

Consolidated financial statements of

# **City of Guelph**

December 31, 2015

# City of Guelph

December 31, 2015

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## **INDEPENDENT AUDITORS' REPORT**

To the Members of Council, Inhabitants and Ratepayers of the City of Guelph

We have audited the accompanying consolidated financial statements of City of Guelph ("the Entity"), which comprise the financial position as at December 31, 2015 and the statement of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and 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 consolidated 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 consolidated 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 consolidated 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 an 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.



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*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of City of Guelph as at December 31, 2015, and its consolidated results of operations and the changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Comparative Information*

The consolidated financial statements of City of Guelph as at and for the year ended December 31, 2014 were audited by another auditor who expressed an unmodified opinion on those statements on June 22, 2015.

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

June 27, 2016  
Waterloo, Canada

# City of Guelph

## Consolidated statement of financial position as at December 31, 2015 ('000's)

	2015	2014 (Restated - Note 2)
	\$	\$
<b>Financial assets</b>		
Cash	19,873	57,504
Investments (Note 4)	227,313	166,718
Taxes receivable	6,048	5,062
Accounts receivable	23,845	22,905
Loans and notes receivable (Note 5)	2,642	1,333
Investment in Guelph Junction Railway Inc. (Note 5)	7,305	6,660
Investment in Guelph Municipal Holdings Inc. (Note 6)	69,939	68,649
	<b>356,965</b>	<b>328,831</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	45,900	46,432
Accrued interest payable	653	715
Vacation and other employee benefits payable	6,251	5,902
Developer agreement deferred revenue	6,128	4,081
Other deferred revenue	16,793	16,241
Deferred contributions (Note 7)	61,556	61,517
Employee future benefits (Note 9)	31,740	30,338
Debt (Note 10)	81,149	91,701
Obligation under capital lease (Note 11)	469	32
Landfill post-closure liability (Note 12)	4,564	4,164
Liability for contaminated sites (Note 19)	24,396	24,042
Other long-term liabilities (Note 13)	2,751	1,455
	<b>282,350</b>	<b>286,620</b>
<b>Net financial assets</b>	<b>74,615</b>	<b>42,211</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 14)	993,677	979,604
Inventory	1,748	1,934
Prepaid expenses	1,982	2,085
	<b>997,407</b>	<b>983,623</b>
Contingencies (Note 20)		
Commitments and guarantees (Note 21)		
<b>Accumulated surplus (Note 15)</b>	<b>1,072,022</b>	<b>1,025,834</b>

The accompanying notes are an integral part of this financial statement.

# City of Guelph

## Consolidated statement of operations and accumulated surplus year ended December 31, 2015 ('000's)

	2015 Budget (Note 23)	2015 Actual	2014 (Restated - Note 2)
	\$	\$	\$
<b>Revenues</b>			
Taxation			
Property taxation (Note 3)	210,239	211,172	201,020
Property taxation - Downtown Guelph Business Association	457	457	448
Penalties and interest on taxes	1,217	1,345	1,147
	<b>211,913</b>	<b>212,974</b>	<b>202,615</b>
User charges	90,841	93,717	93,594
Contributed subdivision assets	5,430	5,430	9,585
Contributions			
Government of Canada	5,616	10,543	7,328
Province of Ontario	53,335	55,969	54,731
Municipal	3,751	4,113	3,399
Developers	18,655	20,648	15,792
Other	2,027	1,345	565
	<b>179,655</b>	<b>191,765</b>	<b>184,994</b>
Other			
Investment income	6,017	7,230	6,002
Donations	384	515	599
Sales of equipment, publications	8,196	6,291	6,456
Recoveries	2,111	4,645	6,132
Licences and permits	3,605	3,411	3,249
Provincial Offenses Act revenues	3,346	2,588	3,422
Other fines	1,065	1,221	1,127
(Loss) gain on disposal of tangible capital assets	5	(777)	462
Gain (loss) from Government Business Enterprises	-	1,936	(3,572)
	<b>24,729</b>	<b>27,060</b>	<b>23,877</b>
<b>Total revenues</b>	<b>416,297</b>	<b>431,799</b>	<b>411,486</b>
<b>Expenses</b>			
General government	28,169	27,070	25,136
Protection services	80,840	79,550	75,506
Transportation services	57,918	60,381	57,405
Environmental services	72,272	76,238	72,697
Health services	28,966	29,180	27,522
Social and family services	44,470	43,601	52,280
Social housing	23,041	21,372	20,444
Recreation and cultural services	39,647	40,906	39,481
Planning and development	7,444	7,313	6,155
<b>Total expenses</b>	<b>382,767</b>	<b>385,611</b>	<b>376,626</b>
<b>Excess of revenues over expenses for the year</b>	<b>33,530</b>	<b>46,188</b>	<b>34,860</b>
<b>Accumulated surplus, beginning of year</b>	<b>1,025,834</b>	<b>1,025,834</b>	<b>990,974</b>
<b>Accumulated surplus, end of year</b>	<b>1,059,364</b>	<b>1,072,022</b>	<b>1,025,834</b>

The accompanying notes are an integral part of this financial statement.

# City of Guelph

## Consolidated statement of change in net financial assets year ended December 31, 2015 ('000's)

	2015 Budget (Note 23)	2015 Actual	2014 (Restated - Note 2)
	\$	\$	\$
<b>Excess of revenue over expenses for the year</b>	<b>33,530</b>	<b>46,188</b>	<b>34,860</b>
Amortization of tangible capital assets	45,586	46,860	46,685
Acquisition of tangible capital assets	(80,839)	(58,783)	(50,870)
Contributed subdivision assets	(5,430)	(5,430)	(9,585)
Loss (gain) on disposal of tangible capital assets	-	777	(462)
Proceeds on disposal of tangible capital assets	-	2,503	2,714
Acquisition of inventory	-	(1,748)	(1,819)
Consumption of inventory	-	1,934	1,967
Acquisition of prepaid expenses	-	(1,982)	(1,956)
Use of prepaid expenses	-	2,085	1,672
Increase (decrease) in net financial assets for the year	(7,153)	32,404	23,206
Net financial assets, beginning of year	42,211	42,211	19,005
<b>Net financial assets, end of year</b>	<b>35,058</b>	<b>74,615</b>	<b>42,211</b>

The accompanying notes are an integral part of this financial statement.

# City of Guelph

## Consolidated statement of cash flows year ended December 31, 2015 ('000's)

	2015	2014 (Restated - Note 2)
	\$	\$
<b>Operating activities</b>		
Excess of revenues over expenses for the year	46,188	34,860
Items not affecting cash:		
Amortization of tangible capital assets	46,860	46,685
Loss (gain) on disposal of tangible capital assets	777	(462)
Contributed subdivision assets	(5,430)	(9,585)
Allowance on asset backed investment	(118)	(118)
Unrealized loss on interest rate swap contracts	168	92
(Gain) loss from Government Business Enterprises	(1,936)	3,572
Employee future benefit expenses	1,402	1,716
Landfill post-closure recovery	400	(416)
Accretion cost of contaminated sites	354	348
Changes in non-cash working capital:		
Taxes receivable	(986)	(953)
Accounts receivable	(940)	(2,198)
Developer agreement receivable/deferred revenue	2,047	(42)
Inventory	186	(115)
Prepaid expenses	103	(129)
Accounts payable and accrued liabilities	(699)	(6,215)
Accrued interest payable	(62)	20
Vacation and other employee benefits payable	349	912
Other deferred revenue	552	1,601
Other long-term liabilities	1,296	(98)
Cash provided by operating activities	90,511	69,475
<b>Capital and investing activities</b>		
Acquisition of tangible capital assets	(58,783)	(50,870)
Proceeds from disposal of tangible capital assets	2,503	2,714
Change in loans and notes receivable	(1,309)	291
Net investment (acquisitions) disposals	(60,477)	7,825
Cash used by capital and investing activities	(118,066)	(40,040)
<b>Financing activities</b>		
Repayment of debt principal	(10,552)	(10,376)
Net change in obligation under capital lease	437	(121)
Net change in deferred contributions	39	11,219
Cash (used) provided by financing activities	(10,076)	722
(Decrease) increase in cash for the year	(37,631)	30,157
Cash, beginning of year	57,504	27,347
<b>Cash, end of year</b>	<b>19,873</b>	<b>57,504</b>

The accompanying notes are an integral part of this financial statement.



# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

(\$000's)

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### 1. Significant accounting policies

The consolidated financial statements of the Corporation of the City of Guelph (the "City") have been prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the City are as follows:

#### *Reporting entity*

The consolidated financial statements reflect the assets, liabilities, operating revenues and expenses and of the reporting entity. The reporting entity is comprised of those City functions or entities which have been determined to comprise a part of the aggregate City operations based upon control exercised by the City, except for the City's government businesses which are accounted for on the modified equity basis of accounting.

#### Consolidated entities

In addition to the City departments, the reporting entity includes the following:

Guelph Public Library Board  
Guelph Police Services Board  
Downtown Guelph Business Association  
The Elliott Community

All interfund assets, liabilities, revenues and expenses have been eliminated.

In 2014 The Elliott Community's year end was changed from March 31 to December 31. To reflect this change the statement of operations and accumulated surplus include the 21 month period from April 1, 2013 to December 31, 2014. Excess of expenses over revenue was \$951 for the period ended March 31, 2014, and \$790 for the period ended December 31, 2014.

#### Proportionately consolidated entities

The City reports only its share of assets, liabilities and results of operations of any government partnerships in which it participates. The City participates in the Wellington-Dufferin-Guelph Public Health Unit to the extent of 45.9% (2014 – 45.9%) based on population, as stated in agreement with the other participants.

#### Modified equity basis entities

The investments in Guelph Municipal Holdings Inc. and Guelph Junction Railway Company are accounted for on a modified equity basis, consistent with the public sector accounting standards for the treatment of government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated. Under the modified equity basis of accounting, the carrying value of the investment in subsidiaries is adjusted to reflect the City's share of the net asset change of the investee.

#### *Basis of accounting*

#### Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting except for revenues generated under the Provincial Offences Act which are accounted for on the cash basis. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that gave rise to the revenues; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services or the creation of an obligation to pay.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

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### 1. Significant accounting policies (continued)

#### *Basis of accounting (continued)*

##### Taxes receivable and related revenues

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by the City Council, incorporating amounts to be raised for local services and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issuance of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings.

Taxation revenues are recorded at the time the tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded as a reduction of tax revenue when the result of the appeal process is reasonably certain. The City is entitled to collect interest and penalties on overdue taxes and these revenues are recorded in the period the interest and penalties are levied. Tax revenue is recorded net of reductions including rebates. Taxes receivable are reported net of any expense or allowance for doubtful accounts.

##### Reserves and reserve funds

Certain amounts, as approved by City Council, are set aside in reserves and reserve funds for future operating and capital purposes. Reserve funds are interest bearing and the current year earned interest is accounted for as an adjustment within accumulated surplus.

##### Deferred revenue and deferred contributions

Deferred revenues and deferred contributions represent property taxes, user charges and fees, developer contributions and other grant revenues which have been collected but for which the related services or expenses have yet to be incurred. These revenues have certain restrictions and will be recognized in the fiscal year the services are performed, or expenses incurred.

##### Tangible capital assets

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

Land improvements	- 20 to 75 years
Buildings	- 10 to 75 years
Machinery and equipment	- 3 to 25 years
Vehicles	- 5 to 15 years
Sanitary sewers infrastructure	- 50 to 80 years
Storm sewer infrastructure	- 15 to 80 years
Transportation infrastructure	- 20 to 80 years
Waterworks infrastructure	- 5 to 80 years

The City has various capitalization thresholds, so that individual tangible capital assets of lesser value are expensed, unless the assets have significant value collectively (pooled assets). Examples of pools are desktop and laptop computers, police equipment, traffic signals, streetlights, and fire equipment.

- (ii) Land purchased for service delivery purposes is recorded as a tangible capital asset at cost. Any land cost premium incurred or discount received related to expropriation will be included as part of the asset to be constructed and amortized over its' useful life.
- (iii) Tangible capital assets received as contributions are recognized at their fair value at the date of receipt, and correspondingly recognized as revenue in that period. Similarly, contributions of assets to a third party are recorded as an expense equal to the net book value of the tangible capital asset as of the date of transfer.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

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### 1. Significant accounting policies (continued)

#### *Basis of accounting (continued)*

#### Tangible capital assets (continued)

- (iv) Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of the asset are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

#### Employee future benefit obligations

The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions of mortality and termination rates, retirement age and expected inflation rates.

Past service costs from plan amendments, if any, are deferred and amortized on a straight-line basis over the average remaining service life of active employees at the date of the amendment. Actuarial gains and losses on the accrued benefit obligation arise from differences between the actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess of the net actuarial gains or losses over 10% of the benefit obligation is amortized over the average remaining service life of active employees.

#### Government transfers

Government transfers are recognized as revenues by the City in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions or programs to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

#### Investment income

Investment income earned on available funds and loans receivable are reported as revenue in the period earned. Investment income earned on deferred contributions is recorded as an increase to deferred contributions.

#### Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards 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 dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowance for asset backed investments, valuation allowances for receivables, certain accrued liabilities and obligations related to employee future benefits, landfill post closure liability, liability for contaminated sites and the estimated future lives of tangible capital assets. Actual results could differ from these estimates.

#### Adoption of new accounting policy

The City adopted Public Sector Accounting Board Standard *PS 3260 Liability for Contaminated Sites* effective April 1, 2014. Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

The adoption of PS 3260 has been applied retroactively and prior periods have been restated. The adoption of PS 3260 has changed amounts reported in the prior period as outlined in Note 2.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

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### 1. Significant accounting policies (continued)

#### Future accounting changes

Effective for fiscal periods beginning on or after April 1, 2016, all governments will be required to adopt PSAS Section 2601, Foreign Currency Translation, PSAS Section 3450 Financial Instruments and PSAS Section 1201 Financial Statement Presentation. This standard provides guidance on how to account for and report on financial instruments and related revenue and expenditures and also provides guidance on financial statement presentation and disclosure.

The City is currently in the process of evaluating the potential impact of adopting these standards.

### 2. Restatement of prior periods

The City has made an adjustment to correct the accounting treatment of development charge projects which were previously debt funded. This change relates to recognizing the development charge revenue when the original funds are spent and interest is paid, instead of when the principal and interest payments are made.

The City has also made an adjustment to account for expenses included in work in progress at the end of 2014 which should have been included as an expense on the consolidated statement of operations and accumulated surplus.

The impact of the above noted prior period adjustments and the adoption of PS 3260 Liability for Contaminated Sites as outlined in Note 1 is as follows:

	\$
Opening 2014 accumulated surplus as previously reported	1,003,339
Pre 2013 development charge revenues recognized	11,329
Contaminated sites liability as at December 31, 2013	(23,694)
Opening 2014 accumulated surplus as restated	990,974
2014 revenue over expenses as previously reported	34,024
Development charge revenue recognized	2,649
Expenditures included in work in progress	(1,465)
Accretion of contaminated sites liability	(348)
Annual surplus as restated	1,025,834

### 3. Taxation revenue

#### a) Taxation collected on behalf of school boards

The net taxation levies collected on behalf of the school boards are comprised of the following:

	2015	2014
	\$	\$
Taxation	63,273	62,688
Payments in lieu	3	3
	63,276	62,691
Requisitions	(63,276)	(62,691)
Net levy for the year	-	-

# City of Guelph

## Notes to the consolidated financial statements

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### 3. Taxation revenue (continued)

b) Taxation revenue by major tax class

2015	Taxes - own purpose	Payments in lieu	Supplementary taxes	Rebates & Write-offs	2015 Total
	\$	\$	\$	\$	\$
Residential	134,307	26	2,206	(248)	136,291
Multi-residential	15,376	-	(13)	(58)	15,305
Commercial	36,690	3,232	520	(625)	39,817
Industrial	17,085	-	124	(206)	17,003
Pipelines	558	-	7	-	565
Farmlands	11	-	-	-	11
Managed forests	2	-	-	-	2
Other	-	2,651	118	(591)	2,178
<b>Total tax revenue</b>	<b>204,029</b>	<b>5,909</b>	<b>2,962</b>	<b>(1,728)</b>	<b>211,172</b>

2014	Taxes - own purpose	Payments in lieu	Supplementary taxes	Rebates & Write-offs	2014 Total
	\$	\$	\$	\$	\$
Residential	127,073	27	2,112	(395)	128,817
Multi-residential	14,570	-	99	(33)	14,636
Commercial	33,867	4,346	1,460	(199)	39,474
Industrial	17,290	129	77	(1,666)	15,830
Pipelines	538	-	9	-	547
Farmlands	14	-	-	(1)	13
Managed forests	2	-	-	-	2
Other	-	1,639	-	62	1,701
<b>Total tax revenue</b>	<b>193,354</b>	<b>6,141</b>	<b>3,757</b>	<b>(2,232)</b>	<b>201,020</b>

### 4. Investments

Investments are recorded at cost. The cost and market values are as follows:

	2015		2014	
	Market	Cost	Market	Cost
	\$	\$	\$	\$
Short-term investments	70,011	68,255	50,527	50,000
Long-term investments	160,522	159,058	121,572	116,718
	<b>230,533</b>	<b>227,313</b>	<b>172,099</b>	<b>166,718</b>

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

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### 4. Investments (continued)

In 2009, a restructuring plan was implemented to convert frozen short-term asset-backed commercial paper to long-term notes of various classes with terms matching the maturity of the underlying assets. As a result of the exchange, the City recorded the new carrying value (decrease of \$63) but recognized the highly speculative nature of any ultimate payment of principal at maturity by recording a provision for impairment. The impairment is recorded net of the cost of the long-term investments and is estimated to be 7.6% of the investment cost or \$158 (2014 – 4.6% or \$95).

### 5. Investment in Guelph Junction Railway Company

The City of Guelph owns 100% of Guelph Junction Railway Company (the "Railway"). The following table provides condensed supplementary financial information for the year ended December 31:

	2015	2014
	\$	\$
Financial position		
Current assets	1,018	438
Property, plant and equipment	10,365	8,273
Total assets	11,383	8,711
Current liabilities	1,149	366
Long-term debt	1,998	822
Deferred capital contributions	931	863
Total liabilities	4,078	2,051
Net assets	7,305	6,660
Results of operations		
Revenues	2,951	2,398
Operating expenses	2,306	2,191
Net income	645	207
Retained earnings, beginning of year	6,660	6,453
Retained earnings, end of year	7,305	6,660

#### *Related party transactions*

The City pays certain expenses and receives certain revenues on behalf of the Railway for which the Railway reimburses the City periodically through the year. During the year, these net expenses reimbursed to the City amounted to \$1,382 (2014 - \$395). Included in loans and notes receivable is an amount owing to the Railway of \$125 (2014 - (\$51)) related to the reimbursement of these current year net expenses.

The Railway paid the City \$23 (2014- \$23) in office rent and administration fees. These transactions were made in the normal course of business and have been recorded at the exchange amounts.

In 2015, the City entered into a long-term loan agreement with Guelph Junction Railway for the purpose of reconstructing a bridge within City limits. The total amount of the loan was \$1,710 and will be repayable monthly through blended principal and interest payments starting January 2016 at 3.395%. At year end \$1,710 (2014 - \$nil) was outstanding and included in loans and notes receivable.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

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### 6. Investment in Guelph Municipal Holding Inc.

The City of Guelph owns 100% of Guelph Municipal Holdings Inc. ("GMHI") which owns 100% of Guelph Hydro Electric Systems Inc., 100% of Envida Community Energy Inc. and 100% of GMHI Development Corporation. The following table provides condensed supplementary financial information for GMHI for the year ended December 31:

	2015	2014
	\$	\$
Financial position		
Current assets	72,615	36,386
Property, plant and equipment	155,713	151,278
Intangible assets	832	413
Deferred charges	-	40
Future income taxes	5,327	4,948
Total assets	234,487	193,065
Current liabilities	35,285	31,443
Customer deposits and deferred revenue	24,544	18,334
Long-term debt	94,245	64,600
Employee future benefits	10,474	10,039
Total liabilities	164,548	124,416
Total share capital and accumulated other comprehensive income	66,597	66,597
Retained earnings	3,342	2,052
Total net asset	69,939	68,649
Results of operations		
Revenues	247,404	217,472
Cost of sales	201,234	190,885
Operating expenses	39,274	27,361
Income taxes	4,106	728
Total expenses	244,614	218,974
Net income (loss)	2,790	(1,502)
Retained earnings, beginning of year	2,052	5,054
Dividends	(1,500)	(1,500)
Retained earnings, end of year	3,342	2,052

#### Related party transactions

GMHI pays certain expenses and receives certain revenues on behalf of the City related to customer water billings for which GMHI remits to the City bi-monthly. During the year, these net revenues received amounted to \$55,125 (2014 - \$51,505). The cost paid to GMHI for administrating these billings on behalf of the City was \$1,395 (2014 - \$1,232). Amounts owing to the City related to these transactions total \$8,073 (2014 - \$9,096) and are included in accounts receivable.

Dividend income was received from GMHI of \$1,500 (2014 - \$1,500) and is reported as part of investment income. These transactions were made in the normal course of business and have been recorded at the exchange amounts.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

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### 7. Deferred contributions

The following funds have statutory restrictions and as such are classified as deferred contributions:

	Beginning balance 2015	2015 Inflows	2015 Outflows	Ending balance 2015
	\$	\$	\$	\$
Development charges	42,437	22,999	20,566	44,870
Grants	14,317	7,457	11,064	10,710
Other	4,763	1,618	405	5,976
	61,517	32,074	32,035	61,556

Opening 2015 balances have been restated as outlined in Note 2.

The development charges are restricted for use to fund growth related capital expenditures in accordance with the Development Charges Act. The deferred grants include federal gas tax funds, and provincial gas tax funds. Each of the grants has a specified set of restrictions that outlines how the funds can be utilized. The other deferred contributions include funds received for parkland dedication as restricted under the Planning Act and funds received in relation to the Ontario Building Code Act.

### 8. Pension agreement

The City makes contributions to the Ontario Municipal Employees Retirement System ("OMERS") which is a multi-employer plan, on behalf of the 1,944 (2014 – 1,935) members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The multi-employer plan is valued on a current market basis for all plan assets.

The amount contributed to OMERS for 2015 is \$14,519 (2014 - \$13,432) for current service and is reported as an expense on the consolidated statement of operations and accumulated surplus.

As at December 31, 2015, the City has no obligation under the past service provisions of the OMERS agreement.

As at December 31, 2015 the OMERS plan is in a deficit position of \$7.0 billion (2014 - \$7.1 billion), which will be addressed through temporary contribution rate increases, benefit reductions, and investment returns

### 9. Employee future benefits

Employee future benefits are current costs of the City to its employees and retirees for benefits earned but not taken as at December 31, and consist of the following:

	2015	2014
	\$	\$
Workplace Safety and Insurance ("WSIB")	5,399	5,044
Sick leave	9,491	9,105
Post retirement benefits	16,850	16,189
	31,740	30,338



# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

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### 9. Employee future benefits and other liabilities (continued)

#### a) Liability for Workplace Safety & Insurance ("WSIB")

The City is a Schedule II employer under the Workplace Safety and Insurance Act. As a Schedule II employer, the City assumes the liability for any award made under the Act. A comprehensive actuarial valuation of the future liability for WSIB benefits was conducted as at December 31, 2012 and has been extrapolated to estimate the liability for the 2013 through 2015 period. The next required valuation will be performed in 2016 using information as of December 31, 2015.

The significant actuarial assumptions adopted in estimating the City's WSIB liabilities are as follows:

- Discount rate 4% (2009 - 5%)
- Expected future WSIB payments per lost time injury 49% (2009 - 52%)
- Health care inflation CPI plus 4% (2009 - CPI plus 4%)
- WSIB administration rate 36% (2009 - 22%)
- Lost time injury count 51 (2009 - 46)

Information about the City's WSIB liability is as follows:

	2015	2014
	\$	\$
Accrued benefit obligation, beginning of year	5,617	5,414
Current service cost	824	796
Interest	224	216
Benefits paid	(843)	(809)
Accrued benefit obligation, end of year	5,822	5,617
Unamortized net actuarial loss	(423)	(573)
	5,399	5,044

Information about the City's WSIB expenses recognized in the period is as follows:

	2015	2014
	\$	\$
Current period benefit cost	824	796
Amortization of losses	150	150
Interest expense	224	216
	1,198	1,162

A reserve in the amount of \$1,799 (2014 - \$1,566) has been accumulated to fund this liability.

#### b) Liability for sick leave

Under the sick leave benefit plan, unused sick leave can accumulate for certain employees and these employees may become entitled to a cash payment when they leave the City's employment.

A comprehensive actuarial valuation was completed as of December 31, 2013 and extrapolated for the 2015 year end. The next required valuation will be performed in 2017 using information as of December 31, 2016.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

(\$000's)

### 9. Employee future benefits and other liabilities (continued)

#### b) Liability for sick leave (continued)

The significant actuarial assumptions adopted in estimating the City's sick leave liabilities are as follows:

- Discount rate 4.75% (2012 – 4.75%)
- Inflation rate 2% (2012 - 2%)
- Future salaries 3% per year (2012 – 3.5%)

Information about the City's sick leave liability is as follows:

	2015	2014
	\$	\$
Accrued benefit obligation, beginning of year	10,903	10,624
Current service cost	654	612
Interest	511	502
Actuarial loss	-	124
Benefits paid	(954)	(959)
Accrued benefit obligation, end of year	11,114	10,903
Unamortized net actuarial loss	(1,623)	(1,798)
	9,491	9,105

Information about the City's sick leave expenditures recognized in the period are as follows:

	2015	2014
	\$	\$
Current period benefit cost	654	612
Amortization of net actuarial loss	175	175
Actuarial loss	-	124
Interest expense	511	502
	1,340	1,413

There are currently reserves totaling \$9,069 (2014 - \$8,764) available to fund this liability.

#### c) Post retirement benefits

The City provides dental and health care benefits between the time an employee retires under OMERS, or retires at a normal retirement age, up to the age of 65.

The significant actuarial assumptions adopted in estimating the City's liabilities are as follows:

- Discount rate 4.75% (2012 – 4.75%)
- Consumer price index 2.0% (2012 - 2.0%)
- Prescription drugs trend rate 5.67% reducing 4.0% per year to reach 4.0% per year starting in 2019 (2012 – no change)
- Dental and other medical trend rates 4.0% (2012 – 4.0%)

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

(\$000's)

### 9. Employee future benefits and other liabilities (continued)

#### c) Post retirement benefits (continued)

Information about the City's employee post-retirement benefits are as follows:

	2015	2014
	\$	\$
Accrued benefit obligation, beginning of year	19,396	16,384
Current service cost	890	835
Actuarial loss	-	1,620
Plan amendment	-	960
Interest	913	888
Benefits paid	(1,255)	(1,291)
Accrued benefit obligation, end of year	19,944	19,396
Unamortized net actuarial loss	(3,094)	(3,207)
	16,850	16,189

Information about the City's employee future benefit expenses recognized in the period are as follows:

	2015	2014
	\$	\$
Current period benefit cost	890	835
Plan amendment	-	960
Amortization of net actuarial loss	113	114
Interest expense	913	888
	1,916	2,797

A comprehensive actuarial valuation was completed as of December 31, 2013 and extrapolated for the 2015 year end. The next required valuation will be performed in 2017 using information as of December 31, 2016.

There are currently reserves totaling \$1,147 (2014 – \$1,113) available to fund this liability.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

(\$000's)

### 10. Debt

a) The debt is comprised of the following components:

	2015	2014
	\$	\$
Operating line of credit - bearing interest at prime, due on demand	700	970
Debentures - repayable at rates ranging from 0.095% to 5.237% and maturing from 2015 through 2031	62,818	71,627
Long-term loans - repayable at rates ranging from prime to 6.38% and maturing from 2015 through 2025	15,713	16,938
Banker's acceptance, interest at 4.83% (2014 - 6.08%) fixed through a swap transaction, plus a stamping fee of 0.8% (2014 - 1.25%) for a total of 2.87% (2014- 6.08%) repayable quarterly, maturing 2015 with option to refinance for an additional ten years, net of transaction costs	1,918	2,166
	<b>81,149</b>	<b>91,701</b>

Included in accounts payable and accrued liabilities is \$1,392 (2014 - \$1,224) representing the fair market value of the interest rate swap facilities.

All debt is payable in Canadian dollars. Refer to schedule 3 for further details.

b) The debt is repayable in the following periods and will be funded through the following revenue sources:

	General taxation	User pay and other	Total
	\$	\$	\$
2016	10,955	176	11,131
2017	19,963	185	20,148
2018	10,017	195	10,212
2019	9,159	205	9,364
2020	6,529	216	6,745
Thereafter	22,283	1,266	23,549
	<b>78,906</b>	<b>2,243</b>	<b>81,149</b>

c) Total charges during the year for debt are as follows:

	2015	2014
	\$	\$
Principal repayments	10,552	10,376
Interest	3,486	4,818
	<b>14,038</b>	<b>15,194</b>

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

(\$000's)

### 11. Obligation under capital lease:

A consolidated entity of the City has financed certain equipment through a capital lease arrangement as follows:

	2015	2014
	\$	\$
2015	-	27
2016	118	10
2017	108	-
2018	108	-
2019	108	-
2020	63	-
Total minimum lease payments	505	37
Less amount representing interest at 3.16%	(36)	(5)
Present value of net minimum capital lease payments	469	32

Interest of \$9 (2014 - \$4) relating to capital lease obligations has been included in interest expense.

### 12. Landfill post-closure liability

The City owns one landfill site. This landfill site was closed in 2003. The liability was calculated based upon the present value of estimated post-closure costs discounted to December 31, 2015 at a factor of 3.5% (2014 – 3.5%) per annum. Post-closure care is estimated to be required for 35 years from the date of site closure.

The estimated expenditures for post-closure care as at December 31, 2015 are \$4,564 (2014 - \$4,164).

No reserve funds have been established to fund this liability as at December 31, 2015, as the City is funding this cost annually through the budget process.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

(\$000's)

### 13. Other long-term liabilities

The City offers three tax-increment based grant ("TIBG") programs in the areas of Heritage Redevelopment, Brownfield Redevelopment and Downtown Development.

The tax-increment based grants are approved individually by Council and require annual reporting and property tax payment by the applicant in order for the City to pay a grant installment. The agreements have two identifiable phases: i) grant pre-approval and construction phase; ii) grant approval and payment phase.

In 2015, the City has four TIBG agreements that are in the grant payment phase:

#### a) TIBG Agreements

	2015	2014
	\$	\$
Heritage Redevelopment	1,606	1,455
Downtown Development	854	-
Brownfield Strategy	291	-
	2,751	1,455

#### b) The TIBG's are repayable in the following periods:

	2015	2014
	\$	\$
2015	-	434
2016	1,743	217
2017	148	126
2018	148	129
2019	148	133
2020	145	126
Thereafter	419	290
	2,751	1,455

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

(\$000's)

### 14. Tangible capital assets

				2015
Cost	Balance, beginning of year (restated)	Additions	Disposals	Balance, end of year
	\$	\$	\$	\$
Land and land improvements	78,198	2,204	(2,107)	78,295
Buildings	298,090	8,055	-	306,145
Machinery and equipment	147,996	8,059	(3,165)	152,890
Assets under capital lease	302	500	-	802
Vehicles	65,885	7,574	(3,166)	70,293
Infrastructure				
Sanitary sewers & waste water	269,745	2,467	-	272,212
Storm water	191,394	3,895	(65)	195,224
Transportation	392,539	8,920	(42)	401,417
Waterworks	230,103	9,001	-	239,104
Assets under construction	10,743	13,538	-	24,281
	1,684,995	64,213	(8,545)	1,740,663
Accumulated amortization	Balance, beginning of year (restated)	Amortization	Disposals	Balance, end of year
	\$	\$	\$	\$
Land and land improvements	5,633	776	(82)	6,327
Buildings	90,144	9,962	-	100,106
Machinery and equipment	92,432	9,009	(2,897)	98,544
Assets under capital lease	194	65	-	259
Vehicles	36,395	6,043	(2,270)	40,168
Infrastructure				
Sanitary sewers & waste water	134,066	4,905	-	138,971
Storm water	50,651	2,832	(5)	53,478
Transportation	202,093	8,275	(11)	210,357
Waterworks	93,783	4,993	-	98,776
	705,391	46,860	(5,265)	746,986
Net book value	Balance, beginning of year (restated)			Balance, end of year
	\$			\$
Land and land improvements	72,565			71,968
Buildings	207,946			206,039
Machinery and equipment	55,564			54,346
Asset under capital lease	108			543
Vehicles	29,490			30,125
Infrastructure				
Sanitary sewers & waste water	135,679			133,241
Storm water	140,743			141,746
Transportation	190,446			191,060
Waterworks	136,320			140,328
Assets under construction	10,743			24,281
	979,604			993,677

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

(\$000's)

### 14. Tangible capital assets (continued)

Cost	2014 - Restated		
	Balance, beginning of year	Additions	Balance, end of year
	\$	\$	\$
Land and land improvements	77,940	1,076	78,198
Buildings	285,853	12,753	298,090
Machinery and equipment	137,944	13,270	147,996
Assets under capital lease	302	-	302
Vehicles	65,711	4,885	65,885
Infrastructure			
Sanitary sewers & waste water	265,009	4,736	269,745
Storm water	185,854	5,540	191,394
Transportation	385,028	7,511	392,539
Waterworks	225,968	4,135	230,103
Assets under construction	4,194	6,549	10,743
	1,633,803	60,455	1,684,995
Accumulated amortization	2014 - Restated		
	Balance, beginning of year	Amortization	Balance, end of year
	\$	\$	\$
Land and land improvements	4,887	770	5,633
Buildings	79,802	10,746	90,144
Machinery and equipment	86,806	8,269	92,432
Assets under capital lease	112	82	194
Vehicles	34,533	5,802	36,395
Infrastructure			
Sanitary sewers & waste water	129,020	5,046	134,066
Storm water	47,856	2,795	50,651
Transportation	194,045	8,048	202,093
Waterworks	88,656	5,127	93,783
	665,717	46,685	705,391
Net book value	2014 - Restated		
	Balance, beginning of year		Balance, end of year
	\$		\$
Land and land improvements	73,053		72,565
Buildings	206,051		207,946
Machinery and equipment	51,138		55,564
Asset under capital lease	190		108
Vehicles	31,178		29,490
Infrastructure			
Sanitary sewers & waste water	135,989		135,679
Storm water	137,998		140,743
Transportation	190,983		190,446
Waterworks	137,312		136,320
Assets under construction	4,194		10,743
	968,086		979,604



# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

(\$000's)

### 15. Accumulated surplus

The accumulated surplus is comprised of the following components:

	2015	2014
	\$	\$
Reserves set aside for specific purpose by Council:		
for employee future benefits	12,015	11,443
for stabilization and contingency	14,045	11,318
for program related purposes	11,439	9,418
Reserves set aside by Wellington-Dufferin-Guelph Public Health		
for contingency	491	255
<b>Total reserves - Schedule 4</b>	<b>37,990</b>	<b>32,434</b>
Reserve funds set aside for specific purpose by Council:		
for capital financing purposes	138,392	134,389
Reserves set aside by Wellington-Dufferin-Guelph Public Health		
for capital financing purposes	1,652	1,324
<b>Total reserve funds - Schedule 4</b>	<b>140,044</b>	<b>135,713</b>
<b>Total reserves and reserve funds - Schedule 4</b>	<b>178,034</b>	<b>168,147</b>
Invested in tangible capital assets	993,677	979,604
Investment in Guelph Municipal Holdings Inc.	69,939	68,649
Investment in Guelph Junction Railway Company	7,305	6,660
Operating fund	(28,364)	(41,047)
Unfunded liabilities		
Net debt & obligation under capital lease	(81,618)	(91,733)
Employee future benefits and related liabilities	(37,991)	(36,240)
Contaminated sites liability	(24,396)	(24,042)
Landfill post closure liability	(4,564)	(4,164)
<b>Total</b>	<b>893,988</b>	<b>857,687</b>
<b>Accumulated surplus</b>	<b>1,072,022</b>	<b>1,025,834</b>

In accordance with the City's policy for reserve funds, interest is earned on the average reserve fund balance for the year at the average internal rate of return earned during the year. In 2015, \$2,999 (2014 - \$2,188) of interest was earned by the reserve funds and is an increase in reserve and reserve funds.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

(\$000's)

### 16. Expenses by object

The following is a summary of the current expenses reported on the consolidated statement of operations and accumulated surplus by the type of expenses:

	2015	2014
	\$	\$
Salaries, wages and employee benefits	192,860	190,522
Interest on debt	3,486	4,818
Materials	39,996	37,785
Purchased services	34,225	32,627
Rents and financial expenses	10,485	10,789
External transfers	57,699	53,400
Amortization of tangible capital assets	46,860	46,685
	<b>385,611</b>	<b>376,626</b>

### 17. Government partnerships

The City's share of 45.9% (2014 - 45.9%) of the results of the Wellington-Dufferin-Guelph Public Health's operations for the year and its financial position at December 31 are included in the consolidated financial statements using proportionate consolidation and include the amounts as follows:

	2015	2014
	\$	\$
Assets	3,521	2,998
Liabilities	8,620	9,147
Net financial assets	<b>(5,099)</b>	<b>(6,149)</b>
Tangible capital assets	12,174	12,732
Prepaid expenses	87	84
Inventory	2	-
Total non-financial assets	<b>12,263</b>	<b>12,816</b>
Accumulated surplus	<b>7,164</b>	<b>6,667</b>
Revenues	12,113	12,826
Expenses	11,616	11,593
Excess of revenue over expenses	<b>497</b>	<b>1,233</b>
Accumulated surplus, beginning of year	6,667	5,226
Transfer to reserves	-	208
Accumulated surplus, end of year	<b>7,164</b>	<b>6,667</b>

During the year, the City contributed \$3,610 (2014 - \$3,541) towards its share of the costs of the partnership.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

(\$000's)

### 17. Government partnerships (continued)

#### *Financing Agreement:*

On December 19, 2012, the City, the County of Wellington and the County of Dufferin (the "obligated municipalities") entered into a Financing Agreement with the Wellington-Dufferin-Guelph Public Health ("Public Health") to finance the cost of building two new Public Health facilities at Chancellors Way, Guelph, and Broadway, Orangeville.

The Financing Agreement allows for quarterly advances of capital by the obligated municipalities to Public Health beginning in January 2013, until the completion of the new facilities. The total amount of the advances will not exceed \$24,400. Interest will be calculated annually, commencing on the 1st day of the month following the date of substantial completion of both facilities. The interest rate will be 3.34% per annum, and the term and amortization of the loan will be twenty years. Repayment to the obligated municipalities will commence thirty days following certification by the project's architect of substantial completion of both facilities. The whole or any part of the capital financing under this agreement may be prepaid at any time or times without penalty or bonus. The aforementioned loan has been eliminated upon consolidation.

### 18. Shared service agreements

Certain programs as mandated by provincial legislation are managed by neighboring municipalities on behalf of the City and certain programs are also managed by the City on behalf of other municipalities.

The City's share of revenues and expenses from social service programs managed by Wellington County are as follows:

	2015	2014
	\$	\$
Revenues		
Social housing	5,568	5,079
Child care	8,776	7,684
Social services	13,280	12,601
	<b>27,624</b>	<b>25,364</b>
Expenses		
Social housing	20,830	20,112
Child care	10,958	9,369
Social services	16,705	16,256
	<b>48,493</b>	<b>45,737</b>
Net expenses	<b>(20,869)</b>	<b>(20,373)</b>

The City's share of net expenses for social housing is 82% (2014 - 84%), child care 74% (2014 - 69%) and social services 68% (2014 - 69%).

Additionally, the City paid the County \$124 (2014 - \$1,343) for the City's share of expenses for the operation of Wellington Terrace, a long-term care facility.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

(\$000's)

### 18. Shared service agreements (continued)

The City's share of revenues and expenses from programs managed by the City are as follows:

	2015	2014
	\$	\$
Revenues		
Land Ambulance	5,033	4,595
Provincial Offences Act	1,369	1,919
	6,402	6,514
Expenses		
Land Ambulance	10,466	9,535
Provincial Offences Act	1,027	1,184
	11,493	10,719
Net expenses	(5,091)	(4,205)

The City's share of net expenses for land ambulance is 62% (2014 – 61%) and Provincial Offences Act is 55% (2014 – 58%).

The Provincial Offences Act revenues are recorded on a cash basis due to regulatory restrictions. As at December 31, 2015 there are \$14,337 (2014 - \$13,204) of over-due fines receivable and of this amount \$8,022 (2014 - \$8,054) is considered uncollectable.

The City's share of the net expenses for all the above programs are included in the consolidated statement of operations and accumulated surplus.

### 19. Liability for contaminated sites

The City reports environmental liabilities related to the management and remediation of contaminated sites where the City is obligated or likely obligated to incur such costs. A contaminated sites liability of \$24,396 (2014 - \$24,042) has been recorded based on environmental assessments or estimates for those sites where an assessment has not been conducted.

The City's ongoing efforts to assess contaminated sites may result in additional environmental remediation liabilities related to newly identified sites or changes in the assessments. Any changes to the City's liabilities for contaminated sites will be accrued in the year in which they are assessed as likely and reasonably estimable.

### 20. Contingencies

From time to time, the City may be involved in other claims in the normal course of business. Management assesses such claims and where considered likely to be material exposure and, where the amount of the claim is quantifiable, provisions for loss are made based on management's assessment of the likely outcome. The City does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not determinable or claims where the amount of loss cannot be reasonably estimated. Any settlements or awards under such claims are provided when reasonably determinable.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

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### 21. Commitments and guarantees

- a) The City has guaranteed a non-revolving facility for Guelph Community Sports which is supported by Council resolution authorizing provision of such guarantee in favour of Guelph Community Sports. The balance of the guaranteed facility is \$422 as at August 31, 2015.
- b) The City has commitments totaling \$nil (2014 - \$1,467) resulting from agreements entered into as part of the Heritage Redevelopment Grant Program. Grant expenses will be recognized upon the applicant meeting all the eligibility criteria.
- c) The City has commitments totaling \$10,161 (2014 - \$10,727) resulting from agreements entered into as part of the Brownfield Tax Increment Based Grant Program. Grant expenses will be recognized in the year of reassessment by MPAC and when all eligibility criteria have been met by the applicant.
- d) The City has commitments totaling \$18,248 (2014 - \$19,360) resulting from agreements entered into as part of the Major Downtown Activation Grant Program. Grant expenses will be recognized in the year of reassessment by MPAC and when all eligibility criteria have been met by the applicant.
- e) The City has commitments under a variety of leases and agreements of which the longest expires on June 18, 2088. The minimum lease payments over the next five years and thereafter are as follows:

	\$
2016	403
2017	387
2018	314
2019	265
2020	236
Thereafter	1,192
	<hr/> 2,797

- f) Other obligations include:

#### MacDonald Stewart Arts Centre

The City has committed to operating grants for 2016 totalling \$181 (2014 - \$177).

#### Other community grants

The City has committed to providing various grants to organizations in the community totalling \$435 (2014 - \$458).

### 22. Local Immigration Partnership

Included in the consolidated statement of operations and accumulated surplus are the activities of the Local Immigration Partnership Program (LIPP) which is a federally funded program for the purpose of creating a more welcoming community for immigrants by focusing efforts on employment services, English language training, community integration/inclusion and community services/programs. During 2015, the City of Guelph received \$234 (2014 - \$229) of funding from Citizenship and Immigration Canada related to the operation this program.

### 23. Budget figures

Budgets are established to set tax rates or to finance projects which may be carried out over one or more years. Budget figures have been translated to reflect changes in public sector accounting standards on the consolidated statement of operations and accumulated surplus by adjusting for amortization of tangible capital assets, including the consolidated entities and excluding budgeted amounts for the debt principal repayment and reserve transfers.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2015

(\$000's)

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### 24. Comparative figures

Certain 2014 comparative figures have been reclassified in order to present them in a form comparable to those for 2015.

### 25. Segmented information

The City of Guelph is a diversified municipal government institution that provides a wide range of services to its citizens. For management reporting purposes, the City's operations and activities are organized and reported on in two groups: Operating Fund and Capital Fund. These funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Within the operating fund, the City's operations are further defined into the Tax Supported and Non Tax Supported categories and then segregated into four service area pillars: Office of the Chief Administrative Officer, Corporate Services, Infrastructure, Development & Enterprise Services, and Public Services.

Although City services are provided internally by these defined service areas, for financial reporting, the City has chosen to remain consistent with the Ontario Financial Information Return (FIR) and the nine functional areas that it prescribes. This will allow comparability between our Schedule of Segment Disclosure (Schedules 1 and 2 attached) and several schedules on the FIR that require full segment disclosure of operating expenses and limited disclosure of operating revenues.

The services that have been separately disclosed in the segmented information are defined by the compositional requirements of the FIR as follows:

#### *General Government*

Governance (election management, Council, Council support, Office of the Mayor)

Corporate management (Office of the CAO, finance, corporate communications, legal, corporate properties and real estate and information technology)

#### *Protection services*

Police services, fire services, 911 service, court operations, building and structural inspection, parking enforcement, by-law enforcement and animal control

#### *Transportation services*

Roadways – including asphalt resurfacing and crack sealing, line painting, sweeping, traffic operations and maintenance of roadside areas, culverts and bridges

Winter control, street lighting, parking and public transit

#### *Environmental services*

Water, Wastewater, storm sewers, and solid waste collection, disposal and recycling

#### *Health services*

Land ambulance operations and City's proportionate share of Public Health

#### *Social housing*

Social housing program costs

#### *Social and family services*

General assistance (Ontario Works) and childcare programs, contributions to The Elliott operations

#### *Recreation and cultural services*

Parks, recreational facilities, recreational programs, libraries, museums, River Run Centre, Sleeman Centre and other cultural services

# City of Guelph

Notes to the consolidated financial statements

December 31, 2015

(\$000's)

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*Planning and development services*

Planning and zoning, Committee of Adjustment, tourism, economic development, and Downtown Guelph Business Association operations

# City of Guelph

Consolidated schedule of segment disclosure - Schedule 1

year ended December 31, 2015

(Unaudited)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Social Housing	Recreation & Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
Taxation	212,974	-	-	-	-	-	-	-	-	212,974
User charges	1,000	1,123	13,087	61,562	9,112	202	-	6,869	762	93,717
Contributed subdivision assets	5,430	-	-	-	-	-	-	-	-	5,430
Contributions	3,337	14,102	16,830	14,183	8,397	26,710	5,568	3,213	278	92,618
Other										
Investment income	7,161	-	-	69	-	-	-	-	-	7,230
Donations	-	14	-	-	-	13	-	488	-	515
Sales of equipment, publications	2	8	2	4,563	-	86	-	1,625	5	6,291
Recoveries	393	109	1,789	1,052	-	255	-	880	167	4,645
Licences and permits	67	3,268	-	52	-	-	-	24	-	3,411
Provincial offences act	-	2,588	-	-	-	-	-	-	-	2,588
Other fines	-	1,221	-	-	-	-	-	-	-	1,221
Gain (loss) on disposal of tangible capital assets	(46)	(130)	415	(712)	-	-	-	(171)	(133)	(777)
Gain from Government Business Enterprises	1,936	-	-	-	-	-	-	-	-	1,936
	232,254	22,303	32,123	80,769	17,509	27,266	5,568	12,928	1,079	431,799
<b>Expenses</b>										
Salaries, wages and employee benefits	17,286	68,303	30,553	18,729	22,811	9,748	-	21,526	3,904	192,860
Interest on debt	903	406	163	867	177	275	-	484	211	3,486
Materials	817	1,827	13,996	14,815	1,244	2,324	-	4,822	151	39,996
Purchased services	5,762	3,430	5,347	12,481	1,768	889	461	3,204	883	34,225
Rents and financial expenses	3,386	154	1,081	3,536	-	710	-	1,583	35	10,485
External transfers	1,758	956	1,711	1,568	-	27,704	20,890	1,250	1,862	57,699
Internal charges	(6,718)	1,390	(6,050)	7,197	1,662	95	1	2,447	(24)	-
Amortization of tangible capital assets	3,876	3,084	13,580	17,045	1,518	1,856	20	5,590	291	46,860
	27,070	79,550	60,381	76,238	29,180	43,601	21,372	40,906	7,313	385,611
<b>Excess of revenues over expenses (expenses over revenues)</b>	205,184	(57,247)	(28,258)	4,531	(11,671)	(16,335)	(15,804)	(27,978)	(6,234)	46,188



# City of Guelph

## Consolidated schedule of segment disclosure - Schedule 2

year ended December 31, 2014

(Unaudited)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Social Housing	Recreation & Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
Taxation	202,615	-	-	-	-	-	-	-	-	202,615
User charges	846	1,044	12,449	57,090	20	14,632	-	6,559	954	93,594
Contributed subdivision assets	9,585	-	-	-	-	-	-	-	-	9,585
Contributions	1,931	1,583	13,239	9,577	20,842	26,923	5,079	2,383	258	81,815
Other										
Investment income	5,156	-	-	62	248	536	-	-	-	6,002
Donations	-	16	-	-	-	-	-	583	-	599
Sales of equipment, publications	7	2	1	4,409	-	84	-	1,950	3	6,456
Recoveries	1,475	195	1,806	620	1,201	4	-	645	186	6,132
Licences and permits	69	3,143	-	37	-	-	-	-	-	3,249
Provincial offences act	-	3,422	-	-	-	-	-	-	-	3,422
Other fines	-	1,127	-	-	-	-	-	-	-	1,127
Gain (loss) on disposal of tangible capital assets	986	37	321	(500)	(98)	(28)	-	(474)	218	462
Loss from Government Business Enterprises	(3,572)	-	-	-	-	-	-	-	-	(3,572)
	219,098	10,569	27,816	71,295	22,213	42,151	5,079	11,646	1,619	411,486
<b>Expenses</b>										
Salaries, wages and employee benefits	16,280	64,359	29,939	18,684	21,324	15,564	-	20,436	3,936	190,522
Interest on debt	971	444	206	997	142	1,114	-	550	394	4,818
Materials	1,019	1,777	13,833	11,414	2,027	2,263	-	5,095	357	37,785
Purchased services	4,377	3,362	4,709	12,335	937	3,084	311	3,002	510	32,627
Rents and financial expenses	3,753	174	1,432	3,668	283	44	-	1,400	35	10,789
External transfers	1,646	1,183	-	1,524	-	26,998	20,112	1,317	620	53,400
Internal charges	(6,427)	1,351	(5,940)	6,977	1,622	98	1	2,300	18	-
Amortization of tangible capital assets	3,517	2,856	13,226	17,098	1,187	3,115	20	5,381	285	46,685
	25,136	75,506	57,405	72,697	27,522	52,280	20,444	39,481	6,155	376,626
<b>Excess of revenues over expenses</b>										
<b>(expenses over revenues)</b>	193,962	(64,937)	(29,589)	(1,402)	(5,309)	(10,129)	(15,365)	(27,835)	(4,536)	34,860

# City of Guelph

## Consolidated schedule of debt - Schedule 3

December 31, 2015

('000's)

Bylaw	Project description	Term	Maturity date	Interest rates	2015	2014
					\$	\$
<b>Debentures:</b>						
18105	New City Hall	25	28-Aug-31	5.237%	15,127	15,719
18105	New POA Court	25	28-Aug-31	5.237%	4,266	4,434
18622	Social Services Building Renovation	10	25-Sep-18	3.25% to 4.70%	931	1,216
18622	Police HQ Renovations	10	25-Sep-18	3.25% to 4.70%	432	565
18622	Road Projects - Gordon, Victoria, Cardigan, Clair	10	25-Sep-18	3.25% to 4.70%	1,829	2,389
18622	Bus Storage Area Expansion	10	25-Sep-18	3.25% to 4.70%	63	82
18622	Organic Waste Facility - Roof Repairs	10	25-Sep-18	3.25% to 4.70%	170	223
18898	Road Projects - Gordon, Victoria, Eramosa	10	25-Nov-19	.095 % to 4.60%	330	407
18898	South End Station	10	25-Nov-19	.095 % to 4.60%	2,895	3,565
18898	New City Hall	10	25-Nov-19	.095 % to 4.60%	999	1,229
18898	Land Purchase - Library	10	25-Nov-19	.095 % to 4.60%	369	454
18898	Public Drop Off Facility	10	25-Nov-19	.095 % to 4.60%	94	115
18898	Transit Terminal Road Upgrades	10	25-Nov-19	.095 % to 4.60%	810	998
18898	Watermain Projects - Laird, Arkell, Scout Camp	10	25-Nov-19	.095 % to 4.60%	2,763	3,402
18898	Waste Water Treatment Plant Facility Upgrade	10	25-Nov-19	.095 % to 4.60%	2,539	3,127
19294	Organic Waste Facility Composter Rebuild	10	9-Nov-21	1.25% to 3.70%	17,490	20,187
19294	Civic Museum Renovations	10	9-Nov-21	1.25% to 3.70%	3,560	4,108
19294	On behalf of the Elliott	10	9-Nov-21	1.25% to 3.70%	8,151	9,407
					<b>62,818</b>	<b>71,627</b>
<b>Other loans:</b>						
	The Elliott Line of Credit - RBC	Demand	NA	prime	700	970
	The Elliott Bankers Acceptance - SWAP	10	25-Jun-25	4.83%	1,918	-
	The Elliott Bankers Acceptance - SWAP	10	25-Jun-15	6.08%	-	2,166
	The Elliott Term Loan - RBC	5	31-Mar-15	prime	-	83
	Mortgage RBC - Sleeman Centre	10	1-May-17	3.04%	1,120	1,932
	CIBC Loan - Sleeman Centre - SWAP	18.8	01-Sep-25	6.38%	4,593	4,923
	TD Interest only loan - SWAP	5	31-Dec-17	2.105%	10,000	10,000
<b>Total Debt</b>					<b>81,149</b>	<b>91,701</b>

# City of Guelph

## Consolidated schedule of reserves and reserve funds - Schedule 4 December 31, 2015

('000's)

Code	Description	2015	2014
		\$	\$
<b>Reserves:</b>			
For Employee Future Benefits:			
100	Sick Leave - Fire	5,207	4,343
101	Sick Leave - Police	3,862	3,901
102	Sick Leave - Library	-	353
103	Sick Leave - CUPE 241	-	167
330	WSIB	1,799	1,566
338	Land Ambulance Severance	722	602
212	Early Retiree Benefits	425	511
		<b>12,015</b>	<b>11,443</b>
For Stabilization and Contingency:			
131	Employee Benefit Stabilization	1,838	3,105
180	Tax Rate Stabilization	3,206	1,591
181	Water Rate Stabilization	2,521	2,003
182	Waste Water Rate Stabilization	3,297	2,829
105	Wastewater Contingency	890	-
106	Water Contingency	418	-
198	Operating Contingency	750	541
191	Human Resource Contingency	1,125	1,249
		<b>14,045</b>	<b>11,318</b>
For Program Related:			
184	Insurance	2,145	1,974
119	Affordable Housing	650	429
122	Brownfield Strategy	2,329	1,249
206	Building Operating Maintenance	77	62
192	Heritage Redevelopment	1,159	1,166
193	Ontario Municipal Board	1,555	1,379
194	Downtown Improvements	349	349
195	Election Costs	275	165
196	Joint Job Evaluation Committee	276	260
345	Westminster Woods	35	35
208	Social Housing	-	143
197	Human Resource Negotiations	173	198
210	Information Technology Licences	760	608
211	POA Contingency	213	223
205	Community Investment Strategy	89	89
179	Strategic Priorities	689	747
358	Downtown TIBG Reserve	665	342
		<b>11,439</b>	<b>9,418</b>
Consolidated Entities			
	Reserves - Wellington-Dufferin-Guelph Public Health	491	255
<b>Total Reserves</b>		<b>37,990</b>	<b>32,434</b>

# City of Guelph

## Consolidated schedule of reserves and reserve funds - Schedule 4 December 31, 2015

('000's)

Code	Description	2015	2014
		\$	\$
<b>Reserve Funds:</b>			
111	Fire	614	641
113	Transit	1,035	1,946
115	Police	1,053	1,099
116	Waste Management	576	1,162
118	Computers	755	374
121	Play Equipment	407	57
124	Operations Fleet	5,251	4,032
120	POA Relocation	963	985
135	Museum Development	132	242
136	McCrae House Development	33	146
137	Moon-McKeigan	15	14
138	Library Bequests	325	283
150	Capital Taxation	5,146	2,711
151	Capital Parking	1,141	1,270
152	Capital Waterworks	45,169	39,753
153	Capital Wastewater	53,846	47,775
154	Capital Strategic Plan	16	16
155	Capital Landfill Compensation	102	100
156	Capital DC Exemption	3,387	3,085
157	Capital Library	854	1,015
158	Capital Police	2,161	3,051
159	Accessibility	198	411
160	Road Infrastructure	2,263	3,132
162	Capital Sleeman Centre	-	5
164	Capital Roads	573	647
165	Capital Stormwater	358	489
166	Capital Park Planning	482	(8)
167	Capital Policy Planning	659	517
169	Capital Operations	1,550	1,126
171	Capital Culture	136	157
172	Capital Transit	1,704	2,189
176	Capital Info Services	940	249
186	Capital Waste Management	45	294
189	Capital GSEC	43	35
190	Building Life Cycle	1,166	868
200	Investing Ontario Act	-	100
331	Road Widening	877	850
332	Industrial Land	(6,829)	1,189
Carried forward to next page		127,146	122,007

# City of Guelph

## Consolidated schedule of reserves and reserve funds - Schedule 4 December 31, 2015

('000's)

<b>Code</b>	<b>Description</b>	<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
	Carried forward from previous page	<b>127,146</b>	122,007
340	Capital River Run	<b>68</b>	112
350	Transportation Demand Management	<b>23</b>	22
351	Capital Renewal	<b>8,494</b>	8,925
352	Greenhouse Gas	<b>327</b>	464
353	Waterworks DC Exempt	<b>647</b>	521
354	Wastewater DC Exempt	<b>1,576</b>	2,169
355	Greening	<b>(15)</b>	35
356	Public Art	<b>83</b>	75
357	Brownfield Capital	<b>43</b>	59
Consolidated Entities			
	Reserve Funds - Wellington-Dufferin-Guelph Public Health	<b>1,652</b>	1,324
<b>Total Reserve Funds</b>		<b>140,044</b>	135,713
<b>Total Reserves and Reserve Funds</b>		<b>178,034</b>	168,147

# City of Guelph

## Guelph Public Library Board - Schedule 5

### Statement of revenue and expense

Year ended December 31, 2015

('000's)

	2015 Budget	2015 Actual	2014 Actual
	\$	\$	\$
<b>OPERATING FUND</b>			
Revenue			
Grant - Province of Ontario	168	168	168
Donations	69	89	98
Fees and service charges	292	275	263
Sundry revenue	21	20	1
	<b>550</b>	<b>552</b>	<b>530</b>
Expenses			
Administrative and office	18	12	6
Operating supplies	235	246	242
Repairs and maintenance	476	424	454
Interest on long-term debt	-	19	39
Consulting and professional fees	39	87	51
Communications	173	170	169
Amortization	-	944	800
Training	40	32	25
Salaries and benefits	5,581	5,686	5,587
Rental and leases	945	862	851
Furniture and equipment	32	5	30
Utilities and taxes	139	143	126
	<b>7,678</b>	<b>8,630</b>	<b>8,380</b>
Net operating deficit	<b>(7,128)</b>	<b>(8,078)</b>	<b>(7,850)</b>
<b>CAPITAL FUND</b>			
Developer contribution revenues	-	397	(131)
Tangible capital asset acquisitions	(1,309)	(1,627)	(1,288)
Net capital deficit	<b>(1,309)</b>	<b>(1,230)</b>	<b>(1,419)</b>
Total combined net deficit	<b>(8,437)</b>	<b>(9,308)</b>	<b>(9,269)</b>
Less: net contributions (to)/from reserves	50	127	39
Less: debt principal repayments	(85)	(84)	(84)
	<b>(8,472)</b>	<b>(9,265)</b>	<b>(9,314)</b>
City of Guelph share of net deficit	<b>8,472</b>	<b>9,265</b>	<b>9,314</b>
Fund balance, end of year	-	-	-

# City of Guelph

## Guelph Police Services Board - Schedule 6

### Statement of revenue and expense

Year ended December 31, 2015

('000's)

	2015 Budget	2015 Actual	2014 Actual
	\$	\$	\$
<b>OPERATING FUND</b>			
Revenue			
Grants	1,721	1,824	1,532
Other fees and recoveries	826	1,036	997
	<u>2,547</u>	<u>2,860</u>	<u>2,529</u>
Expenses			
Amortization	-	1,431	1,195
Personnel supplies	152	125	115
Professional services	1,021	1,263	1,263
Fleet	689	500	534
Repairs and maintenance	227	209	168
Corporate development and travel	468	425	414
Rental and lease	41	70	48
Communication	177	169	194
Utilities, taxes and insurance	443	427	428
Banking and other fees	14	9	8
Software	186	243	191
Operating, admin and office supplies	232	232	209
Interest on long-term debt	91	91	112
Salaries and benefits	35,681	35,092	33,388
	<u>39,422</u>	<u>40,286</u>	<u>38,267</u>
Net operating deficit	<u>(36,875)</u>	<u>(37,426)</u>	<u>(35,738)</u>
<b>CAPITAL FUND</b>			
Revenue			
Province of Ontario grants	-	93	4
Other revenues	-	27	82
	<u>-</u>	<u>120</u>	<u>86</u>
Expenses			
Loss (gain) on disposal of tangible capital assets	(5)	50	156
Tangible capital asset acquisitions	1,063	2,948	1,494
Net capital deficit	<u>(1,058)</u>	<u>(2,878)</u>	<u>(1,564)</u>
Total combined net deficit	<u>(37,933)</u>	<u>(40,304)</u>	<u>(37,302)</u>
Add: net contributions from reserves	335	3,463	1,145
Less: debt principal repayments	(440)	(440)	(426)
	<u>(38,038)</u>	<u>(37,281)</u>	<u>(36,583)</u>
City of Guelph share of net deficit	<u>(38,038)</u>	<u>(37,281)</u>	<u>(36,583)</u>
Fund balance, end of year	<u>-</u>	<u>-</u>	<u>-</u>