7%</u>
NET LONG TERM DEBT					
General Municipal Rates	\$ 184,389	\$ 191,654	\$ 203,410	\$ 196,704	\$ 188,676
Water Rates	16,916	11,118	12,516	11,342	4,568
Sewer Rates	70,416	74,463	79,035	85,709	86,055
Municipal Reserve Funds	<u>62,227</u>	<u>61,748</u>	<u>58,921</u>	<u>55,044</u>	<u>56,602</u>
	<u>\$ 333,948</u>	<u>\$ 338,983</u>	<u>\$ 353,882</u>	<u>\$ 348,759</u>	<u>\$ 335,901</u>
DEBT PRINCIPAL AND INTEREST REPAYMENTS					
Principal	\$ 44,202	\$ 44,922	\$ 44,797	\$ 55,515	\$ 73,709
Interest	10,985	11,514	10,719	11,680	11,633
DEBT ISSUED	<u>\$ 40,500</u>	<u>\$ 30,000</u>	<u>\$ 50,000</u>	<u>\$ 72,000</u>	<u>\$ 132,078</u>
ASSESSMENT GROWTH	<u>1.17%</u>	<u>1.22%</u>	<u>1.43%</u>	<u>1.01%</u>	<u>1.40%</u>
TANGIBLE CAPITAL ASSETS ADDITIONS	<u>\$ 317,708</u>	<u>\$ 313,293</u>	<u>\$ 273,186</u>	<u>\$ 294,949</u>	<u>\$ 384,095</u>
TANGIBLE CAPITAL ASSETS AMORTIZATION	<u>\$ 147,713</u>	<u>\$ 142,784</u>	<u>\$ 141,559</u>	<u>\$ 134,904</u>	<u>\$ 127,239</u>
NET BOOK VALUE TANGIBLE CAPITAL ASSETS	<u>\$3,486,341</u>	<u>\$3,403,974</u>	<u>\$3,321,318</u>	<u>\$3,241,053</u>	<u>\$3,173,902</u>
ANNUAL SURPLUS	<u>\$ 144,808</u>	<u>\$ 117,376</u>	<u>\$ 158,002</u>	<u>\$ 113,163</u>	<u>\$ 117,614</u>
CONSOLIDATED ACCUMULATED SURPLUS	<u>\$3,711,056</u>	<u>\$3,566,248</u>	<u>\$3,448,872</u>	<u>\$3,291,562</u>	<u>\$3,178,399</u>
RESERVES, DISCRETIONARY AND OBLIGATORY RESERVE FUNDS	<u>\$ 753,801</u>	<u>\$ 698,013</u>	<u>\$ 587,746</u>	<u>\$ 528,975</u>	<u>\$ 491,599</u>

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Consolidated Financial Statements of

**THE CORPORATION OF THE CITY OF
LONDON**

December 31, 2015

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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 Canadian Institute of Chartered Accountants guidelines contained in the 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, 2015.

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

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

The audited Consolidated Financial Statements for City operations include:

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the Corporation of the City of London, which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the City of London as at December 31, 2015, and its consolidated results of operations, its consolidated changes in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

June 23, 2016

London, Canada

THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Financial Position
As at December 31, 2015, with comparative information for 2014

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(all dollar amounts in thousands of dollars)

	2015	2014
Financial assets		
Cash and cash equivalents (Note 2)	\$ 357,264	\$ 432,698
Accounts receivable		
Taxes receivable (Note 3)	24,648	24,465
Other receivables	51,484	49,527
Land held for resale	30,825	29,969
Investments (Note 4)	438,066	285,141
Loan receivable (Note 5)	25,157	25,730
Investment in government business enterprises and partnerships (Note 6)	172,005	174,350
Total financial assets	1,099,449	1,021,880
Financial liabilities		
Accounts payable and accrued liabilities	149,097	139,133
Deferred revenue (Note 7)	207,593	207,881
Accrued interest on long-term debt	2,044	2,130
Long-term liabilities (Note 8)	15,725	18,355
Long-term debt (Note 9)	332,434	337,516
Capital lease obligations (Note 10)	2,158	2,706
Urban works payable (Note 11)	7,257	10,673
Employee benefits payable (Note 12)	152,835	146,512
Landfill closure and post-closure liability (Note 13)	33,562	29,125
Total financial liabilities	902,705	894,031
Net financial assets	196,744	127,849
Non-financial assets		
Tangible capital assets (Note 14)	3,486,341	3,403,974
Inventories of supplies	3,953	3,319
Prepaid expenses	24,018	31,106
Total non-financial assets	3,514,312	3,438,399
Accumulated surplus (Note 15)	\$ 3,711,056	\$ 3,566,248

Contingent liabilities, loan guarantees, commitments, subsequent events (Notes 16, 17, 18, 24)

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

THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Operations

E.4

For the year ended December 31, 2015, with comparative information for 2014

(all dollar amounts in thousands of dollars)

	Budget	2015	2014
Revenues			
Net municipal taxation	\$ 531,485	\$ 539,261	\$ 518,195
User charges	263,479	254,088	246,280
Transfer payments			
Provincial	192,041	202,267	194,493
Federal	33,882	28,667	28,210
Other municipalities	5,011	5,152	4,973
Investment income	5,448	11,331	12,107
Penalties and interest	6,102	7,966	8,528
Development charges earned	10,341	33,601	29,315
Developer contributions of tangible capital assets (Note 15)	45,000	41,126	34,021
Other	33,048	23,662	23,072
Equity in earnings of government business enterprises and partnerships (Note 6)	4,923	7,654	12,348
Total revenues	1,130,760	1,154,775	1,111,542
Expenses			
General government	88,522	87,777	86,810
Protection to persons and property	186,722	185,424	188,005
Transportation services	173,240	180,544	166,509
Environmental services	162,779	165,485	157,872
Health services	23,599	23,733	21,547
Social and family services	204,865	215,412	206,129
Social housing	53,490	47,918	43,254
Recreation and cultural services	76,974	77,004	76,775
Planning and development	25,646	26,670	47,265
Total expenses	995,837	1,009,967	994,166
Annual surplus	134,923	144,808	117,376
Accumulated surplus, beginning of year	3,566,248	3,566,248	3,448,872
Accumulated surplus, end of year	\$ 3,701,171	\$ 3,711,056	\$ 3,566,248

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

THE CORPORATION OF THE CITY OF LONDON
 Consolidated Statement of Change in Net Financial Assets
 For the year ended December 31, 2015, with comparative information for 2014

E.5

(all dollar amounts in thousands of dollars)

	Budget	2015	2014
Annual surplus	\$ 134,923	\$ 144,808	\$ 117,376
Acquisition of tangible capital assets	(201,144)	(199,613)	(198,632)
Developer contributions of tangible capital assets	(45,000)	(41,126)	(34,021)
Amortization of tangible capital assets	147,713	147,713	142,784
Proceeds from sale of tangible capital assets	-	6,103	6,416
Loss on disposal of tangible capital assets	-	4,556	796
	(98,431)	(82,367)	(82,657)
Change in supplies inventory	-	(634)	(351)
Change in prepaid expenses	-	7,088	(18,218)
	-	6,454	(18,569)
Change in net financial assets	36,492	68,895	16,150
Net financial assets, beginning of year	127,849	127,849	111,699
Net financial assets, end of year	\$ 164,341	\$ 196,744	\$ 127,849

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

THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Cash Flows
For the year ended December 31, 2015, with comparative information for 2014

E.6

(all dollar amounts in thousands of dollars)

	2015	2014
Cash provided by (used in)		
Operating Activities		
Annual surplus	\$ 144,808	\$ 117,376
Items not involving cash		
Amortization of tangible capital assets	147,713	142,784
Developer contributions of tangible capital assets	(41,126)	(34,021)
Loss on disposal of tangible capital assets	4,556	796
Change in employee benefits payable	6,323	16,083
Change in landfill closure and post-closure liability	4,437	995
Equity in earnings of government business enterprises and partnerships	(8,430)	(12,348)
Amortization of debenture discount	(42)	(9)
Change in non-cash assets and liabilities		
Taxes receivable	(184)	436
Other receivables	(1,957)	(12,953)
Land held for resale	(856)	(3,417)
Accounts payable and accrued liabilities	9,964	18,442
Deferred revenue	(288)	10,824
Accrued interest on long-term debt	(86)	(143)
Urban works payable	(3,416)	(6,182)
Inventories of supplies	(634)	(351)
Prepaid expenses	7,088	(18,218)
Net change in cash from operating activities	267,870	220,094
Capital Activities		
Proceeds from sale of tangible capital assets	6,103	6,416
Acquisition of tangible capital assets	(198,707)	(196,079)
Net change in cash from capital activities	(192,604)	(189,663)
Investing Activities		
Net increase in investments	(152,925)	(107,523)
Repayment of loans receivable	573	973
Repayment of promissory note receivable from government business enterprises	708	70,665
Government business enterprises and partnerships	68	127
Dividends from London Hydro Inc. (Note 6 (a)(v))	10,000	3,000
Net change in cash from investing activities	(141,576)	(32,758)
Financing Activities		
Long-term debt issued	39,163	30,023
Long-term debt repayments	(44,202)	(44,922)
Increase in long-term liabilities	200	7,589
Repayments of long-term liabilities	(2,830)	(227)
Repayments of capital lease obligations	(1,455)	(1,486)
Net change in cash from financing activities	(9,124)	(9,023)
Net change in cash and cash equivalents	(75,434)	(11,350)
Cash and cash equivalents, beginning of year	432,698	444,048
Cash and cash equivalents, end of year	\$ 357,264	\$ 432,698

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

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

1. Significant Accounting Policies

The consolidated financial statements of the Corporation are prepared by management, in accordance with Canadian Public Sector Accounting Standards. 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:

London Police Services Board
London Transit Commission
London Public Library Board
London & Middlesex Housing Corporation
Old East Village Business Improvement Area
London Downtown Business Association
Argyle Business Improvement Area
London Convention Centre Corporation
Covent Garden Market Corporation
Public Utility Commission
Museum London
Eldon House

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

(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, **\$137,358** of taxation was collected on behalf of school boards (2014 - \$136,723) and remitted to the school boards during the year.

(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 **\$4,453** (2014 - \$4,442).

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.

(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.

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 – Years
Landfill and land improvements	5 - 60
Buildings and building improvements	15 - 40
Leasehold improvements	Lease term
Machinery, equipment and furniture	5 - 15
Vehicles	5 - 7
Water and wastewater infrastructure	15 - 100
Roads infrastructure	10 - 60
Computers	3
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.

ii) 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.

iii) 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.

iv) Interest capitalization

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

v) 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.

vi) 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.

(vi) Use of Estimates

The preparation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles 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.

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 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 ratio can vary from 80% to 100% of program costs depending on social service program and on the Provincial Upload Schedule for the Ontario Works program. Social service administration funding covers 50% of certain administration costs. The Social Housing program funding is approximately 20% of costs of the program.

In addition, the Corporation periodically receives senior government capital funding in the form of infrastructure grants and receives ongoing funding from both 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.

d) Tax Revenues

In 2015 the Corporation received **\$539,261** (2014 - \$518,195) 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) 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 urban works 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.

f) 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 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 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.

g) 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 meant:

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

h) 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.

i) 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.

j) 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.

k) 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.

l) 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.

m) Adoption of New Accounting Policy**(i) Liability for Contaminated Sites**

The Corporation adopted Public Sector Accounting Board Standard PS 3260 *Liability for Contaminated Sites* effective as of January 1, 2015. 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 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. The Corporation adopted this standard on a prospective basis and there were no adjustments as a result of the adoption of this standard, as further detailed in Note 24.

n) Recent Accounting Pronouncements**(i) Foreign Currency Translation**

PSAB released a revised standard related to *Foreign Currency Translation* (PS 2601). The standard has been deferred and applies to all local governments for fiscal years beginning on or after April 1, 2019. The standard requires exchange rates to be adjusted to the rate in effect at the financial statement date for monetary assets and liabilities denominated in foreign currency and non-monetary items included in the fair value category. Gains and losses yet to be settled are presented in the statement of re-measurement gains and losses. Gains and losses on long-term monetary assets and liabilities are amortized over the remaining term of the item. The Corporation has not yet determined what, if any, financial reporting implications may arise from this standard.

(ii) Financial Instruments

PSAB released a standard related to *Financial Instruments* (PS 3450). The standard has been deferred and applies to all local governments for fiscal years beginning on or after April 1, 2019. The standard applies to all types of financial instruments (primary and derivatives). In the year that the standard is adopted, Foreign Currency Translation (PS 2601) must also be adopted. The new standard requires equity and derivative instruments be measured at fair value, with changes in value being recorded in a statement of re-measurement gains/losses. The standard gives the option of cost/amortized cost vs. fair value for remaining instruments, which is elected upon by the government organization. The Corporation has not yet determined what, if any, financial reporting implications may arise from this standard.

2. Cash and Cash Equivalents

	2015	2014
Cash on deposit	\$ 253,856	\$ 330,641
Cash equivalents	103,408	102,057
	\$ 357,264	\$ 432,698

Cash equivalents are comprised mainly of bankers' acceptances, guaranteed investment certificates and 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, 2015, the balances are as follows:

	2015	2014
Taxes receivable	\$ 33,204	\$ 33,136
Penalties and interest	1,693	1,871
Allowance for doubtful accounts	(10,249)	(10,542)
	\$ 24,648	\$ 24,465

4. Investments

Investments are comprised of the following:

	2015		2014	
	Cost	Market Value	Cost	Market Value
Pooled investment funds	\$ 3,010	\$ 3,485	\$ 2,914	\$ 3,375
Government fixed income	121,262	121,940	67,395	68,701
Corporate fixed income	222,371	226,531	134,128	137,138
Asset backed securities	91,270	93,095	80,627	81,279
Other investments	153	153	77	77
	\$438,066	\$445,204	\$285,141	\$290,570

5. Loan Receivable

	2015	2014
Subordinate Loan – City of London Arena Trust	\$ 25,157	\$ 25,730

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, **\$573** (2014 - \$973) 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., a 47.143% interest in the Fair-City Joint Venture Partnership and a 73.432% interest in the City-YMCA Joint Venture Partnership based upon investments as follows:

		2015	2014
London Hydro Inc.	a)	\$148,608	\$149,984
Fair-City Joint Venture Partnership	b)	6,452	6,924
City-YMCA Joint Venture Partnership	c)	16,945	17,442
		\$172,005	\$174,350

a) Investment in London Hydro Inc.

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

	2015	2014
Financial Position		
Current assets	\$ 79,915	\$ 79,719
Capital assets	267,387	248,217
Deferred tax assets	740	879
Total assets	348,042	328,815
Regulatory balances	6,713	7,070
Total assets and regulatory balance	354,755	335,885
Current and other liabilities	66,914	66,962
Deferred revenue	20,399	10,552
Post-employment benefits	13,845	12,019
Long-term debt	98,434	95,738
Total liabilities	199,592	185,271
Regulatory balances	6,555	630
Total liabilities and regulatory balances	206,147	185,901
Net assets	\$148,608	\$149,984
Results of Operations		
Revenues	\$457,059	\$435,645
Operating expenses	(432,175)	(413,288)
Other income (expenses)	(5,618)	(7,417)
Income tax expense	3,160	2,403
Net movement in regulatory balances	(5,752)	-
Net earnings	10,354	12,537
Dividends	(10,000)	(3,000)
Adjustment to opening net assets due to transition to IFRS	(1,730)	-
Net assets, beginning of year	149,984	140,447
Net assets, end of year - Investment in London Hydro Inc.	\$148,608	\$149,984

i) Regulated Business Operations and Distribution Rates

London Hydro Inc. ("the Company") is a wholly owned subsidiary company of the Corporation and provides regulated electrical distribution 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 totalled **\$6,713** (2014 - \$7,070). Net regulatory credit balances for 2015 totalled **\$6,555** (2014 - \$630).

iii) Commitments

The Company has provided **\$6,600** (2014 - \$6,600) 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 **\$6,600** (2014 - \$5,400).

The Company has committed to operating lease agreements with future minimum non-cancellable annual lease payments of **\$1,523** (2014 - \$991).

iv) Credit Facilities

The Company has a committed 364 day extendable operating revolving loan facility of \$15.0 million. The amount drawn under this facility was **\$5,000** (2014 - nil). The Company also has an uncommitted operating revolving line of credit facility of \$20.0 million. As at December 31, 2015 the amount drawn under this facility was **nil** (2014 - nil).

The Company has an interest rate swap agreement for an unsecured loan in the amount of \$85 million. Interest only payments are due quarterly and commenced December 2014. The principal is due at maturity. The agreement is a fixed rate swap and matures June 2022. The Company has an interest rate swap agreement for an unsecured loan to fund its Smart Meter capital expenditure program. Principal repayments on this loan commenced in October 2010 and are being amortized over a 9 year period ending August 2019. The balance outstanding at December 31, 2015 is **\$8,434** (2014 - \$10,738).

At December 31, 2015, the Company would be required to pay **\$5,900** (2014 - \$2,800) if it wished to cancel the swap agreements.

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 **\$4,226** (2014 - \$4,216) and are included on the consolidated statement of operations. At December 31, 2015, the Corporation has a receivable of **\$14,272** (2014 - \$12,650) for water and wastewater charges collected by London Hydro Inc. Miscellaneous receivables of **\$876** (2014 - \$25) are also outstanding at year end.

The Corporation, on behalf of the Public Utility Commission, charged London Hydro Inc. rent, totalling **\$100** (2014 - \$100). The Corporation received interest of **nil** (2014 - \$3,900) on the promissory note, which was repaid during 2014, as more fully described in note 18 e). The Corporation also received **\$10,000** (2014 - \$3,000) in dividend payments, which were recorded as a reduction in the investment in government business enterprises.

vi) Adoption of International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") provided deferrals which allow rate regulated entities to defer the adoption of IFRS until January 1, 2015. This is the first year end for which the Company's financial statements have been prepared in accordance with IFRS.

The impact of the adoption of IFRS on the Company's financial position and results of operations is detailed in their financial statements and note disclosures.

As a result of the adoption of IFRS, the Corporation's investment in London Hydro Inc. was reduced by \$1,730. This adjustment is non-recurring and has been treated on a prospective basis.

b) Fair-City Joint Venture Partnership

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

	2015	2014
Financial Position		
Current assets	\$ 1,997	\$ 1,714
Capital assets	11,964	12,382
	13,961	14,096
Accrued liabilities	1,703	1,560
Deferred capital contributions	3,417	3,550
Long-term debt	6,070	6,846
Total liabilities	11,190	11,956
Net Assets	\$ 2,771	\$ 2,140
	2015	2014
Results of Operations		
Revenues	\$ 3,977	\$ 3,790
Operating expenses	3,332	3,171
Net earnings	645	619
Net earnings available to the Venturers	645	619
Net earnings available to the Corporation	304	310
Distribution to Corporation	(35)	(127)
Adjustment to prior year's distribution	52	-
Distribution for employee future benefit re-measurements	(21)	-
Corporation's portion of earning retained in Joint Venture	300	183
Corporation's investment in Fair-City Joint Venture's net assets, beginning of year	1,070	887
Adjustment due to change in Corporation's share during year	(64)	-
Corporation's investment in Fair-City Joint Venture's net assets, end of year	1,306	1,070
Promissory note due to the Corporation	5,146	5,854
Investment in Fair-City Joint Venture Partnership	\$ 6,452	\$ 6,924

- i) 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.

During the year, the repayment threshold was met resulting in the Corporation's equity interest decreasing to 47.143% (2014 – 50%). The Venturers agreed to apply the charge prospectively to the first day in the year that the threshold was met and to each year thereafter that subsequent repayment thresholds are met. In the current year \$35 (2014 - \$127) of profit was available and distributed to the Corporation.

- ii) The Corporation also has an Ice Rental Agreement with the Fair-City Joint Venture Partnership for 240 hours per year. \$1,747 was paid for ice rental in 2015 (2014 - \$1,713) which was recorded as an expense in the consolidated statement of operations.

c) City-YMCA Joint Venture Partnership

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

	2015	2014
Financial Position		
Capital assets	\$ 27,135	\$ 27,135
Accumulated amortization	(4,063)	(3,384)
Net Assets	\$ 23,072	\$ 23,751
Results of Operations		
Amortization of capital assets	\$ 679	\$ 679
Net loss	(679)	(679)
Net assets, beginning of year	23,751	24,430
Net assets, end of year	23,072	23,751
Corporation's portion of net assets	16,945	17,442
Investment in City-YMCA Joint Venture Partnership	\$ 16,945	\$ 17,442

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.

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.

7. Deferred Revenue

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

	2015	2014
Funds deferred to future periods for specific purposes by legislation, regulation or agreement:		
Development Charges Act		
- Recreation and transit	\$ 16,074	\$ 13,349
- Capital infrastructure	104,890	105,232
Federal and Provincial gas tax	53,211	56,042
Recreational land (The Planning Act)	1,622	1,288
Capital infrastructure for cultural services	3,693	3,622
	179,490	179,533
Other deferred revenue:		
Subsidy advances from Provincial Ministries for future periods	14,279	12,513
Prepaid deposits	297	237
Prepayment of recreation programs, facility rentals, memberships	1,835	1,775
Vacancy rebate allowances	2,754	2,167
Boards and commissions	8,698	11,454
Other deferred revenues	240	202
	\$207,593	\$207,881

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.

	Last year of obligation	2015	2014
Fanshawe College	2022	\$ 14,600	\$ 17,000
OMEX Insurance	2021	1,112	1,338
Elgin Area Landowner Compensation	2017	13	17
		\$ 15,725	\$ 18,355

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.

a) Long-term debt is as follows:

	2015	2014
Long-term debt issued by the Corporation at various rates of interest ranging from 0.80% to 5.88% (2014 – 1.20% to 5.75%) with maturity dates ranging from October, 2017 to March, 2025,	\$ 234,640	\$221,684
Long-term debt issued by Infrastructure Ontario programs at various rates of interest ranging from 2.45% to 4.44% (2014 – 2.40% to 4.44%) with maturity dates ranging from July, 2016 to March, 2030,	93,973	109,826
Long-term debt issued through Canada Mortgage and Housing Corporation at an interest rate of 3.23% with a maturity date of March, 2021,	10,118	11,625
Long-term debt issued through the Federation of Canadian Municipalities (FCM), as Trustee for the Green Municipal Fund at an interest rate of 2.00% and maturing May, 2032,	1,705	1,791
Long-term debt, assumed by unconsolidated local Boards, other municipalities, municipal enterprises and utilities	(6,488)	(5,943)
Total long-term debt	333,948	338,983
Less: Unamortized debenture discount	(1,514)	(1,467)
Net long-term debt	\$ 332,434	\$337,516

Principal repayments are summarized as follows:

Recoverable from	2016	2017	2018	2019	2020	Beyond	Total
General municipal revenues	29,063	28,019	25,983	24,219	22,790	54,315	184,389
Water user rates	2,176	2,237	2,301	1,911	1,953	6,338	16,916
Sewer user rates	8,495	8,572	8,101	8,199	8,163	28,886	70,416
Discretionary reserve funds	3,999	4,097	4,203	4,322	4,453	5,786	26,860
Obligatory reserve funds	4,689	4,751	4,080	4,152	4,229	13,466	35,367
	48,422	47,676	44,668	42,803	41,588	108,791	333,948

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

	2015	2014
Interest on long-term debt	\$ 10,690	\$ 11,238
Amortization of debenture discount	209	200
Interest on capital lease obligations	86	76
	\$ 10,985	\$ 11,514

10. Capital Lease Obligations

	2015	2014
2015	\$ -	\$ 1,386
2016	1,339	1,034
2017	743	413
2018	155	-
Minimum lease payments	2,237	2,833
Less amount representing interest at rates ranging between 3.25% - 3.75% (2014 - 3.75%)	78	127
Present value of net minimum capital lease payments	\$ 2,158	\$ 2,706

11. Urban Works Payable

The Corporation operates a system of funding developer claims for construction of infrastructure works. The claimable works generally benefit areas beyond the boundaries of the subdivision or development which triggers the requirement for the works, and the cost of these works are shared through development charge collections administered by the Corporation through the Urban Works Reserve Fund (the "Fund").

Claims are subject to approval by the Corporation. Payment of approved claims are further subject to annual limits, and are only payable when sufficient funds have been accumulated to liquidate claims. Liquidation of approved claims may be delayed indefinitely, until sufficient funds have accumulated to allow for their settlement.

As at December 31st of each year, the value of all completed work 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 Fund, including a reliance on development charges received as the source for repayment. Payments for the infrastructure projects are made from both the Urban Works Reserve Fund and the Urban Works Storm Management Reserve Fund. At December 31st there is **\$426** (2014 - \$1,424) in the Urban Works Reserve Fund and **\$1,930** (2014 - \$1,802) in the Urban Works Storm Water Management Reserve Fund to fund this liability.

		Roads	Sanitary Sewers	Storm Sewer	Storm Water	Total
Urban Works Payable	Dec 31, 2013	\$ 3,733	\$ 5,044	\$ 2,514	\$ 5,564	\$ 16,855
Expenses :						
Value of construction work completed	2014	743	(444)	549	223	1,071
Payments :						
From Urban Works Reserve Funds	2014	(2,807)	(577)	(1,997)	(1,872)	(7,253)
Urban Works Payable	Dec 31, 2014	1,669	4,023	1,066	3,915	10,673
Expenses :						
Value of construction work completed	2015	1,198	(85)	(23)	147	1,237
Payments :						
From Urban Works Reserve Funds	2015	(783)	(1,909)	(559)	(1,402)	(4,653)
Urban Works Payable	Dec 31, 2015	\$ 2,084	\$ 2,029	\$ 484	\$ 2,660	\$ 7,257

The estimated future repayments of developer claims are as follows:

2016	\$ 3,856
2017	2,907
2018	305
2019	189
Total	\$ 7,257

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:

		2015	2014
Post-employment and post-retirement benefits	a)	\$ 82,997	\$ 79,314
Workplace Safety and Insurance Board Obligation	b)	50,374	46,878
Vacation credits	c)	15,607	15,056
Vested sick leave benefits	d)	3,857	5,264
		\$ 152,835	\$ 146,512

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 \$18,863 (2014 - \$18,149), and the reserve balances at the end of the year are \$53,533 (2014 - \$52,957) to fund these obligations.

a) Post Employment and Post-Retirement Benefits

The Corporation provides benefits, such as health, dental and life insurance to qualified retirees until they reach 65 years of age and provides certain benefits to employees on long-term disability. The liabilities reported in these consolidated financial statements are based on the most recent actuarial valuation prepared as of December 31, 2015.

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

	2015 %	2014 %
Discount rate	3.25	3.75
Rate of compensation increase	1.90	3.00
Healthcare cost increases	4.00 – 8.00	4.00 - 8.00

The benefit obligation continuity is as follows:

Liability for post-employment and post-retirement benefits:	2015	2014
Accrued benefit obligation, January 1	\$ 88,190	\$ 83,919
Current period benefit cost	4,670	4,482
Retirement interest expense	3,397	3,238
Plan amendment	2,954	-
Actuarial gain	(19,744)	-
Benefits paid	(3,823)	(3,449)
Accrued benefit obligation, December 31	75,644	88,190
Unamortized actuarial gain (loss)	7,353	(8,876)
Liability for post-employment and post-retirement benefits	\$ 82,997	\$ 79,314
Post-employment and post-retirement benefits expense:		
Current period benefit cost	\$ 4,670	\$ 4,482
Retirement interest expense	3,397	3,238
Plan amendment	2,954	-
Amortization of actuarial (gain) loss	(3,515)	1,053
Total post-employment and post-retirement benefit expense	\$ 7,506	\$ 8,773

The actuarial loss is amortized over the expected average remaining service life of the related employee group of 13 years (2014 – 14 years).

b) Workplace Safety and Insurance Board Obligation

The Corporation is a Schedule 2 employer under the Workplace Safety and Insurance Act, and as such assumes responsibility for financing its workplace safety insurance costs. The accrued obligation is determined using the estimated value of future benefit costs provided by WSIB and any additional information known to the Corporation about future obligations. All expected future payouts are discounted to December 31, 2015, using an appropriate discount rate.

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, 2015 is \$15,607 (2014 - \$15,056).

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 \$3,857 (2014 - \$5,264) at December 31, 2015. During the year \$1,546 (2014 - \$1,053) 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, 2015 is **\$3,945** (2014 - \$4,929), and the reserves balance is **\$24** (2014 - \$53). An amount of **\$533** (2014 - \$821) 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 are entitled to be paid out their balance of accumulated sick time at retirement, which is the balance that makes up this liability.

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

2016	\$ 2,343
2017	870
2018	344
2019	183
2020	117
Total	\$ 3,857

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 its employees. 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.

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 2015 was **\$28,802** (2014 - \$29,284) for current service. Employer's contributions for current service are included as an expense in the consolidated statement of operations.

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, 2015 for landfills are as follows:

Active (W12A) landfill is expected to reach capacity in 2025	
Remaining capacity of active (W12A) as at December 31, 2015	2.4 million tonnes
Expected closing cost in 2015 dollars	\$2,000
Inflation rate	1.8%
Discount rate	3.25%
Estimated time required for post-closure care - active landfill	75 years
Estimated remaining time required for post-closure care – closed landfills	30 - 40 years

	2015	2014
Active landfill (W12A) closure, site rehabilitation and monitoring obligation	\$ 24,181	\$ 20,334
Closed landfills site rehabilitation and monitoring obligation	9,381	8,791
	\$ 33,562	\$ 29,125

A reserve fund has been established to partially provide for this sanitary landfill site closure and post-closure liability. The reserve fund balance at December 31, 2015 is \$12,082 (2014 - \$9,909).

14. Tangible Capital Assets

Cost	Balance at December 31, 2014	Additions	Disposals	Balance at December 31, 2015
Land	\$ 394,250	13,942	3,020	\$ 405,172
Landfill and land improvements	140,186	3,803	3,220	140,769
Buildings and building improvements	898,015	26,332	6,171	918,176
Leasehold improvements	3,656	39	1,006	2,689
Machinery, equipment and furniture	360,961	19,941	15,398	365,504
Vehicles	109,272	11,088	5,791	114,569
Water infrastructure	679,638	26,227	4,349	701,516
Wastewater infrastructure	1,232,746	52,253	5,872	1,279,127
Roads infrastructure	1,121,497	75,889	16,070	1,181,316
Computers	8,283	2,160	1,489	8,954
Computers under capital lease	5,463	1,219	1,671	5,011
Assets under construction	163,990	84,815	76,970	171,835
Total	\$ 5,117,957	317,708	141,027	\$ 5,294,638

Accumulated Amortization	Balance at December 31, 2014	Amortization Expense	Amortization Disposal	Balance at December 31, 2015
Land	\$ -	-	-	\$ -
Landfill and improvements	64,703	7,225	3,219	68,709
Buildings and building improvements	383,076	27,555	6,171	404,460
Leasehold improvements	2,416	405	1,006	1,815
Machinery, equipment and furniture	195,837	24,396	15,362	204,871
Vehicles	62,836	9,059	5,660	66,235
Water infrastructure	204,978	14,420	2,660	216,738
Wastewater infrastructure	380,773	22,550	2,705	400,618
Roads infrastructure	412,162	38,389	13,768	436,783
Computers	4,559	2,248	1,489	5,318
Computers under capital lease	2,643	1,466	1,359	2,750
Assets under construction	-	-	-	-
Total	\$ 1,713,983	147,713	53,399	\$ 1,808,297

	Net book value December 31, 2014	Net book value December 31, 2015
Land	\$ 394,250	\$ 405,172
Landfill and land improvements	75,483	72,060
Buildings and building improvements	514,939	513,716
Leasehold improvements	1,240	874
Machinery, equipment and furniture	165,124	160,633
Vehicles	46,436	48,334
Water infrastructure	474,660	484,778
Wastewater infrastructure	851,973	878,509
Roads infrastructure	709,335	744,533
Computers	3,724	3,636
Computers under capital lease	2,820	2,261
Assets under construction	163,990	171,835
Total	\$ 3,403,974	\$ 3,486,341

a) Assets under construction

Assets under construction having a value of **\$171,835** (2014 - \$163,990) 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 fair market value at the date of contribution. The value of contributed assets received during the year is **\$41,126** (2014 - \$34,021) comprised predominantly of roads infrastructure in the amount of **\$8,994** (2014 - \$6,511) and water and wastewater infrastructure in the amount of **\$25,963** (2014 - \$26,297).

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 (2014 - nil).

15. Accumulated Surplus

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

	2015	2014
Surplus (deficit):		
Invested in tangible capital assets	\$3,514,309	\$3,431,237
Other	(58,667)	(77,725)
Local boards	(224)	1,083
Equity in government business enterprise	172,005	174,350
Unfunded		
Landfill closure and post-closure liability	(33,562)	(29,125)
Employee benefits payable	(152,801)	(148,119)
Net long-term debt	(304,315)	(303,933)
Total surplus	3,136,745	3,047,768
Reserves set aside by Council		
Working capital	13,219	13,219
Contingencies	76,630	76,246
General operations	31,110	28,427
Total reserves	120,959	117,892
Reserve funds set aside for specific purpose by Council		
Infrastructure renewal	147,980	114,447
Acquisition of vehicles	27,702	26,037
Acquisition of facilities	14,490	11,489
Recreational programs & facilities	403	363
Self-insurance	12,602	14,300
Sick leave	3,945	4,929
Industrial over sizing	23,035	25,291
Other purposes	152,510	133,651
Special purpose (Note 18)	70,685	70,081
Total reserve funds	453,352	400,588
Accumulated surplus	\$3,711,056	\$3,566,248

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.

16. Contingent Liabilities

a) Legal Actions

As at December 31, 2015, 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, Middlesex-London Health Unit, London Transit Commission and London & Middlesex Housing Corporation.

The Corporation has made a provision for a reserve fund for self-insurance which as at December 31, 2015 amounted to **\$12,602** (2014 - \$14,300) and is reported in Note 15 of the consolidated financial statements. The contribution for the year of **\$4,128** (2014 - \$3,775) has been reported in the individual revenues on the consolidated statement of operations.

Claims expensed during the year amounting to **\$5,826** (2014 - \$3,221) 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, 2015 to be paid from the self-insurance reserve fund. The probable outcome of these claims cannot be determined at this time.

17. Loan Guarantees

The Corporation has entered into an agreement which guarantees the borrowings of the Grand Theatre up to a maximum of **\$750** (2014 - \$750) in exchange for a mortgage on the land and building of the Grand Theatre.

The Corporation entered into agreements which, under certain conditions, guarantee a \$7,000 loan from 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, 2015 is **\$3,502** (2014 - \$3,906).

The Corporation has entered into an agreement, which under certain conditions guarantees a \$6,000 leasehold mortgage from the Bank of Montreal to the YMCA of Western Ontario, related to the Stoney Creek Community Centre. The outstanding principal of this loan at December 31, 2015 is **\$2,983** (2014 - \$4,333).

The Corporation has entered into an agreement which, under certain conditions, guarantees to assume the purchase and payment of block power on behalf of the Joint Water Boards. The Corporation has posted performance letters of credit as a condition of its contract in the amount of **\$5,000**. There is no amount outstanding and no anticipated loss from this guarantee.

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, 2015 that the Corporation will need to make any payments as a result of providing the guarantees.

18. Commitments

- a) 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 2015 was \$1,123 (2014 - \$1,123). Payments are based on the base year of 1997 at \$1,000 and are calculated contingent on annual assessment and tax rate increases.
- b) The Corporation has future commitments on the various Rehabilitation Programs, which are programs that allow for future reductions in property taxes. The future commitments are as follows:

2016	\$ 1,626
2017	1,342
2018	968
2019	686
2020	402
Beyond	1,018
Total	\$ 6,042

c) Contractual Obligations

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

2016	\$ 16,607
2017	6,520
2018	5,176
2019	4,555
2020	1,636
Beyond	3,421
Total	\$ 37,915

- ii) The Corporation has the following outstanding commitments remaining on facilities and infrastructure contracts as at December 31, 2015:

	2015	2014
Sanitary Sewer	\$ 50,249	\$ 11,419
Roads	26,751	23,331
Water	15,050	10,801
Commercial and Industrial	10,572	1,425
Storm Sewer	10,532	11,923
General Government	6,188	6,393
Library Facilities	4,787	-
Recreation Facilities	3,508	471
Fire and Emergency Measures	2,996	230
Cultural Facilities	360	4,882
Parks	233	600
Waste Disposal and Recycling	127	290
Police	-	457
Transit	-	2,500
	\$ 131,353	\$ 74,722

These amounts represent uncompleted portions of contracts, as at December 31, 2015, on major projects. The majority of payments on these outstanding commitments will be made in 2016.

d) Derivatives

The Corporation has the following derivative contracts as at December 31, 2015:

- Contract, expiring October 31, 2017, for average daily natural gas purchases of 88 gigajoules, with a remaining contract value of \$241
- Contract, expiring October 31, 2019, for average daily natural gas purchases of 210 gigajoules, with a remaining contract value of \$1,252

These derivative contracts were purchased to provide price certainty for the majority of the Corporation's natural gas needs over the terms of the contracts. The value of the contracts are not reflected as an asset or liability in these financial statements.

- Contract with one block, negotiated October 22, 2015 with a daily electricity purchase of 24 megawatt hours, covering the period of November 1, 2015 until October 31, 2018 with a remaining contract cost of \$749.

This derivative contract was purchased to provide price certainty for 40% of the Lake Huron Area Primary Water Supply System's electricity needs over the term of the contract. The value of the contract is not reflected as an asset or liability in these financial statements.

- e) A promissory note from London Hydro Inc. to the Corporation was assigned to the Public Utility Commission (Commission) subject to several conditions. On November 28, 2014, the promissory note was extinguished through payment by London Hydro to the Corporation.

As part of the transaction, the Corporation and the Commission entered into a Funding Agreement. The agreement ensures that the \$70 million principal will be held by the Corporation on terms consistent with the earlier pledge of undertaking/assignment of the promissory note from the Corporation to the Commission.

The agreement acknowledges that the Commission has retained ownership of and responsibility for lands contaminated by prior owners with coal tar and that the full \$70 million payment received by the Corporation from London Hydro under the promissory note will be held by the Corporation for the Commission for the following purposes:

- (i) The investigation, remediation and restoration of the affected lands;
- (ii) Any related legal proceedings, including proceedings before any court or administrative tribunal; and
- (iii) The Commission's actual and reasonable administrative and incidental costs related thereto.

The Funding Agreement provides that 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. The Fund Agreement provides the mechanism where the Commission may request and the Corporation will provide to it funds for the remediation works.

- f) During the year, the Corporation entered into a Memorandum of Understanding (MOU) with the YMCA of Western Ontario (YMCA) and the London Public Library Board (Library). The MOU is an agreement in principle to the development of a Joint Venture agreement to occupy and operate the Southwest Multipurpose Recreation Centre. The project, with a total value of \$55,366, will include a community centre, recreation centre and public library branch and will feature an indoor pool, double pad arena, gymnasium and community centre space in the southwest area of the City.

Each partner will invest in the project as follows:

- The City proposes to provide \$40,089 (77%) including land, plus \$300 for furniture and equipment,
- The YMCA proposes to provide \$9,200 (15%), plus \$1,200 for furniture and equipment, and
- The Library proposes to provide \$4,577 (8%).

The YMCA will assume 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. At the end of the term or any mutually agreed upon extension, the Corporation will agree to pay the YMCA an amount equal to the YMCA's partnership interest multiplied by the then fair market value of the partnership.

The Library will have a portion of the facility built and designed as a public library. The Library will have 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 Venture agreement.

Preliminary project costs of \$3,206 incurred to date, have been capitalized under Land and Assets under construction and are included in totals in Note 14.

Subsequent to year-end, it is expected that an agreement will be finalized in fiscal 2016. Construction of the facility is anticipated to commence in July 2016.

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.

	2015	2014
Revenues		
Fines	\$ 5,442	\$ 5,939
Expenses		
Salary, wages and benefits	1,381	1,488
County share of net revenues	291	341
Occupancy costs	330	324
Provincial government cost recovery	379	419
Administration costs	1,098	1,162
Equipment and maintenance	189	209
Total expenses	3,668	3,943
Excess of revenues over expenses	\$ 1,774	\$ 1,996

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

20. Budget Data

Budget data presented in these consolidated financial statements is based upon the 2015 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.

	Total	Tax	Water	Wastewater
Net Budget PSAB Surplus	\$134,923	\$ 67,305	\$ 27,914	\$ 39,704
Public Sector Accounting Board (PSAB) Reporting Requirements:				
Addback (deduct) from Net Budget PSAB Surplus:				
Transfers:				
Transfers from Capital	1,051	775	64	212
Transfers to Capital	(66,909)	(35,984)	(17,202)	(13,723)
Transfers from Reserves and Reserve Funds	5,028	5,028	-	-
Transfers to Reserves and Reserve Funds	(80,968)	(40,970)	(13,659)	(26,339)
	(141,798)	(71,151)	(30,797)	(39,850)
Budget Adjustments:				
Transfers from Capital	(59)	(59)	-	-
Transfers to Capital	(1,799)	(1,799)	-	-
Transfers from Reserves and Reserve Funds	2,200	2,200	-	-
Transfers to Reserves and Reserve Funds	(1,950)	(1,950)	-	-
	(1,608)	(1,608)	-	-
Debt Principal Repayments:	(38,106)	(26,779)	(281)	(11,046)
PSAB Adjustments:				
Capital program funding earned in year	(32,885)	(20,740)	(1,144)	(11,001)
Capital projects not resulting in capital assets	30,673	16,788	3,865	10,020
Amortization	130,015	71,798	13,732	44,485
Developer contributions - assumed capital assets	(45,000)	(10,488)	(4,191)	(30,321)
Loss on disposal of capital assets	1,000	11	198	791
Obligatory reserve fund deferred revenue earned	(16,048)	(12,621)	(339)	(3,088)
Government Business Enterprises adjustments	(4,923)	(4,923)	-	-
Landfill liability	928	928	-	-
Employee future benefits liability	6,320	5,857	157	306
	70,080	46,610	12,278	11,192
Boards and Commissions Budget PSAB Surplus	(23,491)	(14,377)	(9,114)	-
Net Surplus per 2015 Approved Budget	\$ -	\$ -	\$ -	\$ -

THE CORPORATION OF THE CITY OF LONDON

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Notes to the Consolidated Financial Statements

Year ended December 31, 2015

(all dollar amounts in thousands of dollars)

	Total	Tax	Water	Wastewater
Net Surplus per 2015 Approved Budget – Comprised of:				
Revenues:				
Property Tax	\$517,151	\$517,151	\$ -	\$ -
Government Grants and Subsidies	171,220	171,180	-	40
User Fees	205,617	43,639	73,358	88,620
Municipal Revenues – Other	66,834	66,376	146	312
Municipal Revenues – Transfers from Capital	1,049	773	64	212
Municipal Revenues – Transfers from Reserves and Reserve Funds	5,028	5,028	-	-
Total Revenues	966,899	804,147	73,568	89,184
Expenses:				
Personnel Costs	333,891	309,489	9,254	15,148
Administrative Expenses	11,497	5,832	2,829	2,836
Financial Expenses – Other	11,154	11,084	70	-
Financial Expenses – Interest and Discount on long-term debt	8,324	6,189	69	2,066
Financial Expenses – Debt Principal Repayments	38,106	26,779	281	11,046
Financial Expenses – Transfers to Reserves and Reserve Funds	80,968	40,971	13,659	26,338
Financial Expenses – Transfers to Capital	66,909	35,984	17,202	13,723
Purchased Services	160,255	154,302	2,883	3,070
Materials and Supplies	66,966	32,975	23,893	10,098
Furniture and Equipment	27,425	22,506	1,678	3,241
Transfers	173,549	173,549	-	-
Other Expenses	22,683	2,526	7,348	12,809
Recovered Expenses	(34,828)	(18,039)	(5,598)	(11,191)
Total Expenses	966,899	804,147	73,568	89,184
Net Surplus per 2015 Approved Budget	\$ -	\$ -	\$ -	\$ -

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:

	2015	2014
Net municipal taxation and user charges		
Net municipal taxation	\$ 530,381	\$509,267
Payments-in-lieu-of-taxes	8,881	8,928
	539,261	518,195
User charges	254,088	246,280
	\$ 793,349	\$764,475
Transfer payments		
Operating	\$ 1,257	\$ 1,668
Capital infrastructure	27,410	26,542
Government of Canada - total	28,667	28,210
Unconditional	-	-
Conditional – operating	197,149	185,024
Capital infrastructure	5,118	9,469
Province of Ontario - total	202,267	194,493
Other municipalities	5,152	4,973
	\$ 236,086	\$227,676
Investment income		
Investment income - operating	\$ 3,270	\$ 5,288
Investment income - reserves and reserve funds	8,061	6,819
	\$ 11,331	\$ 12,107
Other revenues		
Provincial Offences Fines	\$ 5,442	\$ 5,939
Government Business Enterprises	167	1,379
Ontario Lottery & Gaming Corporation	4,498	4,446
Other contributions - operating	3,291	2,096
Other contributions - capital	9,057	7,150
Donations	663	975
Miscellaneous sales	544	1,087
	23,662	\$ 23,072

22. Expenses by Object

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

	2015	2014
Salaries, wages and fringe benefits	\$ 396,529	\$405,141
Long-term debt interest charges	10,985	11,514
Materials and supplies	123,335	116,161
Contracted Services	124,723	104,013
Rents and financial expenses	27,516	28,886
External transfers	179,166	185,667
Amortization	147,713	142,784
Total expenses by object	\$ 1,009,967	\$994,166

23. 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.

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

a) Protection

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.

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.

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.

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.

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.

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.

24. Subsequent Event

The Corporation adopted Public Sector Accounting Board Standard PS 3260 *Liability for Contaminated Sites* effective as of January 1, 2015. The Corporation identified two sites that had contamination and were not in productive use, as follows:

One site was owned by the Corporation at the end of December 31, 2015 and December 31, 2014. Subsequent to year end, this site was sold to a developer for a nominal fee. As a result of the subsequent sale, management felt that the recording of a liability and subsequent sale and reversal of liability would not add any value to the financial statements as the fair value of the obligation and sale were immaterial to these financial statements.

With respect to the other site, draft reports indicate that remediation will be required but as of the date of the financial statements, estimated costs to remediate cannot be determined. It is anticipated that measurement will be established during 2016 as more information becomes available. Any remediation costs undertaken in 2016 will be recognized as incurred as an operating expense. Any remaining obligation, at the end of 2016, will be reported as a liability, as required under this standard.

As a result, no adjustments have been made in these financial statements as a result of the adoption of this standard.

THE CORPORATION OF THE CITY OF LONDON
 Consolidated Schedule of Segment Disclosure - Operating Expenses
 For the year ended December 31, 2015, with 2014 comparatives (in thousands of dollars)

	EXPENSES						Total 2014 Actuals	
	Salaries, Wages & Benefits	Materials	Contracted Services	External Transfers	Amortization	Other		
General Government	43,876	15,272	10,249	74	9,683	8,625	87,779	86,811
Fire	54,608	2,063	504	-	2,728	210	60,113	61,359
Police	92,648	5,119	1,849	-	3,516	723	103,855	104,457
Other Protection Services	12,201	3,443	1,145	3,690	250	726	21,455	22,188
Total Protection Services	159,457	10,625	3,498	3,690	6,494	1,659	185,423	188,004
Transit	42,130	15,810	4,825	-	10,454	725	73,944	73,681
Other Transportation Services	18,862	20,204	19,027	-	38,885	9,618	106,596	92,828
Total Transportation Services	60,992	36,014	23,852	-	49,339	10,343	180,540	166,509
Water/Waste Water	24,571	27,752	12,572	10	60,179	7,613	132,697	128,929
Solid Waste	7,815	8,530	11,616	1,136	2,133	1,559	32,789	28,943
Total Environmental Services	32,386	36,282	24,188	1,146	62,312	9,172	165,486	157,872
Public Health Services	4,761	502	794	4,871	124	288	11,340	9,832
Ambulance Services	-	-	12,393	-	-	-	12,393	11,715
Total Health Services	4,761	502	13,187	4,871	124	288	23,733	21,547
General Assistance	19,337	616	5,831	122,157	299	2,269	150,509	146,377
Assistance to aged persons	18,473	3,108	995	187	1,451	1,136	25,350	24,676
Child Care	1,786	902	22,345	14,317	11	133	39,494	35,076
Total Social and Family Services	39,596	4,626	29,171	136,661	1,761	3,538	215,353	206,129
Social Housing	6,122	1,553	9,489	28,728	1,611	477	47,980	43,254
Parks and Recreation	22,421	7,310	4,427	184	10,044	2,318	46,704	46,058
Libraries	14,411	3,511	796	0	3,378	1,120	23,216	22,782
Cultural Services	2,095	2,040	1,848	(26)	1,093	32	7,082	7,935
Total Recreation and Cultural Services	38,927	12,861	7,071	158	14,515	3,470	77,002	76,775
Planning, Development and Compliance	10,412	5,600	4,018	3,838	1,874	929	26,671	47,265
Total Expenses	396,529	123,335	124,723	179,166	147,713	38,501	1,009,967	994,166
Annual Surplus							144,808	117,376

Financial Statements of

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

December 31, 2015

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of The Corporation of the City of London Trust Funds, which comprise the consolidated statement of financial position as at December 31, 2015, the consolidated statement of continuity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

In common with many charitable organizations, The Corporation of the City of London Trust Funds derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the entity and we were not able to determine whether any adjustments might be necessary to capital receipts, assets and fund equity.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the City of London Trust Funds as at December 31, 2015, and the consolidated continuity of Trust Funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Professional Accountants, Licensed Public Accountants

June XX, 2016

London, Canada

THE TRUST FUNDS OF THE CITY OF LONDON

Consolidated Statement of Financial Position
December 31, 2015, with comparative figures for 2014

	2015		2014	
	Total		Total	
Assets:				
Cash and short-term deposits	\$	4,456,581	\$	4,490,608
Accounts receivable, OHRP		170		236
Accounts receivable, other		1,214		88,416
Prepays		-		733
	\$	4,457,965	\$	4,579,993
Liability:				
Accounts payable	\$	5,035	\$	138,308
Fund balance		4,452,930		4,441,685
	\$	4,457,965	\$	4,579,993

See accompanying notes to consolidated financial statements.

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THE TRUST FUNDS OF THE CITY OF LONDON

Consolidated Statement of Continuity

December 31, 2015, with comparative figures for 2014

		2015		2014
		Total		Total
Balance, beginning of year	\$	4,441,685	\$	4,366,983
Revenue:				
Capital receipts		526,691		612,651
Interest earned		31,970		45,279
		558,661		657,930
Expenditures:				
Maintenance payments, Dearness Home		119,187		143,686
Miscellaneous		428,229		439,542
		547,416		583,228
Balance, end of year	\$	4,452,930	\$	4,441,685

See accompanying notes to consolidated financial statements.

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THE TRUST FUNDS OF THE CITY OF LONDON

Schedule 1 -- Detailed Consolidated Statement of Continuity

December 31, 2015

	Sundry Trusts	E.P. Williams Estate	Ontario Home Renewal Program	Bostwick Cemetery	London Public Library	Park Farms	Dearness Residents' Trust	Woodhull Perpetual Maintenance	Woodhull Stone Monument	2015 Total
Balance, beginning of year	\$ 141,881	\$ 155,298	\$ 208,879	\$ 12,561	\$ 3,470,568	\$ 132,746	\$ 91,195	\$ 211,704	\$ 16,853	\$ 4,441,685
Receipts:										
Capital receipts	-	-	-	-	296,351	-	224,502	5,250	589	526,691
Interest earned	1,489	1,630	2,187	132	22,718	1,393	-	2,242	179	31,970
	1,489	1,630	2,187	132	319,069	1,393	224,502	7,492	767	558,661
Expenditures:										
Maintenance payments, Dearness Home	-	-	-	-	-	-	119,187	-	-	119,187
Miscellaneous	-	-	-	-	320,505	-	107,723	-	-	428,229
	-	-	-	-	320,505	-	226,910	-	-	547,416
Balance, end of year	\$ 143,370	\$ 156,928	\$ 211,066	\$ 12,693	\$ 3,469,132	\$ 134,139	\$ 88,786	\$ 219,195	\$ 17,621	\$ 4,452,930

See accompanying notes to consolidated financial statements.

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THE TRUST FUNDS OF THE CITY OF LONDON

Schedule 2 -- Detailed Consolidated Statement of Financial Position
December 31, 2015

	Sundry Trusts	E.P. Williams Estate	Ontario Home Renewal Program	Bostwick Cemetery	London Public Library	Park Farms	Dearness Residents' Trust	Woodhull Perpetual Maintenance	Woodhull Stone Monument	2015 Total
Assets:										
Cash and short-term deposits	\$ 142,192	\$ 156,928	\$ 210,896	\$ 12,693	\$ 3,472,461	\$ 134,139	\$ 90,456	\$ 219,195	\$ 17,621	\$ 4,456,581
Accounts receivable, OHRP	-	-	170	-	-	-	-	-	-	170
Accounts receivable, other	1,178	-	-	-	36	-	-	-	-	1,214
Prepays	-	-	-	-	-	-	-	-	-	-
	\$ 143,370	\$ 156,928	\$ 211,066	\$ 12,693	\$ 3,472,497	\$ 134,139	\$ 90,456	\$ 219,195	\$ 17,621	\$ 4,457,965
Liability:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 3,365	\$ -	\$ 1,670	\$ -	\$ -	\$ 5,035
Fund balance	143,370	156,928	211,066	12,693	3,469,132	134,139	88,786	219,195	17,621	4,452,930
	\$ 143,370	\$ 156,928	\$ 211,066	\$ 12,693	\$ 3,472,497	\$ 134,139	\$ 90,456	\$ 219,195	\$ 17,621	\$ 4,457,965

See accompanying notes to consolidated financial statements.

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THE TRUST FUNDS OF THE CITY OF LONDON

Consolidated Notes to Financial Statements

December 31, 2015 with comparative figures for 2014

1. Significant accounting policies:

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. 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) Investments:

Investments are recorded at cost less any amounts written off to reflect a permanent decline in value.

Financial Statements of

**ARGYLE BUSINESS IMPROVEMENT
AREA BOARD OF MANAGEMENT**

Year ended December 31, 2015



KPMG LLP
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Canada

Telephone (519) 672-4880
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Argyle Business Improvement Area Board of Management, which comprise the statement of financial position as at December 31, 2015, the statements of operations, net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Argyle Business Improvement Area Board of Management as at December 31, 2015, and its results of operations, its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

May 12, 2016

London, Canada

ARGYLE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT
Statement of Financial Position
As at December 31, 2015, with comparative information for 2014

	2015	2014
Financial assets		
Cash and cash equivalents (note 3)	\$ 67,299	\$ 47,158
Trade and other receivables	787	869
Total financial assets	68,086	48,027
Financial liabilities		
Accounts payable and accrued liabilities	9,601	22,359
Total financial liabilities	9,601	22,359
Net financial assets	58,485	25,668
Non-financial assets		
Tangible capital assets (note 4)	1,065	1,365
Inventory	1,440	1,440
Total non-financial assets	2,505	2,805
Accumulated surplus (note 5)	\$ 60,990	\$ 28,473

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

ARGYLE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT
Statement of Operations
For the year ended December 31, 2015, with comparative information for 2014

	Budget			
	2015	2015	2015	2014
Revenues				
Municipal levy - The City of London	\$ 116,480	\$ 116,480	\$ 100,582	
Rental income	2,621	2,921	2,921	
Internet sharing	300	-	-	
Transfer payments - Federal	-	4,990	10,276	
Prior year surplus	14,565	16,696	-	
SCP sponsorship	-	3,575	-	
Other	4,000	-	4,176	
Total revenues	137,966	144,662	117,955	
Expenses				
Advertising, marketing and promotion	30,486	11,015	11,122	
Amortization	-	300	1,196	
Community initiatives	10,000	6,340	7,326	
Insurance	2,000	1,453	1,512	
Membership fees and dues	500	850	315	
Office administration	1,200	411	340	
Office rent	10,000	9,855	9,425	
Office supplies	2,820	3,645	2,479	
Professional fees	6,000	6,903	6,697	
Program initiatives	10,000	13,167	25,590	
Special events	15,000	-	-	
Repairs and maintenance	2,500	1,195	735	
Salaries, wages and benefits	42,000	52,616	45,498	
Telephone and internet service	1,800	1,736	1,751	
Training, travel and professional development	1,660	1,393	2,998	
Utilities	2,000	1,266	1,285	
Total expenses	137,966	112,145	118,269	
Surplus/(deficit)	-	32,517	(314)	
Accumulated surplus, beginning of year (note 5)	28,473	28,473	28,787	
Accumulated surplus, end of year (note 5)	\$ 28,473	\$ 60,990	\$ 28,473	

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

ARGYLE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT
Statement of Net Financial Assets
For the year ended December 31, 2015, with comparative information for 2014

	2015	2014
Surplus/(deficit)	\$ 32,517	\$ (314)
Amortization of tangible capital assets	300	1,196
Change in inventory	-	120
Change in net financial assets	32,817	1,002
Net financial assets, beginning of year	25,668	24,666
Net financial assets, end of year	\$ 58,485	\$ 25,668

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

ARGYLE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT
Statement of Cash Flows
For the year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by:		
Operating activities:		
Surplus (deficit)	\$ 32,517	\$ (314)
Item not involving cash:		
Amortization of tangible capital assets	300	1,196
Changes in non-cash assets and liabilities:		
Inventory	-	120
Trade and other receivables	82	348
Accounts payable and accrued liabilities	(12,758)	6,882
Net change in cash from operating activities	20,141	8,232
Increase in cash and cash equivalents	20,141	8,232
Cash and cash equivalents, beginning of year	47,158	38,926
Cash and cash equivalents, end of year	\$ 67,299	\$ 47,158

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

ARGYLE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements

Year ended December 31, 2015

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 Area Board of Management was incorporated on October 9, 2012, in the Province of Ontario. The Board was established as a local board of the City of London to manage the Argyle Business Improvement Area. This Area 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.

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

2. Significant accounting policies

The financial statements of the Argyle Business Improvement Area Board of Management are the representation of management, prepared in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants (CPA) 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
Furniture and fixtures	5
Computer equipment	4

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

ARGYLE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2015

2. Significant accounting policies (continued)

(c) Government transfers

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 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. 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.

3. Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	2015	2014
Cash on deposit	\$ 67,036	\$ 46,943
Credit union membership shares	263	215
	\$ 67,299	\$ 47,158

ARGYLE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2015

4. Tangible capital assets

Cost	Balance at December 31, 2014	Additions	Disposals	Balance at December 31, 2015
Furniture and fixtures	\$ 1,796	\$ -	\$ -	\$ 1,796
Computer equipment	3,347	-	-	3,347
Total	\$ 5,143	\$ -	\$ -	\$ 5,143

Accumulated Amortization	Balance at December 31, 2014	Amortization Expense	Disposals	Balance at December 31, 2015
Furniture and fixtures	\$ 977	\$ 164	\$ -	\$ 1,144
Computer equipment	2,801	137	-	2,937
Total	\$ 3,778	\$ 300	\$ -	\$ 4,078

	Net book value December 31, 2014	Net book value December 31, 2015
Furniture and fixtures	\$ 819	\$ 655
Computer equipment	546	410
Total	\$ 1,365	\$ 1,065

5. Accumulated surplus

The balance of accumulated surplus is comprised of the following:

	2015	2014
Invested in tangible capital assets	\$ 1,065	\$ 1,365
Operating fund	59,925	27,108
	\$ 60,990	\$ 28,473

6. Related party transactions

During the year, the Board paid rent to the landlord in the amount of \$9,855 (2014 - \$9,425). These amounts are recorded at the exchange amount, with the related party. The exchange amount approximates fair market value.

Financial Statements of

**COVENT GARDEN MARKET
CORPORATION**

Year ended December 31, 2015



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Chair and Members of Covent Garden Market Corporation

We have audited the accompanying financial statements of Covent Garden Market Corporation, which comprise the statement of financial position as at December 31, 2015 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Covent Garden Market Corporation as at December 31, 2015 and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

March 4, 2016

London, Canada

COVENT GARDEN MARKET CORPORATION

Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash	\$ 209,821	\$ 192,679
Investments (note 2)	1,364,574	1,012,994
Accounts receivable (note 3)	170,925	157,914
Prepaid expenses	20,319	19,745
	<u>1,765,639</u>	<u>1,383,332</u>
Capital assets (note 4)	4,501,822	4,554,369
	<u>\$ 6,267,461</u>	<u>\$ 5,937,701</u>

Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 451,112	\$ 349,254
Current portion of long-term debt (note 6)	87,984	82,578
	<u>539,096</u>	<u>431,832</u>
Deferred capital contributions (note 5)	2,265,260	2,325,584
Long-term debt (note 6)	1,016,153	1,104,137
Net assets:		
Invested in capital assets (note 7)	1,132,425	1,042,070
Unrestricted	1,314,527	1,034,078
	<u>2,446,952</u>	<u>2,076,148</u>
	<u>\$ 6,267,461</u>	<u>\$ 5,937,701</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, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Parking fees	\$ 1,571,013	\$ 1,498,986
Market rentals	788,177	766,477
Common area maintenance	590,830	572,386
Amortization of deferred capital contributions - operating	100,508	98,180
Amortization of deferred capital contributions - management	1,286	1,573
Promotion fund	52,664	52,559
Central chilling lease	22,312	22,204
Management fees	14,760	14,040
Miscellaneous	4,607	4,461
Sponsorships	-	744
	<u>3,146,157</u>	<u>3,031,610</u>
Expenses:		
Operating (Schedule)	2,273,597	2,252,120
Management (Schedule)	483,953	473,799
	<u>2,757,550</u>	<u>2,725,919</u>
Earnings before the undernoted	388,607	305,691
Other income (expenses):		
Interest income	10,484	11,940
Tenant leaseholds	(28,287)	(30,850)
	<u>(17,803)</u>	<u>(18,910)</u>
Excess of revenues over expenses	\$ 370,804	\$ 286,781

See accompanying notes to financial statements.

COVENT GARDEN MARKET CORPORATION

Statement of Changes in Net Assets

Year ended December 31, 2015, with comparative information for 2014

	Invested in capital assets	Unrestricted	2015 Total	2014 Total
Balance, beginning of year	\$ 1,042,070	\$ 1,034,078	\$ 2,076,148	\$ 1,789,367
Excess (deficiency) of revenue over expenses	(212,483)	583,287	370,804	286,781
Net change in investment in capital assets (note 7)	302,838	(302,838)	-	-
Balance, end of year	\$ 1,132,425	\$ 1,314,527	\$ 2,446,952	\$ 2,076,148

See accompanying notes to financial statements.

COVENT GARDEN MARKET CORPORATION

Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 370,804	\$ 286,781
Adjustments for:		
Amortization of capital assets	314,277	334,856
Amortization of deferred capital contributions - operating	(100,508)	(98,180)
Amortization of deferred capital contributions - management	(1,286)	(1,573)
Net change in non-cash operating working capital (note 8)	88,273	(5,040)
	<u>671,560</u>	<u>516,844</u>
Capital activities:		
Purchase of capital assets	(261,730)	(307,755)
Receipt of deferred capital contributions	41,470	86,715
	<u>(220,260)</u>	<u>(221,040)</u>
Financing activities:		
Repayment of long-term debt	(82,578)	(77,503)
Investing activities:		
Purchase of investments	(351,580)	(255,590)
Increase (decrease) in cash	17,142	(37,289)
Cash, beginning of year	192,679	229,968
Cash, end of year	<u>\$ 209,821</u>	<u>\$ 192,679</u>

See accompanying notes to financial statements.

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements

Year ended December 31, 2015

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, 2015

1. Significant accounting policies (continued):

(c) Capital assets:

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

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

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

(d) Deferred capital contributions:

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

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

(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, 2015

2. Investments:

Investments consist of guaranteed investment certificates with terms varying from one year to three years, some of which are cashable instruments. Investments are held for the purpose of meeting short-term commitments.

3. Accounts receivable:

	2015	2014
Trade	\$ 175,925	\$ 162,914
Provision for doubtful accounts	5,000	5,000
	\$ 170,925	\$ 157,914

4. Capital assets:

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Buildings	\$ 7,296,158	\$ 3,536,491	\$ 3,759,667	\$ 3,790,405
Equipment and fixtures	1,970,357	1,327,046	643,311	650,871
Computer equipment	55,098	44,024	11,074	16,610
Renovations, parking upgrade	93,880	91,363	2,517	4,107
Central chilling program	612,077	595,711	16,366	25,620
Work in progress	68,887	-	68,887	66,756
	\$10,096,457	\$ 5,594,635	\$ 4,501,822	\$ 4,554,369

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.

In accordance with the Corporation's policy, amortization is not taken until assets are available for use. As such, no amortization is taken on work in progress, as these assets are not available for use at the end of the reporting period.

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

5. Deferred capital contributions:

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

	2015	2014
Balance, beginning of year	\$ 2,325,584	\$ 2,338,622
Additional contributions received	41,470	86,715
Amortization of contributions	(101,794)	(99,753)
Balance, end of year	\$ 2,265,260	\$ 2,325,584

6. Long-term debt:

	2015	2014
Note payable to the City for construction of the mezzanine, fixed interest rate of 6.5%, unsecured, due in blended monthly payments of \$6,028, due 2026	\$ 532,974	\$ 569,839
Note payable to the City for purchase of Tenant A Space, interest rate of 6.34%, unsecured, due in blended yearly payments of \$90,000, due 2024	571,163	616,876
	1,104,137	1,186,715
Less current portion	87,984	82,578
	\$ 1,016,153	\$ 1,104,137

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

2016	\$ 87,984
2017	93,745
2018	99,883
2019	106,422
2020	113,390
Thereafter	602,713
	\$ 1,104,137

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

6. Long-term debt (continued):

Interest paid on the notes payable to the City, a related party, amounted to \$79,763 (2014 - \$84,837).

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

7. Invested in capital assets:

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

	2015	2014
Capital assets	\$ 4,501,822	\$ 4,554,369
Amounts financed by:		
Deferred capital contributions	2,265,260	2,325,584
Long-term debt	1,104,137	1,186,715
	3,369,397	3,512,299
	\$ 1,132,425	\$ 1,042,070

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

7. Invested in capital assets (continued):

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

	2015	2014
Deficiency of revenues over expenses:		
Amortization of capital assets	\$ (314,277)	\$ (334,856)
Amortization of deferred capital contributions	101,794	99,753
	<u>\$ (212,483)</u>	<u>\$ (235,103)</u>
Net change in investment in capital assets:		
Purchase of capital assets	\$ 261,730	\$ 307,755
Increase in deferred capital contributions	(41,470)	(86,715)
Decrease (increase) in accounts payable related to capital assets	-	4,530
Repayment of long-term debt	82,578	77,503
	<u>\$ 302,838</u>	<u>\$ 303,073</u>

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

	2015	2014
Accounts receivable	\$ (13,011)	\$ 2,848
Prepaid expenses	(574)	(11,797)
Accounts payable and accrued liabilities	101,858	3,909
	<u>\$ 88,273</u>	<u>\$ (5,040)</u>

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

9. Financial 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 allowance for doubtful accounts. The maximum exposure to credit risk of the Corporation at December 31, 2015 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance 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 allowance for doubtful accounts at December 31, 2015 is \$5,000 (2014 - \$5,000).

There have been no significant changes to the credit risk exposure from 2014.

(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 2014.

(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.

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

9. Financial risks (continued):

(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 2014.

COVENT GARDEN MARKET CORPORATION

Schedule - Operating and Management Expenses

Year ended December 31, 2015, with comparative information for and 2014

	2015	2014
Operating expenses:		
Advertising	\$ 320,069	\$ 281,715
Contracted services and professional fees	639,157	626,092
Amortization	305,341	324,593
Insurance	112,281	79,971
Interest expense, debenture	79,763	84,837
Light and heat	283,316	281,645
Maintenance, repairs and supplies	260,572	290,921
Miscellaneous	7,324	12,143
Professional fees	1,844	1,140
Salaries and benefits	55,767	50,691
Security	204,712	214,799
Telephone	3,141	3,176
Travel and entertainment	310	397
	<hr/>	<hr/>
	\$ 2,273,597	\$ 2,252,120
Management expenses:		
Benefits	\$ 72,836	\$ 73,171
Amortization	8,936	10,263
Insurance	7,800	5,532
Maintenance repairs and supplies	14,000	17,060
Miscellaneous	19,643	20,066
Professional fees	48,240	39,754
Salaries	298,119	294,437
Telephone	8,227	8,085
Travel and entertainment	6,152	5,431
	<hr/>	<hr/>
	\$ 483,953	\$ 473,799

DRAFT Financial Statements of

ELDON HOUSE CORPORATION

Year ended December 31, 2015

INDEPENDENT AUDITORS' REPORT

To the Chair and Members, Eldon House Corporation

We have audited the accompanying financial statements of Eldon House Corporation, which comprise the statement of financial position as at December 31, 2015, and the statement of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

In common with many charitable organizations, Eldon House 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 Eldon House Corporation. Therefore, we were not able to determine whether, as at and for the year ended December 31, 2015 any adjustments might be necessary to donations and annual surplus reported in the statement of operations and statement of cash flows and current assets reported in the balance sheet. This caused us to qualify our audit opinion on the financial statements as at and for the year ended December 31, 2014.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis of Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Eldon House Corporation as at December 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

June xx, 2016

London, Canada

ELDON HOUSE CORPORATION

Statement of Financial Position

DRAFT

December 31, 2015, with comparative information for 2014

	2015	2014
Financial assets		
Cash and cash equivalents	\$ 70,972	\$ 59,751
Accounts receivable	410	692
Prepaid expenses and deposits	183	243
	<u>71,565</u>	<u>60,686</u>
Financial liabilities		
Accounts payable and accrued liabilities	16,377	13,329
Deferred revenue	2,160	100
Deposits payable	1,000	1,000
	<u>19,537</u>	<u>14,429</u>
Net financial assets	52,028	46,257
Non-financial assets		
Tangible capital assets (note 2)	13,470	7,769
Inventories	2,820	785
	<u>16,290</u>	<u>8,554</u>
Accumulated surplus (note 3)	\$ 68,318	\$ 54,811

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

Statement of Operations

DRAFT

Year ended December 31, 2015, with comparative information for 2014

	Budget 2015	2015	2014
Revenue:			
The City of London	\$ 263,000	\$ 262,757	\$ 231,929
Grants	57,500	28,312	39,361
Donations	15,500	10,926	8,271
Other income	33,150	46,551	42,709
	<u>369,150</u>	<u>348,546</u>	<u>322,270</u>
Expenditures:			
Salaries and benefits	221,000	233,994	198,340
Utilities	21,300	24,815	25,741
Programs and exhibitions	13,300	17,275	22,442
Office and general	17,670	12,995	12,074
Repairs and maintenance	60,268	22,527	26,371
Insurance	4,500	4,904	4,755
Telephone	6,500	4,369	4,430
Advertising	17,000	3,683	3,285
Cost of sales	3,800	1,142	1,224
Amortization	-	3,727	1,771
Professional fees	4,280	4,579	3,090
Meals and entertainment	-	1,029	621
	<u>369,618</u>	<u>335,039</u>	<u>304,144</u>
Annual surplus	(468)	13,507	18,126
Accumulated surplus, beginning of year	54,811	54,811	36,685
Accumulated surplus, end of year	<u>\$ 54,343</u>	<u>\$ 68,318</u>	<u>\$ 54,811</u>

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

Statement of Change in Net Financial Assets

DRAFT

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Annual surplus	\$ 13,507	\$ 18,126
Acquisition of tangible capital assets	(9,428)	(7,725)
Amortization of tangible capital assets	3,727	1,771
	7,806	12,172
Acquisition of inventories	(2,820)	(785)
Consumption of inventories	785	1,203
	(2,035)	418
	5,771	12,590
Net financial assets, beginning of year	46,257	33,667
Net financial assets, end of year	\$ 52,028	\$ 46,257

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

Statement of Cash Flows

DRAFT

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 13,507	\$ 18,126
Item not involving cash:		
Amortization of tangible capital assets	3,727	1,771
Changes in non-cash operating working capital:		
Accounts receivable	282	(299)
Inventories	(2,035)	418
Prepaid expenses and deposits	60	(243)
Accounts payable and accrued liabilities	3,048	712
Deferred revenue	2,060	(22,394)
	20,649	(1,909)
Investing activities:		
Additions to tangible capital assets	(9,428)	(7,725)
Increase (decrease) in cash and cash equivalents	11,221	(9,634)
Cash and cash equivalents, beginning of year	59,751	69,385
Cash and cash equivalents, end of year	\$ 70,972	\$ 59,751
Represented by:		
Cash	\$ 65,934	\$ 54,749
Cash equivalents	5,038	5,002
	\$ 70,972	\$ 59,751

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

DRAFT Notes to Financial Statements

Year ended December 31, 2015

1. Significant accounting policies:

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

The financial statements of the Eldon House Corporation are the representation of management and are prepared in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants ("CPA") of Canada's Public Sector Accounting Handbook ("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 declining balance basis over their estimated useful lives as follows:

Asset	Rate
Furniture and fixtures	20%
Computer equipment	55%

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

ELDON HOUSE CORPORATION

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2015

1. Significant accounting policies (continued):

(c) Government transfers:

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 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 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. Actual results could differ from those estimates.

(g) 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.

ELDON HOUSE CORPORATION

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2015

2. Tangible capital assets:

Cost	Balance at December 31, 2014	Additions	Disposals	Balance at December 31, 2015
Furniture and fixtures	\$ 7,725	\$ 4,029	\$ -	\$ 11,754
Computer hardware	2,503	5,399	-	7,902
Total	\$ 10,228	\$ 9,428	\$ -	\$ 19,656

Accumulated amortization	Balance at December 31, 2014	Disposals	Amortization expense	Balance at December 31, 2015
Furniture and fixtures	\$ 773	\$ -	\$ 1,793	\$ 2,566
Computer hardware	1,686	-	1,934	3,620
Total	\$ 2,459	\$ -	\$ 3,727	\$ 6,186

	Net book value December 31, 2014	Net book value December 31, 2015
Furniture and fixtures	\$ 6,952	\$ 9,188
Computer hardware	817	4,282
Total	\$ 7,769	\$ 13,470

ELDON HOUSE CORPORATION

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2015

3. Accumulated surplus:

The balance of accumulated surplus is comprised of the following:

	2015	2014
Invested in tangible capital assets	\$ 13,470	\$ 7,769
Operating fund	54,848	47,042
	<u>\$ 68,318</u>	<u>\$ 54,811</u>

4. Trust fund:

The Amelia Lucy Ronalds Little Fund represents restricted funds to be used for the improvement, redecoration, refurbishing, restoration, and enhancement of Eldon House and the artifacts contained therein. The balance in this fund at December 31, 2015 was \$158,304 (2014 - \$155,806). At December 31, 2015, this fund was administered by Museum London and will be transferred to the Corporation once legal approvals are received. This fund has not been included in the statement of financial position of the Corporation.

Financial Statements of

FAIR-CITY JOINT VENTURE

Year ended June 30, 2015



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INDEPENDENT AUDITORS' REPORT

To the Venture Partners of Fair-City Joint Venture

We have audited the accompanying financial statements of Fair-City Joint Venture ("the Entity"), which comprise the statement of financial position as at June 30, 2015, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fair-City Joint Venture as at June 30, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants, Licensed Public Accountants

August 13, 2015

London, Canada

FAIR-CITY JOINT VENTURE

Statement of Financial Position

June 30, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash	\$ 687,522	\$ 1,448,994
Investment (note 3)	970,386	-
Accounts receivable (note 4)	194,811	150,873
Prepaid expenses	87,724	73,019
	<u>1,940,443</u>	<u>1,672,886</u>
Capital assets (note 5)	11,963,760	12,382,144
	<u>\$ 13,904,203</u>	<u>\$ 14,055,030</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 267,271	\$ 148,665
Payable to The City of London (note 15)	34,413	75,000
Payable to Western Fair Association (note 15)	180,673	154,990
Deferred revenue	342,575	278,082
Current portion of related party debt, secured (note 7)	730,565	686,114
Current portion of obligations under capital leases (note 8)	46,529	66,844
	<u>1,602,026</u>	<u>1,409,695</u>
Related party debt, secured (note 7)	4,774,681	5,505,247
Obligations under capital leases (note 8)	1,294,998	1,341,232
Employee future benefits (note 9)	101,213	45,763
Deferred capital contributions (note 10)	3,417,139	3,549,765
Net assets:		
Investment in capital assets (note 11)	1,699,848	1,232,942
Internally restricted (note 13)	1,014,298	970,386
	<u>2,714,146</u>	<u>2,203,328</u>
Contingencies (note 17)		
	<u>\$ 13,904,203</u>	<u>\$ 14,055,030</u>

See accompanying notes to financial statements.

On behalf of the Joint Venture:

_____ Director _____ Director

FAIR-CITY JOINT VENTURE

Statement of Operations

Year ended June 30, 2015, with comparative information for 2014

	2015	2014
Revenues:		
Ice rentals (note 15)	\$ 3,220,243	\$ 3,158,882
Sponsorship and other	506,335	491,356
Amortization of deferred capital contributions	132,626	132,626
	<u>3,859,204</u>	<u>3,782,864</u>
Expenditures:		
Salaries and benefits	985,828	921,217
Utilities	589,537	518,223
Supplies and services	370,443	330,113
Management fees from venturer (note 15)	231,021	226,972
	<u>2,176,829</u>	<u>1,996,525</u>
Excess of revenue over expenditures before the undernoted	1,682,375	1,786,339
Amortization of capital assets	572,472	612,283
Interest expense (note 15)	481,133	487,952
	<u>1,053,605</u>	<u>1,100,235</u>
Excess of revenues over expenditures (note 14)	<u>\$ 628,770</u>	<u>\$ 686,104</u>

See accompanying notes to financial statements.

FAIR-CITY JOINT VENTURE

Statement of Changes in Net Assets

Year ended June 30, 2015, with comparative information for 2014

	Western Fair Association	The City of London	Internally restricted (note 13)	Investment in capital assets (note 11)	Total 2015	Total 2014
Balance, beginning of year	\$ -	\$ -	\$ 970,386	\$ 1,232,942	\$ 2,203,328	\$ 2,564,819
Excess of revenues over expenditures	332,349	296,421	-	-	628,770	686,104
Employee future benefit remeasurements (note 2)	(23,762)	(21,193)	-	-	(44,955)	-
Venturer distributions	(38,584)	(34,413)	-	-	(72,997)	(1,047,595)
Allocation to internally restricted net assets	(104,657)	(93,343)	198,000	-	-	-
Change in investment in capital assets	(165,346)	(147,472)	(154,088)	466,906	-	-
Balance, end of year	\$ -	\$ -	\$ 1,014,298	\$ 1,699,848	\$ 2,714,146	\$ 2,203,328

See accompanying notes to financial statements.

FAIR-CITY JOINT VENTURE

Statement of Cash Flows

Year ended June 30, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenditures	\$ 628,770	\$ 686,104
Adjustment for:		
Amortization of capital assets	572,472	612,283
Items not involving cash:		
Change in employee future benefits liability	10,495	8,003
Amortization of deferred capital contributions	(132,626)	(132,626)
Changes in non-cash operating working capital:		
Accounts receivable	(43,938)	123,384
Prepaid expenses	(14,705)	1,500
Accounts payable and accrued liabilities	118,606	(9,845)
Payable to The City of London	(40,587)	(33,522)
Payable to Western Fair Association	25,683	30,470
Deferred revenue	64,493	(41,802)
	1,188,663	1,243,949
Financing activities:		
Repayments of related party debt	(686,115)	(644,368)
Payment of obligations under capital leases	(66,549)	(69,317)
Venturer distributions	(72,997)	(1,047,595)
	(825,661)	(1,761,280)
Investing activities:		
Purchase of capital assets	(154,088)	(82,514)
Net change in investment	(970,386)	-
	(1,124,474)	(82,514)
Decrease in cash	(761,472)	(599,845)
Cash, beginning of year	1,448,994	2,048,839
Cash, end of year	\$ 687,522	\$ 1,448,994

See accompanying notes to financial statements.

FAIR-CITY JOINT VENTURE

Notes to Financial Statements

Year ended June 30, 2015

The Fair-City Joint Venture ("Joint Venture") is a venture between the Western Fair Association ("Association") and The City of London ("City") entered into on September 1, 2000. Each venturer controls 50% of 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.

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 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. Capital assets are amortized on a straight-line basis as follows:

Asset	Basis	Rate
Building	Straight-line	40 years
Machinery and equipment	Straight-line	5 years
Special alterations	Straight-line	10-25 years
Solar array under capital lease	Straight-line	20 years

When assets become fully amortized, the cost of the asset and the related accumulated amortization are removed from the respective amounts. Construction in progress is primarily machinery and equipment. No amortization is recorded until construction is substantially complete and the assets are ready for use.

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2015

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 pro-rated 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.

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2015

1. Significant accounting policies (continued):

(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.

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 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.

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2015

2. Change in accounting policy:

Effective July 1, 2014, the Joint Venture adopted new CPA Canada Handbook Accounting Part III Section 3463, *Reporting Employee Future Benefits by Not-for-Profit Organizations*, which incorporates Section 3462, *Employee Future Benefits*, issued. This change in accounting policy is made in accordance with its transitional provisions and requires retrospective application. The standard requires the use of the immediate recognition method to account for employee future benefits resulting in the recognition of the full amount of the obligation on the statement of financial position. Remeasurements and other items, such as plan amendments and actuarial gains and losses, are immediately recognized as a direct charge to net assets. For funded plans, the standard allows the entity to make an accounting policy choice between a valuation prepared using funding assumptions or accounting assumptions. For unfunded plans, a valuation prepared using accounting assumptions must be used.

The Joint Venture has accounted for its unfunded post-employment benefits other than pension using accounting assumptions. All remeasurements are now recognized as a direct charge to net assets while previously these amounts were charged to excess of revenues over expenditures.

The Joint Venture has applied this change in accounting policy retrospectively and there was no impact of this change on amounts previously reported.

3. Investment:

The investment is comprised of a term deposit that matures on July 6, 2015 with an effective interest rate of 0.95%.

4. Accounts receivable:

	2015	2014
Trade	\$ 200,949	\$ 159,303
HST receivable	2,591	-
	203,540	159,303
Allowance for doubtful accounts	(8,729)	(8,430)
	\$ 194,811	\$ 150,873

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2015

5. Capital assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Building	\$ 15,446,432	\$ 5,119,216	\$ 10,327,216	\$ 10,724,749
Machinery and equipment	244,266	139,281	104,985	94,304
Special alterations	425,673	206,801	218,872	223,017
Solar array under capital lease	1,474,114	221,117	1,252,997	1,326,703
Capital projects in progress	59,690	-	59,690	13,371
	<u>\$ 17,650,175</u>	<u>\$ 5,686,415</u>	<u>\$ 11,963,760</u>	<u>\$ 12,382,144</u>

Included in machinery and equipment are assets under capital lease with a cost of \$104,440 and accumulated amortization of \$94,945.

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$1,028 (2014 - \$8,837), which includes amounts payable for HST and payroll related taxes.

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2015

7. Related party debt:

	2015	2014
<i>Obligation to The City of London:</i>		
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	\$ 5,505,246	\$ 6,191,361
Current portion of related party debt	730,565	686,114
	<u>\$ 4,774,681</u>	<u>\$ 5,505,247</u>

Principal repayments over the next five years and thereafter are as follows:

2016	\$ 730,565
2017	777,896
2018	828,294
2019	881,956
2020	939,095
Thereafter	1,347,440
	<u>\$ 5,505,246</u>

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2015

8. Obligations under capital leases:

The Joint Venture has entered into two capital leases which expire prior to December 31, 2015 for certain ice surfacing equipment and one capital lease for a solar array expiring June 28, 2033.

2016	\$ 156,827
2017	146,037
2018	146,037
2019	146,037
2020	146,037
Thereafter	1,825,465
<hr/>	
Total minimum lease payments	2,566,440
Less amount representing interest at between 4.59% and 8.21%	1,224,913
<hr/>	
Present value of net minimum capital lease payments	1,341,527
Current portion of obligations under capital leases	46,529
<hr/>	
	\$ 1,294,998

9. Employee future benefits:

(a) Pension plan:

The Joint Venture contributed \$21,131 (2014 - \$22,062) to the defined contribution pension plan during the year. The total expense for the year was \$21,131 (2014 - \$22,062).

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2015

9. Employee future benefits (continued):

(b) Post-employment benefits other than pension:

The Joint Venture provides its current and retired employees with extended health and dental benefits and post retirement insurance coverage. The Joint Venture's post employment benefits also include sick leave benefits comprised of a non-vested and vested portion. The non-vested program allows for employees to accumulate at most 85 unused sick days and the vested program provides for 50% of sick days accumulated prior to March 2012 to be paid to the employee on retirement. All benefits are provided upon retirement and provide coverage equal to one year for every five years of employment. These benefits are not payable on death or termination.

The most recent actuarial valuation was prepared as at June 30, 2015 for the health plan. The most recent actuarial valuation of the sick leave plans was performed as of June 30, 2014 and the results have been extrapolated to June 30, 2015.

The employee future benefit liability relating to post-employment benefits other than pension is \$101,213 (2014 - \$45,763). This liability has been recorded in the statement of financial position.

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

	2015	2014
Current service cost	\$ 7,715	\$ 41,520
Interest cost	2,780	925
	<u>\$ 10,495</u>	<u>\$ 42,445</u>

Details of annual contributions and benefits paid are as follows:

	2015	2014
Employer contributions	\$ 1,000	\$ 36,041
Benefit payments	(1,000)	(36,041)

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2015

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:

	2015	2014
Balance, beginning of year	\$ 3,549,765	\$ 3,682,391
Amortization of deferred capital contributions	(132,626)	(132,626)
Balance, end of year	\$ 3,417,139	\$ 3,549,765

11. Investments in capital assets:

Investments in capital assets consists of the following:

	2015	2014
Capital assets	\$ 11,963,760	\$ 12,382,144
Less amounts financed by:		
Related party debt	(5,505,246)	(6,191,361)
Obligation under capital leases	(1,341,527)	(1,408,076)
Deferred capital contributions	(3,417,139)	(3,549,765)
	(10,263,912)	(11,149,202)
	\$ 1,699,848	\$ 1,232,942

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

	2015	2014
Amortization of deferred capital contributions	\$ 132,626	\$ 132,626
Amortization of capital assets	(572,472)	(612,283)
	(439,846)	(479,657)
Purchase of capital assets	154,088	82,514
Repayment of related party debt	686,115	644,368
Obligations under capital leases	66,549	69,317
	\$ 466,906	\$ 316,542

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2015

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 venturers agree to a contribution to internally restricted net assets for future capital purchases annually. For the year ended June 30, 2015, both venturers agreed to a total contribution of \$198,000 (2014 - \$302,076).

13. Internally restricted net assets:

	2015	2014
Balance, beginning of year	\$ 970,386	\$ 750,824
Current year allocation	198,000	302,076
Capital expenditures	(154,088)	(82,514)
Balance, end of year	\$ 1,014,298	\$ 970,386

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2015

14. Allocation of excess of revenues over expenditures to venturers:

The excess of revenues over expenditures of the Joint Venture have been allocated to the venturers 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 venturers 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, and 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 accrue to the Association.

During the year, the related party debt repayment threshold was met resulting in the Association's equity interest increasing to 52.857% (2014 - 50%) and the City's equity interest decreasing to 47.143% (2014 - 50%). The venturers agreed to apply the change prospectively to the first day in the year that the threshold was met and to each year thereafter that 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 venturers annually is determined as follows:

	2015	2014
Excess of revenues over expenditures	\$ 628,770	\$ 686,104
Amortization of capital assets	572,472	612,283
Amortization of deferred capital contributions	(132,626)	(132,626)
Repayment of related party debt	(686,115)	(644,368)
Repayment of obligations under capital leases	(66,549)	(69,317)
	315,952	452,076
Allocation to internally restricted net assets	(198,000)	(302,076)
Employee future benefit remeasurements	(44,955)	-
Amounts available for distribution to the venturers	\$ 72,997	\$ 150,000

The amounts available for distribution to the venturers is allocated to the venturers as follows:

	2015	2014
Western Fair Association	\$ 38,584	\$ 75,000
The City of London	34,413	75,000
	\$ 72,997	\$ 150,000

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2015

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 \$1,732,476 (2014 - \$1,698,504).
- (b) The Joint Venture also paid interest of \$367,888 (2014 - \$372,130) to the City on account of the related party debt (note 6).
- (c) Venturer distributions of \$38,584 and \$34,413 (2014 - \$972,595 and \$75,000) was declared during the year and paid or payable to Western Fair Association and The City of London respectively.
- (d) During the year, the Joint Venture paid management fees to the Association in the amount of \$231,021 (2014 - \$226,972).

Payable to Western Fair Association of \$180,673 (2014 - \$154,990) and Payable to The City of London of \$34,413 (2014 - \$75,000) are unsecured and non-interest bearing with no specific repayment terms.

16. Financial risks and concentration of credit risk:

- (a) Liquidity risk:

Liquidity risk is the risk that the Joint Venture will be unable to fulfill 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 2014.

- (b) Credit risk:

Credit risk is the risk of financial loss to the Joint Venture if a counterparty to a financial instrument fails to meet its obligation. The Joint Venture is exposed to credit risks with respect to accounts receivable. The Joint Venture has established policies for extending credit to various businesses, groups and individuals who purchase goods and services from the Joint Venture in order to reduce incidents of non-payment. Management believes that the credit risk is minimized by dealing with creditworthy counterparties.

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2015

17. Contingencies:

From time-to-time the Joint Venture may have litigation pending or in progress. With respect to claims at June 30, 2015, management believes that the Joint Venture has valid defences and appropriate insurance coverage in place. In the opinion of management, the aggregate amount of any potential liability is not expected to have a material effect on the Joint Venture's financial position.

Financial Statements of

**THE LONDON CONVENTION CENTRE
CORPORATION**

Year ended December 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the Chair and Members of The London Convention Centre Corporation

We have audited the accompanying financial statements of The London Convention Centre Corporation which comprise the statement of financial position as at December 31, 2015 and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The London Convention Centre Corporation as at December 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

March 24, 2016

London, Canada

THE LONDON CONVENTION CENTRE CORPORATION

Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Financial Assets		
Cash and cash equivalents	\$ 1,392,786	\$ 1,630,139
Accounts receivable	280,901	275,932
Other receivables	10,312	82,147
	<u>1,683,999</u>	<u>1,988,218</u>
Financial Liabilities		
Accounts payable and accrued liabilities	547,024	384,517
Payable to The City of London	741,034	37,153
Accrued sick and vacation	35,539	48,590
Advance deposits	492,360	538,565
	<u>1,815,957</u>	<u>1,008,825</u>
Net financial assets	(131,958)	979,393
Non-Financial Assets		
Tangible capital assets (note 4)	15,430,898	15,450,986
Prepaid expenses	32,603	26,200
Inventory (note 2)	53,891	56,800
	<u>15,517,392</u>	<u>15,533,986</u>
Accumulated surplus (note 6)	\$ 15,385,434	\$ 16,513,379

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, 2015, with comparative information for 2014

	Budget 2015	2015	2014
Revenue:			
Food and beverage	\$ 3,513,000	\$ 3,290,924	\$ 3,812,591
Space rental	543,000	569,248	550,688
Parking	527,785	544,488	520,662
Technical	343,646	342,071	342,128
City capital funding	600,366	747,034	800,052
Other	151,601	123,878	138,719
	5,679,398	5,617,643	6,164,840
Cost of goods sold:			
Food and beverage	908,105	891,275	965,505
Technical	18,168	18,273	18,655
Other	27,733	28,937	31,181
	954,006	938,485	1,015,341
	4,725,392	4,679,158	5,149,499
Expenditures:			
Amortization of tangible capital assets	1,206,720	1,188,905	1,206,720
Event services and culinary	1,315,355	1,321,406	1,348,618
City appropriation	569,000	735,496	569,000
Corporate services	834,128	839,041	856,074
Facility services	433,859	404,898	428,853
Energy	472,309	426,826	447,670
Sales and catering	803,015	683,634	694,284
Cleaning	119,304	107,797	105,964
Technical	33,651	23,837	29,655
Parking	49,166	45,968	44,904
Other	32,872	29,295	35,430
	5,869,379	5,807,103	5,767,172
Annual deficit	(1,143,987)	(1,127,945)	(617,673)
Accumulated surplus, beginning of year	16,513,379	16,513,379	17,131,052
Accumulated surplus, end of year	\$ 15,369,392	\$ 15,385,434	\$ 16,513,379

See accompanying notes to financial statements.

THE LONDON CONVENTION CENTRE CORPORATION

Statement of Change in Net Financial Assets

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Annual deficit	\$ (1,127,945)	\$ (617,673)
Acquisition of tangible capital assets	(1,168,817)	(256,055)
Amortization of tangible capital assets	1,188,905	1,206,720
	(1,107,857)	332,992
Acquisition of inventories of supplies	(53,891)	(56,800)
Acquisition of prepaid expenses	(32,603)	(26,200)
Consumption of inventories of supplies	56,800	49,170
Use of prepaid expenses	26,200	14,945
	(3,494)	(18,885)
Increase (decrease) in net financial assets	(1,111,351)	314,107
Net financial assets, beginning of year	979,393	665,286
Net financial assets, end of year	\$ (131,958)	\$ 979,393

See accompanying notes to financial statements.

THE LONDON CONVENTION CENTRE CORPORATION

Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (1,127,945)	\$ (617,673)
Item not involving cash:		
Amortization of tangible capital assets	1,188,905	1,206,720
Changes in non-cash operating working capital:		
Accounts receivable	(4,969)	67,782
Other receivables	71,835	(10,602)
Inventory	2,909	(7,630)
Accounts payable and accrued liabilities	162,507	(92,711)
Accrued sick and vacation	(13,051)	(5,180)
Payable to The City of London	703,881	27,751
Advance deposits	(46,205)	(140,170)
Prepaid expenses	(6,403)	(11,255)
	931,464	417,032
Capital activities:		
Acquisition of tangible capital assets	(1,168,817)	(256,055)
Increase (decrease) in cash and cash equivalents	(237,353)	160,977
Cash and cash equivalents, beginning of year	1,630,139	1,469,162
Cash and cash equivalents, end of year	\$ 1,392,786	\$ 1,630,139
Cash and cash equivalents consist of:		
Cash	\$ 879,098	\$ 1,125,161
Investments held by the City of London with yields ranging from 1.25% to 3.46%	513,688	504,978
	\$ 1,392,786	\$ 1,630,139

See accompanying notes to financial statements.

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements

Year ended December 31, 2015

1. Significant accounting policies:

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

(a) Basis of accounting:

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

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

(b) Tangible capital assets:

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

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

(c) Revenue recognition:

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

Government transfer payments 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 funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

1. Significant accounting policies (continued):

(d) Inventory:

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

(e) Use of estimates:

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

(f) Budget 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.

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

2. Inventory:

At December 31, inventory consists of:

	2015	2014
Food	\$ 24,541	\$ 22,523
Beverages	29,350	34,277
	\$ 53,891	\$ 56,800

3. Capital reserve:

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

	2015	2014
Opening balance	\$ 3,312,463	\$ 2,972,989
Contributions during the year	735,500	569,000
Interest	62,589	60,258
Capital expenditures	(178,034)	(289,784)
Closing balance	\$ 3,932,518	\$ 3,312,463

4. Tangible capital assets:

Cost	Balance at December 31, 2014	Additions	Disposals	Balance at December 31, 2015
Building	\$ 27,309,469	\$ -	-	\$ 27,309,469
Building improvements	3,529,614	1,016,980	-	4,546,594
Equipment	1,391,060	58,114	-	1,449,174
Furniture	810,473	93,723	-	904,196
Infrastructure	643,365	-	-	643,365
Vehicles	41,217	-	-	41,217
	\$33,725,198	\$ 1,168,817	\$ -	\$34,894,015

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

4. Tangible capital assets (continued):

	Balance at December 31, 2014	Disposals	Amortization expense	Balance at December 31, 2015
Accumulated amortization				
Building	\$ 14,354,654	\$ -	\$ 711,529	\$ 15,066,183
Building improvements	1,849,460	-	276,851	2,126,311
Equipment	1,122,352	-	82,771	1,205,123
Furniture	361,100	-	54,096	415,196
Infrastructure	555,439	-	62,439	617,878
Vehicles	31,207	-	1,219	32,426
	\$ 18,274,212	\$ -	\$ 1,188,905	\$ 19,463,117

	Net book value December 31, 2014	Net book value December 31, 2015
Building	\$ 12,954,815	\$ 12,243,286
Building improvements	1,680,154	2,420,283
Equipment	268,708	244,051
Furniture	449,373	489,000
Infrastructure	87,926	25,487
Vehicles	10,010	8,791
	\$ 15,450,986	\$ 15,430,898

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

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

5. Pension agreement:

The London Convention Centre Corporation contributes to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2015 was \$200,335 (2014 - \$190,805) for current service.

6. Accumulated surplus:

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

	2015	2014
Surplus:		
Invested in tangible capital assets	\$ 15,430,898	\$ 15,450,986
Unfunded:		
Payable to The City of London used to finance tangible capital assets	(698,418)	-
Reserves:		
Special projects	395,897	562,393
Operating reserve	257,057	500,000
	652,954	1,062,393
	<hr/>	<hr/>
	\$ 15,385,434	\$ 16,513,379

Financial Statements of

**LONDON DOWNTOWN BUSINESS
ASSOCIATION**

Year ended December 31, 2015



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of London Downtown Business Association

We have audited the accompanying financial statements of London Downtown Business Association, which comprise the statement of financial position as at December 31, 2015, the statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of London Downtown Business Association as at December 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Professional Accountants, Licensed Public Accountants

May 19, 2016

London, Canada

LONDON DOWNTOWN BUSINESS ASSOCIATION

Statement of Financial Position

December 31, 2015, with comparative information for 2014

	LDBA 2015	Main Street 2015	Total 2015	Total 2014
Financial assets				
Cash and cash equivalents	\$ 222,232	\$ 394,834	\$ 617,066	\$ 296,961
Investments	-	2,746	2,746	2,719
Accounts receivable	57,278	24,563	81,841	48,823
Tenant improvement loans (note 2)	-	52,672	52,672	77,465
	279,510	474,815	754,325	425,968

Financial liabilities

Accounts payable and accrued liabilities	115,145	3,656	118,801	83,117
Funds on deposit	-	92,223	92,223	77,863
	115,145	95,879	211,024	160,980
Net financial assets	164,365	378,936	543,301	264,988

Non-financial assets

Tangible capital assets (note 3)	170,162	1,339	171,501	185,725
Commitments (note 5)				
Accumulated surplus (note 4)	\$ 334,527	\$ 380,275	\$ 714,802	\$ 450,713

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director _____ Director

LONDON DOWNTOWN BUSINESS ASSOCIATION

Statement of Operations

Year ended December 31, 2015, with comparative information for 2014

	LDBA 2015	Main Street 2015	Total 2015	Total 2014
Revenue:				
Municipal levy from the City of London	\$ 1,714,047	\$ -	\$ 1,714,047	\$ 891,132
Main Street London funding	(494,500)	494,500	-	-
Interest income	2,045	395	2,440	1,659
Miscellaneous income	5,080	1,015	6,095	726
Total revenue	1,226,672	495,910	1,722,582	893,517
Expenses:				
Salaries and wages	387,051	86,978	474,029	330,386
Administration	113,209	5,083	118,292	111,515
Rent	64,397	-	64,397	62,091
Programs	-	191,813	191,813	72,362
Main Street Business Development	177,797	-	177,797	96,814
Member services	342,139	34,432	376,571	281,779
Bad debts	-	-	-	2,393
Business retention	-	2,524	2,524	-
Amortization	45,714	7,356	53,070	46,443
Total expenses	1,130,307	328,186	1,458,493	1,003,783
Annual surplus (deficit)	96,365	167,724	264,089	(110,266)
Accumulated surplus, beginning of year	238,162	212,551	450,713	560,979
Accumulated surplus, end of year	\$ 334,527	\$ 380,275	\$ 714,802	\$ 450,713

See accompanying notes to financial statements.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Statement of Change in Net Financial Assets

Year ended December 31, 2015, with comparative information for 2014

	LDBA 2015	Main Street 2015	Total 2015	Total 2014
Annual surplus (deficit)	\$ 96,365	\$ 167,724	\$ 264,089	\$ (110,266)
Acquisition of tangible capital assets	(38,846)	-	(38,846)	-
Amortization of tangible capital assets	45,714	7,356	53,070	46,443
Change in net financial assets	103,233	175,080	278,313	(63,823)
Net financial assets, beginning of year	61,132	203,856	264,988	328,811
Net financial assets, end of year	\$ 164,365	\$ 378,936	\$ 543,301	\$ 264,988

See accompanying notes to financial statements.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 264,089	\$ (110,266)
Item not involving cash:		
Amortization	53,070	46,443
Changes in non-cash operating working capital:		
Investments	(27)	16,877
Accounts receivable	(33,018)	7,893
Tenant improvement loans	24,793	(2,440)
Accounts payable and accrued liabilities	35,684	64,351
	344,591	22,858
Financing activities:		
Funds on deposit	14,360	12,288
Investing activities:		
Additions to tangible capital assets	(38,846)	-
Increase in cash and cash equivalents	320,105	35,146
Cash and cash equivalents, beginning of year	296,961	261,815
Cash and cash equivalents, end of year	\$ 617,066	\$ 296,961
Supplemental cash flow information:		
Cash	\$ 279,844	\$ 122,987
Cash equivalents	337,222	173,974
	\$ 617,066	\$ 296,961

See accompanying notes to financial statements.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2015

1. Significant accounting policies:

The 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 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) 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 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 Financial Statements (continued)

Year ended December 31, 2015

1. Significant accounting policies (continued):

(f) 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
Metal trees	10 years
Computer equipment	4 years
Leasehold improvements	10 years
Solar chargers	3 years

(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 and other long-lived assets. Actual results could differ from those estimates.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

2. Tenant improvement loans:

As part of its mandate, the Association provides interest free tenant improvement loans to eligible downtown businesses. During the year, the Association recorded an allowance for doubtful accounts in the amount of nil (2014 - \$19,800).

3. Tangible capital assets:

Cost	Balance at December 31, 2014	Additions	Disposals	Balance at December 31, 2015
Furniture	\$ 31,231	\$ 11,819	\$ -	\$ 43,050
Metal trees	227,198	-	-	227,198
Computer equipment	29,426	-	-	29,426
Solar chargers	-	27,027	-	27,027
Leasehold improvements	124,272	-	-	124,272
Total	\$ 412,127	\$ 38,846	\$ -	\$ 450,973

Accumulated amortization	Balance at December 31, 2014	Disposals	Amortization expense	Balance at December 31, 2015
Furniture	\$ 19,412	\$ -	\$ 4,561	\$ 23,973
Metal trees	165,547	-	22,720	188,267
Computer equipment	20,731	-	7,356	28,087
Solar chargers	-	-	6,006	6,006
Leasehold improvements	20,712	-	12,427	33,139
Total	\$ 226,402	\$ -	\$ 53,070	\$ 279,472

	Net book value December 31, 2014	Net book value December 31, 2015
Furniture	\$ 11,819	\$ 19,077
Metal trees	61,651	38,931
Computer equipment	8,695	1,339
Solar chargers	-	21,021
Leasehold improvements	103,560	91,133
	\$ 185,725	\$ 171,501

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2015

4. Accumulated surplus:

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

	2015	2014
Surplus:		
Invested in tangible capital assets	\$ 171,501	\$ 185,725
Operating surplus	378,361	207,293
	549,862	393,018
Contingency reserve	164,940	57,695
	\$ 714,802	\$ 450,713

5. Commitments:

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

2016	\$ 19,320
2017	19,320
2018	15,159
2019	2,319
	\$ 56,118



London Hydro Inc.

Financial Statements

For the years ended December 31, 2015 and 2014

London Hydro Inc.
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For the years ended December 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Shareholder of London Hydro Inc.

We have audited the accompanying financial statements of London Hydro Inc. (the "Entity"), which comprise the statements of financial position as at December 31, 2015, December 31, 2014 and January 1, 2014, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015, and December 31, 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of London Hydro Inc. as at December 31, 2015, December 31, 2014 and January 1, 2014, and its financial performance and its cash flows for the years ended December 31, 2015, and December 31, 2014 in accordance with International Financial Reporting Standards.

Chartered Professional Accountants, Licensed Public Accountants

April 19, 2016

London, Canada

London Hydro Inc.

Statements of Financial Position

December 31, 2015, with comparative amounts at December 31, 2014 and January 1, 2014

(in thousands of dollars)

	Note	December 31, 2015	December 31, 2014	January 1, 2014
ASSETS				
Current assets				
Cash	5	\$ 6,429	\$ 6,208	\$ -
Accounts receivable	6	70,495	72,432	72,294
Income tax receivable		416	-	80
Materials and supplies	7	749	655	731
Prepaid expenses		1,826	1,569	1,456
Total current assets		79,915	80,864	74,561
Non-current assets				
Property, plant and equipment	8	250,739	235,287	224,482
Intangible assets	9	16,648	15,101	16,237
Deferred tax assets	10	740	1,299	2,157
Total non-current assets		268,127	251,687	242,876
Total assets		348,042	332,551	317,437
Regulatory balances	11	2,896	6,584	2,311
Total assets and regulatory balances		\$ 350,938	\$ 339,135	\$ 319,748
LIABILITIES				
Current liabilities				
Bank indebtedness	5	\$ -	\$ -	\$ 3,012
Accounts payable and accrued liabilities	12	53,551	53,229	52,636
Due to shareholder	21	7,428	6,943	6,276
Income tax payable		-	1,398	-
Current portion of long-term debt	14	7,304	2,304	2,304
Customer and other deposits		594	691	714
Deferred revenue	13	1,192	1,482	1,277
Total current liabilities		70,069	66,047	66,219
Non-current liabilities				
Long-term debt	14,23	91,130	93,434	10,738
Post-employment benefits	15	13,845	13,749	12,989
Customer and other deposits		5,663	5,218	5,166
Deferred revenue	13	12,950	8,934	6,229
Unrealized loss on interest rate swap	14,23	5,935	2,778	199
Due to related party	21	-	-	70,000
Total non-current liabilities		129,523	124,113	105,321
Total liabilities		199,592	190,160	171,540
Equity				
Share capital	16	96,116	96,116	96,116
Retained earnings		52,784	52,609	43,075
Accumulated other comprehensive loss		(292)	(471)	-
Total equity		148,608	148,254	139,191
Total liabilities and equity		348,200	338,414	310,731
Regulatory balances	11	2,738	721	9,017
Total liabilities, equity and regulatory balances		\$ 350,938	\$ 339,135	\$ 319,748

Commitments and contingencies (Note 20), Subsequent event (Note 24)



Director



Director

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

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

For the year ended December 31, 2015, with comparative amounts for 2014

(in thousands of dollars)

	Note	2015	2014
Revenues			
Sale of energy		\$ 387,820	\$ 352,208
Distribution revenue		64,042	63,662
Other	17	9,920	13,373
		461,782	429,243
Operating expenses			
Cost of power purchased		379,937	363,384
Operating expenses	18	39,206	37,146
Depreciation and amortization		17,755	17,569
		436,898	418,099
Income from operating activities		24,884	11,144
Finance (income) / expense			
Finance income	19	(101)	(69)
Finance expenses	19	5,898	7,303
		5,797	7,234
Income before income taxes		19,087	3,910
Income tax expense	10	3,160	4,070
Net income / (loss) for the year		15,927	(160)
Net movement in regulatory balances, net of tax	11	(5,752)	12,694
Net income for year and net movement in regulatory balances		10,175	12,534
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefits		179	(471)
Tax on remeasurements	10	(47)	125
Net movement in regulatory balances, net of tax	11	47	(125)
Other comprehensive income / (loss) for the year		179	(471)
Total comprehensive income for the year		\$ 10,354	\$ 12,063

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

London Hydro Inc.
Statements of Changes in Equity
Year ended December 31, 2015, with comparative amounts for 2014
(in thousands of dollars)

	Note	Share Capital	Retained Earnings	Accumulated other comprehensive income / (loss)	Total
Balance at January 1, 2014		\$ 96,116	\$ 43,075	\$ -	\$ 139,191
Net income and net movement in regulatory balances		-	12,534	-	12,534
Other comprehensive income (loss)		-	-	(471)	(471)
Dividends	16	-	(3,000)	-	(3,000)
Balance at December 31, 2014		\$ 96,116	\$ 52,609	\$ (471)	\$ 148,254
Balance at January 1, 2015		\$ 96,116	\$ 52,609	\$ (471)	\$ 148,254
Net income and net movement in regulatory balances		-	10,175	-	10,175
Other comprehensive income		-	-	179	179
Dividends	16	-	(10,000)	-	(10,000)
Balance at December 31, 2015		\$ 96,116	\$ 52,784	\$ (292)	\$ 148,608

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

London Hydro Inc.
Statements of Cash Flows

For the year ended December 31, 2015, with comparative amounts for 2014
(in thousands of dollars)

	Note	2015	2014
Operating activities			
Net income and net movement in regulatory balances		\$ 10,175	\$ 12,534
Adjustments for:			
Depreciation and amortization	8,9	17,755	17,569
Amortization of deferred revenue	17	(79)	(21)
Post-employment benefits	15	275	289
Gain on disposal of property, plant and equipment	17	(162)	(172)
Net finance expenses	19	5,797	7,234
Income tax expense	10	3,160	4,070
		36,921	41,503
Change in non-cash working capital:			
Accounts receivable		1,937	(138)
Materials and supplies		(94)	76
Prepaid expenses		(257)	(113)
Accounts payable and accrued liabilities		322	593
Due to / from shareholder		485	667
Customer deposits		348	29
		2,741	1,114
Other:			
Regulatory balances	11	5,752	(12,694)
Income tax paid		(4,639)	(1,900)
Income tax received		177	291
Interest paid		(2,741)	(4,724)
Interest received		101	69
		(1,350)	(18,958)
Net cash from operating activities		38,312	23,659
Investing activities			
Purchase of property, plant and equipment	8	(28,099)	(23,108)
Purchase of intangible assets	9	(6,655)	(4,153)
Proceeds on disposal of property, plant, equipment and intangible assets		162	195
Contributions received from customers		3,805	2,931
Net cash from investing activities		(30,787)	(24,135)
Financing activities			
Dividends paid	16	(10,000)	(3,000)
Proceeds from long-term debt	14	5,000	85,000
Repayment of long-term debt	14	(2,304)	(2,304)
Repayment of promissory note due to related party	21	-	(70,000)
Net cash from financing activities		(7,304)	9,696
Change in cash		221	9,220
Cash (bank indebtedness), beginning of year		6,208	(3,012)
Cash, end of year		\$ 6,429	\$ 6,208

The accompanying notes are an integral part of these financial statements

For the years ended December 31, 2015 and 2014

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) Adoption of IFRS

These are the Company's first financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 25.

The financial statements were approved by the Board of Directors on April 19, 2016.

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.

For the years ended December 31, 2015 and 2014

2. Basis of presentation (continued)

e) Use of estimates and judgments (continued)

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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment is included in the following notes:

- (i) 3(b) – measurement of unbilled revenue
- (ii) 3(d), 3(e), 8, 9 – estimation of useful lives of its property, plant and equipment and intangible assets
- (iii) 11 – recognition and measurement of regulatory balances
- (iv) 15 – measurement of defined benefit obligations: key actuarial assumptions
- (v) 20 – recognition and measurement of provisions and contingencies

f) Rate regulation

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

The Company is required to bill customers for the debt retirement charge set by the province. The Company may file to recover uncollected debt retirement charges from Ontario Electricity Financial Corporation (“OEFC”).

Rate setting

Distribution revenue

For the distribution revenue, the Company files a “Cost of Service” (“COS”) rate application with the OEB every four years 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 Company estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and interveners and rates are approved based upon this review, including any revisions resulting from that review.

2. Basis of presentation (continued)

f) Rate Regulation (continued)

Rate setting - Distribution revenue (continued)

In the intervening years an Incentive Rate Mechanism ("IRM") 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.

The Company last filed a COS application in September 2012 for rates effective May 1, 2013 to April 30, 2017. The GDP IPI-FDD for 2015 is 1.6%, the OEB applied productivity factor is 0.0% and the OEB determined stretch factor is (0.15)%, resulting in a net adjustment of 1.45% to the previous year's rates.

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

Electricity rates

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

For the years ended December 31, 2015 and 2014

3. Significant accounting policies

The accounting policies set out below have been applied consistently in all years presented in these financial statements and in preparing the opening IFRS statement of financial position at January 1, 2014, for the purpose of the transition to IFRS.

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 profit and loss as incurred as finance expenses. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

Hedge accounting has not been used in the preparation of these financial statements.

b) Revenue recognition

Sale and distribution of electricity

Revenue from the sale and distribution of electricity is recognized as the electricity is delivered to customers on the basis of cyclical meter readings and estimated customer usage since the last meter reading date to the end of the period. Revenue includes the cost of 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.

Customer billings for debt retirement charges are recorded on a net basis as the Company is acting as an agent for this billing stream.

For the years ended December 31, 2015 and 2014

3. Significant accounting policies (continued)

b) Revenue recognition (continued)

Other revenue

Revenue earned from the provision of services is recognized as the service is rendered.

Certain customers and developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. Cash contributions are recorded as deferred revenue. Where an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Company's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Government grants and the related performance incentive payments under Conservation Demand Management ("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.

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 established on the transition date (see note 25 b) ii), 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.

For the years ended December 31, 2015 and 2014

3. Significant accounting policies (continued)

d) Property, plant and equipment (continued)

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.

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 profit or loss. The costs of the day-to-day servicing of PP&E are recognized in profit or loss 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 profit or loss. 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
Distribution system and equipment	25 - 60
Building structures and components	12 - 75
Substation equipment	15 - 45
Metering devices	15 - 30
System supervisory equipment	8 - 35
Automotive equipment	8 - 12
Equipment, tools and furniture	5 - 8
Computer hardware	3
Renewable generation assets	20

For the years ended December 31, 2015 and 2014

3. Significant accounting policies (continued)

e) Intangible assets

Intangible assets used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost established on the transition date (see note 25 b) ii), less accumulated amortization. All other intangible assets are measured at cost.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of intangible assets includes contracted services, materials and transportation costs, direct labour, overhead costs, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon the lower of OEB prescribed rates and the weighted average cost of debt incurred on the Company's borrowings. Qualifying assets are considered to be those that take in excess of 12 months to complete.

Computer software that is acquired or developed by the Company after January 1, 2014, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization.

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.

With the market opening in 2002, wholesale market participants, including the Company, were charged with the responsibility of upgrading all their wholesale meter points to "IESO" compliant standards. Since the Company does not hold title to these assets, these expenditures have been classified as intangible assets. Wholesale metering upgrades are measured at cost less accumulated amortization.

Intangible assets in progress consist of application software under development and capital contributions paid towards refurbishment of a transformer station that is not owned by the Company, which is scheduled to be energized during the year ending December 31, 2018.

Amortization is recognized in profit or loss 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
Computer software	3 - 5
Land rights	25
Wholesale metering	30

For the years ended December 31, 2015 and 2014

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 profit or loss. An impairment loss is reversed through profit or loss if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

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 profit or loss.

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.

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.

For the years ended December 31, 2015 and 2014

3. Significant accounting policies (continued)

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 profit or loss 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 profit or loss 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 profit or loss in the year incurred.

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 profit or loss 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 profit or loss or OCI.

3. Significant accounting policies (continued)

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 profit or loss 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 profit or loss.

3. Significant accounting policies (continued)

k) Finance income and finance expenses

Finance income is recognized as it accrues in profit or loss. Finance income comprises interest earned on cash and cash equivalents.

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

l) Income taxes

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

The Company is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the Electricity Act, 1998, the Company makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Tax Acts as modified by the Electricity Act, 1998, and related regulations. Prior to October 1, 2001, the Company was not subject to income or capital taxes. Payments in lieu of taxes ("PILs") are referred to as income taxes.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible 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.

For the years ended December 31, 2015 and 2014

4. Standards issued but 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.

Annual Improvements to IFRS (2012-2014) cycle

On September 25, 2014 the IASB issued narrow-scope amendments to a total of four standards as part of its annual improvements process. The amendments will apply for annual periods beginning on or after January 1, 2016. Earlier application is permitted, in which case, the related consequential amendments to other IFRSs would also apply. Each of the amendments has its own specific transition requirements. Amendments were made to clarify the following in their respective standards:

- Changes in method for disposal under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*;
- 'Continuing involvement' for servicing contracts and offsetting disclosures in condensed interim financial statements under IFRS 7 *Financial Instruments: Disclosures*;
- Discount rate in a regional market sharing the same currency under IAS 19 *Employee Benefits*;
- Disclosure of information 'elsewhere in the interim financial report' under IAS 34 *Interim Financial Reporting*;

The Company intends to adopt these amendments in its financial statements for the annual period beginning on January 1, 2016. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 9 Financial Instruments

On July 24, 2014 the IASB issued the complete IFRS 9 (IFRS 9 (2014)). The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2014), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows.

The standard introduces additional changes relating to financial liabilities. It also amends the impairment model by introducing a new 'expected credit loss' model for calculating impairment.

IFRS 9 (2014) also includes a new general hedge accounting standard which aligns hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship.

Special transitional requirements have been set for the application of the new general hedging model.

The Company intends to adopt IFRS 9 (2014) in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

For the years ended December 31, 2015 and 2014

4. Standards issued not yet adopted (continued)

IFRS 15 Revenue from Contracts with Customers

On May 28, 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers*. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 16 Leases

On January 13, 2016 the IASB issued IFRS 16 *Leases*.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply IFRS 15 *Revenue from Contracts with Customers* at or before the date of initial adoption of IFRS 16. IFRS 16 will replace IAS 17 *Leases*.

This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

This standard substantially carries forward the lessor accounting requirements of IAS 17, while requiring enhanced disclosures to be provided by lessors.

Other areas of the lease accounting model have been impacted, including the definition of a lease. Transitional provisions have been provided.

The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The extent of the impact of adoption of the standard has not yet been determined.

London Hydro Inc.
Notes to the Financial Statements
(in thousands of dollars)

For the years ended December 31, 2015 and 2014

5. Cash and bank indebtedness

	December 31, 2015		December 31, 2014		January 1, 2014
Cash	\$	6,429	\$	6,208	\$ -
Bank indebtedness	\$	-	\$	-	\$ 3,012

6. Accounts receivable

	December 31, 2015		December 31, 2014		January 1, 2014
Trade receivables	\$	25,344	\$	33,188	\$ 30,628
Unbilled revenue		42,085		35,980	39,731
Other		3,066		3,264	1,935
	\$	70,495	\$	72,432	\$ 72,294

Included in accounts receivable is approximately \$7.9 million (2014 - \$7.7 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 \$1.8 million (2014 - \$1.7 million) of energy, water, and sundry receivables due from the Corporation of the City of London.

7. Materials and supplies

Amounts written down due to obsolescence during the year ended December 31, 2015 was \$0.1 million (2014 - nil).

London Hydro Inc.
Notes to the Financial Statements
(in thousands of dollars)

For the years ended December 31, 2015 and 2014

8. Property, plant and equipment

a) Cost or deemed cost:

	Land and buildings	Distribution substation equipment	Other distribution equipment	Other fixed assets	Construction in progress	Total
Balance at January 1, 2014	\$ 12,532	\$ 9,285	\$ 177,376	\$ 15,005	\$ 10,284	224,482
Additions	1,123	273	19,698	2,112	(98)	23,108
Disposals / retirements	-	-	-	(25)	-	(25)
Balance at December 31, 2014	\$ 13,655	\$ 9,558	\$ 197,074	\$ 17,092	\$ 10,186	\$ 247,565
Balance at January 1, 2015	\$ 13,655	\$ 9,558	\$ 197,074	\$ 17,092	\$ 10,186	\$ 247,565
Additions	673	167	23,709	3,436	114	28,099
Disposals / retirements	(17)	-	(793)	(801)	-	(1,611)
Balance at December 31, 2015	\$ 14,311	\$ 9,725	\$ 219,990	\$ 19,727	\$ 10,300	\$ 274,053

b) Accumulated depreciation:

	Land and buildings	Distribution substation equipment	Other distribution equipment	Other fixed assets	Construction in progress	Total
Balance at January 1, 2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Depreciation	904	273	8,551	2,552	-	12,280
Disposals / retirements	-	-	-	(2)	-	(2)
Balance at December 31, 2014	\$ 904	\$ 273	\$ 8,551	\$ 2,550	\$ -	\$ 12,278
Balance at January 1, 2015	\$ 904	\$ 273	\$ 8,551	\$ 2,550	\$ -	\$ 12,278
Depreciation	930	280	8,803	2,634	-	12,647
Disposals / retirements	(17)	-	(793)	(801)	-	(1,611)
Balance at December 31, 2015	\$ 1,817	\$ 553	\$ 16,561	\$ 4,383	\$ -	\$ 23,314

c) Carrying amounts:

Balance at	Land and buildings	Distribution substation equipment	Other distribution equipment	Other fixed assets	Construction in progress	Total
January 1, 2014	\$ 12,532	\$ 9,285	\$ 177,376	\$ 15,005	\$ 10,284	\$ 224,482
December 31, 2014	\$ 12,751	\$ 9,285	\$ 188,523	\$ 14,542	\$ 10,186	\$ 235,287
December 31, 2015	\$ 12,494	\$ 9,172	\$ 203,429	\$ 15,344	\$ 10,300	\$ 250,739

London Hydro Inc.
Notes to the Financial Statements
(in thousands of dollars)

For the years ended December 31, 2015 and 2014

9. Intangible assets

a) Cost or deemed cost:

	Land rights	Wholesale metering	Computer software	Intangible work in progress	Total
Balance at January 1, 2014	\$ 185	\$ 1,085	\$ 14,217	\$ 750	\$ 16,237
Additions	17	-	4,428	(292)	4,153
Balance at December 31, 2014	\$ 202	\$ 1,085	\$ 18,645	\$ 458	\$ 20,390
Balance at January 1, 2015	\$ 202	\$ 1,085	\$ 18,645	\$ 458	\$ 20,390
Additions	31	-	5,071	1,553	6,655
Disposals / retirements	-	-	(2,004)	-	(2,004)
Balance at December 31, 2015	\$ 233	\$ 1,085	\$ 21,712	\$ 2,011	\$ 25,041

b) Accumulated amortization:

	Land rights	Wholesale metering	Computer software	Intangible work in progress	Total
Balance at January 1, 2014	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization	17	43	5,229	-	5,289
Disposals / retirements	-	-	-	-	-
Balance at December 31, 2014	\$ 17	\$ 43	\$ 5,229	\$ -	\$ 5,289
Balance at January 1, 2015	\$ 17	\$ 43	\$ 5,229	\$ -	\$ 5,289
Amortization	18	43	5,047	-	5,108
Disposals / retirements	-	-	(2,004)	-	(2,004)
Balance at December 31, 2015	\$ 35	\$ 86	\$ 8,272	\$ -	\$ 8,393

c) Carrying amounts:

Balance at	Land rights	Wholesale metering	Computer software	Intangible Work in Progress	Total
January 1, 2014	\$ 185	\$ 1,085	\$ 14,217	\$ 750	\$ 16,237
December 31, 2014	\$ 185	\$ 1,042	\$ 13,416	\$ 458	\$ 15,101
December 31, 2015	\$ 198	\$ 999	\$ 13,440	\$ 2,011	\$ 16,648

During the year, borrowing costs of nil (2014 - nil) were capitalized as part of the cost of intangible assets. A capitalization rate of 2.55% (2014 - 0%) was used to determine the amount of borrowing costs to be capitalized.

London Hydro Inc.
Notes to the Financial Statements
(in thousands of dollars)

For the years ended December 31, 2015 and 2014

10. Income tax expense

Income tax expense is comprised of:

	2015	2014
Current income tax		
Current year	\$ 2,789	\$ 3,262
Adjustment for prior years	(140)	(175)
	2,649	3,087
Deferred tax		
Change in recognized deductible temporary differences:		
Loss on interest rate swap	(837)	(683)
Property, plant, equipment and intangible assets	1,479	1,756
Post-employment benefits	(73)	(76)
Deferred revenue	(58)	(14)
	511	983
Total current and deferred income tax in profit or loss, before before movement of regulatory balance	3,160	4,070
Other comprehensive income		
Post-employment benefits	47	(125)
Total current and deferred income tax, before movement of regulatory balances	3,207	3,945
Net movement in regulatory balances	(1,396)	(1,541)
Income tax expense recognized in Statement of Comprehensive Income	\$ 1,811	\$ 2,404

Reconciliation of effective tax rate:

	2015	2014
Income before taxes	\$ 12,165	14,469
Canada and Ontario statutory income tax rates	26.5%	26.5%
Expected tax provision on income at statutory rates	3,224	3,834
Increase (decrease) in income taxes resulting from:		
Net movement in regulatory balances	(1,396)	(1,541)
Other items	(17)	111
	\$ 1,811	\$ 2,404

Significant components of the Company's deferred tax balances:

	December 31, 2015	December 31, 2014	January 1, 2014
Property, plant, equipment and intangible assets	\$ (4,573)	\$ (3,094)	\$ (1,338)
Post-employment benefits	3,668	3,643	3,442
Deferred revenue	72	14	-
Future income taxes to be realized by customers	(833)	563	2,104
Loss on interest rate swap	1,573	736	53
	\$ 740	\$ 1,299	\$ 2,157

London Hydro Inc.
Notes to the Financial Statements
(in thousands of dollars)

For the years ended December 31, 2015 and 2014

11. Regulatory balances

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

Regulatory deferral account debit balances	January 1, 2015	Additions	Recovery/ reversal	December 31, 2015	Remaining recovery/ reversal years
Group 1 deferred accounts	\$ 5,295	\$ (5,295)	\$ -	\$ -	
IFRS-CGAAP transitional PP&E recoveries	275	-	(118)	157	1.3
Regulatory settlement account	47	-	(47)	-	-
Other regulatory accounts	967	939	-	1,906	
Income tax	-	833	-	833	
	\$ 6,584	\$ (3,523)	\$ (165)	\$ 2,896	

Regulatory deferral account debit balances	January 1, 2014	Additions	Recovery/ reversal	December 31, 2014	Remaining years
Group 1 deferred accounts	\$ -	\$ 5,295	\$ -	\$ 5,295	
IFRS-CGAAP transitional PP&E recoveries	393	-	(118)	275	2.3
Regulatory settlement account	-	105	(58)	47	0.3
Other regulatory accounts	1,918	(951)	-	967	
	\$ 2,311	\$ 4,449	\$ (176)	\$ 6,584	

Regulatory deferral account credit balances	January 1, 2015	Additions	Recovery/ reversal	December 31, 2015	Reversal years
Group 1 deferred accounts	\$ -	\$ (2,577)	\$ -	\$ (2,577)	
Regulatory settlement account	-	-	-	-	-
Other regulatory accounts	(158)	(3)	-	(161)	
Income tax	(563)	563	-	-	
	\$ (721)	\$ (2,017)	\$ -	\$ (2,738)	

Regulatory deferral account credit balances	January 1, 2014	Additions	Recovery/ reversal	December 31, 2014	Remaining years
Group 1 deferred accounts	\$ (2,929)	\$ 2,929	\$ -	\$ -	
Regulatory settlement account	(3,830)	(17)	3,847	-	-
Other regulatory accounts	(154)	(4)	-	(158)	
Income tax	(2,104)	1,541	-	(563)	
	\$ (9,017)	\$ 4,449	\$ 3,847	\$ (721)	

For the years ended December 31, 2015 and 2014

11. Regulatory balances (continued)

The regulatory balances are recovered or settled through fixed and/or volumetric rate riders approved by the OEB. The volumetric rate riders are determined using estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors including the economy and weather. The Company has received approval from the OEB to establish its regulatory balances. Regulatory balances attract interest at OEB prescribed rates, which are based on Bankers' Acceptances three-month rate plus a spread of 25 basis points. In the first quarter of 2015 the rate was 1.47% and for the balance of the year the rate was set at 1.10%.

a) Group 1 deferred accounts

The Group 1 deferred accounts consist of purchased power cost 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.

These variances were credit balances on January 1, 2014. Due to price fluctuations the accumulated variances became debit balances during 2014, then changed back to credit balances in 2015. The 2016 IRM rate application was submitted to the OEB on October 19, 2015, which includes a claim to recover the debit balances at December 31, 2014 via rate riders. The OEB issued its decision with respect to this Application which authorizes the recovery of these balances over a one-year period commencing May 1, 2016.

b) IFRS-CGAAP transitional PP&E recoveries

Compliant with OEB directives of the Accounting Procedures Handbook, the Company must use this account to record differences arising as a result of accounting policy changes caused by the transition from previous Canadian GAAP to Modified International Financial Reporting Standards ("MIFRS").

During 2012, the Company filed its 2013 Cost of Service Rate Application ("Application") which included a request for OEB approval for the recovery of certain authorized regulatory deferral accounts including these IFRS-CGAAP transitional PP&E differences. The OEB issued its decision with respect to this Application which authorizes amortization of the balance into rate base and revenue requirement amounts. Therefore, the approved distribution rates during the four year period commencing May 1, 2013, include the recovery of these IFRS-CGAAP Transitional PP&E account differences.

For the years ended December 31, 2015 and 2014

11. Regulatory balances (continued)

c) Regulatory settlement account

The regulatory settlement account with debit balance consists of the Lost Revenue Adjustment Mechanism Variance ("LRAMVA") approved for recovery by the OEB. During 2013, the Company filed its Incentive Regulation Mechanism ("IRM") rate application for the 2014 rate year. The OEB issued its decision with respect to this application which included a request for OEB approval for the recovery of LRAMVA for amounts as at December 31, 2012. The regulatory decision approved the recovery of these balances over a one-year period commencing May 1, 2014.

The regulatory settlement account with credit balance consists of purchased power cost variances captured in RSVAs approved for disposition by the OEB. Variances accumulated prior to January 1, 2011 are the amounts that were approved in 2012 for disposition effective May 1, 2012 through to April 30, 2014. During 2012, the Company filed its 2013 Cost of Service Rate Application which included a request for OEB approval for the disposition of the RSVA Power account and the RSVA Power-Global Adjustment sub accounts. These amounts accumulated between January 1, 2011 and December 31, 2012. The non-commodity RSVA amounts accumulated between January 1, 2011 and December 31, 2011. The OEB issued its decision with respect to this Application which authorizes the disposition of these balances over a one-year period commencing May 1, 2013.

d) Other regulatory accounts

Other regulatory debit balances include various deferred costs in connection with Green Energy programs, Lost Revenue Adjustment Mechanism Variances, Smart Metering Entity Charge Variances, IFRS transition expenditures, Retail Cost Variances and the residual balance of Stranded Meter costs previously approved for recovery by the OEB. Green Energy programs authorized by the OEB include renewable enabling improvements and investments towards smart grid. Costs incurred with respect to these various activities have been captured under deferral accounts for future rate recovery.

Other regulatory credit balances consist of amounts resulting from the implementation of the Harmonized Sales Tax.

e) Income tax

As a result, the Company has recognized a regulatory deferral account for the amount of deferred taxes that will ultimately be recovered from/paid back to its customers. This balance will fluctuate as the Company's deferred tax balance fluctuates.

London Hydro Inc.
Notes to the Financial Statements
(in thousands of dollars)

For the years ended December 31, 2015 and 2014

12. Accounts payable and accrued liabilities

	December 31, 2015	December 31, 2014	January 1, 2014
Due to Independent Electricity System Operator	\$ 39,888	\$ 41,193	\$ 37,447
Debt retirement charge payable to OEFC	1,603	1,845	1,771
Harmonized sales tax	372	1,095	670
Payroll and benefits payable	2,264	2,006	1,747
Other	9,424	7,090	11,001
	<u>\$ 53,551</u>	<u>\$ 53,229</u>	<u>\$ 52,636</u>

13. Deferred revenue

	December 31, 2015	December 31, 2014	January 1, 2014
Capital contributions for completed projects	\$ 5,560	\$ 1,849	-
Deposits held	8,582	8,567	7,506
	14,142	10,416	7,506
Less: Current portion	1,192	1,482	1,277
	<u>\$ 12,950</u>	<u>\$ 8,934</u>	<u>\$ 6,229</u>

Included in deposits held is \$3.8 million (2014 - \$3.9 million) received from the Corporation of the City of London as contributions for the construction of capital assets.

London Hydro Inc.
Notes to the Financial Statements
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For the years ended December 31, 2015 and 2014

14. Long-term debt

	December 31, 2015	December 31, 2014	January 1, 2014
Unsecured, committed extendible revolving loan bearing interest at prime, minus 0.5%, interest only payments due March 2016	\$ 5,000	\$ -	-
Unsecured, non-revolving term instalment loan bearing interest at the 7.58 year Bankers' Acceptance rate of 2.46% plus a stamping fee of 0.19%, interest only payments due June 2022	85,000	85,000	-
Unsecured, non-revolving term instalment loan bearing interest at the 7.75 year Bankers' Acceptance rate of 2.43% plus a stamping fee of 0.9%, payable in monthly instalments of \$192 principal plus interest due August 2019	8,434	10,738	13,042
	98,434	95,738	13,042
Less: Current portion	7,304	2,304	2,304
	\$ 91,130	\$ 93,434	\$ 10,738

The Company has an interest rate swap agreement with the Royal Bank of Canada for an unsecured loan in the amount of \$85 million. Interest only payments are due quarterly and commenced December 2014. The principal is due at maturity. The agreement is a fixed rate swap and matures June 2022, which effectively converts variable interest rates on unsecured Bankers' Acceptances to an effective interest rate of 2.46%, plus a stamping fee of 0.19%, for an all-in rate of 2.65%.

The Company has an interest rate swap agreement with the Royal Bank of Canada for an unsecured loan in the original amount of \$20.5 million to fund its Smart Meter capital expenditure program. Principal repayments on this loan commenced October 2010 and are being amortized over a 9 year period ending August 2019. The agreement is a fixed rate swap and matures August 2019 which effectively converts variable interest rates on unsecured Bankers' Acceptances to an effective interest rate of 2.43%, plus a stamping fee of 0.9%, for an all-in rate of 3.33%.

The swap agreements entered into with Royal Bank of Canada do not meet the standard to apply hedge accounting. Accordingly, the interest rate swap contracts are recorded at their fair value at the end of the period with the unrealized gain or loss recorded in the Statements of Comprehensive Income as finance expenses. The unrealized loss for the year ended December 31, 2015 was \$3.2 million (2014 - \$2.6 million).

At December 31, 2015, the Company would be required to pay \$5.9 million (2014 - \$2.8 million) if it wished to cancel the swap agreements.

London Hydro Inc.
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15. Post-employment benefits

a) OMERS pension plan

The Company provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer and its employees. During the year ended December 31, 2015, the Company made employer contributions of \$2.7 million to OMERS (2014 - \$2.6 million), of which \$0.7 million (2014 - \$0.7 million) has been capitalized as part of PP&E and the remaining amount of \$2.0 million (2014 - \$1.9 million) has been recognized in operating expenses in the Statement of Comprehensive Income. The Corporation estimates that a contribution of \$2.8 million to OMERS will be made during the next fiscal year.

As at December 31, 2015, OMERS had approximately 461,000 members, of whom 320 are employees of the Company. The most recently available OMERS annual report is for the year ended December 31, 2015, which reported that the plan was 91.5% funded, with an unfunded liability of \$7.0 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. Based on the most recent actuarial valuation as at December 31, 2015, the following information has been determined:

Reconciliation of the obligation:

	December 31, 2015	December 31, 2014
Defined benefit obligation, beginning of year	\$ 13,749	\$ 12,989
Included in profit or loss:		
Current service costs	386	355
Interest cost	514	580
Other benefits	42	(75)
	942	860
Actuarial (gains) / losses included in OCI:		
Changes in demographic assumptions	-	(749)
Change in financial assumptions	(192)	1,233
Effect of experience adjustments	13	(13)
	(179)	471
Benefits paid	(667)	(571)
Defined benefit obligation, end of year	\$ 13,845	\$ 13,749

For the years ended December 31, 2015 and 2014

15. Post-employment benefits (continued)

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

Actuarial assumptions:

	December 31, 2015	December 31, 2014
Discount (interest) rate	4.0%	3.9%
Salary levels	4.0%	4.0%
Immediate medical costs	6.1%	6.2%
Ultimate medical costs	4.5%	4.5%
Dental cost rate	4.5%	4.5%
Year ultimate rate reached	2028	2028

A 1% increase in the assumed discount rate would result in the defined benefit obligation decreasing by \$2.0 million. A 1% decrease in the assumed discount rate would result in the defined benefits obligation increasing by \$1.9 million.

16. Share capital

	December 31, 2015	December 31, 2014	January 1, 2014
Authorized:			
An unlimited number of common shares			
An unlimited number of non-voting, non-cumulative preference shares, redeemable at the paid-up amount			
Issued:			
1,001 common shares	\$ 96,116	\$ 96,116	\$ 96,116

Dividends

The holders of the common shares are entitled to receive dividends as declared from time to time.

On March 31, 2015 the Board of Directors declared a \$5.0 million annual dividend and a \$5.0 million special dividend both payable to the sole shareholder, the Corporation of the City of London, in quarterly installments in 2015.

On March 26, 2014 the Board of Directors approved the payment of a dividend in the amount of \$3.0 million paid in quarterly instalments in 2014.

London Hydro Inc.
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17. Other revenue

	2015	2014
City of London water services	\$ 3,996	\$ 3,904
Late payment charges	1,816	1,739
Collection charges	694	692
Occupancy charges	619	594
Customer billing service fees	586	592
Pole and other rental income	410	414
Other services, recoveries and sundry revenues	580	805
Income tax incentive credits	319	390
Renewable generation revenue	314	308
Sale of scrap	298	508
Gain on disposal of capital assets	162	172
Amortization of deferred revenue	79	21
Ontario Power Authority incentives	47	3,234
	\$ 9,920	\$ 13,373

18. Operating expenses

	2015	2014
Labour and benefits	\$ 24,213	\$ 23,428
Professional services	5,478	5,067
Office equipment services and maintenance	2,011	1,071
Rental, regulatory and other expenses	1,649	1,615
Facilities maintenance and repair	1,521	1,677
Postage	1,250	1,208
Corporate training and employee expenses	1,124	1,123
Property tax and insurance	1,095	1,137
Materials and supplies	983	951
Fleet operations and maintenance	952	917
Bad debts	650	700
Allocations to capital and billable activities	(1,720)	(1,748)
	\$ 39,206	\$ 37,146

London Hydro Inc.
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For the years ended December 31, 2015 and 2014

19. Finance (income) and expenses

	2015	2014
Finance income		
Interest income on bank deposits	\$ (101)	\$ (69)
Finance expenses		
Unrealized loss on interest rate swap	3,158	2,579
Related party promissory note	-	3,850
Interest on long-term debt	2,643	709
Interest on short-term debt	27	60
Other	70	105
	5,898	7,303
Net finance expense	\$ 5,797	\$ 7,234

20. 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, 2015, no assessments have been made.

For the years ended December 31, 2015 and 2014

20. Commitments and contingencies (continued)

Letters of credit

At December 31, 2015, the Company had provided \$6.6 million (2014 – \$6.6 million) in bank standby letters of credit to the IESO.

Vendor commitments

The Company has commitments in connection with Information Systems projects of approximately \$0.8 million (2014 - \$0.7 million), Infrastructure projects of \$5.3 million (2014 – \$3.9 million) and new vehicle acquisitions of \$0.5 million (2014 - \$0.8 million).

Operating leases

The Company is committed to lease agreements for various vehicles, equipment and property rights. The future minimum non-cancellable annual lease payments are as follows:

	December 31 2015	December 31 2014	January 1, 2014
Less than one year	\$ 303	\$ 171	\$ 155
Between one and five years	1,027	588	561
More than five years	193	232	271
	\$ 1,523	\$ 991	\$ 987

Operating lease expense incurred during the year ended December 31, 2015 was of \$0.3 million (2014 - \$0.2 million).

London Hydro Inc.
Notes to the Financial Statements
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For the years ended December 31, 2015 and 2014

21. Related party transactions

a) Trade balances due to shareholder

	December 31, 2015	December 31, 2014	January 1, 2014
Water consumption	\$ 6,746	\$ 6,208	\$ 6,315
Non-interest bearing trade balance due to (from) shareholder, without stated repayment terms	682	735	(39)
	<u>\$ 7,428</u>	<u>\$ 6,943</u>	<u>\$ 6,276</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 and customer care services.

During the year ended December 31, 2015, the Company billed customers for water service on behalf of the shareholder and remitted funds to the shareholder in the amount of \$151.1 million (2014 – \$143.0 million). The shareholder paid \$3.9 million (2014 - \$3.9 million) for this service.

b) Promissory note due to related party

	December 31, 2015	December 31, 2014	January 1, 2014
Unsecured promissory note, due to related party, bearing interest at 6% per annum, payable on demand with 367 days notice, maturing October 31, 2015	\$ -	\$ -	\$ 70,000
Less: Current portion	-	-	70,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,000</u>

The Company repaid the promissory note to the Corporation of the City of London on November 28, 2014. The Company obtained funding in the amount of \$85.0 million from the Royal Bank of Canada which was in place on the transfer date (note 14).

The Company paid interest on the promissory note during the year ended December 31, 2014 in the amount of \$3.9 million.

For the years ended December 31, 2015 and 2014

22. 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.

23. Financial instruments and risk management

Fair value disclosure

The carrying values of cash, accounts receivable, unbilled revenue, due from/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, 2015 is \$95 million (2014 - \$96 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, 2015 was 2.16% (2014 – 2.46%). The fair value of interest rate swaps is recorded based on valuation amounts as provided by RBC Capital Markets on a quarterly basis.

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.

For the years ended December 31, 2015 and 2014

23. Financial instruments and risk management (continued)

a) Credit risk (continued)

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in profit and loss as bad debt expense. Subsequent recoveries of receivables previously provisioned are credited to profit and loss. The balance of the allowance for impairment loss at December 31, 2015 is \$2.5 million (2014 - \$2.3 million). Bad debt expense was \$0.7 million (2014 - \$0.7 million) during the year ended December 31, 2015.

At December 31, 2015, approximately \$0.7 million (2014 - \$0.6 million) is included in the allowance for doubtful accounts for uncollectible amounts relating to water consumption. No bad debt expense has been realized in the Statement of Comprehensive Income in connection with water consumption as these amounts are fully recovered from the City of London.

The Company's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2015, approximately \$2.0 million (2014 - \$1.9 million) is considered 60 days past due. The Company has 154 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 18% of amounts billed to customers with the remaining 82% 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, 2015, the Company held deposits in the amount of \$6.3 million (2014 - \$5.9 million). Additionally, if presented with substantial credit losses, the Company would make an application to the regulator for recovery of those losses through distribution rate adjustments in future years.

b) Market risk

Market risks primarily refer to the risk of loss that result from changes in commodity prices, foreign exchange rates, and interest rates. The Company currently does not have significant commodity or foreign exchange risk. The Company is exposed to fluctuations in interest rates as the regulated rate of return for the Company's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

A 1% increase in the interest rate at December 31, 2015 would have increased interest expense on the long-term debt by \$ 0.1 million (2014 - nil), assuming all other variables remain constant. A 1% decrease in the interest rate would have an equal but opposite effect.

23. Financial instruments and risk management (continued)

c) Liquidity risk

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

The Company has an uncommitted operating revolving line of credit facility of \$20 million with the Toronto Dominion Bank. At December 31, 2015, the amount drawn by the Company under this line of credit was nil (2014 - 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.

At December 31, 2015, the Company had a committed 364 day extendable operating revolving loan facility of \$15 million with the Toronto Dominion Bank and the amount drawn by the Company under this loan facility was \$5 million (2014 - nil). Under the terms of this agreement, the loan has a maturity date of March 31, 2016. The Company has a one year period from the loan maturity date to repay any outstanding balances in the event the lender elects not to extend the loan for an additional 364 day period. Interest is at bank prime rate on prime based borrowings minus 0.5%, or at B/A rates plus a 0.75% stamping fee on B/A based borrowings.

The Company also has a bilateral facility for \$6.6 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 (2014 - nil).

For the years ended December 31, 2015 and 2014

23. Financial instruments and risk management (continued)

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 Corporation's definition of capital includes shareholder's equity and long-term debt.

	December 31, 2015	December 31, 2014	January 1, 2014
Long-term debt	\$ 98,434	\$ 95,738	\$ 13,042
Due to related party	-	-	70,000
Shareholder's equity	148,608	148,254	139,191
	<u>\$ 247,042</u>	<u>\$ 243,992</u>	<u>\$ 222,233</u>

24. Subsequent event

On April 19, 2016, the Board of Directors declared a \$5.0 million annual dividend and a \$5.0 million special dividend both payable to the sole shareholder, the Corporation of the City of London, in quarterly installments in 2016.

25. Explanation of transition to IFRS

As stated in note 2(b), these are the Company's first financial statements prepared in accordance with IFRS.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended December 31, 2015, the comparative information presented in these financial statements for the year ended December 31, 2014, and in the preparation of the opening IFRS Statement of Financial Position as at January 1, 2014 (the Company's date of transition).

In preparing its opening IFRS Statement of Financial Position, the Company has adjusted the amounts reported previously in the financial statements prepared in accordance with Canadian general accepted accounting principles ("CGAAP"). An explanation of how the transition from CGAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes accompanying the tables.

a) Regulatory accounts

IFRS14: *Regulatory Deferral Accounts*, permits an entity to continue to account for regulatory deferral account balances in its financial statements in accordance with its previous CGAAP when it adopts IFRS. An entity is permitted to apply the requirements of this standard in its first IFRS financial statements if and only if it conducts rate-regulated activities and recognized amounts that qualify as regulatory deferral account balances in its financial statements in accordance with its previous CGAAP. This standard exempts an entity from applying paragraph 11 of IAS8: *Accounting policies, changes in accounting estimates and errors*, to its accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral account balances.

IFRS 14 is effective from periods beginning on or after January 1, 2016, however, early application is permitted. The Company has elected to apply this Standard in its first IFRS financial statements.

25. Explanation of transition to IFRS (continued)

b) IFRS 1 Exemptions

IFRS 1 *First-time adoption of International Financial Reporting Standards* sets out the procedures that the Company must follow when it adopts IFRS for the first time as the basis for preparing its financial statements. The Company is required to establish its IFRS accounting policies as at December 31, 2015 and, in general, apply these retrospectively to determine the IFRS opening Statement of Financial position as its date of transition, January 1, 2014. This standard provides a number of mandatory and optional exemptions to this general principle. These are set out below, together with a description in each case of the exemption adopted by the Company.

i. Transfer of assets from customers

IFRIC 18 - "Transfers of assets from customers" allows for the application of IFRIC 18 with respect to the recognition of capital contributions on the date of transition or earlier adoption is permitted. The Company has elected to apply IFRIC 18 effective January 1, 2014.

ii. Deemed cost

IFRS 1 provides an optional exemption for a first-time adopter with rate-regulated activities to use the carrying amount of PP&E and intangible assets as deemed cost on transition date when the carrying amount includes costs that do not qualify for capitalization in accordance with IFRS. The Company elected this exemption and used the carrying amount of the PP&E and intangible assets under CGAAP as deemed cost on transition date. The carrying amount used as deemed cost is \$224.5 million for PP&E and \$16.2 million for intangible assets.

If an entity applies this exemption, at the date of transition to IFRS, it shall test for impairment each item for which this exemption is used. The assets were tested for impairment at the date of transition and it was determined that the assets were not impaired.

c) Reconciliations between Canadian GAAP and IFRS

In preparing its opening IFRS balance sheet as at January 1, 2014, the Company has adjusted amounts reported previously in financial statements prepared in accordance with CGAAP. An explanation of how the transition from CGAAP to IFRS has affected the Company's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

London Hydro Inc.
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25. Explanation of transition to IFRS (continued)

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

<i>As at January 1, 2014</i>	Note	CGAAP	Presentation differences	Measurement & recognition differences	IFRS
ASSETS					
Current assets					
Accounts receivable		\$ 71,046	\$ 1,248	\$ -	\$ 72,294
Income tax receivable		80			80
Materials and supplies		731			731
Prepaid expenses		1,456			1,456
Total current assets		73,313	1,248	-	74,561
Non-current assets					
Property, plant and equipment	a,b,c	240,693	(16,211)		224,482
Intangible assets	a,b,c	-	16,237		16,237
Deferred tax assets	g	2,463	(640)	334	2,157
Total non-current assets		243,156	(614)	334	242,876
Total assets		316,469	634	334	317,437
Regulatory balances	c	2,337	(26)		2,311
Total assets and regulatory balances		\$ 318,806	\$ 608	\$ 334	\$ 319,748
LIABILITIES					
Current liabilities					
Bank indebtedness		\$ 3,012	\$ -	\$ -	\$ 3,012
Accounts payable and accrued liabilities	d	51,450	1,186		52,636
Due to shareholder	d	6,577	(301)		6,276
Current portion of long-term debt		2,304			2,304
Customer and other deposits	d	1,626	(912)		714
Deferred revenue	d	-	1,277		1,277
Total current liabilities		64,969	1,250	-	66,219
Non-current liabilities					
Customer and other deposits	d	7,419	(2,253)		5,166
Long-term debt		10,738			10,738
Post-employment benefits	f	11,733		1,256	12,989
Deferred revenue	d	-	6,229		6,229
Unrealized loss on interest rate swap		199			199
Due to shareholder	d	3,976	(3,976)		-
Due to related party		70,000			70,000
Total non-current liabilities		104,065	-	1,256	105,321
Total liabilities		169,034	1,250	1,256	171,540
Equity					
Share capital		96,116			96,116
Retained earnings	f	44,331		(1,256)	43,075
Accumulated other comprehensive income (loss)		-			-
Total equity		140,447	-	(1,256)	139,191
Total liabilities and equity		309,481	1,250	-	310,731
Regulatory balances	g	9,325	(642)	334	9,017
Total liabilities, equity and regulatory balances		\$ 318,806	\$ 608	\$ 334	\$ 319,748

London Hydro Inc.
Notes to the Financial Statements
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For the years ended December 31, 2015 and 2014

25. Explanation of transition to IFRS (continued):

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

<i>As at December 31, 2014</i>	Note	CGAAP	Presentation differences	Measurement & recognition differences	IFRS
ASSETS					
Current assets					
Cash and cash equivalents		\$ 6,208	\$ -	\$ -	\$ 6,208
Accounts receivable		71,122	1,310		72,432
Income tax receivable		-			-
Materials and supplies		655			655
Prepaid expenses		1,569			1,569
Total current assets		79,554	1,310	-	80,864
Non-current assets					
Property, plant and equipment	a,b,c,d	248,217	(12,930)		235,287
Intangible assets	a,b,c	-	15,101		15,101
Deferred tax assets	g	879	(39)	459	1,299
Total non-current assets		249,096	2,132	459	251,687
Total assets		328,650	3,442	459	332,551
Regulatory balances	c	7,235	(651)		6,584
Total assets and regulatory balances		\$ 335,885	\$ 2,791	\$ 459	\$ 339,135
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	d	\$ 51,997	\$ 1,232	\$ -	\$ 53,229
Due to shareholder	d	7,285	(342)		6,943
Income tax payable		1,352	46		1,398
Current portion of long-term debt		2,304			2,304
Customer and other deposits	d	1,728	(1,037)		691
Deferred revenue	d	-	1,482		1,482
Total current liabilities		64,666	1,381	-	66,047
Non-current liabilities					
Customer and other deposits	d	8,824	(3,606)		5,218
Long-term debt		93,434			93,434
Post-employment benefits	f	12,019		1,730	13,749
Deferred revenue	d	-	8,934		8,934
Unrealized loss on interest rate swap		2,778			2,778
Due to shareholder	d	3,549	(3,549)		-
Total non-current liabilities		120,604	1,779	1,730	124,113
Total liabilities		185,270	3,160	1,730	190,160
Equity					
Share capital		96,116			96,116
Retained earnings	f	53,868		(1,259)	52,609
Accumulated other comprehensive income (loss)	f	-		(471)	(471)
Total equity		149,984	-	(1,730)	148,254
Total liabilities and equity		335,254	3,160	-	338,414
Regulatory balances	g	631	(369)	459	721
Total liabilities, equity and regulatory balances		\$ 335,885	\$ 2,791	\$ 459	\$ 339,135

London Hydro Inc.
Notes to the Financial Statements
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For the years ended December 31, 2015 and 2014

25. Explanation of transition to IFRS (continued)

Reconciliation of net income for 2014

<i>For the year ended December 31, 2014</i>	Note	CGAAP	Presentation differences	Measurement & recognition differences	IFRS
Revenue					
Sales of energy	i	\$ 363,384	\$ (11,176)	\$ -	\$ 352,208
Distribution revenue	j	63,367	295		63,662
Other	j	8,894	4,479		13,373
		435,645	(6,402)	-	429,243
Operating Expenses					
Cost of power purchased		363,384			363,384
Operating expenses	j	32,249	4,895	2	37,146
Depreciation and amortization	j	17,655	(86)		17,569
		413,288	4,809	2	418,099
Finance (income) / costs					
Finance income	j	-	(69)		(69)
Finance costs	j	7,417	(114)		7,303
		7,417	(183)	-	7,234
Income before income taxes					
		14,940	(11,028)	(2)	3,910
Income tax expense	j	2,403	1,666	1	4,070
Net income for the year					
		12,537	(12,694)	(3)	(160)
Net movement in regulatory balances, net of tax	i,j	-	12,694		12,694
Net income and net movement in regulatory balance					
		12,537	-	(3)	12,534
Other comprehensive income					
Remeasurement of post-employment benefits	f	-		(471)	(471)
Tax on remeasurements	g	-		125	125
Net movement in regulatory balances, net of tax		-		(125)	(125)
		-	-	(471)	(471)
Total comprehensive income for the year					
		\$ 12,537	\$ -	\$ (474)	\$ 12,063

25. Explanation of transition to IFRS (continued)

Notes to the reconciliations

The impact on deferred tax of the adjustments described below is set out in note (g).

- a) The Company has elected under IFRS 1 to use the carrying value of items of property, plant and equipment and intangible assets as the deemed cost at the date of transition. Therefore, there has been no change to the net PP&E and intangible assets at January 1, 2014. The effect of this transitional adjustment is a decrease to the original cost and accumulated depreciation of the affected property, plant and equipment and intangible assets by \$187.1 million and \$187.1 million respectively, representing the CGAAP accumulated depreciation amount on January 1, 2014.
- b) The Company has identified certain intangible assets that under CGAAP were recorded with other classes of property, plant and equipment. The Company has reclassified the identified intangible assets to be in accordance with *IAS 38 - Intangible Assets*.

The effect is to increase intangible assets by \$16.2 million on January 1, 2014 and \$14.8 million on December 31, 2014, and to decrease property, plant and equipment by \$16.2 million at January 1, 2014 and \$14.8 million at December 31, 2014.

- c) The Company has identified certain intangible assets that under CGAAP were recorded under Regulatory balances. The Company has reclassified the identified intangible assets to be in accordance with *IAS 38 - Intangible Assets*.

The effect is to increase intangible assets by nil on January 1, 2014 and \$0.3 million on December 31, 2014, and to decrease Regulatory balances by nil at January 1, 2014 and \$0.3 million at December 31, 2014.

- d) Under CGAAP, customer contributions were netted against the cost of property, plant and equipment and amortized to profit or loss as an offset to depreciation expense, on the same basis as the related assets. Under IFRS, customer contributions are recognized as deferred revenue, not netted against property, plant and equipment, and amortized into profit or loss over the life of the related asset.

There is no impact to property, plant and equipment as at January 1, 2014 as the deemed cost exemption has been used (See Notes to the reconciliations (a)).

For the years ended December 31, 2015 and 2014

25. Explanation of transition to IFRS (continued)

Notes to the reconciliations (continued)

In accordance with this change, deposits held for capital construction have also been reclassified to deferred revenue.

The reclassification of deposits held for construction at January 1, 2014 had the effect of increasing deferred revenue (current portion) by \$1.3 million and decreasing accounts payable and accrued liabilities by \$0.1 million, decreasing customer and other deposits by \$0.9 million and decreasing due to shareholder by \$0.3 million. Deferred revenue (long-term) increased by \$6.2 million as a result of this change and decreased customer and other deposits by \$2.2 million and due to shareholder by \$4.0 million at January 1, 2014.

The reclassification of deposits held for construction at December 31, 2014 had the effect of increasing deferred revenue (current portion) by \$1.5 million and increasing property, plant and equipment by \$0.1 million, decreasing accounts payable and accrued liabilities by nil, decreasing customer and other deposits by \$1.1 million and decreasing due to shareholder by \$0.3 million. Deferred revenue (long-term) increased by \$8.9 million as a result of this change and increased property, plant and equipment by \$1.8 million, decreased customer and other deposits by \$3.6 million and due to shareholder by \$3.5 million at December 31, 2014.

- e) IFRS requires that borrowing costs related to the construction of the qualifying assets be capitalized. The Company has applied IAS 23 to all qualifying assets that were in progress or commenced since January 1, 2014. No qualifying assets were identified and therefore no borrowing costs were capitalized for the year ended December 31, 2014.

- f) The Company adopted the revised Employee Benefits standard effective January 1, 2014. This revised standard requires recognition of actuarial gains and losses through other comprehensive income. The effect is to increase the Company's Post-employment benefits liability by \$1.3 million at January 1, 2014 and \$1.7 million at December 31, 2014 and decrease retained earnings by \$1.3 million at January 1, 2014 and December 31, 2014 and decrease accumulated other comprehensive income by \$0.4 million at December 31, 2014. This also provided for an increase in employee future benefits expense of nil and an other comprehensive loss of \$0.4 million for the year ended December 31, 2014.

25. Explanation of transition to IFRS (continued)

Notes to the reconciliations (continued)

- g) The above changes increased the deferred tax asset as follows:

	Total \$	December 31, 2014 \$	January 1, 2014 \$
Post-employment benefits	1,730	474	1,256
Tax impact at the enacted rate of 26.5%	459	125	334
Increase in deferred tax asset	459	125	334
Increase in regulatory liability balances	(459)	(125)	(334)

- h) Explanation of material adjustments to the statement of cash flows for 2014:

There are no material differences between the statement of cash flows presented under IFRS and the statement of cash flows presented under CGAAP.

- i) As discussed under Basis of Preparation in connection with rate setting for electricity, rates are set based on either market prices or the OEB regulated amounts. The Company is billed for the cost of the electricity that its customers use and passes this cost directly on to the customer at cost without a mark-up. Under CGAAP, variances between the cost of purchased power and rates set and charged to customers flowed directly to the Statement of Financial Position as regulatory assets or liabilities. IFRS requires that these variances first be reported through profit and loss under net income for the period, and then be reclassified to the Statement of Financial Position as a movement in regulatory balances, net of tax.
- j) As discussed under Basis of Preparation regarding distribution revenues, current rates are set based on forecasted annual operating expenditures included in the last Cost of Service Rate Application. Distribution revenues and expenditures not included in the last Cost of Service Rate Application as a result of timing or newly implemented programs are captured under regulatory balances. Under CGAAP, these deferral amounts flowed directly to the Statement of Financial Position. IFRS requires that these items first be reported through profit and loss under net income for the period, and then be reclassified to the Statement of Financial Position as a movement in regulatory balances, net of tax.

Financial Statements of

**LONDON & MIDDLESEX HOUSING
CORPORATION**

Year ended December 31, 2015



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of London & Middlesex Housing Corporation

We have audited the accompanying financial statements of London & Middlesex Housing Corporation, which comprise the statement of financial position as at December 31, 2015, the statements of operations, change in net financial debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of London & Middlesex Housing Corporation as at December 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

April 28, 2016

London, Canada

LONDON & MIDDLESEX HOUSING CORPORATION

Statement of Financial Position

As at December 31, 2015, with comparative information for 2014

	2015	2014
Financial Assets:		
Cash	\$ 1,738,444	\$ 1,563,093
Accounts receivable (note 3)	674,369	700,191
Due from The City of London	598,810	1,075,186
	<u>3,011,623</u>	<u>3,338,470</u>
Financial Liabilities:		
Accounts payable and accrued liabilities	2,923,445	2,899,977
Tenants advances	475,239	428,517
Unearned miscellaneous revenue	70,300	71,171
	<u>3,468,984</u>	<u>3,399,665</u>
Net debt	(457,361)	(61,195)
Non-financial Assets:		
Tangible capital assets (note 7)	50,666,053	49,889,897
Prepaid expenses	457,361	61,195
	<u>51,123,414</u>	<u>49,951,092</u>
Commitments (note 5)		
Accumulated surplus (note 8)	\$ 50,666,053	\$ 49,889,897

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

LONDON & MIDDLESEX HOUSING CORPORATION

Statement of Operations

Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Revenue:			
Rental revenue	\$ 10,176,000	\$ 10,637,628	\$ 10,365,263
Rental subsidy	8,569,172	8,569,008	7,947,248
The City of London funding adjustment	-	369,450	124,507
Rent supplement subsidy surplus	-	-	2,012
Capital funding	-	2,316,095	3,275,191
Energy savings project rebates	-	135,727	499,557
Other	272,837	272,752	264,218
Total revenue	19,018,009	22,300,660	22,477,996
Expenses:			
Salaries, wages and employee benefits	4,430,900	4,624,950	4,247,328
Maintenance, materials and services:			
Building, general	2,676,086	3,032,310	2,892,618
Grounds	802,100	857,364	847,265
Painting	301,400	329,878	263,311
Other	167,100	125,034	112,424
	3,946,686	4,344,586	4,115,618
Utilities:			
Electricity	1,866,234	2,140,498	2,012,761
Water	938,646	1,009,960	932,902
Natural gas	1,064,129	921,512	1,021,161
	3,869,009	4,071,970	3,966,824
Amortization	-	1,595,144	1,457,231
Property:			
Insurance	521,761	561,309	494,018
Municipal taxes	5,134,938	5,023,794	4,695,884
Mortgage payments	48,400	47,127	48,405
	5,705,099	5,632,230	5,238,307
Administration	1,066,315	1,255,624	1,188,590
Total expenses	19,018,009	21,524,504	20,213,898
Annual surplus	-	776,156	2,264,098
Accumulated surplus, beginning of year	49,889,897	49,889,897	47,625,799
Accumulated surplus, end of year	\$ 49,889,897	\$ 50,666,053	\$ 49,889,897

See accompanying notes to financial statements.

LONDON & MIDDLESEX HOUSING CORPORATION

Statement of Change in Net Financial Debt

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Annual surplus	\$ 776,156	\$ 2,264,098
Acquisition of tangible capital assets	(2,371,300)	(3,721,745)
Loss on disposal of tangible capital assets	-	416
Amortization of tangible capital assets	1,595,144	1,457,231
	(776,156)	(2,264,098)
Acquisition of prepaid expenses	(6,504,046)	(6,691,505)
Use of prepaid expenses	6,107,880	6,987,016
Change in net financial debt	(396,166)	295,511
Net debt, beginning of year	(61,195)	(356,706)
Net debt, end of year	\$ (457,361)	\$ (61,195)

See accompanying notes to financial statements.

LONDON & MIDDLESEX HOUSING CORPORATION

Statement of Cash Flows

December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 776,156	\$ 2,264,098
Items not involving cash:		
Amortization	1,595,144	1,457,231
Loss on disposal of tangible capital assets	-	416
Changes in non-cash items:		
Accounts receivable	25,822	35,249
Prepaid expenses	(396,166)	295,511
Due from The City of London	476,376	(1,075,186)
Accounts payable and accrued liabilities	23,468	119,770
Tenant advances	46,722	62,102
Unearned miscellaneous revenue	(871)	625
Deferred revenue	-	(403,970)
	2,546,651	2,755,846
Capital activities:		
Cash used to acquire tangible capital assets	(2,371,300)	(3,721,745)
Increase (decrease) in cash	175,351	(965,899)
Cash, beginning of year	1,563,093	2,528,992
Cash, end of year	\$ 1,738,444	\$ 1,563,093

See accompanying notes to financial statements.

LONDON & MIDDLESEX HOUSING CORPORATION

Notes to Financial Statements

December 31, 2015

1. Incorporation:

The 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 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	20-35
Buildings and improvements	15-40
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 HOUSING CORPORATION

Notes to Financial Statements (continued)

December 31, 2015

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 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) Change in Accounting Policy:

The Corporation adopted Public Sector Accounting Board Standard PS 3260, *Liability for Contaminated Sites* effective as of January 1, 2015. 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 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. The Corporation adopted this standard on a retroactive basis and there were no adjustments as a result of the adoption of this standard.

LONDON & MIDDLESEX HOUSING CORPORATION

Notes to Financial Statements (continued)

December 31, 2015

3. Accounts receivable:

	2015	2014
Rent	\$ 266,329	\$ 195,355
Harmonized sales tax	247,928	313,354
Sundry	160,112	191,482
	<u>\$ 674,369</u>	<u>\$ 700,191</u>

4. Income producing properties:

The income producing properties held by London & Middlesex Housing Authority and passed through to the Corporation were originally financed by the Province of Ontario through general obligation provincial debentures. At the time of the transfer of ownership, the Province did not transfer the responsibility for repayment of these debentures. Accordingly, the value of the provincial debentures associated with them have not been recorded on the Corporation's financial statements.

5. Commitments:

(a) Debt service payment:

The Corporation is responsible for the debt service payments on one of its properties located on Bella Street in Strathroy, Ontario. These payments of both principal and interest are made directly to the mortgagee and are expensed when incurred. A total of \$47,127 was expensed and paid in 2015 (2014 - \$48,405). The Ontario government is considered to be the holder of this debt, thus no provision has been made in the Corporation's financial statements for the mortgage.

(b) Contractual obligations:

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

2016	\$	261,134
2017		271,541
2018		271,541
2019		269,618
2020		259,466
Thereafter		104,707

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. The 2015 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 \$310,625 was incurred as pension expense in 2015 (2014 - \$301,148).

LONDON & MIDDLESEX HOUSING CORPORATION

Notes to Financial Statements (continued)

December 31, 2015

7. Tangible capital assets:

Cost	Balance at December 31, 2014	2015 Additions	2015 Disposals	Balance at December 31, 2015
Land	\$ 24,605,751	\$ -	\$ -	\$ 24,605,751
Site improvements	3,277,316	19,001	-	3,296,317
Buildings and improvements	79,116,222	1,941,856	-	81,058,078
Technology and communications	694,331	93,050	(11,141)	776,240
Vehicles	48,297	-	-	48,297
Furniture and fixtures	263,979	-	(367)	263,612
Machinery and equipment	2,750,964	251,382	-	3,002,346
Appliances	1,625,148	66,011	-	1,691,159
Total	\$ 112,382,008	\$ 2,371,300	\$ (11,508)	\$ 114,741,800

Accumulated amortization	Balance at December 31, 2014	2015 Disposals	2015 Amortization	Balance at December 31, 2015
Land	\$ -	\$ -	\$ -	\$ -
Site improvements	1,518,935	-	69,431	1,588,366
Buildings and improvements	57,793,412	-	1,144,841	58,938,253
Technology and communications	561,811	(11,141)	108,604	659,274
Vehicles	12,075	-	4,830	16,905
Furniture and fixtures	143,278	(367)	19,840	162,751
Machinery and equipment	1,189,435	-	84,035	1,273,470
Appliances	1,273,165	-	163,563	1,436,728
Total	\$ 62,492,111	\$ (11,508)	\$ 1,595,144	\$ 64,075,747

LONDON & MIDDLESEX HOUSING CORPORATION

Notes to Financial Statements (continued)

December 31, 2015

7. Tangible capital assets (continued):

	Net book value at December 31, 2014	Net book value at December 31, 2015
Land	\$ 24,605,751	\$ 24,605,751
Site improvements	1,758,381	1,707,951
Buildings and improvements	21,322,810	22,119,825
Technology and communications	132,520	116,966
Vehicles	36,222	31,392
Furniture and fixtures	120,701	100,861
Machinery and equipment	1,561,529	1,728,876
Appliances	351,983	254,431
	<u>\$ 49,889,897</u>	<u>\$ 50,666,053</u>

8. Accumulated surplus:

Accumulated surplus consists of surplus funds as follows:

	2015	2014
Surplus:		
Invested in tangible capital assets	\$ 50,666,053	\$ 49,899,897

Financial Statements of

**THE LONDON PUBLIC LIBRARY
BOARD**

Year ended December 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the London Public Library Board

We have audited the accompanying financial statements of The London Public Library Board, which comprise the statement of financial position as at December 31, 2015, the statements of operations, change in net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The London Public Library Board as at December 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

April 14, 2016

London, Canada

THE LONDON PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Financial assets:		
Cash	\$ 1,244,665	\$ 1,113,212
Accounts receivable:		
The City of London	746,200	412,839
Other	177,330	213,787
	<u>2,168,195</u>	<u>1,739,838</u>
Financial liabilities:		
Accounts payable and accrued liabilities	1,844,655	1,352,859
Deferred revenue	86,824	50,693
Payable to The City of London	18,908	24,538
Employee future benefits and other liabilities (note 2)	3,381,784	3,377,748
	<u>5,332,171</u>	<u>4,805,838</u>
Net debt	(3,163,976)	(3,066,000)
Non-financial assets:		
Tangible capital assets (note 6)	26,967,011	28,078,703
Prepaid expenses	277,414	160,304
	<u>27,244,425</u>	<u>28,239,007</u>
Commitments (note 4)		
Accumulated surplus (note 7)	<u>\$ 24,080,449</u>	<u>\$ 25,173,007</u>

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

THE LONDON PUBLIC LIBRARY BOARD

Statement of Operations

Year ended December 31, 2015, with comparative information for 2014

	Budget 2015 (note 8)	2015	2014
Revenue:			
User charges:			
Fines	\$ 455,000	\$ 369,141	\$ 423,731
Fee, rental, sundry	424,268	474,654	395,739
Grants:			
Federal	-	6,637	115,909
Ontario	598,829	698,571	598,829
The City of London:			
Current	19,195,376	19,195,376	18,780,000
Capital	922,607	922,607	222,727
Other	-	1,500	20,019
Investment income	20,000	17,465	22,761
Other income	-	-	130,047
Total revenues	21,616,080	21,685,951	20,709,762
Expenses:			
Personnel costs	14,624,569	14,410,018	14,361,023
Administrative expenses	76,000	95,594	105,173
Purchased services	603,484	628,586	567,296
Technology	500,000	523,049	480,341
Utilities	1,048,485	931,228	915,537
Facility services	1,619,870	1,654,075	1,655,907
Collections and lending services	2,000,000	753,829	639,381
Program services	51,950	88,592	72,859
General	6,000	70,154	24,516
Amortization of tangible capital assets	-	3,377,845	3,455,181
New major facilities	922,607	175,912	-
Equipment	44,055	2,060	10,112
Contribution to vehicle reserve	2,500	2,500	2,500
Contribution to self-insurance reserve	66,560	65,067	48,248
Total expenses	21,566,080	22,778,509	22,338,074
Annual deficit	50,000	(1,092,558)	(1,628,312)
Accumulated surplus, beginning of year	25,173,007	25,173,007	26,801,319
Accumulated surplus, end of year	\$ 25,223,007	\$ 24,080,449	\$ 25,173,007

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

THE LONDON PUBLIC LIBRARY BOARD

Statement of Change in Net Debt

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Annual deficit	\$ (1,092,558)	\$ (1,628,312)
Acquisition of tangible capital assets	(2,266,153)	(1,673,850)
Amortization of tangible capital assets	3,377,845	3,455,181
	19,134	153,019
Change in prepaid expenses	(117,110)	(23,891)
Change in net debt	(97,976)	129,128
Net debt, beginning of year	(3,066,000)	(3,195,128)
Net debt, end of year	\$ (3,163,976)	\$ (3,066,000)

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

THE LONDON PUBLIC LIBRARY BOARD

Statements of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (1,092,558)	\$ (1,628,312)
Items not involving cash:		
Amortization of tangible capital assets	3,377,845	3,455,181
Change in employee future benefits and other liabilities	4,036	16,648
Changes in non-cash assets and liabilities:		
Receivable from The City of London	(333,361)	116,148
Accounts receivable	36,457	(47,497)
Accounts payable and accrued liabilities	491,796	(69,324)
Payable to The City of London	(5,630)	(18,933)
Deferred revenue	36,131	(3,929)
Prepaid expenses	(117,110)	(23,891)
	2,397,606	1,796,091
Capital activities:		
Acquisition of tangible capital assets	(2,266,153)	(1,673,850)
Increase in cash	131,453	122,241
Cash, beginning of year	1,113,212	990,971
Cash, end of year	\$ 1,244,665	\$ 1,113,212

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

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2015

1. Significant accounting policies:

The financial statements of The London Public Library Board (the "Board"), a registered charity and a local board of the Corporation of the City of London (the "City"), are prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants Canada. Significant accounting policies adopted by the Board are as follows:

(a) Basis of accounting:

The Board follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Municipal funding:

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

(c) Deferred revenue:

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, 2015

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
Computers	3 years
Collections	7 years
Library shelving	40 years
Motor vehicles	5 years
Furniture and equipment	7 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, 2015

1. Significant accounting policies (continued):

(h) 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.

(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) Change in Accounting Policy:

The Board adopted Public Sector Accounting Board Standard PS 3260 *Liability for Contaminated Sites* effective as of January 1, 2015. 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 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. The Board adopted this standard on a retroactive basis and there were no adjustments as a result of the adoption of this standard.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2015

2. Employee future benefits and other liabilities:

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

	2015	2014
Liability for vested sick leave benefits	\$ 318,124	\$ 386,468
Vacation pay liability	1,010,660	993,280
Employee future benefits obligation	2,053,000	1,998,000
	<u>\$ 3,381,784</u>	<u>\$ 3,377,748</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, 2015, amounts to \$318,124 (2014 - \$386,469). This amount is fully funded by a reserve held by The City of London in the amount of \$321,387 (2014 - \$331,249).

(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, 2015.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2015

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

(b) Retiree benefits (continued):

Detailed information about retiree benefits is as follows:

	2015	2014
Accrued employee future benefit obligation:		
Balance, beginning of year	\$ 2,126,000	\$ 2,078,000
Current period benefit cost	93,000	89,000
Interest	80,000	79,000
Benefits paid	(136,000)	(120,000)
Actuarial (gain) loss	(824,000)	-
Balance, end of year	1,339,000	2,126,000
Unamortized actuarial gain (loss)	714,000	(128,000)
Employee future benefits obligation	\$ 2,053,000	\$ 1,998,000

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

	2015	2014
Current year benefit cost	\$ 93,000	\$ 89,000
Interest on accrued benefit obligation	80,000	77,000
Amortization of net actuarial loss	18,000	21,000
Total payments made during the year	\$ 191,000	\$ 187,000

Significant assumptions used in the actuarial valuation are as follows:

Discount rate	3.25%
Rate of compensation increase	1.90%
Healthcare cost increases	4.50%

The actuarial loss is amortized over the expected average remaining service life of the related employee group of thirteen years.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2015

3. Trust funds:

Trust funds administered by the Board amounting to \$3,469,132 (2014 - \$3,470,568) 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 trust fund statement of continuity.

4. 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:

2016	\$	589,666
2017		405,271
2018		408,513
2019		369,510
Thereafter		26,832
	\$	1,799,792

5. 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 2015 is \$1,010,628 (2014 - \$1,008,214) for current service and is included as an expenditure in the statement of operations.

6. Tangible capital assets:

Cost	Balance at December 31, 2014	Additions	Disposals	Balance at December 31, 2015
Land	\$ 4,611,030	\$ -	\$ -	\$ 4,611,030
Buildings	39,339,238	606,605	-	39,945,843
Leasehold improvements	349,083	-	-	349,083
Collections	10,706,437	1,243,569	1,585,524	10,364,482
Shelving	1,330,964	-	-	1,330,964
Computers	695,645	168,258	409,024	454,879
Computers under capital lease	615,244	-	-	615,244
Furniture and equipment	453,731	247,721	102,957	598,495
Total	\$ 58,101,372	\$ 2,266,153	\$ 2,097,505	\$ 58,270,020

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2015

6. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2014	Additions	Disposals	Balance at December 31, 2015
Land	\$ -	\$ -	\$ -	-
Buildings	22,236,605	1,511,095	-	23,747,700
Leasehold improvements	266,979	16,987	-	283,966
Collections	5,558,493	1,505,066	1,585,524	5,478,035
Shelving	625,910	33,274	-	659,184
Computers	403,156	221,320	409,024	215,452
Computers under capital lease	615,244	-	-	615,244
Furniture and equipment	316,282	90,103	102,957	303,428
Total	\$ 30,022,669	\$ 3,377,845	\$ 2,097,505	\$ 31,303,009

	Net book value December 31, 2014	Net book value December 31, 2015
Land	\$ 4,611,030	\$ 4,611,030
Buildings	17,102,633	16,198,143
Leasehold improvements	82,104	65,117
Collections	5,147,944	4,886,447
Shelving	705,054	671,780
Computers	292,489	239,427
Computers under capital lease	-	-
Furniture and equipment	137,449	295,067
Total	\$ 28,078,703	\$ 26,967,011

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2015

7. Accumulated surplus:

Accumulated surplus consists of surplus and reserve funds as follows:

	2015	2014
Surplus:		
Invested in tangible capital assets	\$ 26,967,011	\$ 28,078,703
Unfunded:		
Employee benefits, accrued sick and vacation	(1,328,784)	(1,379,748)
Employee benefits, future benefit liability	(2,053,000)	(1,998,000)
Other	(42,460)	(42,460)
Total surplus	23,542,767	24,658,495
Reserves set aside by the Board:		
Stabilization fund	149,737	114,103
Collections encumbrance fund	66,558	69,160
Total reserves	216,295	183,263
Reserve held by the City on behalf of the Board:		
Sick leave reserve	321,387	331,249
	\$ 24,080,449	\$ 25,173,007

8. 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
Revenues:	
Operating budget	\$ 20,693,473
Expenses:	
Operating budget	20,693,473
Annual surplus, as budgeted	\$ -
Contribution to reserve fund	50,000
Capital funding from The City of London	922,607
New major facilities expense	(922,607)
Annual surplus, revised	\$ 50,000

Financial Statements of

LONDON TRANSIT COMMISSION

Year ended December 31, 2015



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INDEPENDENT AUDITORS' REPORT

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

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, 2015 and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the London Transit Commission as at December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants
March 30, 2016
London, Canada

LONDON TRANSIT COMMISSION

Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Financial Assets		
Cash and cash equivalents	\$ 32,883,164	\$ 33,226,676
Investments	19,002,214	18,643,651
Accounts receivable	884,179	617,620
Due from The City of London	352,156	56,743
	<u>53,121,713</u>	<u>52,544,690</u>
Financial Liabilities		
Accounts payable and accrued liabilities	8,596,631	8,324,380
Due to The City of London	15,951	61,282
Accrued liability insurance claims (note 8)	1,670,544	1,654,597
Employee future benefits (note 7)	4,077,000	4,138,000
Deferred fare media	3,994,995	4,133,077
Deferred revenue (note 4 and note 11)	28,478,802	27,482,766
	<u>46,833,923</u>	<u>45,794,102</u>
Net financial assets	6,287,790	6,750,588
Non - Financial Assets		
Inventories (note 2)	2,098,388	1,797,812
Tangible capital assets (note 10)	87,388,491	86,900,229
Prepays	734,536	764,745
	<u>90,221,415</u>	<u>89,462,786</u>
Commitments (note 9)		
Accumulated surplus (note 3)	<u>\$ 96,509,205</u>	<u>\$ 96,213,374</u>

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Operations

Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Revenue:			
Grants:			
The City of London (note 5)	\$ 34,237,900	\$ 33,980,734	\$ 31,442,401
Province of Ontario (note 5)	12,722,300	8,426,404	10,295,969
	<u>46,960,200</u>	<u>42,407,138</u>	<u>41,738,370</u>
User charges, conventional transit:			
Cash fares	4,194,900	4,212,009	4,268,479
Ticket fares (note 5)	9,724,500	9,896,544	9,617,672
Pass fares (note 5)	17,350,700	16,488,680	18,396,062
Contract service	30,000	28,243	70,143
Other transportation revenue	-	52,069	93,409
	<u>31,300,100</u>	<u>30,677,545</u>	<u>32,445,765</u>
Other revenue, conventional transit:			
Advertising	578,200	578,200	608,440
Interest and discounts	760,000	735,239	805,988
Rent	2,500	2,534	2,676
Gain on disposal of capital assets	48,000	59,223	170,039
Miscellaneous	55,000	45,019	79,800
	<u>1,443,700</u>	<u>1,420,215</u>	<u>1,666,943</u>
User charges, specialized transit:			
Cash fares	15,500	14,960	16,509
Ticket fares (note 5)	338,500	316,297	300,401
Pass fares (note 5)	158,000	162,145	153,359
	<u>512,000</u>	<u>493,402</u>	<u>470,269</u>
Total revenue	<u>80,216,000</u>	<u>74,998,300</u>	<u>76,321,347</u>

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Operations

Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Expenses:			
Salaries, wages and benefits:			
Transportation	\$ 30,559,123	\$ 30,322,546	\$ 28,667,926
Vehicle maintenance	8,104,483	7,827,530	7,489,597
Facility	449,093	465,214	442,664
Planning, marketing and general administration	2,948,301	2,853,855	2,829,300
	<u>42,061,000</u>	<u>41,469,145</u>	<u>39,429,487</u>
Materials, supplies, utilities and services:			
Transportation	2,114,800	2,205,811	2,535,589
Vehicle maintenance	4,344,500	4,488,242	4,527,636
Facility	2,813,400	2,729,955	2,825,089
Planning, marketing and general administration	1,521,600	1,638,705	1,508,163
Fuel	7,524,500	5,944,733	7,535,027
Amortization	-	10,453,942	10,724,879
	<u>18,318,800</u>	<u>27,461,388</u>	<u>29,656,383</u>
Current operations, specialized transit:			
Administration:			
Salaries and benefits	807,300	825,140	786,551
Materials and supplies	123,000	121,341	123,807
	<u>930,300</u>	<u>946,481</u>	<u>910,358</u>
Contracted service delivery	4,892,500	4,825,455	4,427,090
	<u>5,822,800</u>	<u>5,771,936</u>	<u>5,337,448</u>
Total expenses	<u>66,202,600</u>	<u>74,702,469</u>	<u>74,423,318</u>
Annual surplus (note 12)	\$ 14,013,400	295,831	1,898,029
Accumulated surplus, beginning of year		96,213,374	94,315,345
Accumulated surplus, end of year		<u>\$ 96,509,205</u>	<u>\$ 96,213,374</u>

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Change in Net Financial Assets

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Annual surplus	\$ 295,831	\$ 1,898,029
Acquisition of tangible capital assets	(10,942,204)	(11,065,698)
Amortization of tangible capital assets	10,453,942	10,724,879
Gain on disposal of tangible capital assets	(59,223)	(170,039)
Proceeds on sale of tangible capital assets	59,223	170,039
	(192,431)	1,557,210
Inventories	(300,576)	(113,631)
Prepaid expenses	30,209	83,599
	(270,367)	(30,032)
Change in net financial assets	(462,798)	1,527,178
Net financial assets, beginning of year	6,750,588	5,223,410
Net financial assets, end of year	\$ 6,287,790	\$ 6,750,588

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 295,831	\$ 1,898,029
Items not involving cash:		
Amortization	10,453,942	10,724,879
Gain on disposal of tangible capital assets	(59,223)	(170,039)
Change in employee future benefit liability	(61,000)	11,000
Changes in non-cash assets and liabilities:		
Accounts receivable	(266,559)	33,539
Due from The City of London	(295,413)	469,070
Inventories	(300,576)	(113,631)
Prepays	30,209	83,599
Investments	(358,563)	(54,656)
Accounts payable and accrued liabilities	272,251	13,475
Due to The City of London	(45,331)	(13,818)
Accrued liability insurance claims	15,947	308,817
Deferred fare media	(138,082)	1,645,541
Deferred revenue	996,036	(5,467,908)
Net change in cash from operating activities	10,539,469	9,367,897
Capital activities:		
Proceeds on sale of tangible capital assets	59,223	170,039
Cash used to acquire tangible capital assets	(10,942,204)	(11,065,698)
Net change in in cash from capital activities	(10,882,981)	(10,895,659)
Net change in cash and cash equivalents	(343,512)	(1,527,762)
Cash and cash equivalents, beginning of year	33,226,676	34,754,438
Cash and cash equivalents, end of year	\$ 32,883,164	\$ 33,226,676

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Notes to Financial Statements

Year ended December 31, 2015

1. Significant accounting policies:

The financial statements of the London Transit Commission (the "Commission") are the representation of management prepared in accordance with Canadian generally accepted accounting principles as defined in the CPA Canada Public Sector Accounting Handbook.

(a) Basis of accounting:

The Commission follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measureable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

The balances reported for cash and cash equivalents in these financial statements include both funds for current purposes and balances held for reserve funds.

Cash and cash equivalents include amounts held in banks and highly liquid investments with maturities at time of purchase of three months or less.

(c) Deferred fare media and revenue:

The Commission receives contributions pursuant to legislation, regulations or agreement that may be only 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 these benefits:

- (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, 2015

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	10 - 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 ready 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, 2015

2. Inventories:

	2015	2014
Spare parts	\$ 2,097,427	\$ 1,797,132
Returnable containers	961	680
	<u>\$ 2,098,388</u>	<u>\$ 1,797,812</u>

3. Accumulated surplus:

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

	2015	2014
Surplus:		
Invested in tangible capital assets	\$ 87,388,491	\$ 86,900,229
To be recovered from public liability insurance reserve fund	(1,670,544)	(1,654,597)
Unfunded:		
Employee future benefits liability	(4,077,000)	(4,138,000)
Vacation pay earned and accrued payroll	(2,805,969)	(2,725,809)
Total surplus	78,834,978	78,381,823
Reserve set aside for specific purposes of the Commission (note 11):		
Energy management reserve	3,203,250	3,203,250
General operating reserve	3,275,765	3,443,865
Health care management reserve	2,647,488	2,440,337
Total reserves	9,126,503	9,087,452
Reserve funds set aside for specific purposes by the Commission (note 11):		
Capital program reserve fund	4,658,384	4,752,935
Public liability insurance reserve fund	3,889,340	3,991,164
Total reserve funds	8,547,724	8,744,099
	<u>\$ 96,509,205</u>	<u>\$ 96,213,374</u>

4. Deferred revenue:

	2015	2014
Provincial gas tax	\$ 28,471,566	\$ 27,482,766
The City of London capital funding	7,236	-
	<u>\$ 28,478,802</u>	<u>\$ 27,482,766</u>

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2015

5. Grants:

(a) The City of London:

Grants from The City of London for current and capital operations for conventional transit and specialized transit are as follows:

	2015	2014
Operating grants:		
Specialized transit	\$ 4,160,800	\$ 3,862,000
Conventional transit	22,881,400	22,234,000
	27,042,200	26,096,000
Capital grants:		
Capital levy and debentures	6,480,164	5,346,401
Development	458,370	-
	6,938,534	5,346,401
Total grants received from The City of London	\$ 33,980,734	\$ 31,442,401

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:

	2015	2014
Equalization grant, seniors (reduced fares)	\$ 355,786	\$ 339,406
Free transportation, blind	164,289	177,954
	\$ 520,075	\$ 517,360

(b) Province of Ontario:

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

	2015	2014
Capital grants:		
Gas tax program	\$ 3,109,895	\$ 4,912,577
Operating grants:		
Gas tax program	5,316,509	5,383,392
	\$ 8,426,404	\$ 10,295,969

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2015

6. Pension agreement:

Effective February 1, 1989, the London Transit Commission commenced participation in the Ontario Municipal Employees Retirement System (OMERS) which is a multi employer plan, for all active employees at that date as well as for all new employees. As of December 31, 2015 there were 509 (495 for 2014) 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.

Employer contributions to OMERS for 2015 were \$2,703,475 (2014 - \$2,610,908).

The London Transit Commission continues to sponsor a pre-February 1, 1989, contributory defined benefit pension plan for employees on long term disability at February 1, 1989 that are not likely to return to active employment.

7. Employee future benefits:

The Commission provides benefits to retirees until they reach sixty-five years of age and provides certain benefits to employees on long term disability. The employee future benefit liability has been estimated based on an actuarial valuation which was completed at December 31, 2012.

	2015	2014
Employee future benefits liability as of December 31	\$ 4,077,000	\$ 4,138,000

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

	2015	2014
Current year benefit cost	\$ 225,000	\$ 217,000
Interest on accrued benefit obligation	136,000	135,000
Amortized gain	(39,000)	(39,000)
Benefits paid	(383,000)	(302,000)
	\$ (61,000)	\$ 11,000

Significant assumptions are as follows:

Discount rate	3.75%
Rate of compensation increase	3.00%
Healthcare cost current	6.50%
Healthcare cost ultimate	4.50%

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2015

8. Public liability insurance:

At December 31, 2015, there were 98 liability claims and 14 accident benefits claims outstanding that may result in payment under the insurance deductible provisions. The estimated cost to the Commission is \$1,476,375 and \$194,169 (2014 - \$1,471,013 and \$183,584) respectively for a total of \$1,670,544 (2014 - \$1,654,597) to be funded from the public liability reserve fund.

9. Commitments:

(a) Lease obligation:

The Commission rents a portion of a property located at 150 Dundas Street for an information office and sales outlet. The lease expires August 31, 2016. The annual base lease amount is \$19,189 plus an approximate additional amount of \$8,400 for taxes and common area maintenance. Lease payments until the expiry of the lease total \$18,361.

(b) Bus procurement:

The Commission has approved the awarding of contracts with New Flyer Industries for the purchase of fifteen replacement and expansion buses (\$8.3 million). All buses are anticipated to be on site by the end of October 2016.

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2015

10. Tangible capital assets:

The historical cost, accumulated amortization and net book value of tangible capital assets employed by the Commission at December 31 is as follows:

Cost	Balance		Additions	Disposals	Balance	
	December 31, 2014				December 31, 2015	
Land	\$	2,804,632	\$	-	\$	2,804,632
Site work		2,625,769		26,217		2,651,986
Buildings		43,111,347		266,547		43,377,894
Shelters, pads, and terminals		1,039,886		38,970		1,078,856
Rolling stock		96,937,533		9,355,943	(4,223,114)	102,070,362
Fare and data collection equipment		4,719,659		722,067		5,441,726
Radio/communication equipment		7,922,317		173,802		8,096,119
Bike racks on buses		158,878		-		158,878
Service fleet		341,577		31,434	(30,277)	342,734
Shop equipment		2,762,688		148,595	(25,986)	2,885,297
Small tools		169,491		51,843	(55,808)	165,526
Computer hardware		531,999		36,019		568,018
Computer software		755,261		90,767		846,028
	\$	163,881,037	\$	10,942,204	\$	(4,335,185)
					\$	170,488,056

Accumulated amortization	Balance		Disposals	Amortization	Balance	
	December 31, 2014				December 31, 2015	
Land	\$	-	\$	-	\$	-
Site work		892,355		-	106,079	998,434
Buildings		11,091,086		-	1,414,210	12,505,296
Shelters, pads, and terminals		716,098		-	66,417	782,515
Rolling stock		55,016,703		(4,223,114)	7,589,040	58,382,629
Fare and data collection equipment		1,571,626		-	362,034	1,933,660
Radio/communication equipment		3,435,061		-	539,741	3,974,802
Bike racks on buses		133,920		-	24,958	158,878
Service fleet		302,537		(30,277)	39,430	311,690
Shop equipment		2,504,467		(25,986)	151,881	2,630,362
Small tools		112,114		(55,808)	55,176	111,482
Computer hardware		496,145		-	38,827	534,972
Computer software		708,696		-	66,149	774,845
	\$	76,980,808	\$	(4,335,185)	\$	10,453,942
					\$	83,099,565

Net book value	Balance		Balance	
	December 31, 2014		December 31, 2015	
Land	\$	2,804,632	\$	2,804,632
Site work		1,733,414		1,653,552
Buildings		32,020,261		30,872,598
Shelters, pads, and terminals		323,788		296,341
Rolling stock		41,920,830		43,687,733
Fare and data collection equipment		3,148,033		3,508,066
Radio/communication equipment		4,487,256		4,121,317
Bike racks on buses		24,958		-
Service fleet		39,040		31,044
Shop equipment		258,221		254,935
Small tools		57,377		54,044
Computer hardware		35,854		33,046
Computer software		46,565		71,183
	\$	86,900,229	\$	87,388,491

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2015

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

	For Energy Management Reserve	General Operating Reserve	For Health Care Management Reserve	2015 Total	2014 Total
Reserves:					
Balance, beginning of year	\$ 3,203,250	\$ 3,443,865	\$ 2,440,337	\$ 9,087,452	\$ 8,631,254
Contributions from current operations	-	(168,100)	454,766	286,666	637,177
Appropriations to current operations	-	-	(247,615)	(247,615)	(180,979)
	\$ 3,203,250	\$ 3,275,765	\$ 2,647,488	\$ 9,126,503	\$ 9,087,452

	Capital program	Public liability insurance	2015 Total	2014 Total
Reserve funds:				
Balance, beginning of year	\$ 4,752,935	\$ 3,991,164	\$ 8,744,099	\$ 7,277,012
Interest earned	43,844	39,881	83,725	87,805
Contributions from current operations	259,233	380,000	639,233	2,372,088
	5,056,012	4,411,045	9,467,057	9,736,905
Expenditures:				
Appropriations (to) current				
Appropriations to current operations	-	(521,705)	(521,705)	(731,517)
Appropriations to capital LTC	(397,628)	-	(397,628)	(261,289)
	(397,628)	(521,705)	(919,333)	(992,806)
Balance, end of year	\$ 4,658,384	\$ 3,889,340	\$ 8,547,724	\$ 8,744,099

	City of London	Provincial gas tax program	2015 Total	2014 Total
Deferred revenues:				
Balance, beginning of year	\$ -	\$ 27,482,766	\$ 27,482,766	\$ 32,950,674
Interest earned	-	496,146	496,146	545,430
Contributions	7,236	9,415,204	9,422,440	4,828,061
	7,236	37,394,116	37,401,352	38,324,165
Expenditures:				
Appropriations to current operations		(5,316,509)	(5,316,509)	(5,383,392)
Appropriations to capital LTC		(3,606,041)	(3,606,041)	(5,458,007)
		(8,922,550)	(8,922,550)	(10,841,399)
Balance, end of year	\$	28,471,566	\$ 28,478,802	\$ 27,482,766

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2015

12. Reconciliation of annual surplus to Commission approved operating surplus:

The Commission's annual operating and capital budget programs are fully funded with actual to budget performance expected to be in a balanced position, that is the Commission does not budget for a surplus or deficit.

PSAB requirements impact how and where revenue and expenditure items are reported and on what financial statement. This results in the reporting of a 2015 paper budget surplus, a 2015 actual surplus and a 2014 actual surplus.

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

	Budget	2015	2014
Annual surplus	\$ 14,013,400	\$ 295,831	\$ 1,898,029
Capital expenditures	(14,888,000)	(10,942,203)	(11,065,698)
Transfers from reserves and reserve funds	2,350,000	1,166,947	1,173,786
Contributions to reserves and reserve funds	(1,475,400)	(1,177,724)	(2,841,371)
Amortization of fixed assets	-	10,453,942	10,724,879
Other	-	203,207	110,375
Commission approved surplus	\$ -	\$ -	\$ -

13. Adoption of new accounting policy:

The Commission adopted Public Sector Accounting Board Standard PS 3260 Liability for Contaminated Sites effective January 1, 2015. 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 organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use where an unexpected event resulted in contamination. The commission adopted this standard on a retroactive basis and there were no adjustments as a result of the adoption of this standard.

DRAFT Financial Statements of

MIDDLESEX-LONDON HEALTH UNIT

Year ended December 31, 2015



MIDDLESEX-LONDON HEALTH UNIT

DRAFT Financial Statements

Year ended December 31, 2015

Financial Statements

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MIDDLESEX-LONDON HEALTH UNIT

DRAFT Financial Statements

Year ended December 31, 2015

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 are 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 City of London. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Health Unit's financial statements.

Dr. Christopher Mackie, MD
Medical Officer of Health &
Chief Executive Officer

John Millson, BA, CPA, CGA
Associate Director, Finance

Jesse Helmer, Chair
Board of Health

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Middlesex-London Health Unit, which comprise the statement of financial position as at December 31, 2015, the statements of operations, change in net debt, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Middlesex-London Health Unit as at December 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

"DRAFT"

Chartered Professional Accountants, Licensed Public Accountants

June 2016

London, Canada

MIDDLESEX-LONDON HEALTH UNIT

DRAFT Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Financial Assets		
Cash	\$ 3,466,669	\$ 3,421,643
Accounts receivable	328,393	370,630
Grants receivable	345,299	344,553
	<u>4,140,361</u>	<u>4,136,826</u>
Financial Liabilities		
Province of Ontario	374,343	447,389
Government of Canada	65,107	98,681
The Corporation of the City of London	44,039	-
The Corporation of the County of Middlesex	8,386	-
Accounts payable and accrued liabilities	1,690,772	1,206,008
Accrued wages and benefits	445,010	905,124
Vested sick leave liability (note 2(a))	106,859	156,401
Post-employment benefits liability (note 2(b))	1,997,000	1,840,000
	<u>4,731,516</u>	<u>4,653,603</u>
Net Debt	(591,155)	(516,777)
Non-Financial Assets		
Tangible capital assets (note 4)	1,794,019	1,961,025
Prepaid expenses	253,981	182,991
	<u>2,048,000</u>	<u>2,144,016</u>
Commitments and subsequent events (note 5)		
Contingencies (note 6)		
Accumulated Surplus (note 7)	\$ 1,456,845	\$ 1,627,239

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

MIDDLESEX-LONDON HEALTH UNIT

DRAFT Statement of Operations and Accumulated Surplus

Year ended December 31, 2015, with comparative information for 2014

	2015 Budget	2015	2014
Revenue:			
Grants:			
Ministry of Health and Long-Term Care	\$ 21,330,274	\$ 21,706,723	\$ 20,924,053
Ministry of Children and Youth Services	5,256,596	5,482,649	5,156,343
Government of Canada	308,604	329,355	212,833
The Corporation of the City of London	6,095,059	6,051,020	6,095,059
The Corporation of the County of Middlesex	1,160,961	1,152,575	1,160,961
	34,151,494	34,722,322	33,549,249
Other:			
Property search fees	3,750	3,942	2,050
Family planning	285,000	244,934	260,502
Dental service fees	234,470	179,543	199,881
Investment income	21,200	9,814	20,531
Prenatal class income	8,140	4,595	5,210
Other income (note 8)	642,436	1,040,235	1,147,758
	1,194,996	1,483,063	1,635,932
Total Revenue	35,346,490	36,205,385	35,185,181
Expenditures:			
Salaries:			
Medical Officers of Health	450,554	484,297	423,345
Public Health Nurses	9,549,921	9,459,278	9,266,539
Public Health Inspectors	2,540,685	2,484,829	2,460,376
Administrative staff	3,610,364	3,579,006	3,642,632
Dental staff	1,002,914	935,894	977,259
Other salaries	3,095,498	3,563,337	3,558,592
	20,249,936	20,506,641	20,328,743
Other Operating:			
Benefits	5,592,277	5,935,086	5,413,598
Travel	466,563	380,106	401,543
Materials and supplies	1,229,232	1,384,167	1,288,360
Professional services	4,224,058	4,473,636	3,662,763
Rent and maintenance	1,555,712	1,624,139	1,600,988
Amortization expense	531,339	700,706	904,924
Other expenses (note 9)	1,247,373	1,371,298	1,723,878
	14,846,554	15,869,138	14,996,054
Total Expenditures	35,096,490	36,375,779	35,324,797
Annual surplus / (deficit)	250,000	(170,394)	(139,616)
Accumulated surplus, beginning of year	1,627,239	1,627,239	1,766,855
Accumulated surplus, end of year	\$ 1,877,239	\$ 1,456,845	\$ 1,627,239

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

MIDDLESEX-LONDON HEALTH UNIT

DRAFT Statement of Changes in Net Debt

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Annual deficit	\$ (170,394)	\$ (139,616)
Acquisition of tangible capital assets	(533,700)	(405,631)
Amortization of tangible capital assets	700,706	904,924
	(3,388)	359,677
Acquisition of prepaid expenses	(253,981)	(182,991)
Use of prepaid expenses	182,991	174,659
	(70,990)	(8,332)
Change in net debt	(74,378)	351,345
Net debt, beginning of year	(516,777)	(868,122)
Net debt, end of year	\$ (591,155)	\$ (516,777)

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

MIDDLESEX-LONDON HEALTH UNIT

DRAFT Statement of Cash Flows

December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (170,394)	\$ (139,616)
Items not involving cash:		
Amortization	700,706	904,924
Change in employee benefits and other liabilities	107,458	17,226
Changes in non-cash assets and liabilities:		
Accounts receivable	42,237	(68,832)
Grants receivable	(746)	(204,319)
Prepaid expenses	(70,990)	(8,332)
Due to Province of Ontario	(73,046)	(468,821)
Due to Government of Canada	(33,574)	30,484
Due to The Corporation of the City of London	44,039	(883,602)
Due to The Corporation of the County of Middlesex	8,386	(168,300)
Accounts payable and accrued liabilities	484,764	(325,836)
Accrued wages and benefits	(460,114)	(231,132)
Net change in cash from operating activities	578,726	(1,546,156)
Capital activities:		
Cash used to acquire tangible capital assets	(533,700)	(405,631)
Net change in cash from capital activities	(533,700)	(405,631)
Net change in cash	45,026	(1,951,787)
Cash and cash equivalents, beginning of year	3,421,643	5,373,430
Cash and cash equivalents, end of year	\$ 3,466,669	\$ 3,421,643

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

MIDDLESEX-LONDON HEALTH UNIT

DRAFT Notes to Financial Statements

Year ended December 31, 2015

The Middlesex-London 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 Middlesex-London Health Unit provides programs which promote healthy and active living throughout the participating municipalities.

1. Significant accounting policies:

The financial statements of the Middlesex-London 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 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 Middlesex-London Health Unit are funded by government transfers from the 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 from the related funding organization in the statement of financial position.

MIDDLESEX-LONDON HEALTH UNIT

DRAFT Financial Statements (continued)

Year ended December 31, 2015

1. Significant accounting policies (continued):

(c) Employee future benefits:

- (i) The Middlesex-London Health 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 Middlesex-London Health Unit's general ledger.

(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 - 15
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

DRAFT Financial Statements (continued)

Year ended December 31, 2015

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 also are recorded as revenue.

(iii) 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 payment are charged to expense as incurred.

(e) Use of estimates:

The preparation of the Middlesex-London 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 employee future benefits.

In addition, the Middlesex-London 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

DRAFT Financial Statements (continued)

Year ended December 31, 2015

2. Employee future benefits:

The Middlesex-London Health Unit provides certain employee benefits which will require funding in future periods, as follows:

(a) Vested sick leave liability:

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Middlesex-London Health Unit's employment. This plan applies to employees hired prior to January 1, 1982.

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 \$106,859 (2014 - \$156,401) at the end of the year.

A reserve of \$137,946 has been established to meet future commitments for this liability.

(b) Post-retirement benefits liability:

The Middlesex-London 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 Middlesex-London 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, 2014.

	2015	2014
Accrued employee future benefit obligations	\$ 2,503,000	\$ 2,257,800
Unamortized net actuarial gain/(loss)	(506,000)	(417,800)
Employee future benefits liability as of December 31	\$ 1,997,000	\$ 1,840,000

Retirement and other employee future benefit expenses included in the benefits in the statement of operations consist of the following:

	2015	2014
Current year benefit cost	\$ 157,600	\$ 111,100
Interest on accrued benefit obligation	88,300	67,100
Amortization	35,200	300
Total benefit cost	\$ 281,100	\$ 178,500

Benefits paid during the year were \$124,100 (2014 - \$137,700).

MIDDLESEX-LONDON HEALTH UNIT

DRAFT Financial Statements (continued)

Year ended December 31, 2015

2. Employee future benefits (continued):

(c) Post-retirement benefits liability (continued):

The main actuarial assumptions employed for the valuation are as follows:

(i) Discount rate:

The obligation as at December 31, 2015, of the present value of future liabilities and the expense for the year ended December 31, 2015, are determined using a discount rate of 3.25% (2014 – 3.75%).

(ii) Medical costs:

Prescription drug costs are assumed to increase at the rate of 8% per year (2014 - 8%) declining to 4% per year over 20 years. Other Medical and Vision costs are assumed to increase at a rate of 4% per year, and 0% per year respectively.

(iii) Dental costs:

Dental costs are assumed to increase at the rate of 4% per year (2014 - 4%).

3. Pension agreement:

The Middlesex-London Health Unit contributes to the OMERS which is a multi-employer plan, on behalf of 312 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 2015, the plan required employers to contribute 9.0% of employee earnings up to the year's maximum pensionable earnings and 14.6% thereafter. The Middlesex-London Health Unit contributed \$1,992,186 (2014 - \$1,908,308) to the OMERS pension plan on behalf of its employees during the year ended December 31, 2015.

MIDDLESEX-LONDON HEALTH UNIT

DRAFT Financial Statements (continued)

Year ended December 31, 2015

4. Tangible Capital Assets:

Cost	Balance at December 31, 2014	Additions	Disposals	Balance at December 31, 2015
Leasehold Improvements – 15 years	\$ 2,643,847	\$ 29,025	\$ -	\$ 2,672,872
Leasehold Improvements – 5 years	175,070	6,598	-	181,668
Computer Systems	1,520,047	384,427	(269,747)	1,634,727
Motor Vehicle	-	5,385	-	5,385
Furniture & Equipment	2,130,514	108,265	(247,420)	1,991,359
Total	\$ 6,469,478	\$ 533,700	\$ (517,167)	\$ 6,486,011

Accumulated amortization	Balance at December 31, 2014	Amortization expense	Disposals	Balance at December 31, 2015
Leasehold Improvements – 15 years	\$ 2,008,063	\$ 162,574	\$ -	\$ 2,170,637
Leasehold Improvements – 5 years	153,815	18,121	-	171,936
Computer Systems	992,808	289,400	(269,747)	1,012,461
Motor Vehicle	-	673	-	673
Furniture & Equipment	1,353,767	229,938	(247,420)	1,336,285
Total	\$ 4,508,453	\$ 700,706	\$ (517,167)	\$ 4,691,992

	Net book value December 31, 2014	Net book value December 31, 2015
Leasehold Improvements – 15 years	\$ 635,784	\$ 502,235
Leasehold Improvements – 5 years	21,255	9,732
Computer Systems	527,239	622,266
Motor Vehicle	-	4,712
Furniture & Equipment	776,747	655,074
Total	\$ 1,961,025	\$ 1,794,019

MIDDLESEX-LONDON HEALTH UNIT

DRAFT Financial Statements (continued)

Year ended December 31, 2015

4. Tangible Capital Assets (continued):

Cost	Balance at December 31, 2013	Additions	Disposals	Balance at December 31, 2014
Leasehold Improvements – 15 years	\$ 2,643,847	\$ -	\$ -	\$ 2,643,847
Leasehold Improvements – 5 years	172,879	2,191	-	175,070
Computer Systems	1,542,561	266,971	(289,485)	1,520,047
Furniture & Equipment	2,368,180	136,469	(374,135)	2,130,514
Total	\$ 6,727,467	\$ 405,631	\$ (663,620)	\$ 6,469,478

Accumulated amortization	Balance at December 31, 2013	Amortization expense	Disposals	Balance at December 31, 2014
Leasehold Improvements – 15 years	\$ 1,690,171	\$ 317,892	\$ -	\$ 2,008,063
Leasehold Improvements – 5 years	143,735	10,080	-	153,815
Computer Systems	969,371	312,922	(289,485)	992,808
Furniture & Equipment	1,463,872	264,030	(374,135)	1,353,767
Total	\$ 4,267,149	\$ 904,924	\$ (663,620)	\$ 4,508,453

	Net book value December 31, 2013	Net book value December 31, 2014
Leasehold Improvements – 15 years	\$ 953,676	\$ 635,784
Leasehold Improvements – 5 years	29,144	21,255
Computer Systems	573,190	527,239
Furniture & Equipment	904,308	776,747
Total	\$ 2,460,318	\$ 1,961,025

During the year, the Middlesex-London Health Unit deemed to have disposed of fully amortized assets with a cost basis of \$517,167 (2014 - \$663,620).

MIDDLESEX-LONDON HEALTH UNIT

DRAFT Financial Statements (continued)

Year ended December 31, 2015

5. Commitments and Subsequent Events:

The Middlesex-London Health Unit is committed under operating leases for office equipment and rental property.

Future minimum payments to expiry are as follows:

2016	\$ 887,624
2017	719,986
2018	719,986
2019	684,586
2020	649,186
Thereafter	649,186

Subsequent to the end of the year, the Middlesex-London Health Unit extended its main building lease for an additional five years beginning January 1, 2017. This has been included in the commitments schedule above. Under the lease renewal, either party can terminate the lease by providing twelve months written notice.

6. Contingencies:

From time to time, the Middlesex-London 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 Middlesex-London 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.

7. Accumulated Surplus:

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

	2015	2014
Surpluses:		
Invested in tangible capital assets	\$ 1,794,019	\$ 1,961,025
Unfunded:		
Sick leave benefits	(106,859)	(156,401)
Post-employment benefits	(1,997,000)	(1,840,000)
Total Surplus	(309,840)	(35,376)
Reserves set aside by the Board:		
Accumulated sick leave	137,946	283,876
Funding stabilization	818,258	818,258
Employment Costs	176,077	176,077
Technology & Infrastructure	500,000	250,000
Environmental – septic tank	6,044	6,044
Dental Treatment reserve	128,360	128,360
Total reserves	1,766,685	1,662,615
Accumulated surplus	\$ 1,456,845	\$ 1,627,239

MIDDLESEX-LONDON HEALTH UNIT

DRAFT Financial Statements (continued)

Year ended December 31, 2015

8. Other income:

The following revenues are presented as other income in the statement of operations:

	2015 Budget	2015 Actual	2014 Actual
Collaborative project revenues	\$ 17,466	\$ 288,697	\$ 422,868
Food handler training	12,750	32,065	59,015
Public Fit-testing	15,000	8,124	16,849
Miscellaneous revenues	196,295	251,615	347,500
OHIP Revenue	30,000	89,755	-
Vaccine sales	367,925	356,787	293,611
Workshop fees	3,000	13,192	7,915
	\$ 642,436	\$ 1,040,235	\$ 1,147,758

9. Other expenses:

The following expenditures are presented as other expenses in the statement of operations:

	2015 Budget	2015 Actual	2014 Actual
Communications	\$ 189,979	\$ 187,676	\$ 183,772
Health promotion/advertising	341,010	373,047	526,810
Miscellaneous expenses	292,814	387,005	691,559
Postage and courier	68,125	56,799	61,233
Printing	142,847	161,042	122,327
Staff development	212,598	205,729	138,177
	\$ 1,247,373	\$ 1,371,298	\$ 1,723,878

MIDDLESEX-LONDON HEALTH UNIT

DRAFT Financial Statements (continued)

Year ended December 31, 2015

10. Budget data:

The budget data presented in these financial statements is based upon the 2015 operating budgets approved by the Board of Health. Amortization was not contemplated on development of the budget and, as such, has not been included. The chart below reconciles the approved budget to the budget figures reported in these financial statements

Revenues:	
Operating budget	\$ 35,346,490
Expenses:	
Operating budget	34,565,151
Capital budget	531,339
Total expenses	35,096,490
Annual surplus, as budgeted	\$ 250,000

Financial Statements of

MUSEUM LONDON

Year ended December 31, 2015



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Chair and Members, Museum London

We have audited the accompanying financial statements of Museum London, which comprise the statement of financial position as at December 31, 2015 and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Museum London as at December 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

March 30, 2016

London, Canada

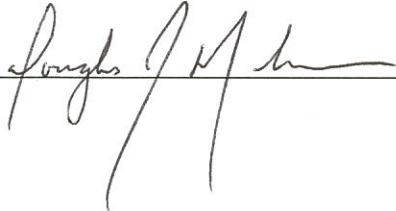
MUSEUM LONDON

Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Financial assets:		
Cash and cash equivalents	\$ 57,950	\$ 77,827
Accounts receivable	407,850	232,017
Investments (note 2)	6,515,208	6,347,670
	<u>6,981,008</u>	<u>6,657,514</u>
Financial liabilities:		
Accounts payable and accrued liabilities	362,515	264,300
Deferred revenue	173,649	142,831
Employee future benefits (note 3)	90,354	108,838
	<u>626,518</u>	<u>515,969</u>
Net financial assets	6,354,490	6,141,545
Non-financial assets:		
Tangible capital assets (note 4)	9,127,417	8,140,845
Prepaid expenses	95,937	123,588
	<u>9,223,354</u>	<u>8,264,433</u>
Accumulated Surplus (note 6)	\$ 15,577,844	\$ 14,405,978

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

 Director

 Director

MUSEUM LONDON

Statement of Operations

Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Revenue:			
Federal	\$ 188,337	\$ 187,505	\$ 188,375
Provincial	210,954	213,829	247,046
Municipal:			
Operating	1,614,000	1,613,860	1,550,125
Capital	1,544,000	1,506,044	439,866
Community:			
Donations	187,700	268,271	298,348
Public programs	110,272	98,089	95,045
Ancillary services:			
Catering and rentals	190,000	178,094	164,079
Fundraising events	84,100	63,944	67,552
Public program and exhibition sponsorship	60,685	88,829	28,136
Donation of art and artifacts	387,000	109,815	459,833
Investment income	200,000	390,345	578,747
Other	373,700	336,499	425,434
Total revenue	5,150,748	5,055,124	4,542,586
Expenses			
Operating:			
Operations	945,298	922,807	884,298
General and administration	833,587	792,282	858,758
Public programs	161,945	328,198	197,818
Publicity	209,281	171,557	189,499
Curatorial and collections management	558,084	525,148	606,010
Amortization of tangible assets	430,000	519,472	427,826
Ancillary services:			
Catering and rentals	126,759	100,757	117,649
Fundraising events	30,500	28,416	38,292
Public programs and exhibitions	296,585	224,489	257,116
Donation of art and artifacts	387,000	109,815	459,833
Purchase of art and artifacts	60,000	103,726	39,166
Collection expense	25,700	22,268	22,891
Investment expense	27,000	34,323	30,655
Total expenditures	4,091,739	3,883,258	4,129,811
Annual surplus	1,059,009	1,171,866	412,775
Accumulated surplus, beginning of year	14,405,978	14,405,978	13,993,203
Accumulated surplus, end of year	\$ 15,464,987	\$ 15,577,844	\$ 14,405,978

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

MUSEUM LONDON

Statement of Change in Net Financial Assets

Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Annual surplus	\$ 1,059,009	\$ 1,171,866	\$ 412,775
Acquisition of tangible capital assets	(1,544,000)	(1,506,044)	(439,866)
Amortization of tangible capital assets	430,000	519,472	427,826
	(54,991)	185,294	400,735
Change in prepaid expenses	-	27,651	(28,937)
Change in net financial assets	(54,991)	212,945	371,798
Net financial assets, beginning of year	6,141,545	6,141,545	5,769,747
Net financial assets, end of year	\$ 6,086,554	\$ 6,354,490	\$ 6,141,545

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

MUSEUM LONDON

Statement of Cash Flows

Year ended December 31, 2015 with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,171,866	\$ 412,775
Items not involving cash:		
Amortization	519,472	427,826
Change in employee benefits and other liabilities	(18,484)	47,549
Changes in non-cash assets and liabilities:		
Accounts receivable	(175,833)	264,966
Accounts payable and accrued liabilities	98,215	(151,910)
Deferred revenue	30,818	(199,171)
Prepaid expenses	27,651	(28,937)
Net change in cash from operating activities	1,653,705	773,098
Capital activities:		
Acquisition of tangible capital assets	(1,506,044)	(439,866)
Investing activities:		
Investments	(167,538)	(263,033)
Increase (decrease) in cash	(19,877)	70,199
Cash and equivalents, beginning of year	77,827	7,628
Cash and equivalents, end of year	\$ 57,950	\$ 77,827
Represented by:		
Cash	\$ 57,950	\$ 77,827

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

MUSEUM LONDON

Notes to Financial Statements

Year ended December 31, 2015

1. Significant accounting policies:

The financial statements of Museum London, a registered charity and a local board of The City of London (the "City") are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Public Accountants Canada.

The accounts of Museum London are maintained in accordance with the principles of fund accounting by which revenues, expenditures, assets and liabilities are allocated to a fund according to the nature of each item. Transfers between the funds are made as approved by the Board.

There are three types of 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.

The statement of operations combines financial transactions of the three funds. Note 8 provides a summary of the financial activities of each fund.

(a) Basis of accounting:

Museum London follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Government transfers:

Government transfer payments 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 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.

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2015

1. Significant accounting policies (continued):

(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.

(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) Cash equivalents:

Cash equivalents include short-term highly liquid investments redeemable on demand or having a term to maturity of ninety days or less at acquisition.

(f) 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.

(g) Employee future benefits:

The City 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.

(h) 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, 2015

1. Significant accounting policies (continued):

(i) 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 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.

(j) Use of estimates:

The preparation of financial statements in conformity with 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. Actual results could differ from those estimates.

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2015

1. Significant accounting policies (continued):

(k) Budget figures:

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

2. Investments:

At December 31, 2015, investments at cost were comprised of the following:

	2015	2014
Canadian bond	\$ 3,505,066	\$ 3,433,246
Canadian equity	1,508,423	1,465,839
US equity	556,285	462,304
International equity	945,434	986,281
	<u>\$ 6,515,208</u>	<u>\$ 6,347,670</u>

At December 31, 2015 the approximate market value of the pooled fund investments amounted to \$6,855,417 (2014 - \$6,689,050).

3. Employee future benefits:

Employee future benefits, reported on the statement of financial position, are comprised of the following:

	2015	2014
Vacation pay earned but not taken	\$ 90,354	\$ 108,838

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. The approximate value of these credits as at December 31, 2015 is \$90,354 (2014 - \$108,838).

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2015

4. Tangible capital assets:

	Balance December 31, 2014	Additions	Disposal	Write-offs	Balance December 31, 2015
Cost:					
Land	\$ 1,175,120	\$ -	\$ -	\$ -	\$ 1,175,120
Building	12,341,010	1,459,153	-	860,830	12,939,333
Furniture and equipment	99,572	46,891	-	4,167	142,296
	<u>\$13,615,702</u>	<u>\$ 1,506,044</u>	<u>\$ -</u>	<u>\$ 864,997</u>	<u>\$14,256,749</u>
Accumulated amortization:					
Building	\$ 5,462,429	\$ 500,052	\$ -	\$ 860,830	\$ 5,101,651
Furniture and equipment	12,428	19,420	-	4,167	27,681
	<u>\$ 5,474,857</u>	<u>\$ 519,472</u>	<u>\$ -</u>	<u>\$ 864,997</u>	<u>\$ 5,129,332</u>
Net book value:					
Land	\$ 1,175,120				\$ 1,175,120
Building	6,878,581				7,837,682
Furniture and equipment	87,144				114,615
	<u>\$ 8,140,845</u>				<u>\$ 9,127,417</u>

5. Insurance:

Museum London has accumulated works of art with an insured value of \$48,810,662 (2014 - \$48,810,662). These works of art are not recorded as tangible capital assets in the financial statements.

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2015

6. Accumulated surplus:

The accumulated surplus consists of the following:

	2015	2014
Surplus:		
Operating fund	\$ 17,212	\$ (25,577)
Investment in tangible capital assets	9,127,417	8,140,845
Unfunded employee benefits	(90,354)	(108,838)
Total surplus	9,054,275	8,006,430
Reserve funds set aside for specific purposes by Museum London:		
Operating endowment	2,860,849	2,898,591
Restricted funds held by Museum London include the following:		
Moore acquisitions fund	2,652,680	2,616,771
Moore collection management fund	282,879	281,954
Amelia Lucy Ronalds Little fund	158,304	155,806
Nancy Geddes Poole fund	97,919	93,019
Volunteer committee general fund	23,399	28,818
Volunteer committee acquisitions fund	276,745	221,313
Centre at the Forks	139,333	77,350
Cohen Innovations in Culture fund	25,543	25,542
Wolf fund	384	384
Satellite Gallery	5,534	-
	3,662,720	3,500,957
	\$ 15,577,844	\$ 14,405,978

The Amelia Lucy Ronalds Little Fund represents restricted funds to be used for the improvement, redecoration, refurbishing, restoration and enhancement of Eldon House and the artifacts contained therein. As the contract for the management of Eldon House was transferred by the owner, the Corporation of The City of London, effective January 1, 2013, the Amelia Lucy Ronalds Little Fund will be transferred from Museum London to the appropriate third party once legal approvals are received.

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2015

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 \$53,600 and at a rate of 14.60% for earnings greater than the yearly maximum pensionable earnings.

The amount contributed to OMERS for 2015 was \$105,114 (2014 - \$92,928) and is included as an expense in the statement of operations. Employees' contributions to OMERS in 2015 was \$105,114 (2014 - \$92,928).

8. Annual surplus:

The annual surplus in the statement of operations 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:

	2015	2014
Operating fund	\$ 42,789	\$ (20,187)
Investment in tangible capital assets	986,572	12,040
Reserve and restricted funds	124,021	468,471
Change in unfunded employee benefits	18,484	(47,549)
Annual surplus	\$ 1,171,866	\$ 412,775

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2015

8. Annual surplus (continued):

Statements of financial activities for the three funds follow:

(i) Operating Fund:

	2015 Budget	2015 Total	2014 Total
Revenue:			
Federal:			
Canada Council for the Arts:			
Operating	\$ 132,000	\$ 132,000	\$ 132,000
Acquisitions	30,000	28,650	11,700
Canadian Heritage	23,462	23,462	41,106
Other	2,875	3,393	3,569
Provincial:			
Ontario Arts Council:			
Operating grant	159,000	159,000	159,000
Other	-	-	3,668
Ministry of Tourism and Culture	51,954	51,954	51,954
Trillium	-	-	33,500
Other	-	2,875	(1,076)
Municipal	1,614,000	1,613,860	1,550,125
Community:			
Donations	187,700	127,894	187,806
Public programs	110,272	98,089	95,045
Ancillary services:			
Catering and rentals	190,000	178,094	164,079
Fundraising events	84,100	63,944	67,552
Public program and exhibition sponsorship	60,685	58,829	28,136
Investment income	500	952	386
Other	373,700	334,838	425,434
	\$ 3,020,248	\$ 2,877,834	\$ 2,953,984

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2015

8. Annual surplus (continued):

(i) Operating Fund (continued):

	2015 Budget	2015 Total	2014 Total
Expenses:			
Operating:			
Operations	\$ 945,298	\$ 922,807	\$ 884,298
General and administration	833,587	792,282	855,550
Public programs	161,945	218,018	202,818
Publicity	209,281	171,557	189,499
Curatorial and collections management	558,084	525,148	606,010
Ancillary services:			
Catering and rentals	126,759	100,757	117,649
Fundraising events	30,500	28,416	38,292
Exhibitions	296,585	224,489	252,116
Purchase of art and artifacts	60,000	103,726	39,166
Collection expense	25,700	22,268	22,891
	<u>3,247,739</u>	<u>3,109,468</u>	<u>3,208,289</u>
Net expenditures	(227,491)	(231,634)	(254,305)
Financing and transfers:			
Transfer from reserve and restricted funds	253,068	292,907	186,569
Employee benefits	-	(18,484)	47,549
Net financing and transfers	<u>253,068</u>	<u>274,423</u>	<u>234,118</u>
Change in fund balance	25,577	42,789	(20,187)
Surplus, beginning of year	(25,577)	(25,577)	(5,390)
Surplus, end of year	<u>\$ -</u>	<u>\$ 17,212</u>	<u>\$ (25,577)</u>

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2015

8. Annual surplus (continued):

(ii) Investment in tangible capital assets:

	2015	2014
Revenue:		
Municipal	1,506,044 \$	439,866
Amortization of tangible capital assets	(519,472)	(427,826)
Net revenue	\$ 986,572	\$ 12,040
Change in fund balance	\$ 986,572	\$ 12,040
Opening balance	8,140,845	8,128,805
Ending balance	\$ 9,127,417	\$ 8,140,845

(iii) Reserve and Restricted Funds:

(a) Reserve Funds:

	2015	2014
Transfers to reserves:		
Net investment revenue	\$ 165,326	\$ 246,731
Expenditure:		
Transfer to operating fund	203,068	139,104
Change in reserve funds	(37,742)	107,627
Opening balance	2,898,591	2,790,964
Closing balance	\$ 2,860,849	\$ 2,898,591

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2015

8. Annual surplus (continued):

(iii) Reserve and Restricted Funds:

(b) Restricted Funds:

	2015	2014
Transfer to restricted funds:		
Net investment revenue	\$ 189,744	\$ 300,975
Donations:		
Learning centre	130,372	80,000
Innovations in culture	-	25,542
Other	10,005	5,000
Partnership contributions	30,000	-
Miscellaneous	1,661	-
	<u>361,782</u>	<u>411,517</u>
Expenditures:		
Transfer to operating fund, acquisition of artwork	74,839	22,465
Transfer to operations, exhibitions	15,000	25,000
Eldon House furnishings and web-site	5,659	558
Learning Centre expenditures	68,389	2,650
Satellite Centre expenditures	36,132	-
	<u>200,019</u>	<u>50,673</u>
Change in restricted funds	161,763	360,844
Opening balance	3,500,957	3,140,113
Closing balance	<u>\$ 3,662,720</u>	<u>\$ 3,500,957</u>

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2015

9. 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	\$ 3,020,248
Expense:	
Operating budget	2,994,671
Annual operating surplus, as budgeted	25,577
Capital funding	1,544,000
Investment income	199,500
Donation of art and artifacts	387,000
Amortization of tangible assets	(430,000)
Donation of art and artifacts	(387,000)
Investment expense	(27,000)
Transfers from reserve and restricted funds	(253,068)
Annual surplus, revised	\$ 1,059,009

Financial Statements of

**OLD EAST VILLAGE BUSINESS
IMPROVEMENT AREA**

Year ended December 31, 2015



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Chair and Members, Old East Village Business Improvement Area

We have audited the accompanying financial statements of Old East Village Business Improvement Area, which comprise the statement of financial position as at December 31, 2015, the statements of operations and fund balances, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Old East Village Business Improvement Area as at December 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Professional Accountants, Licensed Public Accountants

May 18, 2016

London, Canada

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
Financial assets		
Cash and short-term investments (note 2)	\$ 96,485	\$ 113,215
Accounts receivable	1,997	5,967
	<u>98,482</u>	<u>119,182</u>
Financial liabilities		
Accounts payable and accrued liabilities	2,473	16,612
Deferred revenue	33,866	36,771
	<u>36,339</u>	<u>53,383</u>
Net financial assets	62,143	65,799
Non-financial assets		
Tangible capital assets (note 4)	4,180	5,459
Prepaid expenses and deposits	7,488	11,879
	<u>11,668</u>	<u>17,338</u>
Accumulated surplus (note 3)	<u>\$ 73,811</u>	<u>\$ 83,137</u>

See accompanying notes to financial statements.

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Operations and Fund Balances

Year ended December 31, 2015, with comparative information for 2014

	Budget 2015	2015	2014
Revenue:			
Requisition:			
The City of London, Levy	\$ 14,781	\$ 13,895	\$ 13,908
Other:			
The City of London	106,102	108,507	106,102
Miscellaneous	67,327	70,268	2,231
	<u>188,210</u>	<u>192,670</u>	<u>122,241</u>
Expenditures:			
Administration	5,800	4,091	4,363
Advertising, marketing and promotion	8,500	2,502	965
Amortization	-	1,279	1,613
Beautification	5,000	1,792	2,525
Community initiatives and appreciation	10,000	52	5,274
Equipment and building maintenance	5,000	-	3,020
Financial audit	1,500	1,213	1,300
HST expense	-	1,907	2,528
Office rental	8,440	10,551	8,440
Operating supplies and costs	4,282	1,615	2,126
Payroll deductions	-	8,309	6,707
Printing and communications	7,500	1,032	2,408
Purchased services	38,000	35,335	25,270
Special projects	10,636	1,326	17,523
Telephone and internet service	2,800	2,140	2,146
Training, education and development	1,500	866	103
Travel and transportation costs	3,000	777	260
Wages and salaries	180,806	127,209	103,531
	<u>292,764</u>	<u>201,996</u>	<u>190,102</u>
Annual deficit	(104,554)	(9,326)	(67,861)
Accumulated surplus, beginning of year	83,137	83,137	150,998
Accumulated surplus (deficit), end of year	\$ (21,417)	\$ 73,811	\$ 83,137

See accompanying notes to financial statements.

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Change in Net Financial Assets

December 31, 2015, with comparative information for 2014

	2015	2014
Annual deficit	\$ (9,326)	\$ (67,861)
Acquisition of tangible capital assets	-	(2,091)
Amortization of tangible capital assets	1,279	1,613
	(8,047)	(68,339)
Acquisition of prepaid expenses	(5,501)	(6,908)
Use of prepaid expenses	9,892	30,646
	4,391	23,738
	(3,656)	(44,601)
Net financial assets, beginning of year	65,799	110,400
Net financial assets, end of year	\$ 62,143	\$ 65,799

See accompanying notes to financial statements.

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (9,326)	\$ (67,861)
Item not involving cash:		
Amortization of tangible capital assets	1,279	1,613
Changes in non-cash operating working capital:		
Accounts receivable	3,970	2,651
Prepaid expenses and deposits	4,391	23,738
Accounts payable and accrued liabilities	(14,139)	(28,012)
Deferred revenue	(2,905)	(18)
	(16,730)	(67,889)
Investing activities:		
Addition to tangible capital assets	-	(2,091)
Decrease in cash and short-term investments	(16,730)	(69,980)
Cash and short-term investments, beginning of year	113,215	183,195
Cash and short-term investments, end of year	\$ 96,485	\$ 113,215

See accompanying notes to financial statements.

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements

Year ended December 31, 2015

1. Significant accounting policies:

The financial statements of the Old East Village Business Improvement Area 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.

(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	30-45%
Computer software	45%

(c) Government transfers:

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 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.

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2015

1. Significant accounting policies (continued):

(e) Donations in kind:

The Old East Village Business Improvement Area recognizes revenues and expenses for services which are donated which can be reasonably valued and are services which otherwise would have been purchased.

(f) 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. Actual results could differ from those estimates.

(g) Budget figures:

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

2. Cash and short-term investments:

	2015	2014
Cash and short-term investments consist of:		
Cash	\$ 90,446	\$ 107,287
Guaranteed investment certificates	6,039	5,928
	<hr/> \$ 96,485	<hr/> \$ 113,215

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2015

3. Accumulated surplus:

The balance of accumulated surplus is comprised of the following:

	2015	2014
Invested in tangible capital assets	\$ 4,180	\$ 5,459
Reserves:		
Contingencies	3,733	3,733
Mural maintenance	1,936	1,936
	5,669	5,669
Operating fund	63,962	72,009
	\$ 73,811	\$ 83,137

4. Tangible capital assets:

Cost	Balance at December 31, 2014	Additions	Disposals	Balance at December 31, 2015
Furniture and fixtures	\$ 18,697	\$ -	\$ -	\$ 18,697
Computer hardware	11,018	-	-	11,018
Computer software	3,609	-	-	3,609
Total	\$ 33,324	\$ -	\$ -	\$ 33,324

Accumulated amortization	Balance at December 31, 2014	Disposals	Amortization expense	Balance at December 31, 2015
Furniture and fixtures	\$ 13,920	\$ -	\$ 936	\$ 14,856
Computer hardware	10,444	-	296	10,740
Computer software	3,501	-	47	3,548
Total	\$ 27,865	\$ -	\$ 1,279	\$ 29,144

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA

Notes to Financial Statements (continued)

Year ended December 31, 2015

4. Tangible capital assets (continued):

	Net book value December 31, 2014	Net book value December 31, 2015
Furniture and fixtures	\$ 4,777	\$ 3,841
Computer hardware	574	278
Computer software	108	61
Total	\$ 5,459	\$ 4,180

Financial Statements of

**THE PUBLIC UTILITY COMMISSION
OF THE CITY OF LONDON**

December 31, 2015

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Public Utility Commission of The City of London

We have audited the accompanying financial statements of the Public Utility Commission of The City of London, which comprise the statement of financial position as at December 31, 2015, the statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Public Utility Commission of The City of London as at December 31, 2015, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Professional Accountants, Licensed Public Accountants

June XX, 2016

London, Canada

THE PUBLIC UTILITY COMMISSION OF THE CITY OF LONDON
Statement of Financial Position
As at December 31, 2015, with comparative figures for 2014

	2015	2014
Financial Assets:		
Cash and short term deposits	\$ 1,828,091	\$ 1,809,156
Due from City of London (Note 4)	240,960	279,536
	2,069,051	2,088,691
Financial Liabilities:		
Due to City of London (Note 4)	105,929	175,345
	105,929	175,345
Net financial assets	1,963,122	1,913,346
Non-Financial Assets:		
Tangible capital assets (Note 5)	3,519,772	3,707,544
	3,519,772	3,707,544
Accumulated Surplus (Note 6)	\$ 5,482,894	\$ 5,620,890

Contingent liability (Note 3)

The accompanying notes are an integral part of this financial statement

THE PUBLIC UTILITY COMMISSION OF THE CITY OF LONDON
Statement of Operations
For the year ended December 31, 2015, with comparative figures for 2014

	Budget	2015	2014
Revenue:			
User charges	\$ 280,000	\$ 230,203	\$ 281,435
Rents (Note 4)	100,000	100,000	100,000
Investment income	20,000	18,935	22,462
Total Revenue	400,000	349,138	403,897
Expenses:			
General Government	515,274	487,134	529,822
	515,274	487,134	529,822
Annual deficit	(115,274)	(137,996)	(125,925)
Accumulated surplus, beginning of year	5,620,890	5,620,890	5,746,815
Accumulated surplus, end of year	\$ 5,505,616	\$ 5,482,894	\$ 5,620,890

The accompanying notes are an integral part of this financial statement

THE PUBLIC UTILITY COMMISSION OF THE CITY OF LONDON
Statement of Change in Net Financial Assets
For the year ended December 31, 2015, with comparative figures for 2014

	Budget	2015	2014
Annual deficit	\$ (115,274)	\$ (137,996)	\$ (125,925)
Amortization of tangible capital assets	187,774	187,772	187,774
Change in net financial assets	72,500	49,776	61,849
Net financial assets, beginning of year	1,913,346	1,913,346	1,851,497
Net financial assets, end of year	\$ 1,985,846	\$ 1,963,122	\$ 1,913,346

The accompanying notes are an integral part of this financial statement

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THE PUBLIC UTILITY COMMISSION OF THE CITY OF LONDON

Statement of Cash Flows

For the year ended December 31, 2015, with comparative figures for 2014

	2015	2014
Cash provided by (used in):		
Operating Activities:		
Annual deficit	\$ (137,996)	\$ (125,925)
Items not involving cash:		
Amortization	187,772	187,774
Change in non-cash assets and liabilities:		
Due from City of London	38,575	(13,203)
Due to City of London	(69,416)	(26,185)
Net change in cash from operating activities	18,935	22,461
Cash and cash equivalents, beginning of year	1,809,156	1,786,695
Cash and cash equivalents, end of year	\$ 1,828,091	\$ 1,809,156

The accompanying notes are an integral part of this financial statement

THE PUBLIC UTILITY COMMISSION OF THE CITY OF LONDON

Notes to the Financial Statements

For the year ended December 31, 2015, with comparative figures for 2014

1. Significant accounting policies:

The financial statements of the Commission are the representation of management prepared in accordance with Canadian generally accepted accounting principles as defined in the CPA Canada Public Sector Accounting Handbook. Significant accounting policies are as follows:

(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) 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 business.

(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 costs, 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
Land improvements	15

One half of the 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) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(c) 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 period. Significant estimates of historical costs and useful lives of tangible capital assets were required in the implementation of Public Sector Accounting Handbook PS3150.

Actual results could differ from these estimates.

THE PUBLIC UTILITY COMMISSION OF THE CITY OF LONDON

Notes to the Financial Statements

For the year ended December 31, 2015, with comparative figures for 2014

1. Significant accounting policies (continued):

(d) Change in Accounting Policy

The Commission adopted Public Sector Accounting Board Standard PS 3260 Liability for Contaminated Sites effective as of January 1, 2015. 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 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. The Commission adopted this standard on a retroactive basis and there were no adjustments as a result of the adoption of this standard.

2. Commission restructuring:

Pursuant to the *Electricity Act, 1998* (Ontario), the various undertakings and activities of The Hydro-Electric Commission of the City of London were segregated and a substantial portion transferred on November 1, 2000 to separate companies incorporated under the *Business Corporations Act* (Ontario) with The Corporation of the City of London as the sole shareholder. The name of the Commission was changed to The Public Utility Commission of the City of London effective November 1, 2000, and the Commission has been at all material times and continues to be one and the same corporate and legal entity with the status of a municipal service board under subsection 195(1) of the *Municipal Act, 2001*. The composition of the Commission has previously been in accordance with section 22 of the *London-Middlesex Act 1992*, was re-established effective December 9, 2003 pursuant to subsection 195(9) of the *Municipal Act, 2001*. Members of the Commission are such persons who have been appointed by the Municipal Council of the Corporation of the City of London.

Certain property containing historic coal tar deposits was excluded from the transfer on November 1, 2000 and has been retained since then by the Commission.

3. Environmental remediation:

The coal tar material is 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 Commission 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 Commission-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 PUBLIC UTILITY COMMISSION OF THE CITY OF LONDON

Notes to the Financial Statements

For the year ended December 31, 2015, with comparative figures for 2014

3. Environmental remediation (continued):

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

4. Related party transactions:

- (a) The Commission has an annual rental of land to London Hydro Inc. at \$100,000 per annum.
- (b) The Commission has contracted with The Corporation of the City of London for the operation of the Commission's public parking lot whereby the Commission receives a percentage of net revenue.

As at December 31 the following amounts were receivable from (due to) related parties:

	2015	2014
Due to Corporation of the City of London	\$ (105,929)	\$ (175,345)
Due from Corporation of the City of London	240,960	279,536
Net receivable	\$ 135,031	\$ 104,191

- (c) A promissory note from London Hydro Inc. to the City of London for \$70,000,000 was assigned to the Commission subject to several conditions. On November 28, 2014, the promissory note was extinguished through payment by London Hydro to the City of London.

As part of the transaction, the City and the Commission entered into a Funding Agreement. The agreement ensures that the \$70 million will be held by the City on terms consistent with the earlier pledge of undertaking/assignment of the promissory note from the City to the Commission.

The agreement acknowledges that the Commission has retained ownership of and responsibility for lands contaminated by prior owners with coal tar and that the full \$70 million payment received by the City from London Hydro under the promissory note will be held by the City for the Commission for the following purposes:

- (i) The investigation, remediation and restoration of the affected lands;
- (ii) Any related legal proceedings, including proceedings before any court or administrative tribunal; and
- (iii) The Commission's actual and reasonable administrative and incidental costs related thereto.

The Funding Agreement provides that the City will maintain the principal amount of the \$70 million in a properly managed portfolio in compliance with the City's Investment Policy and the *Municipal Act 2001*. The City will be entitled to use the interest on the funds for its own purposes. The Fund Agreement provides the mechanism where the Commission may request and the City will provide to it funds for the remediation works.

THE PUBLIC UTILITY COMMISSION OF THE CITY OF LONDON

Notes to the Financial Statements

For the year ended December 31, 2015, with comparative figures for 2014

5. Tangible capital assets:

Cost	Balance at December 31, 2014 (note 2)	Additions	Disposals	Balance at December 31, 2015
Land	\$ 2,921,000	\$ -	\$ -	\$ 2,921,000
Land improvements	2,816,604	-	-	2,816,604
Total	\$ 5,737,604	\$ -	\$ -	\$ 5,737,604

Accumulated Amortization	Balance at December 31, 2014 (note 2)	Disposals	Amortization expense	Balance at December 31, 2015
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	2,030,060	-	187,772	2,217,832
Total	\$ 2,030,060	\$ -	\$ 187,772	\$ 2,217,832

	Net book value December 31, 2014	Net book value December 31, 2015
Land	\$ 2,921,000	\$ 2,921,000
Land improvements	786,544	598,772
Total	\$ 3,707,544	\$ 3,519,772

6. Accumulated surplus:

	2015	2014
Surplus:		
Invested in tangible capital assets	\$ 3,519,772	\$ 3,707,544
Total invested in tangible capital assets	3,519,772	3,707,544
Reserves set aside by Commission:		
Contingency reserve	1,963,122	1,913,346
Total reserves	1,963,122	1,913,346
Total surplus	\$ 5,482,894	\$ 5,620,890

Financial Statements of

**ELGIN AREA PRIMARY WATER
SUPPLY SYSTEM**

December 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Elgin Area Primary Water Supply System

We have audited the accompanying financial statements of Elgin Area Primary Water Supply System, which comprise the statement of financial position as at December 31, 2015, the statements of operations, net debt and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Elgin Area Primary Water Supply System as at December 31, 2015 and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

June 2, 2016

London, Canada

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Financial Position
December 31, 2015, with comparative information for 2014

	2015	2014
Financial assets		
Due from the Corporation of the City of London (note 3)	\$ -	\$ 8,561,448
Trade and other receivables	3,145,306	2,791,241
Total financial assets	3,145,306	11,352,689
Financial liabilities		
Due to the Corporation of the City of London (note 3)	306,222	-
Accounts payable and accrued liabilities	5,884,521	3,862,062
Deferred revenue (note 4)	2,665,401	4,787,273
Accrued interest on long-term debt	115,084	138,160
Long-term debt (note 5)	10,065,219	11,788,499
Other liability (note 6)	23,357	31,363
Total financial liabilities	19,059,804	20,607,357
Net debt	(15,914,498)	(9,254,668)
Non-financial assets		
Tangible capital assets (note 7)	68,556,515	55,991,884
Prepaid expenses	63,585	55,052
Total non-financial assets	68,620,100	56,046,935
Accumulated surplus (note 8)	\$ 52,705,602	\$ 46,792,267

See accompanying notes to financial statements

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM**Statement of Operations**

Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Revenues			
User charges	\$ 10,085,308	\$ 10,065,919	\$ 9,368,667
Investment income	3,000	132,820	162,451
Transfer payments			
Provincial	-	2,121,872	1,752,764
Federal	-	2,121,719	1,886,011
Other municipalities	-	-	-
Other	2,000	49,231	110,494
Total revenues	10,090,308	14,491,561	13,280,387
Expenses			
Salaries, wages and benefits	516,902	518,127	511,418
Materials and supplies	4,354,556	4,710,557	4,372,998
Contracted services	90,000	234,674	336,276
Rents and financial expenses (note 10)	57,250	201,314	40,279
Interest on long-term debt (note 5)	431,520	408,444	475,184
Amortization of tangible capital assets (note 7)	-	2,340,994	2,491,164
Administrative charges	193,383	164,116	158,520
Total expenses	5,643,611	8,578,226	8,385,839
Annual surplus	4,446,697	5,913,335	4,894,548
Accumulated surplus, beginning of year (note 8)	46,792,267	46,792,267	41,897,719
Accumulated surplus, end of year (note 8)	\$ 51,238,964	\$ 52,705,602	\$ 46,792,267

See accompanying notes to financial statements

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Net Debt
Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Annual surplus	\$ 4,446,697	\$ 5,913,335	\$ 4,894,548
Acquisition of tangible capital assets	(161,769)	(14,905,626)	(11,402,236)
Amortization of tangible capital assets	-	2,340,994	2,491,164
	4,284,928	(6,651,297)	(4,016,524)
Change in prepaid expenses	-	(8,533)	(22,120)
Change in net debt	4,284,928	(6,659,830)	(4,038,644)
Net debt, beginning of year	(9,254,668)	(9,254,668)	(5,216,024)
Net debt, end of year	\$ (4,969,739)	\$ (15,914,498)	\$ (9,254,668)

See accompanying notes to financial statements

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Cash Flows
Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by:		
Operating activities:		
Annual surplus	\$ 5,913,335	\$ 4,894,548
Items not involving cash:		
Amortization of tangible capital assets	2,340,994	2,491,164
Amortization of debenture discount	15,320	22,587
Changes in non-cash assets and liabilities:		
Due from (due to) the Corporation of the City of London	8,867,670	6,503,114
Prepaid expenses	(8,533)	(22,120)
Trade and other receivables	(354,065)	(2,188,142)
Note receivable	-	7,695
Accounts payable and accrued liabilities	2,022,459	2,449,023
Deferred revenue	(2,121,872)	(1,053,096)
Accrued interest on long-term debt	(23,076)	(20,932)
Net change in cash from operating activities	16,652,232	13,083,841
Capital activities:		
Purchase of tangible capital assets	(14,905,626)	(11,402,236)
Cash used in capital activities	(14,905,626)	(11,402,236)
Financing activities:		
Long-term debt repayments	(1,738,600)	(1,673,599)
Increase in other liability	(8,006)	(8,006)
Cash provided by (used in) financing activities	(1,746,606)	(1,681,605)
Net change in cash flows	\$ -	\$ -

See accompanying notes to financial statements

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements

Year ended December 31, 2015

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 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 representatives appointed by the respective councils of participating municipalities. The representation is broken down as follows:

Municipality	Representatives	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	1	1
• The Corporations of the Municipality of Bayham, Township of Malahide and Town of Aylmer	1	1

2. Significant accounting policies

The financial statements of the Entity are prepared by management in accordance with Canadian generally accepted accounting principles as defined in the CPA Canada Public Sector Handbook - Accounting. Significant accounting policies are as follows:

(a) Accrual accounting

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

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2015

2. Significant accounting policies (continued)

(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

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.

(d) Government transfers

Government transfer payments from the Corporation 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.

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2015

2. Significant accounting policies (continued)

(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) Change in Accounting Policy

The Entity adopted Public Sector Accounting Board Standard PS 3260 Liability for Contaminated Sites effective as of January 1, 2015. 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 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. The Entity adopted this standard on a retroactive basis and there were no adjustments as a result of the adoption of this standard.

3. Due from (due to) 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 or payable to the Corporation for expenses paid on behalf of the Entity.

4. Deferred revenue

Deferred revenue is comprised of the following:

	2015	2014
Provincial HELP Funding	\$ 2,665,401	\$ 4,787,273

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2015

5. Long-term debt

(a) Long-term debt is stated as follows:

	2015	2014
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:		
(a) at rates ranging from 5.75% to 5.875%, maturing August 2018,	\$ 2,532,000	\$ 3,286,000
(b) at rates ranging from 1.50% to 3.20%, maturing September 2022.	7,617,600	8,602,200
Total long-term debt	\$ 10,149,600	\$ 11,888,200
Less: Unamortized debenture discount	(84,381)	(99,701)
Net long-term debt	\$ 10,065,219	\$ 11,788,499

(b) The long-term debt repayment schedule is as follows:

2016	\$ 1,807,350
2017	1,877,550
2018	1,951,350
2019	1,086,900
2020	1,114,050
2021 and beyond	2,312,400

(c) Total interest charges for the year for long-term debt which are reported on the Statement of Operations are as follows:

	2015	2014
Interest	\$ 393,124	\$ 452,596
Amortization of debenture discount	15,320	22,588
	\$ 408,444	\$ 475,184

6. Other liability

The Entity has entered into a long-term contract for landowner compensation. The liability as at December 31, 2015 is \$23,357 (2014 - \$31,363). The total principal repayments over the next two years are as follows:

2016	\$ 8,007
2017	15,350

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2015

7. Tangible capital assets

Cost	Balance at December 31, 2014	Additions	Disposals	Balance at December 31, 2015
Land	\$ 1,251,559	\$ -	\$ -	\$ 1,251,559
Buildings and building improvements	12,417,998	125,363	92,958	12,450,403
Vehicles, machinery and equipment	20,822,472	1,047,723	1,519,353	20,350,842
Water infrastructure	25,053,844	168,381	-	25,222,225
Assets under construction	12,241,318	13,909,005	344,847	25,805,476
Total	\$ 71,787,191	\$ 15,250,472	\$ 1,957,158	\$ 85,080,505

Accumulated Amortization	Balance at December 31, 2014	Amortization expense	Disposals	Balance at December 31, 2015
Land	\$ -	\$ -	\$ -	\$ -
Buildings and building improvements	4,412,523	419,662	92,958	4,739,227
Vehicles, machinery and equipment	9,448,020	1,427,365	1,519,353	9,356,032
Water infrastructure	1,934,764	493,967	-	2,428,731
Assets under construction	-	-	-	-
Total	\$ 15,795,307	\$ 2,340,994	\$ 1,612,311	\$ 16,523,990

	Net book value December 31, 2014	Net book value December 31, 2015
Land	\$ 1,251,559	\$ 1,251,559
Buildings and building improvements	8,005,475	7,711,176
Vehicles, machinery and equipment	11,374,452	10,994,810
Water infrastructure	23,119,080	22,793,494
Assets under construction	12,241,318	25,805,476
Total	\$ 55,991,884	\$ 68,556,515

(a) Assets under construction

Assets under construction with a net book value of \$25,805,476 (2014 - \$12,241,318) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

(b) Tangible capital assets disclosed at nominal values

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

(c) Write-down of tangible capital assets

There were no write-downs in tangible capital assets during the year (2014 - nil).

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2015

8. Accumulated surplus

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

	2015	2014
Surplus:		
Invested in tangible capital assets	\$ 45,060,640	\$ 39,220,926
Total surplus	45,060,640	39,220,926
Reserve funds set aside for specific purpose by the Board:		
Infrastructure renewal - water operations	7,644,962	7,571,341
Total reserve funds	7,644,962	7,571,341
	\$ 52,705,602	\$ 46,792,267

9. Financial instruments

- (a) The carrying values of due from the Corporation, 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.

10. Related Party Transactions

Beginning in October 2013, the Entity earned interest income, through the Corporation, on the HELP funding received in advance, from the Province, for several capital projects.

During the year, the Entity agreed to transfer this interest earned, back to the Corporation. This transfer to the Corporation during 2015, represents interest earned from October 2013 to October 2015. The amount of \$154,046 (2014 - nil) has been included in Rents and financial expenses on the Statement of Operations for the current year.

The Corporation, in its capacity as the Administering Municipality, holds these funds and utilizes them to fund the costs of the corresponding projects. During the year, in order to facilitate amendments to the HELP program and to ensure that all participants benefit equitably from the HELP funding, the Entity has agreed that interest income on the advanced provincial funding, for these specific approved projects, will be retained by the Corporation. In future years, no interest income will be recorded for these specific approved projects.

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2015

11. Budget data

Budget data presented in these financial statements are based upon the 2015 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	\$ 10,085,308
Municipal Revenue - Other	5,000
Total Revenues	10,090,308
Expenses:	
Personnel Costs	496,935
Administrative Expenses	72,100
Financial Expenses – Other	151,500
Financial Expenses – Interest & Discount on Long-term Debt	431,520
Financial Expenses – Debt Principal Repayments	1,723,280
Financial Expenses – Transfers to Reserves and Reserve Funds	2,723,417
Purchased Services	255,252
Materials & Supplies	4,039,416
Furniture & Equipment	25,038
Other Expenses	193,383
Recovered Expenses	(21,533)
Total Expenses	10,090,308
Annual Surplus (Deficit) as per Budget	\$ -
PSAB Reporting Requirements:	
Transfers to Reserves and Reserve Funds	\$ 2,723,417
Debt Principal Repayments	1,723,280
Net PSAB Budget Surplus (Deficit) as per Financial Statements	\$ 4,446,697

Financial Statements of

**LAKE HURON AREA PRIMARY WATER
SUPPLY SYSTEM**

December 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Lake Huron Area Primary Water Supply System

We have audited the accompanying financial statements of Lake Huron Area Primary Water Supply System, which comprise the statement of financial position as at December 31, 2015, the statements of operations, change in net financial assets (debt) and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lake Huron Area Primary Water Supply System as at December 31, 2015 and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

June 2, 2016

London, Canada

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Financial Position
December 31, 2015, with comparative information for 2014

	2015	2014
Financial assets		
Due from the Corporation of the City of London (note 3)	\$ 15,063,968	\$ 3,701,621
Trade and other receivables	1,833,396	4,382,212
Total financial assets	16,897,364	8,083,833
Financial liabilities		
Accounts payable and accrued liabilities	2,677,410	5,658,801
Deferred revenue (note 4)	776,941	1,445,616
Accrued interest on long-term debt	59,290	23,091
Long-term debt (note 5)	11,094,378	2,781,622
Total financial liabilities	14,608,019	9,909,130
Net financial assets (debt)	2,289,345	(1,825,297)
Non-financial assets		
Tangible capital assets (note 6)	162,440,770	163,099,648
Prepaid expenses	161,495	164,105
Total non-financial assets	162,602,265	163,263,753
Accumulated surplus (note 7)	\$ 164,891,610	\$ 161,438,456

Commitments (note 9)
Contingent liabilities (note 10)

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Statement of Operations

Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Revenues			
User charges	\$ 18,987,530	\$ 18,869,892	\$ 18,092,464
Investment income	5,000	256,184	293,083
Transfer payments			
Provincial	-	668,675	3,232,100
Federal	-	684,333	8,598,940
Other	-	496,397	73,310
Total revenues	18,992,530	20,975,481	30,289,897
Expenses			
Salaries, wages and benefits	558,435	538,683	533,897
Materials and supplies	9,550,108	9,588,878	9,115,660
Contracted services	638,000	492,413	900,584
Rents and financial expenses (note 11)	59,250	216,813	44,968
Interest on long-term debt (note 5)	79,062	183,099	82,252
Amortization of tangible capital assets (note 6)	-	6,338,325	5,106,195
Administrative charges	193,383	164,116	158,520
Total expenses	11,078,238	17,522,327	15,942,076
Annual surplus	7,914,292	3,453,154	14,347,821
Accumulated surplus, beginning of year (note 7)	161,438,456	161,438,456	147,090,635
Accumulated surplus, end of year (note 7)	\$ 169,352,748	\$ 164,891,610	\$ 161,438,456

See accompanying notes to financial statements

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Change in Net Financial Assets (Debt)
Year ended December 31, 2015, with comparative information for 2014

	Budget	2015	2014
Annual surplus	\$ 7,914,292	\$ 3,453,154	\$ 14,347,821
Acquisition of tangible capital assets	(14,374,925)	(5,679,447)	(14,607,480)
Amortization of tangible capital assets	-	6,338,325	5,106,195
Loss on disposal of tangible capital assets	-	-	530
	(6,460,633)	4,112,032	4,847,066
Change in prepaid expenses	-	2,610	(82,082)
Change in net financial assets	(6,460,633)	4,114,642	4,764,984
Net debt, beginning of year	(1,825,297)	(1,825,297)	(6,590,281)
Net financial assets (debt), end of year	\$ (8,285,930)	\$ 2,289,345	\$ (1,825,297)

See accompanying notes to financial statements

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Cash Flows
Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by:		
Operating activities:		
Annual surplus	\$ 3,453,154	\$ 14,347,821
Items not involving cash:		
Amortization of tangible capital assets	6,338,325	5,106,195
Amortization of debenture discount	5,094	2,257
Loss on disposal of tangible capital assets	-	530
Changes in non-cash assets and liabilities:		
Due from the Corporation of the City of London	(11,362,347)	4,974,566
Prepaid expenses	2,610	(82,082)
Trade and other receivables	2,548,816	(3,222,950)
Accounts payable and accrued liabilities	(2,981,391)	(2,992,339)
Deferred revenue	(668,675)	(3,232,101)
Accrued interest on long-term debt	36,199	(1,327)
Net change in cash from operating activities	(2,628,215)	14,900,570
Capital activities:		
Purchase of tangible capital assets	(5,679,447)	(14,607,480)
Cash used in capital activities	(5,679,447)	(14,607,480)
Financing activities:		
Proceeds from issuance of long term debt	8,608,262	-
Long-term debt repayments	(300,600)	(293,090)
Cash provided by (used in) financing activities	8,307,662	(293,090)
Net change in cash flows	\$ -	\$ -

See accompanying notes to financial statements

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements

Year ended December 31, 2015

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 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 representatives of the municipalities appointed by the respective councils of participating municipalities. The representation is broken down as follows:

Municipality	Representatives	Votes
The City of London	4	16
Bluewater	1	1
South Huron	1	1
Lucan-Biddulph	1	1
Lambton Shores	1	1
North Middlesex	1	3
Middlesex Centre	1	1
Strathroy-Caradoc	1	3

2. Significant accounting policies

The financial statements of the Entity are prepared by management, in accordance with Canadian generally accepted accounting principles as defined in the CPA Canada Public Sector Handbook – Accounting. Significant accounting policies are as follows.

(a) Accrual accounting

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

(b) 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.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2015

2. Significant accounting policies (continued)

(b) Non-financial assets (continued)

i) Tangible capital assets

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

Asset	Useful Life - Years
Buildings and building improvements	15 – 40
Vehicles	5 – 15
Machinery and equipment	7 – 20
Water infrastructure	10 – 60

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.

(d) Government transfers

Government transfer payments from the Corporation 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.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2015

2. Significant accounting policies (continued)

(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) Change in Accounting Policy

The Entity adopted Public Sector Accounting Board Standard PS 3260 Liability for Contaminated Sites effective as of January 1, 2015. 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 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. The Entity adopted this standard on a retroactive basis and there were no adjustments as a result of the adoption of this standard.

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. Deferred revenue

Deferred revenue is comprised of the following:

	2015	2014
Provincial HELP Funding	\$ 776,941	\$ 1,445,616

5. Long-term debt

(a) Long-term debt is stated as follows:

	2015	2014
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:		
(a) at rates ranging from 1.50% to 3.20%, maturing September 2022.	\$ 1,269,600	\$ 1,433,700
(b) at rates ranging from 1.35% to 3.80%, maturing September 2023.	1,230,510	1,367,010
(c) at rates ranging from 0.80% to 2.25%, maturing March 2025.	8,665,000	-
Total long-term debt	11,165,110	2,800,710
Less: Unamortized debenture discount	(70,732)	(19,088)
Net long-term debt	\$ 11,094,378	\$ 2,781,622

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2015

5. Long-term debt (continued)

(b) The long-term debt repayment schedule is as follows:

2016	\$ 1,120,084
2017	1,139,741
2018	1,159,832
2019	1,180,168
2020	1,200,879
2021 and beyond	5,364,406

(c) Total charges for the year for long-term debt which are reported on the Statement of Operations are as follows:

	2015	2014
Interest	\$ 178,005	\$ 79,995
Amortization of debenture discount	5,094	2,257
	\$ 183,099	\$ 82,252

6. Tangible capital assets

Cost	Balance at December 31, 2014	Additions	Disposals	Balance at December 31, 2015
Land	\$ 1,843,513	\$ -	\$ -	\$ 1,843,513
Buildings and building improvements	41,452,085	7,375,007	48,694	48,778,398
Vehicles, machinery and equipment	34,299,566	7,740,480	487,802	41,552,244
Water infrastructure	117,136,941	243,967	-	117,380,908
Assets under construction	10,768,546	576,148	10,256,155	1,088,539
Total	\$ 205,500,651	\$ 15,935,602	\$ 10,792,652	\$ 210,643,602

Accumulated Amortization	Balance at December 31, 2014	Amortization expense	Disposals	Balance at December 31, 2015
Land	\$ -	\$ -	\$ -	\$ -
Buildings and building improvements	8,982,331	1,512,079	48,694	10,445,716
Vehicles, machinery and equipment	12,986,096	2,626,419	487,802	15,124,713
Water infrastructure	20,432,576	2,199,827	-	22,632,403
Assets under construction	-	-	-	-
Total	\$ 42,401,003	\$ 6,338,325	\$ 536,496	\$ 48,202,832

	Net book value December 31, 2014	Net book value December 31, 2015
Land	\$ 1,843,513	\$ 1,843,513
Buildings and building improvements	32,469,754	38,332,682
Vehicles, machinery and equipment	21,313,470	26,427,531
Water infrastructure	96,704,365	94,748,505
Assets under construction	10,768,546	1,088,539
Total	\$ 163,099,648	\$ 162,440,770

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2015

6. Tangible capital assets (continued)

(a) Assets under construction

Assets under construction with a net book value of \$1,088,538 (2014 - \$10,768,546) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

(b) Tangible capital assets disclosed at nominal values

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

(c) Write-down of tangible capital assets

There were no write-downs in tangible capital assets during the year (2014 – nil).

7. Accumulated surplus

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

	2015	2014
Surplus:		
Invested in tangible capital assets	\$147,180,622	\$146,646,676
Total surplus	147,180,622	146,646,676
Reserve funds set aside for specific purpose by the Board:		
Infrastructure renewal - water operations	\$ 17,710,988	\$ 14,791,780
Total reserve funds	17,710,988	14,791,780
	\$164,891,610	\$161,438,456

8. Financial instruments

(a) The carrying values of due from the Corporation of the City of London, trade and other receivables and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of the instruments.

The fair value of long-term debt approximates its carrying value as interest rates are similar to current market rates of interest available to the Entity.

(b) Financial risks

The Entity is not exposed to any significant interest, foreign currency or credit risks arising from its financial instruments.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2015

9. Commitments

Derivatives

The Entity has the following derivative:

- Contract with one block negotiated October 22, 2015, with a daily electricity purchase of 24 megawatt hours. Covering the period of November 1, 2015 until October 31, 2018, remaining contract cost of \$748,802.

This derivative contract was purchased to price certainty for 40% of the Entity's electricity needs over the term of the contract. The value of the contract is not reflected as an asset or liability in these financial statements.

10. Contingent liabilities

There are certain claims pending against the Entity as at December 31, 2015. 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.

11. Related Party Transactions

Beginning in October 2013, the Entity earned interest income, through the Corporation, on the HELP funding received in advance, from the Province, for several capital projects.

During the year, the Entity agreed to transfer this interest earned, back to the Corporation. This transfer to the Corporation during 2015, represents interest earned from October 2013 to October 2015. The amount of \$179,345 (2014 - nil) has been included in Rents and financial expenses on the Statement of Operations for the current year.

The Corporation, in its capacity as the Administering Municipality, holds these funds and utilizes them to fund the costs of the corresponding projects. During the year, in order to facilitate amendments to the HELP program and to ensure that all participants benefit equitably from the HELP funding, the Entity has agreed that interest income on the advanced provincial funding, for these specific approved projects, will be retained by the Corporation. In future years, no interest income will be recorded for these specific approved capital projects.

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2015

12. Budget Data

Budget data presented in these consolidated financial statements are based upon 2015 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	\$ 18,987,530
Municipal Revenues - Other	5,000
Total revenues	18,992,530
Expenses	
Personnel Costs	496,935
Administrative Expenses	92,100
Financial Expenses - Other	267,500
Financial Expenses - Interest & Discount on LTD	79,062
Financial Expenses - Debt Principal Repayments	298,343
Financial Expenses - Transfers to Reserves and Reserve Funds	7,615,949
Purchased Services	1,014,128
Materials & Supplies	8,931,625
Furniture & Equipment	25,038
Other Expenses	193,383
Recovered Expenses	(21,533)
Total expenses	18,992,530
Net surplus (deficit) as per Budget	\$ -
PSAB Reporting Requirements:	
Transfers to Reserves and Reserve Funds	\$ 7,615,949
Debt principal repayments	298,343
Net PSAB Budget surplus (deficit) as per Financial Statements	\$ 7,914,292

2015 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: **2015-V01**

DECLARATION OF THE MUNICIPAL TREASURER

Pursuant to the information required by the Province of Ontario under the Ministry of Municipal Affairs and Housing Act, the following schedules are attached:

Schedule	Title	
10	CONSOLIDATED STATEMENT OF OPERATIONS: REVENUE	
12	GRANTS, USER FEES AND SERVICE CHARGES	
20	TAXATION INFORMATION	
22	MUNICIPAL AND SCHOOL BOARD TAXATION	
24	PAYMENTS-IN-LIEU OF TAXATION	
26	TAXATION AND PAYMENTS-IN-LIEU SUMMARY	
28	UPPER-TIER ENTITLEMENTS	UPPER-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	519-861-2500 x 0146
0024	Fax	519-861-5932
0028	Email (Required)	sswance@london.ca
0030	Website address of Municipality	www.london.ca
0091	Municipal Auditor	Ian Jeffreys
0092	Municipal Audit Firm	KPMG
0095	Municipal Auditor's Email (Required)	ijeffreys@kpmg.ca
0090	Municipal Treasurer	Martin Hayward
0093	Municipal Treasurer's Email (Required)	mhayward@london.ca
0094	Date	13-Jun-2016

Signature of Municipal Treasurer

	Signature	Date
0070	Outstanding In-Year Critical Errors	0
0075	Schedule 54 Cashflow - Direct or Indirect Method Chosen	INDIRECT
0077	Method used to allocate Program Support to other functions in Schedule 40	OMB Method

	Municipal Data 1 (#)	Data Source 2 (List)
0040	Households	172,281 MPAC
0041	Population	381,310 Municipal
0042	Youth Population	26,338 Municipal

FIR2015: London C

Schedule 10

Asmt Code: 3936

CONSOLIDATED STATEMENT OF OPERATIONS: REVENUE

MAH Code: 59101

for the year ended December 31, 2015

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)	530,380,843
0499	Payments-In-Lieu of Taxation (SLC 26 9599 08) For UT (SLC 28 0299 08)	8,880,834
9940	Subtotal	539,261,477
0510	Estimated tax revenue	
0620	Ontario Municipal Partnership Fund (OMPF)	
0665	Other	
0666	Other	
0667	Other	
0668	Other	
0699	Subtotal	0
Conditional Grants		
0810	Ontario conditional grants (SLC 12 9910 01)	221,085,271
0815	Ontario Grants for Tangible Capital Assets (SLC 12 9910 05)	2,007,711
0820	Canada conditional grants (SLC 12 9910 02)	1,527,934
0825	Canada Grants for Tangible Capital Assets (SLC 12 9910 06)	16,684,666
0830	Deferred revenue earned (Provincial Gas Tax) (SLC 60 1042 01 + SLC 60 1045 01)	8,426,404
0831	Deferred revenue earned (Canada Gas Tax) (SLC 60 1047 01)	10,725,621
0899	Subtotal	260,457,607
1098	Revenue from other municipalities for Tangible Capital Assets (SLC 12 9910 07)	0
1099	Revenue from other municipalities (SLC 12 9910 03)	7,463,416
1299	Total User Fees and Service Charges (SLC 12 9910 04)	224,279,270
Licences, permits, rents, etc.		
1410	Trailer revenue and permits	0
1420	Licences and permits	7,611,874
1430	Rents, concessions and franchises	21,984,687
1431	Royalties	
1432	Green Energy	
1498	Other Other	211,734
1499	Subtotal	29,808,295
Fines and penalties		
1605	Provincial Offences Act (POA) <i>Municipality which administers POA only</i>	5,442,525
1610	Other fines	2,984,528
1620	Penalties and interest on taxes	4,981,839
1698	Other	
1699	Subtotal	13,408,890
Other revenue		
1805	Investment income	3,278,152
1806	Interest earned on reserves and reserve funds	8,060,575
1811	Gain/Loss on sale of land & capital assets	59,223
1812	Deferred revenue earned (Development Charges) (SLC 60 1025 01 + SLC 60 1026 01)	33,490,425
1813	Deferred revenue earned (Recreational land (The Planning Act)) (SLC 60 1032 01 + SLC 60 1035 01)	110,794
1814	Other Deferred revenue earned	0
1830	Donations	663,228
1831	Donated Tangible Capital Assets (SLC 53 0610 01)	41,125,554
1840	Sale of publications, equipment, etc.	482,588
1850	Contributions from non-consolidated entities	
1865	Other Revenues from Government Business Enterprise (ie. Dividends, etc.)	167,874
1870	Gaming and Casino Revenues	4,497,516
1890	Other	
1891	Other	
1892	Other	
1893	Other	
1894	Other	
1895	Other Other	107,215
1896	Other Other	1,034,165
1897	Other Other	12,306,442
1898	Other	
1899	Subtotal	105,383,751
1880	Municipal Land Transfer Tax (City of Toronto Act, 2006)	
1905	Increase/Decrease in Government Business Enterprise equity	7,654,121
9910	TOTAL Revenues	1,187,718,827

FIR2015: London C

Schedule 10

Asmt Code: 3936

CONSOLIDATED STATEMENT OF OPERATIONS: REVENUE

MAH Code: 59101

for the year ended December 31, 2015

Continuity of Accumulated Surplus/(Deficit)

		1
		\$
2010	PLUS: Total Revenues (SLC 10 9910 01)	1,187,716,827
2020	LESS: Total Expenses (SLC 40 9910 11)	1,043,036,260
2030	PLUS:	
2040	PLUS:	
2045	PLUS: PSAB Adjustments	
2099	Annual Surplus/(Deficit)	144,680,567
2060	Accumulated surplus/(deficit) at the beginning of year	3,567,574,291
2061	Prior period adjustments	834
2062	Restated accumulated surplus/(deficit) at the beginning of year	3,567,575,125
9950	Accumulated surplus/(deficit) at the end of year (SLC 10 2099 01 + SLC 10 2062 01)	3,712,255,692

Continuity of Government Business Enterprise Equity

		1
		\$
6010	Government Business Enterprise Equity, beginning of year	174,350,550
6020	PLUS: Net Income for Government Business Enterprise for year	8,429,793
6060	PLUS:	-10,775,672
6090	Government Business Enterprise Equity, end of year	172,004,671

Total of line 0899 includes:

Provincial Gas Tax Funding

		1
		\$
4018	Provincial Gas Tax for Transit operating expenses	5,316,509
4019	Provincial Gas Tax for Transit capital expenses	3,109,895
4020	Provincial Gas Tax	8,426,404

Total of line 0899 includes:

Canada Gas Tax Funding

		1
		\$
4025	General Government	77,862
Transportation Services:		
4030	Roads - Paved	10,057,232
4031	Roads - Unpaved	
4032	Roads - Bridges and Culverts	4,089,342
4033	Roadways - Traffic Operations & Roadside	
4040	Transit - Conventional	1,200,000
4041	Transit - Disabled & special needs	
4045	Air transportation	
4046	Other	
Environmental Services:		
4060	Wastewater collection/conveyance	1,558,493
4061	Wastewater treatment & disposal	4,252,989
4062	Urban storm sewer system	2,829,511
4063	Rural storm sewer system	
4064	Water treatment	
4065	Water distribution/transmission	828,000
4066	Solid waste collection	
4067	Solid waste disposal	244,748
4068	Waste diversion	
4069	Other	155,047
4075	Recreation Facilities - All Other	
4076	Cultural services	
4080	Commercial and industrial	361,790
4099	Canada Gas Tax	25,455,014

FIR2015: London C

Asmt Code: 3936

MAH Code: 59101

**Schedule 12
GRANTS, USER FEES AND SERVICE CHARGES**

for the year ended December 31, 2015

	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	917,976	0	26,150	1,678,386	0	9,667	0
Protection services							
0410 Fire				153,285			
0420 Police	4,929,076	168		1,798,926			
0421 Court Security							
0422 Prisoner Transportation							
0430 Conservation authority							
0440 Protective inspection and control				574,219			
0445 Building permit and inspection services				67,777			
0450 Emergency measures				752			
0460 Provincial Offences Act (POA)							
0498 Other							
0499 Subtotal	4,929,076	168	0	2,594,959	0	0	0
Transportation services							
0611 Roads - Paved				68,139		6,215,402	
0612 Roads - Unpaved				1,768			
0613 Roads - Bridges and Culverts				3,617		2,000,000	
0614 Roads - Traffic Operations & Roadside				47,848			
0621 Winter Control - Except sidewalks, Parking Lots				386,216			
0622 Winter Control - Sidewalks, Parking Lots Only				62,760			
0631 Transit - Conventional				30,160,004		1,200,000	
0632 Transit - Disabled & special needs				493,402			
0640 Parking				3,025,690			
0650 Street lighting						7,632	
0660 Air transportation							
0698 Other							
0699 Subtotal	0	0	0	34,249,444	0	9,423,034	0
Environmental services							
0811 Wastewater collection/conveyance	11,001		12,695	26,840,741		2,750,000	0
0812 Wastewater treatment & disposal	11,001		12,695	26,840,741		1,308,988	0
0821 Urban storm sewer system	11,848		13,671	28,905,413	6,544	1,270,000	0
0822 Rural storm sewer system							0
0831 Water treatment			127,044	35,794,265	1,678,383	1,691,453	0
0832 Water distribution/transmission			336,282	35,794,265	322,784	209,024	0
0840 Solid waste collection				539,785			0
0650 Solid waste disposal			33,975	2,410,483			0
0860 Waste diversion			506,520	3,831,485			0
0898 Other	0	25,000	5,533	140,960	0	0	0
0899 Subtotal	33,850	25,000	1,048,415	161,098,138	2,007,711	7,229,465	0
Health services							
1010 Public health services	27,189,372	329,355	1,152,575				
1020 Hospitals							
1030 Ambulance services							
1035 Ambulance dispatch							
1040 Cemeteries							
1098 Other							
1099 Subtotal	27,189,372	329,355	1,152,575	0	0	0	0
Social and family services							
1210 General assistance	132,988,804	711,237	1,363,337	636			
1220 Assistance to aged persons	11,594,625			5,888,061			
1230 Child care	31,069,779	248,499					
1298 Other				116,286			
1299 Subtotal	175,653,208	959,736	1,363,337	6,004,983	0	0	0
Social Housing							
1410 Public Housing				305,770			
1420 Non-Profit/Cooperative Housing	5,705,396		3,872,939				
1430 Rent Supplement Programs	5,100,461						
1497 Other	81,526						
1498 Other	326,557						
1499 Subtotal	11,193,940	0	3,872,939	305,770	0	0	0
Recreation and cultural services							
1610 Parks						22,500	
1620 Recreation programs	59,549	10,560		5,857,082			
1631 Recreation facilities - Golf Course, Marina, Ski Hill				2,740,094			
1634 Recreation facilities - All Other	171,571			1,104,907			
1640 Libraries	698,571	6,637		474,654			
1645 Museums	24,329	3,983					
1650 Cultural services	213,829	187,505		507,107			
1698 Other							
1699 Subtotal	1,167,849	208,685	0	10,683,844	0	22,500	0
Planning and development							
1810 Planning and zoning				1,358,295			
1820 Commercial and industrial		4,990		6,305,451			
1830 Residential development							
1840 Agriculture and reforestation							
1850 Tile drainage/shoreline assistance							
1898 Other							
1899 Subtotal	0	4,990	0	7,663,746	0	0	0
1910 Other							
9910 TOTAL	221,085,271	1,527,934	7,463,416	224,279,270	2,007,711	16,684,666	0

FIR2015: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 20 TAXATION INFORMATION

for the year ended December 31, 2015

General Information

1. Optional Property Classes in Effect

	2 Y or N
0202 N New Multi-Residential	N
0205 G Parking Lot (Includes CJ, CR, CX, CY, CZ)	N
0210 D Office Building	N
0215 S Shopping Centre	N
0220 L Large Industrial	N
0225 Other	N

2. Capping Parameters and Results

	Decrease - Percentage Retained	Tax Adjustment - Increases	Net Class Impact	Annualized Tax Limit	CVA Tax Limit	CVA Threshold Value for Protected	CVA Threshold Value for Clawed Back Properties	EXEMPT Properties Previously at CVA	EXEMPT Properties that go from Capped to	EXEMPT Properties that go from Clawed Back
	2 %	3 \$	4 \$	5 %	6 %	7 \$	8 \$	9 Y or N	10 Y or N	11 Y or N
0320 M Multi-Residential	85.6%	-5,023	0	10.0%	5.0%	250	0	Y	Y	Y
0330 C Commercial	90.5%	-138,795	0	10.0%	5.0%	250	0	Y	Y	Y
0340 I Industrial	99.0%	-10,170	0	10.0%	5.0%	250	0	Y	Y	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	20150227	20150331	3	20150630	20151030
1220 M Multi-Residential	2	20150227	20150331	3	20150630	20151030
1230 F Farmland	2	20150227	20150331	3	20150630	20151030
1240 T Managed Forest	2	20150227	20150331	3	20150630	20151030
1250 C Commercial	2	20150227	20150331	3	20150630	20151030
1260 I Industrial	2	20150227	20150331	3	20150630	20151030
1270 P Pipeline	2	20150227	20150331	3	20150630	20151030
1298 Other	2	20150227	20150331	3	20150630	20151030

FIR2015: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 22 MUNICIPAL and SCHOOL BOARD TAXATION for the year ended December 31, 2015

1. GENERAL PURPOSE LEVY INFORMATION

Table with 3 columns: LTRST Taxes (517,151,430), UT Taxes (0), Education Taxes (135,248,646), TOTAL (652,400,076)

Phase-in Taxable Assessment (37,795,952,375)

TOTAL

Main table with columns: RTC Band, Property Class, Tax Rate Description, Tax Rate, Percent of Full Rate, CVA Assessment, Phase-in Taxable Assessment, Tax Rates (LT/ST, UT, EDUC, TOTAL), Municipal Taxes, Education Taxes, TOTAL. Includes subtotals for London C and overall totals.

FIR2015: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 22

MUNICIPAL and SCHOOL BOARD TAXATION

for the year ended December 31, 2015

2. LOWER-TIER / SINGLE-TIER SPECIAL AREA LEVY INFORMATION

RUC FTD	Tax Rand	Property Class	Tax Rate Description	Tax Ratio	Percent of Full Rate	CVA Assessment	Phase-in Taxable Assessment	Tax Rates				TOTAL	Municipal Taxes	Education Taxes	TOTAL		
								LT/ST	UT	EDUC	TOTAL						
1	2	3	4	5	6	7	16	8	9	10	11	12	13	14	15		
LIST	LIST				%	\$	\$	0.000000%	0.000000%	0.000000%	0.000000%	\$	\$	\$	\$		
RT	0	Residential	Full Occupied	1.000000	100%												
Subtotal																	
9499	TOTAL														0	0	0
4001															0	0	0
00'10															0	0	0
9401															0	0	0

FIR2015: London C

Asmt Code: 3936

MAH Code: 59101

**Schedule 22
MUNICIPAL and SCHOOL BOARD TAXATION**
for the year ended December 31, 2015

3. UPPER-TIER SPECIAL AREA LEVY INFORMATION

RTG		RT	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	EDUC	TOTAL	LT/ST	UT	EDUC	TOTAL	LT/ST	UT	EDUC	TOTAL	
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
6001	0010	Residential	Full Occupied		1.000000	100%	\$ 7	\$ 16	0.000000%	0.000000%	0.000000%	0.000000%	\$ 12	\$ 13	\$ 14	\$ 15
Subtotal																
TOTAL																

FIR2015: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 22

MUNICIPAL and SCHOOL BOARD TAXATION

for the year ended December 31, 2015

4. ADJUSTMENTS TO TAXATION

7010 Adjustments for properties, shared as if Payment-in-Lieu (Hydro properties RTQ = H, J, K)

5. SUPPLEMENTARY TAXES

9799 Total of all supplementary taxes (Supps, Omitis, Section 359)

6. AMOUNT LEVIED BY TAX RATE

9910 **TOTAL Levied by Tax Rate** 525,960,650 0 137,300,636 663,161,286

7. AMOUNTS ADDED TO TAX BILL

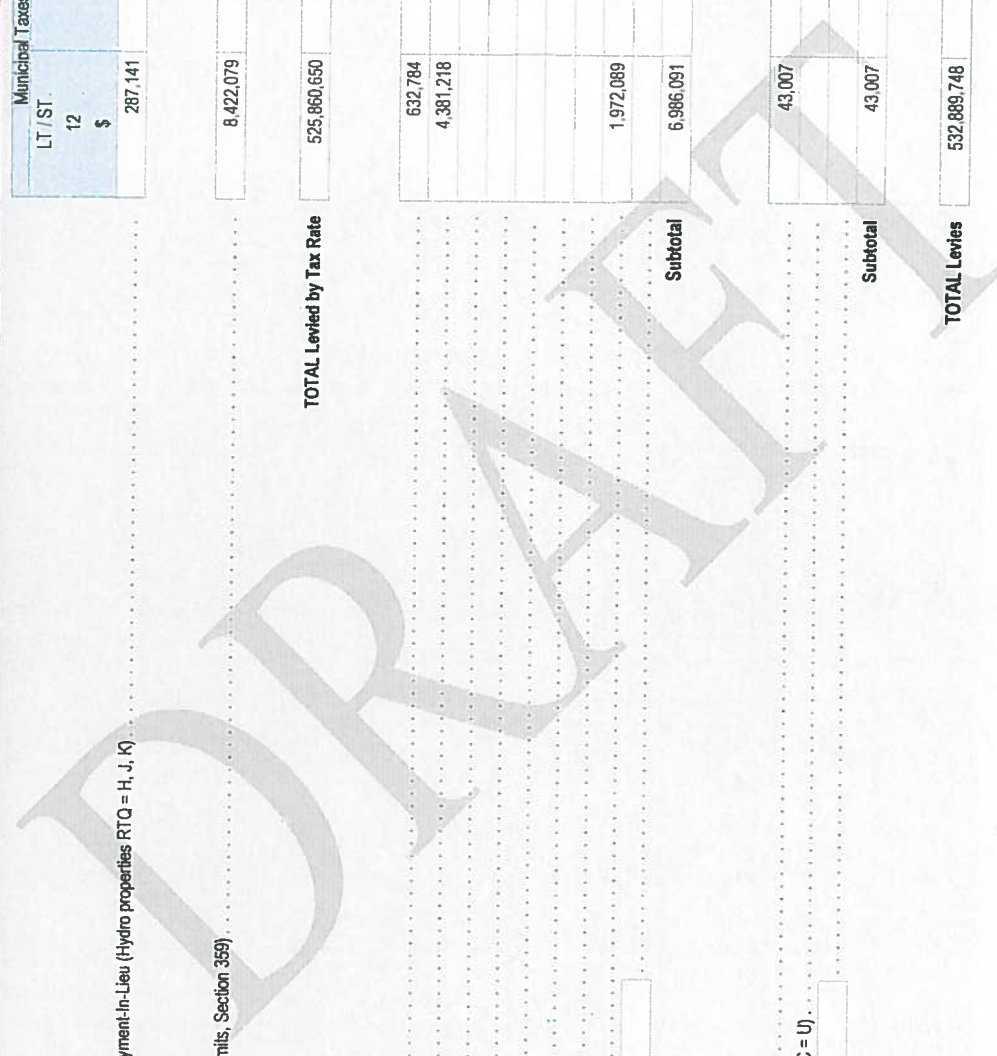
8005 Local improvements	632,784			632,784
8010 Sewer and water service charges	4,381,218			4,381,218
8015 Sewer and water connection charges				0
8020 Fire service charges				0
8025 Minimum tax (differential only)				0
8030 Municipal drainage charges				0
8035 Waste management collection charges				0
8040 Business improvement area	1,972,089			1,972,089
8097 Other				0
9890	6,986,091	0	0	6,986,091
	Subtotal			

8. OTHER TAXATION AMOUNTS

8045 Railway rights-of-way (RTC = W)				
8050 Utility transmission and utility corridors (RTC = U)	43,007		57,782	100,789
8098 Other				0
9892	43,007	0	57,782	100,789
	Subtotal			

9. TOTAL AMOUNT LEVIED

9990 **TOTAL Levies** 532,899,748 0 137,358,418 670,248,166



FIR2015: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 24

PAYMENTS-IN-LIEU OF TAXATION

for the year ended December 31, 2015

2. LOWER-TIER / SINGLE-TIER SPECIAL AREA PAYMENTS-IN-LIEU INFORMATION

9499	XIC RTD	Tax Rank	Property Class	Tax Rate Description	Tax Ratio	Percent of Full Rate	PIL CVA Assessment	PIL Phased-in Assessment	Tax Rates				Municipal PILS		Education PILS		TOTAL	
									LT/ST	UT	EDUC	TOTAL	LT/ST	UT	Education PILS	Education PILS		
4001	1 LIST	2 LIST	3	4	5	6 %	7 \$	16 \$	8 0.000000%	9 0.000000%	10 0.000000%	11 0.000000%	12 \$	13 \$	14 \$	15 \$	0	
1010	RF 0	Residential		PIL: Full Occupied	1.000000	100%												0
9401	Subtotal																0	

FIR2015: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 24

PAYMENTS-IN-LIEU OF TAXATION

for the year ended December 31, 2015

3. UPPER-TIER SPECIAL AREA PAYMENTS-IN-LIEU INFORMATION

RTU RTO	Tax Rend	Property Class	Tax Rate Description	Tax Ratio	Percent of Full Rate	PIL CVA Assessment	PIL Phased-In Assessment	Tax Rates				TOTAL	Municipal PILS	Education PILS	TOTAL
								LT/ST	UT	EDUC	TOTAL				
1 LIST	2 LIST	3	4	5	6 %	7 \$	8 \$	8 0.000000%	9 0.000000%	10 0.000000%	11 0.000000%	12 \$	13 \$	14 \$	15 \$
RF 0	Residential		PIL: Full Occupied	1.000000	100%										
Subtotal															
0 0 0															
TOTAL															
0 0 0															

FIR2015: London C

Asmt Code: 3936

M/AH Code: 59101

Schedule 24
PAYMENTS-IN-LIEU OF TAXATION
 for the year ended December 31, 2015

4. SUPPLEMENTARY PAYMENTS-IN-LIEU

9799 Total of all supplementary PILS (Supps, Omits, Section 444)

Municipal PILS		Education PILS		TOTAL
L.T /ST	UT			
12	13	14	15	
\$	\$	\$	\$	\$

5. PAYMENTS-IN-LIEU LEVIED BY TAX RATE

9910 TOTAL PILS Levied by Tax Rate 3,681,943 0 1,417,192 5,099,135

6. AMOUNTS ADDED TO PAYMENTS-IN-LIEU

8005 Local improvements					
8010 Sewer and water service charges					
8015 Sewer and water connection charges					
8020 Fire service charges					
8030 Municipal drainage charges					
8035 Waste management collection charges					
8040 Business improvement area					
8097 Other AIRPORT	741,615			741,615	
9890	741,615	0	0	741,615	
	Subtotal				

7. OTHER PAYMENTS-IN-LIEU AMOUNTS

8045 Railway rights-of-way (RTC = W) - from Ontario Enterprises					
8046 Railway rights-of-way (RTC = W) - from Province					
8050 Utility transmission and utility corridors (RTC = U) - from Ontario Enterprises	36,868		52,187	89,055	
8051 Utility transmission and utility corridors (RTC = U) - from Province					
8055 Institutional Payments - Heads and Beds (Mun. Act 323, 324)	3,843,300			3,843,300	
8060 Hydro-electric Power Dams - from Province					
8098 Other					
9892	3,880,168	0	52,187	3,932,355	
	Subtotal				

8. TOTAL PAYMENTS-IN-LIEU LEVIED

9990 TOTAL PILS Levied 8,303,726 0 1,469,379 9,773,105

FIR2015: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 26
TAXATION and PAYMENTS-IN-LIEU SUMMARY
for the year ended December 31, 2015

1. Municipal and School Board Taxation

9010 Legislated Percentages of Education Taxes distributed to each School Board (Appl. to Com, Ind, Pipeline)

Table with columns: Property Class Group, Taxable Asmt (CVA), Taxable Asmt (Wtd & Disc CVA), Proliferation Taxable Asmt (PVA), Proliferation Taxable Asmt (PVA), Total Taxes, Municipal Taxes (L1T/ST, UT), Education Taxes (ENG-Public, FRE-Public, ENG-Separate, FRE-Separate, Other), TOTAL.

2. Payments-in-Lieu of Taxation

Table with columns: Property Class Group, P/L Asmt (CVA), P/L Asmt (Wtd & Disc CVA), Proliferation P/L Asmt (PVA), Proliferation P/L Asmt (PVA), Total P/Ls Levied, Municipal P/Ls (L1T/ST, UT), Education P/Ls (ENG-Public, FRE-Public, ENG-Separate, FRE-Separate, Other), TOTAL.

Part 3 contains Distribution of P/Ls by School Boards

FIR2015: London C

**Upper-Tier ONLY Schedule 28
UPPER-TIER ENTITLEMENTS**

Asmt Code: 3936
MAH Code: 59101

for the year ended December 31, 2015

Upper-Tier Entitlements from Lower-tiers

	Lower-Tier Municipality	MAH Code	Asmt Code	General Purpose Levy	Upper-Tier Special Area Levies (Total)	Supplementary Taxes	Amounts Added to Tax Bills	Other Taxation Amounts	Payments - In - Lieu	5% Capping Limit Adjustment	PLUS: U/T Tax Adjust. Applied to Taxation	LESS: U/T Tax Adjust. Recovered from Disproportionate	TOTAL
	1	2	3	4	5	6	7	13	8	9	10	11	12
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
0201													0
0202													0
0203													0
0204													0
0205													0
0206													0
0207													0
0208													0
0209													0
0210													0
0211													0
0212													0
0213													0
0214													0
0215													0
0216													0
0217													0
0218													0
0219													0
0220													0
0221													0
0222													0
0299													0
	Hydro - Electric Power Dams			0	0	0	0	0	0	0	0	0	0
	TOTAL Upper-Tier Entitlement												



2015-101

FIR2015: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 42

ADDITIONAL INFORMATION

for the year ended December 31, 2015

Additional information contained in Schedule 40

		1
		\$
Total of column 1 includes:		
5010	Salaries and wages	323,273,993
5020	Employee benefits	95,315,908
5099	Total Salaries, Wages and Employee benefits (Not including line 5050)	418,589,901
5050	Salaries, Wages and Employee benefits capitalized on Schedule 51	
5098	Total Salaries, Wages and Employee benefits (including capitalized wages)	418,589,901
Total of column 3 includes:		
5110	Amounts for tax write-offs reported in SLC 40 0250 03	2,491,948
Total of column 4 includes:		
5210	Municipal Property Assessment Corporation (MPAC)	4,631,929
Total of column 5 includes:		
5610	Short term interest costs	48,090
Total of column 6 includes:		
5810	Grants to charitable and non-profit organizations	3,260,634
5820	Grants to universities and colleges	79,648
Contributions to UNCONSOLIDATED joint local boards		
5840	Health unit	
5850	District Social Services Administration Board (DSSAB)	
5860	Consolidated Municipal Service Manager (CMSM)	
5870	Homes for the aged	
5880	Recreation boards	
5890	Fire area boards	
5895	Other	
5896	Other	
5897	Other Tourism London	1,896,149
5898	Other Conservation Authority	3,398,290
Total of column 11 includes:		
6010	Payments for long term commitments and liabilities financed from the consolidated statement of operations	

Schedule 51
SCHEDULE OF TANGIBLE CAPITAL ASSETS
 for the year ended December 31, 2015

ANALYSIS BY FUNCTIONAL CLASSIFICATION

AMORTIZATION

COST

2015 Opening Net Book Value	COST					AMORTIZATION					2015 Closing Net Book Value					
	2015 Opening Cost Balance		Additions and Betterments		Disposals		Write Downs		2015 Closing Cost Balance			2015 Opening Amortization Balance	Annual Amortization	Amortization Disposal	2015 Closing Amortization Balance	
	1	2	3	4	5	6	7	8	9	10						11
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1410 Social Housing	48,880,997	112,382,008	2,371,300	11,588										11,588	84,075,747	50,866,053
1420 Public Housing	0	0	2,371,300													
1430 Non-Profit/Cooperative Housing	0	0														
1440 Rent Supplement Programs	48,345	107,490	1,287													33,305
1450 Affordable Housing	0	0														0
1499 Other	49,336,242	112,489,498	2,372,587	11,588										11,588	84,151,219	50,899,358
	Subtotal															
1810 Recreation and cultural services	189,218,649	226,534,955	6,811,146	2,088,359										2,168,109	38,736,782	191,718,510
1820 Parks	124,742	187,003	30,366	12,593												12,675
1831 Rec. Fac. - Golf Crs, Marina, Ski Hll	2,794,163	8,423,871	41,914	178,452										12,593	72,101	132,675
1834 Rec. Fac. - All Other	78,475,858	141,054,874	7,415,207	3,074,576										178,452	3,718,089	2,589,264
1840 Libraries	28,076,703	58,101,372	2,266,153	2,097,505										3,024,576	65,216,862	80,226,823
1845 Museums	7,769	72,283	92,243	42,392										2,097,505	31,300,069	28,967,011
1850 Cultural services	12,835,480	24,690,675	1,840,084	563,193										2,097,505	28,025	93,519
1888 Other	7,632	10,178	18,497,113	8,007,600										6,450	11,546,407	15,553,162
1899 Subtotal	311,542,996	457,074,759	18,497,113	8,007,600										8,915,875	150,831,636	315,267,579
1810 Planning and development	99,946	337,339	41,188	25,640												
1820 Commercial and Industrial	30,447,797	49,104,448	1,419,953	13,353												
1830 Residential development	1,528,486	2,210,998	1,803,343	1,095,745												
1840 Agriculture and reforestation	1,460,346	1,803,343	1,803,343	1,095,745												
1850 Title (translative) assistance	0	0	0	0												
1888 Other	33,538,571	53,535,928	1,460,851	30,193												
1899 Subtotal																
1910 Other	0	0	0	0												
1990 Total Tangible Capital Assets	3,241,542,999	4,950,921,576	224,221,257	64,796,234										148,289,808	1,811,891,622	3,315,961,979

2015-10-31

FIR2015: London C

Schedule 51

Asmt Code: 3936

SCHEDULE OF TANGIBLE CAPITAL ASSETS

MAH Code: 59101

for the year ended December 31, 2015

SEGMENTED BY ASSET CLASS

		2015 Opening Net Book Value (NBV) 1 \$	2015 Closing Net Book Value (NBV) 11 \$
General Capital Assets			
2005	Land	394,251,988	405,173,867
2010	Land Improvements	75,483,761	72,061,163
2020	Buildings	319,952,131	324,219,668
2030	Machinery & Equipment	79,479,083	81,940,967
2040	Vehicles	4,514,071	4,649,643
2097	Other <input type="text"/>	0	0
2098	Other <input type="text"/>	12,826,693	11,966,715
2099	Total General Capital Assets	886,507,727	900,012,023

		2015 Opening Net Book Value (NBV) 1 \$	2015 Closing Net Book Value (NBV) 11 \$
Infrastructure Assets			
2205	Land	0	
2210	Land Improvements	0	
2220	Buildings	196,762,296	190,790,760
2230	Machinery & Equipment	80,422,838	73,670,143
2240	Vehicles	41,920,830	43,687,733
2250	Linear Assets	2,035,969,268	2,107,821,320
2297	Other <input type="text"/>	0	0
2298	Other <input type="text"/>	0	
2299	Total Infrastructure Assets	2,355,075,232	2,415,969,956
9920	Total Tangible Capital Assets	3,241,582,959	3,315,981,979
2405	Construction-in-progress	163,922,461	171,834,922
9921	Total Tangible Capital Assets and Construction-in-progress	3,405,505,420	3,487,816,901

FIR2015: London C

Schedule 51

Asmt Code: 3936

SCHEDULE OF TANGIBLE CAPITAL ASSET: CONSTRUCTION-IN-PROGRESS

MAH Code: 59101

for the year ended December 31, 2015

ANALYSIS BY FUNCTIONAL CLASSIFICATION

		COST			
		2015 Opening Balance	Expenditures in 2015	Less Assets Capitalized	2015 Closing Balance
		1	2	3	4
		\$	\$	\$	\$
0299	General government	2 226 110	1 963 690	1 215 275	2 974 525
	Protection services				
0410	Fire	15 389		15 389	0
0420	Police	900 488	315 609	467 204	748 893
0421	Court Security	0			0
0422	Prisoner Transportation	0			0
0430	Conservation authority	0			0
0440	Protective inspection and control	0	39 912		39 912
0445	Building permit and inspection services	0			0
0450	Emergency measures	0			0
0460	Provincial Offences Act (POA)	0			0
0498	Other	0			0
0499	Subtotal	915 877	355 521	482 593	788 805
	Transportation services				
0611	Roads - Paved	22 862 221	21 952 430	20 273 997	24 540 654
0612	Roads - Unpaved	0			0
0613	Roads - Bridges and Culverts	646 234	368 795	561 179	453 850
0614	Roadways - Traffic Operations & Roadside	1 222 635	943 554	1 201 567	964 622
0621	Winter Control - Except sidewalks Parking Lots	0			0
0622	Winter Control - Sidewalks Parking Lots Only	0			0
0631	Transit - Conventional	0			0
0632	Transit - Disabled & special needs	0			0
0640	Parking	0	89 081		89 081
0650	Street lighting	566 013	1 163 839	474 671	1 255 181
0660	Air transportation	0			0
0698	Other	0			0
0699	Subtotal	25 297 103	24 517 699	22 511 414	27 303 388
	Environmental services				
0811	Wastewater collection/conveyance	7 927 018	14 204 065	6 981 528	15 149 555
0812	Wastewater treatment & disposal	15 889 322	3 803 286	6 121 288	13 571 320
0821	Urban storm sewer system	23 406 310	13 875 008	12 746 692	24 534 626
0822	Rural storm sewer system	0			0
0831	Water treatment	15 769 496	7 945 100	8 895 152	14 819 444
0832	Water distribution/transmission	69 006 759	13 077 581	15 233 141	66 851 199
0840	Solid waste collection	0			0
0850	Solid waste disposal	71 276	62 722	0	133 998
0860	Waste diversion	0			0
0898	Other	0			0
0899	Subtotal	132 070 181	52 967 762	49 977 801	135 060 142
	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	2 190 729		2 190 729	0
1220	Assistance to aged persons	0			0
1230	Child care	0			0
1298	Other	0			0
1299	Subtotal	2 190 729	0	2 190 729	0
	Social Housing				
1410	Public Housing	0			0
1420	Non-Profit/Cooperative Housing	0			0
1430	Rent Supplement Programs	0			0
1497	Other	0			0
1498	Other	0			0
1499	Subtotal	0	0	0	0
	Recreation and cultural services				
1610	Parks	476 064	360 422	250 699	585 787
1620	Recreation programs	0			0
1631	Rec. Fac - Golf Crs, Marina, Ski Hill	0			0
1634	Rec. Fac - All Other	244 592	1 194 808	220 615	1 218 785
1640	Libraries	0			0
1645	Museums	0			0
1650	Cultural services	222 014	319 378	208 124	333 268
1698	Other	0			0
1699	Subtotal	942 670	1 874 608	679 438	2 137 840
	Planning and development				
1810	Planning and zoning	0			0
1820	Commercial and Industrial	279 791	3 290 431	0	3 570 222
1830	Residential development	0			0
1840	Agriculture and reforestation	0			0
1850	Title drainage/shoreline assistance	0			0
1898	Other	0			0
1899	Subtotal	279 791	3 290 431	0	3 570 222
1910	Other	0			0
9910	Total Construction-In-Progress	163 922 461	84 969 711	77 057 250	171 834 922

FIR2015: 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, 2015

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)

		1
		\$
1010	Annual Surplus/(Deficit) (SLC 10 2099 01)	144 680 567
1020	Acquisition of tangible capital assets	-200,067,482
1030	Amortization of tangible capital assets (SLC 51 9910 08)	148 289 808
1031	Contributed (Donated) tangible capital assets	-41,125,554
1032	Change in construction-in-progress	4,535,592
1040	(Gain)/Loss on sale of tangible capital assets	6 102 909
1050	Proceeds on sale of tangible capital assets	
1060	Write-downs of tangible capital assets	
1070	Other <input type="text"/>	
1071	Other <input type="text"/>	
1099	Subtotal	-82,244,727
1210	Change in supplies inventories	-633,580
1220	Change in prepaid expenses	6 445 515
1230	Other <input type="text"/>	
1299	Subtotal	5 811 935
1410	(Increase)/decrease in net financial assets/net debt	68 247 775
1420	Net financial assets (net debt), beginning of year	128 266 457
9910	Net financial assets (net debt), end of year	196 514 232

SOURCES OF FINANCING FOR TCA ACQUISITIONS / DONATIONS

		1
		\$
Long Term Liabilities Incurred		
0205	Canada Mortgage and Housing Corporation (CMHC)	
0210	Ontario Financing Authority	
0215	Commercial Area Improvement Program	
0220	Other Ontario housing programs	
0235	Serial debentures	39 162 637
0240	Sinking fund debentures	
0245	Long term bank loans	
0250	Long term reserve fund loans	
0255	Lease purchase agreements (Tangible capital leases)	906 783
0260	Construction Financing Debentures	
0265	Infrastructure Ontario	
0297	Other <input type="text"/> Long term liabilities	200 000
0298	Other <input type="text"/>	
0299	Subtotal	40,269,420
Financing from Dedicated Revenue		
0405	Municipal Property Tax by Levy	12 500
0406	Reserves and Reserve funds (SLC 60 1012 01 + SLC 60 1012 02 + SLC 60 1012 03)	51 043 792
0410	Municipal User Fees & Service Charges	
0415	Development Charges (SLC 61 0299 08)	33,490,425
0416	Recreation land (The Planning Act) (SLC 60 1032 01)	110,794
0419	Donations	
0420	Other <input type="text"/>	
0446	Proceeds from the sale of Tangible Capital Assets, etc	
0447	Investment income	
0448	Prepaid special charges	
0495	Other <input type="text"/>	
0496	Other <input type="text"/>	
0497	Other <input type="text"/>	
0498	Other <input type="text"/>	
0501	Subtotal	84,657,511
Government Transfers		
0425	Capital Grants: Federal (SLC 12 9910 06 - (SLC 10 4099 01 - SLC 60 1047 01)	1,955,273
0430	Capital Grants: Provincial (SLC 12 9910 05 - (SLC 10 4019 01 - SLC 60 1045 01)	2,007,711
0435	Capital Grants: Other Municipalities (SLC 12 9910 07)	0
0440	Canada Gas Tax (SLC 10 4099 01)	25,455,014
0445	Provincial Gas Tax (SLC 10 4019 01)	3,109,895
0502	Subtotal	32,527,893
0499	Subtotal	117 185 404
0610	Contributed (Donated) tangible capital assets	41 125 554
9920	Total Capital Financing	196,580,378
0810	Unexpended Capital Financing or (Unfinanced Capital Outlay)	-38,057,066

FIR2015: London C

Schedule 54

Asmt Code: 3936

CONSOLIDATED STATEMENT OF CASH FLOW - INDIRECT METHOD

MAH Code: 59101

for the year ended December 31, 2015

* 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

		2015 Actual 1 \$
Operating Transactions		
2010	Annual Surplus/(Deficit) (SLC 10 2099 01)	144,680,567
2020	Non-cash items including amortization	155,133,271
2021	Contributed (Donated) tangible capital assets	-41,125,554
2022	Change in non-cash assets and liabilities	6,374,650
2030	Prepaid expenses	7,027,238
2040	Change in deferred revenue	-287,569
2096	Other	
2097	Other	
2098	Other	
2099	Cash provided by operating transactions	271,802,603
Capital Transactions		
0610	Proceeds on sale of tangible capital assets	6,102,909
0620	Cash used to acquire tangible capital assets	-114,345,222
0630	Change in construction-in-progress	-84,815,476
0698	Other	
0699	Cash applied to capital transactions	-193,057,789
Investing Transactions		
0810	Proceeds from portfolio investments	
0820	Portfolio investments	-152,924,866
0898	Other	11,348,369
0899	Cash provided by / (applied to) investing transactions	-141,576,497
Financing Transactions		
1010	Proceeds from long term debt issues	39,115,493
1020	Principal long term debt repayment	-51,850,617
1030	Temporary loans	
1031	Repayment of temporary loans	
1096	Other	195,472
1097	Other	
1098	Other	
1099	Cash applied to financing transactions	-12,539,652
1210	Increase in cash and cash equivalents	-75,371,335
1220	Cash and cash equivalents, beginning of year	435,486,273
9920	Cash and cash equivalents, end of year	360,114,938

		2015 Actual 1 \$
Cash and cash equivalents represented by:		
1401	Cash	256,707,062
1402	Temporary borrowings	
1403	Short term investments	103,407,876
1404	Other	
9940	Cash and cash equivalents, end of year	360,114,938

		1 \$
Cash:		
1501	Unrestricted	118,928,536
1502	Restricted	241,186,402
1503	Unallocated	
9950	Cash and cash equivalents, end of year	360,114,938

2015-2016

FIR2015: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 60

CONTINUITY OF RESERVES AND RESERVE FUNDS

for the year ended December 31, 2015

	Obligatory Res. Funds, Deferred Rev.	Discretionary Res. Funds	Reserves
	1	2	3
	\$	\$	\$
0299 Balance, beginning of year	179,532,873	400,588,281	119,258,545
0310 Allocation of Surplus		109,846,392	6,863,397
0315 Allocation of Surplus : for operating		101,043,776	4,675,775
0320 Allocation of Surplus : for capital		8,802,616	2,187,622
Development Charges Act			
0610 Non-discounted services	32,545,789		
0620 Discounted services	2,406,688		
0630 Credits utilized (Development Charges Act) (SLC 61 0299 05)	0		
0699 Subtotal Development Charges Act	34,952,477		
0810 Lot levies			
0820 Subdivider contributions			
0830 Recreational land (the Planning Act)	418,915		
0841 Investment Income	3,079,373	7,539,503	604,798
0860 Gasoline Tax - Province	9,422,440		
0861 Building Code Act, 1992 (Section 1.9.1.1 (d))			
0862 Gasoline Tax - Federal	6,474,713		
0864 Building Canada Fund (BCF)			
0870 Inter - Reserve Fund / Reserves Transfer			
0895 Other			
0896 Other			
0897 Other			
0898 Other			
9940 TOTAL Revenues & Surplus	54,347,918	117,385,895	7,468,195
Less: Utilization of reserve funds and reserves (transfers)			
1012 For acquisition of tangible capital asset		49,596,850	1,446,943
1015 For current operations	1,530,311	16,445,518	1,447,963
1025 Development Charges earned to tangible capital asset acquisition (SLC 61 0299 08)	33,490,425		
1026 Development Charges earned to operations (SLC 61 0299 07)	0		
1032 Recreational land (the Planning Act) earned to tangible capital asset acquisition	110,794		
1035 Recreational land (the Planning Act) earned to operations			
1042 Deferred revenue earned (Provincial Gas Tax) for Transit (Operations)	5,316,509		
1045 Deferred revenue earned (Provincial Gas Tax) for Transit (Capital)	3,109,895		
1047 Deferred revenue earned (Canada Gas Tax)	10,725,621		
1055 Development Charges Act - Credits Provided (SLC 61 0299 10)	107,215		
1070 Inter - Reserve Fund / Reserves Transfer		-1,420,000	1,420,000
0910 Less: Utilization (deferred revenue recognized)	54,390,770	64,622,368	4,314,906
2099 Balance, end of year	179,490,021	453,351,808	122,411,834

FIR2015: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 60

CONTINUITY OF RESERVES AND RESERVE FUNDS

for the year ended December 31, 2015

Totals in line 2099 are analysed as follows:

	Obligatory Res. Funds, Deferred Rev.	Discretionary Res. Funds	Reserves
	1	2	3
	\$	\$	\$
5010 Working funds			14,294,627
5020 Contingencies		156,441	93,775,895
Asset Replacement funds for: Sewer & Water			
5030 Sewer			
5040 Water			
5050 Replacement of equipment		23,044,022	500,000
5060 Sick leave		3,944,880	137,946
5070 Insurance		12,601,588	
5080 Workplace Safety and Insurance Board (WSIB)		12,045,328	
5090 Post-employment benefits		3,662,720	
5091 Tax rate stabilization			
5630 Lot levies			
5660 Parking revenues		568,581	
5670 Debenture repayment			
5680 Exchange rate stabilization			
Per Service Purpose:			
5205 General government		21,090,371	1,611,566
5210 Protection services		4,427,237	241,316
Transportation services:			
5215 Roadways			
5216 Winter Control			
5220 Transit		4,658,384	9,126,503
5221 Parking			
5222 Street lighting			
5223 Air transportation			
Environmental services:			
5225 Wastewater system		92,787,946	
5230 Storm water system		4,979,924	
5235 Waterworks system		59,839,814	
5240 Solid waste collection			
5245 Solid waste disposal		12,081,951	
5246 Waste diversion		938,210	
5250 Health services			134,404
5255 Social and family services		10,941,048	223,357
5260 Social housing		15,973,827	
Recreation and cultural services:			
5265 Parks		2,960,712	
5266 Recreation programs			
5271 Recreation facilities - Golf Course, Marina, Ski Hill		311,918	
5274 Recreation facilities - All Other		91,282	
5275 Libraries		1,629,369	216,296
5276 Museums			
5277 Cultural services		3,901,534	
5280 Planning and development		142,861,056	1,754,027
5290 Other <input type="text"/> Other & Unspecified		17,853,665	395,897

Obligatory Deferred Revenue:

5610 Development Charges Act - Non-discounted services	79,366,547		
5620 Development Charges Act - Discounted services	45,290,455		
5640 Subdivider contributions	0		
5650 Recreational land (the Planning Act)	1,621,550		
5661 Building Code Act, 1992 (Section 1.9.1.1 (d))	0		
5690 Gasoline Tax - Province	28,478,802		
5691 Gasoline Tax - Federal	24,732,667		
5692 Canada Transit Funding (Bill C-48)			
5693 Building Canada Fund (BCF)			
5695 Other <input type="text"/>			
5696 Other <input type="text"/>			
5697 Other <input type="text"/>			
5698 Other <input type="text"/>			
5699 Other <input type="text"/>			
9930 TOTAL	179,490,021	453,351,808	122,411,834

FIR2015: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 61
DEVELOPMENT CHARGES RESERVE FUNDS
for the year ended December 31, 2015

	Development Charges Proceeds						Development Charges Disbursements					Balance December 31
	Balance January 1	Development Charges Collected	Interest and Investment Income	Credits Utilized	Total	To: Consolidated Statement of Operations	To: Tangible Capital Asset Acquisition	Other Disbursements	Credits Provided	Total		
	1	2	3	5	6	7	8	9	10	11	12	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Development Charges												
0205 General Government	392,125	693,424	6,542		601,966			245,000	2,066	172,739	821,352	
0210 Fire Protection	1,890,449	94,556	35,063		128,619				353	-15,385	2,035,453	
0215 Police Protection	2,272,164	315,381	17,673		331,054			215,040	827	412,003	2,191,215	
0220 Roads and Structures	37,320,768	16,514,724	753,145		17,267,869		23,261,643		58,410	23,320,253	31,268,384	
0225 Transit	3,034,212	380,766	56,909		437,675		376,768		1,303	378,071	3,093,816	
0230 Wastewater	27,829,977	4,058,278	342,222		4,400,500		5,201,425	334,352	13,277	5,549,054	26,681,423	
0235 Stormwater	21,362,477	7,586,145	405,365		7,991,510		1,467,882	411,826	21,116	1,900,824	27,453,163	
0240 Water	12,822,513	1,324,397	243,164		1,567,561		366,285		4,351	370,646	14,019,428	
0245 Emergency Medical Services	0	0	0		0		0		0	0	0	
0250 Homes for the Aged	0	0	0		0		0		0	0	0	
0255 Daycare	0	0	0		0		0		0	0	0	
0260 Housing	0	0	0		0		0		0	0	0	
0265 Parkland Development	0	0	0		0		0		0	0	0	
0270 GO Transit	0	0	0		0		0		0	0	0	
0275 Library	3,621,525	6,284	65,252		71,536				35	35	3,693,026	
0280 Recreation	10,314,837	2,019,638	199,372		2,219,010					-445,995	12,979,842	
0285 Development Studies	0	0	0		0				5,467		5,467	
0286 Parking	0	0	0		0						0	
0287 Animal Control	0	0	0		0						0	
0288 Municipal Cemeteries	0	0	0		0						0	
0290 Other	1,341,976	2,060,854	6,603		2,057,487		2,989,561			2,989,561	419,902	
0295 Other	0	0	0		0		0			0	0	
0296 Other	0	0	0		0		0			0	0	
0297 Other	0	0	0		0		0			0	0	
TOTAL	122,203,023	34,952,477	2,133,310	0	37,085,787	0	33,490,425	1,034,166	107,215	34,631,806	124,657,004	

FIR2015: London C

Schedule 70

Asmt Code: 3936

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MAH Code: 59101

for the year ended December 31, 2015

Financial Assets		1
		\$
0299	Cash and cash equivalents	360 114 939
Accounts receivable		
0410	Canada	13 716 617
0420	Ontario	9 461 512
0430	Upper-tier	
0440	Other municipalities	722 259
0450	School boards	296 784
0490	Other receivables	27 653 178
0499		Subtotal 51,850 350
Taxes receivable		
0610	Current year's levies	13 779 119
0620	Previous year's levies	6 243 484
0630	Prior year's levies	1 284 170
0640	Penalties and interest	1 693 371
0690	LESS: Allowance for uncollectables	10 249 526
0699		Subtotal 12 750 618
Investments *		
0805	Canada	112 930 656
0810	Ontario	41 676 344
0815	Municipal	0
0820	Government business enterprises	172 004 671
0828	Other	368 463 565
0829		Subtotal 635 075 236
Debt Recoverable from Others		
0861	Municipalities (SLC 74 0630 01)	6 436 411
0862	School Boards (SLC 74 0620 01)	0
0863	Retirement Funds (SLC 74 0899 01)	0
0864	Sinking Funds (SLC 74 1099 01)	0
0865	Individuals	
0868	Other	
0845		Subtotal 6 436 411
Other financial assets		
0830	Inventories held for resale	142 176
0831	Land held for resale	30 824 606
0835	Notes receivable	152 672
0840	Mortgages receivable	
0850	Deferred taxes receivable	9 224
0890	Other	12 143 791
0898		Subtotal 43 272 469
9930	TOTAL Financial Assets	1 199 500 023
8010	* Market value of Investments included in Line 0829	717 774 582

FIR2015: London C

Schedule 70

Asmt Code: 3936

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MAH Code: 59101

for the year ended December 31, 2015

Liabilities		1
Temporary loans		\$
2010	Operating purposes	
Tangible Capital Assets:		
2020	Canada	
2030	Ontario	
2040	Other	
2099	Subtotal	0
Accounts Payable		
2210	Canada	2 423 970
2220	Ontario	11 096 697
2230	Upper-tier	0
2240	Other municipalities	3 424 303
2250	School boards	289 804
2260	Interest on debt	2 044 471
2270	Trade accounts payable	109 483 808
2290	Other	24 261 089
2299	Subtotal	153 024 142
2301	Estimated Tax Liabilities (PS3510)	
Deferred revenue		
2410	Obligatory reserve funds (SLC 60 2099 01)	179 490 021
2490	Other	28 333 950
2499	Subtotal	207 823 971
Long term liabilities		
2610	Debt issued	338 870 691
2620	Debt payable to others	22 981 405
2630	Lease purchase agreements (Tangible capital leases)	2 158 382
2640	Other	
2650	Other	
2660	LESS Debt issued on behalf of Government Business Enterprise	
2699	Subtotal	364 010 478
2799	Solid Waste Management Facility Liabilities Solid waste landfill closure and post-closure	33 562 000
Post employment benefits		
2810	Accumulated sick leave	3 944 165
2820	Accrued vacation pay	15 606 866
2830	Accrued pensions payable	
2840	Accrued Workplace Safety and Insurance Board claims (WSIB)	50 374 169
2898	Other Post Retirement Benefit	84 640 000
2899	Subtotal post employment benefits	154 565 200
2910	Liability for contaminated sites Remediation costs of contaminated sites	
9940	TOTAL Liabilities	912 985 791
9945	Net Financial Assets / Net Debt (Total Financial Assets LESS Total Liabilities)	196 514 232
Non-Financial Assets		1
		\$
6210	Tangible Capital Assets (SLC 51 9921 11)	3 487 816 901
6250	Inventories of Supplies	3 952 825
6260	Prepaid Expenses	23 971 734
6299	Total Non-Financial Assets	3 515 741 460
9970	Total Accumulated Surplus/(Deficit)	3 712 255 692
Analysis of the Accumulated Surplus/(Deficit)		1
		\$
6410	Equity in Tangible Capital Assets	3 516 318 859
6420	Reserves and Reserve Funds (SLC 60 2099 02 + SLC 60 2099 03)	575 763,842
6430	General Surplus/ (Deficit)	
6431	Unexpended capital financing	-10 732,020
Local boards		
5030	Transit operations	-1 670,547
5035	Water operations	
5040	Wastewater operations	
5041	Solid waste operations	
5045	Libraries	
5050	Cemeteries	
5055	Recreation, community centres and arenas	
5060	Business Improvement Area	59 925
5076	Other	
5077	Other Covent Garden Market	1 314 527
5078	Other	
5079	Other Eldon House and London Museum	72 060
5098	Total Local Boards	-224,035
5080	Equity in Government Business Enterprises (SLC 10 6090 01)	172 004 671
6601	Unfunded Employee Benefits	-154 529 663
6602	Unfunded Landfill closure costs	-33 562 000
6603	Unfunded Remediation costs of contaminated sites	-304 848 975
6610	Other	
6620	Other	
6630	Other	-47 934 787
6640	Other	
6699	Total Other	-540 875 425
9971	Total Accumulated Surplus/(Deficit)	3 712 255 692

FIR2015: London C

Asmt Code: 3936

MAH Code: 59101

Single/Lower-Tier ONLY **Schedule 72**

CONTINUITY OF TAXES RECEIVABLE

for the year ended December 31, 2015

Continuity of Taxes Receivable

		9
		\$
0210	Taxes receivable, beginning of year	13,347,282
0215	PLUS: Amounts added to tax bills for collection purposes only	1,431,327
0220	PLUS: Tax amounts levied in the year (SLC 26 9199 03)	670,248,166
0225	PLUS: Current Year Penalties and Interest	5,357,818
0240	LESS: Total cash collections (SLC 72 0699 09)	661,810,689
0250	LESS: Tax adjustments before allowances (SLC 72 2899 09)	4,775,729
0260	LESS: Tax adjustments not applied to taxation (SLC 72 4999 09)	798,031
0280	PLUS: <input type="text" value="Allowance for Uncollectible"/>	-10,249,526
0290	Taxes receivable, end of year	12,750,618

Cash Collections

		9
		\$
0610	Current year's tax	648,340,734
0620	Previous year's tax	7,452,182
0630	Penalties and interest	4,473,098
0640	Amounts added to tax bills for collection purposes only	1,544,675
0690	Other <input type="text"/>	
0699	TOTAL Cash Collections	661,810,689

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FIR2015: London C

Asmt Code: 3936

MAH Code: 59101

Single/Lower-Tier ONLY Schedule 72
CONTINUITY OF TAXES RECEIVABLE
 for the year ended December 31, 2015

	SCHOOL BOARDS						TOTAL Education	Lower-Tier (Single-Tier)	Upper-Tier	TOTAL Tax Adjustment
	English - Public	French - Public	English - Separate	French - Separate	Other					
Tax Adjustments Applied to Taxation										
1099 Municipal Act (353, 354, 357, 358, RFR)	1,091,846	5,569	189,217	14,609		1,301,241	2,360,001		3,661,242	
1299 Discounts for Advance Payments (Mun. Act 345(10))									0	
1499 Tax Credit (Mun. Act 474.3)									0	
1699 Tax Cancellation - Low income seniors and Disabled persons (Mun. Ac									0	
1810 Rebates to Commercial properties (Mun. Act 362)									0	
1820 Rebates to Industrial properties (Mun. Act 362)									0	
1899 Subtotal	0	0	0	0	0	0	0	0	0	0
2099 Rebates for Charities (Mun. Act 361)	177,922	1,170	49,049	3,421		231,562	396,955		628,517	
2299 Vacant Unit Rebates (Mun. Act 364)	563,288	3,634	156,256	10,643		733,821	1,163,153		1,896,974	
2399 Reduction for Heritage Property (Mun. Act 365.2)									0	
2890 Other LEGIONS									50,391	
2891 Other MUNICIPAL HOUSING									494,602	
2892 Other Less: Prior Yr Tax Adj Allowance									-1,955,997	
2893 Other									0	
2899 Tax adjustments before allowances	1,833,056	10,373	394,522	28,673	0	2,266,624	2,509,105	0	4,775,729	

	SCHOOL BOARDS						TOTAL Education	Lower-Tier (Single-Tier)	Upper-Tier	TOTAL Tax Adjustment
	English - Public	French - Public	English - Separate	French - Separate	Other					
Tax Adjustments Not Applied to Taxation										
4010 Tax sale, Tax registration accounts										
4210 Tax Deferral - Low income seniors and Disabled persons (Mun. Act 31)	69	1				70	797,961		797,961	
4420 Net impact of 5% Capping Limit Program									70	
4890 Other									0	
4891 Other									0	
4999 Tax Adjustments Not Applied to Taxation	69	1	0	0	0	70	797,961	0	798,031	

Additional Information			
6010 Recovery of Tax Deferrals	1,193	360	1,553
7010 Entitlement of School Boards	108,403,555	583,423	1,367,412
			135,093,277

FIR2015: London C

Schedule 74

Asmt Code: 3936

LONG TERM LIABILITIES AND COMMITMENTS

MAH Code: 59101

for the year ended December 31, 2015

1. Debt burden of the municipality

All outstanding debt issued by the municipality, predecessor municipalities and consolidated entities		1
		\$
0210	To Ontario and agencies	93,972,472
0220	To Canada and agencies	11,823,204
0230	To Others	258,214,602
0297	Other	
0298	Other	
0299		
	Subtotal	364,010,478
0499	PLUS: All debt assumed by the municipality from others	
LESS: All debt assumed by others		
0610	Ontario	
0620	School boards	
0630	Other Municipalities	6,436,411
0640	Government Business Enterprises	
0697	Other	
0698	Other	
0699		
	Subtotal	6,436,411
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	357,574,067

2. Debt burden of the municipality: Analysed by debt instrument

1210	Sinking fund debentures	
1220	Installment (serial) debentures	332,434,324
1230	Long term bank loans	
1240	Lease purchase agreements (Tangible capital leases)	2,158,382
1250	Mortgages	
1280	Construction Financing Debentures	
1297	Other OMEX & capital lease	15,724,898
1298	Other Urban Works	7,256,463
9920	TOTAL Net Long Term Liabilities of the Municipality	357,574,067

3. Debt burden of the municipality: Analysed by function

1405	General government	10,331,075
1410	Protection services	23,331,166
Transportation services:		
1415	Roadways	68,151,793
1416	Winter Control	
1420	Transit	23,300,292
1421	Parking	
1422	Street Lighting	651,384
1423	Air Transportation	
Environmental services:		
1425	Wastewater system	60,470,029
1430	Storm water system	36,954,696
1435	Waterworks system	16,806,816
1440	Solid Waste collection	
1445	Solid Waste disposal	
1446	Waste diversion	
1450	Health services	
1455	Social and family services	18,134,732
1460	Social housing	
Recreation and cultural services:		
1465	Parks	4,914,766
1466	Recreation programs	
1471	Recreation facilities - Golf Course, Marina, Ski Hill	
1474	Recreation facilities - All Other	46,631,736
1475	Libraries	11,300,899
1476	Museums	
1477	Cultural services	
1480	Planning and development	14,725,272
1490	Other long term liabilities	21,869,411
9930	TOTAL Net Long Term Liabilities of the Municipality	357,574,067

FIR2015: London C

Schedule 74

Asmt Code: 3936

LONG TERM LIABILITIES AND COMMITMENTS

MAH Code: 59101

for the year ended December 31, 2015

4. Debt payable in foreign currencies (net of sinking fund holdings)

	US Dollars:		1
			\$
1610	Canadian dollar equivalent included in SLC 74 9910 01		
1620	Par value in 'U.S. Dollars'		
	Other currency:		
1630	Canadian dollar equivalent included in SLC 74 9910 01		
1640	Par value in <input type="text"/>		
1650	Canadian dollar equivalent included in SLC 74 9910 01		
1660	Par value in <input type="text"/>		

5. Interest earned on sinking funds and on debt retirement funds during the year

1810	Own funds	
------	---------------------	--

6. Details of sinking fund balance

2010	Value of own sinking fund debentures issued and outstanding at year end	
	Balance of own sinking funds at year end	
2110	Total contributions to own sinking funds	
2120	Total income earned from investments of sinking funds' monies	
2199		Subtotal
		0
2210	Estimated total future contributions from this municipality required to meet obligations in line 2010 above	
2220	Estimated total future income earned from investments in lines 2199 and 2210 above	

7. Long term commitments at year end

2410	Hospital support	
2420	University support	
2430	Leases and other agreements	
2440	Capital equipment, land acquisition	
2496	Other <input type="text"/>	
2497	Other <input type="text"/>	
2498	Other <input type="text"/>	
2499		TOTAL
		0

FIR2015: London C

Schedule 74

Asmt Code: 3936

LONG TERM LIABILITIES AND COMMITMENTS

MAH Code: 59101

for the year ended December 31, 2015

8. Contingent liabilities

2610	Pending or threatened litigation	
2620	Retroactive wage settlements	
2630	Guarantees of long term indebtedness in the name of the municipality but assumed by others	
2640	Outstanding loans guaranteed	
2698	Other []	
2699	TOTAL	

Contingent Liabilities 4 Y or N	Is Value in Column 2 Estimated? 1 Y or N	Value 2 \$	Number of Years Payable Over 3 Years

10. Debt Charges for the current year

Recovered from the Consolidated Statement of Operations

3012	General Tax Rates	
3014	Other	
3015	Tile Drainage/Shoreline Assistance	
3020	Recovered from reserve funds	
	Recovered from unconsolidated entities:	
3030	Electricity	
3040	Gas	
3050	Telephone	
3097	Other []	
3098	Other []	
3099	TOTAL	

Principal 1 \$	Interest 2 \$	Total 3 \$
44,069,051	9,053,150	
7,781,566	1,931,379	
51,850,617	10,984,529	

Line 3099 includes:

3110	Lump sum (balloon) repayments of long term debt	
3120	Provincial Grant funding for repayment of long term debt	

Analysis of Lease Purchase Agreements (Tangible Capital Leases)

3140	Debt charges for Lease purchase agreements (Tangible capital leases)	
------	--	--

	1,454,808	85,675	1,540,483
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11. Long term debt refinanced

3410	Repayment of Provincial Special Assistance	
3420	Other long term debt refinanced	

Principal 1 \$	Interest 2 \$

FIR2015: London C

Schedule 74

Asmt Code: 3936

LONG TERM LIABILITIES AND COMMITMENTS

MAH Code: 59101

for the year ended December 31, 2015

12. Future principal and interest payments on EXISTING debt

	RECOVERABLE FROM:							
	Consolidated Statement of Operations		Reserve Funds		Unconsolidated Entities		All Others	
	Principal 1	Interest 2	Principal 3	Interest 4	Principal 5	Interest 6	Principal 7	Interest 8
	\$	\$	\$	\$	\$	\$	\$	\$
3210 Year 2016	47,330,699	8,360,091	3,970,990	802,214			4,662,595	950,221
3220 Year 2017	44,964,467	7,165,343	4,068,384	709,509			4,724,190	833,821
3230 Year 2018	39,356,166	5,960,731	4,174,456	602,546			4,058,013	708,903
3240 Year 2019	37,038,687	4,862,043	4,294,147	481,518			4,130,057	609,714
3250 Year 2020	35,223,479	3,801,937	4,424,921	346,618			4,206,920	501,990
3260 Years 2021 to 2025	84,826,468	6,467,585	5,749,187	386,903			12,609,891	953,395
3270 Years 2026 onwards	6,972,894	313,356					787,456	87,418
3280 Int. to be earned on sink funds								
3299 TOTAL	295,712,860	36,931,086	26,682,085	3,329,308	0	0	35,179,122	4,645,462

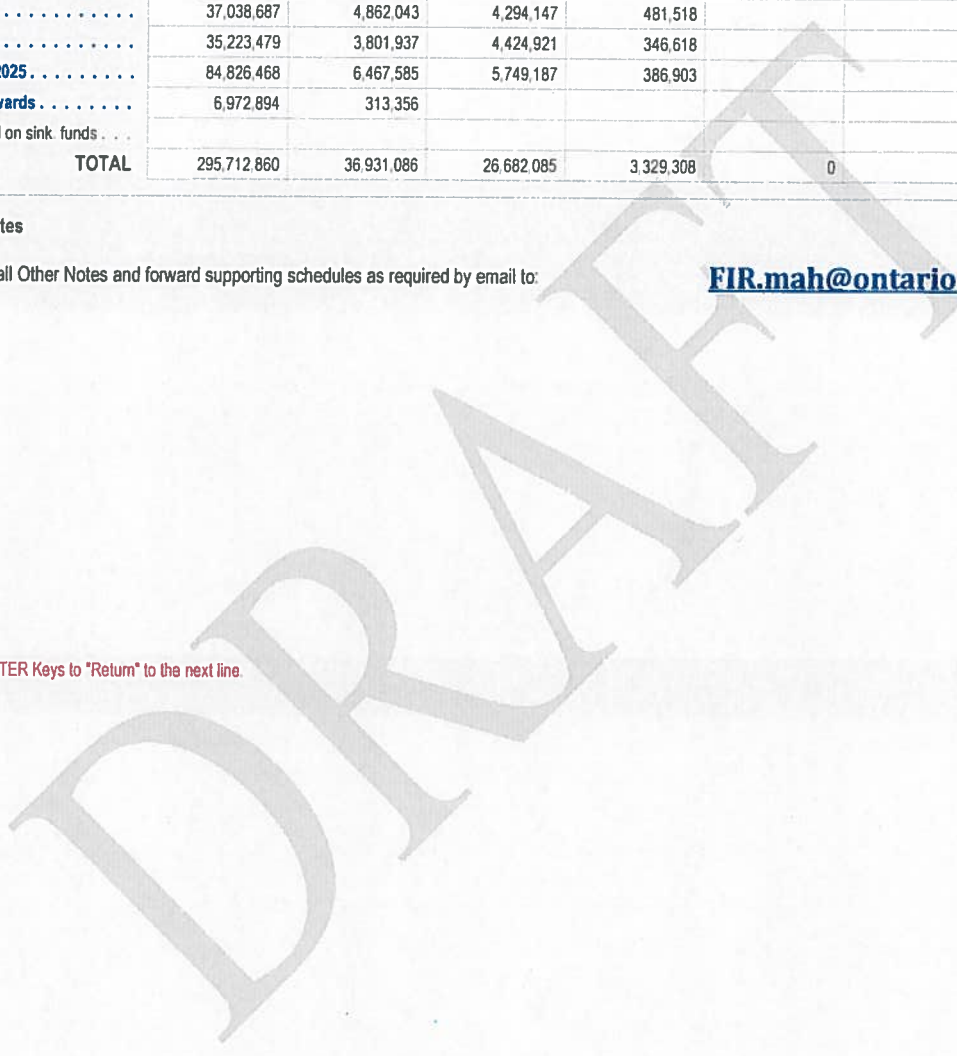
13. Other notes

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.



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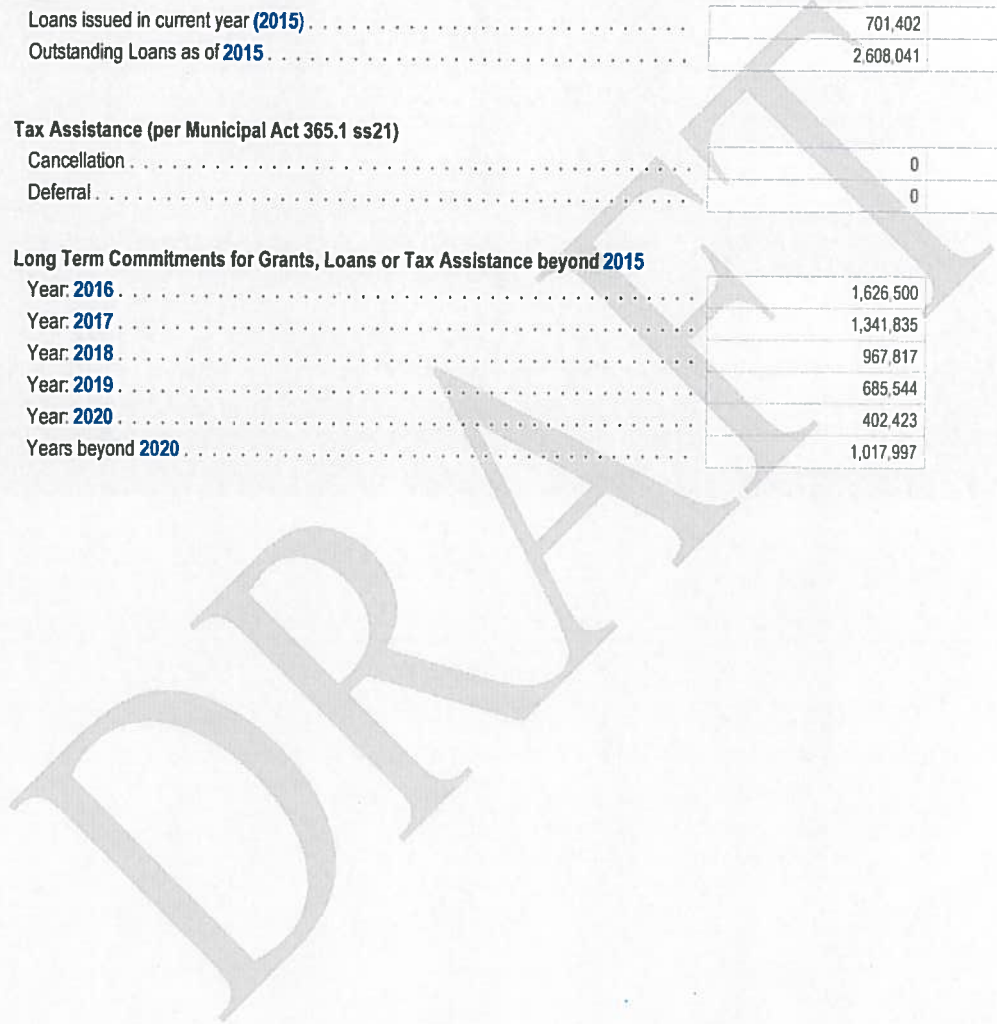
COMMUNITY IMPROVEMENT PLANS

MAH Code: 59101

for the year ended December 31, 2015

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	361,790	1
2020	Development/Redevelopment of Land/Buildings	3,000	1
Loans			
2210	Loans issued in current year (2015)	701,402	20
2220	Outstanding Loans as of 2015	2,608,041	138
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 2015			
2610	Year: 2016	1,626,500	
2620	Year: 2017	1,341,835	
2630	Year: 2018	967,817	
2640	Year: 2019	685,544	
2650	Year: 2020	402,423	
2660	Years beyond 2020	1,017,997	



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MAH Code: 59101

**Schedule 80
STATISTICAL INFORMATION**

for the year ended December 31, 2015

1. Municipal workforce profile		Full-Time Funded Personne 1 #	Part-Time Funded Personne 2 #	Seasonal Employees 3 #
Employees of the Municipality				
0205	Administration	186 00		9 00
0210	Fire	383 00	0 00	0 00
0211	Uniform	331 00		
0212	Civilian	52 00		
0215	Police	810 00	0 00	15 00
0216	Uniform	618 00		
0217	Civilian	192 00		15 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	775 00	2 00	150 00
0227	Ambulance	0 00	0 00	0 00
0228	Uniform			
0229	Civilian			
0230	Health Services			
0235	Homes for the Aged	153 00	196 00	2 00
0240	Other Social Services	336 00	6 00	12 00
0245	Parks and Recreation	106 00		1,530 00
0250	Libraries			
0255	Planning	45 00		1 00
0290	Other	220 00	1 00	12 00
0298	Subtotal	3 014 00	205 00	1 731 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	526 00		
0325	Public Works			
0327	Ambulance	0 00	0 00	0 00
0328	Uniform			
0329	Civilian			
0330	Health Services	252 00		
0335	Homes for the Aged			
0340	Other Social Services			
0345	Parks and Recreation			
0350	Libraries	176 00		
0355	Planning			
0390	Other	410 00	4 00	
0398	Subtotal	1 364 00	4 00	0 00
0399	TOTAL	4 378 00	209 00	1 731 00

FIR2015: London C

Asmt Code: 3936

MAH Code: 59101

**Schedule 80
STATISTICAL INFORMATION**

for the year ended December 31, 2015

2. Selected investments of own sinking funds as at Dec. 31

0610 Own sinking funds

Own Municipality 1 \$	Other Munic. School Reurde 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 \$	
	933		203 977 332
	194		192 987 803

4. Building permit Information

1210 Residential properties

1220 Multi-Residential properties

1230 All other property classes

1299

Number of Building Permits 1 #		Total Value of Building Permits 2 \$	
	2 489		296 505 849
	145		138 723 430
	1 413		276 402 635
Subtotal		4 047	711 631 914

5. Insured value of physical assets

1410 Buildings

1420 Machinery and equipment

1430 Vehicles

1497 Other

1498 Other

1499

1	\$
1 047 365 388	
27 442 264	
48 333 975	
920 806 135	
Subtotal	2 043 947 752

6. Total Dollar Losses due to Structural Fires

1510 Losses due to structural fires, averaged over 3 yrs (2013 - 2015)

1	\$
8 751 714	

DRAFT

FIR2015: London C

Asmt Code: 3936

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**Schedule 80
STATISTICAL INFORMATION**

for the year ended December 31, 2015

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	Land Ambulance	Ambulance Services	1030	12,392,468	
1602	Recycling	Waste Diversion	0860	10,468,610	
1603	Animal Control Services	Protective inspection and control	0440	272,426	
1604	Ontario Works Employment Services	General Assistance	1210	7,597,849	
1605					
1606					
1607					
1608					
1609					
1610					

DRAFT

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Schedule 80

STATISTICAL INFORMATION

for the year ended December 31, 2015

8. Consolidated Local boards including Joint local boards and all local entities set up by the municipality

(i) PROPORTIONALLY CONSOLIDATED joint local boards

	1 Name of Board or Entity	3 Board Description LIST	2 Board Code	4 Proportion of Total Munic. Contributions Consolidated %	5 Municipality's Share of Total Contributions \$	6 Municipality's Share of Total Fee Revenues \$
0801	Lake Huron Water Supply System	Water Board	0802	84%		
0802	Elgin Water Supply System	Water Board	0802	55%		
0803						
0804						
0805						
0806						
0807						
0808						
0809						
0810						
0811						
0812						
0813						
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0841						
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0849						

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Asmt Code: 3936

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Schedule 80

STATISTICAL INFORMATION

for the year ended December 31, 2015

(II) FULLY CONSOLIDATED local boards and any local entities set up by the municipality

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
0851	London Police Services Board	Police Board	0402	100%	
0852	London Transit Commission	Transit Commission	0602	100%	
0853	London Public Library Board	Library Board	1604	100%	
0854	London & Middlesex Housing Corporation	Housing Authority	1401	100%	
0855	Old East Village Business Improvement Area	Business Improvement Area	1805	100%	
0856	London Downtown Business Association	Business Improvement Area	1805	100%	
0857	Argyle Business Improvement Area Board of Management	Business Improvement Area	1805	100%	
0858	London Convention Centre Corporation	Other	9001	100%	
0859	Covent Garden Market Corporation	Other	9001	100%	
0860	Public Utility Commission of the City of London	Other	9001	100%	
0861	Museum London	Museum	1605	100%	
0862	Eldon House	Museum	1605	100%	
0863	Middlesex-London Health Unit	Health Board (Unit) Medical Centre	1001	100%	
0864				100%	
0865				100%	
0866				100%	
0867				100%	
0868				100%	
0869				100%	
0870				100%	
0871				100%	
0872				100%	
0873				100%	
0874				100%	
0875				100%	
0876				100%	
0877				100%	
0878				100%	
0879				100%	
0880				100%	
0881				100%	
0882				100%	
0883				100%	
0884				100%	
0885				100%	
0886				100%	
0887				100%	
0888				100%	
0889				100%	
0890				100%	
0891				100%	
0892				100%	
0893				100%	
0894				100%	
0895				100%	
0896				100%	
0897				100%	
0898				100%	
0899				100%	

9. Building Permit Information (Performance Measures)

1300 What method does your municipality use to determine total construction value?
1302 If "Other Method" is selected in line 1300, please describe the method used to determine total construction value

1304 Total Value of Construction Activity
Total Value of Construction Activity for 2015 based on permits issued.

1306 Review of Complete Building Permit Applications: Median number of working days to review a complete building permit application and issue a permit or not issue a permit, and provide all reasons for refusal (by Category)

1308 Category 1: Houses (houses not exceeding 3 storeys/600 square metres)
Reference: provincial standard is 10 working days

1310 Category 2: Small Buildings (small commercial/industrial not exceeding 3 storeys/600 square metres)
Reference: provincial standard is 15 working days

1312 Category 3: Large Buildings (large residential/commercial/industrial/institutional)
Reference: provincial standard is 20 working days

1314 Category 4: Complex Buildings (post disaster buildings, including hospitals, power/water, fire/police/EMS, communications)
Note: If no complete applications were submitted and accepted for a category on lines 1308 to 1312, please leave the cell blank and do not enter zero.

Number Of Building Permit Applications

1314 Category 1: Houses (houses not exceeding 3 storeys/600 square metres)

1316 Category 2: Small Buildings (small commercial/industrial not exceeding 3 storeys/600 square metres)

1318 Category 3: Large Buildings (large residential/ commercial/ industrial/ institutional)

1320 Category 4: Complex Buildings (post disaster buildings, including hospitals, power/water, fire/police/EMS), communications

Subtotal

1322 Note: Zero should be entered on lines 1314 to 1320 in column 1 if no complete applications were submitted and accepted for a category. Zero should be entered in column 2 if no incomplete applications were submitted and accepted for a category.

10. Planning and Development

Land Use Planning (using building permit information)

1350 Number of residential units in new detached houses

1352 Number of residential units in new semi-detached houses

1354 Number of residential units in new row houses

1356 Number of residential units in new apartments/condo apartments

Subtotal

Land Designated for Agricultural Purposes

1370 Hectares of land designated for agricultural purposes in the Official Plan as of December 31, 2015

Column	Column	Column	Description
1	2	3	4
#	#	#	LIST
			TACBOC Construction Value Standard

1	
\$	711,632,914

Median Number of Working Days	
1	
#	10

15

23

32

Number of Complete Applications	Number of Incomplete Applications	Total Number of Complete and Incomplete Applications
1	2	3
#	#	#
2,500	71	2,571
125	11	136
617	41	658
10	0	10
3,252	123	3,375

Residential Units within Subdivision Areas		Total Residential Units	
1	2		
#	#		
619	828		
2	2		
374	374		
268	268		
1,261	1,270		

Hectares	
1	
#	13,995

11. Transportation Services

1710 Roads : Total Paved Lane Km
1720 Condition of Roads : Number of paved lane kilometres where the condition is rated as good to very good

1	#	3,829
2	#	2,071

Column	Column	Column	Description
1	2	3	4
#	#	#	LIST
			Y

1722 Has the entire municipal road system been rated?
1725 Indicate the rating system used and the year the rating was conducted

1730 Roads : Total UnPaved Lane Km

1740 Water Control : Total Lane Km maintained in winter

1750 Transit : Total Number of Regular Service Passenger Trips on Conventional Transit in Service Area.
1755 Transit : Population of Service Area.

1760 Bridges and Culverts : Total Square Metres of Surface Area on Bridges and Culverts

25	3,654
22,389,065	381,300
66,822	

Number of structures where the condition of primary components is rated as good to very good, requiring only repair	Total Number
1	2
#	#
89	129
50	57
138	186

Rating Of Bridges And Culverts

1765 Bridges
1766 Culverts
1767

Subtotal

Column	Column	Column	Column	Description
1	2	3	4	
#	#	#	#	LIST
				Y

1768 Have all bridges and culverts in the municipal system been rated?
1769 Indicate the rating system used and the year the rating was conducted

12. Environmental Services

1810 Wastewater Main Backups : Total number of backed up wastewater mains
1815 Wastewater Collection/Conveyance : Total KM of Wastewater Mains
1820 Wastewater Treatment and Disposal : Total Megalitres of Wastewater Treated.
1825 Wastewater Bypasses Treatment : Estimated megalitres of untreated wastewater
1835 Urban Storm Water Management : Total KM of Urban Drainage System plus (0.005 KM times No. of Catch basins)
1840 Rural Storm Water Management : Total KM of Rural Drainage System plus (0.005 KM times No. of Catch basins)

1845 Water Treatment : Total Megalitres of Drinking Water Treated
1850 Water Main Breaks : Number of water main breaks in a year
1855 Water Distribution/Transmission : Total kilometres of Water Distribution / Transmission Pipe

1860 Solid Waste Collection : Total tonnes collected from all property classes.
1865 Solid Waste Disposal : Total tonnes disposed off from all property classes.
1870 Waste Diversion : Total tonnes diverted from all property classes.

13. Recreation Services

1910 Trails : Total kilometres of trails (owned by municipality and third parties)
1920 Indoor recreation facility space : Square metres of indoor recreation facilities (municipality owned)
1930 Outdoor recreation facility space : Square metres of outdoor recreation facility spaces (municipality owned)

14. Other Revenue (Used for the calculation of Operating Cost)

2310 Fire Services: Other revenue
2320 Paved Roads : Other revenue
2330 Solid Waste Disposal : Other revenue
2340 Waste Diversion : Other Revenue
2370 Assessment on Empty Properties (Enter data from returned roll)

1	\$	2,908,966,350
153,285		
192,147		
5,129,819		

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Schedule 81

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ANNUAL DEBT REPAYMENT LIMIT

MAH Code: 59101

based on the information reported for the year ended December 31, 2015

NOTE: THE ESTIMATED ANNUAL REPAYMENT LIMIT IS EFFECTIVE JANUARY 01, 2017

Please note that fees and revenues for Homes for the Aged are not reflected in this estimate.

DETERMINATION OF ANNUAL DEBT REPAYMENT LIMIT

		1
		\$
Debt Charges for the Current Year		
0210	Principal (SLC 74 3099 01)	51,850,617
0220	Interest (SLC 74 3099 02)	10,984,529
0299	Subtotal	62,835,146
0610	Payments for Long Term Commitments and Liabilities financed from the consolidated statement of operations (SLC 42 6010 01)	0
9910	Total Debt Charges	62,835,146

		1
		\$
Excluded Debt Charges		
1010	Electricity - Principal (SLC 74 3030 01)	0
1020	Electricity - Interest (SLC 74 3030 02)	0
1030	Gas - Principal (SLC 74 3040 01)	0
1040	Gas - Interest (SLC 74 3040 02)	0
1050	Telephone - Principal (SLC 74 3050 01)	0
1060	Telephone - Interest (SLC 74 3050 02)	0
1099	Subtotal	0
1410	Debt Charges for Tile Drainage/Shoreline Assistance (SLC 74 3015 01 + SLC 74 3015 02)	0
1411	Provincial Grant funding for repayment of long term debt (SLC 74 3120 01 + SLC 74 3120 02)	0
1412	Lump sum (balloon) repayments of long term debt (SLC 74 3110 01 + SLC 74 3110 02)	0
1420	Total Debt Charges to be Excluded	0
9920	Net Debt Charges	62,835,146

		1
		\$
1610	Total Revenues (* Sale of Hydro Utilities Removed) (SLC 10 9910 01)	1,187,716,827
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)	223,092,982
2220	Canada Grants, including Grants for Tangible Capital Assets (SLC 10 0820 01 + SLC 10 0825 01)	18,212,600
2225	Deferred revenue earned (Provincial Gas Tax) (SLC 10 0830 01)	8,426,404
2226	Deferred revenue earned (Canada Gas Tax) (SLC 10 0831 01)	10,725,621
2230	Revenue from other municipalities, including Revenue for Tangible Capital Assets (SLC 10 1099 01 + SLC 10 1098 01)	7,463,416
2240	Gain/Loss on sale of land & capital assets (SLC 10 1811 01)	59,223
2250	Deferred revenue earned (Development Charges) (SLC 10 1812 01)	33,490,425
2251	Deferred revenue earned (Recreation Land (The Planning Act)) (SLC 10 1813 01)	110,794
2253	Other Deferred revenue earned (SLC 10 1814 01)	0
2252	Donated Tangible Capital Assets (SLC 53 0610 01)	41,125,554
2254	Increase / Decrease in Government Business Enterprise equity (SLC 10 1905 01)	7,654,121
2299	Subtotal	350,361,140
2410	Fees and Revenue for Joint Local Boards for Homes for the Aged	0
2610	Net Revenues	837,355,687
2620	25% of Net Revenues	209,338,922
9930	ESTIMATED ANNUAL REPAYMENT LIMIT	146,503,776

For Illustration Purposes Only

Annual Interest Rate	@	Term	years =
7.00%		5	600,694,406