

Financial Statements of

**LONDON TRANSIT  
COMMISSION**

And Independent Auditor's Report thereon

Year ended December 31, 2024



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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, 2024
- 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, 2024, 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.



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

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

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

May 12, 2025

# LONDON TRANSIT COMMISSION

## Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 37,232,288	\$ 40,793,113
Accounts receivable	2,277,280	1,949,374
Due from Province of Ontario	2,539,572	-
Due from The City of London	3,030,849	1,304,742
	45,079,989	44,047,229
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	12,198,607	11,910,290
Due to The City of London	134,273	175,330
Accrued liability insurance claims (note 8)	1,562,270	1,330,926
Employee future benefits (note 7)	4,275,000	4,169,000
Asset retirement obligation liability (note 13)	1,691,000	1,691,000
Deferred fare media	6,751,787	4,812,546
Deferred revenue (note 11)	8,696,103	13,782,007
	35,309,040	37,871,099
Net financial assets	9,770,949	6,176,130
<b>Non - Financial Assets</b>		
Inventories (note 3)	3,431,025	3,951,503
Tangible capital assets (note 10)	99,234,604	88,032,913
Prepaid expenses	1,937,474	1,923,427
	104,603,103	93,907,843
Commitments (note 9)		
Accumulated surplus (note 4)	\$ 114,374,052	\$ 100,083,973

See accompanying notes to financial statements.

# LONDON TRANSIT COMMISSION

## Statement of Operations

Year ended December 31, 2024, with comparative information for 2023

	Budget (note 12)	2024	2023
Revenue:			
Grants:			
The City of London (note 5)	\$ 96,686,200	\$ 69,477,809	\$ 47,051,343
Province of Ontario (note 5)	22,667,500	18,257,742	10,342,804
Government of Canada (note 5)	17,467,800	3,619,882	141,650
	136,821,500	91,355,433	57,535,797
User charges, conventional transit:			
Cash fares	3,043,300	2,891,581	3,177,129
Ticket fares	12,127,200	12,224,125	9,700,829
Pass fares	23,985,200	24,305,017	22,773,931
Other transportation revenue	(62,400)	(90,933)	1,481,609
	39,093,300	39,329,790	37,133,498
Other revenue, conventional transit:			
Advertising	654,900	662,289	717,779
Interest and discounts	1,254,200	2,091,792	2,604,259
Rent	2,500	360	720
Gain on disposal of capital assets	48,000	118,671	68,160
Miscellaneous	31,000	59,214	48,452
	1,990,600	2,932,326	3,439,370
User charges, specialized transit:			
Cash fares	41,700	33,393	25,729
Ticket fares	533,300	477,024	324,616
Pass fares	264,100	256,398	145,946
	839,100	766,815	496,291
Total revenue	\$ 178,744,500	\$ 134,384,364	\$ 98,604,956

See accompanying notes to financial statements.

# LONDON TRANSIT COMMISSION

## Statement of Operations

Year ended December 31, 2024, with comparative information for 2023

	Budget (note 12)	2024	2023
Expenses:			
Salaries, wages and benefits:			
Transportation	\$ 47,449,765	\$ 47,487,669	\$ 43,831,886
Vehicle maintenance	11,949,970	11,519,489	10,454,217
Facility	697,442	604,613	627,330
Planning, marketing and general administration	4,799,423	4,350,275	4,141,434
	64,896,600	63,962,046	59,054,867
Materials, supplies, utilities and services:			
Transportation	4,673,100	4,348,177	4,173,540
Vehicle maintenance	9,106,700	9,053,597	8,063,879
Facility	3,827,000	3,450,813	3,611,667
Planning, marketing and general administration	2,601,200	2,620,932	2,239,231
Fuel	10,635,200	9,269,413	9,819,653
Amortization	-	13,756,840	12,654,784
	30,843,200	42,499,772	40,562,754
Current operations, specialized transit:			
Administration:			
Salaries and benefits	1,519,200	1,359,682	1,289,089
Materials and supplies	351,200	356,288	320,928
	1,870,400	1,715,970	1,610,017
Contracted service delivery	12,791,400	11,916,497	9,193,057
	14,661,800	13,632,467	10,803,074
Total expenses	110,401,600	120,094,285	110,420,695
Annual surplus (deficit) (note 12)	68,342,900	14,290,079	(11,815,739)
Accumulated surplus, beginning of year	100,083,973	100,083,973	111,899,712
Accumulated surplus, end of year	\$ 168,426,873	\$ 114,374,052	\$ 100,083,973

See accompanying notes to financial statements.

# LONDON TRANSIT COMMISSION

## Statement of Change in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

	Budget (note 12)	2024	2023
Annual surplus (deficit)	\$ 68,342,900	\$ 14,290,079	\$ (11,815,739)
Acquisition of tangible capital assets	(70,288,500)	(24,958,531)	(2,172,535)
Amortization of tangible capital assets	-	13,756,840	12,654,784
Gain on disposal of tangible capital assets	(48,000)	(118,671)	(68,160)
Proceeds on sale of tangible capital assets	48,000	118,671	68,160
	(1,945,600)	3,088,388	(1,333,490)
Inventories	-	520,478	(274,052)
Prepaid expenses	-	(14,047)	(234,406)
	-	506,431	(508,458)
Change in net financial assets	(1,945,600)	3,594,819	(1,841,948)
Net financial assets, beginning of year	6,176,130	6,176,130	8,018,078
Net financial assets (debt), end of year	\$ 4,230,530	\$ 9,770,949	\$ 6,176,130

See accompanying notes to financial statements.



# LONDON TRANSIT COMMISSION

## Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 14,290,079	\$ (11,815,739)
Items not involving cash:		
Amortization	13,756,840	12,654,784
Gain on disposal of tangible capital assets	(118,671)	(68,160)
Change in employee future benefit liability	106,000	(107,000)
Changes in non-cash assets and liabilities:		
Accounts receivable	(327,906)	(128,954)
Due from The City of London	(1,726,107)	(393,644)
Due from The Province of Ontario	(2,539,572)	-
Inventories	520,478	(274,052)
Prepaid expenses	(14,047)	(234,406)
Accounts payable and accrued liabilities	288,317	2,260,740
Due to The City of London	(41,057)	120,734
Due to Province of Ontario	-	(6,783,573)
Accrued liability insurance claims	231,344	(32,798)
Deferred fare media	1,939,241	(923,584)
Deferred revenue	(5,085,904)	827,535
Net change in cash from operating activities	21,279,035	(4,898,117)
Capital activities:		
Proceeds on sale of tangible capital assets	118,671	68,160
Cash used to acquire tangible capital assets	(24,958,531)	(2,172,535)
Net change in cash from capital activities	(24,839,860)	(2,104,375)
Net change in cash and cash equivalents	(3,560,825)	(7,002,492)
Cash and cash equivalents, beginning of year	40,793,113	47,795,605
Cash and cash equivalents, end of year	\$ 37,232,288	\$ 40,793,113
Cash	\$ 17,008,401	\$ 14,553,587
Cash equivalents	20,223,887	26,239,526
Cash and cash equivalents, end of year	\$ 37,232,288	\$ 40,793,113

See accompanying notes to financial statements.

# LONDON TRANSIT COMMISSION

## Notes to Financial Statements

Year ended December 31, 2024

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### 1. Significant accounting policies:

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

#### (a) Basis of accounting:

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

#### (b) Cash and cash equivalents:

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

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

#### (c) Deferred fare media and revenue:

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

Government transfer payments from the City of London, the Province of Ontario, and the Government of Canada 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.

# LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 1. Significant accounting policies (continued):

### (d) Post-employment benefits liability (continued):

- (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.

### (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.

### (g) Financial instruments:

Financial Instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement method
Cash and cash equivalents	Cost
Accounts receivable	Cost
Accounts payable and accrued liabilities	Cost
Due to / from The City of London	Amortized cost

Amortized cost is measured using the effective interest rate method.

# LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2024

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## 1. Significant accounting policies (continued):

### (g) Financial instruments (continued):

Fair value category: The Commission manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. A Statement of Remeasurement Gains and Losses has not been included as

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

### (h) Asset retirement obligations:

An asset retirement obligation is recognized when, 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.

A liability for the removal of asbestos, fuel tanks and other hazardous materials in several of the buildings owned by the Commission has been recognized based on estimated future expenses.

In addition, the Commission's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

# LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 2. Change in Accounting policy - adoption of new accounting standards:

The Commission adopted the following standards concurrently beginning January 1, 2024 prospectively: PS 3160 Public Private Partnerships, PS 3400 Revenue and adopted PSG-8 Purchased Intangibles prospectively.

- (a) PS 3160 Public Private Partnerships (P3s) provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner. As a result of applying the Public Private Partnership accounting standard it was identified that this accounting standard did not affect the Commission and therefore no adjusting entries occurred.
- (b) PS 3400 Revenue establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred. For 2024, the year of transition, based on an evaluation of the Commission's revenue transactions, no adjustment to opening balances was required.
- (c) PSG-8 Purchased Intangibles provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act. No such transactions were identified by the Commission.

## 3. Inventories:

	2024	2023
Spare parts	\$ 3,431,025	\$ 3,951,503

# LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 4. Accumulated surplus:

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

	2024	2023
Surplus:		
Invested in tangible capital assets	\$ 99,234,604	\$ 88,032,913
To be recovered from public liability insurance reserve fund	(1,562,270)	(1,330,926)
Unfunded:		
Employee future benefits liability	(4,275,000)	(4,169,000)
Vacation pay earned and accrued payroll	(3,353,900)	(3,213,900)
Asset retirement obligation liability	(1,691,000)	(1,691,000)
Total surplus	88,352,434	77,628,087
Reserves set aside for specific purposes of the Commission (note 11):		
Energy management reserve	4,165,750	1,665,750
General operating reserve	4,943,418	3,416,765
Health care management reserve	4,602,699	4,586,499
Total reserves	13,711,867	9,669,014
Reserve funds set aside for specific purposes by the Commission (note 11):		
Capital program reserve fund	7,125,476	7,637,923
Public liability insurance reserve fund	5,184,275	5,148,949
Total reserve funds	12,309,751	12,786,872
	\$ 114,374,052	\$ 100,083,973

## 5. Grants:

(a) The City of London:

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

	2024	2023
Operating grants:		
Specialized transit	\$ 14,236,400	\$ 9,793,620
Conventional transit	44,113,000	36,042,920
	58,349,400	45,836,540
Capital grants:		
Capital levy and debentures	10,166,207	1,214,803
Development	962,202	-
	11,128,409	1,214,803
Total grants received from The City of London	\$ 69,477,809	\$ 47,051,343

# LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 5. Grants (continued):

### (a) The City of London (continued):

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:

	2024	2023
Equalization grant, seniors (reduced fares)	\$ 378,543	\$ 276,848
Equalization grant, income related (reduced fares)	303,360	201,620
Equalization grant, youth (reduced fares)	462,320	360,808
Free transportation, blind	369,261	161,984
Free transportation, children	190,697	261,083
	<u>\$ 1,704,181</u>	<u>\$ 1,262,343</u>

### (b) Province of Ontario:

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

	2024	2023
Capital grants:		
Gas tax program	\$ 5,377,591	\$ 41,608
Investing in Canada infrastructure program	3,013,551	117,924
	<u>8,391,142</u>	<u>159,532</u>
Operating grants:		
Gas tax program	9,866,600	10,183,272
	<u>9,866,600</u>	<u>10,183,272</u>
Total Province of Ontario grants	<u>\$ 18,257,742</u>	<u>\$ 10,342,804</u>

### (c) Government of Canada:

	2024	2023
Capital grants:		
Investing in Canada infrastructure program	\$ 3,619,882	\$ 141,650
Total Government of Canada grants	<u>\$ 3,619,882</u>	<u>\$ 141,650</u>

# LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 6. Pension agreement:

Effective February 1, 1989, the London Transit Commission commenced participation in the Ontario Municipal Employees Retirement System (OMERS) which is a multi employer plan, for all active employees at that date as well as for all new employees. As of December 31, 2024 there were 676 (2023 - 682) 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.

The amount contributed to OMERS for 2024 was \$3,821,950 (2023 - \$3,673,923) for current service and is expensed in the statement of operations.

The last available report for the OMERS plan was on December 31, 2024. At that time, the plan reported a \$2.9 billion actuarial deficit (2023 - \$4.2 billion), based on actuarial liabilities for \$142.5 million (2023 - \$136.1 million) and actuarial assets for \$139.6 million (2023 - \$131.9 million). 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.

## 7. Employee future benefits:

The Commission provides benefits to retirees until they reach sixty-five years of age and provides certain benefits to employees on long-term disability. The employee future benefit liability has been estimated based on an actuarial valuation which was completed at December 31, 2024.

	2024	2023
Employee future benefits liability as of December 31	\$ 4,275,000	\$ 4,169,000

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

	2024	2023
Current year benefit cost	\$ 257,000	\$ 277,000
Interest on accrued benefit obligation	113,000	102,000
Amortized gain (loss)	76,000	(174,000)
Benefits paid	(340,000)	(312,000)
	\$ 106,000	\$ (107,000)

Significant assumptions are as follows:

	2024	2023
Discount rate	3.50%	3.50%
Rate of compensation increase	2.00%	2.00%
Healthcare cost current	5.01%	5.47%
Healthcare cost ultimate	4.00%	4.00%



# LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2024

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## 8. Public liability insurance:

At December 31, 2024, there were 115 liability claims (2026 - 101) and 11 accident benefits claims (2023 - 5) outstanding that may result in payment under the insurance deductible provisions. The estimated cost to the Commission is \$1,317,123 and \$245,147 (2023 - \$1,292,537 and \$38,389) respectively for a total of \$1,562,270 (2023 - \$1,330,926) to be funded from the public liability reserve fund.

## 9. Commitments:

Bus procurement:

The Commission has approved the awarding of contracts with New Flyer Industries for the purchase of thirty-four buses for \$30,956,828 in 2024. It is anticipated these buses will arrive by the end of 2025. In February 2025, the commission approved the awarding of contracts with New Flyer Industries for the purchase of twenty-nine buses for \$27,853,383. It is anticipated these buses will arrive in 2026.

# LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 10. Tangible capital assets:

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

Cost	Balance December 31, 2023	Additions	Disposals	Reclassified	Balance December 31, 2024
Land	\$ 2,804,632	\$ -	\$ -	\$ -	\$ 2,804,632
Site work	3,813,121	11,989	-	-	3,825,110
Buildings	47,943,454	113,575	-	-	48,057,029
Shelters, pads, and terminals	5,285,325	103,051	-	-	5,388,376
Rolling stock	132,559,922	20,993,549	(10,822,382)	70,964	142,802,053
Fare and data collection equipment	7,325,087	906,735	-	-	8,231,822
Radio/communication equipment	9,863,252	-	-	599,447	10,462,699
Bike racks on buses	158,878	-	-	-	158,878
Service fleet	506,916	144,524	(71,286)	-	580,154
Shop equipment	4,496,525	692,327	(54,225)	-	5,134,627
Small tools	242,181	99,088	(76,894)	-	264,375
Computer hardware	1,593,106	187,438	-	-	1,780,544
Computer software	2,337,196	384,881	-	-	2,722,077
Capital work in progress	838,971	1,321,374	-	(670,411)	1,489,934
	\$ 219,768,566	\$ 24,958,531	\$ (11,024,787)	\$ -	\$ 233,702,310

Accumulated amortization	Balance December 31, 2023	Disposals	Amortization	Reclassified	Balance December 31, 2024
Land	\$ -	\$ -	\$ -	\$ -	\$ -
Site work	2,138,613	-	153,004	-	2,291,617
Buildings	24,162,508	-	1,249,782	-	25,412,290
Shelters, pads, and terminals	3,008,602	-	457,856	-	3,466,458
Rolling stock	80,421,141	(10,822,382)	10,450,129	-	80,048,888
Fare and data collection equipment	4,820,742	-	418,069	-	5,238,811
Radio/communication equipment	8,444,288	-	273,134	-	8,717,422
Bike racks on buses	158,878	-	-	-	158,878
Service fleet	453,374	(71,286)	81,735	-	463,823
Shop equipment	4,353,193	(54,225)	196,920	-	4,495,888
Small tools	163,603	(76,894)	88,125	-	174,834
Computer hardware	1,398,067	-	178,547	-	1,576,614
Computer software	2,212,644	-	209,539	-	2,422,183
	\$ 131,735,653	\$ (11,024,787)	\$ 13,756,840	\$ -	\$ 134,467,706

Net book value	Balance December 31, 2023	Balance December 31, 2024
Land	\$ 2,804,632	\$ 2,804,632
Site work	1,674,508	1,533,493
Buildings	23,780,946	22,644,739
Shelters, pads, and terminals	2,276,723	1,921,918
Rolling stock	52,138,781	62,753,165
Fare and data collection equipment	2,504,345	2,993,011
Radio/communication equipment	1,418,964	1,745,277
Service fleet	53,542	116,331
Shop equipment	143,332	638,739
Small tools	78,578	89,541
Computer hardware	195,039	203,930
Computer software	124,552	299,894
Capital in process	838,971	1,489,934
	\$ 88,032,913	\$ 99,234,604

# LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2024

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

	Energy management reserve	General operating reserve	Health care management reserve	2024 Total	2023 Total
Reserves:					
Balance, beginning of year	\$ 1,665,750	\$ 3,416,765	\$ 4,586,499	\$ 9,669,014	\$ 10,181,802
Contributions from current operations	2,500,000	1,526,653	500,000	4,526,653	123,152
Appropriations to current operations	-	-	(483,800)	(483,800)	(635,940)
	\$ 4,165,750	\$ 4,943,418	\$ 4,602,699	\$ 13,711,867	\$ 9,669,014
		Capital program	Public liability insurance	2024 Total	2023 Total
Reserve funds:					
Balance, beginning of year	\$ 7,637,923	\$ 5,148,949	\$ 12,786,872	\$ 13,481,072	
Interest earned	401,454	278,699	680,153	723,657	
Contributions from current operations	368,700	400,000	768,700	-	
	8,408,077	5,827,648	14,235,725	14,204,729	
Expenditures:					
Appropriations to current operations	-	(643,373)	(643,373)	(761,308)	
Appropriations to capital LTC	(1,282,600)	-	(1,282,600)	(656,549)	
	(1,282,600)	(643,373)	(1,925,973)	(1,417,857)	
Balance, end of year	\$ 7,125,477	\$ 5,184,275	\$ 12,309,752	\$ 12,786,872	
Deferred revenues		Provincial gas tax program	2024 Total	2023 Total	
Deferred revenues:					
Balance, beginning of year	\$ 13,782,007	\$ 13,782,007	\$ 12,954,472		
Interest earned	536,498	536,498	716,093		
Contributions	10,158,287	10,158,287	11,052,415		
	24,476,792	24,476,792	24,722,980		
Expenditures:					
Appropriations to current operations	(9,866,600)	(9,866,600)	(10,899,365)		
Appropriations to capital LTC	(5,914,089)	(5,914,089)	(41,608)		
Unused funds owed back to province	-	-	-		
	(15,780,689)	(15,780,689)	(10,940,973)		
Balance, end of year	\$ 8,696,103	\$ 8,696,103	\$ 13,782,007		

# LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 12. Reconciliation of annual surplus to Commission approved operating surplus:

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

PSAB requirements impact how and where revenue and expenditure items are reported and on what financial statement. This results in the reporting of a 2024 budget surplus, a 2024 actual surplus and a 2023 actual deficit.

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

	Budget	2024	2023
Annual surplus (deficit)	\$ 68,342,900	\$ 14,290,079	\$ (11,815,739)
Capital expenditures	(70,288,500)	(24,958,531)	(2,172,535)
Transfers from reserves and reserve funds	1,661,400	2,409,773	2,053,797
Contributions to reserves and reserve funds	(1,398,800)	(5,975,505)	(846,809)
Amortization of tangible capital assets	-	13,756,840	12,654,784
Increase (decrease) in employee future benefits	-	106,000	(107,000)
Increase (decrease) in liability for insurance claims	-	231,344	(32,798)
Increase (decrease) in liability for vacation pay	-	140,000	266,300
Commission approved surplus (deficit)	\$ (1,683,000)	\$ -	\$ -

## 13. Asset retirement obligations:

The Commission has recorded an asset retirement obligation as of the January 1, 2023 implementation date on a modified retroactive basis, with a restatement of prior year amounts.

As at December 31, 2024, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligation liability is below:

As at December 31	2024	2023
Liabilities for Asset Retirement Obligations at Beginning of Year	\$ 1,691,000	\$ 1,691,000
Opening adjustments	-	-
Liabilities for Asset Retirement Obligations at of Year	\$ 1,691,000	\$ 1,691,000

# LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2024

## 14. Financial instruments:

### (a) Risks arising from financial instruments and risk management:

The Commission is exposed to a variety of financial risks including credit risk, liquidity risk and market risk, which have not changed significantly from the prior year. The Commission's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Commission's financial performance.

### (b) Credit risk:

The Commission's principal financial assets are cash and accounts receivable, which are subject to credit risk. The carrying amounts of financial assets on the Statement of Financial Position represent the Commission's maximum credit exposure as at the Statement of Financial Position date.

### (c) Liquidity risk:

The Commission mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current. There have been no significant changes from the previous year in the Commission's exposure to liquidity risk or policies, procedures and methods used to measure the risk. The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

As at December 31, 2024	Within 6 months	6-12 months	1-4 years	4+ years
Accounts payable and accrued liabilities	\$ 8,998,800	\$ 1,926,295	\$ 531,659	\$ 741,853

As at December 31, 2023	Within 6 months	6-12 months	1-4 years	4+ years
Accounts payable and accrued liabilities	\$ 9,100,457	\$ 1,801,044	\$ 419,092	\$ 589,697