

Financial Statements of

LONDON TRANSIT COMMISSION

And Independent Auditor's Report thereon

Year ended December 31, 2022



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the London Transit Commission ("the Entity"), which comprise:

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

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

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

Basis for Opinion

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

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

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



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Misstatements can arise from fraud or error and are 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.



Page 3

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

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

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 13, 2023

LONDON TRANSIT COMMISSION

Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial Assets		
Cash and cash equivalents	\$ 47,795,605	\$ 53,969,448
Accounts receivable	1,820,420	2,764,354
Due from The City of London	911,098	543,406
	<u>50,527,123</u>	<u>57,277,208</u>
Financial Liabilities		
Accounts payable and accrued liabilities	9,649,550	9,546,757
Due to The City of London	54,596	20,899
Due to Province of Ontario (note 10)	6,783,573	-
Accrued liability insurance claims (note 7)	1,363,724	1,232,468
Employee future benefits (note 6)	4,276,000	4,308,000
Deferred fare media	5,736,130	5,718,798
Deferred revenue (note 10)	12,954,472	24,958,082
	<u>40,818,045</u>	<u>45,785,004</u>
Net financial assets	9,709,078	11,492,204
Non - Financial Assets		
Inventories (note 2)	3,677,451	2,788,845
Tangible capital assets (note 9)	97,857,077	93,541,426
Prepaid expenses	1,689,021	1,540,589
	<u>103,223,549</u>	<u>97,870,860</u>
Commitments (note 8)		
Accumulated surplus (note 3)	<u>\$ 112,932,627</u>	<u>\$ 109,363,064</u>

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Operations

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

	Budget	2022	2021
Revenue:			
Grants:			
The City of London (note 4)	\$ 54,430,000	\$ 53,016,799	\$ 49,657,649
Province of Ontario (note 4)	24,925,900	17,724,352	23,968,521
Government of Canada (note 4)	1,768,700	1,630,248	640,065
	<u>81,124,600</u>	<u>72,371,399</u>	<u>74,266,235</u>
User charges, conventional transit:			
Cash fares	3,280,200	3,015,009	2,346,270
Ticket fares	10,134,300	8,458,796	6,388,415
Pass fares	19,824,700	17,522,498	12,921,044
Other transportation revenue	-	1,056,432	242,941
	<u>33,239,200</u>	<u>30,052,735</u>	<u>21,898,670</u>
Other revenue, conventional transit:			
Advertising	606,300	609,553	528,517
Interest and discounts	480,100	1,189,318	469,979
Rent	2,500	1,176	1,956
Gain on disposal of capital assets	48,000	31,400	102,753
Miscellaneous	31,000	27,221	59,430
	<u>1,167,900</u>	<u>1,858,668</u>	<u>1,162,635</u>
User charges, specialized transit:			
Cash fares	19,900	24,831	24,947
Ticket fares	347,600	289,783	230,058
Pass fares	200,300	113,683	78,321
	<u>567,800</u>	<u>428,297</u>	<u>333,326</u>
Total revenue	\$ 116,099,500	\$ 104,711,099	\$ 97,660,866

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Operations

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

	Budget	2022	2021
Expenses:			
Salaries, wages and benefits:			
Transportation	\$ 41,420,829	\$ 37,624,782	\$ 37,551,216
Vehicle maintenance	10,582,727	9,874,270	10,202,734
Facility	642,574	606,996	522,793
Planning, marketing and general administration	4,451,970	3,871,287	3,730,274
	<u>57,098,100</u>	<u>51,977,335</u>	<u>52,007,017</u>
Materials, supplies, utilities and services:			
Transportation	4,607,200	3,802,325	3,538,188
Vehicle maintenance	7,304,500	6,969,028	5,786,524
Facility	3,646,400	3,489,897	3,007,216
Planning, marketing and general administration	2,256,700	1,871,114	1,865,527
Fuel	9,148,300	10,505,899	6,406,003
Amortization	-	13,230,331	13,290,021
	<u>26,963,100</u>	<u>39,868,594</u>	<u>33,893,479</u>
Current operations, specialized transit:			
Administration:			
Salaries and benefits	1,223,000	1,182,598	1,048,097
Materials and supplies	261,100	270,372	269,986
	<u>1,484,100</u>	<u>1,452,970</u>	<u>1,318,083</u>
Contracted service delivery	9,582,900	7,842,637	7,650,368
	<u>11,067,000</u>	<u>9,295,607</u>	<u>8,968,451</u>
Total expenses	<u>\$ 95,128,200</u>	<u>\$ 101,141,536</u>	<u>\$ 94,868,947</u>
Annual surplus (note 11)	20,971,300	3,569,563	2,791,919
Accumulated surplus, beginning of year	109,363,064	109,363,064	106,571,145
Accumulated surplus, end of year	<u>\$ 130,334,364</u>	<u>\$ 112,932,627</u>	<u>\$ 109,363,064</u>

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Change in Net Financial Assets

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

	Budget	2022	2021
Annual surplus	\$ 20,971,300	\$ 3,569,563	\$ 2,791,919
Acquisition of tangible capital assets	(24,532,200)	(17,545,982)	(13,689,530)
Amortization of tangible capital assets	-	13,230,331	13,290,021
Gain on disposal of tangible capital assets	(48,000)	(31,400)	(102,753)
Proceeds on sale of tangible capital assets	48,000	31,400	168,824
	(3,560,900)	(746,088)	2,458,481
Inventories	-	(888,606)	(473,899)
Prepaid expenses	-	(148,432)	(45,200)
	-	(1,037,038)	(519,099)
Change in net financial assets	(3,560,900)	(1,783,126)	1,939,382
Net financial assets, beginning of year	11,492,204	11,492,204	9,552,822
Net financial assets, end of year	\$ 7,931,304	\$ 9,709,078	\$ 11,492,204

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Cash Flows

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

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 3,569,563	\$ 2,791,919
Items not involving cash:		
Amortization	13,230,331	13,290,021
Gain on disposal of tangible capital assets	(31,400)	(102,753)
Change in employee future benefit liability	(32,000)	11,000
Changes in non-cash assets and liabilities:		
Accounts receivable	943,934	(670,649)
Due from The City of London	(367,692)	(9,110)
Inventories	(888,606)	(473,899)
Prepaid expenses	(148,432)	(45,200)
Accounts payable and accrued liabilities	102,793	1,036,997
Due to The City of London	33,697	(76,623)
Due to Province of Ontario	6,783,573	-
Accrued liability insurance claims	131,256	46,465
Deferred fare media	17,332	2,712,721
Deferred revenue	(12,003,610)	5,944,820
Net change in cash from operating activities	11,340,739	24,455,709
Capital activities:		
Proceeds on sale of tangible capital assets	31,400	168,824
Cash used to acquire tangible capital assets	(17,545,982)	(13,689,530)
Net change in cash from capital activities	(17,514,582)	(13,520,706)
Net change in cash and cash equivalents	(6,173,843)	10,935,003
Cash and cash equivalents, beginning of year	53,969,448	43,034,445
Cash and cash equivalents, end of year	\$ 47,795,605	\$ 53,969,448
Cash	\$ 15,871,636	\$ 10,839,308
Cash equivalents	31,923,969	43,130,140
Cash and cash equivalents, end of year	\$ 47,795,605	\$ 53,969,448

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Notes to Financial Statements

Year ended December 31, 2022

1. Significant accounting policies:

The financial statements of the London Transit Commission (the "Commission"), a local commission of the Corporation of the City of London (the "City of London"), are the representation of management prepared in accordance with Canadian generally accepted accounting principles as defined in the Chartered Professional Accountants Canada Public Sector Accounting Handbook.

(a) Basis of accounting:

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

(b) Cash and cash equivalents:

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

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

(c) Deferred fare media and revenue:

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

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

(d) Post-employment benefits liability:

The Commission provides defined retirement and other future benefits to specified employee groups. These benefits include pension, health, dental, life insurance, compensated absences, and workers' compensation benefits. The Commission has adopted the following policies with respect to accounting for

- (i) The cost of employee future benefit plans are actuarially determined using management's best estimate of salary escalation, insurance and health care cost trends, long-term inflation rates and discount rates.
- (ii) The cost of multi-employer defined benefit pension plan, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions to the plan in the period. OMERS provides benefits for employees of Ontario municipalities, local boards, public utilities and school boards. As this is a multi employer plan, no liability is recorded on the Commission's books.

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(e) Tangible capital assets:

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

Asset	Useful life - years
Site work	25
Buildings	5 - 60
Shelters, pads, and terminals	10
Rolling stock	12
Fare and data collection equipment	15
Radio/communication equipment	15
Bike racks on buses	5
Service fleet	3
Shop equipment	5
Small tools	3
Computer hardware	3
Computer software	3

Tangible capital assets which are under construction are not amortized until the tangible capital assets are available for productive use.

(f) Use of estimates:

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

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

2. Inventories:

	2022	2021
Spare parts	\$ 3,677,451	\$ 2,788,845

3. Accumulated surplus:

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

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 97,857,077	\$ 93,541,426
To be recovered from public liability insurance reserve fund	(1,363,724)	(1,232,468)
Unfunded:		
Employee future benefits liability	(4,276,000)	(4,308,000)
Vacation pay earned and accrued payroll	(2,947,600)	(2,910,800)
Total surplus	89,269,753	85,090,158
Reserves set aside for specific purposes of the Commission (note 10):		
Energy management reserve	1,665,750	3,203,250
General operating reserve	3,661,087	3,361,514
Health care management reserve	4,854,965	4,283,391
Total reserves	10,181,802	10,848,155
Reserve funds set aside for specific purposes by the Commission (note 10):		
Capital program reserve fund	7,872,568	7,837,193
Public liability insurance reserve fund	5,608,504	5,587,558
Total reserve funds	13,481,072	13,424,751
	\$ 112,932,627	\$ 109,363,064

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

4. Grants:

(a) The City of London:

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

	2022	2021
Operating grants:		
Specialized transit	\$ 9,401,300	\$ 8,854,400
Conventional transit	33,878,400	31,977,600
	43,279,700	40,832,000
Capital grants:		
Capital levy and debentures	9,350,892	8,687,719
Development	386,207	137,930
	9,737,099	8,825,649
Total grants received from The City of London	\$ 53,016,799	\$ 49,657,649

In addition, The City of London sponsors certain groups using both conventional and specialized public transit. These groups receive reduced fares or free fares. The Commission receives grants, on behalf of the respective groups, as fare offsets and are shown as such on the Statement of Operations as part of the ticket and pass fares. Particulars of the grants are as follows:

	2022	2021
Equalization grant, seniors (reduced fares)	\$ 239,806	\$ 183,120
Equalization grant, income related (reduced fares)	154,428	144,364
Equalization grant, youth (reduced fares)	258,604	109,522
Free transportation, blind	131,969	106,691
Free transportation, children	181,314	101,180
	\$ 966,121	\$ 644,877

(b) Province of Ontario:

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

	2022	2021
Capital grants:		
Gas tax program	\$ 3,856,251	\$ 2,344,999
Investing in Canada infrastructure program	1,357,182	449,291
Safe restart program	225,289	777,020
	5,438,722	3,571,310
Operating grants:		
Gas tax program	8,237,300	8,160,062
Safe restart program	4,048,330	12,237,149
	12,285,630	20,397,211
Total Province of Ontario grants	\$ 17,724,352	\$ 23,968,521

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

4. Grants (continued):

(c) Government of Canada:

	2022	2021
Capital grants:		
Public Transit Infrastructure Funding	\$ -	\$ 100,774
Investing in Canada infrastructure program	1,630,248	539,291
Total Government of Canada grants	\$ 1,630,248	\$ 640,065

5. Pension agreement:

Effective February 1, 1989, the London Transit Commission commenced participation in the Ontario Municipal Employees Retirement System (OMERS) which is a multi employer plan, for all active employees at that date as well as for all new employees. As of December 31, 2022 there were 655 (2021 - 632) active employees. The plan is a contributory defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on their length of service and rates of pay. Changes by OMERS to the plan, since February 1, 1989, apply to service after February 1, 1989. For pre-February 1, 1989 service, the Commission provides pension benefits, as determined by the pension plan document.

At December 31, 2022, the OMERS plan is in an actuarial deficit position, which is being addressed through rate contributions and benefit reductions. Depending on an individual's normal retirement age and pensionable earnings, 2022 contribution rates were 9.0% and 14.6% (2021 - 9.0% and 14.6%). Total employer contributions to OMERS for 2022 were \$3,219,070. (2021 - \$3,145,472), and are recorded in the statement of operations.

The last available report for the OMERS plan was on December 31, 2022. At that time, the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion), based on actuarial liabilities for \$130.3 billion (2021 - \$120.8 billion) and actuarial assets for \$123.6 billion (2021 - \$117.7 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

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

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

6. Employee future benefits:

The Commission provides benefits to retirees until they reach sixty-five years of age and provides certain benefits to employees on long-term disability. The employee future benefit liability has been estimated based on an actuarial valuation which was completed at December 31, 2021.

	2022	2021
Employee future benefits liability as of December 31	\$ 4,276,000	\$ 4,308,000

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

	2022	2021
Current year benefit cost	\$ 267,000	\$ 268,000
Interest on accrued benefit obligation	100,000	106,000
Amortized gain	(116,000)	(39,000)
Benefits paid	(283,000)	(324,000)
	\$ (32,000)	\$ 11,000

Significant assumptions are as follows:

	2022	2021
Discount rate	3.00%	3.00%
Rate of compensation increase	2.00%	2.00%
Healthcare cost current	5.50%	5.63%
Healthcare cost ultimate	4.00%	4.00%

7. Public liability insurance:

At December 31, 2022, there were 122 liability claims (2021 - 84) and 11 accident benefits claims (2021 - 13) outstanding that may result in payment under the insurance deductible provisions. The estimated cost to the Commission is \$1,219,530 and \$112,036 (2021 - \$1,120,432 and \$144,194) respectively for a total of \$1,363,724 (2021 - \$1,232,468) to be funded from the public liability reserve fund.

8. Commitments:

Bus procurement:

The Commission has approved the awarding of contracts with New Flyer Industries for the purchase of fifteen buses for \$12,427,200. It is anticipated that these buses will arrive from September to December 2023.

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

9. Tangible capital assets:

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

Cost	Balance December 31, 2021	Additions	Disposals	Reclassified	Balance December 31, 2022
Land	\$ 2,804,632	\$ -	\$ -	\$ -	2,804,632
Site work	3,079,573	72,657	-	570,812	3,723,042
Buildings	46,476,348	156,957	-	(638,178)	45,995,127
Shelters, pads, and terminals	4,355,707	505,391	-	-	4,861,098
Rolling stock	124,483,497	15,605,807	(1,856,482)	-	138,232,822
Fare and data collection equipment	6,868,061	415,418	-	-	7,283,479
Radio/communication equipment	9,492,892	370,360	-	-	9,863,252
Bike racks on buses	158,878	-	-	-	158,878
Service fleet	406,235	40,741	-	-	446,976
Shop equipment	4,347,351	23,137	-	-	4,370,488
Small tools	245,367	94,833	(93,705)	-	246,495
Computer hardware	1,244,903	111,284	-	-	1,356,187
Computer software	2,093,460	113,815	-	-	2,207,275
Capital work in progress	-	35,582	-	67,366	102,948
	\$ 206,056,904	\$ 17,545,982	\$ (1,950,187)	\$ -	\$ 221,652,699

Accumulated amortization	Balance December 31, 2021	Disposals	Amortization	Reclassified	Balance December 31, 2022
Land	\$ -	\$ -	\$ -	\$ -	-
Site work	1,713,977	-	148,922	123,189	1,986,088
Buildings	20,699,090	-	1,227,153	(55,649)	21,870,594
Shelters, pads, and terminals	2,147,919	-	410,211	-	2,558,130
Rolling stock	68,275,654	(1,856,482)	10,055,593	-	76,474,765
Fare and data collection equipment	4,106,080	-	355,944	-	4,462,024
Radio/communication equipment	7,590,693	-	550,501	-	8,141,194
Bike racks on buses	158,878	-	-	-	158,878
Service fleet	340,676	-	67,072	-	407,748
Shop equipment	4,189,015	-	72,284	-	4,261,299
Small tools	169,184	(93,705)	82,165	-	157,644
Computer hardware	1,141,645	-	99,611	-	1,241,256
Computer software	1,982,667	-	93,335	-	2,076,002
	\$ 112,515,478	\$ (1,950,187)	\$ 13,162,791	\$ 67,540	\$ 123,795,622

Net book value	Balance December 31, 2021	Balance December 31, 2022
Land	\$ 2,804,632	\$ 2,804,632
Site work	1,365,596	1,736,954
Buildings	25,777,258	24,124,533
Shelters, pads, and terminals	2,207,788	2,302,968
Rolling stock	56,207,843	61,758,057
Fare and data collection equipment	2,761,981	2,821,455
Radio/communication equipment	1,902,199	1,722,058
Bike racks on buses	-	-
Service fleet	65,559	39,228
Shop equipment	158,336	109,189
Small tools	76,183	88,851
Computer hardware	103,258	114,931
Computer software	110,793	131,273
Capital in process	-	102,948
	\$ 93,541,426	\$ 97,857,077

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

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

	Energy management reserve	General operating reserve	Health care management reserve	2022 Total	2021 Total
Reserves:					
Balance, beginning of year	\$ 3,203,250	\$ 3,361,514	\$ 4,283,391	\$ 10,848,155	\$ 10,811,604
Contributions from current operations	-	299,573	571,574	871,147	36,551
Appropriations to current operations	(1,537,500)	-	-	(1,537,500)	-
	\$ 1,665,750	\$ 3,661,087	\$ 4,854,965	\$ 10,181,802	\$ 10,848,155

	Capital program	Public liability insurance	2022 Total	2021 Total
Reserve funds:				
Balance, beginning of year	\$ 7,837,193	\$ 5,587,558	\$ 13,424,751	\$ 10,874,956
Interest earned	176,963	126,747	303,710	84,466
Contributions from current operations	281,400	400,000	681,400	3,384,871
	8,295,556	6,114,305	14,409,861	14,344,293
Expenditures:				
Appropriations to current operations	-	(505,801)	(505,801)	(518,031)
Appropriations to capital LTC	(422,988)	-	(422,988)	(401,511)
	(422,988)	(505,801)	(928,789)	(919,542)
Balance, end of year	\$ 7,872,568	\$ 5,608,504	\$ 13,481,072	\$ 13,424,751

Deferred revenues	Provincial gas tax program	Safe restart program	2022 Total	2021 Total
Deferred revenues:				
Balance, beginning of year	\$ 13,900,890	\$ 11,057,192	\$ 24,958,082	\$ 19,013,262
Interest earned	316,926	227,113	544,039	250,996
Contributions	11,147,133	-	11,147,133	29,464,051
	25,364,949	11,284,305	36,649,254	48,728,309
Expenditures:				
Appropriations to current operations	(8,237,300)	(4,275,443)	(12,512,743)	(20,397,211)
Appropriations to capital LTC	(4,173,177)	(225,289)	(4,398,466)	-
Unused funds owed back to province	-	(6,783,573)	(6,783,573)	(3,373,016)
	(12,410,477)	(11,284,305)	(23,694,782)	(23,770,227)
Balance, end of year	\$ 12,954,472	\$ -	\$ 12,954,472	\$ 24,958,082

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2022

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

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

PSAB requirements impact how and where revenue and expenditure items are reported and on what financial statement. This results in the reporting of a 2022 budget surplus, a 2022 actual surplus and a 2021 actual surplus.

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

	Budget	2022	2021
Annual surplus (deficit)	\$ 20,971,300	\$ 3,569,563	\$ 2,791,919
Capital expenditures	(24,532,200)	(17,545,982)	(13,689,530)
Transfers from reserves and reserve funds	4,506,000	2,466,289	882,991
Contributions to reserves and reserve funds	(945,100)	(1,856,257)	(3,469,338)
Amortization of tangible capital assets	-	13,230,331	13,290,021
Increase (decrease) in employee future benefits	-	(31,999)	11,000
Increase (decrease) in liability for insurance claims	-	131,256	46,465
Other	-	36,799	70,401
Commission approved surplus (deficit)	\$ -	\$ -	\$ (66,071)