

Financial Statements of

LONDON TRANSIT COMMISSION

Year ended December 31, 2010



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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of London Transit Commission, which comprise the statement of financial position as at December 31, 2010 and the statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of London Transit Commission as at December 31, 2010, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

March 30, 2011

London, Canada

LONDON TRANSIT COMMISSION

Statement of Financial Position

December 31, 2010 , with comparative figures for 2009

	2010	2009
Financial Assets		
Cash and cash equivalents	\$ 43,062,650	\$ 46,436,196
Short-term investments	-	10,501,084
Accounts receivable	1,058,535	456,989
Due from The City of London	1,113,033	885,234
	<u>45,234,218</u>	<u>58,279,503</u>
Financial Liabilities		
Accounts payable	5,402,410	6,565,801
Due to The City of London	141,876	644,274
Accrued wages	1,342,841	1,493,442
Vacation pay earned and accrued payroll cost	2,604,524	2,451,000
Accrued liability insurance claims cost (note 9)	1,777,820	1,142,940
Post-employment benefit liability (note 8)	3,666,000	3,192,000
Deferred fare media	2,207,292	2,125,917
Deferred revenue (note 4)	25,700,974	38,226,814
	<u>42,843,737</u>	<u>55,842,188</u>
Net financial assets	2,390,481	2,437,315
Non - Financial Assets		
Inventories (note 2)	1,754,824	1,691,237
Tangible capital assets (note 12)	90,406,827	62,662,466
Prepays	827,670	779,719
	<u>92,989,321</u>	<u>65,133,422</u>
Commitments (note 5)		
Accumulated surplus (note 3)	<u>\$ 95,379,802</u>	<u>\$ 67,570,737</u>

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Operations

Year ended December 31, 2010 , with comparative figures for 2009

	Budget	2010	2009
	(unaudited)		
Revenue:			
Grant:			
The City of London (note 6)	\$ 34,104,574	\$ 33,310,963	\$ 25,131,243
Province of Ontario (note 6)	25,617,908	16,664,412	4,981,208
Government of Canada (note 6)	9,970,400	9,918,408	2,177,864
	<u>69,692,882</u>	<u>59,893,783</u>	<u>32,290,315</u>
User charges, conventional transit:			
Cash fares	4,424,800	4,460,789	4,145,765
Ticket fares (note 6)	9,790,200	9,191,877	8,712,511
Pass fares (note 6)	14,968,100	14,270,677	12,566,973
Contract service	65,000	64,757	51,383
Other transportation revenue	-	151,765	(2,010)
	<u>29,248,100</u>	<u>28,139,865</u>	<u>25,474,622</u>
Other revenue, conventional transit:			
Advertising	470,800	516,449	464,291
Interest and discounts	439,000	399,504	594,358
Rent	2,500	2,676	2,684
Loss on disposal of capital assets	-	(52,353)	(3,061,369)
Miscellaneous	244,000	118,890	331,065
	<u>1,156,300</u>	<u>985,166</u>	<u>(1,668,971)</u>
User charges, specialized transit:			
Cash fares	13,000	15,120	15,795
Ticket fares (note 6)	263,500	292,893	273,569
Pass fares (note 6)	138,800	109,218	97,254
	<u>415,300</u>	<u>417,231</u>	<u>386,618</u>
Total revenue	<u>100,512,582</u>	<u>89,436,045</u>	<u>56,482,584</u>

LONDON TRANSIT COMMISSION

Statement of Operations

Year ended December 31, 2010 , with comparative figures for 2009

	Budget	2010	2009
	(unaudited)		
Expenses:			
Salaries, wages and benefits:			
Transportation	\$ 25,396,119	\$ 25,395,181	\$ 21,851,515
Vehicle maintenance	6,785,985	6,495,634	5,829,618
Facility	448,573	485,874	428,691
Planning, marketing and general administration	2,739,423	2,683,790	2,638,923
	<u>35,370,100</u>	<u>35,060,479</u>	<u>30,748,747</u>
Materials, supplies, utilities and services:			
Transportation	1,614,400	2,674,915	2,078,837
Vehicle maintenance	2,861,300	2,879,101	3,297,852
Facility	2,013,800	1,848,969	2,254,914
Planning, marketing and general administration	1,228,500	1,133,010	1,089,705
Fuel	7,637,700	5,670,482	4,567,178
Amortization	-	8,596,763	7,610,422
	<u>15,355,700</u>	<u>22,803,240</u>	<u>20,898,908</u>
Current operations, specialized transit:			
Administration:			
Salaries and benefits	610,100	576,869	540,710
Materials and supplies	90,400	91,380	88,622
	<u>700,500</u>	<u>668,249</u>	<u>629,332</u>
Contracted service delivery	3,090,500	3,095,012	2,857,888
	<u>3,791,000</u>	<u>3,763,261</u>	<u>3,487,220</u>
Total expenses	<u>54,516,800</u>	<u>61,626,980</u>	<u>55,134,875</u>
Annual surplus	\$ 45,995,782	27,809,065	1,347,709
Accumulated surplus, beginning of year		67,570,737	66,223,028
Accumulated surplus, end of year		<u>\$ 95,379,802</u>	<u>\$ 67,570,737</u>

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Change in Net Financial Assets

Year ended December 31, 2010 , with comparative figures for 2009

	2010	2009
Annual surplus	\$ 27,809,065	\$ 1,347,709
Acquisition of tangible capital assets	(36,568,901)	(10,545,479)
Amortization of tangible capital assets	8,596,763	7,610,422
Loss on sale of tangible capital assets	52,353	3,061,369
Proceeds on sale of tangible capital assets	175,424	147,558
	<u>64,704</u>	<u>1,621,579</u>
Change in inventories	(63,587)	(148,792)
Change in prepaid expenses	(47,951)	(31,875)
	<u>(46,834)</u>	<u>1,440,912</u>
Change in net financial assets	(46,834)	1,440,912
Net financial assets, beginning of year	2,437,315	996,403
Net financial assets, end of year	<u>\$ 2,390,481</u>	<u>\$ 2,437,315</u>

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Statement of Cash Flows

Year ended December 31, 2010 , with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 27,809,065	\$ 1,347,709
Items not involving cash:		
Amortization	8,596,763	7,610,422
Loss on disposal of tangible capital assets	52,353	3,061,369
Change in post-employment benefit liability	474,000	163,000
Changes in non-cash assets and liabilities:		
Accounts receivable	(601,546)	(19,185)
Receivable from The City of London	(227,799)	(288,281)
Inventories	(63,587)	(148,792)
Prepays	(47,951)	(31,875)
Short-term investments	10,501,084	6,582,644
Accounts payable	(1,163,391)	3,380,208
Payable to The City of London	(502,398)	537,632
Accrued wages	(150,601)	351,644
Accrued vacation	153,524	46,562
Accrued liability insurance claims cost	634,880	378,894
Deferred fare media	81,375	(245,300)
Deferred revenue other	(12,525,840)	38,226,814
Net change in cash from operating activities	33,019,931	60,953,465
Capital activities:		
Proceeds on sale of tangible capital assets	175,424	147,558
Cash used to acquire tangible capital assets	(36,568,901)	(10,545,479)
Net change in in cash from capital activities	(36,393,477)	(10,397,921)
Net change in cash and cash equivalents	(3,373,546)	50,555,544
Opening cash and cash equivalents	46,436,196	31,714,988
Closing cash and cash investments	\$ 43,062,650	\$ 82,270,532

See accompanying notes to financial statements.

LONDON TRANSIT COMMISSION

Notes to financial Statements

Year ended December 31, 2010

1. Significant accounting policies:

The financial statements of the London Transit Commission (the "Commission") are the representation of management prepared in accordance with Canadian generally accepted accounting principles as defined in the Canadian Institute of Chartered Accountants Public Sector Accounting Handbook.

(a) Basis of accounting:

The Commission follows the accrual method of account 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

(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 revenue:

The Commission receives contributions pursuant to legislation, regulations or agreement that may be only 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.

(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 these benefits:

- (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 contribution pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions to the plan in the period.

The defined benefit pension plan 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, 2010

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	15-60
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

(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

2. Inventories:

	2010	2009
Repair parts	\$ 1,754,403	\$ 1,690,384
Returnable containers	421	853
	\$ 1,754,824	\$ 1,691,237

LONDON TRANSIT COMMISSION

Notes to financial Statements (continued)

Year ended December 31, 2010

3. Accumulated surplus:

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

	2010	2009
Surplus:		
Invested in tangible capital assets	\$ 90,406,827	\$ 62,662,466
To be recovered from public liability insurance reserve fund	(1,777,820)	(1,142,940)
Unfunded:		
Post-employment benefit liability	(3,666,000)	(3,192,000)
Vacation pay earned and accrued payroll cost	(2,604,524)	(2,451,000)
Total surplus	82,358,483	55,876,526
Reserves set aside for specific purposes of the Commission:		
Energy management	2,778,250	2,178,250
General operating reserve	3,319,108	2,941,568
Healthcare management	1,793,740	1,796,197
Total reserves	7,891,098	6,916,015
Reserve funds set aside for specific purposes by the Commission:		
Capital program reserve fund	3,154,845	2,312,457
Public liability insurance reserve fund (note 10)	1,975,376	2,465,739
Total reserve funds	5,130,221	4,778,196
	\$ 95,379,802	\$ 67,570,737

4. Deferred revenue:

	2010	2009
Provincial gas tax	\$ 23,986,856	\$ 19,765,201
Federal transit trust	-	9,919,054
Capital infrastructure investment	1,714,118	8,542,559
	\$ 25,700,974	\$ 38,226,814

LONDON TRANSIT COMMISSION

Notes to financial Statements (continued)

Year ended December 31, 2010

5. Commitments:

Lease obligation:

The Commission rents a portion of a property located at 150 Dundas Street for an information office and sales outlet. The lease expires August 31, 2015. The annual base lease amount is \$15,289 plus an approximate additional amount of \$8,400 for taxes and common area maintenance. Lease payments to expiry of the lease total \$110,550.

Tuition based pass programs:

The Commission has entered into agreements with Student Councils of the University of Western Ontario, the Society of Graduate Students, and Fanshawe College to provide tuition based bus pass programs for all full time students. The current terms covered by the respective bus pass programs range from September 2009 to April 2014 for the University of Western Ontario, from September 2009 to August 2014 for the Schulich School of Medicine, Society of Graduate Students and Fanshawe College. There are approximately 42,900 students covered by the program. The related annual revenue supporting post December 31, 2010 service commitment is approximately \$3.659 million.

Satellite facility:

The Commission has approved the awarding of a number of contracts respecting the construction of a new satellite facility at 3508 Wonderland Road. The total budgeted cost of the project is approximately \$23.7 million. The major contracts awarded and in progress are with Agri Urban Design Buildings Inc (\$16.2 million) for the construction of the facility, Solsmart (\$1.454 million) for the installation of solar panels, Omega Contractors (\$1.286 million) for roadwork and sanitary and storm sewer related construction, and Spriet Associates, serving as prime consultant and providing architectural services (\$0.795 million). Further the Commission has approved the purchase of the land from the City of London at a cost of \$2.5 million. As at December 31, 2010 \$20.9 million has been capitalized and included in capital assets regarding the construction of the satellite facility.

450 Highbury Avenue facility:

Consistent with the provisions of the Federal/Provincial/Municipal Economic Stimulus program the London Transit Commission has awarded a series of contracts relating to construction upgrade work at the 450 Highbury Avenue facility. At December 31, 2010 a number of the contracts were in progress, they include Brad Baker Plumbing and Heating (\$2.025 million) for upgrades to electrical and air make up systems in maintenance area, Smith Peat Roofing (\$0.856 million) for roof replacement, PK Construction (\$1.225 million) for office upgrades including plumbing, heating and air conditioning systems and Tonda Construction (\$0.401 million) for expansion and upgrades to bus hoists. The contracts are funded equally by the Province of Ontario, the Government of Canada and The City of London. As at December 31, 2010 \$4.925 million of the construction stimulus projects have been capitalized and included in capital assets. The remaining outstanding balance for the projects totals \$0.691 million and is scheduled for completion by March 31, 2011.

LONDON TRANSIT COMMISSION

Notes to financial Statements (continued)

Year ended December 31, 2010

6. Grants:

(a) The City of London:

Grants from The City of London for current and capital operations for conventional transit and specialized transit

	2010	2009
Operating grants:		
Specialized transit	\$ 2,894,100	\$ 2,758,000
Conventional transit	18,327,700	17,536,200
	21,221,800	20,294,200
Capital Grants:		
Capital levy and debentures	10,966,963	4,837,043
Development charges	1,122,200	-
	12,089,163	4,837,043
Total grants received from The City of London	\$ 33,310,963	\$ 25,131,243

In addition The City of London sponsors certain groups using public transit both conventional and specialized. 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:

	2010	2009
Equalization grant, seniors (reduced fares)	\$ 300,313	\$ 284,767
Free transportation, blind	169,024	161,756
	\$ 469,337	\$ 446,523

(b) Province of Ontario:

Provincial grants received during 2009 for capital and operating programs are as follows:

	2010	2009
Capital grants:		
Gas tax program	\$ 2,400,139	\$ 1,254,677
Bus replacement program	4,512,973	-
Infrastructure investment program	6,828,442	1,442,111
Operating grants:		
Gas tax program	2,922,858	2,284,420
	\$ 16,664,412	\$ 4,981,208

LONDON TRANSIT COMMISSION

Notes to financial Statements (continued)

Year ended December 31, 2010

6. Grants (continued):

(c) Government of Canada:

	2010	2009
Capital grants:		
Federal transit trust	\$ 9,918,408	\$ 2,177,864
Total Government of Canada grants	\$ 9,918,408	\$ 2,177,864

7. 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, 2010 there were 475 (481 for 2009) 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 benefit, as determined by the pension plan document.

Employer contributions to the plan for 2010 were \$1,706,908 (2009 - \$1,388,635).

In addition, 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.

8. Post-employment 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 post-retirement liability has been estimated based on an actuarial valuation which was completed at December 31, 2009.

	2010	2009
Employee future benefits liability as of December 31	\$ 3,666,000	\$ 3,192,000

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

	2010	2009
Current year benefit cost	\$ 211,000	\$ 109,000
Interest on accrued benefit obligation	197,000	174,000
Amortized loss	280,000	30,000
Benefits paid	(214,000)	(150,000)
	\$ 474,000	\$ 163,000

LONDON TRANSIT COMMISSION

Notes to financial Statements (continued)

Year ended December 31, 2010

8. Post-employment benefits (continued):

Significant assumptions are as follows:

Discount rate	5.0%
Rate of compensation increase	3.0%
Healthcare cost increases	5.0% to 7.6%

9. Public liability insurance:

At December 31, 2010, there were 44 liability claims and 52 accident benefits claims outstanding that may result in payment under the insurance deductible provisions (\$50,000 for liability claims and \$10,000 pre 2006 for accident benefit claims). The estimated cost to the Commission is \$952,869 and \$824,951 (\$783,783 and \$359,157 for 2009) respectively for a total of \$1,777,820 (1,142,940 for 2009) to be funded from the public liability reserve fund.

10. Public sector salary disclosure

The Public Sector Salary Disclosure Act, 1997 requires the London Transit Commission to make available to the public, the names, office or positions, salaries and benefits of Commission employees who were paid a salary of \$100,000 or more during the calendar year. The amount listed does not necessarily represent the approved salary for the respective position as it may include, as applicable, retroactive merit adjustments as individuals move to the job rate (approved salary for the position), retroactive job rate (economic) adjustments, vacation payouts consistent with Commission policy and reimbursement of Ontario Health Insurance Premium Tax.

During the 2010 calendar year, the Commission employed five employees whose salary as described above was at or above the threshold, the particulars of which are set out below.

Payments received by:	Salary related payments	OHIP tax payment	Taxable benefits	Total
General Manager	\$ 142,526.00	\$ 750.00	\$ 502.64	\$ 143,778.64
Director Transportation and Planning	114,612.98	750.00	-	115,362.98
Director Finance and Administration	112,953.47	750.00	382.52	114,085.99
Director Plant and Equipment	113,369.10	750.00	382.52	114,501.62
Director Human Resources	107,596.72	750.00	370.31	108,717.03
	\$ 591,058.27	\$ 3,750.00	\$ 1,637.99	\$ 596,446.26

11. Comparative figures:

Certain of the 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2010, with comparative figures for 2009

12. Tangible capital assets:

The historical cost of tangible capital assets employed by the Commission at December 31, 2010 is as follows:

Cost	Balance December 31, 2009	Additions	Disposals	Balance December 31, 2010
Land	\$ 260,000	\$ 2,544,632		\$ 2,804,632
Site work	2,557,884	67,885		2,625,769
Buildings	19,238,747	19,315,697		38,554,444
Shelters, pads, and terminals	678,616			678,616
Rolling stock	77,051,547	13,586,694	5,568,181	85,070,060
Fare and data collection equipment	1,960,793	23,064		1,983,857
Radio/communication equipment	6,365,695	464,732		6,830,427
Bike racks on buses	34,086			34,086
Service fleet	312,613	3,478	26,549	289,542
Shop equipment	1,885,564	395,975		2,281,539
Small tools	276,371	106,796	81,950	301,217
Computer hardware	309,009	24,541		333,550
Computer software	283,015	35,407		318,422
	\$ 111,213,940	\$ 36,568,901	\$ 5,676,680	\$ 142,106,161

Accumulated amortization	Balance 2009	Disposals	Amortization	Balance 2010
Land	\$ -			\$ -
Site work	367,200		105,031	472,231
Buildings	4,915,013		696,795	5,611,808
Shelters, pads, and terminals	398,676		52,581	451,257
Rolling stock	38,731,489	5,340,404	6,724,416	40,115,501
Fare and data collection equipment	797,741		132,257	929,998
Radio/communication equipment	921,120		455,361	1,376,481
Bike racks on buses	6,817		6,817	13,634
Service fleet	251,064	26,549	31,934	256,449
Shop equipment	1,439,221		245,552	1,684,773
Small tools	179,378	81,950	100,406	197,834
Computer hardware	280,506		23,928	304,434
Computer software	263,249		21,685	284,934
	\$ 48,551,474	\$ 5,448,903	\$ 8,596,763	\$ 51,699,334

Net book value	Balance 2009		Balance 7/02/05
Land	\$ 260,000		\$ 2,804,632
Site work	2,190,684		2,153,538
Buildings	14,323,734		32,942,636
Shelters, pads, and terminals	279,940		227,359
Rolling stock	38,320,058		44,954,559
Fare and data collection equipment	1,163,052		1,053,859
Radio/communication equipment	5,444,575		5,453,946
Bike racks on buses	27,269		20,452
Service fleet	61,549		33,093
Shop equipment	446,343		596,766
Small tools	96,993		103,383
Computer hardware	28,503		29,116
Computer software	19,766		33,488
	\$ 62,662,466		\$ 90,406,827

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2010 , with comparative figures for 2009

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

	For Energy Management Reserve	General Operating Reserve	For Health Care Management Reserve	2010 Total	2009 Total
Reserves:					
Balance, beginning of year	\$ 2,178,250	\$ 2,941,568	\$ 1,796,197	\$ 6,916,015	\$ 4,492,703
Contributions from current operations	600,000	377,540	225,354	1,202,894	2,663,898
Appropriations (to) current operations	-	-	(227,811)	(227,811)	(240,586)
	\$ 2,778,250	\$ 3,319,108	\$ 1,793,740	\$ 7,891,098	\$ 6,916,015
Reserve funds:					
		Capital program	Public liability insurance	2010 Total	2009 Total
Balance, beginning of year		\$ 2,312,457	\$ 2,465,739	\$ 4,778,196	\$ 4,991,473
Interest earned		15,613	16,237	31,850	59,535
Contributions from current operations		1,265,476	401,413	1,666,889	665,859
Contributions from Government of Canada		-	-	-	-
Contributions from Province Ontario		-	-	-	-
Contributions from The City of London		-	-	-	-
		3,593,546	2,883,389	6,476,935	5,716,867
Expenditures:					
Appropriations (to) current operations		-	(908,013)	(908,013)	(639,044)
Appropriations capital LTC		(438,701)	-	(438,701)	(299,627)
Government of Canada		-	-	-	-
Province of Ontario		-	-	-	-
		(438,701)	(908,013)	(1,346,714)	(938,671)
Balance, end of year		\$ 3,154,845	\$ 1,975,376	\$ 5,130,221	\$ 4,778,196

LONDON TRANSIT COMMISSION

Notes to Financial Statements (continued)

Year ended December 31, 2010, with comparative figures for 2009

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

	Provincial gas tax program	Federal Transit Trust program	Capital infrastructure investment	2010 Total	2009 Total
Deferred revenues					
Balance, beginning of year	\$ 19,765,201	\$ 9,919,054	\$ 8,542,559	\$ 38,226,814	\$ 35,834,336
Interest earned	174,017	55,554	44,708	274,279	459,805
Contributions from current operations	-	-	-	-	-
Contributions from Government of Canada	-	-	-	-	-
Contributions from Province of Ontario	9,544,652	-	-	9,544,652	9,551,573
Contributions from The City of London	-	-	-	-	-
	29,483,870	9,974,608	8,587,267	48,045,745	45,845,714
Expenditures:					
Appropriations (to) current operations	(2,922,858)	(646)	-	(2,923,504)	(2,284,420)
Appropriations capital LTC	(2,574,156)	(9,973,962)	(6,873,149)	(19,421,267)	(5,334,480)
Government of Canada	-	-	-	-	-
Province of Ontario	-	-	-	-	-
	(5,497,014)	(9,974,608)	(6,873,149)	(22,344,771)	(7,618,900)
Balance, end of year	\$ 23,986,856	\$ -	\$ 1,714,118	\$ 25,700,974	\$ 38,226,814