



Financial Report 2022

THE CORPORATION OF THE CITY OF LONDON

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LAND ACKNOWLEDGEMENT

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

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

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

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

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2022 City of London at a Glance

City of London...



At a Glance

430,770
Population

423.43 km²
Land Area

3,770
**Lane KM of
Paved Road**

65.8%

5.7%

Aaa

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

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

2022 Credit Rating
Provided by Moody's
Investors

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Message from the City Treasurer



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

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

The Financial Statements have been prepared in accordance with Canadian Public Sector accounting standards as defined in the Chartered Professional Accountants (CPA) Public Sector Handbook – Accounting. The provincial financial information return has been completed using accounting policies and practices prescribed for Ontario Municipalities by the Ministry of Municipal Affairs. The Consolidated Financial Statements and the Financial Statements of Local Boards and Commissions have been audited by the firm of KPMG LLP.

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Al Barbon".

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

THE CORPORATION OF THE CITY OF LONDON

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Year ended December 31, 2022

Financial Reporting

External Audit

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

Accounting and Financial Reporting Requirements

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

Consolidated Financial Statements Overview

The Consolidated Financial Statements include the following individual statements:

Name	Purpose
Consolidated Statement of Financial Position	Provides a summary of the City's assets (financial and non-financial), and financial liabilities as at December 31, 2022.
Consolidated Statement of Operations	Outlines revenues, expenses, surplus for the year and accumulated surplus at year end. This statement reflects the combined operations of the operating, capital, reserve and reserve funds for the City and its consolidated entities and provides the calculation of the City's accumulated surplus at year end.
Consolidated Statement of Change in Net Financial Assets	Outlines the changes in net financial assets as a result of annual operations, tangible capital asset transactions, as well as changes in other non-financial assets.
Consolidated Statement of Cash Flows	Summarizes the City's cash position and changes during the year by outlining the City's sources and uses of cash.

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

Financial Reporting (continued)

Consolidated Financial Statements Overview (continued)

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

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position is the municipal equivalent of the private sector's balance sheet. This statement includes the net book value of the City's tangible capital assets. This statement focuses on the City's assets (financial and non-financial) and liabilities. The difference between the liabilities and financial assets is the City's net financial assets, which represents the net amount by which financial assets are available to fund future obligations.

Note 15 to the Consolidated Financial Statements details the breakdown of the accumulated surplus, including all of its components: amount invested in tangible capital assets; equity in government business enterprises, reserve and reserve fund balances; and unfunded liabilities that must be recovered from future revenues.

The City has received funds for specific purposes under legislation, regulation or agreements. The recognition of these funds as revenues has been deferred until related expenses occur in the future. For example, development charges and Federal and Provincial Government transfers received (such as public transit funding) are not recognized as revenues until such time as the projects are constructed. These restricted funds are included in liabilities as "Deferred Revenue" and not in the accumulated surplus. A breakdown of the City's deferred revenue obligatory reserve funds can be found in Note 7 to the Consolidated Financial Statements.

As a result of the significant investment in tangible capital assets, there is a large accumulated surplus. While there is a large accumulated surplus, this occurs at the same time that the City has a net financial asset position which assists in financing future unfunded liabilities and expenses. Although tangible capital asset balances are considerable for municipalities – much larger on a percentage basis than any other level of government – they do not provide liquidity, and are not typically available for sale, the proceeds of which could be used for other purposes. It is for this purpose that tangible capital assets are not included in the calculation of net financial assets position, arguably the most important financial statistic for governments.

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Consolidated Financial Report

Year ended December 31, 2022

Financial Reporting (continued)

Consolidated Statement of Operations and Accumulated Surplus

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

The Consolidated Statement of Operations and Accumulated Surplus provides a summary of the revenues, expenses and surplus throughout the reporting period and outlines the change in accumulated surplus. The 2022 budget values presented in this statement have been adjusted to reflect the differences between amounts as budgeted at the City on a modified "cash requirements" basis and amounts now recorded in these financial statements.

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.

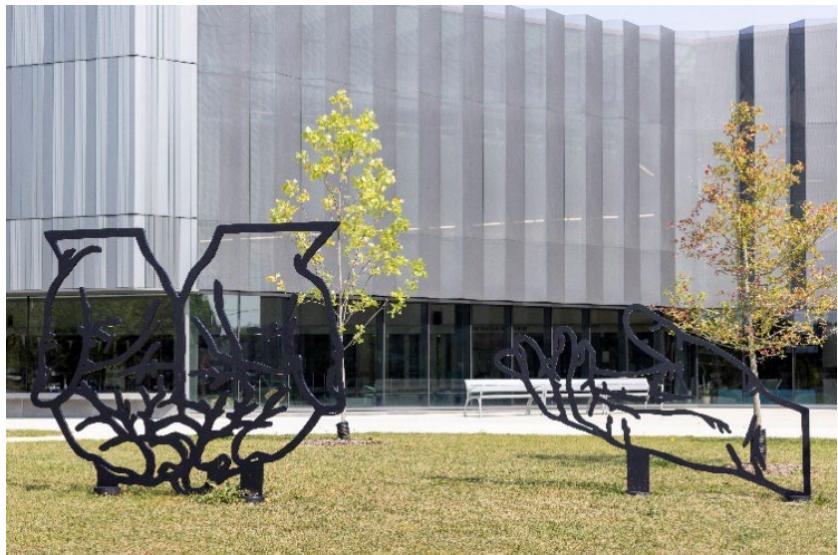


Figure 1 East Lions Community Centre

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

City of London Budget

Budgetary Process

In March 2020, Municipal Council approved the City of London's second Multi-Year Budget (operating and capital) that covers a four (4) year period (2020-2023) and is linked to Municipal Council's Strategic Plan. Council also approved a ten-year capital plan. Linking the strategic plan to the budget provides accountability between what is achieved and the cost to the tax and rate payer. Rather than approving a budget annually, Municipal Council approves budgets in four (4) year cycles, with the last year being subject to reconfirmation by the new term of Municipal Council.

An important element of the Multi-Year Budget is the annual budget update process. Municipal Council is required by the *Municipal Act, 2001* to review and readopt the budget for that year. Annual updates continue to provide Municipal Council the opportunity to adjust the budget to provide flexibility for special events or circumstances that require funding and resource adjustments for the remaining years of the Multi-Year Budget cycle.

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

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

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

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

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Consolidated Financial Report

Year ended December 31, 2022

Financial Management

Capital Financing Policies

The City uses a balanced approach to finance capital projects, consistent with the Council approved Capital Budget and Financing Policy, Reserve and Reserve Fund Policy and Debt Management Policy. Sources of capital financing include: tax and rate supported capital levy (“pay as you go”), reserve funds, debt, non-tax/rate supported development charges and senior government funding. Capital projects are classified as lifecycle, growth, or service improvements. Lifecycle projects are primarily funded by capital levy and reserve funds. Growth projects are primarily funded by development charges and debt. Service improvements are commonly funded by all three tax and rate supported sources (capital levy, reserve fund and debt). As of 2022, the City has no further debt projected as a source of financing on future lifecycle capital projects, limiting the debt burden on future generations while providing intergenerational equity. Furthermore, consistent with the Debt Management Policy, the capital financing strategy ensures that debt is at a level that will not impair the financial position or the credit rating of the City.

Investment Policy

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

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

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

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Financial Management (continued)

Property Taxation Policy

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

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

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

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

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

In 2014, the multi-residential was reduced to a level equal to the commercial tax ratio and the industrial tax ratios was also reduced.

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

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

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

In a response to the pandemic, the Provincial government delayed the property assessment update scheduled for 2020. The result is no assessment-based shifts between classes in 2022. As the schedule for future assessments has not been determined, and future impacts including tax shifts between property classes are unknown, there were no changes to tax ratios in 2022.

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Financial Management (continued)

Property Taxation Policy (continued)

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

The ending of the tax mitigation, known as capping, required by the Provincial Government will simplify the calculation of property taxes and will enhance equity and transparency in the property tax system in London. The City of London exited the capping system in 2021 and there were no cap adjustments in 2022, nor will there be capping adjustments in future years.

Future Tax Policy

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



Figure 2 Kiwanis Park Playground

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Credit Rating provided by Moody's Investors Service

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

The rating process involves a review of the City's annual audited Consolidated Financial Statements, the Financial Information Return (FIR) that is filed annually with the Ministry of Municipal Affairs and Housing, the approved Multi-Year Budget, associated Annual Budget Updates and forecasts. Moody's also utilizes independent research from a variety of sources such as Statistics Canada, comparisons with other municipalities and local media. Along with reviewing and analyzing the materials noted above, Moody's arranges a meeting with the City and interviews with senior management and the Mayor or Deputy Mayor.

As published in Moody's credit rating opinion on October 5, 2022, the City has maintained its Aaa credit rating with a stable outlook.

The City has proudly held the Aaa rating since 1977, making 2022 the 46th consecutive year of the Aaa rating and reaffirming that the City's debt has the highest rating possible.

The City's achievement of being Aaa rated for 46 consecutive years is a testament to the success of the City's prudent, conservative approach to fiscal planning.



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

THE CORPORATION OF THE CITY OF LONDON

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Economic Overview

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

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

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

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

Figure 4 Key Economic Indicators, London, Ontario

Sectoral Performance

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

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

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Economic Overview (continued)

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

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

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

Note: e = estimate, unshaded area represents forecast data

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

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

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Economic Overview (continued)

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

Labour and Employment

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

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

Migration and Cost of Living

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

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Economic Overview (continued)

Migration and Cost of Living (continued)

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

Construction and Real Estate

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

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

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

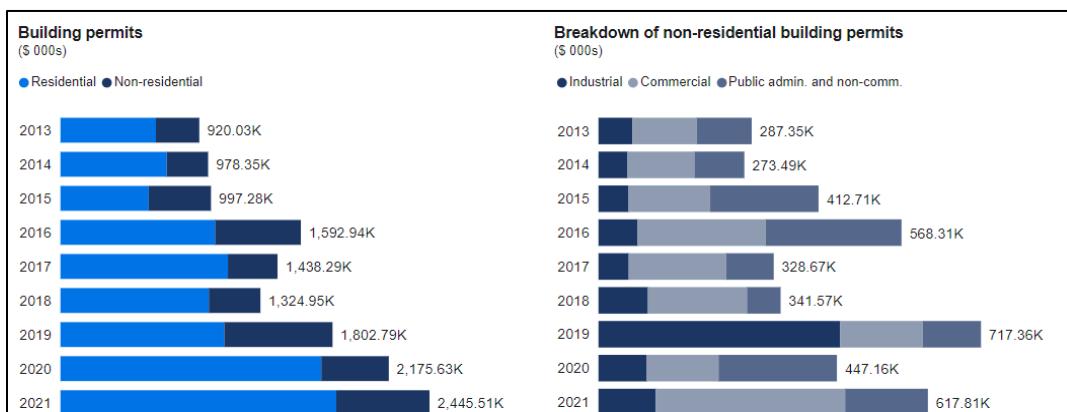


Figure 6 Construction, Commercial real Estate, and Income Overview

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

2022 Financial Results

Financial Results Summary

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

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

Consolidated Statement of Operations

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

Table 1: Financial Results Summary

Statement of Operations – Total Revenue

In 2022, revenue realized on a full accrual basis of \$1.7 billion which was \$89 million greater than budget. Contributing factors to this variance were:

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

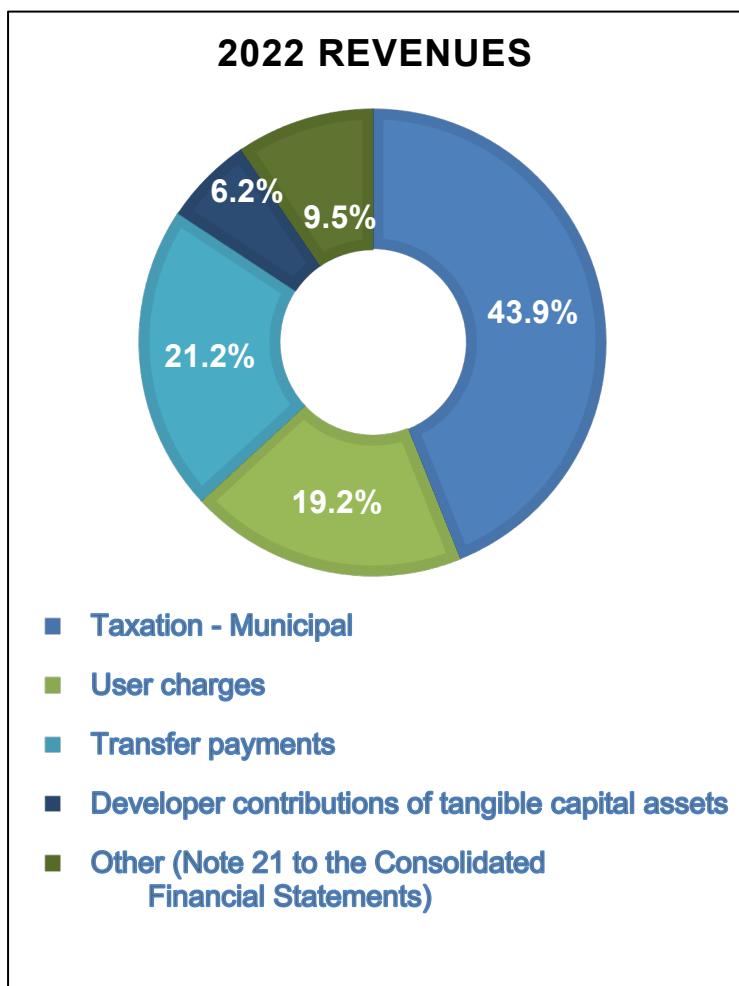


Figure 7 2022 Revenues

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

2022 Financial Results (continued)

Statement of Operations - Total Expenses

In 2022, expenses incurred on a full accrual basis were \$1,291 million which was \$52 million lower than budget.

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

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

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

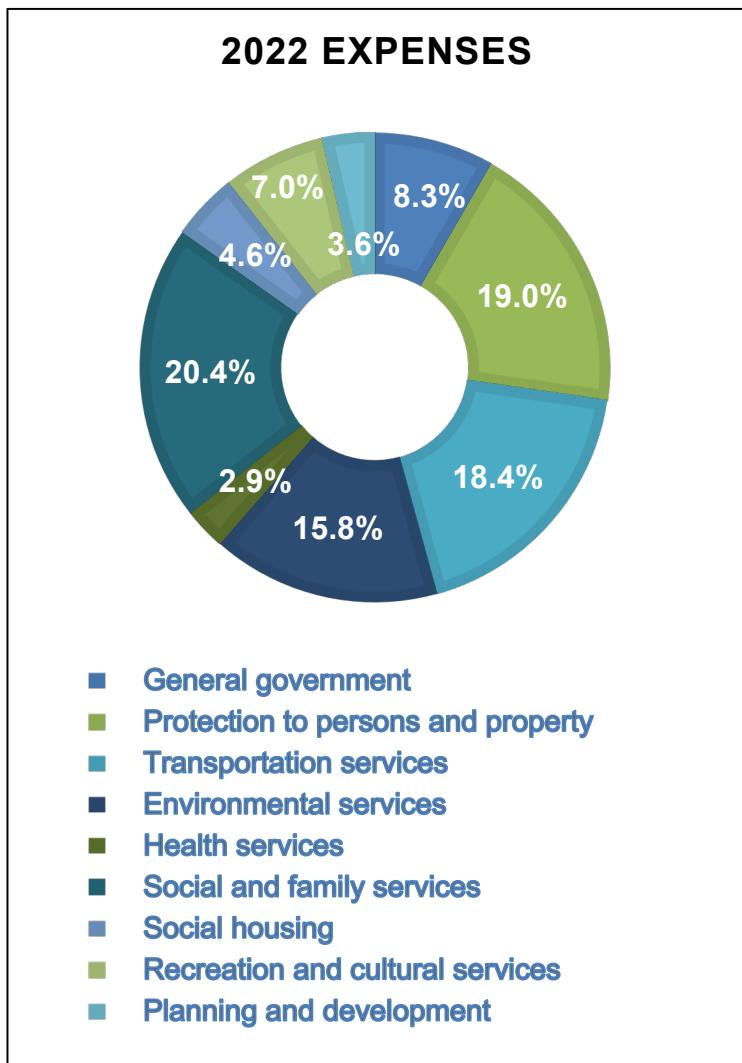


Figure 8 2022 Expenses

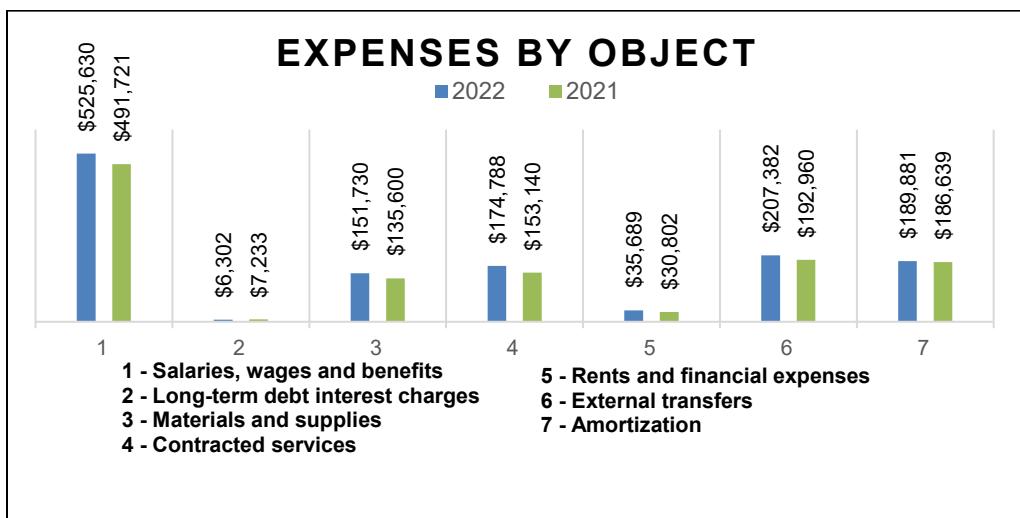


Figure 9 Expenses by Object

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

2022 Financial Results (continued)

City Budget Versus Consolidated Financial Statements Budget

The Consolidated Financial Statements of the Corporation of the City of London are presented on a full accrual accounting basis (PSAS) incorporating entities that are consolidated on a modified equity basis and on a proportionate basis. The Multi-Year Budget, however, excludes those entities that are proportionately consolidated, entities that are government business entities (such as London Hydro Inc.), and Business Improvement Areas. Further, the Multi-Year Budget is prepared on a modified cash basis. Table 2 provides a comparison of the Multi-Year Budget prepared on a modified cash basis in comparison to the full accrual basis.

2022 (\$ 000's)	Modified Cash Basis Budget Unconsolidated	Financial Statement Adjustments	Full Accrual Basis Budget Consolidated
Revenue	1,277,718	292,510	1,570,228
Expenses	1,277,718	66,037	1,343,755
Surplus (Deficit)	-	226,473	226,473

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

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

- Amortization is recorded as an expense on the Consolidated Statement of Operations,
- Debt Principal repayment are not expensed,
- Contributions to capital and to reserve funds are also not expensed,
- Revenue recognition for tangible capital assets,
- Gains and Losses on disposal of tangible capital assets,
- Accounting for liabilities such as employee benefits payable, landfill closure and post-closure, and
- Recognition of developer contributions of assumed tangible capital assets.

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

2022 Financial Results (continued)

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

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

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

2022 Financial Results (continued)

Financing Sources for Municipal Operations

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

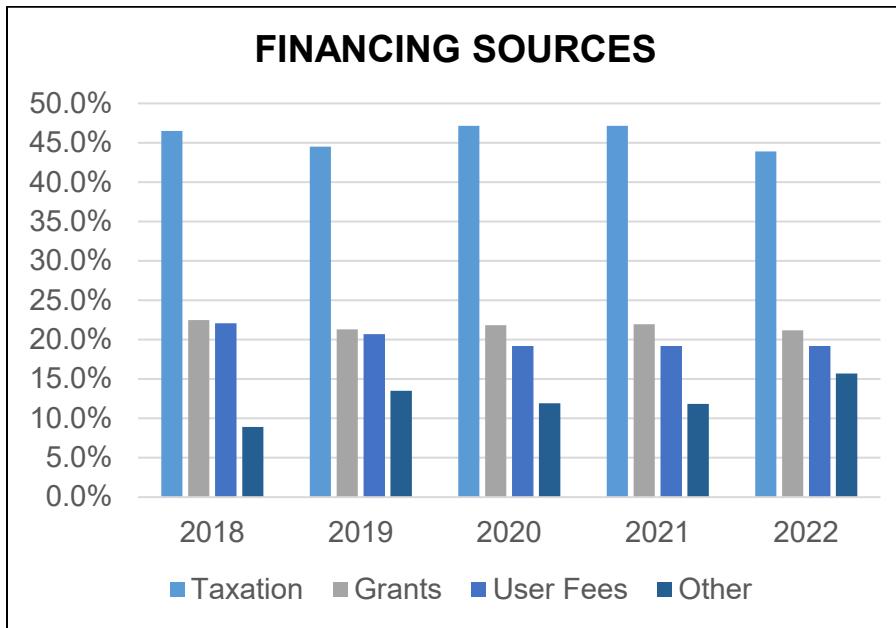


Figure 10 Five (5) Year Overview of Financing Services

Property Tax Rates and Assessment Growth

City Council approved a tax levy of \$701.8 million, representing an increase over 2021 of 4.19%. When assessment growth, tax policy and education taxes are taken into consideration, the property tax increase translated into a 2.45% increase in the total tax bill for the typical residential property owner. The table below reflects the taxes on a residential property with an assessed value of \$247,000 in 2022 and no average value increase from 2021, due to an assessment freeze.

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

COMPARATIVE PROPERTY TAXES

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

Table 4: Municipal & Education Comparative Property Taxes

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

2022 Financial Results (continued)

Property Tax Rates and Assessment Growth (continued)

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

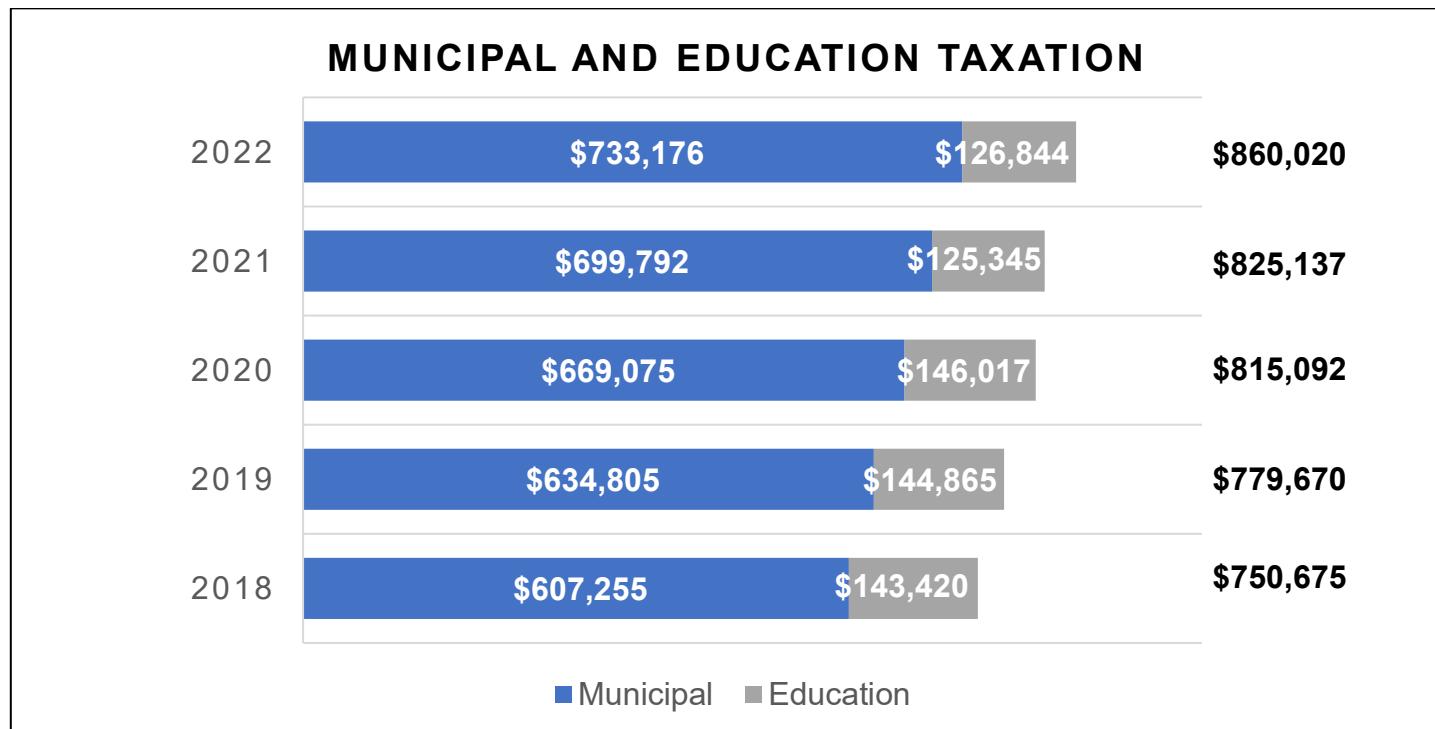


Figure 11 Five (5) year Overview of Property Taxes (\$000's)

Source: 2022 Financial Information Return, Schedule 26A

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

2022 Financial Results (continued)

Capital Additions and Disposals

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

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

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

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

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

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

Annual Surplus and Accumulated Surplus

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

2022 Financial Results (continued)

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

In 2022, the City issued debt of \$21,713, which is a decrease from 2021 when \$23,077 was issued. The 2022 debenture issuance consisted of \$21,000 debt through public debentures (2021-\$23,000) and \$713 (2021 – \$77) to the Canada Mortgage and Housing Corporation (CMHC).

The amounts issued financed the following major activities:

Debenture Issuance (\$000's)	Public Debentures	CMHC	Total Issuance
General Municipal Activities (Roads, Recreation, Housing)	\$12,289	\$713	\$13,002
Wastewater Infrastructure	8,711	-	8,711
	\$21,000	\$713	\$21,713

Table 6: Debenture Amounts Issued

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

During the year, debt substitution totaled \$4,030 (2021 - \$4,300) as a result of an allocation of a portion of the debt servicing cost budget and funding allocations from operating budget surplus and assessment growth funding in accordance with the Council-approved Surplus/Deficit and Assessment Growth Policies.

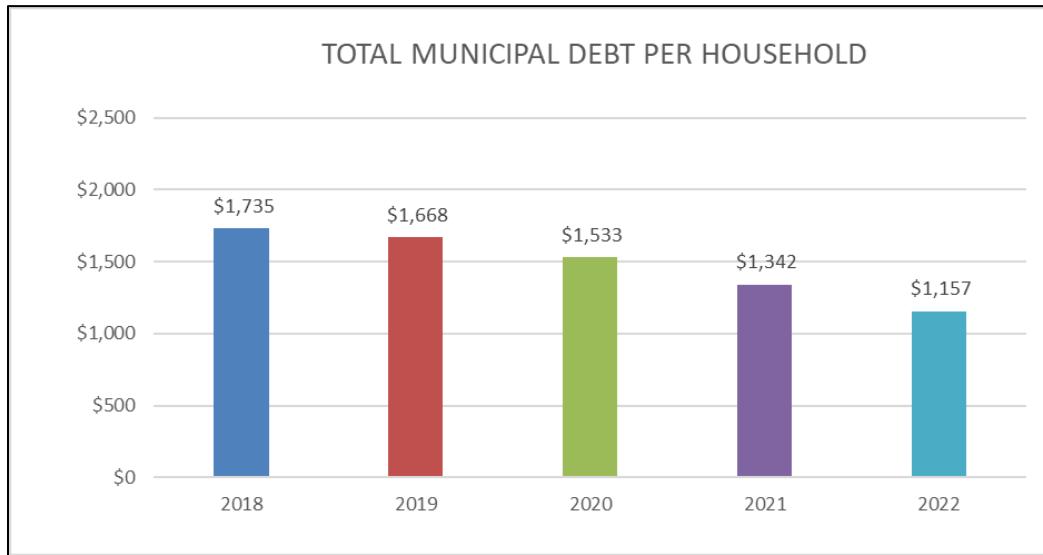


Figure 12 Five (5) Year Overview of Municipal Debt per Household

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

2022 Financial Results (continued)

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

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

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

Table 7: Discretionary Reserves and Reserve Funds per Household

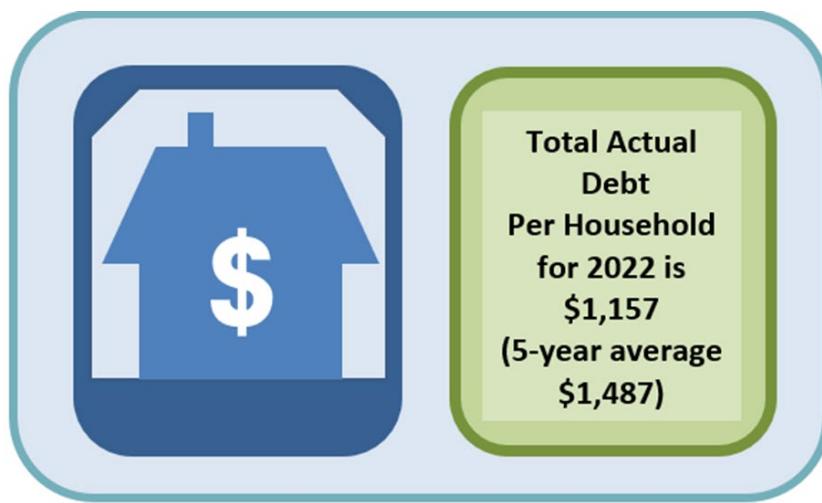


Figure 13 Total Actual Debt per Household, 2022

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

2022 Financial Results (continued)

Future Balances on Existing Debt and Long-term Liabilities

The following table outlines principal balances remaining on outstanding debentures for general, water, wastewater and reserve funds as at December 31, 2022. The current obligation will be met by 2032.

	Principal Balances Remaining on Outstanding Debentures (\$000's)					
	2022	2023	2024	2025	2026	2027
General Municipal	112,308	87,018	67,679	52,026	38,366	26,017
Discretionary Reserve Funds	1,656	490	-	-	-	-
Total Tax Supported Debt	113,964	87,508	67,679	52,026	38,366	26,017
Water	5,446	3,819	2,413	983	297	-
Wastewater	19,456	15,217	11,184	7,732	4,690	2,229
Obligatory Reserve Funds	82,514	69,543	57,192	45,289	34,055	23,415
Total Rate Supported Debt	107,416	88,579	70,789	54,004	39,042	25,644
Total Long-term Debt and Liabilities	221,380	176,087	138,468	106,030	77,408	51,661
Less Unamortized Discount	(1,201)	(933)	(715)	(537)	(380)	(245)
Total Long-term Debt and Liabilities, net of Unamortized Discount	220,179	175,154	137,753	105,493	77,028	51,416
Percentage Remaining	100%	80%	63%	48%	35%	23%

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

2022 Financial Results (continued)

Reserves and Reserve Funds

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

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

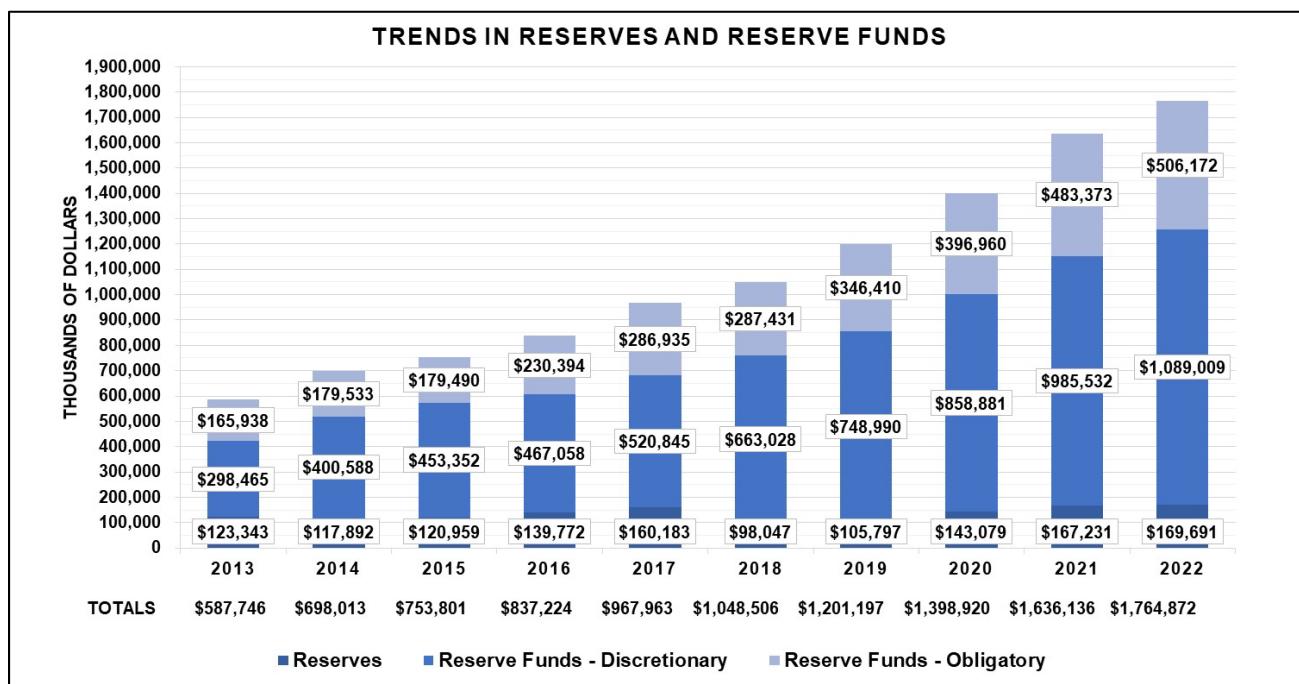


Figure 14 Ten Year Overview of Reserves and Reserve Funds (\$000's)

In 2022, Reserve Funds grew by \$126 million, reaching \$1,595 million by year end. The majority of funds grew due to increased contributions; others were drawn down to fund operations as well as the purchase of capital assets.

Reserves increased by \$3 million over 2021 balances.

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

Five Year Review and General Statistics

Five Year Review (\$000's)

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

Five Year Review and General Statistics (continued)

General Statistics and Indicators

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

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

Table 9: General Statistics and Indicators

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

Definitions

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

Accumulated Amortization – the total amortization pertaining to a tangible capital asset from the time the asset was placed into service until the date of the financial statement.^{ix}

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

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

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

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

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

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

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

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

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

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

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

Definitions (continued)

Net Book Value – the total cost of a tangible capital asset minus the accumulated amortization and any write-down of the asset.^{ix}

Net Financial Assets (Net Debt) – an amount equal to the total financial assets less the total liabilities.^{ix}

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

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

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

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

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

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

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

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Report

Year ended December 31, 2022

Endnotes

- ⁱ Provided by City's Planning and Development Division and Statistics Canada. 2023.(table). *Census Profile*. 2021 Census of Population. Statistics Canada Catalogue no. (number) 98-316-X2021001. Ottawa. Released March 29, 2023.
<https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/prof/index.cfm?Lang=E> (accessed May 15, 2023).
- ⁱⁱ Municipal Property Assessment Corporation, <https://www.mpac.ca/>, 2022 year end assessment roll, November 2022
- ⁱⁱⁱ Provided by City's Building Division
- ^{iv} London-St. Thomas Real Estate Board and The Canadian Real Estate Association, <https://www.lstar.ca/> and <https://www.crea.ca/>
- ^v Statistics Canada. [Table 14-10-0385-01 Labour force characteristics, annual](#) (accessed May 3, 2023)
- ^{vi} Statistics Canada. [Table 14-10-0327-01 Labour force characteristics by sex and detailed age group, annual](#) (accessed May 3, 2023)
- ^{vii} Statistics Canada. [Table 18-10-0005-01 Consumer Price Index, annual average, not seasonally adjusted](#) (accessed May 3, 2023)
- ^{viii} Statistics Canada. [Table 36-10-0104-01 Gross domestic product, expenditure-based, Canada, quarterly \(x 1,000,000\)](#) (accessed May 3, 2023)
- ^{ix} Ontario Ministry of Municipal Affairs and Housing, Common Language Guide to Municipal Financial Statements, <https://www.ontario.ca/document/tools-municipal-budgeting-and-long-term-financial-planning/common-language-guide-municipal-financial-statements>
- ^x Ontario Ministry of Municipal Affairs and Housing, The Ontario Municipal Councillor's Guide, Chapter 9, The Fiscal Context, <https://www.ontario.ca/document/ontario-municipal-councillors-guide/9-fiscal-context#>

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

And Independent Auditor's Report thereon

December 31, 2022

THE CORPORATION OF THE CITY OF LONDON

Consolidated Financial Statements

Year ended December 31, 2022

(all dollar amounts in thousands of dollars)

INTRODUCTION

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

The City Treasurer is responsible for submitting annually, to the Audit Committee and Council, audited financial statements. These financial statements include the consolidated results of the City of London for the fiscal year ending December 31, 2022.

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

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

The audited Consolidated Financial Statements for City operations include:

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



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

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

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

Basis for Opinion

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

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

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

Other Information

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

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

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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



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- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

August 2, 2023

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THE CORPORATION OF THE CITY OF LONDON

Notes to Consolidated Financial Statements

Year ended December 31, 2022

(all dollar amounts in thousands of dollars)

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

1. Significant Accounting Policies

The consolidated financial statements of the Corporation are prepared by management, in accordance with Canadian public sector accounting standards as defined in the CPA of Canada Public Sector Handbook – Accounting. Significant accounting policies are as follows:

(a) Basis of Consolidation

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

(i) Consolidated Entities

The following local Boards or Commissions are consolidated:

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

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

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

1. Significant Accounting Policies (continued)

(a) Basis of Consolidation (continued)

(ii) Equity Accounting

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

The government business enterprises and partnerships during the year were:

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

(iii) Proportionate Consolidation

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

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

(iv) Accounting for School Board Transactions

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

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

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

1. Significant Accounting Policies (continued)

(a) Basis of Consolidation (continued)

(v) Trust Funds

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

Total net assets of Trust Funds administered by the Corporation amounted to **\$4,661** (2021 - \$4,673).

(b) Basis of Accounting

(i) Accrual Accounting

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

(ii) Deferred Revenue

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

(iii) Land Held for Resale

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

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

1. Significant Accounting Policies (continued)

(b) Basis of Accounting (continued)

(iv) Non-Financial Assets

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

(a) Tangible Capital Assets

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

Table 1: Tangible Capital Asset Useful Life

Asset	Useful Life - Years
Landfill and land improvements	5 - 60
Buildings and building improvements	10 - 40
Leasehold improvements	Lease term
Machinery, equipment and furniture	5 - 20
Vehicles	5 - 7
Water and wastewater infrastructure	10 - 100
Roads infrastructure	10 - 80
Computers	3, 4 & 8
Computers under capital lease	3

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

(b) Contributions of Tangible Capital Assets

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

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

1. Significant Accounting Policies (continued)

(b) Basis of Accounting (continued)

(iv) Non-Financial Assets (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 Consolidated Financial Statements (continued)
Year ended December 31, 2022
(all dollar amounts in thousands of dollars)

1. Significant Accounting Policies (continued)

(b) Basis of Accounting (continued)

(vi) Use of Estimates

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

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

1. Significant Accounting Policies (continued)

(c) Government Transfers

(i) Revenues

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

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

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

(ii) Expenses

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

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

1. Significant Accounting Policies (continued)

(d) Tax Revenues

In 2022 the Corporation received **\$728,757** (2021 - \$696,617) in property tax revenues for municipal purposes. The authority to levy and collect property taxes is established under the *Municipal Act, 2001*, the *Assessment Act*, the *Education Act*, and other legislation.

The amount of the total annual property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council-approved policies, in order to raise the revenues required to meet operating budget requirements. Education tax rates are established by the Province each year in order to fund the costs of education on a Province-wide basis.

Taxation revenues are recorded at the time tax billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The Corporation may receive supplementary assessment rolls over the course of the year from the Municipal Property Assessment Corporation that identify new or omitted assessments. Property taxes for these supplementary/omitted amounts are then billed according to the approved tax rate for the property class.

Taxation revenues in any year may also be reduced as a result of reductions in assessment values arising from assessment and/or tax appeals. Each year, an amount is identified to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals or other deficiencies in tax revenues (e.g., uncollectible amounts, write-offs, etc.).

(e) User Charges

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

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

1. Significant Accounting Policies (continued)

(f) Development Charges and Other Revenues

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

(g) Financial Instruments

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

(h) Investments

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

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

(i) Contaminated Sites

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

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

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

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

1. Significant Accounting Policies (continued)

(j) Employee Benefits Payable

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

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

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

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

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

(k) Loan Guarantees

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

(l) Environmental Provisions

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

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

1. Significant Accounting Policies (continued)

(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 Consolidated Financial Statements (continued)
Year ended December 31, 2022
(all dollar amounts in thousands of dollars)

1. Significant Accounting Policies (continued)

(p) Inter-entity Transactions

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

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

(q) Future Accounting Pronouncements

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

(i) Asset Retirement Obligations

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

(ii) Financial Statement Presentation

PS 1201, Financial Statement Presentation requires entities to present a new statement of remeasurement gains and losses separate from the consolidated statement of operations and accumulated surplus. This new statement includes unrealized gains and losses arising from remeasurement of financial instruments and items denominated in foreign currencies and any other comprehensive income that arises when a government includes the results of government business enterprises and partnerships. This standard is effective for fiscal years beginning on or after April 1, 2022 and applies when PS 3450, Financial Instruments, and PS 2601, Foreign Currency Translation, are adopted (the Corporation's December 31, 2023 year-end).

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

1. Significant Accounting Policies (continued)

(q) Future Accounting Pronouncements (continued)

(iii) Financial Instruments

PS 3450, Financial Instruments, establishes the standards on accounting for and reporting all types of financial instruments including derivatives. The effective date of this standard has been deferred and is now effective for fiscal periods beginning on or after April 1, 2022 (the Corporation's December 31, 2023 year-end).

(iv) Foreign Currency Translation

PS 2601, Foreign Currency Translation, establishes the standards on accounting for and reporting transactions that are denominated in a foreign currency. The effective date of this standard has been deferred and is now effective for fiscal periods beginning on or after April 1, 2022 (the Corporation's December 31, 2023 year-end). Earlier adoption is permitted. A public sector entity adopting this standard must also adopt the new financial instruments standard.

(v) Revenue

PS 3400, Revenue, establishes a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. This standard is effective for fiscal years beginning on or after April 1, 2023 (the Corporation's December 31, 2024 year-end).

(vi) Public Sector Guideline 8 Purchased Intangible

Public Sector Guideline 8 Purchased Intangible, allows public sector entities to recognize intangibles purchased through an exchange transaction. This guideline is effective for fiscal years beginning on or after April 1, 2023 (the Corporation's December 31, 2024 year-end).

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

2. Cash and Cash Equivalents

Table 2: Cash and Cash Equivalents

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

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

3. Taxes Receivable

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

Table 3: Taxes Receivable

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

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

4. Investments

Investments are comprised of the following:

Table 4: Investments

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

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

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

5. Loans and Long-term Receivables

Table 5: Loans and long-term Receivables

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

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

6. Investment in Government Business Enterprises and Partnerships

The Corporation holds a 100% interest in London Hydro Inc. (2021 - 100%), a 30.000% (2021 - 32.858%) interest in the Fair-City Joint Venture Partnership and a 73.432% (2021 - 73.432%) interest in the City-YMCA Joint Venture Partnership based upon investments as follows:

Table 6: Investment in Government Business Enterprises and Partnerships

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

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

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

(a) Investment in London Hydro Inc.

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

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

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

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

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

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

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

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

(i) Regulated Business Operations and Distribution Rates

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

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

(ii) Regulatory Balances

The Ontario Energy Board allows distribution companies to recover amounts incurred for certain transitional costs as well as certain costs associated with the discretionary metering activities under the Provincial Smart Meter Program which have been authorized to be recovered through the rates. Net regulatory debit balances for 2022 totalled **\$35,015** (2021 - \$28,596). Net regulatory credit balances for 2022 totalled **\$1,240** (2021 - \$5,806).

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

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

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

(iii) Commitments

The Company has provided **\$4,300** (2021 - \$4,300) in bank standby letters of credit to the independent Electricity System Operator, as required by regulation.

The Company has vendor commitments in connection with projects of **\$13,200** (2021 - \$800).

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

(iv) Credit Facilities

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

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

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

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

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

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

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

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

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

(v) Related Party Transactions

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

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

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

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

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

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

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

(b) Fair-City Joint Venture Partnership

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

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

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

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

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

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

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

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

(i) Contributions to Joint Venture

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

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

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

The Corporation's equity interest as at June 30, 2022 was 30.000% (2021 - 32.858%). The Venturers agreed to apply any change in the equity interest, prospectively, to the first day in the year that the threshold is met and to each year thereafter that subsequent repayment thresholds are met. In the current year, a **\$69** (2021 - \$nil) was available and distributed to the Corporation. In 2021 a \$69 contribution was required by the Corporation.

(ii) Related Party Transactions

The Corporation has an Ice Rental Agreement with the Fair-City Joint Venture Partnership for 240 hours per year. **\$1,948** was paid for ice rental in 2022 (2021 - \$1,910), which was recorded as an expense in the consolidated statement of operations.

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

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

(c) City-YMCA Joint Venture Partnership

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

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

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

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

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

The Corporation entered into a joint venture agreement with the YMCA of Western Ontario (YMCA) in April 2009 to construct and operate the Stoney Creek Community Centre.

The Corporation was responsible for contributing the land, contributing costs related to construction of the building and running the construction project. The YMCA was responsible for contributing costs related to construction of the building. The Corporation's contributed share of the project was \$19,929 or 73.432%.

Construction of this facility was completed in October 2010.

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

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

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

The Joint Venture Partnership has entered into a 40 year lease with the YMCA. The basic annual rent to be paid to the Joint Venture Partnership by the YMCA is nominal. The Joint Venture Partnership does not earn any other type of revenue. In accordance with the lease agreement, the Joint Venture Partnership is not responsible for any costs, expenses or outlays relating to the premises. All capital and operating costs are the responsibility of the tenant, the YMCA.

At the end of the 40 year lease term, the Joint Venture Partnership will transfer the land and building representing the facility to the YMCA for consideration of nil. The transfer of the land and building will result in the dissolution of the Joint Venture Partnership in 2049.

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

	2022	2021
Funds deferred to future periods for specific purposes by legislation, regulation or agreement		
Development Charges Act		
Recreation, transit and culture	\$ 55,029	\$ 47,624
Capital infrastructure	344,501	308,792
Development Charges Act (Note 11)	399,530	356,416
Development Charge Deferral and Alternative Payment Arrangements	12,385	19,364
Federal and Provincial gas tax	102,008	112,103
Recreational land (<i>The Planning Act</i>)	4,634	3,797
Safe Restart Public Transit Funding	-	11,057
	518,557	502,737
Other deferred revenue:		
Subsidy advances from Provincial Ministries for future periods	33,577	30,334
Prepaid deposits	455	472
Prepayment of recreation programs, facility rentals, memberships	1,932	728
Vacancy rebate allowances	675	621
Boards and commissions	8,410	8,369
Other deferred revenues	365	325
	\$ 563,971	\$ 543,586

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

8. Long-term Liabilities

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

Table 14: Long-term Liabilities

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

Anticipated principal repayments are summarized as follows:

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

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

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

Long-term debt is as follows:

Table 15: Long-term Debt

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

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

9. Long-term Debt (continued)

Principal repayments are summarized as follows:

Table 16: Principal Repayment Summary

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

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

Table 17: Principal repayments - Total Charges

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

10. Capital Lease Obligations

Table 18: Capital Lease Obligations

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

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

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

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

As at December 31 of each year, the value of all work classified as substantially complete and not paid is recognized as a liability in the consolidated statement of financial position. Repayment of this liability remains subject to all of the rules of the City Services Reserve Funds and Development Charges By-law, including a reliance on development charges received as the source for repayment. At December 31, there is **\$399,530** (2021 - \$356,416) in the City Services Reserve Funds to fund this liability.

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

11. City Services Payable (continued)

The continuity breakdown is as follows:

Table 19: City Services - Continuity Breakdown

		Roads	Waste Water	Storm Water	Parks & Recreation	Water	Total
City Services Payable	Dec 31, 2020	\$ 2,488	\$ 63	\$ 3,795	\$ 1,229	\$ 228	\$ 7,803
Expenses:							
Value of construction work completed		115	24	695	-	34	868
Payments:							
From City Services Reserve Funds		(631)	(15)	(971)	(204)	(43)	(1,864)
City Services Payable	Dec 31, 2021	1,972	72	3,519	1,025	219	6,807
Expenses:							
Value of construction work completed		373	354	1,022	474	23	2,246
Payments:							
From City Services Reserve Fund in 2022		(112)	(35)	(745)	(30)	(32)	(954)
City Services Payable	Dec 31, 2022	\$ 2,233	\$ 391	\$ 3,796	\$ 1,469	\$ 210	\$ 8,099

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

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

Table 20: Employee Benefit Payable

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

Reserve funds and reserves have been established to partially provide for these employee benefit liabilities. The reserve fund balances at the end of the year are **\$188,586** (2021 - \$170,919), to fund these obligations.

(a) Post-Employment and Post-Retirement Benefits

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

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

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

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

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

The benefit obligation continuity is as follows:

Table 22: Employee Benefits Payable - Benefit Obligation Continuity

Liability for post-employment and post-retirement benefits	2022	2021
Accrued benefit obligation, January 1	\$ 106,738	\$ 87,219
Current period benefit cost	5,376	4,609
Retirement interest expense	3,188	2,817
Plan amendment	-	6,137
Actuarial loss	-	10,825
Benefits paid	(5,569)	(4,869)
Accrued benefit obligation, December 31	109,733	106,738
Unamortized actuarial gain	930	646
	\$ 110,663	\$ 107,384
<hr/>		
Post-employment and post-retirement benefits expense	2022	2021
Current period benefit cost	\$ 5,376	\$ 4,609
Retirement interest expense	3,188	2,817
Plan amendment	-	6,137
Amortization of actuarial loss	284	1,334
Total post-employment and post-retirement benefit expense	\$ 8,848	\$ 14,897

The actuarial loss is amortized over the expected average remaining service life of the related employee group of **14** years (2021 - 14 years).

(b) Workplace Safety and Insurance Board Obligation

The Corporation is a Schedule 2 employer under the *Workplace Safety and Insurance Board ("WSIB") Act*, and as such assumes responsibility for financing its workplace safety insurance costs. The actuarial valuation as at December 31, 2020, updated for discount rates for future years, estimated the accrued benefit obligation for workplace safety and insurance existing claims and future pension awards at **\$70,026** (2021 - \$68,413).

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

12. Employee Benefits Payable (continued)

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

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

	December 31, 2022
Discount rate	3.00% per annum
Rate of compensation increase	2.00% per annum
Healthcare cost increases	4.00% per annum

(c) Liability for Vacation Credits

Under the provisions of certain employee vacation plans, some vacation credits are earned as at December 31 but are generally unavailable for use until a later date. In addition, the provisions of certain plans allow the accumulation of vacation credits for use in future periods. The approximate value of these credits as at December 31, 2022 is **\$24,856** (2021 - \$19,041).

(d) Liability for Vested Sick Leave Benefits

Under the sick leave benefit plan, certain unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Corporation's employment. The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to **\$926** (2021 - \$1,200) at December 31, 2022. During the year **\$69** (2021 - \$447) was paid to employees who left the Corporation's employment.

Reserve funds and reserves have been established to provide for this past service liability. The reserve funds balance at December 31, 2022 is **\$735** (2021 - \$790). An amount of **\$13** (2021 - \$20) has been contributed in the current year.

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

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

12. Employee Benefits Payable (continued)

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

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

Table 24: Employee Benefits Payable - Anticipated Future Payments

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

(e) Pension Agreements

The Corporation makes contributions to the Ontario Municipal Employees' Retirement System Pension Fund (OMERS), which is a multi-employer plan, on behalf of **5,040** (2021 - 4,692) members. The plan is a contributory defined benefit plan which specifies the amount of the retirement benefit to be received by employees based on length of service and rates of pay. Employers and employees contribute jointly to the plan.

The last available report for the OMERS plan was on December 31, 2022. At that time, the plan reported a **\$6.68** billion actuarial deficit (2021 - \$3.13 billion), based on actuarial liabilities for **\$130.31** billion (2021 - \$120.80 billion) and actuarial assets for **\$123.64** billion (2021 - \$117.67) billion. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

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

The amount contributed to OMERS for 2022 was **\$36,336** (2021 - \$35,154) for current service. Employer's contributions for current service are included as an expense in the consolidated statement of operations.

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

13. Landfill Closure and Post-Closure Liability

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

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

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

Key assumptions in determining the liability at December 31, 2022 for landfills are as follows:

Table 25: Landfill Closure Key Assumptions

Active (W12A) landfill is expected to reach capacity in 2024	
Remaining capacity of active (W12A) as at December 31, 2022	0.99 million tonnes
Expected closing cost in 2022 dollars	\$2,304
Inflation rate	2.0%
Discount rate	3.00%
Estimated time required for post-closure care – active landfill	75 years
Estimated remaining time required for post-closure care – closed landfills	25-35 years

The liability as at December 31, 2022 is comprised of:

Table 26: Landfill Closure and Post-Closure Liability

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

THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2022
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13. Landfill Closure and Post-Closure Liability (continued)

A reserve fund has been established for sanitary landfill activity and funds could be utilized for this sanitary landfill site closure and post-closure liability. The reserve fund balance at December 31, 2022 is **\$33,070** (2021 - \$28,345).

The Corporation, with Council approval, is in the process of completing an Individual Environmental Assessment (EA) for the expansion of the W12A landfill site. The Minister of the Environment, Conservation and Parks approved the proposed Amended Terms of Reference for the undertaking in July, 2019 and the Environmental Study Report has been submitted to the Ministry of Environment Conservation and Parks for public and government comment. At this stage in the process the EA is approximately 97% complete. Successful completion of this EA process will result in extension of the anticipated closure date and an increase in the remaining waste disposal capacity currently assumed in the determination of the liability.

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

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

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

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

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

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

14. Tangible Capital Assets (continued)

(a) Assets Under Construction

Assets under construction having a value of **\$197,114** (2021 - \$142,241) have not been amortized. Amortization of these assets will commence when the asset is available for productive use.

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

(b) Contributed Tangible Capital Assets

Contributed capital assets have been recognized at estimated fair value at the date of contribution. The value of contributed assets received during the year is **\$102,716** (2021 - \$43,543) comprised predominantly of roads infrastructure in the amount of **\$9,426** (2021 - \$24,248 and water and wastewater infrastructure in the amount of **\$88,737** (2021 - \$17,898).

(c) Tangible Capital Assets Disclosed at Nominal Values

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

(d) Works of Art and Historical Treasures

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

(e) Write-down of Tangible Capital Assets

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

(f) Assets under Shared Control

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

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

14. Tangible Capital Assets (continued)

(f) Assets under Shared Control (continued)

Each partner proposed to invest in the project as follows:

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

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

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

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

Total project costs of **\$54,129** have been offset by contributions from the YMCA of \$9,200 and Library of \$4,556. The net project costs of \$40,373 have been accounted for in the Corporation and capitalized or expensed as follows:

Table 27: Tangible Capital Assets under Shared Control

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

The YMCA and the Library have recorded additions of leasehold improvements in their respective accounting records equal to their contributions. This facility opened to the public in the fall of 2018.

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

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

Table 28: Accumulated Surplus

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

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

15. Accumulated Surplus (continued)

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

(a) Special Purpose

The Corporation holds \$70 million principal in a reserve fund for a special purpose. The reserve fund is held by the Corporation for the following purposes:

- The investigation, remediation and restoration of the affected lands,
- Any related legal proceedings, including proceedings before any court or administrative tribunal, and
- The Corporation's actual and reasonable administrative and incidentals costs related thereto.

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

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

16. Contingent Liabilities

(a) Legal Actions

As at December 31, 2022, certain legal actions and other contingent liabilities are pending against the Corporation. The final outcome of the outstanding claims cannot be determined at this time. However management believes that ultimate disposition of these matters will not materially exceed the amounts recorded in these consolidated financial statements.

Estimated costs to settle claims are based on available information and projections of estimated future expenses developed based on the Corporation's historical experience. Claims are reported as an operating expense in the year of the loss, where the costs are deemed to be likely and can be reasonably determined. Claims provisions are reported as a liability in the consolidated statement of financial position.

(b) Public Liability and Property Loss Self Insurance

The Corporation and its various Boards and Commissions are jointly self-insured for liability, property and casualty claims for varying amounts ranging up to \$500 for any individual claim.

Insurance is also purchased for claims in excess of these limits to a maximum of \$50,000 for liability claims. The insured and self-insured Boards and Commissions are: Museum London, London Convention Centre Corporation, Covent Garden Market Corporation, London Police Services Board and London & Middlesex Community Housing Inc. and Housing Development Corporation, London.

The Corporation has made a provision for a reserve fund for self-insurance which as at December 31, 2022 amounted to **\$19,161** (2021 - \$18,524) and is reported in note 15 of the consolidated financial statements. The contribution for the year of **\$5,310** (2021 - \$6,177) has been reported in the individual revenues on the consolidated statement of operations.

Claims expensed during the year amounting to **\$4,673** (2021 - \$2,874) have been reported with individual expenses on the consolidated statement of operations. The payment of these expenses was funded through the self-insurance reserve fund.

There were unsettled liability claims against the Corporation as at December 31, 2022 to be paid from the self-insurance reserve fund. The probable outcome of these claims cannot be determined at this time.

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

16. Contingent Liabilities (continued)

(c) Environmental Remediation

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

The Corporation is engaged in an ongoing environmental remediation program and related risk management strategy that addresses the presence of historic coal tar in a section of the bed and bank of the south branch of the Thames River and in two adjacent parcels of Corporation-owned land. In this context:

- A collection system was completed in November 2000 to intercept coal tar-impacted ground water for treatment by an on-site facility which is situated on the smaller parcel.
- A hard-surfaced parking lot was constructed on the larger of the two parcels and is being operated as a municipal parking lot
- Coal tar removal and river bed rehabilitation has been satisfactorily completed and a monitoring program which started in 2004 is in place.

The Corporation is responsible for the ongoing environmental remediation program and management strategy.

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

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

The Corporation entered into agreements which, under certain conditions, guarantee a \$7,000 loan from the VersaBank, formerly known as the Pacific & Western Bank of Canada, to the trustee of the City of London Arena Trust. The outstanding principal of this loan at December 31, 2022 is **\$407** (2021 - \$1,086).

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

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

No amounts have been accrued in the consolidated financial statements of the Corporation with respect to these guarantees, as it is not anticipated at December 31, 2022 that the Corporation will need to make any payments as a result of providing the guarantees.

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

18. Commitments

(a) London Middlesex Suburban Roads Commission

Section 474.18 of the *Municipal Act, 2001*, requires that the Corporation make annual payments to the County of Middlesex for an indefinite period as compensation for the reduction of income due to the dissolution of the London-Middlesex Suburban Roads Commission. The amount paid in 2022 was \$1,224 (2021 - \$1,191). Payments are based on the base year of 1997 at \$1,000 and are calculated contingent on annual assessment and tax rate increases.

(b) Rehabilitation and Redevelopment Tax Grant Programs

The Corporation has future commitments on the various Rehabilitation and Redevelopment Programs, which are programs that allow for future reductions in property taxes. The future commitments are as follows:

Table 29: Future Grant Program Commitments

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

(c) Fleet, Equipment and Premises Commitments

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

Table 30: Fleet, Equipment and Premises Commitments

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

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

18. Commitments (continued)

(d) Facilities and Infrastructure Commitments

The Corporation has the following outstanding commitments remaining on facilities and infrastructure contracts as at December 31, 2022:

Table 31: Facilities and Infrastructure Commitments

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

These amounts represent uncompleted portions of contracts, as at December 31, 2022, on major projects. The majority of payments on these outstanding commitments will be made in the next three (3) to five (5) years.

(e) Affordable Housing Programs

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

As at December 31, 2022, the Corporation has outstanding commitments remaining on these agreements of **\$3,165** (2021 - \$5,448).

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

(f) Derivatives

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

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

These derivative contracts were purchased to provide price certainty. The value of these contracts are not reflected as an asset or liability in these consolidated financial statements.

THE CORPORATION OF THE CITY OF LONDON
Notes to Consolidated Financial Statements (continued)
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19. Provincial Offences Court Administration and Prosecution

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

Table 32: Charges Laid Under the Provincial Offences Act

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

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

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

Budget data presented in these consolidated financial statements is based upon the 2022 operating budget approved by Council. Adjustments were required to convert the budget from a cash basis to a full accrual basis. These adjustments include revenues and expenses which were budgeted in the capital budget, contributed assets recognized as revenues and amortization expense as well as Board and Commissions budget figures. The adjustments have been reduced for capital assets budgeted in operations. Given that certain budget information is not available in full accrual format, the assumption of using budget adjustments that equal the actual full accrual adjustments was used. These full accrual budget estimates are for financial statement presentation only.

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

Table 33: Approved Budget per Consolidated Financial Statements

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

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

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

	Total	Tax	Water	Wastewater
Debt principal repayments	\$ (33,226)	\$ (27,914)	\$ (105)	\$ (5,207)
PSAB adjustments				
Capital program funding earned in year	(95,981)	(90,528)	(743)	(4,710)
Capital projects not resulting in capital assets	61,744	43,242	4,802	13,700
Amortization of tangible capital assets	173,245	99,811	19,716	53,718
Developer contributions - assumed capital assets	(50,844)	(21,980)	(7,660)	(21,204)
Loss on disposal of capital assets	2,741	1,566	582	593
Obligatory reserve fund deferred revenue earned	(35,416)	(23,611)	(1,614)	(10,191)
Government business enterprises adjustments	(7,089)	(7,089)	-	-
Other	95	1,189	(598)	(496)
Landfill liability	2,296	2,296	-	-
Employee future benefits liability	4,918	4,581	121	216
	55,709	9,477	14,606	31,626
Boards and Commissions budget				
PSAB Surplus	(35,961)	(33,094)	(2,867)	-
Net Surplus per 2022 Approved Budget	\$ -	\$ -	\$ -	\$ -

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

20. Budget Data (continued)

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

	Total	Tax	Water	Wastewater
Net surplus per 2022 approved budget – comprised of:				
Revenues				
Property tax	\$ 701,849	\$ 701,849	\$ -	\$ -
Government grants and subsidies	225,922	225,892	-	30
User fees	261,782	58,559	90,395	112,828
Municipal revenues - other	80,077	79,132	135	810
Municipal revenues - transfers from reserves and reserve funds	8,088	8,088	-	-
Total revenues	1,277,718	1,073,520	90,530	113,668
Expenses				
Personnel costs	433,813	403,611	11,693	18,509
Administrative expenses	16,142	7,183	3,330	5,629
Financial expenses - other	11,372	11,298	74	-
Financial expenses - Interest and discount on long-term debt	5,064	4,426	7	631
Financial expenses - debt principal repayments	33,360	28,048	105	5,207
Financial expenses - transfers to reserves and reserve funds	122,633	69,228	15,478	37,927
Financial expenses - transfers to capital	99,358	54,258	22,054	23,046
Purchased services	239,142	232,381	3,152	3,609
Materials and supplies	82,846	39,675	32,039	11,132
Furniture and equipment	31,200	26,418	1,686	3,096
Transfers	210,466	207,545	-	2,921
Other expenses	21,003	10,790	2,770	7,443
Recovered expenses	(28,681)	(21,341)	(1,858)	(5,482)
Total expenses	1,277,718	1,073,520	90,530	113,668
Net surplus per 2022 Approved Budget	\$ -	\$ -	\$ -	\$ -

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

21. Revenues

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

Table 34: Revenue Classifications

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

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

22. Expenses by Object

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

Table 35: Expenses by Object

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

23. Liability for Contaminated Sites

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

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

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

These amounts have been recorded as a liability at year end and have been included in accounts payable and accrued liabilities in the consolidated statement of financial position.

24. Comparative Figures

Certain comparative figures have been reclassified to conform to the 2022 financial statement presentation.

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

25. Demand Loan

In 2020, the Middlesex-London Health Unit entered a loan agreement for a demand instalment loan with an amortization period of 20 years to finance the fit-up and relocation costs related to the move to Citi Plaza. The loan was subsequently converted into two non-revolving amortizing instalment loans, one with a fixed rate instalment loan and one as a floating rate instalment loan. The fixed rate of interest on the first loan is 1.915% per annum over a term of 5 years and shall be repaid by monthly blended payments of principal and interest. The interest rate on the second loan is calculated at prime less 0.75% per annum and shall be repaid by monthly principal payments.

All amounts under the demand loans are repayable immediately on demand by the bank.

26. Segmented Information

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

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

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

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

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

26. Segmented Information (continued)

(a) Protection Services

Protection is comprised predominantly of the Police Services and Fire departments. The mandate of the Police Services department is to ensure the safety and security of the lives and property of citizens through law enforcement, victims' assistance, public order maintenance, crime prevention and emergency response. The Fire department is responsible for providing proactive fire and injury prevention education programs, comprehensive inspection programs and fire code enforcement. In addition, the department responds to emergency calls for assistance related to fires, rescues, motor vehicle accidents and cardiac medical events as well as calls related to hazardous material incidents, swift water and ice rescue and limited types of technical rescue calls.

(b) Transportation Services

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

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

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

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

26. Segmented Information (continued)

(c) Environmental Services

(i) Water and Wastewater Utilities

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

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

(ii) Solid Waste and Recycling

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

(d) Health Services

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

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

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

26. Segmented Information (continued)

(e) Social and Family Services

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

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

(f) Social Housing

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

(g) Parks and Recreation

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

(h) Cultural Services

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

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

26. Segmented Information (continued)

(i) Planning, Development and Compliance

(i) Planning Services

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

(ii) Development Services

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

(iii) Building Services

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

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

26. Segmented Information (continued)

(i) Planning, Development and Compliance (continued)

(iv) Licensing and Municipal Law Enforcement Services

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Schedule of Segment Disclosure - Operating Revenues

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

(all dollar amounts in thousands of dollars)

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

THE CORPORATION OF THE CITY OF LONDON

Consolidated Schedule of Segment Disclosure - Operating Expenses

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

(all dollar amounts in thousands of dollars)

Expenses	Salaries, Wages & Benefits	Materials	Contracted Services	External Transfers	Amortization	Other	2022	2021
General government	\$ 61,861	\$ 13,729	\$ 12,660	\$ 137	\$ 10,058	\$ 8,461	\$ 106,906	\$ 89,993
Fire	67,933	3,070	408	-	2,930	28	74,369	74,149
Police	128,708	7,675	2,586	-	5,258	387	144,614	131,657
Other protection services	17,903	3,517	1,782	2,036	335	874	26,447	26,362
Total protection services	214,544	14,262	4,776	2,036	8,523	1,289	245,430	232,168
Transit	53,144	25,816	7,843	2,910	13,230	440	103,383	95,256
Other transportation services	29,830	22,957	9,918	2	59,285	12,553	134,545	131,544
Total transportation services	82,974	48,773	17,761	2,912	72,515	12,993	237,928	226,800
Water and wastewater	30,247	32,040	15,584	2,855	71,689	6,123	158,538	158,158
Solid waste	10,811	7,354	18,386	1,397	2,978	3,848	44,774	45,845
Total environmental services	41,058	39,394	33,970	4,252	74,667	9,971	203,312	204,003
Public health services	6,003	546	383	6,631	103	433	14,099	11,693
Ambulance services	-	-	23,621	-	-	-	23,621	21,822
Total health services	6,003	546	24,004	6,631	103	433	37,720	33,515
General assistance	21,560	748	6,779	129,623	429	2,828	161,967	150,791
Assistance to aged persons	24,775	4,190	1,304	114	1,149	312	31,844	28,854
Child care	2,109	2,741	32,830	31,615	3	275	69,573	55,281
Total social and family services	48,444	7,679	40,913	161,352	1,581	3,415	263,384	234,926
Social housing	9,269	3,082	20,770	23,092	2,835	819	59,867	58,854
Parks and recreation	26,428	7,662	6,284	36	13,332	2,142	55,884	49,454
Libraries	15,451	4,034	1,738	(49)	2,435	978	24,587	23,859
Cultural services	2,699	729	3,589	1,481	1,604	(16)	10,086	9,778
Total recreation and cultural services	44,578	12,425	11,611	1,468	17,371	3,104	90,557	83,091
Planning, development and compliance	16,899	11,840	8,323	5,502	2,228	1,506	46,298	34,745
Total expenses	\$ 525,630	\$ 151,730	\$ 174,788	\$ 207,382	\$ 189,881	\$ 41,991	\$ 1,291,402	\$ 1,198,095
Annual surplus							\$ 367,900	\$ 279,102



London
CANADA

**City of London
Financial Report
2022**