Financial Report 2019

The Corporation of the City of London

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London CANADA

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2019 City of London at a Glance

City of London…

At a Glance

397, 885 Population	**423.43 km² Land Area**	**3,721 Lane KM of Paved Road**
59.4%	**5.5%**	**Aaa**
2019 Labour Participation Rate (Canada's Rate is 65.7%)[v]	2019 Unemployment Rate (Canada Rate is 5.7%)[v]	2019 Credit Rating Provided by Moody's Investors

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Message from the City Treasurer

Photo 1: City Treasurer, Anna Lisa Barbon

His Worship Mayor Ed Holder,
Members of London City Council,
Inhabitants and Ratepayers of the City of London.

I am pleased to present the Annual Financial Report of The Corporation of the City of London (the City) for the year ended December 31, 2019.

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

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

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

Sincerely,

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

Financial Reporting

External Audit

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

Accounting and Financial Reporting Requirements

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

Consolidated Financial Statements Overview

The Consolidated Financial Statements include the following individual statements:

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

Financial Reporting (continued)

Consolidated Financial Statements Overview (continued)

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

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position is the municipal equivalent of the private sector's balance sheet. This statement includes the net book value of the City's tangible capital assets. This statement focuses on the City's assets (financial and non-financial) and liabilities. The difference between the liabilities and financial assets is the City's net financial assets, which represents the net amount that must be financed from future budgets.

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

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

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

Consolidated Statement of Operations and Accumulated Surplus

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

The Consolidated Statement of Operations and Accumulated Surplus provides a summary of the revenues, expenses and surplus throughout the reporting period and outlines the change in accumulated surplus. The 2019 budget values presented in this statement have been adjusted to reflect the differences between amounts as budgeted at the City on a modified "cash

Financial Reporting (continued)

Consolidated Statement of Operations and Accumulated Surplus (continued)

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

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

Consolidated Statement of Net Financial Assets

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

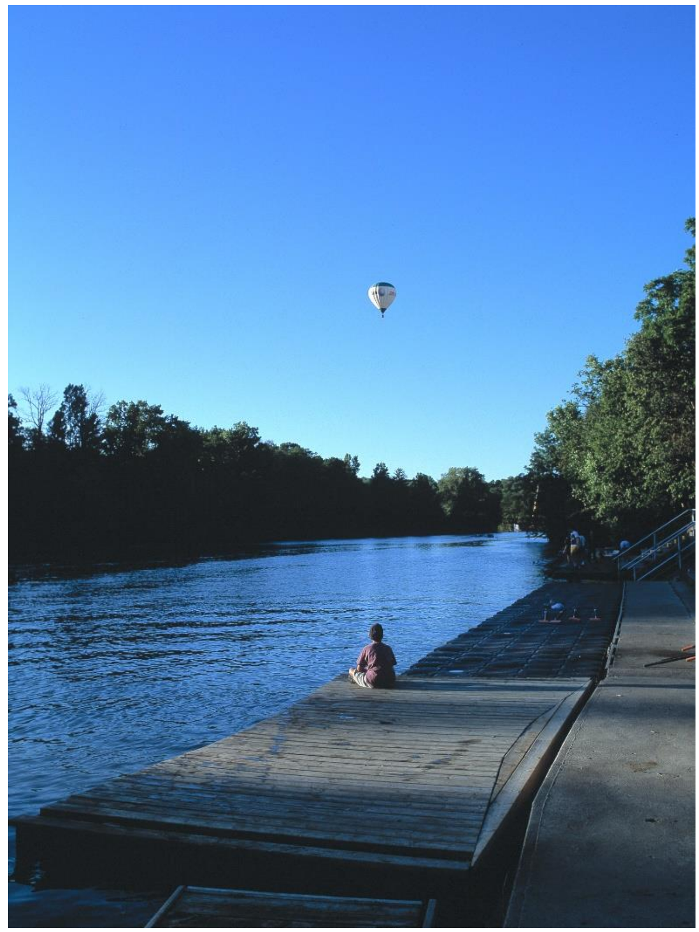


Photo 2: Thames River

City of London Budget

Budgetary Process

In March 2016, Municipal Council approved the City of London's first ever Multi-Year Budget (operating and capital) that covers a four (4) year period (2016-2019) and is linked to Municipal Council's Strategic Plan. Council also approved a ten year capital plan. Linking the strategy to the budget provides accountability between what is achieved and the cost to the tax and rate payer. Rather than approving a budget annually, Municipal Council will approve budgets in four (4) year cycles, with the last year being subject to reconfirmation by the new term of Municipal Council.

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

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

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

The budget process incorporates input from Elected Officials, Senior Management and staff, as well as the public. The process begins with overall budget targets, taking into consideration the economic climate within the area. Staff will then make recommendations to revise expenditure levels or revenues to meet the targets. Prior to final deliberations on the budget, public input is compiled and utilized in the decision making process. Provincial legislation requires revenues to be raised to meet all budgeted expenditures. Municipalities may not budget for surpluses or deficits and any that occur must be fully accounted for in the next year's budget. The City's Municipal Council approved the Surplus/Deficit Policy which provides framework for the allocation of surpluses and funding for deficits.

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

Photo 3: Winter in Victoria Park

Financial Management

Capital Financing Policies

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

Investment Policy

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

The City’s investment portfolio shall remain sufficiently liquid to meet daily operating cash flow requirements and limit temporary borrowing. The portfolio shall be structured to maintain a proportionate ratio of short, medium and long-term maturities to meet the funding requirements of the City.

The City’s objectives to investing, in priority order, are to adhere to statutory requirements, preserve capital, maintain liquidity and obtain a competitive rate of return. One of the key strategies utilized to meet these objectives is diversification. Investments are diversified by limiting investments in securities to those with higher credit ratings, purchasing securities with varying maturities and investing in marketable securities that have an active secondary market. Another key strategy used by the City is the “buy and hold” strategy. By purchasing investments at varying maturity dates and holding the investments to term, the interest rate risk is minimized and capital is preserved while maximizing yields. Along with the diversification and buy and hold strategies, the City also maintains portfolios managed by investment firms.

The benefit of investment services provided by a sophisticated team of experts include; regular monitoring, more active trading, diversification of funds, accessibility to market research and anticipation of market conditions. Together these strategies ensure that the City is achieving its investment goal of maximizing investment income at minimal risk to capital.

Financial Management (continued)

Property Taxation Policy

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

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

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

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

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

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

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

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

In 2019, the City further adopted a policy of equalizing municipal tax increases in the multi-residential and the residential classes. This was accomplished by adjusting the tax ratio in the multi-residential class resulting in a slightly reduced multi-residential tax ratio. This policy is continued in 2020. The City also reduced Commercial and Industrial tax ratios in 2019 and 2020 from 1.92 to 1.91.

Since 1998 the City has adopted all available options to reduce the amount of tax mitigation involving clawing back tax decreases and capping increases in the commercial, industrial and multi-residential property classes. For 2019 there was no tax mitigation in the industrial and multi-residential property tax system and only a very few properties had tax increases capped in the commercial property class. No properties will have tax decreases clawed back in any property class in 2020. The ending of the tax mitigation required by the Provincial Government will simplify the calculation of property taxes and will enhance equity and transparency in the property tax system in London.

Future Tax Policy

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

Credit Rating provided by Moody's Investors Service

Moody's Investors Service (Moody's) typically reviews the credit worthiness of the City of London annually and then assigns the City a credit rating. Moody's is a leading provider of credit ratings, research and risk analysis. The firm's ratings and analysis track debt covering more than 130 countries, 11,000 corporate issuers, 21,000 public finance issuers and 76,000 structured finance obligations.

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

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

The City has proudly held the Aaa rating since 1977, making 2019 the 43rd consecutive year of the Aaa rating and reaffirming that the City's debt has the highest rating possible.

The City's achievement of being Aaa rated for 43 consecutive years is a testament to the success of the City's prudent, conservative approach to fiscal planning.

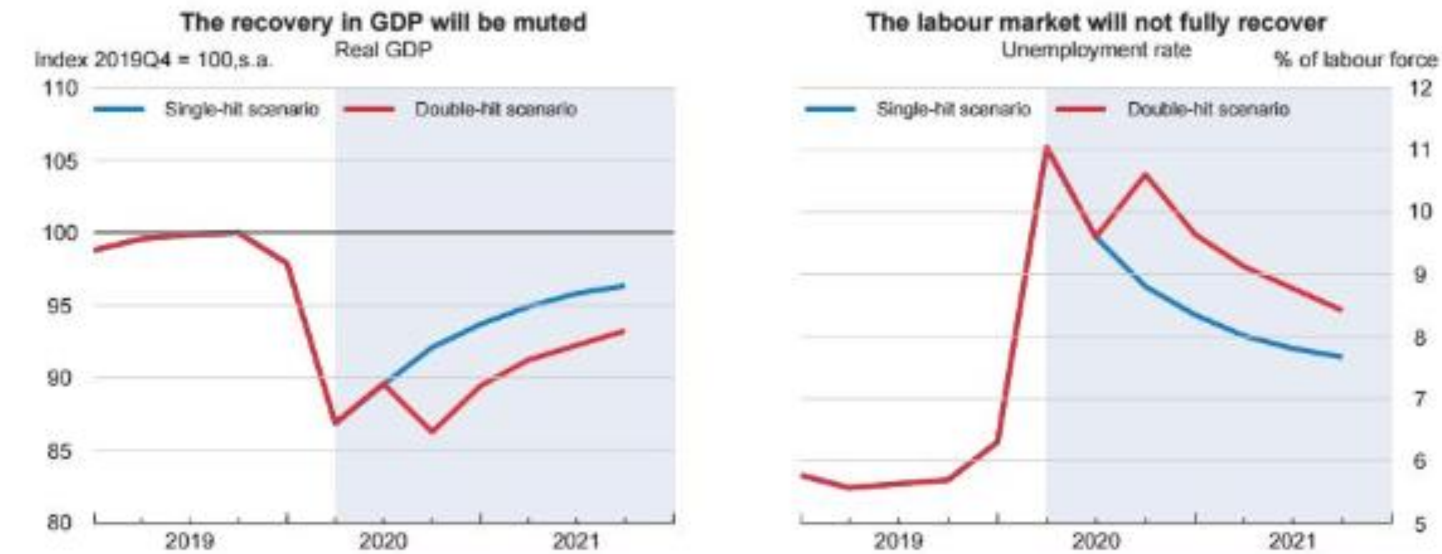
Aaa

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

Photo 4: Victoria Park Skating at Dusk

Economic Overview

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



Source: OECD Economic Outlook 107 database.

Figure 2: The project recovery in GDP.

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

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

Economic Overview (continued)

Employment Perspective

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

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

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

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

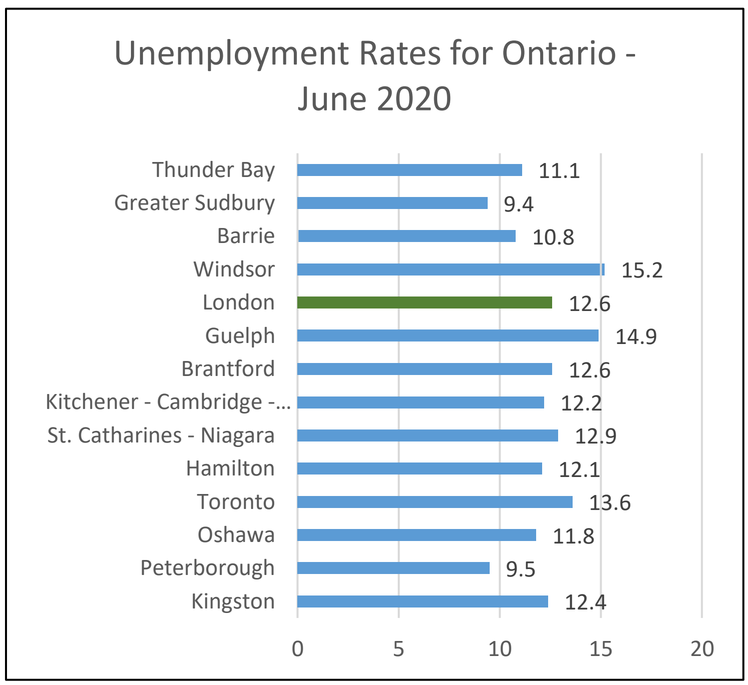


Figure 3: Ontario Unemployment Trends as of June 2020

Economic Overview (continued)

Employment Perspective (continued)

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

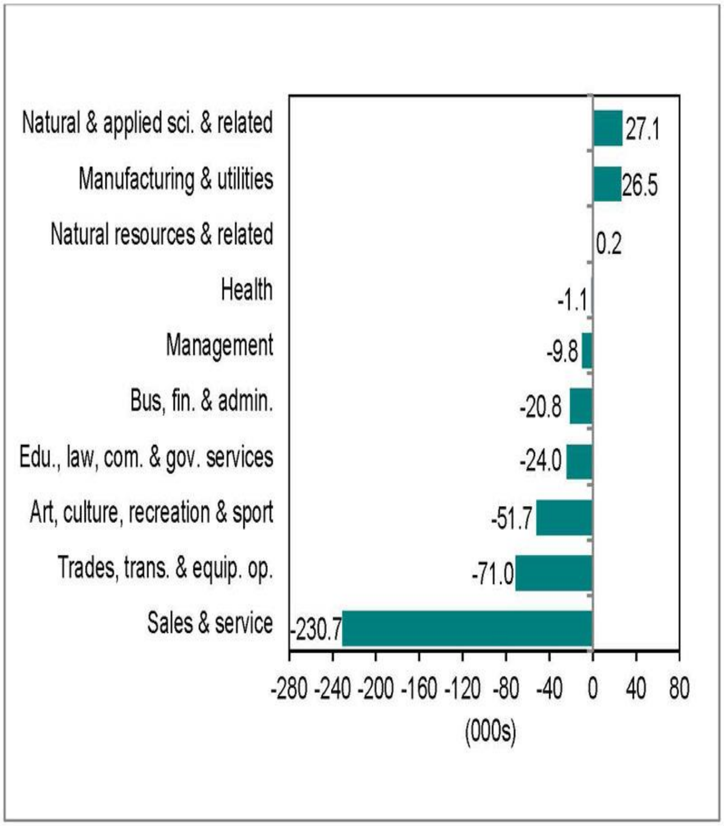


Figure 4 shows the National Occupational Classification (NOC) system, seven of the ten major occupational groups in Ontario had employment losses in the first six months of 2020 compared to a year prior.

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

These occupations lost the most jobs:

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

These occupations gained jobs:

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

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

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

Economic Overview (continued)

Investment Outlook

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

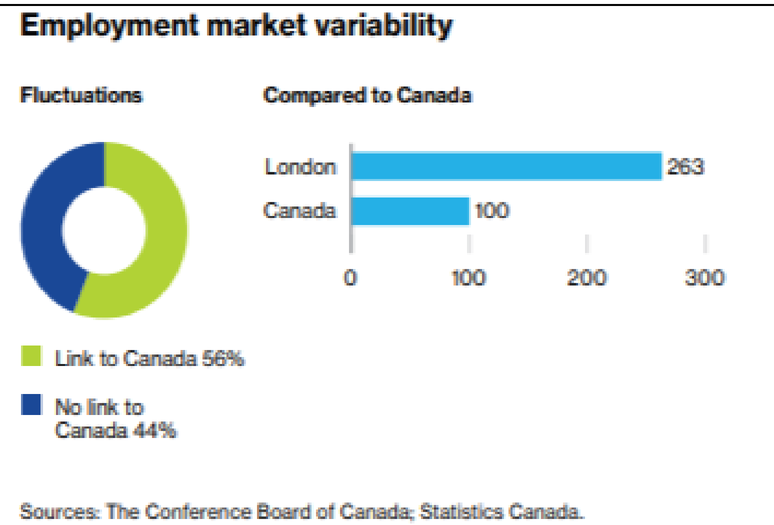


Figure 5: Employment Market Variability

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

Economic Overview (continued)

Investment Outlook (continued)

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

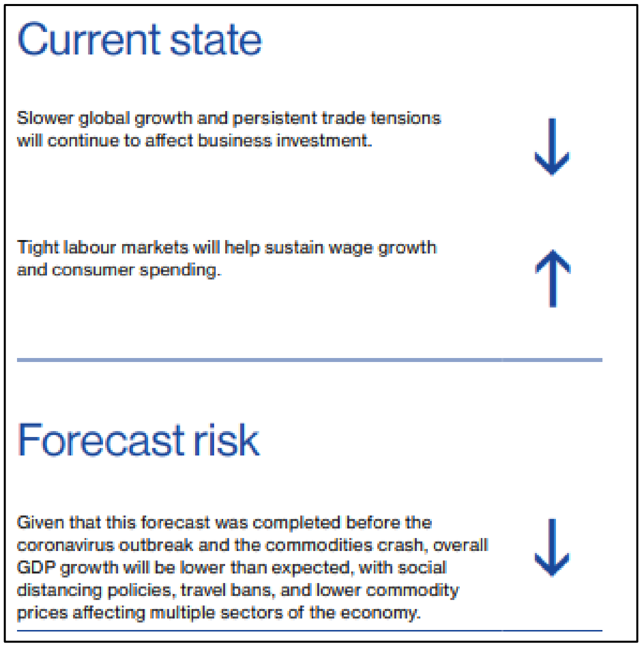


Figure 6: Current State and Forecast Risk of London's Investment Outlook

London's economy will expand by 1.9% in 2020, thanks to ongoing strength in manufacturing and solid output advances in construction, in wholesale and retail trade, and in professional, scientific and technical services. (Source: Conference Board of Canada Metropolitan Outlook: London, Winter 2020)

Local Outlook

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

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

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

Economic Overview (continued)

Local Outlook (continued)

as well as in the professional, scientific, and technical services industry, will drive steady growth in the aggregate services industry following modest gains in 2019. Despite London's healthy overall economic growth over the last few years, the city's job market logged a less consistent performance. After generating nearly 9,000 jobs in 2015— an expansion of 3.7%—the region shed 6,200 positions between 2016 and 2017. Although employment growth of 2.9% in 2018 made up for these losses, a further contraction of 1.3% last year left total employment 2,400 jobs short of the 2015 average. Fortunately, with real GDP growth expected to pick up over the near term, we expect employment to rebound and expand by 3.5% this year and 0.7% in 2021. (Source: Conference Board of Canada Metropolitan Outlook: London, Winter 2020)

London

Table 1
Sectoral employment
(000s)

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

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

Figure 7: Sectoral Employment from 2017-2024 projections.

In contrast to the job market's uneven performance, the region's unemployment rate has been gradually declining over the last decade. Indeed, after exceeding 8% between 2010 and 2013, the jobless rate has since declined to sit under 6% since 2017, driven in part by population aging and the accompanying rise in retirements. These factors, combined with our call for rising employment, will help push the unemployment rate down from 5.6% in 2019 to 5.5% in 2020, before averaging 5.3% between 2021 and 2024. After London's key manufacturing sector contracted by an average of 8.8% annually between 2006 and 2009, it rallied to advance steadily over the next decade. Between 2010 and 2019, industry output expanded at an average annual pace of 3.6%. Although growth is anticipated to edge down to 2.2% in 2020 and 2.4% in 2021, total manufacturing output will finally surpass its 2005 peak this year. In general, steady growth in the manufacturing industry will be driven by a combination of solid investment

Economic Overview (continued)

Local Outlook (continued)

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

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

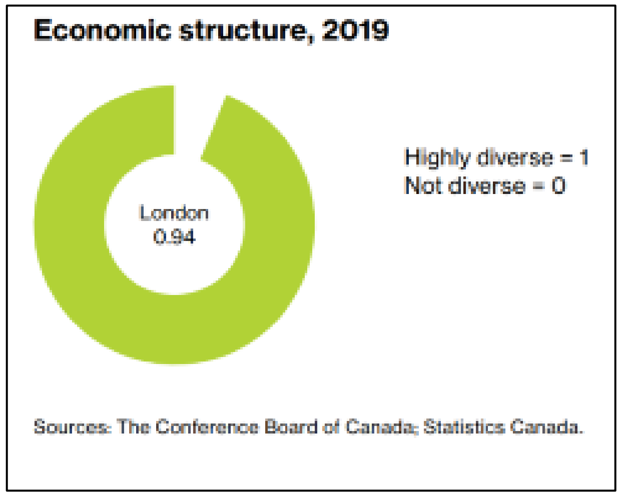


Figure 8: Economic Structure, 2019

Economic Overview (continued)

Local Outlook (continued)

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

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

Rebound for construction in 2020

London's construction industry has performed inconsistently over the last five years. After posting a 17-year-high output gain of 7.0% in 2017, the sector contracted over the next two years, posting back-to-back losses of 0.3% in 2018 and 3.1% in 2019. Fortunately, thanks to a mix of healthy housing starts and key non-residential projects, we expect London's construction industry will rebound in the near term, expanding by 3.7% this year and 2.9% in 2021. After the region saw a 28-year high of 3,970 housing starts in 2017, workers broke ground on a further 2,680 units in 2018 and 3,420 units in 2019. Although starts are anticipated to ease over the near term, they will sit comfortably above the 10-year annual average of 2,550 units thanks to a healthy resale housing market and recent strong population growth. Multiple-unit projects will make up the bulk of new home construction in the coming years. Projects currently under construction include Tricar Group's 24-storey, 212-unit York Thames complex, as well as Old Oak Properties' 32-storey, 175-unit building on Richmond Street. Meanwhile, Old Oak Properties also began construction on a $245-million, 652-unit residential development. Consisting of two towers, including a 40-storey skyscraper slated to be London's tallest apartment tower, the project is expected to be complete in 2021.

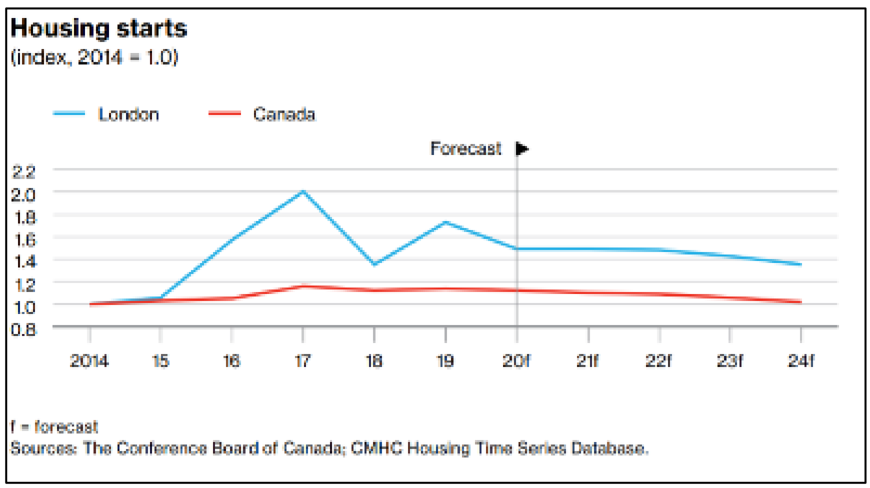


Figure 9: Construction Industry performance for past five

Economic Overview (continued)

Rebound for construction in 2020 (continued)

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

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

Comparative employment, 2018
(share of total employment)

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

*arts, entertainment, and recreation; accommodation and food services; and other services (except public administration)
Sources: The Conference Board of Canada; Statistics Canada.

Figure 10: Comparative Employment for various sectors, 2018.

The finance, insurance, and real estate sector posted a modest gain last year. Although the London–St. Thomas real estate market had its third best year on record in 2019, with buyer demand driving total sales up 3.4% over 2018 to 10,125 units, output in the finance, insurance, and real estate industry expanded by only 0.7%. Fortunately, we expect growth to pick up in the near term. Even though tougher federal mortgage rules have pushed some buyers out of the market, strong population growth and a steady economy will continue to stimulate housing demand and help drive output growth in the finance, insurance, and real estate industry of 1.8% this year and 2.1% in 2021. (Source: Conference Board of Canada Metropolitan Outlook: London, Winter 2020).

Economic Outlook (continued)

Rebound for construction in 2020 (continued)

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

Photo 5: Covent Garden Market.

2019 Financial Results

Financial Results Summary

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

Table 1: Financial Results Summary

The City's financial position remained stable during 2019, with the City's cash and investments increasing by $181 million to a combined total of $1,237 million, compared to $1,056 million in 2018. Municipal Council's adherence to the Strategic Financial Plan continues to produce positive results that are reflected in maintaining the financial health of the City.

Net Financial Assets

The City's financial position improved to a net financial asset position of $522 million in 2019, representing an increase of $121 million over 2018. The net financial assets are the difference between the financial assets and financial liabilities. This means that the City's financial assets are larger than its financial liabilities and indicates that the City is in a stronger position to provide for future expenses and liability repayments.

Total Revenues

Total revenues are $1,422 million in 2019, down $1 million (0.08%) compared to 2018. This is mainly as a result of:

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

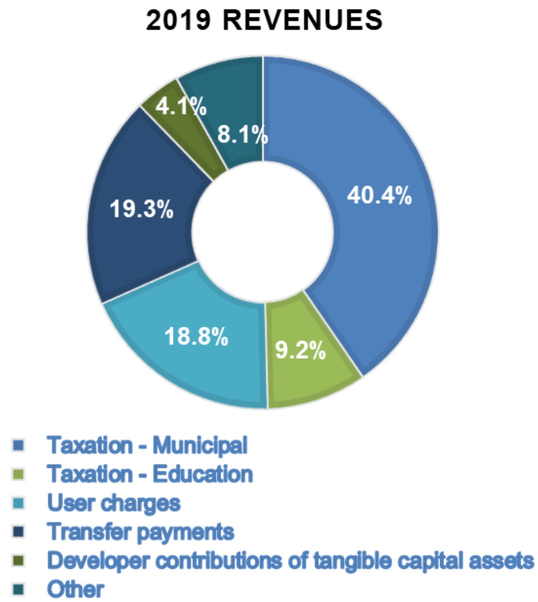


Figure 11: 2019 Revenues

Revenue Budget Variance

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

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

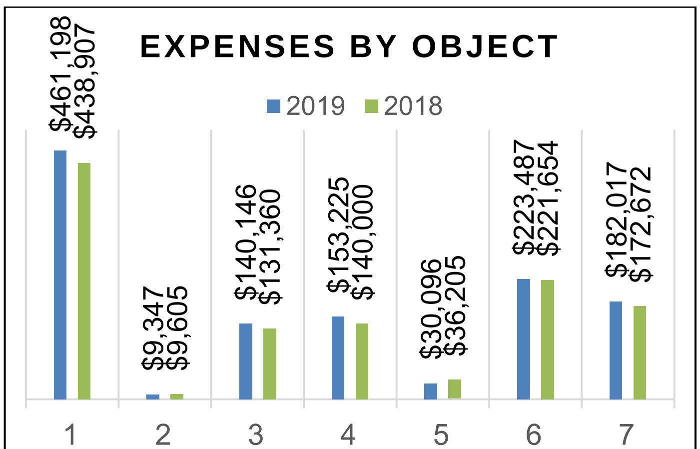
2019 Financial Results (continued)

Total Expenses

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

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

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



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

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

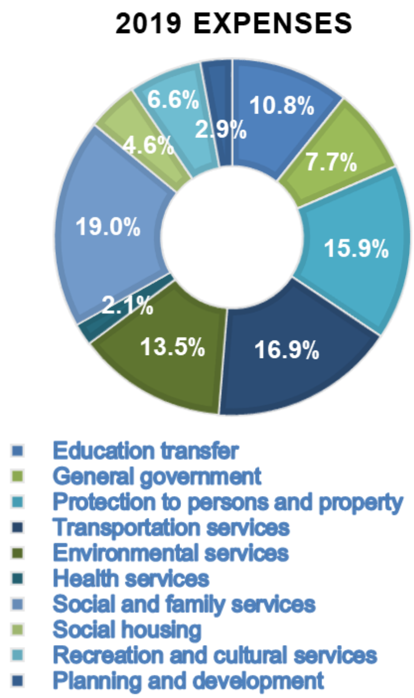


Figure 13: 2019 Expenses

Expense Budget Variance

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

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

2019 Financial Results (continued)

Financing Sources for Municipal Operations

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

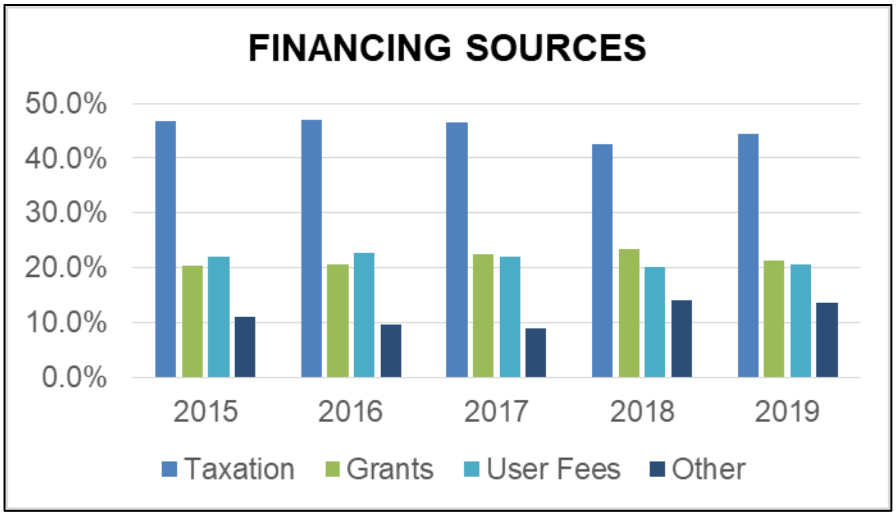


Figure 14: Five (5) Year Overview of Financing Services

Property Tax Rates and Assessment Growth

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

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

COMPARATIVE PROPERTY TAXES

	2019	2018
Municipal	**$2,842**	$2,791
Education	**388**	402
Total	**$3,230**	$3,193

Table 2 Municipal & Education Comparative Property Taxes

2019 Financial Results (continued)

Property Tax Rates and Assessment Growth (continued)

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

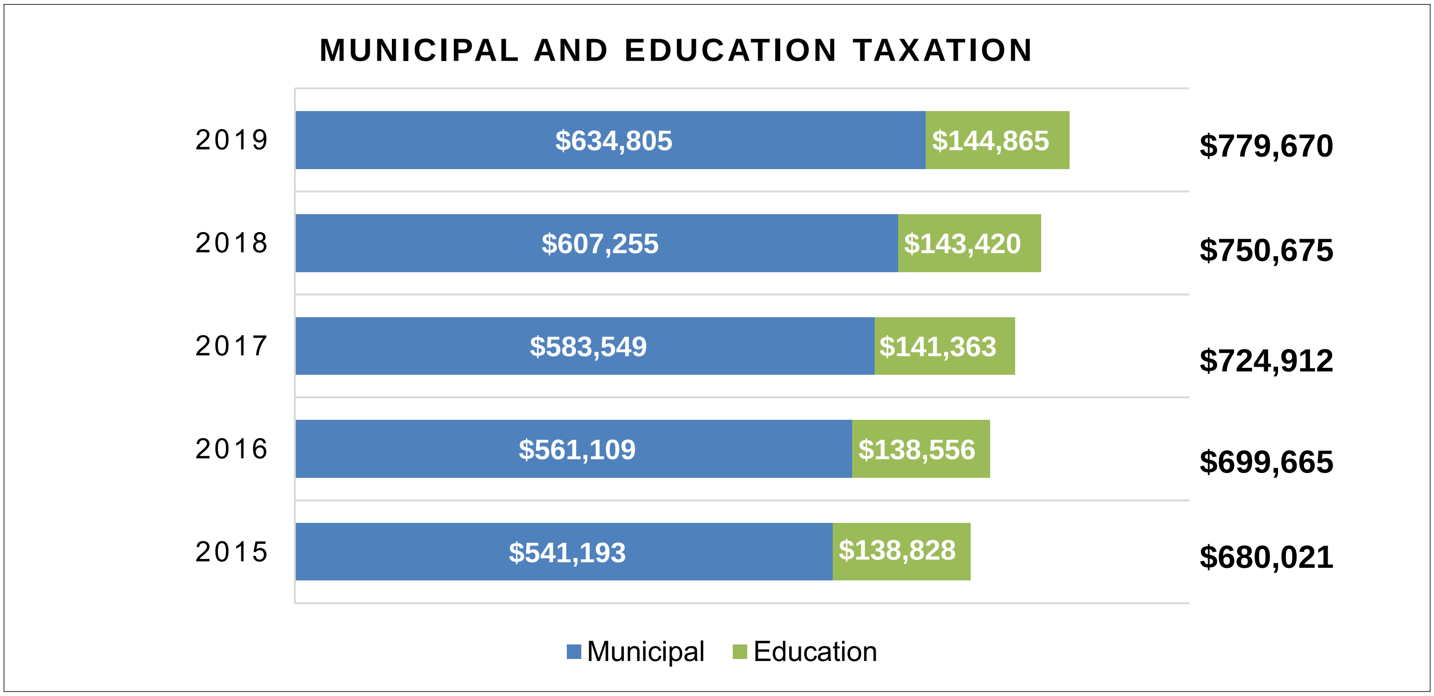


Figure 15: Five (5) year Overview of Property Taxes ($000's)
Source: 2019 Financial Information Return, Schedule 26A

2019 Financial Results (continued)

Capital Additions and Disposals

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

NET CAPITAL ASSET INCREASES RANKED BY 2019 SPENDING ($000’s)

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

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

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

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

Annual Surplus and Accumulated Surplus

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

2019 Financial Results (continued)

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

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

The amounts issued financed the following major activities:

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

Table 4: Debenture Amounts Issued

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

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

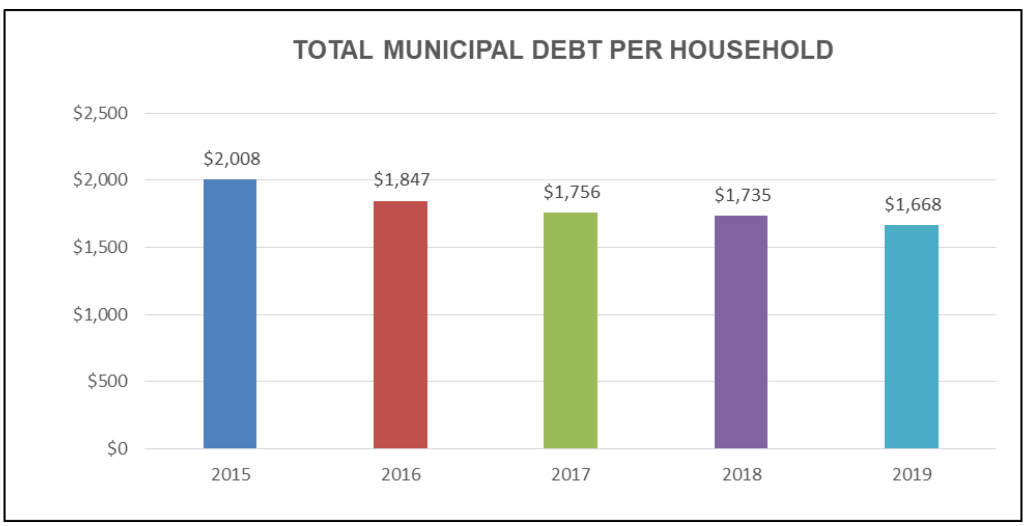


Figure 16: Five (5) Year Overview of Municipal Debt per Household

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

2019 Financial Results (continued)

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

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

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

Table 5: Discretionary Reserves and Reserve Funds per Household

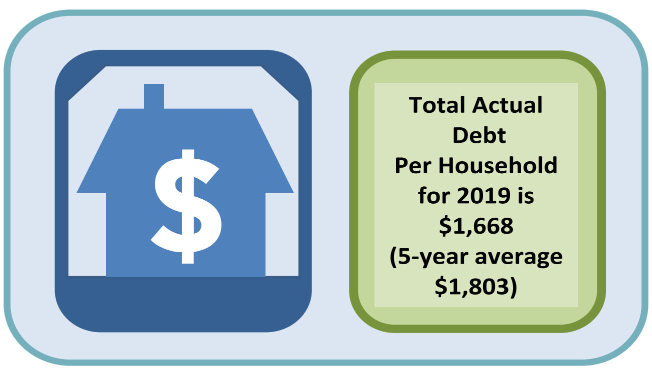


Figure 17: Total Actual Debt per Household, 2019

2019 Financial Results (continued)

Future Balances on Existing Debt and Long-term Liabilities

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

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

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

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

2019 Financial Results (continued)

Reserves and Reserve Funds

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

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

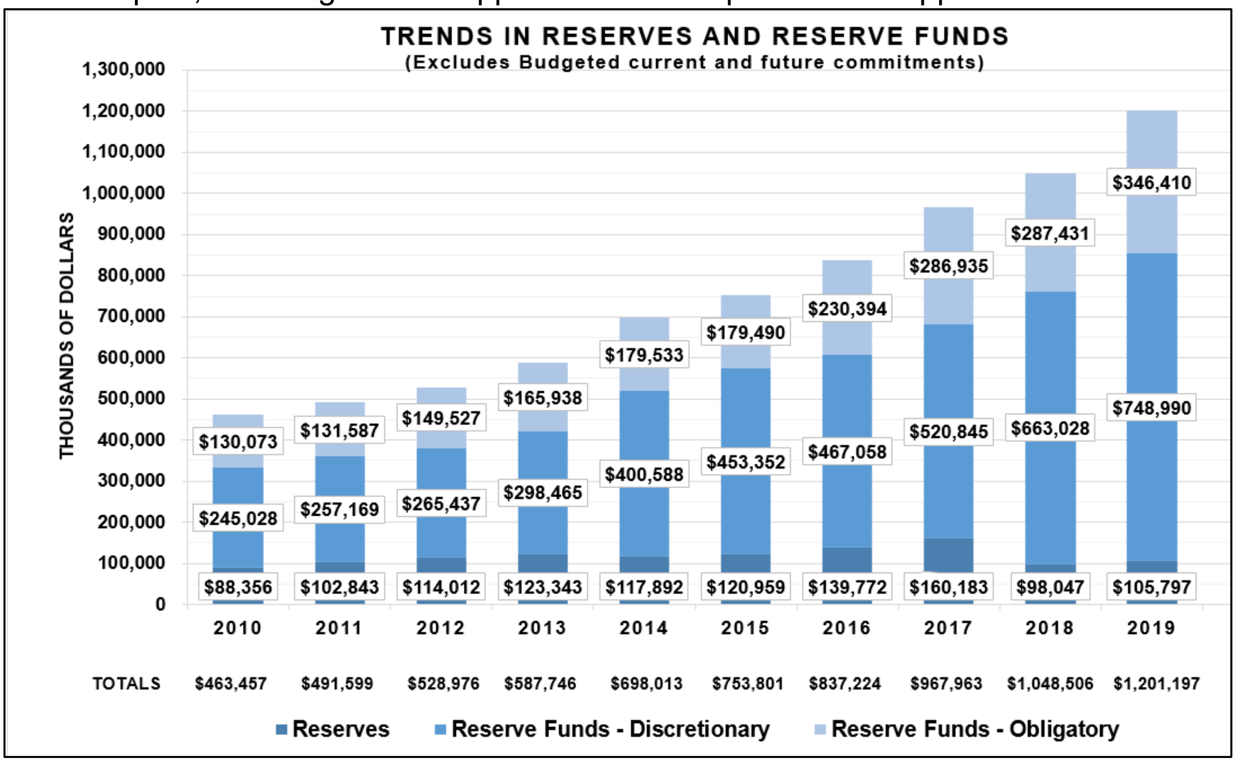


Figure 18: Ten Year Overview of Reserves and Reserve Funds ($000's)

In 2019, Reserve Funds grew by $144 million, reaching $1,095 million by year end. The majority of funds grew due to increased contributions; others were drawn down to fund operations as well as the purchase of capital assets.

Reserves increased by $8 million over 2018 balances.

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

Five Year Review and General Statistics

Five Year Review ($000's)

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

Five Year Review and General Statistics (continued)

General Statistics and Indicators

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

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

Table 7: General Statistics and Indicators

Definitions

Amortization – the systematic allocation of the historical cost of a tangible capital asset over its useful life.[vi]

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.[vi]

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). [vi]

Consolidated Financial Statements – statements containing financial information for the municipality and it's owned or controlled organizations (e.g., fire, library). [vivi]

Contributed Assets – assets that have been transferred or donated to the municipality and that will provide a future economic benefit. [vi]

Deferred Revenue – income received that will not be recorded as revenue until certain transactions or events take place. [vi]

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

Equity in Tangible Capital Assets – the net book value of recorded tangible capital assets less capital debt.[vi]

Expenditure – an outlay of cash, payment or disbursement.[vi]

Expense – the cost to the municipality of an activity. This can be cash or non-cash cost (e.g., wages, materials, amortization).[vi]

Financial Assets – current cash resources plus any items or holdings that are expected to be converted into cash in the future.[vi]

Government Transfers – entitlements, transfers under cost-share agreements, and/or grants from other levels of government.[vi]

Definitions (continued)

Net Book Value – the total cost of a tangible capital asset minus the accumulated amortization and any write-down of the asset.[vi]

Net Financial Assets (Net Debt) – an amount equal to the total financial assets less the total liabilities.[vi]

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.[vii]

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.[vii]

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.[vii]

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.[vii]

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).[vii]

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

Endnotes

[i] Provided by City's Planning Service Area and Statistics Canada, August 2020, https://www.statcan.gc.ca/eng/start

[ii] Municipal Property Assessment Corporation, https://www.mpac.ca/, 2019 year end assessment roll, December 2019

[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, Labour Force characteristics by census metropolitan area, three-month moving averages, seasonally adjusted and unadjusted, last 5 months, https://www150.statcan.gc.ca/

[vi] Ministry of Municipal Affairs and Housing, Common Language Guide to Municipal Financial Statements (Toronto: Queen's Printer for Ontario, 2016), http://www.mah.gov.on.ca/AssetFactory.aspx?did=15792

[vii] Ministry of Municipal Affairs and Housing, "The Fiscal Context," The Ontario Municipal Councillor's Guide 2018, https://www.ontario.ca/document/ontario-municipal-councillors-guide-2018/9-fiscal-context

Consolidated Financial Statements of

THE CORPORATION OF THE CITY OF LONDON

And Independent Auditors’ Report thereon

Year ended December 31, 2019

INTRODUCTION

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

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

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

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

The audited Consolidated Financial Statements for City operations include:

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

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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

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

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

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

Basis for Opinion

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

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

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

Other Information

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

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

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

KPMG

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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

September 29, 2020

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

(all dollar amounts in thousands of dollars)

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

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

THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Operations
For the year ended December 31, 2019, with comparative information for 2018
(all dollar amounts in thousands of dollars)

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

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

THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2019, with comparative information for 2018

(all dollar amounts in thousands of dollars)

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

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

THE CORPORATION OF THE CITY OF LONDON
Consolidated Statement of Cash Flows
For the year ended December 31, 2019, with comparative information for 2018

(all dollar amounts in thousands of dollars)

	2019	2018
Cash and cash equivalents provided by (used in)		
Operating Activities		
Annual surplus	$ **222,165**	$ 272,392
Items not involving cash		
Amortization of tangible capital assets	**182,017**	172,672
Developer contributions of tangible capital assets	**(64,953)**	(73,284)
Gain on disposal of tangible capital assets	**(66)**	(30)
Change in employee benefits payable	**2,154**	4,671
Change in landfill closure and post-closure liability	**1,861**	2,498
Equity in earnings of government business enterprises and partnerships	**(10,073)**	(14,220)
Amortization of debenture discount	**(49)**	(101)
Change in non-cash assets and liabilities		
Taxes receivable	**998**	(698)
Other receivables	**2,774**	(13,986)
Land held for resale	**(4,423)**	(971)
Accounts payable and accrued liabilities	**3,323**	5,377
Deferred revenue	**52,407**	2,796
Accrued interest on long-term debt	**(25)**	(254)
City services payable	**12,853**	(1,664)
Inventories of supplies	**(216)**	(297)
Prepaid expenses	**1,808**	(252)
Net change in cash and cash equivalents from operating activities	**402,555**	354,649
Capital Activities		
Proceeds from sale of tangible capital assets	**9,342**	7,581
Acquisition of tangible capital assets	**(229,223)**	(250,019)
Net change in cash and cash equivalents from capital activities	**(219,881)**	(242,438)
Investing Activities		
Net increase in investments	**(179,568)**	(28,613)
Repayment of loans receivable	**339**	263
Repayment of promissory note receivable from government business enterprises	**910**	855
Government business enterprises and partnerships	**134**	(39)
Dividends from London Hydro Inc. (Note 6(a)(v))	**5,000**	5,000
Net change in cash and cash equivalents from investing activities	**(173,185)**	(22,534)
Financing Activities		
Long-term debt issued	**49,380**	55,000
Long-term debt repayments	**(53,865)**	(51,987)
Repayments of long-term liabilities	**(3,200)**	(2,400)
Repayments of capital lease obligations	**(433)**	(753)
Net change in cash and cash equivalents from financing activities	**(8,118)**	(140)
Net change in cash and cash equivalents	**1,371**	89,537
Cash and cash equivalents, beginning of year	**490,040**	400,503
Cash and cash equivalents, end of year (Note 2)	$ **491,411**	$ 490,040

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

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

1. Significant Accounting Policies

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

a) Basis of Consolidation

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

(i) Consolidated Entities

The following local Boards or Commissions are consolidated:

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

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

1. Significant Accounting Policies (continued)

a) Basis of Consolidation (continued)

(ii) Equity Accounting

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

The government business enterprises and partnerships during the year were:

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

(iii) Proportionate Consolidation

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

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

(iv) Accounting for School Board Transactions

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

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

1. Significant Accounting Policies (continued)

a) Basis of Consolidation (continued)

(v) Trust Funds

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

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

b) Basis of Accounting

(i) Accrual Accounting

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

(ii) Deferred Revenue

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

(iii) Land Held for Resale

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

1. Significant Accounting Policies (continued)

b) Basis of Accounting (continued)

(iv) Non-Financial Assets

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

a) Tangible Capital Assets

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

Table 1: Tangible Capital Asset Useful Life

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

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

b) Contributions of Tangible Capital Assets

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

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.

1. Significant Accounting Policies (continued)

b) Basis of Accounting (continued)

(vi) Use of Estimates

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

c) Government Transfers

(i) Revenues

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

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

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

1. Significant Accounting Policies (continued)

c) Government Transfers (continued)

(ii) Expenses

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

d) Tax Revenues

In 2019 the Corporation received **$632,169** (2018 - $604,712) in property tax revenues for municipal purposes. The authority to levy and collect property taxes is established under the *Municipal Act, 2001*, the *Assessment Act*, the *Education Act*, and other legislation.

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

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

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

1. Significant Accounting Policies (continued)

e) User Charges

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

f) Development Charges and Other Revenues

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

g) Financial Instruments

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

h) Investments

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

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

1. Significant Accounting Policies (continued)

i) Contaminated Sites

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

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

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

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.

1. Significant Accounting Policies (continued)

l) Environmental Provisions

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

m) Provision for Landfill Rehabilitation

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

n) Accumulated Surplus

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

o) Related Party Disclosures

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

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

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.

1. Significant Accounting Policies (continued)

q) Future Accounting Changes

(i) Foreign Currency Translation

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

(ii) Financial Instruments

PSAB released a standard related to *Financial Instruments* (PS 3450). The standard has been deferred and applies to all local governments for fiscal years beginning on or after April 1, 2022. The standard applies to all types of financial instruments (primary and derivatives). In the year that the standard is adopted, *Foreign Currency Translation* (PS 2601) must also be adopted. The new standard requires equity and derivative instruments be measured at fair value, with changes in value being recorded in a statement of re-measurement gains/losses. The standard gives the option of cost/amortized cost vs. fair value for remaining instruments, which is elected upon by the government organization. The Corporation has not yet determined what, if any, financial reporting implications may arise from this standard.

1. Significant Accounting Policies (continued)

q) Future Accounting Changes (continued)

(iii) Asset Retirement Obligations

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

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

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

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

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

1. Significant Accounting Policies (continued)

q) Future Accounting Changes (continued)

(iii) Asset Retirement Obligations (continued)

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

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

(iv) Revenue

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

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

(all dollar amounts in thousands of dollars)

2. Cash and Cash Equivalents

Table 2: Cash and Cash Equivalents

	2019	2018
Cash on deposit	**$420,076**	$479,882
Cash equivalents	**71,335**	10,158
	$491,411	$490,040

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

3. Taxes Receivable

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

Table 3: Taxes Receivable

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

(all dollar amounts in thousands of dollars)

4. Investments

Investments are comprised of the following:

Table 4: Investments

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

5. Loan Receivable

Table 5: Loan Receivable

	2019	2018
Subordinate Loan – City of London Arena Trust	**$23,791**	$24,130

The Corporation previously transferred a capital asset to the City of London Arena Trust, in return for a subordinate loan. This investment is secured by a mortgage charge and assignment of the borrower's interest in the Ground Lease of the Budweiser Gardens building, an assignment of the borrower's interest in the Participatory Occupancy Lease, a general assignment of all present and future subleases, a security interest in the Capital Repair Fund, and a security interest in the trust fund. Repayments vary and are based on an available cash flow calculation within the 50 year agreement. During the year, **$339** (2018 - $263) was received as a payment on the loan.

(all dollar amounts in thousands of dollars)

6. Investment in Government Business Enterprises and Partnerships

The Corporation holds a 100% interest in London Hydro Inc., a 38.572% (2018 – 41.429%) interest in the Fair-City Joint Venture Partnership and a 73.432% interest in the City-YMCA Joint Venture Partnership based upon investments as follows:

Table 6: Investment in Government Business Enterprises and Partnerships

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

a) Investment in London Hydro Inc.

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

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

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

(all dollar amounts in thousands of dollars)

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

a) Investment in London Hydro Inc. (continued)

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

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

i) Regulated Business Operations and Distribution Rates

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

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

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

a) Investment in London Hydro Inc. (continued)

ii) Regulatory Balances

The Ontario Energy Board allows distribution companies to recover amounts incurred for certain transitional costs as well as certain costs associated with the discretionary metering activities under the Provincial Smart Meter Program which have been authorized to be recovered through the rates. Net regulatory debit balances for 2019 totalled **$21,019** (2018 - $17,166). Net regulatory credit balances for 2019 totalled **$2,339** (2018 – $2,131).

iii) Commitments

The Company has provided **$6,600** (2018 - $6,600) in bank standby letters of credit to the independent Electricity System Operator, as required by regulation.

The Company has vendor commitments in connection with projects of **$1,600** (2018 - $700).

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

iv) Credit Facilities

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

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

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

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

a) Investment in London Hydro Inc. (continued)

iv) Credit Facilities (continued)

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

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

At December 31, 2019, the Company would be required to pay **$1,600** (2018 - $1,200) if it wished to cancel the swap agreements.

v) Related Party Transactions

The Corporation has contracted with London Hydro Inc. to provide billing and collection services for water and wastewater charges on a cost recovery basis. Expenses for the year were **$4,442** (2018 - $4,490) and are included on the consolidated statement of operations. At December 31, 2019, the Corporation has a receivable of **$14,071** (2018 - $14,300) for water and wastewater charges collected by London Hydro Inc. Miscellaneous receivables of **$192** (2018 - $1,667) are also outstanding at year end.

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

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

vi) International Financial Reporting Standards (“IFRS”)

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

(all dollar amounts in thousands of dollars)

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

b) Fair-City Joint Venture Partnership

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

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

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

(all dollar amounts in thousands of dollars)

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

b) Fair-City Joint Venture Partnership (continued)

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

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

i) Contributions to Joint Venture

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

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

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

(all dollar amounts in thousands of dollars)

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

b) Fair-City Joint Venture Partnership (continued)

i) Contributions to Joint Venture (continued)

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

ii) Related Party Transactions

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

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

c) City-YMCA Joint Venture Partnership

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

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

	2019	2018
Financial Position		
Capital assets	**$27,135**	$27,135
Accumulated amortization	**(6,776)**	(6,097)
Net Assets	**$20,359**	$21,038

(all dollar amounts in thousands of dollars)

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

c) City-YMCA Joint Venture Partnership (continued)

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

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

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 or73.432%.

Construction of this facility was completed in October 2010.

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

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

(all dollar amounts in thousands of dollars)

7. Deferred Revenue

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

Table 13: Deferred Revenue

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

(all dollar amounts in thousands of dollars)

8. Long-term Liabilities

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

Table 14: Long-term Liabilities

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

Anticipated principal repayments are summarized as follows:

2020	$ 900
2021	900
2022	900
2023	900
2024	900
Total	**$4,500**

(all dollar amounts in thousands of dollars)

9. Long-term Debt

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

Long-term debt is as follows:

Table 15: Long-term Debt

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

(all dollar amounts in thousands of dollars)

9. Long-term Debt (continued)

Principal repayments are summarized as follows:

Table 16: Principal Repayment Summary

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

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

Table 17: Principal Repayments - Total Charges

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

(all dollar amounts in thousands of dollars)

10. Capital Lease Obligations

Table 18: Capital Lease Obligations

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

11. City Services Payable

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

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

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

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

(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
Expenses:						
Transferred from Urban Works Payable	458	59	356	-	-	873
Value of construction work completed	4,463	1,792	9,618	1,920	429	18,222
Payments:						
From City Services Reserve Funds	(1,549)	(26)	(1,834)	(577)	(94)	(4,080)
City Services Payable	**$3,372**	**$1,825**	**$8,140**	**$1,343**	**$335**	**$15,015**

(all dollar amounts in thousands of dollars)

12. Employee Benefits Payable

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

Table 20: Employee Benefits Payable

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

Reserve funds and reserves have been established to partially provide for these employee benefit liabilities. The reserve fund balances at the end of the year are **$114,062** (2018 - $106,159), and the reserve balances at the end of the year are **$nil** (2018 - $5) to fund these obligations.

(all dollar amounts in thousands of dollars)

12. Employee Benefits Payable (continued)

a) Post-Employment and Post-Retirement Benefits

The Corporation provides benefits, such as health, dental and life insurance to qualified retirees until they reach 65 years of age and provides certain benefits to employees on long-term disability. The liabilities reported in these consolidated financial statements are based on the most recent actuarial valuation prepared as of December 31, 2018.

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

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

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

The benefit obligation continuity is as follows:

Table 22: Employee Benefits Payable - Benefit Obligation Continuity

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

12. Employee Benefits Payable (continued)

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

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

b) Workplace Safety and Insurance Board Obligation

The Corporation is a Schedule 2 employer under the *Workplace Safety and Insurance Board (“WSIB”) Act*, and as such assumes responsibility for financing its workplace safety insurance costs. The accrued obligation is determined using the estimated value of future benefit costs provided by WSIB and any additional information known to the Corporation about future obligations. All expected future payouts are discounted to December 31, 2019, using an appropriate discount rate.

c) Liability for Vacation Credits

Under the provisions of certain employee vacation plans, some vacation credits are earned as at December 31 but are generally unavailable for use until a later date. In addition, the provisions of certain plans allow the accumulation of vacation credits for use in future periods. The approximate value of these credits as at December 31, 2019 is **$16,697** (2018 - $16,450).

d) Liability for Vested Sick Leave Benefits

Under the sick leave benefit plan, certain unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the Corporation’s employment. The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to **$1,739** (2018 - $1,720) at December 31, 2019. During the year **$397** (2018 - $736) was paid to employees who left the Corporation’s employment.

Reserve funds and reserves have been established to provide for this past service liability. The reserve funds balance at December 31, 2019 is **$1,497** (2018 - $1,852), and the reserves balance is **$nil** (2018 - $5). An amount of **$37** (2018 - $42) has been contributed in the current year.

(all dollar amounts in thousands of dollars)

12. Employment Benefits Payable (continued)

d) Liability for Vested Sick Leave Benefits (continued)

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

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

Table 23: Employee Benefits Payable - Anticipated Future Payments

2020	**$1,625**
2021	**30**
2022	**84**
Total	**$1,739**

e) Pension Agreements

The Corporation makes contributions to the Ontario Municipal Employees' Retirement System Pension Fund (OMERS), which is a multi-employer plan, on behalf of 4,517 (2018 – 4,468) members. The plan is a contributory defined benefit plan which specifies the amount of the retirement benefit to be received by employees based on length of service and rates of pay. Employers and employees contribute jointly to the plan.

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

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

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

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.

(all dollar amounts in thousands of dollars)

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

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

Table 24: Landfill Closure Key Assumptions

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

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

Table 25: Landfill Closure and Post-Closure Liability

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

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

The Corporation, with Council approval, has commenced an Individual Environmental Assessment (EA) for the expansion of the W12A landfill site. The Minister of the Environment, Conservation and Parks approved the proposed Amended Terms of Reference for the undertaking in July, 2019. Successful completion of this EA process will result in extension of the anticipated closure date and an increase in the remaining waste disposal capacity currently assumed in the determination of the liability.

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

(all dollar amounts in thousands of dollars)

14. Tangible Capital Assets

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

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

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

14. Tangible Capital Assets (continued)

a) Assets under construction

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

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

b) Contributed Tangible Capital Assets

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

c) Tangible Capital Assets Disclosed at Nominal Values

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

d) Works of Art and Historical Treasures

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

e) Write-down of Tangible Capital Assets

There were write-downs of tangible capital assets during the year in the amount of **$nil** (2018 - $6,293).

14. Tangible Capital Assets (continued)

f) Assets under Shared Control

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

Each partner proposed to invest in the project as follows:

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

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

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

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

(all dollar amounts in thousands of dollars)

14. Tangible Capital Assets (continued)

f) Assets under Shared Control (continued)

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

Table 26: Tangible Capital Assets under Shared Control

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

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.

(all dollar amounts in thousands of dollars)

15. Accumulated Surplus

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

Table 27: Accumulated Surplus

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

15. Accumulated Surplus (continued)

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

16. Contingent Liabilities

a) Legal Actions

As at December 31, 2019, certain legal actions and other contingent liabilities are pending against the Corporation. The final outcome of the outstanding claims cannot be determined at this time. However management believes that ultimate disposition of these matters will not materially exceed the amounts recorded in these consolidated financial statements.

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

b) Public Liability and Property Loss Self Insurance

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

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

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

16. Contingent Liabilities (continued)

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

Claims expensed during the year amounting to **$8,792** (2018 - $4,759) have been reported with individual expenses on the consolidated statement of operations. The payment of these expenses was funded through the self-insurance reserve fund.

There were unsettled liability claims against the Corporation as at December 31, 2019 to be paid from the self-insurance reserve fund. The probable outcome of these claims cannot be determined at this time.

17. Loan Guarantees

The Corporation entered into agreements which, under certain conditions, guarantee a $7,000 loan from the VersaBank, formerly known as the Pacific & Western Bank of Canada, to the trustee of the City of London Arena Trust. The outstanding principal of this loan at December 31, 2019 is **$1,758** (2018 - $2,214).

The Corporation has entered into an agreement, which under certain conditions guarantees a $6,000 leasehold mortgage from the Bank of Montreal to the YMCA of Southwestern Ontario, related to the Stoney Creek Community Centre. The outstanding principal of this loan at December 31, 2019 is **$1,769** (2018 - $2,073).

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

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

No amounts have been accrued in the consolidated financial statements of the Corporation with respect to these guarantees, as it is not anticipated at December 31, 2019 that the Corporation will need to make any payments as a result of providing the guarantees.

(all dollar amounts in thousands of dollars)

18. Commitments

a) London Middlesex Suburban Roads Commission

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

b) Rehabilitation, Redevelopment and Community Improvement Grant Programs

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

Table 28: Future Grant Program Commitments

2020	$ 1,039
2021	3,927
2022	1,343
2023	1,636
2024	2,665
Beyond	8,717
Total	**$19,327**

c) Fleet, Equipment and Premises Commitments

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

Table 29: Fleet, Equipment and Premises Commitments

2020	$18,288
2021	5,499
2022	3,471
2023	2,909
2024	2,594
Beyond	14,937
Total	**$47,698**

(all dollar amounts in thousands of dollars)

18. Commitments (continued)

d) Facilities and Infrastructure Commitments

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

Table 30: Facilities and infrastructure Commitments

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

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

e) Affordable Housing Programs

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

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

18. Commitments (continued)

f) Derivatives

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

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

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

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

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

g) Public Utility Commission Dissolution

i) Reporting entity history

Pursuant to the *Electricity Act, 1998* (Ontario), the various undertakings and activities of The Hydro-Electric Commission of the City of London were segregated and a substantial portion transferred on November 1, 2000 to separate companies incorporated under the *Business Corporations Act* (Ontario) with the Corporation as the sole shareholder. The name of the Commission was changed to The Public Utility Commission of the City of London (the Commission) effective November 1, 2000.

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

18. Commitments (continued)

g) Public Utility Commission Dissolution (continued)

i) Reporting entity history (continued)

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

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

ii) Contingent liability

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

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

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

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

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

18. Commitments (continued)

g) Public Utility Commission Dissolution (continued)

iii) Promissory note

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

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

The reserve fund is held by the Corporation for the following purposes:

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

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

h) Land Transactions

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

(all dollar amounts in thousands of dollars)

19. Provincial Offences Court Administration and Prosecution

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

Table 31: Charges Laid Under the Provincial Offences Act

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

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

20. Budget Data

Budget data presented in these consolidated financial statements is based upon the 2019 operating budget approved by Council. Adjustments were required to convert the budget from a cash basis to a full accrual basis. These adjustments include revenues and expenses which were budgeted in the capital budget, contributed assets recognized as revenues and amortization expense as well as Board and Commissions budget figures. The adjustments have been reduced for capital assets budgeted in operations. Given that certain budget information is not available in full accrual format, the assumption of using budget adjustments that equal the actual full accrual adjustments was used. These full accrual budget estimates are for financial statement presentation only.

(all dollar amounts in thousands of dollars)

20. Budget Data (continued)

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

Table 32: Approved Budget per Consolidated Financial Statements

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

(all dollar amounts in thousands of dollars)

20. Budget Data (continued)

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

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

(all dollar amounts in thousands of dollars)

20. Budget Data (continued)

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

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

(all dollar amounts in thousands of dollars)

21. Revenues

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

Table 33: Revenue Classifications

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

(all dollar amounts in thousands of dollars)

22. Expenses by Object

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

Table 34: Expenses by Object

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

23. Liability for Contaminated Sites

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

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

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

24. Comparative Figures

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

25. Subsequent Event

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

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

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

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

26. Segmented Information

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

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

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

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

a) Protection

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

26. Segmented Information (continued)

b) Transportation Services

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

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

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

c) Environmental Services

i) Water and Wastewater Utilities

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

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

26. Segmented Information (continued)

c) Environmental Services (continued)

ii) Solid Waste and Recycling

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

d) Health Services

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

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

e) Social and Family Services

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

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

26. Segmented Information (continued)

f) Social Housing

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

g) Parks and Recreation

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

h) Cultural Services

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

26. Segmented Information (continued)

i) Planning, Development and Compliance

a) Planning Services

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

b) Development Services

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

c) Building Services

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

26. Segmented Information (continued)

i) Planning, Development and Compliance (continued)

d) Licensing and Municipal Law Enforcement Services

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

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

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

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

	EXPENSES							
	Salaries, Wages & Benefits	Materials	Contracted Services	External Transfers	Amortization	Other	Total 2019 Actuals	Total 2018 Actuals
General Government	57,174	14,929	12,758	234	11,196	7,376	103,667	96,962
Fire	61,831	2,447	213	-	3,125	73	67,689	67,667
Police	104,757	6,400	2,230	-	5,190	293	118,870	109,821
Other Protection Services	16,017	3,724	1,627	4,637	279	909	27,193	25,963
Total Protection Services	182,605	12,571	4,070	4,637	8,594	1,275	213,752	203,451
Transit	50,717	20,159	7,870	-	13,155	680	92,581	90,802
Other Transportation Services	22,828	22,883	26,698	3	50,729	11,343	134,484	121,398
Total Transportation Services	73,545	43,042	34,568	3	63,884	12,023	227,065	212,200
Water/Waste Water	24,207	30,334	13,710	17	72,217	7,788	148,273	151,863
Solid Waste	9,006	6,453	13,492	573	2,474	1,679	33,677	33,888
Total Environmental Services	33,213	36,787	27,202	590	74,691	9,467	181,950	185,751
Public Health Services	4,793	443	678	5,085	89	298	11,386	10,845
Ambulance Services	-	-	16,443	-	-	-	16,443	14,735
Total Health Services	4,793	443	17,121	5,085	89	298	27,829	25,580
General Assistance	22,519	882	8,010	134,770	458	2,634	169,273	166,613
Assistance to aged persons	20,118	2,875	406	207	1,296	656	25,558	25,286
Child Care	2,413	336	23,105	34,588	3	420	60,865	62,387
Total Social and Family Services	45,050	4,093	31,521	169,565	1,757	3,710	255,696	254,286
Social Housing	7,795	2,185	15,546	33,960	1,985	791	62,262	54,143
Parks and Recreation	25,460	7,771	7,003	47	12,279	2,226	54,786	52,679
Libraries	14,615	4,315	729	-	3,629	708	23,996	24,044
Cultural Services	2,540	3,411	533	1,478	1,770	135	9,867	8,344
Total Recreation and Cultural Services	42,615	15,497	8,265	1,525	17,678	3,069	88,649	85,067
Planning, Development and Compliance	14,410	10,601	2,176	7,886	2,142	1,431	38,646	32,963
Total Expenses	461,200	140,148	153,227	223,485	182,016	39,440	1,199,516	1,150,403
Annual Surplus							222,165	272,392

London
CANADA

City of London
Financial Report
2019