

Consolidated financial statements of

City of Guelph

December 31, 2016

City of Guelph

December 31, 2016

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of City of Guelph ("the Entity"), which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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.

Auditors' Responsibility

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



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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our 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, we consider 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 consolidated financial position of City of Guelph as at December 31, 2016, and its consolidated results of operations and the changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

June 26, 2017
Waterloo, Canada

City of Guelph

Consolidated statement of financial position as at December 31, 2016 ('000's)

	2016	2015
	\$	\$
Financial assets		
Cash	47,897	19,873
Investments (Note 3)	272,632	227,313
Taxes receivable	7,220	6,048
Accounts receivable	23,526	23,845
Loans and notes receivable (Note 4)	2,666	2,642
Investment in Guelph Junction Railway Ltd. (Note 4)	7,811	7,305
Investment in Guelph Municipal Holdings Inc. (Note 5)	67,122	69,939
	428,874	356,965
Liabilities		
Accounts payable and accrued liabilities	53,728	45,900
Accrued interest payable	1,069	653
Vacation and other employee benefits payable	6,816	6,251
Developer agreement deferred revenue	5,214	6,128
Other deferred revenue	17,690	16,793
Deferred contributions (Note 6)	53,951	61,556
Employee future benefits (Note 8)	33,772	31,740
Debt (Note 9)	135,323	81,149
Obligation under capital lease (Note 10)	941	469
Landfill post-closure liability (Note 11)	4,540	4,564
Liability for contaminated sites (Note 18)	26,860	24,396
Other long-term liabilities (Note 12)	2,191	2,751
	342,095	282,350
Net financial assets	86,779	74,615
Non-financial assets		
Tangible capital assets (Note 13)	1,032,202	993,677
Inventory	1,739	1,748
Prepaid expenses	2,250	1,982
	1,036,191	997,407
Contingencies (Note 19)		
Commitments and guarantees (Note 20)		
Accumulated surplus (Note 14)	1,122,970	1,072,022

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

City of Guelph

Consolidated statement of operations and accumulated surplus year ended December 31, 2016 ('000's)

	2016 Budget (Note 22)	2016 Actual	2015 Actual
	\$	\$	\$
Revenues			
Taxation			
Property taxation (Note 2)	219,377	222,218	211,172
Property taxation - Downtown Guelph Business Association	471	471	457
Penalties and interest on taxes	1,212	1,399	1,345
	221,060	224,088	212,974
User charges	96,303	96,128	93,682
Contributed subdivision assets	9,470	9,470	5,430
Contributions			
Government of Canada	8,496	10,052	10,543
Province of Ontario	56,607	59,295	55,969
Municipal	3,579	3,883	4,129
Developers	26,135	22,542	20,648
Other	1,004	845	1,345
	201,594	202,215	191,746
Other			
Investment income	4,594	4,939	5,730
Donations	591	473	515
Sales of equipment, publications	6,917	5,280	6,321
Recoveries	2,959	4,023	4,645
Licences and permits	3,668	3,877	3,416
Provincial Offences Act revenues	2,727	3,292	2,588
Other fines	995	1,206	1,221
(Loss) gain on disposal of tangible capital assets	5	(1,156)	(777)
(Loss) earnings from Government Business Enterprises	-	(811)	3,436
	22,456	21,123	27,095
Total revenues	445,110	447,426	431,815
Expenses			
General government	30,795	28,088	27,165
Protection services	79,865	78,661	76,292
Transportation services	64,603	64,078	61,634
Environmental services	76,301	77,105	78,118
Health services	29,683	30,184	29,185
Social and family services	45,781	44,311	43,727
Social housing	24,303	23,760	21,370
Recreation and cultural services	41,675	42,212	40,807
Planning and development	9,015	8,079	7,329
Total expenses	402,021	396,478	385,627
Excess of revenues over expenses for the year	43,089	50,948	46,188
Accumulated surplus, beginning of year	1,072,022	1,072,022	1,025,834
Accumulated surplus, end of year	1,115,111	1,122,970	1,072,022

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

City of Guelph

Consolidated statement of change in net financial assets year ended December 31, 2016 ('000's)

	2016 Budget (Note 22)	2016 Actual	2015 Actual
	\$	\$	\$
Excess of revenue over expenses for the year	43,089	50,948	46,188
Amortization of tangible capital assets	47,081	47,328	46,860
Acquisition of tangible capital assets	(89,778)	(78,835)	(58,783)
Contributed subdivision assets	(9,470)	(9,470)	(5,430)
Loss (gain) on disposal of tangible capital assets	(5)	1,156	777
Proceeds on disposal of tangible capital assets	-	1,296	2,503
Acquisition of inventory	-	(1,739)	(1,748)
Consumption of inventory	-	1,748	1,934
Acquisition of prepaid expenses	-	(2,250)	(1,982)
Use of prepaid expenses	-	1,982	2,085
Increase in net financial assets for the year	(9,083)	12,164	32,404
Net financial assets, beginning of year	74,615	74,615	42,211
Net financial assets, end of year	65,532	86,779	74,615

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

City of Guelph

Consolidated statement of cash flows year ended December 31, 2016 ('000's)

	2016	2015
	\$	\$
Operating activities		
Excess of revenues over expenses for the year	50,948	46,188
Items not affecting cash:		
Amortization of tangible capital assets	47,328	46,860
Loss on disposal of tangible capital assets	1,156	777
Contributed subdivision assets	(9,470)	(5,430)
Allowance on asset backed investment	-	(118)
Unrealized loss on interest rate swap contracts	(336)	168
Loss (earnings) from Government Business Enterprises	811	(3,436)
Employee future benefit expenses	2,032	1,402
Landfill post-closure recovery	(24)	400
Change in contaminated sites	2,464	354
Changes in non-cash working capital:		
Taxes receivable	(1,172)	(986)
Accounts receivable	319	(940)
Developer agreement receivable/deferred revenue	(914)	2,047
Inventory	9	186
Prepaid expenses	(268)	103
Accounts payable and accrued liabilities	8,164	(699)
Accrued interest payable	416	(62)
Vacation and other employee benefits payable	565	349
Other deferred revenue	897	552
Other long-term liabilities	(560)	1,296
Cash provided by operating activities	102,365	89,011
Capital and investing activities		
Acquisition of tangible capital assets	(78,835)	(58,783)
Proceeds from disposal of tangible capital assets	1,296	2,503
Dividend from Guelph Municipal Holdings Inc.	1,500	1,500
Change in loans and notes receivable	(24)	(1,309)
Net investment acquisitions	(45,319)	(60,477)
Cash used by capital and investing activities	(121,382)	(116,566)
Financing activities		
Proceeds from debt issuance	65,200	-
Repayment of debt principal	(11,026)	(10,552)
Net change in obligation under capital lease	472	437
Net change in deferred contributions	(7,605)	39
Cash provided by (used in) financing activities	47,041	(10,076)
Increase (decrease) in cash for the year	28,024	(37,631)
Cash, beginning of year	19,873	57,504
Cash, end of year	47,897	19,873

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

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

1. Significant accounting policies

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

Reporting entity

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

Consolidated entities

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

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

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

Proportionately consolidated entities

The City reports only its share of assets, liabilities and results of operations of any government partnerships in which it participates. The City participates in the Wellington-Dufferin-Guelph Public Health Unit to the extent of 45.9% (2015 – 45.9%) based on population, as stated in agreement with the other participants.

Modified equity basis entities

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

Basis of accounting

Accrual basis of accounting

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

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

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1. Significant accounting policies (continued)

Basis of accounting (continued)

Taxes receivable and related revenues

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

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

Reserves and reserve funds

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

Deferred revenue and deferred contributions

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

Tangible capital assets

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

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

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

(ii) Land purchased for service delivery purposes is recorded as a tangible capital asset at cost. Any land cost premium incurred or discount received related to expropriation will be included as part of the asset to be constructed and amortized over its' useful life.

(iii) Tangible capital assets received as contributions are recognized at their fair value at the date of receipt, and correspondingly recognized as revenue in that period. Similarly, contributions of assets to a third party are recorded as an expense equal to the net book value of the tangible capital asset as of the date of transfer.

City of Guelph

Notes to the consolidated financial statements

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1. Significant accounting policies (continued)

Basis of accounting (continued)

Tangible capital assets (continued)

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

Employee future benefit obligations

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

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

Government transfers

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

Investment income

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

Contaminated sites

Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

Use of estimates

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

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

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1. Significant accounting policies (continued)

Future accounting changes

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

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

2. Taxation revenue

a) Taxation collected on behalf of school boards

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

	2016	2015
	\$	\$
Taxation	64,628	63,273
Payments in lieu	1	3
	<u>64,629</u>	<u>63,276</u>
Requisitions	<u>(64,629)</u>	<u>(63,276)</u>
Net levy for the year	<u>-</u>	<u>-</u>

b) Taxation revenue by major tax class

2016	Taxes - own purpose	Payments in lieu	Supplementary taxes	Rebates & Write-offs	2016 Total
	\$	\$	\$	\$	\$
Residential	141,611	27	4,146	(226)	145,558
Multi-residential	16,182	-	31	(49)	16,164
Commercial	38,148	3,337	913	(489)	41,909
Industrial	16,541	-	385	(722)	16,204
Pipelines	573	-	11	-	584
Farmlands	11	-	1	-	12
Managed forests	2	-	-	-	2
Other	-	2,697	-	(912)	1,785
Total tax revenue	213,068	6,061	5,487	(2,398)	222,218

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

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2. Taxation revenue (continued)

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

3. Investments

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

	2016		2015	
	Market	Cost	Market	Cost
	\$	\$	\$	\$
Short-term investments	56,198	56,116	70,011	68,255
Long-term investments	218,348	216,516	160,522	159,058
	274,546	272,632	230,533	227,313

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 carrying value but recognized the highly speculative nature of any ultimate payment of principal at maturity by recording a provision for impairment. The impairment is recorded net of the cost of the long-term investments and is estimated to be 7.6% of the original investment cost or \$158 (2015 – 7.6% or \$158). Subsequent to yearend, the City received \$1,856 of the \$1,875 carrying value recorded within the investment balance at December 31, 2016.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

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4. Investment in Guelph Junction Railway Limited

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

	2016	2015
	\$	\$
Financial position		
Current assets	829	1,018
Property, plant and equipment	10,723	10,365
Total assets	11,552	11,383
Current liabilities	825	1,149
Long-term debt	1,947	1,998
Deferred capital contributions	969	931
Total liabilities	3,741	4,078
Net assets	7,811	7,305
Results of operations		
Revenues	3,279	2,951
Operating expenses	2,773	2,306
Net income	506	645
Retained earnings, beginning of year	7,305	6,660
Retained earnings, end of year	7,811	7,305

Related party transactions

The City pays certain expenses and receives certain revenues on behalf of the Railway for which the Railway reimburses the City periodically through the year. During the year, these net expenses reimbursed to the City amounted to \$971 (2015 - \$1,382). Included in loans and notes receivable is an amount owing from the Railway of \$393 (2015 - (\$125)) related to the reimbursement of these current year net expenses.

The Railway paid the City \$56 (2015- \$23) in office rent and administration fees. These transactions were made in the normal course of business and have been recorded at the exchange amounts.

In 2015, the City entered into a long-term loan agreement with Guelph Junction Railway Limited for the purpose of reconstructing a bridge within City limits. The total amount of the loan was \$1,710 repayable monthly through blended principal and interest payments which started January 2016 at 3.395%. At year end \$1,661 (2015 - \$1,710) was outstanding and included in loans and notes receivable. In 2016 principal and interest payments were \$49 and \$52 respectively (2015 - \$nil, \$nil).

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

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5. Investment in Guelph Municipal Holding Inc.

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

	2016	2015
	\$	\$
Financial position		
Current assets	67,943	72,615
Property, plant and equipment	160,445	155,713
Intangible assets	665	832
Deferred income taxes	1,543	5,327
Total assets	230,596	234,487
Current liabilities	30,736	35,285
Customer deposits and deferred revenue	27,668	24,544
Long-term debt	94,773	94,245
Employee future benefits	10,297	10,474
Total liabilities	163,474	164,548
Shareholder's equity	67,122	69,939
Results of operations		
Revenues	250,761	247,404
Cost of sales	214,539	201,234
Operating expenses	32,644	39,274
Income taxes	5,273	4,106
Total expenses	252,456	244,614
Net income (loss)	(1,695)	2,790
Retained earnings, beginning of year	3,342	2,052
Dividends	(1,500)	(1,500)
Retained earnings, end of year	147	3,342

Related party transactions

GMHI pays certain expenses and receives certain revenues on behalf of the City related to customer water billings for which GMHI remits to the City monthly. During the year, these net revenues received amounted to \$56,920 (2015 - \$55,125). The cost paid to GMHI for administrating these billings on behalf of the City was \$1,518 (2015 - \$1,395). Amounts owing to the City related to these transactions total \$9,640 (2015 - \$8,073) and are included in accounts receivable.

Dividends received from GMHI during the year were \$1,500 (2015 - \$1,500). These transactions were made in the normal course of business and have been recorded at the exchange amounts.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

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5. Investment in Guelph Municipal Holding Inc. (continued)

The following summarizes the Corporation's related party transactions, recorded at the exchange amounts and balances with GMHI for the year ended December 31:

	2016	2015
	\$	\$
Revenue:		
Property taxes	355	327
Rent, percentage, land lease	50	53
Subcontracting	5	7
Expenses:		
Energy sales (at commercial rates)	9,097	8,245
Waterworks expense	1,518	1,395
Street light maintenance	380	353
Balances:		
Accounts receivable	9,640	8,126
Accounts payable and accrued liabilities	1,943	1,894

6. Deferred contributions

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

	Beginning balance 2016	2016 Inflows	2016 Outflows	Ending balance 2016
	\$	\$	\$	\$
Development charges	44,870	17,377	22,542	39,705
Grants	10,710	7,934	10,868	7,776
Other	5,976	890	396	6,470
	61,556	26,201	33,806	53,951

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

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

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7. Pension agreement

The City makes contributions to the Ontario Municipal Employees Retirement System ("OMERS") which is a multi-employer plan, on behalf of the 1,973 (2015 - 1,944) 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 2016 is \$14,859 (2015 - \$14,519) for current service and is reported as an expense on the consolidated statement of operations and accumulated surplus.

The latest available report for the OMERS plan was as at December 31, 2016. At that time the plan reported a \$5.7 billion actuarial deficit, based on actuarial liabilities of \$87 billion and actuarial assets of \$81.2 billion. Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements. As at December 31, 2016, the City has no obligation under the past service provisions of the OMERS agreement.

8. Employee future benefits

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

	2016	2015
	\$	\$
Workplace Safety and Insurance ("WSIB")	6,844	5,399
Sick leave	9,339	9,491
Post retirement benefits	17,589	16,850
	33,772	31,740

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

The City is a Schedule II employer under the Workplace Safety and Insurance Act. As a Schedule II employer, the City assumes the liability for any award made under the Act. A comprehensive actuarial valuation of the future liability for WSIB benefits was conducted as at December 31, 2015 and has been extrapolated to estimate the liability for the 2016 period. The next required valuation will be performed in 2019 using information as of December 31, 2018.

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

- Discount rate 4.25% (2012 - 4%)
- Expected future WSIB payments per lost time injury 69% (2012 - 49%)
- Health care inflation CPI plus 4% (2012 - CPI plus 4%)
- WSIB administration rate 36% (2012 - 36%)
- Lost time injury count 50 (2012 - 51)

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

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8. Employee future benefits and other liabilities (continued)

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

	2016	2015
	\$	\$
Accrued benefit obligation, beginning of year	5,822	5,617
Plan amendment	1,039	-
Current service cost	820	824
Interest	290	224
Benefits paid	(853)	(843)
Accrued benefit obligation, end of year	7,118	5,822
Unamortized net actuarial loss	(274)	(423)
	6,844	5,399

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

	2016	2015
	\$	\$
Plan amendment	1,039	-
Current period benefit cost	820	824
Amortization of losses	149	150
Interest expense	290	224
	2,298	1,198

A reserve in the amount of \$1,452 (2015 - \$1,799) has been accumulated to fund this liability.

b) Liability for sick leave

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

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

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

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8. Employee future benefits and other liabilities (continued)

b) Liability for sick leave (continued)

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

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

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

	2016	2015
	\$	\$
Accrued benefit obligation, beginning of year	11,114	10,903
Current service cost	698	654
Interest	508	511
Benefits paid	(1,534)	(954)
Accrued benefit obligation, end of year	10,786	11,114
Unamortized net actuarial loss	(1,447)	(1,623)
	9,339	9,491

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

	2016	2015
	\$	\$
Current period benefit cost	698	654
Amortization of net actuarial loss	175	175
Interest expense	508	511
	1,381	1,340

There are currently reserves totaling \$9,589 (2015 - \$9,069) available to fund this liability.

c) Post retirement benefits

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

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

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

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

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8. Employee future benefits and other liabilities (continued)

c) Post retirement benefits (continued)

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

	2016	2015
	\$	\$
Accrued benefit obligation, beginning of year	19,944	19,396
Current service cost	948	890
Interest	940	913
Benefits paid	(1,263)	(1,255)
Accrued benefit obligation, end of year	20,569	19,944
Unamortized net actuarial loss	(2,980)	(3,094)
	17,589	16,850

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

	2016	2015
	\$	\$
Current period benefit cost	948	890
Amortization of net actuarial loss	114	113
Interest expense	940	913
	2,002	1,916

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

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

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9. Debt

a) The debt is comprised of the following components:

	2016	2015
	\$	\$
Operating line of credit - bearing interest at prime, due on demand	80	700
Debentures - repayable at rates ranging from 0.95% to 5.237% and maturing from 2018 through 2031	118,988	62,818
Long-term loans - repayable at rates ranging from prime to 6.38% and maturing from 2017 through 2025	14,525	15,713
Banker's acceptance, interest at 2.07% fixed through a swap transaction, plus a stamping fee of 0.8% for a total of 2.87%, payable in varying installments of principal and interest, maturing June 25, 2025	1,730	1,918
	135,323	81,149

Included in accounts payable and accrued liabilities is \$1,056 (2015 - \$1,392) representing the fair market value of the interest rate swap facilities.

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

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

	General taxation	User pay and other	Total
	\$	\$	\$
2017	24,210	462	24,672
2018	14,311	395	14,706
2019	13,505	355	13,860
2020	10,931	425	11,356
2021	11,063	440	11,503
Thereafter	55,385	3,841	59,226
	129,405	5,918	135,323

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

	2016	2015
	\$	\$
Principal repayments	11,026	10,552
Interest	4,177	3,477
	15,203	14,029

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

10. Obligation under capital lease:

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

	2016	2015
	\$	\$
2016	-	118
2017	233	108
2018	258	108
2019	258	108
2020	225	63
2021	24	-
Total minimum lease payments	998	505
Less amount representing interest at 3.16%	(57)	(36)
Present value of net minimum capital lease payments	941	469

Interest of \$16 (2015 - \$9) relating to capital lease obligations has been included in interest expense.

11. Landfill post-closure liability

The City owns one landfill site. This landfill site was closed in 2003. The liability was calculated based upon the present value of estimated post-closure costs discounted to December 31, 2016 at a factor of 3.5% (2015 - 3.5%) per annum. Post-closure care is estimated to be required for 35 years from the date of site closure.

The estimated expenditures for post-closure care as at December 31, 2016 are \$4,540 (2015 - \$4,564).

No reserve funds have been established to fund this liability as at December 31, 2016, as the City is funding this cost annually through the budget process.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

12. Other long-term liabilities

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

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

In 2016, the City has four TIBG agreements that are in the grant payment phase:

a) TIBG Agreements

	2016	2015
	\$	\$
Heritage Redevelopment	8	1,606
Downtown Development	1,892	854
Brownfield Strategy	291	291
	2,191	2,751

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

	2016	2015
	\$	\$
2016	-	1,743
2017	280	148
2018	280	148
2019	280	148
2020	280	145
2021	273	142
Thereafter	798	277
	2,191	2,751

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

13. Tangible capital assets

Cost				2016
	Balance, beginning of year	Additions	Disposals	Balance, end of year
	\$	\$	\$	\$
Land and land improvements	78,295	5,028	(751)	82,572
Buildings	306,145	5,767	-	311,912
Machinery and equipment	152,890	12,253	(3,360)	161,783
Assets under capital lease	802	578	-	1,380
Vehicles	70,293	6,089	(5,262)	71,120
Infrastructure				
Sanitary sewers & waste water	272,212	14,072	-	286,284
Storm water	195,224	9,342	-	204,566
Transportation	401,417	14,589	-	416,006
Waterworks	239,104	15,878	-	254,982
Assets under construction	24,281	4,709	-	28,990
	1,740,663	88,305	(9,373)	1,819,595
Accumulated amortization	Balance, beginning of year	Amortization	Disposals	Balance, end of year
	\$	\$	\$	\$
Land and land improvements	6,327	850	(34)	7,143
Buildings	100,106	10,346	-	110,452
Machinery and equipment	98,544	9,281	(2,688)	105,137
Assets under capital lease	259	188	-	447
Vehicles	40,168	5,605	(4,199)	41,574
Infrastructure				
Sanitary sewers & waste water	138,971	4,808		143,779
Storm water	53,478	2,932		56,410
Transportation	210,357	8,542		218,899
Waterworks	98,776	4,776		103,552
	746,986	47,328	(6,921)	787,393
Net book value	Balance, beginning of year			Balance, end of year
	\$			\$
Land and land improvements	71,968			75,429
Buildings	206,039			201,460
Machinery and equipment	54,346			56,646
Asset under capital lease	543			933
Vehicles	30,125			29,546
Infrastructure				
Sanitary sewers & waste water	133,241			142,505
Storm water	141,746			148,156
Transportation	191,060			197,107
Waterworks	140,328			151,430
Assets under construction	24,281			28,990
	993,677			1,032,202

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

13. Tangible capital assets (continued)

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

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

14. Accumulated surplus

The accumulated surplus is comprised of the following components:

	2016	2015
	\$	\$
Reserves set aside for specific purpose by Council:		
for employee future benefits	11,696	12,015
for stabilization and contingency	21,606	14,045
for program related purposes	11,884	11,439
Reserves set aside by Wellington-Dufferin-Guelph Public Health		
for contingency	642	491
Total reserves - Schedule 4	45,828	37,990
Reserve funds set aside for specific purpose by Council:		
for capital financing purposes	148,310	138,392
Reserves set aside by Wellington-Dufferin-Guelph Public Health		
for capital financing purposes	1,950	1,652
Total reserve funds - Schedule 4	150,260	140,044
Total reserves and reserve funds - Schedule 4	196,088	178,034
Invested in tangible capital assets	1,032,202	993,677
Investment in Guelph Municipal Holdings Inc.	67,122	69,939
Investment in Guelph Junction Railway Limited	7,811	7,305
Operating fund	27,999	(28,364)
Unfunded liabilities		
Net debt & obligation under capital lease	(136,264)	(81,618)
Employee future benefits and related liabilities	(40,588)	(37,991)
Contaminated sites liability	(26,860)	(24,396)
Landfill post closure liability	(4,540)	(4,564)
Total	926,882	893,988
Accumulated surplus	1,122,970	1,072,022

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 2016, \$2,751 (2015 - \$2,999) of interest was earned by the reserve funds and is an increase in reserve and reserve funds.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

15. Expenses by object

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

	2016	2015
	\$	\$
Salaries, wages and employee benefits	199,963	192,659
Interest on debt	4,177	3,477
Materials	38,510	39,939
Purchased services	38,154	33,882
Rents and financial expenses	9,506	10,656
External transfers	58,840	58,154
Amortization of tangible capital assets	47,328	46,860
	396,478	385,627

16. Government partnerships

The City's share of 45.9% (2015 - 45.9%) of the results of the Wellington-Dufferin-Guelph Public Health's operations for the year and its financial position at December 31 are included in the consolidated financial statements using proportionate consolidation and include the amounts as follows:

	2016	2015
	\$	\$
Assets	3,955	3,521
Liabilities	8,347	8,620
Net financial assets	(4,392)	(5,099)
Tangible capital assets	11,905	12,174
Prepaid expenses	38	87
Inventory	3	2
Total non-financial assets	11,946	12,263
Accumulated surplus	7,554	7,164
Revenues	12,085	12,113
Expenses	11,695	11,616
Excess of revenue over expenses	390	497
Accumulated surplus, beginning of year	7,164	6,667
Accumulated surplus, end of year	7,554	7,164

During the year, the City contributed \$3,683 (2015 - \$3,610) towards its share of the costs of the partnership.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

16. Government partnerships (continued)

Financing Agreement:

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

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

17. Shared service agreements

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

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

	2016	2015
	\$	\$
Revenues		
Social housing	6,251	5,568
Child care	9,364	8,776
Social services	13,530	13,280
	29,145	27,624
Expenses		
Social housing	20,080	20,830
Child care	11,421	10,958
Social services	16,701	16,705
	48,202	48,493
Net expenses	(19,057)	(20,869)

The City's share of net expenses for social housing is 83% (2015 - 82%), child care 75% (2015 - 74%) and social services 67% (2015 - 68%).

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

17. Shared service agreements (continued)

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

	2016	2015
	\$	\$
Revenues		
Land Ambulance	5,749	5,033
Provincial Offences Act	1,738	1,369
	<u>7,487</u>	<u>6,402</u>
Expenses		
Land Ambulance	11,145	10,466
Provincial Offences Act	1,186	1,027
	<u>12,331</u>	<u>11,493</u>
Net expenses	<u>(4,844)</u>	<u>(5,091)</u>

The City's share of net expenses for land ambulance is 62% (2015 – 62%) and Provincial Offences Act is 59% (2015 – 55%).

The Provincial Offences Act revenues are recorded on a cash basis due to regulatory restrictions. As at December 31, 2016 there are \$16,484 (2015 - \$14,337) of over-due fines receivable and of this amount \$92 (2015 - \$8,022) is considered uncollectable, and \$3,164 (2015 - \$nil) is a collection agency cost and fully recoverable upon receipt of payment. The City's share of the net expenses for all the above programs are included in the consolidated statement of operations and accumulated surplus.

18. Liability for contaminated sites

The City reports environmental liabilities related to the management and remediation of contaminated sites where the City is obligated or likely obligated to incur such costs. A contaminated sites liability of \$26,860 (2015 - \$24,396) has been recorded based on environmental assessments or estimates for those sites where an assessment has not been conducted.

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

19. Contingencies

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

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

20. Commitments and guarantees

- a) The City has guaranteed a non-revolving facility for Guelph Community Sports which is supported by Council resolution authorizing provision of such guarantee in favour of Guelph Community Sports. The balance of the guaranteed facility is \$379 as at August 31, 2016.
- b) The City has commitments totaling \$91 (2015 - \$nil) resulting from agreements entered into as part of the Heritage Redevelopment Grant Program. Grant expenses will be recognized upon the applicant meeting all the eligibility criteria.
- c) The City has commitments totaling \$10,161 (2015 - \$10,161) resulting from agreements entered into as part of the Brownfield Tax Increment Based Grant Program. Grant expenses will be recognized in the year of reassessment by MPAC and when all eligibility criteria have been met by the applicant.
- d) The City has commitments totaling \$16,295 (2015 - \$18,284) resulting from agreements entered into as part of the Major Downtown Activation Grant Program. Grant expenses will be recognized in the year of reassessment by MPAC and when all eligibility criteria have been met by the applicant.
- e) The City has commitments under a variety of leases and agreements of which the longest expires on June 18, 2088. The minimum lease payments over the next five years and thereafter are as follows:

	\$
2017	1,128
2018	1,098
2019	971
2020	908
2021	725
Thereafter	1,351
	<hr/> 6,181

- f) Other obligations include:

Other community grants

The City has committed to providing various grants to organizations in the community totalling \$505 (2015 - \$435).

21. Local Immigration Partnership

Included in the consolidated statement of operations and accumulated surplus are the activities of the Local Immigration Partnership Program (LIPP) which is a federally funded program for the purpose of creating a more welcoming community for immigrants by focusing efforts on employment services, English language training, community integration/inclusion and community services/programs. During 2016, the City of Guelph received \$223 (2015 - \$234) of funding from Citizenship and Immigration Canada related to the operation this program.

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 public sector accounting standards on the consolidated statement of operations and accumulated surplus by adjusting for amortization of tangible capital assets, including the consolidated entities and excluding budgeted amounts for the debt principal repayment and reserve transfers.

23. Comparative figures

Certain 2015 comparative figures have been reclassified in order to present them in a form comparable to those for 2016.

City of Guelph

Notes to the consolidated financial statements

December 31, 2016

(\$000's)

24. Segmented information

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

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

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

General Government

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

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

Protection services

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

Transportation services

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

Winter control, street lighting, parking and public transit

Environmental services

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

Health services

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

Social housing

Social housing program costs

Social and family services

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

Recreation and cultural services

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

Planning and development services

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

City of Guelph

Consolidated schedule of segment disclosure - Schedule 1
year ended December 31, 2016

('000's)

(Unaudited)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Social Housing	Recreation & Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	224,088	-	-	-	-	-	-	-	-	224,088
User charges	982	1,142	13,937	63,932	25	9,439	-	5,987	684	96,128
Contributed subdivision assets	9,470	-	-	-	-	-	-	-	-	9,470
Contributions	1,207	9,773	17,126	11,394	17,070	27,386	6,251	6,163	247	96,617
Other										
Investment income	4,317	-	-	60	36	526	-	-	-	4,939
Donations	-	15	-	-	-	-	-	458	-	473
Sales of equipment, publications	3	4	5	3,699	-	92	-	1,475	2	5,280
Recoveries	414	96	1,400	969	277	-	-	686	181	4,023
Licences and permits	76	3,740	-	40	-	-	-	21	-	3,877
Provincial offences act	-	3,292	-	-	-	-	-	-	-	3,292
Other fines	-	1,206	-	-	-	-	-	-	-	1,206
Gain (loss) on disposal of tangible capital assets	5	(290)	(887)	(62)	16	-	-	(9)	71	(1,156)
Loss from Government Business Enterprises	(811)	-	-	-	-	-	-	-	-	(811)
	239,751	18,978	31,581	80,032	17,147	37,720	6,251	14,781	1,185	447,426
Expenses										
Salaries, wages and employee benefits	18,297	67,806	33,259	20,404	23,321	10,123	-	22,477	4,276	199,963
Interest on debt	845	487	361	774	58	900	-	532	220	4,177
Materials	993	1,826	12,601	15,446	1,283	1,635	-	4,563	163	38,510
Purchased services	5,994	3,891	4,867	14,052	2,052	1,532	418	3,789	1,559	38,154
Rents and financial expenses	3,101	176	1,309	3,497	190	-	-	1,187	46	9,506
External transfers	1,693	1,009	165	1,810	-	28,038	23,322	1,281	1,522	58,840
Internal charges	(6,811)	402	(4,808)	6,977	1,744	74	-	2,438	(16)	-
Amortization of tangible capital assets	3,976	3,064	16,324	14,145	1,536	2,009	20	5,945	309	47,328
	28,088	78,661	64,078	77,105	30,184	44,311	23,760	42,212	8,079	396,478
Excess of revenues over expenses (expenses over revenues)	211,663	(59,683)	(32,497)	2,927	(13,037)	(6,591)	(17,509)	(27,431)	(6,894)	50,948

City of Guelph

Consolidated schedule of segment disclosure - Schedule 2

year ended December 31, 2015

('000's)

(Unaudited)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Social Housing	Recreation & Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	212,974	-	-	-	-	-	-	-	-	212,974
User charges	1,000	1,125	13,081	61,562	34	9,280	-	6,839	761	93,682
Contributed subdivision assets	5,430	-	-	-	-	-	-	-	-	5,430
Contributions	3,771	6,080	16,830	14,183	16,379	26,352	5,568	3,229	242	92,634
Other										
Investment income	5,087	-	-	69	29	545	-	-	-	5,730
Donations	-	14	-	-	-	13	-	488	-	515
Sales of equipment, publications	2	8	2	4,563	-	86	-	1,655	5	6,321
Recoveries	394	109	1,789	1,052	-	255	-	880	166	4,645
Licences and permits	67	3,273	-	52	-	-	-	24	-	3,416
Provincial offences act	-	2,588	-	-	-	-	-	-	-	2,588
Other fines	-	1,221	-	-	-	-	-	-	-	1,221
Gain (loss) on disposal of tangible capital assets	(46)	(130)	415	(712)	-	-	-	(171)	(133)	(777)
Gain from Government Business Enterprises	3,436	-	-	-	-	-	-	-	-	3,436
	232,115	14,288	32,117	80,769	16,442	36,531	5,568	12,944	1,041	431,815
Expenses										
Salaries, wages and employee benefits	17,319	66,218	30,697	20,616	22,811	9,764	-	21,567	3,667	192,659
Interest on debt	903	406	163	867	4	439	-	484	211	3,477
Materials	918	1,804	14,013	14,805	1,246	2,324	-	4,696	133	39,939
Purchased services	5,303	3,375	5,409	12,316	1,746	1,439	459	3,130	705	33,882
Rents and financial expenses	3,852	161	1,102	3,701	198	2	-	1,617	23	10,656
External transfers	1,708	885	1,782	1,568	-	27,808	20,890	1,194	2,319	58,154
Internal charges	(6,714)	359	(5,112)	7,200	1,662	95	1	2,529	(20)	-
Amortization of tangible capital assets	3,876	3,084	13,580	17,045	1,518	1,856	20	5,590	291	46,860
	27,165	76,292	61,634	78,118	29,185	43,727	21,370	40,807	7,329	385,627
Excess of revenues over expenses										
(expenses over revenues)	204,950	(62,004)	(29,517)	2,651	(12,743)	(7,196)	(15,802)	(27,863)	(6,288)	46,188

City of Guelph

Consolidated schedule of debt - Schedule 3

December 31, 2016

('000's)

Bylaw	Project description	Term	Maturity date	Interest rates	2016	2015
					\$	\$
Debentures:						
18105	New City Hall	25	28-Aug-31	5.237%	14,503	15,127
18105	New POA Court	25	28-Aug-31	5.237%	4,091	4,266
18622	Social Services Building Renovation	10	25-Sep-18	3.25% to 4.70%	632	931
18622	Police HQ Renovations	10	25-Sep-18	3.25% to 4.70%	293	432
18622	Road Projects - Gordon, Victoria, Cardigan, Clair	10	25-Sep-18	3.25% to 4.70%	1,262	1,829
18622	Bus Storage Area Expansion	10	25-Sep-18	3.25% to 4.70%	43	63
18622	Organic Waste Facility - Roof Repairs	10	25-Sep-18	3.25% to 4.70%	115	170
18898	Road Projects - Gordon, Victoria, Eramosa	10	25-Nov-19	.95 % to 4.60%	252	330
18898	South End Station	10	25-Nov-19	.95 % to 4.60%	2,211	2,895
18898	New City Hall	10	25-Nov-19	.95 % to 4.60%	763	999
18898	Land Purchase - Library	10	25-Nov-19	.95 % to 4.60%	282	369
18898	Public Drop Off Facility	10	25-Nov-19	.95 % to 4.60%	72	94
18898	Transit Terminal Road Upgrades	10	25-Nov-19	.95 % to 4.60%	620	810
18898	Watermain Projects - Laird, Arkell, Scout Camp	10	25-Nov-19	.95 % to 4.60%	2,111	2,763
18898	Waste Water Treatment Plant Facility Upgrade	10	25-Nov-19	.95 % to 4.60%	1,940	2,539
19294	Organic Waste Facility Composter Rebuild	10	9-Nov-21	1.25% to 3.70%	14,734	17,490
19294	Civic Museum Renovations	10	9-Nov-21	1.25% to 3.70%	2,999	3,560
19294	On behalf of the Elliott	10	9-Nov-21	1.25% to 3.70%	6,867	8,151
20084	Public Health Facilities	7	20-Jul-23	1.20% to 2.25%	6,703	-
20084	Roads Projects - Carden & Downtown	7	20-Jul-23	1.20% to 2.25%	5,535	-
20084	Land Purchase - Baker Street	7	20-Jul-23	1.20% to 2.25%	1,137	-
20084	Waste Management Carts	7	20-Jul-23	1.20% to 2.25%	4,346	-
20084	Roads Projects - Clair & Laird Road	7	20-Jul-23	1.20% to 2.25%	5,248	-
20084	Roads Projects - Clair & Laird Road - DC	10	20-Jul-26	1.20% to 2.25%	13,309	-
20084	Police HQ Renovations	7	20-Jul-23	1.20% to 2.25%	8,200	-
20084	Police HQ Renovations - DC	10	20-Jul-26	1.20% to 2.25%	7,800	-
20084	Victoria Road Recreation Facility Renovation	10	20-Jul-26	1.20% to 2.25%	12,922	-
					118,990	62,818
Other loans:						
	The Elliott Line of Credit - RBC	Demand	NA	prime	80	700
	The Elliott Bankers Acceptance - SWAP	10	25-Jun-25	4.83%	1,728	1,918
	Mortgage RBC - Sleeman Centre	10	1-May-17	3.04%	283	1,120
	CIBC Loan - Sleeman Centre - SWAP	18.8	01-Sep-25	6.38%	4,242	4,593
	TD Interest only loan - SWAP	5	31-Dec-17	2.105%	10,000	10,000
Total Debt					135,323	81,149

City of Guelph

Consolidated schedule of reserves and reserve funds - Schedule 4

December 31, 2016

('000's)

Code	Description	2016	2015
		\$	\$
Reserves:			
For Employee Future Benefits:			
100	Sick Leave - Fire	5,475	5,207
101	Sick Leave - Police	4,114	3,862
330	WSIB	1,452	1,799
338	Land Ambulance Retirement	655	722
212	Early Retiree Benefits	-	425
		11,696	12,015
For Stabilization and Contingency:			
131	Compensation Contingency	5,414	1,838
180	Tax Rate Stabilization	6,810	3,206
181	Water Rate Stabilization	3,040	2,521
182	Waste Water Rate Stabilization	3,844	3,297
105	Wastewater Contingency	890	890
106	Water Contingency	858	418
198	Operating Contingency	750	750
191	Human Resource Contingency	-	1,125
		21,606	14,045
For Program Related:			
184	Insurance	2,145	2,145
119	Affordable Housing	794	650
122	Brownfield Strategy	3,131	2,329
206	Building Operating Maintenance	82	77
192	Heritage Redevelopment	3	1,159
193	Ontario Municipal Board	1,555	1,555
194	Downtown Improvements	332	349
195	Election Costs	400	275
196	Joint Job Evaluation Committee	-	276
345	Westminster Woods	35	35
197	Human Resource Negotiations	-	173
210	Information Technology Licences	849	760
211	POA Contingency	468	213
205	Community Investment Strategy	89	89
179	Strategic Priorities	663	689
358	Downtown TIBG Reserve	1,338	665
		11,884	11,439
Consolidated Entities			
	Reserves - Wellington-Dufferin-Guelph Public Health	642	491
Total Reserves		45,828	37,990

City of Guelph

Consolidated schedule of reserves and reserve funds - Schedule 4

December 31, 2016

('000's)

Code	Description	2016	2015
		\$	\$
Reserve Funds:			
111	Fire	-	614
113	Transit	-	1,035
115	Police	2,927	1,053
116	Waste Management	-	576
118	Computers	-	755
121	Play Equipment	-	407
124	Operations Fleet	-	5,251
120	POA Relocation	1,132	963
135	Museum Development	93	132
136	McCrae House Development	24	33
137	Moon-McKeigan	15	15
138	Library Bequests	370	325
150	Infrastructure Renewal	22,488	5,146
151	Capital Parking	-	1,141
152	Capital Waterworks	46,870	45,169
153	Capital Wastewater	59,270	53,846
154	Capital Strategic Plan	16	16
155	Capital Landfill Compensation	80	102
156	Growth Capital	4,526	3,387
157	Capital Library	899	854
158	Capital Police	3,216	2,161
159	City Building Capital	1,815	198
160	Road Infrastructure	-	2,263
162	Capital Sleeman Centre	34	-
164	Capital Roads	(24)	573
165	Capital Stormwater	10	358
166	Capital Park Planning	-	482
167	Capital Policy Planning	-	659
169	Capital Operations	-	1,550
171	Capital Culture	-	136
172	Capital Transit	-	1,704
176	Capital Information Services	-	940
186	Capital Waste Management	51	45
189	Capital GSEC	-	43
190	Building Life Cycle	-	1,166
Carried forward to next page		143,812	133,098

City of Guelph

Consolidated schedule of reserves and reserve funds - Schedule 4

December 31, 2016

('000's)

Code	Description	2016	2015
		\$	\$
	Carried forward from previous page	143,812	133,098
331	Road Widening	895	877
332	Industrial Land	(6,846)	(6,829)
340	Capital River Run	108	68
350	Transportation Demand Management	23	23
351	Capital Asset Renewal	8,690	8,494
352	Greenhouse Gas	148	327
353	Waterworks DC Exempt	524	647
354	Wastewater DC Exempt	713	1,576
355	Greening	-	(15)
356	Public Art	151	83
357	Brownfield Capital	92	43
Consolidated Entities			
	Reserve Funds - Wellington-Dufferin-Guelph Public Health	1,950	1,652
Total Reserve Funds		150,260	140,044
Total Reserves and Reserve Funds		196,088	178,034

City of Guelph

Guelph Public Library Board - Schedule 5

Statement of revenue and expense

year ended December 31, 2016

('000's)

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
OPERATING FUND			
Revenue			
Grant - Province of Ontario	168	168	168
Donations	69	102	89
Fees and service charges	290	257	275
Sundry revenue	23	40	20
	550	567	552
Expenses			
Administrative and office	8	6	12
Operating supplies	439	581	246
Repairs and maintenance	526	460	424
Interest on long-term debt	-	-	19
Consulting and professional fees	43	121	87
Communications	178	195	170
Amortization	-	1,098	944
Training	40	44	32
Salaries and benefits	5,666	5,842	5,686
Rental and leases	949	788	862
Furniture and equipment	29	1	5
Utilities and taxes	139	159	143
	8,017	9,295	8,630
Net operating deficit	(7,467)	(8,728)	(8,078)
CAPITAL FUND			
Developer contribution revenues	-	256	397
Tangible capital asset acquisitions	(1,695)	(1,155)	(1,627)
Net capital deficit	(1,695)	(899)	(1,230)
Total combined net deficit	(9,162)	(9,627)	(9,308)
Less: net contributions (to)/from reserves	194	198	127
Less: debt principal repayments	-	-	(84)
	(8,968)	(9,429)	(9,265)
City of Guelph share of net deficit	8,968	9,429	9,265
Fund balance, end of year	-	-	-

City of Guelph

Guelph Police Services Board - Schedule 6

Statement of revenue and expense

year ended December 31, 2016

('000's)

	2016 Budget	2016 Actual	2015 Actual
	\$	\$	\$
OPERATING FUND			
Revenue			
Grants	1,750	1,955	1,824
Other fees and recoveries	914	955	1,036
	2,664	2,910	2,860
Expenses			
Amortization	-	1,361	1,431
Personnel supplies	157	111	125
Professional services	1,178	1,351	1,263
Fleet	698	482	500
Repairs and maintenance	215	191	209
Corporate development and travel	485	484	425
Rental and lease	107	111	70
Communication	357	372	169
Utilities, taxes and insurance	498	403	427
Banking and other fees	15	8	9
Software	230	222	243
Operating, admin and office supplies	264	236	232
Interest on long-term debt	-	199	91
Salaries and benefits	36,604	35,969	35,092
	40,808	41,500	40,286
Net operating deficit	(38,144)	(38,590)	(37,426)
CAPITAL FUND			
Revenue			
Province of Ontario grants	-	44	93
Other revenues	-	3,639	27
	-	3,683	120
Expenses			
Loss (gain) on disposal of tangible capital assets	(5)	287	50
Tangible capital asset acquisitions	2,626	9,357	2,948
Net capital deficit	(2,621)	(5,961)	(2,878)
Total combined net deficit	(40,765)	(44,551)	(40,304)
Add: net contributions from reserves	2,618	7,673	3,463
Less: debt principal repayments	(139)	(139)	(440)
	(38,286)	(37,017)	(37,281)
City of Guelph share of net deficit	(38,286)	(37,017)	(37,281)
Fund balance, end of year	-	-	-