

Consolidated financial statements of

City of Guelph

December 31, 2017

City of Guelph

December 31, 2017

Table of contents

Independent Auditors' Report	1-2
Consolidated statement of financial position.....	3
Consolidated statement of operations and accumulated surplus.....	4
Consolidated statement of change in net financial assets	5
Consolidated statement of cash flows.....	6
Notes to the consolidated financial statements.....	7-30
Schedule 1 - Consolidated schedule of segment disclosure - 2017	31
Schedule 2 - Consolidated schedule of segment disclosure - 2016	32
Schedule 3 - Consolidated schedule of debt.....	33
Schedule 4 - Consolidated schedule of reserves and reserve funds	34-35
Schedule 5 - Guelph Public Library Board – Statement of Revenue and Expense	36
Schedule 6 - Guelph Police Services Board – Statement of Revenue and Expense	37



KPMG LLP
115 King Street South
2nd Floor
Waterloo ON N2J 5A3
Canada
Tel 519-747-8800
Fax 519-747-8830

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, 2017, 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.



Page 2

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, 2017, 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, stylized font. Below the signature is a single horizontal line that starts under the "K" and ends under the "P", with a small upward tick at the right end.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada
June 25, 2018

City of Guelph

Consolidated statement of financial position as at December 31, 2017 ('000's)

	2017	2016
	\$	\$
Financial assets		
Cash	37,232	47,897
Investments (Note 3)	264,083	272,632
Taxes receivable	6,369	7,220
Accounts receivable	37,307	23,526
Loans and notes receivable (Note 4)	2,129	2,666
Investment in Guelph Junction Railway Ltd. (Note 4)	8,668	7,811
Investment in Guelph Municipal Holdings Inc. (Note 5)	66,341	67,122
	422,129	428,874
Liabilities		
Accounts payable and accrued liabilities	46,242	53,728
Accrued interest payable	984	1,069
Vacation and other employee benefits payable	6,949	6,816
Developer agreement deferred revenue	2,292	5,214
Other deferred revenue	19,340	17,690
Deferred contributions (Note 6)	65,653	53,951
Employee future benefits (Note 8)	35,869	33,772
Debt (Note 9)	110,769	135,323
Obligation under capital lease (Note 10)	734	941
Landfill post-closure liability (Note 11)	4,205	4,540
Liability for contaminated sites (Note 18)	25,446	26,860
Other long-term liabilities (Note 12)	1,911	2,191
	320,394	342,095
Net financial assets	101,735	86,779
Non-financial assets		
Tangible capital assets (Note 13)	1,079,482	1,032,202
Inventory	1,665	1,739
Prepaid expenses	3,199	2,250
	1,084,346	1,036,191
Contingencies (Note 19)		
Commitments and guarantees (Note 20)		
Accumulated surplus (Note 14)	1,186,081	1,122,970

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, 2017 ('000's)

	2017 Budget (Note 22)	2017 Actual	2016 Actual
	\$	\$	\$
Revenues			
Taxation			
Property taxation (Note 2)	228,407	231,165	222,218
Property taxation - Downtown Guelph Business Association	467	467	471
Penalties and interest on taxes	1,360	1,392	1,399
	230,234	233,024	224,088
User charges	103,039	105,872	96,128
Contributed subdivision assets	9,562	9,562	9,470
Contributions			
Government of Canada	24,010	13,957	10,052
Province of Ontario	60,022	58,770	59,295
Municipal	3,775	4,942	3,883
Developers	14,245	15,000	22,542
Other	770	760	845
	215,423	208,863	202,215
Other			
Investment income	3,757	4,891	4,939
Donations	365	413	473
Sales of equipment, publications	5,376	5,696	5,280
Recoveries	3,536	4,967	4,023
Licences and permits	4,043	3,947	3,877
Provincial Offences Act revenues	2,812	2,709	3,292
Other fines	1,070	1,203	1,206
Gain (loss) on disposal of tangible capital assets	-	578	(1,156)
Earnings (loss) from Government Business Enterprises	1,900	1,976	(811)
	22,859	26,380	21,123
Total revenues	468,516	468,267	447,426
Expenses			
General government	31,957	27,913	28,088
Protection services	82,062	82,767	78,661
Transportation services	63,714	65,259	60,779
Environmental services	81,217	78,612	80,404
Health services	31,374	32,171	30,184
Social and family services	44,205	43,826	44,311
Social housing	23,908	22,667	23,760
Recreation and cultural services	43,678	44,917	42,212
Planning and development	9,275	7,024	8,079
Total expenses	411,390	405,156	396,478
Excess of revenues over expenses for the year	57,126	63,111	50,948
Accumulated surplus, beginning of year	1,122,970	1,122,970	1,072,022
Accumulated surplus, end of year	1,180,096	1,186,081	1,122,970

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, 2017 ('000's)

	2016 Budget (Note 22)	2017 Actual	2016 Actual
	\$	\$	\$
Excess of revenue over expenses for the year	57,126	63,111	50,948
Amortization of tangible capital assets	47,081	48,468	47,328
Acquisition of tangible capital assets	(89,778)	(88,118)	(78,835)
Contributed subdivision assets	(9,562)	(9,562)	(9,470)
(Gain) loss on disposal of tangible capital assets	-	(532)	1,156
Proceeds on disposal of tangible capital assets	-	2,464	1,296
Acquisition of inventory	-	(1,665)	(1,739)
Consumption of inventory	-	1,739	1,748
Acquisition of prepaid expenses	-	(3,199)	(2,250)
Use of prepaid expenses	-	2,250	1,982
Increase in net financial assets for the year	4,867	14,956	12,164
Net financial assets, beginning of year	86,779	86,779	74,615
Net financial assets, end of year	91,646	101,735	86,779

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

City of Guelph

Consolidated statement of cash flows year ended December 31, 2017 ('000's)

	2017	2016
	\$	\$
Operating activities		
Excess of revenues over expenses for the year	63,111	50,948
Items not affecting cash:		
Amortization of tangible capital assets	48,468	47,328
(Gain) loss on disposal of tangible capital assets	(532)	1,156
Contributed subdivision assets	(9,562)	(9,470)
Allowance on asset backed investment	(143)	-
Unrealized loss on interest rate swap contracts	(398)	(336)
(Earnings) loss from Government Business Enterprises	(1,976)	811
Employee future benefit expenses	2,097	2,032
Landfill post-closure recovery	(335)	(24)
Change in contaminated sites	(1,414)	2,464
Changes in non-cash working capital:		
Taxes receivable	851	(1,172)
Accounts receivable	(13,781)	319
Developer agreement receivable/deferred revenue	(2,922)	(914)
Inventory	74	9
Prepaid expenses	(949)	(268)
Accounts payable and accrued liabilities	(7,088)	8,164
Accrued interest payable	(85)	416
Vacation and other employee benefits payable	133	565
Other deferred revenue	1,650	897
Other long-term liabilities	(280)	(560)
Cash provided by operating activities	76,919	102,365
Capital and investing activities		
Acquisition of tangible capital assets	(88,118)	(78,835)
Proceeds from disposal of tangible capital assets	2,464	1,296
Dividend from Guelph Municipal Holdings Inc.	1,900	1,500
Change in loans and notes receivable	537	(24)
Net investment disposals (acquisitions)	8,692	(45,319)
Cash used by capital and investing activities	(74,525)	(121,382)
Financing activities		
Proceeds from debt issuance	-	62,500
Repayment of debt principal	(24,554)	(8,326)
Net change in obligation under capital lease	(207)	472
Net change in deferred contributions	11,702	(7,605)
Cash (used in) provided by financing activities	(13,059)	47,041
Decrease (increase) in cash for the year	(10,665)	28,024
Cash, beginning of year	47,897	19,873
Cash, end of year	37,232	47,897

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

City of Guelph

Notes to the consolidated financial statements

December 31, 2017

(\$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% (2016 – 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, 2017

(\$000's)

1. Significant accounting policies (continued)

Basis of accounting (continued)

Taxes receivable and related revenues

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

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

Reserves and reserve funds

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

Deferred revenue and deferred contributions

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

Tangible capital assets

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

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

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

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

City of Guelph

Notes to the consolidated financial statements

December 31, 2017

(\$000's)

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, 2017

(\$000's)

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:

	2017	2016
	\$	\$
Taxation	65,415	64,628
Payments in lieu	1	1
	65,416	64,629
Requisitions	(65,416)	(64,629)
Net levy for the year	-	-

b) Taxation revenue by major tax class

2017	Taxes - own purpose	Payments in lieu	Supplementary taxes	Rebates & Write-offs	2017 Total
	\$	\$	\$	\$	\$
Residential	148,102	27	2,861	(331)	150,659
Mult-Residential	16,556	-	172	(291)	16,437
Commercial	39,346	3,466	1,563	(1,859)	42,516
Industrial	16,985	35	957	(481)	17,496
Pipelines	576	-	15	-	591
Farmlands	14	-	1	(1)	14
Managed Forests	3	-	-	-	3
Other	-	2,715	331	403	3,449
Total tax revenue	221,582	6,243	5,900	(2,560)	231,165

City of Guelph

Notes to the consolidated financial statements

December 31, 2017

(\$000's)

2. Taxation revenue (continued)

2016	Taxes - own purpose	Payments in lieu	Supplem- entary 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

3. Investments

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

	2017		2016	
	Market	Cost	Market	Cost
	\$	\$	\$	\$
Short-term investments	62,641	62,286	56,198	56,116
Long-term investments	203,406	201,797	218,348	216,516
	266,047	264,083	274,546	272,632

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. January 2017 the City received \$1,856 of the \$1,875 carrying value recorded within the investment balance at December 31, 2016. As at December 31, 2017 the impairment is recorded at the current book value of the remaining long-term investment.

City of Guelph

Notes to the consolidated financial statements

December 31, 2017

(\$000's)

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:

	2017	2016
	\$	\$
Financial position		
Current assets	1,256	829
Property, plant and equipment	11,132	10,723
Total assets	12,388	11,552
Current liabilities	1,037	825
Long-term debt	1,638	1,947
Deferred capital contributions	1,045	969
Total liabilities	3,720	3,741
Net assets	8,668	7,811
Results of operations		
Revenues	4,157	3,279
Operating expenses	3,200	2,773
Net income	957	506
Retained earnings, beginning of year	7,811	7,305
Dividend to City of Guelph	(100)	-
Retained earnings, end of year	8,668	7,811

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 \$576 (2016 - \$971). Included in loans and notes receivable is an amount owing from the Railway of \$105 (2016 - \$393) related to the reimbursement of these current year net expenses.

The Railway paid the City \$53 (2016- \$56) 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 \$1,615 (2016 - \$1,661) was outstanding and included in loans and notes receivable. In 2017 principal and interest payments were \$46 and \$56 respectively (2016 - \$49, \$52).

City of Guelph

Notes to the consolidated financial statements

December 31, 2017

(\$000's)

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:

	2017	2016
	\$	\$
Financial position		
Current assets	55,035	67,943
Property, plant and equipment	166,268	160,445
Intangible assets	544	665
Deferred income taxes	7,199	1,543
Total assets	229,046	230,596
Current liabilities	27,023	30,736
Customer deposits and deferred revenue	29,531	27,668
Long-term debt	94,777	94,773
Employee future benefits	11,374	10,297
Total liabilities	162,705	163,474
Shareholder's equity	66,341	67,122
Results of operations		
Revenues	225,006	250,761
Cost of sales	200,284	214,539
Operating expenses	29,953	32,644
Income taxes	(6,909)	5,273
Total expenses	223,328	252,456
Net income (loss)	1,678	(1,695)
Retained earnings, beginning of year	147	3,342
Dividends	(1,900)	(1,500)
Retained earnings, end of year	(75)	147
Changes in equity		
Share capital	67,530	67,530
Accumulated other comprehensive loss	(1,114)	(555)
Retained earnings, end of year	(75)	147
Shareholder's equity	66,341	67,122

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 \$58,992 (2016 - \$56,920). The cost paid to GMHI for administering these billings on behalf of the City was \$1,485 (2016 - \$1,518). Amounts owing to the City related to these transactions total \$9,214 (2016 - \$9,640) and are included in accounts receivable.

City of Guelph

Notes to the consolidated financial statements

December 31, 2017

(\$000's)

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

Related party transactions (continued)

Dividends received from GMHI during the year were \$1,900 (2016 - \$1,500). These transactions were made in the normal course of business and have been recorded at the exchange amounts.

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

	2017	2016
	\$	\$
Revenue:		
Property taxes	344	355
Rent, percentage, land lease	54	56
Subcontracting	53	35
Expenses:		
Energy sales (at commercial rates)	8,067	9,142
Waterworks expense	1,622	1,607
Street light maintenance	464	380
Balances:		
Accounts receivable	377	1,943
Accounts payable and accrued liabilities	43	117

6. Deferred contributions

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

	Beginning balance 2017	2017 Inflows	2017 Outflows	Ending balance 2017
	\$	\$	\$	\$
Development charges	39,705	21,378	14,422	46,661
Grants	7,776	10,590	6,469	11,897
Other	6,470	855	230	7,095
	53,951	32,823	21,121	65,653

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, 2017

(\$000's)

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 2,134 (2016 – 1,973) 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 2017 is \$15,146 (2016 - \$14,859) 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, 2017. At that time the plan reported a \$5.4 billion actuarial deficit, based on actuarial liabilities of \$93.6 billion and actuarial assets of \$87 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, 2017, 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:

	2017	2016
	\$	\$
Workplace Safety and Insurance ("WSIB")	7,536	6,844
Sick leave	9,617	9,339
Post retirement benefits	18,716	17,589
	35,869	33,772

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, 2017

(\$000's)

8. Employee future benefits and other liabilities (continued)

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

	2017	2016
	\$	\$
Accrued benefit obligation, beginning of year	7,118	5,822
Plan amendment	364	1,039
Current service cost	851	820
Interest	302	290
Benefits paid	(879)	(853)
Accrued benefit obligation, end of year	7,756	7,118
Unamortized net actuarial loss	(220)	(274)
	7,536	6,844

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

	2017	2016
	\$	\$
Plan amendment	364	1,039
Current period benefit cost	851	820
Amortization of losses	53	149
Interest expense	302	290
	1,570	2,298

A reserve in the amount of \$2,320 (2016 - \$1,452) 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 using information as at December 31, 2016 and extrapolated for the 2017 year end. The next required valuation will be performed in 2020 using information as of December 31, 2019.

City of Guelph

Notes to the consolidated financial statements

December 31, 2017

(\$000's)

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 4.00% (2013 – 4.75%)
- Inflation rate 1.75% (2013 – 2.00%)
- Future salaries 2.75% per year (2013 – 3.00%)

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

	2017	2016
	\$	\$
Accrued benefit obligation, beginning of year	10,786	11,114
Current service cost	727	698
Interest	422	508
Benefits paid	(1,123)	(1,534)
Accrued benefit obligation, end of year	10,812	10,786
Unamortized net actuarial loss	(1,195)	(1,447)
	9,617	9,339

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

	2017	2016
	\$	\$
Current period benefit cost	727	698
Amortization of net actuarial loss	169	175
Interest expense	422	508
	1,318	1,381

There are currently reserves totaling \$9,774 (2016 - \$9,589) available to fund this liability.

c) Post employment 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 4.00% (2013 – 4.75%)
- Consumer price index 1.75% (2013 - 2.0%)
- Prescription drugs trend rate 5.08% reducing over 3 years to reach 3.75% per year starting in 2021 (2013 – 5.67% reducing over 4 years to reach 4.0% per year starting in 2019)
- Dental and other medical trend rates 3.75% (2013 – 4.0%)

City of Guelph

Notes to the consolidated financial statements

December 31, 2017

(\$000's)

8. Employee future benefits and other liabilities (continued)

c) Post employment benefits (continued)

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

	2017	2016
	\$	\$
Accrued benefit obligation, beginning of year	20,569	19,944
Current service cost	931	948
Interest	795	940
Benefits paid	(1,842)	(1,263)
Accrued benefit obligation, end of year	20,453	20,569
Unamortized net actuarial loss	(1,737)	(2,980)
	18,716	17,589

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

	2017	2016
	\$	\$
Current period benefit cost	931	948
Amortization of net actuarial gains	492	-
Amortization of net actuarial loss	251	114
Interest expense	795	940
	2,469	2,002

A comprehensive actuarial valuation was completed using information as at December 31, 2016 and extrapolated for the 2017 year end. The next required valuation will be performed in 2020 using information as of December 31, 2019.

City of Guelph

Notes to the consolidated financial statements

December 31, 2017

(\$000's)

9. Debt

a) The debt is comprised of the following components:

	2017	2016
	\$	\$
Operating line of credit - bearing interest at prime, due on demand	130	80
Debentures - repayable at rates ranging from 0.95% to 5.237% and maturing from 2018 through 2031	105,233	118,988
Long-term loans - repayable at rates ranging from prime to 6.38% and maturing from 2017 through 2025	3,867	14,525
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	1,539	1,730
	110,769	135,323

Included in accounts payable and accrued liabilities is \$658 (2016 - \$1,056) 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
	\$	\$	\$
2018	14,311	460	14,771
2019	13,533	410	13,943
2020	10,931	425	11,356
2021	10,581	439	11,020
2022	5,591	457	6,048
Thereafter	50,248	3,383	53,631
	105,195	5,574	110,769

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

	2017	2016
	\$	\$
Principal repayments	24,554	8,326
Interest	3,943	4,177
	28,497	12,503

City of Guelph

Notes to the consolidated financial statements

December 31, 2017

(\$000's)

10. Obligation under capital lease:

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

	2017	2016
	\$	\$
2017	-	220
2018	258	258
2019	258	258
2020	225	224
2021	38	38
Total minimum lease payments	779	998
Less amount representing interest at 3.16% and 3.04%	(45)	(57)
Present value of net minimum capital lease payments	734	941

Interest of \$26 (2016 - \$16) 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 for post-closure costs has been reported on the unconsolidated statement of financial position. The liability was calculated based upon the present value of estimated post-closure costs discounted to December 31, 2017 at a factor of 4% (2016 – 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, 2017 are \$4,205 (2016 - \$4,540).

No reserve funds have been established to fund this liability as at December 31, 2017, as the City is funding this cost annually through the budget process.

City of Guelph

Notes to the consolidated financial statements

December 31, 2017

(\$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

	2017	2016
	\$	\$
Heritage Redevelopment	5	8
Downtown Development	1,615	1,892
Brownfield Strategy	291	291
	1,911	2,191

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

	2017	2016
	\$	\$
2017	-	280
2018	280	280
2019	280	280
2020	280	280
2021	273	273
2022	248	248
Thereafter	550	550
	1,911	2,191

City of Guelph

Notes to the consolidated financial statements

December 31, 2017

(\$000's)

13. Tangible capital assets

				2017
Cost	Balance, beginning of year	Additions	Disposals	Balance, end of year
	\$	\$	\$	\$
Land and land improvements	82,572	2,899	(1,381)	84,090
Buildings	311,912	17,845	(60)	329,697
Machinery and equipment	161,711	11,809	(1,682)	171,838
Assets under capital lease	1,373	(219)	(83)	1,071
Vehicles	71,120	4,385	(2,004)	73,501
Infrastructure				
Sanitary sewers & waste water	286,284	8,585	-	294,869
Storm water	204,566	3,643	-	208,209
Transportation	416,006	5,256	-	421,262
Waterworks	254,982	9,283	-	264,265
Assets under construction	28,990	34,194	(6)	63,178
	1,819,516	97,680	(5,216)	1,911,980
Accumulated amortization	Balance, beginning of year	Amortization	Disposals	Balance, end of year
	\$	\$	\$	\$
Land and land improvements	7,143	971	(78)	8,036
Buildings	110,452	9,522	(37)	119,937
Machinery and equipment	105,065	9,665	(1,367)	113,363
Assets under capital lease	440	(44)	(52)	344
Vehicles	41,574	6,235	(1,750)	46,059
Infrastructure				
Sanitary sewers & waste water	143,779	5,011		148,790
Storm water	56,410	3,108		59,518
Transportation	218,900	8,843		227,743
Waterworks	103,551	5,157		108,708
	787,314	48,468	(3,284)	832,498
Net book value	Balance, beginning of year			Balance, end of year
	\$			\$
Land and land improvements	75,429			76,054
Buildings	201,460			209,760
Machinery and equipment	56,646			58,475
Asset under capital lease	933			727
Vehicles	29,546			27,442
Infrastructure				
Sanitary sewers & waste water	142,505			146,079
Storm water	148,156			148,691
Transportation	197,106			193,519
Waterworks	151,431			155,557
Assets under construction	28,990			63,178
	1,032,202			1,079,482

City of Guelph

Notes to the consolidated financial statements

December 31, 2017

(\$000's)

13. Tangible capital assets (continued)

				2016
Cost	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	12,260	(3,439)	161,711
Assets under capital lease	802	571	-	1,373
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	(9,452)	1,819,516
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	9,288	(2,767)	105,065
Assets under capital lease	259	181	-	440
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	8,543		218,900
Waterworks	98,776	4,775		103,551
	746,986	47,328	(7,000)	787,314
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			197,106
Waterworks	140,328			151,431
Assets under construction	24,281			28,990
	993,677			1,032,202

City of Guelph

Notes to the consolidated financial statements

December 31, 2017

(\$000's)

14. Accumulated surplus

The accumulated surplus is comprised of the following components:

	2017	2016
	\$	\$
Reserves set aside for specific purpose by Council:		
for corporate	19,099	16,674
for program specific	23,226	21,231
for strategic	(7,117)	(1,778)
Reserves set aside by Wellington-Dufferin-Guelph-Public Health		
for contingency	717	642
Total reserves - Schedule 4	35,925	36,769
Reserve funds set aside for specific purpose by Council:		
for capital financing purposes	158,991	157,369
Reserve funds set aside by Wellington-Dufferin-Guelph-Public Health		
for capital financing purposes	1,474	1,950
Total reserve funds - Schedule 4	160,465	159,319
Total reserves and reserve funds	196,390	196,088
Invested in tangible capital assets	1,079,482	1,032,202
Investment in Guelph Municipal Holdings Inc.	66,341	67,122
Investment in Guelph Junction Railway Company	8,668	7,811
Operating fund	19,172	27,999
Unfunded liabilities		
Debt	(111,503)	(136,264)
Employee future benefits and related liabilities	(42,818)	(40,588)
Contaminated sites liability	(25,446)	(26,860)
Landfill post closure liability	(4,205)	(4,540)
Total	989,691	926,882
Accumulated surplus	1,186,081	1,122,970

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 2017, \$2,895 (2016 - \$2,751) 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, 2017

(\$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:

	2017	2016
	\$	\$
Salaries, wages and employee benefits	208,027	199,963
Interest on debt	3,943	4,177
Materials	36,680	38,523
Purchased services	40,761	37,694
Rents and financial expenses	9,869	9,547
External transfers	57,408	59,246
Amortization of tangible capital assets	48,468	47,328
	405,156	396,478

16. Government partnerships

The City's share of 45.9% (2016 - 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:

	2017	2016
	\$	\$
Assets	3,500	3,955
Liabilities	7,140	8,347
Net financial assets	(3,640)	(4,392)
Tangible capital assets	11,239	11,905
Prepaid expenses	40	38
Inventory	3	3
Total non-financial assets	11,282	11,946
Accumulated surplus	7,642	7,554
Revenues	12,041	12,085
Expenses	11,953	11,695
Excess of revenue over expenses	88	390
Accumulated surplus, beginning of year	7,554	7,164
Accumulated surplus, end of year	7,642	7,554

During the year, the City contributed \$3,756 (2016 - \$3,683) towards its share of the costs of the partnership.

City of Guelph

Notes to the consolidated financial statements

December 31, 2017

(\$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:

	2017	2016
	\$	\$
Revenues		
Social housing	6,657	6,251
Child care	9,385	9,364
Social services	13,274	13,530
	29,316	29,145
Expenses		
Social housing	22,635	20,080
Child care	12,129	11,421
Social services	16,222	16,701
	50,986	48,202
Net expenses	(21,670)	(19,057)

The City's share of net expenses for social housing is 81% (2016 - 83%), child care 77% (2016 - 75%) and social services 67% (2016 - 67%).

City of Guelph

Notes to the consolidated financial statements

December 31, 2017

(\$000's)

17. Shared service agreements (continued)

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

	2017	2016
	\$	\$
Revenues		
Land Ambulance	5,711	5,749
Provincial Offences Act	1,395	1,738
	7,106	7,487
Expenses		
Land Ambulance	11,844	11,145
Provincial Offences Act	1,102	1,186
	12,946	12,331
Net expenses	(5,840)	(4,844)

The City's share of net expenses for land ambulance is 63% (2016 – 62%) and Provincial Offences Act is 54% (2016 – 59%).

The Provincial Offences Act revenues are recorded on a cash basis due to regulatory restrictions. As at December 31, 2017 there are \$17,208 (2016 - \$16,484) of over-due fines receivable and of this amount \$58 (2016 - \$92) is considered uncollectable, and \$1,798 (2016 - \$3,164) 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 \$25,446 (2016 - \$26,860) 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, 2017

(\$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 \$334 as at August 31, 2017.
- b) The City has commitments totaling \$82 (2016 - \$91) 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 \$8,750 (2016 - \$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 \$16,733 (2016 - \$16,295) 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 October 31, 2057. The minimum lease payments over the next five years and thereafter are as follows:

	\$
2018	1,450
2019	1,164
2020	1,132
2021	992
2022	726
Thereafter	1,470
	<u>6,934</u>

- f) Other obligations include:

Other community grants

The City has committed to providing various grants to organizations in the community totalling \$506 (2016 - \$505).

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 2017, the City of Guelph received \$281 (2016 - \$223) 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.

City of Guelph

Notes to the consolidated financial statements

December 31, 2017

(\$000's)

23. Comparative figures

Certain 2016 comparative figures have been reclassified in order to present them in a form comparable to those for 2017.

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

City of Guelph

Notes to the consolidated financial statements

December 31, 2017

(\$000's)

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, 2017
('000's)

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Social Housing	Recreation & Cultural Services	Planning and Development	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	233,024	-	-	-	-	-	-	-	-	233,024
User charges	1,120	1,098	14,788	71,979	33	9,643	-	6,395	816	105,872
Contributed subdivision assets	9,562	-	-	-	-	-	-	-	-	9,562
Contributions	185	7,189	15,680	9,892	20,945	27,298	6,657	4,596	987	93,429
Other										
Investment income	4,787	-	-	70	34	-	-	-	-	4,891
Donations	-	9	-	-	-	-	-	404	-	413
Sales of equipment, publications	3	2	13	3,972	-	96	-	1,609	1	5,696
Recoveries	780	118	1,128	1,476	-	349	-	805	311	4,967
Licences and permits	78	3,778	-	73	-	-	-	18	-	3,947
Provincial offences act	-	2,709	-	-	-	-	-	-	-	2,709
Other fines	-	1,203	-	-	-	-	-	-	-	1,203
Gain (loss) on disposal of tangible capital assets	(53)	(84)	807	(39)	9	-	-	(80)	18	578
Gain from Government Business Enterprises	1,976	-	-	-	-	-	-	-	-	1,976
	251,462	16,022	32,416	87,423	21,021	37,386	6,657	13,747	2,133	468,267
Expenses										
Salaries, wages and employee benefits	19,835	71,648	33,098	21,127	24,371	10,099	-	23,494	4,355	208,027
Interest on debt	780	618	523	737	98	346	-	599	242	3,943
Materials	1,024	2,053	13,118	11,713	1,360	2,421	-	4,806	185	36,680
Purchased services	6,163	3,837	5,437	15,351	2,345	1,523	12	4,607	1,486	40,761
Rents and financial expenses	3,101	180	1,033	4,024	206	-	-	1,269	56	9,869
External transfers	1,747	861	55	1,648	-	28,446	22,634	1,754	263	57,408
Internal charges	(8,617)	423	(2,603)	6,726	1,958	2	-	2,015	96	-
Amortization of tangible capital assets	3,880	3,147	14,598	17,286	1,833	989	21	6,373	341	48,468
	27,913	82,767	65,259	78,612	32,171	43,826	22,667	44,917	7,024	405,156
Excess of revenues over expenses (expenses over revenues)	223,549	(66,745)	(32,843)	8,811	(11,150)	(6,440)	(16,010)	(31,170)	(4,891)	63,111

City of Guelph

Consolidated schedule of segment disclosure - Schedule 2

year ended December 31, 2016

('000's)

	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	32,980	20,683	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	12,551	15,496	1,283	1,635	-	4,576	163	38,523
Purchased services	5,994	3,891	4,827	14,097	2,052	1,532	12	3,730	1,559	37,694
Rents and financial expenses	3,101	176	1,220	3,581	190	-	-	1,233	46	9,547
External transfers	1,693	1,009	165	1,810	-	28,038	23,728	1,281	1,522	59,246
Internal charges	(6,811)	402	(5,037)	7,206	1,744	74	-	2,438	(16)	-
Amortization of tangible capital assets	3,976	3,064	13,712	16,757	1,536	2,009	20	5,945	309	47,328
	28,088	78,661	60,779	80,404	30,184	44,311	23,760	42,212	8,079	396,478
Excess of revenues over expenses (expenses over revenues)	211,663	(59,683)	(29,198)	(372)	(13,037)	(6,591)	(17,509)	(27,431)	(6,894)	50,948

City of Guelph

Consolidated schedule of debt - Schedule 3

December 31, 2017

('000's)

Bylaw	Project description	Term	Maturity date	Interest rates	2017	2016
					\$	\$
Debentures:						
18105	New City Hall	25	28-Aug-31	5.237%	13,846	14,503
18105	New POA Court	25	28-Aug-31	5.237%	3,905	4,091
18622	Social Services Building Renovation	10	25-Sep-18	3.25% to 4.70%	319	632
18622	Police HQ Renovations	10	25-Sep-18	3.25% to 4.70%	148	293
18622	Road Projects - Gordon, Victoria, Cardigan, Clair	10	25-Sep-18	3.25% to 4.70%	628	1,262
18622	Bus Storage Area Expansion	10	25-Sep-18	3.25% to 4.70%	22	43
18622	Organic Waste Facility - Roof Repairs	10	25-Sep-18	3.25% to 4.70%	58	115
18898	Road Projects - Gordon, Victoria, Eramosa	10	25-Nov-19	.95 % to 4.60%	171	252
18898	South End Station	10	25-Nov-19	.95 % to 4.60%	1,501	2,211
18898	New City Hall	10	25-Nov-19	.95 % to 4.60%	518	763
18898	Land Purchase - Library	10	25-Nov-19	.95 % to 4.60%	191	282
18898	Public Drop Off Facility	10	25-Nov-19	.95 % to 4.60%	49	72
18898	Transit Terminal Road Upgrades	10	25-Nov-19	.95 % to 4.60%	420	620
18898	Watermain Projects - Laird, Arkell, Scout Camp	10	25-Nov-19	.95 % to 4.60%	1,433	2,111
18898	Waste Water Treatment Plant Facility Upgrade	10	25-Nov-19	.95 % to 4.60%	1,317	1,940
19294	Organic Waste Facility Composter Rebuild	10	9-Nov-21	1.25% to 3.70%	11,671	14,392
19294	Fire - Pumper	10	9-Nov-21	1.25% to 3.70%	278	342
19294	Civic Museum Renovations	10	9-Nov-21	1.25% to 3.70%	2,432	2,999
19294	On behalf of the Elliott	10	9-Nov-21	1.25% to 3.70%	5,569	6,867
20084	Public Health Facilities	7	20-Jul-23	1.20% to 2.25%	5,782	6,703
20084	Roads Projects - Carden & Downtown	7	20-Jul-23	1.20% to 2.25%	4,775	5,535
20084	Land Purchase - Baker Street	7	20-Jul-23	1.20% to 2.25%	981	1,137
20084	Waste Management Carts	7	20-Jul-23	1.20% to 2.25%	3,749	4,346
20084	Roads Projects - Clair & Laird Road	7	20-Jul-23	1.20% to 2.25%	4,526	5,248
20084	Roads Projects - Clair & Laird Road - DC	10	20-Jul-26	1.20% to 2.25%	12,903	13,309
20084	Police HQ Renovations	7	20-Jul-23	1.20% to 2.25%	7,950	8,200
20084	Police HQ Renovations - DC	10	20-Jul-26	1.20% to 2.25%	7,563	7,800
20084	Victoria Road Recreation Facility Renovation	10	20-Jul-26	1.20% to 2.25%	12,528	12,922
					105,233	118,990
Other loans:						
	The Elliott Line of Credit - RBC	Demand	NA	prime	130	80
	The Elliott Bankers Acceptance - SWAP	10	25-Jun-25	4.83%	1,539	1,728
	Mortgage RBC - Sleeman Centre	10	1-May-17	3.04%	-	283
	CIBC Loan - Sleeman Centre - SWAP	18.8	01-Sep-25	6.38%	3,867	4,242
	TD Interest only loan - SWAP	5	31-Dec-17	2.105%	-	10,000
Total Debt					110,769	135,323

City of Guelph

Consolidated schedule of reserves and reserve funds - Schedule 4

December 31, 2017

('000's)

Code	Description	2017	2016
		\$	\$
Reserves:			
Corporate:			
131	Compensation Contingency	5,638	5,414
180	Tax Rate Operating Contingency	8,174	6,810
184	Insurance	-	2,145
193	Legal/Insurance	2,715	1,555
198	Environment and Utility Contingency	2,050	750
208	Social Housing Contingency	522	-
		19,099	16,674
Program Specific:			
100	Accumulated Sick Leave - Fire	5,753	5,475
101	Accumulated Sick Leave - Police	4,021	4,114
106	Water Contingency (old)	-	858
105	Wastewater Contingency (old)	-	890
181	Water Contingency	3,897	3,040
182	Wastewater Contingency	4,734	3,844
195	Election Costs	518	400
211	Court Contingency	484	468
330	WSIB	2,320	1,452
338	Paramedic Retirement	1,042	655
345	Westminster Woods	35	35
359	Stormwater Contingency	422	-
		23,226	21,231
Strategic:			
119	Affordable Housing	984	794
122	Redevelopment Incentives	6,615	3,131
179	Strategic Initiatives	616	663
194	Downtown Improvements	231	332
332	Industrial Land	(15,683)	(6,846)
352	Greenhouse Gas	120	148
		(7,117)	(1,778)
Consolidated Entities			
	Wellington-Dufferin-Guelph Public Health	717	642
Total Reserves		35,925	36,769

City of Guelph

Consolidated schedule of reserves and reserve funds - Schedule 4

December 31, 2017

('000's)

Code	Description	2017	2016
		\$	\$
Reserve Funds:			
115	Police Operating Contingency	150	2,927
120	Courts Capital	1,143	1,132
135	Museum Donations	150	93
136	McCrae House	-	24
137	Moon-MacKeigan Artifacts	-	15
138	Library Bequests	433	370
150	Infrastructure Renewal	19,663	22,488
152	Water Capital	49,495	46,870
153	Wastewater Capital	68,894	59,270
154	Capital Strategic Planning	-	16
155	City Owned Contaminated Sites	1,533	80
156	Growth	1,009	4,526
157	Library	883	899
158	Police	3,930	3,216
159	City Building	1,341	1,815
162	Sleeman Centre Naming Rights	28	34
164	Roads Capital	-	(24)
165	Stormwater Capital	2,420	10
189	Sleeman Capital	27	51
192	Heritage Redevelopment	-	3
205	Community Investment	89	89
206	Building Operations Maintenance	-	82
210	Information Technology	849	849
331	Road Widening	-	895
340	River Run	165	108
350	Transportation Demand Management	23	23
351	Efficiency Innovation Opportunity	6,614	8,690
353	Waterworks DC Exemption	-	524
354	Wastewater DC Exemption	-	713
356	Public Art	152	151
357	Brownfield Capital	-	92
358	Downtown TIBG Reserve	-	1,338
		158,991	157,369
Consolidated Entities			
	Wellington-Dufferin-Guelph Public Health	1,474	1,950
Total Reserve Funds		160,465	159,319
Total Reserves and Reserve Funds		196,390	196,088

City of Guelph

Guelph Public Library Board - Schedule 5

Statement of revenue and expense

year ended December 31, 2017

('000's)

	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$
OPERATING FUND			
Revenue			
Grant - Province of Ontario	168	168	168
Donations	69	168	102
Fees and service charges	292	291	257
Sundry revenue	21	26	40
	550	653	567
Expenses			
Administrative and office	7	8	6
Operating supplies	572	619	581
Repairs and maintenance	520	549	460
Interest on long-term debt	-	-	-
Consulting and professional fees	50	274	121
Communications	176	217	195
Amortization	-	1,232	1,098
Training	43	45	44
Salaries and benefits	5,918	5,947	5,842
Rental and leases	953	883	788
Fleet costs	-	1	-
Furniture and equipment	28	4	1
Utilities and taxes	154	152	159
	8,421	9,931	9,295
Net operating deficit	(7,871)	(9,278)	(8,728)
CAPITAL FUND			
Developer contribution revenues	-	577	256
Tangible capital asset acquisitions	(1,260)	(1,138)	(1,155)
Net capital deficit	-	(561)	(899)
Total combined net deficit	(7,871)	(9,839)	(9,627)
Less: net contributions (to)/from reserves	50	58	198
Less: debt principal repayments	-	-	-
	(7,821)	(9,781)	(9,429)
City of Guelph share of net deficit	7,821	9,781	9,429
Fund balance, end of year	-	-	-

City of Guelph

Guelph Police Services Board - Schedule 6

Statement of revenue and expense

year ended December 31, 2017

('000's)

	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$
OPERATING FUND			
Revenue			
Grants	1,948	2,014	1,955
Other fees and recoveries	928	883	955
	2,876	2,897	2,910
Expenses			
Amortization	-	1,377	1,361
Personnel supplies	147	117	111
Professional services	1,154	1,222	1,351
Fleet	635	514	482
Repairs and maintenance	204	160	191
Corporate development and travel	521	467	484
Rental and lease	118	123	111
Communication	410	430	372
Utilities, taxes and insurance	433	409	403
Banking and other fees	11	15	8
Software	324	309	222
Operating, admin and office supplies	278	272	236
Interest on long-term debt	-	348	199
Salaries and benefits	37,991	37,453	35,969
	42,227	43,216	41,500
Net operating deficit	(39,351)	(40,319)	(38,590)
CAPITAL FUND			
Revenue			
Developer contributions	-	-	-
Province of Ontario grants	-	12	44
Other revenues	-	4,347	3,639
	-	4,359	3,683
Expenses			
Loss (gain) on disposal of tangible capital as	-	60	287
Tangible capital asset acquisitions	(1,243)	12,998	9,357
Net capital deficit	-	(8,699)	(5,961)
Total combined net deficit	(39,351)	(49,018)	(44,551)
Add: net contributions from reserves	1,049	8,770	7,673
Less: debt principal repayments	(395)	(395)	(139)
	(38,697)	(40,643)	(37,017)
City of Guelph share of net deficit	(38,697)	(40,643)	(37,017)
Fund balance, end of year	-	-	-