

THE CORPORATION OF THE CITY OF LONDON

Consolidated Report

Year ended December 31, 2017

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THE CORPORATION OF THE CITY OF LONDON

December 31, 2017

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DRAFT

2017 City of London at a Glance

City of London.....



At a Glance

387,275
Population

423.43 km²
Land Area

3,661
Lane KM of
Paved Road

Aaa

2017 Credit Rating Provided by
Moody's Investors

5.9%

2017 Unemployment Rate*
(Canada Rate is 6.3%)

62.0%

2017 Labour Participation Rate*
(Canada' Rate is 65.8%)

london.ca

*Statistics Canada



THE CORPORATION OF THE CITY OF LONDON

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Message from the City Treasurer



His Worship Mayor Matt Brown
Members of London City Council
Inhabitants and Ratepayers of the City of London

I am pleased to present the Annual Financial Report of The Corporation of the City of London for the year ended December 31, 2017.

The financial statements have been prepared in accordance with generally accepted accounting principles for public sector entities as defined in the Chartered Professional Accountants (CPA) Public Sector Handbook - Accounting. The provincial financial information return has been calculated using accounting policies and practices prescribed for Ontario Municipalities by the Ministry of Municipal Affairs. The Consolidated Financial Statements and the Financial Statements of Local Boards and Commissions have been audited by the firm of KPMG LLP.

In addition, this Annual Financial Report highlights the financial reporting process, the budget process, key financial policies and other supplemental information related to the financial statements.

My appreciation is extended to the staff of Finance, Service Areas, and Boards and Commissions for their assistance and cooperation in the preparation of this report. As well, I thank the partners and staff of KPMG for their advice and professional approach demonstrated during the audit.

Sincerely,

Anna Lisa Barbon, CPA, CGA
Managing Director, Corporate Services and City Treasurer,
Chief Financial Officer

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Financial Reporting

External Audit

The City is required under the Municipal Act, 2001 to engage independent auditors to express an opinion as to whether the financial statements of the City are free from material misstatements. The auditors have full access to all the records and materials within the City. Staff periodically meet with the auditors to discuss any matters that occur during the audit process. At the end of the year-end audit, the City will receive a Management Letter which outlines any audit findings and the adequacy of internal controls over financial reporting.

Although the financial statements are audited by an independent third party, the City's management is responsible for the preparation of the financial statements and the integrity and objectivity of the financial information contained within them.

Consolidated Financial Statements Overview

The Consolidated Financial Statements include the following individual statements:

Name	Purpose
Consolidated Statement of Financial Position	Provides a summary of the City's assets (financial and non-financial), and financial liabilities as at December 31, 2017
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.

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Consolidated Financial Report
Year ended December 31, 2017

The Consolidated Financial Statements combine the financial results of the City's service areas with the financial results of the boards and commissions, and government business enterprises that the City effectively controls. There are 19 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 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 2017 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.

City of London Budget

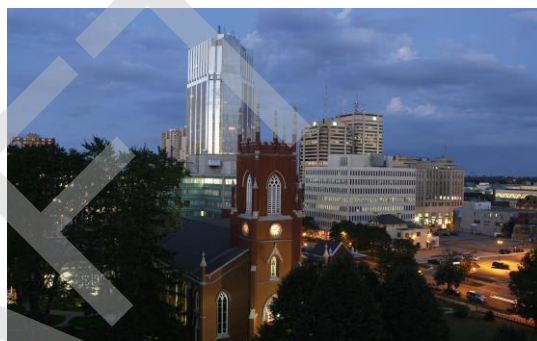
Budgetary Process

In March 2016, Municipal Council approved the City of London's first ever multi-year budget (operating and capital) that covers a four year period (2016-2019) and is linked to Municipal Council's Strategic Plan. Council also approves a ten year capital plan. Linking the strategy to the budget provides accountability between what is achieved and the cost to the tax and rate payer. Rather than approving a budget annually, Municipal Council will approve budgets in four year cycles, with the last year being subject to reconfirmation by the new term of Municipal Council.

An important element of the multi-year budget is the annual update process. Municipal Council is required by the Municipal Act, 2001 to review and readopt the budget for that year. Annual updates will provide Municipal Council the opportunity to adjust the budget to provide flexibility for special events or circumstances that require funding and resource adjustments. The annual update for 2018 was approved in December 2017.

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

The budget process incorporates input from elected officials, senior management and staff, as well as the public. The process begins with overall budget targets, taking into consideration the economic climate within the area. Staff will then make recommendations to revise expenditure levels or revenues to meet the targets. Prior to final deliberations on the budget, public input is compiled and utilized in the decision making process. Provincial legislation requires revenues to be raised to meet all budgeted expenditures. Municipalities may not budget for surpluses or deficits and any that occur must be fully accounted for in the next year's budget.



Financial Management

Capital Financing Policies

The City uses a balanced approach to finance capital projects, consistent with the Council endorsed Corporate Strategic Financial Plan. Sources of capital financing include tax and rate supported (capital levy ("pay as you go"), reserve fund and debt) and non-tax/rate supported (development charges and senior government funding). Capital projects are classified as lifecycle, growth, or service improvements. Lifecycle is primarily funded by capital levy and reserve funds. Growth is primarily funded by development charges and debt, and service improvements by all three tax and rate supported sources. The City continues to increase capital levy financing on lifecycle projects to limit the debt burden on future generations. Debt is forecasted at 25.4% of the tax supported financing over the ten year capital plan from 2016 to 2025.

Investment Policy

The City of London invests public funds in a manner that maximizes investment return and minimizes investment risk while meeting the daily cash requirements of the City and conforming to legislation governing the investment of public funds.

The City's investment portfolio maintains a cash portion sufficient to meet the daily operating needs of the City and to provide temporary funding for capital projects that will be long-term financed upon completion of the project. The remaining portfolio is invested in longer term instruments that match terms to anticipated cash flow requirements.

The City's objectives to investing, in priority order, are to adhere to statutory requirements, preserve capital, maintain liquidity and obtain a competitive rate of return. One of the key strategies utilized to meet these objectives is diversification. Investments are diversified by limiting investments in securities to those with higher credit ratings, purchasing securities with varying maturities and investing in marketable securities that have an active secondary market. Another key strategy used by the City is the "buy and hold" strategy. By purchasing investments at varying maturity dates and holding the investments to term the interest rate risk is minimized and capital is preserved while maximizing yields. Along with the diversification and buy and hold strategies, the City also maintains portfolios managed by investment firms. The benefit of investment services provided by a sophisticated team of experts include; regular monitoring, more active trading, diversification of funds, accessibility to market research and anticipation of market conditions. Together these strategies ensure that the City is achieving its investment goal of maximizing investment income at minimal risk to capital.



Property Taxation Policy

Property tax policy in the City of London is guided by four principles as follows:

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

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

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

The first step of this process began in 2013 with a decrease in the multi-residential tax ratio only. In 2014, both the multi-residential and industrial tax ratios were reduced.

The multi-residential tax ratio was brought down to a level equal to the commercial tax ratio in that year. In 2015 the industrial tax ratio was adjusted to a level equal to the commercial and multi-residential property classes and the objective identified in 2011 therefore has been achieved. The purpose of these changes has been to promote economic development in the industrial and multi-residential property classes and enhance equity in these property classes relative to the commercial class.

In 2017, the City further adopted a policy of equalizing municipal tax increases in the multi-residential and the residential classes. This was accomplished by adjusting the tax ratio in the multi-residential class resulting in a slightly reduced multi-residential tax ratio. This policy was continued in 2018.

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Since 1998 the City has adopted all available options to reduce the amount of tax mitigation involving clawing back tax decreases and capping increases in the commercial, industrial and multi-residential property classes. For 2018 there will be no tax mitigation in the industrial and multi-residential property tax system and only a very few properties will have tax increases capped in the commercial property class. No properties will have tax decreases clawed back in any property class in 2018. The ending of the tax mitigation required by the Provincial Government will simplify the calculation of property taxes and will enhance equity and transparency in the property tax system in London.

Future Tax Policy

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

Credit Rating provided by Moody's Investors Services

Each year Moody's Investors Service (Moody's) reviews the credit worthiness of the City of London and then assigns the City a credit rating for the year. Moody's is a leading provider of credit ratings, research and risk analysis. The firm's ratings and analysis track debt covering more than 120 sovereign nations, 11,000 corporate issuers, 21,000 public finance issuers and 72,000 structured finance obligations.

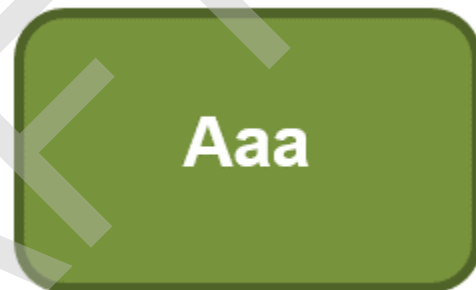
The rating process involves a review of the City's annual audited consolidated financial statements, the Financial Information Return (FIR) that is filed annually with the Ministry of Municipal Affairs, the 2016-2019 approved multi-year budget and the annual budget update and forecasts. Moody's also utilizes independent research from a variety of sources such as Statistics Canada, comparisons with other municipalities and local media. Along with reviewing and analyzing documents, Moody's arranges a site visit to the

City and interviews with senior management and the Mayor or Deputy Mayor.

According to Moody's credit opinion published September 7, 2017, the City has maintained its Aaa credit rating with a stable outlook.

The City has proudly held the Aaa rating since 1977, making 2017 the 41st consecutive year of the Aaa rating and reaffirming that the City's debt has the highest rating possible.

The City's achievement of being Aaa rated for 41 consecutive years is a testament to the success of the City's prudent, conservative approach to fiscal planning.



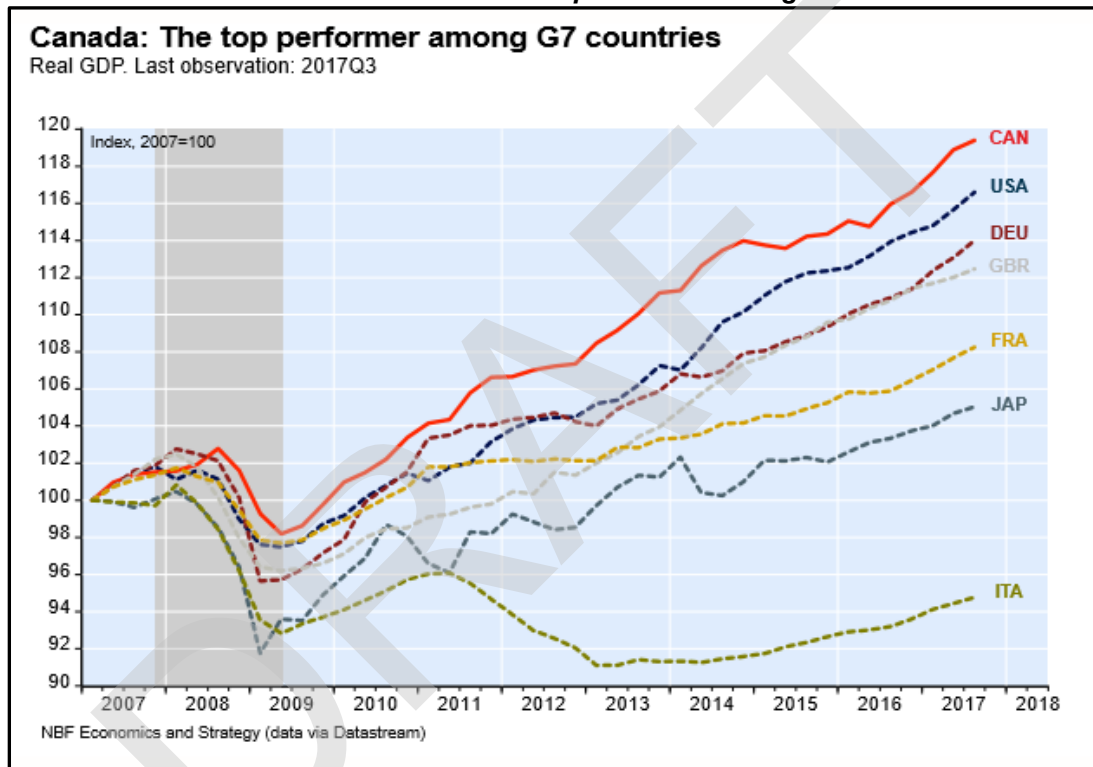
**2017 Credit Rating Provided by
Moody's Investors Service**



Economic Overview

The Canadian economy has been remarkably strong, growing at a pace well above that of all other Group of Seven (G7) countries since mid-2016¹ (See Chart 1). The economy expanded at a 12 year high of 3.1% in 2017, however, real GDP is expected to slow to 2.0% in 2018 and 1.7% in 2019². The strong economic performance resulted in the creation of over 335,000 jobs; such an increase was last seen in 2007 when energy investment was driving robust activity in Alberta’s oil patch³. The growth was supported by intense housing markets and strong consumer spending⁴. Ontario’s real GDP reached 3.2% in 2017, thanks to the province’s strong housing market, but is expected to moderate to 2.0% growth in 2018, and 1.8% in 2019. London’s economy is forecast to see real GDP growth to slow from 2.0% in 2017 to 1.8% in 2018 and 1.5% in 2019⁵.

Chart 1: Ten Year Overview of Top Performer among G7 Countries



Source: National Bank of Canada – Financial Markets, Dec 22, 2017⁶.

As per the Conference Board of Canada, it is predicted that Canada will see a slower job growth in 2018 and 2019. Job gains are expected to slow to 232,000 this year⁷. The softening in the resale and new housing markets is expected to ease consumer spending growth in 2018 and 2019, which will be in line with government cooling measures, slower job growth and rising interest rates.⁸ Ontario’s job growth will slow from 1.6% in 2017 to 0.9% in 2018 and 1.1% in 2019 (see Chart 2). Ontario will struggle with a weak

¹ <https://www.budget.gc.ca/2018/docs/plan/toc-tdm-en.html>

² The Conference Board of Canada: Metropolitan Outlook 2: London, Winter 2018

³ The Conference Board of Canada: Metropolitan Outlook 2: London, Winter 2018

⁴ The Conference Board of Canada: Metropolitan Outlook 2: London, Winter 2018

⁵ The Conference Board of Canada: Metropolitan Outlook 2: London, Winter 2018

⁶ <https://www.nbc.ca/content/dam/bnc/en/rates-and-analysis/economic-analysis/special-report-22dec2017.pdf>

⁷ <https://www.conferenceboard.ca/press/newsrelease/2018/03/20/canadian-economy-shifting-to-a-lower-gear-in-2018?AspxAutoDetectCookieSupport=1#>

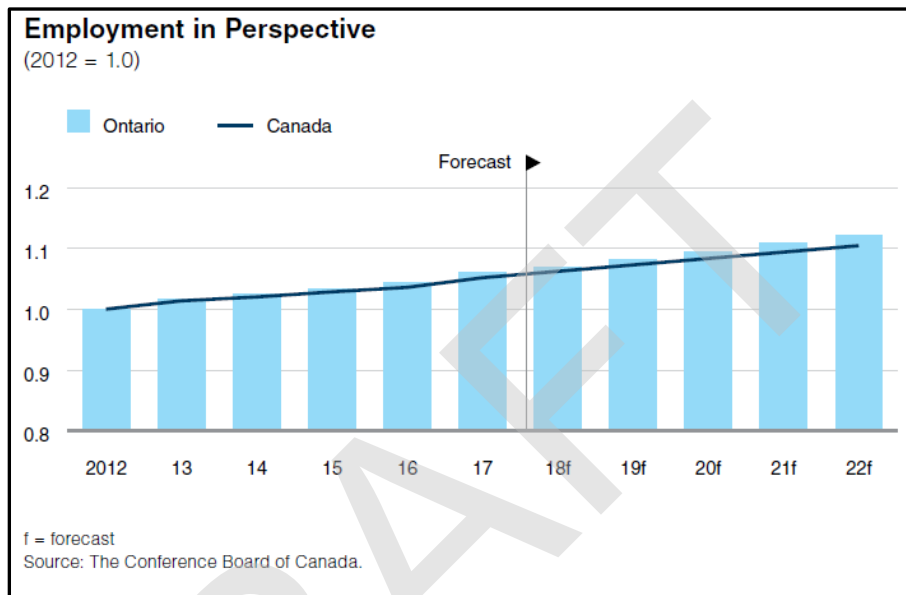
⁸ The Conference Board of Canada: Metropolitan Outlook 2: London, Winter 2018

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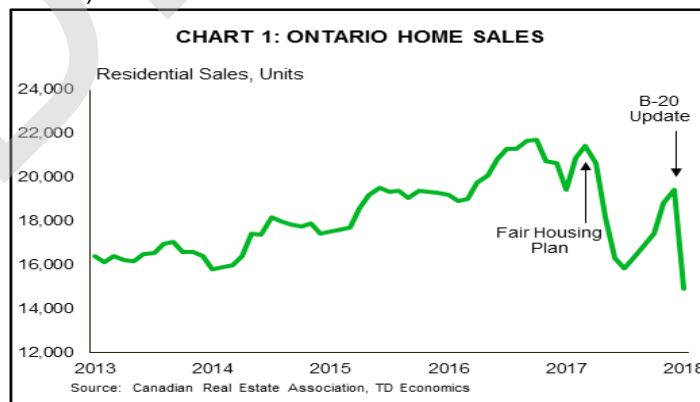
business climate, resulting from high electricity prices and government policies (i.e. the carbon tax and rising minimum wage), which raise business input costs⁹. Ontario’s move toward a \$15 minimum wage will lift the incomes of low-income workers but will incur some job losses¹⁰. London’s employment is forecast to grow 2.6% in 2018 and 2.9% in 2019. London’s economy generated about 9,000 jobs in 2015, however the economy lost an average of 2,800 jobs per year over 2016–17. Nonetheless, the job market is expected to bounce back over the near term, with the economy creating an average of 3,700 net new jobs annually over 2018–19¹¹.

Chart 2: Employment Perspective – Prior Year and Forecast



Source: The Conference Board of Canada: Metropolitan Outlook 2: London, Winter 2018

Following rapid growth in prices and sales in recent years, housing market conditions have become more balanced in Toronto and Vancouver, and their surrounding regions. Housing demand across the country should continue to be supported by solid job and income gains, but tempered by rising interest rates and recent changes to mortgage underwriting Guideline B-20 for federally regulated lenders¹² (See Chart 3: Six Year Overview Ontario Home Sales).



Source: economics.td.com/provincial-economic -forecast

Chart 3: Six year Overview Ontario Home Sales

⁹ The Conference Board of Canada: Metropolitan Outlook 2: London, Winter 2018

¹⁰ The Conference Board of Canada: Metropolitan Outlook 2: London, Winter 2018

¹¹ The Conference Board of Canada: Metropolitan Outlook 2: London, Winter 2018

¹² https://www.budget.gc.ca/2018/docs/plan/toc-tdm-en.html

//www.budget.gc.ca/2018/docs/plan/toc-tdm-en.html

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In 2017 private investment turned around and started posting gains, however the levels remain weak. 2018 will mark a shift in the drivers of economic activity, with the Canadian consumer sector likely to pull back after spending strongly last year. Business investment and government outlays conversely are forecast to make bigger contributions¹³. Canadian economic growth is expected to continue at a more sustainable pace, reflecting in part the combination of higher interest rates and the waning impacts of recent fiscal policy measures. While the level of economic activity is expected to remain strong, growth is anticipated to moderate with little remaining slack in the economy¹⁴.

Total real exports have risen modestly since mid-2014, as solid growth in exports of services and energy commodities has been offset by weakness in non-energy goods exports¹⁵. Export growth has been lower than might have been expected given the significant depreciation in the Canadian dollar since mid-2014, however, export growth is expected to grow in line with foreign demand. The positive global growth backdrop is expected to boost demand for Canadian exports¹⁶. Higher energy exports were the key driver of the modest increase in overall export growth in 2017¹⁷. The volume of non-commodity exports fell 1.9% in 2017 after hitting the highest level in close to a decade the previous year¹⁸. Canada's export sector will continue to be uneven in 2018, with growth being fuelled largely by the energy and services sectors. Overall, total export volumes are forecast to increase by 2.6% in 2018 and 2.8% in 2019¹⁹.

While the Canadian dollar appreciated throughout 2017, it is forecast to face much uncertainty this year. Although an increase in oil prices and short-term interest rates spreads have favored the Canadian currency in the short run, NAFTA-related uncertainty will continue to put pressure on the Canadian dollar as well as keep business investment lower than it otherwise would be²⁰. Real business investment spending is forecast to expand by just 1.0% in 2018, down from growth of 2.3% in 2017²¹.

¹³ http://www.rbc.com/economics/economic-reports/pdf/quarterly-economic-update/fcst_mar2018.pdf

¹⁴ <https://www.budget.gc.ca/2018/docs/plan/toc-tdm-en.html>

¹⁵ <https://www.budget.gc.ca/2018/docs/plan/toc-tdm-en.html>

¹⁶ <https://www.budget.gc.ca/2018/docs/plan/toc-tdm-en.html>

¹⁷ http://www.rbc.com/economics/economic-reports/pdf/quarterly-economic-update/fcst_mar2018.pdf

¹⁸ http://www.rbc.com/economics/economic-reports/pdf/quarterly-economic-update/fcst_mar2018.pdf

¹⁹ The Conference Board of Canada: Metropolitan Outlook 2: London, Winter 2018

²⁰ RBC Economic Outlook 2018

²¹ <https://www.conferenceboard.ca/press/newsrelease/2018/03/20/canadian-economy-shifting-to-a-lower-gear-in-2018?AspxAutoDetectCookieSupport=1#>

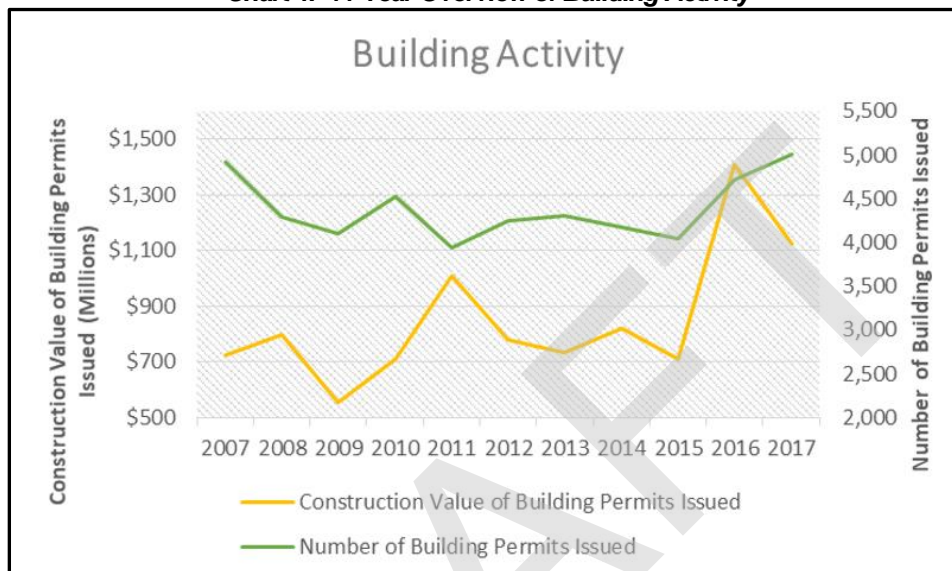
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The City of London Building Activity and Assessment Growth:

Since 2007, the City of London has processed building permits with an average total construction value of \$851.8 million, and a total value of \$ 1.12 billion in 2017²². This represents a 20.3% decrease over 2016 permit values, of which 2016 was a record year, and a 55.6 % increase compared to 2007.

Chart 4: 11 Year Overview of Building Activity



On a per capita basis, London generated total building construction values (\$3,674) higher than the average permit values at the provincial (\$3,017) and regional (i.e. Southwest Ontario) (\$3,268) levels in 2016, placing it at a mid-level ranking among other municipalities in Ontario. (BMA – Municipal Study 2017)²³.

The City's weighted assessment growth was 0.91% for the year 2017 and 1.27% for 2018. Assessment growth in London generated approximately \$ 4.9 million in tax revenue in 2017.

²² City of London. Summary Listings of Building Construction Activity

²³ BMA. (2017). Municipal Study

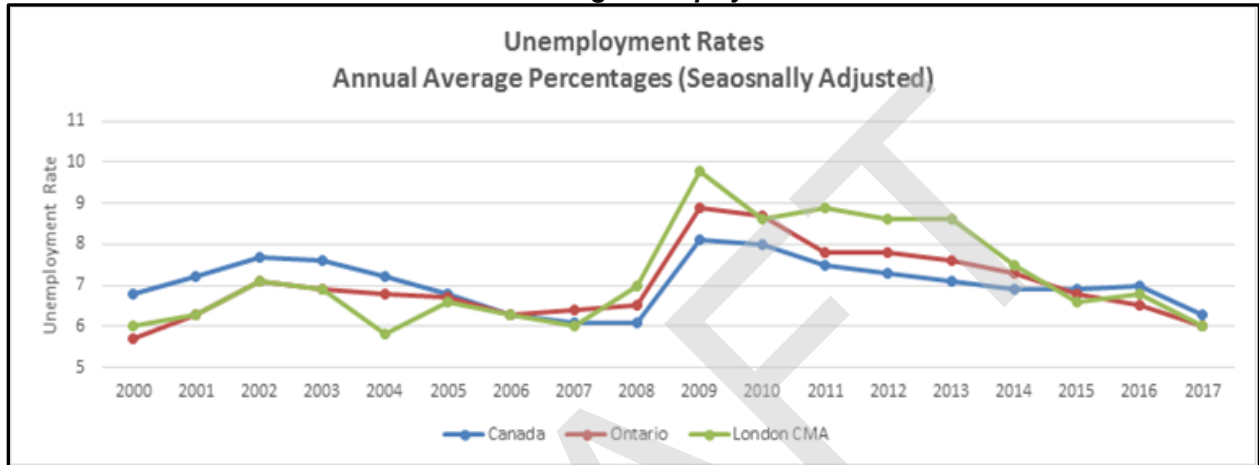
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Unemployment Rate:

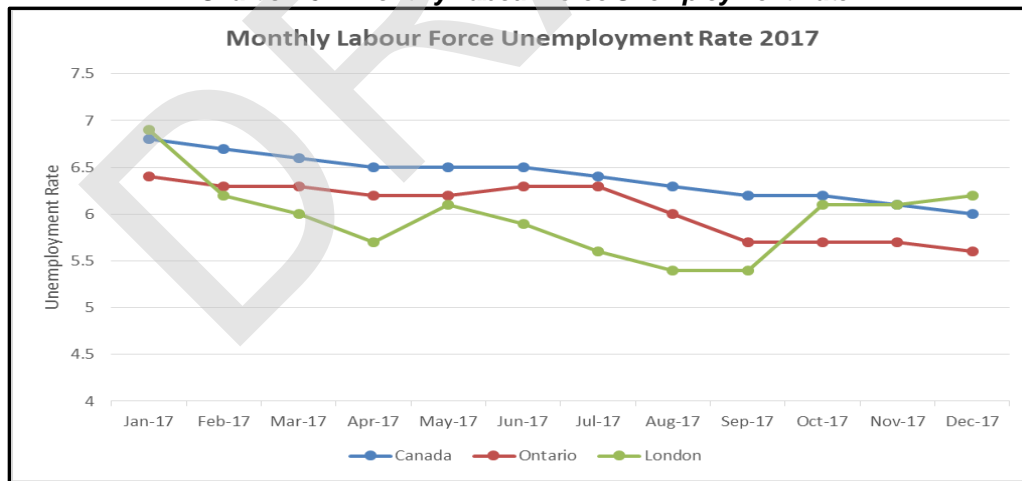
On a national level the unemployment rate was 6.3% in 2017 decreasing from 7% in 2016 mainly due to the gains attributable to full-time work²⁴. Canada's unemployment rate is predicted to remain around 6.3% in 2019²⁵. The provincial unemployment rate declined to 6% in 2017 decreasing from 6.5% in 2016²⁶. Ontario's unemployment rate is predicted to remain around 6% in 2019²⁷. The unemployment rate in the London (Census Metropolitan Area) is predicted to remain stable, edging up slightly from 6% in 2017 to 6.1 per cent in 2019²⁸.

Chart 5: Annual Average Unemployment Rate



In 2017, the monthly labour force unemployment rate (seasonally adjusted) for the London CMA was between a low of 5.4% and a high of 6.9% which was more volatile than that of Canada (6% to 6.8%) and Ontario 5.6% to 6.4% on a month over month basis²⁹.

Chart 6: 2017 Monthly Labour Force Unemployment Rate



²⁴ <http://www.stats.gov.nl.ca/statistics/labour/pdf/unemprate.pdf>

²⁵ The Conference Board of Canada: Metropolitan Outlook 2: London, Winter 2018

²⁶ <http://www.stats.gov.nl.ca/statistics/labour/pdf/unemprate.pdf>

²⁷ <https://economics.td.com/provincial-economic-forecast>

²⁸ The Conference Board of Canada: Metropolitan Outlook 2: London, Winter 2018

²⁹ Unemployment Sources: Statistics Canada. Table 282-0135 - Labour Force Survey estimates (LFS), by census metropolitan area based on 2011 Census boundaries, three-month moving average, seasonally adjusted and unadjusted, monthly (persons unless otherwise noted)

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The following table provides a comparison of London's performance on various indicators relative to other mid-sized cities in Ontario.

Table 1: Municipal Comparison

Comparators	London	Hamilton	Kingston	Kitchener	Waterloo	Barrie	Windsor	Ontario
Population in 2016 (CY)	383,822	536,917	123,798	233,222	104,986	141,434	217,188	13,448,494
Population growth (2011-2016) (CY)	4.8%	3.3%	0.4%	6.4%	6.3%	3.9%	3.0%	4.6%
Immigrant Population (%) (2016) (CY) (based on 25% sample data)	22.2%	24.7%	13.2%	26.3%	25.3%	13.4%	27.8%	29.1%
Diversity (Visible Minority Population%) (2016) (CY) (based on 25% sample data)	19.9%	19.0%	10.0%	21.8%	26.4%	10.3%	26.9%	29.3%
Population Under 25 years (%) 2016 (CY)	29.9%	29.0%	27.8%	30.2%	33.9%	31.9%	29.8%	29.1%
Population under 35 years (%) 2016 (CY)	44.2%	42.2%	41.9%	45.8%	47.0%	45.4%	42.5%	42.0%
Population 25 to 44 years (%) 2016 (CY)	26.5%	25.3%	25.5%	29.4%	25.1%	26.9%	24.8%	25.7%
Population 45 to 64 (%) 2016 (CY)	27.0%	28.4%	27.2%	26.6%	26.6%	27.3%	27.7%	28.5%
Population with University certificate, diploma or degree at bachelor level or above (%) (2016) (CY) (based on 25% sample data)	25.4%	20.4%	27.7%	22.2%	38.3%	17.2%	20.9%	26.0%
Overall Unemployment 2017 (*unadjusted) (CMA)	6.0%	5.0%	5.6%	5.2%		5.7%	5.8%	6.0%
Unemployment 15 and years over (2017) (CMA)	5.9%	5.0%	5.5%	5.1%		5.4%	5.6%	6.0%
Unemployment 15 to 24 years (2017) (CMA)	11.9%	11.6%	14.3% (2016)	10.4%		11.8%	11.4%	12.3%
Unemployment 25 to 44 years (2017) (CMA)	6.1%	3.9%	5.2%	4.5%		3.9%	5.7%	5.4%
Median total income of households in 2015 (*before -tax / private households) (\$) (CY)	\$ 62,011	\$ 69,024	\$ 67,485	\$ 70,774	\$ 83,045	\$ 77,904	\$ 55,450	\$ 74,287
Median employment income in 2015 for full-year full time workers (*persons aged 15 years and over) (25% sample data) (\$)	\$ 51,181	\$ 53,880	\$ 53,952	\$ 51,710	\$ 63,101	\$ 53,157	\$ 48,921	\$ 55,121
Median employment income of families (2015) (CMA)	\$ 69,800	\$ 77,840	\$ 70,810	\$80,070		\$ 77,830	\$ 66,080	\$ 72,050
Prevalence of low income based on the Low-income measure, after tax (2016) (CY)	18.8%	15.3%	14.8%	13.7%	13.7%	12.2%	23.3%	14.4%
Median Absorbed Single/semi-detached Price (\$) (2017) (CMA)	\$ 455,000	\$ 460,000	\$ 420,000	\$535,000		\$ 635,000	\$ 430,000	\$ 595,000
Development Charge Rates	London	Hamilton	Kingston	Kitchener	Waterloo	Barrie	Windsor	Ontario (Median)
Non Residential Commercial per sq. ft. (2017) (CY)	\$ 23.92	\$ 20.67	\$ 17.91	\$ 18.24	\$ 19.44	\$ 28.29	\$ 11.88	\$ 11.26
Non Residential Industrial per sq. ft. (2017) (CY)	\$-	\$ 12.89	\$ 7.92	\$ 10.00	\$ 13.78	\$ 18.85	\$-	\$ 7.85

Source: 1. Statistics Canada, Labour Force Survey, CANISM 282-0001, 0002, 0129 & 0135, 2015-2017; BMA Municipal Study, 2017; CMHC 2017.

*Note: Where Kitchener and Waterloo are merged it includes Cambridge.

The Province is phasing in the upload of Ontario Works Financial and Employment Assistance Costs between 2010 and 2018 with 100% provincial funding occurring by 2018.

2017 Financial Results

Financial Results Summary

The City of London's financial position remained stable during 2017, with the City's cash and investments increasing by \$65 million to a combined total of \$938 million, compared to \$873 million in 2016. Municipal Council's adherence to the strategic financial plan continues to produce positive results that are reflected in maintaining the financial health of the City.

Net Financial Assets

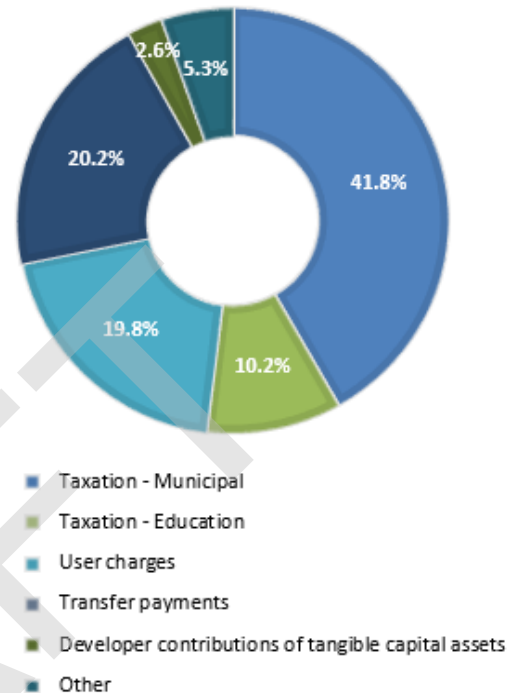
The City's financial position improved to a net financial asset position of \$273 million in 2017, representing an increase of \$38 million over 2016. The net financial assets are the difference between the financial assets and financial liabilities. This means that the City's financial assets are larger than its financial liabilities and indicates that the City is in a stronger position to provide for future expenses and liability repayments.

Total Revenues

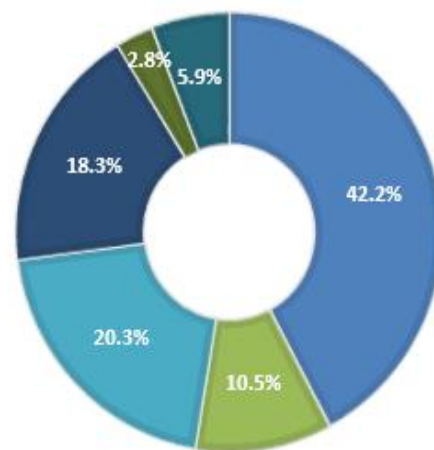
Total revenues are \$1,250 million in 2017, up \$63 million (5.3%) compared to 2016. This is mainly as a result of:

- Tax and user charges revenues were \$857 million, up \$28 million (3.4%) compared to 2016;
- Transfer payments were \$282 million, up \$39 million (16.0%) compared to 2016, predominantly in the areas of transportation, wastewater, and social housing. Also contributing to transfer payments were provincial uploading in social and family services.

2017 REVENUES



2016 REVENUES



Total Expenses

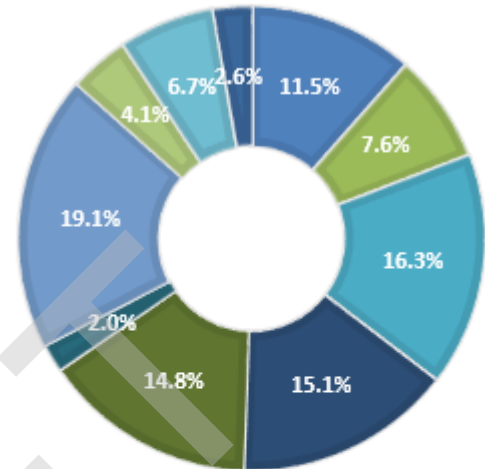
Total expenses are \$1,084 million in 2017, up \$64 million (6.3%) compared to 2016. This is mainly due in part to:

- An increase of \$17 million for environmental services, \$14 million for protective services, \$11 million for social and family services and \$8 million for transportation services.

Expenses are depicted in the pie charts to the right by areas, showing the comparability year-over-year.

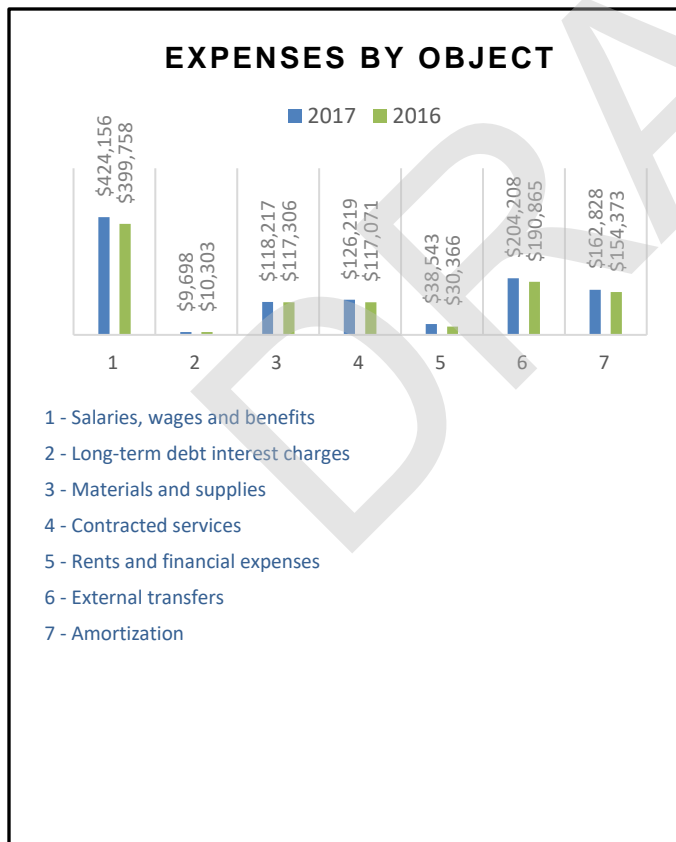
Expenses can also be illustrated by account object, grouping similar accounts together by expense category. The table below provides a view of the expenses from this perspective.

2017 EXPENSES



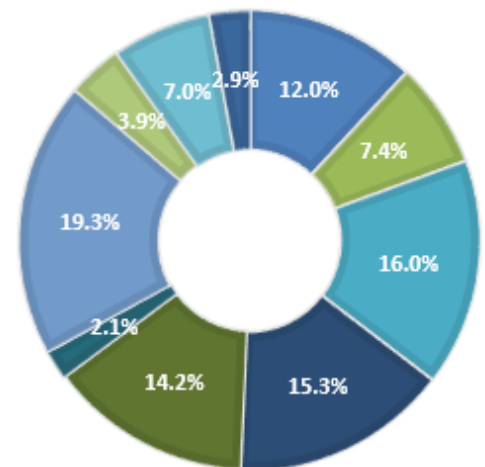
- Education transfer
- General government
- Protection to persons and property
- Transportation services
- Environmental services
- Health services
- Social and family services
- Social housing
- Recreation and cultural services
- Planning and development

Chart 7: Expenses by Object (in '000's)



- 1 - Salaries, wages and benefits
- 2 - Long-term debt interest charges
- 3 - Materials and supplies
- 4 - Contracted services
- 5 - Rents and financial expenses
- 6 - External transfers
- 7 - Amortization

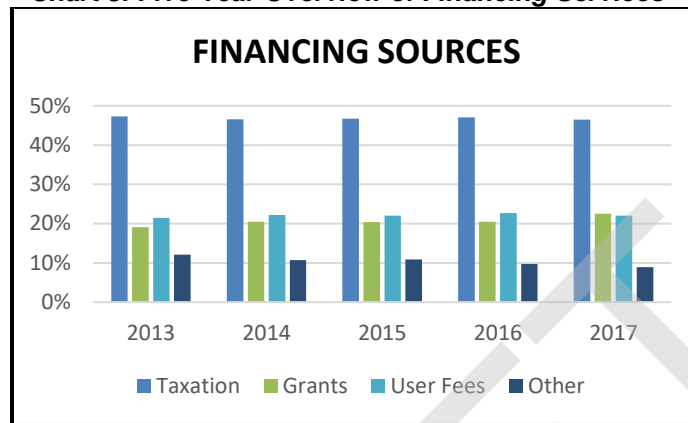
2016 EXPENSES



Financing Sources for Municipal Operations

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

Chart 8: Five Year Overview of Financing Services



Property Tax Rates and Assessment Growth

City Council approved a tax levy of \$557.0 million, representing an increase over 2017 of 3.8%. When assessment growth, tax policy and education taxes are taken into consideration, the property tax increase translated into a 1.1% increase in the total tax bill for the typical residential property owner. The table reflects the taxes on a residential property with an assessed value of \$229,000 in 2017 and an average value increase from 2016.

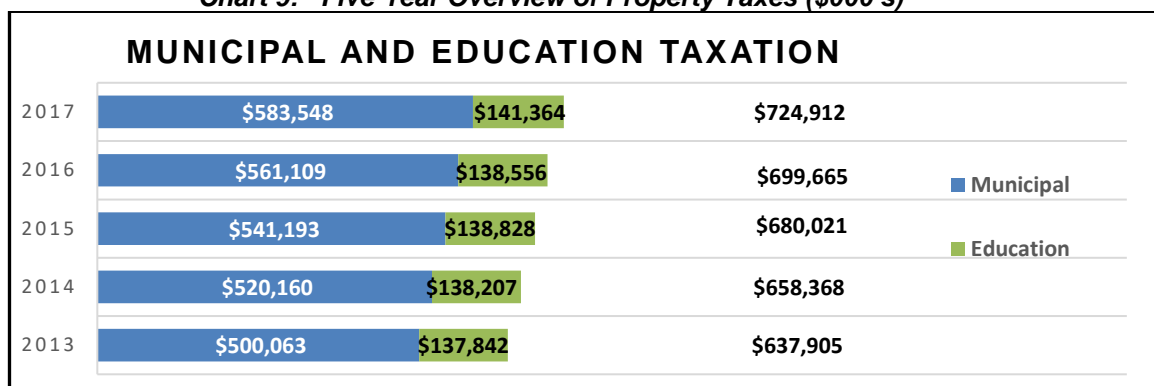
For 2017, assessment weighted with applicable tax ratios and using consistent valuation dates increased by .91%.

COMPARATIVE PROPERTY TAXES

	2017	2016
Municipal	\$ 2,705	\$ 2,655
Education	410	425
Total	\$ 3,115	\$ 3,080

This next chart reflects property taxes collected for the past five years showing the distribution between municipal and education. Education taxes are collected by the City and remitted to the various school boards on a quarterly basis.

Chart 9: Five Year Overview of Property Taxes (\$000's)



THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2017

Capital Additions and Disposals

During 2017, additions to our completed capital assets were \$454 million versus \$351 million in 2016. The City also disposed of capital assets of \$222 million compared to \$149 million in 2016. There was also an increase in assets still under construction of \$4 million in 2017. The following were the largest net additions in 2017, excluding assets still under construction:

NET CAPITAL ASSET INCREASES RANKED BY 2017 SPENDING (\$000'S)

1.	Sanitary and Storm Wastewater Infrastructure	\$ 42,145
2.	Facilities and Improvements	39,147
3.	Roads and Bridges Infrastructure	18,604
4.	Vehicles	11,089
5.	Land, Landfill and Land Improvements	10,547

In 2017 amortization expense recorded was \$163 million and accumulated amortization of \$63 million was removed upon disposal of the assets.

This resulted in a 2017 net book value of \$3,750 million for the City's tangible capital assets, compared to \$3,614 million for 2016.

Annual Surplus and Accumulated Surplus

The annual surplus for the consolidated entity for 2017 was \$166 million (2016 - \$167 million). This results in an increase to the City's Accumulated Surplus for 2017 to \$4,044 million (2016 - \$3,878 million).



THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2017

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

In 2017, the City issued debt of \$41 million, which is an increase from 2016 when \$30 million was issued. The \$41 million (2016 - \$27 million) issuance of debt was through public debentures and \$nil (2016 - \$3 million) to the Federation of Canadian Municipalities, as Trustee of the Green Municipal Fund (FCM).

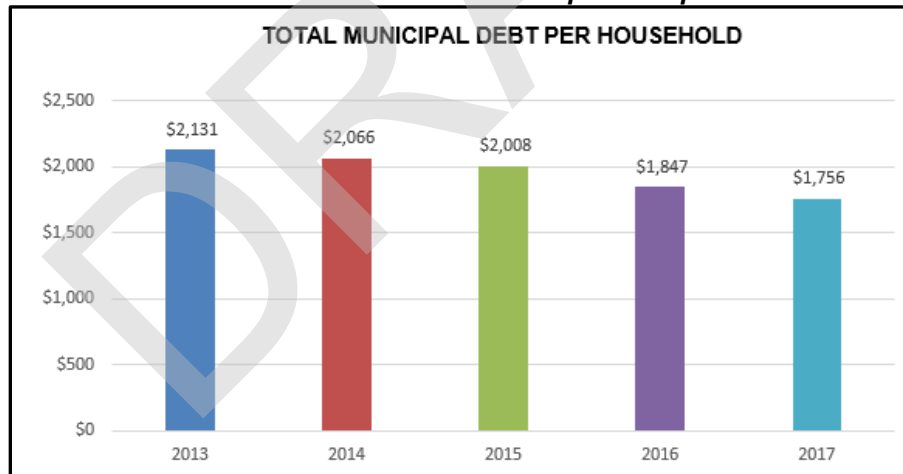
The amounts issued financed the following major activities:

Debenture Issuance (\$000's)	Public Debentures
General Municipal Activities (Roads, Transit, Recreation)	\$ 31,536
Wastewater Infrastructure	4,500
Water Infrastructure (on behalf of Elgin Area Primary Water Supply System and Lake Huron Primary Water Supply System)	4,964
	\$ 41,000


The City issued public debentures at an average cost of 2.48% over a 10-year term.

During the year, debt substitution totaled \$4.9 million (2016 - \$5.3 million) as a result of an allocation of a portion of the debt servicing cost budget and funding allocations from the operating property tax supported budget surplus and assessment growth funding in accordance with the Council approved Surplus/Deficit and Assessment Growth Policies.

Chart 10: Five Year Overview of Municipal Debt per Household



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



Total Actual Debt Per Household for 2017 is \$1,756 (5-year average \$1,962)

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2017

General Municipal Debt and Long-term Liabilities and Discretionary Reserves and Reserve Funds per Household

DECEMBER 31 (\$000's)	2013	2014	2015	2016	2017
Total Tax Supported Debt	243,560	239,697	225,909	205,690	192,732
Total Rate Supported Debt	119,857	116,174	122,250	118,198	117,883
Total Debt	363,417	355,871	348,159	323,888	310,615
Number of Households	170,543	172,281	173,415	175,342	176,859
Total Debt per Household (\$)	2,131	2,066	2,008	1,847	1,756
Discretionary Reserve Funds & Reserves	421,808	518,480	574,311	606,830	681,028
Discretionary Reserve Funds & Reserves Per Household (\$)	2,473	3,010	3,312	3,461	3,851

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, 2017. The current obligation will be met by 2032.

Debt and Long-term Liabilities Outstanding as at December 31 (\$000's)

	2017	2018	2019	2020	2021	2022
General Municipal	174,944	142,020	111,739	82,829	56,704	37,898
Discretionary Reserve Funds	18,764	14,561	10,239	5,786	3,752	1,656
Total Tax Supported Debt	193,708	156,581	121,978	88,615	60,456	39,554
Water	18,927	15,997	13,445	10,841	8,181	5,706
Sewer	55,550	47,245	38,841	30,469	22,413	17,502
Obligatory Reserve Funds	43,890	38,083	32,178	26,168	20,044	15,080
Total Rate Supported Debt	118,367	101,325	84,464	67,478	50,638	38,288
Total Long-term Debt and Liabilities	312,075	257,906	206,442	156,093	111,094	77,842
Less Unamortized Discount	(1,460)	(1,213)	(978)	(743)	(534)	(343)
Total Long-term Debt and Liabilities, net of Unamortized Discount	310,615	256,693	205,464	155,350	110,560	77,499
Percentage Remaining	100%	83%	60%	50%	30%	25%

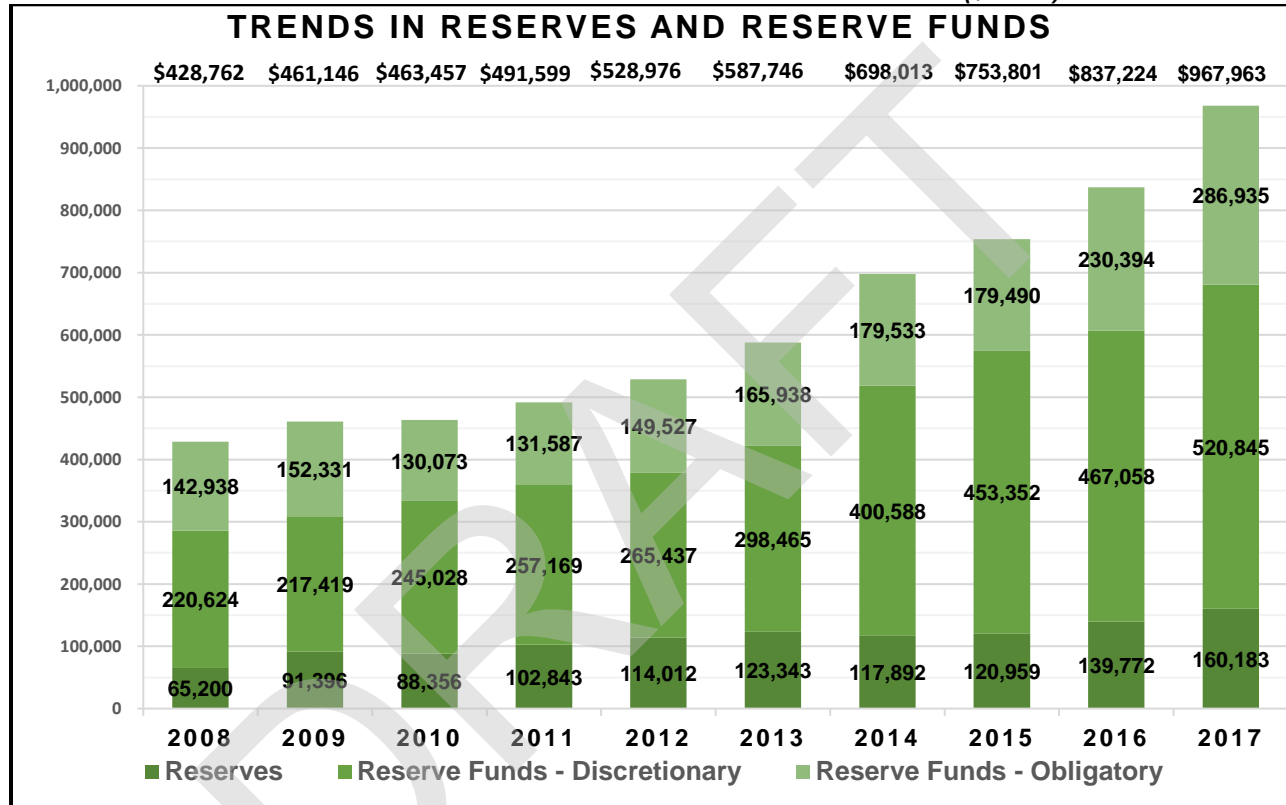
THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2017

Reserves and Reserve Funds

At December 31, 2017, the City of London had combined Reserves, and Discretionary and Obligatory Reserve Funds of \$968 million (\$160 million and \$808 million respectively). These balances reflect a net increase of \$131 million from December 2016, 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.

Chart 11: Ten Year Overview Reserves and Reserves Fund (\$000's)



In 2017, Reserve Funds grew by \$111 million, reaching \$808 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 \$20 million over 2016 balances.

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2017

Five Year Review and General Statistics

Five Year Review (\$000's)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
TAXATION (Including education)					
Residential & Farm	\$ 507,405	\$ 494,636	\$ 477,128	\$ 457,611	\$ 439,150
Commercial & Industrial	<u>217,507</u>	<u>205,030</u>	<u>202,893</u>	<u>200,757</u>	<u>198,755</u>
	<u>\$ 724,912</u>	<u>\$ 699,665</u>	<u>\$ 680,021</u>	<u>\$ 658,368</u>	<u>\$ 637,905</u>
TOTAL TAXES RECEIVABLE	<u>\$ 28,937</u>	<u>\$ 31,388</u>	<u>\$ 34,897</u>	<u>\$ 35,007</u>	<u>\$ 36,677</u>
TAX ARREARS					
Percentage of Current Levy	<u>4.0%</u>	<u>4.5%</u>	<u>5.1%</u>	<u>5.3%</u>	<u>5.7%</u>
TAX RATES (%) (Including all area rates & education)					
Residential	1.360444	1.362611	1.366710	1.367795	1.367937
Multi-residential	2.361127	2.405666	2.479835	2.509294	2.578781
Commercial	3.693816	3.690491	3.714835	3.766294	3.778755
Industrial	3.693816	3.790491	3.814835	4.145845	4.630114
TOTAL LONG TERM DEBT					
General Municipal Rates	\$ 164,844	\$ 170,906	\$ 184,389	\$ 191,654	\$ 203,410
Water Rates	18,927	18,724	16,916	11,118	12,516
Sewer Rates	55,551	61,922	70,416	74,463	79,035
Municipal Reserve Funds	<u>62,653</u>	<u>60,869</u>	<u>62,227</u>	<u>61,748</u>	<u>58,921</u>
	<u>\$ 301,975</u>	<u>\$ 312,421</u>	<u>\$ 333,948</u>	<u>\$ 338,983</u>	<u>\$ 353,882</u>
DEBT PRINCIPAL & INTEREST REPAYMENTS					
Principal	\$ 62,031	\$ 48,422	\$ 44,202	\$ 44,922	\$ 44,797
Interest and debenture discount	<u>9,698</u>	<u>10,303</u>	<u>10,985</u>	<u>11,514</u>	<u>10,719</u>
	<u>\$ 71,729</u>	<u>\$ 58,725</u>	<u>\$ 55,187</u>	<u>\$ 56,436</u>	<u>\$ 55,516</u>
DEBT ISSUED	<u>\$ 41,000</u>	<u>\$ 30,048</u>	<u>\$ 40,500</u>	<u>\$ 30,000</u>	<u>\$ 50,000</u>
ASSESSMENT GROWTH	<u>0.91%</u>	<u>1.20%</u>	<u>1.17%</u>	<u>1.22%</u>	<u>1.43%</u>
TANGIBLE CAPITAL ASSETS ADDITIONS	<u>\$ 453,959</u>	<u>\$ 350,841</u>	<u>\$ 317,708</u>	<u>\$ 313,293</u>	<u>\$ 273,186</u>
TANGIBLE CAPITAL ASSETS AMORTIZATION	<u>\$ 162,828</u>	<u>\$ 154,373</u>	<u>\$ 147,713</u>	<u>\$ 142,784</u>	<u>\$ 141,559</u>
NET BOOK VALUE TANGIBLE CAPITAL ASSETS	<u>\$3,749,717</u>	<u>\$3,614,041</u>	<u>\$3,486,341</u>	<u>\$3,403,974</u>	<u>\$3,321,318</u>
ANNUAL SURPLUS	<u>\$ 166,359</u>	<u>\$ 166,940</u>	<u>\$ 144,808</u>	<u>\$ 117,376</u>	<u>\$ 158,002</u>
CONSOLIDATED ACCUMULATED SURPLUS	<u>\$4,044,355</u>	<u>\$3,877,996</u>	<u>\$3,711,056</u>	<u>\$3,566,248</u>	<u>\$3,448,872</u>
RESERVES, DISCRETIONARY & OBLIGATORY RESERVE FUNDS	<u>\$ 967,963</u>	<u>\$ 837,224</u>	<u>\$ 753,801</u>	<u>\$ 698,013</u>	<u>\$ 587,746</u>

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report
Year ended December 31, 2017

General 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.

	2017	2016
GENERAL STATISTICS:		
Population ^(a)	387,275	383,822
Area in Acres	104,632	104,632
Number of Households ^(b)	176,859	175,342
Number of Properties ^(b)	154,988	152,898
Building Permit Values ^(c) (\$000's)	\$ 1,123,805	\$ 1,410,120
Average Home Selling Price ^(d)		
London and St. Thomas	\$330,383	\$279,711
Ontario	\$585,290	\$534,508
Canada	\$510,090	\$489,815
Unemployment Rates (Annual Averages) ^(e)		
London	5.9%	7.0%
Ontario	6.0%	6.5%
Canada	6.3%	7.0%
CPI Canada ^(e) (percentage change)	1.6%	1.4%
Real GDP Canada ^(f) (percentage change)	3.1%	2.2%

Sources of Information

(a) Provided by City's Planning Service Area and Statistics Canada May 2018

(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 2017 and June 2018

(f) Statistics Canada June 2017 and June 2018

Consolidated Financial Statements of

THE CORPORATION OF THE CITY OF LONDON

December 31, 2017

DRAFT

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Statements

Year ended December 31, 2017

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 CPA Canada Public Sector Accounting Handbook.

The City Treasurer is responsible for submitting annually to the Audit Committee and Council audited financial statements. These financial statements include the consolidated results of the City of London for the fiscal year ending December 31, 2017.

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

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

The audited Consolidated Financial Statements for City operations include:

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

INDEPENDENT AUDITORS' REPORT

To 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, 2017, the consolidated 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 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, 2017, and its consolidated results of operations, its consolidated changes in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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Chartered Professional Accountants, Licensed Public Accountants

[Date]

London, Canada

THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Financial Position
As at December 31, 2017, with comparative information for 2016

(all dollar amounts in thousands of dollars)

	2017	2016
Financial assets		
Cash and cash equivalents (Note 2)	\$ 400,503	\$ 330,273
Accounts receivable		
Taxes receivable (Note 3)	22,374	25,030
Other receivables	66,313	54,353
Land held for resale	32,928	32,545
Investments (Note 4)	537,238	542,888
Loan receivable (Note 5)	24,393	24,780
Investment in government business enterprises and partnerships (Note 6)	180,977	173,094
Total financial assets	1,264,726	1,182,963
Financial liabilities		
Accounts payable and accrued liabilities	165,010	175,000
Deferred revenue (Note 7)	317,043	258,756
Accrued interest on long-term debt	2,305	1,932
Long-term liabilities (Note 8)	10,100	12,915
Long-term debt (Note 9)	300,515	310,974
Capital lease obligations (Note 10)	1,835	1,381
Urban works payable (Note 11)	3,826	3,254
Employee benefits payable (Note 12)	154,874	149,175
Landfill closure and post-closure liability (Note 13)	36,692	34,437
Total financial liabilities	992,200	947,824
Net financial assets	272,526	235,139
Non-financial assets		
Tangible capital assets (Note 14)	3,749,717	3,614,041
Inventories of supplies	4,543	4,175
Prepaid expenses	17,569	24,641
Total non-financial assets	3,771,829	3,642,857
Accumulated surplus (Note 15)	\$ 4,044,355	\$ 3,877,996

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

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

THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Operations
For the year ended December 31, 2017, with comparative information for 2016

(all dollar amounts in thousands of dollars)

	Budget	2017	2016
Revenues			
Net municipal taxation	\$ 571,868	\$ 581,481	\$ 558,957
User charges	269,519	275,948	269,623
Transfer payments			
Provincial	233,050	245,325	214,380
Federal	61,719	30,965	23,288
Other municipalities	5,403	5,317	5,292
Investment income	3,168	12,167	12,947
Penalties and interest	6,488	8,225	8,100
Development charges earned	19,685	13,747	17,340
Developer contributions of tangible capital assets (Note 14)	45,354	36,759	37,474
Other	27,751	27,411	28,491
Equity in earnings of government business enterprises and partnerships (Note 6)	6,196	12,883	11,089
Total revenues	1,250,201	1,250,228	1,186,981
Expenses			
General government	92,357	93,311	86,092
Protection to persons and property	200,897	199,450	185,175
Transportation services	183,026	185,306	177,424
Environmental services	179,489	181,562	164,530
Health services	25,310	25,037	24,619
Social and family services	240,721	234,535	223,497
Social housing	46,549	50,465	44,978
Recreation and cultural services	81,520	81,739	80,573
Planning and development	33,016	32,464	33,153
Total expenses	1,082,885	1,083,869	1,020,041
Annual surplus	167,316	166,359	166,940
Accumulated surplus, beginning of year	3,877,996	3,877,996	3,711,056
Accumulated surplus, end of year	\$ 4,045,312	\$ 4,044,355	\$ 3,877,996

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, 2017, with comparative information for 2016

(all dollar amounts in thousands of dollars)

	Budget	2017	2016
Annual surplus	\$ 167,316	\$ 166,359	\$ 166,940
Acquisition of tangible capital assets	(299,597)	(276,037)	(253,385)
Developer contributions of tangible capital assets	(45,354)	(36,759)	(37,474)
Amortization of tangible capital assets	161,673	162,828	154,373
Proceeds from sale of tangible capital assets	-	15,458	4,725
Loss (gain) on disposal of tangible capital assets	-	(1,166)	4,062
	(183,278)	(135,676)	(127,699)
Change in supplies inventory	-	(368)	(222)
Change in prepaid expenses	-	7,072	(623)
	-	6,704	(845)
Change in net financial assets	(15,962)	37,387	38,396
Net financial assets, beginning of year	235,139	235,139	196,743
Net financial assets, end of year	\$ 219,177	\$ 272,526	\$ 235,139

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, 2017, with comparative information for 2016

(all dollar amounts in thousands of dollars)

	2017	2016
Cash provided by (used in)		
Operating Activities		
Annual surplus	\$ 166,359	\$ 166,940
Items not involving cash		
Amortization of tangible capital assets	162,828	154,373
Developer contributions of tangible capital assets	(36,759)	(37,474)
Loss (gain) on disposal of tangible capital assets	(1,166)	4,062
Change in employee benefits payable	5,699	(3,660)
Change in landfill closure and post-closure liability	2,255	875
Equity in earnings of government business enterprises and partnerships	(13,785)	(11,961)
Amortization of debenture discount	(13)	67
Change in non-cash assets and liabilities		
Taxes receivable	2,656	(382)
Other receivables	(11,960)	(2,869)
Land held for resale	(383)	(1,720)
Accounts payable and accrued liabilities	(9,990)	25,903
Deferred revenue	58,287	51,163
Accrued interest on long-term debt	373	(112)
Urban works payable	572	(4,003)
Inventories of supplies	(368)	(222)
Prepaid expenses	7,072	(623)
Net change in cash from operating activities	331,677	340,357
Capital Activities		
Proceeds from sale of tangible capital assets	15,458	4,725
Acquisition of tangible capital assets	(274,401)	(252,709)
Net change in cash from capital activities	(258,944)	(247,984)
Investing Activities		
Net decrease (increase) in investments	5,650	(104,822)
Repayment of loans receivable	387	377
Repayment of promissory note receivable from government business enterprises and partnerships	803	754
Dividends from London Hydro Inc. (Note 6 (a)(v))	5,000	10,000
Net change in cash from investing activities	11,939	(93,573)
Financing Activities		
Long-term debt issued	38,915	26,895
Long-term debt repayments	(49,361)	(48,422)
Repayments of long-term liabilities	(2,815)	(2,810)
Repayments of capital lease obligations	(1,182)	(1,454)
Net change in cash from financing activities	(14,443)	(25,791)
Net change in cash and cash equivalents	70,230	(26,991)
Cash and cash equivalents, beginning of year	330,273	357,264
Cash and cash equivalents, end of year	\$ 400,503	\$ 330,273

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 as defined in the Chartered Professional Accountants (CPA) of Canada Public Sector Handbook – Accounting. Significant accounting policies are as follows:

a) Basis of Consolidation

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

(i) Consolidated Entities

The following local Boards or Commissions are consolidated:

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

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, **\$139,797** of taxation was collected on behalf of school boards (2016 - \$137,094) 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 **\$4,344** (2016 - \$4,300).

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 improvements	5 – 60
Buildings and building improvements	15 – 40
Leasehold improvements	Lease term
Machinery, equipment and furniture	5 – 15
Vehicles	5 – 7
Water infrastructure	15 – 100
Roads infrastructure	10 – 60
Computers	3, 4 & 8
Computers under capital lease	3

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

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 Corporation 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 public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the year. These estimates and assumptions, including employee benefits payable, taxation assessment appeals, legal claims provisions, landfill closure and post-closure liabilities, the valuation of tangible capital assets and their related useful lives and amortization and liabilities for contaminated sites, are based on management's best information and judgment and may differ significantly from future actual results.

c) Government Transfers

(i) Revenues

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

Government transfers include amounts received for the social assistance program. Funding 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 2017 the Corporation received **\$581,481** (2016 - \$558,957) 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 consolidated statement of financial position.

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

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 met:

- (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) Future Accounting Changes

(i) Related Party Disclosures

PSAB issued Section PS2200 Related Party Transactions which defines related party and provides disclosures requirements. Related parties could be either an entity or an individual. Related parties exist when one party has the ability to control or has shared control over another party. Individuals that are key management personnel or close family members may also be related parties.

Disclosure is only required when the transactions or events between related parties occur at a value different from what would have been recorded if they were not related and the transactions could have a material financial impact on the consolidated financial statements. Material financial impact would be based on an assessment of the terms and conditions underlying the transaction, the financial materiality of the transaction, the relevance of the information and the need for the information to enable the users to understand the financial statements.

This standard also specifies the information required to be disclosed including the type of transactions, amounts classified by financial statement category, the basis of measurement, and the amounts of any outstanding items, any contractual obligations and any contingent liabilities. The standard also requires disclosure of related party transactions that have occurred where no amounts has been recognized.

This standard is effective for fiscal periods beginning on or after April 1, 2017. In conjunction with the approval of this standard, PSAB approved the withdrawal of Section PS4260, Disclosure of Related Party Transactions by Not-for-Profit Organizations, effective for fiscal periods beginning on or after April 1, 2018. Government not-for-profit organizations currently applying Section PS4260, will therefore only be required to adopt the new standard in their fiscal period beginning on or after April 1, 2018.

The Corporation has not yet determined what, if any, financial reporting implications may arise from this standard.

(ii) Inter-entity Transactions

PSAB issued Section PS3420 Inter-entity Transactions that specifies how to account for transactions between public sector entities within the government reporting entity. This standard relates to the measurement of related party transactions for both the provider and the recipient and includes a decision tree to support the standard. Transactions are recorded at carrying amounts with the exception of the following:

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

This standard is effective for fiscal periods beginning on or after April 1, 2017. In conjunction with the approval of this standard, PSAB approved the withdrawal of Section PS4260, Disclosure of Related Party Transactions by Not-for-Profit Organizations, effective for fiscal periods beginning on or after April 1, 2018. Government not-for-profit organizations currently applying Section PS4260 will therefore only be required to adopt the new standard in their fiscal period beginning on or after April 1, 2018.

The Corporation has not yet determined what, if any, financial reporting implications may arise from this standard.

(iii) 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, 2021. 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.

(iv) 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, 2021. 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

	2017	2016
Cash on deposit	\$ 355,155	\$ 300,161
Cash equivalents	45,348	30,112
	\$ 400,503	\$ 330,273

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

3. Taxes Receivable

Taxes receivable are reported net of allowance for doubtful accounts. As at December 31, 2017, the balances are as follows:

	2017	2016
Taxes receivable	\$ 27,377	\$ 29,181
Penalties and interest	1,560	2,207
Allowance for doubtful accounts	(6,563)	(6,358)
	\$ 22,374	\$ 25,030

4. Investments

Investments are comprised of the following:

	2017		2016	
	Cost	Market Value	Cost	Market Value
Pooled investment funds	\$ 3,253	\$ 4,021	\$ 2,970	\$ 3,590
Government fixed income	113,277	111,967	113,009	111,499
Corporate fixed income	293,618	294,666	320,028	323,314
Asset backed securities	124,904	123,367	106,309	106,431
Other investments	2,186	2,186	572	572
	\$537,238	\$536,207	\$542,888	\$545,406

5. Loan Receivable

	2017	2016
Subordinate Loan – City of London Arena Trust	\$ 24,393	\$ 24,780

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, **\$387** (2016 - \$377) 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 41.4289% (2016 – 44.2859%) 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:

		2017	2016
London Hydro Inc.	a)	\$159,833	\$150,781
Fair-City Joint Venture Partnership	b)	5,196	5,867
City-YMCA Joint Venture Partnership	c)	15,948	16,446
		\$180,977	\$173,094

a) Investment in London Hydro Inc.

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

	2017	2016
Financial Position		
Current assets	\$ 82,519	\$ 90,368
Capital assets	306,167	286,319
Total assets	388,686	376,687
Regulatory balances	5,832	6,550
Total assets and regulatory balance	394,518	383,237
Current and other liabilities	62,417	70,720
Deferred revenue	29,955	23,744
Post-employment benefits	15,213	14,481
Long-term debt	118,826	111,130
Total liabilities	226,411	220,075
Regulatory balances	8,274	12,381
Total liabilities and regulatory balances	234,685	232,456
Net assets	\$ 159,833	\$ 150,781
	2017	2016
Results of Operations		
Revenues	\$ 448,758	\$ 506,561
Operating expenses	(433,720)	(482,976)
Other income (expenses)	23	(1,522)
Income tax expense	4,553	3,979
Net movement in regulatory balances	3,544	(5,911)
Net earnings	14,052	12,173
Dividends	(5,000)	(10,000)
Net assets, beginning of year	150,781	148,608
Net assets, end of year - Investment in London Hydro Inc.	\$ 159,833	\$ 150,781

i) Regulated Business Operations and Distribution Rates

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

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

ii) Regulatory Balances

The Ontario Energy Board allows distribution companies to recover amounts incurred for certain transitional costs as well as certain costs associated with the discretionary metering activities under the Provincial Smart Meter Program which have been authorized to be recovered through the rates. Net regulatory debit balances for 2017 totalled **\$5,832** (2016 - \$6,550). Net regulatory credit balances for 2017 totalled **\$8,274** (2016 - \$12,381).

iii) Commitments

The Company has provided **\$6,600** (2016 - \$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 **\$23,200** (2016 - \$4,600).

The Company has committed to operating lease agreements with future minimum non-cancellable annual lease payments of **\$1,126** (2016 - \$1,314).

iv) Credit Facilities

The Company has an uncommitted operating revolving line of credit facility of \$40,000. As at December 31, 2017 the amount drawn under this facility was nil (2016 - nil).

The Company has a committed 364 day extendable operating revolving loan facility of \$30,000. The amount drawn under this facility was **\$30,000** (2016 - \$20,000). The \$30,000 loan was repaid subsequent to year end with additional borrowing of \$40,000 obtained February 1, 2018.

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

The Company has an interest rate swap agreement for an unsecured loan 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 agreement is a fixed rate swap and the balance outstanding at December 31, 2017 is **\$3,826** (2016 - \$6,130).

At December 31, 2017, the Company would be required to pay **\$900** (2016 - \$4,400) 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 **\$4,431** (2016 - \$4,394) and are included on the consolidated statement of operations. At December 31, 2017, the Corporation has a receivable of **\$13,319** (2016 - \$16,148) for water and wastewater charges collected by London Hydro Inc. Miscellaneous receivables of **\$212** (2016 - \$344) are also outstanding at year end.

The Corporation, on behalf of the Public Utility Commission, charged London Hydro Inc. rent, totalling **\$100** (2016 - \$100). The Corporation received **\$5,000** (2016 - \$10,000) in dividend payments, which were recorded as a reduction in the investment in government business enterprises.

vi) International Financial Reporting Standards (“IFRS”)

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

b) Fair-City Joint Venture Partnership

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

	2017	2016
Financial Position		
Current assets	\$ 1,829	\$ 1,890
Capital assets	11,755	11,799
	13,584	13,689
Accrued liabilities	2,035	1,735
Deferred capital contributions	3,152	3,285
Long-term debt	4,518	5,339
Total liabilities	9,705	10,359
Net Assets	\$ 3,879	\$ 3,330
Results of Operations		
Revenues	\$ 3,883	\$ 4,069
Operating expenses	3,325	3,422
Net earnings	558	647
Net earnings available to the Corporation	231	287
Distribution for employee future benefit re-measurements	(4)	(39)
Corporation’s portion of earning retained in Joint Venture	227	248
Corporation’s investment in Fair-City Joint Venture’s net assets, beginning of year	1,475	1,306
Adjustment due to change in Corporation’s share during year	(95)	(79)
Corporation’s investment in Fair-City Joint Venture’s net assets, end of year	1,607	1,475
Promissory note due to the Corporation	3,589	4,392
Investment in Fair-City Joint Venture Partnership	\$ 5,196	\$ 5,867

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 41.4289% (2016 – 44.2859%). 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 **nil** (2016 - nil) 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. **\$1,800** was paid for ice rental in 2017 (2016 - \$1,782) 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:

	2017	2016
Financial Position		
Capital assets	\$ 27,135	\$ 27,135
Accumulated amortization	(5,419)	(4,741)
Net Assets	\$ 21,716	\$ 22,394
	2017	2016
Results of Operations		
Amortization of capital assets	\$ 678	\$ 678
Net loss	(678)	(678)
Net assets, beginning of year	22,394	23,072
Net assets, end of year	21,716	22,394
Corporation's portion of net assets	15,948	16,446
Investment in City-YMCA Joint Venture Partnership	\$ 15,948	\$ 16,446

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:

	2017	2016
Funds deferred to future periods for specific purposes by legislation, regulation or agreement:		
Development Charges Act		
- Recreation and transit	\$ 23,473	\$ 18,531
- Capital infrastructure	197,945	148,412
Federal and Provincial gas tax	59,086	56,897
Recreational land (The Planning Act)	2,600	2,793
Capital infrastructure for cultural services	3,831	3,761
	286,935	230,394
Other deferred revenue:		
Subsidy advances from Provincial Ministries for future periods	17,860	15,434
Prepaid deposits	380	277
Prepayment of recreation programs, facility rentals, memberships	2,154	1,903
Vacancy rebate allowances	2,764	2,763
Boards and commissions	6,730	7,786
Other deferred revenues	220	207
	\$317,043	\$258,756

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	2017	2016
Fanshawe College	2022	\$ 9,800	\$ 12,200
OMEX Insurance	2021	300	706
Elgin Area Landowner Compensation	2017	-	9
		\$ 10,100	\$ 12,915

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:

	2017	2016
Long-term debt issued by the Corporation at various rates of interest ranging from 0.80% to 5.88% (2016 – 0.80% to 5.88%), with maturity dates ranging from August, 2018 to March, 2027,	\$236,595	\$229,673
Long-term debt issued by Infrastructure Ontario programs at various rates of interest ranging from 2.45% to 4.44% (2016 – 2.45% to 4.44%), with maturity dates ranging from November, 2018 to March, 2030,	63,533	78,119
Long-term debt issued to Canada Mortgage and Housing Corporation at an interest rate of 3.23%, with a maturity date of March, 2021,	6,957	8,563
Long-term debt issued to the Federation of Canadian Municipalities (FCM), as Trustee for the Green Municipal Fund, at various rates of interest ranging from 2.00% to 2.25% (2016 – 2.00%), with maturity dates from April, 2026 to May, 2032,	4,160	4,528
Long-term debt, assumed by unconsolidated local Boards, other municipalities, municipal enterprises and utilities	(9,270)	(8,462)
Total long-term debt	301,975	312,421
Less: Unamortized debenture discount	(1,460)	(1,447)
Net long-term debt	\$300,515	\$310,974

Principal repayments are summarized as follows:

Recoverable from	2018	2019	2020	2021	2022	Beyond	Total
General	\$30,384	\$27,821	\$26,450	\$23,685	\$18,606	\$37,898	\$164,844
Water	2,930	2,551	2,605	2,660	2,475	5,706	18,927
Sewer	8,305	8,405	8,371	8,057	4,911	17,502	55,551
Discretionary	4,203	4,322	4,453	2,034	2,096	1,656	18,764
Obligatory	5,807	5,905	6,010	6,123	4,964	15,080	43,889
	\$51,629	\$49,004	\$47,889	\$42,559	\$33,052	\$77,842	\$301,975

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

	2017	2016
Interest on long-term debt	\$ 9,404	\$ 10,005
Amortization of debenture discount	245	230
Interest on capital lease obligations	49	68
	\$ 9,698	\$ 10,303

10. Capital Lease Obligations

	2017	2016
2017	\$ -	\$ 979
2018	802	390
2019	462	54
2020	310	-
2021	256	-
2022	111	-
Minimum lease payments	1,941	1,423
Less amount representing interest at 3.25% (2016 – 3.25% - 3.75%)	106	42
Present value of net minimum capital lease payments	\$ 1,835	\$ 1,381

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 31 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 31, there is **\$4,278** (2016 - \$1,136) in the Urban Works Reserve Fund and **\$4,542** (2016 - \$3,357) in the Urban Works Storm Water Management Reserve Fund to fund this liability.

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Notes to the Consolidated Financial Statements (continued)
Year ended December 31, 2017

The Urban Works liability represents works as at December 31, with completion status as follows:

	2017	2016
In excess of the upper limit	\$ 494	\$ 1,667
Completed but no claim received	3,332	1,587
	\$ 3,826	\$ 3,254

The continuity breakdown is as follows:

		Roads	Sanitary Sewers	Storm Sewer	Storm Water	Total
Urban Works Payable	Dec 31, 2015	\$ 2,084	\$ 2,029	\$ 484	\$ 2,660	\$ 7,257
Expenses :						
Value of construction work completed	2016	681	(391)	95	541	926
Payments :						
From Urban Works Reserve Funds	2016	(1,712)	(1,446)	(325)	(1,446)	(4,929)
Urban Works Payable	Dec 31, 2016	1,053	192	254	1,755	3,254
Expenses :						
Value of construction work completed	2017	682	(159)	-	1,976	2,499
Payments :						
From Urban Works Reserve Funds	2017	(614)	-	-	(1,313)	(1,927)
Urban Works Payable	Dec 31, 2017	\$ 1,121	\$ 33	\$ 254	\$ 2,418	\$ 3,826

The estimated future repayments of developer claims are as follows:

2018	\$ 3,517
2019	189
2020	120
Total	\$ 3,826

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:

		2017	2016
Post-employment and post-retirement benefits	a)	\$ 89,764	\$ 86,378
Workplace Safety and Insurance Board Obligation	b)	46,710	43,297
Vacation credits	c)	16,187	16,300
Vested sick leave benefits	d)	2,213	3,200
		\$154,874	\$149,175

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 **\$20,404** (2016 - \$18,651), and the reserve balances at the end of the year are **\$70,380** (2016 - \$62,495) 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, 2017.

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

	2017	2016
	%	%
Discount rate	3.25	3.25
Rate of compensation increase	1.90	1.90
Healthcare cost increases	4.00 – 7.00	4.00 - 8.00

The benefit obligation continuity is as follows:

Liability for post-employment and post-retirement benefits:	2017	2016
Accrued benefit obligation, January 1	\$ 79,121	\$ 75,644
Current period benefit cost	4,377	4,208
Retirement interest expense	2,643	2,530
Benefits paid	(3,538)	(3,261)
Accrued benefit obligation, December 31	82,603	79,121
Unamortized actuarial gain (loss)	7,161	7,257
Liability for post-employment and post-retirement benefits	\$ 89,764	\$ 86,378
Post-employment and post-retirement benefits expense:		
Current period benefit cost	\$ 4,377	\$ 4,208
Retirement interest expense	2,643	2,530
Amortization of actuarial (gain) loss	(96)	(96)
Total post-employment and post-retirement benefit expense	\$ 6,924	\$ 6,642

The actuarial loss is amortized over the expected average remaining service life of the related employee group of 13 years (2016 – 13 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, 2017, 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, 2017 is **\$16,187** (2016 - \$16,300).

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 **\$2,213** (2016 - \$3,200) at December 31, 2017. During the year **\$609** (2016 - \$912) 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, 2017 is **\$2,546** (2016 - \$3,107), and the reserves balance is **\$5** (2016 - \$15). An amount of **\$38** (2016 - \$65) has been contributed in the current year.

Only employees of the Corporation which commenced their employment prior to February 1, 1985, Police and Middlesex-London Health Unit employees starting before January 1, 1982, London Middlesex Housing Corporation employees starting before January 1, 2008 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:

2018	\$ 1,767
2019	268
2020	166
2021	-
2022	3
Thereafter	9
Total	\$ 2,213

e) Pension Agreements

The Corporation makes contributions to the Ontario Municipal Employees' Retirement System Pension Fund (OMERS), which is a multi-employer plan, on behalf of 4,421 (2016 – 4,341) members. The plan is a contributory defined benefit plan which specifies the amount of the retirement benefit to be received by employees based on length of service and rates of pay. Employers and employees contribute jointly to the plan.

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 2017 was **\$32,508** (2016 - \$29,650) 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, 2017 for landfills are as follows:

Active (W12A) landfill is expected to reach capacity in 2029	
Remaining capacity of active (W12A) as at December 31, 2017	1.8 million tonnes
Expected closing cost in 2017 dollars	\$1,700
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

	2017	2016
Active landfill (W12A) closure, site rehabilitation and monitoring obligation	\$ 27,364	\$ 24,906
Closed landfills site rehabilitation and monitoring obligation	9,328	9,531
	\$ 36,692	\$ 34,437

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, 2017 is **\$14,792** (2016 - \$11,935).

The Corporation, with Council approval, has commenced an Individual Environmental Assessment (EA) for the expansion of the W12A landfill site. Work on the undertaking has progressed to the stage of distribution of the Draft Proposed Terms of Reference for comment and review by stakeholders. Successful completion of this EA process will result in extension of the anticipated closure date and an increase in the remaining waste disposal capacity currently assumed in the determination of the liability.

The Corporation anticipates the project to be completed over the next few years and a Ministry decision be reached by 2021.

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Year ended December 31, 2017

14. Tangible Capital Assets

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Land	\$ 416,152	\$ 12,849	\$ 1,959	\$ 427,042
Landfill and land improvements	146,240	7,524	2,841	150,923
Buildings and building improvements	941,242	75,535	9,592	1,007,185
Leasehold improvements	1,824	1,457	38	3,243
Machinery, equipment and furniture	379,194	30,897	7,936	402,155
Vehicles	122,757	19,302	14,760	127,299
Water infrastructure	727,456	24,066	3,727	747,795
Wastewater infrastructure	1,332,949	66,931	4,356	1,395,524
Roads infrastructure	1,238,046	62,110	26,419	1,273,737
Computers	13,982	6,519	3,197	17,304
Computers under capital lease	4,753	1,636	2,241	4,148
Assets under construction	198,662	149,103	145,133	202,632
Total	\$ 5,523,257	\$ 457,929	\$ 222,199	\$ 5,758,987

Accumulated Amortization	Balance at December 31, 2016	Amortization Expense	Amortization Disposal	Balance at December 31, 2017
Land	\$ -	\$ -	\$ -	\$ -
Landfill and improvements	73,518	7,867	2,841	78,544
Buildings and building improvements	425,748	30,101	2,169	453,680
Leasehold improvements	1,147	283	-	1,430
Machinery, equipment and furniture	216,710	27,078	6,287	237,501
Vehicles	72,449	10,301	14,678	68,072
Water infrastructure	228,675	15,582	2,767	241,490
Wastewater infrastructure	421,370	24,147	3,717	441,800
Roads infrastructure	459,192	41,964	24,877	476,279
Computers	7,188	4,238	3,197	8,229
Computers under capital lease	3,219	1,267	2,241	2,245
Assets under construction	-	-	-	-
Total	\$ 1,909,216	\$ 162,828	\$ 62,774	\$ 2,009,270

	Net book value December 31, 2016	Net book value December 31, 2017
Land	\$ 416,152	\$ 427,042
Landfill and land improvements	72,722	72,379
Buildings and building improvements	515,494	553,505
Leasehold improvements	677	1,813
Machinery, equipment and furniture	162,484	164,654
Vehicles	50,308	59,227
Water infrastructure	498,781	506,305
Wastewater infrastructure	911,579	953,724
Roads infrastructure	778,854	797,458
Computers	6,794	9,075
Computers under capital lease	1,534	1,903
Assets under construction	198,662	202,632
Total	\$ 3,614,041	\$ 3,749,717

a) Assets under construction

Assets under construction having a value of **\$202,632** (2016 - \$198,662) 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 **\$36,759** (2016 - \$37,474) comprised predominantly of roads infrastructure in the amount of **\$10,912** (2016 - \$9,874) and water and wastewater infrastructure in the amount of **\$23,370** (2016 - \$24,003).

c) Tangible Capital Assets Disclosed at Nominal Values

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

d) Works of Art and Historical Treasures

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

e) Write-down of Tangible Capital Assets

There were write-downs of tangible capital assets during the year in the amount of **\$8,078** (2016 - nil).

f) Assets under Shared Control

During 2016, the Corporation entered into a joint venture agreement with the YMCA of Western Ontario (YMCA) and the London Public Library Board (Library). The agreement to construct and operate a multipurpose complex, The Southwest Community Centre, with a total project budget of \$55,366, 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 \$40,616 (75.13%) including land, plus \$300 for furniture and equipment,
- The YMCA proposes to provide \$9,200 (16.61%), plus \$1,200 for furniture and equipment, and
- The Library proposes to provide \$4,050 (8.26%).

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.

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.

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Year ended December 31, 2017

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

Preliminary net project costs of **\$37,467** (2016 - \$13,886) incurred to date, have been capitalized under Land and Assets under construction.

Construction of the facility began in July 2016. It is anticipated that this new facility will open to the public in the fall of 2018.

15. Accumulated Surplus

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

	2017	2016
Surplus:		
Invested in tangible capital assets	\$3,783,449	\$3,645,205
Other	(126,750)	(74,354)
Local boards	2,044	1,584
Equity in government business enterprise	180,977	173,094
Unfunded		
Landfill closure and post-closure liability and liability for contaminated sites	(37,542)	(35,737)
Employee benefits payable	(157,249)	(151,398)
Net long-term debt	(281,602)	(287,228)
Total surplus	3,363,327	3,271,166
Reserves set aside by Council		
Working capital	13,219	13,219
Contingencies	111,289	92,286
General operations	35,675	34,267
Total reserves	160,183	139,772
Reserve funds set aside for specific purpose by Council		
Infrastructure renewal	174,271	158,971
Acquisition of vehicles	26,302	24,611
Acquisition of facilities	18,271	15,007
Recreational programs & facilities	382	466
Self-insurance (Note 16b)	13,927	14,203
Sick leave (Note 12d)	2,546	3,107
Industrial over sizing	16,703	17,950
Other purposes	195,330	161,117
Special purpose (Note 18e)	73,113	71,626
Total reserve funds	520,845	467,058
Accumulated surplus	\$4,044,355	\$3,877,996

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, 2017, 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, 2017 amounted to **\$13,927** (2016 - \$14,203) and is reported in Note 15 of the consolidated financial statements. The contribution for the year of **\$4,703** (2016 - \$5,412) has been reported in the individual revenues on the consolidated statement of operations.

Claims expensed during the year amounting to **\$4,979** (2016 - \$3,811) 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, 2017 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** (2016 - \$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 VersaBank, formerly known as the Pacific & Western Bank of Canada, to the trustee of the City of London Arena Trust. The outstanding principal of this loan at December 31, 2017 is **\$2,656** (2016 - \$3,086).

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, 2017 is **\$2,376** (2016 - \$2,679).

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, 2017 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 2017 was **\$1,139** (2016 - \$1,283). 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:

2018	\$ 1,994
2019	707
2020	1,085
2021	986
2022	792
Beyond	1,721
Total	\$ 7,285

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:

2018	\$ 19,548
2019	8,411
2020	5,378
2021	4,921
2022	2,217
Beyond	9,462
Total	\$ 49,937

- ii) The Corporation has the following outstanding commitments remaining on facilities and infrastructure contracts as at December 31, 2017:

	2017	2016
Roads	\$ 47,230	\$ 20,406
Sanitary Sewer	31,517	29,497
Water	18,155	24,067
Storm Sewer	17,549	6,944
Recreation Facilities	17,085	40,692
General Government	5,347	2,290
Parks	3,240	258
Commercial and Industrial	1,457	1,317
Waste Disposal and Recycling	1,141	679
Fire, Provincial Offences and Emergency Measures	808	2,700
Cultural Facilities	584	1,302
Library Facilities	319	1,139
	\$ 144,432	\$ 131,291

These amounts represent uncompleted portions of contracts, as at December 31, 2017, on major projects. The majority of payments on these outstanding commitments will be made in 2018.

d) Derivatives

The Corporation has the following derivative contracts as at December 31, 2017:

- Contract, expiring October 31, 2019, for average daily natural gas purchases of 210 gigajoules, with a remaining contract value of \$598.

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

- 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 \$220 (2016 - \$484).

This derivative contract was purchased to provide price certainty for 15% of the Lake Huron Area Primary Water Supply System's electricity needs over the term of the contract. The value of the contract is not reflected as an asset or liability in these consolidated financial statements.

- 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.

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Year ended December 31, 2017

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.

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.

	2017	2016
Revenues		
Fines	\$ 5,514	\$ 5,597
Transfer payments - provincial	12	-
Total revenues	5,526	5,597
Expenses		
Salary, wages and benefits	1,627	1,451
County share of net revenues	294	285
Occupancy costs	322	339
Provincial government cost recovery	468	577
Administration costs	1,127	1,187
Equipment and maintenance	182	218
Total expenses	4,020	4,057
Excess of revenues over expenses	\$ 1,506	\$ 1,540

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 2017 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	\$ 167,316	\$ 110,284	\$ 26,015	\$31,017
Public Sector Accounting Board (PSAB) Reporting Requirements:				
Addback (deduct) from Net Budget PSAB Surplus:				
Transfers:				
Transfers to Capital	(78,866)	(41,760)	(19,854)	(17,252)
Transfers from Reserves and Reserve Funds	6,964	6,964	-	-
Transfers to Reserves and Reserve Funds	(88,863)	(52,575)	(10,937)	(25,351)
	(160,765)	(87,371)	(30,791)	(42,603)
Budget Adjustments:				
Government Grants and Subsidies	14,097	14,097	-	-
Expenses related to Government Grants and Subsidies	(9,697)	(9,683)	(14)	-
Debt Principal Repayments	(880)	(880)	-	-
Transfers to Capital	(44)	(44)	-	-
Transfers from Reserves and Reserve Funds	558	558	-	-
Transfers to Reserves and Reserve Funds	(4,034)	(4,048)	14	-
	-	-	-	-
Debt Principal Repayments:	(40,914)	(30,748)	(338)	(9,828)
PSAB Adjustments:				
Capital program funding earned in year	(60,038)	(54,766)	(108)	(5,164)
Capital projects not resulting in capital assets	52,770	35,737	5,608	11,425
Amortization	134,133	76,062	14,412	43,659
Developer contributions - assumed capital assets	(45,354)	(14,701)	(6,229)	(24,424)
Loss on disposal of capital assets	2,493	809	787	897
Obligatory reserve fund deferred revenue earned	(23,899)	(18,319)	(199)	(5,381)
Government Business Enterprises adjustments	(6,196)	(6,196)	-	-
Landfill liability	1,601	1,601	-	-
Employee future benefits liability	8,159	7,529	228	402
	63,669	27,756	14,499	21,414
Boards and Commissions Budget PSAB Surplus	(29,306)	(19,921)	(9,385)	-
Net Surplus per 2017 Approved Budget	\$ -	\$ -	\$ -	\$ -

THE CORPORATION OF THE CITY OF LONDON
Notes to the Consolidated Financial Statements (continued)
Year ended December 31, 2017

	Total	Tax	Water	Wastewater
Net Surplus per 2017 Approved Budget – Comprised of:				
Revenues:				
Property Tax	\$ 556,980	\$ 556,980	-	-
Government Grants and Subsidies	196,283	196,243	-	40
User Fees	212,578	44,780	75,626	92,172
Municipal Revenues – Other	68,517	68,050	154	313
Municipal Revenues – Transfers from Reserves and Reserve Funds	6,406	6,406	-	-
Total Revenues	1,040,764	872,459	75,780	92,525
Expenses:				
Personnel Costs	353,113	328,939	8,948	15,226
Administrative Expenses	12,199	6,322	2,376	3,501
Financial Expenses – Other	11,452	11,381	71	-
Financial Expenses – Interest and Discount on long-term debt	7,612	5,307	68	2,237
Financial Expenses – Debt Principal Repayments	40,034	29,868	338	9,828
Financial Expenses – Transfers to Reserves and Reserve Funds	84,829	48,527	10,951	25,351
Financial Expenses – Transfers to Capital	78,822	41,716	19,854	17,252
Purchased Services	172,012	165,695	3,057	3,260
Materials and Supplies	71,862	35,172	25,739	10,951
Furniture and Equipment	28,963	24,019	1,809	3,135
Transfers	191,755	191,755	-	-
Other Expenses	8,485	1,125	2,693	4,667
Recovered Expenses	(20,374)	(17,367)	(124)	(2,883)
Total Expenses	1,040,764	872,459	75,780	92,525
Net Surplus per 2017 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:

	2017	2016
Net municipal taxation and user charges		
Net municipal taxation	\$ 572,396	\$ 549,966
Payments-in-lieu-of-taxes	9,085	8,991
	581,481	558,957
User charges	275,948	269,623
	\$ 857,429	\$ 828,580
Transfer payments		
Operating	\$ 8,003	\$ 2,249
Capital infrastructure	22,962	21,039
Government of Canada - total	30,965	23,288
Conditional – operating	238,907	212,900
Capital infrastructure	6,418	1,480
Province of Ontario - total	245,325	214,380
Other municipalities	5,317	5,292
	\$ 281,607	\$ 242,960
Investment income		
Investment income - operating	\$ 3,659	\$ 3,196
Investment income - reserves and reserve funds	8,508	9,751
	\$ 12,167	\$ 12,947
Other revenues		
Provincial Offences Fines	\$ 5,514	\$ 5,597
Ontario Lottery & Gaming Corporation	4,811	4,544
Other contributions - operating	6,275	9,714
Other contributions - capital	2,882	5,435
Donations	1,387	1,009
Miscellaneous sales	6,542	2,192
	\$ 27,411	\$ 28,491

22. Expenses by Object

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

	2017	2016
Salaries, wages and fringe benefits	\$ 424,156	\$ 399,758
Long-term debt interest charges	9,698	10,303
Materials and supplies	118,217	117,305
Contracted services	126,219	117,071
Rents and financial expenses	38,543	30,366
External transfers	204,208	190,865
Amortization	162,828	154,373
Total expenses by object	\$ 1,083,869	\$ 1,020,041

23. Liability for Contaminated Sites

Under Public Sector Accounting Board Standard PS 3260 *Liability for Contaminated Sites*, the Corporation has identified two sites that have contamination and were not in productive use, as follows:

Reports indicate that remediation will be required and has been estimated at **\$1,239** (2016 – \$1,300). This amount has been recorded as a liability at year end and has been included in accrued liabilities in the consolidated statement of financial position.

24. 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.

THE CORPORATION OF THE CITY OF LONDON
Consolidated Schedule of Segment Disclosure - Operating Revenues
For the year ended December 31, 2017, with 2016 comparatives (in thousands of dollars)

	REVENUES					TOTAL 2017	TOTAL 2016
	Taxation	User Charges	Government Transfers	Developer Contributions	Other	Actuals	Actuals
General Government	581,481	4,035	982	-	38,771	625,269	606,499
Fire		245	-	-	1,062	1,307	641
Police		2,063	5,692	-	1,240	8,995	8,345
Other Protection Services		11,012	13	-	5,523	16,548	16,956
Total Protection Services	-	13,320	5,705	-	7,825	26,850	25,941
Transit		31,733	22,684	-	280	54,697	42,046
Other Transportation Services		3,973	6,602	10,912	9,891	31,378	34,787
Total Transportation Services	-	35,706	29,286	10,912	10,171	86,074	76,832
Water/Waste Water		166,562	19,433	23,370	5,999	215,364	205,062
Solid Waste		9,118	663	-	-	9,781	8,004
Total Environmental Services	-	175,680	20,096	23,370	5,999	225,145	213,066
Public Health Services		-	4,678	-	3	4,681	4,966
Ambulance Services		-	-	-	-	-	-
Total Health Services	-	-	4,678	-	3	4,681	4,966
General Assistance		292	144,999	-	372	145,663	134,178
Assistance to aged persons		6,029	12,231	-	-	18,260	17,986
Child Care		-	36,920	-	-	36,920	35,101
Total Social and Family Services	-	6,321	194,150	-	372	200,843	187,265
Social Housing	-	11,413	22,453	-	61	33,927	27,860
Parks and Recreation		18,229	1,585	2,477	1,820	24,111	25,369
Libraries		481	730	-	2,177	3,388	1,434
Cultural Services		2,551	1,764	-	1,307	5,622	3,876
Total Recreation and Cultural Services	-	21,261	4,079	2,477	5,304	33,121	30,679
Planning, Development and Compliance	-	8,212	180	-	5,925	14,317	13,873
Total Revenue	581,481	275,947	281,608	36,759	74,432	1,250,228	1,186,981

THE CORPORATION OF THE CITY OF LONDON
Consolidated Schedule of Segment Disclosure - Operating Expenses
For the year ended December 31, 2017, with 2016 comparatives (in thousands of dollars)

	EXPENSES						TOTAL 2017	TOTAL 2016
	Salaries, Wages & Benefits	Materials	Contracted Services	External Transfers	Amortization	Other	Actuals	Actuals
General Government	46,555	13,216	10,556	4	10,967	12,013	93,311	86,092
Fire	59,061	2,051	511	-	3,149	424	65,196	59,414
Police	96,644	6,150	1,545	-	4,633	512	109,484	102,429
Other Protection Services	14,421	3,493	1,617	4,157	285	797	24,770	23,332
Total Protection Services	170,126	11,694	3,673	4,157	8,067	1,733	199,450	185,175
Transit	46,810	7,771	5,750	10,514	12,131	651	83,627	77,679
Other Transportation Services	21,204	19,945	8,779	3	42,668	9,079	101,678	99,745
Total Transportation Services	68,014	27,716	14,529	10,517	54,799	9,730	185,305	177,424
Water/Waste Water	24,536	29,041	14,123	90	66,133	14,551	148,474	134,906
Solid Waste	8,156	6,663	12,477	1,798	2,549	1,445	33,088	29,624
Total Environmental Services	32,692	35,704	26,600	1,888	68,682	15,996	181,562	164,530
Public Health Services	4,458	454	589	4,734	109	281	10,625	11,400
Ambulance Services	-	-	14,412	-	-	-	14,412	13,219
Total Health Services	4,458	454	15,001	4,734	109	281	25,037	24,619
General Assistance	22,374	632	6,965	131,493	439	2,669	164,572	156,077
Assistance to aged persons	18,993	2,807	981	212	1,323	879	25,195	24,533
Child Care	1,960	954	23,824	17,879	5	147	44,769	42,887
Total Social and Family Services	43,327	4,393	31,770	149,584	1,767	3,695	234,536	223,497
Social Housing	6,430	1,694	12,021	28,194	1,536	590	50,465	44,978
Parks and Recreation	23,662	7,712	4,856	433	10,093	1,919	48,675	46,968
Libraries	14,188	4,427	862	-	3,281	1,022	23,780	25,143
Cultural Services	2,221	2,751	1,397	1,633	1,239	43	9,284	8,462
Total Recreation and Cultural Services	40,071	14,890	7,115	2,066	14,613	2,984	81,739	80,573
Planning, Development and Compliance	12,483	8,457	4,954	3,064	2,289	1,217	32,464	33,153
Total Expenses	424,156	118,218	126,219	204,208	162,829	48,239	1,083,869	1,020,041
Annual Surplus							166,359	166,940

Consolidated Financial Statements of

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

Year ended December 31, 2017



KPMG LLP
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Canada
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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 Trust Funds of the City of London which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of earnings and fund equity 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.



Basis for Qualified Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Trust Funds of the City of London as at December 31, 2017, and its consolidated results of operations and its consolidated changes in fund equity for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that serves as a flourish or underline.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 11, 2018

THE TRUST FUNDS OF THE CITY OF LONDON

Consolidated Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
	Total	Total
Assets:		
Cash and short-term deposits	\$ 1,477,575	\$ 4,379,228
Accounts receivable, OHRP	-	11
Accounts receivable, other	62,045	1,677
Investments (Note 2)	2,800,000	-
Prepaid expenses	5,149	-
	\$ 4,344,769	\$ 4,380,916
Liability and fund equity:		
Accounts payable	\$ 971	\$ 80,547
Fund equity (Schedule 1)	4,343,798	4,300,369
	\$ 4,344,769	\$ 4,380,916

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

THE TRUST FUNDS OF THE CITY OF LONDON

Consolidated Statement of Earnings and Fund Equity

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
	Total	Total
Fund equity, beginning of year	\$ 4,300,369	\$ 4,253,227
Revenue:		
Capital receipts	897,298	489,533
Interest earned	47,038	28,247
	944,336	517,780
Expenditures:		
Maintenance payments, Dearness Home	100,647	101,041
Disbursements	958,484	369,597
	1,059,131	470,638
Fund equity, end of year before adjustment	4,185,573	4,300,369
Transfer of funds (Note 3)	158,225	-
Fund equity, end of year (Schedule 2)	\$ 4,343,798	\$ 4,300,369

Note: No statement of cash flows has been provided as it is not considered to provide additional useful information to users of the financial statements.

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

THE TRUST FUNDS OF THE CITY OF LONDON

Schedule 1 - Detailed Consolidated Statement of Financial Position

December 31, 2017

	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	Amelia Lucy Ronalds Little Trust	2017 Total
Assets:											
Cash and short-term deposits	\$ 144,523	\$ 160,884	\$ -	\$ 13,013	\$ 515,016	\$ 137,521	\$ 96,658	\$ 230,736	\$ 19,226	\$ 159,998	\$ 1,477,575
Accounts receivable, OHRP	-	-	-	-	-	-	-	-	-	-	-
Accounts receivable, other	2,462	-	-	-	59,583	-	-	-	-	-	62,045
Investments (Note 2)	-	-	-	-	2,800,000	-	-	-	-	-	2,800,000
Prepaid expenses	-	-	-	-	5,149	-	-	-	-	-	5,149
	\$ 146,985	\$ 160,884	-	\$ 13,013	\$ 3,379,748	\$ 137,521	\$ 96,658	\$ 230,736	\$ 19,226	\$ 159,998	\$ 4,344,769
Liability and fund equity:											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 971	\$ -	\$ -	\$ -	\$ 971
Fund equity	146,985	160,884	-	13,013	3,379,748	137,521	95,687	230,736	19,226	159,998	4,343,798
	\$ 146,985	\$ 160,884	\$ -	\$ 13,013	\$ 3,379,748	\$ 137,521	\$ 96,658	\$ 230,736	\$ 19,226	\$ 159,998	\$ 4,344,769

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

THE TRUST FUNDS OF THE CITY OF LONDON

Schedule 2 - Detailed Consolidated Statement of Earnings and Fund Equity
December 31, 2017

	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	Amelia Lucy Ronalds Little Trust	2017 Total
Fund equity, beginning of year	\$ 145,033	\$ 158,748	\$ -	\$ 12,840	\$ 3,510,114	\$ 135,695	\$ 95,462	\$ 224,200	\$ 18,277	\$ -	\$ 4,300,369
Revenue:											
Capital receipts	-	-	-	-	701,125	-	191,973	3,500	700	-	897,298
Interest earned	1,952	2,136	12	173	35,881	1,826	-	3,036	249	1,773	47,038
	1,952	2,136	12	173	737,006	1,826	191,973	6,536	949	1,773	944,336
Expenditures:											
Maintenance payments, Dearness Home	-	-	-	-	-	-	100,647	-	-	-	100,647
Disbursements	-	-	12	-	867,373	-	91,099	-	-	-	958,484
	-	-	12	-	867,373	-	191,746	-	-	-	1,059,131
Fund equity, end of year before adjustment	146,985	160,884	-	13,013	3,379,747	137,521	95,689	230,736	19,226	1,773	4,185,573
Transfer of funds (Note 3)	-	-	-	-	-	-	-	-	-	158,225	158,225
Fund equity, end of year	\$ 146,985	\$ 160,884	\$ -	\$ 13,013	\$ 3,379,747	\$ 137,521	\$ 95,689	\$ 230,736	\$ 19,226	\$ 159,998	\$ 4,343,798

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

THE TRUST FUNDS OF THE CITY OF LONDON

Consolidated Notes to Financial Statements

December 31, 2017 with comparative information for 2016

1. Significant accounting policies:

The consolidated financial statements of the Trust Funds of the City of London have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the CPA Canada Public Sector Accounting Handbook. The significant accounting policies are summarized below:

a) Basis of consolidation:

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

b) Basis of accounting:

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

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

c) Contributions:

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

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

2. Investments:

Investments are recorded at cost less any amounts written off to reflect a permanent decline in value. Investments consist of term deposits with short-term maturities and interest rates ranging from 1.15% to 1.65%.

3. Transfer of funds:

The Amelia Lucy Ronalds Little Trust Fund represents restricted funds to be used for improvement, redecoration, refurbishing, restoration and enhancement of Eldon House and the artifacts contained therein. The balance in this fund on December 31, 2017 was \$159,998. During the year, the responsibility for administration of the fund was transferred from Museum London to the Corporation of the City of London.

Financial Statements of

**ARGYLE BUSINESS IMPROVEMENT
AREA BOARD OF MANAGEMENT**

Year ended December 31, 2017



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

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, 2017, 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, 2017, 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

London, Canada

ARGYLE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Financial Position

As at December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets		
Cash and cash equivalents (note 3)	\$ 40,761	\$ 28,785
Other receivables	4,990	-
Total financial assets	45,751	28,785
Financial liabilities		
Accounts payable and accrued liabilities	13,137	6,329
Due to related parties (note 6)	13,324	3,656
Total financial liabilities	26,461	9,985
Net financial assets	19,290	18,800
Non-financial assets		
Tangible capital assets (note 4)	3,081	3,680
Inventory	1,440	1,440
Total non-financial assets	4,521	5,120
Accumulated surplus (note 5)	\$ 23,811	\$ 23,920

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, 2017, with comparative information for 2016

	Budget		
	2017	2017	2016
Revenues			
Municipal levy - The Corporation of the City of London	\$ 124,496	\$ 131,171	\$ 120,840
Federal grants	-	9,993	20,791
Santa clause parade sponsorship	4,000	2,850	3,650
Other	100	132	338
Total revenues	128,596	144,146	145,619
Expenses			
Salaries, wages and benefits	64,000	72,363	75,144
Community initiatives	30,323	17,306	14,863
Planters/hanging baskets	11,000	10,946	11,073
Office rent	9,855	9,769	10,641
Professional fees	8,330	8,928	11,735
Advertising, marketing and promotion	10,000	8,384	42,428
Office supplies	5,000	6,363	5,235
Telephone and internet service	1,600	1,875	1,549
Repairs and maintenance	1,500	1,768	382
Utilities	1,600	1,691	1,912
Insurance	2,000	1,541	1,769
Training, travel and professional development	4,500	1,420	4,366
Amortization	-	949	901
Membership fees and dues	400	739	136
Office administration	620	213	555
Total expenses	150,728	144,255	182,689
Deficit	(22,132)	(109)	(37,070)
Accumulated surplus, beginning of year (note 5)	23,920	23,920	60,990
Accumulated surplus, end of year (note 5)	\$ 1,788	\$ 23,811	\$ 23,920

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, 2017, with comparative information for 2016

	2017	2016
Deficit	\$ (109)	\$ (37,070)
Acquisition of tangible capital assets	(350)	(3,516)
Amortization of tangible capital assets	949	3,890
	599	375
Change in net financial assets	490	(39,685)
Net financial assets, beginning of year	18,800	58,485
Net financial assets, end of year	\$ 19,290	\$ 18,800

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, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Deficit	\$ (109)	\$ (37,070)
Item not involving cash:		
Amortization of tangible capital assets	949	901
Changes in non-cash assets and liabilities:		
Other receivables	(4,990)	787
Accounts payable and accrued liabilities	6,808	33
Due to related parties	9,668	351
Net change in cash from operating activities	12,326	(34,998)
Capital activities:		
Purchase of tangible capital assets	(350)	(3,516)
Cash used in capital activities	(350)	(3,516)
Increase (decrease) in cash and cash equivalents	11,976	(38,514)
Cash and cash equivalents, beginning of year	28,785	67,299
Cash and cash equivalents, end of year	\$ 40,761	\$ 28,785

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, 2017

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 (the "Board") was incorporated on October 9, 2012, in the Province of Ontario. The Board was established as a local board of The Corporation of the City of London to manage the Argyle Business Improvement 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. The board was granted municipality status in 2017.

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 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, 2017

2. Significant accounting policies (continued)

(c) Government transfers

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

(d) Use of estimates

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

(e) Budget figures

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

(f) Related Party Transactions

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

3. Cash and cash equivalents

Cash and cash equivalents are comprised of the following:

	2017		2016	
Cash on deposit	\$	40,585	\$	28,510
Credit union membership shares		176		275
	\$	40,761	\$	28,785

ARGYLE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2017

4. Tangible capital assets

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Furniture and fixtures	\$ 1,796	\$ -	\$ -	\$1,796
Computer equipment	6,863	350	-	7,214
	\$ 8,659	\$ 350	\$ -	\$ 9,009

Accumulated Amortization	Balance at December 31, 2016	Amortization Expense	Disposals	Balance at December 31, 2017
Furniture and fixtures	\$ 1,500	\$ 59	\$ -	\$ 1,559
Computer equipment	3,479	890	-	4,369
	\$ 4,979	\$ 949	\$ -	\$ 5,928

Net book value	Balance at December 31, 2016	Balance at December 31, 2017
Furniture and fixtures	\$ 296	\$ 237
Computer equipment	3,384	2,844
	\$ 3,680	\$ 3,081

5. Accumulated surplus

The balance of accumulated surplus is comprised of the following:

	2017	2016
Invested in tangible capital assets	\$ 3,081	\$ 3,680
Operating fund	20,730	20,240
	\$ 23,811	\$ 23,920

6. Related party transactions

At December 31, 2017 \$13,324 (2016 - \$3,656) was owing to the Corporation of the City of London.

7. Comparative information

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2017 financial statements.

Financial Statements of

**COVENT GARDEN MARKET
CORPORATION**

Year ended December 31, 2017



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

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, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes and schedule, 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, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

March 2, 2018

COVENT GARDEN MARKET CORPORATION

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash	\$ 80,413	\$ 196,351
Investments (note 2)	1,854,231	1,455,270
Accounts receivable (note 3)	259,314	173,603
Prepaid expenses	20,200	28,821
HST receivable	143,183	283,440
	<u>2,357,341</u>	<u>2,137,485</u>
Capital assets (note 4)	4,421,063	4,605,578
	<u>\$ 6,778,404</u>	<u>\$ 6,743,063</u>

Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 268,122	\$ 351,752
Current portion of long-term debt (note 6)	99,883	93,745
HST payable	143,183	283,440
	<u>511,188</u>	<u>728,937</u>
Deferred capital contributions (note 5)	2,068,874	2,163,068
Long-term debt (note 6)	822,525	922,407
Net assets:		
Invested in capital assets (note 7)	1,429,781	1,426,358
Unrestricted	1,946,036	1,502,293
	<u>3,375,817</u>	<u>2,928,651</u>
	<u>\$ 6,778,404</u>	<u>\$ 6,743,063</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, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Parking fees	\$ 1,701,314	\$ 1,734,026
Market rentals	782,946	787,330
Common area maintenance	626,656	602,433
Amortization of deferred capital contributions	115,364	102,928
Promotion fund	52,737	52,820
Central chilling lease	22,312	22,434
Management fees	17,460	17,010
Miscellaneous	3,252	2,712
	<u>3,322,041</u>	<u>3,321,693</u>
Expenses:		
Operating (Schedule)	2,420,116	2,325,389
Management (Schedule)	475,617	496,898
	<u>2,895,733</u>	<u>2,822,287</u>
Earnings before the undernoted	426,308	499,406
Other income (expenses):		
Interest income	51,793	14,172
Tenant leaseholds	(30,935)	(31,879)
	<u>20,858</u>	<u>(17,707)</u>
Excess of revenues over expenses	\$ 447,166	\$ 481,699

See accompanying notes to financial statements.

COVENT GARDEN MARKET CORPORATION

Statement of Changes in Net Assets

Year ended December 31, 2017, with comparative information for 2016

	Invested in capital assets	Unrestricted	2017 Total	2016 Total
Balance, beginning of year	\$ 1,426,358	\$ 1,502,293	\$ 2,928,651	\$ 2,446,952
Excess (deficiency) of revenue over expenses	(251,479)	698,645	447,166	481,699
Net change in investment in capital assets (note 7)	254,902	(254,902)	-	-
Balance, end of year	\$ 1,429,781	\$ 1,946,036	\$ 3,375,817	\$ 2,928,651

See accompanying notes to financial statements.

COVENT GARDEN MARKET CORPORATION

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 447,166	\$ 481,699
Adjustments for:		
Amortization of capital assets	366,843	328,006
Amortization of deferred capital contributions	(115,364)	(102,928)
Net change in non-cash operating working capital (note 8)	(160,720)	(110,536)
	537,925	596,241
Capital activities:		
Purchase of capital assets	(182,328)	(431,762)
Receipt of deferred capital contributions	21,170	736
	(161,158)	(431,026)
Financing activities:		
Repayment of long-term debt	(93,744)	(87,985)
Investing activities:		
Purchase of investments	(398,961)	(90,700)
Decrease in cash	(115,938)	(13,470)
Cash, beginning of year	196,351	209,821
Cash, end of year	\$ 80,413	\$ 196,351

See accompanying notes to financial statements.

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements

Year ended December 31, 2017

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, 2017

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, 2017

2. Investments:

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

3. Accounts receivable:

	2017	2016
Trade	\$ 277,073	\$ 178,603
Provision for doubtful accounts	17,759	5,000
	\$ 259,314	\$ 173,603

4. Capital assets:

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Buildings	\$ 7,430,586	\$ 3,841,746	\$ 3,588,840	\$ 3,735,253
Equipment and fixtures	1,987,597	1,181,248	806,349	846,779
Computer equipment	44,013	38,140	5,873	7,621
Renovations, parking upgrade	100,541	94,796	5,745	650
Central chilling program	612,077	597,821	14,256	15,275
	\$10,174,814	\$ 5,753,751	\$ 4,421,063	\$ 4,605,578

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, 2017

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.

	2017	2016
Balance, beginning of year	\$ 2,163,068	\$ 2,265,260
Additional contributions received	21,170	736
Amortization of contributions	(115,364)	(102,928)
Balance, end of year	\$ 2,068,874	\$ 2,163,068

6. Long-term debt:

	2017	2016
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	\$ 451,779	\$ 493,674
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	470,629	522,478
	922,408	1,016,152
Less current portion	99,883	93,745
	\$ 822,525	\$ 922,407

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

2018	\$ 99,883
2019	106,422
2020	113,390
2021	120,814
2022	128,724
Thereafter	353,175
	\$ 922,408

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

6. Long-term debt (continued):

Interest paid on the notes payable to the City, a related party, amounted to \$68,596 (2016 - \$74,357).

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:

	2017	2016
Capital assets	\$ 4,421,063	\$ 4,605,578
Amounts financed by:		
Deferred capital contributions	2,068,874	2,163,068
Long-term debt	922,408	1,016,152
	2,991,282	3,179,220
	\$ 1,429,781	\$ 1,426,358

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

7. Invested in capital assets (continued):

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

	2017	2016
Deficiency of revenues over expenses:		
Amortization of capital assets	\$ (366,843)	\$ (328,006)
Amortization of deferred capital contributions	115,364	102,928
	<u>\$ (251,479)</u>	<u>\$ (225,078)</u>
Net change in investment in capital assets:		
Purchase of capital assets	\$ 182,328	\$ 431,762
Increase in deferred capital contributions	(21,170)	(736)
Repayment of long-term debt	93,744	87,985
	<u>\$ 254,902</u>	<u>\$ 519,011</u>

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

	2017	2016
Accounts receivable	\$ (85,711)	\$ (2,678)
Prepaid expenses	8,621	(8,502)
HST receivable	140,257	(283,440)
Accounts payable and accrued liabilities	(83,630)	(99,356)
HST payable	(140,257)	283,440
	<u>\$ (160,720)</u>	<u>\$ (110,536)</u>

COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

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 provision for doubtful accounts. The maximum exposure to credit risk of the Corporation at December 31, 2017 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for a provision for doubtful accounts. The amount of any related impairment loss is recognized in the income statement. Subsequent recoveries of impairment losses related to accounts receivable are credited to the income statement. The balance of the provision for doubtful accounts at December 31, 2017 is \$17,759 (2016 - \$5,000).

There have been no significant changes to the credit risk exposure from 2016.

(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 2016.

(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, 2017

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 2016.

COVENT GARDEN MARKET CORPORATION

Schedule - Operating and Management Expenses

Year ended December 31, 2017, with comparative information for and 2016

	2017	2016
Operating expenses:		
Contracted services and professional fees	\$ 673,010	\$ 666,994
Amortization	358,574	319,834
Advertising	353,307	308,567
Light and heat	271,575	296,077
Maintenance, repairs and supplies	255,264	264,887
Security	251,737	217,470
Insurance	101,594	115,240
Interest expense, notes payable	68,596	74,357
Salaries and benefits	52,911	49,670
Miscellaneous	23,543	9,177
Professional fees	6,865	-
Telephone	3,140	3,116
	\$ 2,420,116	\$ 2,325,389
Management expenses:		
Salaries	\$ 312,494	\$ 301,734
Benefits	79,602	73,506
Miscellaneous	26,408	20,694
Professional fees	17,367	57,260
Maintenance repairs and supplies	14,056	15,429
Amortization	8,269	8,172
Insurance	7,033	7,949
Telephone	6,752	7,627
Travel and entertainment	3,636	4,527
	\$ 475,617	\$ 496,898

Financial Statements of

ELDON HOUSE CORPORATION

Year ended December 31, 2017



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

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, 2017, 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, 2017 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 statement of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended December 31, 2016.

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, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly wavy line that extends to the right.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

May 10, 2018

ELDON HOUSE CORPORATION

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets		
Cash and cash equivalents	\$ 46,961	\$ 45,012
Accounts receivable	1,806	8,952
Prepaid expenses and deposits	375	375
	<u>49,142</u>	<u>54,339</u>
Financial liabilities		
Accounts payable and accrued liabilities	26,559	16,707
Deferred revenue	5,664	-
Deposits payable	781	1,000
	<u>33,004</u>	<u>17,707</u>
Net financial assets	16,138	36,632
Non-financial assets		
Tangible capital assets (note 2)	37,524	21,400
Accumulated surplus (note 3)	<u>\$ 53,662</u>	<u>\$ 58,032</u>

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	Budget 2017	2017	2016
Revenue:			
The Corporation of the City of London	\$ 278,156	\$ 303,430	\$ 278,678
Grants	30,300	36,081	33,547
Other income	44,043	38,915	43,722
Donations	10,000	9,037	5,241
	<u>362,499</u>	<u>387,463</u>	<u>361,188</u>
Expenditures:			
Salaries and benefits	233,778	266,965	245,262
Office and general	13,700	30,603	23,933
Utilities	26,836	24,064	22,947
Programs and exhibitions	14,600	14,832	17,335
Professional fees	5,500	14,564	4,681
Repairs and maintenance	36,495	13,604	17,907
Amortization	-	8,667	4,902
Advertising	18,500	7,353	12,551
Telephone and internet	5,590	7,309	12,349
Insurance	5,500	2,970	4,992
Meals and entertainment	-	836	1,086
Cost of sales	2,000	66	3,529
	<u>362,499</u>	<u>391,833</u>	<u>371,474</u>
Annual deficit	-	(4,370)	(10,286)
Accumulated surplus, beginning of year	58,032	58,032	68,318
Accumulated surplus, end of year	<u>\$ 58,032</u>	<u>\$ 53,662</u>	<u>\$ 58,032</u>

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

Statement of Change in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Annual deficit	\$ (4,370)	\$ (10,286)
Acquisition of tangible capital assets	(24,791)	(12,832)
Amortization of tangible capital assets	8,667	4,902
	(20,494)	(18,216)
Consumption of inventories	-	2,820
Net financial assets, beginning of year	36,632	52,028
Net financial assets, end of year	\$ 16,138	\$ 36,632

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (4,370)	\$ (10,286)
Item not involving cash:		
Amortization of tangible capital assets	8,667	4,902
Changes in non-cash operating working capital:		
Accounts receivable	7,146	(8,542)
Inventories	-	2,820
Deposits payable	(219)	-
Prepaid expenses and deposits	-	(192)
Accounts payable and accrued liabilities	9,852	330
Deferred revenue	5,664	(2,160)
	26,740	(13,128)
Investing activities:		
Additions to tangible capital assets	(24,791)	(12,832)
Increase (decrease) in cash and cash equivalents	1,949	(25,960)
Cash and cash equivalents, beginning of year	45,012	70,972
Cash and cash equivalents, end of year	\$ 46,961	\$ 45,012
Represented by:		
Cash	\$ 41,921	\$ 39,972
Cash equivalents	5,040	5,040
	\$ 46,961	\$ 45,012

See accompanying notes to financial statements.

ELDON HOUSE CORPORATION

Notes to Financial Statements

Year ended December 31, 2017

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

(a) Basis of accounting:

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

(b) Tangible capital assets:

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

Asset	Rate
Furniture and fixtures	20%
Computer equipment	55%
Website	20%
Office equipment	20%
CCTV security system	20%

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

ELDON HOUSE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(c) Government transfers:

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

(d) Deferred revenue:

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

(e) Contributed services:

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

(f) Use of estimates:

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

(g) 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

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Tangible capital assets:

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Furniture and fixtures	\$ 14,715	\$ -	\$ -	\$ 14,715
Computer hardware	9,836	1,563	-	11,399
Website	7,937	-	-	7,937
Office equipment	-	3,409	-	3,409
CCTV security system	-	19,819	-	19,819
Total	\$ 32,488	\$ 24,791	\$ -	\$ 57,279

Accumulated amortization	Balance at December 31, 2016	Disposals	Amortization expense	Balance at December 31, 2017
Furniture and fixtures	\$ 4,457	\$ -	\$ 2,102	\$ 6,559
Computer hardware	5,837	-	2,654	8,491
Website	794	-	1,588	2,382
Office equipment	-	-	341	341
CCTV security system	-	-	1,982	1,982
Total	\$ 11,088	\$ -	\$ 8,667	\$ 19,755

	Net book value December 31, 2016	Net book value December 31, 2017
Furniture and fixtures	\$ 10,258	\$ 8,156
Computer hardware	3,999	2,908
Website	7,143	5,555
Office equipment	-	3,068
CCTV security system	-	17,837
Total	\$ 21,400	\$ 37,524

ELDON HOUSE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

3. Accumulated surplus:

The balance of accumulated surplus is comprised of the following:

	2017	2016
Invested in tangible capital assets	\$ 37,524	\$ 21,400
Operating fund	16,138	36,632
	<u>\$ 53,662</u>	<u>\$ 58,032</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, 2017 was \$159,998 (2016 - \$148,037). During the year, the responsibility for administration of the fund was transferred from Museum London to The Corporation of the City of London. 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, 2017



KPMG LLP
140 Fullarton Street Suite 1400
London ON N6A 5P2
Canada
Tel 519 672-4800
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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, 2017, 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, 2017, 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.

KPMG LLP

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Chartered Professional Accountants, Licensed Public Accountants

August 21, 2017

London, Canada

FAIR-CITY JOINT VENTURE

Statement of Financial Position

June 30, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash	\$ 556,175	\$ 495,208
Investment (note 2)	827,692	981,765
Accounts receivable (note 3)	264,594	148,999
Prepaid expenses	153,925	179,117
	<u>1,802,386</u>	<u>1,805,089</u>
Capital assets (note 4)	11,755,263	11,798,774
	<u>\$ 13,557,649</u>	<u>\$ 13,603,863</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 394,184	\$ 245,396
Payable to Western Fair Association (note 14)	145,824	95,310
Deferred revenue	332,083	351,478
Current portion of related party debt, secured (note 6)	828,294	777,896
Current portion of obligations under capital leases (note 7)	<u>108,733</u>	<u>70,852</u>
	1,809,118	1,540,932
Related party debt, secured (note 6)	3,168,491	3,996,785
Obligations under capital leases (note 7)	1,349,277	1,342,547
Employee future benefits (note 8)	226,572	194,239
Deferred capital contributions (note 9)	3,151,886	3,284,513
Net assets:		
Investment in capital assets (note 10)	3,148,582	2,326,181
Internally restricted (note 12)	<u>703,723</u>	<u>918,666</u>
	3,852,305	3,244,847
Contingencies (note 16)		
	<u>\$ 13,557,649</u>	<u>\$ 13,603,863</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, 2017, with comparative information for 2016

	2017	2016
Revenues:		
Ice rentals (note 14)	\$ 3,294,308	\$ 3,294,365
Sponsorship and other	617,428	582,720
<u>Amortization of deferred capital contributions</u>	<u>132,627</u>	<u>132,626</u>
	4,044,363	4,009,711
Expenditures:		
Salaries and benefits	1,118,635	1,081,615
Utilities	680,648	644,341
Amortization of capital assets	636,611	580,729
Interest expense (note 14)	385,738	436,106
Supplies and services	363,251	408,207
<u>Management fees from venturer (note 14)</u>	<u>242,479</u>	<u>239,769</u>
	3,427,362	3,390,767
<u>Excess of revenues over expenditures (note 13)</u>	<u>\$ 617,001</u>	<u>\$ 618,944</u>

See accompanying notes to financial statements.

FAIR-CITY JOINT VENTURE

Statement of Changes in Net Assets

Year ended June 30, 2017, with comparative information for 2016

	Western Fair Association	The City of London	Internally restricted (note 12)	Investment in capital assets (note 10)	Total 2017	Total 2016
Balance, beginning of year	\$ -	\$ -	\$ 918,666	\$ 2,326,181	\$ 3,244,847	\$ 2,714,146
Excess of revenues over expenditures	361,384	255,617	-	-	617,001	618,944
Employee future benefit remeasurements	(5,589)	(3,954)	-	-	(9,543)	(88,243)
Venturer distributions	-	-	-	-	-	-
Allocation to internally restricted net assets	(141,461)	(100,059)	241,520	-	-	-
Change in investment in capital assets	(214,334)	(151,604)	(456,463)	822,401	-	-
Balance, end of year	\$ -	\$ -	\$ 703,723	\$ 3,148,582	\$ 3,852,305	\$ 3,244,847

See accompanying notes to financial statements.

FAIR-CITY JOINT VENTURE

Statement of Cash Flows

Year ended June 30, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenditures	\$ 617,001	\$ 618,944
Items not involving cash:		
Amortization of capital assets	636,611	580,729
Change in employee future benefits liability	22,788	4,783
Amortization of deferred capital contributions	(132,627)	(132,626)
Loss on disposal of capital asset	4,256	-
Changes in non-cash operating working capital:		
Accounts receivable	(115,595)	45,812
Prepaid expenses	25,192	(91,393)
Accounts payable and accrued liabilities	148,791	(21,875)
Payable to The City of London	-	(34,413)
Payable to Western Fair Association	50,514	(85,363)
Deferred revenue	(19,395)	8,903
	1,237,536	893,501
Financing activities:		
Repayments of related party debt	(777,896)	(730,565)
Payment of obligations under capital leases	(96,282)	(74,379)
	(874,178)	(804,944)
Investing activities:		
Purchase of capital assets	(456,464)	(269,492)
Net change in investment	154,073	(11,379)
	(302,391)	(280,871)
Increase (decrease) in cash	60,967	(192,314)
Cash, beginning of year	495,208	687,522
Cash, end of year	\$ 556,175	\$ 495,208

See accompanying notes to financial statements.

FAIR-CITY JOINT VENTURE

Notes to Financial Statements

Year ended June 30, 2017

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 in Part III of the CPA Canada Handbook - Accounting.

The Joint Venture's significant accounting policies are as follows:

(a) Revenue recognition:

The Joint Venture recognizes revenue when the service has been rendered and persuasive evidence of an arrangement exists, the price to the buyer is fixed or determinable and collection is reasonably assured. Deposits received for future rentals are included in deferred revenue until the rental is provided and the sale is recognized.

Contributions restricted for the purpose of capital assets are deferred, and when expended, are amortized into revenue at a rate corresponding with the amortization for the related capital asset.

(b) Capital assets:

Capital assets are stated at cost, less accumulated amortization. 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. Costs related to capital projects in progress are accumulated and no amortization is recorded until the capital project is substantially complete and the assets are ready for use. When completed, the costs of capital projects in progress are transferred to the appropriate asset category and amortized in accordance with the category's useful life.

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2017

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, 2017

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, 2017

2. Investment:

The investment is comprised of a term deposit that matures on August 2, 2017 with an effective interest rate of 0.97% (2016 - 0.95%).

3. Accounts receivable:

	2017	2016
Trade	\$ 193,375	\$ 149,589
Miscellaneous	76,609	-
	269,984	149,589
Allowance for doubtful accounts	(5,390)	(590)
	\$ 264,594	\$ 148,999

4. Capital assets:

	2017		2016	
	Cost	Accumulated amortization	Net book value	Net book value
Building	\$ 15,446,432	\$ 5,914,282	\$ 9,532,150	\$ 9,929,683
Machinery and equipment	546,750	206,062	340,688	231,004
Special alterations	1,077,949	301,109	776,840	203,196
Solar array under capital lease	1,474,114	368,529	1,105,585	1,179,291
Capital projects in progress	-	-	-	255,600
	\$ 18,545,245	\$ 6,789,982	\$ 11,755,263	\$ 11,798,774

During the year, the Joint Venture acquired an asset with a cost of \$140,893 by means of a capital lease. At June 30, 2017, machinery and equipment includes assets under capital lease with a cost of \$287,144 (2016 - \$146,251) and has accumulated amortization of \$78,799 (2016 - \$26,591).

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2017

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$5,269 (2016 - \$8,448), which includes amounts payable for payroll related taxes. Included in miscellaneous receivables is HST receivable in the amount of \$26,224 (2016 - nil)

6. Related party debt:

	2017	2016
Obligation to The City of London:		
Term loan, bearing interest at 6.377%, payable in monthly blended payments of \$88,019, due October 1, 2021, secured by a general security agreement over all assets	\$ 3,996,785	\$ 4,774,681
Current portion of related party debt	828,294	777,896
	<u>\$ 3,168,491</u>	<u>\$ 3,996,785</u>

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

2018	\$ 828,294
2019	881,956
2020	939,095
2021	999,936
2022	347,504
	<u>\$ 3,996,785</u>

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2017

7. Obligations under capital leases:

The Joint Venture has entered into two capital lease for certain ice surfacing equipment which expire December 1, 2019 and January 15, 2021 and one capital lease for a solar array expiring June 28, 2033.

2018	\$ 218,847
2019	197,127
2020	181,612
2021	163,825
2022	146,037
Thereafter	1,387,353
<hr/>	
Total minimum lease payments	2,294,801
Less amount representing interest at between 3.37% and 8.21%	836,791
<hr/>	
Present value of net minimum capital lease payments	1,458,010
Current portion of obligations under capital leases	108,733
<hr/>	
	\$ 1,349,277

8. Employee future benefits:

(a) Pension plan:

The Joint Venture contributed \$18,784 (2016 - \$23,099) to the defined contribution pension plan during the year. The total expense for the year was \$18,784 (2016 - \$23,099).

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2017

8. 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 and the results have been extrapolated to June 30, 2017. The most recent actuarial valuation of the sick leave plans was performed as of June 30, 2017.

The discount rate used in the actuarial measurement of the employee future benefit liability was 3.46% (2016 - 3.58%). The employee future benefit liability relating to post-employment benefits other than pension is \$226,572 (2016 - \$194,239). This liability has been recorded in the financial statements.

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

	2017	2016
Current service cost	\$ 17,543	\$ 8,157
Interest cost	7,247	3,883
	\$ 24,790	\$ 12,040

Details of annual contributions and benefits paid are as follows:

	2017	2016
Employer contributions	\$ 2,000	\$ 7,257
Benefit payments	(2,000)	(7,257)

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2017

9. 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:

	2017	2016
Balance, beginning of year	\$ 3,284,513	\$ 3,417,139
Amortization of deferred capital contributions	(132,627)	(132,626)
Balance, end of year	\$ 3,151,886	\$ 3,284,513

10. Investments in capital assets:

Investments in capital assets consists of the following:

	2017	2016
Capital assets	\$ 11,755,263	\$ 11,798,774
Less amounts financed by:		
Related party debt	(3,996,785)	(4,774,681)
Obligation under capital leases	(1,458,010)	(1,413,399)
Deferred capital contributions	(3,151,886)	(3,284,513)
	(8,606,681)	(9,472,593)
	\$ 3,148,582	\$ 2,326,181

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2017

10. Investments in capital assets (continued):

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

	2017	2016
Amortization of deferred capital contributions	\$ 132,627	\$ 132,626
Amortization of capital assets	(636,611)	(580,729)
Loss on disposal of capital asset	(4,256)	-
	(508,240)	(448,103)
Purchase of capital assets	597,356	415,743
Repayment of related party debt	777,896	730,565
Repayment of obligations under capital leases	96,282	74,379
Increase in obligations under capital leases	(140,893)	(146,251)
	\$ 822,401	\$ 626,333

11. 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, 2017, both venturers agreed to a total contribution of \$241,520 (2016 - \$173,860).

12. Internally restricted net assets:

	2017	2016
Balance, beginning of year	\$ 918,666	\$ 1,014,298
Current year allocation	241,520	173,860
Capital expenditures	(456,463)	(269,492)
Balance, end of year	\$ 703,723	\$ 918,666

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2017

13. 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, for every \$1 million repayment thereafter, the Association's equity interest will increase by 2.857%, to a maximum of 70%, and the City's equity interest will decrease by 2.857%, to a minimum of 30%. Any deficiency of revenue over expenditures incurred by the Joint Venture accrues to the Association.

During the year, the related party debt repayment threshold was met resulting in the Association's equity interest increasing to 58.5711% (2016 - 55.714%) and the City's equity interest decreasing to 41.4289% (2016 - 44.286%). The venturers agreed to apply the change 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:

	2017	2016
Excess of revenues over expenditures	\$ 617,001	\$ 618,944
Amortization of capital assets	636,611	580,729
Amortization of deferred capital contributions	(132,627)	(132,626)
Loss on disposal of capital asset	4,256	-
Repayment of related party debt	(777,896)	(730,565)
Repayment of obligations under capital leases	(96,282)	(74,379)
	251,063	262,103
Allocation to internally restricted net assets	(241,520)	(173,860)
Employee future benefit remeasurements	(9,543)	(88,243)
Amounts available for distribution to the venturers	\$ -	\$ -

FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2017

14. 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 \$1,792,285 (2016 - \$1,767,126).
- (b) The Joint Venture also paid interest of \$278,328 (2016 - \$325,659) to the City on account of the related party debt (note 6).
- (c) There were no venturer distributions declared during the year and paid or payable to Western Fair Association and The City of London (2016 - nil and nil) respectively.
- (d) During the year, the Joint Venture paid management fees to the Association in the amount of \$242,479 (2016 - \$239,769).

Payable to Western Fair Association of \$145,824 (2016 - \$95,310) and Payable to The City of London of nil (2016 - nil) are unsecured and non-interest bearing with no specific repayment terms.

15. 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 2016.

- (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, 2017

16. Contingencies:

From time-to-time the Joint Venture may have litigation pending or in progress. With respect to claims at June 30, 2017, management's position 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

**HOUSING DEVELOPMENT CORPORATION,
LONDON**

Year ended December 31, 2017



KPMG LLP
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London ON N6A 5P2
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Tel 519 672-4800
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Housing Development Corporation, London

We have audited the accompanying financial statements of Housing Development Corporation, London, which comprise the statement of financial position as at December 31, 2017, 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 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 Housing Development Corporation, London as at December 31, 2017, and its results of operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

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

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 19, 2018

HOUSING DEVELOPMENT CORPORATION, LONDON

Statement of Financial Position

As at December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets		
Due from the Corporation of the City of London (note 3)	\$ 5,926,529	\$ 2,306,000
Trade and other receivables	27,895	3,049
Total financial assets	5,954,424	2,309,049
Financial liabilities		
Accounts payable and accrued liabilities	27,739	21,700
Total financial liabilities	27,739	21,700
Net financial assets	5,926,685	2,287,349
Non-financial assets		
Tangible capital assets (note 4)	1,346	1,731
Prepaid expenses	63,975	3,942
Total non-financial assets	65,321	5,673
Accumulated surplus (note 5)	\$ 5,992,006	\$ 2,293,022

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

HOUSING DEVELOPMENT CORPORATION, LONDON

Statement of Operations

For the year ended December 31, 2017, with comparative information for the fifteen-month period ended December 31, 2016

	Budget	2017	2016
Revenues			
Transfer payments			
Municipal - the Corporation of the City of London	\$ 2,767,755	\$ 4,343,164	\$ 2,691,502
Federal	-	3,100	-
Interest income	-	54,933	13,140
Other	-	6,000	-
Total revenues	2,767,755	4,407,197	2,704,642
Expenses			
Salaries, wages and benefits	487,171	427,796	232,363
Materials and supplies	63,940	30,764	11,804
Contracted services	186,644	124,594	167,361
Office rental expense	30,000	24,674	-
External transfers	-	100,000	-
Amortization of tangible capital assets (note 4)	-	385	192
Total expenses	767,755	708,213	411,720
Annual surplus	2,000,000	3,698,984	2,292,922
Accumulated surplus, beginning of year (note 5)	2,293,022	2,293,022	-
Issuance of share capital (note 7)	-	-	100
Accumulated surplus, end of year (note 5)	\$ 4,293,022	\$ 5,992,006	\$ 2,293,022

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

HOUSING DEVELOPMENT CORPORATION, LONDON

Statement of Net Financial Assets

For the year ended December 31, 2017, with comparative information for the fifteen-month period ended December 31, 2016

	Budget	2017	2016
Annual surplus	\$ 2,000,000	\$ 3,698,984	\$ 2,292,922
Acquisition of tangible capital assets	(21,735)	-	(1,923)
Amortization of tangible capital assets	-	385	192
	1,978,265	3,699,369	2,291,191
Change in prepaid expenses	-	(60,033)	(3,942)
Change in net financial assets	1,978,265	3,639,336	2,287,249
Net financial assets, beginning of year	2,287,349	2,287,349	-
Issuance of share capital (note 7)	-	-	100
Net financial assets, end of year	\$ 4,265,614	\$ 5,926,685	\$ 2,287,349

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

HOUSING DEVELOPMENT CORPORATION, LONDON

Statement of Cash Flows

For the year ended December 31, 2017, with comparative information for the fifteen-month period ended December 31, 2016

	2017	2016
Cash provided by:		
Operating activities:		
Annual surplus	\$ 3,698,984	\$ 2,292,922
Items not involving cash:		
Amortization of tangible capital assets	385	192
Change in non-cash assets and liabilities:		
Due from the Corporation of the City of London	(3,620,529)	(2,306,000)
Prepaid expenses	(60,033)	(3,942)
Trade and other receivables	(24,846)	(3,049)
Accounts payable and accrued liabilities	6,039	21,700
Net change in cash from operating activities	-	1,823
Capital activities:		
Purchase of tangible capital assets	-	(1,923)
Cash used in capital activities	-	(1,923)
Financing activities:		
Issuance of share capital	-	100
Cash provided by financing activities	-	100
Net change in cash flows and cash, end of period	\$ -	\$ -

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

HOUSING DEVELOPMENT CORPORATION, LONDON

Notes to Financial Statements

Year ended December 31, 2017

1. Nature of reporting entity

Housing Development Corporation, London (the "Corporation") is a municipal services corporation with share capital incorporated under the *Business Corporations Act*, R.S.O. 1990, c.B.16 on October 26, 2015.

The Corporation is a wholly owned subsidiary company of The Corporation of the City of London (the "City") and is managed by a Board of Directors appointed by the City, as the sole shareholder.

2. Significant accounting policies

The financial statements of the Corporation are prepared by management, in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants (CPA) of Canada Public Sector Handbook – Accounting.

Significant accounting policies are as follows.

(a) Basis of accounting

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

(b) Tangible capital assets

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

Asset	Useful Life - Years
Office equipment and furniture	5

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.

(c) Government transfers

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

HOUSING DEVELOPMENT CORPORATION, LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Significant accounting policies (continued)

(d) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the valuation allowances for receivables and useful lives assigned to tangible capital assets.

Actual results could differ from those estimates.

(e) Budget figures

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

(f) Liability for contaminated sites

Under PS 3260, liability for contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

3. Due from the Corporation of the City of London

In accordance with the City of London Council's direction of September 2, 2014, the Corporation has been extended shared services support from the City. The City's support services include office space, information technology, risk management, facility, finance, payroll, purchasing, legal and other administrative services to ensure operational efficiency. The Corporation incurred a charge of \$25,000 for these services and this expense has been included in the Statement of Operations.

The City maintains a separate general ledger on behalf of the Corporation. All funds are paid and received through the City's bank account and are held for use by the Corporation.

HOUSING DEVELOPMENT CORPORATION, LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2017

4. Tangible capital assets

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Office equipment and furniture	\$ 1,923	\$ -	\$ -	\$ 1,923
Total	\$ 1,923	\$ -	\$ -	\$ 1,923

Accumulated Amortization	Balance at December 31, 2016	Amortization Expense	Disposals	Balance at December 31, 2017
Office equipment and furniture	\$ 192	\$ 385	\$ -	\$ 577
Total	\$ 192	\$ 385	\$ -	\$ 577

	Net book value December 31, 2016	Net book value December 31, 2017
Office equipment and furniture	\$ 1,731	\$ 1,346
Total	\$ 1,731	\$ 1,346

5. Accumulated surplus

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

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 1,346	\$ 1,731
Total surplus	1,346	1,731
Reserve funds set aside for specific purpose by the Board:		
Affordable Housing future operations	5,990,560	2,291,191
Total reserve funds (note 6)	5,990,560	2,291,191
Share capital:		
100 Class A common shares (note 7)	100	100
Total share capital	100	100
	\$ 5,992,006	\$ 2,293,022

HOUSING DEVELOPMENT CORPORATION, LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2017

6. Analysis of reserve fund

	2017	2016
Affordable Housing reserve fund:		
Balance, beginning of year	\$ 2,291,191	\$ -
Interest earned	54,933	13,140
Contributions from current operations:		
Annual	2,000,000	2,000,000
Additional one-time from City of London	1,600,000	-
Current year surplus	32,500	278,051
Current year surplus reserved for office leasehold improvements	111,936	-
Transfers to current operations	(100,000)	-
Balance, end of year	\$ 5,990,560	\$ 2,291,191

	2017	2016
Comprised of:		
Contributions from the City of London, stipulated for use in future affordable housing projects	\$ 5,568,073	\$ 2,013,140
Accumulated operating surpluses held for future administration expenses	422,487	278,051
Balance, end of year	\$ 5,990,560	\$ 2,291,191

7. Share capital

	2017	2016
Authorized:		
An unlimited number of Class A common shares		
An unlimited number of Class B common shares		
An unlimited number of Class C common shares		
An unlimited number of non-cumulative, redeemable, voting Class A Special shares		
An unlimited number of non-cumulative, redeemable, voting Class B Special shares		
An unlimited number of non-cumulative, redeemable, voting Class C Special shares		
An unlimited number of non-cumulative, redeemable, voting Class D Special shares		
An unlimited number of non-cumulative, redeemable, voting Class E Special shares		
Issued:		
100 Class A common shares	\$ 100	\$ 100

HOUSING DEVELOPMENT CORPORATION, LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2017

8. Budget data

Budget data presented in these financial statements are based upon the 2017 operating budget approved by the City and interim Board and then transferred to the Corporation. 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
Revenue:	
Municipal revenue – The Corporation of the City of London	\$ 743,792
Total revenue	743,792
Expenses:	
Personnel costs	167,792
Administrative expenses	88,405
Purchased services	482,725
Materials and supplies	2,330
Furniture and equipment	2,540
Total expenses	743,792
Net surplus as per Approved Budget	\$ -
Public Sector Accounting Board (PSAB) Reporting Requirements and Budget adjustments:	
Increase in government grants and subsidies	\$ 26,579
Increase in municipal revenue	1,997,384
Increase in personnel costs and furniture and equipment	(23,963)
Net PSAB Budget Surplus as per Financial Statements	\$ 2,000,000

9. Comparative information

Comparative information presented is for the fifteen-month period from October 26, 2015 to December 31, 2016.

Financial Statements of

**THE LONDON CONVENTION CENTRE
CORPORATION**

Year ended December 31, 2017



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

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, 2017 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, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

March 8, 2018

THE LONDON CONVENTION CENTRE CORPORATION

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial Assets		
Cash and cash equivalents	\$ 736,885	\$ 1,199,757
Accounts receivable	547,836	208,206
Other receivables	13,549	94,010
Receivable from The City of London	8,874	-
	<u>1,307,144</u>	<u>1,501,973</u>
Financial Liabilities		
Accounts payable and accrued liabilities	781,377	531,363
Payable to The City of London	-	96,121
Long-term debt (note 6)	1,787,991	1,965,000
Accrued sick and vacation	38,449	61,097
Advance deposits	481,843	567,741
	<u>3,089,660</u>	<u>3,221,322</u>
Net debt	(1,782,516)	(1,719,349)
Non-Financial Assets		
Tangible capital assets (note 4)	18,375,774	19,418,142
Prepaid expenses	26,765	26,559
Inventory (note 2)	66,992	53,021
	<u>18,469,531</u>	<u>19,497,722</u>
Accumulated surplus (note 7)	<u>\$ 16,687,015</u>	<u>\$ 17,778,373</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director _____ Director

THE LONDON CONVENTION CENTRE CORPORATION

Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	Budget 2017	2017	2016
Revenue:			
Food and beverage	\$ 3,910,000	\$ 3,745,057	\$ 4,003,431
Space rental	578,000	624,357	534,022
City capital appropriation	589,000	579,966	494,583
Parking	528,872	497,542	480,018
Technical	421,861	349,159	303,312
Capital reserve drawdown	204,152	300,969	3,009,333
Other	145,646	155,808	130,839
Federal grants	-	-	715,000
	<u>6,377,531</u>	<u>6,252,858</u>	<u>9,670,538</u>
Cost of goods sold:			
Food and beverage	1,026,998	963,883	1,029,628
Other	25,126	64,368	53,250
Technical	18,672	14,287	20,805
	<u>1,070,796</u>	<u>1,042,538</u>	<u>1,103,683</u>
	5,306,735	5,210,320	8,566,855
Expenditures:			
Event services and culinary	1,511,338	1,463,821	1,470,777
Amortization of tangible capital assets	1,213,288	1,331,377	1,213,288
Corporate services	1,091,465	854,184	951,012
Sales and catering	825,157	708,722	827,923
City appropriation	589,000	678,953	494,583
Energy	446,227	543,543	514,592
Facility services	430,793	438,582	468,092
Cleaning	128,195	110,479	119,494
Parking	43,891	58,208	42,964
Other	34,073	44,118	36,399
Technical	30,498	26,306	15,847
Interest and bank charges	-	43,385	18,945
	<u>6,343,925</u>	<u>6,301,678</u>	<u>6,173,916</u>
Annual surplus (deficit) (note 8)	(1,037,190)	(1,091,358)	2,392,939
Accumulated surplus, beginning of year	17,778,373	17,778,373	15,385,434
Accumulated surplus, end of year	<u>\$ 16,741,183</u>	<u>\$ 16,687,015</u>	<u>\$ 17,778,373</u>

See accompanying notes to financial statements.

THE LONDON CONVENTION CENTRE CORPORATION

Statement of Change in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Annual surplus (deficit)	\$ (1,091,358)	\$ 2,392,939
Acquisition of tangible capital assets	(289,009)	(5,200,532)
Amortization of tangible capital assets	1,331,377	1,213,288
	(48,990)	(1,594,305)
Acquisition of inventories of supplies	(66,992)	(53,021)
Acquisition of prepaid expenses	(26,765)	(26,559)
Consumption of inventories of supplies	53,021	53,891
Use of prepaid expenses	26,559	32,603
	(14,177)	6,914
Decrease in net financial assets	(63,167)	(1,587,391)
Net financial debt, beginning of year	(1,719,349)	(131,958)
Net financial debt, end of year	\$ (1,782,516)	\$ (1,719,349)

See accompanying notes to financial statements.

THE LONDON CONVENTION CENTRE CORPORATION

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (1,091,358)	\$ 2,392,939
Item not involving cash:		
Amortization of tangible capital assets	1,331,377	1,213,288
Changes in non-cash operating working capital:		
Accounts receivable	(339,630)	72,695
Other receivables	80,461	(83,698)
Inventory	(13,971)	870
Accounts payable and accrued liabilities	250,014	(15,661)
Accrued sick and vacation	(22,648)	25,558
Receivable from/Payable to The City of London	(104,995)	(644,913)
Advance deposits	(85,898)	75,381
Prepaid expenses	(206)	6,044
	3,146	3,042,503
Financing activities:		
Proceeds on issuance of long-term debt	-	1,965,000
Repayment of long-term debt	(177,009)	-
	(177,009)	1,965,000
Capital activities:		
Acquisition of tangible capital assets	(289,009)	(5,200,532)
Net change in cash and cash equivalents	(462,872)	(193,029)
Cash and cash equivalents, beginning of year	1,199,757	1,392,786
Cash and cash equivalents, end of year	\$ 736,885	\$ 1,199,757
Cash and cash equivalents consist of:		
Cash	\$ 210,298	\$ 676,720
Investments held by the City of London with an average yield of 1.82%	526,587	523,037
	\$ 736,885	\$ 1,199,757

See accompanying notes to financial statements.

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements

Year ended December 31, 2017

1. Significant accounting policies:

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

(a) Basis of accounting:

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

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

(b) Tangible capital assets:

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

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

(c) Revenue recognition:

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

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

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(d) Inventory:

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

(e) Use of estimates:

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

(f) Budget amounts:

Budget figures have been provided for comparison purposes. Given differences between the budgeting model and 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, 2017

2. Inventory:

At December 31, inventory consists of:

	2017	2016
Food	\$ 26,025	\$ 14,675
Beverages	40,967	38,346
	<u>\$ 66,992</u>	<u>\$ 53,021</u>

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.

	2017	2016
Opening balance	\$ 1,460,264	\$ 3,932,518
Contributions during the year	678,953	494,583
Interest	24,317	42,496
Capital expenditures	(300,969)	(3,009,333)
Closing balance	<u>\$ 1,862,565</u>	<u>\$ 1,460,264</u>

4. Tangible capital assets:

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Building	\$ 27,309,469	\$ -	\$ -	\$ 27,309,469
Building improvements	9,533,233	152,389	-	9,685,622
Equipment	1,471,914	118,492	-	1,590,406
Furniture	1,084,464	14,758	-	1,099,222
Infrastructure	654,250	3,370	-	657,620
Vehicles	41,217	-	-	41,217
	<u>\$ 40,094,547</u>	<u>\$ 289,009</u>	<u>\$ -</u>	<u>\$ 40,383,556</u>

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

4. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2016	Disposals	Amortization expense	Balance at December 31, 2017
Building	\$ 15,760,924	\$ -	\$ 692,495	\$ 16,453,419
Building improvements	2,485,767	-	466,715	2,952,482
Equipment	1,292,141	-	88,938	1,381,079
Furniture	478,118	-	71,081	549,199
Infrastructure	625,806	-	11,580	637,386
Vehicles	33,649	-	568	34,217
	\$ 20,676,405	\$ -	\$ 1,331,377	\$ 22,007,782

	Net book value December 31, 2016	Net book value December 31, 2017
Building	\$ 11,548,545	\$ 10,856,050
Building improvements	7,047,466	6,733,140
Equipment	179,773	209,327
Furniture	606,346	550,023
Infrastructure	28,444	20,234
Vehicles	7,568	7,000
	\$ 19,418,142	\$ 18,375,774

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

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

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 2017 was \$217,900 (2016 - \$200,486) for current service.

6. Long-term debt:

The note payable to the City of London, a related party, bears interest at a fixed rate of 2.3% per annum. The note is unsecured and due in blended annual payments of \$222,204 maturing August 1, 2026. Interest expense relating to the note was \$43,385 in the current year (2016 - \$18,945).

7. Accumulated surplus:

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

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 18,375,774	\$ 19,418,142
Unfunded:		
Payable to The City of London used to finance tangible capital assets	(1,787,991)	(1,965,000)
Reserves:		
Special projects	346,154	346,154
Operating	500,000	500,000
	846,154	846,154
Other	(746,922)	(520,923)
	\$ 16,687,015	\$ 17,778,373

THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2017

8. Income (loss) from operations:

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

	2017	2016
Annual surplus (deficit)	\$ (1,091,358)	\$ 2,392,939
Add back:		
Amortization	1,331,377	1,213,288
City appropriation	678,953	494,583
Interest on long-term debt	43,385	18,945
	2,053,715	1,726,816
Deduct:		
City capital funding	(880,935)	(3,503,906)
Federal capital grants	-	(715,000)
	\$ 81,422	\$ (99,151)

In the current year, income from operations was designated to be transferred to the capital reserve. This designation has been reflected as an offset to the balance receivable from The City of London as at December 31, 2017.

9. Comparative figures:

Certain 2016 comparative figures have been reclassified to conform with the financial presentation adopted per the current year.

Combined Financial Statements of

**LONDON DOWNTOWN BUSINESS
ASSOCIATION**

Year ended December 31, 2017



KPMG LLP
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Canada
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of London Downtown Business Association

We have audited the accompanying combined financial statements of London Downtown Business Association, which comprise the combined statement of financial position as at December 31, 2017, the combined 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 Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined 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 combined 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 combined 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 combined financial statements present fairly, in all material respects, the combined financial position of London Downtown Business Association as at December 31, 2017, and its results of combined operations and its combined cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 20, 2018

LONDON DOWNTOWN BUSINESS ASSOCIATION

Combined Statement of Financial Position

December 31, 2017, with comparative information for 2016

	LDBA 2017	Main Street 2017	Total 2017	Total 2016
Financial assets				
Cash and cash equivalents	\$ 334,850	\$ 439,443	\$ 774,293	\$ 697,217
Accounts receivable	95,326	2,646	97,972	94,452
Tenant improvement loans (note 2)	-	60,096	60,096	46,171
	430,176	502,185	932,361	837,840
Financial liabilities				
Accounts payable and accrued liabilities	146,398	6,853	153,251	207,713
Funds on deposit	-	117,004	117,004	98,966
	146,398	123,857	270,255	306,679
Net financial assets	283,778	378,328	662,106	531,161
Non-financial assets				
Tangible capital assets (note 3)	76,824	-	76,824	119,501
Commitments (note 5)				
Accumulated surplus (note 4)	\$ 360,602	\$ 378,328	\$ 738,930	\$ 650,662

See accompanying notes to combined financial statements.

On behalf of the Board:

_____ Director _____ Director

LONDON DOWNTOWN BUSINESS ASSOCIATION

Combined Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	LDBA 2017	Main Street 2017	Total 2017	Total 2016
Revenue:				
Municipal levy from the City of London	\$ 1,750,164	\$ -	\$ 1,750,164	\$ 1,639,439
Main Street London funding	(117,260)	117,260	-	-
Interest income	2,068	1,221	3,289	2,180
Miscellaneous income	-	109,083	109,083	195
Total revenue	1,634,972	227,564	1,862,536	1,641,814
Expenses:				
Salaries and wages	417,675	92,514	510,189	491,654
Business development	505,936	-	505,936	447,790
Member services	434,668	21,610	456,278	453,642
Administration	109,674	1,153	110,827	120,093
Programs	-	70,524	70,524	69,723
Rent	67,150	-	67,150	66,299
Amortization	42,677	-	42,677	52,000
Business retention	-	10,687	10,687	4,753
Total expenses	1,577,780	196,488	1,774,268	1,705,954
Annual surplus (deficit)	57,192	31,076	88,268	(64,140)
Accumulated surplus, beginning of year	303,410	347,252	650,662	714,802
Accumulated surplus, end of year	\$ 360,602	\$ 378,328	\$ 738,930	\$ 650,662

See accompanying notes to combined financial statements.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Combined Statement of Change in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	LDBA 2017	Main Street 2017	Total 2017	Total 2016
Annual surplus (deficit)	\$ 57,192	\$ 31,076	\$ 88,268	\$ (64,140)
Amortization of tangible capital assets	42,677	-	42,677	52,000
Change in net financial assets	99,869	31,076	130,945	(12,140)
Net financial assets, beginning of year	183,909	347,252	531,161	543,301
Net financial assets, end of year	\$ 283,778	\$ 378,328	\$ 662,106	\$ 531,161

See accompanying notes to combined financial statements.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Combined Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 88,268	\$ (64,140)
Item not involving cash:		
Amortization	42,677	52,000
Changes in non-cash operating working capital:		
Investments	-	2,746
Accounts receivable	(3,520)	(12,611)
Tenant improvement loans	(13,925)	6,501
Accounts payable and accrued liabilities	(54,462)	88,912
	59,038	73,408
Financing activities:		
Funds on deposit	18,038	6,743
Increase in cash and cash equivalents	77,076	80,151
Cash and cash equivalents, beginning of year	697,217	617,066
Cash and cash equivalents, end of year	\$ 774,293	\$ 697,217
Supplemental cash flow information:		
Cash	\$ 715,316	\$ 639,051
Cash equivalents	58,977	58,166
	\$ 774,293	\$ 697,217

See accompanying notes to combined financial statements.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements

Year ended December 31, 2017

1. Significant accounting policies:

The combined financial statements of the London Downtown Business Association (the "Association") are prepared in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants Canada Public Sector Handbook - Accounting..

(a) Basis of accounting:

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

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

(b) Cash equivalents:

Cash equivalents consist of guaranteed investment certificates due on demand.

(c) Investments:

Investments consist of guaranteed investment certificates. Interest income is recognized as it is earned.

(d) Government transfers:

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

(e) Deferred revenue:

Funds received for expenses of future periods are deferred and recognized as income when the costs for which the revenue is received are incurred.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(f) Tangible capital assets:

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

Asset	Rate
Furniture	5 years
Metal trees	10 years
Computer equipment	4 years
Solar chargers	3 years
Leasehold improvements	10 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, tenant improvement loans and other long-lived assets. Actual results could differ from those estimates.

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2017

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 (2016 - nil).

3. Tangible capital assets:

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Furniture	\$ 43,050	\$ -	\$ -	\$ 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	\$ 450,973	\$ -	\$ -	\$ 450,973

Accumulated amortization	Balance at December 31, 2016	Disposals	Amortization expense	Balance at December 31, 2017
Furniture	\$ 30,482	\$ -	\$ 7,495	\$ 37,977
Metal trees	210,983	-	13,746	224,729
Computer equipment	29,426	-	-	29,426
Solar chargers	15,015	-	9,009	24,024
Leasehold improvements	45,566	-	12,427	57,993
Total	\$ 331,472	\$ -	\$ 42,677	\$ 374,149

	Net book value December 31, 2016	Net book value December 31, 2017
Furniture	\$ 12,568	\$ 5,073
Metal trees	16,215	2,469
Solar chargers	12,012	3,003
Leasehold improvements	78,706	66,279
Total	\$ 119,501	\$ 76,824

LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2017

4. Accumulated surplus:

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

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 76,824	\$ 119,501
Operating surplus	603,129	472,995
	679,953	592,496
Contingency reserve	58,977	58,166
	\$ 738,930	\$ 650,662

5. Commitments:

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

2018	\$ 15,190
2019	2,319
	\$ 17,509



London Hydro Inc.

Financial Statements

For the year ended December 31, 2017
with comparative amounts for 2016

London Hydro Inc.
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For the year ended December 31, 2017

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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., which comprise the statement of financial position as at December 31, 2017, the statements of comprehensive income, changes in equity 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 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 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 Hydro Inc. as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG LLP

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

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

March 22, 2018

London Hydro Inc.**Statement of Financial Position****December 31, 2017, with comparative amounts at December 31, 2016**

(in thousands of dollars)

	Note	2017	2016
ASSETS			
Current assets			
Cash	5	\$ 4,364	\$ 713
Accounts receivable	6	75,047	86,914
Materials and supplies	7	647	845
Prepaid expenses		2,461	1,896
Total current assets		82,519	90,368
Non-current assets			
Property, plant and equipment	8	286,584	268,702
Intangible assets	9	19,583	17,617
Total non-current assets		306,167	286,319
Total assets		388,686	376,687
Regulatory balances	11	5,832	6,550
Total assets and regulatory balances		\$ 394,518	\$ 383,237
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	12	\$ 48,304	\$ 56,257
Due to shareholder	21	8,724	8,671
Income tax payable		736	223
Current portion of long-term debt	14	2,304	2,304
Customer and other deposits		932	436
Deferred revenue	13	1,799	1,399
Total current liabilities		62,799	69,290
Non-current liabilities			
Long-term debt	14,23	116,522	108,826
Post-employment benefits	15	15,213	14,481
Customer and other deposits		5,896	5,600
Deferred revenue	13	21,328	16,309
Deferred tax liability	10	3,766	1,163
Unrealized loss on interest rate swap	14,23	887	4,406
Total non-current liabilities		163,612	150,785
Total liabilities		226,411	220,075
Equity			
Share capital	16	96,116	96,116
Retained earnings		64,887	55,251
Accumulated other comprehensive loss		(1,170)	(586)
Total equity		159,833	150,781
Total liabilities and equity		386,244	370,856
Regulatory balances	11	8,274	12,381
<i>Commitments and contingencies (Note 20), Subsequent events (Notes 14 and 24)</i>			
Total liabilities, equity and regulatory balances		\$ 394,518	\$ 383,237

On behalf of the Board:



Director



Director

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

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

For the year ended December 31, 2017, with comparative amounts for 2016

(in thousands of dollars)

	Note	2017	2016
Revenues			
Sale of energy		\$ 371,392	\$ 430,713
Distribution revenue		66,862	65,158
Other	17	10,504	10,690
		448,758	506,561
Operating expenses			
Cost of power purchased		373,466	423,092
Operating expenses	18	41,933	41,167
Depreciation and amortization		18,321	18,717
		433,720	482,976
Income from operating activities		15,038	23,585
Finance (income) / expense	19	(607)	1,228
Income before income taxes		15,645	22,357
Income tax expense	10	4,553	3,979
Net income for the year		11,092	18,378
Net movement in regulatory balances, net of tax	11	3,544	(5,911)
Net income for year and net movement in regulatory balances		14,636	12,467
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefits	15	(584)	(294)
Tax on remeasurements	10	155	78
Net movement in regulatory balances, net of tax	11	(155)	(78)
Other comprehensive loss		(584)	(294)
Total comprehensive income for the year		\$ 14,052	\$ 12,173

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

London Hydro Inc.
Statement of Changes in Equity
For the year ended December 31, 2017, with comparative amounts for 2016
(in thousands of dollars)

	Note	Share Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at January 1, 2016		\$ 96,116	\$ 52,784	\$ (292)	\$ 148,608
Net income and net movement in regulatory balances		-	12,467	-	12,467
Other comprehensive loss		-	-	(294)	(294)
Dividends	16	-	(10,000)	-	(10,000)
Balance at December 31, 2016		\$ 96,116	\$ 55,251	\$ (586)	\$ 150,781
Balance at January 1, 2017		\$ 96,116	\$ 55,251	\$ (586)	\$ 150,781
Net income and net movement in regulatory balances		-	14,636	-	14,636
Other comprehensive loss		-	-	(584)	(584)
Dividends	16	-	(5,000)	-	(5,000)
Balance at December 31, 2017		\$ 96,116	\$ 64,887	\$ (1,170)	\$ 159,833

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

London Hydro Inc.**Statement of Cash Flows****For the year ended December 31, 2017, with comparative amounts for 2016**

(in thousands of dollars)

	Note	2017	2016
Operating activities			
Net income and net movement in regulatory balances		\$ 14,636	\$ 12,467
Adjustments for:			
Depreciation and amortization	8,9	18,321	18,717
Amortization of deferred revenue	17	(138)	(234)
Post-employment benefits	15	148	342
Gain on disposal of property, plant and equipment	17	(280)	(173)
Net finance expense / (income)	19	(607)	1,228
Income tax expense	10	4,553	3,979
		36,633	36,326
Change in non-cash working capital:			
Accounts receivable		11,867	(15,900)
Materials and supplies		198	(96)
Prepaid expenses		(565)	(70)
Accounts payable and accrued liabilities		(7,953)	2,187
Due to shareholder		53	1,243
Customer deposits		792	(221)
		4,392	(12,857)
Other:			
Regulatory balances	11	(3,544)	5,911
Income tax paid		(1,410)	(2,065)
Income tax received		128	706
Interest paid		(3,006)	(2,837)
Interest received		94	80
		(7,738)	1,795
Net cash from operating activities		33,287	25,264
Investing activities			
Purchase of property, plant and equipment	8	(31,331)	(31,110)
Purchase of intangible assets	9	(6,846)	(6,546)
Proceeds on disposal of property, plant and equipment		146	241
Contributions received from customers		5,699	3,739
Net cash used in investing activities		(32,332)	(33,676)
Financing activities			
Dividends paid	16	(5,000)	(10,000)
Proceeds from long-term debt	14	10,000	20,000
Repayment of long-term debt	14	(2,304)	(7,304)
Net cash from financing activities		2,696	2,696
Change in cash		3,651	(5,716)
Cash, beginning of year		713	6,429
Cash, end of year		\$ 4,364	\$ 713

The accompanying notes are an integral part of these financial statements

1. Reporting entity

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

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

2. Basis of presentation

a) Statement of compliance

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

b) Approval of financial statements

These financial statements were approved by the Board of Directors on March 22, 2018.

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.

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 where rates are determined through a review of the forecasted annual amount of operating and capital expenditures, debt and shareholder’s equity required to support the Company’s business. The COS is usually filed every five years. The Company estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and interveners and rates are approved based upon 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 Regulation Mechanism (“IRM”) rate application is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year’s rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflation for Final Domestic Demand (“GDP IPI-FDD”) net of a productivity factor and a “stretch factor” determined by the relative efficiency of an electricity distributor.

The Company previously filed a COS application in September 2012 for rates effective May 1, 2013 to April 30, 2017. The GDP IPI-FDD for 2016 was 2.1%, the OEB applied productivity factor was 0.0% and the OEB determined stretch factor was (0.15)%, resulting in a net adjustment of 1.95% to the previous year’s rates effective May 1, 2016.

In August 2016, the Company filed a COS application which has been approved by the OEB. The rates approved in the application result in a decrease for the typical residential customer of \$1.40 per month compared to current rates. These new rates became effective May 1, 2017.

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.

3. Significant accounting policies

The accounting policies set out below have been applied consistently in all years presented in these financial statements.

a) Financial instruments

Non-derivative

All financial assets are classified as loans and receivables and all financial liabilities are classified as other liabilities. These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method less any impairment for the financial assets as described in note 3(f).

Derivative

The Company holds derivative financial instruments to manage its interest rate risk exposures. Derivatives are initially recognized at fair value; any directly attributable transaction costs are recognized in the Statement of Comprehensive Income as incurred as a change in interest rate swap. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in the Statement of Comprehensive Income.

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

b) Revenue recognition

Sale and distribution of electricity

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.

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, 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.

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 the Statement of Comprehensive Income. The costs of the day-to-day servicing of PP&E are recognized in the Statement of Comprehensive Income as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed periodically. The Company has concluded it does not have any legal or constructive obligation to remove PP&E.

Depreciation is calculated to write off the cost of items of PP&E using the straight-line method over their estimated useful lives, and is generally recognized in the Statement of Comprehensive Income. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate. Land is not depreciated. Construction-in-progress assets are not depreciated until the project is complete and the asset is available for use.

The estimated useful lives are as follows:

	Years
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

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

	Years
Computer software	3 - 5
Land rights	25
Wholesale metering	30

3. Significant accounting policies (continued)

f) Impairment

Financial assets measured at amortized cost

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows from that asset.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Interest on the impaired assets continues to be recognized through the unwinding of the discount. Losses are recognized in the Statement of Comprehensive Income. An impairment loss is reversed through the Statement of Comprehensive Income if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than materials and supplies and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Comprehensive Income.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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.

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 the Statement of Comprehensive Income or Other Comprehensive Income ("OCI"). When the customer is billed at rates approved by the OEB for the recovery of the deferred costs, the customer billings are recognized in revenue. The regulatory debit balance is reduced by the amount of these customer billings with the offset to net movement in regulatory balances in the Statement of Comprehensive Income or OCI.

The probability of recovery of the regulatory deferral account debit balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover the balance. The assessment of likelihood of recovery is based upon previous decisions made by the OEB for similar circumstances, policies or guidelines issued by the OEB, etc. Any resulting impairment loss is recognized in the Statement of Comprehensive Income in the year incurred.

When the Company is required to refund amounts to ratepayers in the future, the Company recognizes a regulatory deferral account credit balance. The offsetting amount is recognized in net movement in regulatory balances in the Statement of Comprehensive Income or OCI. The amounts returned to the customers are recognized as a reduction of revenue. The credit balance is reduced by the amount of these customer repayments with the offset to net movement in regulatory balances in the Statement of Comprehensive Income or OCI.

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 the Statement of Comprehensive Income when they are due.

Post-employment benefits, other than pension

The Company provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans.

The obligations for these post-employment benefit plans are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. Remeasurements of the net defined benefit obligations, including actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately in OCI. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in the Statement of Comprehensive Income.

3. Significant accounting policies (continued)

k) Finance income and finance expenses

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

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

l) Income taxes

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

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

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

Deferred tax is recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets and liabilities are recognized for unused tax losses, unused tax credits and temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted, at the reporting date.

3. Significant accounting policies (continued)

m) Change in accounting policies

The Company has adopted the following amendments to standards, with a date of initial application of January 1, 2017:

- i. Disclosure Initiative (Amendments to IAS 7)
- ii. Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)
- iii. Annual Improvements to IFRS (2014-2016) cycle

i. Disclosure Initiative (Amendments to IAS 7)

On January 7, 2016 the IASB issued Disclosure Initiative (Amendments to IAS 7). The amendments apply prospectively for annual periods beginning on or after January 1, 2017.

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. One way to meet this new disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities from financing activities.

The amendments did not result in a material impact on the financial statements.

ii. Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)

On January 19, 2016 the IASB issued Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12). The amendments apply retrospectively for annual periods beginning on or after January 1, 2017.

The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also clarify the methodology to determine the future taxable profits used for assessing the utilization of deductible temporary differences.

The amendments did not result in a material impact on the financial statements.

3. Significant accounting policies (continued)

m) Change in accounting policies (continued)

iii. Annual Improvements to IFRS (2014-2016) cycle

On December 8, 2016 the IASB issued narrow-scope amendments to three standards as part of its annual improvements process. Clarification that IFRS 12 Disclosures of Interests in Other Entities also applies to interests that are classified as held for sale, held for distribution, or discontinued operations became effective retrospectively for annual periods beginning on or after January 1, 2017. The remaining two amendments not yet effective relate to IFRS 1 and IAS 28 (note 4 iv).

The Company has adopted IFRS 12 disclosure amendments effective January 1, 2017. The amendment did not result in a material impact on the financial statements.

4. Standards issued not yet adopted

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

- i. IFRS 15 Revenue from Contracts with Customers
- ii. IFRS 9 Financial Instruments
- iii. IFRS 16 Leases
- iv. Annual Improvements to IFRS (2014-2016) cycle
- v. Annual Improvements to IFRS (2015-2017) cycle

i. 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. 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. On April 12, 2016, the IASB issued Clarifications to IFRS 15, Revenue from Contracts with Customers, which is effective at the same time as IFRS 15.

4. Standards not yet adopted (continued)

i. IFRS 15 Revenue from Contracts with Customers (continued)

The standard contains a single model that applies to contracts with customers and two approaches to recognising 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 clarifications to IFRS 15 provide additional guidance with respect to the five-step analysis, transition, and the application of the Standard to licenses of intellectual property.

The Company will adopt IFRS 15 and the clarifications 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.

ii. IFRS 9 Financial Instruments

On July 24, 2014 the IASB issued the complete IFRS 9 standard. 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. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Under IFRS 9, 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 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 will adopt IFRS 9 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.

4. Standards not yet adopted (continued)

iii. 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.

iv. Annual Improvements to IFRS (2014-2016) cycle

On December 8, 2016 the IASB issued narrow-scope amendments to three standards as part of its annual improvements process. The amendment to IFRS 12 became effective from January 1, 2017 (note 3 (m) iii). Remaining amendments not yet effective relate to IFRS 1 and IAS 28:

- Removal of out-dated exemptions for first time adopters under IFRS 1 First-time Adoption of International Financial Reporting Standards, effective for annual periods beginning on or after January 1, 2018; and
- Clarification that the election to measure an associate or joint venture at fair value under IAS 28 Investments in Associates and Joint Ventures for investments held directly, or indirectly, through a venture capital or other qualifying entity can be made on an investment-by-investment basis. The amendments are effective retrospectively for annual periods beginning on or after January 1, 2018.

The Company will adopt the amendments to IFRS 1 and IAS 28 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.

4. Standards not yet adopted (continued)

v. Annual Improvements to IFRS (2015-2017) cycle

On December 12, 2017 the IASB issued narrow-scope amendments to three standards as part of its annual improvements process. The amendments are effective on or after January 1, 2019, with early application permitted. Each of the amendments has its own specific transition requirements. The amendments were made to the following standards:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements - to clarify how a company accounts for increasing its interest in a joint operation that meets the definition of a business;
- IAS 12 Income Taxes – to clarify that all income tax consequences of dividends are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, OCI, or equity; and
- IAS 23 Borrowing Costs – to clarify that specific borrowings – i.e. funds borrowed specifically to finance the construction of a qualifying asset – should be transferred to the general borrowings pool once the construction of the qualifying asset has been completed.

The Company intends to adopt these amendments 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.
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5. Cash

	2017	2016
Bank balances	\$ 4,364	\$ 713

6. Accounts receivable

	2017	2016
Trade receivables	\$ 33,256	\$ 40,993
Unbilled revenue	38,031	45,507
Other	6,476	2,969
Allowance for doubtful accounts	(2,716)	(2,555)
	\$ 75,047	\$ 86,914

Included in accounts receivable is approximately \$9.0 million (2016 - \$8.6 million) of customer receivables for water consumption that the Company bills and collects on behalf of the Corporation of the City of London. As the Company does not assume liability for collection of these amounts, any amount relating to water consumption that is determined to be uncollectible is charged to the Corporation of the City of London.

Also, included in the accounts receivable is \$1.4 million (2016 - \$1.8 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, 2017 was \$0.1 million (2016 - \$0.1 million).

London Hydro Inc.
Notes to the Financial Statements
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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, 2016	\$ 14,311	\$ 9,725	\$ 219,990	\$ 19,727	\$ 10,300	\$ 274,053
Additions	1,450	191	25,840	3,297	332	31,110
Disposals / retirements	(742)	-	(444)	(1,455)	-	(2,641)
Balance at December 31, 2016	\$ 15,019	\$ 9,916	\$ 245,386	\$ 21,569	\$ 10,632	\$ 302,522
Balance at January 1, 2017	\$ 15,019	\$ 9,916	\$ 245,386	\$ 21,569	\$ 10,632	\$ 302,522
Additions	1,131	176	23,619	3,398	3,007	31,331
Disposals / retirements	(102)	-	(658)	(597)	-	(1,357)
Balance at December 31, 2017	\$ 16,048	\$ 10,092	\$ 268,347	\$ 24,370	\$ 13,639	\$ 332,496

b) Accumulated depreciation:

	Land and buildings	Distribution substation equipment	Other distribution equipment	Other fixed assets	Construction in progress	Total
Balance at January 1, 2016	\$ 1,817	\$ 553	\$ 16,561	\$ 4,383	\$ -	\$ 23,314
Depreciation	960	283	9,216	2,681	-	13,140
Disposals / retirements	(742)	-	(444)	(1,448)	-	(2,634)
Balance at December 31, 2016	\$ 2,035	\$ 836	\$ 25,333	\$ 5,616	\$ -	\$ 33,820
Balance at January 1, 2017	\$ 2,035	\$ 836	\$ 25,333	\$ 5,616	\$ -	\$ 33,820
Depreciation	775	289	9,746	2,631	-	13,441
Disposals / retirements	(102)	-	(650)	(597)	-	(1,349)
Balance at December 31, 2017	\$ 2,708	\$ 1,125	\$ 34,429	\$ 7,650	\$ -	\$ 45,912

c) Carrying amounts:

Balance at	Land and buildings	Distribution substation equipment	Other distribution equipment	Other fixed assets	Construction in progress	Total
December 31, 2016	\$ 12,984	\$ 9,080	\$ 220,053	\$ 15,953	\$ 10,632	\$ 268,702
December 31, 2017	\$ 13,340	\$ 8,967	\$ 233,918	\$ 16,720	\$ 13,639	\$ 286,584

London Hydro Inc.
Notes to the Financial Statements
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9. Intangible assets

a) Cost or deemed cost:

	Land rights	Wholesale metering	Computer software	Intangible work in progress	Total
Balance at January 1, 2016	\$ 233	\$ 1,085	\$ 21,712	\$ 2,011	\$ 25,041
Additions	14	-	4,821	1,711	6,546
Disposals / retirements	-	-	(4,032)	-	(4,032)
Balance at December 31, 2016	\$ 247	\$ 1,085	\$ 22,501	\$ 3,722	\$ 27,555
Balance at January 1, 2017	\$ 247	\$ 1,085	\$ 22,501	\$ 3,722	\$ 27,555
Additions	30	-	4,168	2,648	6,846
Disposals / retirements	-	-	(4,338)	-	(4,338)
Balance at December 31, 2017	\$ 277	\$ 1,085	\$ 22,331	\$ 6,370	\$ 30,063

b) Accumulated amortization:

	Land rights	Wholesale metering	Computer software	Intangible work in progress	Total
Balance at January 1, 2016	\$ 35	\$ 86	\$ 8,272	\$ -	\$ 8,393
Amortization	19	43	5,515	-	5,577
Disposals / retirements	-	-	(4,032)	-	(4,032)
Balance at December 31, 2016	\$ 54	\$ 129	\$ 9,755	\$ -	\$ 9,938
Balance at January 1, 2017	\$ 54	\$ 129	\$ 9,755	\$ -	\$ 9,938
Amortization	20	43	4,817	-	4,880
Disposals / retirements	-	-	(4,338)	-	(4,338)
Balance at December 31, 2017	\$ 74	\$ 172	\$ 10,234	\$ -	\$ 10,480

c) Carrying amounts:

Balance at	Land rights	Wholesale metering	Computer software	Intangible work in progress	Total
December 31, 2016	\$ 193	\$ 956	\$ 12,746	\$ 3,722	\$ 17,617
December 31, 2017	\$ 203	\$ 913	\$ 12,097	\$ 6,370	\$ 19,583

During the year ended December 31, 2017, borrowing costs of \$0.1 million (2016 - \$0.1 million) were capitalized as part of the cost of intangible assets. A capitalization rate of 2.62% (2016 – 2.60%) was used to determine the amount of borrowing costs to be capitalized.

London Hydro Inc.
Notes to the Financial Statements
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10. Income tax expense

Income tax expense is comprised of:

	2017	2016
Current income tax		
Current year	\$ 2,115	\$ 2,261
Amendment for prior period income tax credits	(307)	(293)
Adjustment for prior period income tax expense	(13)	30
	1,795	1,998
Deferred tax		
Change in recognized deductible temporary differences:		
Gain on interest rate swap loss	933	405
Property, plant, equipment and intangible assets	2,016	1,768
Post-employment benefits	(39)	(91)
Deferred revenue	(152)	(101)
	2,758	1,981
Total current and deferred income tax in profit and loss, before movement of regulatory balance	4,553	3,979
Other comprehensive income		
Post-employment benefits	(155)	(78)
Total current and deferred income tax, before movement of regulatory balances	4,398	3,901
Net movement in regulatory balances	(1,670)	(1,498)
Income tax expense recognized in Statement of Comprehensive Income	\$ 2,728	\$ 2,403

Reconciliation of effective tax rate:

	2017	2016
Income before taxes	\$ 16,780	14,576
Canada and Ontario statutory income tax rates	26.5%	26.5%
Expected tax provision on income at statutory rates	4,447	3,863
Decrease in income taxes resulting from:		
Net movement in regulatory balances	(1,670)	(1,498)
Other items	(49)	38
	\$ 2,728	\$ 2,403

Significant components of the Company's deferred tax balances:

	2017	2016
Property, plant, equipment and intangible assets	\$ (8,357)	\$ (6,341)
Post-employment benefits	4,031	3,837
Deferred revenue	325	173
Future income taxes to be realized by customers	(4,001)	(2,331)
Loss on interest rate swap	235	1,168
	\$ (3,766)	\$ (1,163)

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11. Regulatory balances

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

Regulatory assets:

Regulatory deferral account debit balances	January 1, 2017	Changes	Recovery/ reversal	December 31, 2017	Remaining years
IFRS-CGAAP transitional PP&E recoveries	\$ 39	\$ -	\$ (39)	\$ -	
Regulatory settlement account	1,979	99	(2,078)	-	
Other regulatory accounts	2,201	(370)	-	1,831	
Income tax	2,331	1,670	-	4,001	
	\$ 6,550	\$ 1,399	\$ (2,117)	\$ 5,832	

Regulatory deferral account debit balances	January 1, 2016	Changes	Recovery/ reversal	December 31, 2016	Remaining years
IFRS-CGAAP transitional PP&E recoveries	\$ 157	\$ -	\$ (118)	\$ 39	0.3
Regulatory settlement account	-	5,434	(3,455)	1,979	0.3
Other regulatory accounts	1,906	295	-	2,201	
Income tax	833	1,498	-	2,331	
	\$ 2,896	\$ 7,227	\$ (3,573)	\$ 6,550	

Regulatory liabilities:

Regulatory deferral account credit balances	January 1, 2017	Changes	Recovery/ reversal	December 31, 2017	Remaining years
Group 1 deferred accounts	\$ (12,218)	\$ 7,001	\$ -	\$ (5,217)	
Regulatory settlement account	-	(7,085)	4,028	(3,057)	0.3
Other regulatory accounts	(163)	163	-	-	
	\$ (12,381)	\$ 79	\$ 4,028	\$ (8,274)	

Regulatory deferral account credit balances	January 1, 2016	Changes	Recovery/ reversal	December 31, 2016	Remaining years
Group 1 deferred accounts	\$ (2,577)	\$ (9,641)	\$ -	\$ (12,218)	
Other regulatory accounts	(161)	(2)	-	(163)	
	\$ (2,738)	\$ (9,643)	\$ -	\$ (12,381)	

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 three quarters of 2017 the rate was set at 1.10% and in the last quarter the rate was set at 1.50%.

11. Regulatory balances (continued)

a) Group 1 deferral accounts

The Group 1 deferral accounts consist of purchased power cost variances including the Smart Metering Entity Charge Variances. As a regulated distributor of electricity, the Company is obligated to provide energy supply to all consumers at regulated or spot rates unless they elect to purchase their energy from an energy retailer. The regulatory framework requires that all energy commodity and non-commodity costs be billed at regulated rates to consumers who are on the Regulated Price Plan.

Variances between purchase costs and amounts billed for electricity are required to be captured in the Retail Settlement Variance Accounts ("RSVA") for disposition through future rate riders. The variance accounts have been further defined by the regulator into commodity and non-commodity accounts. Those accounts defined as commodity accounts are eligible for regulatory review on a quarterly basis. All other accounts are defined as non-commodity and are currently eligible for review on an annual basis.

These variances were credit balances in 2016 and 2017. The 2016 IRM rate application was submitted to the OEB on October 19, 2015, which included 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.

On August 26, 2016, the Company filed its 2017 COS rate application, in which it proposed the disposition of Group 1 account balances as at December 31, 2015 via rate riders. The OEB issued its decision with respect to this Application which authorizes the refund/recovery of these balances over a one-year period commencing May 1, 2017.

During 2017, the Company filed its 2018 IRM rate application in which it proposes the disposition of the Group 1 account balances as at December 31, 2016 via rate riders. Currently, the Company awaits the OEB's decision and rate order.

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.

11. Regulatory balances (continued)

c) Regulatory settlement account

During 2015, the Company filed its 2016 IRM rate application which included a request for OEB approval for the disposition of the RSVA relating to Power and Global Adjustment subaccounts. These accounts include amounts accumulated between January 1, 2013 and December 31, 2014. The non-commodity RSVA accounts include amounts accumulated between January 1, 2012 and December 31, 2014. 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, 2016.

During 2016, the Company filed its 2017 COS rate application which included a request for OEB approval for the disposition of the RSVA account balances. These accounts included amounts accumulated between January 1, 2015 and December 31, 2015. The request for disposition also included other regulatory account balances such as Retail Cost Variance balances, the remaining IFRS transition expenditures, amounts resulting from the implementation of the Harmonized Sales Tax, the residual balance of Stranded Meter costs, LRAMVA balances and the recovery of Climate Change program costs as at December 31, 2015 with carrying charges. The OEB issued its decision with respect to this Application which authorizes the refund/recovery of these balances over a one-year period commencing May 1, 2017.

d) Other regulatory accounts

Other regulatory debit balances include various deferred costs in connection with LRAMVA, OEB Cost Assessment Variance non-cash OPEB adjustment and Retail Cost Variances.

During 2016, the Company filed its 2017 COS rate application which included a request for funding capital projects under the Advanced Capital Module and received an approval. During 2017, the Company filed its 2018 IRM rate application, which includes a request for the recovery of such costs via rate riders. Currently, the Company awaits the OEB's decision and rate order.

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.

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12. Accounts payable and accrued liabilities

		2017		2016
Due to Independent Electricity System Operator	\$	34,839	\$	43,709
Debt retirement charge payable		988		1,023
Harmonized sales tax		350		788
Payroll and benefits payable		2,979		2,669
Other		9,148		8,068
	\$	48,304	\$	56,257

13. Deferred revenue

		2017		2016
Capital contributions for completed projects	\$	13,627	\$	8,700
Deposits held		9,500		9,008
		23,127		17,708
Less: Current portion		1,799		1,399
	\$	21,328	\$	16,309

Included in deposits held is \$3.7 million (2016 - \$3.8 million) received from the Corporation of the City of London as contributions for the construction of capital assets.

14. Long-term debt

		2017		2016
Unsecured, committed extendible revolving loan bearing interest at prime, minus 0.5%, interest only payments due March 2019	\$	30,000	\$	20,000
Unsecured, non-revolving term instalment loan bearing interest at the 7.6 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 7.8 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		3,826		6,130
		118,826		111,130
Less: Current portion		2,304		2,304
	\$	116,522	\$	108,826

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14. Long-term debt (continued)

The unsecured, committed extendible revolving loan in the amount of \$30.0 million listed above was subsequently repaid with additional borrowing in the amount of \$40.0 million obtained from the Royal Bank of Canada on February 1, 2018. The principal is due at maturity. The agreement is a fixed rate swap and matures June 2022, which effectively converts variable interest rates on unsecured Bankers' Acceptances to an effective interest rate of 2.7%, plus a stamping fee of 0.28%, for an all-in rate of 2.98%.

The Company has an interest rate swap agreement with the Royal Bank of Canada for an unsecured loan in the amount of \$85 million. Interest only payments are due quarterly and commenced December 2014. The principal is due at maturity. The agreement is a fixed rate swap and matures June 2022, which effectively converts variable interest rates on unsecured Bankers' Acceptances to an effective interest rate of 2.46%, plus a stamping fee of 0.19%, 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 gain for the year ended December 31, 2017 was \$3.5 million (2016 – \$1.5 million).

At December 31, 2017, the Company would be required to pay \$0.9 million (2016 - \$4.4 million) if it wished to cancel the swap agreements.

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

	2017	2016
Balance, beginning of year	\$ 111,130	\$ 98,434
Add: Advances	10,000	20,000
Less: Repayments	2,304	7,304
	118,826	111,130
Less: Current portion	2,304	2,304
	\$ 116,522	\$ 108,826

During the year ended December 31, 2017, interest on long-term debt was incurred in the amount of \$3.0 million (2016 - \$2.8 million) of which \$0.1 million (2016 – \$0.1 million) was capitalized as part of the cost of intangible assets.

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, 2017, the Company made employer contributions of \$2.9 million to OMERS (2016 - \$2.8 million), of which \$0.9 million (2016 - \$0.8 million) has been capitalized as part of PP&E and the remaining amount of \$2.0 million (2016 - \$2.0 million) has been recognized in the Statement of Comprehensive Income. The Corporation estimates that a contribution of \$3.2 million to OMERS will be made during the next fiscal year.

As at December 31, 2017, OMERS had approximately 482,000 members, of whom 334 are employees of the Company. The most recently available OMERS annual report is for the year ended December 31, 2017, which reported that the plan was 94% funded, with an unfunded liability of \$5.4 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, 2017, the following information has been determined:

Reconciliation of the obligation:

	2017	2016
Defined benefit obligation, beginning of year	\$ 14,481	\$ 13,845
Included in profit or loss:		
Current service costs	432	392
Past service costs	-	180
Interest cost	539	529
Other benefits	(101)	26
	870	1,127
Benefits paid	(722)	(785)
	148	342
Actuarial (gains) / losses included in OCI:		
Changes in demographic assumptions	(902)	-
Changes in financial assumptions	1,193	183
Effect of experience adjustments	293	111
	584	294
Defined benefit obligation, end of year	\$ 15,213	\$ 14,481

15. Post-employment benefits (continued)

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

Actuarial assumptions:

	2017	2016
Discount (interest) rate	3.4%	3.9%
Salary levels	4.0%	4.0%
Immediate medical costs	5.7%	6.0%
Ultimate medical costs	4.5%	4.5%
Dental cost rate	4.5%	4.5%
Year ultimate rate reached	2037	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 \$2.2 million.

16. Share capital

	2017	2016
Authorized:		
An unlimited number of common shares		
An unlimited number of non-voting, non-cumulative preference shares, redeemable at the paid-up amount		
Issued:		
1,001 common shares	\$ 96,116	\$ 96,116

Dividends

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

On March 30, 2017 the Board of Directors declared a \$5.0 million dividend payable to the sole shareholder, the Corporation of the City of London, in quarterly installments in 2017.

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.

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17. Other revenue

	2017	2016
City of London services	\$ 4,009	\$ 4,009
Late payment charges	1,543	1,915
Other services, recoveries and sundry revenues	1,056	632
Occupancy charges	649	634
Customer billing service fees	647	587
Income tax incentive credits	493	462
Sale of scrap	488	588
Collection charges	443	687
Pole and other rental income	417	414
Renewable generation revenue	341	355
Amortization of deferred revenue	280	173
Gain on disposal of property, plant and equipment	138	234
	\$ 10,504	\$ 10,690

18. Operating expenses

	2017	2016
Labour and benefits	\$ 25,886	\$ 25,088
Professional services	5,359	5,884
Computer hardware and software	2,261	1,755
Rental, regulatory and other expenses	1,970	1,967
Facilities maintenance and repair	1,602	1,673
Postage	1,259	1,269
Property tax and insurance	1,182	1,173
Corporate training and employee expenses	1,182	1,140
Materials and supplies	1,001	1,049
Fleet operations and maintenance	872	904
Bad debts	840	700
Office equipment services and maintenance	463	526
Allocations to capital and billable activities	(1,944)	(1,961)
	\$ 41,933	\$ 41,167

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19. Finance (income) and expenses

	2017	2016
Finance income		
Interest income on bank deposits	\$ (94)	\$ (80)
Finance expenses		
Interest on long-term debt	2,985	2,813
Interest on short-term debt	49	28
Interest on funds used for construction project	(126)	(77)
Other	98	73
	3,006	2,837
Change in interest rate swap		
Unrealized gain on interest rate swap	(3,519)	(1,529)
Net finance (income) / expense	\$ (607)	\$ 1,228

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, 2017, no assessments have been made.

20. Commitments and contingencies (continued)

Letters of credit

At December 31, 2017, the Company had provided \$6.6 million (2016 – \$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 \$1.9 million (2016 - \$2.3 million), Infrastructure projects of \$21.3 million (2016 – \$2.0 million) and new vehicle acquisitions of nil (2016 - \$0.3 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:

	2017	2016
Less than one year	\$ 303	\$ 299
Between one and five years	710	824
More than five years	113	191
	\$ 1,126	\$ 1,314

Operating lease expense incurred during the year ended December 31, 2017 was of \$0.3 million (2016 - \$0.3 million).

21. Due to shareholder

Trade balances due to shareholder

	2017	2016
Water consumption	\$ 8,688	\$ 8,405
Non-interest bearing trade balance due to shareholder, without stated repayment terms	36	266
	\$ 8,724	\$ 8,671

The Company delivers electricity to the City of London throughout the year for the electricity needs of the City of London and its related organizations. Electricity delivery charges are at prices and under terms approved by the OEB. The Company also provides additional services to the City of London, including water and waste water billing, customer care services and water meter replacement administrative services.

During the year ended December 31, 2017, the Company billed customers for water related service on behalf of the shareholder and remitted funds to the shareholder in the amount of \$163.9 million (2016 – \$158.7 million). The shareholder paid \$3.9 million (2016 - \$3.9 million) for this service.

During the year ended December 31, 2017, the Company performed water meter replacement administrative services on behalf of the shareholder. The shareholder paid \$0.1 million (2016 – \$0.1 million) for this service.

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 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, 2017 is \$88 million (2016 - \$92 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, 2017 was 2.65% (2016 – 2.16%). 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.

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the Statement of Comprehensive Income as bad debt expense. Subsequent recoveries of receivables previously provisioned are credited to the Statement of Comprehensive Income. The balance of the allowance for impairment loss at December 31, 2017 is \$2.7 million (2016 - \$2.6 million). During the year ended December 31, 2017, bad debt expense was \$0.8 million (2016 - \$0.7 million).

23. Financial instruments and risk management (continued)

a) Credit risk (continued)

At December 31, 2017, approximately \$0.8 million (2016 - \$0.8 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, 2017, approximately \$2.8 million (2016 - \$2.2 million) is considered 60 days past due. The Company has approximately 157 thousand customers, the majority of whom are residential.

By regulation, the Company is responsible for collecting both the distribution and energy portions of the electricity bill. On average, the Company earns 23% of amounts billed to customers with the remaining 77% being collected for other parties. The Company is therefore exposed to a credit risk substantially greater than the income that it regularly earns.

Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. At December 31, 2017, the Company held deposits in the amount of \$6.8 million (2016 - \$6.0 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, 2017 would have increased interest expense on the long-term debt by \$0.3 million (2016 - \$0.2 million), 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 \$40.0 million with the Toronto Dominion Bank. At December 31, 2017 the amount drawn by the Company under this line of credit was nil (2016 - 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, 2017 the Company had a committed 364 day extendable operating revolving loan facility of \$30.0 million with the Toronto Dominion Bank and the amount drawn by the Company under this loan facility was \$30.0 million (2016 - \$20.0 million). The \$30.0 million loan was repaid subsequent to year end. Under the terms of this agreement, the loan has a maturity date of March 31, 2019. 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 (2016 - nil).

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.

		2017		2016
Long-term debt	\$	118,826	\$	111,130
Shareholder's equity		159,833		150,781
	\$	278,659	\$	261,911

24. Subsequent event

On March 22, 2018, the Board of Directors declared a \$5.0 million dividend payable to the sole shareholder, the Corporation of the City of London, in quarterly installments in 2018.

Financial Statements of

**LONDON & MIDDLESEX HOUSING
CORPORATION**

Year ended December 31, 2017

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, 2017, 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, 2017, 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

DATE

London, Canada

LONDON & MIDDLESEX HOUSING CORPORATION

Statement of Financial Position

As at December 31, 2017, with comparative information for 2016

	2017	2016
Financial Assets:		
Cash	\$ 1,501,897	\$ 1,110,798
Accounts receivable (note 3)	1,280,317	826,683
Due from The Corporation of the City of London	1,279,156	849,428
	<u>4,061,370</u>	<u>2,786,909</u>
Financial Liabilities:		
Accounts payable and accrued liabilities	3,851,506	2,667,306
Tenants advances	623,337	508,927
Unearned miscellaneous revenue	57,975	62,918
	<u>4,532,818</u>	<u>3,239,151</u>
Net debt	(471,448)	(452,242)
Non-financial Assets:		
Tangible capital assets (note 7)	51,957,297	50,871,208
Prepaid expenses	471,448	452,242
	<u>52,428,745</u>	<u>51,323,450</u>
Commitments (note 5)		
Accumulated surplus (note 8)	\$ 51,957,297	\$ 50,871,208

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

LONDON & MIDDLESEX HOUSING CORPORATION

Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Revenue:			
Rental revenue	\$ 10,691,691	\$ 11,122,354	\$ 10,773,462
From The Corporation of the City of London:			
Rental subsidy	9,758,731	9,758,730	8,991,668
Funding adjustment	-	(4,506)	50,565
Capital funding	-	2,610,289	867,439
One time funding	-	-	115,000
Energy savings project rebates	-	74,100	790,097
Other	284,391	354,605	507,621
Total revenue	20,734,813	23,915,572	22,095,852
Expenses:			
Salaries, wages and employee benefits	4,574,078	4,790,722	4,465,301
Maintenance, materials and services:			
Building, general	3,061,350	3,506,268	2,941,295
Grounds	830,214	846,330	830,382
Painting	269,085	320,347	279,474
Other	190,434	152,118	124,767
	4,351,083	4,825,063	4,175,918
Utilities:			
Electricity	2,402,933	1,984,966	2,473,928
Water	1,049,085	1,116,774	1,070,922
Natural gas	1,124,614	929,885	780,453
	4,576,632	4,031,625	4,325,303
Amortization	-	1,529,531	1,516,718
Property:			
Insurance	652,194	630,535	605,526
Municipal taxes	5,331,347	5,289,982	5,137,198
Mortgage payments	45,938	46,871	46,871
	6,029,479	5,967,388	5,789,595
Administration	1,203,541	1,685,153	1,617,862
Total expenses	20,734,813	22,829,482	21,890,697
Annual surplus	-	1,086,089	205,155
Accumulated surplus, beginning of year	50,871,208	50,871,208	50,666,053
Accumulated surplus, end of year	\$ 50,871,208	\$ 51,957,297	\$ 50,871,208

See accompanying notes to financial statements.

LONDON & MIDDLESEX HOUSING CORPORATION

Statement of Change in Net Debt

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Annual surplus	\$ 1,086,089	\$ 205,155
Acquisition of tangible capital assets	(2,615,620)	(1,721,873)
Amortization of tangible capital assets	1,529,531	1,516,718
	(1,086,089)	(205,155)
Acquisition of prepaid expenses	(6,600,274)	(6,322,946)
Use of prepaid expenses	6,581,068	6,328,065
Change in net financial debt	(19,206)	5,119
Net debt, beginning of year	(452,242)	(457,361)
Net debt, end of year	\$ (471,448)	\$ (452,242)

See accompanying notes to financial statements.

LONDON & MIDDLESEX HOUSING CORPORATION

Statement of Cash Flows

December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,086,089	\$ 205,155
Item not involving cash:		
Amortization	1,529,531	1,516,718
Changes in non-cash items:		
Accounts receivable	(453,635)	(152,314)
Prepaid expenses	(19,206)	5,119
Due from The Corporation of the City of London	(429,727)	(250,618)
Accounts payable and accrued liabilities	1,184,200	(256,139)
Tenant advances	114,410	33,688
Unearned miscellaneous revenue	(4,943)	(7,382)
	3,006,719	1,094,227
Capital activities:		
Cash used to acquire tangible capital assets	(2,615,620)	(1,721,873)
Increase (decrease) in cash	391,099	(627,646)
Cash, beginning of year	1,110,798	1,738,444
Cash, end of year	\$ 1,501,897	\$ 1,110,798

See accompanying notes to financial statements.

LONDON & MIDDLESEX HOUSING CORPORATION

Notes to Financial Statements

December 31, 2017

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 Corporation of the City of London.

2. Significant accounting policies:

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

(a) Tangible capital assets:

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

Asset	Useful life-years
Site improvements	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, 2017

2. Significant accounting policies (continued):

(b) Revenue recognition:

Rental revenue is recognized at the time the service is provided. Other revenues are recognized when 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) Contaminated sites

Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live 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.

LONDON & MIDDLESEX HOUSING CORPORATION

Notes to Financial Statements (continued)

December 31, 2016

3. Accounts receivable:

	2017	2016
Rent	\$ 402,188	\$ 266,279
Harmonized sales tax	477,735	271,085
Sundry	400,394	289,319
	<u>\$ 1,280,317</u>	<u>\$ 826,683</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 \$46,871 was expensed and paid in 2017 (2016 - \$46,871). 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:

2018	\$	312,299
2019		310,376
2020		303,186
2021		124,158

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 2017 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 \$312,640 (2016 - \$304,883) was incurred as a pension expense.

LONDON & MIDDLESEX HOUSING CORPORATION

Notes to Financial Statements (continued)

December 31, 2017

7. Tangible capital assets:

Cost	Balance at December 31, 2016	2017 Additions	2017 Disposals	Balance at December 31, 2017
Land	\$ 24,605,751	\$ -	\$ -	\$ 24,605,751
Site improvements	3,296,317	200,098	-	3,496,415
Buildings and improvements	82,450,379	1,974,403	-	84,424,782
Technology and communications	633,799	45,202	(50,531)	628,470
Vehicles	48,297	-	-	48,297
Furniture and fixtures	209,656	35,045	(10,720)	233,981
Machinery and equipment	3,130,027	267,852	-	3,397,879
Appliances	1,780,269	93,020	-	1,873,289
Total	\$ 116,154,495	\$ 2,615,620	\$ (61,251)	\$ 118,708,864

Accumulated amortization	Balance at December 31, 2016	2017 Disposals	2017 Amortization	Balance at December 31, 2017
Land	\$ -	\$ -	\$ -	\$ -
Site improvements	1,658,110	-	73,078	1,731,188
Buildings and improvements	60,105,649	-	1,228,290	61,333,939
Technology and communications	538,500	(50,531)	60,884	548,853
Vehicles	21,735	-	4,830	26,565
Furniture and fixtures	68,697	(10,720)	22,771	80,748
Machinery and equipment	1,365,086	-	99,527	1,464,613
Appliances	1,525,510	-	40,151	1,565,661
Total	\$ 65,283,287	\$ (61,251)	\$ 1,529,531	\$ 66,751,567

LONDON & MIDDLESEX HOUSING CORPORATION

Notes to Financial Statements (continued)

December 31, 2016

7. Tangible capital assets (continued):

	Net book value at December 31, 2016	Net book value at December 31, 2017
Land	\$ 24,605,751	\$ 24,605,751
Site improvements	1,638,207	1,765,227
Buildings and improvements	22,344,730	23,090,843
Technology and communications	95,299	79,617
Vehicles	26,562	21,732
Furniture and fixtures	140,959	153,233
Machinery and equipment	1,764,941	1,933,266
Appliances	254,759	307,628
	<u>\$ 50,871,208</u>	<u>\$ 51,957,297</u>

8. Accumulated surplus:

Accumulated surplus consists of surplus funds as follows:

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 51,957,297	\$ 50,871,208

Financial Statements of

**THE LONDON PUBLIC LIBRARY
BOARD**

Year ended December 31, 2017



KPMG LLP
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Canada
Tel 519 672-4800
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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, 2017, 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.

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 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, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 26, 2018

THE LONDON PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets:		
Cash	\$ 1,740,166	\$ 1,065,594
Accounts receivable:		
The Corporation of the City of London	2,924,888	689,808
Other	151,105	239,273
	<u>4,816,159</u>	<u>1,994,675</u>
Financial liabilities:		
Accounts payable and accrued liabilities	1,641,907	1,851,101
Deferred revenue	155,729	85,713
Payable to The Corporation of the City of London	20,273	6,631
Employee future benefits and other liabilities (note 2)	2,700,600	3,191,396
	<u>4,518,509</u>	<u>5,134,841</u>
Net financial assets (debt)	297,650	(3,140,166)
Non-financial assets:		
Tangible capital assets (note 6)	23,396,144	25,710,419
Prepaid expenses	149,159	301,649
	<u>23,545,303</u>	<u>26,012,068</u>
Commitments (note 4)		
Accumulated surplus (note 7)	<u>\$ 23,842,953</u>	<u>\$ 22,871,902</u>

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

THE LONDON PUBLIC LIBRARY BOARD

Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	Budget 2017 (note 8)	2017	2016
Revenue:			
User charges:			
Fines	\$ 337,000	\$ 286,720	\$ 336,514
Fee, rental, sundry	467,374	481,202	391,706
Grants:			
Federal	-	76,210	24,535
Ontario	598,829	653,910	644,302
The Corporation of the City of London:			
Current	19,835,207	19,835,207	19,518,426
Capital	1,078,873	1,078,873	2,574,400
Other	-	14,449	15,577
Investment income	10,440	19,811	15,549
Contributions from Trust Funds (note 3)	-	864,278	258,068
Total revenues	22,327,723	23,310,660	23,779,077
Expenses:			
Personnel	14,768,716	14,185,659	14,504,102
Amortization of tangible capital assets	-	3,279,580	3,284,522
Facility services	1,722,580	1,750,359	1,705,719
Utilities	1,060,000	930,293	977,129
Collections and lending services	2,217,200	900,781	796,477
Purchased services	584,049	616,552	674,518
Major repairs and maintenance	948,072	531,272	1,920,587
Technology	594,819	506,520	475,372
Trust fund expenditures (note 3)	-	445,336	235,488
Administrative	94,709	101,924	89,152
Contribution to self-insurance reserve	95,384	75,384	69,621
Program services	53,493	70,504	51,903
Equipment	51,900	9,292	5,908
General	6,000	6,855	60,908
New major facilities	130,801	-	136,218
Total expenses	22,327,723	23,410,311	24,987,624
Gain on disposal of tangible capital assets	-	1,070,702	-
Annual surplus (deficit)	-	971,051	(1,208,547)
Accumulated surplus, beginning of year	22,871,902	22,871,902	24,080,449
Accumulated surplus, end of year	\$ 22,871,902	\$ 23,842,953	\$ 22,871,902

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

THE LONDON PUBLIC LIBRARY BOARD

Statement of Change in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Annual surplus (deficit)	\$ 971,051	\$ (1,208,547)
Acquisition of tangible capital assets	(2,533,583)	(2,027,930)
Amortization of tangible capital assets	3,279,580	3,284,522
Proceeds on disposal of tangible capital assets	2,638,980	-
Gain on disposal of tangible capital assets	(1,070,702)	-
	3,285,326	48,045
Change in prepaid expenses	152,490	(24,235)
Increase in net financial assets	3,437,816	23,810
Net financial debt, beginning of year	(3,140,166)	(3,163,976)
Net financial assets (debt), end of year	\$ 297,650	\$ (3,140,166)

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

THE LONDON PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 971,051	\$ (1,208,547)
Items not involving cash:		
Amortization of tangible capital assets	3,279,580	3,284,522
Change in employee future benefits and other liabilities	(490,796)	(190,388)
Gain on disposal of tangible capital assets	(1,070,702)	-
Changes in non-cash assets and liabilities:		
Receivable from The Corporation of the City of London	(2,235,080)	56,392
Accounts receivable	88,168	(61,943)
Accounts payable and accrued liabilities	(209,194)	6,446
Payable to The Corporation of the City of London	13,642	(12,277)
Deferred revenue	70,016	(1,111)
Prepaid expenses	152,490	(24,235)
	569,175	1,848,859
Capital activities:		
Proceeds on disposal of tangible capital assets	2,638,980	-
Cash used to acquire tangible capital assets	(2,533,583)	(2,027,930)
	105,397	(2,027,930)
Increase (decrease) in cash	674,572	(179,071)
Cash, beginning of year	1,065,594	1,244,665
Cash, end of year	\$ 1,740,166	\$ 1,065,594

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

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2017

1. Significant accounting policies:

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

(a) Basis of accounting:

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

(b) Municipal funding:

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

(c) Deferred revenue:

Deferred revenues represent grants and other designated funding which has been received but for which the service has yet to be performed. These amounts will be recognized as revenues in the fiscal year in which the services are performed.

(d) Investment income:

Investment income is reported as revenue in the period earned.

(e) Employee future benefits:

The Board provides certain employee benefits which will require funding in future periods. These benefits include life insurance, extended health and dental benefits for early retirees.

The costs of life insurance, extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, insurance and health care cost trends, long term inflation rates and discount rates.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2017

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
Collections	7 years
Shelving	40 years
Computers	3 years
Furniture and equipment	7 years

Leasehold improvements are amortized over the related lease term.

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

(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.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

(iii) Leased tangible capital assets:

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

(h) Budget data:

Budget 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 the useful life of tangible capital assets and assumptions used in estimating provisions for accrued liabilities and in preparing actuarial valuations for employee future benefits.

Actual results could differ from those estimates.

(j) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2017

2. Employee future benefits and other liabilities:

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

	2017	2016
Liability for vested sick leave benefits	\$ 144,549	\$ 249,329
Vacation pay liability	491,051	878,067
Employee future benefits obligation	2,065,000	2,064,000
	<u>\$ 2,700,600</u>	<u>\$ 3,191,396</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, 2017, amounts to \$144,549 (2016 - \$249,329). This amount is fully funded by a reserve held by The City of London in the amount of \$157,727 (2016 - \$259,773).

(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, 2017

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

(b) Retiree benefits (continued):

Detailed information about retiree benefits is as follows:

	2017	2016
Accrued employee future benefit obligation:		
Balance, beginning of year	\$ 1,392,000	\$ 1,339,000
Current period benefit cost	71,000	68,000
Interest	46,000	45,000
Benefits paid	(74,000)	(60,000)
Balance, end of year	1,435,000	1,392,000
Unamortized actuarial gain	630,000	672,000
Employee future benefits obligation	\$ 2,065,000	\$ 2,064,000

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

	2017	2016
Current year benefit cost	\$ 71,000	\$ 68,000
Interest on accrued benefit obligation	46,000	45,000
Amortization of net actuarial gain	42,000	42,000
Total payments made during the year	\$ 159,000	\$ 155,000

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 gain 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, 2017

3. Trust funds:

Trust funds administered by the Board amounting to \$3,379,747 (2016 - \$3,510,114) have not been included in the statement of financial position nor have their operations been included in the statement of operations. They are reported separately on The London Public Library Board Trust Funds ("Trust Funds") statement of fund equity.

During the year, the Trust Funds transferred \$864,278 (2016 - \$258,068) to the Board for capital and operating expenses. This amount and the related expenditures have been included in the statement of operations. Included in accounts payable is \$40,379 (2016 - accounts receivable \$78,932) due to the Trust Funds.

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:

2018	\$	682,980
2019		601,828
2020		277,968
2021		209,933
	\$	1,772,709

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 2017 is \$1,018,213 (2016 - \$1,028,904) for current service and is included as an expenditure in the statement of operations.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2017

6. Tangible capital assets:

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Land	\$ 4,611,030	\$ -	\$ 706,865	\$ 3,904,165
Buildings	40,351,569	416,800	2,663,624	38,104,745
Leasehold improvements	349,083	-	-	349,083
Collections	10,214,562	1,275,970	1,869,133	9,621,399
Shelving	1,328,976	15,862	1,988	1,342,850
Computers	458,775	436,072	154,326	740,521
Computers under capital lease	615,244	-	-	615,244
Furniture and equipment	583,961	388,879	124,094	848,746
Total	\$ 58,513,200	\$ 2,533,583	\$ 5,520,030	\$ 55,526,753

Accumulated amortization	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Land	\$ -	\$ -	\$ -	\$ -
Buildings	25,301,871	1,524,453	1,802,211	25,024,113
Leasehold improvements	300,953	16,987	-	317,940
Collections	5,388,824	1,416,855	1,869,133	4,936,546
Shelving	690,445	33,334	1,988	721,791
Computers	211,631	191,590	154,326	248,895
Computers under capital lease	615,244	-	-	615,244
Furniture and equipment	293,813	96,361	124,094	266,080
Total	\$ 32,802,781	\$ 3,279,580	\$ 3,951,752	\$ 32,130,609

	Net book value December 31, 2016	Net book value December 31, 2017
Land	\$ 4,611,030	\$ 3,904,165
Buildings	15,049,698	13,080,632
Leasehold improvements	48,130	31,143
Collections	4,825,738	4,684,853
Shelving	638,531	621,059
Computers	247,144	491,626
Computers under capital lease	-	-
Furniture and equipment	290,148	582,666
Total	\$ 25,710,419	\$ 23,396,144

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2017

7. Accumulated surplus:

Accumulated surplus consists of surplus and reserve funds as follows:

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 23,396,144	\$ 25,710,419
Unfunded:		
Employee benefits, accrued sick and vacation	(635,600)	(1,127,396)
Employee benefits, future benefit liability	(2,065,000)	(2,064,000)
Other	(42,460)	(42,460)
Total surplus	20,653,084	22,476,563
Reserves set aside by the Board:		
Stabilization fund	340,442	102,044
Collections encumbrance fund	52,720	33,523
Total reserves	393,162	135,567
Reserve held by the City on behalf of the Board:		
Sick leave reserve	157,727	259,772
Facilities reserve (re SW)	2,638,980	-
	\$ 23,842,953	\$ 22,871,902

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	\$ 21,248,850
Expenses:	
Operating budget	21,248,850
Annual surplus, per approved budgeted	\$ -
Capital funding from The City of London	\$ 1,078,873
New major facilities expense	(130,801)
Major repairs and maintenance	(948,072)
Annual surplus, revised	\$ -

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2017

9. Comparative information:

Certain comparative information has been reclassified to adjust for a change in accounting for contributions from the Trust Funds and related expenditures. This change did not have a material impact on the financial statements.

Financial Statements of

LONDON TRANSIT COMMISSION

Year ended December 31, 2017



KPMG LLP
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Canada
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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, 2017 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, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

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

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

May 2, 2018

LONDON TRANSIT COMMISSION

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial Assets		
Cash and cash equivalents	\$ 30,543,394	\$ 34,277,491
Investments	11,912,292	20,002,746
Accounts receivable	5,908,019	626,617
Due from The City of London	431,154	404,964
	<u>48,794,859</u>	<u>55,311,818</u>
Financial Liabilities		
Accounts payable and accrued liabilities	10,753,030	9,908,118
Due to The City of London	128,712	92,924
Accrued liability insurance claims (note 8)	2,413,646	2,283,373
Employee future benefits (note 7)	3,978,000	3,954,000
Deferred fare media	4,088,635	4,236,616
Deferred revenue (note 4 and note 11)	22,538,650	28,889,732
	<u>43,900,673</u>	<u>49,364,763</u>
Net financial assets	4,894,186	5,947,055
Non - Financial Assets		
Inventories (note 2)	2,237,572	2,126,207
Tangible capital assets (note 10)	98,243,186	86,591,763
Prepays	948,823	765,265
	<u>101,429,581</u>	<u>89,483,235</u>
Commitments (note 9)		
Accumulated surplus (note 3)	<u>\$ 106,323,767</u>	<u>\$ 95,430,290</u>

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Revenue:			
Grants:			
The City of London (note 5)	\$ 37,948,700	\$ 40,156,975	\$ 34,664,236
Province of Ontario (note 5)	16,534,600	15,707,974	9,283,552
Government of Canada (note 5)	-	5,033,446	-
	<u>54,483,300</u>	<u>60,898,395</u>	<u>43,947,788</u>
User charges, conventional transit:			
Cash fares	4,105,100	3,671,615	3,973,362
Ticket fares	10,023,800	9,614,287	9,837,169
Pass fares	17,724,600	18,014,822	17,123,947
Contract service	30,000	1,973	440
Other transportation revenue	1,234,300	431,711	356,113
	<u>33,117,800</u>	<u>31,734,408</u>	<u>31,291,031</u>
Other revenue, conventional transit:			
Advertising	592,400	595,255	634,076
Interest and discounts	760,000	708,852	681,911
Rent	2,500	2,676	2,818
Gain on disposal of capital assets	48,000	94,930	12,465
Miscellaneous	50,800	20,521	22,805
	<u>1,453,700</u>	<u>1,422,234</u>	<u>1,354,075</u>
User charges, specialized transit:			
Cash fares	18,700	13,452	14,427
Ticket fares	402,600	329,427	315,556
Pass fares	197,300	193,772	177,641
	<u>618,600</u>	<u>536,651</u>	<u>507,624</u>
Total revenue	\$ 89,673,400	\$ 94,591,688	\$ 77,100,518

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Operations (Continued)

Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Expenses:			
Salaries, wages and benefits:			
Transportation	\$ 33,590,921	\$ 33,668,268	\$ 31,943,713
Vehicle maintenance	8,641,941	8,490,540	8,091,793
Facility	468,635	481,790	476,484
Planning, marketing and general administration	3,049,603	3,237,130	2,958,041
	<u>45,751,100</u>	<u>45,877,728</u>	<u>43,470,031</u>
Materials, supplies, utilities and services:			
Transportation	2,491,200	2,560,463	3,069,592
Vehicle maintenance	5,630,400	5,780,794	5,195,628
Facility	3,165,000	2,863,096	2,789,582
Planning, marketing and general administration	1,500,000	1,509,299	1,643,844
Fuel	6,577,700	6,141,449	5,270,393
Amortization	-	12,130,730	10,554,169
	<u>19,364,300</u>	<u>30,985,831</u>	<u>28,523,208</u>
Current operations, specialized transit:			
Administration:			
Salaries and benefits	866,700	948,032	923,494
Materials and supplies	125,800	136,646	114,280
	<u>992,500</u>	<u>1,084,678</u>	<u>1,037,774</u>
Contracted service delivery	6,027,600	5,749,974	5,148,420
	<u>7,020,100</u>	<u>6,834,652</u>	<u>6,186,194</u>
Total expenses	<u>72,135,500</u>	<u>83,698,211</u>	<u>78,179,433</u>
Annual surplus (deficit) (note 12)	\$ 17,537,900	10,893,477	(1,078,915)
Accumulated surplus, beginning of year		95,430,290	96,509,205
Accumulated surplus, end of year		<u>\$ 106,323,767</u>	<u>\$ 95,430,290</u>

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Change in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Annual surplus (deficit)	\$ 10,893,477	\$ (1,078,915)
Acquisition of tangible capital assets	(23,782,153)	(9,757,441)
Amortization of tangible capital assets	12,130,730	10,554,169
Gain on disposal of tangible capital assets	(94,930)	(12,465)
Proceeds on sale of tangible capital assets	94,930	12,465
	(757,946)	(282,187)
Inventories	(111,365)	(27,819)
Prepaid expenses	(183,558)	(30,729)
	(294,923)	(58,548)
Change in net financial assets	(1,052,869)	(340,735)
Net financial assets, beginning of year	5,947,055	6,287,790
Net financial assets, end of year	\$ 4,894,186	\$ 5,947,055

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 10,893,477	\$ (1,078,915)
Items not involving cash:		
Amortization	12,130,730	10,554,169
Gain on disposal of tangible capital assets	(94,930)	(12,465)
Change in employee future benefit liability	24,000	(123,000)
Changes in non-cash assets and liabilities:		
Accounts receivable	(5,281,402)	257,562
Due from The City of London	(26,190)	(52,808)
Inventories	(111,365)	(27,819)
Prepays	(183,558)	(30,729)
Investments	8,090,454	(1,000,532)
Accounts payable and accrued liabilities	844,912	1,311,487
Due to The City of London	35,788	76,973
Accrued liability insurance claims	130,273	612,829
Deferred fare media	(147,981)	241,621
Deferred revenue	(6,351,082)	410,930
Net change in cash from operating activities	19,953,126	11,139,303
Capital activities:		
Proceeds on sale of tangible capital assets	94,930	12,465
Cash used to acquire tangible capital assets	(23,782,153)	(9,757,441)
Net change in cash from capital activities	(23,687,223)	(9,744,976)
Net change in cash and cash equivalents	(3,734,097)	1,394,327
Cash and cash equivalents, beginning of year	34,277,491	32,883,164
Cash and cash equivalents, end of year	\$ 30,543,394	\$ 34,277,491

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Notes to Financial Statements

Year ended December 31, 2017

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 measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Cash and cash equivalents:

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

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

(c) Deferred fare media and revenue:

The Commission receives contributions pursuant to legislation, regulations or agreement that may 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, 2017

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, 2017

2. Inventories:

	2017	2016
Spare parts	\$ 2,237,572	\$ 2,126,207

3. Accumulated surplus:

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

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 98,243,186	\$ 86,591,763
To be recovered from public liability insurance reserve fund	(2,413,646)	(2,283,373)
Unfunded:		
Employee future benefits liability	(3,978,000)	(3,954,000)
Vacation pay earned and accrued payroll	(2,717,998)	(2,831,048)
Total surplus	89,133,542	77,523,342
Reserves set aside for specific purposes of the Commission (note 11):		
Energy management reserve	3,203,250	3,203,250
General operating reserve	3,444,665	3,282,165
Health care management reserve	2,594,716	2,668,735
Total reserves	9,242,631	9,154,150
Reserve funds set aside for specific purposes by the Commission (note 11):		
Capital program reserve fund	4,548,809	5,154,473
Public liability insurance reserve fund	3,398,785	3,598,325
Total reserve funds	7,947,594	8,752,798
	\$ 106,323,767	\$ 95,430,290

4. Deferred revenue:

	2017	2016
Provincial gas tax	\$ 22,538,650	\$ 28,889,732

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2017

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:

	2017	2016
Operating grants:		
Specialized transit	\$ 5,061,700	\$ 4,676,300
Conventional transit	24,737,575	23,613,600
	29,799,275	28,289,900
Capital grants:		
Capital levy and debentures	10,357,700	6,374,336
Total grants received from The City of London	\$ 40,156,975	\$ 34,664,236

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:

	2017	2016
Equalization grant, seniors (reduced fares)	\$ 376,048	\$ 376,391
Free transportation, blind	164,871	163,105
	\$ 540,919	\$ 539,496

(b) Province of Ontario:

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

	2017	2016
Capital grants:		
Gas tax program	\$ 7,135,751	\$ 2,674,152
Operating grants:		
Gas tax program	8,572,223	6,609,400
	\$ 15,707,974	\$ 9,283,552

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2017

5. Grants (continued)

(c) Government of Canada:

	2017	2016
Capital grants:		
Public transit Infrastructure Funding	\$ 5,033,446	\$ -
Total Government of Canada grants	\$ 5,033,446	\$ -

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, 2017 there were 540 (517 for 2016) 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 2017 were \$2,842,229 (2016 - \$2,773,485).

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

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2017

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, 2015.

	2017	2016
Employee future benefits liability as of December 31	\$ 3,978,000	\$ 3,954,000

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

	2017	2016
Current year benefit cost	\$ 224,000	\$ 214,000
Interest on accrued benefit obligation	100,000	97,000
Amortized gain	(80,000)	(228,000)
Benefits paid	(220,000)	(206,000)
	\$ 24,000	\$ (123,000)

Significant assumptions are as follows:

Discount rate	3.25%
Rate of compensation increase	1.90%
Healthcare cost current	5.93%
Healthcare cost ultimate	4.50%

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2017

8. Public liability insurance:

At December 31, 2017, there were 148 liability claims and 12 accident benefits claims outstanding that may result in payment under the insurance deductible provisions. The estimated cost to the Commission is \$2,249,111 and \$164,535 (2016 - \$2,137,895 and \$145,478) respectively for a total of \$2,413,646 (2016 - \$2,283,373) 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, 2018. 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 nineteen buses (\$10.4 million). All buses are anticipated to be on site between August and December 2018.

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2017

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		Disposals	Balance	
	December 31, 2016	Additions		December 31, 2017	2017
Land	\$ 2,804,632	\$ -	\$ -	\$ 2,804,632	
Site work	2,703,791	269,233	-	2,973,024	
Buildings	43,613,465	1,757,347	-	45,370,812	
Shelters, pads, and terminals	1,101,216	1,173,094	-	2,274,310	
Rolling stock	109,590,537	17,512,181	(13,409,335)	113,693,383	
Fare and data collection equipment	5,534,160	797,006	-	6,331,166	
Radio/communication equipment	8,259,511	704,743	-	8,964,254	
Bike racks on buses	158,878	-	-	158,878	
Service fleet	416,551	37,314	(102,368)	351,497	
Shop equipment	3,033,180	655,004	(35,830)	3,652,354	
Small tools	173,220	114,309	(58,450)	229,079	
Computer hardware	594,785	74,722	-	669,507	
Computer software	1,172,168	687,200	-	1,859,368	
	\$ 179,156,094	\$ 23,782,153	\$ (13,605,983)	\$ 189,332,264	

Accumulated amortization	Balance		Disposals	Amortization	Balance	
	December 31, 2016				December 31, 2017	2017
Land	\$ -	\$ -	\$ -	\$ -	\$ -	
Site work	1,106,586	-	-	118,921	1,225,507	
Buildings	13,912,434	-	-	1,439,836	15,352,270	
Shelters, pads, and terminals	842,822	-	-	173,884	1,016,706	
Rolling stock	65,130,028	(13,409,335)	-	8,641,422	60,362,115	
Fare and data collection equipment	2,294,612	-	-	414,086	2,708,698	
Radio/communication equipment	4,525,436	-	-	597,617	5,123,053	
Bike racks on buses	158,878	-	-	-	158,878	
Service fleet	356,861	(102,368)	-	47,522	302,015	
Shop equipment	2,766,190	(35,830)	-	232,973	2,963,333	
Small tools	113,989	(58,450)	-	76,360	131,899	
Computer hardware	564,934	-	-	35,312	600,246	
Computer software	791,561	-	-	352,797	1,144,358	
	\$ 92,564,331	\$ (13,605,983)	\$ 12,130,730	\$ 91,089,078		

Net book value	Balance		Balance	
	December 31, 2016		December 31, 2017	2017
Land	\$ 2,804,632		\$ 2,804,632	
Site work	1,597,205		1,747,517	
Buildings	29,701,031		30,018,542	
Shelters, pads, and terminals	258,394		1,257,604	
Rolling stock	44,460,509		53,331,268	
Fare and data collection equipment	3,239,548		3,622,468	
Radio/communication equipment	3,734,075		3,841,201	
Bike racks on buses	-		-	
Service fleet	59,690		49,482	
Shop equipment	266,990		689,021	
Small tools	59,231		97,180	
Computer hardware	29,851		69,261	
Computer software	380,607		715,010	
	\$ 86,591,763		\$ 98,243,186	

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2017

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

	Energy Management Reserve	General operating reserve	Health care management reserve	2017 Total	2016 Total
Reserves:					
Balance, beginning of year	\$ 3,203,250	\$ 3,282,165	\$ 2,668,735	\$ 9,154,150	\$ 9,126,503
Contributions from current operations	-	-	375,776	375,776	393,835
Appropriations to current operations	-	162,500	(449,795)	(287,295)	(366,188)
	\$ 3,203,250	\$ 3,444,665	\$ 2,594,716	\$ 9,242,631	\$ 9,154,150

	Capital Program	Public liability insurance	2017 Total	2016 Total
Reserve funds:				
Balance, beginning of year	\$ 5,154,473	\$ 3,598,325	\$ 8,752,798	\$ 8,547,724
Interest earned	57,814	44,978	102,792	78,832
Contributions from current operations	319,930	400,000	719,930	1,119,457
	5,532,217	4,043,303	9,575,520	9,746,013
Expenditures:				
Appropriations to current operations	-	(644,518)	(644,518)	(726,911)
Appropriations to capital LTC	(983,408)	-	(983,408)	(266,304)
	(983,408)	(644,518)	(1,627,926)	(993,215)
Balance, end of year	\$ 4,548,809	\$ 3,398,785	\$ 7,947,594	\$ 8,752,798

	Provincial gas tax program	2017 Total	2016 Total
Deferred revenues:			
Balance, beginning of year	\$ 28,889,732	\$ 28,889,732	\$ 28,478,802
Interest earned	442,590	442,590	442,648
Contributions	9,356,892	9,356,892	9,701,719
	38,689,214	38,689,214	38,623,169
Expenditures:			
Appropriations to current operations	(8,572,223)	(8,572,223)	(6,609,400)
Appropriations to capital LTC	(7,578,341)	(7,578,341)	(3,124,037)
	(16,150,564)	(16,150,564)	(9,733,437)
Balance, end of year	\$ 22,538,650	\$ 22,538,650	\$ 28,889,732

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2017

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 2017 paper budget surplus, a 2017 actual surplus and a 2016 actual deficit.

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

	Budget	2017	2016
Annual surplus	\$ 17,537,900	\$ 10,893,477	\$ (1,078,915)
Capital expenditures	(17,752,500)	(23,782,153)	(9,757,441)
Transfers from reserves and reserve funds	1,735,000	2,077,721	1,359,404
Contributions to reserves and reserve funds	(1,520,400)	(1,198,498)	(1,585,725)
Amortization of tangible capital assets	-	12,130,730	10,554,169
Other	-	(121,277)	508,508
Commission approved surplus	\$ -	\$ -	\$ -

Financial Statements of

MIDDLESEX-LONDON HEALTH UNIT

Year ended December 31, 2017



MIDDLESEX-LONDON HEALTH UNIT

Financial Statements

Year ended December 31, 2017

Financial Statements

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MIDDLESEX-LONDON HEALTH UNIT

Financial Statements

Year ended December 31, 2017

Management's Responsibility for the Financial Statements

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

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

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

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

Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health / CEO

Brian Glasspoole, CPA, CA
Manager, Finance

Joanne Vanderheyden, 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, 2017, the statements of operations and accumulated surplus, 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, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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Chartered Professional Accountants, Licensed Public Accountants

June 2018

London, Canada

MIDDLESEX-LONDON HEALTH UNIT

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial Assets		
Cash	\$ 4,916,671	\$ 4,064,906
Accounts receivable	420,057	382,687
Grants receivable	198,750	296,040
	<u>5,535,478</u>	<u>4,743,633</u>
Financial Liabilities		
Province of Ontario	229,506	424,192
Government of Canada	11,510	62,999
The Corporation of the City of London	494,391	165,108
The Corporation of the County of Middlesex	94,167	31,447
Accounts payable and accrued liabilities	1,917,268	1,437,193
Accrued wages and benefits	838,160	879,974
Vested sick leave liability (note 2(a))	-	52,209
Post-employment benefits liability (note 2(b))	2,372,400	2,183,200
	<u>5,957,402</u>	<u>5,236,322</u>
Net Debt	(421,924)	(492,689)
Non-Financial Assets		
Tangible capital assets (note 4)	1,173,526	1,421,408
Prepaid expenses	207,725	218,051
	<u>1,381,251</u>	<u>1,639,459</u>
Commitments (note 5)		
Contingencies (note 6)		
Accumulated surplus (note 7)	\$ 959,327	\$ 1,146,770

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

MIDDLESEX-LONDON HEALTH UNIT

Statement of Operations and Accumulated Surplus

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget	2017	2016
Revenue:			
Grants:			
Ministry of Health and Long-Term Care	\$ 21,127,930	\$ 21,368,809	\$ 21,159,277
The Corporation of the City of London	6,095,059	5,600,668	5,929,950
Ministry of Children and Youth Services	5,296,275	5,567,899	5,333,109
The Corporation of the County of Middlesex	1,160,961	1,066,794	1,129,515
Government of Canada	312,860	384,914	290,318
	33,993,085	33,989,084	33,842,119
Other:			
Property search fees	3,750	3,100	2,099
Family planning	285,000	222,240	221,849
Dental service fees	245,200	177,494	190,943
Investment income	20,000	16,377	7,869
Prenatal class income	8,140	11,990	13,890
Other income (note 8)	850,451	1,115,742	1,167,232
	1,412,541	1,546,943	1,603,882
Total Revenue	35,405,626	35,536,027	35,446,001
Expenditures:			
Salaries:			
Public Health Nurses	9,721,936	9,274,226	9,395,102
Other salaries	3,523,523	4,254,821	4,041,711
Administrative staff	3,481,344	3,525,999	3,578,692
Public Health Inspectors	2,442,629	2,385,304	2,475,321
Dental staff	970,837	859,102	891,434
Medical Officers of Health	520,750	511,349	529,401
	20,661,019	20,810,801	20,911,661
Other Operating:			
Benefits	5,908,263	5,914,269	5,833,725
Professional services	3,638,362	3,573,595	3,639,207
Rent and maintenance	1,651,071	1,705,699	1,643,440
Other expenses (note 9)	1,550,472	1,451,027	1,492,305
Materials and supplies	1,116,859	1,275,140	1,256,066
Amortization expense	442,485	660,835	645,575
Travel	437,095	332,104	334,097
	14,744,607	14,912,669	14,844,415
Total Expenditures	35,405,626	35,723,470	35,756,076
Annual surplus (deficit)	-	(187,443)	(310,075)
Accumulated surplus, beginning of year	1,146,770	1,146,770	1,456,845
Accumulated surplus, end of year	\$ 1,147,770	\$ 959,327	\$ 1,146,770

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

MIDDLESEX-LONDON HEALTH UNIT

Statement of Change in Net Debt

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Annual deficit	\$ (187,443)	\$ (310,075)
Acquisition of tangible capital assets, net	(412,953)	(272,964)
Amortization of tangible capital assets	660,835	645,575
	60,439	62,536
Acquisition of prepaid expenses	(207,725)	(218,051)
Use of prepaid expenses	218,051	253,981
	10,326	35,930
Change in net debt	70,765	98,466
Net debt, beginning of year	(492,689)	(591,155)
Net debt, end of year	\$ (421,924)	\$ (492,689)

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

MIDDLESEX-LONDON HEALTH UNIT

Statement of Cash Flows

December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (187,443)	\$ (310,075)
Items not involving cash:		
Amortization	660,835	645,575
Change in employee benefits and other liabilities	136,991	131,550
Changes in non-cash assets and liabilities:		
Accounts receivable	(37,370)	(54,294)
Grants receivable	97,290	49,259
Prepaid expenses	10,326	35,930
Province of Ontario	(194,686)	49,849
Government of Canada	(51,489)	(2,108)
The Corporation of the City of London	329,283	121,069
The Corporation of the County of Middlesex	62,720	23,061
Accounts payable and accrued liabilities	480,075	(253,579)
Accrued wages and benefits	(41,814)	434,964
Net change in cash from operating activities	1,264,718	871,201
Capital activities:		
Cash used to acquire tangible capital assets	(412,953)	(272,964)
Net change in cash from capital activities	(412,953)	(272,964)
Net change in cash	851,765	598,237
Cash and cash equivalents, beginning of year	4,064,906	3,466,669
Cash and cash equivalents, end of year	\$ 4,916,671	\$ 4,064,906

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

MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements
Year ended December 31, 2017

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 to the related funding organization in the statement of financial position.

MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2017

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

Financial Statements (continued)

Year ended December 31, 2017

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

Financial Statements (continued)

Year ended December 31, 2017

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 \$nil (2016 - \$52,209) at the end of the year.

A reserve of \$29,462 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, 2017.

	2017	2016
Accrued employee future benefit obligations	\$ 2,846,600	\$ 2,644,600
Unamortized net actuarial loss	(474,200)	(461,400)
Employee future benefits liability as of December 31	\$ 2,372,400	\$ 2,183,200

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

	2017	2016
Current year benefit cost	\$ 180,500	\$ 174,800
Interest on accrued benefit obligation	89,800	85,100
Amortization of net actuarial loss	44,600	44,600
Total benefit cost	\$ 314,900	\$ 304,500

Benefits paid during the year were \$125,700 (2016 - \$118,300).

MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2017

2. Employee future benefits (continued):

(b) 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, 2017, of the present value of future liabilities and the expense for the year ended December 31, 2017, are determined using a discount rate of 3.25% (2016 – 3.25%).

(ii) Medical costs:

Prescription drug costs are assumed to increase at the rate of 7% per year (2016 - 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 (2016 - 4%).

3. Pension agreement:

The Middlesex-London Health Unit contributes to the OMERS which is a multi-employer plan, on behalf of 323 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 2017, 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 \$1,960,653 (2016 - \$1,974,638) to the OMERS pension plan on behalf of its employees during the year ended December 31, 2017.

MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2017

4. Tangible Capital Assets:

Cost	Balance at December 31, 2016	Additions	Disposals / Transfers	Balance at December 31, 2017
Leasehold Improvements – 15 years	\$ 2,660,874	\$ 39,266	\$ -	\$ 2,700,140
Leasehold Improvements – 5 years	33,850	9,382	(21,452)	21,780
Computer Systems	1,309,479	77,030	(144,122)	1,242,387
Motor Vehicle	5,385	-	-	5,385
Furniture & Equipment	1,509,281	287,275	(232,149)	1,564,407
Total	\$ 5,518,869	\$ 412,953	\$ (397,723)	\$ 5,534,099

Accumulated amortization	Balance at December 31, 2016	Amortization expense	Disposals / Transfers	Balance at December 31, 2017
Leasehold Improvements – 15 years	\$ 2,334,049	\$ 183,045	\$ -	\$ 2,517,094
Leasehold Improvements – 5 years	26,142	8,545	(21,452)	13,235
Computer Systems	721,420	267,295	(144,122)	844,593
Motor Vehicle	2,019	1,346	-	3,365
Furniture & Equipment	1,013,831	200,604	(232,149)	982,286
Total	\$ 4,097,461	\$ 660,835	\$ (397,723)	\$ 4,360,573

	Net book value December 31, 2016	Net book value December 31, 2017
Leasehold Improvements – 15 years	\$ 326,825	\$ 183,046
Leasehold Improvements – 5 years	7,708	8,545
Computer Systems	588,059	397,794
Motor Vehicle	3,366	2,020
Furniture & Equipment	495,450	582,121
Total	\$ 1,421,408	\$ 1,173,526

During the year, the Middlesex-London Health Unit deemed to have disposed of fully amortized assets with a cost basis of \$397,723 (2016 - \$1,240,106).

MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2017

4. Tangible Capital Assets (continued):

Cost	Balance at December 31, 2015	Additions	Disposals / Transfers	Balance at December 31, 2016
Leasehold Improvements – 15 years	\$ 2,672,872	\$ -	\$ (11,998)	\$ 2,660,874
Leasehold Improvements – 5 years	181,668	3,609	(151,427)	33,850
Computer Systems	1,634,727	244,575	(569,823)	1,309,479
Motor Vehicle	5,385	-	-	5,385
Furniture & Equipment	1,991,359	36,778	(518,856)	1,509,281
Total	\$ 6,486,011	\$ 284,962	\$ (1,252,104)	\$ 5,518,869

Accumulated amortization	Balance at December 31, 2015	Amortization expense	Disposals / Transfers	Balance at December 31, 2016
Leasehold Improvements – 15 years	\$ 2,170,637	\$ 163,412	\$ -	\$ 2,334,049
Leasehold Improvements – 5 years	171,936	5,633	(151,427)	26,142
Computer Systems	1,012,461	278,782	(569,823)	721,420
Motor Vehicle	673	1,346	-	2,019
Furniture & Equipment	1,336,285	196,402	(518,856)	1,013,831
Total	\$ 4,691,992	\$ 645,575	\$ (1,240,106)	\$ 4,097,461

	Net book value December 31, 2015	Net book value December 31, 2016
Leasehold Improvements – 15 years	\$ 502,235	\$ 326,825
Leasehold Improvements – 5 years	9,732	7,708
Computer Systems	622,266	588,059
Motor Vehicle	4,712	3,366
Furniture & Equipment	655,074	495,450
Total	\$ 1,794,019	\$ 1,421,408

MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2017

5. Commitments:

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

Future minimum payments to expiry are as follows:

2018	\$ 911,800
2019	846,097
2020	780,394
2021	780,394

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:

	2017	2016
Surpluses:		
Invested in tangible capital assets	\$ 1,173,526	\$ 1,421,408
Unfunded:		
Sick leave benefits	-	(52,209)
Post-employment benefits	(2,372,400)	(2,183,200)
Total deficit	(1,198,874)	(814,001)
Reserves set aside by the Board:		
Accumulated sick leave	29,462	82,032
Funding stabilization	818,258	818,258
Employment costs	176,077	176,077
Technology and infrastructure	1,000,000	750,000
Environmental – septic tank	6,044	6,044
Dental treatment	128,360	128,360
Total reserves	2,158,201	1,960,771
Accumulated surplus	\$ 959,327	\$ 1,146,770

MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2017

8. Other income:

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

	2017 Budget	2017 Actual	2016 Actual
Collaborative project	\$ 161,187	\$ 349,045	\$ 372,520
Food handler training	20,000	25,250	27,343
Public Fit-testing	15,000	10,621	16,528
Miscellaneous	208,439	341,588	246,305
OHIP	233,900	230,488	237,420
Vaccines	211,925	155,370	266,345
Workshops	-	3,380	771
	\$ 850,451	\$ 1,115,742	\$ 1,167,232

9. Other expenses:

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

	2017 Budget	2017 Actual	2016 Actual
Communications	\$ 191,646	\$ 158,498	\$ 221,283
Health promotion/advertising	371,422	405,425	308,295
Miscellaneous	557,146	420,034	457,211
Postage and courier	67,500	62,127	61,477
Printing	160,561	138,635	164,168
Staff development	202,197	266,308	279,901
	\$ 1,550,472	\$ 1,451,027	\$ 1,492,305

Financial Statements of

MUSEUM LONDON

Year ended December 31, 2017



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

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, 2017 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, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly wavy line that serves as a signature line.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

March 29, 2018

MUSEUM LONDON

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets:		
Cash and cash equivalents	\$ 605,365	\$ 241,220
Accounts receivable	270,956	168,090
Investments (note 2)	5,984,824	6,324,098
	<u>6,861,145</u>	<u>6,733,408</u>
Financial liabilities:		
Accounts payable and accrued liabilities	478,360	350,126
Deferred revenue	263,205	153,404
Employee future benefits (note 3)	81,723	91,371
	<u>823,288</u>	<u>594,901</u>
Net financial assets	6,037,857	6,138,507
Non-financial assets:		
Tangible capital assets (note 4)	10,048,108	9,081,791
Prepaid expenses	102,618	91,496
	<u>10,150,726</u>	<u>9,173,287</u>
Accumulated surplus (note 6)	\$ 16,188,583	\$ 15,311,794

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

_____ Director

_____ Directo

MUSEUM LONDON

Statement of Operations

Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Revenue:			
Federal	\$ 1,212,000	\$ 1,368,325	\$ 193,975
Provincial	206,929	204,453	222,508
Municipal:			
Operating	1,659,000	1,675,757	1,634,784
Capital	350,000	282,563	381,826
Community:			
Donations	575,800	565,741	293,333
Public programs	112,350	88,562	101,532
Ancillary services:			
Catering and rentals	158,750	131,616	120,931
Fundraising events	-	8,000	43,272
Public program and exhibition sponsorship	3,500	63,912	60,077
Donation of art and artifacts	300,165	443,903	598,205
Investment income	200,000	289,375	266,979
Other	388,209	362,590	338,172
Total revenue	5,166,703	5,484,797	4,255,594
Expenses			
Operating:			
Operations	976,841	992,956	956,164
General and administration	882,560	869,287	881,944
Public programs	173,514	280,497	366,193
Publicity	164,656	183,137	171,873
Curatorial and collections management	545,090	565,692	545,261
Amortization of tangible capital assets	624,070	624,069	602,140
Ancillary services:			
Catering and rentals	97,436	97,194	86,589
Fundraising events	-	665	26,959
Public programs and exhibitions	200,000	190,728	159,035
Donation of art and artifacts	300,165	443,903	598,205
Purchase of art and artifacts	60,000	156,327	75,278
Collection expense	24,700	14,326	21,299
Investment expense	27,000	31,002	30,704
Total expenditures	4,076,032	4,449,783	4,521,644
Annual surplus (deficit)	1,090,671	1,035,014	(266,050)
Accumulated surplus, beginning of year	15,311,794	15,311,794	15,577,844
Transfer of restricted funds		(158,225)	-
Accumulated surplus, end of year	\$ 16,402,465	\$ 16,188,583	\$ 15,311,794

The accompanying notes are an integral part of these financial statements

MUSEUM LONDON

Statement of Change in Net Financial Assets

Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Annual surplus (deficit)	\$ 1,090,671	\$ 1,035,014	\$ (266,050)
Acquisition of tangible capital assets	(350,000)	(1,590,386)	(556,514)
Amortization of tangible capital assets	624,070	624,069	602,140
	1,364,741	68,697	(220,424)
Change in prepaid expenses	-	(11,122)	4,441
Change in net financial assets	1,364,741	57,575	(215,983)
Transfer of Restricted Funds		(158,225)	-
Net financial assets, beginning of year	6,138,507	6,138,507	6,354,490
Net financial assets, end of year	\$ 7,503,248	\$ 6,037,857	\$ 6,138,507

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

MUSEUM LONDON

Statement of Cash Flows

Year ended December 31, 2017 with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 1,035,014	\$ (266,050)
Items not involving cash:		
Amortization of tangible capital assets	624,069	602,140
Change in employee benefits	(9,648)	1,017
Changes in non-cash assets and liabilities:		
Accounts receivable	(102,866)	239,760
Accounts payable and accrued liabilities	128,234	(12,389)
Deferred revenue	109,801	(20,245)
Prepaid expenses	(11,122)	4,441
Net change in cash and cash equivalents from operating activities	1,773,482	548,674
Capital activities:		
Acquisition of tangible capital assets	(1,590,386)	(556,514)
Investing activities:		
Change in investments, net	339,274	191,110
Transfer of restricted funds	(158,225)	-
	181,049	191,110
Increase in cash and cash equivalents	364,145	183,270
Cash and cash equivalents, beginning of year	241,220	57,950
Cash and cash equivalents, end of year	\$ 605,365	\$ 241,220

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

MUSEUM LONDON

Notes to Financial Statements

Year ended December 31, 2017

1. Significant accounting policies:

The financial statements of Museum London, a registered charity and a local board of the Corporation of the City of London (the "City") are prepared by management in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants Canada Public Sector Accounting Handbook.

The statement of operations combines financial transactions of the operating, tangible capital asset, and reserve and restricted funds.

- (a) Operating funds are available for financing expenditures for the day to day operations of Museum London;
- (b) Tangible capital asset funds are available for financing expansion, replacement and major repairs and maintenance of Museum London facilities; and
- (c) Reserves and Restricted funds are designated for specific purposes and are either not available for day to day operations or require special approval in accordance with Museum London Board policy.

Note 8 provides a summary of the financial activities of each fund. Transfers between the funds are made as approved by the Board.

- (a) Basis of accounting:

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

- (b) Government transfers:

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

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2017

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) Investments:

Investments are recorded at cost. If the market value of investments becomes lower than cost and this decline is considered to be other than temporary, the investments are written down to market value.

(f) Employee future benefits:

The Museum provides certain employee benefits which will require funding in future periods. These benefits include amounts for vacation for current employees. These future liabilities are recognized at current cost.

(g) Pension contributions:

The costs of defined contribution pension plan benefits to the Ontario Municipal Employees Retirement Fund (OMERS) are the employer's contributions due to the plan in the period.

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(h) 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.

(i) 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, 2017

1. Significant accounting policies (continued):

(j) Budget figures:

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

2. Investments:

At December 31, 2017, investments at cost were comprised of the following:

	2017	2016
Canadian bond	\$ 3,217,196	\$ 3,422,377
Canadian equity	1,371,380	1,474,920
US equity	532,943	521,196
International equity	863,305	905,605
	<u>\$ 5,984,824</u>	<u>\$ 6,324,098</u>

At December 31, 2017 the approximate market value of the pooled fund investments amounted to \$6,570,814 (2016 - \$6,753,768).

3. Employee future benefits:

Employee future benefits, reported on the statement of financial position, are comprised of the following:

	2017	2016
Vacation pay earned but not taken	\$ 81,723	\$ 91,371

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, 2017 is \$81,723 (2016 - \$91,371).

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2017

4. Tangible capital assets:

	Balance December 31, 2016	Additions	Disposal	Write-offs	Balance December 31, 2017
Cost:					
Land	\$ 1,175,120	\$ -	\$ -	\$ -	\$ 1,175,120
Building and building improvements	13,397,473	1,572,395	-	82,695	14,887,173
Furniture and equipment	135,394	17,991	-	1,399	151,986
	<u>\$14,707,987</u>	<u>\$ 1,590,386</u>	<u>\$ -</u>	<u>\$ 84,094</u>	<u>\$16,214,279</u>
Accumulated amortization:					
Building and building improvements	\$ 5,598,111	\$ 607,152	\$ -	\$ 82,695	\$ 6,122,568
Furniture and equipment	28,085	16,917	-	1,399	43,603
	<u>\$ 5,626,196</u>	<u>\$ 624,069</u>	<u>\$ -</u>	<u>\$ 84,094</u>	<u>\$ 6,166,171</u>
Net book value:					
Land	\$ 1,175,120				\$ 1,175,120
Building and building improvements	7,799,362				8,764,605
Furniture and equipment	107,309				108,383
	<u>\$ 9,081,791</u>				<u>\$10,048,108</u>

5. Insurance:

Museum London has accumulated works of art with an insured value of \$47,589,345 (2016 - \$46,505,465). 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, 2017

6. Accumulated surplus:

The accumulated surplus consists of the following:

	2017	2016
Surplus:		
Operating fund	\$ 58,130	\$ 24,257
Investment in tangible capital assets	10,048,108	9,081,791
Unfunded employee benefits	(81,723)	(91,371)
Total surplus	10,024,515	9,014,677
Reserve funds set aside for specific purposes by Museum London:		
Operating endowment	2,564,624	2,745,991
Restricted funds held by Museum London include the following:		
Moore acquisitions fund	2,754,078	2,716,373
Moore collection management fund	285,704	274,327
Amelia Lucy Ronalds Little fund	-	148,037
Nancy Geddes Poole fund	104,783	101,486
Volunteer committee general fund	-	26,784
Volunteer committee acquisitions fund	199,628	285,664
Centre at the Forks	245,904	(25,036)
Cohen Innovations in Culture fund	25,953	25,714
Wolf fund	384	384
Satellite Gallery	(16,990)	(2,607)
	3,599,444	3,551,126
	\$ 16,188,583	\$ 15,311,794

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 contract for the management of Eldon House was transferred by the owner, The Corporation of the City of London effective January 1, 2013. During 2017, legal approvals were obtained and the Amelia Lucy Ronalds Little Fund was transferred from Museum London to The Corporation of the City of London.

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2017

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 \$55,300 and at a rate of 14.60% for earnings greater than the yearly maximum pensionable earnings.

The amount contributed to OMERS for 2017 was \$104,572 (2016 - \$109,566) and is included as an expense in the statement of operations. Employees' contributions to OMERS in 2017 was \$104,572 (2016 - \$109,566).

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:

	2017	2016
Operating fund	\$ 33,873	\$ 7,045
Investment in tangible capital assets	966,317	(45,626)
Reserve and restricted funds	25,176	(226,452)
Change in unfunded employee benefits	9,648	(1,017)
Annual surplus (deficit)	\$ 1,035,014	\$ (266,050)

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2017

8. Annual surplus (continued):

Statements of financial activities for the three funds follow:

(i) Operating Fund:

	2017 Budget	2017 Total	2016 Total
Revenue:			
Federal:			
Canada Council for the Arts:			
Operating	\$ 132,000	\$ 228,000	\$ 132,000
Acquisitions	30,000	-	30,000
Programs	-	14,975	4,290
Canadian Heritage	-	73,594	20,744
Other	-	5,406	6,941
Provincial:			
Ontario Arts Council:			
Operating grant	143,500	143,500	151,050
Ministry of Tourism and Culture	51,954	51,954	51,954
Other	11,475	8,999	19,504
Municipal	1,659,000	1,669,257	1,634,784
Community:			
Donations	75,800	60,648	163,410
Public programs	112,350	88,562	101,532
Ancillary services:			
Catering and rentals	158,750	131,616	120,931
Fundraising events	-	8,000	43,272
Public program and exhibition sponsorship	3,500	39,912	30,077
Investment income	3,000	6,164	2,751
Other	388,209	360,096	338,088
	\$ 2,769,538	\$ 2,890,683	\$ 2,851,328

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2017

8. Annual surplus (continued):

(i) Operating Fund (continued):

	2017 Budget	2017 Total	2016 Total
Expenses:			
Operating:			
Operations	\$ 976,841	\$ 992,956	\$ 956,164
General and administration	882,560	869,287	864,847
Public programs	173,514	233,120	207,706
Publicity	164,656	183,137	171,873
Curatorial and collections management	545,090	565,692	545,261
Ancillary services:			
Catering and rentals	97,436	97,194	86,589
Fundraising events	-	665	26,959
Exhibitions	200,000	190,728	159,035
Purchase of art and artifacts	60,000	156,327	75,278
Collection expense	24,700	14,326	21,299
	<u>3,124,797</u>	<u>3,303,432</u>	<u>3,115,011</u>
Net expenditures	(355,259)	(412,749)	(263,683)
Financing and transfers:			
Transfer from reserve and restricted funds	355,259	456,270	269,711
Employee benefits	-	(9,648)	1,017
Net financing and transfers	<u>355,259</u>	<u>446,622</u>	<u>270,728</u>
Change in fund balance	-	33,873	7,045
Surplus, beginning of year	24,257	24,257	17,212
Surplus, end of year	<u>\$ 24,257</u>	<u>\$ 58,130</u>	<u>\$ 24,257</u>

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2017

8. Annual surplus (continued):

(ii) Investment in tangible capital assets:

	2017	2016
Revenue:		
Municipal	\$ 132,312	\$ 381,826
Learning Centre Restricted Fund	1,458,074	174,688
Amortization of tangible capital assets	(624,069)	(602,140)
Net revenue	\$ 966,317	\$ (45,626)
Change in fund balance	\$ 966,317	\$ (45,626)
Opening balance	9,081,791	9,127,417
Ending balance	\$ 10,048,108	\$ 9,081,791

(iii) Reserve and Restricted Funds:

(a) Reserve Funds:

	2017	2016
Transfers to reserves:		
Net investment revenue	\$ 118,892	\$ 94,076
Expenditure:		
Transfer to operating fund	300,259	208,934
Change in reserve funds	(181,367)	(114,858)
Opening balance	2,745,991	2,860,849
Closing balance	\$ 2,564,624	\$ 2,745,991

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2017

8. Annual surplus (continued):

(iii) Reserve and Restricted Funds:

(b) Restricted Funds:

	2017	2016
Transfer to restricted funds:		
Net investment revenue	\$ 133,317	\$ 139,445
Donations:		
Learning centre	505,093	129,923
Federal cultural spaces grant	1,046,350	-
Municipal	156,751	-
Partnership contributions	24,000	30,000
Miscellaneous	2,494	84
	<u>1,868,005</u>	<u>299,452</u>
Expenditures:		
Transfer to operating fund, acquisition of artwork	156,011	40,777
Transfer to operations, exhibitions	-	20,000
Eldon House furnishings and web-site	-	17,093
Learning Centre expenditures	-	120,262
Learning Centre tangible capital assets	1,458,074	174,688
Satellite Centre expenditures	47,377	38,226
	<u>1,661,462</u>	<u>411,046</u>
Change in restricted funds	206,543	(111,594)
Opening balance	3,551,126	3,662,720
Transfer of restricted funds	(158,225)	-
Closing balance	<u>\$ 3,599,444</u>	<u>\$ 3,551,126</u>

MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2017

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	\$ 2,769,538
Expense:	
Operating budget	2,769,538
Annual operating surplus, as budgeted	-
Federal cultural spaces grant	1,050,000
Learning Centre donations	500,000
Capital funding	350,000
Donation of art and artifacts	300,165
Investment income	197,000
Investment expense	(27,000)
Donation of art and artifacts	(300,165)
Transfers from reserve and restricted funds	(355,259)
Amortization of tangible assets	(624,070)
Annual surplus (deficit), revised	\$ 1,090,671

DRAFT Financial Statements of

**OLD EAST VILLAGE BUSINESS
IMPROVEMENT AREA**

Year ended December 31, 2017

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, 2017, the statements of earnings, 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 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, 2017, 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

Month DD, YYYY

London, Canada

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Financial Position

DRAFT

December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets		
Cash and short-term investments (note 2)	\$ 93,046	\$ 74,221
Accounts receivable	1,672	1,258
	<u>94,718</u>	<u>75,479</u>
Financial liabilities		
Accounts payable and accrued liabilities	1,584	1,588
Deferred revenue	4,340	5,632
	<u>5,924</u>	<u>7,220</u>
Net financial assets	88,794	68,259
Non-financial assets		
Tangible capital assets (note 4)	6,102	3,264
Prepaid expenses and deposits	1,804	3,851
	<u>7,906</u>	<u>7,115</u>
Accumulated surplus (note 3)	<u>\$ 96,700</u>	<u>\$ 75,374</u>

See accompanying notes to financial statements.

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Earnings and Fund Balances

DRAFT

Year ended December 31, 2017, with comparative information for 2016

	Budget		
	2017	2017	2016
Revenue:			
Requisition:			
Municipal levy - The Corporation of the City of London	\$ 14,781	\$ 14,917	\$ 14,781
Other:			
The Corporation of the City of London	141,102	141,202	141,102
Miscellaneous	61,605	2,172	28,999
	<u>217,488</u>	<u>158,291</u>	<u>184,882</u>
Expenditures:			
Wages and salaries	155,538	98,058	130,746
Office rental	12,661	12,661	12,661
Payroll deductions	-	6,483	9,068
Administration	6,300	5,292	4,740
Community initiatives and appreciation	4,200	4,204	4,018
Purchased services	15,860	1,560	8,603
Telephone and internet service	1,950	1,427	2,064
Advertising, marketing and promotion	1,600	1,375	2,781
Financial audit	1,469	1,300	1,400
Beautification	5,000	1,144	598
Amortization	-	941	916
HST expense	-	730	1,137
Operating supplies and costs	800	517	575
Special projects	3,000	420	2,756
Travel and transportation costs	660	335	625
Printing and communications	710	316	631
Equipment and building maintenance	5,500	202	-
Reserve Fund Contribution	2,000	-	-
Training, education and development	240	-	-
	<u>217,488</u>	<u>136,965</u>	<u>183,319</u>
Annual surplus (deficit)	-	21,326	1,563
Accumulated surplus, beginning of year	75,374	75,374	73,811
Accumulated surplus, end of year	<u>\$ 75,374</u>	<u>\$ 96,700</u>	<u>\$ 75,374</u>

See accompanying notes to financial statements.

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Change in Net Financial Assets

DRAFT

December 31, 2017, with comparative information for 2016

	2017	2016
Annual surplus	\$ 21,326	\$ 1,563
Acquisition of tangible capital assets	(3,779)	-
Amortization of tangible capital assets	941	916
	18,488	2,479
Acquisition of prepaid expenses	(1,927)	(3,975)
Use of prepaid expenses	3,974	7,612
	2,047	3,637
	20,535	6,116
Net financial assets, beginning of year	68,259	62,143
Net financial assets, end of year	\$ 88,794	\$ 68,259

See accompanying notes to financial statements.

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA

Statement of Cash Flows

DRAFT

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 21,326	\$ 1,563
Item not involving cash:		
Amortization of tangible capital assets	941	916
Changes in non-cash operating working capital:		
Accounts receivable	(414)	739
Accounts payable and accrued liabilities	(4)	(885)
Deferred revenue	(1,292)	(28,234)
Prepaid expenses and deposits	2,047	3,637
Investing activities:		
Purchase of tangible capital assets	(3,779)	-
Increase (decrease) in cash and short-term investments	18,825	(22,264)
Cash and short-term investments, beginning of year	74,221	96,485
Cash and short-term investments, end of year	\$ 93,046	\$ 74,221

See accompanying notes to financial statements.

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements

Year ended December 31, 2017

1. Significant accounting policies:

The financial statements of the Old East Village Business Improvement Area are prepared in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants of Canada Public Sector Accounting Handbook.

(a) Basis of accounting:

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

(b) Tangible capital assets:

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

Asset	Rate
Furniture and fixtures	20%
Computer hardware	30-45%
Computer software	45%

(c) Government transfers:

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

(d) Deferred revenue:

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

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2017

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

(g) Budget figures:

Budget figures have been provided for comparison purposes. 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:

	2017	2016
Cash and short-term investments consist of:		
Cash	\$ 87,007	\$ 68,182
Guaranteed investment certificates	6,039	6,039
	<u>\$ 93,046</u>	<u>\$ 74,221</u>

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2017

3. Accumulated surplus:

The balance of accumulated surplus is comprised of the following:

	2017	2016
Invested in tangible capital assets	\$ 6,102	\$ 3,264
Reserves:		
Contingencies	3,733	3,733
Pole decorations	2,728	5,000
Mural maintenance	1,936	1,936
	8,397	10,669
Operating fund	82,201	61,441
	\$ 96,700	\$ 75,374

4. Tangible capital assets:

Cost	December 31, 2016	Additions	Disposals	December 31, 2017
Furniture and fixtures	\$ 18,697	\$ 3,779	\$ -	\$ 22,476
Computer hardware	11,018	-	-	11,018
Computer software	3,609	-	-	3,609
Total	\$ 33,324	\$ 3,779	\$ -	\$ 37,103

Accumulated amortization	December 31, 2016	Disposals	Amortization expense	December 31, 2017
Furniture and fixtures	\$ 15,601	\$ -	\$ 857	\$ 16,458
Computer hardware	10,877	-	69	10,946
Computer software	3,582	-	15	3,597
Total	\$ 30,060	\$ -	\$ 941	\$ 31,001

OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA

DRAFT Notes to Financial Statements (continued)

Year ended December 31, 2017

4. Tangible capital assets (continued):

	Net book value December 31, 2016	Net book value December 31, 2017
Furniture and fixtures	\$ 3,096	\$ 6,018
Computer hardware	141	72
Computer software	27	12
Total	\$ 3,264	\$ 6,102

Financial Statements of

**THE PUBLIC UTILITY COMMISSION
OF THE CITY OF LONDON**

December 31, 2017



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

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, 2017, 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 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, 2017, and its results of operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 7, 2018

THE PUBLIC UTILITY COMMISSION OF THE CITY OF LONDON
Statement of Financial Position
As at December 31, 2017, with comparative information for 2016

	2017	2016
Financial Assets:		
Cash	\$ 1,874,183	\$ 1,849,225
Due from City of London (Note 4)	276,889	185,636
	2,151,072	2,034,861
Net financial assets	2,151,072	2,034,861
Non-Financial Assets:		
Tangible capital assets (Note 5)	3,144,224	3,331,998
	3,144,224	3,331,998
Accumulated surplus (Note 6)	\$ 5,295,296	\$ 5,366,859
Contingent liability (Note 3)		

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

THE PUBLIC UTILITY COMMISSION OF THE CITY OF LONDON

Statement of Operations

For the year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Revenue:			
User charges	\$ 260,000	\$ 247,451	\$ 243,724
Rents (Note 4)	100,000	100,000	100,000
Investment income	20,000	24,958	21,134
Total Revenue	380,000	372,409	364,858
Expenses:			
General government	510,500	443,972	480,893
	510,500	443,972	480,893
Annual deficit	(130,500)	(71,563)	(116,035)
Accumulated surplus, beginning of year	5,366,859	5,366,859	5,482,894
Accumulated surplus, end of year	\$ 5,236,359	\$ 5,295,296	\$ 5,366,859

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

THE PUBLIC UTILITY COMMISSION OF THE CITY OF LONDON
Statement of Change in Net Financial Assets
For the year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Annual deficit	\$ (130,500)	\$ (71,563)	\$ (116,035)
Amortization of tangible capital assets	187,774	187,774	187,774
Change in net financial assets	57,274	116,211	71,739
Net financial assets, beginning of year	2,034,861	2,034,861	1,963,122
Net financial assets, end of year	\$ 2,092,135	\$ 2,151,072	\$ 2,034,861

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

THE PUBLIC UTILITY COMMISSION OF THE CITY OF LONDON

Statement of Cash Flows

For the year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating Activities:		
Annual deficit	\$ (71,563)	\$ (116,035)
Items not involving cash:		
Amortization	187,774	187,774
Change in non-cash assets and liabilities:		
Due from City of London	(91,253)	(50,605)
Net change in cash from operating activities	24,958	21,134
Cash and cash equivalents, beginning of year	1,849,225	1,828,091
Cash and cash equivalents, end of year	\$ 1,874,183	\$ 1,849,225

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

THE PUBLIC UTILITY COMMISSION OF THE CITY OF LONDON

Notes to the Financial Statements

For the year ended December 31, 2017

1. Significant accounting policies:

The financial statements of The Public Utility Commission of the City of London (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 (continued)

For the year ended December 31, 2017

1. Significant accounting policies (continued):

(d) Liability for contaminated sites

Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

2. 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.

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

THE PUBLIC UTILITY COMMISSION OF THE CITY OF LONDON

Notes to the Financial Statements (continued)

For the year ended December 31, 2017

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 incurs an annual administrative services expense in the amount of \$75,000 (2016 - \$75,000). This service is provided by The Corporation of the City of London and has been included in expenses in the Statement of Operations.
- (c) 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 related parties:

	2017	2016
Due from Corporation of the City of London	\$ 276,889	\$ 185,636

- (d) A promissory note from London Hydro Inc. to the City of London for \$70 million 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 (continued)

For the year ended December 31, 2017

5. Tangible capital assets:

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
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, 2016	Disposals	Amortization expense	Balance at December 31, 2017
Land	\$ -	\$ -	\$ -	\$ -
Land improvements	2,405,606	-	187,774	2,593,380
Total	\$ 2,405,606	\$ -	\$ 187,774	\$ 2,593,380

	Net book value December 31, 2016	Net book value December 31, 2017
Land	\$ 2,921,000	\$ 2,921,000
Land improvements	410,998	223,224
Total	\$ 3,331,998	\$ 3,144,224

6. Accumulated surplus:

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 3,144,224	\$ 3,331,998
Total invested in tangible capital assets	3,144,224	3,331,998
Reserves set aside by Commission:		
Contingency reserve	2,151,072	2,034,861
Total reserves	2,151,072	2,034,861
Total surplus	\$ 5,295,296	\$ 5,366,859

7. Comparative figures:

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2017 financial statements.

Financial Statements of

**ELGIN AREA PRIMARY WATER
SUPPLY SYSTEM**

December 31, 2017

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, 2017, the statements of operations, change of 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, 2017 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

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London, Canada

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Financial Position
December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets		
Due from the Corporation of the City of London (note 3)	\$ 9,429,037	\$ 4,729,597
Trade and other receivables	1,043,074	2,677,923
Total financial assets	10,472,111	7,407,520
Financial liabilities		
Accounts payable and accrued liabilities	1,745,577	4,010,631
Deferred revenue (note 4)	860,379	1,514,691
Accrued interest on long-term debt	134,922	133,604
Long-term debt (note 5)	17,265,612	15,229,131
Other liability (note 6)	-	15,351
Total financial liabilities	20,006,490	20,903,408
Net debt	(9,534,379)	(13,495,888)
Non-financial assets		
Tangible capital assets (note 7)	69,506,456	71,124,936
Prepaid expenses	92,629	67,108
Total non-financial assets	69,599,085	71,192,044
Accumulated surplus (note 8)	\$ 60,064,706	\$ 57,696,156

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ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Operations
Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Revenues			
User charges	\$ 11,419,318	\$ 11,663,959	\$ 11,041,458
Investment income	6,000	122,513	141,903
Transfer payments			
Provincial	-	654,312	1,150,710
Federal	-	649,048	1,144,491
Other	4,000	154,814	1,162,751
Total revenues	11,429,318	13,244,646	14,641,313
Expenses			
Salaries, wages and benefits	560,929	509,572	558,851
Materials and supplies	5,407,000	5,389,531	5,092,429
Contracted services	111,344	705,777	434,588
Rents and financial expenses	52,500	43,890	50,376
Interest on long-term debt (note 5)	562,017	489,942	458,547
Amortization of tangible capital assets (note 7)	-	3,534,210	2,857,751
Administrative charges	203,173	203,174	198,217
Total expenses	6,896,963	10,876,096	9,650,759
Annual surplus	4,532,355	2,368,550	4,990,554
Accumulated surplus, beginning of year (note 8)	57,696,156	57,696,156	52,705,602
Accumulated surplus, end of year (note 8)	\$ 62,228,511	\$ 60,064,706	\$ 57,696,156

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ELGIN AREA PRIMARY WATER SUPPLY SYSTEM**Statement of Net Debt**

Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Annual surplus	\$ 4,532,355	\$ 2,368,550	\$ 4,990,554
Acquisition of tangible capital assets	(373,787)	(1,915,730)	(5,426,172)
Amortization of tangible capital assets	-	3,534,210	2,857,751
	4,158,568	3,987,030	2,422,133
Change in prepaid expenses	-	(25,521)	(3,523)
Change in net debt	4,158,568	3,961,509	2,418,610
Net debt, beginning of year	(13,495,888)	(13,495,888)	(15,914,498)
Net debt, end of year	\$ (9,337,320)	\$ (9,534,379)	\$ (13,495,888)

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ELGIN AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Cash Flows
Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by:		
Operating activities:		
Annual surplus	\$ 2,368,550	\$ 4,990,554
Items not involving cash:		
Amortization of tangible capital assets	3,534,210	2,857,751
Amortization of debenture discount	24,496	19,135
Changes in non-cash assets and liabilities:		
Due from (due to) the Corporation of the City of London	(4,699,440)	(5,035,819)
Prepaid expenses	(25,521)	(3,523)
Trade and other receivables	1,634,850	467,383
Accounts payable and accrued liabilities	(2,265,054)	(1,873,890)
Deferred revenue	(654,312)	(1,150,710)
Accrued interest on long-term debt	1,318	18,520
Net change in cash from operating activities	(80,903)	289,401
Capital activities:		
Purchase of tangible capital assets	(1,915,730)	(5,426,172)
Cash used in capital activities	(1,915,730)	(5,426,172)
Financing activities:		
Proceeds from issuance of long-term debt	4,527,312	6,952,127
Long-term debt repayments	(2,515,328)	(1,807,350)
Decrease in other liability	(15,351)	(8,006)
Cash provided by financing activities	1,996,633	5,136,771
Net change in cash flows	\$ -	\$ -

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ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements
Year ended December 31, 2017

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 members appointed by the respective councils of participating municipalities. The Board composition is as follows:

Municipality	Members	Votes
• The Corporation of the City of London	3	3
• The Corporation of the City of St. Thomas	2	2
• The Corporations of the Township of Southwold and the Municipality of Central Elgin	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, 2017

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, 2017

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) Liability for contaminated sites

Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live 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.

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:

	2017	2016
Provincial HELP Funding	\$ 860,379	\$ 1,514,691

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2017

5. Long-term debt

(a) Long-term debt is stated as follows:

	2017	2016
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 of 5.875%, maturing August 2018,	\$ 891,000	\$ 1,734,000
(b) at rates ranging from 2.05% to 3.20%, maturing September 2022.	5,573,700	6,608,250
(c) at rates ranging from 1.20% to 2.70%, maturing March 2026.	6,362,222	7,000,000
(d) at rates ranging from 1.15% to 2.85%, maturing March 2027.	4,557,542	-
Total long-term debt	\$ 17,384,464	\$ 15,342,250
Less: Unamortized debenture discount	(118,852)	(113,119)
Net long-term debt	\$ 17,265,612	\$ 15,229,131

(b) The long-term debt repayment schedule is as follows:

2018	\$ 3,023,719
2019	2,177,530
2020	2,223,979
2021	2,272,512
2022	2,323,163
2023 and beyond	5,363,561

(c) Total interest charges for the year for long-term debt which are reported on the Statement of Operations are as follows:

	2017	2016
Interest	\$ 465,446	\$ 439,412
Amortization of debenture discount	24,496	19,135
	\$ 489,942	\$ 458,547

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2017

6. Other liability

The Entity has entered into a long-term contract for landowner compensation. The liability as at December 31, 2017 is nil (2016 - \$15,351).

7. Tangible capital assets

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Land	\$ 1,251,559	\$ -	\$ -	\$ 1,251,559
Buildings and building improvements	28,539,229	624,536	50,397	29,113,368
Vehicles, machinery and equipment	33,537,854	1,635,150	462,598	34,710,406
Water infrastructure	25,699,668	-	-	25,699,668
Assets under construction	538,901	177,628	521,584	194,945
Total	\$ 89,567,211	\$ 2,437,314	\$ 1,034,579	\$ 90,969,946
Accumulated Amortization	Balance at December 31, 2016	Amortization expense	Disposals	Balance at December 31, 2017
Land	\$ -	\$ -	\$ -	\$ -
Buildings and building improvements	5,175,068	866,993	50,397	5,991,664
Vehicles, machinery and equipment	10,325,804	2,140,040	462,598	12,003,246
Water infrastructure	2,941,403	527,177	-	3,468,580
Assets under construction	-	-	-	-
Total	\$ 18,442,275	\$ 3,534,210	\$ 512,995	\$ 21,463,490
	Net book value December 31, 2016			Net book value December 31, 2017
Land	\$ 1,251,559			\$ 1,251,559
Buildings and building improvements	23,364,161			23,121,704
Vehicles, machinery and equipment	23,212,050			22,707,160
Water infrastructure	22,758,265			22,231,088
Assets under construction	538,901			194,945
Total	\$ 71,124,936			\$ 69,506,456

(a) Assets under construction

Assets under construction with a net book value of \$194,945 (2016 - \$538,901) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2017

(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.

8. Accumulated surplus

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

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 50,212,366	\$ 48,679,722
Total surplus	50,212,366	48,679,722
Reserve funds set aside for specific purpose by the Board:		
Infrastructure renewal - water operations	9,852,340	9,016,434
Total reserve funds	9,852,340	9,016,434
	\$ 60,064,706	\$ 57,696,156

9. Financial instruments

- (a) The carrying values of due from (to) 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.

ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2017

10. Budget data

Budget data presented in these financial statements are based upon the 2017 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	\$ 11,419,318
Municipal Revenue - Other	10,000
Total Revenues	11,429,318
Expenses:	
Personnel Costs	519,429
Administrative Expenses	62,150
Financial Expenses – Other	160,000
Financial Expenses – Interest & Discount on Long-term Debt	562,017
Financial Expenses – Debt Principal Repayments	2,515,328
Financial Expenses – Transfers to Reserves and Reserve Funds	2,017,027
Purchased Services	390,344
Materials & Supplies	4,978,350
Furniture & Equipment	21,500
Other Expenses	203,173
Recovered Expenses	-
Total Expenses	11,429,318
Annual Surplus (Deficit) as per Budget	\$ -
PSAB Reporting Requirements:	
Transfers to Reserves and Reserve Funds	\$ 2,017,027
Debt Principal Repayments	2,515,328
Net PSAB Budget Surplus as per Financial Statements	\$ 4,532,355

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Financial Statements of

**LAKE HURON AREA PRIMARY WATER
SUPPLY SYSTEM**

December 31, 2017

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, 2017, 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 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, 2017 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

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London, Canada

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Financial Position
December 31, 2017, with comparative information for 2016

	2017	2016
Financial assets		
Due from the Corporation of the City of London (note 3)	\$ 23,505,532	\$ 20,700,907
Trade and other receivables	627,445	1,053,164
Total financial assets	24,132,978	21,754,071
Financial liabilities		
Accounts payable and accrued liabilities	2,260,810	2,874,777
Deferred revenue (note 4)	674,777	711,077
Accrued interest on long-term debt	54,196	55,884
Long-term debt (note 5)	9,254,783	9,982,226
Total financial liabilities	12,244,566	13,623,964
Net financial assets	11,888,411	8,130,107
Non-financial assets		
Tangible capital assets (note 6)	157,682,748	158,395,013
Prepaid expenses	206,664	163,296
Total non-financial assets	157,889,412	158,558,309
Accumulated surplus (note 7)	\$ 169,777,823	\$ 166,688,416

Commitments (note 9)
Contingent liabilities (note 10)

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Operations
Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Revenues			
User charges	\$ 19,680,947	\$ 21,583,674	\$ 20,726,432
Investment income	15,000	297,350	346,936
Transfer payments	-	-	
Provincial	-	36,300	65,864
Federal	-	35,845	161,614
Other	5,000	5,313	7,576
Total revenues	19,700,947	21,958,483	21,308,422
Expenses			
Salaries, wages and benefits	580,930	520,347	577,186
Materials and supplies	10,347,800	10,396,226	10,903,505
Contracted services	151,344	441,603	611,183
Rents and financial expenses	52,500	47,174	44,716
Interest on long-term debt (note 5)	228,994	195,819	202,864
Amortization of tangible capital assets (note 6)	-	7,064,735	6,973,943
Administrative charges	203,173	203,173	198,218
Total expenses	11,564,741	18,869,076	19,511,616
Annual surplus	8,136,206	3,089,407	1,796,806
Accumulated surplus, beginning of year (note 7)	166,688,416	166,688,416	164,891,610
Accumulated surplus, end of year (note 7)	\$ 174,824,622	\$ 169,777,823	\$ 166,688,416

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Change in Net Financial Assets
Year ended December 31, 2017, with comparative information for 2016

	Budget	2017	2016
Annual surplus	\$ 8,136,206	\$ 3,089,407	\$ 1,796,806
Acquisition of tangible capital assets	(505,399)	(6,352,470)	(2,928,186)
Amortization of tangible capital assets	-	7,064,735	6,973,943
	7,630,807	3,801,672	5,842,563
Change in prepaid expenses	-	(43,368)	(1,801)
Change in net financial assets	7,630,807	3,758,304	5,840,762
Net financial assets (debt), beginning of year	8,130,107	8,130,107	2,289,345
Net financial assets, end of year	\$ 15,760,914	\$ 11,888,411	\$ 8,130,107

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM
Statement of Cash Flows
Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by:		
Operating activities:		
Annual surplus	\$ 3,089,407	\$ 1,796,806
Items not involving cash:		
Amortization of tangible capital assets	7,064,735	6,973,943
Amortization of debenture discount	8,066	7,932
Changes in non-cash assets and liabilities:		
Due from the Corporation of the City of London	(2,804,625)	(5,636,939)
Prepaid expenses	(43,368)	(1,801)
Trade and other receivables	425,718	780,232
Accounts payable and accrued liabilities	(613,967)	197,367
Deferred revenue	(36,300)	(65,864)
Accrued interest on long-term debt	(1,688)	(3,406)
Net change in cash from operating activities	7,087,979	4,048,270
Capital activities:		
Purchase of tangible capital assets	(6,352,470)	(2,928,186)
Cash used in capital activities	(6,352,470)	(2,928,186)
Financing activities:		
Proceeds from issuance of long term debt	404,232	-
Long-term debt repayments	(1,139,741)	(1,120,084)
Cash used in financing activities	(735,509)	(1,120,084)
Net change in cash flows	\$ -	\$ -

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LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements

Year ended December 31, 2017

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 members appointed by the respective councils of participating municipalities. The Board composition is as follows:

Municipality	Members	Votes
The City of London	4	17
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, 2017

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, 2017

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) Liability for contaminated sites

Under PS 3260, liability for contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

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:

	2017	2016
Provincial HELP Funding	\$ 674,777	\$ 711,077

5. Long-term debt

(a) Long-term debt is stated as follows:

	2017	2016
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 2.05% to 3.20%, maturing September 2022.	\$ 928,950	\$ 1,101,375
(b) at rates ranging from 1.95% to 3.80%, maturing September 2023.	946,560	1,090,380
(c) at rates ranging from 0.80% to 2.25%, maturing March 2025	7,029,775	7,853,271
(d) at rates ranging from 1.15% to 2.85%, maturing March 2027	406,931	-
Total long-term debt	9,312,216	10,045,026
Less: Unamortized debenture discount	(57,433)	(62,800)
Net long-term debt	\$ 9,254,783	\$ 9,982,226

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2017

5. Long-term debt (continued)

(b) The long-term debt repayment schedule is as follows:

2018	\$	1,197,478
2019		1,218,241
2020		1,239,448
2021		1,261,262
2022		1,283,326
2023 & Beyond		3,112,461

(c) Total charges for the year for long-term debt which are reported on the Statement of Operations are as follows:

	2017	2016
Interest	\$ 187,752	\$ 194,932
Amortization of debenture discount	8,066	7,932
	\$ 195,819	\$ 202,864

6. Tangible capital assets

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Land	\$ 1,843,513	\$ -	\$ -	\$ 1,843,513
Buildings and building improvements	48,838,423	6,373,733	131,349	55,080,808
Vehicles, machinery and equipment	39,815,696	2,680,224	801,183	41,694,738
Water infrastructure	117,350,378	318,842	677	117,668,542
Assets under construction	3,216,457	115,300	3,135,467	196,290
Total	\$ 211,064,467	\$ 9,488,099	\$ 4,068,675	\$ 216,483,891

Accumulated Amortization	Balance at December 31, 2016	Amortization expense	Disposals	Balance at December 31, 2017
Land	\$ -	\$ -	\$ -	\$ -
Buildings and building improvements	11,909,222	1,954,911	131,349	13,732,784
Vehicles, machinery and equipment	15,922,499	2,907,505	801,183	18,028,821
Water infrastructure	24,837,734	2,202,320	515	27,039,538
Assets under construction	-	-	-	-
Total	\$ 52,669,454	\$ 7,064,735	\$ 933,047	\$ 58,801,143

	Net book value December 31, 2016	Net book value December 31, 2017
Land	\$ 1,843,513	\$ 1,843,513
Buildings and building improvements	36,929,201	41,348,024
Vehicles, machinery and equipment	23,893,197	23,665,916
Water infrastructure	92,512,644	90,629,004
Assets under construction	3,216,458	196,290
Total	\$ 158,395,013	\$ 157,682,748

LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2017

6. Tangible capital assets (continued)

(a) Assets under construction

Assets under construction with a net book value of \$196,290 (2016 - \$3,216,458) 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 (2016 – nil).

7. Accumulated surplus

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

	2017	2016
Surplus:		
Invested in tangible capital assets	\$143,711,822	\$144,102,760
Total surplus	143,711,822	144,102,760
Reserve funds set aside for specific purpose by the Board:		
Infrastructure renewal - water operations	\$ 26,066,000	\$ 22,585,656
Total reserve funds	26,066,000	22,585,656
	\$169,777,823	\$166,688,416

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, 2017

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 \$219,938 (2016 - \$484,008).

This derivative contract was purchased to price certainty for 15% 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, 2017. 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. Budget Data

Budget data presented in these consolidated financial statements are based upon 2017 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	\$ 19,680,947
Municipal Revenues - Other	20,000
Total revenues	19,700,947
Expenses	
Personnel Costs	519,430
Administrative Expenses	82,150
Financial Expenses - Other	272,500
Financial Expenses - Interest & Discount on LTD	228,994
Financial Expenses - Debt Principal Repayments	1,139,741
Financial Expenses - Transfers to Reserves and Reserve Funds	6,996,465
Purchased Services	684,344
Materials & Supplies	9,552,650
Furniture & Equipment	21,500
Other Expenses	203,173
Recovered Expenses	
Total expenses	19,700,947
Net surplus (deficit) as per Budget	\$ -
PSAB Reporting Requirements:	
Transfers to Reserves and Reserve Funds	\$ 6,996,465
Debt principal repayments	1,139,741
Net PSAB Budget surplus as per Financial Statements	\$ 8,136,206

2017 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: **2017.01001**

DECLARATION OF THE MUNICIPAL TREASURER

Pursuant to the information required by the Province of Ontario under the Municipal Affairs Act, the following schedules are attached:

Schedule	Title	Completion
10	CONSOLIDATED STATEMENT OF OPERATIONS: REVENUE	
12	GRANTS, USER FEES AND SERVICE CHARGES	
20	TAXATION INFORMATION	
22	MUNICIPAL AND SCHOOL BOARD TAXATION	
24	PAYMENTS-IN-LIEU OF TAXATION	
26	TAXATION AND PAYMENTS-IN-LIEU SUMMARY	
28	UPPER-TIER ENTITLEMENTS	UPPER-TIER ONLY
40	CONSOLIDATED STATEMENT OF OPERATIONS: EXPENSES	
42	ADDITIONAL INFORMATION	
51	SCHEDULE OF TANGIBLE CAPITAL ASSETS	
53	CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT) AND TANGIBLE CAPITAL ASSET ACQUISITION FINANCING/DONATIONS	
54	CONSOLIDATED STATEMENT OF CASH FLOW (SELECT DIRECT OR INDIRECT METHOD)	
60	CONTINUITY OF RESERVES AND RESERVE FUNDS	
61	DEVELOPMENT CHARGES RESERVE FUNDS	
62	DEVELOPMENT CHARGES RATES (INCLUDING SPECIAL AREAS)	
70	CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
72	CONTINUITY OF TAXES RECEIVABLE	SINGLE/LOWER-TIER ONLY
74	LONG TERM LIABILITIES AND COMMITMENTS	
76	GOVERNMENT BUSINESS ENTERPRISES (GBE)	
77	OTHER ENTITIES (DSSAB, HEALTH UNIT, OTHER AND TOTAL ALL)	
79	COMMUNITY IMPROVEMENT PLANS	
80	STATISTICAL INFORMATION	
81	ANNUAL DEBT REPAYMENT LIMIT	
83	NOTES	

For the purposes of this Financial Information Return, the amounts disclosed on the attached schedules are in agreement with the books and records of the municipality and its consolidated entities.

This Financial Information Return has been prepared in accordance with the Financial Information Return instructions.

Questions regarding the information contained in the Schedules should be addressed to:

0020	Name	Sharon Swance
0022	Telephone	519-661-2489 ext 0146
0024	Fax	519-661-5932
0028	Email (Required)	sswance@london.ca
0030	Website address of Municipality	www.london.ca
0091	Municipal Auditor	Katie denBok
0092	Municipal Audit Firm	KPMG LLP
0095	Municipal Auditor's Email (Required)	kdenbok@kpmg.ca
0090	Municipal Treasurer	Alma Lisa Barbon
0093	Municipal Treasurer's Email (Required)	abarbon@london.ca
0094	Date	6/10/2018

Signature of Municipal Treasurer

Signature _____ Date _____

0070 Outstanding In-Year Critical Errors: 0

0075 Schedule 54: Cashflow - Direct or Indirect Method Chosen: INDIRECT

0077 Method used to allocate Program Support to other functions in Schedule 40: OMBI Method

0078 If "Other Method" is selected in line 0077, please describe method of allocating Program Support:

Municipal Data	Municipal Data 1 (#)	Data Source 2 (List)
0040 Households	176,859	MPAC
0041 Population	387,275	Municipal
0042 Youth Population	26,029	Municipal

2017.01001

FIR2017: London C

Schedule 10

Asmt Code: 3936

CONSOLIDATED STATEMENT OF OPERATIONS: REVENUE

MAH Code: 59101

for the year ended December 31, 2017

STATEMENT OF OPERATIONS: REVENUE		Own Purposes Revenue
		1
		\$
Property Taxation		
0299	Taxation - Own Purposes (SLC 26 9199 04 - 72 2899 07) For UT (SLC 28 0299 12 - 28 0299 08)	572,395,318
0499	Payments-In-Lieu of Taxation (SLC 26 9599 08) For UT (SLC 28 0299 08)	9,085,291
9940	Subtotal	581,480,609
0510	Estimated tax revenue	
0620	Ontario Municipal Partnership Fund (OMPF)	0
0695	Other	0
0696	Other	0
0697	Other	0
0698	Other	0
0699	Subtotal	0
Conditional Grants		
0810	Ontario conditional grants (SLC 12 9910 01)	222,755,887
0815	Ontario Grants for Tangible Capital Assets (SLC 12 9910 05)	6,418,416
0820	Canada conditional grants (SLC 12 9910 02)	8,003,434
0825	Canada Grants for Tangible Capital Assets (SLC 12 9910 06)	20,018,854
0830	Deferred revenue earned (Provincial Gas Tax) (SLC 60 1042 01 + SLC 60 1045 01)	16,150,564
0831	Deferred revenue earned (Canada Gas Tax) (SLC 60 1047 01)	2,942,832
0899	Subtotal	276,289,987
1098	Revenue from other municipalities for Tangible Capital Assets (SLC 12 9910 07)	0
1099	Revenue from other municipalities (SLC 12 9910 03)	5,316,953
1299	Total User Fees and Service Charges (SLC 12 9910 04)	242,967,369
Licences, permits, rents, etc.		
1410	Trailer revenue and permits	0
1420	Licences and permits	10,056,524
1430	Rents, concessions and franchises	22,682,815
1431	Royalties	0
1432	Green Energy	0
1498	Other Other	240,797
1499	Subtotal	32,980,136
Fines and penalties		
1605	Provincial Offences Act (POA) <i>Municipality which administers POA only</i>	5,513,558
1610	Other fines	3,695,895
1620	Penalties and interest on taxes	4,529,584
1698	Other	
1699	Subtotal	13,739,037
Other revenue		
1805	Investment income	3,658,916
1806	Interest earned on reserves and reserve funds	8,508,017
1811	Gain/Loss on sale of land & capital assets	1,165,632
1812	Deferred revenue earned (Development Charges) (SLC 60 1025 01 + SLC 60 1026 01)	12,645,144
1813	Deferred revenue earned (Recreational land (The Planning Act)) (SLC 60 1032 01 + SLC 60 1035 01)	1,102,071
1814	Other Deferred revenue earned	0
1830	Donations	1,387,051
1831	Donated Tangible Capital Assets (SLC 53 0610 01)	36,758,961
1840	Sale of publications, equipment, etc.	5,376,805
1850	Contributions from non-consolidated entities	0
1865	Other Revenues from Government Business Enterprise (ie. Dividends, etc.)	0
1870	Gaming and Casino Revenues	4,810,830
1890	Other	
1891	Other	
1892	Other	
1893	Other	
1894	Other	
1895	Other Other	19,439
1896	Other Other	1,172,735
1897	Other Other	7,965,352
1898	Other	0
1899	Subtotal	84,570,953
1880	Municipal Land Transfer Tax (City of Toronto Act, 2006)	
1905	Increase/Decrease in Government Business Enterprise equity	12,883,130
9910	TOTAL Revenues	1,250,228,174

2017.01001

FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 10

CONSOLIDATED STATEMENT OF OPERATIONS: REVENUE

for the year ended December 31, 2017

Continuity of Accumulated Surplus/(Deficit)		1
		\$
2010	PLUS: Total Revenues (SLC 10 9910 01)	1,250,228,174
2020	LESS: Total Expenses (SLC 40 9910 11)	1,083,869,517
2030	PLUS:	
2040	PLUS:	
2045	PLUS: PSAB Adjustments	
2099	Annual Surplus/(Deficit)	166,358,657
2060	Accumulated surplus/(deficit) at the beginning of year	3,877,996,315
2061	Prior period adjustments	0
2062	Restated accumulated surplus/(deficit) at the beginning of year	3,877,996,315
9950	Accumulated surplus/(deficit) at the end of year (SLC 10 2099 01 + SLC 10 2062 01).	4,044,354,972

Continuity of Government Business Enterprise Equity		1
		\$
6010	Government Business Enterprise Equity, beginning of year	173,093,774
6020	PLUS: Net Income for Government Business Enterprise for year	12,883,130
6060	PLUS: Other	-5,000,000
6090	Government Business Enterprise Equity, end of year	180,976,904

Total of line 0899 includes:		1
Provincial Gas Tax Funding		\$
4018	Provincial Gas Tax for Transit operating expenses	8,572,223
4019	Provincial Gas Tax for Transit capital expenses	7,578,341
4020	Provincial Gas Tax	16,150,564

Total of line 0899 includes:		1
Canada Gas Tax Funding		\$
4025	General Government	34,123
Transportation Services:		
4030	Roads - Paved	5,793,750
4031	Roads - Unpaved	
4032	Roads - Bridges and Culverts	807,778
4033	Roadways - Traffic Operations & Roadside	
4040	Transit - Conventional	1,500,000
4041	Transit - Disabled & special needs	
4045	Air transportation	
4046	Other	
Environmental Services:		
4060	Wastewater collection/conveyance	2,514,171
4061	Wastewater treatment & disposal	5,881,823
4062	Urban storm sewer system	2,832,148
4063	Rural storm sewer system	
4064	Water treatment	
4065	Water distribution/transmission	203,020
4066	Solid waste collection	
4067	Solid waste disposal	333,606
4068	Waste diversion	
4069	Other	
4075	Recreation Facilities - All Other	134,834
4076	Cultural services	
4080	Commercial and industrial	169,500
4099	Canada Gas Tax	20,204,753

2017 01001

FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 12

GRANTS, USER FEES AND SERVICE CHARGES

for the year ended December 31, 2017

	Ontario Conditional Grants 1 \$	Canada Conditional Grants 2 \$	Other Municipalities 3 \$	User Fees and Service Charges 4 \$	Ontario Grants - Tangible Capital Assets 5 \$	Canada Grants - Tangible Capital Assets 6 \$	Other Municipalities - Tangible Capital Assets 7 \$
0299 General government	917,976	0	29,900	2,333,552			
Protection services							
0410 Fire	0	0		245,212			
0420 Police	5,686,324	6,020		2,063,018			
0421 Court Security							
0422 Prisoner Transportation							
0430 Conservation authority							
0440 Protective inspection and control				891,319			
0445 Building permit and inspection services				80,595			
0450 Emergency measures							
0460 Provincial Offences Act (POA)	12,509						
0498 Other							
0499 Subtotal	5,698,833	6,020	0	3,280,144	0	0	0
Transportation services							
0611 Roads - Paved				235,389		5,422,660	
0612 Roads - Unpaved				11,941			
0613 Roads - Bridges and Culverts				13,768			
0614 Roads - Traffic Operations & Roadside				53,844			
0621 Winter Control - Except sidewalks, Parking Lots				391,038			
0622 Winter Control - Sidewalks, Parking Lots Only				63,475			
0631 Transit - Conventional		5,033,446		31,196,165		1,500,000	
0632 Transit - Disabled & special needs				536,651			
0640 Parking				3,204,100			
0650 Street lighting							
0660 Air transportation							
0698 Other							
0699 Subtotal	0	5,033,446	0	35,706,371	0	6,922,660	0
Environmental services							
0811 Wastewater collection/conveyance	12,539		14,497	28,965,400	21,519	2,293,037	
0812 Wastewater treatment & disposal	12,539		14,497	28,965,400	2,717,605	5,435,211	
0821 Urban storm sewer system	13,504		15,612	31,193,508	220,505	2,611,014	
0822 Rural storm sewer system			0	0	0	0	
0831 Water treatment			109,164	38,668,634	381,749	378,453	
0832 Water distribution/transmission			284,096	38,668,634	1,599,006	1,873,160	
0840 Solid waste collection			0	633,182			
0850 Solid waste disposal			48,126	4,310,008			
0860 Waste diversion			575,057	4,011,461			
0898 Other	12,500		26,953	163,551			
0899 Subtotal	51,082	0	1,088,002	175,579,778	4,940,384	12,590,875	0
Health services							
1010 Public health services	4,438,589	63,426	175,785				
1020 Hospitals							
1030 Ambulance services							
1035 Ambulance dispatch							
1040 Cemeteries							
1098 Other							
1099 Subtotal	4,438,589	63,426	175,785	0	0	0	0
Social and family services							
1210 General assistance	143,267,380	1,129,422		8,665	602,690		
1220 Assistance to aged persons	12,231,135			6,028,702			
1230 Child care	36,678,697	241,002					
1298 Other	0	0		114,748			
1299 Subtotal	192,177,212	1,370,424	0	6,152,115	602,690	0	0
Social Housing							
1410 Public Housing	583,688			295,408			
1420 Non - Profit/Cooperative Housing	10,479,146		4,023,266				
1430 Rent Supplement Programs	6,652,781						
1497 Other							
1498 Other	710,928	3,100					
1499 Subtotal	18,426,543	3,100	4,023,266	295,408	0	0	0
Recreation and cultural services							
1610 Parks	0			0	691,149	420,546	
1620 Recreation programs	59,189	36,409		6,819,343	0		
1631 Recreation facilities - Golf Course, Marina, Ski Hill				2,600,520	0		
1634 Recreation facilities - All Other	128,100			976,657	114,193		
1640 Libraries	653,910	76,210		481,202			
1645 Museums	0	36,081		0			
1650 Cultural services	204,453	1,368,325		547,038	70,000		
1698 Other						84,773	
1699 Subtotal	1,045,652	1,517,025	0	11,424,760	875,342	505,319	0
Planning and development							
1810 Planning and zoning				1,308,838			
1820 Commercial and industrial		9,993		6,886,403			
1830 Residential development							
1840 Agriculture and reforestation							
1850 Tile drainage/shoreline assistance							
1898 Other							
1899 Subtotal	0	9,993	0	8,195,241	0	0	0
1910 Other							
9910 TOTAL	222,755,887	8,003,434	5,316,953	242,967,369	6,418,416	20,018,854	0

2017/01001

FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

**Schedule 20
TAXATION INFORMATION**
for the year ended December 31, 2017

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 <input type="text"/>	N

2. Capping Parameters and Results

	Exit capping immediately 1 Y or N	Decrease - Percentage Retained 2 %	Tax Adjustment - Increases 3 \$	Net Class Impact 4 \$	Annualized Tax Limit 5 %	CVA Tax Limit 6 %	CVA Threshold Value for Protected Properties 7 \$	CVA Threshold Value for Clawed Back Properties 8 \$	Exclude Properties Previously at CVA Tax 9 Y or N	Exclude Properties that go from Capped to Clawed Back 10 Y or N	Exclude Properties that go from Clawed Back to Capped 11 Y or N
0320	M Multi-Residential	Y							Y	Y	Y
0330	C Commercial	N	91.5%	-59,141	0	10.0%	10.0%	500	0	Y	Y
0340	I Industrial	Y							Y	Y	Y

3. Graduated Taxation (Tax Bands)

	Grad. Tax Rates in Effect? 2 Y or N	Number of Tax Ranges 3 #	Low Band		Middle Band	
			CVA Boundary 4 \$	% of Highest Band Rate 5 %	CVA Boundary 6 \$	% of Highest Band Rate 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? 2 Y or N	Year Current Phase-In Initiated 3 Year	Term of Current Phase-In 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 2 #	First Due Date 3 YYYYMMDD	Last Due Date 4 YYYYMMDD	Installments 5 #	First Due Date 6 YYYYMMDD	Last Due Date 7 YYYYMMDD	
1210	R Residential	2	20170228	20170331	3	20170630	20171031
1220	M Multi-Residential	2	20170228	20170331	3	20170630	20171031
1230	F Farmland	2	20170228	20170331	3	20170630	20171031
1240	T Managed Forest	2	20170228	20170331	3	20170630	20171031
1250	C Commercial	2	20170228	20170331	3	20170630	20171031
1260	I Industrial	2	20170228	20170331	3	20170630	20171031
1270	P Pipeline	2	20170228	20170331	3	20170630	20171031
1298	Other <input type="text"/>						

FIR2017: London C

Asmt Code: 3936
MAH Code: 59101

Schedule 22 MUNICIPAL and SCHOOL BOARD TAXATION for the year ended December 31, 2017

1. GENERAL PURPOSE LEVY INFORMATION

9299	TOTAL	Phase-In Taxable Assessment	LT/ST Taxes	UT Taxes	Education Taxes	TOTAL
		40,965,105.615	556,980.186	0	137,762.324	694,742.510

RTC RTO 1 LIST	Tax Rand 2 LIST	Property Class 3	Tax Rate Description 4	Tax Ratio 5	Percent of Full Rate 6 %	CVA Assessment 7 \$	Phase-In Taxable Assessment 16 \$	Tax Rates				Municipal Taxes		Education Taxes 14 \$	TOTAL 15 \$	
								LT / ST 8 0.000000%	UT 9 0.000000%	EDUC 10 0.000000%	TOTAL 11 0.000000%	LT / ST 12 \$	UT 13 \$			
2001	0	London C														
0010	RT	0	Residential	Full Occupied	1.000000	100%	35,585,014.036	33,524,878.967	1.181444%		0.179000%	1.360444%	396,077.671	0	60,009.533	456,087.204
0031	R1	0	Residential	Farm. Awaiting Devel. - Ph I	1.000000	75%	9,580,800	6,382,350	0.886083%		0.134250%	1.020333%	56,553	0	8,568	65,121
0050	MT	0	Multi-Residential	Full Occupied	1.847000	100%	1,765,467.284	1,542,324.090	2.182127%		0.179000%	2.361127%	33,655.470	0	2,760.760	36,416.230
0061	M1	0	Multi-Residential	Farm. Awaiting Devel. - Ph I	1.847000	75%	9,848,000	6,135,500	0.886083%		0.134250%	1.020333%	54,366	0	8,237	62,603
0110	FT	0	Farmland	Full Occupied	0.139500	100%	527,808.000	321,075.000	0.164811%		0.044750%	0.209561%	529,167	0	143,681	672,848
0140	TT	0	Managed Forest	Full Occupied	0.250000	100%	815,100	633,225	0.295361%		0.044750%	0.340111%	1,870	0	283	2,153
0210	CT	0	Commercial	Full Occupied	1.950000	100%	3,176,914.496	2,655,571.659	2.303816%		1.390000%	3.693816%	61,179.485	0	36,912.446	98,091.931
0215	CH	0	Commercial	Full Occupied, Shared PIL	1.950000	100%	17,258.464	14,526.226	2.303816%		1.390000%	3.693816%	334,658	0	201,915	536,573
0231	C1	0	Commercial	Farm. Awaiting Devel. - Ph I	1.950000	75%	1,754,600	1,397,900	0.886083%		0.134250%	1.020333%	12,387	0	1,877	14,264
0240	CU	0	Commercial	Excess Land	1.950000	70%	48,340.880	38,920.825	1.612671%		0.973000%	2.585671%	627,665	0	378,700	1,006,365
0245	CK	0	Commercial	Excess Land, Shared PIL	1.950000	70%	630,300	482,325	1.612671%		0.973000%	2.585671%	7,778	0	4,693	12,471
0270	CX	0	Commercial	Vacant Land	1.950000	70%	118,633.100	79,786.550	1.612671%		0.973000%	2.585671%	1,286,695	0	776,323	2,063,018
0275	CJ	0	Commercial	Vacant Land, Shared PIL	1.950000	70%	592,000	451,000	1.612671%		0.973000%	2.585671%	7,273	0	4,388	11,661
0310	GT	0	Parking Lot	Full Occupied	1.950000	100%	136,821.800	85,416.050	2.303816%		1.390000%	3.693816%	1,967,829	0	1,187,283	3,155,112
0320	DT	0	Office Building	Full Occupied	1.950000	100%	375,212.980	335,801.560	2.303816%		1.390000%	3.693816%	7,736.250	0	4,667.642	12,403.892
0330	DU	0	Office Building	Excess Land	1.950000	70%	2,159.380	1,754.493	1.612671%		0.973000%	2.585671%	28,294	0	17,071	45,365
0340	ST	0	Shopping Centre	Full Occupied	1.950000	100%	1,515,738.260	1,151,226.625	2.303816%		1.390000%	3.693816%	26,522.189	0	16,002.078	42,524.267
0350	SU	0	Shopping Centre	Excess Land	1.950000	70%	3,302.000	2,239.600	1.612671%		0.973000%	2.585671%	36,117	0	21,791	57,908
0510	IT	0	Industrial	Full Occupied	1.950000	100%	240,833.300	222,364.903	2.303816%		1.390000%	3.693816%	5,122.878	0	3,090.872	8,213.750
0515	IH	0	Industrial	Full Occupied, Shared PIL	1.950000	100%	7,040.000	5,879.375	2.303816%		1.390000%	3.693816%	135,450	0	81,723	217,173
0531	I1	0	Industrial	Farm. Awaiting Devel. - Ph I	1.950000	75%	1,021,600	739,150	0.886083%		0.134250%	1.020333%	6,549	0	992	7,541
0534	I4	0	Industrial	Farm. Awaiting Devel. - Ph II	1.950000	100%	112,200	88,050	2.303816%		1.390000%	3.693816%	2,029	0	1,224	3,253
0540	IU	0	Industrial	Excess Land	1.950000	70%	6,912.700	6,150.400	1.612671%		0.973000%	2.585671%	99,186	0	59,843	159,029
0570	IX	0	Industrial	Vacant Land	1.950000	70%	50,024.400	37,287.900	1.612671%		0.973000%	2.585671%	601,331	0	362,811	964,142
0610	LT	0	Large Industrial	Full Occupied	1.950000	100%	136,939.400	131,844.306	2.303816%		1.390000%	3.693816%	3,037.450	0	1,832.636	4,870.086
0620	LU	0	Large Industrial	Excess Land	1.950000	70%	5,734.100	5,309.630	1.612671%		0.973000%	2.585671%	85,627	0	51,663	137,290
0710	PT	0	Pipeline	Full Occupied	1.713000	100%	104,541.500	98,093.375	2.023814%		1.390000%	3.413814%	1,985,227	0	1,363,498	3,348,725
2140	JT	0	Industrial, NConstr.	Full Occupied	1.950000	100%	45,505.200	39,970.163	2.303816%		1.140000%	3.443816%	920,839	0	455,660	1,376,499
2145	JU	0	Industrial, NConstr.	Excess Land	1.950000	70%	488,400	429,225	1.612671%		0.798000%	2.410671%	6,922	0	3,425	10,347
2235	KT	0	Large Ind., NConstr.	Full Occupied	1.950000	100%	57,796.700	51,770.975	2.303816%		1.140000%	3.443816%	1,192,708	0	590,189	1,782,897
2240	KU	0	Large Ind., NConstr.	Excess Land	1.950000	70%	1,924.600	1,608.850	1.612671%		0.798000%	2.410671%	25,945	0	12,839	38,784
2440	XT	0	Commercial, NConstr.	Full Occupied	1.950000	100%	439,159.750	382,578.864	2.303816%		1.140000%	3.443816%	8,813.913	0	4,361,399	13,175,312
2445	XU	0	Commercial, NConstr.	Excess Land	1.950000	70%	10,775.200	8,461.447	1.612671%		0.798000%	2.410671%	136,455	0	67,522	203,977
2635	YT	0	Office Build., NConstr.	Full Occupied	1.950000	100%	8,838.460	7,789.533	2.303816%		1.140000%	3.443816%	179,457	0	88,801	268,258
2835	ZT	0	Shopp. Centre, NConstr.	Full Occupied	1.950000	100%	229,702.990	195,322.926	2.303816%		1.140000%	3.443816%	4,499,881	0	2,226,681	6,726,562
2840	ZU	0	Shopp. Centre, NConstr.	Excess Land	1.950000	70%	562,900	410,598	1.612671%		0.798000%	2.410671%	6,622	0	3,277	9,899
9201							Subtotal	44,643,804.880	40,965,105.615				556,980.186	0	137,762.324	694,742.510

2017.01001

FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 22 MUNICIPAL and SCHOOL BOARD TAXATION for the year ended December 31, 2017

	Municipal Taxes		Education	TOTAL
	LT / ST 12 \$	UT 13 \$	Taxes 14 \$	
4. ADJUSTMENTS TO TAXATION				
7010 Adjustments for properties, shared as if Payment-In-Lieu (Hydro properties RTQ = H, J, K)	292,719		-292,719	0
5. SUPPLEMENTARY TAXES				
9799 Total of all supplementary taxes (Supps, Omits, Section 359)	9,119,410		2,269,672	11,389,082
6. AMOUNT LEVIED BY TAX RATE				
9910 TOTAL Levied by Tax Rate	566,392,315	0	139,739,277	706,131,592
7. AMOUNTS ADDED TO TAX BILL				
8005 Local improvements	642,813			642,813
8010 Sewer and water service charges	5,653,517			5,653,517
8015 Sewer and water connection charges				0
8020 Fire service charges				0
8025 Minimum tax (differential only)				0
8030 Municipal drainage charges				0
8035 Waste management collection charges				0
8040 Business improvement area	2,039,889			2,039,889
8097 Other <input type="text"/>				0
9890 Subtotal	8,336,219	0	0	8,336,219
8. OTHER TAXATION AMOUNTS				
8045 Railway rights-of-way (RTC = W)	46,011		57,767	103,778
8050 Utility transmission and utility corridors (RTC = U)				0
8098 Other <input type="text"/>				0
9892 Subtotal	46,011	0	57,767	103,778
9. TOTAL AMOUNT LEVIED				
9990 TOTAL Levies	574,774,545	0	139,797,044	714,571,589

FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 24 PAYMENTS-IN-LIEU of TAXATION for the year ended December 31, 2017

1. GENERAL PURPOSE PAYMENTS-IN-LIEU

9299	TOTAL	PIL Phased-In Assessment 173,080,078	LT/ST PILS 3,983,635	UT PILS 0	Education PILS 1,513,747	TOTAL 5,497,382
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RUC DTN 1 LIST	Tax Rate 2 LIST	Property Class 3	Tax Rate Description 4	Tax Ratio 5	Percent of Full Rate 6 %	PIL CVA Assessment 7 \$	PIL Phased-In Assessment 16 \$	Tax Rates				Municipal PILS		Education PILS 14	TOTAL 15 \$
								LT / ST 8 0.xxxxxx%	UT 9 0.xxxxxx%	EDUC 10 0.xxxxxx%	TOTAL 11 0.xxxxxx%	LT / ST 12 \$	UT 13 \$	PILS 14 \$	TOTAL 15 \$
2001	0	London C													
1010	RF 0	Residential	PIL: Full Occupied	1.000000	100%	1,674,000	1,239,000	1.181444%		0.179000%	1.360444%	14,638	0	2,218	16,856
1028	RG 0	Residential	PIL: 'General' Only (No Educ.)	1.000000	100%	288,900	224,475	1.181444%		0.000000%	1.181444%	2,652	0	0	2,652
1210	CF 0	Commercial	PIL: Full Occupied	1.950000	100%	79,888,600	67,414,953	2.303816%		1.390000%	3.693816%	1,553,116	0	937,068	2,490,184
1220	CG 0	Commercial	PIL: 'General' Only (No Educ.)	1.950000	100%	42,541,900	36,593,775	2.303816%		0.000000%	2.303816%	843,053	0	0	843,053
1260	CW 0	Commercial	PIL: Excess Land, 'General' Only	1.950000	70%	140,800	126,700	1.612671%		0.000000%	1.612671%	2,043	0	0	2,043
1280	CY 0	Commercial	PIL: Vacant Land	1.950000	70%	1,292,700	978,675	1.612671%		0.973000%	2.585671%	15,783	0	9,523	25,306
1290	CZ 0	Commercial	PIL: Vacant Land, 'General' Only	1.950000	70%	4,507,000	2,093,500	1.612671%		0.000000%	1.612671%	33,761	0	0	33,761
1320	DF 0	Office Building	PIL: Full Occupied	1.950000	100%	25,310,000	21,406,400	2.303816%		1.390000%	3.693816%	493,164	0	297,549	790,713
1328	DG 0	Office Building	PIL: 'General' Only (No Educ.)	1.950000	100%	21,203,000	21,203,000	2.303816%		0.000000%	2.303816%	488,478	0	0	488,478
1590	IZ 0	Industrial	PIL: Vacant Land, 'General' Only	1.950000	70%	432,600	336,600	1.612671%		0.000000%	1.612671%	5,428	0	0	5,428
4410	XF 0	Commercial, NConstr.	PIL: Full Occupied	1.950000	100%	12,379,000	12,379,000	2.303816%		1.140000%	3.443816%	285,189	0	141,121	426,310
5010	HF 0	Landfill	PIL: Full Occupied	2.295230	100%	9,084,000	9,084,000	2.711686%		1.390000%	4.101686%	246,330	0	126,268	372,598
											0	0	0	0	
											0	0	0	0	
											0	0	0	0	
											0	0	0	0	
											0	0	0	0	
											0	0	0	0	
											0	0	0	0	
											0	0	0	0	
9201			Subtotal			198,742,500	173,080,078					3,983,635	0	1,513,747	5,497,382

2017.01001

FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 24 PAYMENTS-IN-LIEU of TAXATION for the year ended December 31, 2017

		Municipal PILS		Education	TOTAL
		LT / ST 12 \$	UT 13 \$	PILS 14 \$	
9799	4. SUPPLEMENTARY PAYMENTS-IN-LIEU Total of all supplementary PILS (Supps, Omits, Section 444)				0
9910	5. PAYMENTS-IN-LIEU LEVIED BY TAX RATE TOTAL PILS Levied by Tax Rate	3,983,635	0	1,513,747	5,497,382
6. AMOUNTS ADDED TO PAYMENTS-IN-LIEU					
8005	Local improvements				0
8010	Sewer and water service charges				0
8015	Sewer and water connection charges				0
8020	Fire service charges				0
8030	Municipal drainage charges				0
8035	Waste management collection charges				0
8040	Business improvement area				0
8097	Other <input .="" .<="" style="width: 100px;" td="" type="text" value="Airport"/> <td style="text-align: right;">797,556</td> <td></td> <td></td> <td style="text-align: right;">797,556</td>	797,556			797,556
9890	Subtotal	797,556	0	0	797,556
7. OTHER PAYMENTS-IN-LIEU AMOUNTS					
8045	Railway rights-of-way (RTC = W) - from Ontario Enterprises				0
8046	Railway rights-of-way (RTC = W) - from Province				0
8050	Utility transmission and utility corridors (RTC = U) - from Ontario Enterprises	37,390		52,926	90,316
8051	Utility transmission and utility corridors (RTC = U) - from Province				0
8055	Institutional Payments - Heads and Beds (Mun. Act 323, 324)	3,955,425			3,955,425
8060	Hydro-electric Power Dams - from Province				0
8098	Other <input .="" .<="" style="width: 100px;" td="" type="text" value=""/> <td></td> <td></td> <td></td> <td style="text-align: right;">0</td>				0
9892	Subtotal	3,992,815	0	52,926	4,045,741
9990	8. TOTAL PAYMENTS-IN-LIEU LEVIED TOTAL PILS Levied	8,774,006	0	1,566,673	10,340,679

FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 26
TAXATION and PAYMENTS-IN-LIEU SUMMARY
for the year ended December 31, 2017

		TOTAL				ENG - Public	FRE - Public	ENG - Separate	FRE - Separate	Other
9010 Legislated Percentage of Education Taxes distributed to each School Board (Applic. to Com, Ind, Pipelines)		100.000%				77.694%	0.728%	19.852%	1.726%	0.000%
Property Class Group	Taxable Asmt. (CVA)	Taxable Asmt. (Wtd & Disc CVA)	Phase-In Taxable Asmt. (CVA)	Phase-In Taxable Asmt. (Wtd & Disc CVA)	TOTAL Taxes	Distribution of Education Taxes in column 6 by School Board				
	16 \$	2 \$	18 \$	17 \$	3 \$	ENG - Public 7 \$	FRE - Public 8 \$	ENG - Separate 9 \$	FRE - Separate 10 \$	Other 11 \$
0010 Residential	35,594,594,836	35,592,199,636	33,531,261,317	33,529,665,730	456,152,325	50,177,644	189,650	9,389,954	260,853	
0050 Multi-residential	1,775,315,284	3,274,460,016	1,548,459,590	2,857,171,796	36,478,833	2,592,514	4,256	167,561	4,666	
0110 Farmland	527,808,000	73,629,216	321,075,000	44,789,963	672,848	136,879	3	6,792	7	
0140 Managed Forests	815,100	203,775	633,225	158,306	2,153	276	0	6	1	
9110 Subtotal	37,898,533,220	38,940,492,643	35,401,429,132	36,431,785,794	493,306,159	52,907,313	193,909	9,564,313	265,527	0
0210 Commercial	3,364,123,840	6,460,791,297	2,791,136,485	5,372,044,860	101,736,283	29,741,529	278,681	7,599,413	660,719	0
0215 Commercial New Construction	449,934,950	871,069,661	391,040,311	757,578,660	13,379,289	3,441,006	32,243	879,229	76,443	0
0310 Parking Lot	136,821,800	266,802,510	85,416,050	166,561,298	3,155,112	922,448	8,643	235,699	20,493	0
0320 Office Building	377,372,360	734,612,865	337,556,053	657,207,925	12,449,257	3,639,741	34,105	930,009	80,858	0
0325 Office Building New Construct	8,838,460	17,234,997	7,789,533	15,189,589	268,258	68,993	646	17,629	1,533	0
0340 Shopping Centre	1,519,040,260	2,960,196,837	1,153,468,225	2,247,952,873	42,582,175	12,449,585	116,654	3,181,058	276,572	0
0345 Shopping Centre New Constru	230,265,890	448,689,189	195,733,524	381,440,172	6,736,461	1,732,544	16,234	442,691	38,489	0
9120 Subtotal	6,086,397,560	11,759,397,355	4,962,140,181	9,597,975,376	180,306,835	51,995,845	487,206	13,285,730	1,155,106	0
0510 Industrial	305,944,200	562,784,957	272,509,778	505,622,326	9,564,888	2,795,014	26,190	714,169	62,092	0
0515 Industrial New Construction	45,993,600	89,401,806	40,399,388	78,527,710	1,386,846	356,681	3,342	91,138	7,924	0
0610 Large Industrial	142,673,500	274,858,877	137,153,936	264,344,042	5,007,376	1,463,987	13,718	374,071	32,523	0
0615 Large Industrial New Construc	59,721,300	115,330,644	53,379,825	103,149,482	1,821,681	468,517	4,390	119,713	10,408	0
9130 Subtotal	554,332,600	1,042,376,283	503,442,927	951,643,559	17,760,791	5,084,200	47,639	1,299,090	112,947	0
0705 Landfill	0	0	0	0	0	0	0	0	0	0
0710 Pipelines	104,541,500	179,079,590	98,093,375	168,033,951	3,348,725	1,059,356	9,926	270,682	23,534	0
0810 Other Property Classes	0	0	0	0	0	0	0	0	0	0
9160 Adj. for shared PIL properties	0	0	0	0	0	-227,425	-2,311	-58,111	-5,052	0
9170 Supplementary Taxes	0	0	0	0	11,389,082	1,933,231	9,136	303,562	23,563	0
9180 Total Levied by Rate	706,131,592	1,386,846	566,392,315	1,397,976	139,739,277	112,752,520	745,866	24,665,266	1,575,626	0
9190 Amts Added to Tax Bill	8,336,219	8,336,219	8,336,219	8,336,219	8,336,219	0	0	0	0	0
9192 Other Taxation Amounts	103,778	103,778	103,778	103,778	103,778	44,881	421	11,468	997	0
9199 TOTAL before Adj.	44,643,804,880	51,921,345,870	40,965,105,615	47,149,438,681	714,571,589	112,797,401	746,287	24,676,734	1,576,623	0

2. Payments-In-Lieu of Taxation

Property Class Group	PIL Asmt. (CVA)	PIL Asmt. (Wtd & Disc CVA)	Phase-In PIL Asmt. (CVA)	Phase-In PIL Asmt. (Wtd & Disc CVA)	Total PILS Levied	Municipal PILS			Education PILS
	16 \$	2 \$	18 \$	17 \$	3 \$	LT / ST 4 \$	UT 5 \$	6 \$	
1010 Residential	1,962,900	1,962,900	1,463,475	1,463,475	19,508	17,290	0	2,218	
1050 Multi-residential	0	0	0	0	0	0	0	0	
1110 Farmland	0	0	0	0	0	0	0	0	
1140 Managed Forests	0	0	0	0	0	0	0	0	
9210 Subtotal	1,962,900	1,962,900	1,463,475	1,463,475	19,508	17,290	0	2,218	
1210 Commercial	128,371,000	246,848,258	107,207,603	207,183,484	3,394,347	2,447,756	0	946,591	
1215 Commercial New Construction	12,379,000	24,139,050	12,379,000	24,139,050	426,310	285,189	0	141,121	
1310 Parking Lot	0	0	0	0	0	0	0	0	
1320 Office Building	46,513,000	90,700,350	42,609,400	83,088,330	1,279,191	981,642	0	297,549	
1325 Office Building New Construct	0	0	0	0	0	0	0	0	
1340 Shopping Centre	0	0	0	0	0	0	0	0	
1345 Shopping Centre New Constru	0	0	0	0	0	0	0	0	
9220 Subtotal	187,263,000	361,687,658	162,196,003	314,410,864	5,099,848	3,714,587	0	1,385,261	
1510 Industrial	432,600	590,499	336,600	459,459	5,428	5,428	0	0	
1515 Industrial New Construction	0	0	0	0	0	0	0	0	
1610 Large Industrial	0	0	0	0	0	0	0	0	
1615 Large Industrial New Construc	0	0	0	0	0	0	0	0	
9230 Subtotal	432,600	590,499	336,600	459,459	5,428	5,428	0	0	
1705 Landfill	9,084,000	20,849,869	9,084,000	20,849,869	372,598	246,330	0	126,268	
1718 Pipelines	0	0	0	0	0	0	0	0	
1810 Other Property Classes	0	0	0	0	0	0	0	0	
9270 Supplementary PILS	0	0	0	0	0	0	0	0	
9280 Total Levied by Rate	5,497,382	3,983,635	5,497,382	3,983,635	1,513,747	3,983,635	0	1,513,747	
9290 Amts Added to PILs	797,556	797,556	797,556	797,556	797,556	0	0	0	
9292 Other PIL Amounts	4,045,741	4,045,741	4,045,741	4,045,741	4,045,741	3,992,815	0	52,926	
9299 TOTAL before Adj.	198,742,500	385,090,926	173,080,078	337,183,667	10,340,679	8,774,006	0	1,566,673	

Part 3 contains Distribution of PILS by School Boards

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Schedule 26

TAXATION and PAYMENTS-IN-LIEU SUMMARY

for the year ended December 31, 2017

3. Payments-In-Lieu of Taxation: Distribution of Entitlements

Source of PILS	PILS Levied			TOTAL PILS Levied	Adjustment to PILS Levied	TOTAL PIL Entitlement	Distib. of PIL Entitlement in Col. 7			Distribution of Education PILS in column 10 by School Board									
	LT / ST	UT	Education				LT / ST	UT	Education	English - Public	French - Public	English - Senarate	French - Senarate	Other					
	3	4	5				8	9	10	11	12	13	14	15					
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
5010 Canada	1,290,600		772,065	2,062,665	-90,856	1,971,809	1,971,809												
5020 Canada Enterprises	134,658		81,245	215,903		215,903	215,903												
Ontario																			
Municipal Tax Assist. Act																			
5210 Prev. Exempt Properties				0		0													
5220 Other Mun. Tax Asst. Act				0		0													
5230 Inst. Payments - Heads and Beds	3,955,425	0	0	3,955,425		3,955,425	3,955,425												
5232 Railway Rights-of-way	0	0	0	0		0													
5234 Utility Corridors/Transmission	0	0	0	0		0													
5236 Hydro-Electric Power Dams	0	0	0	0		0													
5240 Other PIL's	1,035,449			1,035,449	-6,787	1,028,662	1,028,662												
Ontario Enterprises																			
5410 Ontario Mortgage and Housing Corporation				0		0													
5430 Liquor Control Board of Ont.	339,721			339,721		339,721	339,721												
5432 Railway Rights-of-way	0	0	0	0		0													
5434 Utility Corridors/Transmission	37,390	0	52,926	90,316		90,316	90,316												
5437 Ontario Lottery and Gaming Corp.				0		0													
5460 Other				0		0													
5610 Municipal Enterprises	447,094		238,805	685,899		685,899	685,899												
5910 Other Muns and Enterprises	736,113		421,631	1,157,744	-1,157,744	0													
5950 Amounts Added to PIL	797,556	0	0	797,556		797,556	797,556												
9599 TOTAL	8,774,006	0	1,566,672	10,340,678	-1,255,387	9,085,291	9,085,291	0	0	0	0	0	0	0	0	0	0	0	

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Asmt Code: 3936

MAH Code: 59101

Schedule 40 CONSOLIDATED STATEMENT OF OPERATIONS: EXPENSES

for the year ended December 31, 2017

	Salaries, Wages and Employee Benefits	Interest on Long Term Debt	Materials	Contracted Services	Rents and Financial Expenses	External Transfers	Amortization	Total Expenses Before Adjustments	Inter-Functional Adjustments	Allocation of Program Support *	Total Expenses After Adjustments
	1	2	3	4	5	6	16	7	12	13	11
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
General government											
0240	Governance	2,497,607	0	299,240	49,973	0	4,000	39,549		994,772	3,885,141
0250	Corporate Management	13,377,105	737,083	10,538,256	6,433,654	10,293,542	250	67,552	-29,000	1,305,533	42,723,975
0260	Program Support	30,679,915	18,332	2,378,640	4,072,799	1,348,550		10,859,885	-354,425	-38,125,479	10,878,217
0299	Subtotal	46,554,627	755,415	13,216,136	10,556,426	11,642,092	4,250	10,966,986	-383,425	-35,825,174	57,487,333
Protection services											
0410	Fire	59,060,858	123,089	2,050,553	511,124	300,994		3,149,046		3,482,963	68,678,627
0420	Police	96,643,732	510,885	6,150,432	1,545,474	1,557		4,632,740		5,677,697	115,162,517
0421	Court Security	3,747,116		25,896	3,575			18,935		0	3,795,522
0422	Prisoner Transportation	212,517		33,924	179			30,192		0	276,812
0430	Conservation authority	0		0			3,862,626	0		6,015	3,868,641
0440	Protective inspection and control	4,081,817		2,804,086	482,134	100,064		54,085		562,537	8,084,723
0445	Building permit and inspection services	4,382,761		189,971	90,859	10,162		9,091		590,904	5,273,748
0450	Emergency measures	342,477		6,730	94,065	0		61,774		39,753	544,799
0460	Provincial Offences Act (POA)	1,654,477		432,523	945,807	303,352	294,163	110,611	383,425	287,000	4,411,448
0498	Other	0		0	0	0		0		0	0
0499	Subtotal	170,125,755	633,974	11,694,415	3,673,217	716,129	4,156,789	8,066,474	383,425	10,646,959	210,096,837
Transportation services											
0611	Roads - Paved	8,870,481	2,101,173	5,092,518	4,170,429	2,551,658		30,361,901		1,088,645	54,236,805
0612	Roads - Unpaved	161,484		137,738	7,840	37,459		0		26,641	371,162
0613	Roads - Bridges and Culverts	1,154,343		307,768	202,826	49,462		3,079,858		118,394	4,912,651
0614	Roads - Traffic Operations & Roadside	5,361,738		2,210,876	2,616,288	217,353		3,493,527		488,012	14,387,794
0621	Winter Control - Except sidewalks, Parking Lots	3,948,025		4,603,726	95,225	3,478,659		252		380,798	12,506,686
0622	Winter Control - Sidewalks, Parking Lots Only	570,818		727,677	13,747	562,603		0		64,368	1,939,213
0631	Transit - Conventional	45,861,938	651,382	7,634,457	0	10,357,700		12,130,730		106,092	76,742,299
0632	Transit - Disabled & special needs	948,032		136,646	5,749,974	156,380		0		8,496	6,999,528
0640	Parking	966,817		469,775	1,443,459	61,887	3,266	235,499		211,299	3,412,002
0650	Street lighting	150,175	18,435	6,394,979	229,658			5,496,880		68,588	12,358,715
0660	Air transportation	0		0	0			0		0	0
0698	Other	0		0	0	0		0		386	386
0699	Subtotal	68,013,851	2,770,990	27,716,160	14,529,447	6,959,081	10,517,346	54,798,647	0	2,561,719	187,867,241
Environmental services											
0811	Wastewater collection/conveyance	3,861,603	939,470	1,564,789	1,618,224	927,137		12,026,618		430,158	21,367,999
0812	Wastewater treatment & disposal	8,728,284	599,249	9,890,090	1,396,608	448,606		15,834,348		1,096,487	37,993,672
0821	Urban storm sewer system	2,233,439	911,585	1,302,198	3,266,235	777,786		14,434,105		422,835	23,348,183
0822	Rural storm sewer system	96,648	0	2,520	608	0		0		20,499	120,275
0831	Water treatment	964,829	233,480	6,080,102	752,680	32,075	9,130	4,426,438		316,782	12,815,516
0832	Water distribution/transmission	8,003,060	249,276	10,066,613	6,971,470	9,416,288	9,130	19,223,674		887,813	54,827,324
0840	Solid waste collection	5,273,194		2,795,137	534,406	0	0	49,471		250,698	8,902,906
0850	Solid waste disposal	1,538,239		3,454,717	795,237	1,444,943	72,200	1,612,672		198,978	9,116,986
0860	Waste diversion	1,344,162		413,030	11,147,241	0	1,797,713	887,082		177,189	15,766,417
0898	Other	648,158		134,320	117,157	16,405		187,774		78,499	1,182,313
0899	Subtotal	32,691,616	2,933,060	35,703,516	26,599,866	13,063,240	1,888,173	68,682,182	0	3,879,938	185,441,591
Health services											
1010	Public health services	4,458,439		454,099	588,651	281,062	4,733,723	108,892		5,980	10,631,046
1020	Hospitals				0						0
1030	Ambulance services				14,412,272					6,364	14,418,636
1035	Ambulance dispatch				0						0
1040	Cemeteries				0						0
1098	Other				0						0
1099	Subtotal	4,458,439	0	454,099	15,001,123	281,062	4,733,723	108,892	0	12,344	25,049,682
Social and family services											
1210	General assistance	22,374,293	0	632,127	6,963,062	2,669,268	131,492,791	438,623		3,539,629	168,103,841
1220	Assistance to aged persons	18,993,441	879,096	2,806,759	981,366	0	211,803	1,322,508		1,363,172	26,558,145
1230	Child care	1,665,019	0	815,459	23,815,638	146,119	17,878,964	4,303	5,952	322,455	44,653,909
1298	Other	295,262		138,699	8,561	1,135	0	592		70,796	515,045
1299	Subtotal	43,328,015	879,096	4,393,044	31,768,627	2,816,522	149,583,558	1,766,026	0	5,296,052	239,830,940

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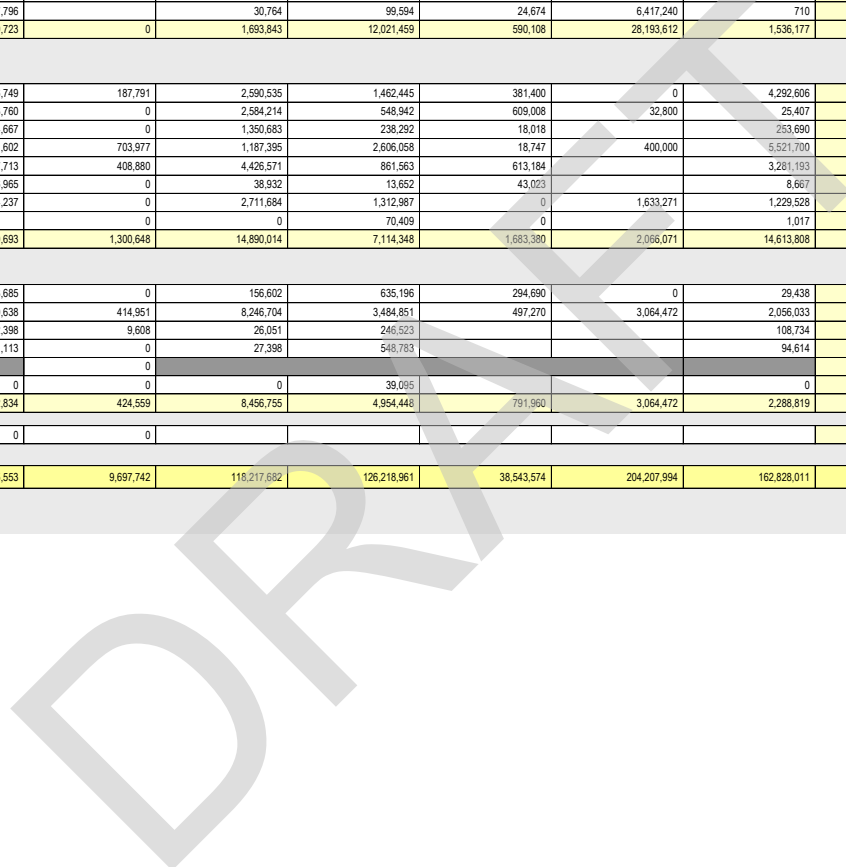
MAH Code: 59101

Schedule 40

CONSOLIDATED STATEMENT OF OPERATIONS: EXPENSES

for the year ended December 31, 2017

	Salaries, Wages and Employee Benefits	Interest on Long Term Debt	Materials	Contracted Services	Rents and Financial Expenses	External Transfers	Amortization	Total Expenses Before Adjustments	Inter-Functional Adjustments	Allocation of Program Support *	Total Expenses After Adjustments
	1	2	3	4	5	6	16	7	12	13	11
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Social Housing											
1410	4,790,722		1,578,726	8,115,466	480,274		1,529,531	16,494,719		24,003	16,518,722
1420	0			3,715,685		19,048,368		22,764,053		20,486	22,784,539
1430	0					2,687,543		2,687,543		13,357	2,700,900
1497	1,211,205		84,353	90,714	85,160	40,461	5,936	1,517,829		183,452	1,701,286
1498	427,796		30,764	99,594	24,674	6,417,240	710	7,000,778		52,768	7,053,546
1499	Subtotal	0	1,693,843	12,021,459	590,108	28,193,612	1,536,177	50,464,922	0	294,071	50,758,993
Recreation and cultural services											
1610	6,646,749	187,791	2,590,535	1,462,445	381,400	0	4,292,606	15,561,526		2,164,038	17,725,564
1620	9,338,760	0	2,584,214	548,942	609,008	32,800	25,407	13,139,131		1,805,818	14,944,949
1631	1,744,667	0	1,350,683	238,292	18,018		253,690	3,605,350		198,411	3,803,761
1634	5,931,602	703,977	1,187,395	2,606,058	18,747	400,000	5,521,700	16,369,479		7,029,301	23,398,780
1640	14,187,713	408,880	4,426,571	861,563	613,184		3,281,193	23,779,104		26,567	23,805,671
1645	266,965	0	38,932	13,652	43,023		8,667	371,239		29,994	401,233
1650	1,954,237	0	2,711,684	1,312,987	0	1,633,271	1,229,528	8,841,707		386,528	9,228,235
1698	Other	0	0	70,409	0	0	1,017	71,426		1,720	73,146
1699	Subtotal	1,300,648	14,890,014	7,114,348	1,683,390	2,066,071	14,613,808	81,738,962	0	11,642,377	93,381,339
Planning and development											
1810	7,558,685	0	156,602	635,196	294,690	0	29,438	8,674,611		821,433	9,496,044
1820	4,430,638	414,951	8,246,704	3,484,851	497,270	3,064,472	2,056,033	22,194,919		588,652	22,783,571
1830	2,398	9,608	26,051	246,523			108,734	393,314		13,304	406,618
1840	491,113	0	27,398	548,783			94,614	1,161,908		68,255	1,230,163
1850		0						0			0
1898	Other	0	0	39,095			0	39,095		70	39,165
1899	Subtotal	424,559	8,456,755	4,954,448	791,960	3,064,472	2,288,819	32,463,847	0	1,491,714	33,955,561
1910	Other	0	0					0			0
9910	TOTAL	9,697,742	118,217,682	126,218,961	38,543,574	204,207,994	162,828,011	1,083,869,517	0	0	1,083,869,517



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Schedule 42

ADDITIONAL INFORMATION

for the year ended December 31, 2017

Additional information contained in Schedule 40

Total of column 1 includes:		1
		\$
5010	Salaries and wages	321,642,310
5020	Employee benefits	102,513,243
5099	Total Salaries, Wages and Employee benefits (Not including line 5050)	424,155,553
5050	Salaries, Wages and Employee benefits capitalized on Schedule 51	0
5098	Total Salaries, Wages and Employee benefits (including capitalized wages)	424,155,553
Total of column 3 includes:		
5110	Amounts for tax write-offs reported in SLC 40 0250 03	2,275,271
Total of column 4 includes:		
5210	Municipal Property Assessment Corporation (MPAC)	4,666,798
Total of column 5 includes:		
5610	Short term interest costs	0
Total of column 6 includes:		
5810	Grants to charitable and non-profit organizations	4,773,493
5820	Grants to universities and colleges	81,786
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	1,997,611
5898	Other	3,862,626
Total of column 11 includes:		
6010	Payments for long term commitments and liabilities financed from the consolidated statement of operations	

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Schedule 51 SCHEDULE OF TANGIBLE CAPITAL ASSETS for the year ended December 31, 2017

ANALYSIS BY FUNCTIONAL CLASSIFICATION

	COST						AMORTIZATION				2017 Closing Net Book Value
	2017 Opening Net Book Value	2017 Opening Cost Balance	Additions and Betterments	Disposals	Write Downs	2017 Closing Cost Balance	2017 Opening Amortization Balance	Annual Amortization	Amortization Disposal	2017 Closing Amortization Balance	
	1	2	3	4	5	6	7	8	9	10	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
0299 General government	89,272,082	148,274,028	12,827,316	7,912,454		153,188,890	59,001,946	10,966,986	7,836,370	62,132,562	91,056,328
Protection services											
0410 Fire	31,926,283	57,800,123	5,022,749	2,503,832		60,319,040	25,873,840	3,149,046	2,169,804	26,853,082	33,465,958
0420 Police	40,153,517	66,089,112	4,657,694	1,153,236		69,593,570	25,935,595	4,681,868	1,070,857	29,546,606	40,046,964
0421 Court Security	0	0	0	0		0	0	0	0	0	0
0422 Prisoner Transportation	0	0	0	0		0	0	0	0	0	0
0430 Conservation authority	0	0	0	0		0	0	0	0	0	0
0440 Protective inspection and control	346,989	508,343	559,380	16,048		1,051,675	161,354	54,084	16,048	199,390	852,285
0445 Building permit and inspection services	25,851	32,261	31,622			63,883	6,410	9,091		15,501	48,382
0450 Emergency measures	426,229	761,654	0			761,654	335,425	61,774		397,199	364,455
0460 Provincial Offences Act (POA)	2,518,702	3,727,630	33,707			3,761,337	1,208,928	110,611		1,319,539	2,441,798
0498 Other	0	0	0	0		0	0	0	0	0	0
0499 Subtotal	75,397,571	128,919,123	10,305,152	3,673,116	0	135,551,159	53,521,552	8,066,474	3,256,709	58,331,317	77,219,842
Transportation services											
0611 Roads - Paved	686,329,008	992,746,398	47,838,801	23,202,020		1,017,383,179	306,417,390	30,361,901	21,420,013	315,359,278	702,023,901
0612 Roads - Unpaved	0	0	0	0		0	0	0	0	0	0
0613 Roads - Bridges and Culverts	81,813,616	116,577,038	1,981,570	0		118,558,608	34,763,422	3,079,858		37,843,280	80,715,328
0614 Roads - Traffic Operations & Roadside	62,640,065	99,087,730	8,319,096	697,678		106,709,148	36,447,665	3,493,527	693,162	39,248,030	67,461,118
0621 Winter Control - Except sidewalks, Parking Lots	1,136	2,525	0	2,525		2,525	1,389	252		1,641	884
0622 Winter Control - Sidewalks, Parking Lots Only	0	0	0	0		0	0	0	0	0	0
0631 Transit - Conventional	84,771,836	177,336,167	23,782,153	13,605,983		187,512,337	92,564,331	12,130,730	13,605,983	91,089,078	96,423,259
0632 Transit - Disabled & special needs	0	0	0	0		0	0	0	0	0	0
0640 Parking	893,490	1,474,943	1,410,502	1,200		2,884,245	581,453	235,499	1,201	815,751	2,068,494
0650 Street lighting	73,196,432	157,317,008	7,395,935	2,830,546		161,882,397	84,120,576	5,496,880	2,830,546	86,786,910	75,095,487
0660 Air transportation	0	0	0	0		0	0	0	0	0	0
0698 Other	0	0	0	0		0	0	0	0	0	0
0699 Subtotal	989,645,583	1,544,541,809	90,728,057	40,337,427	0	1,594,932,439	554,896,226	54,798,647	38,550,905	571,143,968	1,023,788,471
Environmental services											
0811 Wastewater collection/conveyance	351,986,750	538,719,732	21,493,691	3,012,797		557,200,626	186,732,982	12,026,618	2,785,974	195,973,626	361,227,000
0812 Wastewater treatment & disposal	197,309,046	424,370,747	13,165,775	187,075		437,349,447	227,061,701	15,834,348	187,075	242,708,974	194,640,473
0821 Urban storm sewer system	615,869,389	875,595,101	51,258,694	1,503,595		925,350,200	259,725,712	14,434,105	1,091,060	273,068,757	652,281,443
0822 Rural storm sewer system	0	0	0	0		0	0	0	0	0	0
0831 Water treatment	65,239,592	91,121,939	8,849,965	1,038,521		98,933,403	25,882,347	4,446,907	811,498	29,517,756	69,415,647
0832 Water distribution/transmission	523,380,736	774,771,094	75,002,567	4,360,918		845,412,743	251,390,358	19,203,204	-4,503,301	275,096,863	570,315,880
0840 Solid waste collection	228,452	475,994	85,656	47,860		513,990	247,542	49,471	47,660	249,353	264,637
0850 Solid waste disposal	44,059,114	57,223,214	488,261	437,152		57,274,323	13,164,100	1,612,672	19,353	14,757,419	42,516,904
0860 Waste diversion	18,267,083	22,882,329	302,885	6,011		23,179,203	4,615,246	887,082	6,011	5,496,317	17,682,886
0898 Other	3,331,996	5,737,604	0	0		5,737,604	2,405,608	187,774		2,593,382	3,144,222
0899 Subtotal	1,819,672,158	2,790,897,754	170,647,514	10,593,729	0	2,950,951,539	971,225,596	68,682,181	445,330	1,039,462,447	1,911,489,092
Health services											
1010 Public health services	253,885	985,754	48,377	-73,418		1,107,549	731,869	108,891	-73,417	914,177	193,372
1020 Hospitals	0	0	0	0		0	0	0	0	0	0
1030 Ambulance services	0	0	0	0		0	0	0	0	0	0
1035 Ambulance dispatch	0	0	0	0		0	0	0	0	0	0
1040 Cemeteries	0	0	0	0		0	0	0	0	0	0
1098 Other	0	0	0	0		0	0	0	0	0	0
1099 Subtotal	253,885	985,754	48,377	-73,418	0	1,107,549	731,869	108,891	-73,417	914,177	193,372
Social and family services											
1210 General assistance	7,947,122	8,976,443	558,102	234,779		9,299,766	1,029,321	438,623	234,779	1,233,165	8,066,601
1220 Assistance to aged persons	24,757,698	39,909,099	898,608	2,381,832		38,425,875	15,151,401	1,322,508	2,381,832	14,092,077	24,333,798
1230 Child care	18,242	72,219	0	46,348		25,871	53,977	4,895	46,348	12,524	13,347
1298 Other	0	0	0	0		0	0	0	0	0	0
1299 Subtotal	32,723,062	48,957,761	1,456,710	2,662,959	0	47,751,512	16,234,699	1,766,026	2,662,959	15,337,766	32,413,746

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FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 51 SCHEDULE OF TANGIBLE CAPITAL ASSETS for the year ended December 31, 2017

ANALYSIS BY FUNCTIONAL CLASSIFICATION

	2017 Opening Net Book Value	COST					AMORTIZATION				2017 Closing Net Book Value	
		2017 Opening Cost Balance	Additions and Betterments	Disposals	Write Downs	2017 Closing Cost Balance	2017 Opening Amortization Balance	Annual Amortization	Amortization Disposal	2017 Closing Amortization Balance		
		1 \$	2 \$	3 \$	4 \$	5 \$	6 \$	7 \$	8 \$	9 \$		10 \$
Social Housing												
1410	Public Housing	50,871,208	116,154,495	2,615,620	61,251		118,708,864	65,283,287	1,529,531	61,251	66,751,567	51,957,297
1420	Non-Profit/Cooperative Housing	0	0				0	0			0	0
1430	Rent Supplement Programs	0	0				0	0			0	0
1497	Other Affordable Housing	30,994	52,553	13,080	6,522		59,111	21,559	6,646	6,522	21,683	37,428
1498	Other	0	0				0	0			0	0
1499	Subtotal	50,902,202	116,207,048	2,628,700	67,773	0	118,767,975	65,304,846	1,536,177	67,773	66,773,250	51,994,725
Recreation and cultural services												
1610	Parks	194,541,226	235,220,701	11,223,764	2,255,533		244,188,932	40,679,475	4,292,606	2,255,533	42,716,548	201,472,384
1620	Recreation programs	134,022	221,725	36,348	4,867		253,206	87,703	25,407	4,867	108,243	144,963
1631	Rec. Fac. - Golf Crs, Marina, Ski Hill	2,338,103	6,135,189	46,819	185,648		5,996,360	3,797,086	253,690	185,648	3,865,128	2,131,232
1634	Rec. Fac. - All Other	75,397,598	143,952,573	3,395,239	2,631,027		144,716,785	68,554,975	5,521,700	2,631,027	71,445,648	73,271,137
1640	Libraries	25,689,452	58,490,620	2,556,163	5,520,030		55,526,753	32,801,168	3,281,193	3,951,752	32,130,609	23,396,144
1645	Museums	15,868	51,561	953,884	0		1,005,445	35,693	45,383	0	81,076	924,369
1650	Cultural services	13,547,442	25,904,550	1,635,172	304,859		27,234,863	12,357,108	1,192,813	304,859	13,245,062	13,989,801
1698	Other other	5,595	10,176	0			10,176	4,581	1,017	0	5,598	4,578
1699	Subtotal	311,669,306	469,987,095	19,847,389	10,901,964	0	478,932,520	158,317,789	14,613,809	9,333,686	163,597,912	315,334,608
Planning and development												
1810	Planning and zoning	93,303	276,633	37,215	85,841		228,007	183,330	29,438	85,841	126,927	101,080
1820	Commercial and Industrial	43,166,204	70,954,520	539,768	1,072,997		70,421,291	27,788,316	2,056,034	535,733	29,308,617	41,112,674
1830	Residential development	1,308,663	2,183,139		13,891		2,169,248	874,476	108,734	13,891	969,319	1,199,929
1840	Agriculture and reforestation	1,274,561	1,886,276				1,886,276	611,715	94,614	0	706,329	1,179,947
1850	Tile drainage/shoreline assistance	0	0				0	0			0	0
1898	Other	0	0				0	0			0	0
1899	Subtotal	45,842,731	75,300,568	576,983	1,172,729	0	74,704,822	29,457,837	2,288,820	635,465	31,111,192	43,593,630
1910	Other	0	0				0	0			0	0
9910	Total Tangible Capital Assets	3,415,378,580	5,324,070,940	309,066,198	77,248,733	0	5,555,888,405	1,908,692,360	162,828,011	62,715,780	2,008,804,591	3,547,083,814

2017.01001

FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 51

SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2017

SEGMENTED BY ASSET CLASS

		2017 Opening Net Book Value (NBV) 1 \$	2017 Closing Net Book Value (NBV) 11 \$
General Capital Assets			
2005	Land	416,153,866	427,042,748
2010	Land Improvements	72,722,378	72,379,173
2020	Buildings	334,135,253	336,440,989
2030	Machinery & Equipment	89,504,913	91,192,983
2040	Vehicles	5,846,901	7,144,229
2097	Other <input type="text"/>	0	0
2098	Other <input type="text" value="Other"/>	13,883,481	16,534,865
2099	Total General Capital Assets	932,246,792	950,734,987
Infrastructure Assets			
2205	Land	0	0
2210	Land Improvements	0	0
2220	Buildings	182,035,206	218,875,918
2230	Machinery & Equipment	67,421,121	66,654,886
2240	Vehicles	44,460,509	53,331,268
2250	Linear Assets	2,189,214,952	2,257,486,755
2297	Other <input type="text"/>	0	0
2298	Other <input type="text"/>	0	0
2299	Total Infrastructure Assets	2,483,131,788	2,596,348,827
9920	Total Tangible Capital Assets	3,415,378,580	3,547,083,814
2405	Construction-in-progress	198,662,494	202,632,855
9921	Total Tangible Capital Assets and Construction-in-progress	3,614,041,074	3,749,716,669

2017.01001

FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 51

SCHEDULE OF TANGIBLE CAPITAL ASSET: CONSTRUCTION-IN-PROGRESS

for the year ended December 31, 2017

ANALYSIS BY FUNCTIONAL CLASSIFICATION

		COST			
		2017 Opening Balance	Expenditures in 2017	Less Assets Capitalized	2017 Closing Balance
		1	2	3	4
		\$	\$	\$	\$
0299	General government	4,708,731	2,084,093	4,654,718	2,138,106
	Protection services				
0410	Fire	2,142,934	228,985	2,142,934	228,985
0420	Police	586,122	709,701	504,767	791,056
0421	Court Security	0			0
0422	Prisoner Transportation	0			0
0430	Conservation authority	0			0
0440	Protective inspection and control	80,958	0	80,958	0
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	2,810,014	938,686	2,728,659	1,020,041
	Transportation services				
0611	Roads - Paved	27,358,924	33,704,588	22,472,694	38,590,818
0612	Roads - Unpaved	0			0
0613	Roads - Bridges and Culverts	489,517	2,172,225	63,921	2,597,821
0614	Roadways - Traffic Operations & Roadside	534,993	4,819,081	385,950	4,968,124
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	60,102	0	60,102	0
0650	Street lighting	349,384	551,024	281,115	619,293
0660	Air transportation	0			0
0698	Other	0			0
0699	Subtotal	28,792,920	41,246,918	23,263,782	46,776,056
	Environmental services				
0811	Wastewater collection/conveyance	14,691,010	11,155,063	13,955,873	11,890,200
0812	Wastewater treatment & disposal	36,198,694	33,053,533	12,770,084	56,482,143
0821	Urban storm sewer system	24,287,930	12,514,583	13,433,058	23,369,455
0822	Rural storm sewer system	0			0
0831	Water treatment	2,695,459	242,909	2,938,368	0
0832	Water distribution/transmission	72,122,115	17,090,509	69,232,121	19,980,503
0840	Solid waste collection	0			0
0850	Solid waste disposal	56,530	62,679	45,796	73,413
0860	Waste diversion	0			0
0898	Other	0			0
0899	Subtotal	150,051,738	74,119,276	112,375,300	111,795,714
	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	12,817		12,817	0
1220	Assistance to aged persons	292,953	238,443	268,590	262,806
1230	Child care	0			0
1298	Other	0			0
1299	Subtotal	305,770	238,443	281,407	262,806
	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	817,607	4,838,686	267,268	5,389,025
1620	Recreation programs	0			0
1631	Rec. Fac. - Golf Crs, Marina, Ski Hill	0	7,293		7,293
1634	Rec. Fac. - All Other	10,751,658	25,244,137	1,041,280	34,954,515
1640	Libraries	0			0
1645	Museums	0			0
1650	Cultural services	337,973	260,400	309,074	289,299
1698	Other	0			0
1699	Subtotal	11,907,238	30,350,516	1,617,622	40,640,132
	Planning and development				
1810	Planning and zoning	0			0
1820	Commercial and Industrial	4,299		4,299	0
1830	Residential development	81,784		81,784	0
1840	Agriculture and reforestation	0			0
1850	Tile drainage/shoreline assistance	0			0
1898	Other	0			0
1899	Subtotal	86,083	0	86,083	0
1910	Other	0			0
9910	Total Construction-In-Progress	198,662,494	148,977,932	145,007,571	202,632,855

2017/01001

FIR2017: London C

Schedule 53

Asmt Code: 3936

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT) AND TANGIBLE CAPITAL ASSET ACQUISITION FINANCING/DONATIONS

MAH Code: 59101

for the year ended December 31, 2017

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)

		1
		\$
1010	Annual Surplus/(Deficit) (SLC 10 2099 01)	166,358,657
1020	Acquisition of tangible capital assets	-276,037,327
1030	Amortization of tangible capital assets (SLC 51 9910 08)	162,828,011
1031	Contributed (Donated) tangible capital assets	-36,758,961
1032	Change in construction-in-progress	
1040	(Gain)/Loss on sale of tangible capital assets	-1,165,632
1050	Proceeds on sale of tangible capital assets	15,458,314
1060	Write-downs of tangible capital assets	
1070	Other <input type="text"/>	
1071	Other <input type="text"/>	
1099	Subtotal	-135,675,595
1210	Change in supplies inventories	-368,725
1220	Change in prepaid expenses	6,946,571
1230	Other <input type="text"/>	
1299	Subtotal	6,577,846
1410	(Increase)/decrease in net financial assets/net debt	37,260,908
1420	Net financial assets (net debt), beginning of year	235,194,891
9910	Net financial assets (net debt), end of year	272,455,799

SOURCES OF FINANCING FOR TCA ACQUISITIONS / DONATIONS

		1
		\$
Long Term Liabilities Incurred		
0205	Canada Mortgage and Housing Corporation (CMHC)	
0210	Ontario Financing Authority	
0215	Commercial Area Improvement Program	
0220	Other Ontario housing programs	
0235	Serial debentures	
0240	Sinking fund debentures	
0245	Long term bank loans	
0250	Long term reserve fund loans	
0255	Lease purchase agreements (Tangible capital leases)	1,636,400
0260	Construction Financing Debentures	
0265	Infrastructure Ontario	
0297	Other <input type="text"/>	
0298	Other <input type="text"/>	
0299	Subtotal	1,636,400
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)	64,528,372
0410	Municipal User Fees & Service Charges	
0415	Development Charges (SLC 61 0299 08)	12,645,144
0416	Recreation land (The Planning Act) (SLC 60 1032 01)	1,102,071
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	78,288,087
Government Transfers		
0425	Capital Grants: Federal (SLC 12 9910 06 - (SLC 10 4099 01 - SLC 60 1047 01)	2,756,933
0430	Capital Grants: Provincial (SLC 12 9910 05 - (SLC 10 4019 01 - SLC 60 1045 01)	6,418,416
0435	Capital Grants: Other Municipalities (SLC 12 9910 07)	0
0440	Canada Gas Tax (SLC 10 4099 01)	20,204,753
0445	Provincial Gas Tax (SLC 10 4019 01)	7,578,341
0502	Subtotal	36,958,443
0499	Subtotal	115,246,530
0610	Contributed (Donated) tangible capital assets	36,758,961
9920	Total Capital Financing	153,641,891
0810	Unexpended Capital Financing or (Unfinanced Capital Outlay)	-159,154,397

2017.01001

FIR2017: London C

Schedule 54

Asmt Code: 3936

CONSOLIDATED STATEMENT OF CASH FLOW - INDIRECT METHOD

MAH Code: 59101

for the year ended December 31, 2017

* 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

		2017 Actual 1 \$
Operating Transactions		
2010	Annual Surplus/(Deficit) (SLC 10 2099 01)	166,358,656
2020	Non-cash items including amortization	155,818,280
2021	Contributed (Donated) tangible capital assets	-36,758,961
2022	Change in non-cash assets and liabilities	-19,112,776
2030	Prepaid expenses	7,071,674
2040	Change in deferred revenue	58,287,677
2096	Other <input type="text"/>	
2097	Other <input type="text"/>	
2098	Other <input type="text"/>	
2099	Cash provided by operating transactions	331,664,550
Capital Transactions		
0610	Proceeds on sale of tangible capital assets	15,458,314
0620	Cash used to acquire tangible capital assets	-125,297,699
0630	Change in construction-in-progress	-149,103,228
0698	Other <input type="text"/>	0
0699	Cash applied to capital transactions	-258,942,613
Investing Transactions		
0810	Proceeds from portfolio investments	0
0820	Portfolio investments	5,649,696
0898	Other <input type="text"/> other <input type="text"/>	6,288,711
0899	Cash provided by / (applied to) investing transactions	11,938,407
Financing Transactions		
1010	Proceeds from long term debt issues	38,914,905
1020	Principal long term debt repayment	-53,344,560
1030	Temporary loans	
1031	Repayment of temporary loans	
1096	Other <input type="text"/>	
1097	Other <input type="text"/>	
1098	Other <input type="text"/>	
1099	Cash applied to financing transactions	-14,429,655
1210	Increase in cash and cash equivalents	70,230,689
1220	Cash and cash equivalents, beginning of year	330,272,981
9920	Cash and cash equivalents, end of year	400,503,670

		2017 Actual 1 \$
Cash and cash equivalents represented by:		
1401	Cash	400,458,322
1402	Temporary borrowings	
1403	Short term investments	45,348
1404	Other <input type="text"/>	
9940	Cash and cash equivalents, end of year	400,503,670

		1 \$
Cash:		
1501	Unrestricted	104,159,321
1502	Restricted	296,344,349
1503	Unallocated	
9950	Cash and cash equivalents, end of year	400,503,670

2017.01001

FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 60

CONTINUITY OF RESERVES AND RESERVE FUNDS

for the year ended December 31, 2017

	Obligatory Res. Funds, Deferred Rev.	Discretionary Res. Funds	Reserves
	1	2	3
	\$	\$	\$
0299 Balance, beginning of year	230,394,048	467,057,486	139,772,124
0310 Allocation of Surplus		114,143,038	27,019,772
0315 Allocation of Surplus : for operating		98,458,295	24,441,133
0320 Allocation of Surplus : for capital		15,684,743	2,578,639
Development Charges Act			
0610 Non-discounted services	61,002,675		
0620 Discounted services	4,895,510		
0630 Credits utilized (Development Charges Act) (SLC 61 0299 05)	0		
0699 Subtotal Development Charges Act	65,898,185		
0810 Lot levies			
0820 Subdivider contributions	0		
0830 Recreational land (the Planning Act)	869,485		
0841 Investment Income	3,323,878	7,716,696	894,112
0860 Gasoline Tax - Province	9,356,892		
0861 Building Code Act, 1992 (Section 1.9.1.1 (d))	0		
0862 Gasoline Tax - Federal	11,125,076		
0864 Building Canada Fund (BCF)			
0870 Inter - Reserve Fund / Reserves Transfer		2,291,191	
0895 Other			
0896 Other			
0897 Other			
0898 Other			
9940 TOTAL Revenues & Surplus	90,573,516	124,150,925	27,913,884
Less: Utilization of reserve funds and reserves (transfers)			
1012 For acquisition of tangible capital asset		61,360,630	3,167,742
1015 For current operations	1,172,735	9,002,743	2,043,903
1025 Development Charges earned to tangible capital asset acquisition (SLC 61 0299 08)	12,645,144		
1026 Development Charges earned to operations (SLC 61 0299 07)	0		
1032 Recreational land (the Planning Act) earned to tangible capital asset acquisition	1,102,071		
1035 Recreational land (the Planning Act) earned to operations			
1042 Deferred revenue earned (Provincial Gas Tax) for Transit (Operations)	8,572,223		
1045 Deferred revenue earned (Provincial Gas Tax) for Transit (Capital)	7,578,341		
1047 Deferred revenue earned (Canada Gas Tax)	2,942,832		
1055 Development Charges Act - Credits Provided (SLC 61 0299 10)	19,440		
1070 Inter - Reserve Fund / Reserves Transfer			2,291,191
0910 Less: Utilization (deferred revenue recognized)	34,032,786	70,363,373	7,502,836
2099 Balance, end of year	286,934,778	520,845,038	160,183,172

2017.01001

FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 60

CONTINUITY OF RESERVES AND RESERVE FUNDS

for the year ended December 31, 2017

Totals in line 2099 are analysed as follows:

	Obligatory Res. Funds, Deferred Revenue	Discretionary Res. Funds	Reserves
	1	2	3
	\$	\$	\$
5010 Working funds		0	13,854,143
5020 Contingencies		671,791	131,732,244
Asset Replacement funds for: Sewer & Water			
5030 Sewer		0	
5040 Water		0	
5050 Replacement of equipment		21,753,186	164,778
5060 Sick leave		2,546,473	4,855
5070 Insurance		13,927,375	
5080 Workplace Safety and Insurance Board (WSIB)		13,359,993	
5090 Post-employment benefits		3,599,444	
5091 Tax rate stabilization			
5630 Lot levies			
5660 Parking revenues		540,751	
5670 Debenture repayment			
5680 Exchange rate stabilization			

Per Service Purpose:

5205 General government		37,198,531	2,397,716
5210 Protection services		6,571,084	393,319
Transportation services:			
5215 Roadways		0	
5216 Winter Control		0	
5220 Transit		4,548,809	9,242,631
5221 Parking		0	
5222 Street lighting		0	
5223 Air transportation		0	
Environmental services:			
5225 Wastewater system		91,811,775	
5230 Storm water system		3,967,413	
5235 Waterworks system		76,067,441	
5240 Solid waste collection		0	
5245 Solid waste disposal		14,792,143	
5246 Waste diversion		1,723,044	
5250 Health services		0	22,147
5255 Social and family services		12,226,908	459,077
5260 Social housing		23,118,020	
Recreation and cultural services:			
5265 Parks		3,315,313	
5266 Recreation programs		0	
5271 Recreation facilities - Golf Course, Marina, Ski Hill		382,294	
5274 Recreation facilities - All Other		0	
5275 Libraries		2,119,759	393,162
5276 Museums		0	
5277 Cultural services		3,615,124	
5280 Planning and development		158,389,325	1,172,946
5290 Other <input type="text"/>		24,599,042	346,154

Obligatory Deferred Revenue:

5610 Development Charges Act - Non-discounted services	149,630,309		
5620 Development Charges Act - Discounted services	75,618,451		
5640 Subdivider contributions	0		
5650 Recreational land (the Planning Act)	2,600,208		
5661 Building Code Act, 1992 (Section 1.9.1.1 (d))	0		
5690 Gasoline Tax - Province	22,538,650		
5691 Gasoline Tax - Federal	36,547,160		
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	286,934,778	520,845,038	160,183,172

FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 61

DEVELOPMENT CHARGES RESERVE FUNDS

for the year ended December 31, 2017

		Development Charges Proceeds				Development Charges Disbursements						
		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	Balance December 31
		1	2	3	5	6	7	8	9	10	11	12
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Development Charges												
0205	General Government	1,403,312	1,134,946	25,241		1,160,187		551,569	0	407	551,976	2,011,523
0210	Fire Protection	1,858,704	178,892	19,290		198,182		1,062,673	0	84	1,062,757	994,129
0215	Police Protection	4,120,494	674,091	8,626		682,717		-13,349	186,432	24	173,107	4,630,104
0220	Roads and Structures	55,831,790	30,918,340	979,805		31,898,145		5,806,931	251,122	11,066	6,069,119	81,660,816
0225	Transit	4,128,478	728,854	63,823		792,677		-81,238	0	0	-81,238	5,002,393
0230	Wastewater	25,318,448	7,606,243	245,981		7,852,224		632,995	254,613	1,237	888,845	32,281,827
0235	Stormwater	42,316,966	14,474,334	579,093		15,053,427		3,943,836	420,609	4,493	4,368,938	53,001,455
0240	Water	16,426,679	2,556,532	250,273		2,806,805		142,330	0	540	142,870	19,090,614
0245	Emergency Medical Services	0	0	0		0		0	0	0	0	0
0250	Homes for the Aged	0	0	0		0		0	0	0	0	0
0255	Daycare	0	0	0		0		0	0	0	0	0
0260	Housing	0	0	0		0		0	0	0	0	0
0265	Parkland Development	0	0	0		0		0	0	0	0	0
0270	GO Transit	0	0	0		0		0	0	0	0	0
0275	Library	3,761,071	17,216	52,826		70,042		0	0	210	210	3,830,903
0280	Recreation	14,402,104	4,149,441	218,583		4,368,024		239,907	59,959	0	299,866	18,470,262
0285	Development Studies	0	0	0		0		0	0	0	0	0
0286	Parking	0	0	0		0		0	0	0	0	0
0287	Animal Control	0	0	0		0		0	0	0	0	0
0288	Municipal Cemeteries	0	0	0		0		0	0	0	0	0
0290	Other	1,135,793	3,459,296	40,515		3,499,811		359,490	0	1,379	360,869	4,274,735
0295	Other	0	0	0		0		0	0	0	0	0
0296	Other	0	0	0		0		0	0	0	0	0
0297	Other	0	0	0		0		0	0	0	0	0
0299	TOTAL	170,703,839	65,898,185	2,484,056	0	68,382,241	0	12,645,144	1,172,735	19,440	13,837,319	225,248,760

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FIR2017: London C

Schedule 70

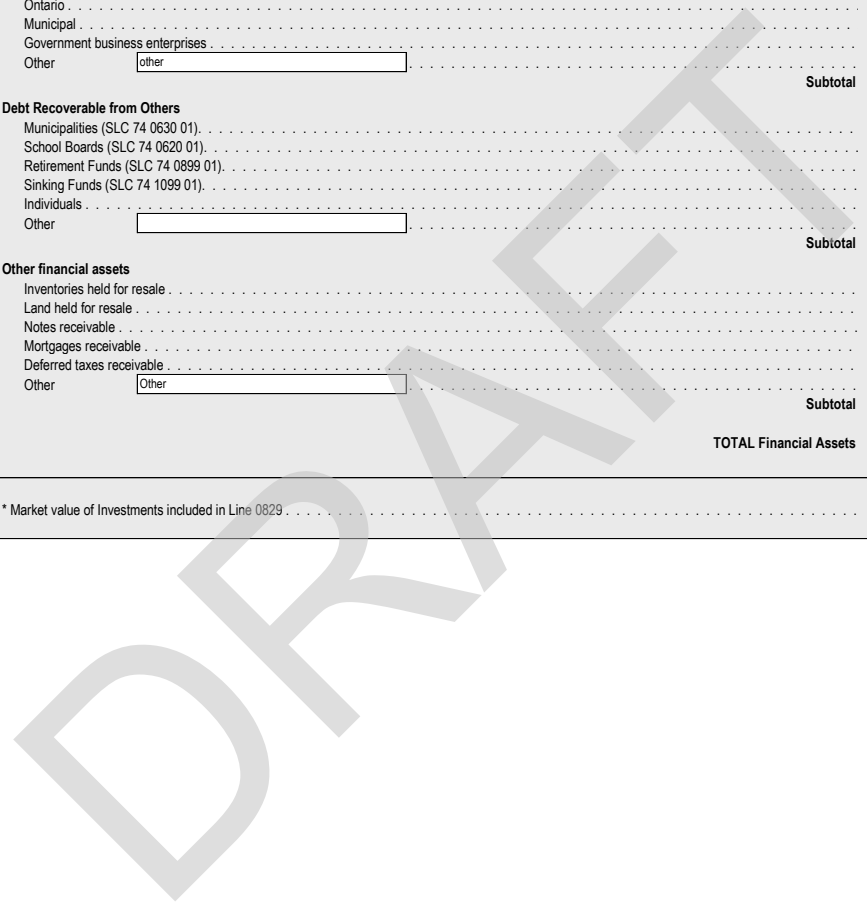
Asmt Code: 3936

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MAH Code: 59101

for the year ended December 31, 2017

Financial Assets		1
		\$
0299	Cash and cash equivalents	400,503,263
Accounts receivable		
0410	Canada	24,958,191
0420	Ontario	5,054,705
0430	Upper-tier	0
0440	Other municipalities	1,412,118
0450	School boards	4,120,737
0490	Other receivables	30,613,354
0499	Subtotal	66,159,105
Taxes receivable		
0610	Current year's levies	12,995,343
0620	Previous year's levies	5,796,892
0630	Prior year's levies	418,661
0640	Penalties and interest	1,560,302
0690	LESS: Allowance for uncollectables	6,563,125
0699	Subtotal	14,208,073
Investments *		
0805	Canada	139,265,860
0810	Ontario	60,116,230
0815	Municipal	-1
0820	Government business enterprises	180,976,903
0828	Other <input type="text" value="other"/>	360,063,182
0829	Subtotal	740,422,174
Debt Recoverable from Others		
0861	Municipalities (SLC 74 0630 01)	9,207,443
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	0
0868	Other <input type="text"/>	0
0845	Subtotal	9,207,443
Other financial assets		
0830	Inventories held for resale	153,916
0831	Land held for resale	32,928,112
0835	Notes receivable	2,185,370
0840	Mortgages receivable	0
0850	Deferred taxes receivable	8,359
0890	Other <input type="text" value="Other"/>	8,087,773
0898	Subtotal	43,363,530
9930	TOTAL Financial Assets	1,273,863,588
8010	* Market value of Investments included in Line 0829	751,279,290



FIR2017: London C

Schedule 70

Asmt Code: 3936

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MAH Code: 59101

for the year ended December 31, 2017

Liabilities		1
		\$
Temporary loans		
2010	Operating purposes	0
Tangible Capital Assets:		
2020	Canada	0
2030	Ontario	0
2040	Other	0
2099	Subtotal	0
Accounts Payable		
2210	Canada	584,994
2220	Ontario	939,431
2230	Upper-tier	0
2240	Other municipalities	4,816,046
2250	School boards	124,318
2260	Interest on debt	2,305,266
2270	Trade accounts payable	118,068,931
2290	Other	39,238,408
2299	Subtotal	166,077,394
2301	Estimated Tax Liabilities (PS3510)	0
Deferred revenue		
2410	Obligatory reserve funds (SLC 60 2099 01)	286,934,778
2490	Other	30,108,636
2499	Subtotal	317,043,414
Long term liabilities		
2610	Debt issued	309,721,987
2620	Debt payable to others	13,925,636
2630	Lease purchase agreements (Tangible capital leases)	1,834,689
2640	Other	0
2650	Other	0
2660	LESS: Debt issued on behalf of Government Business Enterprise	0
2699	Subtotal	325,482,312
Solid Waste Management Facility Liabilities		
2799	Solid waste landfill closure and post-closure	36,692,000
Post employment benefits		
2810	Accumulated sick leave	2,212,796
2820	Accrued vacation pay	16,187,374
2830	Accrued pensions payable	0
2840	Accrued Workplace Safety and Insurance Board claims (WSIB)	46,710,044
2898	Other	89,763,920
2899	Subtotal post employment benefits	154,874,134
Liability for contaminated sites		
2910	Remediation costs of contaminated sites	1,238,535
9940	TOTAL Liabilities	1,001,407,789
9945	Net Financial Assets / Net Debt (Total Financial Assets LESS Total Liabilities)	272,455,799
Non-Financial Assets		
		1
		\$
6210	Tangible Capital Assets (SLC 51 9921 11)	3,749,716,669
6250	Inventories of Supplies	4,543,258
6260	Prepaid Expenses	17,639,246
6299	Total Non-Financial Assets	3,771,899,173
9970	Total Accumulated Surplus/(Deficit)	4,044,354,972
Analysis of the Accumulated Surplus/(Deficit)		
		1
		\$
6410	Equity in Tangible Capital Assets	3,783,449,071
6420	Reserves and Reserve Funds (SLC 60 2099 02 + SLC 60 2099 03)	681,028,210
6430	General Surplus/ (Deficit)	0
6431	Unexpended capital financing	-70,696,033
Local boards		
5030	Transit operations	
5035	Water operations	
5040	Wastewater operations	
5041	Solid waste operations	
5045	Libraries	
5050	Cemeteries	
5055	Recreation, community centres and arenas	
5060	Business Improvement Area	20,732
5076	Other	
5077	Other	1,946,036
5078	Other	
5079	Other	76,831
5098	Total Local Boards	2,043,599
5080	Equity in Government Business Enterprises (SLC 10 6090 01)	180,976,904
6601	Unfunded Employee Benefits	-157,249,331
6602	Unfunded Landfill closure costs	-36,692,000
6603	Unfunded Remediation costs of contaminated sites	-850,000
6610	Other	-281,602,280
6620	Other	0
6630	Other	-56,053,168
6640	Other	0
6699	Total Other	-532,446,779
9971	Total Accumulated Surplus/(Deficit)	4,044,354,972

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FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Single/Lower-Tier ONLY Schedule 72

CONTINUITY OF TAXES RECEIVABLE

for the year ended December 31, 2017

Continuity of Taxes Receivable		9
		\$
0210	Taxes receivable, beginning of year	18,210,067
0215	PLUS: Amounts added to tax bills for collection purposes only	2,031,029
0220	PLUS: Tax amounts levied in the year (SLC 26 9199 03)	714,571,589
0225	PLUS: Current Year Penalties and Interest	4,988,549
0240	LESS: Total cash collections (SLC 72 0699 09)	715,484,724
0250	LESS: Tax adjustments before allowances (SLC 72 2899 09)	8,754,977
0260	LESS: Tax adjustments not applied to taxation (SLC 72 4999 09)	1,346,897
0280	PLUS: <input type="text" value="Allowance for Uncollectible"/>	-6,563
0290	Taxes receivable, end of year	14,208,073
Cash Collections		9
		\$
0610	Current year's tax	687,923,426
0620	Previous year's tax	20,082,617
0630	Penalties and interest	4,841,523
0640	Amounts added to tax bills for collection purposes only	2,637,158
0690	Other <input type="text"/>	
0699	TOTAL Cash Collections	715,484,724

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FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Single/Lower-Tier ONLY Schedule 72 CONTINUITY OF TAXES RECEIVABLE

for the year ended December 31, 2017

		SCHOOL BOARDS					TOTAL Education 6	Lower-Tier (Single-Tier) 7	Upper-Tier 8	TOTAL Tax Adjustment 9
		English - Public 1	French - Public 2	English - Separate 3	French - Separate 4	Other 5				
		\$	\$	\$	\$	\$	\$	\$	\$	
Tax Adjustments Applied to Taxation										
1099	Municipal Act (353, 354, 357, 358, RfR)	4,076,990	26,997	1,052,326	71,340	5,227,653	11,048,426		16,276,079	
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 (M					0			0	
1810	Rebates to Commercial properties (Mun. Act 362)					0			0	
1820	Rebates to Industrial properties (Mun. Act 362)					0			0	
1899	Subtotal	0	0	0	0	0	0	0	0	
2099	Rebates for Charities (Mun. Act 361)	168,124	1,451	43,856	3,584	217,015	355,627		572,642	
2299	Vacant Unit Rebates (Mun. Act 364)	721,155	5,924	188,869	15,134	931,082	1,556,969		2,488,051	
2399	Reduction for Heritage Property (Mun. Act 365.2)					0			0	
2890	Other LEGIONS					0	43,343		43,343	
2891	Other MUNICIPAL HOUSING					0	303,872		303,872	
2892	Other Less: Prior Yr. Tax Adj Allowance					0	-10,929,010		-10,929,010	
2893	Other					0			0	
2899	Tax adjustments before allowances	4,966,269	34,372	1,285,051	90,058	6,375,750	2,379,227	0	8,754,977	

		SCHOOL BOARDS					TOTAL Education 6	Lower-Tier (Single-Tier) 7	Upper-Tier 8	TOTAL Tax Adjustment 9
		English - Public 1	French - Public 2	English - Separate 3	French - Separate 4	Other 5				
		\$	\$	\$	\$	\$	\$	\$	\$	
Tax Adjustments Not Applied to Taxation										
4010	Tax sale, Tax registration accounts						1,346,248		1,346,248	
4210	Tax Deferral - Low income seniors and Disabled persons (Mun. A	76				76	573		649	
4420	Net Impact of 5% Capping Limit Program					0			0	
4890	Other					0			0	
4891	Other					0			0	
4999	Tax Adjustments Not Applied to Taxation	76	0	0	0	76	1,346,821	0	1,346,897	

Additional Information									
6010	Recovery of Tax Deferrals	133				133	601		734
7010	Entitlement of School Boards	107,831,189	711,915	23,391,683	1,486,565	0	133,421,351		

FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

**Schedule 74
LONG TERM LIABILITIES AND COMMITMENTS**

for the year ended December 31, 2017

1. Debt burden of the municipality

All outstanding debt issued by the municipality, predecessor municipalities and consolidated entities		1
		\$
0210	To Ontario and agencies	63,532,570
0220	To Canada and agencies	11,117,465
0230	To Others	250,832,277
0297	Other <input type="text"/>	0
0298	Other <input type="text"/>	
0299	Subtotal	325,482,312
0499	PLUS: All debt assumed by the municipality from others	
LESS: All debt assumed by others		
0610	Ontario	
0620	School boards	
0630	Other Municipalities	9,207,443
0640	Government Business Enterprises	0
0697	Other <input type="text"/>	
0698	Other <input type="text"/>	
0699	Subtotal	9,207,443
LESS: Debt retirement funds		
0810	Sewer	
0820	Water	
0896	Other <input type="text"/>	
0897	Other <input type="text"/>	
0898	Other <input type="text"/>	
0899	Subtotal	0
LESS: Own sinking funds (Actual balances)		
1010	General municipal	
1020	Enterprises and others	
1096	Other <input type="text"/>	
1097	Other <input type="text"/>	
1098	Other <input type="text"/>	
1099	Subtotal	0
9910	TOTAL Net Long Term Liabilities of the Municipality	316,274,869

2. Debt burden of the municipality: Analysed by debt instrument

1210	Sinking fund debentures	
1220	Installment (serial) debentures	300,514,545
1230	Long term bank loans	
1240	Lease purchase agreements (Tangible capital leases)	1,834,689
1250	Mortgages	
1280	Construction Financing Debentures	
1297	Other <input type="text" value="OMEX & Capital Grants"/>	10,100,000
1298	Other <input type="text" value="Urban Works"/>	3,825,635
9920	TOTAL Net Long Term Liabilities of the Municipality	316,274,869

3. Debt burden of the municipality: Analysed by function

1405	General government	7,002,675
1410	Protection services	15,572,111
Transportation services:		
1415	Roadways	78,486,286
1416	Winter Control	
1420	Transit	22,444,333
1421	Parking	
1422	Street Lighting	501,157
1423	Air Transportation	
Environmental services:		
1425	Wastewater system	46,846,061
1430	Storm water system	32,456,267
1435	Waterworks system	18,809,659
1440	Solid Waste collection	
1445	Solid Waste disposal	
1446	Waste diversion	
1450	Health services	
1455	Social and family services	14,339,744
1460	Social housing	
Recreation and cultural services:		
1465	Parks	3,322,411
1466	Recreation programs	
1471	Recreation facilities - Golf Course, Marina, Ski Hill	
1474	Recreation facilities - All Other	35,432,548
1475	Libraries	9,498,122
1476	Museums	
1477	Cultural services	
1480	Planning and development	17,937,860
1490	Other long term liabilities	13,625,635
9930	TOTAL Net Long Term Liabilities of the Municipality	316,274,869

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FIR2017: London C

Schedule 74

Asmt Code: 3936

LONG TERM LIABILITIES AND COMMITMENTS

MAH Code: 59101

for the year ended December 31, 2017

4. Debt payable in foreign currencies (net of sinking fund holdings)

		1
		\$
1610	US Dollars:	
	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	<input type="text"/>
------	---------------------	----------------------

6. Details of sinking fund balance

2010	Value of own sinking fund debentures issued and outstanding at year end	<input type="text"/>
	Balance of own sinking funds at year end	
2110	Total contributions to own sinking funds	<input type="text"/>
2120	Total income earned from investments of sinking funds' monies	<input type="text"/>
2199	Subtotal	0
2210	Estimated total future contributions from this municipality required to meet obligations in line 2010 above	<input type="text"/>
2220	Estimated total future income earned from investments in lines 2199 and 2210 above	<input type="text"/>

7. Long term commitments at year end

2410	Hospital support	<input type="text"/>
2420	University support	<input type="text"/>
2430	Leases and other agreements	<input type="text"/>
2440	Capital equipment, land acquisition	<input type="text"/>
2496	Other <input type="text"/>	<input type="text"/>
2497	Other <input type="text"/>	<input type="text"/>
2498	Other <input type="text"/>	<input type="text"/>
2499	TOTAL	0

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FIR2017: London C

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MAH Code: 59101

Schedule 74

LONG TERM LIABILITIES AND COMMITMENTS

for the year ended December 31, 2017

12. Future principal and Interest payments on EXISTING debt

		RECOVERABLE FROM:							
		Consolidated Statement of Operations		Reserve Funds		Unconsolidated Entities		All Others	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
		1	2	3	4	5	6	7	8
		\$	\$	\$	\$	\$	\$	\$	\$
3210	Year 2018	48,244,035	7,421,672	4,174,456	602,546			5,772,450	1,066,431
3220	Year 2019	41,686,272	5,830,612	4,294,147	481,518			5,870,465	945,060
3230	Year 2020	40,126,969	4,684,454	4,424,921	346,618			5,975,500	811,968
3240	Year 2021	36,926,944	3,568,072	2,020,748	198,564			6,088,751	664,666
3250	Year 2022	26,154,370	2,512,079	2,082,454	127,960			4,932,853	508,313
3260	Years 2023 to 2027	58,450,530	3,684,719	1,645,996	60,379			14,564,558	931,366
3270	Years 2028 onwards	2,400,950	66,196	0	0			437,500	29,164
3280	Int. to be earned on sink. funds .								
3299	TOTAL	253,990,070	27,767,804	18,642,722	1,817,585	0	0	43,642,077	4,956,968

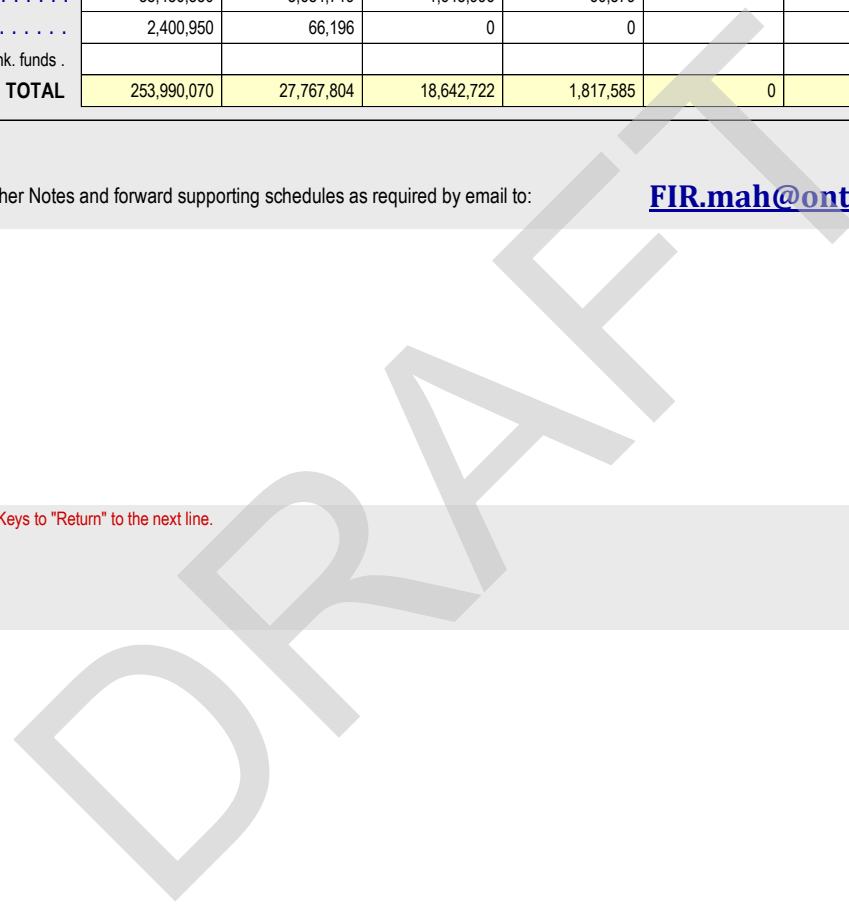
13. Other notes

Please list all Other Notes and forward supporting schedules as required by email to:

FIR.mah@ontario.ca

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* Use ALT + ENTER Keys to "Return" to the next line.



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FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 76 GOVERNMENT BUSINESS ENTERPRISES

for the year ended December 31, 2017

GOVERNMENT BUSINESS ENTERPRISES

STATEMENT OF FINANCIAL POSITION

		Please Specify GBE					Total
		Investment in London Hyrdo Inc.	Fair-City Joint Venture Partnership	City-YMCA Joint Venture Partnership			
		1	2	3	4	5	20
		\$	\$	\$	\$	\$	\$
Assets							
0210	Current	82,519,000	1,828,998				84,347,998
0220	Capital	306,167,000	11,755,263	21,717,356			339,639,619
0297	Other						0
0298	Other <input type="text" value="Other"/>	5,832,000					5,832,000
0299	Total Assets	394,518,000	13,584,261	21,717,356	0	0	429,819,617
Liabilities							
0410	Current	62,417,000	2,035,690				64,452,690
0420	Long-term	118,826,000	4,517,768				123,343,768
0497	Other	45,168,000	3,151,886				48,319,886
0498	Other <input type="text" value="Other"/>	8,274,000					8,274,000
0499	Total Liabilities	234,685,000	9,705,344	0	0	0	244,390,344
9910	Net Equity	159,833,000	3,878,917	21,717,356	0	0	185,429,273
0610	Municipality's Share	100	41	73			214
STATEMENT OF OPERATIONS							
0810	Revenues	448,758,000	3,883,772				452,641,772
0820	Expenses	434,706,000	3,325,474	-678,680			437,352,794
9920	Net Income (Loss)	14,052,000	558,298	678,680	0	0	15,288,978
1010	Municipality's Share	100	41	73			214
1020	Dividends paid	5,000,000					5,000,000

2017.01001

FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 79

COMMUNITY IMPROVEMENT PLANS

for the year ended December 31, 2017

Community Improvement Plans (Section 28 of the Planning Act)

Grants

2010	Environment Site Assessment/Remediation
2020	Development/Redevelopment of Land/Buildings

Total Value of all approved Grants, Loans & Tax Assistance	Number of Approved Grants/Loans/Tax Assistance Applications
1 \$	2 #
189,500	3
0	0

Loans

2210	Loans issued in current year (2017)
2220	Outstanding Loans as of 2017

133,972	7
2,375,675	146

Tax Assistance (per Municipal Act 365.1 ss21)

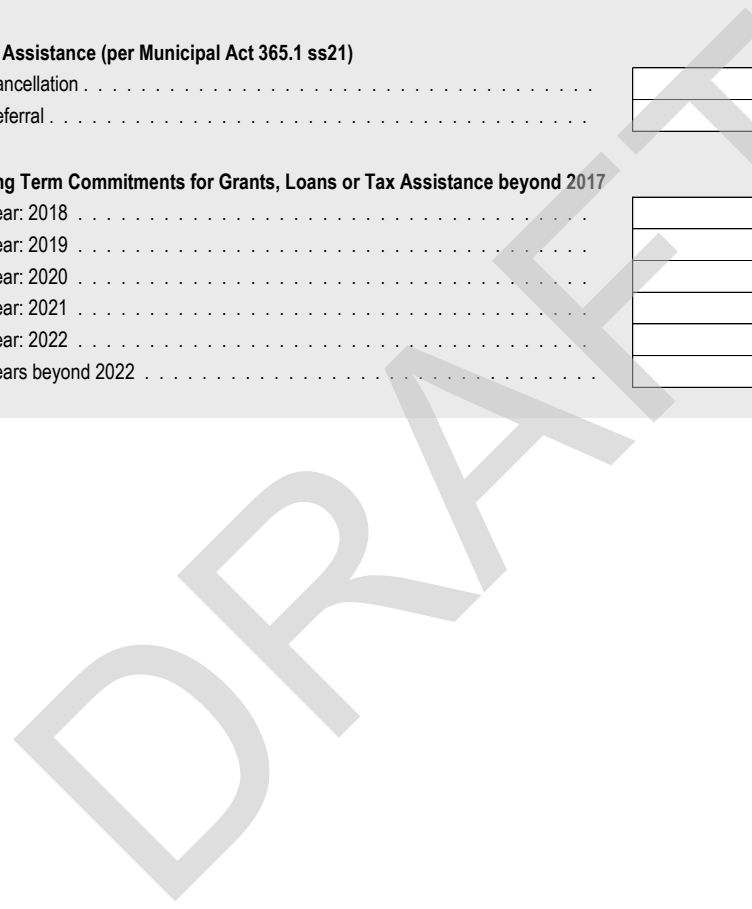
2410	Cancellation
2420	Deferral

0	0
0	0

Long Term Commitments for Grants, Loans or Tax Assistance beyond 2017

2610	Year: 2018
2620	Year: 2019
2630	Year: 2020
2640	Year: 2021
2650	Year: 2022
2660	Years beyond 2022

1,994,425
706,983
1,085,427
985,522
791,552
1,720,729



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Asmt Code: 3936

MAH Code: 59101

Schedule 80
STATISTICAL INFORMATION
for the year ended December 31, 2017

1. Municipal workforce profile

		Full-Time Funded Positions 1 #	Part-Time Funded Positions 2 #	Seasonal Employees 3 #
Employees of the Municipality				
0205	Administration	206.00	1.00	11.00
0210	Fire	393.00	0.00	1.00
0211	Uniform	336.00	0.00	0.00
0212	Civilian	57.00	0.00	1.00
0215	Police	827.00	12.00	15.00
0216	Uniform	637.00	2.00	0.00
0217	Civilian	190.00	10.00	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	800.00	5.00	177.00
0227	Ambulance	0.00	0.00	0.00
0228	Uniform			
0229	Civilian			
0230	Health Services			
0235	Homes for the Aged	152.00	197.00	0.00
0240	Other Social Services	345.00	5.00	11.00
0245	Parks and Recreation	108.00	0.00	1,536.00
0250	Libraries			
0255	Planning	50.00	0.00	2.00
0290	Other	228.00	1.00	13.00
0298	Subtotal	3,109.00	221.00	1,766.00
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	554.00		
0325	Public Works			
0327	Ambulance	0.00	0.00	0.00
0328	Uniform			
0329	Civilian			
0330	Health Services	338.00		
0335	Homes for the Aged			
0340	Other Social Services			
0345	Parks and Recreation			
0350	Libraries	170.00		
0355	Planning			
0390	Other	428.00		
0398	Subtotal	1,490.00	0.00	0.00
0399	TOTAL	4,599.00	221.00	1,766.00

2017.01001

FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 80

STATISTICAL INFORMATION

for the year ended December 31, 2017

		Own Municipality 1 \$	Other Munic., School Permits 2 \$	Provincial 3 \$	Federal 4 \$
2. Selected investments of own sinking funds as at Dec. 31					
0610	Own sinking funds				
3. Municipal procurement this year					
		Number of Contracts		Value of Contracts	
		1	2		
		#	\$		
1010	Total construction contracts awarded				
1020	Construction contracts awarded at \$100,000 or greater				
4. Building permit information					
		Number of Building Permits		Total Value of Building Permits	
		1	2		
		#	\$		
1210	Residential properties	3,243	497,129,067		
1220	Multi-Residential properties	263	329,447,443		
1230	All other property classes	1,508	297,228,968		
1299	Subtotal	5,014	1,123,805,478		
5. Insured value of physical assets					
		1			
		\$			
1410	Buildings	1,047,026,953			
1420	Machinery and equipment	27,708,097			
1430	Vehicles	59,227,243			
1497	Other <input type="text" value="Contents"/>	930,668,655			
1498	Other <input type="text"/>				
1499	Subtotal	2,064,630,948			
6. Total Dollar Losses due to Structural Fires					
		1			
		\$			
1510	Losses due to structural fires, averaged over 3 yrs (2015 - 2017)	11,044,574			

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2017.01001

FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 80 STATISTICAL INFORMATION for the year ended December 31, 2017

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	14,412,272	
1602	Recycling	Waste diversion	0860	11,147,241	
1603	Animal Control Services	Protective inspection and control	0440	482,134	
1604	Ontario Works Employment Services	General assistance	1210	6,963,062	
1605					
1606					
1607					
1608					
1609					
1610					

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FIR2017: London C

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STATISTICAL INFORMATION

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for the year ended December 31, 2017

8. Consolidated Local boards including Joint local boards and all local entities set up by the municipality

(I) PROPORTIONALLY CONSOLIDATED joint local boards

	Name of Board or Entity 1	Board Description 3 LIST	Board Code 2	Proportion of Total Munic. Contributions Consolidated 4 %	Municipality's Share of Total Contributions 5 \$	Municipality's Share of Total Fee Revenues 6 \$
0801	Lake Huron Water Supply System	Water Board	0802	85%		
0802	Elgin Water Supply System	Water Board	0802	55%		
0803						
0804						
0805						
0806						
0807						
0808						
0809						
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2017.01001

FIR2017: London C

Schedule 80

Asmt Code: 3936

STATISTICAL INFORMATION

MAH Code: 59101

for the year ended December 31, 2017

(II) FULLY CONSOLIDATED local boards and any local entities set up by the municipality

	Name of Board or Entity 1	Board Description 3 LIST	Board Code 2	Proportion of Total Munic. Contributions Consolidated 4 %	Municipality's Share of Total Contributions 5 \$	Municipality's Share of Total Fee Revenues 6 \$
0851	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	Old East Village Business Improvement Area	Business Improvement Area	1805	100%		
0855	London Downtown Business Association	Business Improvement Area	1805	100%		
0856	Argyle Business Improvement Area Board of Management	Business Improvement Area	1805	100%		
0857	London Convention Centre Corporation	Other	9001	100%		
0858	Covent Garden Market Corporation	Other	9001	100%		
0859	Museum London	Museum	1605	100%		
0860	Eidon House	Museum	1605	100%		
0861	Middlesex-London Health Unit	Health Board (Unit), Medical Centre	1001	100%		
0862	Public Utility Commission of the City of London	Other	9001	100%		
0863	London & Middlesex Housing Corporation	Housing Authority	1401	100%		
0864	Housing Development Corporation	Housing Authority	1401	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%		
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0889				100%		
0890				100%		
0891				100%		
0892				100%		
0893				100%		
0894				100%		
0895				100%		
0896				100%		
0897				100%		
0898				100%		
0899				100%		

FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 80
STATISTICAL INFORMATION
for the year ended December 31, 2017

9. Building Permit Information (Performance Measures)

1300 What method does your municipality use to determine total construction value?
1302 If "Other Method" is selected in line 1300, please describe the method used to determine total construction value

Column 1 #	Column 2 #	Column 3 #	Description 4 LIST
			TACBOC Construction Value Standard

Total Value of Construction Activity
1304 Total Value of Construction Activity for 2017 based on permits issued.

1 \$
1,123,805,478

Review of Complete Building Permit Applications: Median number of working days to review a complete building permit application and issue a permit or not issue a permit, and provide all reasons for refusal (by Category):

Median Number of Working Days
1
#
11

1306 **Category 1 : Houses (houses not exceeding 3 storeys/600 square metres)**
Reference : provincial standard is 10 working days

18

1308 **Category 2 : Small Buildings (small commercial/industrial not exceeding 3 storeys/600 square metres)**
Reference : provincial standard is 15 working days

21

1310 **Category 3 : Large Buildings (large residential/commercial/industrial/institutional)**
Reference : provincial standard is 20 working days

32

1312 **Category 4 : Complex Buildings (post disaster buildings, including hospitals, power/water, fire/police/EMS), communications**

Note : If no complete applications were submitted and accepted for a Category on lines 1306 to 1312, please leave the cell blank and do not enter zero.

Number Of Building Permit Applications
1314 **Category 1 : Houses (houses not exceeding 3 storeys/600 square metres)**

Number of Complete Applications 1 #	Number of Incomplete Applications 2 #	Total Number of Complete and Incomplete Applications 3 #
3,093	204	3,297

1316 **Category 2 : Small Buildings (small commercial/industrial not exceeding 3 storeys/600 square metres)**

130	19	149
-----	----	-----

1318 **Category 3 : Large Buildings (large residential/ commercial/ industrial/ institutional)**

567	38	605
-----	----	-----

1320 **Category 4 : Complex Buildings (post disaster buildings, including hospitals, power/water, fire/police/EMS), communications**

10	3	13
----	---	----

1322 **Subtotal**

3,800	264	4,064
-------	-----	-------

Note: Zero should be entered on lines 1314 to 1320 in column 1 if no complete applications were submitted and accepted for a category.
Zero should be entered in column 2 if no incomplete applications were submitted and accepted for a category.

10. Planning and Development

Land Use Planning (using building permit information)
1350 Number of residential units in new detached houses
1352 Number of residential units in new semi-detached houses
1354 Number of residential units in new row houses
1356 Number of residential units in new apartments/condo apartments
1358 **Subtotal**

Residential Units within Settlement Areas 1 #	Total Residential Units 2 #	Total Secondary Units 3 #
0	0	0

Land Designated for Agricultural Purposes
1370 Hectares of land designated for agricultural purposes in the Official Plan as of December 31, 2017.

Hectares
1 #

FIR2017: London C

Asmt Code: 3936

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Schedule 80

STATISTICAL INFORMATION

for the year ended December 31, 2017

11. Transportation Services				
		1		
	#			
1710	Roads : Total Paved Lane Km	3,661		
1720	Condition of Roads : Number of paved lane kilometres where the condition is rated as good to very good.	2,002		
		Column 1	Column 2	Column 3
		#	#	#
				Description 4
				LIST
1722	Has the entire municipal road system been rated?			Y
1725	Indicate the rating system used and the year the rating was conducted			2017 PQI
1730	Roads : Total UnPaved Lane Km	25		
1740	Winter Control : Total Lane Km maintained in winter	3,686		
1750	Transit : Total Number of Regular Service Passenger Trips on Conventional Transit in Service Area	22,918,096		
1755	Transit : Population of Service Area	389,000		
1760	Bridges and Culverts : Total Square Metres of Surface Area on Bridges and Culverts	92,233		
		Number of structures where the condition of primary components is rated as good to very	Total Number	
		1	2	
	#	#	#	
1765	Bridges	78	131	
1766	Culverts	29	56	
1767	Subtotal	107	187	
		Column 1	Column 2	Column 3
		#	#	#
				Description 4
				LIST
1768	Have all bridges and culverts in the municipal system been rated?			Y
1769	Indicate the rating system used and the year the rating was conducted.			2017 City of London BMS
12. Environmental Services				
		1		
	#			
1810	Wastewater Main Backups : Total number of backed up wastewater mains	7		
1815	Wastewater Collection/Conveyance : Total KM of Wastewater Mains	1,379		
1820	Wastewater Treatment and Disposal : Total Megalitres of Wastewater Treated.	72,425,309		
1825	Wastewater Bypasses Treatment : Estimated megalitres of untreated wastewater.	40,831		
1835	Urban Storm Water Management : Total KM of Urban Drainage System plus (0.005 KM times No. of Catch basins)	1,524		
1840	Rural Storm Water Management : Total KM of Rural Drainage System plus (0.005 KM times No. of Catch basins).	348		
1845	Water Treatment : Total Megalitres of Drinking Water Treated.	47,111,242,000		
1850	Water Main Breaks : Number of water main breaks in a year.	86		
1855	Water Distribution/Transmission : Total kilometres of Water Distribution / Transmission Pipe.	1,604		
1860	Solid Waste Collection : Total tonnes collected from all property classes.	92,600		
1865	Solid Waste Disposal : Total tonnes disposed of from all property classes.	277,400		
1870	Waste Diversion : Total tonnes diverted from all property classes.	71,900		
13. Recreation Services				
		1		
	#			
1910	Trails : Total kilometres of trails (owned by municipality and third parties).	235		
1920	Indoor recreation facility space : Square metres of indoor recreation facilities (municipally owned).	89,719		
1930	Outdoor recreation facility space : Square metres of outdoor recreation facility space (municipally owned).	70,152		
		1		
	\$			
14. Other Revenue (Used for the calculation of Operating Cost)				
2310	Fire Services: Other revenue.			
2320	Paved Roads : Other revenue.	334,523		
2330	Solid Waste Disposal : Other revenue.			
2340	Waste Diversion : Other Revenue.	6,956,908		
2370	Assessment on Exempt Properties (Enter data from returned roll)	3,568,027,750		

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FIR2017: London C

Asmt Code: 3936

MAH Code: 59101

Schedule 81

ANNUAL DEBT REPAYMENT LIMIT

based on the information reported for the year ended December 31, 2017

NOTE: THE ESTIMATED ANNUAL REPAYMENT LIMIT IS EFFECTIVE JANUARY 01, 2019

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)	53,344,560
0220	Interest (SLC 74 3099 02)	9,697,742
0299	Subtotal	63,042,302
0610	Payments for Long Term Commitments and Liabilities financed from the consolidated statement of operations (SLC 42 6010 01)	0
9910	Total Debt Charges	63,042,302

		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	63,042,302

		1
		\$
1610	Total Revenues (* Sale of Hydro Utilities Removed) (SLC 10 9910 01)	1,250,228,174
Excluded Revenue Amounts		
2010	Fees for Tile Drainage / Shoreline Assistance (SLC 12 1850 04)	0
2210	Ontario Grants, including Grants for Tangible Capital Assets (SLC 10 0699 01 + SLC 10 0810 01 + SLC10 0815 01)	229,174,303
2220	Canada Grants, including Grants for Tangible Capital Assets (SLC 10 0820 01 + SLC 10 0825 01)	28,022,288
2225	Deferred revenue earned (Provincial Gas Tax) (SLC 10 0830 01)	16,150,564
2226	Deferred revenue earned (Canada Gas Tax) (SLC 10 0831 01)	2,942,832
2230	Revenue from other municipalities, including Revenue for Tangible Capital Assets (SLC 10 1099 01 + SLC 10 1098 01)	5,316,953
2240	Gain/Loss on sale of land & capital assets (SLC 10 1811 01)	1,165,632
2250	Deferred revenue earned (Development Charges) (SLC 10 1812 01)	12,645,144
2251	Deferred revenue earned (Recreation Land (The Planning Act)) (SLC 10 1813 01)	1,102,071
2253	Other Deferred revenue earned (SLC 10 1814 01)	0
2252	Donated Tangible Capital Assets (SLC 53 0610 01)	36,758,961
2254	Increase / Decrease in Government Business Enterprise equity (SLC 10 1905 01)	12,883,130
2299	Subtotal	346,161,878
2410	Fees and Revenue for Joint Local Boards for Homes for the Aged	0
2610	Net Revenues	904,066,296
2620	25% of Net Revenues	226,016,574
9930	ESTIMATED ANNUAL REPAYMENT LIMIT	162,974,272

For Illustration Purposes Only

Annual Interest Rate @ Term years =