

# **THE CORPORATION OF THE CITY OF LONDON**

Consolidated Report

Year ended December 31, 2019

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This Consolidated Report includes the following tabs:

## **Consolidated Financial Report**

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

## **Consolidated Financial Statements**

## **Consolidated Trust Funds**

## **Argyle Business Improvement Association Board of Management**

## **Covent Garden Market Corporation**

## **Eldon House Corporation**

## **Fair-City Joint Venture**

## **Hamilton Road Business Improvement Area Board of Management**

## **Housing Development Corporation, London**

## **Hyde Park Business Improvement Association Board of Management**

## **London Convention Centre Corporation**

## **London Downtown Business Association**

## **London Hydro Inc.**

## **London & Middlesex Community Housing Inc.**

## **London Public Library Board**

## **London Transit Commission**

## **Middlesex-London Health Unit**

## **Museum London**

## **Old East Village Business Improvement Area Board of Management**

## **Water Supply System – Elgin Area**

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This Consolidated Report includes the following tabs (continued):

**Water Supply System – Lake Huron Area**

**Consolidated Financial Information Return**



# Financial Report 2019

THE CORPORATION OF THE CITY OF LONDON

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[london.ca](http://london.ca)



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2019 City of London at a Glance

# City of London...



## At a Glance

**397, 885**  
**Population**

**423.43 km<sup>2</sup>**  
**Land Area**

**3,721**  
**Lane KM of**  
**Paved Road**

**59.4%**

**5.5%**

**Aaa**

2019 Labour Participation Rate  
(Canada's Rate is 65.7%)<sup>v</sup>

2019 Unemployment Rate  
(Canada Rate is 5.7%)<sup>v</sup>

2019 Credit Rating  
Provided by Moody's  
Investors

# THE CORPORATION OF THE CITY OF LONDON

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## Message from the City Treasurer



*Photo 1: City Treasurer, Anna Lisa Barbon*

His Worship Mayor Ed Holder,  
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 (the City) for the year ended December 31, 2019.

The financial statements have been prepared in accordance with Canadian Public Sector accounting standards as defined in the Chartered Professional Accountants (CPA) Public Sector Handbook – Accounting. The provincial financial information return has been 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.

This annual financial report serves as an opportunity to communicate to stakeholders, residents and local businesses regarding the Municipality's 2019 financial performance. This report also highlights the City's significant financial policies, budget process and provides additional details about the City's financial results in the past year. The 2019 results continue London's history of strong financial control framework, financial leadership in business planning and long-term financial management. We are committed to providing high standards of fiscal excellence at the City of London.

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 as to the partners and staff of KPMG for their advice and professional approach demonstrated during the audit.

Sincerely,

A handwritten signature in black ink, appearing to read 'A. Barbon', written in a cursive style.

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

# THE CORPORATION OF THE CITY OF LONDON

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## Financial Reporting

### External Audit

The City is required under the *Municipal Act, 2001* to engage independent auditors to express an opinion as to whether the financial statements of the City are free from material misstatements. The auditors have full access to all the records and materials within the City. Staff periodically met with the auditors to discuss any matters that occur during the audit process. At the end of the year end audit, the City will receive a Management Letter which outlines any audit findings. Although the financial statements are audited by an independent third party, the City's

management is responsible for the preparation of the financial statements and the integrity and objectivity of the financial information contained within them.

### Accounting and Financial Reporting Requirements

The City's financial statements are prepared on a full accrual accounting basis; the same basis of accounting used by the federal and provincial governments. The City continues to account for tangible capital assets, which was adopted in 2009, which provides information for accountability and stewardship and provides critical information on the City's significant investment in assets.

### Consolidated Financial Statements Overview

The Consolidated Financial Statements include the following individual statements:

Name	Purpose
Consolidated Statement of Financial Position	Provides a summary of the City's assets (financial and non-financial), and financial liabilities as at December 31, 2019.
Consolidated Statement of Operations	Outlines revenues, expenses, surplus for the year and accumulated surplus at year end. This statement reflects the combined operations of the operating, capital, reserve and reserve funds for the City and its consolidated entities and provides the calculation of the City's accumulated surplus at year end.
Consolidated Statement of Change in Net Financial Assets	Outlines the changes in net financial assets as a result of annual operations, tangible capital asset transactions, as well as changes in other non-financial assets.
Consolidated Statement of Cash Flows	Summarizes the City's cash position and changes during the year by outlining the City's sources and uses of cash.

## **Financial Reporting (continued)**

### **Consolidated Financial Statements Overview (continued)**

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

### **Consolidated Statement of Financial Position**

The Consolidated Statement of Financial Position is the municipal equivalent of the private sector's balance sheet. This statement includes the net book value of the City's tangible capital assets. This statement focuses on the City's assets (financial and non-financial) and liabilities. The difference between the liabilities and financial assets is the City's net financial assets, which represents the net amount 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 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 2019 budget values presented in this statement have been adjusted to reflect the differences between amounts as budgeted at the City on a modified "cash



# THE CORPORATION OF THE CITY OF LONDON

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## Financial Reporting (continued)

### Consolidated Statement of Operations and Accumulated Surplus (continued)

requirements" basis and amounts now recorded in these financial statements.

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

### Consolidated Statement of Net Financial Assets

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



*Photo 2: Thames River*

## 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 (4) year period (2016-2019) and is linked to Municipal Council's Strategic Plan. Council also approved 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 (4) year cycles, with the last year being subject to reconfirmation by the new term of Municipal Council.

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

Further, the budget is presented as a service based budget which categorizes the organization into ten service programs: Culture Services; Economic Prosperity; Environmental Services; Parks, Recreation & Neighbourhood Services; Planning and Development Services; Protective Services; Social and Health Services;

Transportation Services; Corporate, Operational & Council Services; and Financial Management.

The budget process incorporates input from Elected Officials, 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. The City's Municipal Council approved the Surplus/Deficit Policy which provides framework for the allocation of surpluses and funding for deficits.

2019 represented the final year of the 2016-2019 Multi-Year Budget cycle. The City of London adopted and approved its second Multi-Year Budget covering 2020-2023 in March 2020. The budget also included a 10 year capital forecast to 2029.



Photo 3: Winter in Victoria Park

## **Financial Management**

### **Capital Financing Policies**

The City uses a balanced approach to finance capital projects, consistent with the Council approved Capital Budget and Financing Policy and Debt Management Policy. Sources of capital financing include: tax and rate supported capital levy (“pay as you go”), reserve funds, debt, non-tax/rate supported development charges and senior government funding. Capital projects are classified as lifecycle, growth, or service improvements. Lifecycle is primarily funded by capital levy and reserve funds. Growth is primarily funded by development charges and debt. Service improvements are funded by all three tax and rate supported sources (capital levy, reserve fund and debt). By 2022, the City will have eliminated the use of debt as a source of financing on lifecycle capital projects, limiting the debt burden on future generations while providing intergenerational equity. Furthermore, consistent with the Debt Management Policy, the capital plan ensures that debt is at a level that will not impair the financial position or the credit rating of the City.

### **Investment Policy**

The City invests public funds in a manner that 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 shall remain sufficiently liquid to meet daily operating cash flow requirements and limit temporary borrowing. The portfolio shall be structured to maintain a proportionate ratio of short, medium and long-

term maturities to meet the funding requirements of the City.

The City’s objectives to investing, in priority order, are to adhere to statutory requirements, preserve capital, maintain liquidity and 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.

## **Financial Management (continued)**

### **Property Taxation Policy**

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

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

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

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

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

In 2014, both the multi-residential and industrial tax ratios were reduced.

The multi-residential tax ratio was brought down to a level equal to the commercial tax ratio in that year. In 2015 the industrial tax ratio was adjusted to a level equal to the commercial and multi-residential property classes and the objective identified in 2011 therefore has been achieved.

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

In 2019, 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 is continued in 2020. The City also reduced Commercial and Industrial tax ratios in 2019 and 2020 from 1.92 to 1.91.

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 2019 there was no tax mitigation in the industrial and multi-residential property tax system and only a very few properties had tax increases capped in the commercial property class. No properties will have tax decreases clawed back in any property class in 2020. 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 Service**

Moody's Investors Service (Moody's) typically reviews the credit worthiness of the City of London annually and then assigns the City a credit rating. Moody's is a leading provider of credit ratings, research and risk analysis. The firm's ratings and analysis track debt covering more than 130 countries, 11,000 corporate issuers, 21,000 public finance issuers and 76,000 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 approved Multi-Year Budget, associated Annual Budget Updates and forecasts. Moody's also utilizes independent research from a variety of sources such as Statistics Canada, comparisons with other municipalities and local media. Along with reviewing and analyzing documents, Moody's arranges a meeting with the City and interviews with senior management and the Mayor or Deputy Mayor.

According to Moody's credit rating opinion published September 20, 2019 the City has maintained its Aaa credit rating with a stable outlook.

The City has proudly held the Aaa rating since 1977, making 2019 the 43rd 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 43 consecutive years is a testament to the success of the City's prudent, conservative approach to fiscal planning.



**Aaa**

*Figure 1: 2019 Credit Rating Provided by Moody's Investor Service.*

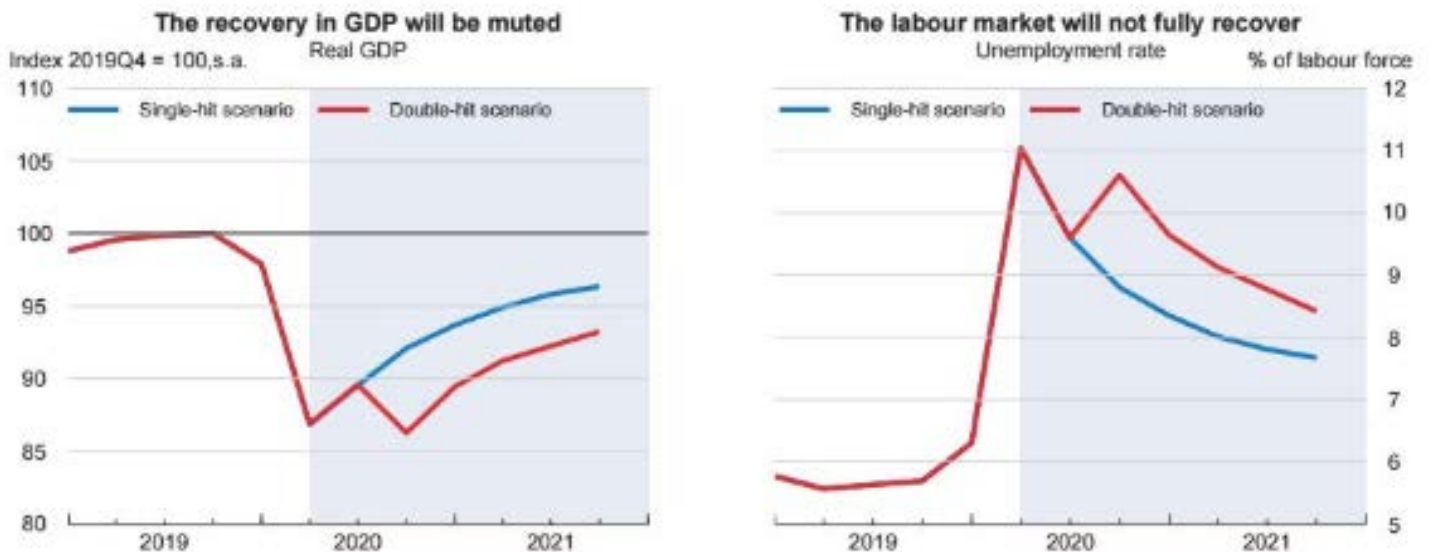


*Photo 4: Victoria Park Skating at Dusk*



## Economic Overview

Nationally, annual output is projected to shrink by 9.4% in 2020 in the event of a second virus outbreak and related shutdown, and by 8% if recovery is uninterrupted. The rebound will not be dynamic enough for output to attain pre-COVID-19 levels by the end of 2021 under either scenario. Similarly, the rate of unemployment will still be elevated. Fiscal balances will deteriorate sharply from additional spending commitments and tax-revenue losses and then recover somewhat thanks to declining outlays in support payments and recovering incomes. Weak demand will push down consumer price inflation. (Source: *OECD Economic Outlook Volume 2020 Issue*)



Source: OECD Economic Outlook 107 database.

*Figure 2: The project recovery in GDP.*

The central bank, along with federal, provincial and territorial governments, have responded quickly to the COVID-19 crisis, and a substantial range of monetary, fiscal and structural support is in place. Contingency plans for future outbreaks of COVID-19 are now needed. Policy also needs to ensure that measures already taken are effective, in particular the Canada Emergency Response Benefit (CERB) and Canada Emergency Wage Subsidy (CEWS) given the importance of these programs. Both of these programs are planning to dissolve and alternatively have Canadians access more traditional unemployment programs within existing social services. Gaps in support need to be dealt with as they appear, especially among vulnerable groups. (Source: *OECD Economic Outlook Volume 2020 Issue*)

The lifting of containment measures is underway, although Canada's first cases of COVID-19 appeared in mid-January of 2020, with substantial acceleration in cases from early March. However, Canada appears to have averted the scale of impact seen in some countries. The spread of the virus in care homes has been a key issue, around 17% of Canada's population is aged 65 and over. (Source: *OECD Economic Outlook Volume 2020 Issue*)

## Economic Overview (continued)

### Employment Perspective

On a national level, it is estimated that emergency health measures such as the shutdown of various commercial sectors, at peak was around 20% of economic activity. Reduced activity in service sectors, such as wholesale, retail, and the food and accommodation sector, accounted for most of the output reduction. Shutdown in the transport equipment sector of manufacturing also played a role, reflecting decisions by major automobile producers to halt production temporarily. (Source: *OECD Economic Outlook Volume 2020 Issue*)

The wage subsidy programs provided to employers will help limit employment losses, but unemployment will increase substantially. Consumer-price inflation is expected to be dented by the downturn. Recovery from the recession will be sluggish, especially if there are further outbreaks of the virus and related shutdowns. Neither output nor employment levels will have returned to pre-crisis levels by the end of the projection period. (Source: *OECD Economic Outlook Volume 2020 Issue*)

In Ontario, employment increased by 377,900 (5.9%) to 6,776,500 in June 2020, following a decline of 64,500 in May. This was the first monthly increase in employment since the COVID-19 economic downturn began. Over the February-May period, Ontario employment declined by almost 1.2 million, the largest three-month employment decline on record. With this increase, Ontario employment in June was 778,600 (10.3%) lower than the February level. (Source: *Ontario Labour Market Report: June 2020*)

All sectors recorded job gains in June except two. Wholesale and retail trade (107,400) led employment gains in June, followed by manufacturing (66,200), accommodation and food services (41,600) and construction (34,100). Professional, scientific and technical services (-5,700) and forestry, fishing, mining, oil, quarry and gas (-1,000) were the only sectors that lost employment. Over half (57.0%) of the job losses over the February-May period were concentrated in four sectors – wholesale and retail trade, accommodation and food services, manufacturing, health care and social assistance and construction. These sectors account for 65% of the jobs gained in June. The total number of hours worked (main job) in Ontario in June increased by about 13.7% compared to May but are still down by 11.0% compared to February, note that data are not seasonally adjusted. (Source: *Ontario Labour Market Report: June 2020*)

Unemployment Rates for Ontario - June 2020

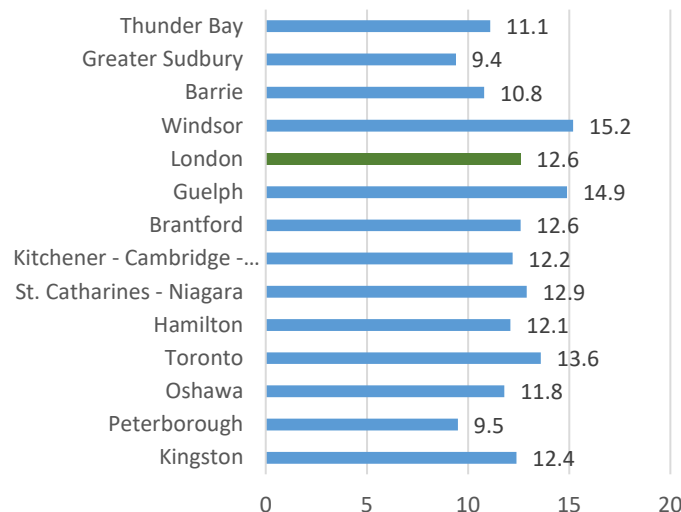


Figure 3: Ontario Unemployment Trends as of June 2020

**Economic Overview (continued)**

**Employment Perspective (continued)**

In London, there are very similar trends to the provincial reports. Retail, food services and hospitality being particularly impacted, leaving London with a June unemployment rate of 12.6%, compared to the large Census Metropolitan Areas (CMA's) average of 12.2%. (Source: Statistics Canada, Labour Force Survey, Table 14-10-0294-01)

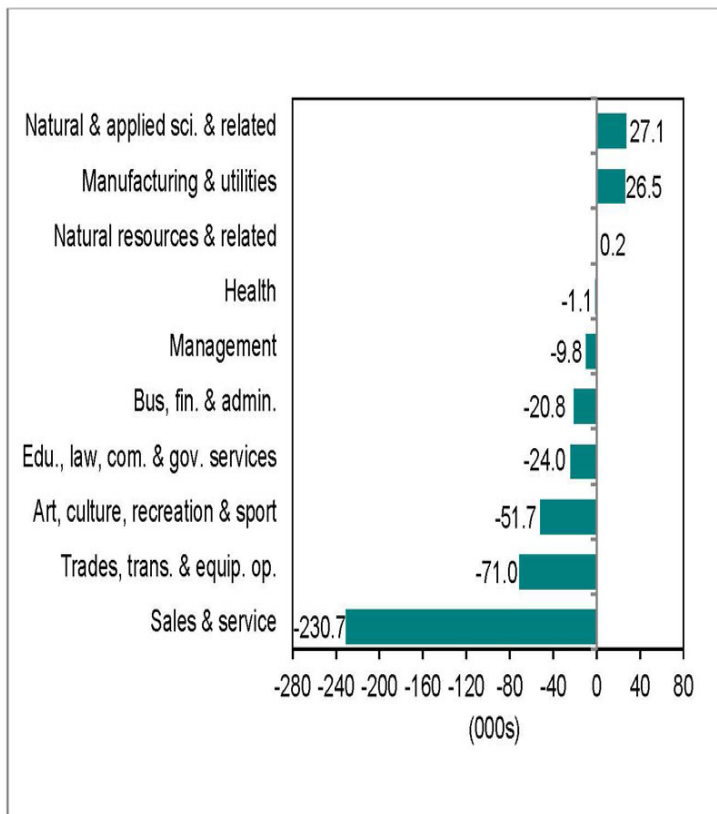


Figure 4 shows the National Occupational Classification (NOC) system, seven of the ten major occupational groups in Ontario had employment losses in the first six months of 2020 compared to a year prior.

Figure 4. According to the National Occupational Classification (NOC) system, seven of the ten major occupational groups in Ontario had employment losses in the first six months of 2020 compared to a year ago.

These occupations lost the most jobs:

- sales and service (230,700)
- trades, transport and equipment (71,000)
- art, culture, recreation, and sport (51,700)

These occupations gained jobs:

- natural and applied sciences and related (27,100)
- manufacturing and utilities (26,500)

(Source: National Occupational Classification, Statistics Canada, Labour Force Survey, Table 14-10-0297-01, unadjusted data.)

However, after losing more than 30,000 jobs since the beginning of pandemic-induced shutdown in March, the London region added 11,200 new positions in July, 2020. As the economy reopens, it is projected that total employment will jump back up to close to 254,000 in 2021. First signs of economic recovery can be seen as London area's unemployment rate fell by two percentage points in July to 10.5%. July's improvement, the first time the unemployment rate dropped since March.

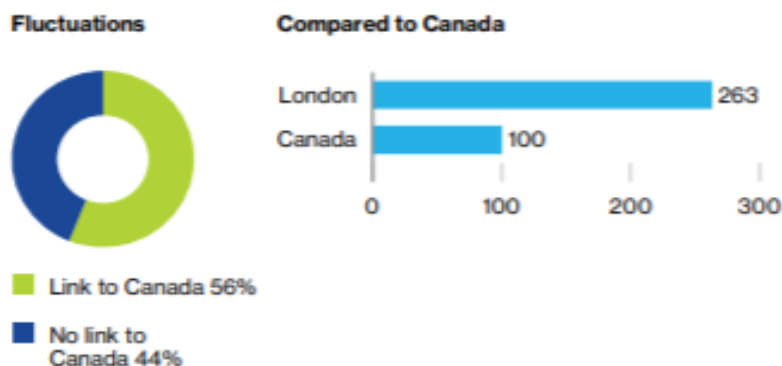
## Economic Overview (continued)

### Investment Outlook

Fortunately, domestic demand is forecast to improve in 2020 while the pandemic keeps Canadians at home more. But heightened trade tensions are slowing trade prospects, keeping a lid on non-energy exports. Overall, after posting a real output gain of 1.6% in 2019, the Canadian economy will accelerate to growth of 1.8% this year and 1.9% in 2021, as recent robust job creation and wage growth will support domestic demand, while improving energy prospects will spur investment. (Source: Conference Board of Canada Metropolitan Outlook: London, Winter 2020)

Households are showing to choose saving over spending. Canada's labour market had an incredible year in 2019. Employment rose by 2.1% last year, for a total addition of 385,000 new jobs. Unfortunately, easing demand for workers after last year's strong job gains, coupled with slowing labour force growth resulting from a surging retirement rate, will constrain job gains in the near term. In total, the economy is anticipated to create a cooler 200,000 jobs in 2020 and 193,000 jobs in 2021. Despite strong employment gains last year, real consumer spending increased by only 1.6%, down from 2.1% in 2018. This was largely the result of an increase in the savings rate, which rose from 1.4% in 2018 to 1.9% in 2019. Going forward, solid income gains will support household spending growth of 1.7% this year and 1.9% next year, while also increasing the savings rate to 2.5% by 2021—the highest rate since 2015. (Source: Conference Board of Canada Metropolitan Outlook: London, Winter 2020)

### Employment market variability



Sources: The Conference Board of Canada; Statistics Canada.

Figure 5: Employment Market Variability

## Economic Overview (continued)

### Investment Outlook (continued)

Housing markets are showing to holding up despite the pandemic. Canadian housing markets will benefit from ongoing employment and population growth, from the recent drop in mortgage interest rates, and

#### Current state

Slower global growth and persistent trade tensions will continue to affect business investment.



Tight labour markets will help sustain wage growth and consumer spending.



from the diminishing impact of the adjustment to government demand-tempering policies. After a weak 2018, housing starts accelerated to 215,000 units in 2019. Although housing starts are expected to ease to 212,000 units this year and 209,000 units in 2021, they will remain above the 10-year annual average of 202,000 units. Overall, after contracting by 1.7% in 2019, residential investment is anticipated to grow by a modest 0.9% this year and 0.5% next year, supported by hikes in ownership transfer costs (driven largely by strong resale market activity) and renovation spending.

#### Forecast risk

Given that this forecast was completed before the coronavirus outbreak and the commodities crash, overall GDP growth will be lower than expected, with social distancing policies, travel bans, and lower commodity prices affecting multiple sectors of the economy.



London's economy will expand by 1.9% in 2020, thanks to ongoing strength in manufacturing and solid output advances in construction, in wholesale and retail trade, and in professional, scientific and technical services.

(Source: Conference Board of Canada Metropolitan Outlook: London, Winter 2020)

*Figure 6: Current State and Forecast Risk of London's Investment Outlook*

### Local Outlook

After expanding at an average annual pace of 1.7% between 2014 and 2018, London's economy logged a softer performance in 2019. Indeed, the region posted a modest real GDP gain of only 0.5%—a six-year low. Fortunately, this slowdown is expected to be temporary, assuming no farther setbacks with the COVID-19 pandemic, as it anticipate the economy will expand by 1.9% in each of 2020 and 2021. (Source: Conference Board of Canada Metropolitan Outlook: London, Winter 2020)

A key driver of London's healthy performance in recent years has been the region's manufacturing sector. Solid exports supported by a depreciated Canadian dollar and by healthy U.S. demand, particularly for automobiles, have helped fuel strong output growth in the industry. Although the manufacturing industry will see slower growth in part due to declining U.S. vehicle sales, output is still expected to expand at a steady pace thanks to strong business investment, key contracts, and improving international trade prospects. (Source: Conference Board of Canada Metropolitan Outlook: London, Winter 2020)

London's construction sector is expected to be one of the region's fastest-growing industries in the near term, with a healthy mix of housing starts and industrial projects helping the industry recover from back-to-back contractions in 2018–19. Meanwhile, solid advances in the wholesale and retail trade industries,



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## Economic Overview (continued)

### Local Outlook (continued)

as well as in the professional, scientific, and technical services industry, will drive steady growth in the aggregate services industry following modest gains in 2019. Despite London's healthy overall economic growth over the last few years, the city's job market logged a less consistent performance. After generating nearly 9,000 jobs in 2015— an expansion of 3.7%—the region shed 6,200 positions between 2016 and

### London

**Table 1**  
**Sectoral employment**  
(000s)

	2017	2018	2019	2020	2021	2022	2023	2024
Total employment	245.8	253.0	249.6	258.2	260.0	261.8	265.9	270.3
	-0.1	2.9	-1.3	3.5	0.7	0.7	1.6	1.7
Manufacturing	29.7	31.6	34.0	34.6	34.2	33.7	34.1	34.4
	-10.9	6.4	7.4	1.9	-1.3	-1.4	1.3	0.9
Construction	16.5	17.5	17.8	18.1	18.3	18.6	19.2	19.7
	7.3	5.6	1.8	2.1	0.8	1.6	3.0	2.9
Primary and utilities	5.0	3.7	3.7	4.1	3.5	2.9	2.9	2.9
	5.9	-26.9	-0.7	11.4	-14.6	-17.5	-0.3	0.0
Wholesale and retail trade	37.1	42.4	37.8	38.1	37.3	36.5	37.2	38.2
	15.5	14.3	-10.8	0.6	-2.0	-2.3	2.0	2.8
Transportation and warehousing	9.9	11.4	10.5	11.2	10.5	9.7	9.9	9.9
	-8.1	15.7	-8.5	7.2	-6.5	-7.4	1.5	0.7
Information and cultural industries	3.5	3.4	3.1	3.8	3.6	3.4	3.4	3.4
	9.7	-3.5	-10.1	24.8	-5.8	-6.2	0.0	0.2
Finance, insurance, real estate, business, building, and other support services	30.6	28.2	29.6	31.6	31.4	31.2	31.4	31.6
	6.0	-7.8	5.1	6.6	-0.6	-0.8	0.8	0.7
Professional, scientific, and technical services	16.6	14.8	16.1	14.7	17.3	19.9	20.4	20.9
	2.4	-11.0	8.8	-8.8	17.6	15.4	2.5	2.5
Educational services	23.1	22.2	22.3	24.2	22.2	20.1	20.3	20.4
	2.7	-3.9	0.5	8.6	-8.4	-9.3	0.8	0.6
Health care and social assistance	38.2	38.6	36.0	36.5	39.0	41.3	41.6	42.1
	-0.1	1.0	-6.6	1.4	6.8	6.0	0.8	1.1
Arts, entertainment, and recreation	4.2	5.0	4.8	4.7	4.7	4.7	4.8	4.9
	-33.1	17.4	-2.9	-2.2	-0.8	0.1	2.7	2.5
Accommodation and food services	17.1	17.7	15.5	19.5	18.7	17.9	18.3	18.8
	-10.0	3.8	-12.8	26.0	-3.9	-4.4	2.4	2.6
Other services (except public administration)	7.6	9.5	9.9	9.3	10.2	11.0	11.3	11.7
	-13.0	25.2	3.8	-5.7	9.4	8.7	2.7	2.8
Public administration	6.6	7.0	8.6	7.8	9.3	11.0	11.1	11.2
	1.0	6.2	23.2	-9.9	20.3	17.3	0.9	1.7

Shaded area represents forecast data; italics indicate percentage change.  
First line of employment data is in thousands and second line is percentage change.  
Sources: The Conference Board of Canada; Statistics Canada.

Figure 7: Sectoral Employment from 2017-2024 projections.

from 5.6% in 2019 to 5.5% in 2020, before averaging 5.3% between 2021 and 2024. After London's key manufacturing sector contracted by an average of 8.8% annually between 2006 and 2009, it rallied to advance steadily over the next decade. Between 2010 and 2019, industry output expanded at an average annual pace of 3.6%. Although growth is anticipated to edge down to 2.2% in 2020 and 2.4% in 2021, total manufacturing output will finally surpass its 2005 peak this year. In general, steady growth in the manufacturing industry will be

2017. Although employment growth of 2.9% in 2018 made up for these losses, a further contraction of 1.3% last year left total employment 2,400 jobs short of the 2015 average. Fortunately, with real GDP growth expected to pick up over the near term, we expect employment to rebound and expand by 3.5% this year and 0.7% in 2021. (Source: Conference Board of Canada Metropolitan Outlook: London, Winter 2020)

In contrast to the job market's uneven performance, the region's unemployment rate has been gradually declining over the last decade. Indeed, after exceeding 8% between 2010 and 2013, the jobless rate has since declined to sit under 6% since 2017, driven in part by population aging and the accompanying rise in retirements. These factors, combined with our call for rising employment, will help push the unemployment rate down

## **Economic Overview (continued)**

### **Local Outlook (continued)**

driven by a combination of solid investment activity and steady exports supported by a depreciated Canadian dollar and a healthy U.S. economy. Additionally, as the ratification of the new trade agreement between Canada, the U.S., and Mexico draws nearer and eases recent international trade uncertainties, businesses will be able to make more confident investment decisions for the medium term. (Source: Conference Board of Canada Metropolitan Outlook: London, Winter 2020)

Following their collapse during the 2008–09 financial crisis, U.S. vehicles sales rose steadily until reaching a record high of 17.5 million units in 2016. Although vehicle sales have been on the decline since, the pullback has been gradual, and we don't expect sales to dip below 16 million vehicles until 2022. As a result, we expect London's automotive manufacturers to see solid growth over the forecast. The outlook is bright for London's food product manufacturing industry. London's Nestlé ice-cream plant recently invested in a \$52-million expansion, hiring an additional 150 full-time employees. Meanwhile, thanks in part to a \$7-million grant from the Ontario government, Dr. Oetker hired an additional 100 employees at its London facility last year after installing a new high-speed frozen pizza manufacturing line, nearly doubling the plant's production. Finally, Maple Leaf Foods' new fresh poultry processing plant will open next year. Although the facility will employ about 1,450 people in the London region, the news is bittersweet, as this new plant will prompt the closure of Leaf Foods plants in St. Mary's, Brampton, and Toronto between 2021 and 2022 as the company consolidates operations. (Source: Conference Board of Canada Metropolitan Outlook: London, Winter 2020)

**Economic structure, 2019**



Sources: The Conference Board of Canada; Statistics Canada.

*Figure 8: Economic Structure, 2019*

## Economic Overview (continued)

### Local Outlook (continued)

London is also home to a number of cannabis manufacturers. With the legalization of edible cannabis products in the fall of 2019, companies are looking to tap into the burgeoning market. High Park, for instance, operates a 56,000-square-foot facility in the region, where it processes cannabis into a wide variety of products, including dried cannabis, edibles, beverages, and vape products. At the same time, London-based Indiva is manufacturing high-end chocolate infused with cannabis, while Eve and Co. is looking to expand into topicals. Unfortunately, with the industry encountering growing pains in its first year, some companies have been forced to slow investment, including Beleave Cannabis, which recently cancelled plans to expand its operation into London. Despite this, the outlook for the subsector is positive as more products are introduced to appeal to new customers.

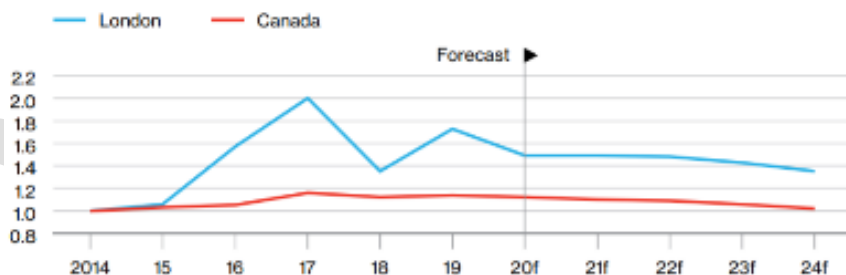
Finally, work continues on the 15-year, \$15-billion contract to construct light-armoured vehicles (LAVs) for Saudi Arabia at General Dynamics Land Systems–Canada. However, political tensions between Canada and Saudi Arabia mean we cannot rule out the possibility that the project could get cancelled, presenting downside risk to London’s overall manufacturing outlook. Fortunately, the longer-term outlook remains bright for General Dynamics, as Canada recently signed a \$2-billion deal to buy 360 LAVs for the Canadian Armed Forces. (Source: Conference Board of Canada Metropolitan Outlook: London, Winter 2020)

### Rebound for construction in 2020

London’s construction industry has performed inconsistently over the last five years. After posting a 17-year-high output gain of 7.0% in 2017, the sector contracted over the next two years, posting back-to-back losses of 0.3% in 2018 and 3.1% in 2019. Fortunately, thanks to a mix of healthy housing starts and key non-residential projects, we expect London’s construction industry will rebound in the near term, expanding by

3.7% this year and 2.9% in 2021. After the region saw a 28-year high of 3,970 housing starts in 2017, workers broke ground on a further 2,680 units in 2018 and 3,420 units in 2019. Although starts are anticipated to ease over the near term, they will sit comfortably above the 10-year annual average of 2,550 units thanks to a healthy resale housing market and recent strong population growth. Multiple-unit projects will make up the bulk of new home construction in the coming years. Projects currently under construction include Tricar Group’s 24-storey, 212-unit York Thames complex, as well as Old Oak Properties’ 32-storey, 175-unit building on Richmond Street. Meanwhile, Old Oak Properties also began construction on a \$245-million, 652-unit residential development. Consisting of two towers, including a 40-storey skyscraper slated to be London’s tallest apartment tower, the project is expected to

**Housing starts**  
(index, 2014 = 1.0)



f = forecast

Sources: The Conference Board of Canada; CMHC Housing Time Series Database.

Figure 9: Construction Industry performance for past five

# THE CORPORATION OF THE CITY OF LONDON

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## Economic Overview (continued)

### Rebound for construction in 2020 (continued)

be complete in 2021. Overall, housing starts are anticipated to reach 2,960 units in both 2020 and 2021. The story is also bright on the non-residential side. Construction is under way on Maple Leaf Foods' \$660-million, 640,000-square-foot fresh poultry processing plant, which is expected to be operational next year. Meanwhile, work has begun on London's \$75-million Starlight Casino, which is expected to be open by 2021. Finally, work could start this year on portions of London's new bus rapid transit (BRT) system thanks to a \$123-million commitment from the federal government toward 10 London transit projects, three of which are part of the BRT plan. (Source: Conference Board of Canada Metropolitan Outlook: London, Winter 2020)

Between 2015 and 2019, output in London's aggregate services sector grew at a modest average annual rate of 1.1%, including a gain of only 0.7% last year. Fortunately, we expect the sector to pick up the pace in the near term and expand by a solid 1.6% this year and 1.8% in 2021. Despite an uneven job market, steady GDP growth has helped support strong performances in the region's wholesale and retail trade industries. After expanding at an average annual pace of 5.2% between 2016 and 2018, output in the wholesale trade industry expanded by a still strong 3.7% last year. The retail trade industry grew at a slightly slower pace, posting average annual gains of 4.8% over 2016–18 and advancing by a solid 2.7% in 2019. Although steady wage growth and a rebound in the labour market in the near term will keep consumers spending, high household debt and past interest rate increases will limit purchases, particularly for durable goods. This year, the wholesale and retail trade industries will expand by a healthy 2.3% and 2.7%, respectively. Next year, both industries are expected to advance at a rate of 2.6%. (Source: Conference Board of Canada Metropolitan Outlook: London, Winter 2020)

#### Comparative employment, 2018

(share of total employment)

Sector	London	Ontario	Canada
Industrial	0.21	0.20	0.21
Office	0.21	0.28	0.25
Transportation and warehousing	0.05	0.05	0.05
Wholesale and retail trade	0.17	0.15	0.15
Non-commercial services	0.24	0.19	0.20
Other services*	0.13	0.13	0.13
<b>Total</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>

\*arts, entertainment, and recreation; accommodation and food services; and other services (except public administration)

Sources: The Conference Board of Canada; Statistics Canada.

Figure 10: Comparative Employment for various sectors, 2018.

in the finance, insurance, and real estate industry of 1.8% this year and 2.1% in 2021. (Source: Conference Board of Canada Metropolitan Outlook: London, Winter 2020).

The finance, insurance, and real estate sector posted a modest gain last year. Although the London–St. Thomas real estate market had its third best year on record in 2019, with buyer demand driving total sales up 3.4% over 2018 to 10,125 units, output in the finance, insurance, and real estate industry expanded by only 0.7%. Fortunately, we expect growth to pick up in the near term. Even though tougher federal mortgage rules have pushed some buyers out of the market, strong population growth and a steady economy will continue to stimulate housing demand and help drive output growth



## **Economic Outlook (continued)**

### **Rebound for construction in 2020 (continued)**

Performances among London's other commercial services industries are more mixed. The professional, scientific, and technical services industry, one of the region's growth drivers in recent years, will expand steadily over the forecast, following up an output gain of 2.5% in 2019 with further advances of 2.3% this year and 2.5% next year. Meanwhile, the transportation and warehousing industry will post moderate gains of 1.2% in 2020 and 1.3% in 2021, following a contraction of 5.8% in 2019. Finally, after shrinking by 2.3% last year, output in the accommodation and food services industry is expected to grow by 2.3% this year and 2.5% in 2021. With the provincial government implementing fiscal belt-tightening measures to balance its budget, London's publicly funded services industries are expected to see only modest output growth over the forecast. After contracting by 1.0% last year, output in the health care industry is anticipated to expand by 1.1% in each of 2020 and 2021. Meanwhile, output growth in the education sector will ease to 0.4% this year and 0.5% next year following a gain of 1.0% in 2019. Finally, the region's public administration industry will continue to be sluggish. After contracting annually between 2014 and 2018, the sector will return to growth in 2019 with an advance of 1.3%. Although public administration output will grow over the forecast, the pace of expansion is expected to dip to 0.4% in 2020 and 0.5% in 2021. (Source: Conference Board of Canada Metropolitan Outlook: London, Winter 2020)



*Photo 5: Covent Garden Market.*



# THE CORPORATION OF THE CITY OF LONDON

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## 2019 Financial Results

### Financial Results Summary

2019 (millions)	Budget	Actual	Variance
Revenues	\$ 1,379	\$ 1,422	\$ 43
Expenses	1,164	1,200	36
Surplus	\$ 215	\$ 222	\$ 7

Table 1: Financial Results Summary

The City's financial position remained stable during 2019, with the City's cash and investments increasing by \$181 million to a combined total of \$1,237 million, compared to \$1,056 million in 2018. 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 \$522 million in 2019, representing an increase of \$121 million over 2018. 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 \$1,422 million in 2019, down \$1 million (0.08%) compared to 2018. This is mainly as a result of:

- Tax and user charges revenues were \$926 million, up \$35 million (3.9%) compared to 2018;
- Transfer payments were \$303 million, down \$28 million (8.5%) compared to 2018, predominantly in the areas of transportation, water and wastewater, and social housing. Also contributing to transfer payments were provincial uploading in social and family services.

### 2019 REVENUES

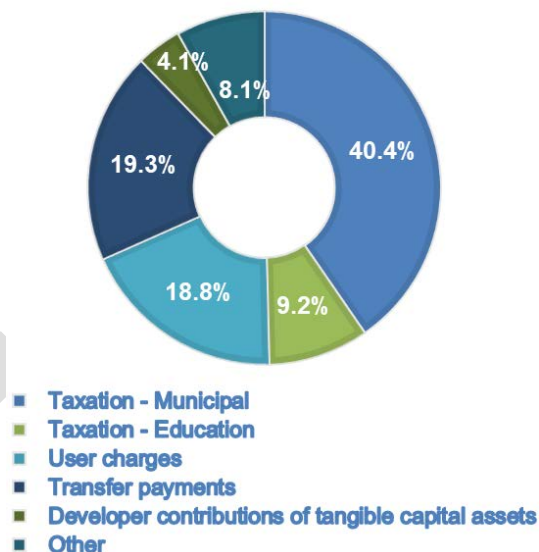


Figure 11: 2019 Revenues

### Revenue Budget Variance

In 2019, revenue realized on a full accrual basis of \$1.4 billion was \$43 million greater than budget. Contributing factors to this variance were:

- Higher than anticipated net municipal taxation revenue of \$7.1 million mainly due to higher than anticipated supplementary taxes and payments in lieu.
- Favourable user fee revenue of \$8.2 million was mainly attributable to building permits, water & wastewater charges, taxation office revenue and W12A tipping fee revenue.
- Greater than expected developer contributions of tangible capital assets by \$23.2 million.
- Revenue from other sources were greater than budget by \$19.1 million mainly due to sales of industrial land and collection of the Municipal Accommodation Tax.
- Offsetting the favourable revenue realized were lower than anticipated recognition of transfer payments and development charges.

# THE CORPORATION OF THE CITY OF LONDON

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## 2019 Financial Results (continued)

### Total Expenses

Total expenses are \$1,200 million in 2019, up \$49.1 million (4.3%) compared to 2018. This is mainly due in part to:

- Increase spending in Transportation Services (\$14.9 million), Protection to persons and property (\$10.3 million), Social Housing (\$8.1 million), General Government (\$6.7 million) and Planning and Development (\$5.6 million).

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

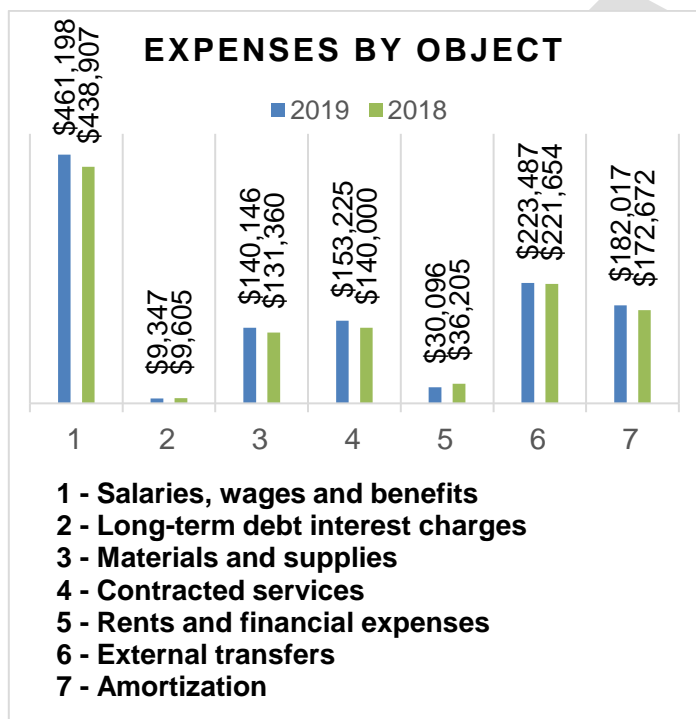


Figure 12: Expenses by Object (\$'000's)

### 2019 EXPENSES

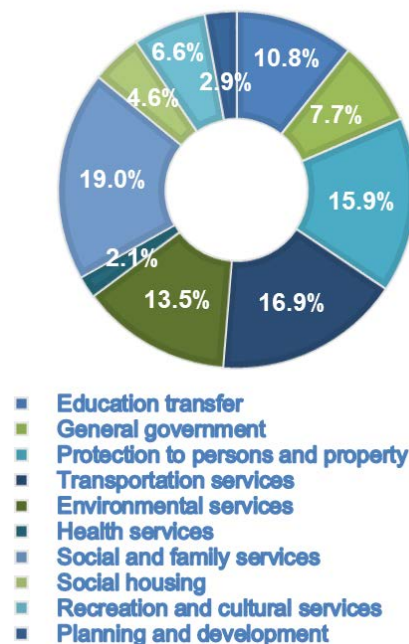


Figure 13: 2019 Expenses

### Expense Budget Variance

In 2019, expenses incurred on a full accrual basis were \$1,200 million which was \$36 million greater than budget. Contributing factors to this variance were:

- Higher than anticipated Transportation Service costs by \$13 million.
- Increase costs incurred in Planning and Development by \$6.2 mainly attributable to the cost of sales of industrial land.
- Spending in Social Housing was higher than anticipated by \$13 million due to increased transfer payments from other levels of government.
- Higher than anticipated costs in General Government due to benefit costs and legal accruals.

# THE CORPORATION OF THE CITY OF LONDON

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## 2019 Financial Results (continued)

### Financing Sources for Municipal Operations

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

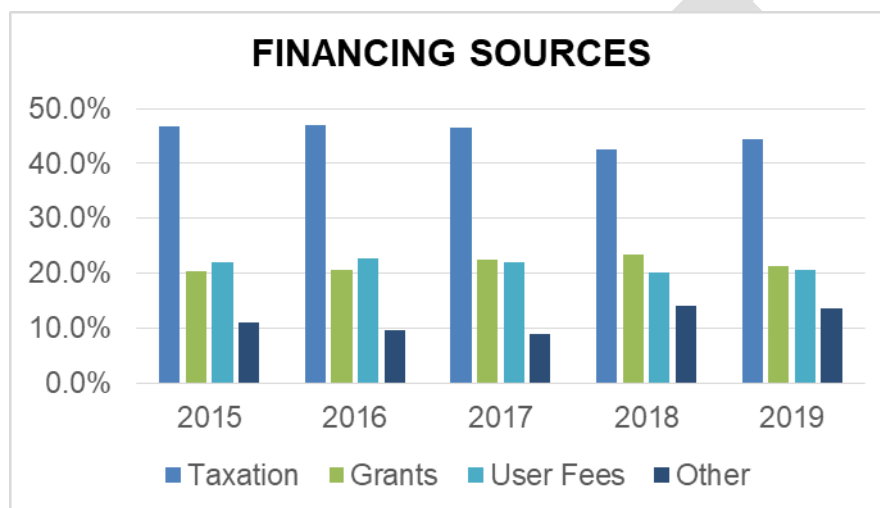


Figure 14: Five (5) Year Overview of Financing Services

### Property Tax Rates and Assessment Growth

City Council approved a tax levy of \$ 606.5 million, representing an increase over 2018 of 4.66%. When assessment growth, tax policy and education taxes are taken into consideration, the property tax increase translated into a 1.2 % increase in the total tax bill for the typical residential property owner. The table below reflects the taxes on a residential property with an assessed value of \$241,000 in 2019 and an average value increase from 2018.

For 2019, assessment weighted with applicable tax ratios and using consistent valuation dates increased by 1.96%.

#### COMPARATIVE PROPERTY TAXES

	2019	2018
Municipal	\$2,842	\$2,791
Education	388	402
<b>Total</b>	<b>\$3,230</b>	<b>\$3,193</b>

Table 2 Municipal & Education Comparative Property Taxes

# THE CORPORATION OF THE CITY OF LONDON

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## 2019 Financial Results (continued)

### Property Tax Rates and Assessment Growth (continued)

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

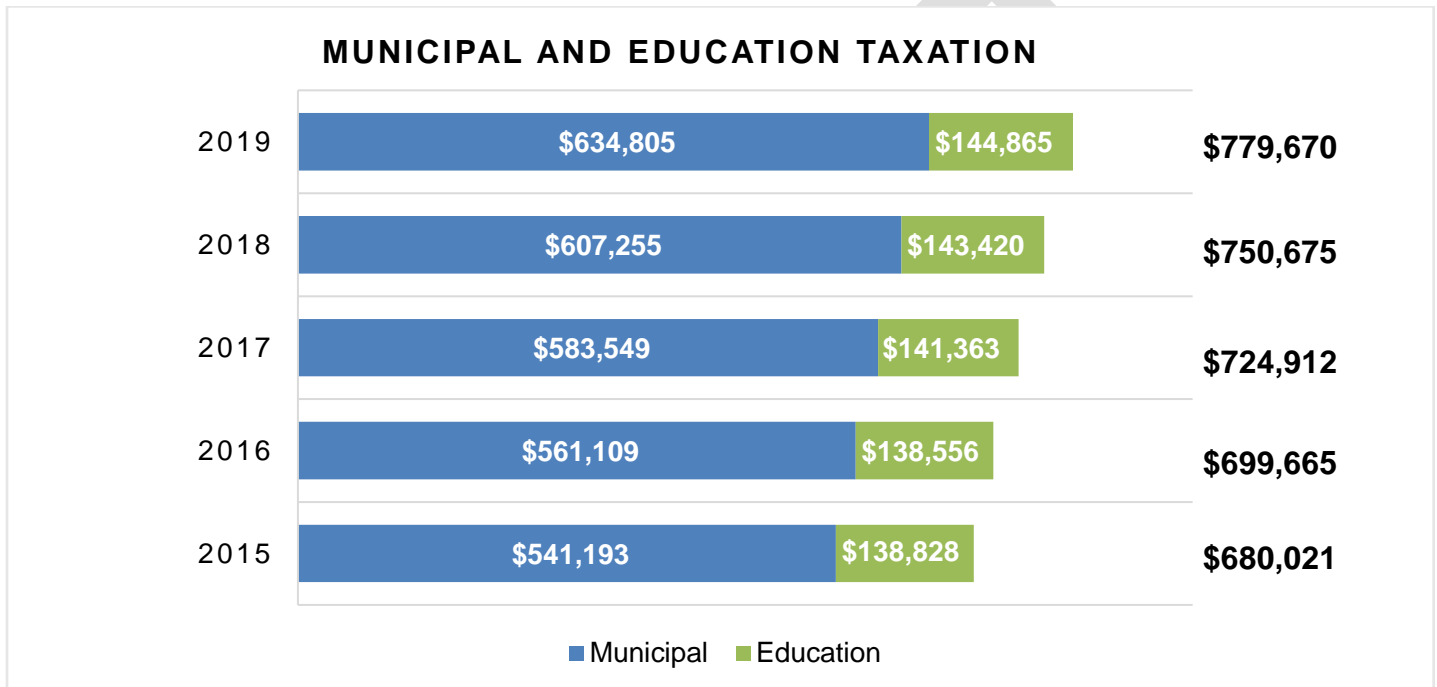


Figure 15: Five (5) year Overview of Property Taxes (\$000's)  
Source: 2019 Financial Information Return, Schedule 26A

## THE CORPORATION OF THE CITY OF LONDON

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### 2019 Financial Results (continued)

#### Capital Additions and Disposals

During 2019, additions to our completed capital assets were \$294 million versus \$397 million in 2018. The City also disposed of capital assets of \$77 million compared to \$65 million in 2018. There was also a net increase in assets still under construction of \$458 thousand in 2019. The following table reflects where the largest net additions in 2019 were, excluding assets still under construction:

#### NET CAPITAL ASSET INCREASES RANKED BY 2019 SPENDING (\$000's)

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1.	Roads and Bridges Infrastructure	\$61,067
2.	Water and Wastewater Infrastructure	58,451
3.	Land, Landfill and Land Improvements	12,611

---

*Table 3: Largest Net Additions, 2019 (\$000's)*

In 2019 amortization expense recorded was \$182 million and accumulated amortization of \$68 million was removed upon disposal of the assets.

This resulted in a 2019 net book value of \$3,996 million for the City's tangible capital assets, compared to \$3,893 million for 2018.

#### Annual Surplus and Accumulated Surplus

The annual surplus for the consolidated entity for 2019 was \$222 million (2018 - \$272 million). This results in an increase to the City's Accumulated Surplus for 2019 to \$4,539 million (2018 - \$4,317 million).



# THE CORPORATION OF THE CITY OF LONDON

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## 2019 Financial Results (continued)

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

In 2019, the City issued debt of \$49.4 million through public debentures, which is a decrease from 2018 when \$55 million was issued.

The amounts issued financed the following major activities:

Debenture Issuance (\$000's)	Public Debentures
General Municipal Activities (Roads, Transit, Recreation)	\$28,180
Wastewater Infrastructure	21,200
	\$49,380

Table 4: Debenture Amounts Issued

The City issued public debentures at an average cost of 2.655% over a 10-year term.

During the year, debt substitution totaled \$10.6 million (2018 - \$7.0 million) as a result of an allocation of a portion of the debt servicing cost budget and funding allocations from operating budget surplus and assessment growth funding in accordance with the Council approved Surplus/Deficit and Assessment Growth Policies.

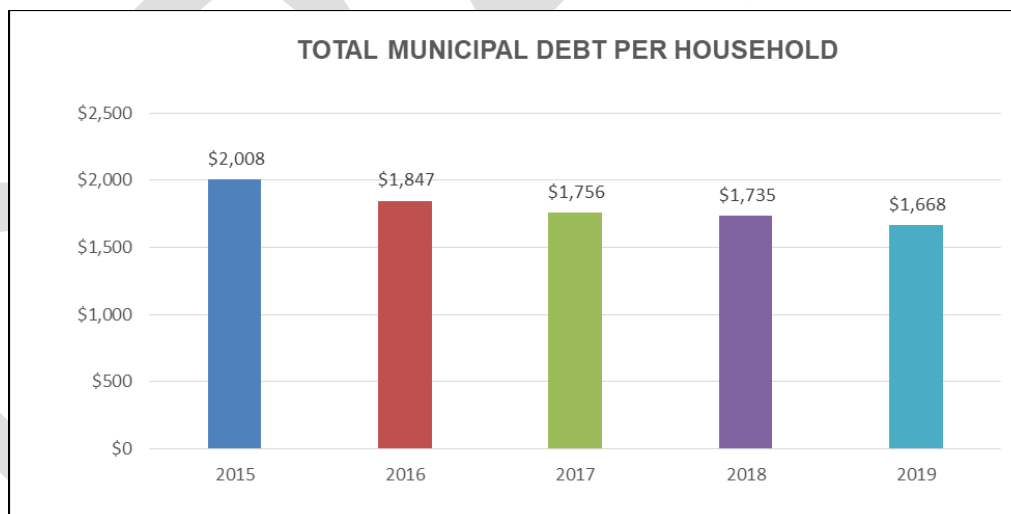


Figure 16: Five (5) Year Overview of Municipal Debt per Household

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

**THE CORPORATION OF THE CITY OF LONDON**

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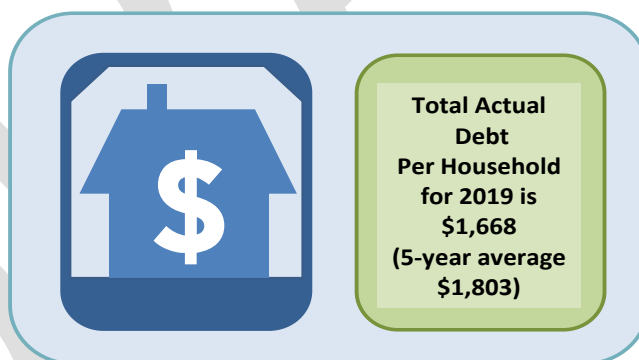
**2019 Financial Results (continued)**

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

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

	2015	2016	2017	2018	2019
Total Tax Supported Debt (\$)	225,909	205,690	192,732	184,684	<b>169,593</b>
Total Rate Supported Debt (\$)	122,250	118,198	117,883	126,443	<b>133,800</b>
Total Debt (\$)	348,159	323,888	310,615	311,127	<b>303,393</b>
Number of Households	173,415	175,342	176,859	179,342	<b>181,841</b>
Total Debt per Household (\$)	2,008	1,847	1,756	1,735	<b>1,668</b>
Discretionary Reserve Funds & Reserves (\$)	574,311	606,830	681,028	761,075	<b>854,787</b>
Discretionary Reserve Funds & Reserves Per Household (\$)	3,312	3,461	3,851	4,244	<b>4,701</b>

*Table 5: Discretionary Reserves and Reserve Funds per Household*



*Figure 17: Total Actual Debt per Household, 2019*

**THE CORPORATION OF THE CITY OF LONDON**

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**2019 Financial Results (continued)**

**Future Balances on Existing Debt and Long-term Liabilities**

The following table outlines principal balances remaining on outstanding debentures for general, water, sewer and reserve funds as at December 31, 2019. The current obligation will be met by 2032.

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

	2019	2020	2021	2022	2023	2024
General Municipal	160,312	128,257	98,869	74,453	53,256	38,026
Discretionary Reserve Funds	10,239	5,786	3,752	1,656	490	-
<b>Total Tax Supported Debt</b>	<b>170,551</b>	<b>134,043</b>	<b>102,621</b>	<b>76,109</b>	<b>53,746</b>	<b>38,026</b>
Water	13,158	10,606	7,999	5,579	3,916	3,119
Sewer	41,663	33,008	24,662	19,456	15,217	11,184
Obligatory Reserve Funds	79,631	69,127	58,415	48,762	39,584	31,046
<b>Total Rate Supported Debt</b>	<b>134,452</b>	<b>112,741</b>	<b>91,076</b>	<b>73,797</b>	<b>58,717</b>	<b>45,349</b>
<b>Total Long-term Debt and Liabilities</b>	<b>305,003</b>	<b>246,784</b>	<b>193,697</b>	<b>149,906</b>	<b>112,463</b>	<b>83,375</b>
<b>Less Unamortized Discount</b>	<b>(1,610)</b>	<b>(1,306)</b>	<b>(1,026)</b>	<b>(764)</b>	<b>(549)</b>	<b>(383)</b>
<b>Total Long-term Debt and Liabilities, net of Unamortized Discount</b>	<b>303,393</b>	<b>245,478</b>	<b>192,671</b>	<b>149,142</b>	<b>111,914</b>	<b>82,992</b>
<b>Percentage Remaining</b>	<b>100%</b>	<b>81%</b>	<b>64%</b>	<b>49%</b>	<b>37%</b>	<b>27%</b>

Table 6: Principal Balances Remaining on Outstanding Debentures as at December 31, 2019 (\$000's)

# THE CORPORATION OF THE CITY OF LONDON

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## 2019 Financial Results (continued)

### Reserves and Reserve Funds

At December 31, 2019, the City of London had combined Reserves, and Discretionary and Obligatory Reserve Funds of \$1,201 million (\$106 million and \$1,095 million respectively). These balances reflect a net increase of \$152 million from December 2018, created by increased contributions to reserves and reserve funds to allow, predominantly, for future purchases of tangible capital assets and coverage of unfunded liabilities.

Figure 18 below shows the ten year trend in year end equity balances. It should be noted that this does not include the effect of budgeted commitments, which significantly reduces the available balance of reserves and reserve funds. Reserves and reserve funds are governed by the City of London's long-term strategic financial plan, including Council approved financial policies and applicable reserve fund by-laws.

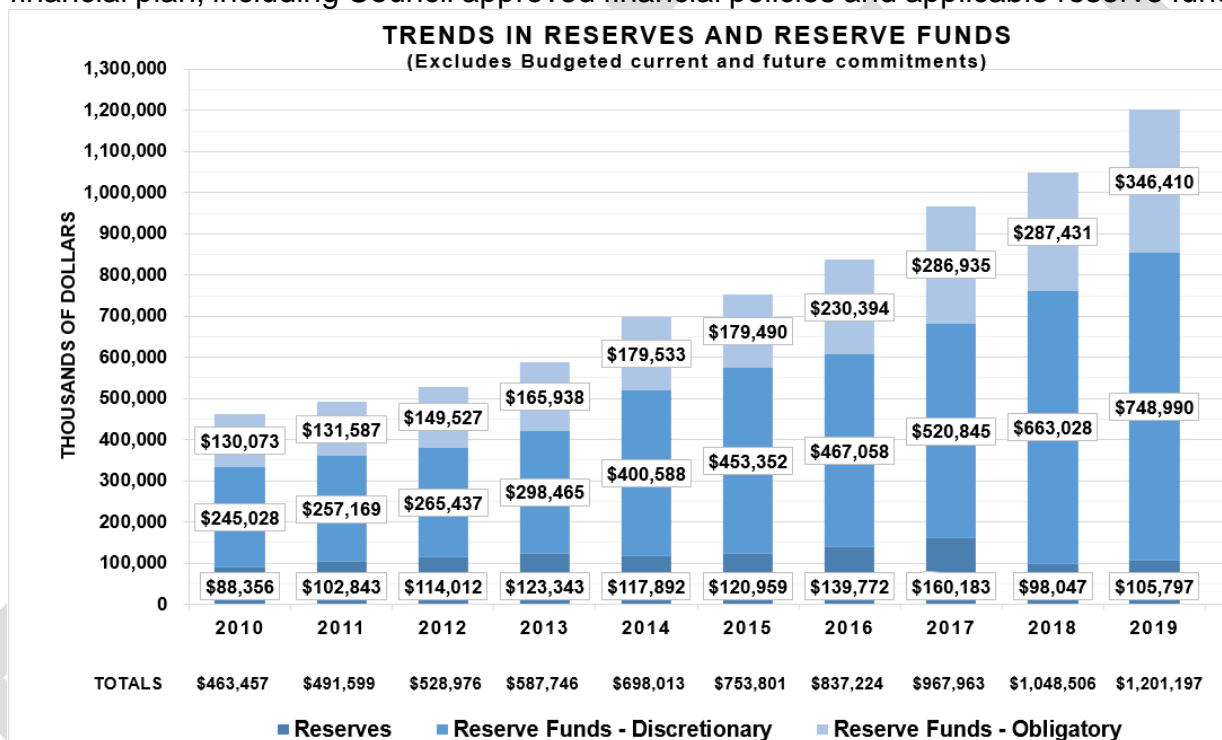


Figure 18: Ten Year Overview of Reserves and Reserve Funds (\$000's)

In 2019, Reserve Funds grew by \$144 million, reaching \$1,095 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 \$8 million over 2018 balances.

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

# THE CORPORATION OF THE CITY OF LONDON

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## Five Year Review and General Statistics

### Five Year Review (\$000's)

	2019	2018	2017	2016	2015
TAXATION (including education)					
Residential & Farm	\$539,339	\$522,543	\$507,405	\$494,636	\$477,128
Commercial & Industrial	240,331	228,132	217,507	205,029	202,893
	<b>\$779,670</b>	<b>\$750,675</b>	<b>\$724,912</b>	<b>\$699,665</b>	<b>\$680,021</b>
TOTAL TAXES RECEIVABLE	<b>\$ 29,223</b>	<b>\$29,792</b>	<b>\$28,937</b>	<b>\$31,388</b>	<b>\$34,897</b>
TAX ARREARS					
Percentage of Current Levy	3.7%	4.0%	4.0%	4.5%	5.1%
TAX RATES (%) (including all area rates & education)					
Residential	1.340225	1.350819	1.360444	1.362611	1.366710
Multi-Residential	2.223582	2.290515	2.361127	2.405666	2.479835
Commercial	3.554112	3.618981	3.693816	3.690491	3.714835
Industrial	3.554112	3.618981	3.693816	3.790491	3.814835
TOTAL LONG-TERM DEBT					
General Municipal Rates	\$155,812	\$163,414	\$164,844	\$170,906	\$184,389
Water Rates	13,158	15,638	18,927	18,724	16,916
Sewer Rates	41,663	50,346	55,551	61,922	70,416
Municipal Reserve Funds	89,870	75,590	62,653	60,869	62,227
	<b>\$300,503</b>	<b>\$304,988</b>	<b>\$301,975</b>	<b>\$312,421</b>	<b>\$333,948</b>
DEBT PRINCIPAL & INTEREST REPAYMENTS					
Principal	\$53,865	\$51,987	\$ 49,361	\$48,422	\$44,202
Interest and debenture discount	9,347	9,605	9,698	10,303	10,985
	<b>\$63,212</b>	<b>\$61,592</b>	<b>\$59,059</b>	<b>\$58,725</b>	<b>\$55,187</b>
DEBT ISSUED	<b>\$49,380</b>	<b>\$55,000</b>	<b>\$41,000</b>	<b>\$30,048</b>	<b>\$40,500</b>
ASSESSMENT GROWTH	1.96%	1.27%	0.91%	1.20%	1.17%
TANGIBLE CAPITAL ASSETS ADDITIONS	<b>\$392,112</b>	<b>\$502,850</b>	<b>\$457,929</b>	<b>\$377,697</b>	<b>\$317,708</b>
TANGIBLE CAPITAL ASSETS AMORTIZATION	<b>\$182,017</b>	<b>\$172,672</b>	<b>\$162,828</b>	<b>\$154,373</b>	<b>\$147,713</b>
NET BOOK VALUE TANGIBLE CAPITAL ASSETS	<b>\$3,995,680</b>	<b>\$3,892,797</b>	<b>\$3,749,717</b>	<b>\$3,614,041</b>	<b>\$3,486,341</b>
ANNUAL SURPLUS	<b>\$222,165</b>	<b>\$272,392</b>	<b>\$166,359</b>	<b>\$166,940</b>	<b>\$144,808</b>
CONSOLIDATED ACCUMULATED SURPLUS	<b>\$4,538,912</b>	<b>\$4,316,747</b>	<b>\$4,044,355</b>	<b>\$3,877,996</b>	<b>\$3,711,056</b>
RESERVES, DISCRETIONARY & OBLIGATORY RESERVE FUNDS	<b>\$1,201,197</b>	<b>\$1,048,506</b>	<b>\$967,963</b>	<b>\$837,224</b>	<b>\$753,801</b>



# THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report  
Year ended December 31, 2019

## Five Year Review and General Statistics (continued)

### General Statistics and Indicators

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

	2019	2018
<b>GENERAL STATISTICS:</b>		
Population <sup>i</sup>	397,885	393,167
Area in Acres	104,632	104,632
Number of Households <sup>ii</sup>	181,841	179,342
Number of Properties <sup>ii</sup>	159,643	157,305
Building Permit Values (\$000's) <sup>iii</sup>	\$1,374,352	\$1,008,066
Average Home Selling Price <sup>iv</sup>		
London and St. Thomas	\$410,035	\$369,039
Ontario	\$606,951	\$570,429
Canada	\$501,925	\$490,123
Unemployment Rates (Annual Averages) <sup>v</sup>		
London	5.5%	5.6%
Ontario	5.6%	5.6%
Canada	5.7%	5.8%
CPI Canada (percentage change) <sup>v</sup>	1.9%	2.3%
Real GDP Canada (percentage change) <sup>v</sup>	1.8%	2.3%

Table 7: General Statistics and Indicators

## THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report  
Year ended December 31, 2019

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### Definitions

**Amortization** – the systematic allocation of the historical cost of a tangible capital asset over its useful life.<sup>vi</sup>

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

**Assets under Construction** – tangible capital assets under construction at the end of the fiscal year that have not been put into service (e.g., engineered structures, buildings, land improvements).<sup>vi</sup>

**Consolidated Financial Statements** – statements containing financial information for the municipality and its owned or controlled organizations (e.g., fire, library).<sup>vivi</sup>

**Contributed Assets** – assets that have been transferred or donated to the municipality and that will provide a future economic benefit.<sup>vi</sup>

**Deferred Revenue** – income received that will not be recorded as revenue until certain transactions or events take place.<sup>vi</sup>

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

**Equity in Tangible Capital Assets** – the net book value of recorded tangible capital assets less capital debt.<sup>vi</sup>

**Expenditure** – an outlay of cash, payment or disbursement.<sup>vi</sup>

**Expense** – the cost to the municipality of an activity. This can be cash or non-cash cost (e.g., wages, materials, amortization).<sup>vi</sup>

**Financial Assets** – current cash resources plus any items or holdings that are expected to be converted into cash in the future.<sup>vi</sup>

**Government Transfers** – entitlements, transfers under cost-share agreements, and/or grants from other levels of government.<sup>vi</sup>

## THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report  
Year ended December 31, 2019

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### Definitions (continued)

**Net Book Value** – the total cost of a tangible capital asset minus the accumulated amortization and any write-down of the asset.<sup>vi</sup>

**Net Financial Assets (Net Debt)** – an amount equal to the total financial assets less the total liabilities.<sup>vi</sup>

**Reserves and reserve funds** - are included in the accumulated surplus of the municipality. They are both used, among other things, to account for transactions which, for legal or policy reasons, require that amounts specifically earmarked for a project or purpose be identified and spent on that project or activity. Usually, the purpose is specified when the reserve or reserve fund is established. Reserve fund uses generally are not converted to other uses without council's approval.<sup>vii</sup>

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

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

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

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

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

**Tangible Capital Assets** – non-financial assets having a physical substance that are held for use in the supply of goods and services, have economic lives beyond the accounting period, are used on a continuing basis and are not for sale in the ordinary course of operations (e.g., bridge, snow plow).<sup>vi</sup>

# THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report  
Year ended December 31, 2019

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## Endnotes

- <sup>i</sup> Provided by City's Planning Service Area and Statistics Canada, August 2020, <https://www.statcan.gc.ca/eng/start>
- <sup>ii</sup> Municipal Property Assessment Corporation, <https://www.mpac.ca/>, 2019 year end assessment roll, December 2019
- <sup>iii</sup> Provided by City's Building Division
- <sup>iv</sup> London-St. Thomas Real Estate Board and The Canadian Real Estate Association, <https://www.lstar.ca/> and <https://www.crea.ca/>
- <sup>v</sup> Statistics Canada, September 2020, June 2019 <https://www.statcan.gc.ca/eng/start>
- <sup>vi</sup> Ministry of Municipal Affairs and Housing, Common Language Guide to Municipal Financial Statements (Toronto: Queen's Printer for Ontario, 2016), <http://www.mah.gov.on.ca/AssetFactory.aspx?did=15792>
- <sup>vii</sup> Ministry of Municipal Affairs and Housing, "The Fiscal Context," The Ontario Municipal Councillor's Guide 2018, <https://www.ontario.ca/document/ontario-municipal-councillors-guide-2018/9-fiscal-context>

Consolidated Financial Statements of

**THE CORPORATION OF THE CITY OF LONDON**

And Independent Auditors' Report thereon

Year ended December 31, 2019



# THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Statements

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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## INTRODUCTION

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

The City Treasurer is responsible for submitting annually, to the Audit Committee and Council, audited financial statements. These financial statements include the consolidated results of the City of London for the fiscal year ending December 31, 2019.

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

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

The audited Consolidated Financial Statements for City operations include:

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

# INDEPENDENT AUDITORS' REPORT

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

## ***Opinion***

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

- the consolidated statement of financial position as at December 31, 2019
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019, and its consolidated results of operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## ***Basis for Opinion***

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

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

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

## ***Other Information***

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

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

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

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

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

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

Date

**THE CORPORATION OF THE CITY OF LONDON**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2019, with comparative information for 2018**

(all dollar amounts in thousands of dollars)

	2019	2018
<b>Financial assets</b>		
Cash and cash equivalents (Note 2)	\$ 491,411	\$ 490,040
Accounts receivable		
Taxes receivable (Note 3)	22,074	23,072
Other receivables	77,525	80,299
Land held for resale	38,322	33,899
Investments (Note 4)	745,419	565,851
Loan receivable (Note 5)	23,791	24,130
Investment in government business enterprises and partnerships (Note 6)	193,410	189,381
<b>Total financial assets</b>	<b>1,591,952</b>	<b>1,406,672</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (Note 23)	173,710	170,387
Deferred revenue (Note 7)	372,246	319,839
Accrued interest on long-term debt	2,026	2,051
Long-term liabilities (Note 8)	4,500	7,700
Long-term debt (Note 9)	298,893	303,427
Capital lease obligations (Note 10)	649	1,082
City services payable (Note 11)	15,015	2,162
Employee benefits payable (Note 12)	161,699	159,545
Landfill closure and post-closure liability (Note 13)	41,051	39,190
<b>Total financial liabilities</b>	<b>1,069,789</b>	<b>1,005,383</b>
<b>Net financial assets</b>	<b>522,163</b>	<b>401,289</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 14)	3,995,680	3,892,797
Inventories of supplies	5,056	4,840
Prepaid expenses	16,013	17,821
<b>Total non-financial assets</b>	<b>4,016,749</b>	<b>3,915,458</b>
Contingent Liabilities (Note 16)		
Loan Guarantees (Note 17)		
Commitments (Note 18)		
Subsequent Event (Note 25)		
<b>Accumulated surplus (Note 15)</b>	<b>\$ 4,538,912</b>	<b>\$ 4,316,747</b>

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, 2019, with comparative information for 2018**

(all dollar amounts in thousands of dollars)

	<b>Budget</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>			
Net municipal taxation	\$ 625,084	\$ 632,169	\$ 604,712
User charges	285,754	293,976	286,353
Transfer payments			
Provincial	260,283	266,966	269,676
Federal	47,366	29,559	56,016
Other municipalities	6,478	6,584	5,644
Investment income	3,747	24,901	18,628
Penalties and interest	6,788	7,676	7,984
Development charges earned	62,516	35,065	50,086
Developer contributions of tangible capital assets (Note 14(b))	41,746	64,953	73,285
Other (Note 21)	31,694	50,803	37,007
Equity in earnings of government business enterprises and partnerships (Note 6)	6,983	9,029	13,405
<b>Total revenues</b>	<b>1,378,438</b>	<b>1,421,681</b>	<b>1,422,795</b>
<b>Expenses</b>			
General government	100,813	103,667	96,962
Protection to persons and property	215,529	213,752	203,451
Transportation services	213,484	227,065	212,200
Environmental services	170,634	181,950	185,751
Health services	27,631	27,829	25,580
Social and family services	266,084	255,696	254,286
Social housing	48,786	62,262	54,143
Recreation and cultural services	88,352	88,649	85,067
Planning and development	32,410	38,646	32,963
<b>Total expenses</b>	<b>1,163,722</b>	<b>1,199,516</b>	<b>1,150,403</b>
<b>Annual surplus</b>	<b>214,716</b>	<b>222,165</b>	<b>272,392</b>
<b>Accumulated surplus, beginning of year</b>	<b>4,316,747</b>	<b>4,316,747</b>	<b>4,044,355</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 4,531,463</b>	<b>\$ 4,538,912</b>	<b>\$ 4,316,747</b>

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, 2019, with comparative information for 2018**

(all dollar amounts in thousands of dollars)

	<b>Budget</b>	<b>2019</b>	<b>2018</b>
<b>Annual surplus</b>	\$ 214,716	\$ 222,165	\$ 272,392
Acquisition of tangible capital assets	(244,092)	<b>(229,223)</b>	(250,019)
Developer contributions of tangible capital assets	(41,746)	<b>(64,953)</b>	(73,284)
Amortization of tangible capital assets	145,171	<b>182,017</b>	172,672
Proceeds from sale of tangible capital assets	48	<b>9,342</b>	7,581
Gain on disposal of tangible capital assets	(48)	<b>(66)</b>	(30)
	<b>(140,668)</b>	<b>(102,883)</b>	<b>(143,080)</b>
Change in inventories of supplies	-	<b>(216)</b>	(297)
Change in prepaid expenses	-	<b>1,808</b>	(252)
	-	<b>1,592</b>	<b>(549)</b>
<b>Change in net financial assets</b>	74,048	<b>120,874</b>	128,763
<b>Net financial assets, beginning of year</b>	401,289	<b>401,289</b>	272,526
<b>Net financial assets, end of year</b>	\$ 475,337	\$ <b>522,163</b>	\$ 401,289

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, 2019, with comparative information for 2018**

(all dollar amounts in thousands of dollars)

	2019	2018
<b>Cash and cash equivalents provided by (used in)</b>		
<b>Operating Activities</b>		
Annual surplus	\$ 222,165	\$ 272,392
<b>Items not involving cash</b>		
Amortization of tangible capital assets	182,017	172,672
Developer contributions of tangible capital assets	(64,953)	(73,284)
Gain on disposal of tangible capital assets	(66)	(30)
Change in employee benefits payable	2,154	4,671
Change in landfill closure and post-closure liability	1,861	2,498
Equity in earnings of government business enterprises and partnerships	(10,073)	(14,220)
Amortization of debenture discount	(49)	(101)
<b>Change in non-cash assets and liabilities</b>		
Taxes receivable	998	(698)
Other receivables	2,774	(13,986)
Land held for resale	(4,423)	(971)
Accounts payable and accrued liabilities	3,323	5,377
Deferred revenue	52,407	2,796
Accrued interest on long-term debt	(25)	(254)
City services payable	12,853	(1,664)
Inventories of supplies	(216)	(297)
Prepaid expenses	1,808	(252)
<b>Net change in cash and cash equivalents from operating activities</b>	<b>402,555</b>	<b>354,649</b>
<b>Capital Activities</b>		
Proceeds from sale of tangible capital assets	9,342	7,581
Acquisition of tangible capital assets	(229,223)	(250,019)
<b>Net change in cash and cash equivalents from capital activities</b>	<b>(219,881)</b>	<b>(242,438)</b>
<b>Investing Activities</b>		
Net increase in investments	(179,568)	(28,613)
Repayment of loans receivable	339	263
Repayment of promissory note receivable from government business enterprises and partnerships	910	855
Dividends from London Hydro Inc. (Note 6(a)(v))	5,000	5,000
<b>Net change in cash and cash equivalents from investing activities</b>	<b>(173,185)</b>	<b>(22,534)</b>
<b>Financing Activities</b>		
Long-term debt issued	49,380	55,000
Long-term debt repayments	(53,865)	(51,987)
Repayments of long-term liabilities	(3,200)	(2,400)
Repayments of capital lease obligations	(433)	(753)
<b>Net change in cash and cash equivalents from financing activities</b>	<b>(8,118)</b>	<b>(140)</b>
<b>Net change in cash and cash equivalents</b>	<b>1,371</b>	<b>89,537</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>490,040</b>	<b>400,503</b>
<b>Cash and cash equivalents, end of year (Note 2)</b>	<b>\$ 491,411</b>	<b>\$ 490,040</b>

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 CPA of Canada Public Sector Handbook – Accounting. Significant accounting policies are as follows:

### a) Basis of Consolidation

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

#### (i) Consolidated Entities

The following local Boards or Commissions are consolidated:

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

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

# THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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## 1. Significant Accounting Policies (continued)

### a) Basis of Consolidation (continued)

#### (ii) Equity Accounting

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

The government business enterprises and partnerships during the year were:

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

#### (iii) Proportionate Consolidation

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

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

#### (iv) Accounting for School Board Transactions

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

During the year, **\$144,866** of taxation was collected on behalf of school boards (2018 - \$143,420) and remitted to the school boards during the year.

# THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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## 1. Significant Accounting Policies (continued)

### a) Basis of Consolidation (continued)

#### (v) Trust Funds

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

Total net assets of Trust Funds administered by the Corporation amounted to **\$4,363** (2018 - \$4,301).

### b) Basis of Accounting

#### (i) Accrual Accounting

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

#### (ii) Deferred Revenue

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

#### (iii) Land Held for Resale

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



# THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

## 1. Significant Accounting Policies (continued)

### b) Basis of Accounting (continued)

#### (iv) Non-Financial Assets

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

#### a) Tangible Capital Assets

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

*Table 1: Tangible Capital Asset Useful Life*

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

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

#### b) Contributions of Tangible Capital Assets

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

# THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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## 1. Significant Accounting Policies (continued)

### b) Basis of Accounting (continued)

#### (iv) Non-Financial Assets (continued)

##### c) Works of Art and Cultural and Historic Assets

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

##### d) Interest Capitalization

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

##### e) Leased Tangible Capital Assets

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

##### f) Inventories of Supplies

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

#### (v) Budget Figures

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

# THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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## 1. Significant Accounting Policies (continued)

### b) Basis of Accounting (continued)

#### (vi) Use of Estimates

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

### c) Government Transfers

#### (i) Revenues

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

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

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

# THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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## 1. Significant Accounting Policies (continued)

### c) Government Transfers (continued)

#### (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 2019 the Corporation received **\$632,169** (2018 - \$604,712) 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.).

# THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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## 1. Significant Accounting Policies (continued)

### e) User Charges

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

### f) Development Charges and Other Revenues

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

### g) Financial Instruments

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivables, investments, loans receivable, accounts payable and accrued liabilities, long-term debt, long-term liabilities and 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.

### h) Investments

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

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

**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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**1. Significant Accounting Policies (continued)**

**i) Contaminated Sites**

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

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

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



## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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### 1. Significant Accounting Policies (continued)

#### j) Employee Benefits Payable

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

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

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

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

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

#### k) Loan Guarantees

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

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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### 1. Significant Accounting Policies (continued)

#### l) Environmental Provisions

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

#### m) Provision for Landfill Rehabilitation

The *Ontario Environmental Protection Act* sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of landfill sites. This requirement is being provided for over the estimated remaining life of the landfill sites based on usage, and is funded through tipping fees. The annual provision is reported as an operating expense, and the accumulated provision is reported as a liability on the consolidated statement of financial position.

#### n) Accumulated Surplus

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

#### o) Related Party Disclosures

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

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

**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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**1. Significant Accounting Policies (continued)**

**p) Inter-entity Transactions**

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

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

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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### 1. Significant Accounting Policies (continued)

#### q) Future Accounting Changes

##### (i) Foreign Currency Translation

PSAB released a revised standard related to *Foreign Currency Translation* (PS 2601). The standard has been deferred and applies to all local governments for fiscal years beginning on or after April 1, 2022. The standard requires exchange rates to be adjusted to the rate in effect at the financial statement date for monetary assets and liabilities denominated in foreign currency and non-monetary items included in the fair value category. Gains and losses yet to be settled are presented in the statement of re-measurement gains and losses. Gains and losses on long-term monetary assets and liabilities are amortized over the remaining term of the item. The Corporation has not yet determined what, if any, financial reporting implications may arise from this standard.

##### (ii) Financial Instruments

PSAB released a standard related to *Financial Instruments* (PS 3450). The standard has been deferred and applies to all local governments for fiscal years beginning on or after April 1, 2022. 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.

# THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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## 1. Significant Accounting Policies (continued)

### q) Future Accounting Changes (continued)

#### (iii) Asset Retirement Obligations

In August 2018, PSAB issued the new standard, Section PS 3280, *Asset Retirement Obligations*. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets such as buildings with asbestos, and solid waste landfill sites by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270, *Solid Waste Landfill Closure and Post-Closure Liability*.

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

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

Public sector entities would be required to capitalize asset retirement obligations associated with fully amortized tangible capital assets, except in the following instances:

- Asset retirement obligations associated with unrecognized tangible capital assets should be expensed;
- Asset retirement obligations associated with tangible capital assets no longer in productive use should be expensed.

# THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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## 1. Significant Accounting Policies (continued)

### q) Future Accounting Changes (continued)

#### (iii) Asset Retirement Obligations (continued)

The estimate of a liability should include costs directly attributable to asset retirement activities. Costs would include post-retirement operations, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset. It would also include costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

The new Section is to apply to fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted. This Section may be applied retroactively or prospectively. If retroactive application is selected, a public sector entity may choose to apply certain transitional provisions provided in the Section. The Corporation has not yet determined what, if any, financial reporting implications may arise from this standard.

#### (iv) Revenue

In June 2018, PSAB approved Section PS 3400, *Revenue*. The framework is focused on two categories of revenue - exchange and unilateral. Transactions which give rise to one or more performance obligations are considered to be exchange transactions. Performance obligations are defined as enforceable promises to provide goods or services to a payer as a result of exchange transactions. Revenue from an exchange transaction would be recognized when the public sector entity has satisfied the performance obligation(s), at a point in time or over a period of time. If no performance obligations are present, the transaction would represent unilateral revenue, and be recognized when the public sector entity has the authority to claim or retain an inflow of economic resources and a past event gives rise to a claim of economic resources. Excluded from this standard are reporting of contributions and appropriations which continue to be accounted for as government transfers, and tax revenues, interest, dividends, gains and restricted assets.

The proposed new section is expected to apply to fiscal years beginning on or after April 1, 2023, and be accounted for as a change in accounting policy applied retroactively with restatement of prior periods. The Corporation has not yet determined what, if any, financial reporting implications may arise from this standard.



**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**2. Cash and Cash Equivalents***Table 2: Cash and Cash Equivalents*

	<b>2019</b>	2018
Cash on deposit	<b>\$420,076</b>	\$479,882
Cash equivalents	<b>71,335</b>	10,158
	<b>\$491,411</b>	\$490,040

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

**3. Taxes Receivable**

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

*Table 3: Taxes Receivable*

	<b>2019</b>	2018
Taxes receivable	<b>\$27,623</b>	\$28,057
Penalties and interest	<b>1,600</b>	1,735
Allowance for doubtful accounts	<b>(7,149)</b>	(6,720)
	<b>\$22,074</b>	\$23,072

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

### 4. Investments

Investments are comprised of the following:

Table 4: Investments

	2019	2019	2018	2018
	Cost	Market Value	Cost	Market Value
Pooled investment funds	\$ 21,634	\$ 22,369	\$ 6,769	\$ 6,744
Government fixed income	134,716	134,598	119,927	117,890
Corporate fixed income	495,372	499,991	326,568	327,377
Asset backed securities	89,215	90,300	109,112	108,560
Other investments	4,482	4,482	3,475	3,475
	<b>\$745,419</b>	<b>\$751,740</b>	<b>\$565,851</b>	<b>\$564,046</b>

### 5. Loan Receivable

Table 5: Loan Receivable

	2019	2018
Subordinate Loan – City of London Arena Trust	<b>\$23,791</b>	\$24,130

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, **\$339** (2018 - \$263) was received as a payment on the loan.

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

### 6. Investment in Government Business Enterprises and Partnerships

The Corporation holds a 100% interest in London Hydro Inc., a 38.572% (2018 – 41.429%) 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:

*Table 6: Investment in Government Business Enterprises and Partnerships*

		2019	2018
London Hydro Inc.	a)	<b>\$174,690</b>	\$169,329
Fair-City Joint Venture Partnership	b)	<b>3,769</b>	4,603
City-YMCA Joint Venture Partnership	c)	<b>14,951</b>	15,449
		<b>\$193,410</b>	\$189,381

#### a) Investment in London Hydro Inc.

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

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

	2019	2018
<b>Financial Position</b>		
Current assets	<b>\$ 78,724</b>	\$ 79,563
Capital assets	<b>354,155</b>	329,275
Total assets	<b>432,879</b>	408,838
Regulatory balances	<b>21,019</b>	17,166
Total assets and regulatory balance	<b>453,898</b>	426,004
Current and other liabilities	<b>68,277</b>	63,675
Deferred revenue	<b>38,057</b>	35,452
Post-employment benefits	<b>15,535</b>	13,895
Long-term debt	<b>155,000</b>	141,522
Total liabilities	<b>276,869</b>	254,544
Regulatory balances	<b>2,339</b>	2,131
Total liabilities and regulatory balances	<b>279,208</b>	256,675
<b>Net assets</b>	<b>\$174,690</b>	\$169,329

**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**6. Investment in Government Business Enterprises and Partnerships (continued)****a) Investment in London Hydro Inc. (continued)***Table 8: Investment in London Hydro Inc. - Results of Operations*

	2019	2018
<b>Results of Operations</b>		
Revenues	<b>\$448,250</b>	\$423,843
Operating expenses	<b>(432,658)</b>	(419,840)
Other expenses	<b>(6,487)</b>	(2,261)
Income tax expense	<b>(2,781)</b>	(4,312)
Net movement in regulatory balances	<b>4,064</b>	17,066
Net earnings	<b>10,388</b>	14,496
Dividends	<b>(5,000)</b>	(5,000)
Change in accounting policy	<b>(27)</b>	-
Net assets, beginning of year	<b>169,329</b>	159,833
Net Assets, End of Year – <b>Investment in London Hydro Inc.</b>	<b>\$174,690</b>	\$169,329

**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.

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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

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

##### 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 2019 totalled **\$21,019** (2018 - \$17,166). Net regulatory credit balances for 2019 totalled **\$2,339** (2018 - \$2,131).

##### iii) Commitments

The Company has provided **\$6,600** (2018 - \$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 **\$1,600** (2018 - \$700).

The Company has committed to operating lease agreements with future minimum non- cancellable annual lease payments of **\$1,248** (2018 - \$604).

##### iv) Credit Facilities

The Company has an uncommitted operating revolving line of credit facility of \$40,000. As at December 31, 2019 the amount drawn under this facility was **nil** (2018 - nil).

The Company has a committed 364 day extendible operating revolving loan facility of \$30,000. The amount drawn under this facility was **\$30,000** (2018 - \$15,000). The loan has a maturity date of March 31, 2021.

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

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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

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

##### iv) Credit Facilities (continued)

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 had an interest rate swap agreement for an unsecured loan to fund its Smart Meter capital expenditure program. Principal repayments on this loan commenced October 2010 and were being amortized over a 9 year period ending August 2019. The agreement was a fixed rate swap and matured August 2019.

At December 31, 2019, the Company would be required to pay **\$1,600** (2018 - \$1,200) 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 **\$4,442** (2018 - \$4,490) and are included on the consolidated statement of operations. At December 31, 2019, the Corporation has a receivable of **\$14,071** (2018 - \$14,300) for water and wastewater charges collected by London Hydro Inc. Miscellaneous receivables of **\$192** (2018 - \$1,667) are also outstanding at year end.

The Corporation charged London Hydro Inc. rent, totalling **\$100** (2018 - \$100).

The Corporation received **\$5,000** (2018 - \$5,000) in dividend payments, which were recorded as a reduction in the investment in government business enterprises.

##### vi) International Financial Reporting Standards ("IFRS")

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



**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**6. Investment in Government Business Enterprises and Partnerships (continued)****b) Fair-City Joint Venture Partnership**

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

*Table 9: Fair-City Joint Venture Partnership – Financial Position*

	<b>2019</b>	2018
<b>Financial Position</b>		
Current assets	<b>\$ 1,307</b>	\$ 1,641
Capital assets	<b>11,138</b>	11,263
	<b>12,445</b>	12,904
Accrued liabilities	<b>2,032</b>	1,851
Deferred capital contributions	<b>2,886</b>	3,019
Long-term debt	<b>2,485</b>	3,523
Total liabilities	<b>7,403</b>	8,393
Net assets	<b>\$ 5,042</b>	\$ 4,511

**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**6. Investment in Government Business Enterprises and Partnerships (continued)****b) Fair-City Joint Venture Partnership (continued)***Table 10: Fair-City Joint Venture Partnership - Results of Operations*

	2019	2018
<b>Results of Operations</b>		
Revenues	<b>\$3,993</b>	\$4,028
Operating expenses	<b>(3,449)</b>	(3,489)
Net earnings	<b>544</b>	539
Net earnings available to the Corporation	<b>210</b>	223
Distribution for employee future benefit re-measurements	<b>(5)</b>	39
Corporation's portion of earning retained in Joint Venture	<b>205</b>	262
Corporation's investment in Fair-City Joint Venture's net assets, beginning of year	<b>1,869</b>	1,607
Adjustment due to change in Corporation's share during year	<b>(129)</b>	-
Corporation's investment in Fair-City Joint Venture's net assets, end of year	<b>1,945</b>	1,869
Promissory note due to the Corporation	<b>1,824</b>	2,734
<b>Investment in Fair-City Joint Venture Partnership</b>	<b>\$3,769</b>	\$4,603

**i) Contributions to Joint Venture**

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

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

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

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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

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

##### i) Contributions to Joint Venture (continued)

The Corporation's equity interest as at June 30, 2019 was 38.572% (2018 – 41.429%). The Venturers agreed to apply any change in the equity interest, prospectively, to the first day in the year that the threshold is met and to each year thereafter that subsequent repayment thresholds are met. In the current year **nil** (2018 - nil) of profit was available and distributed to the Corporation.

##### ii) Related Party Transactions

The Corporation has an Ice Rental Agreement with the Fair-City Joint Venture Partnership for 240 hours per year. **\$1,873** was paid for ice rental in 2019 (2018 - \$1,836), which was recorded as an expense in the consolidated statement of operations.

The partnership has a term loan, payable to the Corporation, bearing interest at 6.377%, payable in monthly blended payments of \$88, due October 1, 2021, secured by a general security agreement over all assets. The balance outstanding at December 31, 2019 is **\$1,824** (2018 - \$2,734). During the year, the partnership paid interest to the Corporation in the amount of **\$146** (2018 - \$202), which was recorded as investment income 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:

*Table 11: City-YMCA Joint Venture Partnership - Financial Position*

	2019	2018
<b>Financial Position</b>		
Capital assets	<b>\$27,135</b>	\$27,135
Accumulated amortization	<b>(6,776)</b>	(6,097)
Net Assets	<b>\$20,359</b>	\$21,038

**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**6. Investment in Government Business Enterprises and Partnerships (continued)****c) City-YMCA Joint Venture Partnership (continued)***Table 12: City-YMCA Joint Venture Partnership - Results of Operations*

	2019	2018
<b>Results of Operations</b>		
Amortization of capital assets	\$ (678)	\$ (678)
Net loss	(678)	(678)
Net assets, beginning of year	21,038	21,716
Net assets, end of year	20,360	21,038
Corporation's portion of net assets	14,951	15,449
<b>Investment in City-YMCA Joint Venture Partnership</b>	<b>\$14,951</b>	<b>\$15,449</b>

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.

**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**7. Deferred Revenue**

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

*Table 13: Deferred Revenue*

	2019	2018
<b>Funds deferred to future periods for specific purposes by legislation, regulation or agreement:</b>		
Development Charges Act		
- Recreation, transit and culture	\$ 33,046	\$ 29,189
- Capital infrastructure	230,796	200,658
Development Charges Act (Note 11)	263,842	229,847
Federal and Provincial gas tax	78,869	54,411
Recreational land ( <i>The Planning Act</i> )	3,699	3,173
	<b>346,410</b>	<b>287,431</b>
<b>Other deferred revenue:</b>		
Subsidy advances from Provincial Ministries for future periods	16,140	21,397
Prepaid deposits	509	531
Prepayment of recreation programs, facility rentals, memberships	2,180	2,297
Vacancy rebate allowances	604	1,701
Boards and commissions	6,141	6,249
Other deferred revenues	262	233
	<b>\$372,246</b>	<b>\$319,839</b>

**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**8. Long-term Liabilities**

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

*Table 14: Long-term Liabilities*

	Last year of obligation	2019	2018
Fanshawe College, with annual principal repayments of \$900, subject to annual budget approval, maturing in 2024	2024	<b>\$4,500</b>	\$7,400
OMEX Insurance	2019	-	300
		<b>\$4,500</b>	<b>\$7,700</b>

Anticipated principal repayments are summarized as follows:

2020	\$ 900
2021	900
2022	900
2023	900
2024	900
<b>Total</b>	<b>\$4,500</b>

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

### 9. Long-term Debt

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

Long-term debt is as follows:

*Table 15: Long-term Debt*

	2019	2018
Long-term debt issued by the Corporation at various rates of interest ranging from 0.95 % to 5.88% (2018 - 0.90% to 5.88%), with maturity dates ranging from December 2021 to April 2029.	\$263,694	\$254,988
Long-term debt issued to Infrastructure Ontario programs at various rates of interest ranging from 2.45% to 4.44% (2018 – 2.45% to 4.44%), with maturity dates ranging from March 2020 to March 2030.	36,618	48,946
Long-term debt issued to Canada Mortgage and Housing Corporation at an interest rate of 3.23%, with a maturity date of March 2021.	3,589	5,300
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% (2018 – 2.00% to 2.25%), with maturity dates ranging from April 2026 to May 2032.	3,399	3,784
Long-term debt, assumed by unconsolidated local Boards, other municipalities, municipal enterprises and utilities.	(6,797)	(8,030)
Total long-term debt	300,503	304,988
Less: Unamortized debenture discount	(1,610)	(1,561)
Net long-term debt	\$298,893	\$303,427

**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**9. Long-term Debt (continued)**

Principal repayments are summarized as follows:

*Table 16: Principal Repayment Summary*

<b>Recoverable from</b>	2020	2021	2022	2023	2024	Beyond	<b>Total</b>
General	\$31,155	\$28,489	\$23,516	\$20,297	\$14,330	\$38,025	<b>\$155,812</b>
Water	2,552	2,607	2,420	1,662	1,439	2,478	<b>13,158</b>
Sewer	8,654	8,346	5,207	4,239	4,033	11,184	<b>41,663</b>
Discretionary	4,453	2,034	2,096	1,166	490	-	<b>10,239</b>
Obligatory	10,505	10,712	9,653	9,178	8,538	31,045	<b>79,631</b>
	<b>\$57,319</b>	<b>\$52,188</b>	<b>\$42,892</b>	<b>\$36,542</b>	<b>\$28,830</b>	<b>\$82,732</b>	<b>\$300,503</b>

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

*Table 17: Principal Repayments - Total Charges*

	<b>2019</b>	2018
Interest on long-term debt	<b>\$9,030</b>	\$9,288
Amortization of debenture discount	<b>288</b>	268
Interest on capital lease obligations	<b>29</b>	49
	<b>\$9,347</b>	\$9,605



**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**10. Capital Lease Obligations***Table 18: Capital Lease Obligations*

	2019	2018
2019	\$ -	\$ 462
2020	310	310
2021	256	256
2022	110	111
Minimum lease payments	676	1,139
Less amount representing interest at 3.25% (2018 – 3.25%)	27	57
Present value of net minimum capital lease payments	\$ 649	\$1,082

**11. City Services Payable**

The Corporation resolved, at its municipal council meeting on July 24, 2018, to implement the full retirement of the Urban Works Reserve Funds with the adoption of the 2019 Development Charges By-law. Prior approved claims and those claims that were subject to the payment cap rules were paid out in 2019 to help facilitate the wind-up of the reserve funds. Where no claim had been submitted prior to the adoption of the 2019 Development Charges By-law, these claims submitted for eligible work would be funded from the City Services Reserve Funds. The Urban Works Payable was renamed the City Services Payable for 2019 year end.

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

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

As at December 31 of each year, the value of all work classified as substantially complete and not paid is recognized as a liability in the consolidated statement of financial position. Repayment of this liability remains subject to all of the rules of the City Services Reserve Funds and Development Charges By-law, including a reliance on development charges received as the source for repayment. At December 31, there is **\$263,842** (2018 - \$229,847) in the City Services Reserve Funds to fund this liability.

**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**11. City Services Payable (continued)**

The continuity breakdown is as follows:

*Table 19: City Services - Continuity Breakdown*

	Roads	Waste Water	Storm Water	Parks & Recreation	Water	Total
<b>Expenses:</b>						
Transferred from Urban Works Payable	458	59	356	-	-	873
Value of construction work completed	4,463	1,792	9,618	1,920	429	18,222
<b>Payments:</b>						
From City Services Reserve Funds	(1,549)	(26)	(1,834)	(577)	(94)	(4,080)
<b>City Services Payable</b>	<b>\$3,372</b>	<b>\$1,825</b>	<b>\$8,140</b>	<b>\$1,343</b>	<b>\$335</b>	<b>\$15,015</b>

**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**12. Employee Benefits Payable**

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

*Table 20: Employee Benefits Payable*

		2019	2018
Post-employment and post-retirement benefits	a)	<b>\$ 94,988</b>	\$ 92,558
Workplace Safety and Insurance Board			
Obligation	b)	<b>48,275</b>	48,817
Vacation credits	c)	<b>16,697</b>	16,450
Vested sick leave benefits	d)	<b>1,739</b>	1,720
		<b>\$161,699</b>	\$159,545

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 **\$114,062** (2018 - \$106,159), and the reserve balances at the end of the year are **\$nil** (2018 - \$5) to fund these obligations.

**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**12. Employee Benefits Payable (continued)****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, 2018.

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

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

	2019	2018
	%	%
Discount rate	3.25	3.25
Rate of compensation increase	2.00	2.00
Healthcare cost increases	4.00 – 7.00	4.00 - 7.00

The benefit obligation continuity is as follows:

*Table 22: Employee Benefits Payable - Benefit Obligation Continuity*

Liability for post-employment and post-retirement benefits:	2019	2018
Accrued benefit obligation, January 1	\$81,687	\$82,603
Current period benefit cost	4,297	4,552
Retirement interest expense	2,642	2,758
Plan amendment	-	644
Actuarial gain	-	(5,099)
Benefits paid	(4,142)	(3,771)
Accrued benefit obligation, December 31	84,484	81,687
Unamortized actuarial gain	10,504	10,871
Liability for post-employment and post-retirement benefits	\$94,988	\$92,558
Post-employment and post-retirement benefits expense:		
Current period benefit cost	\$4,297	\$ 4,552
Retirement interest expense	2,642	2,758
Plan amendment	-	644
Amortization of actuarial gain	(367)	(1,389)
Total post-employment and post-retirement benefit expense	\$6,572	\$6,565

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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### 12. Employee Benefits Payable (continued)

#### a) Post-Employment and Post-Retirement Benefits (continued)

The actuarial loss is amortized over the expected average remaining service life of the related employee group of 14 years (2018 – 14 years).

#### b) Workplace Safety and Insurance Board Obligation

The Corporation is a Schedule 2 employer under the *Workplace Safety and Insurance Board ("WSIB") Act*, and as such assumes responsibility for financing its workplace safety insurance costs. The 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, 2019, 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, 2019 is **\$16,697** (2018 - \$16,450).

#### d) Liability for Vested Sick Leave Benefits

Under the sick leave benefit plan, certain unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Corporation's employment. The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to **\$1,739** (2018 - \$1,720) at December 31, 2019. During the year **\$397** (2018 - \$736) 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, 2019 is **\$1,497** (2018 - \$1,852), and the reserves balance is **\$nil** (2018 - \$5). An amount of **\$37** (2018 - \$42) has been contributed in the current year.

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

### 12. Employment Benefits Payable (continued)

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

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

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

*Table 23: Employee Benefits Payable - Anticipated Future Payments*

2020	\$1,625
2021	30
2022	84
<b>Total</b>	<b>\$1,739</b>

#### 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 4,517 (2018 – 4,468) members. The plan is a contributory defined benefit plan which specifies the amount of the retirement benefit to be received by employees based on length of service and rates of pay. Employers and employees contribute jointly to the plan.

The last available report for the OMERS plan was on December 31, 2019. At that time, the plan reported a \$3.4 billion actuarial deficit (2018 - \$4.2 billion), based on actuarial liabilities for \$107.7 billion (2018 – \$99 billion) actuarial assets for \$104.3 billion (2018 - \$95) billion. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

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

The amount contributed to OMERS for 2019 was **\$33,815** (2018 - \$31,729) for current service. Employer's contributions for current service are included as an expense in the consolidated statement of operations.

**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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**13. Landfill Closure and Post-Closure Liability**

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

The Sanitary Closure costs include final cover and vegetation, completing facilities for drainage control features, leachate monitoring, water quality monitoring, and monitoring and recovery of gas. Post-closure care activities include all activities related to monitoring the site once it can no longer accept waste, including acquisition of any additional land for buffer zones, treatment and monitoring of leachate, monitoring ground water and surface water, gas monitoring and recovery, and ongoing maintenance of various control systems, drainage systems, and final cover.

The estimated liability for the care of landfill sites is the present value of future cash flows associated with closure and post-closure costs.

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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

Key assumptions in determining the liability at December 31, 2019 for landfills are as follows:

*Table 24: Landfill Closure Key Assumptions*

Active (W12A) landfill is expected to reach capacity in 2024	
Remaining capacity of active (W12A) as at December 31, 2019	<b>1.17 million tonnes</b>
Expected closing cost in 2019 dollars	<b>\$1,863</b>
Inflation rate	<b>1.8%</b>
Discount rate	<b>3.25%</b>
Estimated time required for post-closure care – active landfill	<b>75 years</b>
Estimated remaining time required for post-closure care – closed landfills	<b>30-40 years</b>

The liability as at December 31, 2019 is comprised of:

*Table 25: Landfill Closure and Post-Closure Liability*

	<b>2019</b>	2018
Active landfill (W12A) closure, site rehabilitation and monitoring obligation	<b>\$31,706</b>	\$29,734
Closed landfills site rehabilitation and monitoring obligation	<b>9,345</b>	9,456
	<b>\$41,051</b>	\$39,190

A reserve fund has been established for sanitary landfill activity and funds could be utilized for this sanitary landfill site closure and post-closure liability. The reserve fund balance at December 31, 2019 is **\$21,649** (2018 - \$17,537).

The Corporation, with Council approval, has commenced an Individual Environmental Assessment (EA) for the expansion of the W12A landfill site. The Minister of the Environment, Conservation and Parks approved the proposed Amended Terms of Reference for the undertaking in July, 2019. 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.



**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**14. Tangible Capital Assets**

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Land	\$ 439,699	\$ 13,302	\$ 153	\$ 452,848
Landfill and land improvements	157,923	7,836	3,277	162,482
Building and building improvements	1,077,701	20,833	5,471	1,093,063
Leasehold improvements	8,503	957	305	9,155
Machinery, equipment and furniture	439,294	16,147	15,065	440,376
Vehicles	133,491	8,402	7,170	134,723
Water Infrastructure	785,250	27,386	4,802	807,834
Wastewater infrastructure	1,453,704	78,196	5,537	1,526,363
Roads infrastructure	1,369,530	115,107	29,169	1,455,468
Computers	20,058	5,552	4,821	20,789
Computers under capital lease	2,929	-	1,292	1,637
Assets under construction	129,340	99,009	98,551	129,798
<b>Total</b>	<b>\$6,017,422</b>	<b>\$392,727</b>	<b>\$175,613</b>	<b>\$6,234,536</b>

Accumulated Amortization	Balance at December 31, 2018	Amortization Expense	Amortization Disposal	Balance at December 31, 2019
Land	\$ -	\$ -	\$ -	\$ -
Landfill and Improvements	81,296	8,124	3,027	86,393
Buildings and building improvements	482,334	33,183	5,200	510,317
Leasehold improvements	1,963	562	190	2,335
Machinery, equipment and furniture	255,900	29,730	14,689	270,941
Vehicles	70,348	11,347	7,077	74,618
Water infrastructure	254,794	16,691	4,196	267,289
Wastewater infrastructure	465,843	26,182	1,885	490,140
Roads infrastructure	498,553	49,904	25,033	523,424
Computers	11,594	5,636	5,197	12,033
Computers under capital lease	2,000	658	1,292	1,366
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$2,124,625</b>	<b>\$182,017</b>	<b>\$67,786</b>	<b>\$2,238,856</b>

	Net book value December 31, 2018	Net book value December 31, 2019
Land	\$ 439,699	\$ 452,848
Landfill and land improvements	76,627	76,089
Buildings and building improvements	595,367	582,746
Leasehold improvements	6,540	6,820
Machinery, equipment and furniture	183,394	169,435
Vehicles	63,143	60,105
Water infrastructure	530,456	540,545
Wastewater infrastructure	987,861	1,036,223
Roads infrastructure	870,977	932,044
Computers	8,464	8,756
Computers under capital lease	929	271
Assets under construction	129,340	129,798
<b>Total</b>	<b>\$3,892,797</b>	<b>\$3,995,680</b>

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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### 14. Tangible Capital Assets (continued)

#### a) Assets under construction

Assets under construction having a value of **\$129,798** (2018 - \$129,340) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

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

#### b) Contributed Tangible Capital Assets

Contributed capital assets have been recognized at estimated fair value at the date of contribution. The value of contributed assets received during the year is **\$64,953** (2018 - \$73,284) comprised predominantly of roads infrastructure in the amount of **\$30,918** (2018 - \$33,896) and water and wastewater infrastructure in the amount of **\$29,722** (2018 - \$37,833).

#### 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 **\$nil** (2018 - \$6,293).

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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### 14. Tangible Capital Assets (continued)

#### f) Assets under Shared Control

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

Each partner proposed to invest in the project as follows:

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

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

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

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

**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**14. Tangible Capital Assets (continued)**

**f) Assets under Shared Control (continued)**

Total project costs of **\$53,996** have been offset by contributions from the YMCA of \$9,200 and Library of \$4,556. The net project costs of \$40,240 have been accounted for in the Corporation and capitalized or expensed as follows:

*Table 26: Tangible Capital Assets under Shared Control*

	<b>2019</b>	<b>2018</b>
Capitalized as:		
Land	\$ -	\$ 5,155
Building	<b>594</b>	26,425
Equipment	<b>113</b>	7,663
Expensed as:		
Contracted services	<b>82</b>	208
<b>Total</b>	<b>\$789</b>	<b>\$39,451</b>

The YMCA and the Library have recorded additions of leasehold improvements in their respective accounting records equal to their contributions.

This facility opened to the public in the fall of 2018.

**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**15. Accumulated Surplus**

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

*Table 27: Accumulated Surplus*

	2019	2018
<b>Surplus:</b>		
Invested in tangible capital assets	<b>\$4,033,353</b>	\$3,925,615
Other	<b>(50,432)</b>	(68,665)
Local boards	<b>2,672</b>	2,496
Equity in government business enterprise	<b>193,410</b>	189,381
Unfunded		
Landfill closure and post-closure liability and liability for contaminated sites	<b>(41,901)</b>	(40,040)
Employee benefits payable	<b>(163,044)</b>	(161,807)
Net long-term debt	<b>(289,933)</b>	(291,308)
Total surplus	<b>3,684,125</b>	3,555,672
<b>Reserves set aside by Council</b>		
Contingencies	<b>69,306</b>	65,268
General operations	<b>36,491</b>	32,779
Total reserves	<b>105,797</b>	98,047
<b>Reserve funds set aside for specific purpose by Council</b>		
Contingencies	<b>89,316</b>	80,394
Infrastructure renewal	<b>244,302</b>	196,624
Acquisition of vehicles	<b>32,477</b>	28,170
Acquisition of facilities	<b>32,653</b>	22,702
Recreational programs & facilities	<b>265</b>	317
Self-insurance (Note 16(b))	<b>11,891</b>	14,158
Sick leave (Note 12(d))	<b>1,497</b>	1,852
Industrial over sizing	<b>13,202</b>	15,745
Other purposes	<b>246,916</b>	228,262
Special purpose (Note 18(g)(iii))	<b>76,471</b>	74,804
Total reserve funds	<b>748,990</b>	663,028
<b>Accumulated surplus</b>	<b>\$4,538,912</b>	\$4,316,747

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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### 15. Accumulated Surplus (continued)

The Corporation has chosen to reflect items on a gross rather than a net basis. As such the Corporation has reserve funds and reserves to satisfy certain obligations listed as unfunded in the preceding table, as more fully described in notes 12 and 13.

### 16. Contingent Liabilities

#### a) Legal Actions

As at December 31, 2019, 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, London & Middlesex Community Housing Inc. and Housing Development Corporation, London.

The Corporation has made a provision for a reserve fund for self-insurance which as at December 31, 2019 amounted to **\$11,891** (2018 - \$14,158) and is reported in Note 15 of the consolidated financial statements. The contribution for the year of **\$6,525** (2018 - \$4,990) has been reported in the individual revenues on the consolidated statement of operations.

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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### 16. Contingent Liabilities (continued)

#### b) Public Liability and Property Loss Self Insurance (continued)

Claims expensed during the year amounting to **\$8,792** (2018 - \$4,759) 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, 2019 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 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, 2019 is **\$1,758** (2018 - \$2,214).

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 Southwestern Ontario, related to the Stoney Creek Community Centre. The outstanding principal of this loan at December 31, 2019 is **\$1,769** (2018 - \$2,073).

The Corporation has entered into an agreement, which under certain conditions guarantees a \$7,000 leasehold mortgage from the Bank of Montreal to the YMCA of Southwestern Ontario, related to the Bostwick Community Centre. The outstanding principal of this loan at December 31, 2019 is **\$6,934** (2018 - \$7,461).

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

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, 2019 that the Corporation will need to make any payments as a result of providing the guarantees.

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

### 18. Commitments

#### a) London Middlesex Suburban Roads Commission

Section 474.18 of the *Municipal Act, 2001*, requires that the Corporation make annual payments to the County of Middlesex for an indefinite period as compensation for the reduction of income due to the dissolution of the London-Middlesex Suburban Roads Commission. The amount paid in 2019 was **\$1,137** (2018 - \$1,138). Payments are based on the base year of 1997 at \$1,000 and are calculated contingent on annual assessment and tax rate increases.

#### b) Rehabilitation, Redevelopment and Community Improvement Grant Programs

The Corporation has future commitments on the various Rehabilitation, Redevelopment Community Improvement Programs, which are programs that allow for future reductions in property taxes or access to grant funding. The future commitments are as follows:

*Table 28: Future Grant Program Commitments*

2020	\$ 1,039
2021	3,927
2022	1,343
2023	1,636
2024	2,665
Beyond	8,717
<b>Total</b>	<b>\$19,327</b>

#### c) Fleet, Equipment and Premises Commitments

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

*Table 29: Fleet, Equipment and Premises Commitments*

2020	\$18,288
2021	5,499
2022	3,471
2023	2,909
2024	2,594
Beyond	14,937
<b>Total</b>	<b>\$47,698</b>



## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

### 18. Commitments (continued)

#### d) Facilities and Infrastructure Commitments

The Corporation has the following outstanding commitments remaining on facilities and infrastructure contracts as at December 31, 2019:

*Table 30: Facilities and infrastructure Commitments*

	2019	2018
Roads	\$ 54,315	\$ 48,427
Sanitary Sewer	32,575	28,092
Water	20,365	18,814
Storm Sewer	19,022	19,485
Parks	9,071	1,562
General Government	8,860	6,212
Recreation Facilities	5,485	16,306
Commercial and Industrial	2,159	978
Waste Collection, Disposal and Recycling	1,469	2,053
Fire, Provincial Offences and Emergency Measures	875	1,594
Cultural Facilities	495	358
Social and Family Services	450	388
Social Housing	6	79
	<b>\$155,147</b>	<b>\$144,378</b>

These amounts represent uncompleted portions of contracts, as at December 31, 2019, on major projects. The majority of payments on these outstanding commitments will be made in the next three (3) to five (5) years.

#### e) Affordable Housing Programs

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

As at December 31, 2019, the Corporation has outstanding commitments remaining on these agreements of **\$14,647** (2018 - \$21,944).

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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### 18. Commitments (continued)

#### f) Derivatives

The Corporation has the following derivative contracts as at December 31, 2019:

- Contract, expiring October 31, 2020, for the transportation of daily natural gas purchases of 363 gigajoules, with a remaining contract value of **\$137** (2018 - \$nil).

The value of this contract is not reflected as an asset or liability in these consolidated financial statements.

- Contract with one block, negotiated May 5, 2017, with a daily electricity purchase of 24 megawatt hours, covering the period of November 1, 2018 to August 31, 2021, with a remaining contract cost of **\$432** (2018 - \$690).

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

#### g) Public Utility Commission Dissolution

##### i) Reporting entity history

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 as the sole shareholder. The name of the Commission was changed to The Public Utility Commission of the City of London (the Commission) effective November 1, 2000.

Certain property containing historic coal tar deposits was excluded from the transfer on November 1, 2000 and had been retained since then by the Commission.

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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### 18. Commitments (continued)

#### g) Public Utility Commission Dissolution (continued)

##### i) Reporting entity history (continued)

The Corporation, the sole shareholder of the Commission, resolved, at its Municipal Council meeting on October 16, 2018, to dissolve the Public Utility Commission of the City of London, effective on that date. The by-law enacted that the assets and liabilities of the Commission become those of the Corporation, without compensation.

The assets were disposed of in the Commission and were transferred to the Corporation at their net book value.

##### ii) Contingent liability

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

The Commission was 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.

With the dissolution of the Commission, the Corporation has assumed responsibility for the ongoing environmental remediation program and management strategy.

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

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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### 18. Commitments (continued)

#### g) Public Utility Commission Dissolution (continued)

##### iii) Promissory note

A promissory note from London Hydro Inc. to the Corporation 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 Corporation.

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

The reserve fund is held by the Corporation 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 incidentals costs related thereto.

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

##### h) Land Transactions

As at December 31, 2019, the Corporation has entered into two agreements of purchase and sale, to acquire certain properties, with a total purchase price of **\$1,350**. These properties will be owned by the Housing Development Corporation, London.

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

### 19. Provincial Offences Court Administration and Prosecution

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

Table 31: Charges Laid Under the Provincial Offences Act

	2019	2018
<b>Revenues</b>		
Fines	\$5,063	\$6,152
Transfer payments - provincial	-	4
<b>Total revenues</b>	<b>5,063</b>	<b>6,156</b>
<b>Expenses</b>		
Salary, wages and benefits	1,533	1,620
County share of net revenues	238	376
Occupancy costs	87	321
Provincial government cost recovery	376	490
Administration costs	1,469	1,242
Equipment and maintenance	205	236
<b>Total expenses</b>	<b>3,908</b>	<b>4,284</b>
<b>Excess of revenues over expenses</b>	<b>\$1,155</b>	<b>\$1,872</b>

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

### 20. Budget Data

Budget data presented in these consolidated financial statements is based upon the 2019 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 CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**20. Budget Data (continued)**

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

*Table 32: Approved Budget per Consolidated Financial Statements*

	<b>Total</b>	<b>Tax</b>	<b>Water</b>	<b>Wastewater</b>
<b>Net Budget PSAB Surplus</b>	<b>\$214,716</b>	<b>\$131,576</b>	<b>\$29,844</b>	<b>\$53,296</b>
<b>Public Sector Accounting Board (PSAB) Reporting Requirements:</b>				
<b>Addback (deduct) from Net Budget PSAB Surplus:</b>				
<b>Transfers:</b>				
Transfers to Capital	<b>(89,347)</b>	(48,404)	(20,190)	(20,753)
Transfers from Reserves and Reserve Funds	<b>9,040</b>	9,040	-	-
Transfers to Reserves and Reserve Funds	<b>(95,027)</b>	(57,886)	(12,242)	(24,899)
	<b>(175,334)</b>	<b>(97,250)</b>	<b>(32,432)</b>	<b>(45,652)</b>
<b>Budget Adjustments:</b>				
Government Grants and Subsidies	<b>11,346</b>	11,346	-	-
Expenses related to Government Grants and Subsidies	<b>(9,190)</b>	(7,443)	(498)	(1,249)
Transfers to Capital	<b>(2,597)</b>	(2,597)	-	-
Transfers from Reserves and Reserve Funds	<b>1,433</b>	1,433	-	-
Transfers to Reserves and Reserve Funds	<b>(992)</b>	(2,739)	498	1,249
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**20. Budget Data (continued)**

*Table 32: Approved Budget per Consolidated Financial Statements (continued)*

	<b>Total</b>	<b>Tax</b>	<b>Water</b>	<b>Wastewater</b>
<b>Debt Principal Repayments:</b>	<b>(42,371)</b>	<b>(32,457)</b>	<b>(360)</b>	<b>(9,554)</b>
<b>PSAB Adjustments:</b>				
Capital program funding earned in year	<b>(50,100)</b>	(43,995)	(961)	(5,144)
Capital projects not resulting in capital assets	<b>40,999</b>	30,374	4,186	6,439
Amortization	<b>140,473</b>	80,230	16,327	43,916
Developer contributions - assumed capital assets	<b>(41,746)</b>	(12,850)	(5,202)	(23,694)
Loss on disposal of capital assets	<b>3,000</b>	913	887	1,200
Obligatory reserve fund deferred revenue earned	<b>(64,278)</b>	(41,898)	(1,330)	(21,050)
Government Business Enterprises adjustments	<b>(6,983)</b>	(6,983)	-	-
Landfill liability	<b>1,752</b>	1,752	-	-
Employee future benefits liability	<b>5,695</b>	5,317	135	243
	<b>28,812</b>	<b>12,860</b>	<b>14,042</b>	<b>1,910</b>
<b>Boards and Commissions Budget</b>				
<b>PSAB Surplus</b>	<b>(25,823)</b>	<b>(14,729)</b>	<b>(11,094)</b>	<b>-</b>
<b>Net Surplus per 2019 Approved Budget</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**20. Budget Data (continued)**

*Table 32: Approved Budget per Consolidated Financial Statements (continued)*

	<b>Total</b>	<b>Tax</b>	<b>Water Wastewater</b>	
<b>Net Surplus per 2019 Approved Budget – Comprised of:</b>				
<b>Revenues:</b>				
Property Tax	<b>\$606,536</b>	\$606,536	\$ -	\$ -
Government Grants and Subsidies	<b>226,912</b>	226,869	-	43
User Fees	<b>225,335</b>	47,767	79,742	97,826
Municipal Revenues – Other	<b>72,069</b>	71,602	154	313
Municipal Revenues – Transfers from Reserves and Reserve Funds	<b>7,607</b>	7,607	-	-
<b>Total Revenues</b>	<b>1,138,459</b>	<b>960,381</b>	<b>79,896</b>	<b>98,182</b>
<b>Expenses:</b>				
Personnel Costs	<b>381,132</b>	356,542	9,184	15,406
Administrative Expenses	<b>12,719</b>	6,527	2,504	3,688
Financial Expenses – Other	<b>11,472</b>	11,398	74	-
Financial Expenses – Interest and Discount on long-term debt	<b>7,892</b>	6,171	46	1,675
Financial Expenses – Debt Principal Repayments	<b>42,371</b>	32,457	360	9,554
Financial Expenses – Transfers to Reserves and Reserve Funds	<b>94,036</b>	55,147	12,740	26,149
Financial Expenses – Transfers to Capital	<b>86,750</b>	45,807	20,190	20,753
Purchased Services	<b>197,613</b>	190,809	3,231	3,573
Materials and Supplies	<b>75,918</b>	37,032	26,888	11,998
Furniture and Equipment	<b>29,658</b>	24,258	1,983	3,417
Transfers	<b>213,832</b>	213,832	-	-
Other Expenses	<b>9,111</b>	1,321	2,821	4,969
Recovered Expenses	<b>(24,045)</b>	(20,920)	(125)	(3,000)
<b>Total Expenses</b>	<b>1,138,459</b>	<b>960,381</b>	<b>79,896</b>	<b>98,182</b>
<b>Net Surplus per 2019 Approved Budget</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

**21. Revenues**

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

*Table 33: Revenue Classifications*

	2019	2018
<b>Net municipal taxation and user charges</b>		
Net municipal taxation	\$622,509	\$595,322
Payments-in-lieu-of-taxes	9,660	9,390
	<b>632,169</b>	604,712
User charges	293,976	286,353
	<b>\$926,145</b>	\$891,065
<b>Transfer payments</b>		
Operating	\$ 2,110	\$ 5,734
Capital infrastructure	27,449	50,282
<b>Government of Canada - total</b>	<b>29,559</b>	56,016
Unconditional – operating	239	-
Conditional – operating	263,787	262,002
Capital infrastructure	2,940	7,674
<b>Province of Ontario - total</b>	<b>266,966</b>	269,676
<b>Other municipalities</b>	<b>6,584</b>	5,644
	<b>\$303,109</b>	\$331,336
<b>Investment income</b>		
Investment income - operating	\$ 8,635	\$ 6,834
Investment income - reserves and reserve funds	16,266	11,794
	<b>\$ 24,901</b>	\$ 18,628
<b>Other revenues</b>		
Provincial Offences Fines	\$ 5,063	\$ 6,152
Ontario Lottery & Gaming Corporation	5,062	4,870
Municipal accommodation tax	3,442	851
Other contributions - operating	18,492	13,588
Other contributions - capital	11,014	9,664
Donations	1,948	1,311
Miscellaneous sales	5,782	572
	<b>\$ 50,803</b>	\$ 37,007

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

### 22. Expenses by Object

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

Table 34: Expenses by Object

	2019	2018
Salaries, wages and fringe benefits	\$ 461,198	\$ 438,907
Long-term debt interest charges	9,347	9,605
Materials and supplies	140,146	131,360
Contracted services	153,225	140,000
Rents and financial expenses	30,096	36,205
External transfers	223,487	221,654
Amortization	182,017	172,672
<b>Total expenses by object</b>	<b>\$1,199,516</b>	<b>\$1,150,403</b>

### 23. Liability for Contaminated Sites

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

One site was owned by the Corporation at the end of December 31, 2019 and December 31, 2018. Subsequent to year end, this site was sold to a developer. As a result of the subsequent sale, management felt that the recording of a liability and subsequent sale and reversal of liability would not add any value to the financial statements.

With respect to the other site, reports indicate that remediation for this site will be required and has been estimated at **\$850** (2018 – \$850). This amount has been recorded as a liability at year end and has been included in accounts payable and accrued liabilities in the consolidated statement of financial position.

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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### 24. Comparative Figures

Certain comparative figures have been reclassified to conform to the 2019 financial statement presentation.

### 25. Subsequent Event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

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

- Experienced temporary declines in revenues
- Office closure to the public from March 18, 2020 to the date of the Auditors' Report based on public health recommendations
- Modifications to shift coverage and work-isolations to minimize risks to operating staff at the various Corporation's facilities
- Staffing impacts included some full-time employees going on a temporary unpaid declared emergency leave, some seasonal contractual employees experiencing delayed or cancelled contracts and Corporate wide hiring pauses
- Implemented working remotely strategy for some service areas

At this time, these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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### 26. Segmented Information

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

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

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

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

#### a) Protection

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.

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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### 26. Segmented Information (continued)

#### b) Transportation Services

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

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

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

#### 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.

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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### 26. Segmented Information (continued)

#### c) Environmental Services (continued)

##### 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.

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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### 26. Segmented Information (continued)

#### 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.

## THE CORPORATION OF THE CITY OF LONDON

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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### 26. Segmented Information (continued)

#### i) Planning, Development and Compliance

##### a) 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.

##### b) 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.

##### c) 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.



**THE CORPORATION OF THE CITY OF LONDON**

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2019

(all dollar amounts in thousands of dollars)

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**26. Segmented Information (continued)**

**i) Planning, Development and Compliance (continued)**

**d) Licensing and Municipal Law Enforcement Services**

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

**THE CORPORATION OF THE CITY OF LONDON**  
**Consolidated Schedule of Segment Disclosure - Operating Revenues**  
**For the year ended December 31, 2019, with comparative information for 2018 (in thousands of dollars)**

	<b>REVENUES</b>					TOTAL 2019 Actuals	TOTAL 2018 Actuals
	Taxation	User Charges	Government Transfers	Developer Contributions	Other		
<b>General Government</b>	632,169	4,147	2,179	157	58,424	697,076	669,332
Fire	-	320	-	-	-	320	229
Police	-	930	5,480	-	1,659	8,069	9,008
Other Protection Services	-	12,602	884	-	5,090	18,576	17,068
<b>Total Protection Services</b>	-	13,852	6,364	-	6,749	26,965	26,305
Transit	-	33,312	16,403	-	244	49,959	54,615
Other Transportation Services	-	4,639	18,445	30,918	20,998	75,000	97,690
<b>Total Transportation Services</b>	-	37,951	34,848	30,918	21,242	124,959	152,305
Water/Waste Water	-	176,423	10,565	29,722	28,074	244,784	255,517
Solid Waste	-	10,807	509	-	-	11,316	11,435
<b>Total Environmental Services</b>	-	187,230	11,074	29,722	28,074	256,100	266,952
<b>Health Services</b>	-	-	5,232	-	228	5,460	4,999
General Assistance	-	271	148,673	-	212	149,156	149,213
Assistance to aged persons	-	6,344	12,868	-	-	19,212	18,822
Child Care	-	-	52,891	-	-	52,891	54,914
<b>Total Social and Family Services</b>	-	6,615	214,432	-	212	221,259	222,949
<b>Social Housing</b>	-	12,210	25,693	-	267	38,170	33,077
Parks and Recreation	-	18,604	1,837	4,156	2,922	27,519	26,596
Libraries	-	540	628	-	499	1,667	2,094
Cultural Services	-	2,743	760	-	1,987	5,490	5,308
<b>Total Recreation and Cultural Services</b>	-	21,887	3,225	4,156	5,408	34,676	33,998
<b>Planning, Development and Compliance</b>	-	10,084	62	-	6,870	17,016	12,878
<b>Total Revenues</b>	632,169	293,976	303,109	64,953	127,474	1,421,681	1,422,795

THE CORPORATION OF THE CITY OF LONDON  
 Consolidated Schedule of Segment Disclosure - Operating Expenses  
 For the year ended December 31, 2019, with comparative information for 2018 (in thousands of dollars)

	EXPENSES						Total 2018 Actuals	
	Salaries, Wages & Benefits	Materials	Contracted Services	External Transfers	Amortization	Other		Total 2019 Actuals
<b>General Government</b>	57,174	14,929	12,758	234	11,196	7,376	103,667	96,962
Fire	61,831	2,447	213	-	3,125	73	67,689	67,667
Police	104,757	6,400	2,230	-	5,190	293	118,870	109,821
Other Protection Services	16,017	3,724	1,627	4,637	279	909	27,193	25,963
<b>Total Protection Services</b>	<b>182,605</b>	<b>12,571</b>	<b>4,070</b>	<b>4,637</b>	<b>8,594</b>	<b>1,275</b>	<b>213,752</b>	<b>203,451</b>
Transit	50,717	20,159	7,870	-	13,155	680	92,581	90,802
Other Transportation Services	22,828	22,883	26,698	3	50,729	11,343	134,484	121,398
<b>Total Transportation Services</b>	<b>73,545</b>	<b>43,042</b>	<b>34,568</b>	<b>3</b>	<b>63,884</b>	<b>12,023</b>	<b>227,065</b>	<b>212,200</b>
Water/Waste Water	24,207	30,334	13,710	17	72,217	7,788	148,273	151,863
Solid Waste	9,006	6,453	13,492	573	2,474	1,679	33,677	33,888
<b>Total Environmental Services</b>	<b>33,213</b>	<b>36,787</b>	<b>27,202</b>	<b>590</b>	<b>74,691</b>	<b>9,467</b>	<b>181,950</b>	<b>185,751</b>
Public Health Services	4,793	443	678	5,085	89	298	11,386	10,845
Ambulance Services	-	-	16,443	-	-	-	16,443	14,735
<b>Total Health Services</b>	<b>4,793</b>	<b>443</b>	<b>17,121</b>	<b>5,085</b>	<b>89</b>	<b>298</b>	<b>27,829</b>	<b>25,580</b>
General Assistance	22,519	882	8,010	134,770	458	2,634	169,273	166,613
Assistance to aged persons	20,118	2,875	406	207	1,296	656	25,558	25,286
Child Care	2,413	336	23,105	34,588	3	420	60,865	62,387
<b>Total Social and Family Services</b>	<b>45,050</b>	<b>4,093</b>	<b>31,521</b>	<b>169,565</b>	<b>1,757</b>	<b>3,710</b>	<b>255,636</b>	<b>254,286</b>
<b>Social Housing</b>	<b>7,795</b>	<b>2,185</b>	<b>15,546</b>	<b>33,960</b>	<b>1,985</b>	<b>791</b>	<b>62,262</b>	<b>54,143</b>
Parks and Recreation	25,460	7,771	7,003	47	12,279	2,226	54,786	52,679
Libraries	14,615	4,315	729	-	3,629	708	23,996	24,044
Cultural Services	2,540	3,411	533	1,478	1,770	135	9,867	8,344
<b>Total Recreation and Cultural Services</b>	<b>42,615</b>	<b>15,497</b>	<b>8,265</b>	<b>1,525</b>	<b>17,678</b>	<b>3,069</b>	<b>88,649</b>	<b>85,067</b>
<b>Planning, Development and Compliance</b>	<b>14,410</b>	<b>10,601</b>	<b>2,176</b>	<b>7,886</b>	<b>2,142</b>	<b>1,431</b>	<b>38,646</b>	<b>32,963</b>
<b>Total Expenses</b>	<b>461,200</b>	<b>140,148</b>	<b>153,227</b>	<b>223,485</b>	<b>182,016</b>	<b>39,440</b>	<b>1,199,516</b>	<b>1,150,403</b>
<b>Annual Surplus</b>							<b>222,165</b>	<b>272,392</b>

Consolidated Financial Statements of

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

And Independent Auditors' Report thereon

Year ended December 31, 2019



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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

### ***Qualified Opinion***

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

- the consolidated statement of financial position as at December 31, 2019
  - the consolidated statement of earnings and fund equity for the year then ended
  - and notes and schedules to the consolidated financial statements, including a summary of significant accounting policies
- (Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the ***Basis for Qualified Opinion***, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2019, and its consolidated results of operations and changes in fund equity for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Qualified Opinion***

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

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

- assets reported in the statement of financial position as at December 31, 2019 and December 31, 2018
- capital receipts and fund equity reported in the statement of earnings and fund equity for the years ended December 31, 2019 and December 31, 2018

Our opinion on the financial statements for the year ended December 31, 2019 was qualified accordingly because of the possible effects of this limitation in scope.



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

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

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

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

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

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

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

### ***Auditors’ Responsibilities for the Audit of the Financial Statements***

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

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

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

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



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We also:

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

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

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

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

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

August 18, 2020

# THE TRUST FUNDS OF THE CITY OF LONDON

Consolidated Statement of Financial Position

December 31, 2019, with comparative information for 2018

	<b>2019</b>	2018
	<b>Total</b>	Total
<b>Assets:</b>		
Cash and short-term deposits (Schedule 1)	\$ 1,522,858	\$ 2,022,832
Accounts receivable (Schedule 1)	37,783	35,243
Investments (Schedule 1, Note 2)	2,800,000	2,800,000
Prepaid expenses (Schedule 1)	9,326	204
	<b>\$ 4,369,967</b>	<b>\$ 4,858,279</b>

## Liability and Fund Equity:

Accounts payable (Schedule 1)	\$ 7,100	\$ 557,425
Fund equity (Schedule 1)	4,362,867	4,300,854
Subsequent event (Note 3)		
	<b>\$ 4,369,967</b>	<b>\$ 4,858,279</b>

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, 2019, with comparative information for 2018

	<b>2019</b>	<b>2018</b>
Fund equity, beginning of year	\$ 4,300,854	\$ 4,343,798
Revenue:		
Capital receipts (Schedule 2)	539,075	834,958
Interest (Schedule 2)	93,642	78,079
	<b>632,717</b>	913,037
Expenditures:		
Maintenance payments, Dearness Home (Schedule 2)	91,607	86,049
Disbursements (Schedule 2)	479,097	869,932
	<b>570,704</b>	955,981
Fund equity, end of year	\$ 4,362,867	\$ 4,300,854

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

# THE TRUST FUNDS OF THE CITY OF LONDON

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## 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 - Accounting, including the 4200 standards for government not-for-profit organizations. The significant accounting policies are summarized below:

### a) Basis of consolidation:

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

### b) Basis of accounting:

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

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

### c) Contributions:

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

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

## 2. Investments:

Investments are recorded at cost less any amounts written off to reflect a permanent decline in value. Investments consist of term deposits with short-term maturities and interest rates ranging from 1.85% to 2.20%.

## 3. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, indicators of financial implications present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

# THE TRUST FUNDS OF THE CITY OF LONDON

Schedule 1 - Detailed Consolidated Statement of Financial Position

Year ended December 31, 2019

	Sundry Trusts	E.P. Williams Estate	Bostwick Cemetery	London Public Library	Park Farms	Dearness Residents' Trust	Woodhull Perpetual Maintenance	Woodhull Stone Monument	Amelia Lucy Ronalds Little Trust	2019
<b>Assets:</b>										
Cash and short-term deposits	\$ 149,623	\$ 168,190	\$ 13,604	\$ 499,758	\$ 143,766	\$ 109,122	\$ 249,839	\$ 21,693	\$ 167,263	\$ 1,522,858
Accounts receivable	4,036	-	-	33,747	-	-	-	-	-	37,783
Investments	-	-	-	2,800,000	-	-	-	-	-	2,800,000
Prepaid expenses	-	-	-	9,326	-	-	-	-	-	9,326
	<b>\$ 153,659</b>	<b>\$ 168,190</b>	<b>\$ 13,604</b>	<b>\$ 3,342,831</b>	<b>\$ 143,766</b>	<b>\$ 109,122</b>	<b>\$ 249,839</b>	<b>\$ 21,693</b>	<b>\$ 167,263</b>	<b>\$ 4,369,967</b>
<b>Liability and Fund Equity:</b>										
Accounts payable	\$ -	\$ -	\$ -	\$ 5,561	\$ -	\$ 1,539	\$ -	\$ -	\$ -	\$ 7,100
Fund equity	153,659	168,190	13,604	3,337,270	143,766	107,583	249,839	21,693	167,263	4,362,867
	<b>\$ 153,659</b>	<b>\$ 168,190</b>	<b>\$ 13,604</b>	<b>\$ 3,342,831</b>	<b>\$ 143,766</b>	<b>\$ 109,122</b>	<b>\$ 249,839</b>	<b>\$ 21,693</b>	<b>\$ 167,263</b>	<b>\$ 4,369,967</b>

See accompanying notes to consolidated financial statements.

# THE TRUST FUNDS OF THE CITY OF LONDON

Schedule 2 - Detailed Consolidated Statement of Earning and Fund Equity

Year ended December 31, 2019

	Sundry Trusts	E.P. Williams Estate	Bostwick Cemetery	London Public Library	Park Farms	Dearness Residents' Trust	Woodhull Perpetual Maintenance	Woodhull Stone Monument	Amelia Lucy Ronalds Little Trust	2019
Fund equity, beginning of year	\$ 150,023	\$ 164,209	\$ 13,281	\$ 3,301,518	\$ 140,363	\$ 106,891	\$ 240,477	\$ 20,787	\$ 163,305	\$ 4,300,854
Receipts:										
Capital receipts	-	-	-	340,742	-	194,433	3,500	400	-	539,075
Interest	3,636	3,981	323	71,973	3,403	-	5,862	506	3,958	93,642
	3,636	3,981	323	412,715	3,403	194,433	9,362	906	3,958	632,717
Expenditures:										
Maintenance payments, Dearness Home	-	-	-	-	-	91,607	-	-	-	91,607
Disbursements	-	-	-	376,963	-	102,134	-	-	-	479,097
	-	-	-	376,963	-	193,741	-	-	-	570,704
Fund equity, end of year	\$ 153,659	\$ 168,190	\$ 13,604	\$ 3,337,270	\$ 143,766	\$ 107,583	\$ 249,839	\$ 21,693	\$ 167,263	\$ 4,362,867

See accompanying notes to consolidated financial statements.

Financial Statements of

**ARGYLE BUSINESS IMPROVEMENT  
ASSOCIATION BOARD OF  
MANAGEMENT**

And Independent Auditors' Report thereon.

Year ended December 31, 2019



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

## INDEPENDENT AUDITORS' REPORT

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

### ***Opinion***

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

- the statement of financial position as at December 31, 2019;
- the statement of operations for the year then ended;
- the statement of changes in net financial assets for the year then ended;
- the statement of cash flows for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

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

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

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



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

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

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

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



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

*KPMG LLP*

---

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

July 9, 2020



**ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT**

## Statement of Financial Position

As at December 31, 2019, with comparative information for 2018

	2019	2018
Financial assets		
Cash and cash equivalents (note 3)	\$ 98,500	\$ 50,002
Prepaid expenses	101	-
Due from Hyde Park Business Improvement Association Board of Management (note 6)	6,560	-
GST/HST Receivable	6,728	9,750
<b>Total financial assets</b>	<b>111,889</b>	<b>59,752</b>
Financial liabilities		
Accounts payable and accrued liabilities	9,311	19,000
Due to related parties (note 6)	12,622	-
Deferred revenue	6,560	-
<b>Total financial liabilities</b>	<b>28,493</b>	<b>19,000</b>
<b>Net financial assets</b>	<b>83,396</b>	<b>40,752</b>
Non-financial assets		
Tangible capital assets (note 4)	16,506	19,082
Inventory	1,440	1,440
<b>Total non-financial assets</b>	<b>17,946</b>	<b>20,522</b>
Subsequent event (note 7)		
<b>Accumulated surplus (note 5)</b>	<b>\$ 101,342</b>	<b>\$ 61,274</b>

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

**ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT**

## Statement of Operations

For the year ended December 31, 2019, with comparative information for 2018

	Budget			
	2019	2019	2019	2018
Revenues				
Municipal levy - The Corporation of the City of London	\$ 215,000	\$ 215,000	\$ 186,720	
Federal grants	10,000	12,300	10,004	
Santa clause parade sponsorship	4,000	2,800	2,100	
Digital Main Street	-	3,440	-	
Miscellaneous	-	940	-	
Interest	100	407	-	
Other	-	-	20,741	
<b>Total revenues</b>	<b>229,100</b>	<b>234,887</b>	<b>219,565</b>	
Expenses				
Salaries, wages and benefits	94,000	86,895	96,672	
Community initiatives	30,900	22,940	24,740	
Planters/hanging baskets	22,500	20,650	11,458	
Office rent	22,000	19,278	15,120	
Professional fees	9,000	9,199	6,476	
Advertising, marketing and promotion	13,180	8,964	5,273	
Property tax write offs	10,000	6,152	-	
Office supplies	9,500	4,189	8,926	
Digital Main Street	-	3,440	-	
Amortization	-	3,346	2,620	
Training, travel and professional development	4,500	2,701	1,312	
Utilities	2,000	2,086	1,561	
Repairs and maintenance	4,000	1,466	495	
Insurance	2,000	1,297	1,657	
Telephone and internet	2,000	960	1,129	
Office administration	3,120	1,256	625	
Membership fees and dues	400	-	442	
Furniture	-	-	3,596	
<b>Total expenses</b>	<b>229,100</b>	<b>194,819</b>	<b>182,102</b>	
<b>Net surplus</b>	<b>-</b>	<b>40,068</b>	<b>37,463</b>	
<b>Accumulated surplus, beginning of year (note 5)</b>	<b>61,274</b>	<b>61,274</b>	<b>23,811</b>	
<b>Accumulated surplus, end of year (note 5)</b>	<b>\$ 61,274</b>	<b>\$ 101,342</b>	<b>\$ 61,274</b>	

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

**ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT**

## Statement of Changes in Net Financial Assets

For the year ended December 31, 2019, with comparative information for 2018

	Budget 2019	2019	2018
Net surplus	\$ -	\$ 40,068	\$ 37,463
Acquisition of tangible capital assets	-	(770)	(18,621)
Amortization of tangible capital assets	-	3,346	2,620
	-	2,576	(16,001)
Change in net financial assets	-	42,644	21,462
Net financial assets, beginning of year	40,752	40,752	19,290
Net financial assets, end of year	\$ 40,752	\$ 83,396	\$ 40,752

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

**ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT**

## Statement of Cash Flows

For the year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Net surplus	\$ 40,068	\$ 37,463
Item not involving cash:		
Amortization of tangible capital assets	3,346	2,620
Changes in non-cash assets and liabilities:		
GST/HST Receivable	3,022	(4,760)
Due from Hyde Park Business Improvement Association Board of Management	(6,560)	-
Accounts payable and accrued liabilities	(9,689)	5,863
Deferred revenue	6,560	
Due to related parties	12,622	(13,324)
Prepaid expenses	(101)	
Net change in cash from operating activities	49,268	27,862
Capital activities:		
Purchase of tangible capital assets	(770)	(18,621)
Cash used in capital activities	(770)	(18,621)
Increase in cash and cash equivalents	48,498	9,241
Cash and cash equivalents, beginning of year	50,002	40,761
Cash and cash equivalents, end of year	\$ 98,500	\$ 50,002

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

# ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Notes to Financial Statements  
Year ended December 31, 2019

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## 1. Nature of reporting entity

Subsection 204(1) of the Municipal Act, 2001 provides that a local municipality may designate an area as an improvement area and may establish a board of management. The Argyle Business Improvement Association Board of Management (the "Board") was incorporated on October 9, 2012, in the Province of Ontario. The Board was established as a local board of The Corporation of the City of London to manage the Argyle Business Improvement Association. This Association is comprised of those lands in the City of London abutting on the north and south sides of Dundas Street, east of Highbury Avenue and west of Wavell Street.

The Board was established to oversee the improvement, beautification and maintenance of municipally-owned land, buildings and structures in the area beyond that provided at the expense of the municipality generally and to promote the area as a business or shopping area. The Board was granted municipality status in 2017.

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

## 2. Significant accounting policies

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

Significant accounting policies are as follows:

### (a) Basis of accounting

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

### (b) Tangible capital assets

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

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

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

## ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2019

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### 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:

	2019	2018
Cash on deposit	\$ 97,618	\$ 49,768
Petty Cash	566	-
Credit union membership shares	316	234
	<u>\$ 98,500</u>	<u>\$ 50,002</u>

**ARGYLE BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT**

Notes to Financial Statements (continued)

Year ended December 31, 2019

**4. Tangible capital assets**

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Leasehold improvements	\$ 8,293	\$ -	\$ -	\$ 8,293
Furniture and fixtures	12,124	370	-	12,494
Computer equipment	7,213	400	-	7,613
	<u>\$ 27,630</u>	<u>\$ 770</u>	<u>\$ -</u>	<u>\$ 28,400</u>

Accumulated Amortization	Balance at December 31, 2018	Amortization Expense	Disposals	Balance at December 31, 2019
Leasehold improvements	\$ 829	\$ 829	\$ -	\$ 1,658
Furniture and fixtures	2,639	1,934	-	4,573
Computer equipment	5,080	583	-	5,663
	<u>\$ 8,548</u>	<u>\$ 3,346</u>	<u>\$ -</u>	<u>\$ 11,894</u>

Net book value	Balance at December 31, 2018	Balance at December 31, 2019
Leasehold improvements	\$ 7,464	\$ 6,635
Furniture and fixtures	9,485	7,921
Computer equipment	2,133	1,950
	<u>\$ 19,082</u>	<u>\$ 16,506</u>

**5. Accumulated surplus**

The balance of accumulated surplus is comprised of the following:

	2019	2018
Invested in tangible capital assets	\$ 16,506	\$ 19,082
Operating fund	84,836	42,192
	<u>\$ 101,342</u>	<u>\$ 61,274</u>

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

Notes to Financial Statements (continued)

Year ended December 31, 2019

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### **6. Related party transactions**

At December 31, 2019 the amount due to the Corporation of the City of London is \$12,622 (2018 - \$nil) and the amount due from Hyde Park Business Improvement Association Board of Management is \$6,560 (2018 - \$nil).

### **7. Subsequent event**

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

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

- Closure of office to the public from March 23, 2020 to the date of the auditors' report based on public health recommendations.
- Mandatory working from home requirement for those able to do so.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.



Financial Statements of

**COVENT GARDEN MARKET  
CORPORATION**

And Independent Auditors' Report thereon

Year ended December 31, 2019



KPMG LLP  
1400-140 Fullarton Street  
London Ontario N6A 5P2  
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## INDEPENDENT AUDITORS' REPORT

To the Chair and Members of Covent Garden Market Corporation

### ***Opinion***

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

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedule to the financial statements, including a summary of significant accounting policies

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

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

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

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



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

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

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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



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

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

London, Canada

March 6, 2020

# COVENT GARDEN MARKET CORPORATION

## Statement of Financial Position

December 31, 2019, with comparative information for 2018

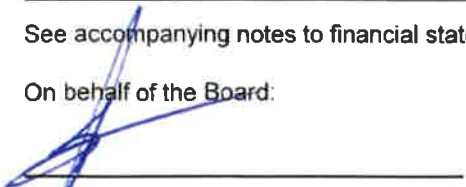
	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 198,363	\$ 192,488
Investments (note 2)	2,333,807	2,047,690
Accounts receivable (note 3)	228,832	264,729
Prepaid expenses	17,256	28,361
HST receivable	-	65,084
	2,778,258	2,598,352
Capital assets (note 4)	4,111,817	4,224,256
	\$ 6,890,075	\$ 6,822,608


## Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 306,621	\$ 266,516
Current portion of long-term debt (note 6)	113,390	106,422
HST payable	-	65,084
	420,011	438,022
Deferred capital contributions (note 5)	1,880,402	1,973,821
Long-term debt (note 6)	602,713	716,103
Net assets:		
Invested in capital assets (note 7)	1,515,312	1,427,910
Unrestricted	2,471,637	2,266,752
	3,986,949	3,694,662
	\$ 6,890,075	\$ 6,822,608

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# COVENT GARDEN MARKET CORPORATION

## Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Parking fees	\$ 1,885,162	\$ 1,857,419
Market rentals	780,294	795,166
Common area maintenance	680,232	607,136
Amortization of deferred capital contributions	93,419	95,053
Promotion fund	49,759	50,189
Central chilling lease	22,312	22,135
Management fees	17,460	17,460
Miscellaneous	2,466	2,485
	<u>3,531,104</u>	<u>3,447,043</u>
Expenses:		
Operating (Schedule)	2,655,916	2,618,363
Management (Schedule)	621,202	534,989
	<u>3,277,118</u>	<u>3,153,352</u>
Earnings before the undernoted	253,986	293,691
Other income (expenses):		
Interest income	61,948	46,497
Tenant leaseholds	(23,647)	(21,343)
	<u>38,301</u>	<u>25,154</u>
Excess of revenues over expenses	<u>\$ 292,287</u>	<u>\$ 318,845</u>

See accompanying notes to financial statements.

## COVENT GARDEN MARKET CORPORATION

### Statement of Changes in Net Assets

Year ended December 31, 2019, with comparative information for 2018

	Invested in capital assets (note 7)	Unrestricted	2019 Total	2018 Total
Balance, beginning of year	\$ 1,427,910	\$ 2,266,752	\$ 3,694,662	\$ 3,375,817
Excess (deficiency) of revenue over expenses	(225,447)	517,734	292,287	318,845
Net change in investment in capital assets (note 7)	312,849	(312,849)	-	-
<b>Balance, end of year</b>	<b>\$ 1,515,312</b>	<b>\$ 2,471,637</b>	<b>\$ 3,986,949</b>	<b>\$ 3,694,662</b>

See accompanying notes to financial statements.

## COVENT GARDEN MARKET CORPORATION

### Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenses	\$ 292,287	\$ 318,845
Adjustments for:		
Amortization of capital assets	318,866	352,885
Amortization of deferred capital contributions	(93,419)	(95,053)
Net change in non-cash operating working capital (note 8)	87,107	(15,182)
	<u>604,841</u>	<u>561,495</u>
Capital activities:		
Purchase of capital assets	(206,427)	(156,078)
Financing activities:		
Repayment of long-term debt	(106,422)	(99,883)
Investing activities:		
Purchase of investments	(286,117)	(193,459)
Increase in cash	5,875	112,075
Cash, beginning of year	192,488	80,413
Cash, end of year	<u>\$ 198,363</u>	<u>\$ 192,488</u>

See accompanying notes to financial statements.



# COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements

Year ended December 31, 2019

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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, 2019

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## 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.

# COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 1. Significant accounting policies (continued):

### (e) Financial instruments:

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

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

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

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

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

Long-term debt is recorded at cost.

PSAS requires the Corporation to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The Corporation does not incur unrealized gains and losses which meet the definition for recognition in the statement of remeasurement gains and losses. Accordingly, no statement of remeasurement gains and losses is presented in these financial statements.

# COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 1. Significant accounting policies (continued):

### (f) Use of estimates:

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

## 2. Investments:

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

## 3. Accounts receivable:

	2019	2018
Trade	\$ 457,655	\$ 347,427
Provision for doubtful accounts	228,823	82,698
	<u>\$ 228,832</u>	<u>\$ 264,729</u>

## 4. Capital assets:

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Buildings	\$ 7,463,179	\$ 4,148,545	\$ 3,314,634	\$ 3,435,599
Equipment and fixtures	2,243,308	1,533,371	709,937	766,357
Computer equipment	54,065	42,988	11,077	3,916
Renovations, parking upgrade	162,716	98,966	63,750	5,079
Central chilling program	612,077	599,658	12,419	13,305
	<u>\$10,535,345</u>	<u>\$ 6,423,528</u>	<u>\$ 4,111,817</u>	<u>\$ 4,224,256</u>

# COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

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#### 4. Capital assets (continued):

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

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.

#### 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.

	2019	2018
Balance, beginning of year	\$ 1,973,821	\$ 2,068,874
Amortization of contributions	(93,419)	(95,053)
Balance, end of year	\$ 1,880,402	\$ 1,973,821

## COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

### 6. Long-term debt:

	2019	2018
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	\$ 359,502	\$ 407,116
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	356,601	415,409
	716,103	822,525
Less current portion	113,390	106,422
	\$ 602,713	\$ 716,103

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

2020	\$ 113,390
2021	120,814
2022	128,724
2023	137,152
2024 and thereafter	216,023
	\$ 716,103

Interest paid on the notes payable to the City, a related party, amounted to \$55,919 (2018 - \$62,458).

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

# COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 7. Invested in capital assets:

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

	2019	2018
Capital assets	\$ 4,111,817	\$ 4,224,256
Amounts financed by:		
Deferred capital contributions	1,880,402	1,973,821
Long-term debt	716,103	822,525
	2,596,505	2,796,346
	\$ 1,515,312	\$ 1,427,910

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

	2019	2018
Deficiency of revenues over expenses:		
Amortization of capital assets	\$ (318,866)	\$ (352,885)
Amortization of deferred capital contributions	93,419	95,053
	\$ (225,447)	\$ (257,832)
Net change in investment in capital assets:		
Purchase of capital assets	\$ 206,427	\$ 156,078
Repayment of long-term debt	106,422	99,883
	\$ 312,849	\$ 255,961

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

	2019	2018
Accounts receivable	\$ 35,897	\$ (5,415)
Prepaid expenses	11,105	(8,161)
HST receivable	65,084	78,099
Accounts payable and accrued liabilities	40,105	(1,606)
HST payable	(65,084)	(78,099)
	\$ 87,107	\$ (15,182)

# COVENT GARDEN MARKET CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 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, 2019 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, 2019 is \$228,823 (2018 - \$82,698).

There have been no significant changes to the credit risk exposure from 2018.

### (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 2018.

### (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, 2019

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## 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 2018.

# COVENT GARDEN MARKET CORPORATION

## Schedule - Operating and Management Expenses

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
<b>Operating expenses:</b>		
Contracted services and professional fees	\$ 805,812	\$ 759,870
Advertising	379,771	324,713
Security	368,811	352,181
Amortization	313,183	348,767
Maintenance, repairs and supplies	276,123	321,140
Light and heat	257,720	259,278
Insurance	107,812	103,239
Interest expense, notes payable	55,919	62,458
Salaries and benefits	43,613	47,299
Miscellaneous	43,488	32,611
Telephone	3,099	3,116
Travel and entertainment	565	628
Professional fees	-	3,063
	<b>\$ 2,655,916</b>	<b>\$ 2,618,363</b>
<b>Management expenses:</b>		
Salaries	\$ 319,122	\$ 290,660
Miscellaneous	140,224	71,822
Benefits	83,877	76,838
Professional fees	34,077	58,509
Maintenance repairs and supplies	21,041	14,849
Telephone	8,661	7,673
Insurance	7,593	7,146
Amortization	5,683	4,118
Travel and entertainment	924	3,374
	<b>\$ 621,202</b>	<b>\$ 534,989</b>

Financial Statements of

**ELDON HOUSE CORPORATION**

Year ended December 31, 2019



KPMG LLP  
1400-140 Fullarton Street  
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Canada  
Telephone (519) 672-4880  
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## INDEPENDENT AUDITORS' REPORT

To the Chair and Members, Eldon House Corporation

### ***Qualified Opinion***

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

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of change in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements, present fairly, in all material respects, the financial position of the Corporation as at December 31, 2019, and its results of operations, its change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Qualified Opinion***

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

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

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.



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Therefore, we were not able to determine whether, as at and for the year ended December 31, 2019, any adjustments might be necessary to donations and annual surplus (deficit) reported in the statement of operations and statement of cash flows and financial assets reported on 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, 2018.

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

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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



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

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

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

May 21, 2020

# ELDON HOUSE CORPORATION

## Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial assets</b>		
Cash and cash equivalents	\$ 125,853	\$ 83,918
Accounts receivable	-	3,488
Prepaid expenses and deposits	375	375
	<u>126,228</u>	<u>87,781</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	80,646	70,969
Deferred revenue	31,093	2,279
Deposits payable	781	781
	<u>112,520</u>	<u>74,029</u>
Net financial assets	13,708	13,752
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	20,557	29,785
Subsequent events (note 5)		
Accumulated surplus (note 3)	<u>\$ 34,265</u>	<u>\$ 43,537</u>

See accompanying notes to financial statements.

# ELDON HOUSE CORPORATION

## Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	Budget 2019	2019	2018
<b>Revenue:</b>			
The Corporation of the City of London	\$ 290,015	\$ 290,015	\$ 288,839
Other income	45,480	68,497	64,767
Grants	30,300	47,131	41,169
Donations	11,000	18,119	13,669
	<u>376,795</u>	<u>423,762</u>	<u>408,444</u>
<b>Expenditures:</b>			
Salaries and benefits	243,555	296,710	288,106
Programs and exhibitions	14,100	29,531	25,821
Office and general	13,870	26,894	21,871
Repairs and maintenance	36,950	23,451	17,855
Utilities	29,720	19,677	19,339
Amortization	-	9,228	11,602
Advertising	17,500	8,278	4,208
Professional fees	6,000	7,500	7,179
Telephone and internet	6,100	7,382	1,837
Insurance	6,500	3,084	3,833
Meals and entertainment	-	798	567
Cost of sales	2,500	501	204
	<u>376,795</u>	<u>433,034</u>	<u>402,422</u>
Annual (deficit) surplus	-	(9,272)	6,022
Accumulated surplus, beginning of year	43,537	43,537	37,515
Accumulated surplus, end of year	<u>\$ 43,537</u>	<u>\$ 34,265</u>	<u>\$ 43,537</u>

See accompanying notes to financial statements.



## ELDON HOUSE CORPORATION

### Statement of Change in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	Budget		
	2019	2019	2018
Annual (deficit) surplus	\$ -	\$ (9,272)	\$ 6,022
Acquisition of tangible capital assets	-	-	(3,863)
Amortization	-	9,228	11,602
	-	(44)	13,761
Net financial assets (debt), beginning of year	13,752	13,752	(9)
Net financial assets, end of year	\$ 13,752	\$ 13,708	\$ 13,752

See accompanying notes to financial statements.

# ELDON HOUSE CORPORATION

## Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual (deficit) surplus	\$ (9,272)	\$ 6,022
Item not involving cash:		
Amortization	9,228	11,602
Changes in non-cash operating working capital:		
Accounts receivable	3,488	(1,682)
Accounts payable and accrued liabilities	9,677	28,263
Deferred revenue	28,814	(3,385)
	41,935	40,820
Capital activities:		
Acquisition of tangible capital assets	-	(3,863)
Increase in cash and cash equivalents	41,935	36,957
Cash and cash equivalents, beginning of year	83,918	46,961
Cash and cash equivalents, end of year	\$ 125,853	\$ 83,918
Represented by:		
Cash	\$ 90,680	\$ 78,875
Cash equivalents	35,173	5,043
	\$ 125,853	\$ 83,918

See accompanying notes to financial statements.

# ELDON HOUSE CORPORATION

Notes to Financial Statements

Year ended December 31, 2019

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## 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 straight line basis over their estimated useful lives as follows:

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

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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, 2019

---

## 1. Significant accounting policies (continued):

### (c) Government transfers:

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

### (d) Deferred revenue:

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

### (e) Contributed services:

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

### (f) Use of estimates:

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

# ELDON HOUSE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 1. Significant accounting policies (continued):

### (g) Revenue recognition:

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

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

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

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

### (h) Budget figures:

Budget figures have been provided for comparison purposes.

## 2. Tangible capital assets:

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Furniture and fixtures	\$ 14,715	\$ -	\$ -	\$ 14,715
Computer hardware	11,399	-	-	11,399
Website	7,937	-	-	7,937
Office equipment	6,014	-	-	6,014
CCTV security system	19,819	-	-	19,819
Audio visual equipment	1,258	-	-	1,258
<b>Total</b>	<b>\$ 61,142</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 61,142</b>

# ELDON HOUSE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 2. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2018	Disposals	Amortization expense	Balance at December 31, 2019
Furniture and fixtures	\$ 8,661	\$ -	\$ 2,102	\$ 10,763
Computer hardware	11,341	-	58	11,399
Website	3,970	-	1,588	5,558
Office equipment	1,282	-	1,202	2,484
CCTV security system	5,946	-	3,964	9,910
Audio visual equipment	157	-	314	471
<b>Total</b>	<b>\$ 31,357</b>	<b>\$ -</b>	<b>\$ 9,228</b>	<b>\$ 40,585</b>

	Net book value December 31, 2018	Net book value December 31, 2019
Furniture and fixtures	\$ 6,054	\$ 3,952
Computer hardware	58	-
Website	3,967	2,379
Office equipment	4,732	3,530
CCTV security system	13,873	9,909
Audio visual equipment	1,101	787
<b>Total</b>	<b>\$ 29,785</b>	<b>\$ 20,557</b>

## 3. Accumulated surplus:

The balance of accumulated surplus is comprised of the following:

	2019	2018
Invested in tangible capital assets	\$ 20,557	\$ 29,785
Operating fund	13,708	13,752
	<b>\$ 34,265</b>	<b>\$ 43,537</b>

# ELDON HOUSE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 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, 2019 was \$167,263 (2018 - \$163,305). The Corporation of the City of London is responsible for administration of the fund. This fund has not been included in the statement of financial position of the Corporation.

## 5. Subsequent events:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

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

- Closure of Eldon House to the public from Sunday March 15, 2020 to the date of the auditors' report based on public health recommendations.
- Staff are working from home and working on transcribing diaries which qualify for segregated funds funding.
- No layoffs or terminations, however, several part-time staff members are currently not receiving hours; the situation remains fluid with staffing requirements evaluated regularly.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

Financial Statements of

**FAIR-CITY JOINT VENTURE**

And Independent Auditors' Report thereon

Year ended June 30, 2019





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## INDEPENDENT AUDITORS' REPORT

To the Venture Partners of Fair-City Joint Venture

### **Opinion**

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

- the statement of financial position as at June 30, 2019
- the statement of operations for the year then ended
- the statement of net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at June 30, 2019, 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.

### ***Basis for Opinion***

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

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

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



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

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

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

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



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

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

London, Canada

August 26, 2019

# FAIR-CITY JOINT VENTURE

## Statement of Financial Position

June 30, 2019, with comparative information for 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 72,123	\$ 433,195
Investment (note 2)	854,135	839,455
Accounts receivable (note 3)	224,026	169,344
Prepaid expenses	159,010	156,217
	<u>1,309,294</u>	<u>1,598,211</u>
Capital assets (note 4)	11,138,033	11,262,497
	<u>\$ 12,447,327</u>	<u>\$ 12,860,708</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 288,713	\$ 174,592
Payable to Western Fair Association (note 14)	142,090	180,671
Deferred revenue	373,551	339,520
Current portion of related party debt, secured (note 6)	939,095	881,956
Current portion of obligations under capital leases (note 7)	<u>99,052</u>	<u>114,651</u>
	1,842,501	1,691,390
Related party debt, secured (note 6)	1,347,441	2,286,535
Obligations under capital leases (note 7)	1,137,183	1,236,108
Employee future benefits (note 8)	189,290	159,801
Deferred capital contributions (note 9)	2,886,632	3,019,259
Net assets:		
Investment in capital assets (note 10)	4,728,630	3,723,988
Internally restricted (note 12)	<u>315,650</u>	<u>743,627</u>
	5,044,280	4,467,615
Contingencies (note 16)		
	<u>\$ 12,447,327</u>	<u>\$ 12,860,708</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, 2019, with comparative information for 2018

	2019	2018
Revenues:		
Ice rentals (note 14)	\$ 3,351,995	\$ 3,333,899
Sponsorship and other	507,628	455,476
Amortization of deferred capital contributions	132,627	132,627
	<u>3,992,250</u>	<u>3,922,002</u>
Expenditures:		
Salaries and benefits	1,213,231	1,128,585
Utilities	637,928	673,086
Amortization of capital assets	590,234	641,127
Supplies and services	445,086	389,289
Interest expense (note 14)	277,004	332,048
Management fees from venturer (note 14)	239,535	235,183
	<u>3,403,018</u>	<u>3,399,318</u>
Excess of revenues over expenditures (note 13)	<u>\$ 589,232</u>	<u>\$ 522,684</u>

See accompanying notes to financial statements.

## FAIR-CITY JOINT VENTURE

### Statement of Changes in Net Assets

Year ended June 30, 2019, with comparative information for 2018

	Western Fair Association	The City of London	Internally restricted (note 12)	Investment in capital assets (note 10)	Total 2019	Total 2018
Balance, beginning of year	\$ -	\$ -	\$ 743,627	\$ 3,723,988	\$ 4,467,615	\$ 3,852,305
Excess of revenues over expenditures	361,955	227,277	-	-	589,232	522,684
Employee future benefit remeasurements	(7,720)	(4,847)	-	-	(12,567)	92,626
Allocation to internally restricted net assets	(23,215)	(14,578)	37,793	-	-	-
Change in investment in capital assets	(331,020)	(207,852)	(465,770)	1,004,642	-	-
Balance, end of year	\$ -	\$ -	\$ 315,650	\$ 4,728,630	\$ 5,044,280	\$ 4,467,615

See accompanying notes to financial statements.

## FAIR-CITY JOINT VENTURE

### Statement of Cash Flows

Year ended June 30, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess of revenues over expenditures	\$ 589,232	\$ 522,684
Items not involving cash:		
Amortization of capital assets	590,234	641,127
Change in employee future benefits liability	16,922	25,855
Amortization of deferred capital contributions	(132,627)	(132,627)
Changes in non-cash operating working capital:		
Accounts receivable	(54,682)	95,250
Prepaid expenses	(2,793)	(2,292)
Accounts payable and accrued liabilities	114,121	(219,592)
Payable to Western Fair Association	(38,581)	34,847
Deferred revenue	34,031	7,437
	1,115,857	972,689
Financing activities:		
Repayments of related party debt	(881,955)	(828,294)
Payment of obligations under capital leases	(114,524)	(107,251)
	(996,479)	(935,545)
Investing activities:		
Purchase of capital assets	(465,770)	(148,361)
Net change in investment	(14,680)	(11,763)
	(480,450)	(160,124)
Decrease in cash	(361,072)	(122,980)
Cash, beginning of year	433,195	556,175
Cash, end of year	\$ 72,123	\$ 433,195

See accompanying notes to financial statements.

# FAIR-CITY JOINT VENTURE

## Notes to Financial Statements

Year ended June 30, 2019

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The Fair-City Joint Venture ("Joint Venture") is a partnership 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, 2019

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## 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, 2019

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## 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 carrying value of the financial asset is reduced to the highest of the present value of the expected cash flow, the amount that could be realized from selling the financial asset or the amount the Joint Venture expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (e) Use of estimates:

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and employee future benefits. Actual amounts could differ from those estimates.

## FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2019

### 2. Investment:

The investment is comprised of a term deposit that matures on November 27, 2019 with an effective interest rate of 1.92% (2018 - 1.75%).

### 3. Accounts receivable:

	2019		2018	
Trade	\$	145,106	\$	129,786
Miscellaneous		78,920		39,558
	\$	224,026	\$	169,344

### 4. Capital assets:

	2019		2018	
	Cost	Accumulated amortization	Net book value	Net book value
Building	\$ 15,446,432	\$ 6,709,348	\$ 8,737,084	\$ 9,134,617
Machinery and equipment	507,586	310,422	197,164	236,559
Special alterations	1,474,749	229,138	1,245,611	859,441
Solar array under capital lease	1,474,114	515,940	958,174	1,031,880
	\$ 18,902,881	\$ 7,764,848	\$ 11,138,033	\$ 11,262,497

At June 30, 2019, machinery and equipment includes assets under capital lease with a cost of \$287,144 (2018 - \$287,144) and accumulated amortization of \$183,215 (2018 - \$131,007).

## FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2019

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### 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$5,364 (2018 - \$6,024), which includes amounts payable for payroll related taxes. Included in miscellaneous receivables is HST receivable in the amount of \$1,040 (2018 - \$22,227)

### 6. Related party debt:

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	2019	2018
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	\$ 2,286,536	\$ 3,168,491
Current portion of related party debt	939,095	881,956
	<u>\$ 1,347,441</u>	<u>\$ 2,286,535</u>

Principal repayments over the remaining term are as follows:

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2020	\$	939,095
2021		999,936
2022		347,505
	<u>\$</u>	<u>2,286,536</u>

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## FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2019

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### 7. Obligations under capital leases:

The Joint Venture has entered into two capital leases 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.

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2020	\$ 197,127
2021	163,825
2022	146,037
2023	146,037
2024	146,037
Thereafter	1,241,316
<hr/>	
Total minimum lease payments	2,040,379
Less amount representing interest at between 3.37% and 8.21%	804,144
<hr/>	
Present value of net minimum capital lease payments	1,236,235
Current portion of obligations under capital leases	99,052
<hr/>	
	\$ 1,137,183

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## FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2019

### 8. Employee future benefits:

(a) Pension plan:

The Joint Venture contributed and expensed \$22,789 (2018 - \$22,655) to the defined contribution pension plan during the year.

(b) Post-employment benefits other than pension:

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

The most recent actuarial valuation was prepared as at June 30, 2018 for the health plan and the results are extrapolated to June 30, 2019. The most recent actuarial valuation of the sick leave plans was performed as of June 30, 2017 and the results have been extrapolated to June 30, 2019

The discount rate used in the actuarial measurement of the employee future benefit liability was 3.20% (2018 - 3.69%). The employee future benefit liability relating to post-employment benefits other than pension is \$189,290 (2018 - \$159,801). This liability has been recorded in the financial statements.

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

	2019	2018
Current service cost	\$ 12,822	\$ 19,705
Interest cost	6,099	8,150
	<u>\$ 18,921</u>	<u>\$ 27,855</u>

Details of annual contributions and benefits paid are as follows:

	2019	2018
Employer contributions	\$ 2,000	\$ 2,000
Benefit payments	(2,000)	(2,000)

## FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2019

### 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:

	2019	2018
Balance, beginning of year	\$ 3,019,259	\$ 3,151,886
Amortization of deferred capital contributions	(132,627)	(132,627)
Balance, end of year	\$ 2,886,632	\$ 3,019,259

### 10. Investments in capital assets:

Investments in capital assets consists of the following:

	2019	2018
Capital assets	\$ 11,138,033	\$ 11,262,497
Less amounts financed by:		
Related party debt	(2,286,536)	(3,168,491)
Obligation under capital leases	(1,236,235)	(1,350,759)
Deferred capital contributions	(2,886,632)	(3,019,259)
	(6,409,403)	(7,538,509)
	\$ 4,728,630	\$ 3,723,988

## FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2019

### 10. Investments in capital assets (continued):

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

	2019	2018
Amortization of deferred capital contributions	\$ 132,627	\$ 132,627
Amortization of capital assets	(590,234)	(641,127)
	(457,607)	(508,500)
Purchase of capital assets	465,770	148,361
Repayment of related party debt	881,955	828,294
Repayment of obligations under capital leases	114,524	107,251
	\$ 1,004,642	\$ 575,406

### 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, 2019, both venturers agreed to a total contribution of \$37,793 (2018 - \$188,265).

### 12. Internally restricted net assets:

	2019	2018
Balance, beginning of year	\$ 743,627	\$ 703,723
Current year allocation	37,793	188,265
Capital expenditures	(465,770)	(148,361)
Balance, end of year	\$ 315,650	\$ 743,627



## FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2019

### 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.

The Association's equity interest as at June 30, 2019 was 61.42% (2018 - 58.57%) and the City's equity interest was 38.57% (2018 - 41.43%). As per the partnership agreement, change in the equity interest is applied to the first day in the year that the threshold is met and to each year thereafter when subsequent repayment thresholds are met.

The terms of the Joint Venture Agreement stipulate that the excess of revenues over expenditures available for distribution to the venturers annually is determined as follows:

	2019	2018
Excess of revenues over expenditures	\$ 589,232	\$ 522,684
Amortization of capital assets	590,234	641,127
Amortization of deferred capital contributions	(132,627)	(132,627)
Loss on disposal of capital asset	-	-
Repayment of related party debt	(881,955)	(828,294)
Repayment of obligations under capital leases	(114,524)	(107,251)
	50,360	95,639
Allocation to internally restricted net assets	(37,793)	(188,265)
Employee future benefit remeasurements	(12,567)	92,626
Amounts available for distribution to the venturers	\$ -	\$ -

## FAIR-CITY JOINT VENTURE

Notes to Financial Statements (continued)

Year ended June 30, 2019

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### 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 \$1,856,902 (2018 - \$1,820,493).
- (b) The Joint Venture also paid interest of \$174,268 (2018 - \$227,930) 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 (2018 - nil and nil) respectively.
- (d) During the year, the Joint Venture paid management fees to the Association in the amount of \$239,535 (2018 - \$235,183).

Payable to Western Fair Association of \$142,090 (2018 - \$180,671) and payable to The City of London of nil (2018 - 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 fulfil its obligations in a timely basis or at a reasonable cost. The Joint Venture manages its liquidity risk by monitoring its operating requirements. There have been no changes to the risk exposures from 2018.

- (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, 2019

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### **16. Contingencies:**

From time-to-time the Joint Venture may have litigation pending or in progress. With respect to claims at June 30, 2019, management's position is that the Joint Venture has valid defences and appropriate insurance coverage in place. In the opinion of management, the aggregate amount of any potential liability is not expected to have a material effect on the Joint Venture's financial position.

**DRAFT** Financial Statements of

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

And Independent Auditors' Report thereon

For the period from October 2, 2018 to December 31, 2019

# INDEPENDENT AUDITORS' REPORT

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

## ***Opinion***

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

- the statement of financial position as at December 31, 2019;
- the statement of operations for the period from October 2, 2018 to December 31, 2019;
- the statement of changes in net financial assets for the period from October 2, 2018 to December 31, 2019;
- the statement of cash flows for the period from October 2, 2018 to December 31, 2019;
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Board as at December 31, 2019, and its results of operations and its cash flows for the period from October 2, 2018 to December 31, 2019 in accordance with Canadian public sector accounting standards.

## ***Basis for Opinion***

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

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

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

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

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

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

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

Chartered Professional Accountants, Licensed Public Accountants

Month DD, YYYY

London, Canada

# HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Financial Position

**DRAFT**

December 31, 2019

	2019
<b>Financial assets</b>	
Cash	\$ 38,557
HST receivable	2,187
Due from Hyde Park BIA (note 4)	5,330
	<u>46,074</u>
<b>Financial liabilities</b>	
Accounts payable and accrued liabilities (note 4)	10,121
Deferred revenue	5,330
	<u>15,451</u>
Net financial assets	30,623
<b>Non-financial assets</b>	
Tangible capital assets (note 3)	142
Prepaid expenses	481
	<u>623</u>
Commitments (note 5)	
Subsequent event (note 6)	
Accumulated surplus (note 2)	<u>\$ 31,246</u>

See accompanying notes to financial statements.



# HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Operations

**DRAFT**

For the period from October 2, 2018 to December 31, 2019

	Budget	
	2019	2019
Revenues		
Municipal levy - The City of London	\$ 70,000	\$ 68,574
Other:		
Government Grants	68,025	66,198
Digital Main Street Grant	-	4,670
Miscellaneous	2,500	2,544
	140,525	141,986
Administration	71,580	76,105
Business development	60,095	24,136
Office	7,200	9,035
Member services	1,650	1,464
	140,525	110,740
Annual Surplus	-	31,246
Accumulated surplus, end of period	\$ -	\$ 31,246

See accompanying notes to financial statements.

# HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Changes in Net Financial Assets

## DRAFT

For the period from October 2, 2018 to December 31, 2019

	Budget 2019	2019
Surplus	\$ -	\$ 31,246
Acquisition of tangible capital assets	-	(142)
	-	31,104
Acquisition of prepaid expenses	-	(481)
Change in net financial assets	-	30,623
Net financial assets, end of period	\$ -	\$ 30,623

See accompanying notes to financial statements.

Draft

# HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Cash Flows

## DRAFT

For the period from October 2, 2018 to December 31, 2019

	2019
Cash provided by (used in):	
Operating activities:	
Surplus	\$ 31,246
Changes in non-cash operating working capital:	
HST receivable	(2,187)
Due from Hyde Park BIA	(5,330)
Accounts payable and accrued liabilities	10,121
Deferred revenue	5,330
Prepaid expenses	(481)
	<u>38,699</u>
Capital activities:	
Purchase of tangible capital assets	(142)
Cash, end of period	<u>\$ 38,557</u>

See accompanying notes to financial statements.

# HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

## DRAFT Notes to Financial Statements

For the period from October 2, 2018 to December 31, 2019

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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 Hamilton Road Business Improvement Area Board of Management (the "Board") was incorporated on October 2, 2018, in the Province of Ontario. The Board was established as a local board of the Corporation of the City of London to manage the Hamilton Road Business Improvement Area.

The Board was established to oversee the improvement, beautification and maintenance of municipally-owned land, buildings and structures in the area beyond that provided at the expense of the municipality generally and to promote the area as a business or shopping area.

Prior to incorporation, the Board operated as Hamilton Road Business Association and incurred revenue and expenses in the normal course of business.

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

### 1. Significant accounting policies:

#### (a) Basis of accounting:

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

#### (b) Tangible capital assets:

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

Asset	Useful Life - Years
Computer equipment	4

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# HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

**DRAFT** Notes to Financial Statements (continued)

For the period from October 2, 2018 to December 31, 2019

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## 1. Significant accounting policies (continued):

(c) Government transfers:

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

(d) Deferred revenue:

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

(e) Use of estimates:

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

(f) Budget figures:

Budget figures have been provided for comparison purposes.

# HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

DRAFT Notes to Financial Statements (continued)

For the period from October 2, 2018 to December 31, 2019

## 2. Accumulated surplus:

The balance of accumulated surplus is comprised of the following:

	2019
Invested in tangible capital assets	\$ 142
Operating fund	31,104
	<b>\$ 31,246</b>

## 3. Tangible capital assets:

Cost	Additions	Disposals	December 31, 2019
Computer equipment	\$ 142	\$ -	\$ 142
Total	<b>\$ 142</b>	<b>\$ -</b>	<b>\$ 142</b>

Accumulated amortization	Amortization Expense	Disposals	December 31, 2019
Computer equipment	\$ -	\$ -	-
Total	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

	Net book value December 31, 2019
Computer equipment	\$ 142
Total	<b>\$ 142</b>

## 4. Related party transactions:

At year end, the amount due to the City of London and included in Accounts Payable and Accrued Liabilities was \$1,426 and the amount due from Hyde Park BIA was \$5,330.

# HAMILTON ROAD BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

DRAFT Notes to Financial Statements (continued)

For the period from October 2, 2018 to December 31, 2019

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## 5. Commitments:

On March 1, 2020, the Hamilton Road Business Improvement Area Board of Management entered into a one-year lease agreement for their premises. Future minimum lease payments under the lease are as follows:

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2020	\$	8,100
2021		2,700
	\$	10,800

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## 6. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

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

- closure of office to the public from April 17, 2020 to August 4, 2020 based on public health recommendations; and
- mandatory working from home requirement for those able to do so.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

Financial Statements of

**HOUSING DEVELOPMENT CORPORATION,  
LONDON**

And Independent Auditors' Report thereon

Year ended December 31, 2019





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

To the Shareholders of Housing Development Corporation, London

### ***Opinion***

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

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

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

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

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



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

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

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

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



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

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants  
London, Canada  
May 28, 2020

# HOUSING DEVELOPMENT CORPORATION, LONDON

## Statement of Financial Position

As at December 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial assets</b>		
Due from the Corporation of the City of London (note 3)	\$ 6,773,746	\$ 7,877,704
Trade and other receivables	75,895	58,604
Loans receivable	214,205	-
<b>Total financial assets</b>	<b>7,063,846</b>	<b>7,936,308</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	105,318	135,850
Deferred revenue	10,250	3,000
<b>Total financial liabilities</b>	<b>115,568</b>	<b>138,850</b>
<b>Net financial assets</b>	<b>6,948,278</b>	<b>7,797,458</b>
<b>Non-financial assets</b>		
Tangible capital assets (note 4)	439,368	451,544
Prepaid expenses	7,783	5,666
<b>Total non-financial assets</b>	<b>447,151</b>	<b>457,210</b>
Commitments (note 9)		
Subsequent event (note 10)		
<b>Accumulated surplus (note 5)</b>	<b>\$ 7,395,429</b>	<b>\$ 8,254,668</b>

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

# HOUSING DEVELOPMENT CORPORATION, LONDON

## Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	Budget (note 8)	2019	2018
<b>Revenues</b>			
Transfer payments			
Municipal - the Corporation of the City of London (note 3)	\$ 2,797,605	\$ 2,788,931	\$ 2,987,331
Federal	-	31,389	13,010
Interest income	-	183,800	132,286
<b>Total revenues</b>	<b>2,797,605</b>	<b>3,004,120</b>	<b>3,132,627</b>
<b>Expenses</b>			
Salaries, wages and benefits	673,602	688,758	563,327
Materials and supplies	75,494	57,905	31,582
Contracted services	51,800	81,087	115,588
Office rental expense	37,000	33,726	22,318
External transfers	-	2,957,092	100,000
Amortization of tangible capital assets (note 4)	-	44,791	37,150
<b>Total expenses</b>	<b>837,896</b>	<b>3,863,359</b>	<b>869,965</b>
<b>Annual surplus (deficit)</b>	<b>1,959,709</b>	<b>(859,239)</b>	<b>2,262,662</b>
<b>Accumulated surplus, beginning of year (note 5)</b>	<b>8,254,668</b>	<b>8,254,668</b>	<b>5,992,006</b>
<b>Accumulated surplus, end of year (note 5)</b>	<b>\$ 10,214,377</b>	<b>\$ 7,395,429</b>	<b>\$ 8,254,668</b>

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

# HOUSING DEVELOPMENT CORPORATION, LONDON

## Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	Budget	2019	2018
Annual surplus (deficit)	\$ 1,959,709	\$ (859,239)	\$ 2,262,662
Acquisition of tangible capital assets	-	(32,615)	(231,947)
Contributions of tangible capital assets	-	-	(255,401)
Amortization of tangible capital assets	-	44,791	37,150
	1,959,709	(847,063)	1,812,464
Change in prepaid expenses	-	(2,117)	58,309
Change in net financial assets	1,959,709	(849,180)	1,870,773
Net financial assets, beginning of year	7,797,458	7,797,458	5,926,685
Net financial assets, end of year	\$ 9,757,167	\$ 6,948,278	\$ 7,797,458

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

# HOUSING DEVELOPMENT CORPORATION, LONDON

## Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
<b>Cash provided by:</b>		
<b>Operating activities:</b>		
Annual surplus (deficit)	\$ (859,239)	\$ 2,262,662
<b>Items not involving cash:</b>		
Amortization of tangible capital assets	44,791	37,150
Contributions of tangible capital assets	-	(255,401)
<b>Changes in non-cash assets and liabilities:</b>		
Due from the Corporation of the City of London	1,103,958	(1,951,175)
Prepaid expenses	(2,117)	58,309
Trade and other receivables	(17,291)	(30,709)
Loans receivable	(214,205)	-
Accounts payable and accrued liabilities	(30,532)	108,111
Deferred revenue	7,250	3,000
<b>Net change in cash from operating activities</b>	<b>32,615</b>	<b>231,947</b>
<b>Capital activities:</b>		
Purchase of tangible capital assets	(32,615)	(231,947)
<b>Cash used in capital activities</b>	<b>(32,615)</b>	<b>(231,947)</b>
<b>Net change in cash flows and cash, end of year</b>	<b>\$ -</b>	<b>\$ -</b>

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

# HOUSING DEVELOPMENT CORPORATION, LONDON

Notes to Financial Statements

Year ended December 31, 2019

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## 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:

<b>Asset</b>	<b>Useful Life - Years</b>
Leasehold improvements	Lease term
Office equipment and furniture	5

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

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

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



# HOUSING DEVELOPMENT CORPORATION, LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 2. Significant Accounting Policies (continued)

### (c) Government Transfers

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

### (d) Use of Estimates

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

Actual results could differ from those estimates.

### (e) Budget Figures

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

### (f) Liability for Contaminated Sites

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

### (g) Related Party Disclosures

The Corporation adopted Public Sector Accounting Board Standard PS 2200 *Related Party Transactions* effective for fiscal periods beginning on or after April 1, 2017. The standard defines related party and provides disclosure requirements. 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 financial statements. The standard also requires disclosure of related party transactions that have occurred where no amounts have been recognized. The Corporation adopted this standard on a prospective basis and there were no adjustments as a result of the adoption of this standard.

# HOUSING DEVELOPMENT CORPORATION, LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 2. Significant Accounting Policies (continued)

### (h) Inter-entity Transactions

The Corporation adopted Public Sector Accounting Board standard PS 3420 *Inter-entity Transactions* effective for fiscal periods beginning on or after April 1, 2017. The standards specifies how to account for transactions between public sector entities within the government reporting entity.

Transactions undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length are recorded at the exchange amount. Transfers of an asset or liability at nominal or no consideration is recorded by the provider at the carrying amount and the recipient has the choice of using either the 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 recipient at the carrying amount or fair value unless otherwise dictated by policy, accountability structure or budget practice.

All other transactions are measured at the carrying amount.

The Corporation adopted this standard on a prospective basis and there were no adjustments as a result of the adoption of this standard.

## 3. Related Party Transactions

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

In accordance with the City of London Council's direction of September 2, 2014, the Corporation has been extended shared services support from the City. The City's support services include information technology, risk management, facility, finance, payroll, purchasing, legal and other administrative services to ensure operational efficiency. The Corporation has also entered into an agreement with the City under which the Corporation reimburses the City for salaries and fringe benefits for employees that provide services on behalf of the Corporation. The Corporation incurred charges of **\$240,130** (2018 - \$200,667) for these services and this expense has been included in the Statement of Operations.

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

- Operating budget appropriation revenue of **\$292,275** (2018 - \$281,015)
- Annual contribution to the affordable housing reserve fund of **\$2,000,000** (2018 - \$2,000,000)
- Administrative fee revenue of **\$496,656** (2018 - \$450,915)
- Municipal funding contribution of **\$nil** (2018 - \$255,401) for land acquisition. On May 30, 2017, the City of London Council passed a resolution to transfer lands from City of London ownership to the Corporation for affordable housing purposes. The transaction was completed during 2018 and recorded as a tangible capital asset addition by the Corporation, noting that the lands were transferred at their net book values, as follows:

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

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

# HOUSING DEVELOPMENT CORPORATION, LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 4. Tangible Capital Assets

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Land	\$ 265,315	\$ 32,615	\$ -	\$ 297,930
Leasehold improvements	218,431	-	-	218,431
Office equipment and furniture	5,525	-	-	5,525
<b>Total</b>	<b>\$ 489,271</b>	<b>\$ 32,615</b>	<b>\$ -</b>	<b>\$ 521,886</b>

Accumulated Amortization	Balance at December 31, 2018	Amortization Expense	Disposals	Balance at December 31, 2019
Land	\$ -	\$ -	\$ -	\$ -
Leasehold improvements	36,405	43,686	-	80,091
Office equipment and furniture	1,322	1,105	-	2,427
<b>Total</b>	<b>\$ 37,727</b>	<b>\$ 44,791</b>	<b>\$ -</b>	<b>\$ 82,518</b>

	Net book value December 31, 2018	Net book value December 31, 2019
Land	\$ 265,315	\$ 297,930
Leasehold improvements	182,026	138,340
Office equipment and furniture	4,203	3,098
<b>Total</b>	<b>\$ 451,544</b>	<b>\$ 439,368</b>

## 5. Accumulated Surplus

Accumulated surplus consists of the following:

	2019	2018
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 439,368	\$ 451,544
Total surplus	439,368	451,544
<b>Reserve funds set aside for specific purpose by the Board:</b>		
Future affordable housing	6,955,961	7,803,024
Total reserve funds (note 6)	6,955,961	7,803,024
<b>Share capital:</b>		
100 Class A common shares (note 7)	100	100
Total share capital	100	100
	<b>\$ 7,395,429</b>	<b>\$ 8,254,668</b>

# HOUSING DEVELOPMENT CORPORATION, LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 6. Analysis of Reserve Fund

	2019	2018
<b>Reserve fund for future affordable housing:</b>		
Balance, beginning of year	\$ 7,803,024	\$ 5,990,560
Interest earned	183,800	132,286
Contributions from current operations:		
Annual	2,000,000	2,000,000
Current year (deficit) surplus	(32,578)	22,514
Transfers to current operations	(2,957,092)	(100,000)
Transfers to capital operations:		
Office leasehold improvements	-	(218,431)
Development of land for future use	(41,193)	(23,905)
Balance, end of year	\$ 6,955,961	\$ 7,803,024
	2019	2018
<b>Comprised of:</b>		
Contributions from the City of London, stipulated for use in future affordable housing projects	\$ 6,655,474	\$ 7,469,959
Accumulated operating surpluses held for future administration expenses	300,487	333,065
Balance, end of year	\$ 6,955,961	\$ 7,803,024

## 7. Share Capital

	2019	2018
<b>Authorized:</b>		
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		
<b>Issued:</b>		
100 Class A common shares	\$ 100	\$ 100

# HOUSING DEVELOPMENT CORPORATION, LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 8. Budget Data

Budget data presented in these financial statements are based upon the 2019 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.

	<b>Budget</b>
<b>Revenue</b>	
Municipal revenue – The Corporation of the City of London	\$ 695,964
Total revenue	695,964
<b>Expenses:</b>	
Personnel costs	167,414
Administrative expenses	91,200
Purchased services	432,325
Materials and supplies	2,400
Furniture and equipment	2,625
Total expenses	695,964
<b>Net surplus as per Approved Budget</b>	<b>\$ -</b>
<b>Public Sector Accounting Board (PSAB) Reporting Requirements and Budget adjustments:</b>	
Decrease in government grants and subsidies	\$ (410,000)
Increase in municipal revenue	2,511,641
Increase in personnel costs and other expenses	(141,932)
<b>Net PSAB Budget Surplus as per Financial Statements</b>	<b>\$ 1,959,709</b>

## 9. Commitments

- (a) The City is responsible for the delivery and administration of affordable housing programs in the City of London and the County of Middlesex. The City has delegated responsibilities for the administration and development activities for capital development within the Rental Housing Component to the Corporation.

Under this delegated authority, the Corporation has entered into various Municipal Contribution Agreements related to Affordable Housing Programs. The agreements are between the Corporation, the City and the successful proponent, who is selected through a procurement process. The agreements establish the proponent's obligations with respect to the program and the Corporation's and City's obligation to provide funding to the proponent.

As at December 31, 2019, the Corporation has outstanding commitments remaining on these agreements of **\$221,588** (2018 - \$4,292,945).

# HOUSING DEVELOPMENT CORPORATION, LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 9. Commitments (continued)

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

2020	\$	23,125
2021		23,250
2022		23,875
2023		4,000
<b>Total</b>	<b>\$</b>	<b>74,250</b>

- (c) As at December 31, 2019, the Corporation has entered into two agreements of purchase and sale, to acquire certain properties, with the following expected completion dates and purchase prices:

Expected completion dates:		
June 22, 2020	\$	350,000
August 10, 2020		1,000,000
<b>Total</b>	<b>\$</b>	<b>1,350,000</b>

## 10. Subsequent event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

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

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

At this time, these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

Financial Statements of

**THE HYDE PARK BUSINESS  
IMPROVEMENT ASSOCIATION  
BOARD OF MANAGEMENT**

And independent Auditors' Report thereon

Year ended December 31, 2019



KPMG LLP  
140 Fullarton Street Suite 1400  
London ON N6A 5P2  
Canada  
Telephone 519 672-4880  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the Hyde Park Business Improvement Association  
Board of Management

### *Opinion*

We have audited the financial statements of The Hyde Park Business Improvement Association Board of Management (the "Board"), which comprise:

- the statement of financial position as at December 31, 2019.
- the statement of operations for the year then ended.
- the statement of changes in net financial assets for the year then ended.
- the statement of cash flows for the year then ended.
- and notes to the financial statements, including a summary of significant accounting policies.

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

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

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

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





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

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

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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



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

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 18, 2020

# THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

## Statement of Financial Position

As at December 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial assets</b>		
Cash	\$ 81,120	\$ 70,171
Accounts receivable	21,174	19,146
HST receivable	15,418	15,459
	<u>117,712</u>	<u>104,776</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities (note 5)	45,305	30,008
Deferred revenue	6,861	436
Due to The City of London (note 5)	-	16,860
	<u>52,166</u>	<u>47,304</u>
Net financial assets	65,546	57,472
<b>Non-financial assets</b>		
Tangible capital assets (note 4)	53,848	11,010
Prepaid expenses	2,302	654
	<u>56,150</u>	<u>11,664</u>
Nature of reporting entity Commitments (note 6) Subsequent event (note 7)		
Accumulated surplus (note 3)	\$ 121,696	\$ 69,136

See accompanying notes to financial statements.

# THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

## Statement of Operations

Year ended December 31, 2019 , with comparative information for the period from October 3, 2017 to December 31, 2018.

	Budget		
	2019	2019	2018
<b>Revenue:</b>			
Revenues			
Municipal levy - The City of London	\$ 342,500	\$ 342,824	\$ 325,900
Other:			
Miscellaneous	5,000	5,725	3,788
Program income	3,700	4,176	359
	<u>351,200</u>	<u>352,725</u>	<u>330,047</u>
<b>Expenditures</b>			
Administration	131,165	126,233	105,632
Business development	153,767	117,646	97,688
Office	30,232	22,361	23,216
Loss on transfer of net liabilities		-	14,259
General expenses	12,736	19,383	11,997
Member services	9,800	6,873	6,291
Amortization of tangible capital assets	-	5,411	1,317
Miscellaneous	13,500	2,258	511
	<u>351,200</u>	<u>300,165</u>	<u>260,911</u>
Surplus	-	52,560	69,136
Accumulated surplus, beginning of year	69,136	69,136	-
<b>Accumulated surplus, end of period (note 3)</b>	<b>\$ 69,136</b>	<b>\$ 121,696</b>	<b>\$ 69,136</b>

See accompanying notes to financial statements.

# THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

## Statement of Changes in Net Financial Assets

Year ended December 31, 2019 , with comparative information for the period from October 3, 2017 to December 31, 2018.

	Budget 2019	2019	2018
Surplus	\$ -	\$ 52,560	\$ 69,136
Acquisition of tangible capital assets	-	(48,248)	(12,327)
Amortization of tangible capital assets	-	5,411	1,317
	-	9,723	58,126
Acquisition of prepaid expenses	-	(1,649)	(654)
Change in net financial assets	-	8,074	57,472
Net financial assets, beginning of period	57,472	57,472	-
Net financial assets, end of period	\$ 57,472	\$ 65,546	\$ 57,472

See accompanying notes to financial statements.

# THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

## Statement of Cash Flows

Year ended December 31, 2019 , with comparative information for the period from October 3, 2017 to December 31, 2018.

	2019	2018
Cash provided by (used in):		
Operating activities:		
Surplus	\$ 52,560	\$ 69,136
Item not involving cash:		
Amortization of tangible capital assets	5,411	1,317
Changes in non-cash operating working capital:		
Accounts receivable	(2,028)	(19,146)
HST receivable	41	(15,459)
Accounts payable and accrued liabilities (note 5)	15,297	30,008
Due to The City of London	(16,860)	16,860
Deferred revenue	6,425	436
Prepaid expenses	(1,649)	(654)
	59,197	82,498
Capital activities:		
Purchase of tangible capital assets	(48,248)	(12,327)
Change in cash	10,949	70,171
Cash, beginning of year	70,171	-
Cash, end of year	\$ 81,120	\$ 70,171

See accompanying notes to financial statements.

# THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Notes to Financial Statements

Year ended December 31, 2019

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## 1. Nature of reporting entity:

Subsection 204(1) of the Municipal Act, 2001 provides that a local municipality may designate an area as an improvement area and may establish a board of management. The Hyde Park Business Improvement Association Board of Management (the "Board") was incorporated on October 3, 2017, in the Province of Ontario. The Board was established as a local board of the Corporation of the City of London to manage the Hyde Park Business Improvement Area.

The Board was established to oversee the improvement, beautification and maintenance of municipally-owned land, buildings and structures in the area beyond that provided at the expense of the municipality generally and to promote the area as a business or shopping area.

Prior to incorporation, the Board operated as Hyde Park Business Association and incurred revenue and expenses in the normal course of business.

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

## 2. Significant accounting policies:

### (a) Basis of accounting:

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

### (b) Tangible capital assets:

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

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

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# THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 2. Significant accounting policies (continued):

(c) Government transfers:

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

(d) Deferred revenue:

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

(e) Use of estimates:

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

(f) Budget figures:

Budget figures have been provided for comparison purposes.

## 3. Accumulated surplus:

The balance of accumulated surplus is comprised of the following:

	2019	2018
Invested in tangible capital assets	\$ 53,848	\$ 11,010
Operating fund	67,848	58,126
	<u>\$ 121,696</u>	<u>\$ 69,136</u>



# THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 4. Tangible capital assets:

Cost	2018	Additions	Disposals	2019
Furniture and fixtures	\$ 7,124	\$ 43,896	\$ -	\$ 51,020
Computer hardware	1,866	500	-	2,366
Leasehold Improvements	3,337	3,852	-	7,189
<b>Total</b>	<b>\$ 12,327</b>	<b>\$ 48,248</b>	<b>\$ -</b>	<b>\$ 60,575</b>

Accumulated amortization	2018	Disposals	Amortization expense	2019
Furniture and fixtures	\$ 507	\$ -	\$ 2,947	\$ 3,454
Computer hardware	746	-	809	1,555
Leasehold Improvements	64	-	1,655	1,719
<b>Total</b>	<b>\$ 1,317</b>	<b>\$ -</b>	<b>\$ 5,411</b>	<b>\$ 6,728</b>

	Net book value 2018	Net book value 2019
Furniture and fixtures	\$ 6,617	\$ 47,567
Computer hardware	1,120	811
Leasehold Improvements	3,273	5,470
<b>Total</b>	<b>\$ 11,010</b>	<b>\$ 53,848</b>

# THE HYDE PARK BUSINESS IMPROVEMENT ASSOCIATION BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 5. Related party transactions:

At December 31, 2019, The Corporation of the City of London owed Hyde Park Business Improvement Area \$324 (2018 - \$19,146). Included in Accounts payable \$26,210 (2018 - nil) owing to the other Boards of the City of London.

## 6. Commitments:

On November 1, 2017, the Hyde Park Business Improvement Association Board of Management entered into a five-year lease agreement for their premises. HPB Future minimum lease payments under the lease as of December 31, 2019 are as follows:

Year ending December 31:

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2020	\$	22,864
2021		23,550
2022		20,113
	\$	66,527

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## 7. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

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

- Closure of office to the public from the March 19th, 2020 to the date of the auditors' report based on public health recommendations.
- Mandatory working from home requirement for those able to do so.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

Financial Statements of

**THE LONDON CONVENTION CENTRE  
CORPORATION**

And Independent Auditors' Report thereon.

Year ended December 31, 2019



KPMG LLP  
1400-140 Fullarton Street  
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## INDEPENDENT AUDITORS' REPORT

To the Chair and Members of The London Convention Centre Corporation

### ***Opinion***

We have audited the financial statements of The London Convention Centre Corporation (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net financial debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its changes in net financial debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

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

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

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



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

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

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

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



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

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 9, 2020

# THE LONDON CONVENTION CENTRE CORPORATION

## Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 701,770	\$ 524,865
Accounts receivable	847,708	474,480
Other receivables	3,953	15,511
	<u>1,553,431</u>	<u>1,014,856</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	1,129,948	687,516
Payable to The City of London	104,728	74,604
Long-term debt (note 6)	1,421,665	1,606,910
Accrued sick and vacation	61,180	54,593
Advance deposits and deferred revenue	1,145,337	463,237
	<u>3,862,858</u>	<u>2,886,860</u>
Net financial debt	(2,309,427)	(1,872,004)
<b>Non-Financial Assets</b>		
Tangible capital assets (note 4)	19,086,323	17,453,957
Prepaid expenses	38,864	47,826
Inventory (note 2)	63,605	57,104
	<u>19,188,792</u>	<u>17,558,887</u>
Subsequent events (note 10)		
Accumulated surplus (note 7)	<u>\$ 16,879,365</u>	<u>\$ 15,686,883</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, 2019, with comparative information for 2018

	Budget 2019 (note 9)	2019	2018
<b>Revenue:</b>			
Food and beverage	\$ 3,795,000	\$ 3,811,443	\$ 4,146,433
Capital reserve drawdown	3,397,251	2,884,426	371,921
Other	848,703	1,000,842	843,150
City capital appropriation	638,425	638,425	653,985
Parking	562,890	554,344	529,909
Space rental	555,000	614,797	776,953
Technical	340,996	344,508	447,875
	<u>10,138,265</u>	<u>9,848,785</u>	<u>7,770,226</u>
<b>Cost of goods sold:</b>			
Food and beverage	984,200	1,059,288	1,089,748
Other	67,171	124,018	149,057
Technical	8,100	6,008	6,917
	<u>1,059,471</u>	<u>1,189,314</u>	<u>1,245,722</u>
	<u>9,078,794</u>	<u>8,659,471</u>	<u>6,524,504</u>
<b>Expenditures:</b>			
Event services and culinary	1,969,454	2,048,281	2,127,308
Amortization of tangible capital assets	1,279,993	1,301,307	1,293,738
Corporate services	931,371	920,810	975,477
Sales and catering	909,819	926,741	941,999
City appropriation	638,425	815,712	869,090
Energy	529,300	569,102	546,428
Facility services	440,491	507,404	481,032
Cleaning	110,650	120,548	134,730
Parking	66,541	58,681	56,767
Other	46,444	162,159	46,112
Interest and bank charges	36,959	35,200	39,388
Technical	27,300	1,044	12,567
	<u>6,986,747</u>	<u>7,466,989</u>	<u>7,524,636</u>
Annual surplus (deficit) (note 8)	2,092,047	1,192,482	(1,000,132)
Accumulated surplus, beginning of year	15,686,883	15,686,883	16,687,015
Accumulated surplus, end of year	<u>\$ 17,778,930</u>	<u>\$ 16,879,365</u>	<u>\$ 15,686,883</u>

See accompanying notes to financial statements.



# THE LONDON CONVENTION CENTRE CORPORATION

## Statement of Change in Net Financial Debt

Year ended December 31, 2019, with comparative information for 2018

	Budget 2019 (note 9)	2019	2018
Annual surplus (deficit)	\$ 2,092,047	\$ 1,192,482	\$ (1,000,132)
Acquisition of tangible capital assets	(3,397,251)	(3,047,108)	(371,921)
Amortization of tangible capital assets	1,279,993	1,301,307	1,293,738
Loss on disposal of tangible capital assets	-	113,435	-
	(25,211)	(439,884)	(78,315)
Acquisition of inventories	-	(63,605)	(57,104)
Acquisition of prepaid expenses	-	(38,864)	(47,826)
Consumption of inventories	-	57,104	66,992
Use of prepaid expenses	-	47,826	26,765
	-	2,461	(11,173)
Increase in net financial debt	(25,211)	(437,423)	(89,488)
Net financial debt, beginning of year	(1,872,004)	(1,872,004)	(1,782,516)
Net financial debt, end of year	\$ (1,897,215)	\$ (2,309,427)	\$ (1,872,004)

See accompanying notes to financial statements.

# THE LONDON CONVENTION CENTRE CORPORATION

## Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 1,192,482	\$ (1,000,132)
Item not involving cash:		
Amortization of tangible capital assets	1,301,307	1,293,738
Loss on disposal of tangible capital assets	113,435	-
Changes in non-cash operating working capital:		
Accounts receivable	(373,228)	73,356
Other receivables	11,558	(1,962)
Inventory	(6,501)	9,888
Accounts payable and accrued liabilities	442,432	(93,861)
Accrued sick and vacation	6,587	16,144
Payable to The City of London	30,124	83,478
Advance deposits and deferred revenue	682,100	(18,606)
Prepaid expenses	8,962	(21,061)
	3,409,258	340,982
Financing activities:		
Repayment of long-term debt	(185,245)	(181,081)
Investing activities:		
Acquisition of tangible capital assets	(3,047,108)	(371,921)
Net change in cash and cash equivalents	176,905	(212,020)
Cash and cash equivalents, beginning of year	524,865	736,885
Cash and cash equivalents, end of year	\$ 701,770	\$ 524,865
Cash and cash equivalents consist of:		
Cash (bank indebtedness)	\$ 701,770	\$ (7,392)
Short-term investments held by the City of London with an average yield of 1.10%	-	532,257
	\$ 701,770	\$ 524,865

See accompanying notes to financial statements.

# THE LONDON CONVENTION CENTRE CORPORATION

## Notes to Financial Statements

Year ended December 31, 2019

---

### 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, 2019

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## 1. Significant accounting policies (continued):

(d) Inventory:

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

(e) Use of estimates:

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

(f) Budget amounts:

Budget figures have been provided for comparison purposes. Given differences between the budgeting model and public sector accounting standards (PSAS), certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAS.

## 2. Inventory:

At December 31, inventory consists of:

	2019	2018
Food	\$ 26,580	\$ 17,819
Beverages	37,025	39,285
	<u>\$ 63,605</u>	<u>\$ 57,104</u>

# THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

### 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.

	2019	2018
Opening balance	\$ 2,400,613	\$ 1,862,565
Contributions during the year	815,712	869,090
Interest	59,560	40,879
Capital expenditures	(2,884,426)	(371,921)
Closing balance	\$ 391,459	\$ 2,400,613

### 4. Tangible capital assets:

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Building	\$ 27,309,469	\$ -	\$ (152,096)	\$ 27,157,373
Building improvements	9,723,073	3,199,410	(655,722)	12,266,761
Equipment	1,672,741	-	-	1,672,741
Furniture	1,099,222	-	-	1,099,222
Infrastructure	732,622	24,831	-	757,453
Vehicles	41,217	-	-	41,217
Work in progress	177,133	-	(177,133)	-
	\$ 40,755,477	\$ 3,224,241	\$ (984,951)	\$ 42,994,767

# THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 4. Tangible capital assets (continued):

	Balance at December 31, 2018	Disposals	Amortization expense	Balance at December 31, 2019
Accumulated amortization				
Building	\$ 17,145,811	\$ (96,767)	\$ 692,388	\$ 17,741,432
Building improvements	3,385,147	(597,616)	514,356	3,301,887
Equipment	1,463,882	-	36,225	1,500,107
Furniture	619,639	-	39,223	658,862
Infrastructure	652,824	-	19,115	671,939
Vehicles	34,217	-	-	34,217
	\$ 23,301,520	\$ (694,383)	\$ 1,301,307	\$ 23,908,444

	Net book value December 31, 2018	Net book value December 31, 2019
Building	\$ 10,163,658	\$ 9,415,941
Building improvements	6,337,926	8,964,874
Equipment	208,859	172,634
Furniture	479,583	440,360
Infrastructure	79,798	85,514
Vehicles	7,000	7,000
Work in progress	177,133	-
	\$ 17,453,957	\$ 19,086,323

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, 2019

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## 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 2019 was \$227,772 (2018 - \$218,204) for current service and is expensed in the statement of operations.

The last available report for the OMERS plan was on December 31, 2019. At that time, the plan reported a \$3.4 billion actuarial deficit (2018 - \$4.2 billion), based on actuarial liabilities for \$107.7 billion (2018 - \$99 billion) and actuarial assets for \$104.3 billion (2018 - \$95 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

## 6. Long-term debt:

The note payable to the City of London, a related party, bears interest at a fixed rate of 2.3% per annum. The note is unsecured and due in blended annual payments of \$222,204 maturing August 1, 2026. Interest expense relating to the note was \$36,959 in the current year (2018 - \$39,388).

# THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 7. Accumulated surplus:

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

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	2019	2018
Surplus:		
Invested in tangible capital assets	\$ 19,086,323	\$ 17,453,957
Unfunded:		
Payable to The City of London used to finance tangible capital assets	(1,421,665)	(1,606,910)
Reserves:		
Special projects	254,984	289,662
Operating	500,000	500,000
	754,984	789,662
Other	(1,540,277)	(949,826)
	\$ 16,879,365	\$ 15,686,883

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# THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 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 (loss) from operations as follows:

	2019	2018
Annual surplus (deficit)	\$ 1,192,482	\$ (1,000,132)
Project loss funded through special projects reserve	34,678	56,492
Add back:		
Amortization	1,301,307	1,293,738
City appropriation	815,712	869,090
Interest on long-term debt	36,959	39,388
	2,153,978	2,202,216
Deduct:		
City capital funding	(3,522,851)	(1,025,906)
	\$ (141,713)	\$ 232,670

# THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 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
Revenues:	
Operating budget	\$ 6,102,589
Cost of goods sold:	
Operating budget	1,096,421
Expenses:	
Operating budget	5,031,379
Annual deficit, as budgeted	(25,211)
City capital appropriation	638,425
Capital reserve drawdown	3,397,251
Amortization of tangible capital assets	(1,279,993)
City appropriation	(638,425)
Annual surplus, revised	\$ 2,092,047

# THE LONDON CONVENTION CENTRE CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 10. Subsequent events:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

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

- Facility closure from March 16, 2020 to the date of the auditors' report based on public health recommendations
- Temporary and permanent staff layoffs
- Mandatory working from home requirements for those able to do so

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

Combined Financial Statements of

**LONDON DOWNTOWN BUSINESS  
ASSOCIATION**

And Independent Auditors' Report thereon

Year ended December 31, 2019



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of London Downtown Business Association

### ***Opinion***

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

- the combined statement of financial position as at December 31, 2019
- the combined statement of operations and accumulated surplus for the year then ended
- the combined statement of change in net financial assets for the year then ended
- the combined statement of cash flows for the year then ended
- and notes to the combined financial statements, including a summary of significant accounting policies

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

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

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

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

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



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

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

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



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

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 16, 2020

# LONDON DOWNTOWN BUSINESS ASSOCIATION

## Combined Statement of Financial Position

December 31, 2019, with comparative information for 2018

	LDBA 2019	Main Street 2019	Total 2019	Total 2018
<b>Financial assets</b>				
Cash and cash equivalents	\$ 723,575	\$ 508,855	\$ 1,232,430	\$ 814,906
Accounts receivable	61,876	26,562	88,438	105,648
Tenant improvement loans (note 3)	-	7,298	7,298	38,825
Due from the Hyde Park Business Improvement Association Board of Management	6,560	-	6,560	-
	<u>792,011</u>	<u>542,715</u>	<u>1,334,726</u>	<u>959,379</u>
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	268,037	-	268,037	60,700
Deferred revenue	6,560	-	6,560	-
Funds on deposit	-	134,896	134,896	134,379
	<u>274,597</u>	<u>134,896</u>	<u>409,493</u>	<u>195,079</u>
Net financial assets	517,414	407,819	925,233	764,300
<b>Non-financial assets</b>				
Tangible capital assets (note 2)	52,077	-	52,077	68,238
Commitments (note 5)				
Subsequent events (note 6)				
Accumulated surplus (note 4)	<u>\$ 569,491</u>	<u>\$ 407,819</u>	<u>\$ 977,310</u>	<u>\$ 832,538</u>

See accompanying notes to combined financial statements.

On behalf of the Board:

\_\_\_\_\_ Director \_\_\_\_\_ Director



# LONDON DOWNTOWN BUSINESS ASSOCIATION

## Combined Statement of Operations and Accumulated Surplus

Year ended December 31, 2019, with comparative information for 2018

	Budget	LDBA 2019	Main Street 2019	Total 2019	Total 2018
<b>Revenue:</b>					
Municipal levy from the City of London	\$ 1,825,390	\$ 2,128,678	\$ 83,709	\$ 2,212,387	\$ 2,325,167
Main Street London funding	-	(326,227)	326,227	-	-
Interest income	1,100	3,917	1,593	5,510	4,973
Miscellaneous income	-	3,440	11,760	15,200	4,480
<b>Total revenue</b>	<b>1,826,490</b>	<b>1,809,808</b>	<b>423,289</b>	<b>2,233,097</b>	<b>2,334,620</b>
<b>Expenses:</b>					
Salaries and wages	579,800	610,546	93,668	704,214	528,561
Business development	256,100	561,546	83,709	645,255	705,498
Member services	396,500	273,633	10,282	283,915	528,766
Programs	290,000	-	192,829	192,829	251,665
Administration	209,390	136,146	1,000	137,146	108,176
Rent	80,000	78,541	-	78,541	69,194
Bad debts	-	-	27,222	27,222	13,784
Amortization	-	16,161	-	16,161	22,019
Business retention	14,700	-	3,042	3,042	13,349
<b>Total expenses</b>	<b>1,826,490</b>	<b>1,676,573</b>	<b>411,752</b>	<b>2,088,325</b>	<b>2,241,012</b>
Annual surplus	-	133,235	11,537	144,772	93,608
Accumulated surplus, beginning of year	832,538	436,256	396,282	832,538	738,930
Accumulated surplus, end of year	\$ 832,538	\$ 569,491	\$ 407,819	\$ 977,310	\$ 832,538

See accompanying notes to combined financial statements.

## LONDON DOWNTOWN BUSINESS ASSOCIATION

### Combined Statement of Change in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	Budget	LDBA 2019	Main Street 2019	Total 2019	Total 2018
Annual surplus	\$ -	\$ 133,235	\$ 11,537	\$ 144,772	\$ 93,608
Acquisition of tangible capital assets		-	-	-	(13,433)
Amortization of tangible capital assets	-	16,161	-	16,161	22,019
Change in net financial assets	-	149,396	11,537	160,933	102,194
Net financial assets, beginning of year	764,300	368,018	396,282	764,300	662,106
Net financial assets, end of year	\$ 764,300	\$ 517,414	\$ 407,819	\$ 925,233	\$ 764,300

See accompanying notes to combined financial statements.

# LONDON DOWNTOWN BUSINESS ASSOCIATION

## Combined Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 144,772	\$ 93,608
Item not involving cash:		
Amortization	16,161	22,019
Changes in non-cash operating working capital:		
Accounts receivable	17,210	(7,676)
Tenant improvement loans	31,527	21,271
Due from related party	(6,560)	-
Accounts payable and accrued liabilities	207,337	(92,551)
Deferred revenue	6,560	-
	417,007	36,671
Financing activities:		
Funds on deposit	517	17,375
Capital activities:		
Acquisitions of tangible capital assets	-	(13,433)
Increase in cash and cash equivalents	417,524	40,613
Cash and cash equivalents, beginning of year	814,906	774,293
Cash and cash equivalents, end of year	\$ 1,232,430	\$ 814,906
Supplemental cash flow information:		
Cash	\$ 1,171,633	\$ 755,108
Cash equivalents	60,797	59,798
	\$ 1,232,430	\$ 814,906

See accompanying notes to combined financial statements.

# LONDON DOWNTOWN BUSINESS ASSOCIATION

## Notes to Combined Financial Statements

Year ended December 31, 2019

---

### 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, 2019

---

## 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	Lease term

---

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Such estimates include valuation of accounts receivable, tenant improvement loans and other long-lived assets. Actual results could differ from those estimates.

(h) Budget amounts:

Budget figures have been provided for comparison purposes.

# LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2019

## 2. Tangible capital assets:

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Furniture	\$ 43,050	\$ -	\$ -	\$ 43,050
Metal trees	227,198	-	(227,198)	-
Computer equipment	42,859	-	(29,426)	13,433
Solar chargers	27,027	-	(27,027)	-
Leasehold improvements	124,272	-	-	124,272
<b>Total</b>	<b>\$ 464,406</b>	<b>\$ -</b>	<b>\$ (283,651)</b>	<b>\$ 180,755</b>

Accumulated amortization	Balance at December 31, 2018	Disposals	Amortization expense	Balance at December 31, 2019
Furniture	\$ 40,419	\$ -	\$ 2,054	\$ 42,473
Metal trees	227,198	(227,198)	-	-
Computer equipment	31,105	(29,426)	1,680	3,359
Solar chargers	27,027	(27,027)	-	-
Leasehold improvements	70,419	-	12,427	82,846
<b>Total</b>	<b>\$ 396,168</b>	<b>\$ (283,651)</b>	<b>\$ 16,161</b>	<b>\$ 128,678</b>

	Net book value December 31, 2018	Net book value December 31, 2019
Furniture	\$ 2,631	\$ 577
Metal trees	-	-
Computer equipment	11,754	10,074
Solar chargers	-	-
Leasehold improvements	53,853	41,426
<b>Total</b>	<b>\$ 68,238</b>	<b>\$ 52,077</b>

# LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2019

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### 3. 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 \$27,222 (2018 - \$13,784).

### 4. Accumulated surplus:

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

---

	2019	2018
Surplus:		
Invested in tangible capital assets	\$ 52,077	\$ 68,238
Operating surplus	790,337	629,921
	842,414	698,159
Contingency reserve	134,896	134,379
	\$ 977,310	\$ 832,538

---

### 5. Commitments:

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

---

2020	\$ 78,480
2021	78,480
2022	77,955
2023	76,380
2024	31,825
	\$ 343,120

---

# LONDON DOWNTOWN BUSINESS ASSOCIATION

Notes to Combined Financial Statements (continued)

Year ended December 31, 2019

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## 6. Subsequent events:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social distancing impact.

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

- Temporary closure of organizational members/businesses from March 25, 2020 to the date of the auditors' report based on public health recommendations. The temporary closures could result in permanent closures which would have an unknown effect on the future levy funding.
- Mandatory working from home requirements for all Association employees until further notice.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

## 7. Comparative information:

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





## **London Hydro Inc.**

### **Financial Statements**

For the year ended December 31, 2019  
with comparative amounts for 2018



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Canada  
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Fax 519 672-5684

## INDEPENDENT AUDITORS' REPORT

To the Shareholder of London Hydro Inc.

### ***Opinion***

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

- the statement of financial position as at December 31, 2019
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### ***Basis for Opinion***

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

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

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



### ***Emphasis of Matter***

We draw attention to Note 3 (m) to the financial statements which indicates that the Entity has changed its accounting policy for leases, as a result of the adoption of IFRS 16, Leases, and has applied that change using the modified retrospective method.

Our opinion is not modified in respect of this matter.

### ***Other Information***

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

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

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

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

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

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

We have nothing to report in this.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

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



- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

London, Canada

March 31, 2020

**London Hydro Inc.**  
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**For the year ended December 31, 2019**

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**London Hydro Inc.**  
**Statement of Financial Position**

**December 31, 2019, with comparative amounts at December 31, 2018**

(in thousands of dollars)

	Note	2019	2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	5	\$ 3,428	\$ 1,294
Accounts receivable	6	71,369	74,985
Income tax receivable		1,171	-
Materials and supplies	7	418	617
Prepaid expenses		2,338	2,667
<b>Total current assets</b>		<b>78,724</b>	<b>79,563</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	330,641	308,700
Intangible assets	9	23,514	22,836
<b>Total non-current assets</b>		<b>354,155</b>	<b>331,536</b>
<b>Total assets</b>		<b>432,879</b>	<b>411,099</b>
Regulatory balances	11	21,019	17,166
<b>Total assets and regulatory balances</b>		<b>\$ 453,898</b>	<b>\$ 428,265</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	12	\$ 48,440	\$ 48,209
Due to shareholder	22	6,952	6,451
Income tax payable		-	2,197
Current portion of lease liability	16	33	32
Current portion of long-term debt	14	-	1,522
Current portion of customer and other deposits		1,082	2,415
Current portion of deferred revenue	13	2,771	2,336
<b>Total current liabilities</b>		<b>59,278</b>	<b>63,162</b>
<b>Non-current liabilities</b>			
Long-term debt	14,25	155,000	140,000
Post-employment benefits	15	15,535	13,895
Customer and other deposits		3,324	3,509
Deferred revenue	13	30,880	27,192
Deferred tax liability	10	8,982	5,590
Lease liability	16	2,223	2,256
Unrealized loss on interest rate swap	14,25	1,647	1,228
<b>Total non-current liabilities</b>		<b>217,591</b>	<b>193,670</b>
<b>Total liabilities</b>		<b>276,869</b>	<b>256,832</b>
<b>Equity</b>			
Share capital	17	96,116	96,116
Retained earnings		79,776	72,806
Accumulated other comprehensive (loss) income		(1,202)	380
<b>Total equity</b>		<b>174,690</b>	<b>169,302</b>
<b>Total liabilities and equity</b>		<b>451,559</b>	<b>426,134</b>
Regulatory balances	11	2,339	2,131
<i>Commitments and contingencies (Note 23), Subsequent events (Note 26)</i>			
<b>Total liabilities, equity and regulatory balances</b>		<b>\$ 453,898</b>	<b>\$ 428,265</b>

On behalf of the Board:



Director



Director

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

For the year ended December 31, 2019, with comparative amounts for 2018

(in thousands of dollars)

	Note	2019	2018
<b>Revenues</b>			
Electricity sales	18	\$ 366,746	\$ 342,046
Distribution revenue	18	69,726	68,676
Other	19	11,778	13,121
		448,250	423,843
<b>Operating expenses</b>			
Electricity purchased		368,249	356,921
Operating expenses	20	44,229	43,709
Depreciation and amortization	8,9	20,180	19,168
		432,658	419,798
<b>Income from operating activities</b>		15,592	4,045
Net finance expense	21	4,905	3,880
<b>Income before income taxes</b>		10,687	165
Income tax expense	10	2,781	4,312
<b>Net income (loss) for the year</b>		7,906	(4,147)
<b>Movement of regulatory balances</b>			
Net movement of regulatory balances		142	15,563
Income taxes		3,922	1,503
	11	4,064	17,066
<b>Net income for year and net movement in regulatory balances</b>		11,970	12,919
<b>Other comprehensive (loss) income</b>			
Items that will not be reclassified to profit or loss:			
Remeasurements of post-employment benefits	15	(1,582)	1,550
Tax on remeasurements	10	419	(411)
Net movement in regulatory balances, net of tax	11	(419)	411
Other comprehensive income		(1,582)	1,550
<b>Total comprehensive income for the year</b>		\$ 10,388	\$ 14,469

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, 2019, with comparative amounts for 2018

(in thousands of dollars)

	Note	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
<b>Balance at January 1, 2018</b>		\$ 96,116	\$ 64,887	\$ (1,170)	\$ 159,833
Net income and net movement in regulatory balances		-	12,919	-	12,919
Other comprehensive income		-	-	1,550	1,550
Dividends	17	-	(5,000)	-	(5,000)
<b>Balance at December 31, 2018</b>		\$ 96,116	\$ 72,806	\$ 380	\$ 169,302
<b>Balance at January 1, 2019</b>		\$ 96,116	\$ 72,806	\$ 380	\$ 169,302
Net income and net movement in regulatory balances		-	11,970	-	11,970
Other comprehensive loss		-	-	(1,582)	(1,582)
Dividends	17	-	(5,000)	-	(5,000)
<b>Balance at December 31, 2019</b>		\$ 96,116	\$ 79,776	\$ (1,202)	\$ 174,690

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

**London Hydro Inc.****Statement of Cash Flows****For the year ended December 31, 2019, with comparative amounts for 2018**

(in thousands of dollars)

	Note	2019	2018
<b>Operating activities</b>			
Net income and net movement in regulatory balances		\$ 11,970	\$ 12,919
Adjustments for:			
Depreciation and amortization	8,9	20,180	19,168
Amortization of deferred revenue	19	(525)	(412)
Post-employment benefits	15	58	232
Gain on disposal of property, plant and equipment	19	(31)	(220)
Net finance expense	21	4,905	3,880
Income tax expense	10	2,781	4,312
		39,338	39,879
Change in non-cash working capital:			
Accounts receivable		3,616	62
Materials and supplies		199	30
Prepaid expenses		329	(206)
Accounts payable and accrued liabilities		231	(95)
Due to shareholder		501	(2,273)
Customer and other deposits		(1,518)	(904)
		3,358	(3,386)
Other:			
Regulatory balances	11	(4,064)	(17,066)
Income tax paid		(2,972)	(1,745)
Income tax received		634	307
Interest paid	21	(4,626)	(3,719)
Interest received	21	140	180
		(10,888)	(22,043)
<b>Net cash from operating activities</b>		<b>31,808</b>	<b>14,450</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	8	(37,000)	(36,262)
Purchase of intangible assets	9	(6,018)	(8,351)
Proceeds on disposal of property, plant and equipment		250	296
Contributions received from customers		4,648	6,813
<b>Net cash used in investing activities</b>		<b>(38,120)</b>	<b>(37,504)</b>
<b>Financing activities</b>			
Dividends paid	17	(5,000)	(5,000)
Proceeds from long-term debt	14	15,000	55,000
Lease liability	16	(32)	2,288
Repayment of long-term debt	14	(1,522)	(32,304)
<b>Net cash from financing activities</b>		<b>8,446</b>	<b>19,984</b>
Change in cash		2,134	(3,070)
Cash, beginning of year		1,294	4,364
<b>Cash, end of year</b>		<b>\$ 3,428</b>	<b>\$ 1,294</b>

The accompanying notes are an integral part of these financial statements

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

(in thousands of dollars)

**1. Reporting entity**

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

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

**2. Basis of presentation**

a) Statement of compliance

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

b) Approval of financial statements

These financial statements were approved by the Board of Directors on March 31, 2020.

c) Basis of measurement

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

d) Functional and presentation currency

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

e) Use of estimates and judgments

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

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

- (i) 3(b) – measurement of unbilled revenue
- (ii) 3(b) – determination of the performance obligation for contributions from customers and the related amortization period
- (iii) 3(d), 3(e), 8, 9 – estimation of useful lives of its property, plant and equipment and intangible assets
- (iv) 6 – estimation for allowance for doubtful accounts
- (v) 8, 16 – leases: whether an arrangement contains a lease
- (vi) 11 – recognition and measurement of regulatory balances
- (vii) 15 – measurement of defined benefit obligations: key actuarial assumptions
- (viii) 23 – recognition and measurement of provisions and contingencies

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
(in thousands of dollars)

**2. Basis of presentation (continued)**

e) Use of estimates and judgments (continued)

Critical accounting estimates and judgments for leases:

*Judgments made in relation to accounting policies applied* - Management exercises judgment in determining the appropriate lease term on a lease by lease basis. Management considers all facts and circumstances that create an economic incentive to exercise a renewal option or to not exercise a termination option. The periods covered by renewal options are only included in the lease term if management is reasonably certain to renew. Changes in the economic environment or changes in the industry may impact management's assessment of the lease term. Any changes in management's estimate of lease terms may have a material impact on the Company's balance sheet and statement of earnings.

*Key sources of estimation* - In determining the carrying amount of right-of-use assets and lease liabilities, the Company is required to estimate the incremental borrowing rate specific to each leased asset if the interest rate implicit in the lease is not readily determined. Management determines the incremental borrowing rate of each leased asset by incorporating the Company's creditworthiness, the security, term and value of the underlying leased asset, and the economic environment in which the leased asset operates in. The incremental borrowing rates are subject to change mainly due to macroeconomic changes in the environment.

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 was 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"). The debt retirement charge ended effective April 1, 2018 as set out in section 85(4) of the Electricity Act, and the Company no longer bills it to its customers.

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
(in thousands of dollars)

**2. Basis of presentation (continued)**

f) Rate regulation (continued)

**Rate setting**

*Distribution revenue*

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

In the intervening years an Incentive Regulation Mechanism ("IRM") rate application is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflation for Final Domestic Demand ("GDP IPI-FDD") net of a productivity factor and a "stretch factor" determined by the relative efficiency of an electricity distributor.

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 the previous year's rates effective May 1, 2017. The GDP IPI-FDD for 2018 was 1.2%, the OEB applied productivity factor was 0.0% and the OEB determined stretch factor was (0.15)%, resulting in a net adjustment of 1.05% to the previous year's rates effective May 1, 2018. The GDP IPI-FDD for 2019 was 1.5%, the OEB applied productivity factor was 0.0% and the OEB determined stretch factor was (0.30)%, resulting in a net adjustment of 1.2% to the previous year's rates effective May 1, 2019.

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

*Electricity rates*

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

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
(in thousands of dollars)

**3. Significant accounting policies**

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

a) Financial instruments

*Non-derivative*

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

*Derivative*

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

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

b) Revenue recognition

*Sale and distribution of electricity*

The performance obligations for the sale and distribution of electricity are recognized over time using an output method to measure the satisfaction of the performance obligation. The value of the electricity services transferred to the customer is determined on the basis of cyclical meter readings plus estimated customer usage since the last meter reading date to the end of the year and represents the amount that the Company has the right to bill. Revenue includes rates for electricity supplied, distribution, and any other regulatory charges. The related cost of power is recorded on the basis of power used.

For customer billings related to electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties, the Company has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

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

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

(in thousands of dollars)

**3. Significant accounting policies (continued)**

b) Revenue recognition (continued)

*Capital contributions*

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are scoped out of IFRS 15 Revenue from Contracts with Customers. Cash contributions received from developers are recorded as deferred revenue and amortized to income on a straight-line basis over the useful life of the related asset.

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15 Revenue from Contracts with Customers. The contributions are received to obtain a connection to the distribution system in order receive ongoing access to electricity. The Company has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight-line basis over the useful life of the related asset.

*Other revenue*

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

Government grants and the related performance incentive payments under CDM programs are recognized as revenue in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received.

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.

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

(in thousands of dollars)

**3. Significant accounting policies (continued)**

d) Property, plant and equipment (continued)

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

When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal, if any, with the carrying amount of the item and is included in profit or loss.

Major spare parts and standby equipment are recognized as items of PP&E.

The cost of replacing a part of an item of PP&E is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. In this event, the replaced part of PP&E is written off, and the related gain or loss is included in the Statement of Comprehensive Income. The costs of the day-to-day servicing of PP&E are recognized in the Statement of Comprehensive Income as incurred.

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

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

The estimated useful lives are as follows:

	Years
Building structures and components	12 - 75
Distribution system and equipment	25 - 60
Substation equipment	15 - 45
Right-of-use land asset	40
System supervisory equipment	8 - 35
Metering devices	15 - 30
Renewable generation assets	20
Automotive equipment	8 - 12
Equipment, tools and furniture	5 - 8
Computer hardware	3



**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
(in thousands of dollars)

**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.

Payments to obtain rights to access land ("land rights") are classified as intangible assets. These include payments made for easements, right of access and right of use over land for which the Company does not hold title. Land rights are measured at cost less accumulated amortization.

Computer software that is acquired or developed by the Company 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.

Capital contributions represent costs incurred and associated with assets that are not owned by the Company. These contributions are incurred where the Company is charged with the responsibility of upgrading assets that the Company does not hold title to. Capital contributions include costs towards the refurbishment and upgrade of a transformer station and wholesale meters. These assets are measured at cost less accumulated amortization.

Intangible assets in progress consist of application software under development at December 31, 2019.

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

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

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
(in thousands of dollars)

**3. Significant accounting policies (continued)**

f) Impairment

*Financial assets measured at amortized cost*

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

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

A loss allowance for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss allowance is measured at an amount equal to the lifetime expected credit losses for the asset.

*Non-financial assets*

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

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

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

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

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
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**3. Significant accounting policies (continued)**

g) Customer and other deposits

Customer and other deposits include cash deposits from electricity distribution customers and retailers to guarantee the payment of energy bills. Interest is paid on customer deposits at the rate of prime less 2% per annum. Deposits from electricity distribution customers are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Company in accordance with policies set out by the OEB, or upon termination of their electricity distribution service.

h) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

i) Regulatory balances

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Company.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the deferred cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in net movement in regulatory balances in the Statement of Comprehensive Income or Other Comprehensive Income ("OCI"). When the customer is billed at rates approved by the OEB for the recovery of the deferred costs, the customer billings are recognized in revenue. The regulatory debit balance is reduced by the amount of these customer billings with the offset to net movement in regulatory balances in the Statement of Comprehensive Income or OCI.

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

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
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**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.

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
(in thousands of dollars)

**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 ("OEFEC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Tax Acts as modified by the Electricity Act, 1998, and related regulations. Prior to October 1, 2001, the Company was not subject to income or capital taxes. Payments in lieu of taxes ("PILs") are referred to as income taxes.

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

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

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
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**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, 2019:

- i. IFRS 16 Leases
- ii. Annual Improvements to IFRS (2015-2017) cycle

*i. IFRS 16 Leases*

Effective January 1, 2019, the Company adopted IFRS 16, which specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all major leases. The Company's accounting policy under IFRS 16 is as follows:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected to apply the practical expedient to account for each lease component and any non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
(in thousands of dollars)

**3. Significant accounting policies (continued)**

m) Change in accounting policies (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

Impact of transition to IFRS 16:

The new standard has been applied in preparing these financial statements for the year ended December 31, 2019. Comparative information presented for the year ended December 31, 2018, and for the year ended 2018 have been restated.

A reconciliation between comparative amounts previously reported to revised amounts presented in these financial statements is provided in the schedules below:

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

(in thousands of dollars)

Reconciliation of Statement of Financial Position:

<b>As at December 31, 2018</b>	<b>As Originally Presented</b>	<b>IFRS 16 Transitional Addition</b>	<b>Amortization</b>	<b>Reclass Lease Payments to debt / interest</b>	<b>Amounts Restated</b>
<b>Current assets</b>					
Cash	\$ 1,294				\$ 1,294
Accounts receivable	74,985				74,985
Materials and supplies	617				617
Prepaid expenses	2,667				2,667
<b>Total current assets</b>	<b>79,563</b>				<b>79,563</b>
<b>Non-current assets</b>					
Property, plant and equipment	306,439	2,319	(58)		308,700
Intangible assets	22,836				22,836
<b>Total non-current assets</b>	<b>329,275</b>	<b>2,319</b>	<b>(58)</b>		<b>331,536</b>
<b>Total assets</b>	<b>408,838</b>	<b>2,319</b>	<b>(58)</b>		<b>411,099</b>
Regulatory balances	17,166				17,166
<b>Total assets and regulatory balances</b>	<b>\$ 426,004</b>	<b>\$ 2,319</b>	<b>\$ (58)</b>	<b>\$ -</b>	<b>\$ 428,265</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	\$ 48,209				\$ 48,209
Due to shareholder	6,451				6,451
Income taxes payable	2,197				2,197
Current portion of long-term debt	1,522				1,522
Current portion of lease liability	-	32			32
Customer and other deposits	2,415				2,415
Deferred revenue	2,336				2,336
<b>Total current liabilities</b>	<b>63,130</b>	<b>32</b>			<b>63,162</b>
<b>Non-current liabilities</b>					
Long-term debt	140,000				140,000
Post-employment benefits	13,895				13,895
Customer and other deposits	3,509				3,509
Deferred revenue	27,192				27,192
Deferred tax liability	5,590				5,590
Lease liability	-	2,287		(31)	2,256
Unrealized loss on interest rate swap	1,228				1,228
<b>Total non-current liabilities</b>	<b>191,414</b>	<b>2,287</b>		<b>(31)</b>	<b>193,670</b>
<b>Total liabilities</b>	<b>254,544</b>	<b>2,319</b>		<b>(31)</b>	<b>256,832</b>
<b>Equity</b>					
Share capital	96,116				96,116
Retained earnings	72,833		(58)	31	72,806
Accumulated other comprehensive income	380				380
<b>Total equity</b>	<b>169,329</b>		<b>(58)</b>	<b>31</b>	<b>169,302</b>
<b>Total liabilities and equity</b>	<b>423,873</b>	<b>2,319</b>	<b>(58)</b>	<b>-</b>	<b>426,134</b>
Regulatory balances	2,131				2,131
<b>Total liabilities, equity and regulatory balances</b>	<b>\$ 426,004</b>	<b>\$ 2,319</b>	<b>\$ (58)</b>	<b>\$ -</b>	<b>\$ 428,265</b>



**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

(in thousands of dollars)

Reconciliation of Statement of Comprehensive Income:

<b>For the year ended December 31, 2018</b>	<b>As Originally Presented</b>	<b>Amortization</b>	<b>Reclass Lease Payments to debt / interest</b>	<b>Amounts Restated</b>
<b>Revenue</b>				
Sales of energy	\$ 342,046			\$ 342,046
Distribution revenue	68,676			68,676
Other	13,121			13,121
	423,843			423,843
<b>Operating Expenses</b>				
Cost of power purchased	356,921			356,921
Operating expenses	43,809		(100)	43,709
Depreciation and amortization	19,110	58		19,168
	419,840	58	(100)	419,798
<b>Income from operating activities</b>	4,003	(58)	100	4,045
<b>Net finance expense</b>	3,811		69	3,880
<b>Income before income taxes</b>	192	(58)	31	165
Income tax expense	4,312			4,312
<b>Net loss for the year</b>	(4,120)	(58)	31	(4,147)
<b>Movement of regulatory balances</b>				
Net movement of regulatory balances	15,563			15,563
Income taxes	1,503			1,503
	17,066			17,066
<b>Net income for year and net movement in regulatory balance</b>	12,946	(58)	31	12,919
<b>Other comprehensive income</b>				
Remeasurement of post-employment benefits	1,550			1,550
Tax on remeasurements	(411)			(411)
Net movement in regulatory balances, net of tax	411			411
Other comprehensive income	1,550			1,550
<b>Total comprehensive income for the year</b>	\$ 14,496	\$ (58)	\$ 31	\$ 14,469

ii. *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. 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. They also clarify that an entity includes funds borrowed specifically to obtain an asset other than a qualifying asset as part of general borrowings.

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

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

**4. Standards issued not yet adopted**

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

- i. Amendment to Conceptual Framework
- ii. Definition of Material (Amendments to IAS 1 and IAS 8)

i. Amendments to References to the Conceptual Framework in IFRS Standards:

On March 29, 2018 the IASB issued a revised version of its Conceptual Framework for Financial Reporting (the Framework), that underpins IFRS Standards. The IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards to update references in IFRS Standards to previous versions of the Conceptual Framework.

The Company intends to adopt this standard in its financial statements for the annual period beginning January 1, 2020. The Company does not expect the standard to have a material impact on the financial statements.

Some Standards include references to the 1989 and 2010 versions of the Framework. The IASB has published a separate document which contains consequential amendments to affected Standards so that they refer to the new Framework, with the exception of IFRS 3 Business Combinations which continues to refer to both the 1989 and 2010 Frameworks.

ii. Definition of Material (Amendments to IAS 1 and IAS 8):

On October 31, 2018, the IASB refined its definition of material and removed the definition of material omissions or misstatements from IAS 8.

The Company intends to adopt this standard in its financial statements for the annual period beginning January 1, 2020. The Company does not expect the standard to have a material impact on the financial statements.

The definition of material has been aligned across IFRS Standards and the Framework. The amendments provide a definition and explanatory paragraphs in one place.

Pursuant to the amendments, information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
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**5. Cash**

	<b>2019</b>	<b>2018</b>
Bank balances	\$ 3,428	\$ 1,294

**6. Accounts receivable**

	<b>2019</b>	<b>2018</b>
Trade receivables	\$ 32,083	\$ 32,929
Unbilled revenue	36,468	38,237
Other	5,451	6,159
Allowance for doubtful accounts	(2,633)	(2,340)
	\$ 71,369	\$ 74,985

Included in accounts receivable is approximately \$9.4 million (2018 - \$8.5 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 \$0.4 million (2018 - \$2.8 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, 2019 was \$0.1 million (2018 - \$0.1 million).

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
(in thousands of dollars)

**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, 2018	\$ 16,048	\$ 10,092	\$ 268,347	\$ 24,370	\$ 13,639	332,496
Additions	3,598	91	30,609	2,321	(357)	36,262
Disposals / retirements	(30)	-	(933)	(1,196)	-	(2,159)
Balance at December 31, 2018	\$ 19,616	\$ 10,183	\$ 298,023	\$ 25,495	\$ 13,282	\$ 366,599
Balance at January 1, 2019	\$ 19,616	\$ 10,183	\$ 298,023	\$ 25,495	\$ 13,282	\$ 366,599
Additions	1,759	265	31,184	2,740	1,052	37,000
Disposals / retirements	-	(237)	(878)	(968)	-	(2,083)
Balance at December 31, 2019	\$ 21,375	\$ 10,211	\$ 328,329	\$ 27,267	\$ 14,334	\$ 401,516

b) Accumulated depreciation:

	Land and buildings	Distribution substation equipment	Other distribution equipment	Other fixed assets	Construction in progress	Total
Balance at January 1, 2018	\$ 2,708	\$ 1,125	\$ 34,429	\$ 7,650	\$ -	\$ 45,912
Depreciation	835	293	10,274	2,668	-	14,070
Disposals / retirements	(30)	-	(870)	(1,183)	-	(2,083)
Balance at December 31, 2018	\$ 3,513	\$ 1,418	\$ 43,833	\$ 9,135	\$ -	\$ 57,899
Balance at January 1, 2019	\$ 3,513	\$ 1,418	\$ 43,833	\$ 9,135	\$ -	\$ 57,899
Depreciation	875	301	10,917	2,747	-	14,840
Disposals / retirements	-	(47)	(856)	(961)	-	(1,864)
Balance at December 31, 2019	\$ 4,388	\$ 1,672	\$ 53,894	\$ 10,921	\$ -	\$ 70,875

c) Carrying amounts:

Balance at	Land and buildings	Distribution substation equipment	Other distribution equipment	Other fixed assets	Construction in progress	Total
December 31, 2018	\$ 16,103	\$ 8,765	\$ 254,190	\$ 16,360	\$ 13,282	\$ 308,700
December 31, 2019	\$ 16,987	\$ 8,539	\$ 274,435	\$ 16,346	\$ 14,334	\$ 330,641

Property, plant and equipment includes a right-of-use asset associated with property rented from the City of London with an initial measurement of \$2.3 million, amortized on a straight-line basis over 40 years commencing with the 2018 fiscal year (see Note 16).

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

(in thousands of dollars)

**9. Intangible assets**

a) Cost or deemed cost:

	Land rights	Capital contributions	Computer software	Intangible work in progress	Total
Balance at January 1, 2018	\$ 277	\$ 1,085	\$ 22,331	\$ 6,370	\$ 30,063
Additions	81	7,258	6,464	(5,452)	8,351
Disposals / retirements	-	-	(5,227)	-	(5,227)
Balance at December 31, 2018	\$ 358	\$ 8,343	\$ 23,568	\$ 918	\$ 33,187
Balance at January 1, 2019	\$ 358	\$ 8,343	\$ 23,568	\$ 918	\$ 33,187
Additions	32	-	6,155	(169)	6,018
Disposals / retirements	-	-	(3,890)	-	(3,890)
Balance at December 31, 2019	\$ 390	\$ 8,343	\$ 25,833	\$ 749	\$ 35,315

b) Accumulated amortization:

	Land rights	Capital contributions	Computer software	Intangible work in progress	Total
Balance at January 1, 2018	\$ 74	\$ 172	\$ 10,234	\$ -	\$ 10,480
Amortization	22	49	5,027	-	5,098
Disposals / retirements	-	-	(5,227)	-	(5,227)
Balance at December 31, 2018	\$ 96	\$ 221	\$ 10,034	\$ -	\$ 10,351
Balance at January 1, 2019	\$ 96	\$ 221	\$ 10,034	\$ -	\$ 10,351
Amortization	24	204	5,112	-	5,340
Disposals / retirements	-	-	(3,890)	-	(3,890)
Balance at December 31, 2019	\$ 120	\$ 425	\$ 11,256	\$ -	\$ 11,801

c) Carrying amounts:

Balance at	Land rights	Capital contributions	Computer software	Intangible work in progress	Total
December 31, 2018	\$ 262	\$ 8,122	\$ 13,534	\$ 918	\$ 22,836
December 31, 2019	\$ 270	\$ 7,918	\$ 14,577	\$ 749	\$ 23,514

During the year ended December 31, 2019, borrowing costs of nil (2018 - \$0.2 million) were capitalized as part of the cost of intangible assets. A capitalization rate of 2.89% was used to determine the amount of borrowing costs capitalized during the year ended December 31, 2018.

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

Income tax expense is comprised of:

	<b>2019</b>	<b>2018</b>
Current income tax		
Current year	\$ (384)	\$ 2,886
Amendment for prior period income tax credits	(311)	(408)
Adjustment for prior period income tax expense	(335)	421
	(1,030)	2,899
Deferred tax		
Change in recognized deductible temporary differences:		
Loss on interest rate swap	(111)	(90)
Property, plant, equipment and intangible assets	4,760	1,671
Post-employment benefits	(16)	(61)
Deferred revenue	(822)	(107)
	3,811	1,413
Total current and deferred income tax in profit and loss, before movement of regulatory balance	2,781	4,312
Other comprehensive (loss) income		
Post-employment benefits	(419)	411
Total current and deferred income tax, before movement of regulatory balances	2,362	4,723
Net movement in regulatory balances	(3,503)	(1,914)
Income tax (recovery) expense recognized in Statement of Comprehensive Income	\$ (1,141)	\$ 2,809

Reconciliation of effective tax rate:

	<b>2019</b>	<b>2018</b>
Income before taxes	\$ 9,247	17,278
Canada and Ontario statutory income tax rates	26.5%	26.5%
Expected tax provision on income at statutory rates	2,450	4,579
Increase (decrease) in income taxes resulting from:		
Net movement in regulatory balances	(3,503)	(1,914)
Other items	(88)	144
	\$ (1,141)	\$ 2,809

Significant components of the Company's deferred tax balances:

	<b>2019</b>	<b>2018</b>
Property, plant, equipment and intangible assets	\$ (14,788)	\$ (10,028)
Post-employment benefits	4,116	3,681
Deferred revenue	1,254	432
Future income taxes to be realized by customers	(9,418)	(5,915)
Loss on interest rate swap	436	325
	\$ (8,982)	\$ (5,590)

**London Hydro Inc.**  
**Notes to the Financial Statements**  
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**11. Regulatory balances**

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

Regulatory assets:

<b>Regulatory deferral account debit balances</b>	<b>January 1, 2018</b>	<b>Changes</b>	<b>Recovery/ (reversal)</b>	<b>December 31, 2018</b>	<b>Remaining years</b>
Group 1 deferred accounts	\$ -	\$ 8,002	\$ -	\$ 8,002	
Other regulatory accounts	1,831	1,418	-	3,249	
Income tax	4,001	1,914	-	5,915	
	\$ 5,832	\$ 11,334	\$ -	\$ 17,166	

<b>Regulatory deferral account debit balances</b>	<b>January 1, 2019</b>	<b>Changes</b>	<b>Recovery/ (reversal)</b>	<b>December 31, 2019</b>	<b>Remaining years</b>
Group 1 deferred accounts	\$ 8,002	\$ (4,526)	\$ -	\$ 3,476	
Regulatory settlement account	-	8,440	(3,443)	4,997	0.8
Other regulatory accounts	3,249	(121)	-	3,128	2.3
Income tax	5,915	3,503	-	9,418	
	\$ 17,166	\$ 7,296	\$ (3,443)	\$ 21,019	

Regulatory liabilities:

<b>Regulatory deferral account credit balances</b>	<b>January 1, 2018</b>	<b>Changes</b>	<b>Recovery/ (reversal)</b>	<b>December 31, 2018</b>	<b>Remaining years</b>
Group 1 deferred accounts	\$ (5,217)	\$ 5,217	\$ -	\$ -	
Regulatory settlement account	(3,057)	(3,927)	5,265	(1,719)	0.3
Other regulatory accounts	-	159	(571)	(412)	3.3
	\$ (8,274)	\$ 1,449	\$ 4,694	\$ (2,131)	

<b>Regulatory deferral account credit balances</b>	<b>January 1, 2019</b>	<b>Changes</b>	<b>Recovery/ (reversal)</b>	<b>December 31, 2019</b>	<b>Remaining years</b>
Regulatory settlement account	\$ (1,719)	\$ (5,143)	\$ 6,862	\$ -	-
Other regulatory accounts	(412)	(509)	(1,418)	(2,339)	2.3
	\$ (2,131)	\$ (5,652)	\$ 5,444	\$ (2,339)	

**11. Regulatory balances (continued)**

The regulatory balances are recovered or settled through fixed and/or volumetric rate riders approved by the OEB. The volumetric rate riders are determined using estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors including the economy and weather. The Company has received approval from the OEB to establish its regulatory balances. Regulatory balances attract interest at OEB prescribed rates, which are based on Bankers' Acceptances three-month rate plus a spread of 25 basis points. The rate was set at 2.45% in the first quarter of 2019 (March 31, 2018 – 1.5%) and 2.18% in the second, third and fourth quarters of 2019 (June 30, 2018 – 1.89%, September 30, 2018 – 1.89%, December 31, 2018 – 2.17%).

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. 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.

The RSVA variances were debit balances in 2018. On October 4, 2017, the Company filed its 2018 IRM rate application in which it proposed the disposition of the Group 1 account balances as at December 31, 2016 via rate riders. The OEB authorized the recovery of these balances over a one-year period commencing May 1, 2018.



**11. Regulatory balances (continued)**

b) Regulatory settlement account

During 2018, the Company filed its 2019 IRM rate application in which it proposed the recovery of the LRAMVA balance accumulated between January 1, 2016 and December 31, 2016, as well as the recovery of the 2018 Retail Transmission Service Rates Revenue Shortfall of the Group 1 accounts accumulated between May 1, 2018 and November 30, 2018 via rate riders. The OEB authorized the recovery of the LRAMVA balances over a one-year period commencing May 1, 2019.

c) Other regulatory accounts

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

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

d) Income tax

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

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
(in thousands of dollars)

**12. Accounts payable and accrued liabilities**

	<b>2019</b>	<b>2018</b>
Due to Independent Electricity System Operator	\$ 31,973	\$ 33,694
Harmonized sales tax	167	118
Payroll and benefits payable	3,382	3,060
Other	12,918	11,337
	<b>\$ 48,440</b>	<b>\$ 48,209</b>

**13. Deferred revenue**

	<b>2019</b>	<b>2018</b>
Capital contributions for completed projects	\$ 21,845	\$ 18,010
Deposits held	11,806	11,518
	<b>33,651</b>	<b>29,528</b>
Less: Current portion	2,771	2,336
	<b>\$ 30,880</b>	<b>\$ 27,192</b>

Capital contributions for completed projects are recognized as revenue on a straight-line basis over the life of the asset for which the contribution was received.

Included in deposits held is \$3.6 million (2018 - \$3.7 million) received from the Corporation of the City of London as contributions for the construction of capital assets.

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

(in thousands of dollars)

**14. Long-term debt**

	2019	2018
Unsecured, committed extendible revolving loan bearing interest at prime, minus 0.5%, interest only payments due March 2021	\$ 30,000	\$ 15,000
Unsecured, non-revolving term instalment loan bearing interest at the 4.4 year Bankers' Acceptance rate of 2.7% plus a stamping fee of 0.28%, interest only payments due June 2022	40,000	40,000
Unsecured, non-revolving term instalment loan bearing interest at the 7.6 year Bankers' Acceptance rate of 2.46% plus a stamping fee of 0.30%, 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, repaid in full August 2019	-	1,522
	<u>155,000</u>	<u>141,522</u>
Less: Current portion	-	1,522
	<u>\$ 155,000</u>	<u>\$ 140,000</u>

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

The Company has an interest rate swap agreement with the Royal Bank of Canada for an unsecured loan in the amount of \$85 million. Interest only payments are due quarterly and commenced December 2014. The principal is due at maturity. The agreement is a fixed rate swap and matures June 2022, which effectively converts variable interest rates on unsecured Bankers' Acceptances to an effective interest rate of 2.46%, plus a stamping fee of 0.30%, for an all-in rate of 2.76%.

The Company had 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 were amortized over a 9 year period ending August 2019. The agreement was a fixed rate swap and matured August 2019 which effectively converted 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%.

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

(in thousands of dollars)

**14. Long-term debt (continued)**

The swap agreements entered into with Royal Bank of Canada do not meet the standard to apply hedge accounting. Accordingly, the interest rate swap contracts are recorded at their fair value at the end of the period with the unrealized gain or loss recorded in the Statements of Comprehensive Income as finance expenses. The unrealized loss for the year ended December 31, 2019 was \$0.4 million (2018 – \$0.3 million).

At December 31, 2019, the Company would be required to pay \$1.6 million (2018 - \$1.2 million) if it wished to cancel the swap agreements.

During the year ended December 31, 2019, interest on long-term debt was incurred in the amount of \$4.2 million (2018 - \$3.6 million) of which nil (2018 – \$0.2 million) was capitalized as part of the cost of intangible assets.

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

	2019	2018
Balance, beginning of year	\$ 141,522	\$ 118,826
Add: Advances	15,000	55,000
Less: Repayments	1,522	32,304
	155,000	141,522
Less: Current portion	-	1,522
	\$ 155,000	\$ 140,000

**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, 2019, the Company made employer contributions of \$3.1 million to OMERS (2018 - \$3.0 million), of which \$0.8 million (2018 - \$0.7 million) has been capitalized as part of PP&E and the remaining amount of \$2.3 million (2018 - \$2.3 million) has been recognized in the Statement of Comprehensive Income. The Corporation estimates that a contribution of \$3.5 million to OMERS will be made during the next fiscal year.

As at December 31, 2019, OMERS had approximately 510,000 members, of whom 323 are employees of the Company. The most recently available OMERS annual report is for the year ended December 31, 2019, which reported that the plan was 97% funded, with an unfunded liability of \$3.4 billion. This unfunded liability is likely to result in future payments by participating employers and members.

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

(in thousands of dollars)

**15. Post-employment benefits (continued)**

b) Post-employment benefits other than pension

The Company pays certain medical and life insurance benefits on behalf of some of its retired employees. The Company recognizes these post-employment benefits in the year in which employees' services were rendered. The Company is recovering its post-employment benefits in rates based on the expense and remeasurements recognized for post-employment benefit plans. Based on the most recent actuarial valuation as at December 31, 2019, the following information has been determined:

Reconciliation of the obligation:

	<b>2019</b>	<b>2018</b>
Defined benefit obligation, beginning of year	\$ 13,895	\$ 15,213
Included in profit or loss:		
Current service costs	393	462
Interest cost	518	497
Other benefits	11	(13)
	922	946
Benefits paid	(864)	(714)
	58	232
Actuarial (gains) / losses included in OCI:		
Changes in financial assumptions	1,540	(1,465)
Effect of experience adjustments	42	(85)
	1,582	(1,550)
Defined benefit obligation, end of year	\$ 15,535	\$ 13,895

Actuarial assumptions:

	<b>2019</b>	<b>2018</b>
Discount (interest) rate	3.1%	3.9%
Salary levels	4.0%	4.0%
Immediate medical costs	5.3%	5.4%
Ultimate medical costs	4.0%	4.0%
Dental cost rate	4.0%	4.5%
Year ultimate rate reached	2040	2040

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 \$2.3 million.

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
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**16. Lease liability**

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

Right-of-use-asset:

	<b>2019</b>		<b>2018</b>	
<b>Cost:</b>				
Balance, beginning of year	\$	2,319	\$	-
Lease additions		-		2,319
Balance, end of year	\$	2,319	\$	2,319
<b>Accumulated depreciation:</b>				
Balance, beginning of year	\$	58	\$	-
Depreciation		58		58
Balance, end of year	\$	116	\$	58
<b>Carrying amount</b>	<b>\$</b>	<b>2,203</b>	<b>\$</b>	<b>2,261</b>

Lease liability:

	<b>Future minimum lease payments</b>		<b>Interest</b>		<b>Present value of minimum lease payments</b>	
Less than one year	\$	100	\$	67	\$	33
Between one and five years		400		259		141
More than five years		3,300		1,218		2,082
	\$	3,800	\$	1,544	\$	2,256

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

(in thousands of dollars)

**17. Share capital**

	2019	2018
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 27, 2019 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 2019. 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.

**18. Revenue from contracts with customers**

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

Electricity rates:

	2019	2018
Residential	\$ 122,925	\$ 112,145
Commercial	230,628	218,668
Large users	10,301	8,714
Other	2,892	2,519
	\$ 366,746	\$ 342,046

Distribution revenue:

	2019	2018
Residential	\$ 44,312	\$ 43,601
Commercial	23,279	23,101
Large users	749	652
Other	1,386	1,322
	\$ 69,726	\$ 68,676

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
(in thousands of dollars)

**19. Other revenue**

	<b>2019</b>	<b>2018</b>
City of London services	\$ 4,009	\$ 4,009
Late payment charges	1,699	1,561
Other services, recoveries and sundry revenues	1,404	1,421
Pole and other rental income	885	501
Customer billing service fees	864	717
Sale of scrap	834	552
Occupancy charges	596	608
Amortization of deferred revenue	525	412
Income tax incentive credits	480	496
Renewable generation revenue	322	312
Collection charges	132	346
Gain on disposal of property, plant and equipment	31	220
IESO Conservation recoveries and incentives	(3)	1,966
	<b>\$ 11,778</b>	<b>\$ 13,121</b>

**20. Operating expenses**

	<b>2019</b>	<b>2018</b>
Labour and benefits	\$ 27,133	\$ 26,719
Professional services	5,998	5,867
Computer hardware and software	2,815	2,540
Rental, regulatory and other expenses	1,943	2,243
Facilities maintenance and repair	1,668	1,534
Postage	1,258	1,262
Corporate training and employee expenses	1,233	1,201
Property tax and insurance	1,208	1,195
Materials and supplies	995	972
Fleet operations and maintenance	897	1,028
Bad debts	737	703
Office equipment services and maintenance	417	492
Allocations to capital and billable activities	(2,073)	(2,047)
	<b>\$ 44,229</b>	<b>\$ 43,709</b>



**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

(in thousands of dollars)

**21. Finance (income) and expenses**

	<b>2019</b>	<b>2018</b>
Finance income		
Interest income on bank deposits	\$ (140)	\$ (180)
Finance expenses		
Interest on long-term debt	4,216	3,591
Interest on short-term debt	118	58
Interest on funds used for construction project	-	(188)
Lease liability interest	68	69
Other	224	189
	<b>4,626</b>	<b>3,719</b>
Change in interest rate swap		
Unrealized loss on interest rate swap	419	341
<b>Net finance expense</b>	<b>\$ 4,905</b>	<b>\$ 3,880</b>

**22. Due to shareholder**

Trade balances due to shareholder:

	<b>2019</b>	<b>2018</b>
Water consumption	\$ 6,550	\$ 5,604
Non-interest bearing trade balance due to shareholder, without stated repayment terms	402	847
	<b>\$ 6,952</b>	<b>\$ 6,451</b>

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, 2019, the Company billed customers for water related service on behalf of the shareholder and remitted funds to the shareholder in the amount of \$174.4 million (2018 – \$174.2 million). The shareholder paid \$3.9 million (2018 - \$3.9 million) for this service.

During the year ended December 31, 2019, the Company performed water meter replacement administrative services on behalf of the shareholder. The shareholder paid \$0.1 million (2018 – \$0.1 million) for this service.

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**

(in thousands of dollars)

**23. Commitments and contingencies**

*General*

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

*General Liability Insurance*

The Company is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2019, no assessments have been made.

*Letters of credit*

At December 31, 2019, the Company had provided \$6.6 million (2018 – \$6.6 million) in bank standby letters of credit to the IESO.

*Vendor commitments*

The Company has commitments in connection with Infrastructure projects of \$0.2 million (2018 – \$0.5 million), new vehicle acquisitions of \$1.1 million (2018 - \$0.2 million) and Information Systems projects of \$0.3 million (2018 - nil).

*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:

	<b>2019</b>	<b>2018</b>
Less than one year	\$ 319	\$ 321
Between one and five years	868	209
More than five years	61	74
	<b>\$ 1,248</b>	<b>\$ 604</b>

The Company does not recognize right-of-use assets and lease liabilities for leases of low-value assets or leases with lease terms that are less than 12 months. Lease payments associated with these arrangements are instead recognized as an expense over the term on either a straight-line basis, or another systematic basis if more representative of the pattern of benefit. Operating leases expensed during the year ended December 31, 2019 was of \$0.4 million (2018 - \$0.3 million).

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
(in thousands of dollars)

**24. Joint venture agreement**

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

**25. Financial instruments and risk management**

**Fair value disclosure**

The carrying values of cash, accounts receivable, due to shareholder and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.

The fair value of the long-term debt at December 31, 2019 is \$156 million (2018 - \$124 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, 2019 was 2.58% (2018 – 3.34%). 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.

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
(in thousands of dollars)

**25. Financial instruments and risk management (continued)**

a) Credit risk (continued)

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the Statement of Comprehensive Income as bad debt expense. Subsequent recoveries of receivables previously provisioned are credited to the Statement of Comprehensive Income. The balance of the allowance for impairment loss at December 31, 2019 is \$2.6 million (2018 - \$2.3 million). During the year ended December 31, 2019, bad debt expense was \$0.7 million (2018 - \$0.7 million).

At December 31, 2019, approximately \$1.0 million (2018 - \$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, 2019, approximately \$2.2 million (2018 - \$2.0 million) is considered 60 days past due. The Company has approximately 161 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, 2019, the Company held deposits in the amount of \$4.4 million (2018 - \$5.9 million). If presented with substantial credit losses, the Company has the ability to make an application to the regulator for recovery of those losses through distribution rate adjustments in future years.

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
(in thousands of dollars)

**25. Financial instruments and risk management (continued)**

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, 2019 would have increased interest expense on the long-term debt by \$0.3 million (2018 - \$0.2 million), assuming all other variables remain constant. A 1% decrease in the interest rate would have an equal but opposite effect.

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, 2019 the amount drawn by the Company under this line of credit was nil (2018 - 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, 2019 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 (2018 - \$15.0 million). Under the terms of this agreement, the loan has a maturity date of March 31, 2021. 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 (2018 - nil).

**London Hydro Inc.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2019**  
(in thousands of dollars)

**25. 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.

	<b>2019</b>	<b>2018</b>
Long-term debt	\$ 155,000	\$ 141,522
Shareholder's equity	174,690	169,302
	<b>\$ 329,690</b>	<b>\$ 310,824</b>

**26. Subsequent events**

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

Subsequent to December 31, 2019 the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Company's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

Financial Statements of

**LONDON & MIDDLESEX  
COMMUNITY HOUSING INC.**

And Independent Auditors' Report thereon

Year ended December 31, 2019



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of London & Middlesex Community Housing Inc.

### ***Opinion***

We have audited the financial statements of London & Middlesex Community Housing Inc. (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of change in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

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

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

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





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

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

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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



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

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

London, Canada

May 21, 2020

# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

## Statement of Financial Position

As at December 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial Assets:</b>		
Cash	\$ -	\$ 1,520,921
Accounts receivable (note 3)	1,532,963	914,739
Due from The Corporation of the City of London	2,906,199	740,062
	<u>4,439,162</u>	<u>3,175,722</u>
<b>Financial Liabilities:</b>		
Cheques issued in excess of funds on deposit	99,637	-
Accounts payable and accrued liabilities	4,059,641	2,962,605
Tenant advances	741,071	649,246
Unearned miscellaneous revenue	48,397	67,672
	<u>4,948,746</u>	<u>3,679,523</u>
Net debt	(509,584)	(503,801)
<b>Non-Financial Assets:</b>		
Tangible capital assets (note 7)	58,878,638	54,281,872
Prepaid expenses	509,584	503,801
	<u>59,388,222</u>	<u>54,785,673</u>
Commitments (note 5)		
Subsequent events (note 10)		
Contingencies (note 11)		
<b>Accumulated surplus (note 9)</b>	<b>\$ 58,878,638</b>	<b>\$ 54,281,872</b>

See accompanying notes to financial statements

On behalf of the Board:

\_\_\_\_\_  
Director

# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

## Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	Budget	2019	2018
<b>Revenue:</b>			
Rental revenue	\$ 11,731,910	\$ 11,870,011	\$ 11,460,132
The Corporation of the City of London:			
Rental subsidy	10,698,018	10,698,018	10,202,215
Funding adjustment	-	363,231	35,284
Capital funding	-	6,664,904	3,904,191
Other	200,902	340,231	292,406
	<u>22,630,830</u>	<u>29,936,395</u>	<u>25,894,228</u>
<b>Expenses:</b>			
Salaries, wages and employee benefits	5,121,239	5,576,501	5,239,281
Maintenance, materials and services:			
Building, general	3,982,824	4,590,332	3,554,708
Grounds	632,012	978,474	1,048,150
Painting	319,020	280,483	288,203
Other	228,497	164,541	145,870
	<u>5,162,353</u>	<u>6,013,830</u>	<u>5,036,931</u>
Utilities:			
Electricity	2,167,172	1,951,090	1,927,787
Water	1,114,961	1,237,439	1,147,591
Natural gas	857,071	837,752	884,663
	<u>4,139,204</u>	<u>4,026,281</u>	<u>3,960,041</u>
Amortization	-	1,930,562	1,680,278
Property:			
Municipal taxes	5,495,001	5,023,084	5,396,636
Insurance	641,724	647,776	598,618
Mortgage payments	46,911	46,475	46,871
	<u>6,183,636</u>	<u>5,717,335</u>	<u>6,042,125</u>
Administration	2,024,398	2,075,120	1,610,997
<b>Total expenses</b>	<u>22,630,830</u>	<u>25,339,629</u>	<u>23,569,653</u>
Annual surplus	-	4,596,766	2,324,575
Accumulated surplus, beginning of year	54,281,872	54,281,872	51,957,297
<b>Accumulated surplus, end of year</b>	<u>\$ 54,281,872</u>	<u>\$ 58,878,638</u>	<u>\$ 54,281,872</u>

See accompanying notes to financial statements

# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

## Statement of Change in Net Debt

Year ended December 31, 2019, with comparative information for 2018

	Budget	2019	2018
Annual surplus	\$ -	\$ 4,596,766	\$ 2,324,575
Acquisition of tangible capital assets	-	(6,527,328)	(4,047,920)
Disposal of tangible capital assets net of accumulated amortization	-	-	43,067
Amortization of tangible capital assets	-	1,930,562	1,680,278
	-	(4,596,766)	(2,324,575)
Acquisition of prepaid expenses	-	(6,606,627)	(6,832,742)
Use of prepaid expenses	-	6,600,844	6,800,389
Change in net debt	-	(5,783)	(32,353)
Net debt, beginning of year	(503,801)	(503,801)	(471,448)
Net debt, end of year	\$ (503,801)	\$ (509,584)	\$ (503,801)

See accompanying notes to financial statements

# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

## Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 4,596,766	\$ 2,324,575
Items not involving cash:		
Amortization	1,930,562	1,680,278
Loss on disposal of tangible capital assets	-	43,067
Changes in non-cash items:		
Accounts receivable	(618,224)	365,578
Prepaid expenses	(5,783)	(32,353)
Due from The Corporation of the City of London	(2,166,137)	539,094
Accounts payable and accrued liabilities	1,097,036	(888,901)
Tenant advances	91,825	25,909
Unearned miscellaneous revenue	(19,275)	9,697
	4,906,770	4,066,944
Capital activities:		
Acquisition of tangible capital assets	(6,527,328)	(4,047,920)
Net increase (decrease) in cash	(1,620,558)	19,024
Cash, beginning of year	1,520,921	1,501,897
Cash (cheques issued in excess of funds on deposit), end of year	\$ (99,637)	\$ 1,520,921

See accompanying notes to financial statements

# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to the Financial Statements

Year ended December 31, 2019

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## 1. Incorporation:

London & Middlesex Community Housing Inc. (formerly London & Middlesex Housing Corporation) (the "Corporation") operates housing accommodation primarily for persons of low and moderate income. The Corporation operates 3,282 units throughout The City of London and the County of Middlesex and is 100% owned by The Corporation of the City of London.

## 2. Significant accounting policies:

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

### (a) Tangible Capital Assets:

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

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Assets	Useful Life-Years
Site improvements	25 - 30
Buildings and improvements	25 - 40
Technology and communications	3
Vehicles	10
Furniture and fixtures	10
Machinery and equipment	25
Appliances	10

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One half-year's amortization is charged in the year of acquisition.

### ii) Contributions of Capital Assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.

### (b) Revenue recognition:

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

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

### (c) Use of estimates:

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

### (d) Budget data:

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

# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to the Financial Statements (continued)

Year ended December 31, 2019

## 2. Significant accounting policies (continued):

### (e) Pension contributions:

The Corporation has a pension agreement with the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer defined contribution benefit plan. The Corporation's costs are the contributions due to the plan in the period.

### (f) Contaminated sites:

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

## 3. Accounts receivable:

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

	2019	2018
Rent	\$ 823,537	\$ 784,566
Allowance for doubtful accounts	(464,295)	(417,084)
Harmonized Sales Tax	566,076	261,841
Sundry	607,645	285,416
	<u>\$ 1,532,963</u>	<u>\$ 914,739</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 2019 (2018 - \$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

2020	\$	342,923
2021		140,715



# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to the Financial Statements (continued)

Year ended December 31, 2019

## 6. Pension Agreement:

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. In 2019 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 \$370,803 was incurred as pension expense in 2019 (2018 - \$343,064).

The last available report for the OMERS plan was on December 31, 2019. At that time, the plan reported a \$3.4 billion actuarial deficit (2018 - \$4.2 billion), based on actuarial liabilities for \$107.7 billion (2018 - \$99 billion) and actuarial assets for \$104.3 billion (2018 - \$95 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

## 7. Tangible capital assets:

Cost	Balance at December 31, 2018	2019 Additions	2019 Disposals	Balance at December 31, 2019
Land	\$ 24,605,751	\$ -	\$ -	\$ 24,605,751
Site improvements	3,433,364	-	-	3,433,364
Buildings and improvements	87,993,654	5,968,918	-	93,962,572
Technology and communications	829,700	403,420	48,778	1,184,342
Vehicles	48,297	-	-	48,297
Furniture and fixtures	230,017	-	-	230,017
Machinery and equipment	3,485,546	21,002	-	3,506,548
Appliances	1,996,583	133,988	-	2,130,571
<b>TOTAL</b>	<b>\$ 122,622,912</b>	<b>\$ 6,527,328</b>	<b>\$ 48,778</b>	<b>\$ 129,101,462</b>

Accumulated Amortization	Balance at December 31, 2018	2019 Disposals	2019 Amortization	Balance at December 31, 2019
Site improvements	\$ 1,745,682	\$ -	\$ 75,798	\$ 1,821,480
Buildings and improvements	62,665,927	-	1,489,199	64,155,126
Technology and communications	611,684	48,778	165,755	728,661
Vehicles	31,395	-	4,830	36,225
Furniture and fixtures	98,565	-	22,948	121,513
Machinery and equipment	1,571,250	-	108,812	1,680,062
Appliances	1,616,537	-	63,220	1,679,757
<b>TOTAL</b>	<b>\$ 68,341,040</b>	<b>\$ 48,778</b>	<b>\$ 1,930,562</b>	<b>\$ 70,222,824</b>

	Net Book Value At December 31, 2018	Net Book Value At December 31, 2019
Land	\$ 24,605,751	\$ 24,605,751
Site improvements	1,687,682	1,611,884
Buildings and improvements	25,327,727	29,807,446
Technology and communications	218,016	455,681
Vehicles	16,902	12,072
Furniture and fixtures	131,452	108,504
Machinery and equipment	1,914,296	1,826,486
Appliances	380,046	450,814
<b>TOTAL</b>	<b>\$ 54,281,872</b>	<b>\$ 58,878,638</b>

# LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to the Financial Statements (continued)

Year ended December 31, 2019

## 8. Capital allotment:

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

	2019	2018
Opening balance	\$ 2,979,582	\$ 1,735,040
Contributions during the year	2,708,000	2,708,000
Capital expenditures	(3,576,926)	(1,463,588)
	\$ 2,110,656	\$ 2,979,452

## 9. Accumulated Surplus:

Accumulated surplus consists of surplus funds as follows:

	2019	2018
Surplus:		
Invested in tangible capital assets	\$ 58,878,638	\$ 54,281,872

## 10. Subsequent Events:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had significant financial, market and social distancing impact.

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

- Closure of administrative buildings, community facilities, and on-site programs from March 17, 2020 to the date of the auditors' report based on public health recommendations
- Reduced rotational staff schedules
- Termination of contract employees

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

## 11. Contingencies:

The Corporation is subject to certain actual and potential legal claims, which have arisen in the normal course of operations. It has been determined by management that an unfavourable settlement for certain of these claims is likely, however the amount of the loss is indeterminable at the date of the financial statements and, as such, no amount has been included in these financial statements.

Financial Statements of

**THE LONDON PUBLIC LIBRARY BOARD**

And Independent Auditors' Report thereon

Year ended December 31, 2019



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

To the London Public Library Board

### ***Opinion***

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

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2019, and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

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

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

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

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

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



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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

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



Page 3

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

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

London, Canada

May 26, 2020

# THE LONDON PUBLIC LIBRARY BOARD

## Statement of Financial Position

December 31, 2019, with comparative information for 2018

	<b>2019</b>	<b>2018</b>
Financial assets:		
Cash	\$ 1,162,439	\$ 982,374
Accounts receivable		
The Corporation of the City of London	175,575	488,377
London Public Library Board Trust Funds	5,561	557,303
Other	138,214	173,977
	<u>1,481,789</u>	<u>2,202,031</u>
Financial liabilities:		
Accounts payable and accrued liabilities	1,014,774	1,693,114
Deferred revenue	85,609	73,176
Payable to The Corporation of the City of London	24,096	19,334
Accrued interest on long-term debt (note 2)	47,703	52,203
Long-term debt (note 2)	1,752,219	1,917,507
Employee future benefits and other liabilities (note 3)	2,286,673	2,531,018
	<u>5,211,074</u>	<u>6,286,352</u>
Net financial debt	(3,729,285)	(4,084,321)
Non-financial assets:		
Tangible capital assets (note 7)	26,432,969	27,537,184
Prepaid expenses	313,518	300,784
	<u>26,746,487</u>	<u>27,837,968</u>
Commitments (note 5)		
Subsequent events (note 10)		
Accumulated surplus (note 8)	<u>\$ 23,017,202</u>	<u>\$ 23,753,647</u>

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

# THE LONDON PUBLIC LIBRARY BOARD

## Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	<b>Budget 2019</b>	<b>2019</b>	<b>2018</b>
	(note 9)		
<b>Revenue:</b>			
User charges			
Fines	\$ 317,278	\$ 208,417	\$ 243,031
Fee, rental, sundry	567,520	630,942	525,815
Grants			
Federal	-	29,400	98,494
Ontario	598,829	598,829	598,829
Other	-	19,037	12,471
The Corporation of the City of London			
Current	20,550,672	20,550,672	20,263,640
Capital	679,145	679,146	1,246,441
Investment income	18,500	35,403	53,905
Contribution from Trust Funds (note 4)	-	376,963	704,103
<b>Total revenues</b>	<b>22,731,944</b>	<b>23,128,809</b>	<b>23,746,729</b>
<b>Expenses:</b>			
Personnel	14,975,465	14,614,892	14,664,123
Amortization of tangible capital assets	-	3,628,698	3,501,969
Facility services	1,903,144	1,830,793	1,916,858
Collections and lending services	2,512,483	1,021,821	905,930
Utilities	1,000,000	921,032	883,716
Purchased services	749,960	729,261	662,935
Technology	710,465	502,791	257,164
Trust fund expenditures (note 4)	-	243,491	322,934
Administrative	153,300	166,639	139,414
Contribution to self-insurance reserve	90,923	90,923	87,680
Program services	59,000	73,120	69,030
Major repairs and maintenance (capital)	715,641	28,958	405,067
Equipment	65,000	8,382	13,276
General	6,000	4,453	5,939
<b>Total expenses</b>	<b>22,941,381</b>	<b>23,865,254</b>	<b>23,836,035</b>
<b>Annual deficit</b>	<b>(209,437)</b>	<b>(736,445)</b>	<b>(89,306)</b>
Accumulated surplus, beginning of year	23,753,647	23,753,647	23,842,953
<b>Accumulated surplus, end of year</b>	<b>\$ 23,544,210</b>	<b>\$ 23,017,202</b>	<b>\$ 23,753,647</b>

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



## THE LONDON PUBLIC LIBRARY BOARD

### Statement of Change in Net Financial Debt

Year ended December 31, 2019, with comparative information for 2018

	<b>Budget 2019</b>	<b>2019</b>	<b>2018</b>
	(note 9)		
Annual deficit	(209,437) \$	(736,445) \$	(89,306)
Acquisition of tangible capital assets	(715,641)	(2,524,483)	(7,643,009)
Amortization of tangible capital assets	-	3,628,698	3,501,969
	(925,078)	367,770	(4,230,346)
Change in prepaid expenses	-	(12,734)	(151,625)
Change in net financial assets (debt)	(925,078)	355,036	(4,381,971)
Net financial assets (debt), beginning of year	(4,084,321)	(4,084,321)	297,650
Net financial debt, end of year	\$ (5,009,399)	\$ (3,729,285)	\$ (4,084,321)

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

# THE LONDON PUBLIC LIBRARY BOARD

## Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	<b>2019</b>	<b>2018</b>
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (736,445)	\$ (89,306)
Items not involving cash:		
Amortization of tangible capital assets	3,628,698	3,501,969
Change in employee future benefits and other liabilities	(244,345)	(169,582)
Change in non-cash assets and liabilities:		
Receivable from The Corporation of the City of London	312,802	2,436,511
Receivable from London Public Library Board Trust Funds	551,742	(557,303)
Other accounts receivable	35,763	(22,872)
Accounts payable and accrued liabilities	(678,340)	91,586
Payable to The Corporation of the City of London	4,762	(939)
Payable to London Public Library Board Trust Funds	-	(40,379)
Deferred revenue	12,433	(82,553)
Accrued interest on long-term debt	(4,500)	52,203
Prepaid expenses	(12,734)	(151,625)
	<b>2,869,836</b>	<b>4,967,710</b>
Capital activities:		
Cash used to acquire tangible capital assets	(2,524,483)	(7,643,009)
	<b>(2,524,483)</b>	<b>(7,643,009)</b>
Financing Activities:		
Long-term debt issued	-	1,917,507
Long-term debt repayments	(165,288)	-
	<b>(165,288)</b>	<b>1,917,507</b>
Increase (decrease) in cash	180,065	(757,792)
Cash, beginning of year	982,374	1,740,166
Cash, end of year	<b>\$ 1,162,439</b>	<b>\$ 982,374</b>

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

# THE LONDON PUBLIC LIBRARY BOARD

## Notes to Financial Statements

Year ended December 31, 2019

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### 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, 2019

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## 1. Significant accounting policies (continued):

(f) Pension contributions:

The Board has a pension agreement with the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer defined contribution benefit plan. The Board's costs are the contributions due to the plan in the period.

(g) Non-financial assets:

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

(i) Tangible capital assets:

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

Asset	Useful Life - Years
Buildings	15 - 60 years
Leasehold improvements	40 years
Shelving	40 years
Furniture and equipment	7 years
Collections	7 years
Computers	3 years

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

(ii) Works of art and cultural and historic assets:

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

(iii) Leased tangible capital assets:

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

# THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 1. Significant accounting policies (continued):

(h) Budget data:

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

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and in preparing actuarial valuations for employee future benefits.

In addition, the Board's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from those estimates.

(j) Contaminated sites:

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

## 2. Long-term debt:

a) Long-term debt is as follows:

	2019	2018
Long-term debt issued by The Corporation of the City of London at an interest rate of 3.258%, with a maturity date of March 2028.	\$ 1,752,219	\$ 1,917,507
	\$ 1,752,219	\$ 1,917,507

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

	2019	2018
Interest on long-term debt	\$ 47,703	\$ 52,203
	\$ 47,703	\$ 52,203

# THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2019

### 3. Employee future benefits and other liabilities:

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

	2019	2018
Liability for vested sick leave benefits	\$ 62,431	\$ 114,202
Vacation pay liability	197,242	357,816
Employee future benefits obligation	2,027,000	2,059,000
	\$ 2,286,673	\$ 2,531,018

(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, 2019, amounts to \$62,431 (2018 - \$114,202). This amount is fully funded by a reserve held by The City of London in the amount of \$73,815 (2018 - \$131,912).

(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, 2019.

# THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2019

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

(b) Retiree benefits (continued):

Detailed information about retiree benefits is as follows:

	2019	2018
Accrued employee future benefit obligation:		
Balance, beginning of year	\$ 1,434,000	\$ 1,435,000
Current period benefit cost	65,000	73,000
Interest	46,000	48,000
Benefits paid	(99,000)	(85,000)
Actuarial gain	(44,000)	(37,000)
Balance, end of year	1,402,000	1,434,000
Unamortized actuarial gain	625,000	625,000
Employee future benefits obligation	\$ 2,027,000	\$ 2,059,000

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

	2019	2018
Current year benefit cost	\$ 65,000	\$ 73,000
Interest on accrued benefit obligation	46,000	48,000
Amortization of net actuarial gain	44,000	42,000
Total payments made during the year	\$ 155,000	\$ 163,000

Significant assumptions used in the actuarial valuation are as follows:

Discount rate	3.25%
Rate of compensation increase	2.00%
Healthcare cost increases	4.00%

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

# THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 4. Trust funds:

Trust funds administered by the Board amounting to \$3,342,830 (2018 - \$3,858,821) have not been included in the statement of financial position nor have their operations been included in the statement of operations. They are reported separately on The London Public Library Board Trust Fund Financial Statements ("Trust Funds").

During the year, the Trust Funds transferred \$376,963 (2018 - \$704,103) to the Board for capital and operating expenses. This amount and the related expenditures have been included in the statement of operations.

## 5. Commitments:

The Board is committed under operating leases for the rental of premises and equipment. The minimum annual payments under these leases are as follows:

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2020	\$	663,130
2021		593,302
2022		359,004
2023		363,354
2024 and beyond		1,314,377
	\$	3,293,167

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## 6. Pension agreement:

The Board has a pension agreement with OMERS, which is a multi-employer plan, on behalf of its full and part-time staff. The plan is a contributory defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2019 is \$1,021,014 (2018 - \$1,018,122) for current service and is included as an expenditure in the statement of operations.

The last available report for the OMERS plan was on December 31, 2019. At that time, the plan reported a \$3.4 billion actuarial deficit (2018 - \$4.2 billion), based on actuarial liabilities for \$107.7 billion (2018 - \$99 billion) and actuarial assets for \$104.3 billion (2018 - \$95 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.



# THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 7. Tangible capital assets:

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Land	\$ 3,904,165	\$ -	\$ -	\$ 3,904,165
Buildings	38,873,228	181,431	-	39,054,660
Leasehold improvements	4,925,896	35,667	-	4,961,563
Collections	9,376,960	1,479,296	1,385,157	9,471,099
Shelving	1,347,913	-	-	1,347,913
Computers	1,159,716	692,531	136,189	1,716,057
Furniture and equipment	1,144,429	135,558	37,413	1,242,574
<b>Total</b>	<b>\$ 60,732,307</b>	<b>\$ 2,524,483</b>	<b>\$ 1,558,759</b>	<b>\$ 61,698,031</b>

Accumulated amortization	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Buildings	\$ 26,460,510	\$ 1,461,158	\$ -	\$ 27,921,668
Leasehold improvements	392,137	131,655	-	523,792
Collections	4,835,366	1,353,768	1,385,157	4,803,977
Shelving	750,275	33,698	-	783,974
Computers	429,627	479,294	136,189	772,732
Furniture and equipment	327,208	169,125	37,413	458,919
<b>Total</b>	<b>\$ 33,195,123</b>	<b>\$ 3,628,698</b>	<b>\$ 1,558,759</b>	<b>\$ 35,265,062</b>

	Net book value December 31, 2018	Net book value December 31, 2019
Land	\$ 3,904,165	\$ 3,904,165
Buildings	12,412,718	11,132,992
Leasehold improvements	4,533,759	4,437,771
Collections	4,541,594	4,667,122
Shelving	597,637	563,939
Computers	730,089	943,325
Furniture and equipment	817,222	783,655
<b>Total</b>	<b>\$ 27,537,184</b>	<b>\$ 26,432,969</b>

# THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 8. Accumulated surplus:

Accumulated surplus consists of surplus and reserve funds as follows:

	2019	2018
Surplus:		
Invested in tangible capital assets	\$ 26,432,969	\$ 27,537,184
Unfunded:		
Employee benefits, accrued sick and vacation	(259,673)	(472,018)
Employee benefits, future benefit liability	(2,027,000)	(2,059,000)
Net long-term debt	(1,752,219)	(1,917,507)
Total surplus	22,394,077	23,088,659
Reserves set aside by the Board:		
Stabilization fund	547,719	422,608
Collections encumbrance fund	1,591	110,469
Total reserves	549,310	533,076
Reserve held by the City on behalf of the Board:		
Sick leave reserve	73,815	131,912
	\$ 23,017,202	\$ 23,753,647

## 9. Budget data:

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

	Budget amount
Revenues:	
Operating budget	\$ 22,391,028
Expenses:	
Operating budget	22,391,028
Annual surplus, as per approved budget	\$ -
Capital funding from The City of London	\$ 679,145
Major repairs and maintenance	(715,641)
Contribution from Reserves	(338,229)
Principal portion of long term-debt repayment	165,288
Annual deficit, revised	\$ (209,437)

# THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 10. Subsequent Events

- (a) On March 2, 2020, The Corporation of the City of London approved the forgiveness of the long-term debt issued in 2018 at an interest rate of 3.258%, with a maturity date of March 2028. As of March 2020, the total value of the long term debt was \$1,799,922.
- (b) Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

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

- Closure of all library branches from March 16, 2020 to the date of the auditors' report based on public health recommendations
- Mandatory working from home requirements for those able to do so
- Temporary staff layoffs

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

Financial Statements of

**LONDON TRANSIT COMMISSION**

And Independent Auditors' Report thereon

Year ended December 31, 2019



KPMG LLP  
140 Fullarton Street Suite 1400  
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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

### ***Opinion***

We have audited the accompanying financial statements of the London Transit Commission ("the Entity"), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its changes in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

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

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

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



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

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

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

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



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

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

London, Canada

May 8, 2020

# LONDON TRANSIT COMMISSION

## Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 32,489,209	\$ 23,801,178
Investments	-	12,806,655
Accounts receivable	4,553,692	4,838,786
Due from The City of London	607,580	526,129
	<u>37,650,481</u>	<u>41,972,748</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	9,748,606	10,154,843
Due to The City of London	50,662	24,784
Accrued liability insurance claims (note 7)	1,674,284	2,316,305
Employee future benefits (note 6)	4,354,000	4,412,000
Deferred fare media	4,355,715	4,549,677
Deferred revenue (note 10)	11,393,505	16,947,157
	<u>31,576,772</u>	<u>38,404,766</u>
Net financial assets	6,073,709	3,567,982
<b>Non - Financial Assets</b>		
Inventories (note 2)	2,313,168	2,276,955
Tangible capital assets (note 9)	93,886,751	100,330,370
Prepaid expenses	1,042,339	902,621
	<u>97,242,258</u>	<u>103,509,946</u>
Commitments (note 8)		
Subsequent event and contingencies (note 12)		
Accumulated surplus (note 3)	<u>\$ 103,315,967</u>	<u>\$ 107,077,928</u>

See accompanying notes to financial statements.



# LONDON TRANSIT COMMISSION

## Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	Budget	2019	2018
Revenue:			
Grants:			
The City of London (note 4)	\$ 38,459,100	\$ 36,771,416	\$ 37,567,077
Province of Ontario (note 4)	16,886,000	15,895,194	15,590,125
Government of Canada (note 4)	-	84,266	3,696,878
	<u>55,345,100</u>	<u>52,750,876</u>	<u>56,854,080</u>
User charges, conventional transit:			
Cash fares	3,483,800	3,446,028	3,580,159
Ticket fares	9,613,100	9,538,896	9,627,074
Pass fares	20,400,200	20,925,266	19,290,210
Contract service	-	2,538	2,556
Other transportation revenue	2,480,500	58,182	128,466
	<u>35,977,600</u>	<u>33,970,910</u>	<u>32,628,465</u>
Other revenue, conventional transit:			
Advertising	627,400	672,432	605,759
Interest and discounts	720,000	821,923	821,395
Rent	2,500	2,676	2,513
Gain on disposal of capital assets	48,000	65,283	29,819
Miscellaneous	55,000	18,185	25,065
	<u>1,452,900</u>	<u>1,580,499</u>	<u>1,484,551</u>
User charges, specialized transit:			
Cash fares	20,700	16,504	19,607
Ticket fares	361,000	346,141	339,445
Pass fares	234,400	208,007	198,759
	<u>616,100</u>	<u>570,652</u>	<u>557,811</u>
<b>Total revenue</b>	<b>\$ 93,391,700</b>	<b>\$ 88,872,937</b>	<b>\$ 91,524,907</b>

See accompanying notes to financial statements.

# LONDON TRANSIT COMMISSION

## Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	Budget	2019	2018
Expenses:			
Salaries, wages and benefits:			
Transportation	\$ 37,625,993	\$ 36,698,989	\$ 36,300,852
Vehicle maintenance	9,335,854	9,001,025	9,070,149
Facility	488,202	483,992	437,791
Planning, marketing and general administration	3,596,851	3,495,841	3,529,582
	<u>51,046,900</u>	<u>49,679,847</u>	<u>49,338,374</u>
Materials, supplies, utilities and services:			
Transportation	2,568,000	2,131,472	2,677,135
Vehicle maintenance	5,979,300	6,670,410	5,585,738
Facility	3,327,400	3,002,316	2,949,588
Planning, marketing and general administration	1,750,200	1,891,485	1,539,972
Fuel	8,511,200	6,907,440	7,428,781
Amortization	-	13,154,922	12,746,775
	<u>22,136,100</u>	<u>33,758,045</u>	<u>32,927,989</u>
Current operations, specialized transit:			
Administration:			
Salaries and benefits	1,016,100	1,052,646	1,023,482
Materials and supplies	215,800	274,148	249,191
	<u>1,231,900</u>	<u>1,326,794</u>	<u>1,272,673</u>
Contracted service delivery	8,049,900	7,870,212	7,231,710
	<u>9,281,800</u>	<u>9,197,006</u>	<u>8,504,383</u>
<b>Total expenses</b>	<u>82,464,800</u>	<u>92,634,898</u>	<u>90,770,746</u>
Annual surplus (deficit) (note 11)	\$ 10,926,900	\$ (3,761,961)	\$ 754,161
Accumulated surplus, beginning of year	107,077,928	107,077,928	106,323,767
Accumulated surplus, end of year	<u>\$ 118,004,828</u>	<u>\$ 103,315,967</u>	<u>\$ 107,077,928</u>

See accompanying notes to financial statements.

# LONDON TRANSIT COMMISSION

## Statement of Change in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	Budget	2019	2018
Annual surplus (deficit)	\$ 10,926,900	\$ (3,761,961)	\$ 754,161
Acquisition of tangible capital assets	(10,868,500)	(6,711,303)	(14,833,959)
Amortization of tangible capital assets	-	13,154,922	12,746,775
Gain on disposal of tangible capital assets	(48,000)	(65,283)	(29,819)
Proceeds on sale of tangible capital assets	48,000	65,283	29,819
	58,400	2,681,658	(1,333,023)
Inventories	-	(36,213)	(39,383)
Prepaid expenses	-	(139,718)	46,202
	-	(175,931)	6,819
Change in net financial assets	58,400	2,505,727	(1,326,204)
Net financial assets, beginning of year	3,567,982	3,567,982	4,894,186
Net financial assets, end of year	\$ 3,626,382	\$ 6,073,709	\$ 3,567,982

See accompanying notes to financial statements.

# LONDON TRANSIT COMMISSION

## Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (3,761,961)	\$ 754,161
Items not involving cash:		
Amortization	13,154,922	12,746,775
Gain on disposal of tangible capital assets	(65,283)	(29,819)
Change in employee future benefit liability	(58,000)	434,000
Changes in non-cash assets and liabilities:		
Accounts receivable	285,094	1,069,233
Due from The City of London	(81,451)	(94,975)
Inventories	(36,213)	(39,383)
Prepaid expenses	(139,718)	46,202
Investments	12,806,655	(894,363)
Accounts payable and accrued liabilities	(406,237)	(598,187)
Due to The City of London	25,878	(103,928)
Accrued liability insurance claims	(642,021)	(97,341)
Deferred fare media	(193,962)	461,042
Deferred revenue	(5,553,652)	(5,591,493)
Net change in cash from operating activities	15,334,051	8,061,924
Capital activities:		
Proceeds on sale of tangible capital assets	65,283	29,819
Cash used to acquire tangible capital assets	(6,711,303)	(14,833,959)
Net change in cash from capital activities	(6,646,020)	(14,804,140)
Net change in cash and cash equivalents	8,688,031	(6,742,216)
Cash and cash equivalents, beginning of year	23,801,178	30,543,394
Cash and cash equivalents, end of year	\$ 32,489,209	\$ 23,801,178
Cash		
Cash	\$ 8,856,210	\$ 10,130,566
Cash equivalents	23,632,999	13,670,612
Cash and cash equivalents, end of year	\$ 32,489,209	\$ 23,801,178

See accompanying notes to financial statements.

# LONDON TRANSIT COMMISSION

## Notes to Financial Statements

Year ended December 31, 2019

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### 1. Significant accounting policies:

The financial statements of the London Transit Commission (the "Commission"), a local commission of the Corporation of the City of London (the "City of London"), are the representation of management prepared in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants Canada Public Sector Accounting Handbook.

#### (a) Basis of accounting:

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

#### (b) Cash and cash equivalents:

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

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

#### (c) Deferred fare media and revenue:

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

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

#### (d) Post-employment benefits liability:

The Commission provides defined retirement and other future benefits to specified employee groups. These benefits include pension, health, dental, life insurance, compensated absences, and workers' compensation benefits. The Commission has adopted the following policies with respect to accounting for

- (i) The cost of employee future benefit plans are actuarially determined using management's best estimate of salary escalation, insurance and health care cost trends, long-term inflation rates and discount rates.
- (ii) The cost of multi-employer defined benefit pension plan, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions to the plan in the period. OMERS provides benefits for employees of Ontario municipalities, local boards, public utilities and school boards. As this is a multi employer plan, no liability is recorded on the Commission's books.

# LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 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

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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, 2019

## 2. Inventories:

	2019	2018
Spare parts	\$ 2,313,168	\$ 2,276,955

## 3. Accumulated surplus:

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

	2019	2018
Surplus:		
Invested in tangible capital assets	\$ 93,886,751	\$ 100,330,370
To be recovered from public liability insurance reserve fund	(1,674,284)	(2,316,305)
Unfunded:		
Employee future benefits liability	(4,354,000)	(4,412,000)
Vacation pay earned and accrued payroll	(2,785,300)	(2,809,799)
Total surplus	85,073,167	90,792,266
Reserves set aside for specific purposes of the Commission (note 10):		
Energy management reserve	2,403,250	3,203,250
General operating reserve	3,407,362	3,399,865
Health care management reserve	3,403,063	2,363,180
Total reserves	9,213,675	8,966,295
Reserve funds set aside for specific purposes by the Commission (note 10):		
Capital program reserve fund	5,228,416	4,307,742
Public liability insurance reserve fund	3,800,709	3,011,625
Total reserve funds	9,029,125	7,319,367
	\$ 103,315,967	\$ 107,077,928

# LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 4. Grants:

### (a) The City of London:

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

	2019	2018
Operating grants:		
Specialized transit	\$ 5,518,200	\$ 5,212,800
Conventional transit	26,788,985	26,034,775
	32,307,185	31,247,575
Capital grants:		
Capital levy and debentures	4,464,231	6,319,502
Total grants received from The City of London	\$ 36,771,416	\$ 37,567,077

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:

	2019	2018
Equalization grant, seniors (reduced fares)	\$ 163,533	\$ -
Equalization grant, income related (reduced fares)	367,140	413,511
Equalization grant, youth (reduced fares)	194,469	63,758
Free transportation, blind	156,395	160,303
Free transportation, children	359,748	422,802
	\$ 1,241,285	\$ 1,060,374

### (b) Province of Ontario:

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

	2019	2018
Capital grants:		
Gas tax program	\$ 1,244,718	\$ 3,893,071
Operating grants:		
Gas tax program	14,650,476	11,697,054
	\$ 15,895,194	\$ 15,590,125



# LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 4. Grants (continued):

(c) Government of Canada:

	2019	2018
Capital grants:		
Public Transit Infrastructure Funding	\$ 84,266	\$ 3,696,878
<b>Total Government of Canada grants</b>	<b>\$ 84,266</b>	<b>\$ 3,696,878</b>

## 5. Pension agreement:

Effective February 1, 1989, the London Transit Commission commenced participation in the Ontario Municipal Employees Retirement System (OMERS) which is a multi employer plan, for all active employees at that date as well as for all new employees. As of December 31, 2019 there were 574 (2018 - 552) active employees. The plan is a contributory defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on their length of service and rates of pay. Changes by OMERS to the plan, since February 1, 1989, apply to service after February 1, 1989. For pre-February 1, 1989 service, the Commission provides pension benefits, as determined by the pension plan document.

At December 31, 2019, the OMERS plan is in an actuarial deficit position, which is being addressed through rate contributions and benefit reductions. Depending on an individual's normal retirement age and pensionable earnings, 2019 contribution rates were 9.0% and 14.6% (2018 - 9.0% and 14.6%). Total employer contributions to OMERS for 2019 were \$3,235,574 (2018 - \$3,043,547), and are recorded in the statement of operations.

The last available report for the OMERS plan was on December 31, 2019. At that time, the plan reported a \$3.4 billion actuarial deficit (2018 - \$4.2 billion), based on actuarial liabilities for \$107.7 billion (2018 - \$99 billion) and actuarial assets for \$104.3 billion (2018 - \$95 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

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

# LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 6. Employee future benefits:

The Commission provides benefits to retirees until they reach sixty-five years of age and provides certain benefits to employees on long-term disability. The employee future benefit liability has been estimated based on an actuarial valuation which was completed at December 31, 2018.

	2019	2018
Employee future benefits liability as of December 31	\$ 4,354,000	\$ 4,412,000

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

	2019	2018
Current year benefit cost	\$ 248,000	\$ 233,000
Interest on accrued benefit obligation	104,000	103,000
Amortized loss (gain)	(108,000)	346,000
Benefits paid	(302,000)	(248,000)
	\$ (58,000)	\$ 434,000

Significant assumptions are as follows:

	2019	2018
Discount rate	3.25%	3.25%
Rate of compensation increase	2.00%	2.00%
Healthcare cost current	5.77%	5.84%
Healthcare cost ultimate	4.00%	4.00%

## 7. Public liability insurance:

At December 31, 2019, there were 95 liability claims (2018- 155) and 8 accident benefits claims (2018- 3) outstanding that may result in payment under the insurance deductible provisions. The estimated cost to the Commission is \$1,570,967 and \$103,318 (2018 - \$2,294,805 and \$21,500) respectively for a total of \$1,674,284 (2018 - \$2,316,305) to be funded from the public liability reserve fund.

## 8. Commitments:

### (a) Lease obligation:

The Commission rents a portion of a property located at 150 Dundas Street for an information office and sales outlet. The lease expires August 31, 2020. The annual base lease amount is \$20,427 plus an approximate additional amount of \$8,858 for taxes and common area maintenance. Lease payments until the expiry of the lease total \$19,524.

### (b) Bus procurement:

The Commission has approved the awarding of contracts with New Flyer Industries for the purchase of sixteen buses (\$9 million). It is anticipated that these buses will arrive from July to October 2020.

# LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 9. Tangible capital assets:

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

Cost	Balance			Disposals	Balance
	December 31, 2018	Additions			December 31, 2019
Land	\$ 2,804,632	\$ -	\$ -	\$ -	2,804,632
Site work	2,973,024	106,549	-	-	3,079,573
Buildings	45,952,559	282,808	-	-	46,235,367
Shelters, pads, and terminals	3,344,525	320,516	-	-	3,665,041
Rolling stock	118,803,644	5,303,303	(5,049,057)	-	119,057,890
Fare and data collection equipment	6,484,653	191,868	-	-	6,676,521
Radio/communication equipment	9,266,149	113,890	-	-	9,380,039
Bike racks on buses	158,878	-	-	-	158,878
Service fleet	381,990	37,795	(60,832)	-	358,953
Shop equipment	3,512,340	167,197	(10,341)	-	3,669,196
Small tools	281,166	93,705	(62,927)	-	311,944
Computer hardware	963,684	93,672	-	-	1,057,356
Computer software	1,927,271	-	-	-	1,927,271
	\$ 196,854,515	\$ 6,711,303	\$ (5,183,157)	\$ -	\$ 198,382,661

Accumulated amortization	Balance			Amortization	Balance
	December 31, 2018	Disposals			December 31, 2019
Land	\$ -	\$ -	\$ -	\$ -	-
Site work	1,344,428	-	-	123,183	1,467,611
Buildings	16,774,063	-	-	1,464,767	18,238,830
Shelters, pads, and terminals	1,083,296	-	-	321,649	1,404,945
Rolling stock	62,501,373	(5,049,057)	-	9,380,364	66,832,680
Fare and data collection equipment	3,133,016	-	-	320,603	3,453,619
Radio/communication equipment	5,740,796	-	-	625,336	6,366,132
Bike racks on buses	158,878	-	-	-	158,878
Service fleet	346,904	(60,832)	-	36,360	322,432
Shop equipment	3,008,077	(10,341)	-	229,333	3,227,069
Small tools	173,778	(62,927)	-	103,982	214,833
Computer hardware	742,658	-	-	154,191	896,849
Computer software	1,516,878	-	-	395,154	1,912,032
	\$ 96,524,145	\$ (5,183,157)	\$ 13,154,922	\$ -	\$ 104,495,910

Net book value	Balance			Balance
	December 31, 2018			December 31, 2019
Land	\$ 2,804,632			\$ 2,804,632
Site work	1,628,596			1,611,962
Buildings	29,178,496			27,996,537
Shelters, pads, and terminals	2,261,229			2,260,096
Rolling stock	56,302,271			52,225,210
Fare and data collection equipment	3,351,637			3,222,902
Radio/communication equipment	3,525,353			3,013,907
Bike racks on buses	-			-
Service fleet	35,086			36,521
Shop equipment	504,263			442,127
Small tools	107,388			97,111
Computer hardware	221,026			160,507
Computer software	410,393			15,239
	\$ 100,330,370			\$ 93,886,751

# LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2019

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

	Energy management reserve	General operating reserve	Health care management reserve	2019 Total	2018 Total
Reserves:					
Balance, beginning of year	\$ 3,203,250	\$ 3,399,865	\$ 2,363,180	\$ 8,966,295	\$ 9,242,631
Contributions from current operations		7,497	1,039,883	1,047,380	79,338
Appropriations to current operations	(800,000)	-	-	(800,000)	(355,674)
	\$ 2,403,250	\$ 3,407,362	\$ 3,403,063	\$ 9,213,675	\$ 8,966,295

	Capital program	Public liability insurance	2019 Total	2018 Total
Reserve funds:				
Balance, beginning of year	\$ 4,307,742	\$ 3,011,625	\$ 7,319,367	\$ 7,947,594
Interest earned	99,671	72,455	172,126	154,668
Contributions from current operations	1,315,283	1,400,000	2,715,283	679,819
	5,722,696	4,484,080	10,206,776	8,782,081
Expenditures:				
Appropriations to current operations	-	(683,371)	(683,371)	(854,482)
Appropriations to capital LTC	(494,280)	-	(494,280)	(608,232)
	(494,280)	(683,371)	(1,177,651)	(1,462,714)
Balance, end of year	\$ 5,228,416	\$ 3,800,709	\$ 9,029,125	\$ 7,319,367

### Provincial gas tax program

	2019 Total	2018 Total
Deferred revenues:		
Balance, beginning of year	\$ 16,947,157	\$ 22,538,650
Interest earned	423,807	519,266
Contributions	10,341,542	9,998,632
	27,712,506	33,056,548
Expenditures:		
Appropriations to current operations	(14,650,476)	(11,697,054)
Appropriations to capital LTC	(1,668,525)	(4,412,337)
	(16,319,001)	(16,109,391)
Balance, end of year	\$ 11,393,505	\$ 16,947,157

# LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 11. Reconciliation of annual surplus to Commission approved operating surplus:

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

PSAB requirements impact how and where revenue and expenditure items are reported and on what financial statement. This results in the reporting of a 2019 budget surplus, a 2019 actual deficit and a 2018 actual surplus.

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

	Budget	2019	2018
Annual surplus (deficit)	\$ 10,926,900	\$ (3,761,961)	\$ 754,161
Capital expenditures	(10,868,500)	(6,711,303)	(14,833,959)
Transfers from reserves and reserve funds	1,447,000	1,970,154	1,818,388
Contributions to reserves and reserve funds	(1,505,400)	(3,927,292)	(913,825)
Amortization of tangible capital assets	-	13,154,922	12,746,775
Increase (decrease) in employee future benefits	-	(58,000)	434,000
Decrease in liability for insurance claims	-	(642,021)	(97,341)
Other	-	(24,499)	91,801
Commission approved surplus	\$ -	\$ -	\$ -

## 12. Subsequent event and contingencies:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

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

- Suspension of fare collection starting March 20, 2020 to allow for adequate social distancing
- Significant reductions in service provided starting March 20, 2020 due to lower service demand and reduced availability of operator labour

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

Financial Statements of

**MIDDLESEX-LONDON HEALTH UNIT**

Year ended December 31, 2019



# MIDDLESEX-LONDON HEALTH UNIT

Financial Statements

Year ended December 31, 2019

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## Financial Statements

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# MIDDLESEX-LONDON HEALTH UNIT

Financial Statements

Year ended December 31, 2019

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## 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.

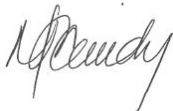
The financial statements have been audited by KPMG LLP, independent external auditors appointed by The Corporation of the City of London. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Health Unit's financial statements.



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



Brian Glasspoole, CPA, CA  
Manager, Finance



Maureen Cassidy, Chair  
Board of Health





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## INDEPENDENT AUDITORS' REPORT

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

### ***Opinion***

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

- the statement of financial position as at December 31, 2019
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Health Unit as at December 31, 2019, and its results of operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

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

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

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



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

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

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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



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

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

July 2, 2020

London, Canada

# MIDDLESEX-LONDON HEALTH UNIT

## Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial Assets</b>		
Cash	\$ 1,414,530	\$ 4,481,129
Accounts receivable	1,182,010	566,108
Grants receivable	404,088	341,452
	<u>3,000,628</u>	<u>5,388,689</u>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	2,295,018	1,621,987
Demand loan (note 4)	1,500,000	-
Due to Province of Ontario	513,307	384,867
Due to Government of Canada	62,636	17,849
Due to The Corporation of the City of London	7,767	283,977
Due to The Corporation of the County of Middlesex	1,477	54,088
Accrued wages and benefits	541,447	899,844
Post-employment benefits liability (note 2(b))	2,725,700	2,554,700
	<u>7,647,352</u>	<u>5,817,312</u>
Net Debt	(4,646,724)	(428,623)
<b>Non-Financial Assets</b>		
Tangible capital assets (note 5)	5,281,985	980,177
Prepaid expenses	212,983	277,535
	<u>5,494,968</u>	<u>1,257,712</u>
Commitments (note 6)		
Contingencies (note 7)		
Subsequent event (note 11)		
Accumulated surplus (note 8)	\$ 848,244	\$ 829,089

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, 2019, with comparative information for 2018

	2019 Budget	2019	2018
<b>Revenue:</b>			
<b>Grants:</b>			
Ministry of Health	\$ 21,359,262	\$ 21,788,069	\$ 22,025,400
The Corporation of the City of London	6,095,059	6,087,292	5,811,082
Ministry of Children and Youth Services	4,580,072	4,646,438	5,758,404
The Corporation of the County of Middlesex	1,160,961	1,159,484	1,106,873
Government of Canada	428,261	396,413	396,054
	33,623,615	34,077,696	35,097,813
<b>Other:</b>			
Property search fees	3,750	3,600	2,550
Family planning	285,000	131,093	155,242
Investment income	20,000	50,250	57,354
Prenatal class income	-	2,438	11,550
Other income (note 9)	669,616	1,173,315	690,961
	978,366	1,360,696	917,657
<b>Total Revenue</b>	<b>34,601,981</b>	<b>35,438,392</b>	<b>36,015,470</b>
<b>Expenditures:</b>			
<b>Salaries:</b>			
Public Health Nurses	10,058,850	9,759,278	9,146,443
Other salaries	3,152,872	4,188,321	4,224,038
Administrative staff	3,353,857	3,261,572	3,340,108
Public Health Inspectors	2,423,456	2,337,292	2,468,496
Dental staff	770,662	690,998	848,183
Medical Officers of Health	500,649	529,373	474,467
	20,260,346	20,766,834	20,501,735
<b>Other Operating:</b>			
Benefits	5,853,730	5,805,038	5,847,732
Professional services	3,763,587	3,797,114	4,624,029
Rent and maintenance	1,642,914	1,665,468	1,698,491
Other expenses (note 10)	1,357,316	1,173,690	1,346,306
Materials and supplies	944,012	1,453,667	1,204,966
Amortization expense	441,171	495,965	631,272
Travel	338,905	261,461	291,177
	14,341,635	14,652,403	15,643,973
<b>Total Expenditures</b>	<b>34,601,981</b>	<b>35,419,237</b>	<b>36,145,708</b>
Annual surplus (deficit)	-	19,155	(130,238)
Accumulated surplus, beginning of year	829,089	829,089	959,327
<b>Accumulated surplus, end of year</b>	<b>\$ 829,089</b>	<b>\$ 848,244</b>	<b>\$ 829,089</b>

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, 2019, with comparative information for 2018

	2019 Budget	2019	2018
Annual surplus (deficit)	\$ -	\$ 19,155	\$ (130,238)
Acquisition of tangible capital assets, net	-	(4,797,776)	(437,923)
Amortization of tangible capital assets	-	495,965	631,272
	-	(4,282,656)	63,111
Acquisition of prepaid expenses	-	(212,983)	(277,535)
Use of prepaid expenses	-	277,535	207,725
	-	64,552	(69,810)
Change in net debt	-	(4,218,101)	(6,699)
Net debt, beginning of year	(428,623)	(428,623)	(421,924)
Net debt, end of year	\$ (428,623)	\$ (4,646,724)	\$ (428,623)

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

## MIDDLESEX-LONDON HEALTH UNIT

### Statement of Cash Flows

December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 19,155	\$ (130,238)
Items not involving cash:		
Amortization expense	495,965	631,272
Change in post-employment benefits liability	171,000	182,300
Changes in non-cash assets and liabilities:		
Accounts receivable	(615,899)	(146,051)
Grants receivable	(62,636)	(142,702)
Prepaid expenses	64,552	(69,810)
Due to Province of Ontario	128,440	155,361
Due to Government of Canada	44,787	6,339
Due to The Corporation of the City of London	(276,210)	(210,414)
Due to The Corporation of the County of Middlesex	(52,611)	(40,079)
Accounts payable and accrued liabilities	673,031	(295,282)
Accrued wages and benefits	(358,397)	61,685
Net change in cash from operating activities	231,177	2,381
Financing Activities:		
Proceeds from demand loan	1,500,000	-
Net change in cash from financing activities	1,500,000	-
Capital activities:		
Cash used to acquire tangible capital assets	(4,797,776)	(437,923)
Net change in cash from capital activities	(4,797,776)	(437,923)
Net change in cash	(3,066,599)	(435,542)
Cash and cash equivalents, beginning of year	4,481,129	4,916,671
Cash and cash equivalents, end of year	\$ 1,414,530	\$ 4,481,129

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

# MIDDLESEX-LONDON HEALTH UNIT

Notes to Financial Statements  
Year ended December 31, 2019

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The Middlesex-London Health Unit (the "Health Unit") is a joint local board of the municipalities of The Corporation of the City of London and The Corporation of the County of Middlesex that was created on January 1, 1972. The 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 Government of Canada, the Province of Ontario, The Corporation of the City of London, and The Corporation of the County of Middlesex. It also includes other programs that the Board of Health may offer from time to time with special grants and/or donations from other sources.

Inter-departmental transactions and balances have been eliminated.

### (b) Basis of accounting:

Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of donations, which are included in the statement of operations as received.

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

The operations of the Middlesex-London Health Unit are funded by government transfers from the Government of Canada, Province of Ontario, The Corporation of the City of London and The Corporation of the County of Middlesex. Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made. Government transfers not received at year end are recorded as grants receivable due from the related funding organization in the statement of financial position.

Funding amounts in excess of actual expenditures incurred during the year are either contributed to reserves or reserve funds, when permitted, or are repayable and are reflected as liabilities due to the related funding organization in the statement of financial position.



# MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2019

---

## 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:

<b>Asset</b>	<b>Useful Life - Years</b>
Leasehold Improvements	5 - 20
Computer Systems	4
Motor Vehicles	5
Furniture & Equipment	7

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

# MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2019

---

## 1. Significant accounting policies (continued):

### (d) Non-financial assets (continued):

#### (ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt and are recorded as revenue.

#### (iii) Leased tangible capital assets

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

### (e) Use of estimates:

The preparation of the 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 post-employment 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, 2019

## 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.

A residual reserve of \$29,462 remains after all commitments for this liability have been met. This reserve was used during the year to defray the cost of contributions to OMERS.

### (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.

	2019	2018
Accrued employee future benefit obligations	\$ 3,219,400	\$ 3,042,000
Unamortized net actuarial loss	(493,700)	(487,300)
<b>Employee future benefits liability as of December 31</b>	<b>\$ 2,725,700</b>	<b>\$ 2,554,700</b>

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

	2019	2018
Current year benefit cost	\$ 190,300	\$ 180,700
Interest on accrued benefit obligation	102,200	96,100
Amortization of net actuarial loss	53,300	48,800
<b>Total benefit cost</b>	<b>\$ 345,800</b>	<b>\$ 325,600</b>

Benefits paid during the year were \$174,800 (2018 - \$143,300).

# MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2019

---

## 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, 2019, of the present value of future liabilities and the expense for the year ended December 31, 2019, are determined using a discount rate of 3.25% (2018 – 3.25%).

#### (ii) Medical costs:

Prescription drug costs are assumed to increase at the rate of 7% per year (2018 - 7%) 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 (2018 - 4%).

## 3. Pension agreement:

The Middlesex-London Health Unit contributes to the OMERS which is a multi-employer plan, on behalf of 307 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 2019, 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 \$2,026,821 (2018 - \$1,932,916) to the OMERS pension plan on behalf of its employees during the year ended December 31, 2019.

The last available report for the OMERS plan was on December 31, 2019. At that time, the plan reported a \$3.4 billion actuarial deficit (2018 - \$4.2 billion), based on actuarial liabilities for \$107.7 billion (2018 - \$99 billion) and actuarial assets for \$104.3 billion (2018 - \$95 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

## 4. Demand loan:

During the year, the Middlesex-London Health Unit entered a loan agreement for a \$7.0 million line of credit to finance the fit-up and relocation costs related to the move to Citi Plaza. Rate of interest charged is variable and based off Canadian Prime. Any residual loan outstanding after completion of fit-up and relocation is convertible to a non-revolving amortizing instalment loan with an amortization period not to exceed 20 years.

# MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2019

## 5. Tangible Capital Assets:

Cost	Balance at December 31, 2018	Additions	Disposals / Transfers	Balance at December 31, 2019
Leasehold Improvements – 20 years	\$ -	\$ 4,403,906	\$ -	\$ 4,403,906
Leasehold Improvements – 15 years	2,700,140	-	-	2,700,140
Leasehold Improvements – 5 years	21,780	-	-	21,780
Computer Systems	1,135,581	391,311	(269,179)	1,257,713
Motor Vehicle	5,385	-	-	5,385
Furniture & Equipment	1,492,212	2,559	(454,474)	1,040,297
<b>Total</b>	<b>\$ 5,355,098</b>	<b>\$ 4,797,776</b>	<b>\$ (723,653)</b>	<b>\$ 9,429,221</b>

Accumulated amortization	Balance at December 31, 2018	Amortization expense	Disposals / Transfers	Balance at December 31, 2019
Leasehold Improvements – 15 years	\$ 2,700,140	\$ -	\$ -	\$ 2,700,140
Leasehold Improvements – 5 years	21,780	-	-	21,780
Computer Systems	805,412	201,474	(269,179)	737,707
Motor Vehicle	4,711	674	-	5,385
Furniture & Equipment	842,878	293,820	(454,474)	682,224
<b>Total</b>	<b>\$ 4,374,921</b>	<b>\$ 495,968</b>	<b>\$ (723,653)</b>	<b>\$ 4,147,236</b>

	Net book value December 31, 2018	Net book value December 31, 2019
Leasehold Improvements – 20 years	\$ -	\$ 4,403,907
Computer Systems	330,169	520,006
Motor Vehicle	674	-
Furniture & Equipment	649,334	358,073
<b>Total</b>	<b>\$ 980,177</b>	<b>\$ 5,281,985</b>

During the year, the Middlesex-London Health Unit deemed to have disposed of or transferred fully amortized assets with a cost basis of \$723,650 (2018 - \$616,925). This includes computer systems of \$2,205 and equipment of \$342,081 which were transferred to Thames Valley Children's Centre when they assumed responsibility for the Screening Assessment and Intervention program.

# MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2019

## 5. Tangible Capital Assets (continued):

Cost	Balance at December 31, 2017	Additions	Disposals / Transfers	Balance at December 31, 2018
Leasehold Improvements – 15 years	\$ 2,700,140	\$ -	\$ -	\$ 2,700,140
Leasehold Improvements – 5 years	21,780	-	-	21,780
Computer Systems	1,242,387	162,576	(269,383)	1,135,580
Motor Vehicle	5,385	-	-	5,385
Furniture & Equipment	1,564,407	275,347	(347,542)	1,492,212
<b>Total</b>	<b>\$ 5,534,099</b>	<b>\$ 437,923</b>	<b>\$ (616,925)</b>	<b>\$ 5,355,097</b>

Accumulated amortization	Balance at December 31, 2017	Amortization expense	Disposals / Transfers	Balance at December 31, 2018
Leasehold Improvements – 15 years	\$ 2,517,094	\$ 183,045	\$ -	\$ 2,700,139
Leasehold Improvements – 5 years	13,235	8,545	-	21,780
Computer Systems	844,593	230,202	(269,383)	805,412
Motor Vehicle	3,365	1,346	-	4,711
Furniture & Equipment	982,286	208,134	(347,542)	842,878
<b>Total</b>	<b>\$ 4,360,573</b>	<b>\$ 631,272</b>	<b>\$ (616,925)</b>	<b>\$ 4,374,920</b>

	Net book value December 31, 2017	Net book value December 31, 2018
Leasehold Improvements – 15 years	\$ 183,046	\$ -
Leasehold Improvements – 5 years	8,545	-
Computer Systems	397,794	330,169
Motor Vehicle	2,020	674
Furniture & Equipment	582,121	649,334
<b>Total</b>	<b>\$ 1,173,526</b>	<b>\$ 980,177</b>

# MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2019

## 6. 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:

2020	\$ 753,227
2021	732,771
2022	672,165
2023	672,165
2024	672,165
Thereafter	10,003,564

## 7. 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.

## 8. Accumulated Surplus:

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

	2019	2018
Surpluses:		
Invested in tangible capital assets	\$ 5,281,985	\$ 980,177
Net transfer to surplus	(384,118)	-
Unfunded:		
Demand loan	(1,500,000)	-
Post-employment benefits	(2,725,700)	(2,554,700)
<b>Total surplus (deficit)</b>	<b>672,167</b>	<b>(1,574,523)</b>
Reserves set aside by the Board:		
Accumulated sick leave	-	29,462
Funding stabilization	-	818,258
Employment costs	176,077	176,077
Technology and infrastructure	-	1,250,000
Environmental – septic tank	-	6,044
Dental treatment	-	123,771
<b>Total reserves</b>	<b>176,077</b>	<b>2,403,612</b>
<b>Accumulated surplus</b>	<b>\$ 848,244</b>	<b>\$ 829,089</b>

# MIDDLESEX-LONDON HEALTH UNIT

Financial Statements (continued)

Year ended December 31, 2019

## 9. Other income:

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

	2019 Budget	2019	2018
Collaborative project	\$ 10,000	\$ 481,764	\$ 277,328
Food handler training	20,000	26,322	26,706
Public Fit-testing	-	-	1,695
Miscellaneous	278,416	314,672	124,312
OHIP	244,000	237,269	197,710
Vaccines	117,200	113,288	63,210
	\$ 669,616	\$ 1,173,315	\$ 690,961

## 10. Other expenses:

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

	2019 Budget	2019	2018
Communications	\$ 147,246	\$ 156,379	\$ 236,473
Health promotion/advertising	331,610	341,949	302,338
Miscellaneous	479,783	310,700	387,029
Postage and courier	67,280	68,157	57,173
Printing	138,929	138,443	163,818
Staff development	192,468	158,062	199,475
	\$ 1,357,316	\$ 1,173,690	\$ 1,346,306

## 11. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At the time of approval of these financial statements, the entity has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Initiated a comprehensive incident management (IMS) response and has redeployed a majority of staff to support COVID-19 related assignments;
- Implemented a 7 day a week call centre, case management, and contact tracing throughout the London and Middlesex community, and to support the COVID-19 Assessment Centres;
- Continued to provide prioritized essential services to the community;
- Instituted mandatory working from home requirement for those staff able to do so.

At this time, these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.



Financial Statements of

**MUSEUM LONDON**

And Independent Auditors' Report thereon

Year ended December 31, 2019



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

To the Chair and Members of Museum London

### ***Opinion***

We have audited the financial statements of Museum London, which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of change in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Museum London as at December 31, 2019, and its results of operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

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

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

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



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

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

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



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

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

March 31, 2020

London, Canada

# MUSEUM LONDON

## Statements of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 429,900	\$ 313,290
Due from the Corporation of the City of London (note 8)	287,845	28,340
Due from Museum London Foundation (note 8)	6,968	18,519
Other receivables	83,286	170,686
Investments (note 2)	6,098,050	6,216,933
	<u>6,906,049</u>	<u>6,747,768</u>
Financial liabilities:		
Accounts payable and accrued liabilities	502,692	522,158
Payable to the Corporation of the City of London (note 8)	45,731	10,665
Deferred revenue	191,584	435,319
Employee future benefits (note 3)	63,711	62,549
	<u>803,718</u>	<u>1,030,691</u>
Net financial assets	6,102,331	5,717,077
Non-financial assets:		
Tangible capital assets (note 4)	10,304,263	10,931,771
Prepaid expenses	104,015	122,365
	<u>10,408,278</u>	<u>11,054,136</u>
Subsequent events (note 12)		
Accumulated surplus (note 5)	<u>\$ 16,510,609</u>	<u>\$ 16,771,213</u>

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

On behalf of the Board:

\_\_\_\_\_ Chair

\_\_\_\_\_ Member

# MUSEUM LONDON

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2019, with comparative information for 2018

	Budget 2019	Actual 2019	Actual 2018
Revenue:			
Federal	\$ 472,557	\$ 484,096	\$ 388,116
Provincial	221,392	226,392	207,903
Municipal:			
Operating	1,740,471	1,746,971	1,863,723
Capital	400,000	436,549	115,831
Community:			
Donations (note 8)	574,956	608,165	767,713
Public programs	94,200	124,204	111,839
Ancillary services:			
Catering and rentals	162,373	136,429	143,568
Fundraising events	37,000	33,200	40,111
Public program and exhibition sponsorship	2,500	13,099	22,636
Donation of art and artifacts	1,100,000	1,126,300	289,685
Investment income	253,000	264,804	570,870
Other	341,150	405,424	401,649
	5,399,599	5,605,633	4,923,644
Expenses:			
Operating:			
Operations	997,016	1,047,373	985,053
General and administration	877,310	882,998	862,900
Public programs	173,951	217,490	204,153
Publicity	175,982	176,514	152,271
Curatorial and collections management	599,828	650,962	622,330
Amortization of tangible capital assets	1,000,000	1,077,448	629,738
Ancillary services:			
Catering and rentals	101,378	91,139	96,528
Public programs and exhibitions	590,951	449,340	399,642
Donation of art and artifacts	1,100,000	1,126,300	289,685
Purchase of art and artifacts	50,000	89,165	41,966
Collection expense	20,484	19,035	26,719
Investment expense	35,000	38,473	30,029
	5,721,900	5,866,237	4,341,014
Annual surplus (deficit)	(322,301)	(260,604)	562,630
Accumulated surplus, beginning of year	16,771,213	16,771,213	16,188,583
Accumulated surplus, end of year	\$ 16,448,912	\$ 16,510,609	\$ 16,751,213

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

# MUSEUM LONDON

## Statement of Change in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	Budget 2019	Actual 2019	Actual 2018
Annual surplus (deficit)	\$ (322,301)	\$ (260,604)	\$ 582,630
Acquisition of tangible capital assets	(120,000)	(449,940)	(1,513,401)
Amortization of tangible capital assets	1,000,000	1,077,448	629,738
	557,699	366,904	(301,033)
Change in prepaid expenses	–	18,350	(19,747)
Change in net financial assets	557,699	385,254	(320,780)
Net financial assets, beginning of year	5,717,077	5,717,077	6,037,857
Net financial assets, end of year	\$ 6,274,776	\$ 6,102,331	\$ 5,717,077

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

# MUSEUM LONDON

## Statement of Cash Flows

December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ (260,604)	\$ 582,630
Items not involving cash:		
Amortization of tangible capital assets	1,077,448	629,738
Change in employee future benefits	1,162	(19,174)
Change in non-cash assets and liabilities:		
Due from the Corporation of the City of London	(259,505)	14,728
Due from Museum London Foundation	11,551	(30,927)
Other receivables	87,400	44,794
Accounts payable and accrued liabilities	(19,466)	79,279
Payable to the Corporation of the City of London	35,066)	-
Deferred revenue	(243,735)	172,114
Prepaid expenses	18,350	(19,747)
Net change in cash and cash equivalents from operating activities	447,667	1,453,435
Capital activities:		
Acquisition of tangible capital assets	(449,940)	(1,513,401)
Investing activities:		
Change in investments, net	118,883	(232,109)
Increase (decrease) in cash and cash equivalents	116,610	(292,075)
Cash and cash equivalents, beginning of year	313,290	605,365
Cash, end of year	\$ 429,900	\$ 313,290

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



# MUSEUM LONDON

## Notes to Financial Statements

Year ended December 31, 2019

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### 1. Significant accounting policies:

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

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

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

Note 9 provides a summary of the financial activities of each fund. Transfers between the funds are made as approved by the Board.

- (a) Basis of accounting:

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

- (b) Government transfers:

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

# MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 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, 2019

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## 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

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

### (ii) Works of art and cultural and historic assets:

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

### (i) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles, as defined in the Chartered Professional Accountants Canada Public Sector Accounting Handbook, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

# MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2019

---

## 1. Significant accounting policies (continued):

(j) Budget figures:

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

## 2. Investments:

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

	2019	2018
Canadian bond	\$ 3,294,397	\$ 3,405,263
Canadian equity	1,306,158	1,268,448
US equity	629,323	648,758
International equity	868,172	894,464
	<hr/> \$ 6,098,050	<hr/> \$ 6,216,933

At December 31, 2019 the approximate market value of the investments amounted to \$6,622,922 (2018 - \$6,209,228).

## 3. Employee future benefits:

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

	2019	2018
Vacation pay earned but not taken	\$ 63,711	\$ 62,549

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.

# MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 4. Tangible capital assets:

	Balance December 31, 2018	Additions	Disposal	Write-offs	Balance December 31, 2019
<b>Cost:</b>					
Land	\$ 1,175,120	\$ –	\$ –	\$ –	\$ 1,175,120
Building and building improvements	16,213,616	437,865	–	1,074,394	15,577,087
Furniture and equipment	309,072	12,075	–	15,065	306,082
	<u>\$17,697,808</u>	<u>\$ 449,940</u>	<u>\$ –</u>	<u>\$ 1,089,459</u>	<u>\$17,058,289</u>
<b>Accumulated amortization:</b>					
Building and building improvements	\$ 6,703,776	\$ 1,049,946	\$ –	\$ 1,074,394	\$ 6,679,328
Furniture and equipment	62,261	27,502	–	15,065	74,698
	<u>\$ 6,766,037</u>	<u>\$ 1,077,448</u>	<u>\$ –</u>	<u>\$ 1,089,459</u>	<u>\$ 6,754,026</u>
<b>Net book value:</b>					
Land	\$ 1,175,120				\$ 1,175,120
Building and building improvements	9,509,840				8,897,759
Furniture and equipment	246,811				231,384
	<u>\$10,931,771</u>				<u>\$10,304,263</u>

# MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 5. Accumulated surplus:

The accumulated surplus consists of the following:

	2019	2018
Surplus:		
Operating fund	\$ –	\$ 99,926
Investment in tangible capital assets	10,304,263	10,931,771
Unfunded employee benefits	(63,711)	(62,549)
Total surplus	10,240,552	10,969,148
Reserve funds set aside for specific purposes by Museum London:		
Operating endowment	2,634,631	2,561,089
Restricted funds held by Museum London include the following:		
Moore acquisitions fund	2,974,002	2,961,151
Moore collection management fund	323,549	313,737
Nancy Geddes Poole fund	117,923	114,366
Volunteer committee acquisitions fund	219,240	212,665
Centre at the Forks	–	(363,049)
Satellite Gallery	712	2,106
	3,635,426	3,240,976
	\$ 16,510,609	\$ 16,771,213

## 6. Insurance:

Museum London has accumulated works of art with an insured value of \$70,131,670 (2018 - \$47,716,335). 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, 2019

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## 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 \$57,400 and at a rate of 14.60% for earnings greater than the yearly maximum pensionable earnings.

The amount contributed to OMERS for 2019 was \$102,378 (2018 - \$105,040) and is included as an expense in the statement of operations. Employees' contributions to OMERS in 2019 was \$102,378 (2018 - \$105,040).

The last available report for the OMERS plan was on December 31, 2019. At that time, the plan reported a \$3.4 billion actuarial deficit (2018 - \$4.2 billion), based on actuarial liabilities for \$107.7 billion (2018 - \$99 billion) and actuarial assets for \$104.3 billion (2018 - \$95 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

## 8. Related party transactions and balances:

Amounts due to and from the Corporation of the City of London, an organization that has significant influence over Museum London, and from Museum London Foundation, an organization under common significant influence, are non-interest bearing and have no specific terms of repayment.

Transactions are entered into with related parties in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Community donations includes gifts from Museum London Foundation of \$184,875.

# MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 9. Annual surplus (deficit):

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:

	2019	2018
Operating fund	\$ (99,926)	\$ 41,796
Investment in tangible capital assets	(627,508)	883,663
Reserves and restricted funds	467,992	(362,003)
Change in unfunded employee benefits	(1,162)	19,174
Annual surplus (deficit)	\$ (260,604)	\$ 582,630



# MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 9. Annual surplus (deficit) (continued):

Statements of financial activities for the three funds follow:

(i) Operating Fund:

	2019 Budget	2019 Total	2018 Total
Revenue:			
Federal:			
Canada Council for the Arts:			
Operating Programs	\$ 460,229	\$ 300,000	\$ 320,816
Canadian Heritage	4,828	–	–
Other	–	–	33,650
Other	7,500	184,096	–
Provincial:			
Ontario Arts Council:			
Operating grant	169,438	169,438	155,949
Ministry of Tourism and Culture	51,954	51,954	51,954
Other	–	5,000	–
Municipal	1,740,471	1,740,471	1,690,199
Community:			
Donations	184,956	159,263	166,386
Public programs	94,200	124,204	111,839
Ancillary services:			
Catering and rentals	162,373	136,429	143,568
Fundraising events	37,000	33,200	40,111
Public program and exhibition sponsorship	2,500	13,099	22,636
Investment income	3,000	6,040	9,182
Other	341,150	370,424	348,208
	\$ 3,259,599	\$ 3,293,618	\$ 3,094,498

# MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 9. Annual surplus (deficit) (continued):

(i) Operating Fund (continued):

	2019 Budget	2019 Total	2018 Total
Expenses:			
Operating:			
Operations	\$ 997,016	\$ 1,047,372	\$ 985,053
General and administration	877,310	880,373	862,900
Public programs	173,951	174,597	163,307
Publicity	175,982	176,514	152,271
Curatorial and collections management	599,828	650,962	622,330
Ancillary services:			
Catering and rentals	101,378	91,139	96,528
Fundraising events	–	–	168,081
Exhibitions	590,951	449,340	231,561
Purchase of art and artifacts	50,000	89,165	41,966
Collection expense	20,484	19,035	26,719
	3,586,900	3,578,497	3,350,716
Net expenditures	(327,301)	(284,879)	(256,218)
Financing and transfers:			
Transfer to reserves	–	(180,351)	–
Transfer from reserves and restricted funds	–	366,466	317,188
Employee benefits	–	(1,162)	(19,174)
Net financing and transfers	–	184,953	298,014
Change in fund balance	(327,301)	(99,926)	41,796
Surplus, beginning of year	99,926	99,926	58,130
Surplus (deficit), end of year	\$ (227,375)	\$ –	\$ 99,926

# MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 9. Annual surplus (deficit) (continued):

(ii) Investment in tangible capital assets:

	2019	2018
Revenue:		
Municipal	\$ 436,549	\$ 115,831
Expenditure:		
Amortization of tangible capital assets	(1,077,448)	(629,738)
Net expenditures	(640,899)	(513,907)
Financing and transfers:		
Transfer from restricted funds	13,391	1,397,570
Change in fund balance	(627,508)	883,663
Surplus, beginning of year	10,931,771	10,048,108
Surplus, end of year	\$ 10,304,263	\$ 10,931,771

# MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 9. Annual surplus (deficit) (continued):

(iii) Reserve and Restricted Funds:

(a) Reserves:

	2019	2018
Revenue:		
Net investment revenue	\$ 95,242	\$ 232,507
Museum London Foundation contribution	60,575	55,797
Net revenue	155,817	288,304
Financing and transfers:		
Transfer from restricted funds	14,675	383
Transfer from operating fund	180,351	–
Transfer to operating fund	(277,301)	(292,222)
Net financing and transfers	(82,275)	(291,839)
Change in reserves balance	73,542	(3,535)
Surplus, beginning of year	2,561,089	2,564,624
Surplus, end of year	\$ 2,634,631	\$ 2,561,089

# MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 9. Annual surplus (continued):

(iii) Reserves and Restricted Funds (continued):

(b) Restricted Funds:

	2019	2018
Revenue:		
Net investment revenue	\$ 124,748	\$ 299,152
Donations:		
Learning centre	388,327	545,530
Federal cultural spaces grant	–	33,650
Municipal	6,500	173,524
Partnership contributions	35,000	53,000
Transfer from operating, Learning Centre	–	17,000
Miscellaneous	–	26,392
	554,575	1,148,248
Expenditure:		
Satellite Centre expenditures	42,895	40,847
Net revenue	511,680	1,107,401
Financing and transfers:		
Transfer to operating fund	(89,164)	(67,917)
Transfer to reserves	(14,675)	(383)
Learning Centre tangible capital assets	(13,391)	(1,397,569)
	(117,230)	(1,465,869)
Change in fund balance	394,450	(358,468)
Surplus, beginning of year	3,240,976	3,599,444
Surplus, end of year	\$ 3,635,426	\$ 3,240,976

# MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 10. Budget data:

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

	Budget amount
Revenue:	
Operating budget	\$ 3,259,599
Expense:	
Operating budget	3,586,900
Annual operating surplus, as budgeted	(327,301)
Learning Centre donations	390,000
Capital funding	400,000
Donation of art and artifacts	1,100,000
Investment income	250,000
Investment expense	(35,000)
Donation of art and artifacts	(1,100,000)
Amortization of tangible capital assets	(1,000,000)
Annual deficit, revised	\$ (322,301)

## 11. Comparative information:

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

# MUSEUM LONDON

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 12. Subsequent events:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

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

- Temporary declines in fair value of investments and investment income
- Loss of revenue due to cancellation of events, rentals, programs and activities
- Facility closure from March 14, 2020 to the date of the auditors' report based on public health recommendations
- Mandatory working from home requirements for those able to do so

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

Financial Statements of

**OLD EAST VILLAGE BUSINESS  
IMPROVEMENT AREA BOARD OF  
MANAGEMENT**

And Independent Auditors' Report thereon

Year ended December 31, 2019





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London ON N6A 5P2  
Canada  
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## INDEPENDENT AUDITORS' REPORT

To the Chair and Members of Old East Village Business Improvement Area Board of Management

### ***Opinion***

We have audited the financial statements of Old East Village Business Improvement Area Board of Management (the "Board"), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of change in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2019, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

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

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

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



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

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

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

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



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

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 17, 2020

# OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial assets</b>		
Cash and short-term investments (note 3)	\$ 99,918	\$ 96,960
Accounts receivable (note 6)	37,767	1,881
Due from Hyde Park Business Improvement Association Board of Management (note 6)	6,560	-
	<u>144,245</u>	<u>98,841</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	6,470	1,989
Deferred revenue	10,768	4,208
	<u>17,238</u>	<u>6,197</u>
Net financial assets	127,007	92,644
<b>Non-financial assets</b>		
Tangible capital assets (note 5)	3,557	4,681
Prepaid expenses and deposits	1,413	1,353
	<u>4,970</u>	<u>6,034</u>
Subsequent event (note 7)		
Accumulated surplus (note 4)	<u>\$ 131,977</u>	<u>\$ 98,678</u>

See accompanying notes to financial statements.

# OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

## Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	Budget		
	2019	2019	2018
<b>Revenue:</b>			
Requisition:			
Municipal levy - The Corporation of the City of London	\$ 40,000	\$ 40,000	\$ 14,781
Other:			
The Corporation of the City of London	141,102	141,102	141,102
Digital Main Street grant	-	3,440	-
Miscellaneous	24,089	169	417
	<u>205,191</u>	<u>184,711</u>	<u>156,300</u>
<b>Expenditures:</b>			
Wages and salaries	134,761	91,810	108,516
Office rental	14,461	12,661	12,661
Purchased services	13,300	7,938	2,688
Advertising, marketing and promotion	6,500	6,828	3,925
Payroll deductions	-	6,511	7,257
Special projects	6,500	6,023	1,820
Community initiatives and appreciation	5,500	4,933	3,804
Administration	7,000	4,876	5,453
Equipment and building maintenance	5,500	2,048	50
Beautification	5,000	1,832	1,697
Financial audit	1,469	1,400	1,300
Telephone and internet service	1,500	1,199	1,169
Amortization of tangible capital assets	-	1,124	1,421
Travel and transportation costs	700	750	550
HST expense	-	714	508
Training, education and development	500	302	161
Printing and communications	1,500	283	781
Operating supplies and costs	1,000	180	561
	<u>205,191</u>	<u>151,412</u>	<u>154,322</u>
Annual surplus	-	33,299	1,978
Accumulated surplus, beginning of year	98,678	98,678	96,700
<b>Accumulated surplus, end of year</b>	<b>\$ 98,678</b>	<b>\$ 131,977</b>	<b>\$ 98,678</b>

See accompanying notes to financial statements.

# OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Statement of Change in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	Budget 2019	2019	2018
Annual surplus	\$ -	\$ 33,299	\$ 1,978
Amortization of tangible capital assets	-	1,124	1,421
	-	34,423	3,399
Acquisition of prepaid expenses	-	(2,582)	(1,476)
Use of prepaid expenses	-	2,522	1,927
	-	(60)	451
	-	34,363	3,850
Net financial assets, beginning of year	92,644	92,644	88,794
Net financial assets, end of year	\$ 92,644	\$ 127,007	\$ 92,644

See accompanying notes to financial statements.

# OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

## Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 33,299	\$ 1,978
Item not involving cash:		
Amortization of tangible capital assets	1,124	1,421
Changes in non-cash operating working capital:		
Accounts receivable	(35,886)	(209)
Due from Hyde Park Business Improvement Association Board of Management	(6,560)	-
Accounts payable and accrued liabilities	4,481	405
Deferred revenue	6,560	(132)
Prepaid expenses and deposits	(60)	451
	<u>2,958</u>	<u>3,914</u>
Increase in cash and short-term investments	2,958	3,914
Cash and short-term investments, beginning of year	96,960	93,046
Cash and short-term investments, end of year (note 2)	<u>\$ 99,918</u>	<u>\$ 96,960</u>

See accompanying notes to financial statements.

# OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements

Year ended December 31, 2019

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## 1. Nature of reporting entity:

Subsection 204(1) of the Municipal Act, 2001 provides that a local municipality may designate an area as an improvement area and may establish a board of management. The Old East Village Business Improvement Area Board of Management (the "Board") was incorporated on November 15, 1993, in the Province of Ontario. The Board was established as a local board of the Corporation of the City of London to manage the Old East Village Business Improvement Area.

The Board was established to oversee the improvement, beautification and maintenance of municipally-owned land, buildings and structures in the area beyond that provided at the expense of the municipality generally and to promote the area as a business or shopping area.

## 2. Significant accounting policies:

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

### (a) Basis of accounting:

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

### (b) Tangible capital assets:

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

Asset	Rate
Furniture and fixtures	20%
Computer hardware	30-45%
Computer software	45%

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# OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 2. Significant accounting policies (continued):

(c) Government transfers:

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

(d) Deferred revenue:

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

(e) Donations in kind:

The Old East Village Business Improvement Board of Management recognizes revenues and expenses for services which are donated which can be reasonably valued and are services which otherwise would have been purchased.

(f) Use of estimates:

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

(g) Budget figures:

Budget figures have been provided for comparison purposes.

# OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2019

### 3. Cash and short-term investments:

	2019	2018
Cash and short-term investments consist of:		
Cash	\$ 93,830	\$ 90,921
Guaranteed investment certificates	6,088	6,039
	<u>\$ 99,918</u>	<u>\$ 96,960</u>

### 4. Accumulated surplus:

The balance of accumulated surplus is comprised of the following:

	2019	2018
Invested in tangible capital assets	\$ 3,557	\$ 4,681
Reserves:		
Contingencies	3,733	3,733
Pole decorations	2,333	2,333
Mural maintenance	1,936	1,936
	<u>8,002</u>	<u>8,002</u>
Operating fund	120,418	85,995
	<u>\$ 131,977</u>	<u>\$ 98,678</u>

# OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 5. Tangible capital assets:

Cost	December 31, 2018	Additions	Disposals	December 31, 2019
Furniture and fixtures	\$ 22,476	\$ -	\$ -	\$ 22,476
Computer hardware	11,018	-	-	11,018
Computer software	3,609	-	-	3,609
<b>Total</b>	<b>\$ 37,103</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 37,103</b>

Accumulated amortization	December 31, 2018	Disposals	Amortization expense	December 31, 2019
Furniture and fixtures	\$ 17,837	\$ -	\$ 1,103	\$ 18,940
Computer hardware	10,980	-	17	10,997
Computer software	3,605	-	4	3,609
<b>Total</b>	<b>\$ 32,422</b>	<b>\$ -</b>	<b>\$ 1,124</b>	<b>\$ 33,546</b>

	Net book value December 31, 2018	Net book value December 31, 2019
Furniture and fixtures	\$ 4,639	\$ 3,536
Computer hardware	38	21
Computer software	4	-
<b>Total</b>	<b>\$ 4,681</b>	<b>\$ 3,557</b>

## 6. Related parties:

During the current year, the amount due from the City of London was \$35,276 (2018 - nil) and the amount due from Hyde Park BIA was \$6,560 (2018 - nil).

# OLD EAST VILLAGE BUSINESS IMPROVEMENT AREA BOARD OF MANAGEMENT

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 7. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

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

- closure of office to the public from the March 23, 2020 to the date of the auditors' report based on public health recommendations; and
- mandatory working from home requirement for those able to do so.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

Financial Statements of

**ELGIN AREA PRIMARY  
WATER SUPPLY SYSTEM**

And Independent Auditors' Report thereon

Year ended December 31, 2019



KPMG LLP  
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London ON N6A 5P2  
Canada  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Elgin Area Primary Water Supply System

### *Opinion*

We have audited the financial statements of Elgin Area Primary Water Supply System (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

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

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

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



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

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

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

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



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

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 4, 2020



# ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

## Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial assets</b>		
Due from the Corporation of the City of London (note 3)	\$ 10,613,374	\$ 9,700,078
Trade and other receivables	1,089,187	2,122,110
Long-term loan receivable (note 9)	206,543	229,190
<b>Total financial assets</b>	<b>11,909,104</b>	<b>12,051,378</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	1,045,990	2,163,740
Accrued interest on long-term debt	89,283	102,436
Long-term debt (note 4)	12,107,323	14,269,676
<b>Total financial liabilities</b>	<b>13,242,596</b>	<b>16,535,852</b>
<b>Net debt</b>	<b>(1,333,492)</b>	<b>(4,484,474)</b>
<b>Non-financial assets</b>		
Tangible capital assets (note 5)	66,699,790	68,147,998
Prepaid expenses	116,086	86,181
<b>Total non-financial assets</b>	<b>66,815,876</b>	<b>68,234,179</b>
<b>Accumulated surplus (note 6)</b>	<b>\$ 65,482,384</b>	<b>\$ 63,749,705</b>

Subsequent events (note 10)

See accompanying notes to financial statements

# ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2019, with comparative information for 2018

	Budget (Note 8)	2019	2018
<b>Revenues</b>			
User charges	\$ 12,524,031	\$ 12,974,247	\$ 12,403,077
Investment income	6,000	256,607	182,352
Transfer payments			
Provincial	-	-	860,379
Federal	-	-	1,060,358
Other (note 9)	4,000	24,868	129,815
<b>Total revenues</b>	<b>12,534,031</b>	<b>13,255,722</b>	<b>14,635,981</b>
<b>Expenses</b>			
Salaries, wages and benefits	723,794	765,473	667,733
Materials and supplies	5,532,719	5,898,379	5,560,667
Contracted services	88,600	797,667	548,747
Rents and financial expenses	57,500	66,618	57,239
Interest on long-term debt (note 4)	336,854	336,853	436,484
Amortization of tangible capital assets (note 5)	-	3,444,594	3,471,860
Administrative charges	213,459	213,459	208,252
<b>Total expenses</b>	<b>6,952,926</b>	<b>11,523,043</b>	<b>10,950,982</b>
<b>Annual surplus</b>	<b>5,581,105</b>	<b>1,732,679</b>	<b>3,684,999</b>
<b>Accumulated surplus, beginning of year (note 6)</b>	<b>63,749,705</b>	<b>63,749,705</b>	<b>60,064,706</b>
<b>Accumulated surplus, end of year (note 6)</b>	<b>\$ 69,330,810</b>	<b>\$ 65,482,384</b>	<b>\$ 63,749,705</b>

See accompanying notes to financial statements

# ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

## Statement of Change in Net Debt

Year ended December 31, 2019, with comparative information for 2018

	Budget	2019	2018
	(Note 8)		
Annual surplus	\$ 5,581,105	\$ 1,732,679	\$ 3,684,999
Acquisition of tangible capital assets	(5,804,000)	<b>(1,996,385)</b>	(2,113,402)
Amortization of tangible capital assets	-	<b>3,444,594</b>	3,471,860
	(222,895)	<b>3,180,888</b>	5,043,457
Change in prepaid expenses	-	<b>(29,906)</b>	6,448
Change in net debt	(222,895)	<b>3,150,982</b>	5,049,905
Net debt, beginning of year	(4,484,474)	<b>(4,484,474)</b>	(9,534,379)
Net debt, end of year	\$ (4,707,369)	\$ <b>(1,333,492)</b>	\$ (4,484,474)

See accompanying notes to financial statements

# ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

## Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
<b>Cash provided by:</b>		
<b>Operating activities:</b>		
Annual surplus	\$ 1,732,679	\$ 3,684,999
<b>Items not involving cash:</b>		
Amortization of tangible capital assets	3,444,594	3,471,860
Amortization of debenture discount	15,178	27,783
<b>Changes in non-cash assets and liabilities:</b>		
Due from (due to) the Corporation of the City of London	(913,296)	(271,041)
Prepaid expenses	(29,906)	6,448
Trade and other receivables	1,032,923	(1,079,036)
Accounts payable and accrued liabilities	(1,117,749)	418,163
Deferred revenue	-	(860,379)
Accrued interest on long-term debt	(13,153)	(32,486)
<b>Net change in cash from operating activities</b>	<b>4,151,270</b>	<b>5,366,311</b>
<b>Capital activities:</b>		
Purchase of tangible capital assets	(1,996,385)	(2,113,402)
<b>Cash used in capital activities</b>	<b>(1,996,385)</b>	<b>(2,113,402)</b>
<b>Financing activities:</b>		
Long-term debt repayments	(2,177,530)	(3,023,719)
Loan receivables	22,645	(229,190)
<b>Cash provided by financing activities</b>	<b>(2,154,885)</b>	<b>(3,252,909)</b>
<b>Net change in cash flows</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements

# ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements

Year ended December 31, 2019

## 1. Nature of reporting entity

The Ontario Water Resources Commission (the "Commission") of the Province of Ontario constructed, owned and operated a water treatment plant on Lake Erie and pipeline to the City of St. Thomas and the Ford Talbotville Assembly Plant on or about 1967. The Ministry of the Environment (the "Ministry") was created in about 1973 and assumed all operations and activities of the Commission. In or about 1991, operational related activities (water and wastewater systems) of the Ministry were transferred to the Ontario Clean Water Agency, a Crown corporation of the Province of Ontario. In accordance with agreements with the associated municipalities, the Ministry extended pipelines to the present communities of Port Burwell, Port Stanley, and Southwold, and in 1996 to the City of London and the Town of Aylmer.

In accordance with the *Municipal Water and Sewage Systems Transfer Act, 1997*, the final Transfer Order for Elgin Area Primary Water Supply System (the "Entity") was effective on November 29, 2000.

Under the transfer order, the works, properties and all assets, liabilities, rights and obligations of the system were transferred jointly to The Corporation of the City of London, The Corporation of the Town of Aylmer, The Corporation of the Municipality of Bayham, The Corporation of the Municipality of Central Elgin, The Corporation of the Township of Malahide, The Corporation of the Township of Southwold and The Corporation of the City of St. Thomas. The Corporation of the City of London (the "Corporation") was named as the administering municipality. The Corporation of the Municipality of Dutton Dunwich joined the joint board of management in 2018. The appointment and voting structure was approved in the December 2019 board meeting.

The transfer order established a joint board of management to govern the management of the water supply system. The joint board of management is comprised of seven members appointed by the respective councils of participating municipalities. The Board composition is as follows:

Municipality	Members	Votes
The Corporation of the City of London	3	3
The Corporation of the City of St. Thomas	2	2
The Corporations of the Township of Southwold, the Municipality of Central Elgin and the Municipality of Dutton Dunwich (acting jointly)	1	1
The Corporations of the Township of Bayham, Township of Malahide and Town of Alymer (acting jointly)	1	1

# ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

## Notes to Financial Statements

Year ended December 31, 2019

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### 2. Significant accounting policies

The financial statements of the Entity are prepared by management in accordance with Canadian generally accepted accounting principles as defined in the CPA Canada Public Sector Handbook - Accounting. Significant accounting policies are as follows:

**(a) Accrual accounting**

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

**(b) Non-financial assets**

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

i) Tangible capital assets

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

Asset	Useful Life - Years
Buildings and building improvements	15 – 40
Vehicles	5 – 15
Machinery and equipment	7 – 20
Water infrastructure	10 – 60
Computers	3

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

ii) Interest capitalization

The interest costs associated with the acquisition or construction of a tangible capital asset are not capitalized.

# ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

## Notes to Financial Statements

Year ended December 31, 2019

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### 2. Significant accounting policies (continued)

#### (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 to 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.

#### (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 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.

# ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

## Notes to Financial Statements

Year ended December 31, 2019

### 4. Long-term debt

(a) Long-term debt is stated as follows:

	2019	2018
Long-term debt assumed by The Corporation of the City of London, as administering municipality, on behalf of the Elgin Area Primary Water Supply System, with semi-annual interest payments:		
(a) at rates ranging from 2.70% to 3.20%, maturing September 2022.	\$ 3,426,450	\$ 4,513,350
(b) at rates ranging from 1.40% to 2.70%, maturing March 2026.	5,047,259	5,711,481
(c) at rates ranging from 1.30% to 2.85%, maturing March 2027.	3,709,506	4,135,914
Total long-term debt	12,183,215	14,360,745
Less: Unamortized debenture discount	(75,892)	(91,069)
Net long-term debt	\$ 12,107,323	\$ 14,269,676

(b) The long-term debt repayment schedule is as follows:

2020	\$ 2,223,979
2021	2,272,512
2022	2,323,163
2023	1,176,125
2024	1,201,240
2025 and beyond	2,986,196



# ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

## Notes to Financial Statements

Year ended December 31, 2019

### 4. Long-term debt

- (c) Total interest charges for the year for long-term debt which are reported on the Statement of Operations and Accumulated Surplus are as follows:

	2019	2018
Interest	\$ 321,675	\$ 408,701
Amortization of debenture discount	15,178	27,783
	<b>\$ 336,853</b>	<b>\$ 436,484</b>

### 5. Tangible capital assets

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Land	\$ 1,251,559	\$ -	\$ -	\$ 1,251,559
Buildings and building improvements	29,346,451	627,211	21,317	29,952,345
Machinery and equipment	34,633,548	757,228	416,391	34,974,385
Vehicles	32,425	-	20,898	11,527
Water infrastructure	25,699,667	-	-	25,699,667
Computers	89,732	-	-	89,732
Assets under construction	357,471	686,610	74,663	969,418
<b>Total</b>	<b>\$ 91,410,853</b>	<b>\$ 2,071,049</b>	<b>\$ 533,269</b>	<b>\$ 92,948,633</b>

Accumulated Amortization	Balance at December 31, 2018	Amortization expense	Disposals	Balance at December 31, 2019
Land	\$ -	\$ -	\$ -	\$ -
Buildings and building improvements	6,816,869	885,411	21,317	7,680,963
Machinery and equipment	12,411,794	2,000,382	416,391	13,995,785
Vehicles	23,369	1,646	20,898	4,117
Water infrastructure	3,995,827	527,245	-	4,523,072
Computers	14,996	29,910	-	44,906
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 23,262,855</b>	<b>\$ 3,444,594</b>	<b>\$ 458,606</b>	<b>\$ 26,248,843</b>

# ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

## Notes to Financial Statements

Year ended December 31, 2019

### 5. Tangible capital assets (continued)

	Net book value December 31, 2018	Net book value December 31, 2019
Land	\$ 1,251,559	\$ 1,251,559
Buildings and building improvements	22,529,582	22,271,382
Machinery and equipment	22,221,754	20,978,600
Vehicles	9,056	7,410
Water infrastructure	21,703,841	21,176,595
Computers	74,735	44,826
Assets under construction	357,471	969,418
Total	\$ 68,147,998	\$ 66,699,790

**(a) Assets under construction**

Assets under construction with a net book value of \$969,418 (2018 - \$357,471) 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.

# ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

## Notes to Financial Statements

Year ended December 31, 2019

### 6. Accumulated surplus

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

	2019	2018
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 53,675,606	\$ 53,353,315
Total surplus	53,675,606	53,353,315
<b>Reserve funds set aside for specific purpose by the Board:</b>		
Infrastructure renewal - water operations	11,806,778	10,396,390
Total reserve funds	11,806,778	10,396,390
	<b>\$ 65,482,384</b>	<b>\$ 63,749,705</b>

### 7. Financial instruments

- (a) The carrying values of due from the Corporation of the City of London, trade accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of the instruments.

The fair value of long-term debt approximates its carrying value as interest rates are similar to current market rates of interest available to the Entity.

- (b) Financial risks:

The Entity is not exposed to any significant interest, foreign currency or credit risks arising from its financial instruments.

# ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

## Notes to Financial Statements

Year ended December 31, 2019

### 8. Budget data

Budget data presented in these financial statements are based upon the 2019 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.

	<b>Budget</b>
<b>Revenues:</b>	
User Charges	\$ 12,524,031
Municipal Revenue - Other	10,000
<b>Total Revenues</b>	<b>12,534,031</b>
<b>Expenses:</b>	
Personnel Costs	681,294
Administrative Expenses	62,500
Financial Expenses – Other	160,000
Financial Expenses – Interest and Discount on Long-term Debt	336,854
Financial Expenses – Debt Principal Repayments	2,177,530
Financial Expenses – Transfers to Reserves and Reserve Funds	3,403,575
Purchased Services	365,914
Materials and Supplies	5,098,155
Furniture and Equipment	34,750
Other Expenses	213,459
<b>Total Expenses</b>	<b>12,534,031</b>
<b>Annual Surplus (Deficit) as per Budget</b>	<b>\$ -</b>
<b>PSAB Reporting Requirements:</b>	
Transfers to Reserves and Reserve Funds	\$ 3,403,575
Debt Principal Repayments	2,177,530
<b>Net PSAB Budget Surplus as per Financial Statements</b>	<b>\$ 5,581,105</b>

# ELGIN AREA PRIMARY WATER SUPPLY SYSTEM

## Notes to Financial Statements

Year ended December 31, 2019

### 9. Loan receivable

	2019	2018
Buy-in Charge Loan – Municipality of Dutton Dunwich	\$ 206,543	\$ 229,190
Interest Earned on Loan at prime rate less 1.53%	5,353	5,190

Effective January 1, 2018, the Municipality of Dutton Dunwich entered into a four-party water supply agreement with the Township of Southwold, the St. Thomas Secondary Water Supply System, and the Elgin Area Water Supply System resulting in a buy-in charge of \$252,000. Dutton Dunwich has requested and the Elgin Board has consented to payment of this buy-in charge over a 10 year term bearing interest on the outstanding amount. During the year, \$22,647 was received as payment on the loan. This loan is paid quarterly and will mature in December 2027.

### 10. Subsequent events

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

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

- Due to the Province of Ontario's declaration of a State of Emergency Order and the temporary closure of non-essential business and restrictions in activities, consumption within the municipalities served by the water system has moderately declined.
- Lower water demand volumes within the municipalities may result in lower expenditures
- The Regional Water Supply office has remained open but reduced their staffing compliment on premises from March 18, 2020 to the date of the auditors' report based on public health recommendations
- Implemented voluntary working from home strategy in service delivery
- Modifications to shift coverage and work-isolations to minimize risks to operating staff at the water treatment plants

At this time, these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

Financial Statements of

**LAKE HURON AREA  
PRIMARY WATER  
SUPPLY SYSTEM**

And Independent Auditors' Report thereon

Year ended December 31, 2019



KPMG LLP  
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London ON N6A 5P2  
Canada  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Lake Huron Area Primary Water Supply System

### ***Opinion***

We have audited the financial statements of Lake Huron Area Primary Water Supply System (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

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

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

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

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

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



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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

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





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

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

London, Canada

June 4, 2020

# LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

## Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial assets</b>		
Due from the Corporation of the City of London (note 3)	\$ 37,632,030	\$ 29,833,381
Trade and other receivables	673,067	1,908,629
<b>Total financial assets</b>	<b>38,305,097</b>	<b>31,742,010</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	1,511,085	1,912,744
Accrued interest on long-term debt	43,209	49,253
Long-term debt (note 4)	6,855,465	8,065,505
<b>Total financial liabilities</b>	<b>8,409,759</b>	<b>10,027,502</b>
<b>Net financial assets</b>	<b>29,895,338</b>	<b>21,714,508</b>
<b>Non-financial assets</b>		
Tangible capital assets (note 5)	148,540,345	153,032,700
Prepaid expenses	243,388	202,510
<b>Total non-financial assets</b>	<b>148,783,733</b>	<b>153,235,210</b>
<b>Accumulated surplus (note 6)</b>	<b>\$ 178,679,071</b>	<b>\$ 174,949,718</b>

Commitments (note 8)

Contingent liabilities (note 9)

Subsequent events (note 11)

See accompanying notes to financial statements

# LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

## Statement of Operations and Accumulated Surplus

Year ended December 31, 2019, with comparative information for 2018

	Budget (note 10)	2019	2018
<b>Revenues</b>			
User charges	\$ 22,079,357	\$ 22,838,742	\$ 22,549,736
Investment income	22,000	832,509	506,101
Transfer payments:			
Provincial	-	-	674,777
Federal	-	-	1,077,471
Other	5,000	1,536	27,349
<b>Total revenues</b>	<b>22,106,357</b>	<b>23,672,787</b>	<b>24,835,434</b>
<b>Expenses</b>			
Salaries, wages and benefits	749,294	784,142	691,444
Materials and supplies	11,097,153	10,645,143	10,731,894
Contracted services	116,100	517,263	352,983
Rents and financial expenses	82,500	77,098	72,300
Interest on long-term debt (note 4)	162,889	162,889	181,625
Amortization of tangible capital assets (note 5)	-	7,543,440	7,425,041
Administrative charges	213,459	213,459	208,252
<b>Total expenses</b>	<b>12,421,395</b>	<b>19,943,434</b>	<b>19,663,539</b>
<b>Annual surplus</b>	<b>9,684,962</b>	<b>3,729,353</b>	<b>5,171,895</b>
<b>Accumulated surplus, beginning of year (note 6)</b>	<b>174,949,718</b>	<b>174,949,718</b>	<b>169,777,823</b>
<b>Accumulated surplus, end of year (note 6)</b>	<b>\$ 184,634,680</b>	<b>\$ 178,679,071</b>	<b>\$ 174,949,718</b>

See accompanying notes to financial statements

# LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

## Statement of Changes in Net Financial Assets

Year ended December 31, 2019, with comparative information for 2018

	<b>Budget</b>	<b>2019</b>	<b>2018</b>
	(note 10)		
Annual surplus	\$ 9,684,962	\$ <b>3,729,353</b>	\$ 5,171,895
Acquisition of tangible capital assets	(15,127,000)	<b>(3,051,085)</b>	(2,774,993)
Amortization of tangible capital assets	-	<b>7,543,440</b>	7,425,041
	(5,442,038)	<b>8,221,708</b>	9,821,943
Change in prepaid expenses	-	<b>(40,878)</b>	4,154
Change in net financial assets	(5,442,038)	<b>8,180,830</b>	9,826,097
Net financial assets, beginning of year	21,714,508	<b>21,714,508</b>	11,888,411
Net financial assets, end of year	\$ 16,272,470	\$ <b>29,895,338</b>	\$ 21,714,508

See accompanying notes to financial statements

# LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

## Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
<b>Cash provided by:</b>		
<b>Operating activities:</b>		
Annual surplus	\$ 3,729,353	\$ 5,171,895
<b>Items not involving cash:</b>		
Amortization of tangible capital assets	7,543,440	7,425,041
Amortization of debenture discount	8,200	8,200
<b>Changes in non-cash assets and liabilities:</b>		
Due from the Corporation of the City of London	(7,798,649)	(6,327,849)
Prepaid expenses	(40,878)	4,154
Trade and other receivables	1,235,562	(1,281,184)
Accounts payable and accrued liabilities	(401,659)	(348,066)
Deferred revenue	-	(674,777)
Accrued interest on long-term debt	(6,044)	(4,943)
<b>Net change in cash from operating activities</b>	<b>4,269,325</b>	<b>3,972,471</b>
<b>Capital activities:</b>		
Purchase of tangible capital assets	(3,051,085)	(2,774,993)
<b>Cash used in capital activities</b>	<b>(3,051,085)</b>	<b>(2,774,993)</b>
<b>Financing activities:</b>		
Long-term debt repayments	(1,218,240)	(1,197,478)
<b>Cash used in financing activities</b>	<b>(1,218,240)</b>	<b>(1,197,478)</b>
<b>Net change in cash flows</b>	<b>\$ -</b>	<b>\$ -</b>

See accompanying notes to financial statements

# LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

## Notes to Financial Statements

Year ended December 31, 2019

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### 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

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# LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

## Notes to Financial Statements (continued)

Year ended December 31, 2019

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### 2. Significant accounting policies

The financial statements of the Entity are prepared by management, in accordance with Canadian generally accepted accounting principles as defined in the CPA Canada Public Sector Handbook – Accounting. Significant accounting policies are as follows.

#### (a) Accrual accounting

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

#### (b) Non-financial assets

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

##### i) Tangible capital assets

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

Asset	Useful Life - Years
Buildings and building improvements	15 – 40
Vehicles	5 – 15
Machinery and equipment	7 – 20
Water infrastructure	10 – 60
Computers	3

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

##### ii) Interest capitalization

The interest costs associated with the acquisition or construction of a tangible capital asset are not capitalized.

#### (c) Revenue recognition

The Entity recognizes revenue when water is drawn by each customer, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the sales price is fixed or determinable.

# LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

## Notes to Financial Statements (continued)

Year ended December 31, 2019

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### 2. Significant accounting policies (continued)

#### (d) Government transfers

Government transfer payments to 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.

#### (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.

#### (h) Related party disclosures

The Entity adopted Public Sector Accounting Board Standard PS 2200 *Related Party Transactions* effective for fiscal periods beginning on or after April 1, 2017. The standard defines related party and provides disclosure requirements. 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 financial statements. The standard also requires disclosure of related party transactions that have occurred where no amounts have been recognized. The Entity adopted this standard on a prospective basis and there were no adjustments as a result of the adoption of this standard.



# LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

## Notes to Financial Statements (continued)

Year ended December 31, 2019

### 2. Significant accounting policies (continued)

#### (i) Inter-entity transactions

The Entity adopted Public Sector Accounting Board standard PS 3420 *Inter-entity Transactions* effective for fiscal periods beginning on or after April 1, 2017. The standards specifies how to account for transactions between public sector entities within the government reporting entity.

Transactions undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length are recorded at the exchange amount. Transfers of an asset or liability at nominal or no consideration is recorded by the provider at the carrying amount and the recipient has the choice of using either the 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 recipient at the carrying amount or fair value unless otherwise dictated by policy, accountability structure or budget practice.

All other transactions are measured at the carrying amount.

The Entity adopted this standard on a prospective basis and there were no adjustments as a result of the adoption of this standard.

### 3. Due from the Corporation of the City of London

As the Administering Municipality, the Corporation manages the daily operations of the Entity. The Corporation maintains a separate general ledger on behalf of the Entity. All funds are paid and received through the Corporation's bank account and are held for use by the Entity.

### 4. Long-term debt

(a) Long-term debt is stated as follows:

	2019	2018
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 2.50% to 3.20%, maturing September 2022.	\$ 571,075	\$ 752,225
(b) at rates ranging from 2.65% to 3.80%, maturing September 2023.	647,370	798,930
(c) at rates ranging from 0.95% to 2.25%, maturing March 2025.	5,346,840	6,194,298
(d) at rates ranging from 1.15% to 2.85%, maturing March 2027.	331,212	369,285
Total long-term debt	6,896,497	8,114,738
Less: Unamortized debenture discount	(41,032)	(49,233)
Net long-term debt	\$ 6,855,465	\$ 8,065,505

# LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

## Notes to Financial Statements (continued)

Year ended December 31, 2019

### 4. Long-term debt

(b) The long-term debt repayment schedule is as follows:

2020	\$	1,239,448
2021		1,261,262
2022		1,283,326
2023		1,106,232
2024		951,752
2025 & beyond		1,054,477

(c) Total charges for the year for long-term debt which are reported on the Statement of Operations and Accumulated Surplus are as follows:

	2019	2018
Interest	\$ 154,688	\$ 173,425
Amortization of debenture discount	8,201	8,200
	<b>\$ 162,889</b>	<b>\$ 181,625</b>

### 5. Tangible capital assets

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Land	\$ 1,843,513	\$ 545,549	\$ -	\$ 2,389,062
Buildings and building improvements	55,553,348	303,521	55,590	55,801,279
Machinery and equipment	42,888,999	1,601,662	464,883	44,025,778
Vehicles	32,425	-	20,898	11,527
Water infrastructure	118,418,737	241,541	-	118,660,278
Computers	85,620	1,217	-	86,837
Assets under construction	367,691	591,798	234,203	725,286
<b>Total</b>	<b>\$ 219,190,333</b>	<b>\$ 3,285,288</b>	<b>\$ 775,574</b>	<b>\$ 221,700,047</b>

Accumulated Amortization	Balance at December 31, 2018	Amortization expense	Disposals	Balance at December 31, 2019
Land	\$ -	\$ -	\$ -	\$ -
Buildings and building improvements	15,911,689	2,202,742	55,590	18,058,841
Machinery and equipment	20,925,399	3,070,999	464,883	23,531,515
Vehicles	23,369	1,646	20,898	4,117
Water infrastructure	29,282,867	2,239,309	-	31,522,176
Computers	14,309	28,744	-	43,053
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 66,157,633</b>	<b>\$ 7,543,440</b>	<b>\$ 541,371</b>	<b>\$ 73,159,702</b>

# LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 5. Tangible capital assets (continued)

	Net book value December 31, 2018	Net book value December 31, 2019
Land	\$ 1,843,513	\$ 2,389,062
Buildings and building improvements	39,641,659	37,742,438
Machinery and equipment	21,963,600	20,494,263
Vehicles	9,056	7,410
Water infrastructure	89,135,870	87,138,102
Computers	71,311	43,784
Assets under construction	367,691	725,286
<b>Total</b>	<b>\$ 153,032,700</b>	<b>\$ 148,540,345</b>

### (a) Assets under construction

Assets under construction with a net book value of \$725,286 (2018 - \$367,691) 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 (2018 – nil).

## 6. Accumulated surplus

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

	2019	2018
<b>Surplus:</b>		
Invested in tangible capital assets	<b>\$139,069,937</b>	\$142,376,307
Total surplus	<b>139,069,937</b>	142,376,307
<b>Reserve funds set aside for specific purpose by the Board:</b>		
Infrastructure renewal - water operations	<b>39,609,134</b>	32,573,411
Total reserve funds	<b>39,609,134</b>	32,573,411
	<b>\$178,679,071</b>	\$174,949,718

# LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

## Notes to Financial Statements (continued)

Year ended December 31, 2019

---

### 7. 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.

### 8. Commitments

#### Derivatives

The Entity has the following derivative:

- Contract with one block negotiated May 5, 2017, with a daily electricity purchase of 24 megawatt hours. Covering the period of November 1, 2018 to August 31, 2021, remaining contract cost at December 31, 2019 is \$431,587 (2018 - \$689,832 under contract expired October 31, 2019).

This derivative contract was purchased to ensure price certainty for 26% of the Entity's electricity needs over the term of the contract. The value of the contract is not reflected as an asset or liability in these financial statements.

### 9. Contingent liabilities

There are certain claims pending against the Entity as at December 31, 2019. The final outcome of these claims cannot be determined at this time, however management believes that settlement of these matters will not materially exceed amounts recorded in these financial statements.

# LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

## Notes to Financial Statements (continued)

Year ended December 31, 2019

### 10. Budget data

Budget data presented in these consolidated financial statements are based upon 2019 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.

	<b>Budget</b>
<b>Revenues</b>	
User charges	\$ 22,079,357
Municipal Revenues - Other	27,000
<b>Total revenues</b>	<b>22,106,357</b>
<b>Expenses</b>	
Personnel Costs	681,294
Administrative Expenses	88,000
Financial Expenses - Other	310,000
Financial Expenses - Interest and Discount on LTD	162,889
Financial Expenses - Debt Principal Repayments	1,218,241
Financial Expenses - Transfers to Reserves and Reserve Funds	8,466,721
Purchased Services	609,100
Materials and Supplies	10,321,903
Furniture and Equipment	34,750
Other Expenses	213,459
Recovered Expenses	-
<b>Total expenses</b>	<b>21,106,357</b>
<b>Net surplus as per Budget</b>	<b>\$ -</b>
<b>PSAB Reporting Requirements:</b>	
Transfers to Reserves and Reserve Funds	\$ 8,466,721
Debt principal repayments	1,218,241
<b>Net PSAB Budget surplus as per Financial Statements</b>	<b>\$ 9,684,962</b>

# LAKE HURON AREA PRIMARY WATER SUPPLY SYSTEM

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 11. Subsequent events

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

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

- Due to the Province of Ontario's declaration of a State of Emergency Order and the temporary closure of non-essential business and restrictions in activities, consumption within the municipalities served by the water system has moderately declined.
- Lower water demand volumes within the municipalities may result in lower expenditures
- The Regional Water Supply office has remained open but reduced their staffing compliment on premises from March 18, 2020 to the date of the auditors' report based on public health recommendations
- Implemented voluntary working from home strategy in service delivery
- Modifications to shift coverage and work-isolations to minimize risks to operating staff at the water treatment plants

At this time, these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

# 2019 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: **2019.01001**

## 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	Anna Lisa Barbon
0093	Municipal Treasurer's Email (Required)	abarbon@london.ca
0094	Date	9/1/2020

Signature of Municipal Treasurer

Signature	Date
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0070 Outstanding In-Year Critical Errors

0075 Schedule 54: Cashflow - Direct or Indirect Method Chosen

0077 Method used to allocate Program Support to other functions in Schedule 40

0078 If "Other Method" is selected in line 0077, please describe method of allocating Program Support

	Municipal Data 1 (#)	Data Source 2 (List)
0040	Households	MPAC
0041	Population	Municipal
0042	Youth Population	Municipal

2019.01

**FIR2019: London C**

**Schedule 10**

Asmt Code: 3936

**CONSOLIDATED STATEMENT OF OPERATIONS: REVENUE**

MAH Code: 59101

for the year ended December 31, 2019

STATEMENT OF OPERATIONS: REVENUE		Own Purposes Revenue
		1
		\$
0299	<b>Property Taxation</b> Taxation - Own Purposes (SLC 26 9199 04 - 72 2899 07) For UT (SLC 28 0299 12 - 28 0299 08) . . . . .	622,509,346
0499	Payments-In-Lieu of Taxation (SLC 26 9599 08) For UT (SLC 28 0299 08) . . . . .	9,659,916
<b>9940</b>	<b>Subtotal</b>	<b>632,169,262</b>
0510	Estimated tax revenue . . . . .	
0620	Ontario Municipal Partnership Fund (OMPF) . . . . .	0
0625	<b>Ontario Cannabis Legalization Implementation Fund (OCLIF)</b> . . . . .	239,149
0695	Other . . . . .	
0696	Other . . . . .	
0697	Other . . . . .	
0698	Other . . . . .	
<b>0699</b>	<b>Subtotal</b>	<b>239,149</b>
<b>0810</b>	<b>Conditional Grants</b>	
0810	Ontario conditional grants (SLC 12 9910 01) . . . . .	247,467,851
0815	Ontario Grants for Tangible Capital Assets (SLC 12 9910 05) . . . . .	2,939,899
0820	Canada conditional grants (SLC 12 9910 02) . . . . .	2,109,334
0825	Canada Grants for Tangible Capital Assets (SLC 12 9910 06) . . . . .	19,499,419
0830	Deferred revenue earned (Provincial Gas Tax) (SLC 60 1042 01 + SLC 60 1045 01) . . . . .	16,319,001
0831	Deferred revenue earned (Canada Gas Tax) (SLC 60 1047 01) . . . . .	7,949,945
<b>0899</b>	<b>Subtotal</b>	<b>296,285,449</b>
1098	Revenue from other municipalities for Tangible Capital Assets (SLC 12 9910 07) . . . . .	0
1099	Revenue from other municipalities (SLC 12 9910 03) . . . . .	6,584,190
1299	<b>Total User Fees and Service Charges (SLC 12 9910 04)</b> . . . . .	<b>257,910,845</b>
<b>1410</b>	<b>Licences, permits, rents, etc.</b>	
1410	Trailer revenue and permits . . . . .	0
1420	Licences and permits . . . . .	11,723,840
1430	Rents, concessions and franchises . . . . .	24,050,177
1431	Royalties . . . . .	
1432	Green Energy . . . . .	
1498	Other . . . . . Other	291,067
<b>1499</b>	<b>Subtotal</b>	<b>36,065,084</b>
<b>1605</b>	<b>Fines and penalties</b>	
1605	Provincial Offences Act (POA) Municipality which administers POA only . . . . .	5,063,293
1610	Other fines . . . . .	3,008,912
1620	Penalties and interest on taxes . . . . .	4,667,379
1698	Other . . . . .	
<b>1699</b>	<b>Subtotal</b>	<b>12,739,584</b>
<b>1805</b>	<b>Other revenue</b>	
1805	Investment income . . . . .	8,634,950
1806	Interest earned on reserves and reserve funds . . . . .	16,265,664
1811	Gain/Loss on sale of land & capital assets . . . . .	65,283
1812	Deferred revenue earned (Development Charges) (SLC 60 1025 01 + SLC 60 1026 01) . . . . .	34,934,114
1813	Deferred revenue earned (Recreational land (The Planning Act)) (SLC 60 1032 01 + SLC 60 1035 01) . . . . .	131,402
1814	Other Deferred revenue earned . . . . .	
1830	Donations . . . . .	1,947,602
1831	Donated Tangible Capital Assets (SLC 53 0610 01) . . . . .	64,953,296
1840	Sale of publications, equipment, etc. . . . .	5,716,546
1850	Contributions from non-consolidated entities . . . . .	
1865	Other Revenues from Government Business Enterprise (ie. Dividends, etc.) . . . . .	
1870	Gaming and Casino Revenues . . . . .	5,061,660
1890	Other . . . . .	
1891	Other . . . . .	
1892	Other . . . . .	
1893	Other . . . . .	
1894	Other . . . . .	
1895	Other . . . . . Other	262,590
1896	Other . . . . . Other	2,029,539
1897	Other . . . . . Other	27,213,766
1898	Other . . . . .	
<b>1899</b>	<b>Subtotal</b>	<b>167,216,412</b>
1880	Municipal Land Transfer Tax (City of Toronto Act, 2006) . . . . .	
<b>1886</b>	<b>Transient Accommodation Tax</b> . . . . .	<b>3,442,328</b>
1905	Increase/Decrease in Government Business Enterprise equity . . . . .	9,028,528
<b>9910</b>	<b>TOTAL Revenues</b>	<b>1,421,680,831</b>



2019.01

**FIR2019: London C**

**Schedule 10**

Asmt Code: 3936

**CONSOLIDATED STATEMENT OF OPERATIONS: REVENUE**

MAH Code: 59101

for the year ended December 31, 2019

<b>Continuity of Accumulated Surplus/(Deficit)</b>		1
		\$
2010	PLUS: Total Revenues (SLC 10 9910 01) . . . . .	1,421,680,831
2020	LESS: Total Expenses (SLC 40 9910 11) . . . . .	1,199,515,678
2030	PLUS: . . . . .	
2040	PLUS: . . . . .	
2045	PLUS: PSAB Adjustments . . . . .	
2099	Annual Surplus/(Deficit) . . . . .	222,165,153
2060	Accumulated surplus/(deficit) at the beginning of year . . . . .	4,316,746,973
2061	Prior period adjustments . . . . .	
2062	Restated accumulated surplus/(deficit) at the beginning of year . . . . .	4,316,746,973
2063	<b>Other comprehensive Income (loss)</b> . . . . .	
9950	Accumulated surplus/(deficit) at the end of year (SLC 10 2099 01 + SLC 10 2062 01 + SLC 10 2063 01) . . . . .	4,538,912,126

<b>Continuity of Government Business Enterprise Equity</b>		1
		\$
6010	Government Business Enterprise Equity, beginning of year . . . . .	189,381,478
6020	PLUS: Net Income for Government Business Enterprise for year . . . . .	9,028,528
6060	PLUS: . . . . . Other . . . . .	-5,000,000
6090	Government Business Enterprise Equity, end of year . . . . .	193,410,006

<b>Total of line 0899 includes:</b>		1
<b>Provincial Gas Tax Funding</b>		\$
4018	Provincial Gas Tax for Transit operating expenses . . . . .	14,650,476
4019	Provincial Gas Tax for Transit capital expenses . . . . .	1,668,525
4020	Provincial Gas Tax . . . . .	16,319,001

<b>Total of line 0899 includes:</b>		1
<b>Canada Gas Tax Funding</b>		\$
4025	General Government . . . . .	568,045
Transportation Services:		
4030	Roads - Paved . . . . .	12,536,321
4031	Roads - Unpaved . . . . .	
4032	Roads - Bridges and Culverts . . . . .	475,057
4033	Roadways - Traffic Operations & Roadside . . . . .	
4040	Transit - Conventional . . . . .	
4041	Transit - Disabled & special needs . . . . .	
4045	Air transportation . . . . .	
4046	Other . . . . .	
Environmental Services:		
4060	Wastewater collection/conveyance . . . . .	1,502,682
4061	Wastewater treatment & disposal . . . . .	62,128
4062	Urban storm sewer system . . . . .	756,662
4063	Rural storm sewer system . . . . .	
4064	Water treatment . . . . .	
4065	Water distribution/transmission . . . . .	698,845
4066	Solid waste collection . . . . .	
4067	Solid waste disposal . . . . .	1,052,152
4068	Waste diversion . . . . .	
4069	Other . . . . .	
4075	Recreation Facilities - All Other . . . . .	253,686
4076	Cultural services . . . . .	
4080	Commercial and industrial . . . . .	
4099	<b>Canada Gas Tax</b> . . . . .	17,905,578

**FIR2019: London C**

Asmt Code: 3936  
MAH Code: 59101

**Schedule 12**  
**GRANTS, USER FEES AND SERVICE CHARGES**  
for the year ended December 31, 2019

	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 \$
<b>0299 General government</b>	1,606,381		5,333	2,277,779		51,655	
<b>Protection services</b>							
0410 Fire				320,080			
0420 Police	5,467,907	3,624	884,350	930,247			
0421 Court Security							
0422 Prisoner Transportation							
0430 Conservation authority							
0440 Protective inspection and control				815,125			
0445 Building permit and inspection services				75,293			
0450 Emergency measures							
0460 Provincial Offences Act (POA)							
0498 Other							
<b>0499 Subtotal</b>	<b>5,467,907</b>	<b>3,624</b>	<b>884,350</b>	<b>2,140,745</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Transportation services</b>							
0611 Roads - Paved				368,139		14,409,155	
0612 Roads - Unpaved				9,948			
0613 Roads - Bridges and Culverts				95,553		3,214	
0614 Roads - Traffic Operations & Roadside				66,825		-9,160	
0621 Winter Control - Except sidewalks, Parking Lots				431,562			
0622 Winter Control - Sidewalks, Parking Lots Only				69,934			
0631 Transit - Conventional		84,266		32,741,472			
0632 Transit - Disabled & special needs				570,652			
0640 Parking				3,406,898		916	
0650 Street lighting							
0660 Air transportation							
0698 Other	40,000				2,000		
<b>0699 Subtotal</b>	<b>40,000</b>	<b>84,266</b>	<b>0</b>	<b>37,760,983</b>	<b>2,000</b>	<b>14,404,125</b>	<b>0</b>
<b>Environmental services</b>							
0811 Wastewater collection/conveyance	11,570	-246	31,403	28,441,512	4,593	755,206	
0812 Wastewater treatment & disposal	17,355		47,104	42,662,268	658,373	1,316,746	
0821 Urban storm sewer system	9,642		26,169	23,701,260	1,170,557	2,333,596	
0822 Rural storm sewer system							
0831 Water treatment			88,742	28,566,357			
0832 Water distribution/transmission			495,105	53,051,806	90,967	194,695	
0840 Solid waste collection				694,782			
0850 Solid waste disposal			43,123	6,026,704			
0860 Waste diversion			466,544	4,085,068			
0898 Other		0					
<b>0899 Subtotal</b>	<b>38,567</b>	<b>-246</b>	<b>1,198,190</b>	<b>187,229,757</b>	<b>1,924,490</b>	<b>4,600,243</b>	<b>0</b>
<b>Health services</b>							
1010 Public health services	4,721,990	70,811	207,118				
1020 Hospitals							
1030 Ambulance services							
1035 Ambulance dispatch							
1040 Cemeteries							
1098 Other							
<b>1099 Subtotal</b>	<b>4,721,990</b>	<b>70,811</b>	<b>207,118</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Social and family services</b>							
1210 General assistance	147,593,051	1,079,882		18,467			
1220 Assistance to aged persons	12,867,561			6,344,440			
1230 Child care	52,639,705	251,002					
1298 Other				89,795			
<b>1299 Subtotal</b>	<b>213,100,317</b>	<b>1,330,884</b>	<b>0</b>	<b>6,452,702</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Social Housing</b>							
1410 Public Housing	3,038,023			340,231			
1420 Non - Profit/Cooperative Housing	6,479,832		4,289,199				
1430 Rent Supplement Programs	10,721,712						
1497 Other							
1498 Other	1,132,669					31,389	
<b>1499 Subtotal</b>	<b>21,372,236</b>	<b>0</b>	<b>4,289,199</b>	<b>340,231</b>	<b>0</b>	<b>31,389</b>	<b>0</b>
<b>Recreation and cultural services</b>							
1610 Parks					1,013,409	259,605	
1620 Recreation programs	96,643	30,870		7,245,175			
1631 Recreation facilities - Golf Course, Marina, Ski Hill				2,658,878			
1634 Recreation facilities - All Other	162,758			620,378		152,400	
1640 Libraries	598,829	29,400		540,246			
1645 Museums		47,131					
1650 Cultural services	228,282	484,096		573,153			
1698 Other							
<b>1699 Subtotal</b>	<b>1,086,512</b>	<b>591,497</b>	<b>0</b>	<b>11,637,830</b>	<b>1,013,409</b>	<b>412,005</b>	<b>0</b>
<b>Planning and development</b>							
1810 Planning and zoning	30,501			1,871,914			
1820 Commercial and industrial	3,440	28,498		8,198,904		2	
1830 Residential development							
1840 Agriculture and reforestation							
1850 Tile drainage/shoreline assistance							
1898 Other							
<b>1899 Subtotal</b>	<b>33,941</b>	<b>28,498</b>	<b>0</b>	<b>10,070,818</b>	<b>0</b>	<b>2</b>	<b>0</b>
1910 Other							
<b>9910 TOTAL</b>	<b>247,467,851</b>	<b>2,109,334</b>	<b>6,584,190</b>	<b>257,910,845</b>	<b>2,939,899</b>	<b>19,499,419</b>	<b>0</b>

# FIR2019: London C

Asmt Code: 3936  
MAH Code: 59101

## Schedule 20 TAXATION INFORMATION for the year ended December 31, 2019

### 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	Decrease - Percentage Retained	Tax Adjustment - Increases	Net Class Impact	Annualized Tax Limit	CVA Tax Limit	CVA Threshold Value for Protected Properties	CVA Threshold Value for Clawed Back Properties	Exclude Properties Previously at CVA Tax	Exclude Properties that go from Capped to Clawed Back	Exclude Properties that go from Clawed Back to Capped
	1	2	3	4	5	6	7	8	9	10	11
	Y or N	%	\$	\$	%	%	\$	\$	Y or N	Y or N	Y or N
0320	M Multi-Residential . . . . .	Y									
0330	C Commercial . . . . .	N	100.0%	-1,790	-1,790	10.0%	10.0%	500	0	Y	Y
0340	I Industrial . . . . .	Y									

#### 3. Graduated Taxation (Tax Bands)

	Grad. Tax Rates in Effect?	Number of Tax Bands	Low Band		Middle Band	
			CVA Boundary	% of Highest Band Rate	CVA Boundary	% of Highest Band Rate
	2	3	4	5	6	7
	Y or N	#	\$	%	\$	%
0610	C Commercial . . . . .	N				
0611	G Parking Lot . . . . .	N				
0612	D Office Building . . . . .	N				
0613	S Shopping Centre . . . . .	N				
0620	I Industrial . . . . .	N				
0621	L Large Industrial . . . . .	N				

#### 4. Phase-In Program in Effect (Most recent Phase-In only)

	Phase-In Program in Effect?	Year Current Phase-In Initiated	Term of Current Phase-In
	2	3	4
	Y or N	Year	# of Yrs
0805	R Residential . . . . .	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 Instalments			FINAL Billing Instalments			
	Instalments	First Due Date	Last Due Date	Instalments	First Due Date	Last Due Date	
	2	3	4	5	6	7	
	#	YYYYMMDD	YYYYMMDD	#	YYYYMMDD	YYYYMMDD	
1210	R Residential . . . . .	2	20190228	20190329	3	20190628	20191031
1220	M Multi-Residential . . . . .	2	20190228	20190329	3	20190628	20191031
1230	F Farmland . . . . .	2	20190228	20190329	3	20190628	20191031
1240	T Managed Forest . . . . .	2	20190228	20190329	3	20190628	20191031
1250	C Commercial . . . . .	2	20190228	20190329	3	20190628	20191031
1260	I Industrial . . . . .	2	20190228	20190329	3	20190628	20191031
1270	P Pipeline . . . . .	2	20190228	20190329	3	20190628	20191031
1298	Other <input type="text"/> . . . . .						

# FIR2019: London C

Asmt Code: 3936  
MAH Code: 59101

## Schedule 22 MUNICIPAL and SCHOOL BOARD TAXATION for the year ended December 31, 2019

### 1. GENERAL PURPOSE LEVY INFORMATION

9299	TOTAL	Phase-In Taxable Assessment	44,852,463.078	LT/ST Taxes	606,536,544	UT Taxes	0	Education Taxes	141,204,178	TOTAL	747,740,722
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RTC RTQ	Tax Band	Property Class	Tax Rate Description	Tax Ratio	Percent of Full Rate	CVA Assessment	Phase-In Taxable Assessment	Tax Rates				Municipal Taxes		Education	TOTAL
								LT / ST	UT	EDUC	TOTAL	LT / ST	UT	Taxes	
1 LIST	2 LIST	3	4	5	6 %	7 \$	16 \$	8 0.xxxxxx%	9 0.xxxxxx%	10 0.xxxxxx%	11 0.xxxxxx%	12 \$	13 \$	14 \$	15 \$
2001	0	London C													
0010	RT	0 Residential	Full Occupied	1.000000	100%	37,040,487,221	36,341,795,344	1.179225%		0.161000%	1.340225%	428,551,536	0	58,510,291	487,061,827
0031	R1	0 Residential	Farm. Awaiting Devel. - Ph I	1.000000	75%	8,190,800	7,303,517	0.884419%		0.120750%	1.005169%	64,594	0	8,819	73,413
0050	MT	0 Multi-Residential	Full Occupied	1.795800	100%	1,726,398,503	1,652,826,006	2.062582%		0.161000%	2.223582%	34,090,892	0	2,661,050	36,751,942
0061	M1	0 Multi-Residential	Farm. Awaiting Devel. - Ph I	1.000000	75%	8,543,000	7,524,827	0.884419%		0.120750%	1.005169%	66,551	0	9,086	75,637
0110	FT	0 Farmland	Full Occupied	0.102820	100%	503,484,700	439,486,337	0.121248%		0.040250%	0.161498%	532,868	0	176,893	709,761
0140	TT	0 Managed Forest	Full Occupied	0.250000	100%	1,102,111	1,102,111	0.294806%		0.040250%	0.335056%	3,249	0	444	3,693
0210	CT	0 Commercial	Full Occupied	1.930000	100%	3,101,766,468	2,941,077,917	2.264112%		1.290000%	3.554112%	66,589,298	0	37,939,905	104,529,203
0215	CH	0 Commercial	Full Occupied, Shared PIL	1.930000	100%	17,258,464	16,347,718	2.264112%		1.290000%	3.554112%	370,131	0	210,886	581,017
0231	C1	0 Commercial	Farm. Awaiting Devel. - Ph I	1.000000	75%	1,193,000	1,120,750	0.884419%		0.120750%	1.005169%	9,912	0	1,353	11,265
0240	CU	0 Commercial	Excess Land	1.930000	70%	40,333,146	38,071,080	1.584878%		1.096500%	2.681378%	603,380	0	417,449	1,020,829
0245	CK	0 Commercial	Excess Land, Shared PIL	1.930000	70%	630,300	580,975	1.584878%		1.096500%	2.681378%	9,208	0	6,370	15,578
0270	CX	0 Commercial	Vacant Land	1.930000	70%	98,888,900	91,751,803	1.584878%		1.096500%	2.681378%	1,454,154	0	1,006,059	2,460,213
0310	GT	0 Office Building	Full Occupied	1.930000	100%	123,827,651	109,087,004	2.264112%		1.290000%	3.554112%	2,469,852	0	1,407,222	3,877,074
0320	DT	0 Office Building	Full Occupied	1.930000	100%	368,460,760	356,427,366	2.264112%		1.290000%	3.554112%	8,069,915	0	4,597,913	12,667,828
0330	DU	0 Office Building	Excess Land	1.930000	70%	2,159,380	2,024,418	1.584878%		1.096500%	2.681378%	32,085	0	22,198	54,283
0340	ST	0 Shopping Centre	Full Occupied	1.930000	100%	1,513,551,812	1,400,806,533	2.264112%		1.290000%	3.554112%	31,715,829	0	18,070,404	49,786,233
0350	SU	0 Shopping Centre	Excess Land	1.930000	70%	1,864,800	1,700,641	1.584878%		1.096500%	2.681378%	26,953	0	18,648	45,601
0510	IT	0 Industrial	Full Occupied	1.930000	100%	248,680,900	242,541,035	2.264112%		1.290000%	3.554112%	5,491,401	0	3,128,779	8,620,180
0515	IH	0 Industrial	Full Occupied, Shared PIL	1.930000	100%	6,859,000	6,485,448	2.264112%		1.290000%	3.554112%	146,838	0	83,662	230,500
0531	I1	0 Industrial	Farm. Awaiting Devel. - Ph I	1.000000	75%	1,407,000	1,273,768	0.884419%		0.120750%	1.005169%	11,265	0	1,538	12,803
0534	I4	0 Industrial	Farm. Awaiting Devel. - Ph II	1.930000	100%	112,200	104,150	2.264112%		1.290000%	3.554112%	2,358	0	1,344	3,702
0540	IU	0 Industrial	Excess Land	1.930000	70%	7,773,800	7,458,835	1.584878%		1.096500%	2.681378%	118,213	0	81,786	199,999
0570	IX	0 Industrial	Vacant Land	1.930000	70%	50,042,200	46,460,354	1.584878%		1.096500%	2.681378%	736,340	0	509,438	1,245,778
0610	LT	0 Large Industrial	Full Occupied	1.930000	100%	136,736,209	134,417,709	2.264112%		1.290000%	3.554112%	3,043,367	0	1,733,988	4,777,355
0620	LU	0 Large Industrial	Excess Land	1.930000	70%	6,684,623	6,456,778	1.584878%		1.096500%	2.681378%	102,332	0	70,799	173,131
0710	PT	0 Pipeline	Full Occupied	1.713000	100%	107,399,500	105,171,698	2.020012%		1.290000%	3.310012%	2,124,481	0	1,356,715	3,481,196
2140	JT	0 Industrial, NConstr.	Full Occupied	1.930000	100%	63,865,300	61,572,706	2.264112%		1.030000%	3.294112%	1,394,075	0	634,199	2,028,274
2145	JU	0 Industrial, NConstr.	Excess Land	1.930000	70%	2,172,800	2,064,223	1.584878%		0.875500%	2.460378%	32,715	0	18,072	50,787
2235	KT	0 Large Ind., NConstr.	Full Occupied	1.930000	100%	57,686,400	55,678,764	2.264112%		1.030000%	3.294112%	1,260,630	0	573,491	1,834,121
2240	KU	0 Large Ind., NConstr.	Excess Land	1.930000	70%	1,979,100	1,873,391	1.584878%		0.875500%	2.460378%	29,691	0	16,402	46,093
2440	XT	0 Commercial, NConstr.	Full Occupied	1.930000	100%	544,791,081	521,275,267	2.264112%		1.030000%	3.294112%	11,802,256	0	5,369,135	17,171,391
2445	XU	0 Commercial, NConstr.	Excess Land	1.930000	70%	12,959,671	12,097,342	1.584878%		0.875500%	2.460378%	191,728	0	105,912	297,640
2635	YT	0 Office Build., NConstr.	Full Occupied	1.930000	100%	17,792,460	17,319,012	2.264112%		1.030000%	3.294112%	392,122	0	178,386	570,508
2640	YU	0 Office Build., NConstr.	Excess Land	1.930000	70%	1,403,200	1,368,635	1.584878%		0.875500%	2.460378%	21,691	0	11,982	33,673
2835	ZT	0 Shopp. Centre, NConstr.	Full Occupied	1.930000	100%	231,362,305	219,500,033	2.264112%		1.030000%	3.294112%	4,969,727	0	2,260,850	7,230,577
2840	ZU	0 Shopp. Centre, NConstr.	Excess Land	1.930000	70%	337,883	309,583	1.584878%		0.875500%	2.460378%	4,907	0	2,710	7,617
9201			Subtotal			46,058,186,648	44,852,463,078					606,536,544	0	141,204,178	747,740,722

**FIR2019: London C**

Asmt Code: 3936

MAH Code: 59101

**Schedule 22**  
**MUNICIPAL and SCHOOL BOARD TAXATION**  
 for the year ended December 31, 2019

1. GENERAL PURPOSE LEVY INFORMATION

		Phase-In Taxable Assessment	LT/ST Taxes	UT Taxes	Education Taxes	TOTAL
9299	TOTAL	44,852,463.078	606,536,544	0	141,204,178	747,740,722

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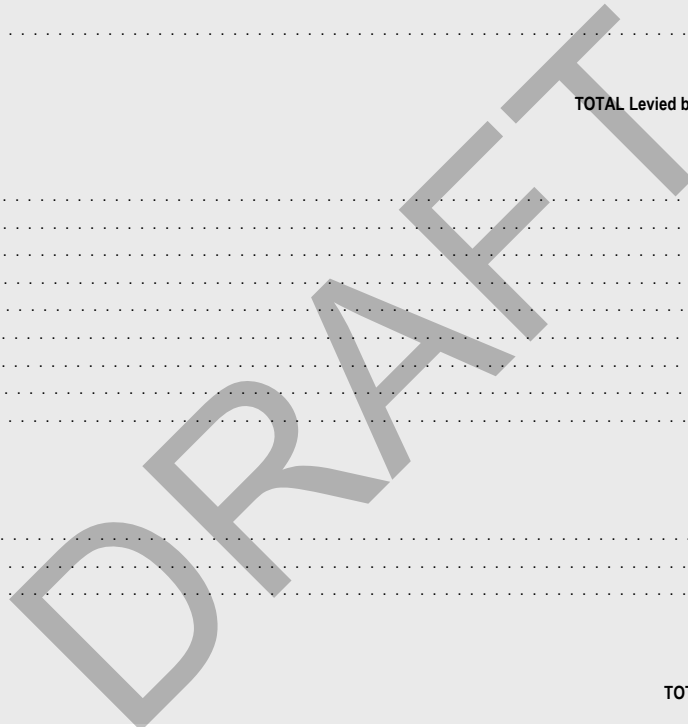
# FIR2019: London C

Asmt Code: 3936

MAH Code: 59101

## Schedule 22 MUNICIPAL and SCHOOL BOARD TAXATION for the year ended December 31, 2019

	Municipal Taxes		Education Taxes	TOTAL
	LT / ST 12 \$	UT 13 \$	14 \$	
<b>4. ADJUSTMENTS TO TAXATION</b>				
7010 Adjustments for properties, shared as if Payment-In-Lieu (Hydro properties RTQ = H, J, K) . . . . .	300,918		-300,918	0
<b>5. SUPPLEMENTARY TAXES</b>				
9799 Total of all supplementary taxes (Supps, Omits, Section 359) . . . . .	12,116,567		2,468,814	14,585,381
<b>6. AMOUNT LEVIED BY TAX RATE</b>				
9910 <b>TOTAL Levied by Tax Rate</b>	618,954,029	0	143,372,074	762,326,103
<b>7. AMOUNTS ADDED TO TAX BILL</b>				
8005 Local improvements . . . . .	569,181			569,181
8010 Sewer and water service charges . . . . .	3,001,610			3,001,610
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 . . . . .	2,593,287			2,593,287
8097 Other <input type="text"/> . . . . .				0
9890 <b>Subtotal</b>	6,164,078	0	0	6,164,078
<b>8. OTHER TAXATION AMOUNTS</b>				
8045 Railway rights-of-way (RTC = W) . . . . .	54,468		56,933	111,401
8050 Utility transmission and utility corridors (RTC = U) . . . . .				0
8098 Other <input type="text"/> . . . . .				0
9892 <b>Subtotal</b>	54,468	0	56,933	111,401
<b>9. TOTAL AMOUNT LEVIED</b>				
9990 <b>TOTAL Levies</b>	625,172,575	0	143,429,007	768,601,582



**FIR2019: London C**

Asmt Code: 3936  
MAH Code: 59101

**Schedule 24**  
**PAYMENTS-IN-LIEU of TAXATION**  
for the year ended December 31, 2019

1. GENERAL PURPOSE PAYMENTS-IN-LIEU

9299	TOTAL	PIL Phased-In Assessment	LT/ST PILS	UT PILS	Education PILS	TOTAL
		198,260,732	4,511,829	0	1,383,721	5,895,550

KIC DTD 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	TOTAL
								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 \$
0		London C													
1011	RF 0	Residential	PIL: Full Occupied	1.000000	100%	1,674,000	1,529,000	1.179225%		0.161000%	1.340225%	18,030	0	2,462	20,492
1015	RP 0	Residential	PIL: Full Occupied, Taxable Tenant of Province	1.000000	100%	69,100	67,927	1.179225%		0.161000%	1.340225%	801	0	109	910
1028	RG 0	Residential	PIL: 'General' Only (No Educ.)	1.000000	100%	321,400	299,373	1.179225%			1.179225%	3,530	0	0	3,530
1210	CF 0	Commercial	PIL: Full Occupied	1.930000	100%	76,748,600	73,345,376	2.264112%		1.030000%	3.294112%	1,660,621	0	755,457	2,416,078
1220	CG 0	Commercial	PIL: 'General' Only (No Educ.)	1.930000	100%	41,504,100	39,785,990	2.264112%			2.264112%	900,799	0	0	900,799
1260	CW 0	Commercial	PIL: Excess Land, 'General' Only	1.930000	70%	481,300	444,435	1.584878%			1.584878%	7,044	0	0	7,044
1280	CY 0	Commercial	PIL: Vacant Land	1.930000	70%	1,292,700	1,188,025	1.584878%		1.096500%	2.681378%	18,829	0	13,027	31,856
1290	CZ 0	Commercial	PIL: Vacant Land, 'General' Only	1.930000	70%	3,398,000	2,808,000	1.584878%			1.584878%	44,503	0	0	44,503
1310	GF 0	Parking Lot	PIL: Full Occupied	1.930000	100%	12,293,000	11,717,206	2.264112%		1.030000%	3.294112%	265,291	0	120,687	385,978
1320	DF 0	Office Building	PIL: Full Occupied	1.930000	100%	25,310,000	24,008,800	2.264112%		1.030000%	3.294112%	543,586	0	247,291	790,877
1328	DG 0	Office Building	PIL: 'General' Only (No Educ.)	1.930000	100%	21,203,000	21,203,000	2.264112%			2.264112%	480,060	0	0	480,060
1590	IZ 0	Industrial	PIL: Vacant Land, 'General' Only	1.930000	70%	432,600	400,600	1.584878%			1.584878%	6,349	0	0	6,349
4410	XF 0	Commercial, NConstr.	PIL: Full Occupied	1.930000	100%	12,379,000	12,379,000	2.264112%		1.030000%	3.294112%	280,274	0	127,504	407,778
5010	HF 0	Landfill	PIL: Full Occupied	2.633590	100%	9,084,000	9,084,000	3.105595%		1.290000%	4.395595%	282,112	0	117,184	399,296
											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			206,190,800	198,260,732					4,511,829	0	1,383,721	5,895,550

2019.01001

# FIR2019: London C

Asmt Code: 3936

MAH Code: 59101

## Schedule 24 PAYMENTS-IN-LIEU of TAXATION for the year ended December 31, 2019

		Municipal PILS		Education	TOTAL
		LT / ST	UT	PILS	
		12	13	14	15
		\$	\$	\$	\$
<b>4. SUPPLEMENTARY PAYMENTS-IN-LIEU</b>					
9799	Total of all supplementary PILS (Supps, Omits, Section 444) . . . . .				0
<b>5. PAYMENTS-IN-LIEU LEVIED BY TAX RATE</b>					
9910		<b>TOTAL PILS Levied by Tax Rate</b>			
		4,511,829	0	1,383,721	5,895,550
<b>6. AMOUNTS ADDED TO PAYMENTS-IN-LIEU</b>					
8005	Local improvements . . . . .				0
8010	Sewer and water service charges . . . . .				0
8015	Sewer and water connection charges . . . . .				0
8020	Fire service charges . . . . .				0
8030	Municipal drainage charges . . . . .				0
8035	Waste management collection charges . . . . .				0
8040	Business improvement area . . . . .				0
8097	Other <input type="text" value="Airport"/> . . . . .	857,156			857,156
9890		<b>Subtotal</b>		0	857,156
		857,156	0	0	857,156
<b>7. OTHER PAYMENTS-IN-LIEU AMOUNTS</b>					
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 . . . . .	37,308		52,809	90,117
8051	Utility transmission and utility corridors (RTC = U) - from Province . . . . .				0
8055	Institutional Payments - Heads and Beds (Mun. Act 323, 324) . . . . .	4,225,950			4,225,950
8060	Hydro-electric Power Dams - from Province . . . . .				0
8098	Other <input type="text"/>				0
9892		<b>Subtotal</b>		52,809	4,316,067
		4,263,258	0	52,809	4,316,067
<b>8. TOTAL PAYMENTS-IN-LIEU LEVIED</b>					
9990		<b>TOTAL PILS Levied</b>			
		9,632,243	0	1,436,530	11,068,773



# FIR2019: London C

Asmt Code: 3936  
MAH Code: 59101

## Schedule 26 TAXATION and PAYMENTS-IN-LIEU SUMMARY for the year ended December 31, 2019

### 1. Municipal and School Board Taxation

						TOTAL						
						100.000%	ENG - Public	FRE - Public	ENG - Separate	FRE - Separate	Other	
							77.590%	0.870%	19.887%	1.653%	0.000%	
							Distribution of Education Taxes in column 6 by School Board					
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	Municipal Taxes	Education Taxes	ENG - Public	FRE - Public	ENG - Separate	FRE - Separate	Other
	16 \$	2 \$	18 \$	17 \$	3 \$	LT / ST	UT	7 \$	8 \$	9 \$	10 \$	11 \$
9010 Legislated Percentage of Education Taxes distributed to each School Board (Applic. to Com, Ind, Pipelines)												
0010 Residential	37,048,678,021	37,046,630,321	36,349,098,861	36,347,272,982	487,135,240	428,616,130	0	49,006,745	188,830	9,075,244	248,291	
0050 Multi-residential	1,734,941,503	3,106,673,682	1,660,350,833	2,973,788,562	36,827,579	34,157,443	0	2,485,708	3,721	176,205	4,502	
0110 Farmland	503,484,700	51,768,297	439,486,337	45,187,985	709,761	532,868	0	167,010	4	9,871	8	
0140 Managed Forests	1,102,111	275,528	1,102,111	275,528	3,693	3,249	0	436	0	7	1	
<b>9110 Subtotal</b>	<b>39,288,206,335</b>	<b>40,205,347,827</b>	<b>38,450,038,142</b>	<b>39,366,525,056</b>	<b>524,676,273</b>	<b>463,309,690</b>	<b>0</b>	<b>51,659,899</b>	<b>192,555</b>	<b>9,261,327</b>	<b>252,802</b>	<b>0</b>
0210 Commercial	3,260,070,278	6,209,553,388	3,088,950,243	5,884,847,650	108,618,105	69,036,083	0	30,711,691	344,364	7,871,677	654,291	0
0215 Commercial New Construction	557,750,752	1,068,955,302	533,372,609	1,022,404,774	17,469,031	11,993,984	0	4,248,089	47,633	1,088,823	90,503	0
0310 Parking Lot	123,827,651	238,987,366	109,087,004	210,537,918	3,877,074	2,469,852	0	1,091,864	12,243	279,854	23,261	0
0320 Office Building	370,620,140	714,046,589	358,451,784	690,639,805	12,722,111	8,102,000	0	3,584,744	40,195	918,801	76,370	0
0325 Office Building New Constructi	19,195,660	36,235,171	18,687,647	35,274,719	604,181	413,813	0	147,707	1,656	37,858	3,147	0
0340 Shopping Centre	1,515,416,612	2,923,674,342	1,402,507,174	2,705,854,175	49,831,834	31,742,782	0	14,035,295	157,375	3,597,370	299,012	0
0345 Shopping Centre New Constru	231,700,188	446,985,729	219,809,616	424,053,310	7,238,194	4,974,634	0	1,756,296	19,693	450,154	37,417	0
<b>9120 Subtotal</b>	<b>6,078,581,281</b>	<b>11,638,437,887</b>	<b>5,730,866,077</b>	<b>10,973,612,351</b>	<b>200,360,530</b>	<b>128,733,148</b>	<b>0</b>	<b>55,575,686</b>	<b>623,158</b>	<b>14,244,537</b>	<b>1,184,001</b>	<b>0</b>
0510 Industrial	314,875,100	572,573,219	304,323,590	554,622,272	10,312,962	6,506,415	0	2,953,500	33,117	757,008	62,922	0
0515 Industrial New Construction	66,038,100	126,195,482	63,636,929	121,624,088	2,079,061	1,426,790	0	506,097	5,675	129,717	10,782	0
0610 Large Industrial	143,420,832	272,931,809	140,874,487	268,149,285	4,950,486	3,145,699	0	1,400,334	15,702	358,918	29,833	0
0615 Large Industrial New Construct	59,665,500	114,008,516	57,552,155	109,990,966	1,880,214	1,290,321	0	457,698	5,132	117,312	9,751	0
<b>9130 Subtotal</b>	<b>583,999,532</b>	<b>1,085,709,026</b>	<b>566,387,161</b>	<b>1,054,386,611</b>	<b>19,222,723</b>	<b>12,369,225</b>	<b>0</b>	<b>5,317,629</b>	<b>59,625</b>	<b>1,362,955</b>	<b>113,288</b>	<b>0</b>
0705 Landfill	0	0	0	0	0	0	0	0	0	0	0	0
0710 Pipelines	107,399,500	183,975,344	105,171,698	180,159,119	3,481,196	2,124,481	0	1,052,675	11,803	269,810	22,426	0
0810 Other Property Classes	0	0	0	0	0	0	0	0	0	0	0	0
9160 Adj. for shared PIL properties	0	0	0	0	0	300,918	0	-233,482	-2,618	-59,844	-4,974	0
9170 Supplementary Taxes	0	0	0	0	14,585,381	12,116,567	0	2,263,190	6,638	185,016	13,970	0
<b>9180 Total Levied by Rate</b>					<b>762,326,103</b>	<b>618,954,029</b>	<b>0</b>	<b>115,635,597</b>	<b>891,162</b>	<b>25,263,802</b>	<b>1,581,513</b>	<b>0</b>
9190 Armts Added to Tax Bill					6,164,078	6,164,078	0					
9192 Other Taxation Amounts					111,401	54,468	0	44,175	495	11,322	941	
<b>9199 TOTAL before Adj.</b>	<b>46,058,186,648</b>	<b>53,113,470,084</b>	<b>44,852,463,078</b>	<b>51,574,683,138</b>	<b>768,601,582</b>	<b>625,172,575</b>	<b>0</b>	<b>115,679,772</b>	<b>891,657</b>	<b>25,275,124</b>	<b>1,582,454</b>	<b>0</b>

### 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	UT
	4 \$	5 \$	6 \$				
1010 Residential	2,064,500	2,064,500	1,896,300	1,896,300	24,932	22,361	0
1050 Multi-residential	0	0	0	0	0	0	0
1110 Farmland	0	0	0	0	0	0	0
1140 Managed Forests	0	0	0	0	0	0	0
<b>9210 Subtotal</b>	<b>2,064,500</b>	<b>2,064,500</b>	<b>1,896,300</b>	<b>1,896,300</b>	<b>24,932</b>	<b>22,361</b>	<b>0</b>
1210 Commercial	123,424,700	235,215,083	117,571,826	224,342,598	3,400,280	2,631,796	0
1215 Commercial New Construction	12,379,000	23,891,470	12,379,000	23,891,470	407,778	280,274	0
1310 Parking Lot	12,293,000	23,725,490	11,717,206	22,614,208	385,978	265,291	0
1320 Office Building	46,513,000	89,770,090	45,211,800	87,258,774	1,270,937	1,023,646	0
1325 Office Building New Constructi	0	0	0	0	0	0	0
1340 Shopping Centre	0	0	0	0	0	0	0
1345 Shopping Centre New Constru	0	0	0	0	0	0	0
<b>9220 Subtotal</b>	<b>194,609,700</b>	<b>372,602,133</b>	<b>186,879,832</b>	<b>358,107,049</b>	<b>5,464,973</b>	<b>4,201,007</b>	<b>0</b>
1510 Industrial	432,600	584,443	400,600	541,211	6,349	6,349	0
1515 Industrial New Construction	0	0	0	0	0	0	0
1610 Large Industrial	0	0	0	0	0	0	0
1615 Large Industrial New Construct	0	0	0	0	0	0	0
<b>9230 Subtotal</b>	<b>432,600</b>	<b>584,443</b>	<b>400,600</b>	<b>541,211</b>	<b>6,349</b>	<b>6,349</b>	<b>0</b>
1705 Landfill	9,084,000	23,923,532	9,084,000	23,923,532	399,296	282,112	0
1718 Pipelines	0	0	0	0	0	0	0
1810 Other Property Classes	0	0	0	0	0	0	0
9270 Supplementary PILS	0	0	0	0	0	0	0
<b>9280 Total Levied by Rate</b>					<b>5,895,550</b>	<b>4,511,829</b>	<b>0</b>
9290 Armts Added to PILS					857,156	857,156	0
9292 Other PIL Amounts					4,316,067	4,263,258	0
<b>9299 TOTAL before Adj.</b>	<b>206,190,800</b>	<b>399,174,607</b>	<b>198,260,732</b>	<b>384,468,092</b>	<b>11,068,773</b>	<b>9,632,243</b>	<b>0</b>

Part 3 contains Distribution of PILS by School Boards



2019.01

# FIR2019: London C

Asmt Code: 3936

MAH Code: 59101

# Schedule 40 CONSOLIDATED STATEMENT OF OPERATIONS: EXPENSES

for the year ended December 31, 2019

	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 \$
<b>General government</b>											
0240 Governance	2,952,702		212,774	34,741	0	4,000	32,273	3,236,490		1,090,885	4,327,375
0250 Corporate Management	18,741,968	478,763	10,991,456	6,931,520	6,819,729	250	120,353	44,084,039	-232,000	1,857,239	45,709,278
0260 Program Support	35,478,961	83	3,724,781	5,781,674	724,260	230,000	11,043,508	56,993,267	-414,794	-45,304,882	11,273,591
<b>0299 Subtotal</b>	<b>57,173,631</b>	<b>478,846</b>	<b>14,929,011</b>	<b>12,757,935</b>	<b>7,543,989</b>	<b>234,250</b>	<b>11,196,134</b>	<b>104,313,796</b>	<b>-646,794</b>	<b>-42,356,758</b>	<b>61,310,244</b>
<b>Protection services</b>											
0410 Fire	61,830,982	71,350	2,444,409	213,305	1,640		3,125,151	67,686,837		3,732,812	71,419,649
0420 Police	104,756,772	324,756	6,399,747	2,230,346	-31,374		5,190,329	118,870,576		5,155,481	124,026,057
0421 Court Security	4,187,492		48,162	4,189	0			4,239,843		7,627	4,247,470
0422 Prisoner Transportation	247,415		44,855	209	0		31,514	323,993		7,232	331,225
0430 Conservation authority						4,398,889		4,398,889		4,217	4,403,106
0440 Protective inspection and control	4,702,545		2,823,794	597,725	161,827		64,819	8,350,710		695,631	9,046,341
0445 Building permit and inspection services	4,997,300		363,587	80,835	16,378		9,104	5,467,204		619,800	6,087,004
0450 Emergency measures	344,860		6,901	112,718			62,977	527,456		41,030	568,486
0460 Provincial Offences Act (POA)	1,537,765		436,531	831,256	84,263	238,418	110,980	3,239,213	646,794	318,838	4,204,845
0498 Other								0			0
<b>0499 Subtotal</b>	<b>182,605,131</b>	<b>396,106</b>	<b>12,567,966</b>	<b>4,070,583</b>	<b>232,734</b>	<b>4,637,307</b>	<b>8,594,874</b>	<b>213,104,721</b>	<b>646,794</b>	<b>10,582,668</b>	<b>224,334,183</b>
<b>Transportation services</b>											
0611 Roads - Paved	9,313,144	1,933,792	6,607,376	20,767,467	3,961,227		37,106,078	79,689,084		1,476,408	81,165,492
0612 Roads - Unpaved	168,540		167,684	5,045	57,819			399,088		87,146	486,234
0613 Roads - Bridges and Culverts	1,328,131		354,664	180,311	569,461		3,342,608	5,775,165		115,801	5,890,966
0614 Roads - Traffic Operations & Roadside	6,073,810		2,307,659	3,619,932	217,266			16,415,836		618,635	17,034,471
0621 Winter Control - Except sidewalks, Parking Lots	4,144,311		5,576,409	116,620	3,902,619		253	13,740,212		428,129	14,168,341
0622 Winter Control - Sidewalks, Parking Lots Only	592,498		882,310	16,292	631,247			2,122,347		68,510	2,190,857
0631 Transit - Conventional	49,663,947	676,078	19,881,651		4,367		13,156,085	83,382,128		183,902	83,566,030
0632 Transit - Disabled & special needs	1,052,646		276,860	7,870,212				9,199,718		8,938	9,208,656
0640 Parking	1,063,398		457,026	1,750,164	55,121	3,160	252,820	3,581,689		243,884	3,825,573
0650 Street lighting	144,273	14,310	6,530,188	242,619	-1,337		5,830,114	12,760,167		117,337	12,877,504
0660 Air transportation								0			0
0698 Other								0		770	770
<b>0699 Subtotal</b>	<b>73,544,698</b>	<b>2,624,180</b>	<b>43,041,827</b>	<b>34,568,662</b>	<b>9,397,780</b>	<b>3,160</b>	<b>63,885,127</b>	<b>227,065,434</b>	<b>0</b>	<b>3,349,460</b>	<b>230,414,894</b>
<b>Environmental services</b>											
0811 Wastewater collection/conveyance	2,470,966	1,120,450	1,510,208	1,421,658	2,322,631		13,069,038	21,914,951		685,630	22,600,581
0812 Wastewater treatment & disposal	9,046,919	599,968	10,106,121	1,429,927	312,718		18,537,532	40,033,235		1,284,665	41,317,900
0821 Urban storm sewer system	1,789,966	963,146	1,213,057	4,402,467	811,490		15,525,067	24,705,193		512,946	25,218,139
0822 Rural storm sewer system	98,984		2,797	340				102,121		20,167	122,288
0831 Water treatment	1,320,101	169,989	6,506,717	834,777	52,653	6,908	4,713,390	13,603,935		318,789	13,922,724
0832 Water distribution/transmission	8,794,459	180,115	10,876,201	5,464,172	1,234,082	6,908	20,371,919	46,927,856		1,068,401	47,996,257
0840 Solid waste collection	5,779,436		3,016,777	648,695			52,093	9,497,001		302,982	9,799,983
0850 Solid waste disposal	1,839,017		3,049,022	897,733	1,678,631	3,549	1,576,441	9,044,393		240,010	9,284,403
0860 Waste diversion	1,387,647		387,056	11,945,993	572,818		845,685	15,139,199		205,046	15,344,245
0898 Other	685,759		118,834	156,850	21,106			982,549		110,678	1,093,227
<b>0899 Subtotal</b>	<b>33,213,254</b>	<b>3,033,668</b>	<b>36,786,840</b>	<b>27,202,612</b>	<b>6,432,711</b>	<b>990,183</b>	<b>74,691,165</b>	<b>181,950,433</b>	<b>0</b>	<b>4,749,314</b>	<b>186,699,747</b>
<b>Health services</b>											
1010 Public health services	4,793,233		443,370	678,278	297,502	5,084,591	88,594	11,385,568		13,738	11,399,306
1020 Hospitals								0			0
1030 Ambulance services				16,442,956				16,442,956		13,791	16,456,747
1035 Ambulance dispatch								0			0
1040 Cemeteries								0			0
1098 Other								0			0
<b>1099 Subtotal</b>	<b>4,793,233</b>	<b>0</b>	<b>443,370</b>	<b>17,121,234</b>	<b>297,502</b>	<b>5,084,591</b>	<b>88,594</b>	<b>27,828,524</b>	<b>0</b>	<b>27,529</b>	<b>27,856,053</b>
<b>Social and family services</b>											
1210 General assistance	22,519,251		882,291	8,006,168	2,803,486	134,770,277	457,598	169,439,071	-169,837	4,548,674	173,817,908
1220 Assistance to aged persons	20,117,514	655,812	2,875,017	405,778		206,931	1,295,578	25,556,630	4,641	1,638,202	27,199,473
1230 Child care	2,093,478		202,192	23,097,975	148,378	34,588,277	2,236	60,132,536	269,652	530,800	60,932,988
1298 Other	319,782		134,129	6,852	1,478		592	462,833		89,602	552,435
<b>1299 Subtotal</b>	<b>45,050,025</b>	<b>655,812</b>	<b>4,093,629</b>	<b>31,516,773</b>	<b>2,953,342</b>	<b>169,565,485</b>	<b>1,756,004</b>	<b>255,591,070</b>	<b>104,456</b>	<b>6,807,278</b>	<b>262,502,804</b>

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# FIR2019: London C

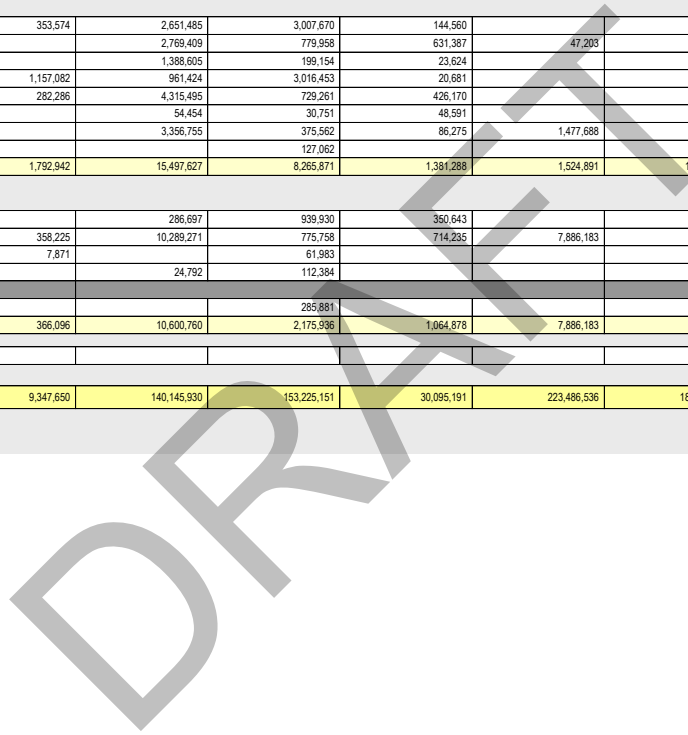
Asmt Code: 3936

MAH Code: 59101

## Schedule 40 CONSOLIDATED STATEMENT OF OPERATIONS: EXPENSES

for the year ended December 31, 2019

	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 \$
<b>Social Housing</b>											
1410 Public Housing	5,576,501		2,071,740	15,043,203	667,668	7,538	1,930,562	25,297,212		98,546	25,395,758
1420 Non-Profit/Cooperative Housing				120,047		18,408,603		18,528,650		25,054	18,553,704
1430 Rent Supplement Programs				2,836		2,622,362		2,625,198		42,517	2,667,715
1497 Other Other	1,529,953		55,235	151,474	89,574	42,096	9,931	1,678,263		215,764	2,094,027
1498 Other Other	688,758		57,905	227,985	33,725	12,879,887	44,791	13,933,051		58,730	13,991,781
<b>1499 Subtotal</b>	<b>7,795,212</b>	<b>0</b>	<b>2,184,880</b>	<b>15,545,545</b>	<b>790,967</b>	<b>33,960,486</b>	<b>1,985,284</b>	<b>62,262,374</b>	<b>0</b>	<b>440,611</b>	<b>62,702,985</b>
<b>Recreation and cultural services</b>											
1610 Parks	6,743,932	353,574	2,651,485	3,007,670	144,560		4,930,053	17,831,274		3,156,262	20,987,536
1620 Recreation programs	11,342,615		2,769,409	779,958	631,387	47,203	35,135	15,605,707	-104,456	2,495,506	17,996,757
1631 Rec. Fac. - Golf Crs, Marina, Ski Hill	1,866,003		1,388,605	199,154	23,624		234,202	3,711,588		260,568	3,972,156
1634 Rec. Fac. - All Other	5,504,888	1,157,082	961,424	3,016,453	20,681		7,079,557	17,740,085		8,087,683	25,827,768
1640 Libraries	14,615,252	282,286	4,315,495	729,261	426,170		3,628,698	23,997,162		23,881	24,021,043
1645 Museums	296,710		54,454	30,751	48,591		9,228	439,734		24,053	463,787
1650 Cultural services	2,243,082		3,356,755	375,562	86,275	1,477,688	1,760,243	9,299,605		403,358	9,702,963
1698 Other Other				127,062			1,018	128,080		7,502	135,582
<b>1699 Subtotal</b>	<b>42,612,482</b>	<b>1,792,942</b>	<b>15,497,627</b>	<b>8,265,671</b>	<b>1,381,288</b>	<b>1,524,891</b>	<b>17,678,134</b>	<b>88,753,235</b>	<b>-104,456</b>	<b>14,458,813</b>	<b>103,107,592</b>
<b>Planning and development</b>											
1810 Planning and zoning	8,346,010		286,697	939,930	350,643		83,772	10,007,052		1,135,015	11,142,067
1820 Commercial and Industrial	5,558,509	358,225	10,289,271	775,758	714,235	7,886,183	1,960,770	27,542,951		681,240	28,224,191
1830 Residential development		7,871		61,983			0	69,854		51,627	121,481
1840 Agriculture and reforestation	505,981		24,792	112,384			97,196	740,353		71,690	812,043
1850 Tile drainage/shoreline assistance								0			0
1898 Other Other				285,881			0	285,881		1,513	287,394
<b>1899 Subtotal</b>	<b>14,410,500</b>	<b>366,096</b>	<b>10,600,760</b>	<b>2,175,936</b>	<b>1,064,878</b>	<b>7,886,183</b>	<b>2,141,738</b>	<b>38,646,091</b>	<b>0</b>	<b>1,941,085</b>	<b>40,587,176</b>
1910 Other								0			0
<b>9910 TOTAL</b>	<b>461,198,166</b>	<b>9,347,650</b>	<b>140,145,930</b>	<b>153,225,151</b>	<b>30,095,191</b>	<b>223,486,536</b>	<b>182,017,054</b>	<b>1,199,515,678</b>	<b>0</b>	<b>0</b>	<b>1,199,515,678</b>



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# FIR2019: London C

Asmt Code: 3936

MAH Code: 59101

## Schedule 42

### ADDITIONAL INFORMATION

for the year ended December 31, 2019

**Additional information contained in Schedule 40**

		1
		\$
<b>Total of column 1 includes:</b>		
5010	Salaries and wages . . . . .	351,686,766
5020	Employee benefits . . . . .	109,511,400
5099	Total Salaries, Wages and Employee benefits (Not including line 5050) . . . . .	461,198,166
5050	Salaries, Wages and Employee benefits capitalized on Schedule 51 . . . . .	
5098	Total Salaries, Wages and Employee benefits (including capitalized wages) . . . . .	461,198,166
<b>Total of column 3 includes:</b>		
5110	Amounts for tax write-offs reported in SLC 40 0250 03 . . . . .	2,551,189
<b>Total of column 4 includes:</b>		
5210	Municipal Property Assessment Corporation (MPAC) . . . . .	4,912,215
<b>Total of column 5 includes:</b>		
5610	Short term interest costs . . . . .	
<b>Total of column 6 includes:</b>		
5810	Grants to charitable and non-profit organizations . . . . .	4,937,882
5820	Grants to universities and colleges . . . . .	87,545
Contributions to UNCONSOLIDATED joint local boards		
5840	Health unit . . . . .	
5850	District Social Services Administration Board (DSSAB) . . . . .	
5860	Consolidated Municipal Service Manager (CMSM) . . . . .	
5870	Homes for the aged . . . . .	
5880	Recreation boards . . . . .	
5890	Fire area boards . . . . .	
5895	Other	
5896	Other	
5897	Other	2,027,176
5898	Other	4,135,846
Tourism		
5991	Specify <b>Tourism London</b>	1,703,649
5992	Specify	
5993	Specify	
<b>Total of column 11 includes:</b>		
6010	Payments for long term commitments and liabilities financed from the consolidated statement of operations . . . . .	

# FIR2019: London C

Asmt Code: 3936  
MAH Code: 59101

# Schedule 51 SCHEDULE OF TANGIBLE CAPITAL ASSETS for the year ended December 31, 2019

## ANALYSIS BY FUNCTIONAL CLASSIFICATION

	2019 Opening Net Book Value	COST				AMORTIZATION				2019 Closing Net Book Value	
		2019 Opening Cost Balance	Additions and Betterments	Disposals	Write Downs	2019 Closing Cost Balance	2019 Opening Amortization Balance	Annual Amortization	Amortization Disposal		2019 Closing Amortization Balance
		1 \$	2 \$	3 \$	4 \$	5 \$	6 \$	7 \$	8 \$		9 \$
<b>0299 General government</b>	93,134,485	161,054,417	9,816,214	10,121,718		160,748,913	67,919,932	11,196,134	9,932,940	69,183,126	91,565,787
<b>Protection services</b>											
0410 Fire	32,624,543	61,810,705	1,467,198	4,113,208		59,164,695	29,186,162	3,125,151	4,113,208	28,198,105	30,966,590
0420 Police	39,075,672	70,598,256	3,963,546	3,128,438		71,433,364	31,522,584	5,221,842	3,035,443	33,708,983	37,724,381
0421 Court Security	0	0				0	0			0	0
0422 Prisoner Transportation	0	0				0	0			0	0
0430 Conservation authority	0	0				0	0			0	0
0440 Protective inspection and control	818,532	1,028,801		48,369		980,432	210,269	64,819	48,369	226,719	753,713
0445 Building permit and inspection services	39,127	59,721	11,561	8,044		63,238	20,594	9,104	8,044	21,654	41,584
0450 Emergency measures	302,647	761,654	23,332			784,986	459,007	62,977		521,984	263,002
0460 Provincial Offences Act (POA)	2,345,214	3,747,038				3,747,038	1,401,824	110,980		1,512,804	2,234,234
0498 Other	0	0				0	0			0	0
<b>0499 Subtotal</b>	75,205,735	138,006,175	5,465,637	7,298,059	0	136,173,753	62,800,440	8,594,873	7,205,064	64,190,249	71,983,504
<b>Transportation services</b>											
0611 Roads - Paved	763,807,602	1,094,008,289	97,735,044	22,144,343		1,169,598,990	330,200,687	37,106,077	18,568,052	348,738,712	820,860,278
0612 Roads - Unpaved	0	0				0	0			0	0
0613 Roads - Bridges and Culverts	88,813,959	129,791,696	4,081,842	1,190,522		132,683,016	40,977,737	3,342,608	675,140	43,645,205	89,037,811
0614 Roads - Traffic Operations & Roadside	74,187,818	115,811,291	11,294,961	1,943,161		125,163,091	41,623,473	4,197,169	1,804,411	44,016,231	81,146,860
0621 Winter Control - Except sidewalks, Parking Lots	631	2,525				2,525	1,894	253		2,147	378
0622 Winter Control - Sidewalks, Parking Lots Only	0	0				0	0			0	0
0631 Transit - Conventional	101,323,636	197,866,391	7,830,333	5,183,157		200,513,567	96,542,755	13,156,085	5,183,157	104,515,683	95,997,884
0632 Transit - Disabled & special needs	0	0				0	0			0	0
0640 Parking	2,427,020	3,452,852	76,890	446,150		3,083,592	1,025,832	252,820	446,150	832,502	2,251,090
0650 Street lighting	77,052,426	166,225,376	7,953,641	4,285,612		169,893,405	89,172,950	5,830,114	4,205,541	90,797,523	79,095,882
0660 Air transportation	0	0				0	0			0	0
0698 Other	0	0				0	0			0	0
<b>0699 Subtotal</b>	1,107,613,092	1,707,158,420	128,972,711	35,192,945	0	1,800,938,186	599,545,328	63,885,126	30,882,451	632,548,003	1,168,390,183
<b>Environmental services</b>											
0811 Wastewater collection/conveyance	375,791,678	583,555,174	42,873,915	3,841,747		622,587,342	207,763,496	13,069,038	2,160,422	218,672,112	403,915,230
0812 Wastewater treatment & disposal	228,965,784	488,521,818	3,860,058	526,147		491,855,729	259,556,034	18,537,532	526,147	277,567,419	214,288,310
0821 Urban storm sewer system	672,398,357	959,955,078	38,373,077	2,578,925		995,749,230	287,556,721	15,525,067	608,161	302,473,627	693,275,603
0822 Rural storm sewer system	0	0				0	0			0	0
0831 Water treatment	66,412,650	99,150,668	2,097,317	743,844		100,504,141	32,738,018	4,713,390	709,794	36,741,614	63,762,527
0832 Water distribution/transmission	593,737,403	884,507,205	28,415,195	5,629,354		907,293,046	290,769,802	20,371,919	4,681,839	306,459,882	600,833,164
0840 Solid waste collection	294,427	530,731	36,590	55,679		511,642	236,304	52,093	55,679	232,718	278,924
0850 Solid waste disposal	45,505,107	61,765,801	896,244	63,337		62,598,708	16,260,694	1,576,441	63,337	17,773,798	44,824,910
0860 Waste diversion	16,812,748	22,792,440	153,406			22,945,846	5,979,692	845,685		6,825,377	16,120,469
0898 Other	0	0				0	0			0	0
<b>0899 Subtotal</b>	1,999,918,154	3,100,778,915	116,705,802	13,439,033	0	3,204,045,684	1,100,860,761	74,691,165	8,805,379	1,166,746,547	2,037,299,137
<b>Health services</b>											
1010 Public health services	162,286	1,078,839	869,828	129,266		1,819,401	916,553	88,594	129,266	875,881	943,520
1020 Hospitals	0	0				0	0			0	0
1030 Ambulance services	0	0				0	0			0	0
1035 Ambulance dispatch	0	0				0	0			0	0
1040 Cemeteries	0	0				0	0			0	0
1098 Other	0	0				0	0			0	0
<b>1099 Subtotal</b>	162,286	1,078,839	869,828	129,266	0	1,819,401	916,553	88,594	129,266	875,881	943,520
<b>Social and family services</b>											
1210 General assistance	7,674,694	9,312,436	79,443	153,148		9,238,731	1,637,742	457,598	153,148	1,942,192	7,296,539
1220 Assistance to aged persons	23,810,851	38,834,342	392,335	703,716		38,522,961	15,023,691	1,295,578	703,716	15,615,553	22,907,408
1230 Child care	12,998	25,886	6,195	1,399		30,682	12,888	2,828	1,399	14,317	16,365
1298 Other	0	0				0	0			0	0
<b>1299 Subtotal</b>	31,498,543	48,172,664	477,973	858,263	0	47,792,374	16,674,321	1,756,004	858,263	17,572,062	30,220,312

# FIR2019: London C

Asmt Code: 3936  
MAH Code: 59101

## Schedule 51 SCHEDULE OF TANGIBLE CAPITAL ASSETS for the year ended December 31, 2019

### ANALYSIS BY FUNCTIONAL CLASSIFICATION

	2019 Opening Net Book Value	COST				AMORTIZATION				2019 Closing Net Book Value	
		2019 Opening Cost Balance	Additions and Betterments	Disposals	Write Downs	2019 Closing Cost Balance	2019 Opening Amortization Balance	Annual Amortization	Amortization Disposal		2019 Closing Amortization Balance
	1	2	3	4	5	6	7	8	9	10	11
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Social Housing</b>											
1410 Public Housing	54,281,872	122,622,912	6,527,328	48,778		129,101,462	68,341,040	1,930,562	48,778	70,222,824	58,876,638
1420 Non-Profit/Cooperative Housing	0	0				0	0			0	0
1430 Rent Supplement Programs	0	0				0	0			0	0
1497 Other	518,741	586,156	32,616	3,737		615,035	67,415	54,722	3,737	118,400	496,635
1498 Other						0	0			0	0
1499 <b>Subtotal</b>	54,800,613	123,209,068	6,559,944	52,515	0	129,716,497	68,408,455	1,985,284	52,515	70,341,224	59,375,273
<b>Recreation and cultural services</b>											
1610 Parks	208,600,684	254,046,567	13,050,725	2,682,073		264,415,219	45,445,883	4,930,053	2,374,031	48,001,905	216,413,314
1620 Recreation programs	161,731	297,517	59,236	25,278		331,475	135,786	35,135	25,278	145,643	185,832
1631 Rec. Fac. - Golf Crs, Marina, Ski Hill	1,906,739	5,773,479	22,570	213,513		5,582,536	3,866,740	234,202	213,513	3,887,429	1,695,107
1634 Rec. Fac. - All Other	104,174,146	179,567,884	4,779,486	2,210,886		182,136,484	75,393,738	7,079,557	2,210,886	80,262,409	101,874,075
1640 Libraries	27,537,184	61,347,551	2,524,484	2,174,003		61,698,032	33,810,367	3,628,698	2,174,003	35,265,062	26,432,970
1645 Museums	863,638	1,025,167	3,220	1,028,387		1,028,387	161,529	78,187		239,716	788,671
1650 Cultural services	15,335,315	29,601,109	694,545	2,090,477		28,205,177	14,265,794	1,691,285	2,090,477	13,866,602	14,338,575
1698 Other	3,560	10,176				10,176	6,616	1,018		7,634	2,542
1699 <b>Subtotal</b>	358,582,997	531,669,450	21,134,266	9,396,230	0	543,407,486	173,086,453	17,678,135	9,088,188	181,676,400	361,731,086
<b>Planning and development</b>											
1810 Planning and zoning	388,366	491,348	545,774	37,342		999,780	102,982	83,773	37,342	149,413	850,367
1820 Commercial and Industrial	39,972,520	71,267,844	3,511,840	1,098,959		73,680,725	31,295,324	1,960,770	979,753	32,276,341	41,404,384
1830 Residential development	1,091,865	2,155,100				2,155,100	1,063,235			1,063,235	1,091,865
1840 Agriculture and reforestation	1,087,377	1,888,757	34,586			1,923,343	801,380	97,196		898,576	1,024,767
1850 Tile drainage/shoreline assistance	0	0				0	0			0	0
1898 Other	0	0				0	0			0	0
1899 <b>Subtotal</b>	42,540,128	75,803,049	4,092,200	1,136,301	0	78,758,948	33,262,921	2,141,739	1,017,095	34,387,565	44,371,383
1910 Other	0	0				0	0			0	0
9910 <b>Total Tangible Capital Assets</b>	3,763,455,833	5,886,930,997	294,094,575	77,624,330	0	6,103,401,242	2,123,475,164	182,017,054	67,971,161	2,237,521,057	3,865,880,185

2019.01001

# FIR2019: London C

Asmt Code: 3936

MAH Code: 59101

# Schedule 51

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

for the year ended December 31, 2019

### SEGMENTED BY ASSET CLASS

		2019 Opening Net Book Value (NBV) 1 \$	2019 Closing Net Book Value (NBV) 11 \$
<b>General Capital Assets</b>			
2005	Land . . . . .	439,698,806	452,847,939
2010	Land Improvements . . . . .	76,627,804	76,089,670
2020	Buildings . . . . .	364,183,936	360,570,144
2030	Machinery & Equipment . . . . .	110,518,992	93,903,316
2040	Vehicles . . . . .	8,562,949	7,879,338
2097	Other <input type="text"/>	0	
2098	Other <input type="text"/>	14,783,690	14,257,848
2099	<b>Total General Capital Assets</b>	<b>1,014,376,177</b>	<b>1,005,548,255</b>

		2019 Opening Net Book Value (NBV) 1 \$	2019 Closing Net Book Value (NBV) 11 \$
<b>Infrastructure Assets</b>			
2205	Land . . . . .	0	
2210	Land Improvements . . . . .	0	
2220	Buildings . . . . .	237,721,854	228,994,632
2230	Machinery & Equipment . . . . .	65,761,778	70,301,748
2240	Vehicles . . . . .	56,302,271	52,225,210
2250	Linear Assets . . . . .	2,389,293,753	2,508,810,340
2297	Other <input type="text"/>	0	
2298	Other <input type="text"/>	0	
2299	<b>Total Infrastructure Assets</b>	<b>2,749,079,656</b>	<b>2,860,331,930</b>

9920	<b>Total Tangible Capital Assets</b>	<b>3,763,455,833</b>	<b>3,865,880,185</b>
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2405	<b>Construction-in-progress</b>	<b>129,341,639</b>	<b>129,799,676</b>
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9921	<b>Total Tangible Capital Assets and Construction-in-progress</b>	<b>3,892,797,472</b>	<b>3,995,679,861</b>
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2019.01

**FIR2019: London C****Schedule 51**

Asmt Code: 3936

**SCHEDULE OF TANGIBLE CAPITAL ASSET: CONSTRUCTION-IN-PROGRESS**

MAH Code: 59101

for the year ended December 31, 2019

**ANALYSIS BY FUNCTIONAL CLASSIFICATION**

		COST			
		2019 Opening Balance	Expenditures in 2019	Less Assets Capitalized	2019 Closing Balance
		1	2	3	4
		\$	\$	\$	\$
<b>0299</b>	<b>General government</b>	1,247,246	1,922,619	811,309	2,358,556
	<b>Protection services</b>				
0410	Fire	217,401	429,136	180,269	466,268
0420	Police	983,696	833,813	757,094	1,060,415
0421	Court Security	0	0	0	0
0422	Prisoner Transportation	0	0	0	0
0430	Conservation authority	0	0	0	0
0440	Protective inspection and control	0	0	0	0
0445	Building permit and inspection services	0	0	0	0
0450	Emergency measures	0	0	0	0
0460	Provincial Offences Act (POA)	0	0	0	0
0498	Other	0	20,358	0	20,358
0499	Other	0	0	0	0
	<b>Subtotal</b>	<b>1,201,097</b>	<b>1,283,307</b>	<b>937,363</b>	<b>1,547,041</b>
	<b>Transportation services</b>				
0611	Roads - Paved	40,043,816	12,194,516	37,443,549	14,794,783
0612	Roads - Unpaved	0	0	0	0
0613	Roads - Bridges and Culverts	902,200	407,510	213,518	1,096,192
0614	Roadways - Traffic Operations & Roadside	1,461,474	2,422,597	1,368,344	2,515,727
0621	Winter Control - Except sidewalks, Parking Lots	0	0	0	0
0622	Winter Control - Sidewalks, Parking Lots Only	0	0	0	0
0631	Transit - Conventional	0	0	0	0
0632	Transit - Disabled & special needs	0	0	0	0
0640	Parking	0	0	0	0
0650	Street lighting	880,094	689,777	837,482	732,389
0660	Air transportation	0	0	0	0
0698	Other	0	0	0	0
0699	Other	0	0	0	0
	<b>Subtotal</b>	<b>43,287,584</b>	<b>15,714,400</b>	<b>39,862,893</b>	<b>19,139,091</b>
	<b>Environmental services</b>				
0811	Wastewater collection/conveyance	21,157,865	11,031,946	19,285,366	12,904,445
0812	Wastewater treatment & disposal	13,912,104	7,928,332	9,274,659	12,565,777
0821	Urban storm sewer system	22,559,834	32,578,312	15,035,988	40,102,158
0822	Rural storm sewer system	0	0	0	0
0831	Water treatment	124,350	529,331	173,409	480,272
0832	Water distribution/transmission	11,601,176	10,972,212	9,800,872	12,772,516
0840	Solid waste collection	0	0	0	0
0850	Solid waste disposal	93,850	49,481	6,290	137,041
0860	Waste diversion	0	0	0	0
0898	Other	0	0	0	0
0899	Other	0	0	0	0
	<b>Subtotal</b>	<b>69,449,179</b>	<b>63,089,614</b>	<b>53,576,584</b>	<b>78,962,209</b>
	<b>Health services</b>				
1010	Public health services	0	0	0	0
1020	Hospitals	0	0	0	0
1030	Ambulance services	0	0	0	0
1035	Ambulance dispatch	0	0	0	0
1040	Cemeteries	0	0	0	0
1098	Other	0	0	0	0
1099	Other	0	0	0	0
	<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Social and family services</b>				
1210	General assistance	0	0	0	0
1220	Assistance to aged persons	23,755	5,877	0	29,632
1230	Child care	0	0	0	0
1298	Other	0	0	0	0
1299	Other	0	0	0	0
	<b>Subtotal</b>	<b>23,755</b>	<b>5,877</b>	<b>0</b>	<b>29,632</b>
	<b>Social Housing</b>				
1410	Public Housing	0	0	0	0
1420	Non-Profit/Cooperative Housing	0	0	0	0
1430	Rent Supplement Programs	0	0	0	0
1497	Other	0	0	0	0
1498	Other	0	0	0	0
1499	Other	0	0	0	0
	<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Recreation and cultural services</b>				
1610	Parks	2,307,403	6,421,929	1,275,988	7,453,344
1620	Recreation programs	0	0	0	0
1631	Rec. Fac. - Golf Crs, Marina, Ski Hill	15,977	0	8,684	7,293
1634	Rec. Fac. - All Other	11,589,116	9,518,802	1,873,264	19,234,654
1640	Libraries	0	0	0	0
1645	Museums	0	91,855	0	91,855
1650	Cultural services	21,036	46,413	10,737	56,712
1698	Other	0	0	0	0
1699	Other	0	0	0	0
	<b>Subtotal</b>	<b>13,933,532</b>	<b>16,078,999</b>	<b>3,168,673</b>	<b>26,843,858</b>
	<b>Planning and development</b>				
1810	Planning and zoning	0	0	0	0
1820	Commercial and Industrial	199,246	694,289	199,246	694,289
1830	Residential development	0	0	0	0
1840	Agriculture and reforestation	0	225,000	0	225,000
1850	Tile drainage/shoreline assistance	0	0	0	0
1898	Other	0	0	0	0
1899	Other	0	0	0	0
	<b>Subtotal</b>	<b>199,246</b>	<b>919,289</b>	<b>199,246</b>	<b>919,289</b>
1910	Other	0	0	0	0
<b>9910</b>	<b>Total Construction-In-Progress</b>	<b>129,341,639</b>	<b>99,014,105</b>	<b>98,556,068</b>	<b>129,799,676</b>

**FIR2019: London C**

Asmt Code: 3936  
MAH Code: 59101

**Schedule 53**

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT) AND TANGIBLE CAPITAL ASSET ACQUISITION FINANCING/DONATIONS**  
for the year ended December 31, 2019

**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS (NET DEBT)**

		1
		\$
1010	Annual Surplus/(Deficit) (SLC 10 2099 01) . . . . .	222,165,153
1020	Acquisition of tangible capital assets . . . . .	-229,223,680
1030	Amortization of tangible capital assets (SLC 51 9910 08) . . . . .	182,017,054
1031	Contributed (Donated) tangible capital assets . . . . .	-64,953,296
1032	Change in construction-in-progress . . . . .	
1040	(Gain)/Loss on sale of tangible capital assets . . . . .	-65,283
1050	Proceeds on sale of tangible capital assets . . . . .	9,342,819
1060	Write-downs of tangible capital assets . . . . .	
1070	Other <input type="text"/> . . . . .	
1071	Other <input type="text"/> . . . . .	
<b>1099</b>	<b>Subtotal</b>	<b>-102,882,386</b>
1210	Change in supplies inventories . . . . .	-215,998
1220	Change in prepaid expenses . . . . .	2,010,249
1230	Other <input type="text"/> . . . . .	
<b>1299</b>	<b>Subtotal</b>	<b>1,794,251</b>
1410	(Increase)/decrease in net financial assets/net debt . . . . .	121,077,018
1420	Net financial assets (net debt), beginning of year . . . . .	401,079,851
1421	<b>Other comprehensive income (loss)</b> . . . . .	
<b>9910</b>	Net financial assets (net debt), end of year . . . . .	522,156,869

**SOURCES OF FINANCING FOR TCA ACQUISITIONS / DONATIONS**

		1
		\$
<b>Long Term Liabilities Incurred</b>		
0205	Canada Mortgage and Housing Corporation (CMHC) . . . . .	
0210	Ontario Financing Authority . . . . .	
0215	Commercial Area Improvement Program . . . . .	
0220	Other Ontario housing programs . . . . .	
0235	Serial debentures . . . . .	
0240	Sinking fund debentures . . . . .	
0245	Long term bank loans . . . . .	
0250	Long term reserve fund loans . . . . .	
0255	Lease purchase agreements (Tangible capital leases) . . . . .	
0260	Construction Financing Debentures . . . . .	
0265	Infrastructure Ontario . . . . .	
0297	Other <input type="text"/> . . . . .	
0298	Other <input type="text"/> . . . . .	
<b>0299</b>	<b>Subtotal</b>	<b>0</b>
<b>Financing from Dedicated Revenue</b>		
0405	Municipal Property Tax by Levy . . . . .	2,245,345
0406	Reserves and Reserve funds (SLC 60 1012 01 + SLC 60 1012 02 + SLC 60 1012 03) . . . . .	63,443,140
0410	Municipal User Fees & Service Charges . . . . .	
0415	Development Charges (SLC 61 0299 08) . . . . .	34,934,114
0416	Recreation land (The Planning Act) (SLC 60 1032 01) . . . . .	131,402
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"/> . . . . .	
<b>0501</b>	<b>Subtotal</b>	<b>100,754,001</b>
<b>Government Transfers</b>		
0425	Capital Grants: Federal (SLC 12 9910 06 - (SLC 10 4099 01 - SLC 60 1047 01) . . . . .	9,543,786
0430	Capital Grants: Provincial (SLC 12 9910 05 - (SLC 10 4019 01 - SLC 60 1045 01) . . . . .	2,939,899
0435	Capital Grants: Other Municipalities (SLC 12 9910 07) . . . . .	0
0440	Canada Gas Tax (SLC 10 4099 01) . . . . .	17,905,578
0445	Provincial Gas Tax (SLC 10 4019 01) . . . . .	1,668,525
<b>0502</b>	<b>Subtotal</b>	<b>32,057,788</b>
<b>0499</b>	<b>Subtotal</b>	<b>132,811,789</b>
0610	Contributed (Donated) tangible capital assets . . . . .	64,953,296
<b>9920</b>	<b>Total Capital Financing</b>	<b>197,765,085</b>
<b>0810</b>	Unexpended Capital Financing or (Unfinanced Capital Outlay) . . . . .	-96,411,891

# FIR2019: London C

# Schedule 54

Asmt Code: 3936

## CONSOLIDATED STATEMENT OF CASH FLOW - INDIRECT METHOD

MAH Code: 59101

for the year ended December 31, 2019

\* 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

		2019 Actual 1 \$
<b>Operating Transactions</b>		
2010	Annual Surplus/(Deficit) (SLC 10 2099 01)	222,165,153
2020	Non-cash items including amortization	175,843,713
2021	Contributed (Donated) tangible capital assets	-64,953,296
2022	Change in non-cash assets and liabilities	17,445,506
2030	Prepaid expenses	1,808,533
2040	Change in deferred revenue	52,406,863
2096	Other <input type="text"/>	
2097	Other <input type="text"/>	
2098	Other <input type="text"/>	
<b>2099</b>	<b>Cash provided by operating transactions</b>	<b>404,716,472</b>
<b>Capital Transactions</b>		
0610	Proceeds on sale of tangible capital assets	9,342,819
0620	Cash used to acquire tangible capital assets	-130,214,573
0630	Change in construction-in-progress	-99,009,105
0698	Other <input type="text"/>	
<b>0699</b>	<b>Cash applied to capital transactions</b>	<b>-219,880,859</b>
<b>Investing Transactions</b>		
0810	Proceeds from portfolio investments	0
0820	Portfolio investments	-179,567,729
0898	Other <input type="text"/>	6,382,792
<b>0899</b>	<b>Cash provided by / (applied to) investing transactions</b>	<b>-173,184,937</b>
<b>Financing Transactions</b>		
1010	Proceeds from long term debt issues	49,380,000
1020	Principal long term debt repayment	-59,659,032
1030	Temporary loans	
1031	Repayment of temporary loans	
1096	Other <input type="text"/>	
1097	Other <input type="text"/>	
1098	Other <input type="text"/>	
<b>1099</b>	<b>Cash applied to financing transactions</b>	<b>-10,279,032</b>
1210	Increase in cash and cash equivalents	1,371,644
1220	Cash and cash equivalents, beginning of year	490,039,570
<b>9920</b>	<b>Cash and cash equivalents, end of year</b>	<b>491,411,214</b>

		2019 Actual 1 \$
<b>Cash and cash equivalents represented by:</b>		
1401	Cash	491,411,214
1402	Temporary borrowings	
1403	Short term investments	
1404	Other <input type="text"/>	
<b>9940</b>	<b>Cash and cash equivalents, end of year</b>	<b>491,411,214</b>
<b>Cash:</b>		
1501	Unrestricted	491,411,214
1502	Restricted	
1503	Unallocated	
<b>9950</b>	<b>Cash and cash equivalents, end of year</b>	<b>491,411,214</b>

2019.01

**FIR2019: London C**

Asmt Code: 3936

MAH Code: 59101

**Schedule 60**

**CONTINUITY OF RESERVES AND RESERVE FUNDS**

for the year ended December 31, 2019

	Obligatory Res. Funds, Deferred Rev.	Discretionary Res. Funds	Reserves
	1	2	3
	\$	\$	\$
<b>0299 Balance, beginning of year</b>	287,430,422	663,028,539	98,046,678
0310 Allocation of Surplus		151,585,249	20,054,623
0315 Allocation of Surplus : for operating.		133,646,233	22,697,244
0320 Allocation of Surplus : for capital.		17,939,016	-2,642,621
<b>Development Charges Act</b>			
0610 Non-discounted services	60,271,692		
0620 Discounted services	5,799,940		
0630 Credits utilized (Development Charges Act) (SLC 61 0299 05).	0		
<b>0699 Subtotal Development Charges Act</b>	<b>66,071,632</b>		
0810 Lot levies			
0820 Subdivider contributions			
0830 Recreational land (the Planning Act)	570,492		
0841 Investment Income	6,531,502	16,437,790	
0860 Gasoline Tax - Province	10,341,542		
0861 Building Code Act, 1992 (Section 1.9.1.1 (d))			
0862 Gasoline Tax - Federal	37,090,720		
0864 Building Canada Fund (BCF)			
0870 Inter - Reserve Fund / Reserves Transfer			
0895 Other			
0896 Other			
0897 Other			
0898 Other			
<b>9940 TOTAL Revenues &amp; Surplus</b>	<b>120,605,888</b>	<b>168,023,039</b>	<b>20,054,623</b>
<b>Less: Utilization of reserve funds and reserves (transfers)</b>			
1012 For acquisition of tangible capital asset	0	63,216,832	226,308
1015 For current operations	2,029,539	24,920,575	6,001,775
1025 Development Charges earned to tangible capital asset acquisition (SLC 61 0299 08)	34,934,114		
1026 Development Charges earned to operations (SLC 61 0299 07)	0		
1032 Recreational land (the Planning Act) earned to tangible capital asset acquisition	131,402		
1035 Recreational land (the Planning Act) earned to operations	0		
1042 Deferred revenue earned (Provincial Gas Tax) for Transit (Operations)	14,650,476		
1045 Deferred revenue earned (Provincial Gas Tax) for Transit (Capital)	1,668,525		
1047 Deferred revenue earned (Canada Gas Tax)	7,949,945		
1055 Development Charges Act - Credits Provided (SLC 61 0299 10)	262,590		
1070 Inter - Reserve Fund / Reserves Transfer		-6,076,373	6,076,373
0910 Less: Utilization (deferred revenue recognized)	61,626,591	82,061,034	12,304,456
<b>2099 Balance, end of year</b>	<b>346,409,719</b>	<b>748,990,544</b>	<b>105,796,845</b>

2019.01

# FIR2019: London C

Asmt Code: 3936

MAH Code: 59101

# Schedule 60

## CONTINUITY OF RESERVES AND RESERVE FUNDS

for the year ended December 31, 2019

Totals in line 2099 are analysed as follows:

		Obligatory Res. Funds, Deferred Rev.	Discretionary Res. Funds	Reserves
		1	2	3
		\$	\$	\$
5010	Working funds . . . . .		0	500,000
5020	Contingencies . . . . .		92,004,511	95,278,876
<b>Asset Replacement funds for: Sewer &amp; Water</b>				
5030	Sewer . . . . .			
5040	Water . . . . .			
5050	Replacement of equipment . . . . .		27,248,121	
5060	Sick leave . . . . .		1,497,115	
5070	Insurance . . . . .		11,891,396	
5080	Workplace Safety and Insurance Board (WSIB) . . . . .		14,812,191	
5090	Post-employment benefits . . . . .		3,635,426	
5091	Tax rate stabilization . . . . .			
5630	Lot levies . . . . .			
5660	Parking revenues . . . . .		3,557,440	
5670	Debenture repayment . . . . .			
5680	Exchange rate stabilization . . . . .			
<b>Per Service Purpose:</b>				
5205	General government . . . . .		61,548,683	
5210	Protection services . . . . .		10,842,533	
<b>Transportation services:</b>				
5215	Roadways . . . . .		1,316,858	
5216	Winter Control . . . . .			
5220	Transit . . . . .		5,228,416	9,213,675
5221	Parking . . . . .			
5222	Street lighting . . . . .			
5223	Air transportation . . . . .			
<b>Environmental services:</b>				
5225	Wastewater system . . . . .		119,206,389	
5230	Storm water system . . . . .		4,860,638	
5235	Waterworks system . . . . .		102,233,616	
5240	Solid waste collection . . . . .			
5245	Solid waste disposal . . . . .		21,649,240	
5246	Waste diversion . . . . .		1,800,484	
5250	Health services . . . . .			
5255	Social and family services . . . . .		12,901,832	
5260	Social housing . . . . .		34,603,706	
<b>Recreation and cultural services:</b>				
5265	Parks . . . . .		3,076,788	
5266	Recreation programs . . . . .			
5271	Recreation facilities - Golf Course, Marina, Ski Hill . . . . .		265,498	
5274	Recreation facilities - All Other . . . . .			
5275	Libraries . . . . .		1,684,871	549,310
5276	Museums . . . . .		0	
5277	Cultural services . . . . .		5,303,362	
5280	Planning and development . . . . .		176,598,188	
5290	Other <input type="text" value="Other"/>		31,223,242	254,984
<b>Obligatory Deferred Revenue:</b>				
5610	Development Charges Act - Non-discounted services . . . . .	230,795,737		
5620	Development Charges Act - Discounted services . . . . .	33,046,478		
5640	Subdivider contributions . . . . .	0		
5650	Recreational land (the Planning Act) . . . . .	3,698,794		
5661	Building Code Act, 1992 (Section 1.9.1.1 (d)) . . . . .	0		
5690	Gasoline Tax - Province . . . . .	11,393,505		
5691	Gasoline Tax - Federal . . . . .	67,475,205		
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"/>			
<b>9930</b>	<b>TOTAL</b>	<b>346,409,719</b>	<b>748,990,544</b>	<b>105,796,845</b>

**FIR2019: London C**

Asmt Code: 3936

MAH Code: 59101

**Schedule 61**

**DEVELOPMENT CHARGES RESERVE FUNDS**

for the year ended December 31, 2019

		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
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Development Charges</b>												
0205	General Government . . . . .	2,288,018	1,266,723	77,042		1,343,765		92,182		5,476	97,658	3,534,125
0210	Fire Protection . . . . .	1,162,021	168,663	33,364		202,027		-5,844		716	-5,128	1,369,176
0215	Police Protection . . . . .	3,645,121	776,291	12,021		788,312			151,721	215	157,657	4,275,776
0220	Roads and Structures . . . . .	80,060,652	31,353,168	2,429,054		33,782,222		10,023,480	-3,662,200	155,620	6,516,900	107,325,974
0225	Transit . . . . .	5,789,734	657,047	166,268		823,315		-155,040	0	4,367	-150,673	6,763,722
0230	Wastewater . . . . .	32,162,347	7,838,167	150,912		7,989,079		9,738,278	-1,383,208	12,491	8,367,561	31,783,865
0235	Stormwater . . . . .	54,854,451	14,426,212	1,046,395		15,472,607		13,498,338	-1,135,843	60,743	12,423,238	57,903,820
0240	Water . . . . .	20,883,840	2,780,084	608,998		3,389,082		-334,227		4,152	-330,075	24,602,997
0245	Emergency Medical Services . . . . .	0				0					0	0
0250	Homes for the Aged . . . . .	0				0					0	0
0255	Daycare . . . . .	0				0					0	0
0260	Housing . . . . .	0				0					0	0
0265	Parkland Development . . . . .	0				0					0	0
0270	GO Transit . . . . .	0				0					0	0
0275	Library . . . . .	3,907,631	64,368	104,361		168,729					0	4,076,360
0280	Recreation . . . . .	19,490,759	4,812,415	420,433		5,232,848		2,249,547	267,663		2,517,210	22,206,397
0285	Development Studies . . . . .	0				0					0	0
0286	Parking . . . . .	0				0					0	0
0287	Animal Control . . . . .	0				0					0	0
0288	Municipal Cemeteries . . . . .	0				0					0	0
0290	Other . . . . .	5,601,779	1,928,494	101,627		2,030,121		-178,321	7,791,408	18,810	7,631,897	3
0295	Other . . . . .	0				0					0	0
0296	Other . . . . .	0				0					0	0
0297	Other . . . . .	0				0					0	0
<b>0299</b>	<b>TOTAL</b>	<b>229,846,353</b>	<b>66,071,632</b>	<b>5,150,475</b>	<b>0</b>	<b>71,222,107</b>	<b>0</b>	<b>34,934,114</b>	<b>2,029,541</b>	<b>262,590</b>	<b>37,226,245</b>	<b>263,842,215</b>

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**FIR2019: London C**

Asmt Code: 3936

MAH Code: 59101

**Schedule 62  
DEVELOPMENT CHARGES RATES**

for the year ended December 31, 2019

*Sq. Foot / Sq. Metre / Per Hectare / Per Other (Please specify)*

Sq. Metre

**RESIDENTIAL CHARGES (\$)**

1	Service (MUST BE SELECTED IF DATA IS ENTERED)	Apartments								
		Single Detached	Semi-Detached	Other Multiples	<= 1 Bedroom	>= 2 Bedroom	Secondary Units	Other	Other	Other
		1	2	3	4	5	17	6	7	8
	<b>Municipal Wide Charges</b>	<i>If Other, Please Specify &gt;</i>								
210	Fire	78.74	78.74	53.25	47.19	34.83				
310	library	127.35	127.35	86.12	76.33	56.33				
410	Parks and Recreation	3,506.39	3,506.39	2,371.31	2,101.59	1,550.90				
450	Police	524.66	524.66	354.83	314.46	232.06				
530	Roads	15,336.90	15,336.90	10,372.07	9,192.31	6,783.63				
650	Transit	235.90	235.90	159.53	141.39	104.34				
900	Growth Studies	539.40	539.40	364.79	323.30	238.58				
901	Operation Centres	271.93	271.93	183.90	162.99	120.28				
902	Waste Diversion	227.23	227.23	153.67	136.19	100.51				
9910	<b>TOTAL MUNICIPAL WIDE CHARGES</b>	20,848.50	20,848.50	14,099.47	12,495.75	9,221.46	0.00	0.00	0.00	0.00

**NON - RESIDENTIAL CHARGES (\$)**

NON Res.	Industrial	Commercial	Institutional	Other	Other	Other
Per Sq. Metre 10	Per Sq. Metre 11	Per Sq. Metre 12	Per Sq. Metre 13	14	15	16
	<i>If Other, Please Specify &gt;</i>					
	0.05	0.62	0.33	0.17		
	0.34	3.52	1.77	0.89		
	66.82	158.36	96.68	48.34		
	0.58	2.69	1.36	0.68		
	2.10	4.14	2.52	1.26		
	1.03	2.42	1.47	0.74		
0.00	70.92	171.75	104.13	52.08	0.00	0.00

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1250 Are the rates being reported based on a new development charge by-law that was approved by council within the reporting year?  
If "Yes", please attach an electronic version of the new by-law.

No

**FIR2019: London C**

Asmt Code: 3936

MAH Code: 59101

**Schedule 62  
DEVELOPMENT CHARGES RATES - SPECIAL AREAS**

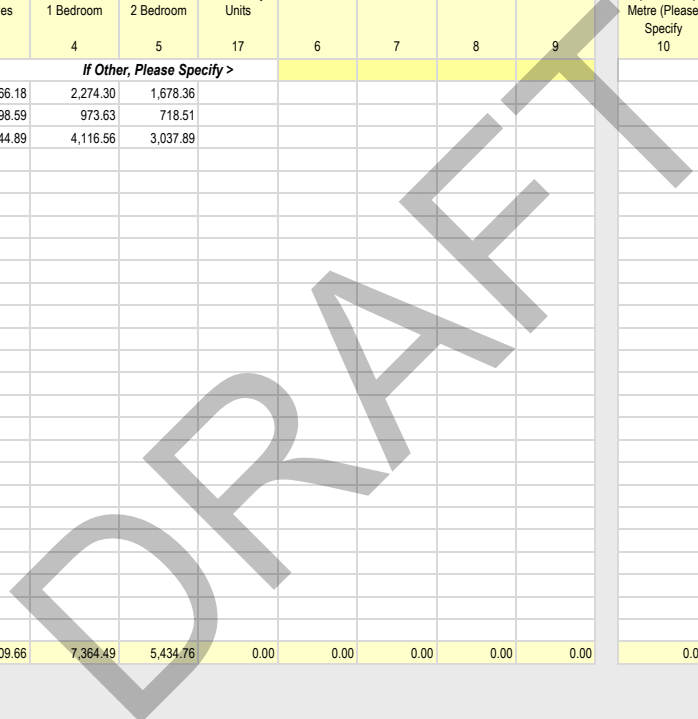
for the year ended December 31, 2019

**RESIDENTIAL CHARGES (\$)**

Service	RESIDENTIAL CHARGES (\$)									
	Single Detached 1	Semi-Detached 2	Other Multiples 3	Apartments		Secondary Units 17	Other 6	Other 7	Other 8	Other 9
				< = 1 Bedroom 4	> = 2 Bedroom 5					
<b>1</b> Inside the Urban Growth Area	<i>If Other, Please Specify &gt;</i>									
1100 Sanitary Sewerage	3,794.55	3,794.55	2,566.18	2,274.30	1,678.36					
730 Water Distribution	1,624.46	1,624.46	1,098.59	973.63	718.51					
1101 Major Stormwater Management Works	6,868.28	6,868.28	4,644.89	4,116.56	3,037.89					
9910 <b>TOTAL FOR INSIDE THE URBAN GROWTH AREA</b>	<b>12,287.29</b>	<b>12,287.29</b>	<b>8,309.66</b>	<b>7,364.49</b>	<b>5,434.76</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**NON - RESIDENTIAL CHARGES (\$)**

NON Res. Sq. Foot / Sq. Metre (Please Specify 10	Industrial Sq. Foot / Sq. Metre (Please Specify 11	Commercial Sq. Foot / Sq. Metre (Please Specify 12	Institutional Sq. Foot / Sq. Metre (Please Specify 13	Other 14	Other 15	Other 16							
							<i>If Other, Please Specify &gt;</i>						
								48.19	24.51	13.86	6.93		
	17.95	18.57	11.54	5.77									
	69.09	63.91	38.76	19.38									
0.00	135.23	106.99	64.16	32.08	0.00	0.00							





2019.01

**FIR2019: London C****Schedule 70**

Asmt Code: 3936

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

MAH Code: 59101

for the year ended December 31, 2019

Financial Assets		1
		\$
0299	Cash and cash equivalents . . . . .	491,411,214
<b>Accounts receivable</b>		
0410	Canada . . . . .	33,278,858
0420	Ontario . . . . .	4,153,885
0430	Upper-tier . . . . .	0
0440	Other municipalities . . . . .	208,164
0450	School boards . . . . .	1,513,886
0490	Other receivables . . . . .	38,164,203
0499	<b>Subtotal</b>	77,318,996
<b>Taxes receivable</b>		
0610	Current year's levies . . . . .	13,957,404
0620	Previous year's levies . . . . .	5,037,431
0630	Prior year's levies . . . . .	-160,815
0640	Penalties and interest . . . . .	1,600,073
0690	LESS: Allowance for uncollectables . . . . .	7,149,068
0699	<b>Subtotal</b>	13,285,025
<b>Investments *</b>		
0805	Canada . . . . .	111,380,664
0810	Ontario . . . . .	78,925,512
0815	Municipal . . . . .	110,269
0820	Government business enterprises . . . . .	193,410,006
0828	Other <input type="text" value="Other"/>	574,486,987
0829	<b>Subtotal</b>	958,313,438
<b>Debt Recoverable from Others</b>		
0861	Municipalities (SLC 74 0630 01) . . . . .	6,755,371
0862	School Boards (SLC 74 0620 01) . . . . .	0
0863	Retirement Funds (SLC 74 0899 01) . . . . .	0
0864	Sinking Funds (SLC 74 1099 01) . . . . .	0
0865	Individuals . . . . .	
0868	Other <input type="text" value=""/>	
0845	<b>Subtotal</b>	6,755,371
<b>Other financial assets</b>		
0830	Inventories held for resale . . . . .	205,868
0831	Land held for resale . . . . .	38,322,406
0835	Notes receivable . . . . .	4,306,242
0840	Mortgages receivable . . . . .	
0850	Deferred taxes receivable . . . . .	8,521
0890	Other <input type="text" value="Other"/>	8,773,910
0898	<b>Subtotal</b>	51,616,947
9930	<b>TOTAL Financial Assets</b>	1,598,700,991
8010	* Market value of Investments included in Line 0829 . . . . .	1,049,148,799

2019.01

## FIR2019: London C

## Schedule 70

Asmt Code: 3936

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MAH Code: 59101

for the year ended December 31, 2019

<b>Liabilities</b>		1
		\$
<b>Temporary loans</b>		
2010	Operating purposes	
Tangible Capital Assets:		
2020	Canada	
2030	Ontario	
2040	Other	
2099	<b>Subtotal</b>	0
<b>Accounts Payable</b>		
2210	Canada	419,217
2220	Ontario	1,456,444
2230	Upper-tier	0
2240	Other municipalities	490,294
2250	School boards	68,550
2260	Interest on debt	2,025,710
2270	Trade accounts payable	132,142,704
2290	Other	53,298,270
2299	<b>Subtotal</b>	189,901,189
2301	Estimated Tax Liabilities (PS3510)	
<b>Deferred revenue</b>		
2410	Obligatory reserve funds (SLC 60 2099 01)	346,409,719
2490	Other	25,836,371
2499	<b>Subtotal</b>	372,246,090
<b>Long term liabilities</b>		
2610	Debt issued	305,647,914
2620	Debt payable to others	4,500,000
2630	Lease purchase agreements (Tangible capital leases)	649,150
2640	Other	
2650	Other	
2660	LESS: Debt issued on behalf of Government Business Enterprise	
2699	<b>Subtotal</b>	310,797,064
<b>Solid Waste Management Facility Liabilities</b>		
2799	Solid waste landfill closure and post-closure	41,051,000
<b>Post employment benefits</b>		
2810	Accumulated sick leave	1,738,709
2820	Accrued vacation pay	16,696,674
2830	Accrued pensions payable	0
2840	Accrued Workplace Safety and Insurance Board claims (WSIB)	48,275,505
2898	Other	94,987,891
2899	<b>Subtotal post employment benefits</b>	161,698,779
<b>Liability for contaminated sites</b>		
2910	Remediation costs of contaminated sites	850,000
9940	<b>TOTAL Liabilities</b>	1,076,544,122
9945	<b>Net Financial Assets / Net Debt (Total Financial Assets LESS Total Liabilities)</b>	522,156,869
<b>Non-Financial Assets</b>		
		1
		\$
6210	Tangible Capital Assets (SLC 51 9921 11)	3,995,679,861
6250	Inventories of Supplies	5,055,705
6260	Prepaid Expenses	16,019,691
6299	<b>Total Non-Financial Assets</b>	4,016,755,257
9970	<b>Total Accumulated Surplus/(Deficit)</b>	4,538,912,126
<b>Analysis of the Accumulated Surplus/(Deficit)</b>		
		1
		\$
6410	Equity in Tangible Capital Assets	4,033,353,114
6420	Reserves and Reserve Funds (SLC 60 2099 02 + SLC 60 2099 03)	854,787,389
6430	General Surplus/ (Deficit)	-2,461,942
6431	Unexpended capital financing	19,778,551
<b>Local boards</b>		
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	186,266
5076	Other	
5077	Other	2,471,637
5078	Other	
5079	Other	13,708
5098	<b>Total Local Boards</b>	2,671,611
5080	Equity in Government Business Enterprises (SLC 10 6090 01)	193,410,006
6601	Unfunded Employee Benefits	-163,043,936
6602	Unfunded Landfill closure costs	-41,051,000
6603	Unfunded Remediation costs of contaminated sites	-850,000
6610	Other	-289,932,760
6620	Other	
6630	Other	-67,748,907
6640	Other	
6699	<b>Total Other</b>	-562,626,603
9971	<b>Total Accumulated Surplus/(Deficit)</b>	4,538,912,126

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# FIR2019: London C

Asmt Code: 3936

MAH Code: 59101

## Single/Lower-Tier ONLY Schedule 72 CONTINUITY OF TAXES RECEIVABLE

for the year ended December 31, 2019

Continuity of Taxes Receivable		9
		\$
0210	Taxes receivable, beginning of year . . . . .	14,843,389
0215	PLUS: Amounts added to tax bills for collection purposes only . . . . .	3,231,710
0220	PLUS: Tax amounts levied in the year (SLC 26 9199 03) . . . . .	768,601,582
0225	PLUS: Current Year Penalties and Interest . . . . .	4,984,712
0240	LESS: Total cash collections (SLC 72 0699 09) . . . . .	771,208,703
0250	LESS: Tax adjustments before allowances (SLC 72 2899 09) . . . . .	6,606,661
0260	LESS: Tax adjustments not applied to taxation (SLC 72 4999 09) . . . . .	561,004
0280	PLUS: <input type="text"/>	
0290	Taxes receivable, end of year . . . . .	13,285,025
Cash Collections		9
		\$
0610	Current year's tax . . . . .	744,787,092
0620	Previous year's tax . . . . .	19,544,950
0630	Penalties and interest . . . . .	4,392,410
0640	Amounts added to tax bills for collection purposes only . . . . .	2,484,251
0690	Other <input type="text"/>	
0699	<b>TOTAL Cash Collections</b>	<b>771,208,703</b>

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# FIR2019: London C

Asmt Code: 3936

MAH Code: 59101

## Single/Lower-Tier ONLY Schedule 72

### CONTINUITY OF TAXES RECEIVABLE

for the year ended December 31, 2019

Tax Adjustments Applied to Taxation		SCHOOL BOARDS					TOTAL Education 6 \$	Lower-Tier (Single-Tier) 7 \$	Upper-Tier 8 \$	TOTAL Tax Adjustment 9 \$	
		English - Public 1	French - Public 2	English - Separate 3	French - Separate 4	Other 5					
		\$	\$	\$	\$	\$					
1099	Municipal Act (353, 354, 357, 358, RfR)	2,599,638	21,644	608,846	49,564		3,279,692	-2,739,932		539,760	
1299	Discounts for Advance Payments (Mun. Act 345(10))									0	
1499	Tax Credit (Mun. Act 474.3)									0	
1699	Tax Cancellation - Low income seniors and Disabled persons (Mun. Act 345(10))						0			0	
1810	Rebates to Commercial properties (Mun. Act 362)						0			0	
1820	Rebates to Industrial properties (Mun. Act 362)						0			0	
1899	<b>Subtotal</b>	0	0	0	0	0	0	0	0	0	
2099	Rebates for Charities (Mun. Act 361)	182,134	1,813	46,440	4,120		234,507	377,568		612,075	
2299	Vacant Unit Rebates (Mun. Act 364)	333,553	3,388	84,687	7,605		429,233	734,949		1,164,182	
2399	Reduction for Heritage Property (Mun. Act 365.2)						0			0	
2890	Other	LEGIONS						0	17,732		17,732
2891	Other	MUNICIPAL HOUSING						0	405,889		405,889
2892	Other	Less: Prior Yr. Tax Adj Allowance						0	3,867,023		3,867,023
2893	Other							0			0
2899	<b>Tax adjustments before allowances</b>	3,115,325	26,845	739,973	61,289	0	3,943,432	2,663,229	0	6,606,661	

Tax Adjustments Not Applied to Taxation		SCHOOL BOARDS					TOTAL Education 6 \$	Lower-Tier (Single-Tier) 7 \$	Upper-Tier 8 \$	TOTAL Tax Adjustment 9 \$	
		English - Public 1	French - Public 2	English - Separate 3	French - Separate 4	Other 5					
		\$	\$	\$	\$	\$					
4010	Tax sale, Tax registration accounts							560,665		560,665	
4210	Tax Deferral - Low income seniors and Disabled persons (Mun. Act 345(10))	41					41	298		339	
4420	Net Impact of 5% Capping Limit Program						0			0	
4890	Other							0			0
4891	Other							0			0
4999	<b>Tax Adjustments Not Applied to Taxation</b>	41	0	0	0	0	41	560,963	0	561,004	

Additional Information		SCHOOL BOARDS					TOTAL Education 6	Lower-Tier (Single-Tier) 7	Upper-Tier 8	TOTAL Tax Adjustment 9
		English - Public 1	French - Public 2	English - Separate 3	French - Separate 4	Other 5	\$	\$	\$	\$
6010	Recovery of Tax Deferrals						0			0
7010	Entitlement of School Boards	112,564,406	864,812	24,535,151	1,521,165	0	139,485,534			

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## Schedule 74 LONG TERM LIABILITIES AND COMMITMENTS for the year ended December 31, 2019

### 1. Debt burden of the municipality

All outstanding debt issued by the municipality, predecessor municipalities and consolidated entities		1
		\$
0210	To Ontario and agencies . . . . .	36,618,148
0220	To Canada and agencies . . . . .	6,988,636
0230	To Others . . . . .	267,190,280
0297	Other <input type="text"/>	
0298	Other <input type="text"/>	
<b>0299</b>	<b>Subtotal</b>	<b>310,797,064</b>
0499	PLUS: All debt assumed by the municipality from others . . . . .	
LESS: All debt assumed by others		
0610	Ontario . . . . .	
0620	School boards . . . . .	
0630	Other Municipalities . . . . .	6,755,371
0640	Government Business Enterprises . . . . .	
0697	Other <input type="text"/>	
0698	Other <input type="text"/>	
<b>0699</b>	<b>Subtotal</b>	<b>6,755,371</b>
LESS: Debt retirement funds		
0810	Sewer . . . . .	
0820	Water . . . . .	
0896	Other <input type="text"/>	
0897	Other <input type="text"/>	
0898	Other <input type="text"/>	
<b>0899</b>	<b>Subtotal</b>	<b>0</b>
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"/>	
<b>1099</b>	<b>Subtotal</b>	<b>0</b>
<b>9910</b>	<b>TOTAL Net Long Term Liabilities of the Municipality</b>	<b>304,041,693</b>

### 2. Debt burden of the municipality: Analysed by debt instrument

1210	Sinking fund debentures . . . . .	
1220	Installation (serial) debentures . . . . .	298,892,543
1230	Long term bank loans . . . . .	
1240	Lease purchase agreements (Tangible capital leases) . . . . .	649,150
1250	Mortgages . . . . .	
1280	Construction Financing Debentures . . . . .	
1297	Other <input type="text"/>	4,500,000
1298	Other <input type="text"/>	
<b>9920</b>	<b>TOTAL Net Long Term Liabilities of the Municipality</b>	<b>304,041,693</b>

### 3. Debt burden of the municipality: Analysed by function

1405	General government . . . . .	3,228,635
1410	Protection services . . . . .	8,832,671
Transportation services:		
1415	Roadways . . . . .	69,755,142
1416	Winter Control . . . . .	
1420	Transit . . . . .	23,148,423
1421	Parking . . . . .	
1422	Street Lighting . . . . .	342,807
1423	Air Transportation . . . . .	
Environmental services:		
1425	Wastewater system . . . . .	58,121,594
1430	Storm water system . . . . .	35,536,023
1435	Waterworks system . . . . .	13,080,812
1440	Solid Waste collection . . . . .	
1445	Solid Waste disposal . . . . .	
1446	Waste diversion . . . . .	
1450	Health services . . . . .	
1455	Social and family services . . . . .	9,852,989
1460	Social housing . . . . .	
Recreation and cultural services:		
1465	Parks . . . . .	2,171,548
1466	Recreation programs . . . . .	
1471	Recreation facilities - Golf Course, Marina, Ski Hill . . . . .	
1474	Recreation facilities - All Other . . . . .	56,464,064
1475	Libraries . . . . .	5,484,349
1476	Museums . . . . .	
1477	Cultural services . . . . .	
1480	Planning and development . . . . .	13,522,636
1490	Other long term liabilities . . . . .	4,500,000
<b>9930</b>	<b>TOTAL Net Long Term Liabilities of the Municipality</b>	<b>304,041,693</b>

**FIR2019: London C**

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**Schedule 74**

**LONG TERM LIABILITIES AND COMMITMENTS**

for the year ended December 31, 2019

**8. Contingent liabilities**

2610	Pending or threatened litigation . . . . .
2620	Retroactive wage settlements . . . . .
2630	Guarantees of long term indebtedness in the name of the municipality but assumed by others . . . . .
2640	Outstanding loans guaranteed . . . . .
2698	Other <input type="text"/> . . . . .
<b>2699</b>	<b>TOTAL</b>

Contingent Liabilities	Is Value in Column 2 Estimated?	Value	Number of Years Payable Over
4	1	2	3
Y or N	Y or N	\$	Years
		0	

**10. Debt Charges for the current year**

Recovered from the Consolidated Statement of Operations	
3012	General Tax Rates . . . . .
3014	Other . . . . .
3015	Tile Drainage/Shoreline Assistance . . . . .
3020	Recovered from reserve funds . . . . .
Recovered from unconsolidated entities:	
3030	Electricity . . . . .
3040	Gas . . . . .
3050	Telephone . . . . .
3097	Other <input type="text"/> . . . . .
3098	Other <input type="text"/> . . . . .
<b>3099</b>	<b>TOTAL</b>

Principal	Interest	Total
1	2	3
\$	\$	\$
47,373,996	6,825,918	
12,285,036	2,521,732	
59,659,032	9,347,650	

**Line 3099 includes:**

3110	Lump sum (balloon) repayments of long term debt . . . . .
3120	Provincial Grant funding for repayment of long term debt . . . . .

**Analysis of Lease Purchase Agreements (Tangible Capital Leases)**

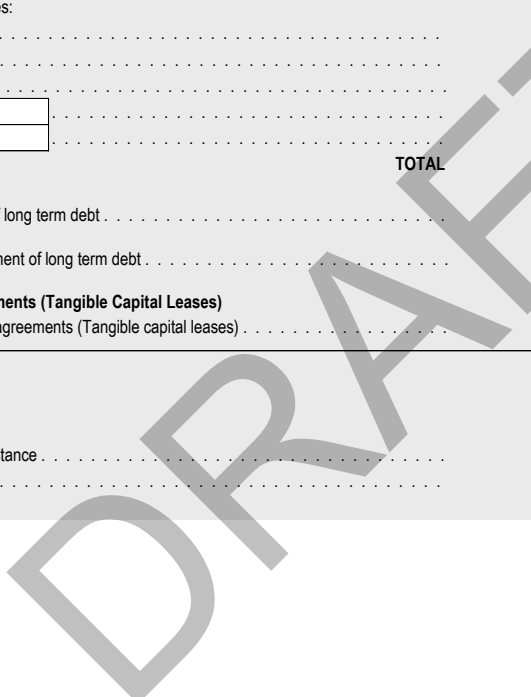
3140	Debt charges for Lease purchase agreements (Tangible capital leases) . . . . .
------	--

432,646	29,483	462,129

**11. Long term debt refinanced**

3410	Repayment of Provincial Special Assistance . . . . .
3420	Other long term debt refinanced . . . . .

Principal	Interest
1	2
\$	\$



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# Schedule 74

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## LONG TERM LIABILITIES AND COMMITMENTS

MAH Code: 59101

for the year ended December 31, 2019

### 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 2020 . . . . .	43,345,800	5,978,790	4,424,921	346,618			10,436,349	1,974,174
3220	Year 2021 . . . . .	40,389,433	4,754,179	2,020,748	198,564			10,643,613	1,730,726
3230	Year 2022 . . . . .	31,969,201	3,581,241	2,082,454	127,960			9,588,227	1,471,127
3240	Year 2023 . . . . .	26,950,294	2,589,764	1,158,855	51,923			9,117,206	1,225,902
3250	Year 2024 . . . . .	20,594,448	1,758,028	487,139	8,456			8,482,435	982,973
3260	Years 2025 to 2029 . . . . .	51,173,657	2,830,339	0	0			30,793,767	1,910,691
3270	Years 2030 onwards . . . . .	295,645	8,915	0	0			87,501	1,905
3280	Int. to be earned on sink. funds . . . . .								
3299	<b>TOTAL</b>	<b>214,718,478</b>	<b>21,501,256</b>	<b>10,174,117</b>	<b>733,521</b>	<b>0</b>	<b>0</b>	<b>79,149,098</b>	<b>9,297,498</b>

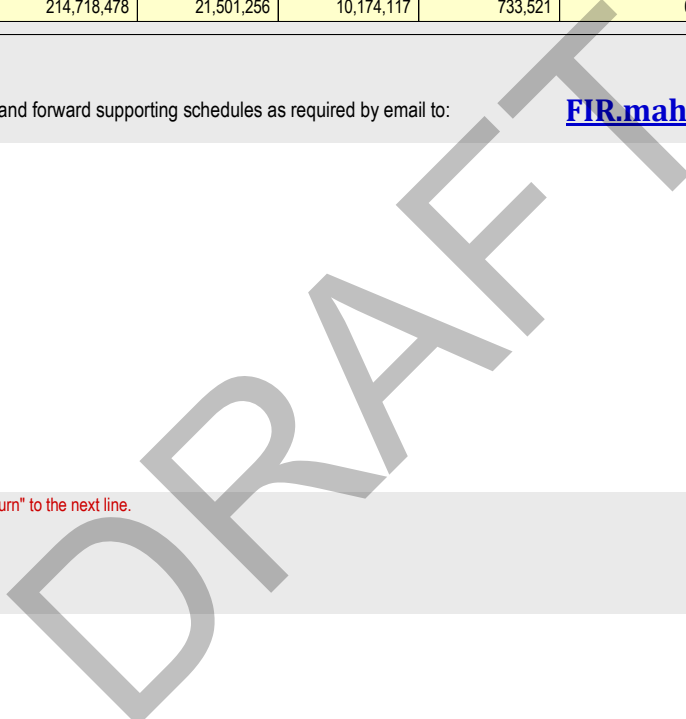
### 13. Other notes

Please list all Other Notes and forward supporting schedules as required by email to:

[FIR.mah@ontario.ca](mailto:FIR.mah@ontario.ca)

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\* Use ALT + ENTER Keys to "Return" to the next line.



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# Schedule 76

## GOVERNMENT BUSINESS ENTERPRISES

for the year ended December 31, 2019

### GOVERNMENT BUSINESS ENTERPRISES

#### STATEMENT OF FINANCIAL POSITION

		Please Specify GBE					Total
		Investment in London Hydro Inc.	Fair-City Joint Venture Partnership	City-YMCA Joint Venture Partnership			
		1	2	3	4	5	
		\$	\$	\$	\$	\$	20
							\$
<b>Assets</b>							
0210	Current . . . . .	78,724,000	1,306,526				80,030,526
0220	Capital . . . . .	354,155,000	11,138,033	20,360,396			385,653,429
0297	Other . . . . .						0
0298	Other <input type="text" value="Other"/>	21,019,000					21,019,000
<b>0299</b>	<b>Total Assets</b>	<b>453,898,000</b>	<b>12,444,559</b>	<b>20,360,396</b>	<b>0</b>	<b>0</b>	<b>486,702,955</b>
<b>Liabilities</b>							
0410	Current . . . . .	68,277,000	2,031,791				70,308,791
0420	Long-term . . . . .	155,000,000	2,484,624				157,484,624
0497	Other . . . . .	53,592,000	2,886,632				56,478,632
0498	Other <input type="text" value="Other"/>	2,339,000					2,339,000
<b>0499</b>	<b>Total Liabilities</b>	<b>279,208,000</b>	<b>7,403,047</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>286,611,047</b>
<b>9910</b>	<b>Net Equity</b>	<b>174,690,000</b>	<b>5,041,512</b>	<b>20,360,396</b>	<b>0</b>	<b>0</b>	<b>200,091,908</b>
0610	Municipality's Share	100	39	73			212
<b>STATEMENT OF OPERATIONS</b>							
0810	Revenues . . . . .	448,250,000	3,993,049				452,243,049
0820	Expenses . . . . .	437,862,000	3,449,442	-678,680			440,632,762
<b>9920</b>	<b>Net Income (Loss)</b>	<b>10,388,000</b>	<b>543,607</b>	<b>678,680</b>	<b>0</b>	<b>0</b>	<b>11,610,287</b>
1010	Municipality's Share	100	39	73			212
1020	Dividends paid	5,000,000					5,000,000



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# Schedule 79

## COMMUNITY IMPROVEMENT PLANS

for the year ended December 31, 2019

### Community Improvement Plans (Section 28 of the Planning Act)

		Total Value of all approved Grants, Loans & Tax Assistance	Number of Approved Grants/Loans/Tax Assistance Applications
		1 \$	2 #
<b>Grants</b>			
2010	Environment Site Assessment/Remediation . . . . .	25,586	3
2020	Development/Redevelopment of Land/Buildings . . . . .	0	0
<b>Loans</b>			
2210	Loans issued in current year (2019) . . . . .	902,591	24
2220	Outstanding Loans as of 2019 . . . . .	3,002,791	159
<b>Tax Assistance (per Municipal Act 365.1 ss21)</b>			
2410	Cancellation . . . . .	0	0
2420	Deferral . . . . .	0	0
<b>Long Term Commitments for Grants, Loans or Tax Assistance beyond 2019</b>			
2610	Year: 2020 . . . . .	1,038,972	
2620	Year: 2021 . . . . .	3,926,568	
2630	Year: 2022 . . . . .	1,342,707	
2640	Year: 2023 . . . . .	1,635,513	
2650	Year: 2024 . . . . .	2,665,317	
2660	Years beyond 2024 . . . . .	8,717,075	

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**FIR2019: London C** **Schedule 81**  
**Asmt Code: 3936** **ANNUAL DEBT REPAYMENT LIMIT**  
**MAH Code: 59101** based on the information reported for the year ended December 31, 2019

**NOTE: THE ESTIMATED ANNUAL REPAYMENT LIMIT IS EFFECTIVE JANUARY 01, 2021**  
**Please note that fees and revenues for Homes for the Aged are not reflected in this estimate.**

DETERMINATION OF ANNUAL DEBT REPAYMENT LIMIT		1 \$
<b>Debt Charges for the Current Year</b>		
0210	Principal (SLC 74 3099 01) . . . . .	59,659,032
0220	Interest (SLC 74 3099 02) . . . . .	9,347,650
0299	<b>Subtotal</b>	<b>69,006,682</b>
0610	Payments for Long Term Commitments and Liabilities financed from the consolidated statement of operations (SLC 42 6010 01) . . . . .	0
9910	<b>Total Debt Charges</b>	<b>69,006,682</b>

Excluded Debt Charges		1 \$
1010	Electricity - Principal (SLC 74 3030 01) . . . . .	0
1020	Electricity - Interest (SLC 74 3030 02) . . . . .	0
1030	Gas - Principal (SLC 74 3040 01) . . . . .	0
1040	Gas - Interest (SLC 74 3040 02) . . . . .	0
1050	Telephone - Principal (SLC 74 3050 01) . . . . .	0
1060	Telephone - Interest (SLC 74 3050 02) . . . . .	0
1099	<b>Subtotal</b>	<b>0</b>
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	<b>Total Debt Charges to be Excluded</b>	<b>0</b>
9920	<b>Net Debt Charges</b>	<b>69,006,682</b>

Total Revenues		1 \$
1610	Total Revenues (SLC 10 9910 01) . . . . .	1,421,680,831
<b>Excluded Revenue Amounts</b>		
2010	Fees for Tile Drainage / Shoreline Assistance (SLC 12 1850 04) . . . . .	0
2210	Ontario Grants, including Grants for Tangible Capital Assets (SLC 10 0699 01 + SLC 10 0810 01 + SLC 10 0815 01) . . . . .	250,646,899
2220	Canada Grants, including Grants for Tangible Capital Assets (SLC 10 0820 01 + SLC 10 0825 01) . . . . .	21,608,753
2225	Deferred revenue earned (Provincial Gas Tax) (SLC 10 0830 01) . . . . .	16,319,001
2226	Deferred revenue earned (Canada Gas Tax) (SLC 10 0831 01) . . . . .	7,949,945
2230	Revenue from other municipalities, including Revenue for Tangible Capital Assets (SLC 10 1099 01 + SLC 10 1098 01) . . . . .	6,584,190
2240	Gain/Loss on sale of land & capital assets (SLC 10 1811 01) . . . . .	65,283
2250	Deferred revenue earned (Development Charges) (SLC 10 1812 01) . . . . .	34,934,114
2251	Deferred revenue earned (Recreation Land (The Planning Act)) (SLC 10 1813 01) . . . . .	131,402
2253	Other Deferred revenue earned (SLC 10 1814 01) . . . . .	0
2252	Donated Tangible Capital Assets (SLC 53 0610 01) . . . . .	64,953,296
2254	Increase / Decrease in Government Business Enterprise equity (SLC 10 1905 01) . . . . .	9,028,528
2255	<b>Other Revenue (SLC 10 1890 01 + SLC 10 1891 01 + SLC 10 1892 01 + SLC 10 1893 01 + SLC 10 1894 01 + SLC 10 1895 01 + SLC 10 1896 01 + SLC 10 1897 01 + SLC 10 1898 01) . . . . .</b>	<b>29,505,895</b>
2299	<b>Subtotal</b>	<b>441,727,306</b>
2410	Fees and Revenue for Joint Local Boards for Homes for the Aged . . . . .	0
2610	<b>Net Revenues</b>	<b>979,953,525</b>
2620	<b>25% of Net Revenues</b>	<b>244,988,381</b>
9930	<b>ESTIMATED ANNUAL REPAYMENT LIMIT</b>	<b>175,981,699</b>

**For Illustration Purposes Only**

Annual Interest Rate  @ Term  years =