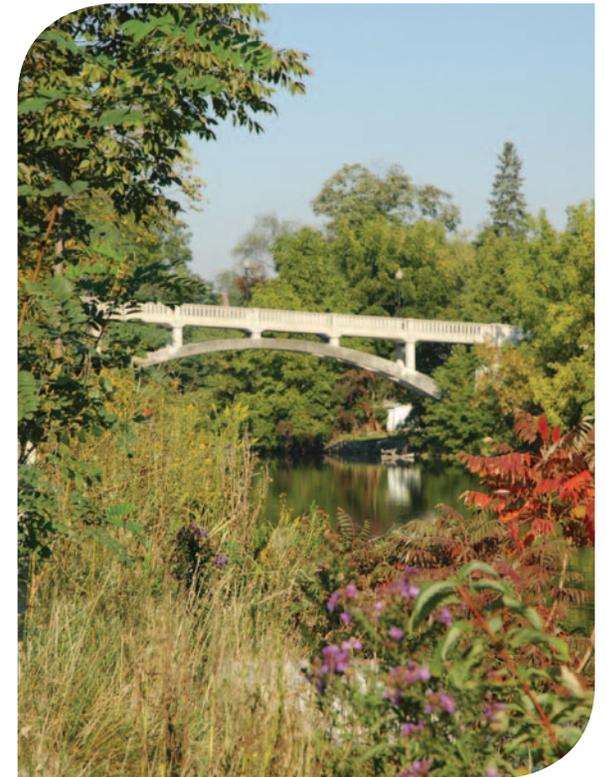




We're Making a Difference

A financial and community report



2010



A vibrant community of 123,000 people, Guelph is ranked among the top ten places to live in Canada.

Located in one of the strongest economic regions in the country, Guelph is the ideal destination for companies to access major markets and customers. Guelph is an active, growing, historic community offering an educated work force, established economic base and an outstanding quality of life.

Guelph is rich in culture, architecture, parks and riverside green spaces. In 2009 Guelph was named one of the country's smartest communities, its safest city, and Canada's volunteer capital.

For more information visit guelph.ca





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City profile

Guelph's unique offering

Guelph was ranked among the top ten places to live in Canada for four out of five demographic categories: university graduates, mid-career professionals, families with children, and retirees.

This ranking was produced by Richard Florida, the director of the Martin Prosperity Institute at the University of Toronto's Rotman School of Management in his book *Who's Your City?* (2009)

Guelph ranked number one in MSN's report on Canada's next most liveable cities.

"Vancouver and Toronto may be Canada's two highest priced cities, but there are other places to live that rank high in liveability... when it comes to raising kids, breathing relatively fresh air, buying a home, and walking happily around the streets, there are small cities and towns across the country that would rank high if you conducted your own informal survey."

(January 24, 2011)

The Canadian Council on Learning (CCL) ranked Guelph fourth among 4,716 Canadian cities in its Composite Learning Index, an annual measure that gauges learning conditions needed to foster social and economic well-being.

(2009)



City profile

Guelph's location regionally and nationally



Distance from Guelph

Hamilton	40 km	London	135 km
Toronto	70 km	Windsor/Detroit	315 km
Oshawa	155 km	Buffalo	170 km
Kitchener	25 km		

Distance from Guelph

Vancouver	4300 km	Washington D.C.	793 km
Edmonton	3400 km	Orlando	2061 km
Quebec City	880 km	San Francisco	4171 km
St John's	3158 km	Houston	2472 km
New York City	788 km	Mexico City	4091 km

City profile

Quick facts

Guelph is the eighth fastest growing city in Canada (2001–2006) with a population growth rate of about 2% per year. Guelph's population according to the Ontario Places to Grow plan is projected to be nearly 175,000 by the year 2031. Population varies throughout the year because of variations in the University of Guelph student population.

History

- Incorporated as a Town in 1851 and as a City in 1879
- Situated in an agriculturally and industrially prosperous region approximately 70 km west of Toronto

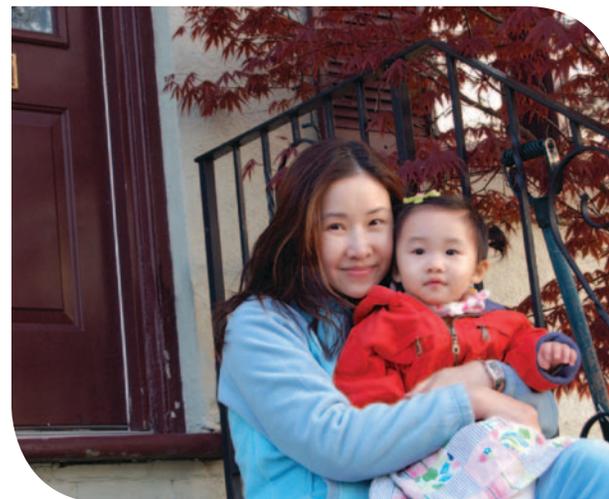
Population

- 2010: 123,000 (Stats Canada)
- Number of properties 2010: 40,260 (MPAC)
- Total labour force: 73,475 (2006 Census Stats Canada)

Tax assessment base (2011)

The City of Guelph enjoys a favourable balance of assessment

Type of property	% of total
Residential and farm	77.8%
Multi-residential	4.2%
New multi-residential	0.3%
Commercial	12.4%
Industrial	5.1%
Pipelines	0.2%



City profile

Building permit growth: 10 year picture

The City has successfully rebounded from the dramatic downturn in 2009 with a substantial increase in number and, more notably, value of building permits issued during the year.

Year	# of permits issued	\$ value of permits ('000s)
2010	2,420	\$491,554
2009	2,185	\$282,157
2008	2,212	\$303,239
2007	2,282	\$271,900
2006	2,549	\$291,400
2005	2,624	\$351,700
2004	2,693	\$295,700
2003	2,586	\$267,800
2002	2,335	\$218,000
2001	2,309	\$266,400
2000	2,172	\$247,500

Purchasing history: 7 year picture

The City's purchase order (PO) system shows that on average 99% of PO purchases are bought from a Canadian vendor with on average 41% from a Guelph vendor and 62% either in Guelph or within 50 km of Guelph. Please note that these statistics exclude road and building construction contracts as before 2011, these types of contracts were not tracked through the PO system. Starting in 2011 the road and building construction contracts have been integrated into the PO system to further standardize the purchasing cycle.

Year	# of POs issued	% of POs to Canadian suppliers	% of POs to Guelph suppliers	% of POs to suppliers within 50 km of Guelph
2010	19,449	99.60%	42.16%	62.00%
2009	20,551	99.59%	40.94%	62.88%
2008	19,574	99.56%	41.06%	64.53%
2007	19,445	98.62%	39.62%	46.93%
2006	17,157	99.58%	39.36%	63.68%
2005	16,114	99.53%	41.08%	65.58%
2004	15,721	99.51%	44.19%	68.91%



City profile

Top ten employers in Guelph (2010)

Although the city is currently anchored in the automotive sector with multi-national giant Linamar Corporation being the City's largest employer, it has been successful in diversifying into the sustainable energy sector in 2010.

Company	# of employees
Linamar Corporation	12,000
University of Guelph	3,723
City of Guelph	1,923
Cargill Meat Solutions	1,500
Upper Grand District School Board	1,300
Guelph General Hospital	1,150
Polycon Industries	1,000
The Co-operators	843
Skyjack Inc. Plant #1	800
Wellington Catholic District School Board	800



Transportation

Roadways

- Guelph is served by four Provincial Highways most notably Highway #401
- The City maintains 1,082 kilometres of local roadways

Railways

- Served by both transcontinental rail companies (Canadian National and Canadian Pacific)
- The City owns local Guelph Junction Rail which maintains rail within the City of Guelph limits (a unique service offering for companies in Guelph)
- Intercity and long-distance rail passenger service is currently provided by VIA Rail Canada. Coming soon is GO Transit rail with the opening of the new transit services hub

Public transit

- Municipal transit system that offers 20 bus routes and services more than 6 million trips annually
- GO Transit rail is coming soon and will provide residents with an affordable option for commuting to other cities between Toronto and Kitchener
- Go Transit currently operates a number of bus routes that link Guelph with a limited number of surrounding cities
- Greyhound Bus Lines offers a number of bus routes through Guelph that provide a wide range of travel options for residents and visitors



City profile



Our vision

To be the City that makes a difference...

Acting locally and globally to improve the lives of residents, the broader community and the world.

Our mission

To achieve excellence through leadership, innovation, partnerships and community engagement.

Our corporate values

The City of Guelph corporate values are:

- **integrity** in our relationships
- **excellence** in our service, and
- **wellness** for our people

The corporate values were developed for employees of the City of Guelph by the employees of the City of Guelph. At all levels of the organization, from new hires to the CAO, a strong commitment has been made to uphold these values and live them.

Our employees live the corporate values on a daily basis.



Mayor's message



Guelph is a city with remarkable community assets.

We have been recognized as Canada's most caring and safest community.

We consistently rank among the top ten places to live in Canada.

Our vision – “making a difference” – is exemplified in countless ways by individuals and organizations in our community.

City Council's job is to capitalize on those community assets and set a strategic direction that positions Guelph to continue to thrive.

Council is committed to ensuring that municipal services are aligned with that strategic direction, and to delivering results – more jobs, better environmental stewardship, stronger neighbourhoods, and maximum value for every tax dollar spent.

A key piece of the puzzle is our municipality's sound financial position. This year, we are pleased to present this expanded financial report, which contains more information and more context around the dollars and cents. It supports the City's goal of tracking our progress and reporting on it, to make it easier for residents to see how their tax dollars are spent. It's part of our commitment to being accountable and transparent to the people we serve.

Like other communities in Canada, Guelph was impacted by the global recession. Council had to make some difficult decisions, and services were affected. But that prudent approach means that today, the City's financial position is sound and we are well-positioned for the future.

In fact, Guelph's economic recovery is well underway, and we have attracted hundreds of new jobs to our community. Guelph has a well-deserved reputation as a community that considers the environment, the economy and the well-being of people when making decisions. As we compete with other communities for investment and jobs, that reputation has become our strategic advantage.

With its engaged citizens, dedicated City employees, and capacity for innovation, collaboration, and entrepreneurship, Guelph is ready to meet the challenges of the future.

Karen Farbridge

Mayor

Guelph City Council

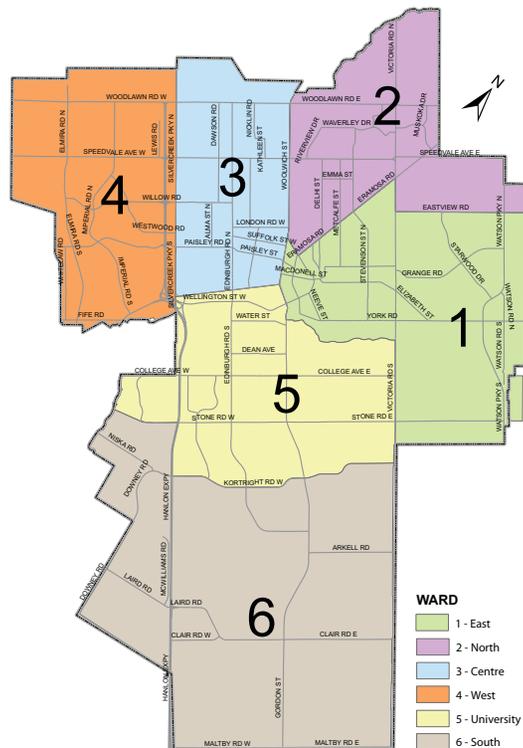
City Council consists of the Mayor and Councillors, two from each of the City's six wards. Members of Council are elected by residents to a four year term of office.

Mayor



Karen Farbridge
Mayor's Office
T 519-837-5643
E mayor@guelph.ca

Karen Farbridge was re-elected as Mayor of the City of Guelph in 2010. She was first elected to Council in 1994 and previously served as Mayor in 2000-2003 and 2006-2010.



Councillors

Ward 1



Bob Bell
Re-elected Councillor in 2010
T 519-822-6152
E bob.bell@guelph.ca



Jim J. Furfaro
Elected Councillor in 2010
T 519-822-1260 x 2502
E jim.furfaro@guelph.ca

Ward 2



Andy Van Hellemond
Elected Councillor in 2010
T 519-822-1260 x 2503
E andy.vanhellemond@guelph.ca



Ian Findlay
Re-elected Councillor in 2010
T 519-830-4681
E ian.findlay@guelph.ca

Ward 3



June Hofland
Re-elected Councillor in 2010
T 519-822-1260 x 2505
E june.hofland@guelph.ca



Maggie Laidlaw
Re-elected Councillor in 2010
T 519-822-1260 x 2510
E maggie.laidlaw@guelph.ca

Ward 4



Cam Guthrie
Elected Councillor in 2010
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E cam.guthrie@guelph.ca



Gloria Kovach
Re-elected Councillor in 2010
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Ward 5



Lise Burcher
Re-elected Councillor in 2010
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E lise.burcher@guelph.ca



Leanne Piper
Re-elected Councillor in 2010
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E leanne.piper@guelph.ca

Ward 6



Todd Dennis
Elected Councillor in 2010
T 519-822-1260 x 2296
E todd.dennis@guelph.ca



Karl Wettstein
Re-elected Councillor in 2010
T 519-763-5105
E karl.wettstein@guelph.ca

Organizational structure

Office of the CAO

Chief Administrative Officer
Hans Loewig
T 519-822-1260 x 2221
E hans.loewig@guelph.ca

Emergency Services
Economic Development and Tourism
Strategic Planning and Corporate Initiatives
Downtown Renewal
Corporate Energy
Corporate Communications

Community and Social Services

Executive Director
Ann Pappert
T 519-822-1260 x 2665
E ann.pappert@guelph.ca

Administration and Customer Service
Arts, Culture and Entertainment
Community Engagement and Social Services Liaison
Corporate Building Maintenance
Parks, Recreation Programs and Facilities

Corporate and Human Resources

Executive Director
Mark Amorosi
T 519-822-1260 x 2281
E mark.amorosi@guelph.ca

City Clerk's
Court Services
Human Resources
Information Technology
Legal and Realty Services

City Council

Finance

Chief Financial Officer/City Treasurer
Vacant
T 519-822-1260 x
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Financial Planning
Financial Reporting and Accounting
Procurement and Risk Management
Revenue and Collections

Operations and Transit Services

Executive Director
Derek McCaughan
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By-law Compliance and Security
Guelph Transit
Parks Maintenance and Development
Public Works

Planning & Building, Engineering and Environmental Services

Executive Director
Janet Laird
T 519-822-1260 x 2237
E janet.laird@guelph.ca

Engineering Services
Planning and Building Services
Solid Waste Resources
Wastewater Services
Water Services

Chief Administration Officer message



The City of Guelph's 2010 *We're Making a Difference* report is a new kind of report.

It reflects the City's commitment to accountability and transparency while providing an opportunity to publish our 2010 Financial Statement.

Guelph has made a commitment to do a better job of providing clear, easy-to-understand information to our residents. This report is one way the City is acting on that promise. Encouraged by your warm response to our *We're Making a Difference* report, first published in 2009, this version features greater focus on the City's financials, while continuing to highlight important milestones and achievements of the year.

2010 was a difficult year for cities across the country and Guelph was no exception. 2010 brought into focus a need for a financial framework that allows the City to balance affordability for taxpayers with sustainability. In other words, costs to deliver services mustn't create hardship for residents, but must also be realistic, so we can continue to provide residents with the service levels they've come to expect and enjoy.

Despite the economic challenges, 2010 was a year of many achievements. The City oversaw five years of infrastructure rehabilitation in just over 12 months—necessary work towards reducing our infrastructure gap and ensuring our roads, buildings and sewers are able to serve this community as it continues to grow. We built and put into action Prosperity 2020—an economic action plan to enhance Guelph's position as a competitive and prosperous city for investment and to provide more jobs in our community. We also made great strides on our Community Energy Initiative, which will position us to use less energy in 25 years than we do today, despite population growth.

These are just a handful of the initiatives you'll read about in the pages that follow. I'm proud of what we achieved in 2010, and I hope what you read in this report will demonstrate that we are making a difference.

Hans Loewig

Chief Administrative Officer

Acting Treasurer's message



I am pleased to present the following financial report which highlights the City of Guelph's financial performance for 2010 and its 2010 financial achievements.

This report should be read in conjunction with the audited consolidated financial statements (the "Statements") and their accompanying notes and schedules, which are prepared in accordance with accounting principles for governments and established by the Public Sector Accounting Board (PSAB). The City is proud to present these Statements with an unqualified audit report from external auditors Deloitte & Touche LLP.

The following results reflect the City's commitment to sound and accountable financial management which has been identified as a strategic priority by Council.

One of the City's main focuses in 2010 was to remain fiscally healthy and guide the municipality out of the largest recessionary period in recent history. To fully understand the 2010 year, it is important to reflect on the state of the economy at the time of the 2010 budget deliberations in late 2009. The economy was in a downward spiral; the auto manufacturing sector had bottomed out causing massive unemployment across Ontario and Guelph was not immune.

The US financial crisis had caused havoc in financial markets which had in turn caused severe reductions in investment returns and significant impairments in the value of asset holdings across the country. The trickle-down effect of this to the City was felt in a variety of ways including a projected 2009 operating deficit, rising OMERS contribution levels (OMERS Pension Plan ended in an 2009 deficit and adjusted rates to compensate) and decreased developer contribution revenues and building permit activity as the industry implemented cost-saving measures of its own.

Due to this, the City had to make some difficult decisions for 2010. It needed to be conservative in its revenue projections and reduce operating expenditures wherever possible. To achieve cost reduction goals, temporary measures were implemented including reduction of services, five unpaid days for City employees, and deferring certain non-urgent maintenance expenses until 2011.

The City benefited from a few unexpected outcomes that enabled it to achieve a small (less than 1%) tax supported operating surplus of \$1.5 million, and a \$1.7 million surplus from user pay operations. The City received an additional \$2.5 million in unplanned tax revenue due to MPAC adding properties to the roll that were not expected until 2011. Finally, a warm winter saw the winter control operation come in under budget. These surpluses

were transferred to reserves to be used in future for capital projects or unforeseen circumstances.

In response to the downturn, the Federal and Provincial governments announced fiscal stimulus packages to help boost the Canadian economy and protect residents and businesses during the recession. The City of Guelph qualified to receive more than \$45 million through this program to spur local road, water and wastewater infrastructure projects, many of which were started in 2010. The City went from spending approximately \$65 million on tangible capital assets in an average year to more than \$119 million in 2010. The project management and reporting requirements for these additional projects have been tremendous and by the end of 2011, upon the completion of these projects, the dedication of all employees involved will have paid off with a significant revitalization of infrastructure. The impact of this construction cannot be minimized; it offered employment during a time that the manufacturing industry was restructuring.

This report is one way the City is providing taxpayers with information about its 2010 financial performance and information regarding significant financial policies and processes. It is part of the City's commitment to the transparent and accountable conduct of municipal business.

Accurate, consistent and timely financial information supports Council and management in making good business decisions and provides the data that can be used for benchmarking to determine how Guelph compares financially and operationally to other municipalities. Reliable, historical data is also imperative to complete trending analysis that is used in predicting future requirements.

In the attached report we have included a financial dashboard; a summary of financial indicators that can be used to assess the financial health of the City. We are proud to conclude that the 2010 results have trended positively since 2009 and expect 2011 to be even stronger.

Overall, looking back on where we have come this year, I am extremely encouraged by these financial results and I am looking forward to building on these successes through 2011.

Sue Aram
Acting Treasurer

2010 highlights and milestones

Commitment to Guelph's strategic vision

The Strategic Plan, developed in 2007, serves as an important tool for setting priorities, making decisions, and managing operations for years to come. It is meant to inspire the residents of Guelph and City employees to consider how we can make a difference in our neighbourhoods and in the world.

The following highlights and milestones capture how the City of Guelph made a difference in 2010.

Goal 1: An attractive, well-functioning and sustainable city



Guelph Remastered

Guelph Remastered was an infrastructure renewal program of unprecedented proportion. Thanks to \$48 million in government funding, Guelph benefited from 25 major projects that renewed aging infrastructure and created a more beautiful, better functioning and sustainable city. The infrastructure program was supported with an award-winning communications campaign that helped people find their way around road closures and traffic detours to get to work, school and their favourite shops.

A premier public space: Guelph's Market Square

A group of community members committed to building an ice rink and water feature as the centerpiece of the Square—carried out a successful public fundraising effort, raising \$2 million for the project.

Guelph's Market Square will provide a beautiful setting for civic events, engage residents on a daily basis, and distinguish the city for visitors. The Civic Square concept is centered on the idea of connecting the spaces in front of the old and new City Hall buildings to sections of Carden Street and Wilson Street—integrating City Hall, the Provincial Courthouse and surrounding businesses in daily life.

Guelph's Official Plan amended to include our natural heritage polices

Guelph's Official Plan was amended to offer increased protection for the city's green spaces. After extensive public input, Guelph City Council adopted the Natural Heritage policies and mapping in Official Plan Amendment (OPA 42).

The intent of the Natural Heritage Strategy is to protect natural features and create a green legacy for the city. Incorporating Natural Heritage policies into the Official Plan provides permanent protection for Guelph's Significant Natural Areas and their buffers. The Plan also identifies and protects areas where further study is needed before development may be permitted.

2010 highlights and milestones

Transit Growth Strategy

Council approved the recommendations and implementation plan of the Guelph Transit Growth Strategy and Plan & Mobility Services Review, which provides a roadmap for the growth of Guelph Transit over the next twenty years.

Among the strategy's benefits:

- Improved levels of service with route restructuring and 15 minute service during peak periods on weekdays;
- More efficient use of City resources by matching demand and service in peak/off peak periods;
- Ridership growth of 20% for conventional transit and 60% for mobility services;
- Innovative approaches to servicing industrial areas, GO shuttles, Sunday service, the use of Diesel Multiple Units (DMUs) and express buses;
- Use of the Guelph Junction Railway corridor to transport riders to and from the future Innovation District;
- Strategic planning for transit priority, express buses and interregional connections;
- A conventional transit fleet that is 100% accessible by 2011 with an expanded family of services for mobility users.

Goal 2:

**A healthy and safe
community where
life can be lived to
the fullest**

Barrier-free Provincial Offences Court

Renovations and restoration of 59 Carden Street now mean barrier-free access to Guelph's Provincial Offences Court. The renewed building is in compliance with the City of Guelph Facility Accessibility Design Manual (FADM) Standards for accessibility and includes:

- Barrier-free entrances, elevators, washrooms, drinking fountains, and service wickets.
- Wheelchair-accessible routes throughout the building.
- High-contrast colour scheme on walls, floors and furnishings.
- High-contrast signs with tactile text and Braille.
- Way-finding tiles to provide intuitive direction and cueing for those using a navigation cane.
- Infra-red hearing devices and amplification in all courtrooms.

Guelph Fire Department Accreditation

Guelph Fire Department (GFD) is the fourth Canadian Fire Department and the second in Ontario to be recommended for accreditation by the Commission on Fire Accreditation International (CFAI). GFD voluntarily decided to work toward becoming an accredited fire department in 2007. This extensive three-year process entailed an evaluation of its performance and professionalism using a comprehensive assessment.

2010 highlights and milestones



Clair Road Emergency Services Centre

The Clair Road Emergency Services Centre is a 35,000 square foot facility encompassing shared facilities for Police, Fire and ambulance providing emergency services to the south end of the city.

EMS continued to reduce their response times in 2010 offering improved service to all Guelph residents.

Guelph Trails Master Plan

2010 saw the completion of phase one and the launch of phase two for the Guelph Trails Master Plan (GTMP). The goal of the GTMP is to develop a cohesive city wide trail system that will connect people and places through a network that is off-road wherever possible and supported by on-road links where necessary.

Goal 3: A diverse and prosperous local economy

Attracting world-class business and jobs

International billion dollar solar company Canadian Solar chose Guelph for the location of one of North America's largest solar panel manufacturing facilities and brought 500 new jobs to the city. City officials and Canadian Solar executives attribute the decision in large part to Guelph's Community Energy Initiative—Guelph's ambitious and internationally recognized plan to use less energy in 25 years than it does today, consume less energy per capita than comparable Canadian cities, and produce less greenhouse gas per capita than the current global average.

Guelph Innovation District

The City of Guelph and the Province of Ontario signed a Memorandum of Understanding that will help enhance the local economy and create jobs in the Guelph Innovation District.

The District will meet employment and housing targets of Guelph's Growth Management Strategy and the province's Growth Plan for the Greater Golden Horseshoe by supporting economic activities and jobs with a clean, green-economy and innovation focus.

The Innovation District is vital to meeting employment and housing targets consistent with Guelph's Growth Management Strategy and the Province's Growth Plan; supporting an economic cluster focused on green-economy and innovation sector jobs; and offering opportunities for integrated energy planning as part of the Community Energy Initiative.

2010 highlights and milestones

Hanlon Creek Business Park

The Hanlon Creek Business Park will play an important role in Guelph's future. It is intended to be the home of 10,000 new jobs, and is a vital part of the City's growth management plan. The Hanlon Creek Business Park strikes a balance between meeting Guelph's economic needs and its need to protect the city's natural heritage. Its development comes after almost a decade of public consultation, scientific assessments and thorough environmental analysis.

City Council gave direction to staff in 2010 to finalize and execute an agreement of purchase and sale for two separate properties in the new Hanlon Creek Business Park. The result two companies building in the Hanlon Creek Business Park will result in the creation of 370 jobs in Guelph.

Prosperity 2020

Prosperity 2020 defines the strategic directions recommended to sustain and enhance Guelph's position as a competitive and prosperous location for private and public sector investment to 2020. The City has begun planning and implementation of actions related to community economic development governance, regional tourism, business advocacy, partnerships, marketing and communications, and product development.

Goal 4: A vibrant and valued arts, culture and heritage identity

Guelph Civic Museum

A group of committed community fundraisers went to work to raise funds for Guelph's new Museum, located in the historic Loretto Convent. At approximately 30,000 square feet, the new Civic Museum will be three times the size of the current facility and will have appropriate storage for artifact and archival collections. The facility will be completed and open to the community by the end of 2011.



2010 highlights and milestones

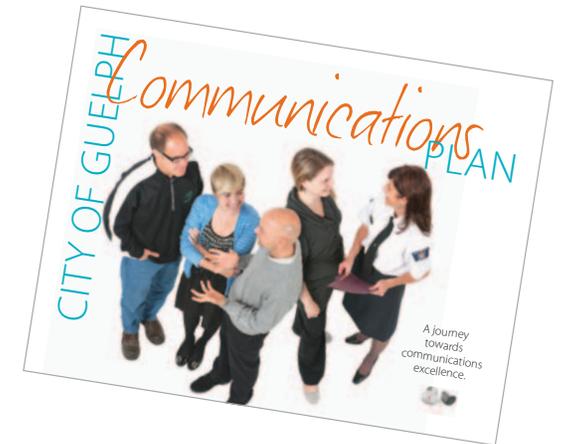
Goal 5: A community- focused, responsive and accountable government

A more responsive organizational model for the City

2010 saw the implementation of a new organizational model at City Hall and the realignment of its corporate structure. This positions the organization to respond better to the complex issues of a growing single-tier municipality, and better able to deliver on Council and community priorities. The new model is based on research; a study of the nuances of the organization and other practices in municipal services; is future focused; and is in the spirit of continuous improvement in delivery of services to the Guelph community.

City of Guelph Communications Plan launched

Designed to influence all activities that relate to communications, the City of Guelph Communications Plan was launched in 2010. The Plan is the culmination of more than a year of community consultation, best practices and other research, and strategy development based on the worldwide gold standard for corporate communications. The City's Communications Plan provides a framework for the organization to enhance its two-way communication, improve stakeholder relationships, and encourage public participation in the municipal process. Designed to influence all activities that relate to communications within the organization, the Communications Plan outlines positive and achievable practices that will help the City achieve its organizational goals.



Accolades for global thinking in workforce planning

The City of Guelph was recognized by the Employment Co-ordination Committee of Guelph Wellington (ECC) at the 20th Annual Guelph Wellington Employee Recognition Event for creating career development opportunities for foreign trained professionals.

Corporate Governance Framework/Manual

The City's Corporate Governance Manual is evidence of the City of Guelph's commitment to strategic governance, accountability, and transparency. The Manual was approved in 2010 and can now be considered a 'living' policy document that will be updated on a regular basis as new governance related policies and procedures are adopted by Council.

The Governance Manual was developed to ensure that members of Council, City staff and the community at large have an understanding of Guelph's governance model and processes, and how we will achieve good governance

2010 highlights and milestones

Goal 6: A leader in conservation and resource protection/ enhancement



Community Energy Initiative (CEI)

The Community Energy Initiative is Guelph's commitment to use and manage energy differently, better, than we have in the past. The initiative will also attract quality investment to the city.

In 2010:

- The Mayor's Task Force on Community Energy was formed to guide implementation of the Community Energy Initiative.
- Implementation of conservation measures in City facilities—such as energy efficient lighting systems, new energy management systems, solar domestic hot water systems, a cogeneration plant, new HVAC units and high efficiency boilers—is expected to result in estimated energy savings of 2,022,306 equivalent kilowatt hours and greenhouse gas reductions of 592,536 kilograms of CO₂. Estimated annual savings for 2010 is \$624,500.
- Guelph's CEI was instrumental in bringing Canadian Solar Inc.—the world's eighth largest solar company—to Guelph.
- Guelph became the first Ontario municipality to sell its greenhouse gas credits by signing a five-year carbon credit contract valued at more than \$1 million. The City's carbon credits are obtained by capturing methane gas from the Eastview landfill site and converting it into enough electricity to power an estimated 1,000 homes.
- The City of Guelph and the Province of Ontario signed a Memorandum of Understanding that will help enhance the local economy and create jobs in the Guelph Innovation District. The Innovation District is vital to supporting an economic cluster focused on green-economy and innovation sector jobs; offering opportunities for integrated energy planning as part of the CEI; and meeting employment and housing targets consistent with Guelph's Growth Management Strategy and the Province's Growth Plan.
- An energy density map was initiated measuring where and how much energy is used in the city. Feasibility studies were also begun to determine the potential for district energy systems downtown, at the University of Guelph and near the Guelph General Hospital.

Environmental stewardship at Hanlon Creek Business Park

The Hanlon Creek Business Park consists of 671 acres of land in Guelph's southwestern corner. The design of the park, which is the result of nearly a decade of scientific and environmental studies and consultation, will protect the site's environmental and natural heritage features.

Of the 671 acres of land in the Hanlon Creek Business Park:

- **55% has been designated as business space** that will provide approximately 10,000 local jobs in sectors such as food and agribusiness, environment and energy, advanced manufacturing, and information and communications technology.
- **24% will be open space**, and includes the protection of the heritage maple grove and Provincially Significant Wetlands, the restoration of 10 acres of meadowland, reconnecting wetlands to the north and south of Laird Road, and increasing the tree canopy coverage.
- **9.4% is used for stormwater management** to protect surface water and groundwater.
- The remaining space will be used for roads, road widenings, the Laird Road interchange and a small residential townhouse project.

Environmental protection, enhancement and monitoring measures for the Hanlon Creek Business Park exceed that of any other development in Guelph's history. The City of Guelph has successfully partnered with private sector developers to achieve this high level of protection of natural heritage lands, including preservation of the old growth forest.

2010 highlights and milestones



Finishing big in the National Commuter Challenge

Guelph placed third in the National Commuter Challenge. Two hundred and five people in Guelph saved a total of roughly \$2,652 by using carpools, transit, cycling or walking to work during Environment Week May 30 to June 5. Commuter Challenge participants in Guelph travelled 14,889 kilometres using more sustainable transportation methods, and prevented 5,274 kilograms of carbon emissions by choosing not to drive to work alone during the event.

E3 Fleet Silver rating

The City of Guelph was one of only two cities in Ontario to receive an E3 Fleet Silver rating for sustainable fleet management. It is also the only municipality in the province to receive a silver rating for its transit fleet. The E3 Fleet is a made-in-Canada rating system to recognize fleet performance in terms of Environment, Energy and Excellence. Under the E3 Fleet program, public and private sector fleets can seek formal ratings on staff training, idle reduction practices, vehicle purchasing practices, fleet operations and maintenance, trip and route planning, fuel efficiency and greenhouse gas performance.

District Energy Feasibility Study

The City of Guelph, along with Guelph Hydro Inc., Union Gas, and the Federation of Canadian Municipalities commissioned and produced an in-depth study about the feasibility of developing an energy system for Guelph using a Combined Heat and Power Facility. The study is an important step in creating an energy distribution architecture in Guelph that will allow the City fuel choices that optimize cost, availability, and environmental impact long into the future. View the results of the study at: guelphhydroinc.com.

Guelph's Organic Waste Processing Facility

Construction of Guelph's new Organic Waste Processing Facility (OWPF) began once the City received the Certificate of Approval from the Ministry of the Environment. Construction is scheduled to conclude in 2011 and the facility will begin processing residents' organic waste later that year.

Guelph's new state-of-the-art OWPF will process Guelph's wet waste stream into clean, organic compost. The OWPF is expected to increase Guelph's diversion rate by 10 per cent, which will enable the City to achieve its overall diversion target of 55 per cent by 2011.

Protection and preservation of Guelph's tree canopy

Guelph City Council approved an updated Tree By-law that offers increased protection for trees on private properties in the city. The updated by-law prohibits damage or destruction of trees measuring at least 10 centimetres in diameter at breast height (dbh) on lots larger than 0.2 hectares (0.5 acres). The City of Guelph strives to have the largest tree canopy among comparable municipalities. The updated Tree By-law is one tool the City will use to provide greater protection of its urban forest under Guelph's Strategic Urban Forest Management Plan (SUFMP).



2010 highlights and milestones



Award-winning Conservation Calendar

For the second year in a row the City's Conservation Calendar won gold for best municipal calendar in the Municipal Waste Association's annual Promotion and Education (P&E) Awards. The calendar was praised for its vast range of environmental topics, visual appeal, use of residents' photos from around Guelph, and its State of the environment report. The 2010 Conservation Calendar also won gold in the Recycling Council of Ontario's Waste Minimization Awards in the Municipal Promotion – Communication category.

Praise For Guelph's Wastewater Optimization Program

The City's optimization program at Guelph's Wastewater Treatment Plant received high praise from Ontario's Environmental Commissioner, Gord Miller, in his Redefining Conservation annual report. By modifying its people practices and processes, the City has achieved dramatic performance improvement. What's more, it has eliminated the need for approximately \$13 million in equipment costs and may offset a \$20 million plant expansion.

City's first methane powered vehicle

A new pilot project underway will allow the City of Guelph to fuel a City vehicle with methane gas generated from the Wastewater Treatment Facility. This project is in line with the City's green fleet policies and is another cost-saving initiative that has come out of the Wastewater Treatment Facility optimization efforts.

Strategic Urban Forest Management Plan

The Strategic Urban Forest Management Plan for the City of Guelph is intended to provide a long-term framework that will allow the City to shift to proactively and adaptively manage the Urban forest on both public and private land.

Guelph City Council approved an updated Tree By-law in 2010 that offers increased protection for trees on private properties in the city. The updated by-law prohibits damage or destruction of trees measuring at least 10 centimetres in diameter at breast height on lots larger than 0.2 hectares (0.5 acres).

The City of Guelph strives to have the largest tree canopy among comparable municipalities. The updated Tree By-law is one tool the City will use to provide greater protection of its urban forest.

Making a Difference: Priorities, progress and plans

Investment in our people

Across six service areas, among the 1900 full and part-time employees, the Corporation of the City of Guelph values a commitment to Integrity, Excellence and Wellness, provides strategic leadership and direction, strives for environmental stewardship, all while providing optimal customer and public service to city residents.

People Practices Strategy update

The People Practices Strategy (PPS) is the City's blueprint for achieving organizational excellence through exemplary people practices; to be a top employer in the community.

Designed to influence all activities that relate to the human resources, or people, within the Corporation of the City of Guelph, this plan outlines positive and achievable practices that will benefit City employees, the organization and the community.



Goal 1: A well workplace

Provide each employee with a challenging, rewarding, enjoyable and fulfilling career. Assist employees with balancing their career, home and personal life through supportive human resource policies and management approaches.

Progress in 2010 included:

- Evaluation of workplace childcare options
- Expansion of employee discount programs
- Exploration of improvements to employee lounge spaces
- Research into formalized flexible work arrangements
- Improved maternity/paternity leave options and support
- Establishment of a competitive position on compensation
- Diversity training, education, diversity communication
- Various employee recognition events

Making a Difference: Priorities, progress and plans

Goal 2: A learning organization

Foster learning as a way of life, encourage creativity, and actively promote and invest in the skill and knowledge development of every employee. Establish a City of Guelph Commitment to align career development practices with employees' personal goals and existing corporate objectives.

Progress in 2010 included:

- Evaluation of core competencies and gap analysis between competencies and training
- Improved partnership with learning institutions
- Incorporation of Corporate Values into interview process

Goal 3: Leadership

Develop leaders within all levels of the organization who will share enthusiasm, a sense of purpose and direction, and reflect the Corporate Values.

Progress in 2010 included:

- Project plan developed and research underway on best practice succession management model.
- Revisions to the performance appraisal process and materials.
- Development of the Leadership Link periodical

Goal 4: Business and service excellence

Provide best-in-class business and service excellence by revisiting our business objectives, effectively using technology, ensuring staff are well-trained, effectively managing change and objectively measuring performance for continuous improvement.

Progress in 2010 included:

- Completion and launch of the City of Guelph Communications Plan
- Preliminary work on performance reporting practices was delivered. Staff will develop a corporate performance measurement/reporting framework for use across the corporation
- Development of a Customer Service Strategy that provides service guidelines and short-term priorities focused on primary service channels
- Workshops to improve system and skills toward better interdepartmental communication and cooperation for enhanced levels of customer service
- Active pursuit of co-op placement of students at the City
- Participation in Canada's largest career fair
- Analysis of web use for recruitment
- Guest speaking engagements at a variety of high profile career focused events
- Participation in Local Government Week activities
- Ongoing development of continuing education courses with Conestoga College
- Partnership with local high schools during National Public Works Week

Making a Difference: Priorities, progress and plans

Looking forward (Plans and projects in progress for 2011)

An improved approach to the municipal budget

The City is transforming the 2012 budgeting process to make it more user-friendly and transparent for Council and the community. The City believes this will have positive results for all parties as it will support better decision making and give Council and the community the appropriate amount of time to fully review, ask questions and understand all that is included in the budget.

10 year capital budget

The City of Guelph has to fund the programs and services it provides within a limited funding framework, balancing sustainability with affordability. It must address rising costs, demands of growth and aging infrastructure.

The 2012–2021 Capital Program is in the early stages of development and is using a more transparent and collaborative approach in order to:

- Maximize financial and management information for the City's corporate decision making processes by improving the timeliness of information, standardization of reporting practices and improved information to Council
- Ensure projects included have been fully funded according to debt and reserve management best practice with a balance between infrastructure maintenance, growth initiatives and new regulatory or legislative requirements
- Projects are in alignment with the Corporate Strategic Plan and Environmental, Economic, Social and Cultural pillars of sustainability

Service reviews

The City is undertaking a review of its current services to ensure they continue to provide value and are offered at the right level as part of a process that's in the best interest of the community. Our new approach will be one that shifts the City from conducting on-the-spot service reviews as part of the budget process. Rather, we will systematically consider the more than 300 services we deliver throughout Council's four-year term. In doing so, we'll be able to align improvements in service reviews and improvements in the budget process over a longer-term trajectory, ensuring responsible governance for taxpayers.

Financial management process

Open and accountable governance

Although the final responsibility of financial management rests with City Council through the Chief Administrative Officer and the Chief Financial Officer/Treasurer, there are many levels of accountability built into structure. The following diagram gives an overview of the process:



All significant financial decisions are approved at the Council level through a process designed to ensure open and transparent reporting. This structure provides Council with an efficient and accountable management structure whereby all decisions are first analyzed by the Executive Team, then by the appropriate Council Committee and then finally by the full Council. Through their term Councillors would normally rotate after a two-year period onto a new set of Committees to ensure they obtain a wide breadth of knowledge of the City departmental operations. This structure also enhances the transparency of all City business by enabling the Executive Team to review and provide comments on all reports that go to Committee. Every financial decision has implications for the City as a whole and this cross-functional, collaborative management approach is the key to information sharing and finding operational efficiencies for future cost reductions.

Budgeting process

Financial management hinges on the operating and capital budgets which are prepared annually and monitored throughout the year. Each department manager is responsible for the creation of the budgets for their respective departments. In practice, the departmental managers work with finance to develop their budgets which are then submitted to the Executive Team for a

Financial management process

full cross-functional review. Once the Executive Team has provided its comments and edits are made, the budget is presented to Council for their deliberation allowing for community input and comment. This process allows for a consultative and open approach for planning and prioritizing the City's business from year to year.

Formal variance reports are prepared at regular intervals by the finance department (with input from the departments) and provided to Committee and then to Council. These reports are prepared to ensure accountability for financial results and are a key tool in the financial management process. It is important that the City's financial management model be flexible and responsive to unplanned expenses or revenue shortfalls during the year as the budget is intended to act as a guide to fiscal responsibility.

Internal controls

The finance department plays a significant role in prudent financial management and acts as an internal control mechanism in all financial cycles at the City.

The procurement division ensures every City expenditure is approved by the appropriate level of management and that all projects over a certain threshold are tendered in accordance with Council approved by-laws. Adhering to these policies reduces the risk of loss through unapproved purchases, unapproved vendors and litigation. In addition, the procurement division manages the City's insurance which is an integral part of protecting the community's assets.

The accounting and financial reporting division processes tens of thousands of transactions annually and manages City bank accounts along with all investment and debt decisions. This division also manages all system interfaces daily to ensure accurate, complete reporting of the six accounting systems used across the City. This division controls all interdepartmental transactions, developer contribution accounting and monitors all unusual balance sheet transactions through regular reconciliations. The internal controls provided by this division are essential to reducing risk of loss through unauthorized invoice payment, unreconciled bank account transactions and non-compliance of tax legislation.

Finally the taxation and revenue division manages the thousands of property tax bills and tax collections that are processed bi-annually. This team is responsible for the largest revenue stream of the City and ensures that the community is taxed in accordance with the Council approved by-laws and that all collection issues are dealt with in a fair and consistent manner.

External audit

Another significant component of the financial management process is the external audit of the City's financial statements and its supporting financial processes. This is an independent review of the underlying financial transactions that are compiled into the Consolidated Financial Statements in accordance with the Public Sector Accounting Board standards. The external auditor reports directly to the Council Audit Committee who has the oversight responsibility for financial reporting and internal control structures operating within the City.

The external auditors present their audit findings to the committee and identify areas of improvement over internal controls and reporting. The external audit is a requirement under the Municipal Act and provides all stakeholders of the City including staff, Council and the community comfort that the City has the appropriate financial structures in place to effectively manage the finances in organization.

General financial statement and analysis

The consolidated financial statements provide a snap shot of the City's financial position as at December 31, 2010 and reports the revenues and expenses for the fiscal year.

It provides a complete picture of the City's operations including its dependent related parties. Besides the City of Guelph, the statements also include:

Fully consolidated statements from:

- Police Services Board
- Guelph Public Library Board
- The Downtown Guelph Business Association
- The Elliot

Proportionately consolidated statements from:

- The Wellington-Dufferin-Guelph Public Health Unit (46%)

Modified Equity Basis

- Guelph Hydro Inc.
- Guelph Junction Railway Corporation

The following sections feature the highlights of consolidated financial statements and the current year position with respect to trending analysis, benchmarking and the important ratios useful for business decisions.

Positive themes reflected in the consolidated statements include:

- Repayment of debt by \$10 million
- Capital spending on many significant projects of \$119 million
- Strong cash and investment position given the extraordinary capital spending during 2010
- Infrastructure Stimulus Funding of \$27 million (with more expected in 2011 with the completion of a number of projects)
- Healthy net surplus that generated the cash needed to achieve the above objectives

General financial statement and analysis

2010 Performance Measures Report Card

Legend

-  **Positive:** stay the course
-  **Caution:** in the right range but may be moving in the wrong direction
-  **Negative:** take corrective action
-  **Positive change**
-  **Negative change**

Financial indicators	2010 finding	Change from 2009 to 2010
Financial position		
Operating surplus ratio		
Receivables as % of taxes levied		
Net financial assets		
Net financial asset as % of own revenues		
Debt to total reserve ratio		
Debt outstanding per weighted assessment		
Debt interest as a % of own source of revenues		
Operating reserves as % of own source of revenue		
Capital reserve contributions as % of asset value		
Capital reserve contributions to depreciation		
Liquid assets to total reserves		

Financial position: This term refers to the remaining assets in excess of all liabilities. Positive balances indicate the City's margin of safety it possesses to cover debt obligations and to have funds set aside for future sustainability. Year over year, the City has improved this ratio from 2009 and continued focus on increasing assets while lowering liabilities will keep this indicator on a positive trend.

Operating surplus ratio: This ratio provides perspective on how much of the City's own source of revenue were left after normal operations that could be used to fund reserves, pay down debt and invest in capital projects. The trend from 2009 was positive with the City having more surplus available in 2010 for these financing and capital activities.

General financial statement and analysis

Receivables as % of taxes levied: Uncollected property taxes as a percentage of total taxes charged is a strong indication of the strength of the local economy and the ability of the community to pay their annual tax billings. The City enjoys a low ratio showing great economic health and strong internal controls over tax collection.

Net financial assets: This ratio is an indicator of the City's ability to repay liabilities at a point in time and is a useful trending tool. The downward trending in 2010 indicates that the City used up financial assets during the year that were not replenished by year end and gives caution that this should be monitored in 2011. Movement of this ratio depends on the balance of financial assets compared to liabilities; cash and investment holdings play a significant role in this ratio.

Net financial asset as % of own revenues: Similar to the ratio as described above, this indicator is annualized by comparing the net financial asset position to the current revenue and provides an additional level of understanding useful for trending analysis and financial monitoring. In 2010, this ratio again cautions the City that assets are decreasing as liabilities are increasing even with increased revenues over 2009.

Debt to total reserve ratio: This indicator provides a measure for financial prudence by comparing total debt to the total reserve balances. Generally, the benchmark suggested for this ratio is 1:1 or in other words, debt should not exceed total reserve and reserve fund balances. At the end of 2010, the City has met this standard and feels that this is a strong indicator for long-term sustainability and the ability to meet the debt obligations.

Debt outstanding per weighted assessment: This shows total debt compared to the value of the tax assessment base and provides a fair basis to compare the City of Guelph debt to other municipalities. Year over year this rate has improved with the repayment of \$10m of debt principal in 2010 and on average, the City normally falls within the middle of the pack compared to other municipalities.

Debt interest as a % of own source revenues: This ratio indicates the extent to which the City's own source revenues are committed to debt charges and again is a useful tool when comparing to other municipalities. Debt charges are less than 2% of own source of revenues and fall within a normal level compared to other municipalities.

Operating reserves as % of own source of revenue: This indicator analyzes the total reserves by focusing specifically on the stabilization and contingency reserves compared to own revenues. The benchmark as suggested by the external consultants is 8 to 10% of revenues for this indicator and the City has not met this standard in 2010. Having operating reserves within this benchmark will allow the City to avoid spikes in the tax rates or reliance on short-term loans when faced with a sudden dramatic change such as an economic decline or natural disaster.

Capital reserve fund contributions as % depreciation and % of asset value: These two ratios provide insight on the level of reserve funding for future capital purposes compared to the total value of depreciable assets and to the current rate of depreciation. As a rule, the City should be at a minimum funding the capital reserves at the same amount as the annual depreciation expense and as a benchmark capital reserve contributions should approximately 2 to 3% of total asset value. This prevents sudden tax rate spikes by spreading the cost of infrastructure replacement over many years and provides prudent contingency capital funds for significant unexpected infrastructure expenses. The City has met both of the suggested standards in 2010 but caution should be taken as both are trending in a negative direction.

Liquid assets to total reserves: As reserves are a critical component of the City's long-term sustainability, there is an expectation that the amounts that are set aside in reserves are liquid and available for use when required. This ratio compares the cash and investment balances to the reserve and reserve fund balances and a ratio of less than 1 would suggest asset levels need to be monitored closely. At year end the City dropped slightly below the 1:1 ratio meaning cash and investment holdings are lower than the reserve and reserve fund balances. This is a position that needs to be monitored in 2011 to ensure this gap does not grow to a critical level.

Consolidated statement of financial position: Highlights

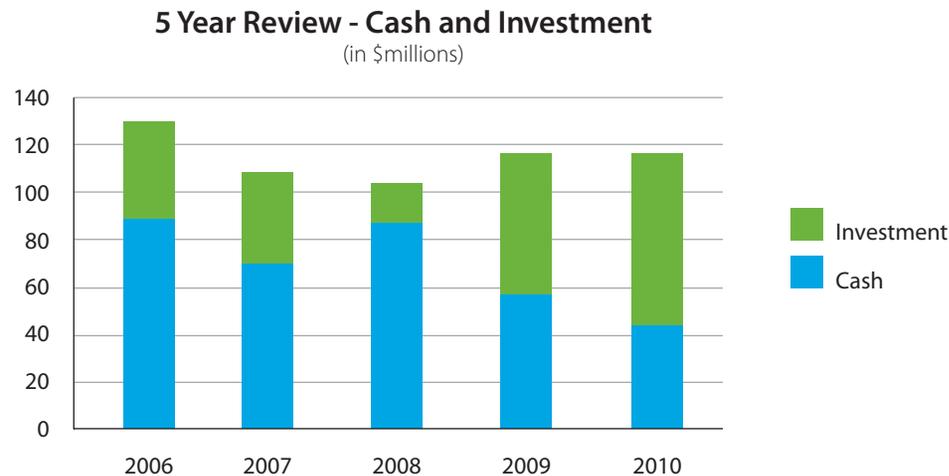
The consolidated statement of financial position highlights four key figures that describe the financial position of the City:

- **The cash and investment resources of the City**
- **The net financial asset position calculated as the difference between financial assets and liabilities**
- **The non-financial assets that are normally held for service provision such as tangible capital assets**
- **The accumulated surplus (or in private sector terms – retained earnings)**

Cash and investment resources:

The City ended the year in a cash and investment position that is slightly stronger than the 2009 position; a great feat when considering almost \$130m of cash was used on capital projects and debt repayment alone.

The following chart depicts the cash and investment holdings over the past five years and shows that overall the holdings have been fairly consistent but do fluctuate based on needs. The 2006 and 2008 cash on hand spikes due to debenture issuances and in 2010 the reduction in cash on hand is directly attributed to capital project spending and repayment of debt. The City was able to manage its cash position in 2010 without taking on debt but given this lower level of cash (liquidity) at the end of the year, it is expected that in 2011 new debt will need to be issued to fund capital expenditures during the next fiscal year.



As a rule of thumb, the City should have cash and investment holdings that in total are at least equal to the reserve and reserve funds from a liquidity perspective. To further support the need to issue new debt in 2011, the City's holdings have dropped slightly below their total reserve and reserve funds at the end of 2010. These levels are monitored frequently by the finance department to ensure the City is not in a risk adverse liquidity position.

Consolidated statement of financial position: Highlights

Cash and Investment vs Reserves and Reserve Funds

(in \$millions)

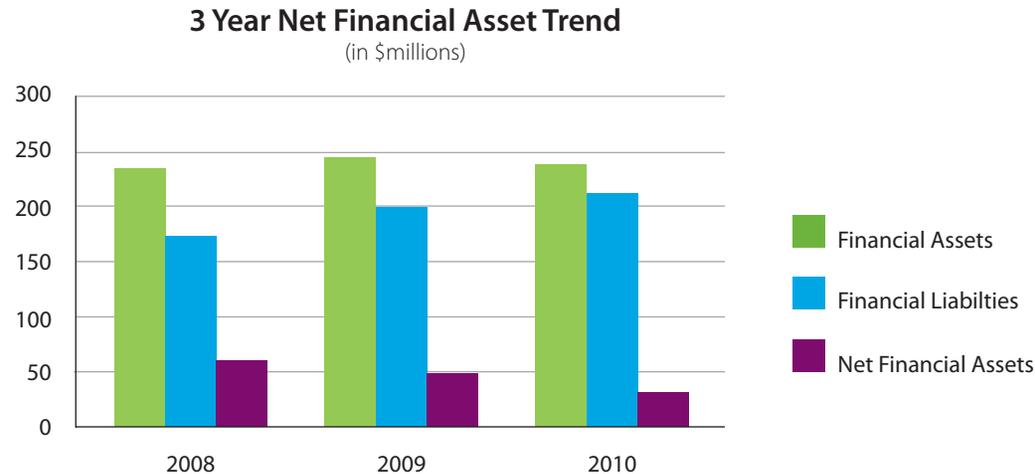


Net financial assets

The City's net financial assets have decreased from 2009 by \$18 million. This is directly attributed to the following significant changes:

- Monetization of the Guelph Hydro Inc. note receivable caused a reduction in assets of \$30m
- Increased accounts receivable by \$19m primarily due to infrastructure stimulus funding
- Increased accounts payable and accrued liabilities of \$12m due to timing of payment of liabilities near year end
- Increased deferred contributions by \$5m from developer contributions and grants that were unspent at the end of 2010
- Decrease in net debt of \$10m from principal repayments during 2010

Consolidated statement of financial position: Highlights



Upon an analysis of the components of net financial assets, assets over the past three years have remained fairly consistent; the increasing liabilities have been the main cause of the decreasing financial asset position. This trend is mostly explained through the transition of government accounting in recent years into full accrual based accounting. In addition, the PSAB accounting standards continue to introduce standards that require additional recognition of liabilities including liability for landfill post-closure and a new standard to be introduced in 2015 for the liability for contaminated sites. These standards are creating awareness of some potentially significant liabilities that governments should be planning for in advance of the actual expenditure being incurred so that the tax and user fee rates are not substantially affected all in one year. That being said, the negative trend on this indicator may suggest that an increase in reserve and reserve fund assets is warranted.

Deferred contributions

Deferred contributions represent unexpended development charge revenues and unspent restricted grants from the Federal and Provincial governments. These grants include federal and provincial gas tax grants and special one-time infrastructure stimulus funding. Since this revenue stream is restricted for special purposes, the City recognizes this revenue in the same period as the related expense was incurred. In total for 2010, the City collected \$19 million in development charges and \$37 million of grant income and of this, has released approximately \$52 million into income. This is compared to 2009 where \$9 million of development charges and \$11 million of grant income was collected and only \$22 million was taken into income. This difference is a direct result of the economic downturn in 2008 and 2009 and shows the substantial impact the stimulus funding had on our local economy.

Consolidated statement of financial position: Highlights

5 Year Review - Developer Contribution Revenues

(in \$millions)

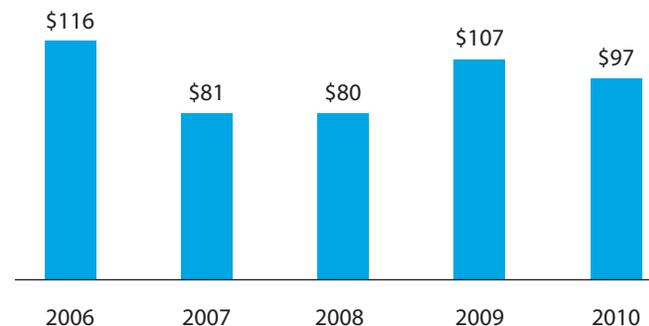


Net debt

One significant component of the financial liabilities is the City's net debt position. The City of Guelph takes on debt primarily to fund new significant capital investment and typically does this through the issuance of debentures, although the City does hold some mortgage type loans as well. In accordance with the City Debt Management Policy, debt is not issued for infrastructure maintenance costs; these costs are addressed through capital reserve funds and the annual budget process. No new debt was issued in 2010, even with the high level of capital spending, as the City was able to manage its capital projects with the monetization of the \$30m loan receivable from Guelph Hydro Inc., increased developer contribution revenues and the government infrastructure renewal grants.

5 Year Review - Net Debt

(in \$millions)



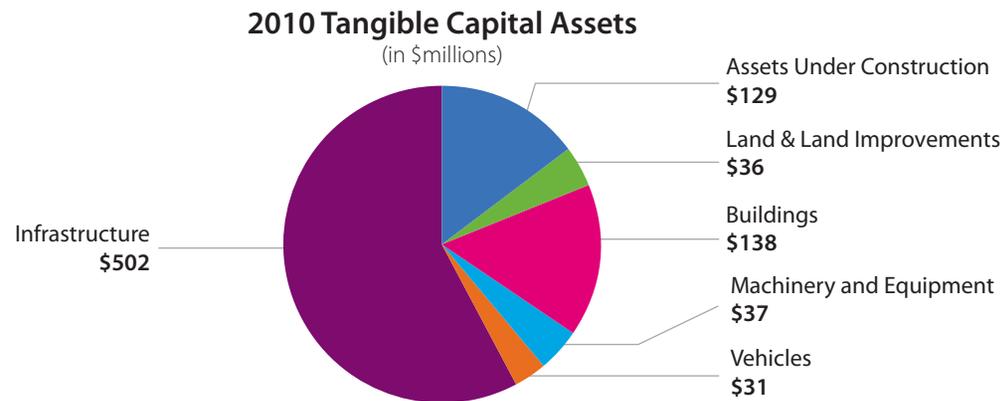
Consolidated statement of financial position: Highlights

The City's debt position in the past five years has moved concurrently with the investment in major infrastructure projects. These debt levels are monitored continuously to ensure they are supportable and that cash is available to pay down the maturities. In 2011, approximately \$22m of debt retirement is expected with the maturities of several debentures. It should be noted though that this debt retirement will be offset against the new debt that is planned to be issued in 2011 and 2012. Council has currently approved \$43.5 million of new debt to be issued over the next 2 years to fund certain significant capital projects in accordance with the City Debt Management Policy including the Clair Road Emergency Services Centre and the Organics Waste Facility.

In April of 2011, Standards & Poor's finished its annual review of the City's debt position and announced that Guelph has maintained the AA rating, further supporting the City's solid economic base, manageable debt and good operating performance. This rating is extremely positive and will allow the City to issue the planned 2011 debt at a competitive rate.

Non-financial assets:

What follows focuses on tangible capital assets (TCA), the most significant component of the entire statement of financial position.

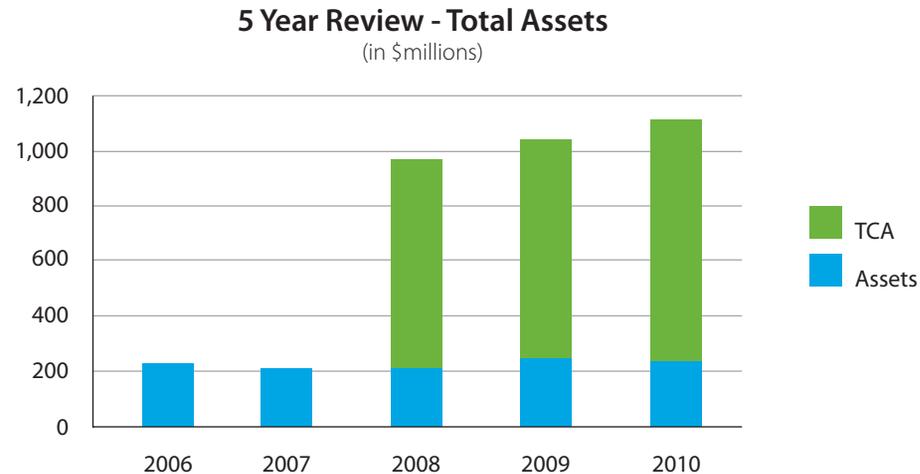


A substantial change in accounting policy occurred in 2009 whereby all governments and government entities were required to report tangible capital assets for the first time. This was an enormous undertaking and required the 2008 financial statements to be restated as every asset the City owned was inventoried, valued and capitalized.

To illustrate the magnitude of this project, the City had to value every road, every acre of land, every vehicle (police, ambulance, fire, snow removal, etc), water infrastructure, wastewater infrastructure, sewer infrastructure and equipment (computers, road signs, library books etc).

The City's total assets were valued at \$1.318 billion (net book value of \$795 million) at the end of 2009. This is considered an estimated value using a combination of engineering valuations, estimated land values and actual historic cost when records were available.

Consolidated statement of financial position: Highlights



There was an extraordinary amount of capital spending in 2010 due to projects approved related to infrastructure stimulus funding in addition to already approved projects for the year. In total the City spent \$119 million (as compared to \$69 million in 2009) on a number of key initiatives:

- \$59m on road, water main and waste water infrastructure projects
- \$11.5m on the new Organics Waste Facility (expected to open in 2011)
- \$7.8m on the new POA Courthouse (opened in summer of 2010)
- \$6.3m on the new Civic Museum (expected to open in winter 2011)
- \$6.7m on the new Clair Road Emergency Services Centre (expected to open in spring 2011)
- \$6.8m on the Hanlon Creek Business Park
- \$4.5m on recreational and parks projects (includes Guelph trails, parks Sleeman Centre clock and equipment replacement)
- \$2m on new accessible transit buses

These investments are what make Guelph one of the best and most innovative places to live in Canada. These investments are strategic to the City's ability to attract new business and to keep the current and future residents safe. The City is proud of its investment in these projects and has used the opportunity to partner with the provincial and federal governments to maximize the return for the community.

Consolidated statement of financial position: Highlights

Accumulated surplus

The accumulated surplus is the City's ending net accumulated position of assets in excess of all liabilities. The most significant component of the City's accumulated surplus is the cumulative investment in tangible capital assets, followed by the reserves and reserve funds or net debt depending on the year. The changes in invested in TCA and net debt have previously been discussed and this section will now focus on the remaining components.

Component	2010	2009
Invested in tangible capital assets	\$873,419	\$795,228
Reserve and reserve funds	\$130,086	\$90,647
Invested in government business enterprises	\$72,475	\$71,026
Net debt	(\$97,279)	(\$106,777)
Employee benefits and landfill gross liabilities	(\$37,277)	(\$35,687)
Other working capital	(\$38,467)	\$28,870

The change in the other working capital category follows the discussion earlier with respect to the decreasing net financial asset position year over year. The working capital has diminished from a positive \$28.9m to a negative \$38.4m due to:

- Monetization of the Guelph Hydro Inc. note receivable caused a reduction in assets of \$30m
- Increased accounts receivable by \$19m primarily due to infrastructure stimulus funding
- Increased accounts payable and accrued liabilities of \$12m due to timing of payment of liabilities near year end
- Increased deferred contributions by \$5m from developer contributions and grants that were unspent at the end of 2010

Employee benefits and landfill liabilities have increased slightly year over year due to a change in discount rate as required from the change in the market as well as the City undergoing a full actuarial valuation for the employee future benefit liability.

Reserve and reserve funds

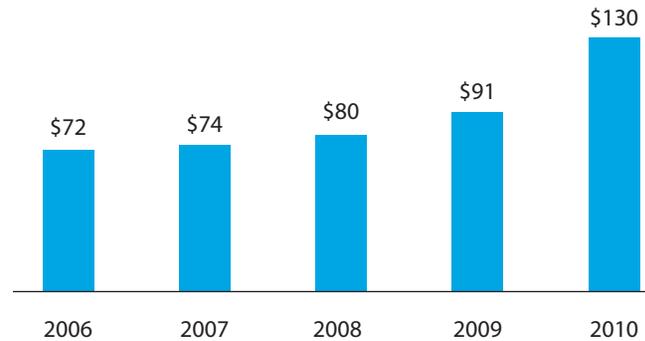
Reserves and Reserve Funds are used to internally set aside funding for future capital maintenance projects, as well as other expected and unexpected obligations and are a key consideration to the City's strategy of being an affordable and sustainable City. Attached to the Consolidated Financial Statements in Schedule 4 is a complete listing of all of the City's reserves and reserve funds and the purpose of those funds. The City follows a Council approved policy that determines when reserve and reserve funds can be used to fund expenditures.

The five-year picture shows that in 2010 a significant increase in the reserves and reserve fund balances was achieved. Much of this was due to the monetization of the Guelph Hydro Inc. loan, as previously reported.

Consolidated statement of financial position: Highlights

5 Year Review - Reserves and Reserve Funds

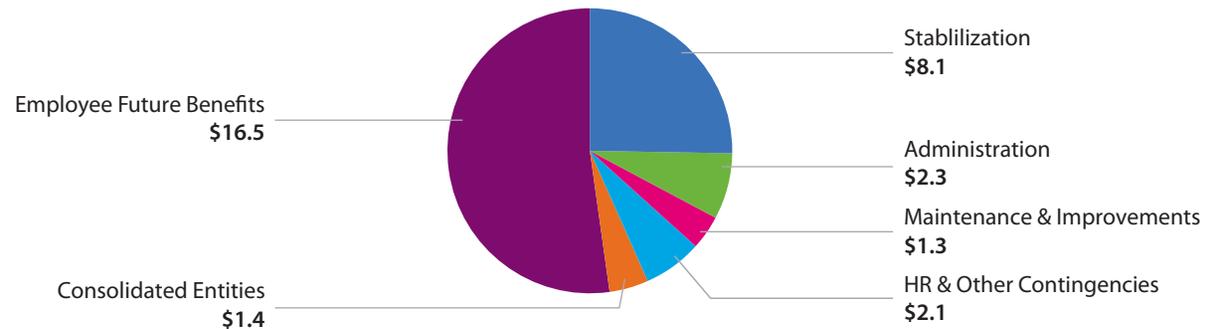
(in \$millions)



Although the City has increased the reserves and reserve fund balances substantially in 2010, the financial indicators as presented earlier on the "Performance Measures Report Card" show that the City still has room for improvement with respect to these funds.

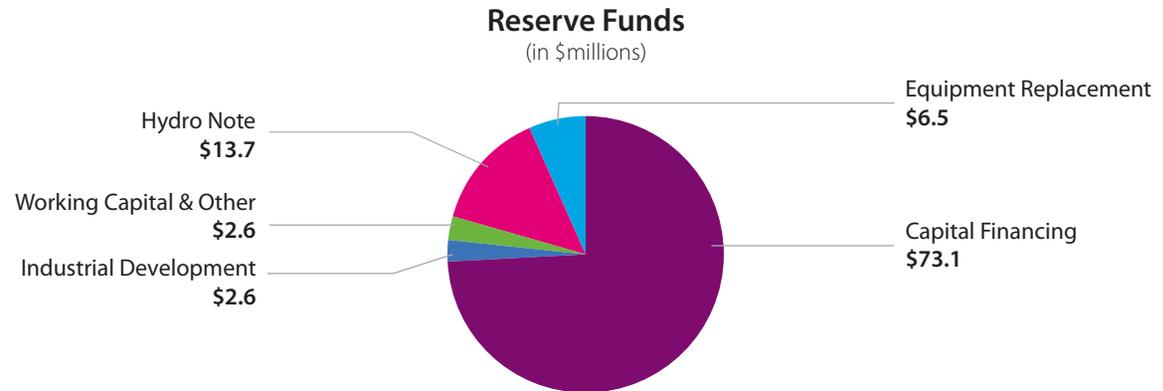
Reserves

(in \$millions)



The reserves are for general, broad-based use including stabilization of tax and user fee rates, to fund future employee benefits expenses and to use as a contingency in unexpected situations. Year over year the reserves have increased by \$3.2m or 12%.

Consolidated statement of financial position: Highlights



The reserve funds are used to fund capital life cycling projects and other special one-time projects that would be allowable under the Council approved policy. Of the \$30 million received from the monetization of the Guelph Hydro Inc. note, \$16.3 million was allocated to the capital financing category since these funds were already committed for approved capital projects. The balance of the Hydro funds are not yet designated and therefore are shown separately in the reserve funds diagram. Year over year the reserve funds balances increased by \$36.2m or 58%.

Investment in government business enterprises

The City of Guelph wholly owns the shares of two corporations:

- Guelph Hydro Inc. (GHI)
- Guelph Junction Railway Corporation (GJR)

In accordance with the PSAB standards, these companies are considered Government Business Enterprises (GBEs) for financial reporting and are required to be included on the City's Statement of Financial Position as an investment.

Consolidated statement of financial position: Highlights

5 Year Review - Investment in GJR vs GHI

(in \$thousands)



GHI has two businesses:

- Guelph Hydro Electric Systems Inc. is an electricity distributor for residential and business customers within Guelph and Rockwood and its activities are regulated by the Ontario Energy Board
- Ecotricity Guelph Inc. develops, owns and operates renewable generation assets in the City of the Guelph

The City's investment in GHI is important from both a financial and partnership perspective as it provides an annual return through a healthy dividend payment, and is strategic as the City embarks on the Community Energy Initiative (CEI)

The vision of CEI is to create a healthy, reliable and sustainable energy future by continually increasing the effectiveness of how the City uses and manages its energy and water resources. The primary goals are to reduce energy and green house gas emissions per capita; ensure reliable and affordable energy, water and transportation services for the community; and to attract quality investment to the City and ensure Guelph's competitiveness over the long-term.

To date, through the important partnership with GHI, the CEI has implemented solar power on certain City rooftops, combined heat and power/cogeneration, bioenergy projects and electric vehicle market research.

GJR is a much smaller corporation and owns and manages rail track and rail transportation operations within the City of Guelph limits. Although this company currently does not provide the City with an annual financial return, it manages an important transportation network that is essential to many businesses within the City.

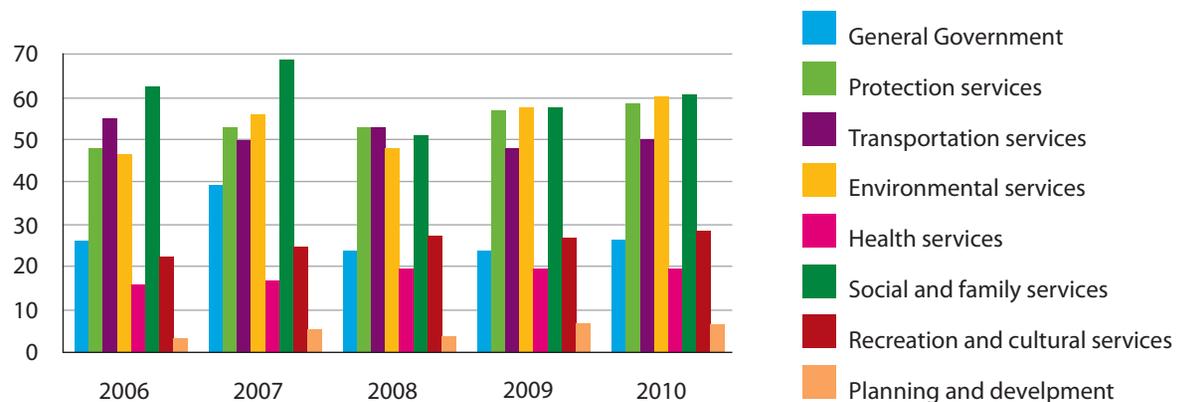
Consolidated statement of operations and surplus: Highlights

The consolidated statement of operations reports the annual surplus (deficit) from operations during the accounting period. The statement shows the cost of government services provided, the revenues recognized in the period and the difference between them.

Expenses

The City provides several services that are essential to the daily living of every resident. The picture below is a great overview of these services and what proportion of the City's budget is allocated to these services.

5 Year Review - Expenditures by Function
(in \$millions)



Some of the major services included in each of these categories are:

General government: Finance, Human Resources, Information Technology, Legal, Communications and Mayor and Council expenses

Protection services: Police Services, Fire Services and Court Services

Transportation services: Roads and Road Maintenance, Transit Operations and Parking

Environmental services: Water Services, Sanitary Sewers and Wastewater Services, Storm Sewers and Solid Waste Collection (Recycling and Disposal)

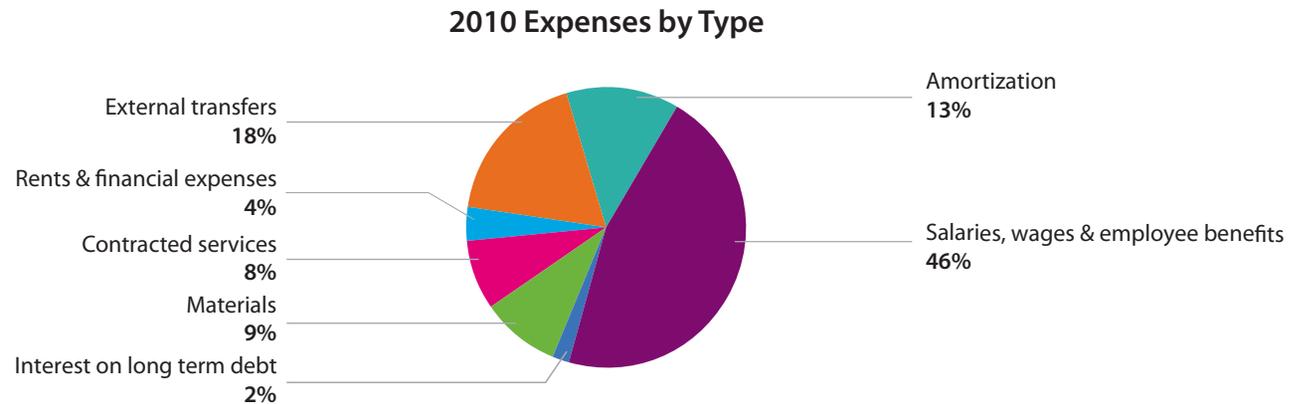
Health services: Ambulance Operations, 46% of the Board of Health's expenditures

Consolidated statement of operations and surplus: Highlights

Social and family services: Social Housing Programs, Childcare Programs, Ontario Works Programs, Retirement home funding and the operations of the Elliot (starting 2009 when the City was required to consolidate this organization for accounting purposes)

Recreation and culture: Library, Museum, River Run Centre, Sleeman Centre, Parks Maintenance and all the Recreation Centres

Planning and development: Planning and zoning, visitor centre, economic development for commercial and industrial and the Guelph Downtown Business Association



Year over year the types of expenditures incurred by the City are largely unchanged but some highlights include:

- Salaries, wages and benefits continue to be the most significant component of the City's costs and have increased by \$5.6 million or 4% over 2009. \$2.4 million of this increase is attributable to the increase in employee future benefit liabilities as computed by actuarial valuation. The balance of the increase relates to required wage increases in accordance with various collective agreements
- External transfers substantially consist of the payments made to the County of Wellington for social service programs (child care, subsidized work programs, social housing) that it provides on behalf of the City, and payments made to the Board of Health. The increase of \$4.9 million over 2009 is attributable to a change in the basis used to determine the City's proportionate share of the program costs which increased the City's share by \$2.1 million in 2010. Additionally, the City has included a provision for the dispute with the County of Wellington regarding the Wellington Terrace as described in notes to the financial statements
- Amortization has increased by \$5.4 million or 15% over 2009. The City consolidated many of the tangible capital asset categories in 2010 to support a more efficient and user-friendly reporting system. This process changed a number of useful life estimates to make them consistent with the group as a whole and caused an increase in the depreciation expense as a result. In addition, with the significant amount of capital spending in the past two years, many new assets have been put into use, also adding to the increase in the expense
- Contracted service costs include utilities, consultants, marketing costs, audit and legal fees and other service related expenses and have been reduced by \$3.2 million or 11% from 2009 thanks to a City-wide effort to reduce expenses and delay non-urgent maintenance until the next fiscal year. This decrease contributed to the City's operating surplus for 2010 and is reflective of the department trying to reduce costs where possible

Consolidated statement of operations and surplus: Highlights

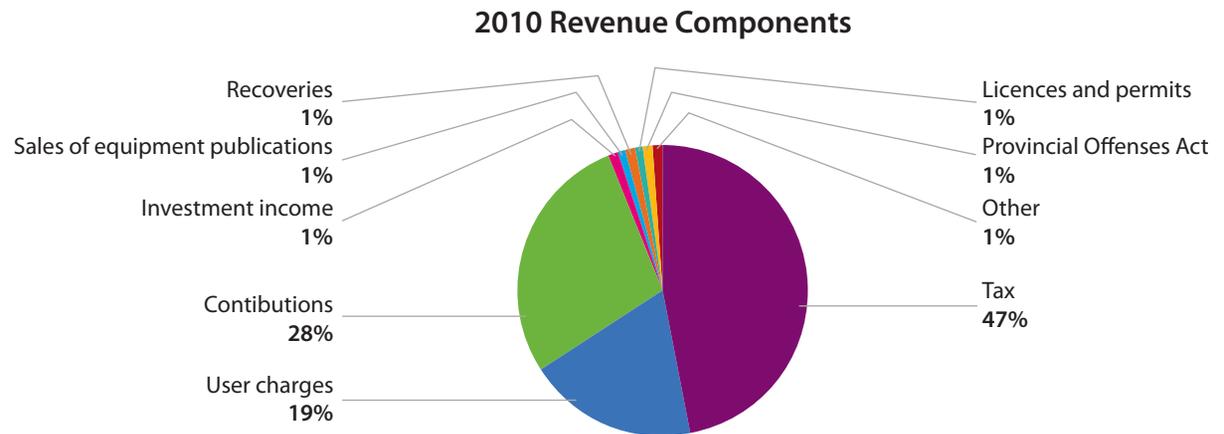
- Materials, interest on net debt and rents and financial expenses have stayed relatively consistent year over year and there is nothing significant to highlight in these categories

Included in Schedules 1 and 2 to the Consolidated Financial Statements is a breakdown of these costs by function. The breakdown provides a more detailed picture of the costs associated with the City services.

Looking forward to 2011, there are no expected changes to the types of expenses incurred by the City, nor is there any expected change to the level of funding within each functional area.

Revenues

The City pays for these services through a variety of revenue streams including property taxes, user fees, external contributions from other governments and developers and some other smaller sources like investment income, sales of goods, and permits and fees.



The following are revenue highlights for 2010:

- Property taxes continued to total almost 50% of the City's revenue; from 2009 to 2010 there was an increase in the tax base of 3.66% as approved during the 2010 budget deliberations. In addition there was an unbudgeted amount of \$2.5 million collected as a result of increased supplementary tax billings due to MPAC fast tracking some additional properties that were not expected to be added to the roll until 2011
- User fees include a variety of revenue streams including water and wastewater revenues and recreation program revenues, transit fees, parking fees, and other community pay for use programs (Sleeman Centre and River Run revenues). The increase in this revenue from 2009 is attributed to the following: Water and wastewater rates increased 10% from 2009; recreational

Consolidated statement of operations and surplus: Highlights

- program fees increased over 2009 from 3% to 10% depending on the service; and transit fares were increased 7% over 2009.
- Contribution revenues consist of revenues from the federal and provincial governments, other municipalities and developers. From 2009, contributions have increased from 22% of total revenue to 28% mostly due to the infrastructure stimulus grants received from the federal and provincial governments for infrastructure renewal. In total, \$27 million is included in revenue relating to these grants compared to \$1.5 million in 2009. Due to an extension for the deadline for completion of these projects to October 2011, an additional \$17.5 million is expected in 2011. The contribution revenue also includes developer contributions that were used to fund capital expenditures incurred during the year. These revenues increased from \$10.6m to \$17m in 2010 which is reflective of the increased capital spending.
 - Investment income has decreased by \$3m since 2009 due to i) a decrease in the dividend received from Guelph Hydro Inc. from \$2.25m to \$1.5m; ii) an increase in the interest attributed to the reserve funds and obligatory reserves of \$695k; iii) a reduction in interest earned on investments of \$510k; and iv) in 2009 there was a gain relating to the SWAP debt of \$864k which was in a loss position in 2010.
 - A loss of \$9.3m from the Government Business Enterprises in 2009 increased to a more normal income position of \$1.4m in 2010. Due to a change in accounting policy standards in 2009, Guelph Hydro Inc. was required to derecognize a future tax asset that caused the significant loss in the prior year.

Consolidated financial statements

In the following section of this report,

the City of Guelph Consolidated Financial Statements have been included in full including the Notes to the consolidated financial statements and Schedules to the Financial Statements which provide additional information and commentary on the City's financial position. Attached to the Consolidated Financial Statements is the unqualified audit report from the external auditors Deloitte and Touche LLP. The audit report provides assurance that these statements have been prepared in accordance with the PSAB standards and are free from material misstatements.

Independent Auditor's 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, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements 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 Consolidated 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.

Auditor's 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 the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of City of Guelph as at December 31, 2010 and the results of its operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants
June 27, 2011

Deloitte.

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Canada

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www.deloitte.ca

Consolidated statement of financial position

As at December 31, 2010

('000's)

	2010	2009
	\$	\$
Financial assets		
Cash	43,727	56,643
Investments (Note 4)	73,135	58,896
Taxes receivable	7,481	7,648
Accounts receivable	39,941	21,072
Developer agreement receivables	1,004	458
Loans and notes receivable	1,312	30,358
Investment in Guelph Junction Railway Company (Note 5)	5,722	5,584
Investment in Guelph Hydro Inc. (Note 6)	66,753	65,442
	239,075	246,101
Liabilities		
Accounts payable and accrued liabilities	43,497	31,216
Accrued interest payable	777	841
Vacation and other employee benefits payable (Note 7)	5,421	5,637
Other deferred revenue	10,336	8,887
Deferred contributions (Note 8)	23,294	17,792
Employee future benefits (Note 10)	25,856	23,450
Net debt (Note 11)	97,279	106,777
Landfill post-closure liability (Note 12)	6,000	6,600
	212,460	201,200
Net financial assets	26,615	44,901

Consolidated statement of financial position (continued)

As at December 31, 2010

('000's)

	2010	2009
	\$	\$
Non-financial assets		
Tangible capital assets (Note 13)	873,419	795,228
Inventory	2,452	2,689
Prepaid expenses	471	489
	876,342	798,406
Contingencies (Note 19)		
Commitments and guarantees (Note 20)		
Accumulated surplus (Note 14)	902,957	843,307

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

Consolidated statement of operations and accumulated surplus

Year ended December 31, 2010

('000's)

	2010 Budget (Note 22)	2010 Actual	2009 Actual
	\$	\$	\$
Revenues			
Taxation			
Property taxation - own purpose	162,955	165,391	157,143
Property taxation - education purposes	-	61,727	61,046
Property taxation - Downtown Guelph Business Association	412	412	412
Taxation from other governments	4,862	5,500	4,767
Penalties and interest on taxes	1,393	1,480	1,460
	169,622	234,510	224,828
Less: Amounts received or receivable for school boards (Note 3)	-	(61,727)	(61,046)
	169,622	172,783	163,782
User charges	67,363	68,364	66,979
Contributions			
Government of Canada	5,780	20,340	6,975
Province of Ontario	42,792	57,321	42,893
Municipal	8,930	8,255	5,582
Developers	7,572	17,873	10,836
Other	291	683	1,109
	132,728	172,836	134,374

Consolidated statement of operations and accumulated surplus (continued)

Year ended December 31, 2010

('000's)

	2010 Budget (Note 22)	2010 Actual	2009 Actual
Revenues (continued)			
Other			
Investment income	5,583	4,184	7,161
Donations	946	890	360
Sales of equipment, publications	3,136	4,073	3,202
Recoveries	5,195	5,082	7,144
Licences and permits	2,757	3,107	2,931
Provincial Offenses Act revenues	3,115	3,675	2,959
Other fines	752	752	641
Gain (loss) on disposal of tangible capital assets	55	(442)	(14)
Income (loss) from Government Business Enterprises	-	1,448	(9,357)
	21,539	22,769	15,027
Total revenues	323,889	368,388	313,183
Expenses			
General government	26,645	26,060	23,851
Protection services	57,378	58,286	57,100
Transportation services	49,270	49,576	47,577
Environmental services	58,438	59,987	57,549
Health services	20,047	19,523	19,279
Social and family services	43,194	43,961	43,408
Social housing	17,480	16,753	14,135
Recreation and cultural services	28,390	28,595	26,838
Planning and development	5,775	6,457	6,634
Total expenses	306,617	309,198	296,371

Consolidated statement of operations and accumulated surplus (continued)

Year ended December 31, 2010

('000's)

	2010 Budget (Note 22)	2010 Actual	2009 Actual
Excess of revenues over expenses for the year	17,272	59,190	16,812
Accumulated surplus, beginning of year	843,307	843,307	878,152
Adjustments (Note 2)	-	-	(51,593)
Add: Interest on / transfers to reserves and reserve funds	-	821	(4)
Less: Minority interest in Health Unit tangible capital assets	-	(361)	(60)
Accumulated surplus, end of year	860,579	902,957	843,307

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

Consolidated statement of changes in net financial assets

Year ended December 31, 2010

('000's)

	2010 Budget (Note 22)	2010 Actual	2009 Actual
		\$	\$
Excess of revenue over expenses for the year	17,272	59,190	16,812
Amortization of tangible capital assets	36,000	40,811	35,342
Acquisition of tangible capital assets	(63,047)	(119,742)	(69,255)
Loss on disposal of tangible capital assets	-	442	14
Proceeds on disposal of tangible capital assets	55	298	229
Minority interest in Health Unit tangible capital assets	-	(361)	(60)
Interest on / transfers to reserves and reserve funds	800	821	(4)
Change in inventory	-	237	76
Change in prepaid expenses	-	18	68
Decrease in net financial assets for the year	(8,920)	(18,286)	(16,778)
Net financial assets, beginning of year	44,901	44,901	61,678
Net financial assets, end of year	35,981	26,615	44,901

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

Consolidated statement of cash flows

Year ended December 31, 2010

('000's)

	2010	2009
	\$	\$
Operating activities		
Excess of revenues over expenses for the year	59,190	16,812
Items not affecting cash:		
Amortization of tangible capital assets	40,811	35,342
Loss on disposal of tangible capital assets	442	14
Allowance on asset backed investment	565	578
Gain on interest rate swap contracts	(139)	(533)
(Income) loss from Government Business Enterprises	(1,448)	9,357
Employee future benefit expenses	2,406	1,340
Landfill post-closure (recovery) expenses	(600)	900
Changes in non-cash working capital:		
Taxes receivable	167	(414)
Accounts receivable	(18,869)	(8,813)
Developer agreement receivables	(546)	(458)
Inventory	237	76
Prepaid expenses	18	68
Accounts payable and accrued liabilities	12,420	3,703
Accrued interest payable	(64)	-
Vacation and other benefits payable	(216)	650
Other deferred revenue	1,449	(260)
Cash provided by operating	95,823	58,362

Consolidated statement of cash flows (continued)

Year ended December 31, 2010

('000's)

	2010	2009
	\$	\$
Capital and investing activities		
Acquisition of tangible capital assets	(119,742)	(69,255)
Minority interest in Health Unit tangible capital assets	(361)	(60)
Proceeds from disposal of tangible capital assets	298	229
Change in loans and notes receivable	29,046	(310)
Net investment acquisitions	(14,804)	(24,200)
Cash used by capital and investing	(105,563)	(93,596)
Financing activities		
Proceeds from new debt issued	379	34,870
Repayment of debt principal	(9,878)	(8,529)
Interest on / transfers to reserves and reserve funds	821	(4)
Net change in deferred contributions	5,502	(3,113)
Cash (used) provided by financing	(3,176)	23,224
Decrease in cash for the year	(12,916)	(12,010)
Cash, beginning of year	56,643	68,653
Cash, end of year	43,727	56,643

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

Notes to the consolidated financial statements

December 31, 2010

('000's)

1. Significant accounting policies

The consolidated financial statements 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 financial assets, liabilities, operating revenues and expenses and changes in investment in tangible capital assets 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 general City departments, the reporting entity includes the following:

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

All interfund assets, liabilities, revenues and expenses have been eliminated. The Elliott's fiscal year ends March 31, which does not coincide with the City's fiscal year end. The Elliott has been consolidated using the fiscal year ending March 31, 2010.

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 46% (2009 - 46%) based on population, as stated in agreement with the other participants.

Modified equity basis entities

The investments in Guelph Hydro Inc. and Guelph Junction Railway Company are accounted for on a modified equity basis, consistent with the generally accepted accounting principles 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.

Non-consolidated entities

The following local boards are not consolidated:

- School Boards
- Guelph General Hospital Commission
- Guelph Cemetery Commission
- Guelph Non-Profit Housing

Notes to the consolidated financial statements

December 31, 2010

('000's)

1. Significant accounting policies (continued)

Reporting entity (continued)

Accounting for school board transactions

The taxation and other revenues with respect to the operations of the school boards are reflected in the Consolidated Statement of Operations and Accumulated Surplus but with no effect on the accumulated surplus since the total is also shown as a deduction from revenue.

In addition, the expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements except to the extent that any over or under levies are reported on the Consolidated Statement of Financial Position as part of "accounts payable and accrued liabilities" or "accounts receivable".

Basis of accounting

Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. 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.

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 when the result of the appeal process is reasonably certain. The City is entitled to collect interest and penalties on overdue taxes. The revenues are recorded in the period the interest and penalties are levied. Tax revenue is recorded net of reductions. 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. Transfers to and/or from reserves and reserve funds are recorded as an adjustment within accumulated surplus.

Deferred revenue and deferred contributions

Deferred revenues represent user charges and fees which have been collected but for which the related services or expenditures have yet to be performed. These revenues will be recognized in the fiscal year the services or expenditures are performed.

Deferred contributions represent developer contributions and other contributions that have been contributed for a specific purpose and for which the related expenditure or services have yet to be performed. These amounts are recognized in the same period that the related expenditure or service has occurred.

Notes to the consolidated financial statements

December 31, 2010

('000's)

1. Significant accounting policies (continued)

Basis of accounting (continued)

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

In 2010, certain of the estimated lives were changed from 2009 to better reflect their actual usage.

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.
- (iv) Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of 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.

Notes to the consolidated financial statements

December 31, 2010

('000's)

1. Significant accounting policies (continued)

Basis of accounting (continued)

Government transfers

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing that the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

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. Investment income earned on reserves and reserve funds are recorded as an increase in accumulated surplus.

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 and the carrying value of tangible capital assets. Actual results could differ from these estimates.

Future accounting changes

Effective for fiscal periods beginning on or after April 1, 2012, all governments will be required to adopt Public Sector Accounting Board Handbook ("PSAB") Section 3510, Tax Revenue. This standard provides guidance to governments on the accounting and reporting of tax revenue in the financial statements.

Effective for fiscal periods beginning on or after April 1, 2012, all governments will be required to adopt Public Sector Accounting Board Handbook ("PSAB") Section 3410 Government Transfers. This standard provides guidance to governments for the accounting and reporting of government transfers from both the transferring government and the recipient government in the financial statements.

Effective for fiscal periods beginning on or after April 1, 2014, all governments will be required to adopt PSAB Section 3260, Liability for Contaminated Sites. This standard provides guidance on how to account for and report a liability associated with the remediation of contaminated sites, defines which activities would be included in the liability for remediation, establishes when to recognize and how to measure a liability for remediation and provides guidance on financial statement presentation and disclosure.

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

Notes to the consolidated financial statements

December 31, 2010

('000's)

2. Restatement of 2009 comparative figures

During the 2010 year, it was found that certain assets and liabilities reported in the 2009 consolidated financial statements contained misstatements and therefore have been adjusted for retroactively in the comparative figures of these consolidated financial statements.

It was found that certain tangible capital assets were included in both "assets under construction" as well as in their specific asset category and has been adjusted for retroactively. One of the long-term debt instruments owed by the City since 2006 was found to meet the definition of a hedge in accordance with the accounting standards and as such an adjustment to reflect the fair market value of the loan has been recorded retroactively. It was also found that a long-term loan receivable was excluded from the Consolidated Statement of Financial Position in 2009 and prior years and as such has been adjusted for retroactively in the current statements. Finally, there were two other minor retroactive adjustments related to the consolidated entities and the presentation of the interest/transfers to reserves and the minority interest the City holds in the Health Unit tangible capital assets. The net impact of these adjustments on the 2009 surplus was minimal and as such no adjustment has been included.

The total impact of correcting these items in the 2009 comparative figures is as follows:

	As previously reported	Adjustment	2009 As restated
	\$	\$	\$
Tangible capital assets	876,386	(81,158)	795,228
Loans and notes receivable	358	30,000	30,358
Developer receivables	(458)	916	458
Accounts payable and accrued liabilities	(29,977)	(1,239)	(31,216)
Accumulated surplus, beginning of year	(878,152)	51,592	(826,560)
Interest/transfers to reserves and reserve funds	-	(4)	(4)
Minority interest in Health Unit tangible capital assets	-	(60)	(60)
Accumulated surplus, end of year	(894,964)	51,656	(843,308)

Notes to the consolidated financial statements

December 31, 2010

('000's)

3. Operations of school boards

The taxation, other revenues, expenses and levies of the school boards are comprised of the following:

	2010	2009
	\$	\$
Taxation	61,725	61,044
Payment in lieu	2	2
	61,727	61,046
Requisitions	(61,727)	(61,046)
Net levy for the year	-	-

Included in accounts receivable are levies owing from the school board totaling \$577 (2009 - \$63).

4. Investments

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

	2010		2009	
	Market	Cost	Market	Cost
	\$	\$	\$	\$
Short-term investments	49,804	49,785	34,541	33,433
Long-term investments	24,182	23,350	24,018	25,463
	73,986	73,135	58,559	58,896

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 (increase of \$64) but recognized the highly speculative nature of any ultimate payment of principal at maturity by booking a provision for impairment. The impairment is recorded net of the cost of the long-term investments and is estimated to be 49% of the investment cost or \$1,143 (2009 - 25% or \$578).

Notes to the consolidated financial statements

December 31, 2010

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5. Investment in Guelph Junction Railway Company

The following table provides condensed supplementary financial information for the Guelph Junction Railway Company (the "Railway") for the year ended December 31:

	2010	2009
	\$	\$
Financial position		
Current assets	657	623
Property, plant and equipment	6,380	6,385
Total assets	7,037	7,008
Current liabilities	300	366
Deferred capital contributions	1,015	1,058
Total liabilities	1,315	1,424
Net assets	5,722	5,584
Results of operations		
Revenues	1,503	1,141
Operating expenses	1,365	1,166
Net income (loss)	138	(25)
Retained earnings, beginning of year	5,584	5,609
Retained earnings, end of year	5,722	5,584

Notes to the consolidated financial statements

December 31, 2010

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5. Investment in Guelph Junction Railway Company (continued)

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. During the year, these net expenses reimbursed to the City amounted to \$260 (2009 - \$112). Additional payments in 2010 of \$116 were made to the City to repay the amount owing from prior years. The total amount owing to the City at year end is \$195 (2009 - \$310) and is included as part of loans and notes receivable.

The Railway also paid the City \$22 (2009 - \$19) in administration fees and in 2009, the Railway paid the City \$86 related to an operating lease for certain property which expired in 2009. These transactions were made in the normal course of business and have been recorded at the exchange amounts.

6. Investment in Guelph Hydro Inc.

The City of Guelph owns 100% of Guelph Hydro Inc (the "Company"), which in turn owns 100% of Guelph Hydro Electric Systems Inc., Ecotricity Guelph Inc. and over 99% of Wellington Electric Distribution Company Inc. The following table provides condensed supplementary financial information for the Company for the year ended December 31:

	2010	2009
	\$	\$
Financial position		
Current assets	73,069	36,532
Property, plant and equipment	101,591	93,623
Future income taxes	9,512	9,646
Total assets	184,172	139,801
Current liabilities	23,575	51,123
Customer deposits	4,090	3,671
Long-term debt	65,462	-
Regulatory liabilities	15,315	10,794
Other long-term liabilities	8,977	8,771
Total liabilities	117,419	74,359

Notes to the consolidated financial statements

December 31, 2010

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6. Investment in Guelph Hydro Inc. (continued)

	2010	2009
	\$	\$
Total shareholder's equity	48,576	48,576
Net assets	18,177	16,866
Total Investment	66,753	65,442
Results of operations		
Revenues	145,217	123,541
Cost of sales	117,710	96,819
Operating expenses	22,749	20,808
Impairment of property, plant and equipment	-	2,984
Income taxes	1,947	3,488
Total expenses	142,406	124,099
Net income (loss)	2,811	(558)
Retained earnings, beginning of year	16,866	26,143
Adjustment due to change in accounting policy	-	(6,469)
Dividends	(1,500)	(2,250)
Retained earnings, end of year	18,177	16,866

Related party transactions

The Company pays certain expenses and receives certain revenues on behalf of the City related to customer water billings for which the Company remits to the City bi-monthly. During the year, these net revenues remitted amounted to \$36,477 (2009 - \$32,513). Amounts owing to the City related to these transactions total \$6,623 (2009 - \$6,185) and are included in accounts receivable. During the year, the Company repaid 100% of a loan owing to the City of \$30,000 and also paid interest on this loan totaling \$1,708 (2009 - \$1,830), which is included in investment income on the Consolidated statement of operations and accumulated surplus.

Dividend income was received from the Company of \$1,500 (2009 - \$2,250) and is also reported as part of investment income. These transactions were made in the normal course of business and have been recorded at the exchange amounts.

Notes to the consolidated financial statements

December 31, 2010

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7. Vacation & other employee benefits payable

This accrual includes accrued vacation pay and other payroll liabilities including banked overtime and statutory days in lieu. A reserve has been accumulated to fund this liability and totals \$5,122 (2009 - \$5,122).

8. Deferred contributions

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

	Beginning balance 2009	2010 Inflows	2010 Outflows	Ending balance 2010
	\$	\$	\$	\$
Development charges	14,585	19,280	17,020	16,845
Grants	2,884	37,817	34,588	6,113
Other	323	264	251	336
	17,792	57,361	51,859	23,294

The development charges funds are used to fund growth related capital expenditures. The grants include federal gas tax funds, provincial gas tax funds, infrastructure stimulus funds, federal public transit funds and Ontario bus replacement funds. Each of the grants has a specified set of guidelines that outlines how the funds can be utilized.

9. Pension agreement

The City makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer plan, on behalf of the 1,577 (2009 - 1,555) 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 2010 is \$7,586 (2009 - \$7,242) for current service (of which 50% is a cost of the City and is reported as an expense on the Consolidated Statement of Operations and Accumulated Surplus).

As at December 31, 2010, the City has no obligation under the past service provisions of the OMERS agreement.

As at December 31, 2010 the OMERS plan is in a deficit position of \$4.5 billion (2009 - \$1.5 billion), which will be addressed through the temporary contribution rate increases implemented during 2010 and achieving a rate of return above 6.5% on net assets.

Notes to the consolidated financial statements

December 31, 2010

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10. Employee future benefits

Employee future benefits are future liabilities of the City to its employees and retirees for benefits earned but not taken as at December 31, 2010 and consist of the following:

	2010	2009
	\$	\$
Workplace Safety and Insurance ("WSIB")	3,233	2,913
Sick leave	9,409	8,923
Post retirement benefits	13,214	11,614
	25,856	23,450

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.

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

- Discount rate 5% (2009 - 5%)
- Expected future WSIB payments per lost time injury 52% (2009 - 61%)
- Health care inflation CPI + 4% (2009 - CPI + 4%)
- WSIB Administration Rate 22% (2009 - 25%)
- Lost time injury count 46 (2009 - 36)

Notes to the consolidated financial statements

December 31, 2010

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10. Employee future benefits and other liabilities (continued)

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

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

	2010	2009
	\$	\$
Accrued benefit obligation, beginning of year	3,740	3,423
Current service cost	690	600
Interest	188	171
Actuarial loss	-	147
Benefits paid	(669)	(601)
Accrued benefit obligation, end of year	3,949	3,740
Unamortized net actuarial loss	(716)	(827)
	3,233	2,913

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

	2010	2009
	\$	\$
Current period benefit cost	690	600
Amortization of net actuarial loss from December 31, 2009 valuation	15	-
Amortization of net actuarial loss from December 31, 2006 valuation	96	97
Interest expense	188	171
	989	868

A comprehensive actuarial valuation of the future liability for WSIB benefits was conducted as at December 31, 2009 and has been extrapolated to estimate the liability for the 2010 through 2012 period. The next required valuation will be as of December 31, 2012.

A reserve in the amount of \$1,526 (2009 - \$1,498) has been accumulated to fund this liability.

Notes to the consolidated financial statements

December 31, 2010

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10. Employee future benefits and other liabilities (continued)

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.

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

- Discount rate 4.75% (2009 - 5%)
- Inflation rate 2% (2009 - 2%)

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

	2010	2009
	\$	\$
Accrued benefit obligation, beginning of year	8,863	8,440
Current service cost	739	706
Interest	423	423
Net actuarial gain	-	(60)
Benefits paid	(672)	(646)
Accrued benefit obligation, end of year	9,353	8,863
Unamortized net actuarial gain	56	60
	9,409	8,923

Notes to the consolidated financial statements

December 31, 2010

('000's)

10. Employee future benefits and other liabilities (continued)

b) Liability for sick leave (continued)

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

	2010	2009
	\$	\$
Current period benefit cost	739	706
Amortization of net actuarial gain	(4)	-
Interest expense	423	423
	1,158	1,129

The measurement date of the sick leave liability coincides with the City's fiscal year. A comprehensive actuarial valuation was completed as of December 31, 2009 and the next required valuation will be as of December 31, 2012.

A reserve in the amount of \$9,579 (2009 - \$8,366) has been accumulated 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% (2009 - 5%)
- Consumer price index 2.0% (2009 - 2.0%)
- Prescription Drugs Trend Rate 7.67% reducing 4.0% per year to reach 4.0% per year starting in 2019 (2009 - no change)
- Dental and other Medical Trend Rates 4% (2009 - 4%)

Notes to the consolidated financial statements

December 31, 2010

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10. Employee future benefits and other liabilities (continued)

c) Post retirement benefits (continued)

Information about the City's employee future employee benefits are as follows:

	2010	2009
	\$	\$
Accrued benefit obligation, beginning of year	13,335	10,995
Current service cost	584	525
Plan amendment	1,014	-
Net actuarial loss	-	1,721
Interest	629	551
Benefits paid	(750)	(457)
Accrued benefit obligation, end of year	14,812	13,335
Unamortized net actuarial loss	(1,598)	(1,721)
	13,214	11,614

Since the prior valuation as at December 31, 2006, the operations of the Land Ambulance were transferred from the Province of Ontario to the City. This transfer of responsibility resulted in the City inheriting a group of employees with certain contractual obligations and the impact of this is reflected in the plan amendment of \$1,014 in current year.

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

	2010	2009
	\$	\$
Current period benefit cost	584	525
Cost of plan amendment	1,014	-
Amortization of net actuarial loss	123	-
Interest expense	629	551
	2,350	1,076

Notes to the consolidated financial statements

December 31, 2010

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10. Employee future benefits and other liabilities (continued)

c) Post retirement benefits (continued)

The measurement date of the employee future benefits coincides with the City's fiscal year. An actuarial comprehensive valuation was completed as of December 31, 2010 and the next required valuation will be as of December 31, 2013.

There is currently a reserve of \$260 set up to fund this liability.

11. Net debt

a) The balance of the net debt reported on the consolidated statement of financial position is comprised of the following:

	2010	2009
	\$	\$
<hr/>		
Total debt incurred by the City		
including those incurred on behalf of related organizations		
and outstanding at the end of the year amount to	99,009	110,122
Less: debt recoverable from school boards	(1,730)	(3,345)
Net debt at the end of the year	97,279	106,777

Notes to the consolidated financial statements

December 31, 2010

('000's)

11. Net debt (continued)

b) The net debt is comprised of the following components:

	2010	2009
	\$	\$
Operating line of credit - bearing interest at prime plus 0.25%	1,750	1,370
Demand loan - interest only at 3.7%, maturing in 2011	10,000	10,000
Debentures - repayable at rates ranging from 0.095% to 6.0% and maturing from 2011 through 2031	71,636	79,993
Long-term loans - repayable at rates ranging from 3.7% to 7.5% and maturing from 2011 through 2025	11,207	12,622
Banker's acceptance, interest at 4.87% fixed through a swap transaction, repayable quarterly, maturing 2015 with option to refinance for an additional ten years, net of transaction costs	2,686	2,792
	97,279	106,777

Included in accounts payable and accrued liabilities is \$1,532 (2009 - \$1,671) representing the fair market value of the interest rate swap contracts held by the City.

c) The net debt is repayable in the following periods and will require funding in those periods as follows:

	2011-2015	2016 onwards
	\$	\$
General taxation revenues	17,706	27,307
User pay and other revenues	17,818	2,123
Developer contribution revenues	20,208	12,117
	55,732	41,547

All net debt is payable in Canadian dollars.

Notes to the consolidated financial statements

December 31, 2010

('000's)

11. Net debt (continued)

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

	2010	2009
	\$	\$
Principal repayments	9,878	8,529
Interest	4,519	5,014
	14,397	13,543

12. Landfill post-closure liability

The City owns one landfill site. This landfill site was closed in 2003. The liability for post-closure costs has been reported on the consolidated statement of financial position. The liability was calculated based upon the present value of estimated post-closure costs discounted to December 31, 2010 at a factor of 5.0% (2009 - 5.15%) 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, 2010 is \$6,000 (2009 - \$6,600).

There are no reserve funds established to fund this liability as at December 31, 2010.

Notes to the consolidated financial statements

December 31, 2010

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13. Tangible capital assets

2010				
Cost	Balance, beginning of year	Additions	Disposals	Balance, end of year
	\$	\$	\$	\$
Land	29,243	186		29,429
Land improvements	8,382	1,104		9,486
Buildings	172,466	20,527		192,993
Machinery and equipment	92,532	14,462	(460)	106,534
Vehicles	60,517	3,223	(3,278)	60,462
Infrastructure				-
Sanitary sewers & waste water	244,945	1,433		246,378
Storm water	162,892	643		163,535
Transportation	293,296	19,399		312,695
Waterworks	175,728	7,738		183,466
Assets under construction	77,757	51,027		128,784
	1,317,758	119,742	(3,738)	1,433,762

Notes to the consolidated financial statements

December 31, 2010

('000's)

13. Tangible capital assets (continued)

2010

Accumulated amortization	Balance, beginning of year	Amortization	Disposals	Balance, end of year
	\$	\$	\$	\$
Land improvements	3,026	261		3,287
Buildings	48,681	6,080		54,761
Machinery and equipment	60,540	8,943	(428)	69,055
Vehicles	25,505	6,666	(2,570)	29,601
Infrastructure				-
Sanitary sewers & waste water	99,773	4,287		104,060
Storm water	35,804	3,715		39,519
Transportation	167,522	5,762		173,284
Waterworks	81,679	5,097		86,776
	522,530	40,811	(2,998)	560,343

Notes to the consolidated financial statements

December 31, 2010

('000's)

13. Tangible capital assets (continued)

2010		
Net book value	Balance, beginning of year	Balance, end of year
	\$	\$
Land	29,243	29,429
Land improvements	5,356	6,199
Buildings	123,785	138,232
Machinery and equipment	31,992	37,479
Vehicles	35,012	30,861
Infrastructure	-	-
Sanitary sewers & waste water	145,172	142,318
Storm water	127,088	124,016
Transportation	125,774	139,411
Waterworks	94,049	96,690
Assets under construction	77,757	128,784
	795,228	873,419

Notes to the consolidated financial statements

December 31, 2010

('000's)

13. Tangible capital assets (continued)

2009				
Cost	Balance, beginning of year	Additions	Disposals	Balance, end of year
	\$	\$	\$	\$
Land	29,142	101	-	29,243
Land improvements	4,740	3,642	-	8,382
Buildings	131,485	40,981	-	172,466
Machinery and equipment	88,738	6,275	(2,481)	92,532
Vehicles	46,494	14,340	(317)	60,517
Infrastructure				
Sanitary sewers & waste water	237,294	7,721	(70)	244,945
Storm water	157,807	5,186	(101)	162,892
Transportation	285,928	8,343	(975)	293,296
Waterworks	176,425	(673)	(24)	175,728
Assets under construction	94,418	(16,661)	-	77,757
	1,252,471	69,255	(3,968)	1,317,758

Notes to the consolidated financial statements

December 31, 2010

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13. Tangible capital assets (continued)

2009				
Accumulated amortization	Balance, beginning of year	Additions	Disposals	Balance, end of year
	\$	\$	\$	\$
Land improvements	2,828	217	(19)	3,026
Buildings	43,404	5,307	(30)	48,681
Machinery and equipment	53,397	8,355	(1,212)	60,540
Vehicles	21,822	4,129	(446)	25,505
Infrastructure				
Sanitary sewers & waste water	102,951	6,011	(9,189)	99,773
Storm water	33,729	2,145	(70)	35,804
Transportation	165,108	5,170	(2,756)	167,522
Waterworks	67,674	4,008	9,997	81,679
	490,913	35,342	(3,725)	522,530

Notes to the consolidated financial statements

December 31, 2010

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13. Tangible capital assets (continued)

2009				
Net book value	Balance, beginning of year	Additions	Disposals	Balance, end of year
	\$			\$
Land	29,142			29,243
Land improvements	1,912			5,356
Buildings	88,081			123,785
Machinery and equipment	35,341			31,992
Vehicles	24,672			35,012
Infrastructure				
Sanitary sewers & waste water	134,343			145,172
Storm water	124,078			127,088
Transportation	120,820			125,774
Waterworks	108,751			94,049
Assets under construction	94,418			77,757
	761,558			795,228

Notes to the consolidated financial statements

December 31, 2010

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14. Accumulated surplus

The accumulated surplus is comprised of the following components:

	2010	2009
	\$	\$
Reserves set aside for specific purpose by Council:		
for employee future benefits	16,488	15,148
for stabilization	8,053	7,151
for administration and maintenance	3,583	2,442
for human resources and other contingencies	2,016	1,501
Reserves set aside by The Elliott		
for capital financing purposes	237	119
for building and equipment maintenance	220	1,324
Reserves set aside by Downtown Guelph Business Association		
for contingency	99	107
Reserves set aside by Wellington-Dufferin-Guelph Public Health		
for capital financing purposes	627	265
for contingency	184	183
Total reserves - Schedule 4	31,507	28,240

Notes to the consolidated financial statements

December 31, 2010

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14. Accumulated surplus (continued)

	2010	2009
	\$	\$
Reserve funds set aside for specific purpose by Council:		
for equipment replacement	6,539	3,199
for capital financing purposes	73,130	53,829
for industrial development	2,582	2,260
for working capital and other	16,328	3,119
Total reserve funds - Schedule 4	98,579	62,407
Total reserves and reserve funds	130,086	90,647
Invested in tangible capital assets	873,419	795,228
Investment in Guelph Hydro Inc.	66,753	65,442
Investment in Guelph Junction Railway Company	5,722	5,584
Guelph Hydro Inc. loan receivable	-	30,000
Operating fund	(135,746)	(107,907)
Unfunded liabilities		
Employee future benefits and related liabilities	(31,277)	(29,087)
Landfill post closure liability	(6,000)	(6,600)
Total	772,871	752,660
Accumulated surplus	902,957	843,307

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 2010 \$821 (2009 - \$nil) of interest was earned by the reserve funds and is recorded as a decrease in investment income and an adjustment to the ending accumulated surplus. In 2009, it was decided that due to the economic downturn and the poor returns on investments, that no interest would be allocated to the reserve funds.

Notes to the consolidated financial statements

December 31, 2010

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15. Contributions to other entities

Contributions made to other entities during the year greater than \$100 are as follows:

	2010	2009
	\$	\$
Grand River Conservation Authority	1,356	1,267
Hospice Wellington	272	200
Guelph General Hospital	200	200
Wellington Terrace	166	166
MacDonald Stewart Art Centre	175	165
Humane Society	414	372
Municipal Property Assessment Corporation	1,478	1,435
	4,061	3,805

16. Expenditures by type

The following is a summary of the current expenditures reported on the Consolidated Statement of Operations and Accumulated Surplus by the type of expenditures:

	2010	2009
	\$	\$
Salaries, wages and employee benefits	143,603	137,991
Interest on net debt	4,665	4,326
Materials	28,846	28,871
Contracted services	24,883	28,081
Rents and financial expenses	11,593	11,874
External transfers	54,797	49,886
Amortization of tangible capital assets	40,811	35,342
	309,198	296,371

Notes to the consolidated financial statements

December 31, 2010

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17. Government partnerships

The City's share of the results of the Wellington-Dufferin-Guelph Public Health's financial activities 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:

	2010	2009
	\$	\$
Assets	2,051	1,683
Liabilities	1,268	1,242
Net financial assets	783	441
Tangible capital assets	137	69
Prepaid expenses	28	7
Balance	165	76
Accumulated surplus	948	517
Revenues	8,047	7,391
Expenditures	7,241	7,275
Excess of revenue over expenses	806	116
Accumulated surplus, beginning of year	517	458
Transfer to reserves	(13)	3
Minority interest in tangible capital assets	(361)	(60)
Accumulated surplus, end of year	949	517

During the year, the City contributed \$2,246 (2009 - \$2,026) towards its share of the costs of the partnership.

Notes to the consolidated financial statements

December 31, 2010

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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 expenditures from social service programs managed by Wellington County are as follows:

	2010	2009
	\$	\$
Revenues		
Social housing	2,944	2,225
Child care	7,255	7,399
Social services	12,419	11,079
	22,618	20,703
Expenditures		
Social housing	16,226	13,623
Child care	9,199	9,601
Social services	19,520	20,716
	44,945	43,940
Net expenditures	(22,327)	(23,237)

Notes to the consolidated financial statements

December 31, 2010

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18. Shared service agreements (continued)

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

	2010	2009
	\$	\$
Revenues		
Land Ambulance	3,214	3,223
Provincial offences act	1,987	1,471
	5,201	4,694
Expenditures		
Land Ambulance	6,591	6,089
Provincial offences act	973	951
	7,564	7,040
Net expenditures	(2,363)	(2,346)

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

Notes to the consolidated financial statements

December 31, 2010

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19. Contingencies

- a) In 2008, Urbacon Buildings Group Corp. served a Statement of Claim against the City pursuant to the Construction Lien Act seeking damages in excess of \$12,000 and punitive and other damages totaling over \$7,000. The City has filed a Statement of Defense and Counterclaim claiming damages in the amount of \$5,000.
- b) During 2010 charges were laid against the City under the Occupational Health and Safety Act relating to a 2009 incident. The maximum fine that could be imposed under this matter is \$1,875.
- c) During 2010 and 2011, there were various Claims filed against the City in relation to development charge disputes that total \$2,480. The City has either filed a Statement of Defense or intends to file a Statement of Defense in relation to these matters.
- d) The County of Wellington served a claim for \$4,000,000 against the City in 2009 alleging a breach of contract with respect to payments owing for Wellington Terrace. The City has a counterclaim with respect to this matter and has filed a notice of Intent to Defend.
- e) 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 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.

20. Commitments and guarantees

The City has guaranteed \$900 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 City believes that this guarantee will not have any significant unfavorable impact on its financial position and consequently no provision has been made in the consolidated financial statements.

Wellington-Dufferin-Guelph Public Health has leased premises under a variety of leases of which the longest expires on April 30, 2031. The minimum lease payments over the next five years are as follows:

	\$
2011	529
2012	543
2013	121
2014	115
2015	115
	1,423

Notes to the consolidated financial statements

December 31, 2010

('000's)

20. Commitments and guarantees (continued)

Other contractual obligations include:

Hospice Wellington

The City has committed grants to Hospice Wellington through 2012 with an outstanding amount of \$400 (2009 - \$600) payable annually in instalments of \$200. This grant is to assist with capital renovation costs incurred to open their new location.

Guelph General Hospital

The City has committed grants to Guelph General Hospital through 2012 with an outstanding amount of \$400 (2009 - \$600) payable annually in instalments of \$200. This grant is to assist with the capital purchase of a new MRI machine.

MacDonald Stewart Arts Centre

The City has committed a capital grant of \$20 to MacDonald Stewart Arts Centre for soffit replacement (2009 - \$20 for the HVAC replacement). Additionally, the City has committed to operating grants for 2011 totalling \$168 (2009 - \$168)

Other

The City has committed to providing various grants to organizations in the community totalling \$330 (2009 - \$332).

21. Subsequent event

In March 2011, the City was granted a temporary injunction to halt any further costs being incurred by the Wellington-Dufferin-Guelph Public Health on a specific project related to the construction of a new facility. In April 2011, the City gave notice to the Province of Ontario and the Counties of Wellington and Dufferin of its intention to withdraw from the Wellington-Dufferin-Guelph Public Health partnership. The implications of these events are yet to be determined.

22. 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 PSAB 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. Budget figures have not been audited.

Notes to the consolidated financial statements

December 31, 2010

('000's)

23. Segmented information

The City of Guelph is a diversified municipal government institution that provides a wide range of services to its citizens, including police, fire, ambulance, transit and water. For management reporting purposes, the City's operations and activities are organized and reported by activity and reserves. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Although City services are provided by internally defined departments, 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 and several schedules on the FIR that already require full segment disclosure of operating expenditures and limited disclosure of current operating revenues.

The services that have been separately disclosed in the segmented information are defined by the compositional requirements of the FIR, and some examples of these along with the services they provide are as follows (Schedule 1 and 2):

General Government

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

Corporate management (CAO, taxation, accounting, budgeting communication, legal, corporate properties and real estate).

Protection services

Police, Fire, 911 service, POA Act, building and structural inspection, by-law enforcement, animal control, and conservation authority.

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

Sanitary sewer, storm sewers, waterworks, solid waste collection, disposal and recycling.

Health services

Public health services, provision of ambulance service.

Social housing

Social housing program costs.

Social and family services

General assistance and childcare programs, contributions to homes for the aged, The Elliot operations.

Recreation and cultural services

Parks, recreational facilities, recreational programs, libraries, museums, River Run Centre, Farmers Market and other cultural services.

Notes to the consolidated financial statements

December 31, 2010

('000's)

23. Segmented information (continued)

Planning and development services

Planning and zoning, Committee of Adjustment, Visitor Centre and economic development for commercial and industrial, and Downtown Guelph Business Association operations.

Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation and payments-in-lieu are apportioned to current fund services based on the fund segment's net surplus, and general program support costs are apportioned based on a percentage of total expenditure by segment.

24. Comparative figures

Certain comparative figures have been reclassified in order to present them in a form comparable to those for 2009.

Consolidated schedule of segment disclosure - Schedule 1

Year ended December 31, 2010

(Unaudited)

('000's)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	172,783	-	-	-	-	-	-	-	-	172,783
User charges	274	804	10,702	42,141	1	8,019	-	5,743	680	68,364
Contributions	5,188	4,907	24,842	21,162	14,469	23,017	2,944	5,736	2,207	104,472
Other										
Investment income	4,125	-	-	47	7	-	-	-	5	4,184
Donations	-	17	224	2	-	7	-	640	0	890
Sales of equipment, publications	1	23	17	2,737	-	86	-	1,205	4	4,073
Recoveries	425	711	1,345	560	354	279	189	772	447	5,082
Licences and permits	261	2,818	-	28	-	-	-	-	-	3,107
Provincial offences act	-	3,675	-	-	-	-	-	-	-	3,675
Other fines	-	-	752	-	-	-	-	-	-	752
Gain (loss) on disposal of tangible capital assets	(13)	104	(505)	-	(28)	-	-	-	-	(442)
Income from Government Business Enterprises	1,448	-	-	-	-	-	-	-	-	1,448
	184,492	13,059	37,377	66,677	14,803	31,408	3,133	14,096	3,343	368,388

Consolidated schedule of segment disclosure - Schedule 1 (continued)

Year ended December 31, 2010

(Unaudited)

('000's)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Expenses										
Salaries, wages and employee benefits	10,632	50,343	24,619	15,412	14,925	7,738	-	16,371	3,563	143,603
Interest on net debt	2,333	272	358	485	5	-	-	741	471	4,665
Materials	1,331	1,571	10,222	9,110	956	1,848	-	3,462	346	28,846
Contracted services	3,832	2,210	3,639	9,383	987	688	480	2,281	1,383	24,883
Rents and financial expenses	5,739	450	712	2,962	630	145	-	879	76	11,593
External transfers	2,009	1,212	68	1,357	1,474	31,831	16,272	470	104	54,797
Internal charges	(5,885)	1,158	(2,927)	5,216	328	3	1	1,747	359	-
Amortization of tangible capital assets	6,069	1,070	12,885	16,062	218	1,708	-	2,644	155	40,811
	26,060	58,286	49,576	59,987	19,523	43,961	16,753	28,595	6,457	309,198
Excess of revenues over expenses										
(expenses over revenues)	158,432	(45,227)	(12,199)	6,690	(4,720)	(12,553)	(13,620)	(14,499)	(3,114)	59,190

Consolidated schedule of segment disclosure - Schedule 2

Year ended December 31, 2009

(Unaudited)

('000's)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	163,782	-	-	-	-	-	-	-	-	163,782
User charges	369	799	9,950	41,360	1	7,910		5,932	658	66,979
Contributions	924	1,430	14,020	9,575	13,920	22,103	2,225	2,858	340	67,395
Other										
Investment income	7,075	-	-	42	3	-	-	-	41	7,161
Donations	-	26	24	-	-	10	-	300		360
Sales of equipment, publications	4	43	22	1,912	-	87	-	1,131	3	3,202
Recoveries	2,767	339	706	188	-	229	1,905	795	215	7,144
Licences and permits	270	2,623	-	38	-	-	-	-	-	2,931
Provincial offences act	-	2,959	-	-	-	-	-	-	-	2,959
Other fines	-	-	641	-	-	-	-	-	-	641
Gain (loss) on disposal of tangible capital assets	21	95	(37)	(66)	-	-	-	(27)	-	(14)
Income from Government Business Enterprises	(9,357)	-	-	-	-	-	-	-	-	(9,357)
	165,855	8,314	25,326	53,049	13,924	30,339	4,130	10,989	1,257	313,183

Consolidated schedule of segment disclosure - Schedule 2 (continued)

Year ended December 31, 2009

(Unaudited)

('000's)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Expenses										
Salaries, wages and employee benefits	9,293	48,045	23,844	15,059	14,430	7,798	-	15,568	3,954	137,991
Interest on net debt	2,683	108	440	226	1	-	-	860	8	4,326
Materials	845	1,263	10,151	9,527	1,259	1,986	-	3,419	421	28,871
Contracted services	4,144	2,561	3,770	11,442	1,112	716	457	2,248	1,631	28,081
Rents and financial expenses	5,871	480	964	2,221	738	759	-	766	75	11,874
External transfers	1,898	875	64	1,267	1,100	30,483	13,678	416	105	49,886
Internal charges	(6,034)	1,700	(1,473)	3,955	549	4	-	1,008	291	-
Amortization of tangible capital assets	5,151	2,068	9,817	13,852	90	1,662	-	2,553	149	35,342
	23,851	57,100	47,577	57,549	19,279	43,408	14,135	26,838	6,634	296,371
Excess of revenues over expenses										
(expenses over revenues)	142,004	(48,786)	(22,251)	(4,500)	(5,355)	(13,069)	(10,005)	(15,849)	(5,377)	16,812

Consolidated schedule of net debt - Schedule 3

December 31, 2010

('000's)

Bylaw	Project description	Term	Maturity date	Interest rates	2010	2009
					\$	\$
Debentures:						
16393	West End Community Centre	10	5-Sep-10	6.15% to 6.375%	-	380
16393	Land Acquisition - Cerniuk	10	5-Sep-10	6.15% to 6.375%	-	236
16393	Waste Water Treatment Plant Expansion Stage 1	10	5-Sep-10	6.15% to 6.375%	-	259
18000	Road Projects - Gordon, Stone, Victoria, Ward 1, Clair	5	20-Apr-11	4.25% to 4.45%	889	1,772
18000	Centennial Pool Reconstruction	5	20-Apr-11	4.25% to 4.45%	53	105
18000	Bus Storage Area Expansion	5	20-Apr-11	4.25% to 4.45%	99	196
18000	Transfer Station & Public Drop Off Facility	5	20-Apr-11	4.25% to 4.45%	51	102
18000	East End Fire Station	5	20-Apr-11	4.25% to 4.45%	157	313
18000	Pride Upgrade	5	20-Apr-11	4.25% to 4.45%	16	31
16732	On behalf of the Elliott	10	15-Nov-11	3.10% to 5.95%	14,000	14,890
16751	Roads - Woolwich: Speedvale to Woodlawn	10	10-Dec-11	2.80% to 6.00%	378	126
16751	West End Community Centre	10	10-Dec-11	2.80% to 6.00%	65	407
16751	Hanlon West Business Park	10	10-Dec-11	2.80% to 6.00%	209	1,632
16751	Waste Water Treatment Plant Expansion 1	10	10-Dec-11	2.80% to 6.00%	839	730
17536	On behalf of the Elliott	10	15-Sep-14	2.75% to 5.20%	1,130	1,381
18622	Social Services Building Renovation	10	25-Sep-18	3.25% to 4.70%	2,249	2,487
18622	Police HQ Renovations	10	25-Sep-18	3.25% to 4.70%	1,045	1,155
18622	Road Projects - Gordon, Victoria, Cardigan, Clair	10	25-Sep-18	3.25% to 4.70%	4,417	4,884
18622	Bus Storage Area Expansion	10	25-Sep-18	3.25% to 4.70%	151	167
18622	Organic Waste Facility - Roof Repairs	10	25-Sep-18	3.25% to 4.70%	413	457
18105	New City Hall	25	28-Aug-31	5.237%	17,804	18,262
18105	New POA Court	25	28-Aug-31	5.237%	5,021	5,151
18898	Road Projects - Gordon, Victoria, Eramosa	10	25-Nov-19	.095 % to 4.60%	693	761
18898	South End Station	10	25-Nov-19	.095 % to 4.60%	6,071	6,666

Consolidated schedule of net debt - Schedule 3 (continued)

December 31, 2010

('000's)

Bylaw	Project description	Term	Maturity date	Interest rates	2010	2009
					\$	\$
Debentures:						
18898	New City Hall	10	25-Nov-19	.095 % to 4.60%	2,095	2,300
18898	Land Purchase - Library	10	25-Nov-19	.095 % to 4.60%	774	850
18898	Public Drop Off Facility	10	25-Nov-19	.095 % to 4.60%	197	216
18898	Transit Terminal Road Upgrades	10	25-Nov-19	.095 % to 4.60%	1,700	1,866
18898	Watermain Projects - Laird, Arkell, Scout Camp	10	25-Nov-19	.095 % to 4.60%	5,795	6,363
18898	Waste Water Treatment Plant Facility Upgrade	10	25-Nov-19	.095 % to 4.60%	5,325	5,848
					71,636	79,993
Other loans:						
	The Elliott Line of Credit	Demand	NA	prime + .25%	1,750	1,370
	The Elliott Bankers Acceptance - SWAP	10	25-Jun-15	4.87	2,686	2,792
	Mortgage RBC - Sleeman Centre	10	1-May-17	4.957%	4,867	5,495
	Private Mortgages HCBP	10	28-Jun-11	7.50%	288	833
	CIBC Loan - Sleeman Centre - SWAP	18.8	1-Sep-25	6.38%	6,052	6,294
	RBC Interest only loan	Demand	31-Dec-11	3.70%	10,000	10,000
Net Debt before the school boards					97,279	106,777
14882	Separate School Board	15	14-Jul-10	6.75% to 8.875%	-	600
15316	Public School Board	15	1-Nov-11	3.375% to 6.95%	400	800
15648	Public School Board	15	18-Dec-12	4.50% to 6.20%	884	1,294
15648	Separate School Board	15	18-Dec-12	4.50% to 6.20%	446	651
	Less: Receivable from School Boards				(1,730)	(3,345)
Recoverable from School Boards					-	-
Total Net Debt					97,279	106,777

Consolidated schedule of reserves and reserve funds - Schedule 4

December 31, 2010

('000's)

Code	Description	2010	2009
		\$	\$
Reserves:			
For Employee Future Benefits:			
100	Sick Leave - Fire	3,371	3,084
101	Sick Leave - Police	3,339	3,258
102	Sick Leave - Library	852	788
103	Sick Leave - CUPE 241	2,017	1,237
209	Vacation Accrual Reserve	5,123	5,122
330	WSIB	1,526	1,498
338	Land Ambulance Severance	260	161
		16,488	15,148
For Stabilization:			
131	Employee Benefit Stabilization	2,726	3,040
180	Tax Rate Stabilization	1,671	1,355
181	Water Rate Stabilization	2,114	1,214
182	Waste Water Rate Stabilization	1,542	1,542
		8,053	7,151
For Administration and Maintenance:			
184	Insurance	1,080	781
188	Building Services	978	449
206	Building Operating Maintenance	100	-
193	Ontario Municipal Board	681	545
194	Downtown Improvements	200	200
195	Election Costs	183	341

Consolidated schedule of reserves and reserve funds - Schedule 4 (continued)

December 31, 2010

('000's)

Code	Description	2010	2009
		\$	\$
Reserves: (continued)			
196	Joint Job Evaluation Committee	206	91
345	Westminster Woods	35	35
210	Information Technology Licences	100	-
205	Investment Strategy	20	-
		3,583	2,442
	For Human Resources and Other Contingencies		
198	Operating Contingency	602	302
207	Human Resource Contingency	322	-
197	Human Resource Negotiations	59	29
191	Salary Gapping	1,033	1,170
		2,016	1,501
	Consolidated Entities		
	Reserves - The Elliott	457	1,443
	Reserves - Downtown Guelph Business Association	99	107
	Reserves - Wellington-Dufferin-Guelph Public Health	811	448
	Total Reserves	31,507	28,240

Consolidated schedule of reserves and reserve funds - Schedule 4 (continued)

December 31, 2010

('000's)

Code	Description	2010	2009
		\$	\$
Reserve Funds:			
	For Equipment Replacement		
111	Fire	624	286
113	Transit	686	670
115	Police	427	205
116	Waste Management	945	415
118	Computers	866	410
121	Play Equipment	397	96
124	Operations Fleet	2,594	1,117
		6,539	3,199
	For Capital Financing		
150	Capital Taxation	697	1,331
151	Capital Parking	3,589	3,823
152	Capital Waterworks	16,385	16,827
153	Capital Wastewater	22,522	17,293
155	Capital Landfill Compensation	139	233
156	Capital DC Exemption	2,248	372
157	Capital Library	850	658
158	Capital Police	2,243	2,103
162	Capital Sleeman Centre	29	22
164	Capital Roads	1,063	70
165	Capital Stormwater	205	124
166	Capital Park Planning	51	27
167	Capital Policy Planning	38	-
168	Capital Economic Development	40	-

Consolidated schedule of reserves and reserve funds - Schedule 4 (continued)

December 31, 2010

('000's)

Code	Description	2010	2009
		\$	\$
Reserve Funds: (continued)			
169	Capital Operations	363	-
170	Capital Recreation	99	(4)
171	Capital Culture	(13)	-
172	Capital Transit	275	25
173	Capital Fire	198	-
175	Capital Corporate Property	99	-
176	Capital Info Services	149	-
177	Capital Museum	40	-
186	Capital Waste Management	292	12
189	GSEC Capital Reserve	31	16
340	Capital River Run	158	107
120	POA Relocation	172	167
159	Accessibility	393	450
160	Road Infrastructure	2,312	2,000
161	Public Transit Improvements	801	965
192	Heritage Redevelopment	673	440
200	Investing Ontario Act	4,122	5,494
201	ISF - City Share Water	1,010	(164)
202	ISF - City Share Waste Water	1,161	(147)
203	RINC City Share	734	-
331	Road Widening	930	921
190	Building Life Cycle	802	663
353	Waterworks DC Exempt	915	-
354	Wastewater DC Exempt	764	-

Consolidated schedule of reserves and reserve funds - Schedule 4 (continued)

December 31, 2010

('000's)

Code	Description	2010	2009
		\$	\$
Reserve Funds: (continued)			
352	Greenhouse Gas	408	-
341	Locomotive 6167	1	1
199	City Infrastructure Fund	6,142	-
		73,130	53,829
	For Industrial Development:		
332	Industrial Land	2,562	2,245
350	Transportation Demand Management	20	15
		2,582	2,260
	For Working Capital and Other		
119	Affordable Housing	581	633
122	Brownfields Strategy	546	321
135	Museum Development	56	56
136	McCrae House Development	130	126
137	Moon-McKeigan	13	12
138	Library Bequests	170	168
351	Hydro Note	13,738	-
208	Social Housing	1,094	1,803
		16,328	3,119
Total Reserve Funds		98,579	62,407
Total Reserves and Reserve Funds		130,086	90,647

