

Committee of the Whole Meeting Agenda

**Tuesday, June 5, 2018 – 12:15 p.m.
Council Chambers, Guelph City Hall, 1 Carden Street**

Please turn off or place on non-audible all electronic devices during the meeting.

Please note that an electronic version of this agenda is available on guelph.ca/agendas.

Call to Order – Mayor

Disclosure of Pecuniary Interest and General Nature Thereof

Authority to move into Closed Meeting

That the Council of the City of Guelph now hold a meeting that is closed to the public, pursuant to The Municipal Act, to consider:

IDE-2018-89

Dolime Quarry – Potential Settlement Pathway Financing Framework

Section 239 2(e) litigation or potential litigation, including matters before administrative tribunals, affecting the municipality or local board

IDE-2018-85

Agreement of Purchase and Sale Negotiations for 200 Beverley Street

Section 239 2(c) a proposed or pending acquisition or disposition of land by the municipality or local board

Closed Meeting

Open Meeting - 2:00 p.m.

Mayor in the Chair

Closed Meeting Summary

Disclosure of Pecuniary Interest and General Nature Thereof

Presentations:

- a) Staff recognition for completion of Masters of Public Administration - Ronald Maeresera, Senior Corporate Analyst of Financial Planning

Consent Agenda – Audit (Internal)

Chair – Councillor Billings

The following resolutions have been prepared to facilitate Council's consideration of various matters and are suggested for consideration. If Council wishes to address a specific report in isolation of the Consent Agenda, please identify the item. It will be extracted and dealt with separately as part of the Items for Discussion.

CAO-2018-11 Payroll Process Audit Report

Recommendation:

That report CAO-2018-11, Payroll Process Audit Report dated June 5, 2018 be received.

Items for Discussion – Audit (External)

The following items have been extracted from Consent Agenda and will be considered separately. These items have been extracted either at the request of a member of Council or because they include a presentation and/or delegations.

CS-2018-20 2017 Unconsolidated Financial Statements and Financial Highlights

Presentation:

Tara Baker, General Manager of Finance/City Treasurer

Recommendation:

That Report CS-2018-20 titled, 2017 Unconsolidated Financial Statements and Financial Highlights, dated June 5, 2018, be received for information.

CS-2018-21 2017 Consolidated Financial Statements and External Audit Findings Report

Presentation:

Matthew Betik, Partner, Audit, KPMG

Recommendation:

That the 2017 Consolidated Financial Statements presented in report CS-2018-21 Consolidated Financial Statements and External Audit Findings Report, dated June 5, 2018, be approved.

Service Area Chair and Staff Announcements

Consent Agenda – Corporate Services

Chair – Councillor MacKinnon

The following resolutions have been prepared to facilitate Council's consideration of various matters and are suggested for consideration. If Council wishes to address a specific report in isolation of the Consent Agenda, please identify the item. It will be extracted and dealt with separately as part of the Items for Discussion.

CS-2018-19 2018 First Quarter Operating Variance Report

Recommendation

That report CS-2018-19 titled 2018 First Quarter Operating Variance Report, dated June 5, 2018, be received.

CS-2018-03 Investment Standards and Policy Change

Recommendation:

1. That the City does not pursue Prudent Investor Status at this time and continues to monitor the municipal sector in response to this regulation.
2. That the Investment Policy be amended to increase the allowable holdings of Joint Municipal Investment Boards by five per cent and to designate the One Fund Canadian Equity Portfolio as an allowable investment option.

Items for Discussion – Corporate Services

The following items have been extracted from Consent Agenda and will be considered separately. These items have been extracted either at the request of a member of Council or because they include a presentation and/or delegations.

CAO-2018-17 Service Simplified: A Customer Service Strategy

Presentation:

Tara Sprigg, General Manager of Corporate Communications and Customer Service

Recommendation:

1. That Council approves *Service Simplified: A customer service strategy* and its implementation overview.
2. That staff be directed to implement the strategy.

Service Area Chair and Staff Announcements

Consent Agenda – Public Services

Chair – Councillor Downer

The following resolutions have been prepared to facilitate Council's consideration of various matters and are suggested for consideration. If Council wishes to address a specific report in isolation of the Consent Agenda, please identify the item. It will be extracted and dealt with separately as part of the Items for Discussion.

PS-2018-24**Fixed Gear Brewing Company – Manufacturer’s
Limited Liquor Sales Licence Application****Recommendation:**

That Council support Fixed Gear Brewing Company’s application to the Alcohol and Gaming Commission of Ontario for a Manufacturer’s Limited Liquor Sales Licence for their brewery located at 20 Alma Street South as set out in Report # PS-2018-24 dated, June 5, 2018.

PS-2018-25:**Paramedic Services Response Time Performance Plan
for 2019****Recommendation:**

That the Paramedic Services Response Time Performance Plan for 2019 be set as recommended by staff in Report # PS-2018-25, dated June 5, 2018.

PS-2018-26:**Boulevard Maintenance Service Review****Recommendation:**

1. That staff be directed to proceed with the implementation of the recommendations outlined in Report # PS-2018-26 “Boulevard Maintenance Service Review” dated June 5, 2018.
2. That boulevard maintenance service continue to be provided at the current service level (ten-day turf maintenance cycle) with the current method of delivery (in-house service).

PS-2018-27:**Guelph Transit Special Event Fare Program Update****Recommendation:**

That the Guelph Transit Special Event Fare be made a permanent program, and that it be reviewed annually as part of our standard fare review.

Service Area Chair and Staff Announcements

Consent Agenda – Governance

The following resolutions have been prepared to facilitate Council’s consideration of various matters and are suggested for consideration. If Council wishes to address a specific report in isolation of the Consent Agenda, please identify the item. It will be extracted and dealt with separately as part of the Items for Discussion.

Chair – Mayor Guthrie**CS-2018-47****Accountability and Transparency Policy Update****Recommendation:**

That the proposed Accountability and Transparency Policy, included as ATT-1 to the report titled Accountability and Transparency Policy Update, dated June 5, 2018, be approved.

Items for Discussion – Governance

The following items have been extracted from Consent Agenda and will be considered separately. These items have been extracted either at the request of a member of Council or because they include a presentation and/or delegations.

CS-2018-39 Committee of the Whole One-year Review

Presentation:

Stephen O'Brien, City Clerk

Recommendation:

That the Committee of the Whole governance structure be continued as outlined in report CS-2018-39, Committee of the Whole One-year Review, dated June 5, 2018.

Service Area Chair and Staff Announcements

Consent Agenda – Infrastructure, Development and Enterprise

The following resolutions have been prepared to facilitate Council's consideration of various matters and are suggested for consideration. If Council wishes to address a specific report in isolation of the Consent Agenda, please identify the item. It will be extracted and dealt with separately as part of the Items for Discussion.

Chair – Councillor Gibson

IDE-2018.88 Municipal Funding Agreement – Ontario Main Street Revitalization Initiative

Recommendation:

That the Mayor and City Clerk be directed to execute the Municipal Funding Agreement – Ontario's Main Street Revitalization Initiative as described in report number IDE-2018-88, subject to the content of the agreement being to the satisfaction of the City Solicitor.

IDE-2018.76 Bee City Designation for Guelph

Recommendation:

1. That City Council adopt the Resolution Designating the City of Guelph a Bee City, contained as Attachment 1 to this report, and request the Mayor (or designate) to sign it.
2. That City Council direct the Supervisor, Trails and Natural Areas Stewardship to submit the signed resolution designating the City of Guelph a Bee City and the completed Bee City application, contained as Attachment 2 to this report, to the Bee City program to obtain official Bee City certification.

Service Area Chair and Staff Announcements

Mayor as Chair

Chair and Staff Announcements

Please provide any announcements, to the Chair in writing, by 12 noon on the day of the Council meeting.

Adjournment

Staff Report



To **Committee of the Whole**

Service Area Office of the Chief Administrative Officer

Date Tuesday, June 5, 2018

Subject **Payroll Process Audit Report**

Report Number CAO-2018-11

Recommendation

That the report CAO-2018-11, Payroll Process Audit Report dated June 5, 2018 be received.

Executive Summary

Purpose of Report

To provide Committee of the Whole with the results of the City's payroll process audit performed to assess the adequacy of the internal controls and compliance to policies, procedures, By-laws and legislation.

Key Findings

- The payroll process for the City of Guelph is administered by Human Resources, a department of Corporate Services;
- Payroll staff are responsible for processing payroll while the Service Areas are responsible for the entering and approving of employees time; and
- Opportunities for improvement were identified and management has agreed to all recommendations.

Financial Implications

There are no direct financial implications as a result of the audit.

Report

Internal Audit conducted a review of the City's payroll process that included timekeeping and pay processing. It assessed the adequacy of internal controls and compliance to policies, procedures, By-laws and legislation.

The City has eight pay groups consisting of union and non-union employees.

Payroll staff involved in processing payroll are knowledgeable of their responsibilities.

The results of the audit identified key opportunities for improvement in the following areas:

1) Governance Oversight-

- a. Implement formal policies and procedures for key aspects of the payroll process and make accessible to staff;
- b. Clarify roles and responsibilities in setting and approving non-union compensation policies and procedures;
- c. Develop key performance indicators specific to the payroll process (e.g. customer service); and
- d. Enhance management oversight over the payroll process.

2) System and Network Security-

- a. Grant system and network access based on functionality needed to carry out employee's responsibilities;
- b. Review access annually for accuracy;
- c. Identify potential incompatible duties at time of granting access and remove or implement adequate compensating controls;
- d. Eliminate generic system user IDs to enhance security or implement compensating controls to monitor access and activity;
- e. Although a generic swipe card was in the control of an authorized individual it is recommended the generic swipe card not be used; the card was cancelled immediately; and
- f. Implement a process to ensure all sensitive and confidential information used for payroll purposes stored in a system, or on the City's network, is adequately protected.

3) Processing of Payroll-

- a. Ensure payroll processing complies to policies;
- b. Implement a process to ensure employee's time is entered into the system, approved by Service Area management and submitted to Payroll on time; and
- c. Communicate to Service Areas the need for Payroll to receive information for processing timely, accurately and including all relevant information.

- 4) System Performance, Business Continuity and Disaster Recovery-
 - a. Assign an employee as a back-up to the Kronos system administrator who is as knowledgeable as the current system administrator;
 - b. Develop, test and implement business continuity and disaster recovery plans for critical payroll operations; and
 - c. Review the configuration of JDE in order to reduce the significant number of customizations built with the aim to improve efficiency, and take advantage of functionality existing within JDE which would result in minimizing required manual effort.
- 5) Financial Management-
 - a. Ensure accounting treatment of payroll activity is reviewed and documented for accuracy and reasonableness; and
 - b. Ensure account reconciliations are performed to ensure accuracy and identify trends/potential issues.
- 6) Overtime Oversight-
 - a. Enhance overtime expenditure oversight by providing semi-annual reports to the Executive Team analyzing overtime expenditures by division and service area to identify trends and/or potential issues; and
 - b. Continue to budget for overtime using the zero-based budgeting approach.

Financial Implications

There are no direct financial implications as a result of the audit.

Consultations

Findings and recommendations have been discussed with the General Manager, Human Resources and the Deputy Chief Administrative Officer, Corporate Services.

Corporate Administrative Plan

Overarching Goals

Service Excellence

Service Area Operational Work Plans

Our Services - Municipal services that make lives better

Attachments

ATT-1 Payroll Process Audit Report



Report Author and Approved By

Catherine Spence

Internal Auditor

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Payroll Process Audit Report

Background

A review was conducted of the payroll processes administered by Human Resources, a department of Corporate Services, to assess the effectiveness and efficiency of the City of Guelph's processes and internal controls related to time entry and pay processing.

The payroll process audit was included as part of the 2017 Internal Audit Work Plan presented to Council in December 2016.

Total Rewards and Human Resources Systems (Payroll), a division of Human Resources (HR), manages day-to-day employee inquiries related to HR services and is responsible for developing, managing and administering total compensation strategies including corporate payroll, job evaluation and analysis, benefits and Ontario Municipal Employees Retirement Systems (OMERS).

There are seven union groups and one non-union group. Employees are either paid on a weekly or bi-weekly basis.

Payroll Staff consists of the Manager, Total Rewards Human Resources Systems, two Payroll Pension Benefits Specialists and one HRIS Specialist.

Payroll Staff is responsible for issuing accurate and timely payments of wages/salaries and expenses to all employees. In addition to calculating overtime compensation and diverse benefits or allowances in compliance with the provisions of eight distinct employee groups, they also secure, verify, and control time and expense data transmitted from timekeepers at city-wide work sites. Administrative staff in each work area, designated as "Timekeepers", enter employee hours worked into the Kronos software system. Leaders are responsible for approving payroll time entries for their employees.

The City uses primarily two systems in the processing of pay, Kronos and JD Edwards (JDE). Kronos is used to record employee's time which is interfaced into JDE to process pay. Additional systems used to record time are: Jacobs Business Software (JBS), Work and Asset Management (WAM) and Firehouse software (Firehouse). The information is then interfaced to Kronos.

Kronos is scheduled for an update in 2018.

Audit Objectives and Scope

The objective of the audit is to assess the efficiency and effectiveness of the City's processes and internal controls related to payroll processing city-wide.

The scope of the review included:

- Examine and evaluate the adequacy of processes related to the management of payroll (e.g. timekeeping, pay processing);
- Assess compliance to applicable policies, procedures, By-Laws and legislation and provide management with recommendations.

The scope of the review excluded:

- Guelph Public Library (recently audited);
- Guelph Police;
- Year-end processes;
- T4 process;
- Review of WAM, JBS and Firehouse system controls; and
- OMERS.

Executive Summary

Internal Audit conducted a city-wide review (excluding local boards) of payroll processes to assess the internal controls and compliance to policies, procedures and legislation.

The audit reviewed key areas of the payroll process including timekeeping, overtime, new hires, terminations, pay processing, system change management, reconciliations and security.

The audit identified opportunities for improvement in order to strengthen the efficiency and effectiveness of the payroll processes.

Key opportunities for improvement are summarized below.

Governance Oversight

Developing, formalizing and/or updating policies and/or procedures in all aspects of the payroll process (e.g. non-union compensation, additional pay premium, overtime, etc.) will help guide Payroll Staff as well as departmental staff and assist in ensuring activities are performed in a consistent and effective manner. It is also recommended the General Duties, Roles and Responsibilities of the Chief Administrative Officer By-law (2016)-20070 be updated to clearly outline the level of authorization delegated to the Chief Administrative Officer in setting non-union payroll-related policies.

Formalizing key payroll performance indicators such as customer service will help identify if HR are meeting their goals. It also assists in prioritizing work plans.

There is a general lack of oversight over payroll processes. Implementing processes to review and approve key tasks is required in order to ensure accuracy and completeness. Some key areas to improve independent oversight include:

- Reviewing and approving the payroll register prior to finalization;
- Reviewing and approving the payroll bank file prior to transfer;
- Reviewing and approving annual non-union increase calculations;
- Reviewing new hire activity; and
- Changes to employees profile.

Security

Enhance the granting of system user access process by performing a review at the time system access is requested to identify potential incompatible duties and segregate, or if required for business reasons, document and implement

compensating controls. There needs to be at least an annual review of employee's access by the departments to ensure user access is accurate. Enhance the granting of access to make sure employees are only receiving access required to carry out their job responsibilities.

Within the Kronos application, there is a 'Super user' account. This is a generic account and has the highest level of access possible. The process to manage access to this account needs improvement. As a result, additional controls required to minimize risk include:

- Restricting access to two employees;
- Track and document when an individual is using the 'Super user' account;
- Ensuring the password is changed when an employee with knowledge of the password leaves the City or is transferred; and
- Independently review the Super User activity periodically to identify possible trends/issues.

During the audit it was identified generic user accounts are in use. It is recommended to remove the generic system user accounts; however, if needed for a business reason, implement a compensating control to track and document who is using the account and when and review account activity for reasonableness.

Enhance the process to grant access to the location where employee files are stored by ensuring access is requested in writing and approved by the appropriate level of authorization from the department and maintained on file. During the course of the audit it was identified a generic swipe card was in use and controlled by an authorized individual. It is recommended a generic swipe card not be used. The card was cancelled immediately.

Review Payroll Staff responsibilities to ensure incompatible duties are removed or compensating controls are put in place. During the course of the audit it became apparent that the Payroll Staff responsibilities included performing more than one key task in a process which increases the risk of error or misappropriation. For example: staff are responsible to add new hires, update the salary table within JDE, grant access in Kronos, enter and approve time, process pay, change employees status code (e.g. termination to active), remit payroll deductions, and authorize bank transfer file.

Implement a process to classify data by sensitivity and ensure confidential and sensitive information is adequately protected and complies with Municipal Freedom of Information and Protection of Privacy Act (MFIPPA) and the City of Guelph's Access and Privacy Policy. It was noted that folders on the network drive contains sensitive information such as: social insurance number, birth date, and bank account number. Access is primarily restricted to Human Resources staff however

many of the staff do not require the information to carry out their job responsibilities.

Processing of Pay

Enhance the additional pay premium process (includes additional duty, scope, and acting pay) to ensure the calculation is accurate and follows a consistent treatment. It is also necessary to enhance the communication process from the departments to ensure information is received timely by payroll, instructions are clearly written, in a consistent format and all relevant information is received in order to process efficiently and effectively. In addition, the tracking and monitoring of additional pay premium by employee is inefficient as it is a manual process. It is recommended to review the process to identify options to improve efficiency.

Implement a process and monitor activity to ensure the additional pay premium process complies with the non-union compensation policy.

In order for HR to receive all information needed in a consistent and accurate manner, a standard form be implemented for service areas to complete when any changes to an employee's record occurs (e.g. medical or tuition reimbursement, job rate, position).

It is recommended that the City's timekeeping process be enhanced to ensure:

- Departments are submitting approved time to payroll by the due date;
- Departments be responsible for entering and approving all time for their employees and not the Payroll Staff;
- Staff are not approving their own time; and
- Departments comply with City policies/procedures regarding supporting documentation requirements for exceptions (e.g. obtaining preapproval for overtime and time off).

System Performance, Business Continuity and Disaster Recovery Plan

The HRIS Specialist is the system administrator for Kronos and is the only person with extensive knowledge of this software application. For example, this position is responsible for system configurations, upgrades and enhancement projects, provides end user support, and also grants, modifies and deletes system access. Information Technology (I.T.) provides functional support. The City needs to identify a back-up for the HRIS Specialist to acquire the same level of knowledge in the event the Specialist is absent and processing needs to occur.

According to the Manager, Corporate Applications, in 2014 the City, as part of the JDE 9.1 upgrade, reviewed existing reporting, some business processes and looked at moving the existing payroll customizations to a more 'out of the box' or 'vanilla' configuration. A major expectation was to remove a significant number of customizations associated with payroll processing. The project was not completed due to some resourcing issues and timeline to implement the 9.1 upgrade. Currently JDE has many customizations including: exception reports that were created by a former employee, however Staff has limited knowledge and detail of these customizations and exception reports. Also through the course of the audit, it was identified payroll is dependent on several manual processes to carry out their job responsibilities due to some limitations within JDE. It is recommended that the Staff review the needs of payroll processing relating to the functionality provided with the software, to assess options to improve efficiency and effectiveness.

Provide additional JDE and Kronos training for the Payroll Staff in order to enhance their understanding of the systems.

The HRIS Specialist and I.T. coordinate efforts when system changes are required; however, the change management process needs to be formally documented. In addition, identify key information to be maintained on file including the requirement to obtain authorization in writing to migrate changes to production.

Develop, update, test and implement business continuity and disaster recovery plans for critical payroll operations.

Financial Management

Enhance the reconciliation process by ensuring reconciliations of payroll related accounts are performed throughout the year to identify potential errors or trends. The reconciliations be authorized and performed by an individual not involved in the payroll process or in the preparation of the deduction payment remittances. Also a review of the payroll register to the journal entry should be completed to ensure expenses are charged to the correct accounts.

Overtime Analysis

The Corporate Overtime Policy and Procedure (Policy) approved by ET July 2014 requires departments to report monthly to ET on overtime in order for ET to monitor and provide corporate oversight of overtime incurred verses budget. Staff produced a report for analysis purposes to distribute to ET, however, it did not provide the necessary and accurate information to make informed decisions and was also heavily reliant on manual development to produce. As a result, ET

directed Staff to conduct overtime analysis as part of the variance reporting process however, the process lacked sufficient detail to address ET's oversight responsibilities outlined in the Policy. It is recommended Staff enhance overtime expenditure oversight by providing reports, with an explanation of the variances between budget and actual, at least semi-annually to the Executive Team to review overtime by department and service area to identify trends and/or potential issues.

For the 2019 budget year Staff continues to budget for overtime using the zero-based budgeting approach to identify potential efficiencies.

The HR Compensation section has experienced an increase in overtime expenditures over the past three years. In speaking with the General Manager, Human Resources, contributing factors to the increase in overtime costs are attributed to employee turnover and City growth.

Additional factors that may be contributing to an increase in Payroll Staff overtime costs are:

- System integration limitations require HR Compensation Staff to complete many tasks manually;
- Payroll Staff regularly perform departmental tasks such as: approving departmental time in the system on a regular basis;
- Coding and entering time for departments (short term and long term disability, retirees);
- Not receiving departmental documentation/information in a timely manner;
- Monitoring step progression information for employees; and
- Performing several tasks manually.

Staff Report



To	Committee of the Whole
Service Area	Corporate Services
Date	Tuesday, June 5, 2018
Subject	2017 Unconsolidated Financial Statements and Financial Highlights
Report Number	CS-2018-20

Recommendation

That Report CS-2018-20 titled, 2017 Unconsolidated Financial Statements and Financial Highlights, and dated June 5, 2018, be received for information.

Executive Summary

Purpose of Report

- To present the City of Guelph's 2017 Unconsolidated Financial Statements;
- To review the Financial Statement highlights; and
- To reconcile the operating surplus as previously presented in the 2017 Year-end Operating Variance Report CS-2018-14 to the Financial Statement surplus presented in accordance with Public Sector Accounting Standards.

Key Findings

The City's 2017 net financial asset position has improved over 2016 by \$13 million. This is an exceptional result and continues the trend of strengthening financial stability over the term of this Council. The unconsolidated financial statements also include the following highlights:

- The City's cash and investment holdings have decreased year-over-year but still achieve the overall metric of maintaining a 1:1 relationship with the total reserve and reserve funds.
- The City has continued to maintain a low tax receivable position as a per cent of total taxes levied; the City is at 2.5 per cent compared to the Ontario southwest regional average of 6 per cent.
- The City paid down \$24.4 million of debt which was planned and creates the capacity for new debt-funded projects to move forward.
- The liability for employee future benefits continue to escalate and the City needs to monitor and develop strategies to address these costs.

Financial Implications

The 2017 Unconsolidated Financial Statements are unaudited and for internal purposes only. There are no direct financial implications resulting from this report.

The City's net financial position is a key indicator of its overall fiscal condition and used by the credit rating agency in the City's annual rating review. The City of Guelph maintaining a stable financial position also helps ensure the level of service and infrastructure standards we have can be met without resorting to excessive rate increases or disruptive cuts in service.

Report

Under the Municipal Act, 2001, City Council is required to review and approve the City of Guelph's Audited Consolidated Financial Statements on an annual basis, which have been presented as part of the report CS-2018-21. Although not specifically required by the Municipal Act, 2001, a previous request was for City staff to present Unconsolidated Financial Statements to provide Council with additional comparative and relevant financial information. The Unconsolidated Financial Statements remove activities related to The Elliott Community, Downtown Guelph Business Association, and the City's proportion of Wellington-Dufferin-Guelph Public Health.

Throughout this report, please refer to ATT-1 for information about the City's 2017 Unconsolidated Financial Statements. These Statements consist only of the City's operations, including Guelph Police Services Board and Guelph Public Library Board, and are the basis for the City's Consolidated Audited Statements.

Statement of Financial Position

The Statement of Financial Position is a summary of the City's assets and liabilities, as well as the accumulated surplus, which includes reserves and reserve funds. The City's net financial position is a key indicator of its overall fiscal condition and used by the credit rating agency in the City's annual rating review.

In 2017, the City was in a net financial asset position of \$126 million, which was an increase of \$13 million over 2016. There has been an increasing net asset trend over the past three years which indicates that the City is generating appropriate revenue to create assets at a greater pace than financial liabilities.

Table 1 - Three Year Financial Asset and Liabilities Trend (millions)

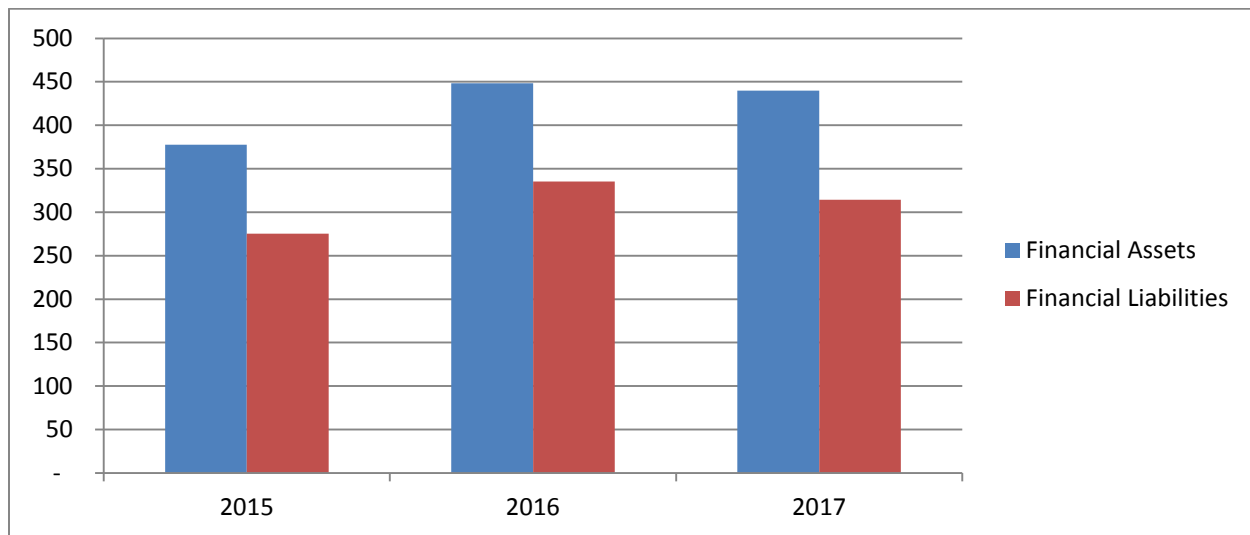
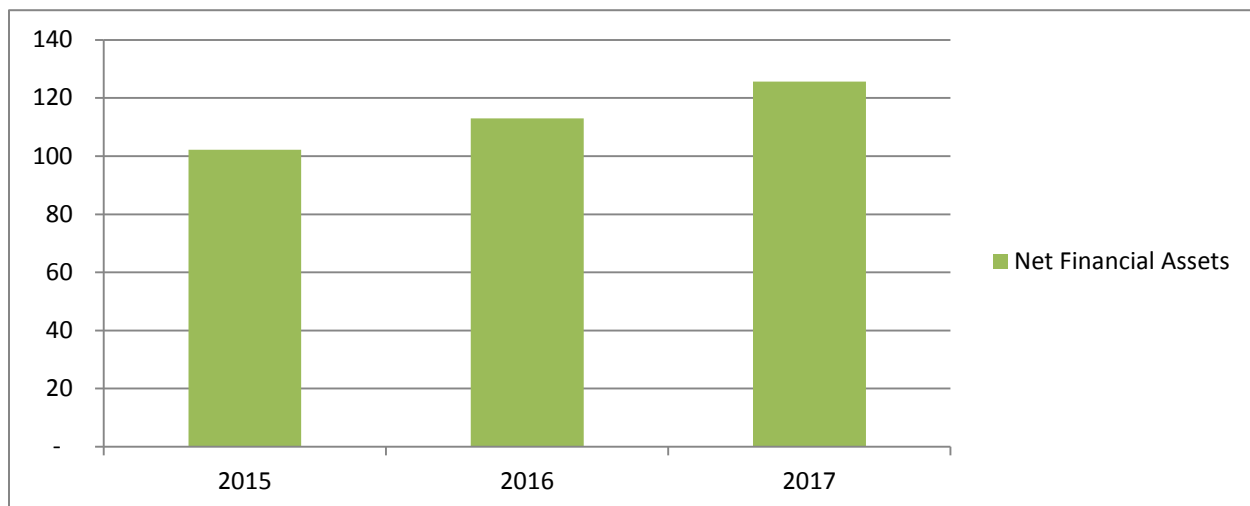


Table 2 - Three Year Net Financial Asset Trend (millions)



Highlights

- Decrease of \$19 million in cash and investment holdings.
The City meets the target measure of cash and investment holdings which is a 1:1 ratio with the City's reserve and reserve fund balances including the deferred contributions on the Statement of Financial Position. The decrease in the investments and the cash balance at year-end was due to anticipated capital spending in the last quarter of 2017, as well as repaying the \$10 million debt related to the Hanlon Creek Business Park.

- Decrease in taxes receivable of \$900 thousand.
The City continues to have a favourable property tax receivable balance as a percentage of taxes levied. The 2017 BMA Management Consulting average of total taxes receivable as a percentage of total taxes levied for municipalities in Ontario's southwest region was 6 per cent, compared to the City's position of 2.5 per cent. The City's low percentage reflects the economic health of the City, as well as an increase in the number of taxpayers taking advantage of enhanced payment options. The lower than average tax receivable balance needs to be evaluated against the lost interest income that is guaranteed through the ability to collect on outstanding taxes.
- Increase in accounts receivable of \$13.7 million.
The increase is due to timing of transactions. Although the City's receivable balance is approximately \$37 million, this does not indicate collection issues. At year-end the receivable balance of amounts over 60 days was only \$147 thousand. The majority of the increase relates to accrued capital funding receivable for two large capital projects totaling approximately \$10 million.
- Decrease in loans and notes receivable of \$2.4 million.
The loans and notes receivable balance relates to loans the City made to The Elliott Community, Wellington-Dufferin-Guelph Public Health and Guelph Junction Railway to purchase capital infrastructure. The decrease in 2017 is due to the scheduled principal repayments.
- Decrease in the City's combined investment in Guelph Junction Railway and Guelph Municipal Holdings Inc. of \$76,000.
This increase/decrease represents the City's investment in Guelph Junction Railway and Guelph Municipal Holdings Inc. Both of these entities have a formal process for reporting their Financial Statements to Council in accordance with each entity's shareholder declaration. A summary of each of these entity's financial results can be found in Notes 4 and 5 of ATT-1 2017 Unconsolidated Financial Statements.
- Decrease in accounts payable and accrued liabilities of \$7.8 million.
The decrease is due to trade accounts payable items (\$4 million) as well as accrued accounts payable (\$4 million). The change year-over-year in trade payables and accrued payables relates to timing of payments and invoicing for large construction and capital projects that are underway. At the end of 2016 there were a large number of capital projects underway as well as a one-time payment for \$6 million for Laird Road construction. The change also depends on the timing of transfer payments between the School Boards and County of Wellington.
- Decrease in developer agreement revenue of \$2.9 million.
The City collects funds from developers that are restricted for specific subdivision and site work. The developers have the option of paying an upfront amount based on expected costs or they can provide the City with a

letter of credit that is secured and drawn on once costs have been incurred. This balance fluctuates depending on the status of projects each year.

- Increase in deferred contributions of \$11.7 million.
These contributions include development charges restricted for use to fund growth related capital expenditures and grants that are restricted for specific purposes such as Provincial and Federal gas tax funds. The majority of the increase is due to spending on eligible capital projects which has decreased from 2016. The City reported in detail on these year-end balances in report CS-2018-16 2017 Reserve and Reserve Fund Statement in May 2018.
- Increase in employee future benefits of \$2.1 million.
This financial statement liability is comprised of the future Workplace Safety Insurance Board (WSIB), retiree benefits and accumulated sick leave benefits. All three benefits require an actuarial report to help project current and future liability. These reports are prepared every three years which typically result in an increase which reflects current benefit costs. A valuation was performed on the sick leave and retiree benefits for 2017 using 2016 information. In 2017, the City also sought an actuarial update on the WSIB benefit costs due to the exceptionally high 2017 experience.

This liability should continue to be monitored and factored into the City's budgeting and decision making processes as direct and indirect benefit costs are escalating. As reported in report CS-2018-14 2017 Operating Variance Report and Surplus Allocation, the City's WSIB costs were \$1.1 million over-budget in 2017 and the risk that this continues is real with the changing legislation landscape.

- Decrease in debt of \$24.4 million.
During 2017, the City fully paid off the Hanlon Creek Business Park loan of \$10 million, as well as \$14.4 million of principal on other loans and debentures.
- Decrease in the liability for contaminated sites \$1.4 million.
In 2015 the City adopted the new accounting standard PS 3260, Liabilities for Contaminated Sites. Under PS 3260, the City is required to record a liability related to the estimated costs associated with remediating the City's contaminated sites. Contamination is defined as, the introduction into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. Contaminated sites are defined as, a site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. At the end of each year the City is required to re-evaluate its liability for contaminated sites using all information available including new environmental studies, revised remediation timelines and adjust its estimate as appropriate. In 2017, the decrease relates to expenditures undertaken to remediate the properties, as well as updated evaluations on the existing sites.

- Increase in tangible capital assets of \$48.6 million.
During 2017, the City spent \$87.5 million on capital investments eligible under PS-3150 and assumed \$9.6 million of contributed subdivision assets (compared to \$77.4 million and \$9.5 million in 2016, respectively). Depreciation expenses of \$46.5 million and net disposals of \$1.9 million offset these 2017 additions. The resulting net increase of \$48.6 million is due to expenses for large Tier 1 projects including the Police Headquarters and the completion of the Victoria Road Recreation Centre.

Statement of Operations and Accumulated Surplus

The Statement of Operations and Accumulated Surplus reflect that the City ended in a net surplus position of \$62.3 million for 2017 (compared to \$50.8 million in 2016). It also details significant components of revenues and expenses, and shows these components compared to the approved Council Budget.

Since the Financial Statements were prepared in accordance with the Public Sector Accounting Standards, the net surplus reported is different from the surplus reported by Staff in 2017 Operating Variance Report and Surplus and Deficit Allocation Report (CS-2018-14). Both surplus numbers are computed using the same underlying data; however, they are presented differently based on the requirements of cash-based operating and capital budgeting versus the requirements of accrual-based financial reporting.

Table 3- Reconciliation of annual surplus under Public Sector Accounting Standards (millions)

Ending Surplus - Public Sector Accounting Standards	\$ 62,284
Capital related items:	14,352
Debt related and non-cash items:	(23,036)
Reserve related items:	(45,844)
	<u>\$ 7,756</u>
Ending Surplus - Tax supported	3,456
Ending Surplus - Non-tax supported (excludes OBC)	4,300
	<u>\$ 7,756</u>
Difference	\$ 0

Revenue Highlights

Tax revenue continues to be the largest source of income for the City, followed by user service charges and contribution revenues. Total revenue increased year-over-year by \$20.5 million largely because of increases in user service fees for stormwater, water and wastewater rates and property tax rates offset by the change in investment of government business enterprises. Further, the growth of the City adds revenue on an annual basis through supplementary property tax and rate revenue collections.

Tax Revenue – Net property tax revenues have increased by \$8.9 million from 2016. The majority (\$8.6 million) is due to the 2017 tax levy increase approved by Council on December 7, 2016.

User Fee Revenue – The user fee revenue increase of \$9.5 million is mainly attributed transitioning the stormwater revenues from the tax base to a user fee as well as an increase in water and wastewater user fees (\$8 million) which is a combination of an increase in consumption volume and price.

Contributed Subdivision Assets – As new subdivisions are created, the City assumes the completed infrastructure assets that were built to support the new community. The developers pay to put this infrastructure in place and once the subdivisions are settled and in use, the City records the contributed asset as an increase to tangible capital assets and contributed revenue. The City's policy is to record the contributions two years after the work was performed to ensure that the assets are fully in use, and that the subdivisions are complete. In 2017 the City

recognized the development work that was completed in 2015, which was comparative to what was completed 2014. Contributed assets are expected to fluctuate year-to-year because of the impact that a single development can have on the total balance.

Contribution Revenue – Contribution revenues are received from the Federal and Provincial governments, other Municipalities and Developers. The increase year-over-year to contribution revenues is due a change in eligible capital spending on Transit, Wastewater, Water and roads projects.

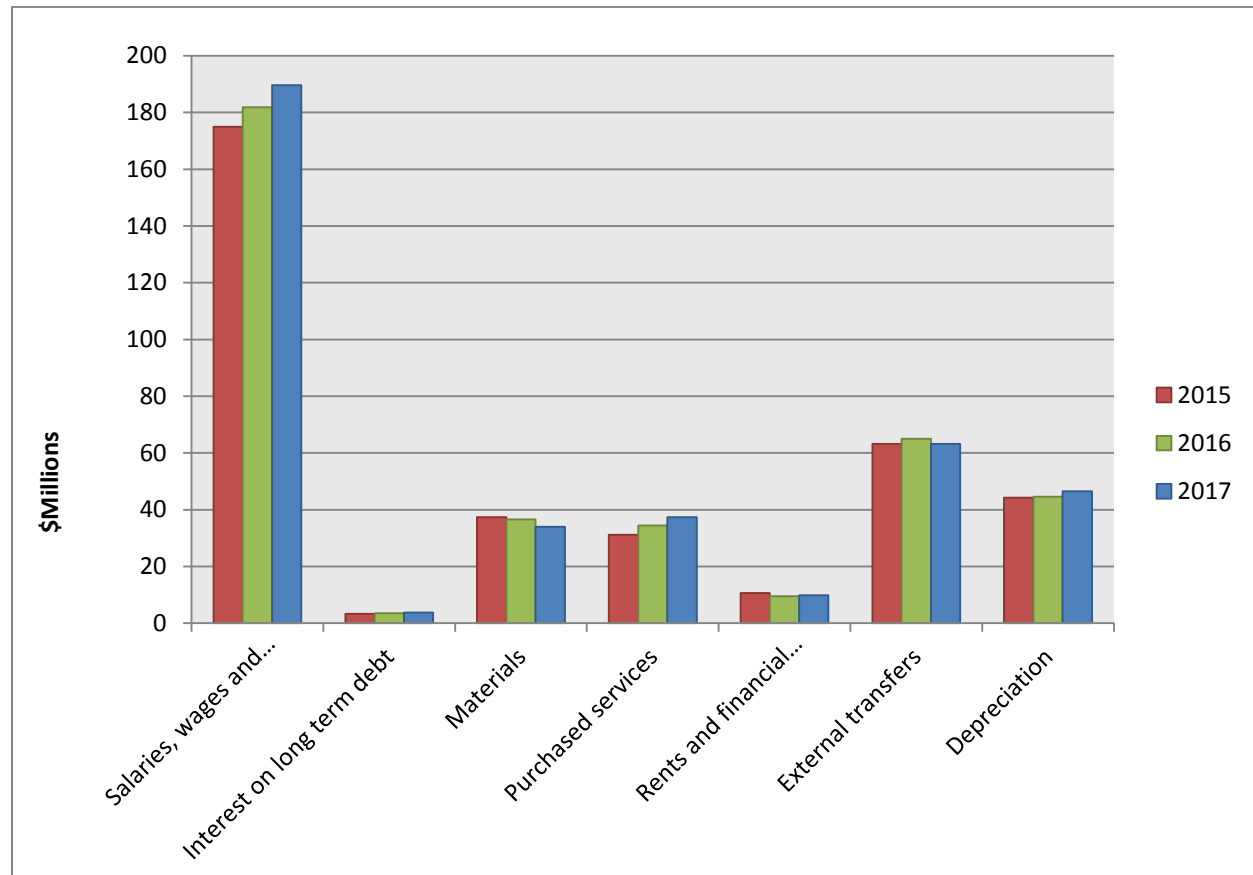
When money restricted for specific capital projects is collected (e.g. Federal and Provincial gas tax, development charges) the cash and associated liability (deferred revenue) is recorded. Once the City spends the money on an eligible project, it reduces the liability and recognizes the revenue. This increase in revenue is consistent with the increase in tangible capital assets.

Investment Income – As indicated in CS-2018-13 2017, the average rate of interest return for the City in 2017 was 1.91 per cent compared to 1.74 per cent in 2016.

Expense Highlights

Year-over-year total expenditures have increased by \$9.1 million as highlighted in Table 4 and by the expenditure categories below.

Table 4 - Expenditure by type (millions)



Salaries, Wages and Employee Benefits - Salaries and benefits continue to be the most significant component of the City's operating costs, increasing by \$7.9 million (4.3 per cent) over 2016. The increase is due to increased wage rates, increased employee benefits costs (OMERS, medical and dental, accumulated sick leave and retiree benefits) and costs from the additional full-time equivalents hired. As previously discussed, costs associated with employee future benefits also increased by \$2.1 million in 2017.

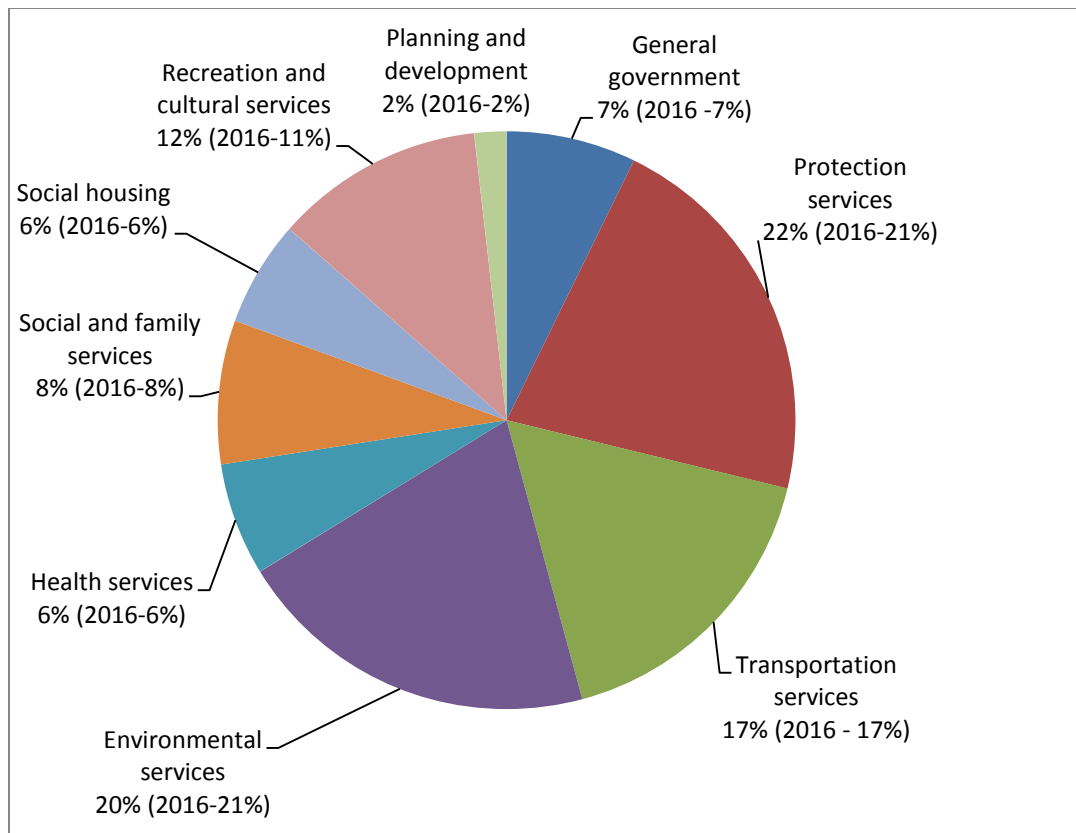
Materials - Materials expenses decreased by \$2.6 million over prior year, which was mainly attributed to the requirement to estimate the liability related to remediating the City's contaminated sites. The balance relates to reduction in costs related to water and electricity of \$784 thousand.

Purchased Services - Purchased services increased by \$2.9 million over 2016, of which approximately \$860 thousand was attributed to non-tangible capital expenses that did not meet the definition of an asset under the regulations. The larger variances relate to the following expense areas; building repairs and maintenance of \$355 thousand, vehicle repairs and maintenance of \$467 thousand, contractors repairs and maintenance of \$329 thousand and tipping fees of \$263 thousand relating to the organics processing facility.

Rents and Financial - Expenses increased by \$304 thousand over 2016 which was mainly attributed the addition of stormwater billing and collection related expenses introduced in 2017.

External Transfers - Decreased by \$1.7 million primarily due to a reduction in transfers to the County of Wellington for the City's shared services costs.

Table 5 - Expenditures by Function



Accumulated Surplus

Accumulated surplus is the excess of the City's total assets over its total liabilities. A full breakdown of the accumulated surplus can be found in Note 14 of the Financial Statements included in ATT-1.

The most significant component of the accumulated surplus is the City's reserves and reserve funds.

A complete breakdown of these reserves and reserve funds can be found in Schedule 4 of the Financial Statements.

On May 7th, 2018, Council received the Staff Report CS-2018-16 2017 Reserve and Reserve Fund Statement which reviewed current reserve balances, activity throughout the year, outstanding commitments and certain target reserve levels. For this reason, no further analysis has been included in this report.

Statement of Cash Flow

This statement provides a condensed summary of how cash was generated during 2017 and where it was subsequently spent. The purpose of this statement is to reconcile the ending surplus as shown on the Statement of Operations and Accumulated Surplus to cash on hand at the end of the fiscal year (as shown on the Statement of Financial Position).

The first section of the Statement of Cash Flows highlights the cash earned from normal operations and begins with the net surplus of \$62.3 million and adds/subtracts items that were non-cash in nature. During 2017, the City generated \$74.7 million in cash from operations (compared to \$99.4 million in 2016).

In the next two sections of the Statement of Cash Flows, capital and investing activities, and financing activities show how the City used its cash (or generated cash) during the year. From a capital and investing perspective, the City spent \$87.5 million on capital acquisitions, and received \$2.5 million from the sale of capital property. From a financing perspective, the City repaid debt of \$24.4 million and did not issue any new debt in 2017.

Overall the City's cash position decreased by \$10.3 million from 2016 and investment holdings decreased by \$8 million. This is due to higher than anticipated capital spending in the last quarter of 2017 as well as paying off the \$10 million debt related to the Hanlon Creek Business Park.

Financial Implications

The 2017 Unconsolidated Financial Statements are unaudited and for internal purposes only. There are no direct financial implications resulting from this report. The City's net financial position is a key indicator of its overall fiscal condition and used by the credit rating agency in the City's annual rating review.

Consultations

N/A

Corporate Administrative Plan

Overarching Goals

Financial Stability

Service Area Operational Work Plans

Our Resources - A solid foundation for a growing city

Attachments

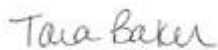
ATT-1 2017 Unconsolidated Financial Statements

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Unconsolidated financial statements of

City of Guelph

December 31, 2017

City of Guelph

December 31, 2017

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City of Guelph

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

	2017	2016
	\$	\$
Financial assets		
Cash	33,956	44,284
Investments (Note 3)	264,083	272,632
Taxes receivable	6,369	7,220
Accounts receivable	36,640	22,958
Loans and notes receivable (Note 4)	23,803	26,184
Investment in Guelph Junction Railway Ltd. (Note 4)	8,668	7,811
Investment in Guelph Municipal Holdings Inc. (Note 5)	66,341	67,122
	439,860	448,211
Liabilities		
Accounts payable and accrued liabilities	44,158	51,926
Accrued interest payable	984	1,069
Vacation and other employee benefits payable	5,889	5,791
Developer agreement deferred revenue	2,292	5,214
Other deferred revenue	18,642	16,445
Deferred contributions (Note 6)	65,653	53,951
Employee future benefits (Note 8)	35,869	33,772
Debt (Note 9)	109,100	133,513
Landfill post-closure liability (Note 11)	4,205	4,540
Liability for contaminated sites (Note 17)	25,446	26,860
Other long-term liabilities (Note 12)	1,911	2,191
	314,149	335,272
Net financial assets	125,711	112,939
Non-financial assets		
Tangible capital assets (Note 13)	1,054,728	1,006,091
Inventory	1,656	1,732
Prepaid expenses	3,119	2,168
	1,059,503	1,009,991
Contingencies (Note 18)		
Commitments and guarantees (Note 19)		
Accumulated surplus (Note 14)	1,185,214	1,122,930

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

City of Guelph

Unconsolidated statement of operations and accumulated surplus year ended December 31, 2017 ('000's)

	2017 Budget (Note 21)	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	93,553	96,386	86,848
Contributed subdivision assets	9,562	9,562	9,470
Contributions			
Government of Canada	23,981	13,940	10,024
Province of Ontario	47,687	46,551	47,124
Municipal	3,595	4,778	3,704
Developers	14,245	15,000	22,542
Other	350	651	759
	192,973	186,868	180,471
Other			
Investment income	4,471	5,580	5,677
Donations	365	413	473
Sales of equipment, publications	5,376	5,696	5,280
Recoveries	3,536	4,625	3,752
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)
	23,573	26,727	21,590
Total revenues	446,780	446,619	426,149
Expenses			
General government	31,957	27,913	28,088
Protection services	82,062	82,767	78,661
Transportation services	63,740	65,285	60,805
Environmental services	81,217	78,612	80,404
Health services	23,195	24,189	22,420
Social and family services	31,362	30,984	30,785
Social housing	23,908	22,667	23,760
Recreation and cultural services	43,678	44,993	42,328
Planning and development	9,177	6,925	8,018
Total expenses	390,296	384,335	375,269
Excess of revenues over expenses for the year	56,484	62,284	50,880
Accumulated surplus, beginning of year	1,122,930	1,122,930	1,072,050
Accumulated surplus, end of year	1,179,414	1,185,214	1,122,930

City of Guelph

Unconsolidated statement of change in net financial assets year ended December 31, 2017 ('000's)

	2017 Budget (Note 21)	2017 Actual	2016 Actual
		\$	\$
Excess of revenue over expense for the year	56,484	62,284	50,880
Amortization of tangible capital assets	44,300	46,537	44,547
Acquisition of tangible capital assets	(88,900)	(87,498)	(77,393)
(Gain) loss on disposal of tangible capital assets	(5)	(578)	1,156
Proceeds on disposal of tangible capital assets	-	2,464	1,295
Contributed subdivision assets	(9,470)	(9,562)	(9,470)
Acquisition of inventory	-	1,656	1,732
Consumption of inventory	-	(1,580)	(1,722)
Acquisition of prepaid expenses	-	3,119	2,168
Use of prepaid expenses	-	(4,070)	(2,460)
Increase in net financial assets for the year	2,409	12,772	10,733
Net financial assets, beginning of year	112,939	112,939	102,206
Net financial assets, end of year	115,348	125,711	112,939

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

City of Guelph

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

	2017	2016
	\$	\$
Operating activities		
Excess of revenues over expenses for the year	62,284	50,880
Items not affecting cash:		
Amortization of tangible capital assets	46,537	44,547
(Gain) loss on disposal of tangible capital assets	(578)	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) cost	(335)	(24)
Contaminated sites (recovery) cost	(1,414)	2,464
Changes in non-cash working capital:		
Taxes receivable	851	(1,172)
Accounts receivable	(13,682)	432
Developer agreement deferred revenue	(2,922)	(914)
Inventory	76	10
Prepaid expenses	(951)	(292)
Accounts payable and accrued liabilities	(7,370)	8,633
Accrued interest payable	(85)	416
Vacation and other employee benefits payable	98	141
Other deferred revenue	2,197	680
Other long-term liabilities	(280)	(560)
Cash provided by operating activities	74,730	99,434
Capital and investing activities		
Acquisition of tangible capital assets	(87,498)	(77,393)
Proceeds from disposal of tangible capital assets	2,464	1,295
Change in loans and notes receivable	2,381	859
Dividend from Guelph Municipal Holdings Inc.	1,900	1,500
Net investment disposals (acquisitions)	8,406	(45,319)
Cash used by capital and investing activities	(72,347)	(119,058)
Financing activities		
Proceeds from debt issuance	-	62,500
Repayment of debt principal	(24,413)	(7,518)
Net change in deferred contributions	11,702	(7,605)
Cash (used in) provided by financing activities	(12,711)	47,377
(Decrease) increase in cash for the year	(10,328)	27,753
Cash, beginning of year	44,284	16,531
Cash, end of year	33,956	44,284

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

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2017

(\$000's)

1. Significant accounting policies

The unconsolidated 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 unconsolidated financial statements reflect the assets, liabilities, operating revenues and expenses 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.

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.

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 reserves 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.

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2017

(\$000's)

1. Significant accounting policies (continued)

Basis of accounting (continued)

Deferred revenue and deferred contributions

Deferred revenues and deferred contributions represent property taxes, user charges, fees, developer contributions and other grant revenues, which have been collected but for which the related services yet to be performed, 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 contributed revenue in that period. Similarly, contributions of assets to a third party are recorded as an expense equal to the net book value of the tangible capital asset as of the date of transfer.
- (iv) Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of 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.

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2017

(\$000's)

1. Significant accounting policies (continued)

Basis of accounting (continued)

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 unconsolidated 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 and the estimated future lives of tangible capital assets. Actual results could differ from these estimates.

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.

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2017

(\$000's)

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

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
Mult-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 unconsolidated financial statements

December 31, 2017

(\$000's)

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. As of 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.

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

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2017

(\$000's)

4. Investment in Guelph Junction Railway Limited (continued)

Related party transactions

The City pays certain expenses and receives certain revenues on behalf of the Railway for which the Railway reimburses the City periodically 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 unconsolidated 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

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2017

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

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.

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 unconsolidated financial statements

December 31, 2017

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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 1,807 (2016 – 1,791) 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 \$13,962 (2016 - \$13,478) for current service and is reported as an expense on the unconsolidated 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

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2017

(\$000's)

8. Employee future benefits and other liabilities (continued)

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

The City is a Schedule II employer under the Workplace Safety and Insurance Act. As a Schedule II employer, the City assumes the liability for any award made under the Act. An actuarial update was completed using information as at December 31, 2015 and extrapolated for the 2017 year end. 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)

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 unconsolidated 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 unconsolidated financial statements

December 31, 2017

(\$000's)

8. Employee future benefits and other liabilities (continued)

c) Post employment benefits

Information about the City's employee post employment 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 is 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.

9. Debt

a) The debt is comprised of the following components:

	2017	2016
	\$	\$
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 2.105% to 6.38% and maturing in 2017 and 2025	3,867	14,525
	109,100	133,513

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2017

(\$000's)

9. Debt (continued)

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	195	14,506
2019	13,533	205	13,738
2020	10,931	216	11,147
2021	10,581	228	10,809
2022	5,591	240	5,831
Thereafter	50,248	2,821	53,069
	105,195	3,905	109,100

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

	2017	2016
	\$	\$
Principal repayments	24,413	7,518
Interest	3,818	3,526
	28,231	11,044

10. 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. As of December 31, 2017, \$5,742 (2016 - \$6,973) related to this agreement is included in loans and notes receivable on the statement of financial position.

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2017

(\$000's)

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.

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 into 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 2017, 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 unconsolidated 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	82,104	2,899	(1,381)	83,622
Buildings	265,997	17,741	(60)	283,678
Machinery and equipment	155,166	11,089	(1,620)	164,635
Vehicles	71,009	4,370	(2,005)	73,374
Infrastructure				
Sanitary sewers & waste water	286,286	8,584	-	294,870
Storm water	204,566	3,643	-	208,209
Transportation	416,007	5,256	-	421,263
Waterworks	254,982	9,283	-	264,265
Assets under construction	28,983	34,195	-	63,178
	1,765,100	97,060	(5,066)	1,857,094
Accumulated amortization	Balance, beginning of year	Amortization	Disposals	Balance, end of year
	\$	\$	\$	\$
Land and land improvements	7,143	971	(78)	8,036
Buildings	87,596	8,437	(39)	95,994
Machinery and equipment	100,089	8,786	(1,314)	107,561
Vehicles	41,539	6,226	(1,749)	46,016
Infrastructure				
Sanitary sewers & waste water	143,780	5,010	-	148,790
Storm water	56,410	3,107	-	59,517
Transportation	218,900	8,842	-	227,742
Waterworks	103,552	5,158	-	108,710
	759,009	46,537	(3,180)	802,366
Net book value	Balance, beginning of year			Balance, end of year
	\$			\$
Land and land improvements	74,961			75,586
Buildings	178,401			187,684
Machinery and equipment	55,077			57,074
Vehicles	29,470			27,358
Infrastructure				
Sanitary sewers & waste water	142,506			146,080
Storm water	148,156			148,692
Transportation	197,107			193,521
Waterworks	151,430			155,555
Assets under construction	28,983			63,178
	1,006,091			1,054,728

City of Guelph

Notes to the unconsolidated 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	77,827	5,028	(751)	82,104
Buildings	260,642	5,355		265,997
Machinery and equipment	146,718	11,808	(3,360)	155,166
Vehicles	70,183	6,089	(5,263)	71,009
Infrastructure				
Sanitary sewers & waste water	272,214	14,072	-	286,286
Storm water	195,224	9,342	-	204,566
Transportation	401,418	14,589	-	416,007
Waterworks	239,104	15,878	-	254,982
Assets under construction	24,281	4,702	-	28,983
	1,687,611	86,863	(9,374)	1,765,100
Accumulated amortization	Balance, beginning of year	Amortization	Disposals	Balance, end of year
	\$	\$	\$	\$
Land and land improvements	6,327	850	(34)	7,143
Buildings	79,336	8,260		87,596
Machinery and equipment	93,994	8,784	(2,689)	100,089
Vehicles	40,144	5,595	(4,200)	41,539
Infrastructure				
Sanitary sewers & waste water	138,972	4,808	-	143,780
Storm water	53,478	2,932	-	56,410
Transportation	210,358	8,542	-	218,900
Waterworks	98,776	4,776	-	103,552
	721,385	44,547	(6,923)	759,009
Net book value	Balance, beginning of year (restated)			Balance, end of year
	\$			\$
Land and land improvements	71,500			74,961
Buildings	181,306			178,401
Machinery and equipment	52,724			55,077
Vehicles	30,039			29,470
Infrastructure				
Sanitary sewers & waste water	133,242			142,506
Storm water	141,746			148,156
Transportation	191,060			197,107
Waterworks	140,328			151,430
Assets under construction	24,281			28,983
	966,226			1,006,091

City of Guelph

Notes to the unconsolidated financial statements

December 31, 2017

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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)
Total reserves - Schedule 4	35,208	36,127
Reserve funds set aside for specific purpose by Council:		
for capital financing purposes - Schedule 4	158,991	157,369
Total reserves and reserve funds	194,199	193,496
Invested in tangible capital assets	1,054,728	1,006,091
Investment in Guelph Municipal Holdings Inc.	66,341	67,122
Investment in Guelph Junction Railway Company	8,668	7,811
Operating fund	41,787	52,886
Unfunded liabilities		
Debt	(109,100)	(133,513)
Contaminated sites liability	(25,446)	(26,860)
Employee future benefits and related liabilities	(41,758)	(39,563)
Landfill post closure liability	(4,205)	(4,540)
Total	991,015	929,434
Accumulated surplus	1,185,214	1,122,930

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 unconsolidated financial statements

December 31, 2017

(\$000's)

15. Expenditures by object

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

	2017	2016
	\$	\$
Salaries, wages and employee benefits	189,677	181,785
Interest on debt	3,818	3,526
Materials	33,957	36,531
Purchased services	37,324	34,395
Rents and financial expenses	9,817	9,513
External transfers	63,205	64,972
Amortization of tangible capital assets	46,537	44,547
	384,335	375,269

16. 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 unconsolidated financial statements

December 31, 2017

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16. 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.

17. 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.

18. 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 unconsolidated financial statements

December 31, 2017

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19. 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 estimated to be \$334 as at August 31, 2017.
- b) 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 are as follows:

	\$
2018	1,282
2019	1,017
2020	990
2021	851
2022	591
Thereafter	1,470
	<u>6,201</u>

- c) 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.
- d) 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.
- e) 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.
- f) Other obligations include:

Other community grants

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

20. Local Immigration Partnership

Included in the unconsolidated 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.

21. Budget figures

Budgets are established to set tax rates or to finance projects which may be carried out over one or more years. Budget figures have been translated to reflect changes in PSAB standards on the unconsolidated 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 unconsolidated financial statements

December 31, 2017

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22. 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

Notes to the unconsolidated 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.

City of Guelph

Unconsolidated 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	213	-	6,395	760	96,386
Contributed subdivision assets	9,562	-	-	-	-	-	-	-	-	9,562
Contributions	185	7,189	15,680	9,892	12,768	22,966	6,657	4,596	987	80,920
Other										
Investment income	5,003	-	-	70	-	507	-	-	-	5,580
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	-	8	-	805	310	4,625
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
	251,678	16,022	32,416	87,423	12,810	23,790	6,657	13,747	2,076	446,619
Expenses										
Salaries, wages and employee benefits	19,835	71,648	33,098	21,127	15,856	486	-	23,494	4,133	189,677
Interest on debt	780	618	523	737	98	221	-	599	242	3,818
Materials	1,024	2,053	13,118	11,713	925	161	-	4,806	157	33,957
Purchased services	6,163	3,837	5,463	15,351	627	57	12	4,607	1,207	37,324
Rents and financial expenses	3,101	180	1,033	4,024	198	-	-	1,269	12	9,817
External transfers	1,747	861	55	1,648	3,756	29,935	22,634	1,830	739	63,205
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	771	122	21	6,373	339	46,537
	27,913	82,767	65,285	78,612	24,189	30,984	22,667	44,993	6,925	384,335
Excess of revenues over expenses (expenses over revenues)	223,765	(66,745)	(32,869)	8,811	(11,379)	(7,194)	(16,010)	(31,246)	(4,849)	62,284

City of Guelph

Unconsolidated 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	195	-	5,987	648	86,848
Contributed subdivision assets	9,470	-	-	-	-	-	-	-	-	9,470
Contributions	1,207	9,773	17,126	11,394	8,821	23,194	6,251	6,163	224	84,153
Other										
Investment income	5,091	-	-	60	-	526	-	-	-	5,677
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	-	6	-	686	181	3,752
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)
Gain from Government Business Enterprises	(811)	-	-	-	-	-	-	-	-	(811)
	240,525	18,978	31,581	80,032	8,862	24,013	6,251	14,781	1,126	426,149
Expenses										
Salaries, wages and employee benefits	18,297	67,806	32,980	20,683	14,839	641	-	22,477	4,062	181,785
Interest on debt	845	487	361	774	58	249	-	532	220	3,526
Materials	993	1,826	12,551	15,496	825	138	-	4,576	126	36,531
Purchased services	5,994	3,891	4,853	14,097	437	52	12	3,730	1,329	34,395
Rents and financial expenses	3,101	176	1,220	3,581	190	-	-	1,233	12	9,513
External transfers	1,693	1,009	165	1,810	3,683	29,502	23,728	1,397	1,985	64,972
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	644	129	20	5,945	300	44,547
	28,088	78,661	60,805	80,404	22,420	30,785	23,760	42,328	8,018	375,269
Excess of revenues over expenses (expenses over revenues)	212,437	(59,683)	(29,224)	(372)	(13,558)	(6,772)	(17,509)	(27,547)	(6,892)	50,880

City of Guelph

Unconsolidated 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	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:						
	Mortgage RBC - Sleeman Centre	10	01-May-17	3.04%	-	281
	CIBC Loan - Sleeman Centre - SWAP	18.8	01-Sep-25	6.38%	3,867	4,242
	TD Interest only loan	5	31-Dec-17	2.105%	-	10,000
					3,867	14,523
Debt					109,100	133,513

City of Guelph

Unconsolidated 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)
Total Reserves		35,208	36,127

City of Guelph

Unconsolidated 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
Total Reserve Funds		158,991	157,369
Total Reserves and Reserve Funds		194,199	193,496

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	-	-	-

Staff Report



To **Committee of the Whole**

Service Area Corporate Services

Date Tuesday, June 5, 2018

Subject **2017 Consolidated Financial Statements and
External Audit Findings Report**

Report Number CS-2018-21

Recommendation

That the 2017 Consolidated Financial Statements presented in report CS-2018-21 Consolidated Financial Statements and External Audit Findings Report, dated June 5, 2018, be approved.

Executive Summary

Purpose of Report

- To present and review the City's 2017 Consolidated Financial Statements including related entities' Financial Statements;
- To provide Council with the City's external audit results as reported in KPMG LLP's 2017 Audit Findings Report; and
- To present the 2017 Corporate Financial Dashboard.

Key Findings

KPMG LLP, the City's external auditor, performed an audit of the City's 2017 Consolidated Financial Statements in accordance with generally accepted auditing standards and expressed an unqualified or "clean" opinion that the statements present fairly, in all material respects, the financial position of the City.

A full analysis of the City's unconsolidated Financial Statements is included in report CS-2018-20 and therefore this report excludes that commentary.

The City is required to consolidate and report on the following entities as a requirement of Public Sector Accounting Standards. Highlights of these entities' 2017 Audited Financial Statements include:

The Elliott Community (The Elliott)

The Elliott's 2017 surplus was \$753 thousand compared to a deficit of \$344 thousand in 2016. The 2017 results are a significant improvement over historical

losses but are mainly driven by a change in accounting policy. The Elliott changed their accounting estimates for amortizing the organization's capital assets which resulted in a decrease of amortization expense of \$1.0 million. This reduction in expense is comparable to the change in net income between the two years of \$1.1 million.

The Downtown Guelph Business Association (DGBA)

The DGBA reported a 2017 deficit of \$16 thousand (2016 surplus - \$20 thousand). The main cause of the DGBA deficit relates to assessment write-offs of \$31 thousand (2016 - \$11 thousand). A DGBA member received an assessment reduction at the Assessment Review Board for the years 2013 through 2016. This reduction increased tax write-offs more than experienced in previous years. In addition, two properties who had historically been charged the DGBA levy had their 2017 DGBA levy returned to them. It was determined during the DGBA expansion process that these properties were outside of the DGBA.

Wellington-Dufferin-Guelph Public Health (Public Health)

Based on finalizing the 2016 financial statements, the Public Health Board approved a reserve distribution totalling \$1.9 million, of which the City's portion was \$859 thousand. This was paid to the City in April 2017. These are monies that were previously paid by the City in 2013 towards two Public Health capital facility projects which the City fully debt-funded. As a result, these funds reduced the associated loan receivable from Public Health and freed up previously committed debt capacity which will be available for use by the City on future debt-funded capital projects.

Guelph Junction Railway Limited (GJR)

GJR realized a net income of \$957 thousand (compared to \$506 thousand in 2016), which represents an increase in the City's investment in this company. The main reason for the increase in net income from 2016 relates to additional rail car activity resulting in higher revenues as well as renegotiating the service agreement with the subcontractor leading to higher margins. The consolidated net income less the dividend payment of \$100 thousand represents the increase in the City's investment in GJR of \$857 thousand.

Guelph Municipal Holdings Inc. (GMHI)

GMHI recognized a consolidated net income of \$1.1 million (compared to a net loss of \$1.3 million in 2016). The consolidated net income less the dividend payment of \$1.9 million represents the decrease in the City's investment in GMHI of \$800 thousand.

Guelph Police Services Board (Police Board) and Guelph Public Library (Library Board)

An analysis of Guelph Police Services Board and Guelph Public Library variances were included in the annual reporting that went to the Committee of the Whole on May 7, 2018, so a further analysis has not been provided in this report.

2017 Corporate Performance Measures Dashboard

The City's corporate performance measure dashboard shows that the City continues to have strong ratings in tax collections and debt.

The Capital Reserves (before commitments) continue to also show strongly but Staff caution that these are based on book value of assets and not asset replacement value. The funding directed to capital, including the new capital levy is addressing the future replacement cost of capital and this continues to be a significant corporate need.

There has been a noted betterment of the City's Tax-supported Operating Reserves as a result of Council's successful effort in contributing to these reserves annually through the budget and allocation of operating surplus. Additionally this ratio was positively impacted through the Council approved reserve and reserve fund consolidation process in 2017 which changed the way operating reserves are categorized.

Financial Implications

An unqualified opinion of the 2017 Consolidated Financial Statements will assist the City in obtaining a fair credit rating, which has the potential to lower its borrowing costs, as well as support grant-funding requests from outside organizations. In addition, monitoring financial trends will enable the City to identify concerns early, address them, and prepare long-term financial strategies.

Report

City Council annually reviews and approves the City of Guelph's audited Consolidated Financial Statements as required under the Municipal Act 2001. The Consolidated Financial Statements include the results of the following entities:

- The Elliott Community (The Elliott)
- The Downtown Guelph Business Association (DGBA)
- The City's proportionate share (45.9 per cent) of Wellington-Dufferin-Guelph Public Health (Public Health)
- Investment in Guelph Junction Railway Limited (GJR)
- Investment in Guelph Municipal Holdings Inc. (GMHI)
- Guelph Police Services Board (Police Board)
- Guelph Public Library Board (Library Board)

While not required by the Municipal Act 2001, a previous Council requested that City staff present unconsolidated Financial Statements to provide more transparent and relevant information for Council members. The unconsolidated Financial Statements, along with financial analysis and highlights, are included in CS-2018-20 – 2017 Unconsolidated Financial Statements.

Review and approval of the audited 2017 Consolidated Financial Statements and review of KPMG LLP's External Findings Report satisfy the following Committee responsibilities:

- Understand the scope of the external auditor's review of internal financial control over financial reporting and obtain reports on significant findings and recommendations, together with management's responses and the timing of the disposition of significant findings;
- After consultation with the Treasurer and the external auditors, gain a reasonable assurance, at least annually, of the quality and sufficiency of the City's accounting and financial personnel and other resources;
- Review with staff and the external auditors the results of the audit, including any difficulties encountered, and all other matters required to be communicated to the Committee under generally accepted auditing standards;
- If required, at the conclusion of the audit, consult with the external auditors, without the presence of staff, about internal financial controls, compliance, and the completeness and accuracy of the City's Consolidated Financial Statements;
- Ensure the timely presentation of the external auditor's annual audit report to Council;
- Review significant accounting and reporting issues in terms of their impact on the Financial Statements, including complex or unusual transactions, areas high in subjectivity, and recent professional and regulatory pronouncements;
- Review the representation letter provided by staff to the external auditors;
- Prior to the presentation of the annual Financial Statements to Council, review the Financial Statements and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles; and
- Recommend to Council the approval and distribution of the annual consolidated Financial Statements.

Overview of the Consolidated Financial Statements

Throughout this report, please refer to **ATT-1** for Draft Consolidated Financial Statements information. These statements are required to be approved by Council in accordance with the Municipal Act 2001.

The Consolidated Financial Statements have been prepared in accordance with the Public Sector Accounting Standards, which means that in addition to the City's numerous departments, the following entities are also included on the following accounting bases:

- a) The Elliott Community – fully consolidated
- b) The Downtown Guelph Business Association – fully consolidated

- c) Wellington-Dufferin-Guelph Public Health – proportionately consolidated (45.9 per cent)
- d) Guelph Municipal Holdings Inc.– modified equity basis
- e) Guelph Junction Railway Limited – modified equity basis
- f) Guelph Police Services Board – fully consolidated
- g) Guelph Public Library Board – fully consolidated

Fully consolidated means that the full financial statements of those entities have been combined into the City's statements, and for The Elliott, and The DGBA all inter-organizational transactions have been eliminated. Proportionately consolidated means that only the City's share (45.9 per cent) of Public Health's Financial Statements has been included in the City's statements, and all inter-organizational transactions have been eliminated. Modified equity basis means that the carrying value of the net assets of the investees are shown on the face of the City's Statement of Financial Position as an investment, and any gain or loss is shown on the Statement of Operations; there are no inter-organizational eliminations.

Review of the Consolidated Entities' Financial Statements

In the preparation of the 2017 Consolidated Financial Statements, staff reviewed each of the Financial Statements of the consolidated entities. The following is a summary of financial highlights of these entities, and any relevant information that resulted from each of their audits. Although this report includes analysis of the GJR and GMHI Financial Statements, these have not been included in an attachment because Council will receive them at each company's Annual General Meeting.

- a) The Elliott (**ATT-2**) - The Elliott is required to be consolidated into the City's Financial Statements because of its financial reliance on the City. The Elliott's Financial Statements are audited by KPMG LLP and have a year-end date of December 31, 2017.
 - The Elliott's 2017 surplus was \$753 thousand compared to a deficit of \$344 thousand in 2016. The 2017 results are a significant improvement over historical losses but are mainly driven by a change in accounting policy. The Elliott changed their accounting estimates for amortizing the organization's capital assets which resulted in a decrease of amortization expense of \$1.0 million. This reduction in expense is comparable to the change in net income between the two years of \$1.1 million.
 - The City has a loan receivable outstanding from The Elliott of \$15.9 million relating to debentures issued on behalf of The Elliott by the City. The loan was eliminated in the consolidated statements, but highlighted here because it appears on The Elliott's Financial Statements.

- The City guarantees The Elliott's line of credit totaling \$1 million of which \$130 thousand was drawn on at the end of 2017.
- b) The DGBA (**ATT-3**) - The DGBA is a business improvement area of the City and is consolidated because it is financially dependent on the City for funding. Highlights from these Financial Statements include:
- The DGBA reported a 2017 deficit of \$16 thousand (2016 surplus of \$20 thousand).
 - The main cause of the DGBA deficit relates to assessment write-offs of \$31 thousand (2016 - \$11 thousand). A DGBA member received an assessment reduction at the Assessment Review Board for the years 2013 through 2016. This reduction increased tax write-offs more than experienced in previous years. In addition, two properties who had historically been charged the DGBA levy had their 2017 DGBA levy returned to them. It was determined during the DGBA expansion process these properties were outside of the DGBA.
- c) Public Health (**ATT-4**) - Public Health is audited by KPMG LLP. The City consolidates 45.9 per cent of its operations as the City's proportionate share. Please refer to ATT-1 Note 16 of the City's 2017 Consolidated Financial Statements for a summary of Public Health's Financial Statements. Highlights from these Statements include:
- Excess of revenue over expenditures of \$195 thousand is partially a result of the manner in which the Financial Statements are prepared, and partially the result of a modified cash basis surplus as a result of one-time funding received from the Ministry of Health and Long-Term Care (MOHLTC). The audited Financial Statements are prepared on an accrual basis, whereas statements prepared for the MOHLTC are prepared on a modified cash basis. Under the modified cash basis, capital asset acquisitions are fully expensed in the year they are purchased as opposed to capitalization and amortization over the useful life of the asset (accrual basis); additionally, transfers to reserves and loan principal repayments are not recorded as expenditures in the audited Financial Statements, but are in the MOHLTC statements.
 - Major areas of capital investment in 2017 were technology and communication (\$541 thousand) and equipment (\$216 thousand).
 - In December 2012, the three obligated municipalities and Public Health signed a financing agreement to fund the capital cost of building the two new facilities in Guelph and Orangeville. Disclosure was included in both the Public Health Statements and the City's Financial Statements. This financing agreement will protect the City's

investment over the 10-year financing period in case of unexpected changes in legislation. As of December 31, 2017, the outstanding balance on the loan was \$5.7 million. This loan is eliminated upon consolidation, but highlighted here because it is included in the individual Public Health's Financial Statements.

- d) GMHI and GJR – both of these entities have a formal process for reporting their Financial Statements to Council in accordance with each entity's Shareholder Declaration; for this reason their Financial Statements have not been included as attachments. However, a summary of each of these entity's financial results can be found in Notes 4 and 5 of ATT-1 2017 Consolidated Financial Statements. KPMG LLP audits GMHI's and GJR's Financial Statements. Highlights relating to these two entities include:
- GJR realized a net income of \$957 thousand (compared to \$506 thousand in 2016), which represents an increase in the City's investment in this company. The main reason for the increase in net income from 2016 relates to additional railcar activity resulting in revenues as well as renegotiating the service agreement with the subcontractor leading to higher margins.
 - GMHI recognized a consolidated net income of \$1.1 million (compared to a net loss of \$1.3 million in 2016). The consolidated net income plus the dividend payment of \$1.9 million represents the decrease in the City's investment in GMHI of \$800 thousand.
- e) Guelph Police Services – Guelph Police Services is fully consolidated into the City of Guelph's Consolidated Financial Statements; a supplementary schedule (6) within the Financial Statements also outlines the activity throughout the year. An analysis of Guelph Police Services' variance is included in the Council quarterly and annual variance reporting, so a further analysis has not been provided in this report.
- f) Guelph Public Library – Guelph Public Library is fully consolidated into the City of Guelph's Consolidated Financial Statements; a supplementary schedule (5) within the Financial Statements also outlines the activity throughout the year. An analysis of Library's variance is included in the Council quarterly and annual variance reporting, so a further analysis has not been provided in this report.

External Audit Findings Report

The external audit results, as prepared by KPMG LLP, are included in **ATT-5**. Highlights from KPMG's report include:

- Audit procedures were conducted as planned and presented to Committee November 6, 2017.
- No audit differences were identified by KPMG.
- No independence issues were identified.
- No significant control deficiencies were identified.

2017 Corporate Performance Measures Dashboard

The City's corporate performance measure dashboard shows that the City continues to have strong ratings in tax collections and debt. The repayment of \$24.4 million of debt principal contributed to a slight increase in these ratios for 2017.

The capital reserves (before commitments) continue to also show strongly but staff caution that these are based on book value of assets and not asset replacement value. The funding directed to capital, including the new capital levy is addressing the future replacement cost of capital and this continues to be a significant corporate need.

There has been a noted betterment of the City's tax-supported operating reserves as a result of Council's successful effort in contributing to these reserves annually through the budget and allocation of operating surplus. Additionally this ratio was positively impacted through the Council approved reserve and reserve fund consolidation process in 2017 which changed the way operating reserves are categorized.

Financial Implications

An unqualified opinion of the 2017 Consolidated Financial Statements will assist the City in obtaining a fair credit rating, which has the potential to lower its borrowing costs, as well as support grant-funding requests from outside organizations. In addition, monitoring financial trends will enable the City to identify concerns early, address them, and prepare long-term financial strategies.

Corporate Administrative Plan

Overarching Goals

Financial Stability
Service Excellence

Service Area Operational Work Plans

Our Resources - A solid foundation for a growing city

Our People- Building a great community together

Attachments

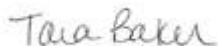
ATT-1	2017 City of Guelph Consolidated Financial Statements
ATT-2	The Elliott Community 2017 Audited Financial Statements
ATT-3	The Downtown Guelph Business Association 2017 Audited Financial Statements
ATT-4	Wellington-Dufferin-Guelph Public Health 2017 Audited Financial Statements
ATT-5	2017 External Audit Findings Report
ATT-6	2017 Corporate Financial Performance Measures Dashboard

Departmental Approval

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Consolidated financial statements of

City of Guelph

December 31, 2017

City of Guelph

December 31, 2017

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Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of City of Guelph, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations and accumulated surplus, change in net financial assets and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of City of Guelph as at December 31, 2017 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
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

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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.

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Notes to the consolidated financial statements

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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 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

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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

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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.

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Notes to the consolidated financial statements

December 31, 2017

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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

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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

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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

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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

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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%).

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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

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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
	6,934

- 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	-	-	-

Financial Statements of

THE ELLIOTT

Year ended December 31, 2017

THE ELLIOTT

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Statement of Remeasurement Gains and Losses	3
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INDEPENDENT AUDITORS' REPORT

To the Members of The Elliott

We have audited the accompanying financial statements of The Elliott, which comprise the statement of financial position as at December 31, 2017, the statements of operations and changes in deficit, remeasurement gains and losses and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Page 2

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Elliott as at December 31, 2017, and its results of operations, changes in deficit, remeasurement gains and losses and its 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'. Below the signature is a single, long, horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

April 26, 2018

THE ELLIOTT

Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Current assets:		
Cash	\$ 10,713	\$ -
Accounts receivable (note 3)	311,087	216,030
Inventory	5,575	4,702
Prepaid expenses	25,596	32,750
Trust funds held for residents	3,137	4,023
	356,108	257,505
Capital assets (note 4)	13,510,376	14,202,185
	\$ 13,866,484	\$ 14,459,690

Liabilities, Deferred Contributions and Deficit

Current liabilities:		
Bank indebtedness	\$ -	\$ 91,505
Operating line of credit (note 5)	130,000	80,000
Accounts payable and accrued liabilities	1,383,114	1,179,761
Deferred revenue	75,543	450,939
Trust funds held for residents	3,137	4,023
Current portion of long-term debt (note 6)	827,861	805,605
Current portion of obligations under capital leases (note 7)	240,622	198,436
	2,660,277	2,810,269
Long-term liabilities:		
Long-term debt (note 6)	16,648,634	17,468,918
Obligations under capital leases (note 7)	493,707	743,143
	17,142,341	18,212,061
Employee future benefits obligation (note 8)	381,365	335,445
Deferred capital contributions (note 9)	483,628	655,845
Fair value of interest rate swap contract (asset) liability (note 6)	(5,426)	46,649
	859,567	1,037,939
Deficit:		
Deficit	(6,801,127)	(7,553,930)
Accumulated remeasurement losses (gains)	5,426	(46,649)
	(6,795,701)	(7,600,579)
Subsequent event (note 14)		
	\$ 13,866,484	\$ 14,459,690

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

THE ELLIOTT

Statement of Operations and Changes in Deficit

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Long-Term Care - Basic	\$ 1,751,962	\$ 1,722,897
Long-Term Care - Preferred	434,596	413,110
Retirement Suites	5,949,116	5,841,904
Life Lease Suites	584,573	568,901
Provincial Subsidy	4,331,686	4,192,268
City of Guelph - Long-Term Care Funding	1,277,448	1,252,404
City of Guelph - Long-Term Care Funding - Capital	211,561	211,561
Suite re-leasing (note 11)	127,200	93,900
Fees and recoveries	469,322	462,763
Amortization of deferred capital contributions	172,217	64,658
Community Centre	240,403	234,845
Other revenue	42,218	112,188
	15,592,302	15,171,399
Expenditures:		
Wages and salaries	7,826,587	7,714,384
Employee benefits	1,786,884	1,768,394
Supplies	1,231,456	1,175,669
Facility costs	1,132,838	1,193,448
Minor equipment, repairs and maintenance	926,138	755,870
Amortization of capital assets (note 2)	867,357	1,880,046
Interest and financing fees	632,137	650,580
Purchased services	333,372	286,250
Administrative and other	94,896	87,666
Accretion of deferred financing costs	7,834	3,481
	14,839,499	15,515,788
Annual surplus (deficit)	752,803	(344,389)
Deficit, beginning of year	(7,553,930)	(7,209,541)
Deficit, end of year	\$ (6,801,127)	\$ (7,553,930)

See accompanying notes to financial statements.

THE ELLIOTT

Statement of Remeasurement Gains and Losses

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Accumulated remeasurement losses, beginning of the year	\$ (46,649)	\$ (70,482)
Reduction in unrealized loss attributable to interest rate swap agreement	52,075	23,833
Accumulated remeasurement losses (gains), end of the year	\$ 5,426	\$ (46,649)

See accompanying notes to financial statements.

THE ELLIOTT

Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operation activities:		
Annual surplus (deficit)	\$ 752,803	\$ (344,389)
Items not involving cash:		
Amortization of capital assets (note 2)	867,357	1,880,046
Amortization of deferred capital contributions	(172,217)	(64,658)
Accretion of deferred financing costs	7,834	3,481
Employee future benefits obligation	45,920	32,396
Write-off of capital assets	42,216	-
	1,543,913	1,506,876
Change in non-cash operating working capital:		
Accounts receivable	(95,057)	(46,958)
Inventory	(873)	(155)
Prepaid expenses	7,154	(26,894)
Accounts payable and accrued liabilities	203,353	(199,053)
Deferred revenue	(375,396)	389,970
	1,283,094	1,623,786
Financing activities:		
Repayment of operating line of credit	-	(620,000)
Advance of operating line of credit	50,000	-
Repayment of long-term debt	(805,862)	(781,684)
Principal repayments on capital leases	(207,250)	(91,576)
	(963,112)	(1,493,260)
Capital activities:		
Purchase of capital assets	(217,764)	(251,363)
Increase (decrease) in cash	102,218	(120,837)
Cash (bank indebtedness), beginning of year	(91,505)	29,332
Cash (bank indebtedness), end of year	\$ 10,713	\$ (91,505)
Non-cash transactions:		
Capital assets financed by capital lease	\$ -	\$ 499,732

See accompanying notes to financial statements.

THE ELLIOTT

Notes to Financial Statements

Year ended December 31, 2017

The Elliott is incorporated under the laws of the Province of Ontario and its principal business activity is the provision of sheltered care and services for seniors.

On January 31, 2015, The Elliott surrendered its long-term care license to the Ministry of Health and Long-Term Care. Subsequently the Corporation of the City of Guelph ("City of Guelph") was approved to operate the same long-term care beds. As part of this transfer, The Elliott was designated as the City of Guelph's long-term care home.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with the Chartered Professional Accountants of Canada Handbook - Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations.

(a) Basis of presentation:

These financial statements include the operations of:

Long-term care residence - reflects the activities associated with the provision of care in the full nursing arrangements of the long-term care facility.

Life lease suites - reflects the activities associated with the operation of the life lease suites.

Retirement suites - reflects the activities associated with the operation of the retirement facility.

(b) Revenue recognition:

The Elliott follows the deferral method of accounting for contributions which include donations and government grants.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of buildings and equipment are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate of the related buildings and equipment.

Revenue from suite re-leasing, preferred accommodation, interest, as well as income from parking and other ancillary operations, is recognized when the goods are sold or the service is provided.

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(c) Cash and cash equivalents:

Cash and cash equivalents consist of cash, bank overdrafts and investments in money market or other short-term instruments or investments with a maturity of less than 90 days.

(d) Inventory:

Inventory is valued at the lower of cost on a first-in, first-out basis, and replacement cost.

(e) Capital assets:

Capital assets are recorded at cost and amortized as follows:

Asset	Method	Rate
Buildings	Straight-line	40 years
Machinery and equipment	Straight-line	5 - 15 years
Vehicles	Straight-line	10 years
Equipment under capital leases	Straight-line	Over the lease term

The estimated useful lives of capital assets are reviewed by management and adjusted if necessary.

(f) Employee future benefits:

The Elliott provides sick leave benefits for substantially all employees.

The Elliott accrues its obligations under the defined benefit plan as the employees render the services necessary to earn the compensated absences. The actuarial valuation of the benefit plan was performed as of December 31, 2016.

Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) are amortized over the average remaining service period of active employees which is 18.1 years. Past service costs arising from plan amendments are recognized immediately in the period the plan amendments occur.

(g) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has elected to record all investments at fair value as they are managed and evaluated on a fair value basis. Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

Long-term debt is recorded at cost. The related interest rate swaps are recorded at fair value.

Canadian Public Sector Accounting Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- . Level 1 Unadjusted quoted market prices in active markets for identical assets or liabilities;
- . Level 2 Observable or corroborated inputs; other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- . Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2017

1. Significant accounting policies (continued):

(i) Multiemployer pension plan:

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

(j) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, and obligations related to employee future benefits. Actual results could differ from those estimates.

2. Change in estimate:

In 2017 management changed its estimate of the useful life of the long-term care building to 40 years from 20 years. The change has been accounted for prospectively. Amortization expense in 2017 and future years are affected by the change.

3. Accounts receivable:

	2017	2016
Ministry of Health and Long-Term Care (MOHLTC)	\$ 8,464	\$ 14,469
HST receivable	247,434	101,411
Residents	37,312	44,231
Other	17,877	55,919
Less allowance for doubtful accounts	-	-
	<u>\$ 311,087</u>	<u>\$ 216,030</u>

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2017

4. Capital assets:

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Buildings	\$ 34,691,626	\$ 22,360,679	\$ 12,330,947	\$ 12,816,196
Machinery and equipment	3,310,012	2,919,774	390,238	374,488
Vehicles	110,120	43,036	67,084	78,096
Construction in progress	-	-	-	7,331
	38,111,758	25,323,489	12,788,269	13,276,111
Equipment under capital leases	1,070,803	348,696	722,107	926,074
	\$ 39,182,561	\$ 25,672,185	\$ 13,510,376	\$ 14,202,185

The above buildings and equipment do not include those assets related to the life lease suites building and equipment other than the cost of the security system and common area renovations. The terms and conditions of suite-leasing transfer the responsibility and stewardship of the individual suites to the residents occupying the suites.

5. Operating line of credit:

The Elliott has an operating line available of up to \$1,000,000, of which \$130,000 is drawn at year end (2016 - \$80,000). The operating line of credit bears interest at bank prime rate.

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2017

6. Long-term debt:

	2017	2016
Mortgage held by the City of Guelph bearing interest at 3.119%, payable in monthly installments of \$71,169 in 2015 and \$93,000 thereafter for principal and interest, maturing December 25, 2036	\$ 15,936,609	\$ 16,545,238
Banker's acceptance, with interest of 2.07% per annum 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	1,606,024	1,803,257
	17,542,633	18,348,495
Less current portion of long-term debt	827,861	805,605
	16,714,772	17,542,890
Less transaction costs	66,138	73,972
	\$ 16,648,634	\$ 17,468,918

The repayment terms of the mortgage held with the City of Guelph have payments due 30 days from the invoice date, being the payment due date under the mortgage agreement. The mortgage is secured by a general security agreement over assets and property of The Elliott.

The Elliott has an interest rate swap agreement to manage the volatility of interest rates. The maturity date of the interest rate swap is the same as the maturity dates of the banker's acceptance, being June 25, 2025.

The fair value of the interest rate swap at December 31, 2017 is in a net favourable position of \$5,426 (2016 - \$46,649 unfavourable) which is recorded on the statement of financial position. The current year impact of the change in fair value of the interest rate swap is a decrease of the accumulated remeasurement losses in the statement of remeasurement gains and losses of \$52,075 (2016 - \$23,833 decrease).

The fair value of the interest rate swap has been determined using Level 3 of the fair value hierarchy. The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2017

6. Long-term debt (continued):

Principal repayments on the long-term debt are due as follows:

2018	\$	827,861
2019		852,727
2020		877,221
2021		901,363
2022		929,174
Thereafter		13,154,287
	\$	17,542,633

Interest expense on long-term debt for the year ended December 31, 2017 amounted to \$555,133 (2016 - \$581,524).

7. Obligations under capital leases:

The Elliott has financed various equipment purchases by entering into capital lease arrangements. Capital lease repayments are due as follows:

	2017	2016
2017	\$ -	\$ 220,145
2018	257,561	257,561
2019	257,561	257,561
2020	224,410	224,410
2021	38,447	38,447
Total minimum lease payments	777,979	998,124
Less amount representing interest at 3.16% and 3.04%	43,650	56,545
Present value of net minimum capital lease payments	734,329	941,579
Current portion of obligations under capital leases	240,622	198,436
Long-term portion of obligations under capital leases	\$ 493,707	\$ 743,143

Interest for the year ended December 31, 2017 of \$25,870 (2016 - \$16,643) relating to capital lease obligations has been included in interest expense.

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2017

8. Employee future benefits obligation:

Full time employees are provided with sick leave of 7.5 hours per month which, if unused, can accumulate to a maximum of 450 hours for use in future periods. Continuous part-time employees receive 3.75 hours per month and can accumulate at most 225 hours. Part-time employees receive 1.88 hours per month and can accumulate at most 225 hours. Flexible part-time employees do not receive sick leave.

Hourly paid employees are compensated at 75% for the first two days of illness and 100% for subsequent days. Salaried employees receive 100% reimbursement.

Accumulated credits may be used in future years if the employee's illness or injury exceeds the annual allocation of credits.

The main actuarial assumptions employed for the valuations are as follows:

	2017	2016
Discount rate	3.25%	3.25%
Rate of compensation increase	2.00%	2.00%

Information about The Elliott's sick leave benefit plan is as follows:

Balance, beginning of year	\$ 374,694	\$ 303,049
Current benefit cost	62,967	39,796
Interest	12,682	10,981
Benefits paid	(31,897)	(18,381)
Actuarial loss	6,940	39,249
Balance, end of year	425,386	374,694
Unamortized actuarial loss	(44,021)	(39,249)
Accrued benefit obligation related to accumulated sick leave benefits	\$ 381,365	\$ 335,445

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2017

9. Deferred capital contributions:

Deferred capital contributions represent the unamortized amounts of donations and grants received for the purchase of capital assets. The amortization of contributions is recorded as revenue in the statement of operations:

	2017	2016
Balance, beginning of year	\$ 655,845	\$ 720,503
Less amounts amortized to revenue during the year	(172,217)	(64,658)
Balance, end of year	\$ 483,628	\$ 655,845

10. Multiemployer defined benefit pension plan:

The Elliott makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of full-time members of staff and eligible part-time staff. The plan is a defined benefit pension 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 amount contributed to OMERS for 2017 was \$537,211 (2016 - \$531,014) for current service.

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.

11. Suite re-leasing fees:

The Elliott provides a service coordinating the re-leasing of the life lease suites. A fee is charged for this service at 10% of the selling price for the re-leased units.

	2017	2016
Suite re-leasing revenue	\$ 1,382,000	\$ 939,000
Suite re-leasing costs	(1,254,800)	(845,100)
	\$ 127,200	\$ 93,900

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2017

12. The Elliott Endowment Fund:

The Elliott has a permanent endowment fund established under an agreement with the Guelph Community Foundation. Under the terms of this agreement, the invested capital cannot be withdrawn and only the related interest income can be paid to The Elliott.

The estimated market value of The Elliott Endowment Fund and the income earned during the year from the endowment fund are as follows:

		2017		2016
Market value	\$	11,066	\$	10,829
Income earned		409		660

13. Financial risks

(a) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates.

Financial assets and financial liabilities with variable interest rates expose The Elliott to cash flow interest rate risk. The Elliott is exposed to this risk through its interest bearing loan payable, which is mitigated through its interest rate swap.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Elliott is exposed to credit risk with respect to the accounts receivable and cash.

The Elliott assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of The Elliott at December 31, 2017 is the carrying value of these assets. The amount of any related impairment loss is recognized in the income statement. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations.

THE ELLIOTT

Notes to Financial Statements (continued)

Year ended December 31, 2017

13. Financial risks (continued):

(c) Liquidity risk:

Liquidity risk is the risk that The Elliott will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Elliott manages its liquidity risk by monitoring its operating requirements. The Elliott prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Accounts payable and accrued liabilities are generally due within 30 days of receipt of an invoice.

The contractual maturities of long-term debt, capital leases and interest rate swaps are disclosed in notes 6 and 7.

14. Subsequent event:

On February 26, 2018, the City of Guelph Council approved that The Elliott can obtain financing in the amount of \$2,000,000 from an external loan provider.

DRAFT Financial Statements of

**DOWNTOWN GUELPH
BUSINESS ASSOCIATION**

Year ended December 31, 2017

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Downtown Guelph Business Association

We have audited the accompanying financial statements of Downtown Guelph Business Association, which comprise the statement of financial position as at December 31, 2017, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Downtown Guelph Business Association as at December 31, 2017, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

DRAFT

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

DRAFT - April 17, 2018, 4:34 PM

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Statement of Financial Position

DRAFT

December 31, 2017, with comparative information for 2016

	2017	2016
Financial Assets		
Cash	\$ 86,080	\$ 64,221
Trade receivable	34,855	37,095
	120,935	101,316
Financial Liabilities		
Accounts payable and accrued liabilities	36,254	10,197
Deferred revenue	50,000	44,450
Deposits payable	31,940	17,620
	118,194	72,267
Net financial assets	2,741	29,049
Non-Financial Assets		
Prepaid expense	15,169	7,966
Tangible capital assets (note 2)	7,584	4,084
	22,753	12,050
	\$ 25,494	\$ 41,099
Accumulated Surplus		
Accumulated surplus	\$ 25,494	\$ 41,099
	\$ 25,494	\$ 41,099

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Statement of Operations and Accumulated Surplus

DRAFT

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
City of Guelph:		
Tax levies	\$ 487,000	\$ 472,000
Revitalization	35,571	25,702
Other	-	750
Co-op advertising	20,804	23,134
Grants and sponsorships	29,294	20,315
Events	10,543	12,699
Interest and other	5,474	8,952
	588,686	563,552
Expenses:		
Salaries and benefits	221,592	221,441
Advertising	102,155	96,555
Special events	63,535	47,474
Revitalization	49,448	38,800
Rent	34,044	32,881
Consultant - planner	22,305	24,030
Office and general	18,806	15,180
Downtown WIFI	13,636	12,211
Bookkeeping services	6,737	6,594
Amortization of tangible capital assets	1,792	8,914
Telephone and fax	5,243	3,507
Member communication	5,230	3,701
Training and development	5,287	5,731
Legal and professional	4,563	3,053
Equipment rental	3,179	2,286
Miscellaneous	5,882	7,805
Bank charges	384	733
Rink contribution	10,000	-
Insurance	25	198
Travel	352	882
	574,195	531,976
Earnings before net assessment write-offs	14,491	31,576
Net assessment write-offs	30,099	11,622
Excess of revenue over expenses (expenses over revenue)	(15,608)	19,954
Accumulated surplus, beginning of year	41,100	21,142
Accumulated surplus, end of year	\$ 25,494	\$ 41,099

See accompanying notes to financial statements.

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Statement of Change in Net Financial Assets

DRAFT

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Excess of revenue over expenses (expenses over revenue) \$	(15,608)	\$ 19,954
Change in prepaid expenses	(7,203)	708
Acquisition of tangible capital assets	(5,289)	(3,300)
Amortization of tangible capital assets	1,792	8,914
Change in net financial assets	(26,308)	26,276
Net financial assets, beginning of year	29,049	2,773
Net financial assets, end of year	\$ 2,741	\$ 29,049

See accompanying notes to financial statements.

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Statement of Cash Flows

DRAFT

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses (expenses over revenues)	\$ (15,608)	\$ 19,954
Item not involving cash:		
Amortization of tangible capital assets	1,792	8,914
Changes in non-cash operating working capital:		
Trade receivable	2,240	(12,502)
Prepaid expenses	(7,203)	708
Accounts payable and accrued liabilities	26,057	2,586
Deferred revenue	5,550	44,327
Deposits payable	14,320	(2,930)
Net change in cash from operating activities	27,148	61,057
Capital:		
Purchase of tangible capital assets	(5,289)	(3,300)
Increase in cash	21,859	57,757
Cash, beginning of year	64,221	6,464
Cash, end of year	\$ 86,080	\$ 64,221

See accompanying notes to financial statements.

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements

DRAFT

Year ended December 31, 2017

Nature of operations:

Downtown Guelph Business Association (the "Association") was created by the City of Guelph, to promote the downtown businesses to the public in order to allow the downtown area to thrive. The Association acts on behalf of its members, who are the various businesses that are located in the downtown area of Guelph.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for private enterprises. The Association's significant accounting policies are as follows:

(a) Cash and cash equivalents:

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from the date of acquisition.

(b) Tangible capital assets:

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

Asset	Rate
Furniture and fixtures	5 years
Computer equipment	3 years

One half of the annual amortization is applied to assets purchased within the year.

(c) Gift certificates:

The Association issues gift certificates throughout the community, which are recorded as a liability until redeemed.

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2017

1. Significant accounting policies (continued):

(d) Revenue recognition:

Revenues are reported on the accrual basis of accounting which 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 a receipt of goods or services and the creation of a legal obligation to pay.

Where funding has been received in advance of expenses for a specific program, the amount has been recorded as deferred revenue and will be recognized as revenue in a future period when related expenses are incurred.

(e) 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 as of the date of the financial statements and the reported amounts of revenues and expenses during the reported periods. Significant estimates used within these financial statements include the liability for unclaimed gift certificates and the useful lives of tangible capital assets. Actual results could differ from those estimates and assumptions.

2. Tangible capital assets:

				2017	2016
		Cost	Accumulated amortization	Net book value	Net book value
Furniture and fixtures	\$	15,407	\$ 8,500	\$ 6,908	\$ 2,678
Computer		6,370	5,694	676	1,406
	\$	21,777	\$ 14,194	\$ 7,584	\$ 4,084

DOWNTOWN GUELPH BUSINESS ASSOCIATION

Notes to Financial Statements (continued)

DRAFT

Year ended December 31, 2017

3. Commitments:

The Association is committed to payments for premises and certain office equipment, and other financial commitments over the next four years as follows:

2018	\$	8,880
2019		1,192
2020		795
	\$	10,867

4. Accumulated surplus:

	2017	2016
Accumulated surplus from operations	\$ 17,910	\$ 37,015
Investment in tangible capital assets	7,584	4,084
	\$ 25,494	\$ 41,099

Financial Statements of

Wellington-Dufferin-Guelph Public Health

December 31, 2017

Wellington-Dufferin-Guelph Public Health

December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Health of Wellington-Dufferin-Guelph Public Health

We have audited the accompanying financial statements of Wellington-Dufferin-Guelph Public Health ("the Entity"), which comprise the financial position as at December 31, 2017 and the statement of operations and surplus, changes in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment,



including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Wellington-Dufferin-Guelph Public Health as at December 31, 2017, and its results of operations and the changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

DRAFT
Waterloo, Canada

Wellington-Dufferin-Guelph Public Health

Statement of Operations and Accumulated Surplus
year ended December 31, 2017

	Budget 2017 (Note 9)	Actual 2017	Actual 2016
	\$	\$	\$
Revenue			
Ministry of Health and Long-term Care Base Funding	14,503,055	14,480,075	14,271,723
Ministry of Health and Long-Term Care One-time	449,380	237,792	760,078
City of Guelph	3,832,617	3,832,283	3,799,560
County of Wellington	3,156,973	3,142,018	3,116,235
County of Dufferin	1,751,300	1,751,301	1,716,961
Ministry of Children and Youth Services	2,484,097	2,463,439	2,348,965
Public Health Agency of Canada	63,410	36,920	59,605
Other community grants	227,614	215,309	177,224
	26,468,446	26,159,137	26,250,351
Other revenue			
Interest income	20,000	75,341	77,518
Total revenue	26,488,446	26,234,478	26,327,869
Expenses			
Cost Shared Mandatory and One-time	20,568,020	20,134,582	19,953,133
Cost Shared Vector-Borne Diseases	207,332	190,013	186,242
Cost Shared Small Drinking Water Systems	55,056	55,056	54,772
100% Harm Reduction Program Enhancement	150,000	150,000	-
100% Needle Exchange	58,250	58,250	50,000
100% Enhanced Food Safety	40,300	40,300	40,300
100% Healthy Smiles Ontario	817,400	737,278	746,841
100% Infection Control	333,400	333,400	333,400
100% Smoke Free Ontario	409,500	407,397	407,959
100% Enhanced Safe Water	21,600	21,600	21,600
100% Chief Nursing Officer	121,500	121,500	121,500
100% Infection Control Nurse	90,100	90,100	90,100
100% Public Health Nurses Initiative	180,500	180,500	180,500
100% Electronic Cigarettes Act	19,200	6,515	8,868
100% MOH Compensation Initiative	83,905	83,905	83,714
Healthy Babies Healthy Children	1,567,992	1,567,992	1,560,478
Preschool Speech and Language	961,576	1,092,598	863,965
County of Wellington Weetalk	367,921	359,906	367,921
Community Grants	356,346	336,703	348,410
Canadian Prenatal Nutrition Program	63,410	71,806	60,641
Total expenses	26,473,308	26,039,401	25,480,344
Excess of revenue over expenditures	15,138	195,077	847,525
Accumulated surplus, beginning of year	16,452,388	16,452,388	15,604,863
Accumulated surplus, end of year	16,467,526	16,647,465	16,452,388

Approved by the Board of Health on

N. Sullivan

Director

[Signature]

Director

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Statement of Changes in Net Financial Debt year ended December 31, 2017

	2017 \$	2016 \$
Excess of revenue over expenditures	195,077	847,525
Amortization of tangible capital assets	2,313,413	1,943,597
Change in prepaid expenses	(6,299)	108,443
Change in inventory	(989)	(2,386)
Tangible capital asset purchases	(869,751)	(1,359,008)
Loss on disposal of tangible capital assets	8,024	2,712
Decrease in net debt	1,639,475	1,540,883
Net debt, beginning of year	(9,569,522)	(11,110,405)
Net debt, end of year	(7,930,047)	(9,569,522)

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Statement of Financial Position
as at December 31, 2017

	2017 \$	2016 \$
Financial assets		
Cash	6,926,853	7,931,208
Accounts receivable	424,511	485,390
Due from Province of Ontario	273,623	200,080
	7,624,987	8,616,678
Liabilities		
Accounts payable and accrued liabilities	1,410,308	1,282,229
Employee benefits payable (Note 7)	1,479,025	1,501,747
Deferred revenue	125,408	141,316
Trust liabilities (Note 4)	1,490	16,143
Due to programs (Note 5)	40,617	53,652
Long-term debt (Note 12)	12,498,186	15,191,113
	15,555,034	18,186,200
Net debt	(7,930,047)	(9,569,522)
Non financial assets		
Tangible capital assets (Schedule 3)	24,484,446	25,936,132
Prepaid expenses	86,381	80,082
Inventory	6,685	5,696
	24,577,512	26,021,910
Accumulated surplus	16,647,465	16,452,388

Approved by the Board of Health on

N. Sullivan Director

[Signature] Director

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Statement of Cash Flows
year ended December 31, 2017

	2017 \$	2016 \$
OPERATING ACTIVITIES:		
Excess of revenue over expenditures	195,077	847,525
Items not affecting cash:		
Amortization	2,313,413	1,943,597
Loss on disposal of tangible capital assets	8,024	2,712
Net changes in non-cash working capital items related to operations	41,809	(69,112)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,558,323	2,724,722
CASH FLOWS FROM INVESTING ACTIVITY:		
Acquisition of tangible capital assets	(869,751)	(1,359,008)
NET CASH USED BY INVESTING ACTIVITIES	(869,751)	(1,359,008)
CASH FLOWS FROM FINANCING ACTIVITY:		
Long-term debt repaid	(2,692,927)	(638,934)
NET CASH USED BY FINANCING ACTIVITIES	(2,692,927)	(638,934)
Net increase (decrease) in cash	(1,004,355)	726,780
Cash, beginning of year	7,931,208	7,204,428
Cash, end of year	6,926,853	7,931,208

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Notes to the Financial Statements

For the Year Ended December 31, 2017

1. Description of business

The Board of Health for the Wellington-Dufferin-Guelph Health Unit (WDGPH) has been created by statute under the Health Protection and Promotion Act (HPPA) and is by statute an autonomous Board of Health. The Board of Health is comprised of municipal members representing each of the obligated municipalities of the County of Wellington (3), the County of Dufferin (2), and the City of Guelph (3) and seven Provincial appointees. As stated in WDGPH's Mission statement, WDGPH uses an innovative approach to deliver evidence-informed programs and services to meet the distinctive needs of our communities.

WDGPH operates programs in accordance with the Ontario Public Health Standards and Protocols as mandated by the Province of Ontario. The Province of Ontario mandates that WDGPH provide programs and services that prevent disease, protect health and promote the well-being of individuals. Additional initiatives are also delivered within Wellington, Dufferin, and Guelph including: Preschool Speech and Language, Canadian Prenatal Nutrition Program, and acting as the host agency for the Poverty Elimination Task Force Guelph-Wellington.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS), and reflect the following policies:

Basis of accounting

- a) The operations reported on in the financial statements reflect the complete operations of WDGPH.
- b) The operations of WDGPH general programs are funded by the Counties of Wellington and Dufferin, the City of Guelph, and the Ontario Ministry of Health and Long Term Care. Each year the amount of expenditure is based upon budgeted approvals and is funded accordingly. Funding amounts not received at year-end are recorded as receivable. Funding amounts in excess of actual expenditures incurred during the year are recorded as payable, or as deferred revenue depending on the terms of the funding agreement.

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

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 as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant estimates used within these financial statements include accrued liabilities and employee benefits payable. Actual results may differ from these estimates.

Wellington-Dufferin-Guelph Public Health

Notes to the Financial Statements

For the Year Ended December 31, 2017

2. Significant Accounting Policies (continued)

Revenue recognition

WDGPH receives revenue in the form of government transfers from the Province of Ontario (Ministry of Health and Long-Term Care and Ministry of Children and Youth Services), the Corporation of the County of Wellington, the Corporation of the County of Dufferin, and the Corporation of the City of Guelph. Government transfers are recognized as revenue in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria and/or stipulations have been met, and reasonable estimates of the amount can be made.

Tangible capital assets

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

Buildings	30 years
Leasehold improvements	Term of lease
Equipment	5 years
Technology and communication	3 years
Furniture and fixtures	5 years
Parking lot	20 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal.

Wellington-Dufferin-Guelph Public Health

Notes to the Financial Statements

For the Year Ended December 31, 2017

3. Expenditures by object

	2017	2016
	\$	\$
		(note 13)
Salaries and wages	14,286,177	13,830,801
Benefits	4,264,795	4,340,631
Staff and volunteer training and recognition	150,484	207,993
Board of Health	25,961	51,019
Travel	264,278	282,859
Building occupancy	1,558,277	1,481,006
Amortization of tangible capital assets	2,313,413	1,943,597
Professional and purchased services	2,022,648	1,813,893
Program materials and supplies	789,744	811,664
Office equipment	8,723	10,838
Office expenses, printing, and postage	149,115	176,341
Information and IT equipment	378,774	327,573
Communication costs	172,982	158,705
One-time projects	116,643	546,796
Loss on disposal of tangible capital assets	8,024	2,712
Administrative Charge Outs	10,431	1,710
Expenditure recoveries (Schedule 1)	(481,068)	(507,794)
Net expenditures	26,039,401	25,480,344

Wellington-Dufferin-Guelph Public Health

Notes to the Financial Statements

For the Year Ended December 31, 2017

4. Trust liabilities

WDGPH periodically receives funds from various sources for specific purposes, which WDGPH holds in Trust. Balances are drawn down when funds are expended in accordance with the stipulations placed on them by the provider of the funds.

	2017	2016
	\$	\$
Hearing (Wee Talk)	990	2,360
Children's Report Card	500	4,900
Due to Community Food Advisors	-	1,196
ASRTS	-	437
Shirley's Garden	-	112
Community Action Research Project	-	7,138
	1,490	16,143

5. Due to programs

	2017	2016
	\$	\$
Due to (from) Canadian Prenatal Nutrition Program	31,666	(3,192)
Due to Preschool Speech and Language	8,951	56,844
	40,617	53,652

Wellington-Dufferin-Guelph Public Health

Notes to the Financial Statements

For the Year Ended December 31, 2017

6. Accumulated surplus and reserves

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2017	2016
December 31, 2017	\$	\$
Surplus		
Invested in tangible capital assets (Schedule 9)	24,484,446	25,936,132
Reserves	4,772,681	5,647,292
Long-term debt	(12,498,186)	(15,191,113)
Accumulated (deficit) surplus from March 31st year-end programs	(111,476)	60,077
	16,647,465	16,452,388

Accumulated surplus from March 31st year-end programs represents the cumulative net excess of revenue over expenditures for the Preschool Speech and Language Program and the Canadian Prenatal Nutrition Program as at December 31st.

	2017	2016
December 31, 2017	\$	\$
Balance, beginning of year	5,647,292	4,824,985
Interest earned on reserve	49,551	47,941
Transfer to reserves	947,288	774,366
Transfer from reserves	(1,871,450)	-
Balance, end of year	4,772,681	5,647,292

Reserves consist of the following:

	2017	2016
December 31, 2017	\$	\$
Facilities Reserve	-	1,867,014
Contingency Reserve	1,563,052	1,398,286
Technology Reserve	1,165,622	737,492
Orangeville Facilities Reserve	677,420	551,739
Guelph Facilities Reserve	1,274,859	1,002,242
Fluoride Varnish Program Reserve	67,744	67,000
Poverty Elimination Task Force Reserve	23,984	23,519
Balance, end of year	4,772,681	5,647,292

Wellington-Dufferin-Guelph Public Health

Notes to the Financial Statements

For the Year Ended December 31, 2017

7. Employee benefits payable

	2017	2016
December 31, 2017	\$	\$
Sick leave benefits payable	23,837	23,601
Vacation time payable	1,368,769	1,404,982
Compensation time payable	71,760	59,034
Part-time ONA accumulated sick leave	14,659	14,130
	1,479,025	1,501,747

Sick leave benefits payable

Prior to January 1, 1982, WDGP's sick leave benefit plan allowed for the accumulation of unused sick leave. If the criteria under the plan were met, employees were entitled to a cash payment based on the salary in effect when they left WDGP's employment. The balance is reviewed at each year-end using the current salary rates in effect. There has been no accumulation of unused sick leave with entitlement to a cash payment at WDGP since January 1, 1982.

The liability for sick leave accumulated by eligible employees and accrued prior to January 1, 1982, who meet the eligibility criteria for a payment in cash upon termination amounted to \$23,837 (2016 - \$23,601) at the end of the year.

Vacation time payable

The provisions of the employee's vacation plan allows for the accumulation of vacation credits for use in future periods. The approximate value of the credits as at December 31, 2017 is \$1,368,769 (2016 - \$1,404,982).

Compensation time payable

Hours earned by employees that are not paid or taken are compensation time. Upon termination of employment, any hours of compensation time that an employee has earned, but not taken, are payable at their wage rate. The approximate value of the time as at December 31, 2017 is \$71,760 (2016 - \$59,034).

Part-time nurses accumulated illness allowance

Permanent part-time nurses who work less than twenty-eight hours per week are not eligible for the short-term disability or long-term disability plans provided to staff working twenty-eight hours per week or more. Instead, these nurses accumulate an illness allowance on a pro rata basis of one and one-half days per month worked in each year. Any unused portion accumulates from year to year. In the event of an illness, a nurse may draw from this accumulated balance to continue to receive their regular daily rate of pay. There is no payout for unused illness allowance. The estimated potential liability for part-time nurses accumulated illness allowance as at December 31, 2017 is \$14,659 (2016 - \$14,130).

Wellington-Dufferin-Guelph Public Health

Notes to the Financial Statements

For the Year Ended December 31, 2017

8. Pension agreements

WDGPH makes contributions to the Ontario Municipal Employees' Retirement System ("OMERS"), which is a multi-employer plan, on behalf of approximately 194 (2016 - 182) members of its staff.

OMERS is a multi-employer plan, therefore, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, WDGPH does not recognize any share of the OMERS pension surplus or deficit. At December 31, 2017 the plan reported a \$5.4 billion actuarial deficit (2016 - \$5.7 billion actuarial deficit).

The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employee based upon length of service and rates of pay.

The amount contributed to OMERS for 2017 was \$1,409,106 (2016 - \$1,380,931).

9. Budget figures

The budgeted figures, which are presented for comparison purposes, are prepared on a cash basis.

10. Commitments and contingencies

WDGPH leases office and clinic space under operating leases. In addition, land has been leased under a long-term operating lease which expires on April 30, 2062. WDGPH also has a small number of long-term commitments under contract. Minimum lease payments and other long-term commitments under contract over the next five years are as follows:

	\$
2018	347,031
2019	317,970
2020	308,136
2021	308,136
2022	292,566
	<hr/> 1,573,839

In the normal course of business, WDGPH is involved in various claims. Though the outcome of these various pending claims as at December 31, 2017 cannot be determined with certainty, WDGPH believes that their outcome will have no significant adverse impact on its financial position, operating results or cash flows.

11. Credit facility

At December 31, 2017 WDGPH had an unsecured line of credit of \$500,000 (2016 - \$500,000) bearing interest at the bank prime rate of 3.20% (2016 - 2.70%), of which all has remained unused at year-end.

Wellington-Dufferin-Guelph Public Health

Notes to the Financial Statements

For the Year Ended December 31, 2017

12. Long-term debt

On December 19, 2012, WDGPB entered into a Financial Agreement with the County of Wellington, the County of Dufferin, and the City of Guelph to finance the cost of building the two new facilities at Chancellors Way, Guelph, and Broadway, Orangeville. The Financial Agreement allowed for quarterly advances of capital by the obligated municipalities to WDGPB beginning in January 2013, until the completion of the new facilities. The total amount of the advances was not to exceed \$24,400,000. Interest is calculated annually, commencing on the 1st day of the month following the date of substantial completion of both facilities. The interest rate is 3.34% per annum, and the term and amortization of the loans is twenty years. Repayment of these loans commenced 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 total amount borrowed under the loan agreement was \$18,481,487. The amount outstanding as of December 31, 2017 is \$ 12,498,186. Future principal and interest payments based on the total anticipated advances under this loan agreement are projected to be:

	\$
2018	1,281,624
2019	1,281,624
2020	1,281,624
2021	1,281,624
2022	1,281,624
Subsequent to 2022	8,734,738
	<hr/>
	15,142,858

The total interest paid on long-term debt in 2017 was \$460,149 (2016 - \$642,690).

13. Comparative information

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

Wellington-Dufferin-Guelph Public Health

Notes to the Financial Statements

For the Year Ended December 31, 2017

14. Municipal Split

WDGPH receives funding for Cost Shared Mandatory and Related programs from the three obligated municipalities under the Health Protection and Promotion Act. The percentage of total municipal funding provided by each of the three obligated municipalities is based on the population of each municipality relative to the total population of Wellington-Dufferin-Guelph, based on the most recent Census. In 2017, the split is based on the 2011 Census (2016 - 2011 Census).

	2011 Census
County of Wellington	32.7%
County of Dufferin	21.4%
City of Guelph	45.9%
	100.0 %

Wellington-Dufferin-Guelph Public Health

Schedule of Expenditure Recoveries - Schedule 1
year ended December 31, 2017

	Budget	2017	2016
	2017	\$	\$
Contraceptive sales	55,008	33,759	52,775
File searches	1,000	1,350	525
Food safety courses	16,500	14,551	15,288
HPV vaccinations	22,650	46,699	34,816
Meningococcal immunizations	15,300	36,261	28,543
Other miscellaneous revenue	1,658	15,418	11,396
Prenatal and breastfeeding fees	25,200	12,089	11,544
TB skin tests	35,000	38,082	64,517
Vaccines (Gardasil)	10,008	28,539	26,689
Travel and immunization clinic fees	302,388	238,079	241,971
Universal influenza immunizations	30,000	15,315	19,730
Infection Control Week	-	926	-
	514,712	481,068	507,794

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Schedule of Revenue and Expenditures - Schedule 2

Cost Shared Mandatory and Related Programs, and 100% MOHLTC Funded Related Programs

year ended December 31, 2017

	Total mandatory and related programs (cost shared & 100% MOHLTC)																	
	Cost Shared Mandatory	Cost Shared Vector-Born e Diseases	Cost Shared Small Drinking Water Systems	100% Provincial One-Time	100% MOH Compensati on Initiative	100% Needle exchange	100% Harm Reduction Program Enhanceme nt	100% Enhanced Food Safety	100% Healthy Smiles Ontario	100% Infection Control	100% Smoke Free Ontario	100% Enhanced Safe Water	100% Chief Nursing Officer	100% Infection Control Nurse	100% Social Determinant s of Health Nurses initiative	100% Electronic Cigarettes Act	Total Mandatory and Related Programs 2017	Total Mandatory and Related Programs 2016
Revenue																		
Shared funding: provincial																		
Ministry of Health and Long-term Care Base Funding	11,986,100	142,508	40,600	-	83,905	58,250	150,000	40,300	817,400	333,400	407,397	21,600	121,500	90,100	180,500	6,515	14,480,075	14,271,723
Ministry of Health and Long-Term Care One-time	-	-	-	237,792	-	-	-	-	-	-	-	-	-	-	-	-	237,792	760,078
Sub-total provincial funding	11,986,100	142,508	40,600	237,792	83,905	58,250	150,000	40,300	817,400	333,400	407,397	21,600	121,500	90,100	180,500	6,515	14,717,867	15,031,801
Shared funding: municipal																		
City of Guelph	3,723,655	25,994	6,636	-	-	-	-	-	-	-	-	-	-	-	-	-	3,756,285	3,682,631
County of Wellington	2,652,797	18,518	4,727	-	-	-	-	-	-	-	-	-	-	-	-	-	2,676,042	2,623,571
County of Dufferin	1,736,088	12,120	3,093	-	-	-	-	-	-	-	-	-	-	-	-	-	1,751,301	1,716,961
Sub-total municipal funding	8,112,540	56,632	14,456	-	-	-	-	-	-	-	-	-	-	-	-	-	8,183,628	8,023,163
Total cost-shared funding	20,098,640	199,140	55,056	237,792	83,905	58,250	150,000	40,300	817,400	333,400	407,397	21,600	121,500	90,100	180,500	6,515	22,901,495	23,054,964
General Revenue																		
Interest income	75,327	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,327	77,031
Total Revenue	20,173,967	199,140	55,056	237,792	83,905	58,250	150,000	40,300	817,400	333,400	407,397	21,600	121,500	90,100	180,500	6,515	22,976,822	23,131,995
Expenses																		
Employee costs																		
Salaries and wages	10,932,742	63,635	42,155	-	72,051	-	124,300	31,958	515,558	256,191	310,564	16,756	93,421	68,987	138,204	5,514	12,672,036	12,154,533
Benefits	3,280,999	14,951	12,901	-	11,854	-	25,700	8,018	163,740	77,209	86,188	3,865	28,079	21,113	42,296	634	3,777,547	3,861,140
Total salaries, wages and benefits	14,213,741	78,586	55,056	-	83,905	-	150,000	39,976	679,298	333,400	396,752	20,621	121,500	90,100	180,500	6,148	16,449,583	16,015,673
Operating costs																		
Staff and volunteer training and recognition	134,669	195	-	-	-	-	-	-	2,736	-	54	-	-	-	-	-	137,654	198,499
Board of Health	25,961	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	25,961	51,019
Travel	215,122	-	-	-	-	-	-	-	5,331	-	5,121	-	-	-	-	-	225,574	238,279
Building occupancy	1,555,121	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,555,121	1,481,006
Office expenses, printing, and postage	143,189	155	-	-	-	-	-	-	31	-	192	979	-	-	-	-	144,546	172,568
Professional and purchased services	863,963	97,141	-	-	-	-	-	-	13,580	-	1,300	-	-	-	-	-	975,984	951,312
Program materials and supplies	472,954	13,936	-	1,362	-	58,250	-	324	33,840	-	3,678	-	-	-	-	67	584,411	693,893
Office equipment	6,730	-	-	-	-	-	-	-	1,968	-	-	-	-	-	-	-	8,698	10,838
Information and IT equipment	378,304	-	-	-	-	-	-	-	266	-	-	-	-	-	-	-	378,570	327,369
Communication costs	166,454	-	-	-	-	-	-	-	228	-	300	-	-	-	-	300	167,282	153,162
One-time projects	-	-	-	116,643	-	-	-	-	-	-	-	-	-	-	-	-	116,643	548,796
Amortization of tangible capital assets	2,313,413	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,313,413	1,943,597
Loss on disposal of tangible capital assets	8,024	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,024	2,712
Total net operating costs	6,283,904	111,427	-	118,005	-	58,250	-	324	57,980	-	10,645	979	-	-	-	367	6,641,881	6,771,050
Total expenditures	20,497,645	190,013	55,056	118,005	83,905	58,250	150,000	40,300	737,278	333,400	407,397	21,600	121,500	90,100	180,500	6,515	23,091,484	22,786,723
Expenditure recoveries (Schedule 1)	(481,068)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(481,068)	(507,794)
Total net expenditures after expenditure recoveries	20,016,577	190,013	55,056	118,005	83,905	58,250	150,000	40,300	737,278	333,400	407,397	21,600	121,500	90,100	180,500	6,515	22,610,396	22,278,929
Excess of revenue over expenditures for the year	157,390	9,127	-	119,787	-	-	-	-	80,122	-	-	-	-	-	-	-	366,426	853,066

Wellington-Dufferin-Guelph Public Health

Statement of Revenues and Expenditures - Schedule 3

Healthy Babies Healthy Children

For the Year Ended December 31, 2017

	Budget 2017 \$	2017 \$	2016 \$
Revenues			
Government transfers			
Ministry of Children and Youth Services	1,567,992	1,567,992	1,567,992
Expenses			
Salaries and wages	1,142,922	1,107,652	1,129,579
Benefits	329,896	364,863	338,176
Travel	44,999	36,999	41,419
Program materials and supplies	28,975	28,666	28,447
Office expenses, printing, and postage	2,900	4,567	3,773
Language Line	4,500	11,824	6,335
Communication costs	7,800	5,700	5,530
Staff and volunteer training and recognition	5,000	6,703	6,201
Audit fees	1,000	1,018	1,018
	1,567,992	1,567,992	1,560,478
Excess of revenue over expenditures	-	-	7,514
Due to Ontario Ministry of Children and Youth Services, beginning of year	-	1,080	663
Funding repaid to Ontario Ministry of Children and Youth Services	-	(1,080)	-
Interest owing on funding payable	-	388	417
Due to Ontario Ministry of Children and Youth Services, end of year	-	388	1,080

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Statement of Revenues and Expenditures - Schedule 4

Preschool Speech and Language

For the Year Ended December 31, 2017

	Budget 2017 \$	2017 \$	2016 \$
Revenues			
Government transfers			
Ministry of Children and Youth Services	916,105	895,447	780,973
Other community grants	60,472	60,472	57,125
Preschool Speech and Language interest income	-	14	487
	976,577	955,933	838,585
Expenses			
Salaries and wages	225,975	219,340	216,468
Benefits	61,550	63,628	62,880
Building occupancy	2,656	2,656	-
Program materials and supplies	-	40,094	1,084
Contracted Services	587,145	685,868	535,230
Special projects	83,150	79,994	47,285
Audit fees	1,100	1,018	1,018
	961,576	1,092,598	863,965
Excess (deficiency) of revenue over expenditures	15,001	(136,665)	(25,380)

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Statement of Revenues and Expenditures - Schedule 5

County of Wellington Weetalk

For the Year Ended December 31, 2017

	Budget 2017 \$	2017 \$	2016 \$
Revenues			
Government transfers			
County of Wellington	367,921	359,906	367,921
Expenses			
Salaries and wages	7,946	7,946	31,784
Benefits	2,402	2,402	9,499
Program materials and supplies	22,000	21,998	19,076
Contracted Services	335,573	327,560	307,562
	367,921	359,906	367,921
Excess of revenue over expenditures	-	-	-
Due to County of Wellington, beginning of year	-	-	14,088
Transferred to deferred revenue per County approval	-	-	(14,088)
Due to County of Wellington, end of year	-	-	-

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Statement of Revenues and Expenditures - Schedule 6

Canadian Prenatal Nutrition Program

For the Year Ended December 31, 2017

	Budget 2017 \$	2017 \$	2016 \$
Revenues			
Government transfers			
Public Health Agency of Canada	63,410	36,920	59,605
Expenses			
Salaries and benefits	33,580	31,322	31,657
Travel	650	415	427
Program materials and supplies	21,920	31,785	20,549
Language Line	2,000	3,875	2,253
Contracted Services	4,760	3,909	5,755
Building occupancy	500	500	-
	63,410	71,806	60,641
Deficiency of revenue over expenditures	-	(34,886)	(1,036)

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Statement of Revenues and Expenditures - Schedule 7

Other Community Grants

For the Year Ended December 31, 2017

	Budget 2017 \$	2017 \$	2016 \$
Revenues			
City of Guelph	76,332	75,998	116,929
County of Wellington	113,009	106,070	124,743
Other community grants	167,142	154,837	120,099
Total revenue	356,483	336,905	361,771
Expenses			
Salaries and wages	254,591	247,882	266,780
Benefits	57,601	56,354	68,936
Travel	1,933	1,290	2,734
Program materials and supplies	13,350	2,798	1,330
Professional and purchased services	10,832	11,592	3,410
Information and IT equipment	1,750	204	204
Communication costs	-	-	13
Staff and volunteer training and recognition	7,461	6,127	3,293
Administrative Charge Outs	8,828	10,431	1,710
Office equipment	-	25	-
	356,346	336,703	348,410
Excess of revenue over expenditures	137	202	13,361

The accompanying notes are an integral part of these financial statements.

Wellington-Dufferin-Guelph Public Health

Schedule of One Time Funds - Schedule 8

year ended December 31, 2017

	Funding Period	Provincial funding \$	Actual spent 2016 \$	Actual spent 2017 \$	Provincial %	Provincial Portion \$	Municipal %	Municipal portion \$	Transfer to 2018 \$	Amount to return
One time funding										
Clinical Dental Equipment	April 1, 2016 to March 31, 2017	34,300	-	34,283	100%	34,283	- %	-	-	17
Dental Practice Management Software	April 1, 2016 to March 31, 2017	25,000	-	17,360	100%	17,360	- %	-	-	7,640
Panorama (2016/2017)	April 1, 2016 to March 31, 2017	157,500	64,322	93,178	100%	157,500	- %	-	-	-
Data Breach Minimization	April 1, 2017 to March 31, 2018	15,000	-	15,000	100%	15,000	- %	-	-	-
High Availability and Disaster Recovery	April 1, 2017 to March 31, 2018	15,000	-	15,000	100%	15,000	- %	-	-	-
HSO: Dental Equipment	April 1, 2017 to March 31, 2018	20,000	-	-	100%	-	- %	-	20,000	-
HSO: Project Manager for New Dental Clinic	April 1, 2017 to March 31, 2018	75,000	-	-	100%	-	- %	-	75,000	-
Needle Exchange Program Initiative	April 1, 2017 to March 31, 2018	10,000	-	-	100%	-	- %	-	10,000	-
Needle Exchange Program Initiative	April 1, 2017 to March 31, 2018	28,402	-	-	100%	-	- %	-	28,402	-
New Purpose Built Vaccine Refrigerator	April 1, 2017 to March 31, 2018	12,000	-	9,833	100%	9,833	- %	-	2,167	-
Reprocessing Room in a Box Training Equipment	April 1, 2017 to March 31, 2018	14,300	-	6,938	100%	6,938	- %	-	7,362	-
Panorama Immunization Solution 2017/2018	April 1, 2017 to March 31, 2018	97,200	-	-	100%	-	- %	-	97,200	-
Public Health Inspector Practicum	April 1, 2017 to March 31, 2018	10,000	-	10,000	100%	10,000	- %	-	-	-

Wellington-Dufferin-Guelph Public Health

Schedule of Tangible Capital Assets - Schedule 9

year ended December 31, 2017

	Land \$	Buildings \$	Leasehold improvements \$	Equipment \$	Technology and communication \$	Parking Lot \$	Furniture and fixtures \$	Totals 2017 \$	Totals 2016 \$
Cost									
Balance, beginning of year	1,021,785	23,817,591	791,487	1,016,887	4,366,358	231,802	2,117,795	33,363,705	32,167,729
Add: additions during the year	-	-	71,999	216,238	541,148	-	40,366	869,751	1,359,008
Less: dispositions during the year	-	-	-	(37,868)	(19,823)	-	-	(57,691)	(163,032)
Balance, end of year	1,021,785	23,817,591	863,486	1,195,257	4,887,683	231,802	2,158,161	34,175,765	33,363,705
Accumulated amortization									
Balance, beginning of year	-	1,991,808	302,751	595,144	3,431,609	5,795	1,100,466	7,427,573	5,644,296
Add: additions during the year	-	793,921	358,989	153,511	607,365	11,590	388,037	2,313,413	1,943,597
Less: dispositions during the year	-	-	-	(29,844)	(19,823)	-	-	(49,667)	(160,320)
Balance, end of year	-	2,785,729	661,740	718,811	4,019,151	17,385	1,488,503	9,691,319	7,427,573
Net book value of tangible capital assets	1,021,785	21,031,862	201,746	476,446	868,532	214,417	669,658	24,484,446	25,936,132



City of Guelph

Audit Findings Report For the year ended December 31, 2017

KPMG LLP

Chartered Professional Accountants,
Licensed Public Accountants

Prepared May 9, 2018 for the Committee meeting on June 5, 2018

kpmg.ca/audit



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Executive summary

Purpose of this report*

The purpose of this Audit Findings Report is to assist you, as a member of the audit committee, in your review of the results of our audit of the consolidated financial statements of City of Guelph as at and for the year ended December 31, 2017.

This Audit Findings Report builds on the Audit Plan we presented to the Audit Committee on November 6, 2017.

Changes from the Audit Plan

There have been no significant changes regarding our audit from the Audit Planning Report previously presented to you.

Audit risks and results

We discussed with you at the start of the audit a number of **significant financial reporting risks**.

We are satisfied that our audit work has appropriately dealt with the risks.

We also discussed with you some **other areas of audit focus**.

See pages 5-8

This Audit Findings Report should not be used for any other purpose or by anyone other than the audit committee. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this Audit Findings Report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.

How we deliver audit quality



Audit risks and results

Inherent risk of material misstatement is the susceptibility of a balance or assertion to misstatement which could be material, individually or when aggregated with other misstatements, assuming that there are no related controls.

We highlight our significant findings in respect of significant financial reporting risks as identified in our discussion with you in the Audit Plan, as well as any additional significant risks identified.

Significant financial reporting risks	Why	Our response and significant findings
Fraud risk from revenue recognition	<p>This is a presumed fraud risk. However, the audit team has rebutted this presumption due to the following reasons:</p> <ul style="list-style-type: none"> • The presumed fraud risk is ordinarily associated with for-profit enterprises • The majority of revenue is calculated based on MPAC data, approved utility rates and user fees, and is not subject to complexity or judgement at the reporting level; and <p>KPMG does not believe that the use of inappropriate cut-off would be utilized to perpetrate fraud.</p>	Not applicable
Fraud risk from management override of controls	<p>This is a presumed fraud risk. We have not identified additional risks of management override relating to this audit.</p>	<ul style="list-style-type: none"> • KPMG performed various substantive based procedures examining journal entries that were being posted to the general ledger. • Journal entries were selected using various criteria to identify journal entries that could possibly be related to override activities. • No issues were identified in our testing performed.

Audit risks and results

We identified other areas of focus for our audit in our discussion with you in the Audit Plan

Significant findings from the audit regarding other areas of focus are as follows:

Other areas of focus	Why	Our response and significant findings
Post-employment benefits	<ul style="list-style-type: none"> Estimates and judgements used by management Complexity of the accounting guidance 	<ul style="list-style-type: none"> Communicated with management's actuarial specialists Assessed the reasonableness of assumptions used Tested the appropriateness of the underlying data, including employee populations No issues noted
Obligatory Reserve Funds Revenue and Deferred Revenue	<ul style="list-style-type: none"> Revenue recognized from the Development Charge Reserve Fund is subject to judgement as capital projects must be growth related in nature 	<ul style="list-style-type: none"> Tested controls around the recording of revenues/cash receipts Identified and evaluated the operative effectiveness of internal controls over the identification of development charge funding projects and allocation of related expenses Performed substantive testing over amounts being recognized as revenue No issues noted
Tangible Capital Assets	<ul style="list-style-type: none"> Significance of the account balances Risk of error in inappropriately recognizing costs as either capital or operating 	<ul style="list-style-type: none"> Discussed capitalization policies and their application with management, Tested a sample of capital additions to ensure existence and accuracy. Tested items recorded as repairs & maintenance or other similar accounts to ensure completeness of capital additions No issues noted
Liabilities for contaminated sites	<ul style="list-style-type: none"> Significance of the account balance Complexity, judgement, and estimates involved 	<ul style="list-style-type: none"> Reviewed management prepared assessment of contaminated sites Tested changes from the prior year and considered completeness of changes No issues noted

Audit risks and results

Other significant accounts of focus and our audit approach include the following:

Other Significant Accounts	Our response and significant findings
Investments and related income	<ul style="list-style-type: none"> • Confirmations were sent to the City's financial institutions confirming balances; custody over the confirmation submission and receipt process was maintained at all times by KPMG LLP • No issues noted
Taxation Revenue	<ul style="list-style-type: none"> • Substantive analytical test used to develop an expectation of taxation revenues, using MPAC assessment with by-law approved taxation rates • No issues noted
Long term debt	<ul style="list-style-type: none"> • Confirmations were sent to the City's lenders and ensured that confirmation and amortization schedules support the balances recorded by the City at December 31, 2017 • No issues noted
User Fees and Service Charge Revenue	<ul style="list-style-type: none"> • Testing of internal controls was performed over cash receipts and recording • Analytical procedures were performed comparing current year's revenues on a disaggregated basis to the current year budget and the prior year, adjusting for known changes in assumptions • No issues noted
Government Transfers	<ul style="list-style-type: none"> • Reviewed agreements to ensure proper revenue recognition criteria was followed and to ensure the transfers were correctly authorized and all eligibility criteria and any stipulations were met. • Performed test of details on significant transfers • No issues noted
Expenses	<ul style="list-style-type: none"> • Evaluated the design and implementation of controls over payroll and non-payroll expenses and tested the operating effectiveness of key internal controls • Performed analytical procedures comparing current year's expenses on a disaggregated basis to the current year budget and the prior year, adjusting for known changes in assumptions • Tested the completeness, existence, and accuracy of year end accruals, most notably those that contain areas of estimate or judgment • No issues noted

Landfill Liabilities	<ul style="list-style-type: none">• Communicated directly with the City's internal specialist to obtain post-closure liability calculation reports and reviewed calculation and assessed the reasonableness of assumptions.• Recalculated the estimated liability as at December 31, 2017• No issues noted
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Significant accounting policies and practices

Significant accounting policies and practices are disclosed in Note 1 to the financial statements.

The accounting policies and format and content of the financial statements are appropriate for the Municipal Sector.

Other matters

Professional standards require us to communicate to the Audit Committee Other Matters, identified fraud or non-compliance with laws and regulations, consultations with other accountants, significant matters relating to the Entity's related parties, significant difficulties encountered during the audit, and disagreements with management.

We have highlighted below other significant matters that we would like to bring to your attention:

Matter	KPMG comment
Contaminated Sites	<ul style="list-style-type: none"> • Management has lowered their estimated cost to remediate sites by \$1.0M during the year based on additional information available at the time of reporting. However, the reported obligation has increased over the prior year due to the effect of discounting (i.e., an interest expense of \$1.2M has been recorded) • KPMG reviewed management's project documentation, and worksheets estimating contamination at various in-active City properties • Management has provided project level documentation and KPMG has reviewed the underlying changes in the estimate, and has noted no issues

Adjustments and differences

Adjustments and differences identified during the audit have been categorized as “Corrected adjustments” or “Uncorrected differences”. These include disclosure adjustments and differences.

Professional standards require that we request of management and the audit committee that all identified differences be corrected. We have already made this request of management.

Corrected adjustments

We did not identify any adjustments that were communicated to management and subsequently corrected in the financial statements.

Uncorrected differences

We did not identify differences that remain uncorrected.

Appendices

Appendix 1: Required communications

Appendix 2: Independence

Appendix 3: Audit Quality and Risk Management

Appendix 4: Background and professional standards

Appendix 1: Required communications

In accordance with professional standards, there are a number of communications that are required during the course of and upon completion of our audit. These include:

- **Auditors' report** – the conclusion of our audit is set out in our draft auditors' report which will be issued upon approval of the financial statements.

Appendix 2: Independence

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Professional standards require that we communicate the related safeguards that have been applied to eliminate identified threats to independence or to reduce them to an acceptable level. Although we have policies and procedures to ensure that we did not provide any prohibited services and to ensure that we have not audited our own work, we have applied the following safeguards related to the threats to independence listed above:

- We instituted policies and procedures to prohibit us from making management decisions or assuming responsibility for such decisions
- We obtained pre-approval of non-audit services, and during this pre-approval process we discussed the nature of the engagement and other independence issues related to the services
- We obtained management's acknowledgement of responsibility for the results of the work performed by us regarding non-audit services, and we have not made any management decisions or assumed responsibility for such decisions

Appendix 3: Audit Quality and Risk Management

KPMG maintains a system of quality control designed to reflect our drive and determination to deliver independent, unbiased advice and opinions, and also meet the requirements of Canadian professional standards.

Quality control is fundamental to our business and is the responsibility of every partner and employee. The following diagram summarises the six key elements of our quality control systems.

Visit our [Audit Quality Resources page](#) for more information including access to our audit quality report, [Audit quality: Our hands-on process](#).

— Other controls include:

- Before the firm issues its audit report, the Engagement Quality Control Reviewer reviews the appropriateness of key elements of publicly listed client audits.
- Technical department and specialist resources provide real-time support to audit teams in the field.

- We conduct regular reviews of engagements and partners. Review teams are independent and the work of every audit partner is reviewed at least once every three years.
- We have policies and guidance to ensure that work performed by engagement personnel meets applicable professional standards, regulatory requirements and the firm's standards of quality.
- All KPMG partners and staff are required to act with integrity and objectivity and comply with applicable laws, regulations and professional standards at all times.



- We do not offer services that would impair our independence.

— The processes we employ to help retain and develop people include:

- Assignment based on skills and experience;
- Rotation of partners;
- Performance evaluation;
- Development and training; and
- Appropriate supervision and coaching.

- We have policies and procedures for deciding whether to accept or continue a client relationship or to perform a specific engagement for that client.

- Existing audit relationships are reviewed annually and evaluated to identify instances where we should discontinue our professional association with the client.

Appendix 4: Background and professional standards

Internal control over financial reporting

As your auditors, we are required to obtain an understanding of internal control over financial reporting (ICFR) relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on internal control. Accordingly, we do not express an opinion on the effectiveness of internal control.

Our understanding of ICFR was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies and therefore, there can be no assurance that all significant deficiencies and other control deficiencies have been identified. Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors.

The control deficiencies communicated to you are limited to those control deficiencies that we identified during the audit.

Documents containing or referring to the audited financial statements

We are required by our professional standards to read only documents containing or referring to audited financial statements and our related auditors' report that are available through to the date of our auditors' report. The objective of reading these documents through to the date of our auditors' report is to identify material inconsistencies, if any, between the audited financial statements and the other information. We also have certain responsibilities, if on reading the other information for the purpose of identifying material inconsistencies, we become aware of an apparent material misstatement of fact.

We are also required by our professional standards when the financial statements are translated into another language to consider whether each version, available through to the date of our auditors' report, contains the same information and carries the same meaning.

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2017 Corporate Financial Performance Measures Dashboard

Legend

 Positive: stay the course	 Caution: in the right range but may be moving in the wrong direction	 Negative: take corrective action	 Positive change	 Negative change
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Financial Indicators	2017 finding	Change from 2016 to 2017	2016 finding
Financial position per capita			
Operating surplus ratio			
Receivables as percentage of taxes levied			
Net financial assets			
Net financial asset as percentage of own revenues			
Liquid assets to total reserves			
Debt to total reserve ratio			
Debt outstanding per \$100 thousand of unweighted tax assessment			
Debt interest as a percentage of own source of revenues			
Tax-based Reserves & Reserve Funds			
Operating reserves as percentage of own source of revenue			
Capital reserve contributions as percentage of asset value			
Capital reserve contributions to depreciation			
Non-tax Supported Reserve & Reserve Funds			
Operating reserves as percentage of own source of revenue			
Capital reserve contributions as percentage of asset value			
Capital reserve contributions to depreciation			

Financial position per capita: This term refers to the remaining assets in excess of all liabilities compared to net surplus on a per capita basis. Positive balances indicate the City's margin of comfort to cover debt obligations and to have funds set aside for future sustainability. The City aims to be above the average per capita ratio as reported by BMA Management Consulting Inc. in the prior year.

Operating surplus ratio: This ratio provides perspective on how much of the City's own source of revenues were left after normal operations that could be used to fund reserves, repay debt and invest in capital projects. There was a slight positive trend from 2016 which was due to revenues increasing at a higher marginal percentage.

Receivables as percentage of taxes levied: Uncollected property taxes as a percentage of total taxes charged is a strong indication of the strength of the local economy and the ability of the community to pay their annual tax billings. The City continues to be well ahead of the average reported by BMA of 6.0 per cent in 2016 showing the City has great economic health and strong internal controls over tax collection. There was a slight increase in this ratio over 2016, but we need to highlight that a guaranteed interest income revenue source isn't a bad thing when the City is well below the BMA average.

Net financial assets: This ratio is an indicator of the City's ability to repay liabilities at a point in time and is a useful trending tool. There was a slight increase in this trend for 2017 indicating that the City created financial assets at a faster pace than it entered into liabilities. Movement of this ratio depends on the balance of financial assets compared to liabilities; cash and investment holdings play a significant role in this ratio. The reason for the increase in 2016 relates mainly to the decrease in accounts payable and debt at year-end.

Net financial asset as percentage of own revenues: Similar to the ratio as described above, this indicator is annualized by comparing the net financial asset position to current revenue and provides an additional level of understanding useful for trending analysis and financial monitoring. In 2017, the negative trend on this ratio warns that the City's operating expenditures are increasing at a faster pace than net assets. The City should continue to consider this when building the 2019 budget to ensure revenues continue to match expenditures and reliance on reserves to fund operating expenditures is diminished.

Liquid assets to total reserves: As reserves are a critical component of the City's long-term sustainability, there is an expectation that the amounts that are set aside in reserves are liquid and available for use when required. This ratio compares the cash and investment balances to the reserve and reserve fund balances and a ratio of less than one would suggest asset levels need to be monitored closely. The City continues to meet this target in 2017 and has a balanced approach to managing the cash and investment position, while considering the City's current liabilities as well as its reserve and reserve funds.

Debt to total reserve ratio: This indicator provides a measure for financial prudence by comparing total debt to the total reserve balances. Generally, the benchmark suggested for this ratio is 1:1 or, in other words, debt should not exceed total reserve and reserve fund balances. At the end of 2017, the City has met this standard and there was an increase in the ratio due to the repayment of

the Hanlon Creek loan as well as scheduled debt repayments. The positive result on this ratio is a strong indicator for assessing long-term sustainability and the ability to meet the City's debt obligations.

Debt outstanding per \$100 thousand of unweighted tax assessment: This ratio shows total debt compared to the value of the unweighted tax assessment base and provides a fair basis to compare the City of Guelph debt to other municipalities. The target for this ratio is set at the average municipal rate as reported by BMA in the previous year. During 2017 the City met this target and will continue to improve the ratio as we finish paying off the debt issued in 2008 and 2009.

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

Operating reserves as percentage of own source of revenue: This indicator analyzes the health of the operating reserves by focusing specifically on the stabilization and contingency reserves compared to own revenues. The City's benchmark is eight per cent to ten per cent based on a review of what other municipalities target and what the Government Finance Officers Association (GFOA) suggests. The City splits the presentation of these ratios to show the tax supported vs. non-tax supported ratios as this provides better information for planning purposes.

Tax Supported: During 2017, there was a significant increase year-over-year on the tax supported ratio and we are meeting our targeted levels.

Non-tax Supported: The non-tax supported contingency funds have met targeted levels in 2017.

Capital reserve fund contributions as percentage of asset value and percentage of depreciation: These two ratios provide insight on the level of reserve funding for future capital purposes compared to the total value of depreciable assets and to the current rate of depreciation. As a rule, the City should be at a minimum funding the capital reserves at the same amount as the annual depreciation expense and as a benchmark capital reserve contributions should at a minimum be two to three per cent of total asset value.

Tax Supported: During 2017, the tax supported capital contributions as a percentage of depreciation and of asset value were above the target. Staff cautions that these are based on historic book value of assets and not future replacement cost.

Non-tax Supported: For both ratios, the City continues to be on target and in a healthy range for annual contributions for capital infrastructure.

Staff Report



To	Committee of the Whole
Service Area	Corporate Services
Date	Tuesday, June 5, 2018
Subject	2018 First Quarter Operating Variance Report
Report Number	CS-2018-19

Recommendation

That report CS-2018-19 titled 2018 First Quarter Operating Variance Report, dated June 5, 2018, be received.

Executive Summary

Purpose of Report

The purpose of this report is to provide Council notice of any financial risks that could affect the 2018 year-end position based on actual financial information as of March 31, 2018, which is the end of the first quarter (Q1) for the Tax Supported and Non-tax Supported programs.

The report focuses on bringing challenges to the attention of Council and to reinforce that staff are addressing these issues. Further clarity will be brought forward to Council through the second quarter (Q2) 2018 Operating Variance Report as more information and financial activity is available.

Key Findings

Due to limited data, and an early reporting date of March 31, 2018, the City is projecting to be within the Council approved Tax and Non-tax Supported Budgets at year-end. The Q1 variance report relies on estimates, historical knowledge, current market conditions and judgement. The variance projections will become more accurate as the year continues.

Staff have identified some areas of risk, as well as some positive trends. It should be noted that it is difficult to quantify potential full year outcomes this early in the fiscal year.

Some areas of concern identified include:

Environmental Services – There is risk of a negative variance due to increased haulage costs, contractual obligations and transition costs, decreased commodity prices and changes in recyclables market.

Transit – There is a risk of an unfavourable variance at year-end due to Q1 revenue trending lower than budget and overtime costs were higher as a result of staff vacancies.

Gasoline and diesel prices have been trending close to the budgeted rates. Gas and diesel prices are expected to continue rising over the summer, and there is a risk of an unfavourable variance if the cost of fuel rises above the budgeted rate.

Harsh winter weather in Q1 resulted in more winter control events than planned and resulting in a potential risk of an unfavourable variance at year-end on road salt. The City has a reserve dedicated to managing this weather dependant variable.

Some positive trends have also been identified including utility expenditures and investment income. Further, the City's supplementary tax revenue and other general expenditures are also tracking favourably.

Financial Implications

There are no direct financial implications resulting from this report.

The year-end operating position is important in determining the City's overall fitness as assessed by an external credit rating agency. This credit rating affects the price in which the City can issue debt and therefore impacts the affordability of long-term capital projects for the City tax and rate payers.

Report

City departments were provided financial information as of March 31, 2018. Actual expenditures and revenues were analyzed and related commentary on potential significant deviations from budget that are expected to have an impact on the year-end financial position were identified with Finance staff support. Departments have identified some positive trends, challenges, risks and concerns based on all known and available information at the time of this report.

As with any forecast, variance projections will become more accurate as the year unfolds. Due to the limited data available early in the year, the Q1 Operating Variance Report is highly speculative, relies on estimates, historical knowledge, current market conditions, and judgement.

Corporate Variance Drivers

The challenges identified below are not currently quantifiable, and due to seasonality, timing and unknown market forces or events beyond the control of the City; certain expenses and revenues may not be realized until the later part of the year.

1. Fuel Costs

In the first quarter, the average regular diesel cost per litre to the Corporation has been \$1.037/litre compared to the budgeted \$1.05/litre. Fuel costs are projected to continue increasing in the coming months. If fuel costs increase as projected by the energy analysts, costs are likely to be higher than projected resulting in a negative variance at year-end. Transit and Operations, as the largest fuel consumers, will be the most impacted by higher fuel costs.

2. Utility Costs

Overall year-to-date Q1 energy and water expenditures are trending approximately 12 per cent below budget. This is based on historical consumption and expenditure trends. Staff will continue to monitor the energy market, Provincial strategies and programs, and will refine expenditure projections in Q2.

3. Benefit Costs

The City received notification from one of its current benefits providers that long-term disability and life insurance costs will be increasing approximately 55 per cent beginning July 1, 2018. Staff are preparing a Request for Proposal as a mitigation strategy to address this cost escalation. Any deficit at year-end would be funded from the Compensation Contingency Reserve if required.

4. General Revenues

Investment revenues are trending favourably and are expected to continue throughout the remainder of the year. At year-end, a portion of investment revenue is allocated to the City Reserve Funds. Additionally, certain general expenditures and supplementary tax revenues are currently trending favourably compared to budget.

Departmental Risks

The following areas have identified concerns that may result in a variance at year-end. Staff are aware of the financial pressures and mitigation measures are in place.

Infrastructure, Development and Enterprise Services

Environmental Services

There is risk of a negative variance at year-end for Solid Waste Resources due to:

- Contracted waste haulage – risk of a negative year-end variance because more tonnage is being processed than budgeted and the 2018 budgeted haulage cost per tonne is lower than the contracted rate per tonne. No adjustment for these costs were made through the 2018 budget because the service review was on-going and as reported to Council, all budget adjustments were deferred until the 2019 operating budget.
- Sale of recyclables – recyclable commodity prices have decreased in Q1 and changes by other countries on the quality of materials purchased is impacting

the sale of products. Staff will investigate the creation of a Commodity Market Reserve to mitigate the City's exposure to market risk.

- Third party contracts - the City will be transitioning to processing only the City's materials at the Material Recovery Facility (MRF), which will allow staff to focus on improving recyclable capture rates, overall diversion rates, and implement efficiency measures to reduce processing costs. Until the transition is complete, the City will still incur losses from processing third party materials which will drive a negative variance through 2018.

Staff will continue to monitor and implement mitigation measures related to these on-going risks. As reported through the 2018 budget process, specifically for Solid Waste Resources, it is expected that a transfer from the Operating Contingency Reserve may be required in 2018 to offset the negative variance.

Stormwater Services

In July 2017, Council received report IDE-2017-87 titled Stormwater Service Fee – Credit Program Feasibility and approved a stormwater credit program with the objective of financially rewarding customers who reduce stormwater runoff quantity or improve the runoff quality that is discharged from their property. On-site management of stormwater can reduce the long-term costs of the City's Stormwater Services program. No applications were received in Q1 for this rebate program. Advertising and communications has been increased in Q2 with the expectation of improving uptake through the remainder of the year.

Public Services

Operations

The City has experienced more winter control events than budgeted since the beginning of the winter season with above average precipitation including snow, freezing rain and the ice storm in April. Also at the beginning of May, the City experienced a substantial wind storm that caused damage to facilities, traffic infrastructure, and the tree canopy resulting in significant overtime incurred for Operations, Emergency Services, and Parks and Forestry staff. At the time of writing this report, the full cost of the ice and wind storm events are unknown. The increased winter control events have led to the use of a considerable amount of road salt, resulting in budget overage. There is risk that winter control and road salt in particular will experience a negative variance at year-end depending on winter conditions in the fourth quarter of 2018. In accordance with the General Reserve and Reserve Fund Policy, surplus/deficits in winter control are transferred to/from the Environment and Utility Contingency Reserve.

Transit

Transit continues to experience staff vacancies leading to increased overtime mainly due to driver shortages in order to maintain Council approved service levels. Transit has successfully recruited and trained drivers in April and May and should see overtime costs decrease over the remaining months.

Consultations

Departments are responsible for managing their programs according to municipal standards and within the approved budget. The responsibility of monitoring the operating budget is shared by the operating departments and the Finance department. Department managers were provided financial reports based on their actual revenue and expenditures to March 31, 2018 with which they provided commentary in consultation with the Finance department.

Corporate Administrative Plan

Budget monitoring and variance reporting are aligned with the City's strategic objectives. Providing Committee and Council with quarterly variance reports specifically aids the achievement of the following Corporate Administrative Plan directions:

Overarching Goals

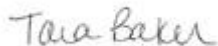
Financial Stability
Service Excellence

Service Area Operational Work Plans

Our Services - Municipal services that make lives better
Our Resources - A solid foundation for a growing city

Report Author

Ron Maeresera, Sr. Corporate Analyst of Budgets



Approved By

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Recommended By

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Staff Report



To	Committee of the Whole
Service Area	Corporate Services
Date	Tuesday, June 5, 2018
Subject	Investment Standards and Policy Change
Report Number	CS-2018-03

Recommendation

1. That the City does not pursue Prudent Investor Status at this time and continues to monitor the municipal sector in response to this regulation.
2. That the Investment Policy be amended to increase the allowable holdings of Joint Municipal Investment Boards by five per cent and to designate the One Fund Canadian Equity Portfolio as an allowable investment option.

Executive Summary

Purpose of Report

The purpose of this report is to provide an update on changes to the Municipal Act, 2001, Ontario Regulation 437/97 and to seek approval for staff's recommendation of amending the current City of Guelph Investment Policy.

Key Findings

On March 1, 2018, the Municipal Act, 2001 was amended to include Section 418.1 Prudent Investor Regulations which state the rules and requirements that municipalities must satisfy in order to invest under the Prudent Investor Standard. The Ontario Regulation 438/97 was also amended to change the legal list of investments for those choosing to adopt the Prudent Investor Regulation. The City meets the eligibility criteria, however staff recommends that the City does not pursue the standard, as the costs and resources required to set up the regulatory and governance framework would exceed the benefit.

Furthermore, the City would be able to reap the benefits of the Prudent Investor Status through investing with The One Investment Program without paying the high costs associated with the governance framework required. Staff will continue to monitor the municipal market to see how other larger municipalities address this regulation. Staff would be open to conversations regarding a Joint Municipal Investment Board in the future if the opportunity arises.

Additionally, staff recommends that the City of Guelph amend the current Investment Policy to include an additional five per cent holding in the Joint Municipal Investment Board category. This will enable the City to increase its holdings in The One Investment Program and further diversify its portfolio by allowing investments in the Canadian Equity Portfolio. Staff is continually seeking new options for maximizing investment returns while at the same time safeguarding the City's assets. Upon an in-depth review of the risks and returns, staff believe this is an option that has been proven to be favourable for long-term investments.

Financial Implications

Choosing to invest in the Canadian equity market will expose the City to higher investment risk and volatility; however the market data proves that the long-term equity market will provide higher returns.

Investment income reduces the amount otherwise required from property taxation to finance city services, as well as increasing the value of reserve funds used to finance capital projects.

Report

Municipal Act, 2001

Prior to March 1, 2018, a municipality's ability to invest its funds was limited to those institutions and security types that were listed in the Ontario Regulation 438/97. That regulation provided a list of safe eligible securities in which a municipality can invest.

This list of safe investments included Canadian federal, provincial and municipal government bonds and short-term and fixed income securities issued by Canadian chartered banks and credit unions. This restricted set of potential investments limited potential returns in an environment characterized by low interest rates.

The regulation also permitted the use of additional investments and tools, such as asset-backed securities or short-term commercial paper, provided that a municipality maintains a minimum AA-credit rating, as a proxy for demonstrating financial prudence. It further stated that a municipality can invest in shares issued by a corporation that is incorporated under the laws of Canada or a province of Canada. However, this is available only through The One Investment Program.

Prudent Investor Regulation- Section 418.1

Section 418.1 of the Municipal Act, 2001 (the "Act") that authorizes municipalities (other than the City of Toronto) to opt into the prudent investor regime was put into effect March 1, 2018. Please refer to ATT-1, a report from the Ministry of Municipal Affairs stating the legislative amendments to the Municipal Act, 2001.

Section 418.1 sets out the rules and requirements that municipalities must satisfy prior to investing under the Prudent Investor Standard. Specifically, those rules and

requirements include: eligibility criteria, the governance framework, and the rules for municipalities investing together as a group. However, despite coming into force, a municipality shall not pass a by-law adopting the prudent investor regime until January 1, 2019.

Summary Overview

In order for a municipality to take advantage of these new powers, it will have to:

1. Meet specific financial criteria;
2. Pass an appropriate by-law;
3. Establish or enter into an agreement to appoint an Investment Board (IB) which is to be a Municipal Service Board;
4. Adopt and maintain an Investment Policy;
5. Have the IB adopt and maintain an investment plan which reflects the municipality's Investment Policy;
6. Put a compliance monitoring system in place to provide assurance that the money is invested under the direction and supervision of the IB in compliance with the Investment Policy and the investment plan; and
7. Put in place a mechanism for regular reviews and reports (at least annually) and, if required, for the update of the municipality's Investment Policy and investment plan.

A municipality will be able to qualify to invest under the prudent investor regime either independently or as part of a group. The distinction is summarized below. Once a municipality has opted into the prudent investor regime, it cannot opt out unless a future regulation is passed permitting it to invest again in accordance with the prescribed list of securities.

Eligibility Criteria

A municipality proposing to invest using the new prudent investment rules would be eligible to invest that way if the municipality (i) individually or together with one or more other municipalities had a minimum investment balance of \$100 million or (ii) individually had a net financial assets balance of more than \$50 million, based on Schedule 70 of the most recent Financial Information Returns of the respective municipality. The City meets the above criteria.

Governance Framework and Related Requirements

The municipality would need to establish an IB that is a Municipal Services Board and delegate to it control and management of the municipality's investments (i.e. control of day-to-day investing). An IB could not contain members of Council or municipal staff, with the exception of a municipal Treasurer.

The municipal Council would need to develop an Investment Policy outlining the municipality's objectives for return on investment, risk tolerance, liquidity needs and other considerations. The IB would be required to adopt and maintain an investment plan that would outline how investments would be carried out. Each year, the investment board would be required to prepare an annual report, which

would include a statement by the Treasurer that investments were consistent with Council's Investment Policy.

Financial Criteria for Municipalities to Invest Together as a Group

If a municipality does not independently qualify, it may be able to invest under the new regime as part of a group of municipalities if it meets one of the following criteria:

1. Enter into a written agreement to invest through an IB established by a municipality that has fulfilled an independent qualification requirement;
2. Enter into a written agreement to invest through the City of Toronto's IB; and
3. Enter into an agreement to establish and invest through a Joint Investment Board (JIB) which is to be joint with one or more other municipalities and have a combined total of \$100 million or more in cash and investments that the municipalities do not require immediately.

Costs

The Ontario Regulation governs all municipal investments outside of the City of Toronto. Regulation 610.06, Financial Activities of the City of Toronto Act, 2006, enabled the City of Toronto to exercise its investment authorities under the Prudent Investor Standard, in advance of, and separate from, all other municipalities in the Province. Pursuant to the changes, the City of Toronto estimated the costs to establish an Investment Board to be approximately \$350,000 as well as annual operating costs of approximately \$200,000 for the Prudent Investor Standards.

The City of Guelph does not currently hold the excess resources to establish an IB or fund the annual board operating costs. Given the size of the City's investment portfolio and low volume of transactions staff believe that the Prudent Investor Standard would not be a good investment at this time.

Legal List Amendments

On the same date as the release of the Prudent Investor Regulations, the regulatory amendments to the "Legal List" or Ontario Regulation 438/97 were implemented to satisfy the new regulations under Section 418.1. Please refer to ATT-2 for a summary of the amendments to Ontario Regulation 438/97.

Recommendation on Prudent Investor Status

Although the City of Guelph meets the eligibility criteria, staff recommend not pursue the Prudent Investor Status at this time. The City of Guelph's Investment Policy includes a prudent standard of care clause in which investment staff must act in accordance with when making investment decisions. Further, recognizing that the City of Guelph does not have the resources to fund such standard we recommend that the City invest in programs that have a pre-established governance framework. This report therefore recommends the City of Guelph does not adopt Section 418.1 Prudent Investor Status under the Municipal Act, 2001.

Staff will continue to monitor the municipal market to see how other larger municipalities address this regulation. Staff would be open to conversations regarding a JIB in the future if the opportunity arises.

The One Investment Program

Municipalities that do not wish to adopt the Prudent Investor Standard may still wish to have a more diversified portfolio and potentially earn greater returns.

Currently, the City of Guelph invests in the High Interest Savings Account (HISA) and Bond Portfolios through The One Investment Program for a total of approximately 15 per cent of its total holdings. The One Investment Program oversight is provided by the Municipal Finance Officers' Association of Ontario (MFOA)/CHUMS Financing Corporation Board of Directors as well as a Peer Advisory Committee and Investment Advisory Committee. The Peer Advisory Committee is comprised of municipal and investor representatives as well as senior staff from MFOA/CHUMS and Local Authority Services (LAS). Committee support is provided by an independent third-party investment consultant. The Investment Advisory Committee is comprised of investment sector legal representatives and senior MFOA /CHUMS and LAS staff. If a municipality invests in The One Investment Program they could reap the benefits of the Prudent Investor Status without paying the high costs associated with the governance framework required.

Below is a detailed list of The One Investment Program and the portfolios they offer:

<u>Portfolio</u>	<u>Description</u>	<u>Restrictions/Characteristics</u>
High Interest Savings Account (HISA)	CIBC bank deposit account	Canadian dollars only
Money Market Portfolio	Short-term money market securities	Canadian dollars only Approximate term: 0.5 years Includes: <ul style="list-style-type: none">• Government of Canada and Provincial T Bills• Banker Acceptances• Deposit Notes• Commercial Paper with minimum credit rating of A
Bond Portfolio	Short-term fixed income securities	Canadian dollars only Approximate term: 2.5 years Includes: Government of Canada, Provincial, Municipal and Corporate fixed income securities with a minimum credit rating of A
Universe Corporate Bond Portfolio	Mid-term fixed income securities	Canadian dollars only Approximate term: 7.5 years

		Includes: Government of Canada, Provincial, Municipal and Corporate fixed income securities with a minimum credit rating of A
Equity Portfolio	Equity securities	Canadian dollars only Prescribed limits on sector, group and issuer weights

Staff recommends that the City of Guelph amend its current Investment Policy to include an additional five per cent with the intention to invest in the Canadian Equity Portfolio through The One Investment Program.

Canadian Equity Market

Equities are shares of a corporation. There are two ways an investor can earn money on shares; dividend income or capital gains. Equities are a medium to high risk investment. The rate of return depends on changes in the market and the potential for higher return compared to bonds is available, however there is greater risk.

Staff would like to highlight in ATT-3 the One Equity Portfolio Guidelines, in Section 2.1 the industry weighting for Energy resources is approximately 9.2 per cent. Therefore, if the City were to invest in this fund there is a potential for them hold up to 9.2 per cent of the carrying value of the original investment in fossil fuels.

The data in ATT-4 has been compiled from Guardian Capital LP who manages the equity portfolio on behalf of The One Investment Program. The S&P/TSX Composite Index is a dual benchmark and investment index, and stocks listed on the exchange must be incorporated under Canadian laws. Therefore, it is the premier indicator of market activity for the Canadian equity market.

Guardian Capital LP chooses only strong quality Canadian performers in their equity portfolio for municipalities. Examples of these companies would include CN Rail, Scotiabank, CGI, Fortis, CAT and Gildan Activewear. The purpose of building a quality portfolio is that these are companies that are not expected to waiver significantly in times of economic downturn.

Based on the information in ATT-4, historically there has been zero negative returns on money that has been held in the Canadian equity market for terms greater than 10 years. Providing that The One Investment Program equity portfolio is comprised of only strong Canadian performers the risk of negative returns is even lower.

Investment Policy Recommendation

Therefore, staff recommend that the City of Guelph amends the current Investment Policy to include an additional five per cent investment in the equity market through The One Investment Program.

Financial Implications

Choosing to invest in the Canadian equity market will expose the City to higher investment risk and volatility; however the market data proves that in the long-term the equity market will provide higher returns.

Investment income reduces the amount otherwise required from property taxation to finance city services, as well as increasing the value of reserve funds used to finance capital projects.

Consultations

No consultations were required.

Corporate Administrative Plan

Overarching Goals

Financial Stability

Service Area Operational Work Plans

Our Services - Municipal services that make lives better

Our Resources - A solid foundation for a growing city

Attachments

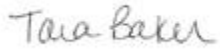
ATT-1	Minister's Letter to Heads of Council – Eligible Investments
ATT-2	Summary of Amendments to Ontario Regulation 438/97
ATT-3	One Fund Equity Portfolio Guidelines
ATT-4	Canadian Equity Historical Performance
ATT-5	Revised Investment Policy

Departmental Approval

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Municipal Affairs

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MAR 06 2018

18-76007

Dear Head of Council:

I am pleased to inform you that the Provincial government has approved reforms to municipal eligible investment authorities that will provide your municipality with access to broader investment options.

Legislative amendments to the Municipal Act, 2001 passed under the Modernizing Ontario's Municipal Legislation Act, 2017 have been proclaimed in force as of March 1, 2018. These amendments, together with changes to Ontario Regulation 438/97 (Eligible Investments and Related Financial Agreements), provide eligible municipalities with access to investing in any security in accordance with the prudent investor standard and other requirements set out in the regulation.

This new investment authority may help municipalities earn better risk adjusted rates of return which can be used to address local priorities, such as financing the repair and replacement of local infrastructure.

For municipalities that do not invest under this new standard, further regulatory changes provide broader investment authorities under the prescribed list of securities.

The amendments deliver on the commitments that our government made through the recent review of the Municipal Act, 2001 and the City of Toronto Act, 2006, and demonstrate our government's ongoing efforts to support the financial sustainability of all municipalities in Ontario.

If your municipal staff would like further information about these changes, please advise them to reach out to the appropriate Municipal Service Office of the Ministry of Municipal Affairs.

I wish your municipality success as you examine how best to take advantage of these new investment opportunities.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Mauro".

Bill Mauro
Minister

c: Municipal Treasurer

The One Investment Program

Author: Weirfoulds LLP

Source: <http://www.weirfoulds.com/Prudent-Investor-Standard-and-Legal-List-Amendments>

New Additions to the Legal List of Eligible Investments and Related Changes

The following is a summary of the amendments:

1. Previously municipalities were required to sell certain rated investments within 180 days if the investments were downgraded to a level not permitted for municipal investments. The amended regulations provide that the requirement to sell within 180 days does not apply if the municipality first creates a workout plan that includes expected timelines for selling the downgraded investment ("**Workout Plan**") and the municipality sells the downgraded investment in accordance with the Workout Plan;
2. The minimum security credit ratings for securities in which municipalities can invest have been reduced to A- for the following:
 - a. deposit receipts, deposit notes, certificates of deposit or investment, acceptances or similar instruments ("**Deposit Securities**") with a term of more than two years issued, guaranteed or endorsed by a Canadian bank or a loan or trust corporation registered under the Ontario Loan and Trust Corporations Act
 - b. Bonds, debentures, promissory notes or other evidence of indebtedness ("**Debt Securities**") with a term of more than two years issued or guaranteed by a Canadian bank or Loan or Trust Corporation;
 - c. Canadian corporate bonds with a term greater than one year and not greater than five years;
 - d. Canadian corporate bonds with a term greater than five years.
3. Municipalities are enabled to invest in Deposit Securities, regardless of the duration of the term, issued, guaranteed or endorsed by a credit union or league to which the Ontario Credit Unions and Caisses Populaires Act, 1994 applies ("**Credit Union or League**"), up to \$250,000. If, within 30 days of the date of any such investment, in the opinion of the municipality's treasurer, the value of the aggregate of such securities held by the municipality exceeds \$250,000 the municipality is prohibited from making any further investment in such Deposit Securities with a term greater than 2 years unless the Credit Union or League meets the requirements in respect of the financial indicators set forth in the regulation.
4. Municipalities are enabled to invest in Debt Securities issued or guaranteed by a Credit Union or League only if the Credit Union or League meets conditions set out in the regulation.
5. Municipalities are enabled to invest in Deposit Securities denominated in U.S. currency, for any term, issued, guaranteed or endorsed by a Canadian bank, Loan or Trust Corporation or Credit Union or League.
6. Municipalities may accept any security acquired as a gift in a will or as a donation not made for a charitable purpose, provided that the security is sold or converted into an eligible security (or securities) in accordance with a Workout Plan
7. The 180 day limitation that formerly applied to bond forward agreements has been replaced by a limit of 12 months.
8. Municipalities are enabled to enter into investment agreements with an expanded range of persons, including LAS, CHUMS, AMO and MFOA.



INVESTMENT GUIDELINES - ONE EQUITY PORTFOLIO

Attached are the Investment Guidelines for The One Investment Program Equity Portfolio. These guidelines provide limits for each class of security, which is a permitted investment under the *Municipal Act*. They will be periodically reviewed by the Agent in consultation with the Investment Counsel Portfolio Manager for the Equity Portfolio.

Limits for individual securities, industry sectors and industry groups have been set to ensure adequate diversification of the portfolio.

All investments will comply with O Reg 438/97 as amended from time to time.

In addition, the Investment Counsel Portfolio Manager has significant in-house research and analytical capabilities that ensure issuers on the eligible list have passed rigorous standards set for issuers' balance sheet condition, operating results and management quality.

INVESTMENT GUIDELINES – ONE EQUITY PORTFOLIO

Objective: To seek to provide superior long-term investment returns through capital growth and dividend yield by investing in a diversified, conservatively managed portfolio of equity securities issued by corporations, as permitted by applicable regulation from time to time.

Permitted Investments:

- 1.0 Legal Authority** - As outlined in the *Municipal Act* and the current regulations (O.Reg. 438/97).
- 2.0 Limitations** - This policy limits (both minimum and maximum) the amount the portfolio can hold with respect to industry group, industry sector and individual issuer. These limitations are outlined in the following subsections.

2.1 Industry Group and Industry Sector:

Group & Sector Allocations		Representative Allocation	Minimum % of Representative Allocation	Maximum % of Representative Allocation
Group	Sector			
Resource		14.82%	50%	150%
	Energy	9.20%		2 times sector weight
	Materials	5.62%		
Consumer		30.22%	50%	150%
	Health Care	10.24%		2 times sector weight
	Consumer Discretionary	11.76%		
	Consumer Staples	8.22%		
Interest Sensitive		29.00%	50%	150%
	Financials	25.03%		2 times sector weight
	Utilities	3.97%		
Industrials		25.97%	50%	150%
	Industrials	10.52%		2 times sector weight
	Information Technology	11.22%		
	Telecom Services	4.23%		

* This is a sample target allocation. The allocation is reset semi-annually on January 1 and July 1 of each year to reflect the current world sector weighting. A current version of the target allocations can be obtained from One Program staff.

2.2 Sector and Issuer Diversification:

A minimum of seven industry sectors must be represented in the portfolio.

Maximum exposure to any single issuer is 7% based on the market value of the portfolio at the time of purchase and 10% of the market value of the portfolio.

Up to 10% of the portfolio may be held in cash and cash equivalents that comply with the regulations.

2.3 Currency:

	Minimum	Maximum
Canadian Dollars	100%	100%

3.0 Investment Performance Measurement:

The investment performance will be measured on the basis of time weighted rates of return over a moving four-year period.

The performance benchmark will be constructed based on a portfolio of 3% Money Market and 97% Canadian equity. Equity Portfolio returns will be calculated based on the returns of each industry sector and their weighting in the MSCI World Index. The index weighting will be rebalanced semi-annually on January 1 and July 1 and the manager will have 30 days to bring the portfolio into compliance. If the manager believes that it would be detrimental to the portfolio to bring it into compliance within the 30 day period, the manager must provide written notification with their reasoning and analysis within the 30 day period.

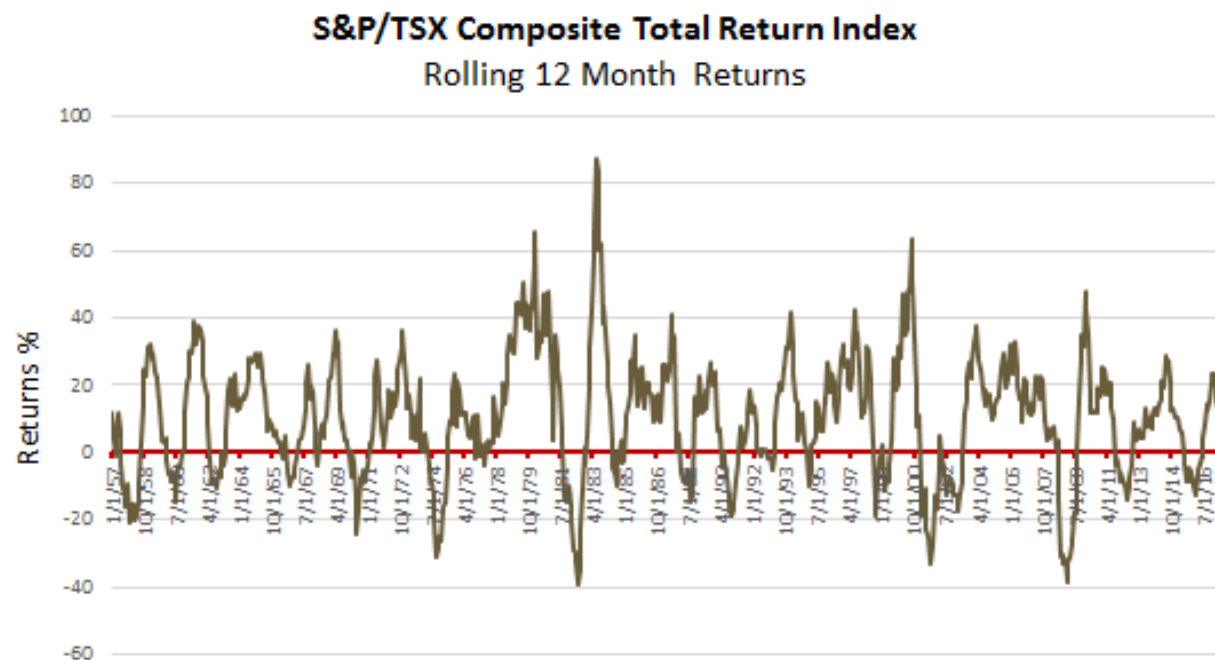
The One Investment Program
Source: Guardian Capital LP

CANADIAN EQUITY MARKET DATA

The below information depict three different investment strategies over a 61 year period. The first graph shows the returns from Canadian equities holdings for a twelve month period; following is a five year period and lastly is a ten year period. Rolling returns is an annualized average return for a specified period.

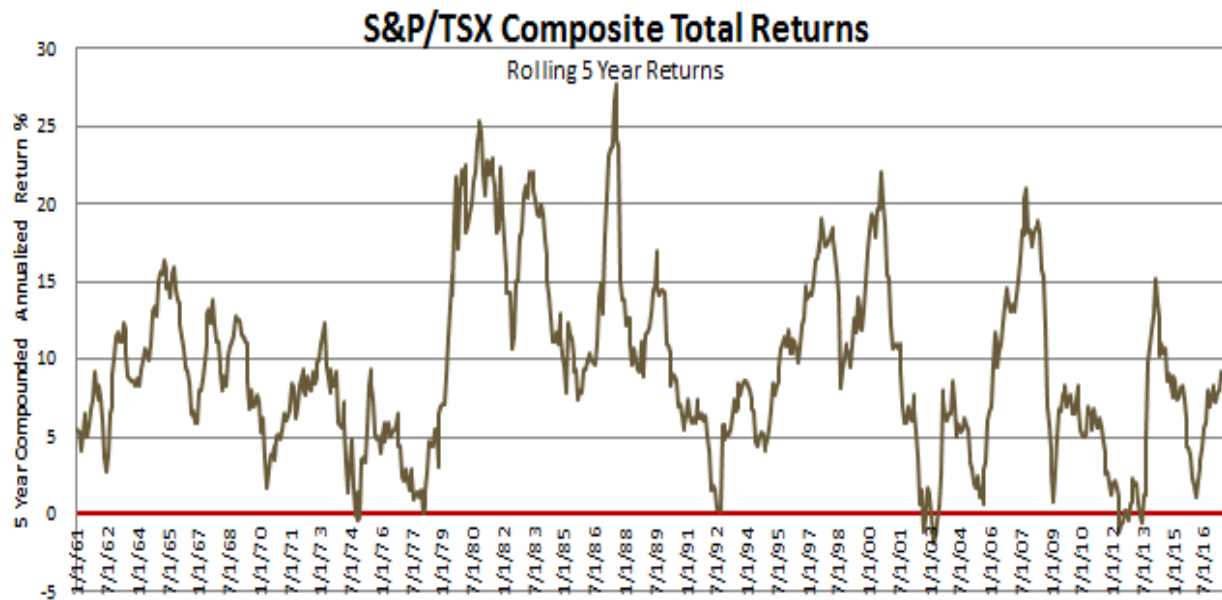
One Year Rolling Returns: The graph depicts the percentage of annualized average return received when investors held funds for only a 12 month period over the last 61 years.

February 1956 to Present: the percentage of 12 month periods with negative returns is 27.1 per cent.



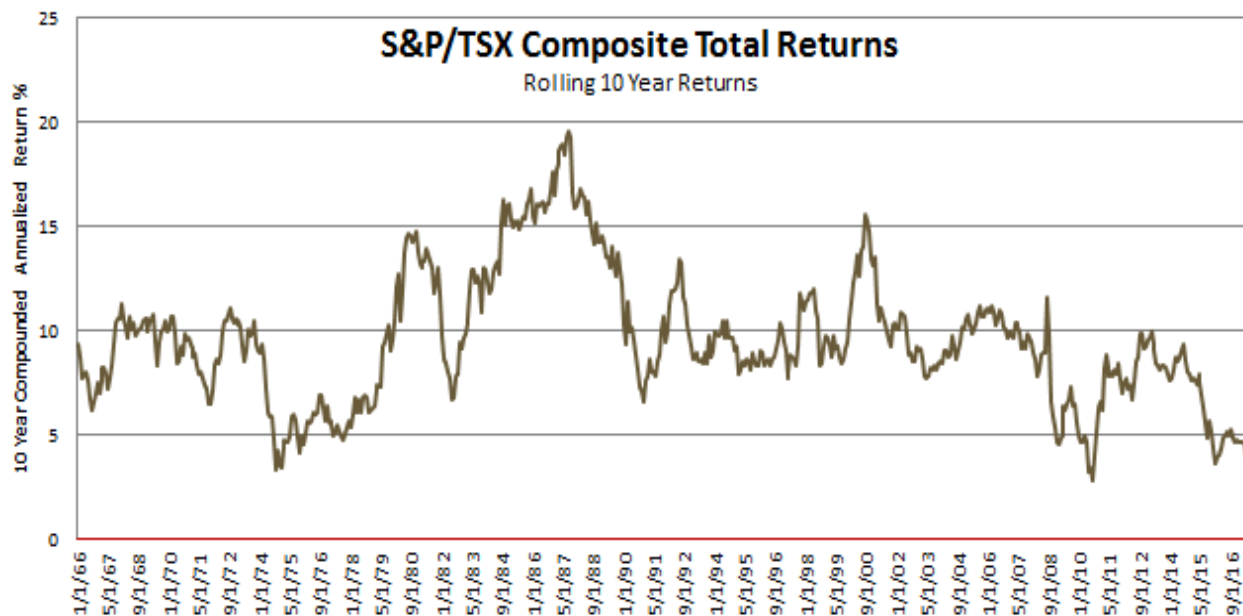
Five Year Rolling returns: The graph depicts the percentage of annualized average return received when investors held funds for five year periods over the last 61 years.

February 1956 to Present: the percentage of 12 month periods with negative returns is 2.21 per cent.



10 Year Rolling returns: The graph depicts the percentage of annualized average return received when investors held funds for 10 year periods over the last 61 years.

February 1956 to Present: the percentage of 12 month periods with negative returns is 0.00 per cent.



CORPORATE POLICY AND PROCEDURE



POLICY	INVESTMENT POLICY
CATEGORY	CORPORATE
AUTHORITY	FINANCE
APPROVED BY	COUNCIL
EFFECTIVE DATE	September 28, 2015
REVISION DATE	Review at every change in Council and/or as needed

POLICY STATEMENT

The City of Guelph strives for the optimum utilization of its cash resources within statutory limitations and the basic need to protect and preserve capital, while maintaining solvency and liquidity to meet on-going financial requirements.

SCOPE

The Investment Policy applies to all financial assets of the City of Guelph held within the following:

- General Funds;
- Reserve Funds; and
- Funds held in Trust with the City of Guelph.

OBJECTIVES

The primary objectives of the Investment Policy, in priority order, shall be:

- A. Adherence to statutory requirements;
- B. Preservation of capital;
- C. Maintaining liquidity; and
- D. Earning a competitive rate of return.

A) Adherence to Statutory Requirements:

All investment activities shall be governed by the Municipal Act as amended. Investments, unless limited further by Council, will be those deemed eligible under Ontario Regulation 438/97 or as authorized by subsequent provincial regulations.

B) Preservation of Capital:

Safety of principal is an important objective of the Investment Program. Investments of the City shall be undertaken in a manner that protects and preserves the capital of the portfolio. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Staff shall endeavour to mitigate credit risk and interest rate risk as follows:

Credit Risk:

- Limiting investments to safer types of securities;
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized; and
- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City does business.

In determining the composition of the portfolio, it will be recognised that the combination of several different investments (diversification) is likely to provide a more acceptable level of risk exposure than having a single investment. As a result, some reasonable diversification of the portfolio will be undertaken. To attain this goal, the City will undertake to establish limitations with respect to credit and investment size.

Investment Quality

All investments shall have a minimum rating within the limitations as set out in Schedule 1. In addition, investments are further restricted by credit rating limitations as outlined in this policy.

- 1) The City shall not invest in a security offered by any Borrower (except City/Municipal Notes) with a bond rating lower than 'A' as established by Dominion Bond Rating Services (DBRS) or their equivalent ratings provided by Moody's Investor Services (Moody's), Fitch Ratings (Fitch), or Standard & Poors (S&P).
- 2) The City shall not invest in securities with a Commercial Paper/ST debt rating lower than R-1 Mid (except Financial Institutions in Schedule I with ratings no lower than R-1 Low) as established by DBRS or their equivalent ratings provided by Moody's or S&P.

Publications of the relevant credit rating agencies shall be monitored on an ongoing basis. Should a rating change result in increased risk with respect to established limitations, an exception report must be prepared and reviewed by the Treasurer with the appropriate action taken to ensure the City's portfolio remains within the limitations and terms outlined in this policy.

Investment Diversification

Institutional exposure limitations have been established to reflect the relative safety of various issuers and the maximum desired exposure to various levels of government and financial institutions.

Diversification will include sector limitations outlined in Schedule I to this policy. All eligible investments (excluding cash held in the bank accounts of the City of Guelph) must adhere to the institutional sector limits as established under Schedule I.

C) Maintaining Liquidity:

The investment portfolio shall remain sufficiently liquid to meet all operating and cash flow requirements and limit temporary borrowing requirements. This shall be done, where possible, by structuring the portfolio such that securities mature concurrent with anticipated cash demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio shall consist largely of securities with active secondary or resale markets. A portion of the portfolio may be placed in eligible investment pools which offer liquidity for short-term funds.

D) Earning a Competitive Rate of Return:

The rate of return on the investment portfolio will be optimized to the extent possible given the investment objectives of legality, safety of principal and the need to maintain adequate liquidity. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

Normally longer term investments offer higher yields than shorter term investments. Investments will be made to obtain the most advantageous yields while at the same time ensuring that funds can be made available to meet expected cash requirements. The composition of the portfolio, including its term and class of investments will be adjusted within the guidelines of this policy to take advantage of market opportunities which arise to enhance the rate of return on the portfolio.

Performance Standards/Benchmarking

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return throughout the budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs of the City. The market yields should be higher than the rate given by the City's general bank account.

ELIGIBLE INVESTMENTS

The City will only invest in securities permitted under the Municipal Act and Ontario Regulation 438/97, as amended from time to time.

Only Canadian Dollar investments are authorized for the purposes of this Policy within the limitations set out in Schedule I.

AUTHORIZED INVESTMENT DEALERS

The City may invest funds through the investment arm of various Schedule I banks. The following Schedule I banks are authorized to be the City's primary investment

dealers:

1. RBC Royal Bank
2. BMO Bank of Montreal
3. CIBC
4. TD Bank Financial Group
5. Scotiabank (The Bank of Nova Scotia)
6. National Bank of Canada

The City may invest funds directly through the administrators of the identified sectors in Schedule I at the approval of the Treasurer and/or Deputy Treasurer subject to the Schedule I limits for those sectors. If the City, at any given point in time, is not in accordance to the Schedule I limits it will have one year to correct the sector balances and become compliant.

STANDARD OF CARE

A) Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, following the prudent person principle of investment management and considering the probable safety of their principal as well as the probable income to be derived. Consideration will be given to obtaining independent legal and/or financial advice in circumstances in which the municipality believes additional expertise is warranted.

Investment staff acting in accordance with written procedure, this investment policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risks or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidation or the sale of securities are carried out in accordance with the terms of this policy.

B) Ethics and Conflicts of Interest

Staff involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment policy, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall not undertake personal investment transactions with the same individual with whom business is conducted on behalf of the City.

C) Delegation of Authority

The Investment Policy and any amendments thereto must be adopted by City Council. This policy will delegate to the Treasurer the authority to make investments which comply with this policy, pursuant to section 418(5) of the Act. The Treasurer has overall responsibility for the prudent investment of the City's portfolio.

Investment Procedures and Internal Control

The Treasurer will be responsible for the development and maintenance of suitable procedures to provide for the effective control and management of investments. The procedures include the following requirements:

- The Treasurer or designate is authorized to obtain a reasonable number of quotations with the approved institutions on any individual investment transaction prior to the decision to invest in a transaction on behalf of the City of Guelph;
- All investments are confirmed by signature of the individual making the investment and ratified by signatures of either the Treasurer or the Deputy Treasurer;
- All cash management transactions are recorded and interest earnings distributed to the various funds, as the case may be, in accordance with City policies and generally accepted accounting principles for Ontario municipalities;
- Periodic audits are carried out to determine whether or not the investment guidelines provided by this policy are being followed. An external audit is carried out to evaluate the adequacy of internal controls; and
- Provision is made to obtain insurance coverage at all times to guard against any losses that may occur due to misappropriation, theft or other acts of fraud by employees.

Reporting to Council

In accordance with legislation, submit to Council at least twice per year, a report on the financial position, investment performance, market value and compliance status of the portfolio. The investment report will include reporting requirements and should include:

- A summary, by amount and percentage, of the composition of the investment portfolio;
- Monthly investment balances;
- Year-end balance; and
- Such other information that City Council may require or that, in the opinion of the Treasurer, should be included.

D) Safekeeping and Custody

All investments shall be held for safekeeping in the name of the City of Guelph by financial institutions approved by the City. The depository shall issue a safekeeping receipt to the City for each investment transaction, listing the specific instrument, rate, maturity and other pertinent information. On a monthly basis, the depository will provide reports which list all investment activity, the book value of holdings, the market value as of month-end and income earned by the investments.

COLLATERALIZATION

In order to mitigate the City's exposure to credit risk, the City will only invest in Bank Sponsored asset-backed securities and repurchase agreements having satisfactory collateralization in place. The level of collateralization for these investments must be at least 100% of their market value.

DEFINITIONS

Asset Backed Securities: fixed income securities (other than a government security) issued by a Special Purpose Entity, substantially all of the assets of which consist of Qualifying Assets.

Credit Risk: the risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Diversification: a process of investing assets among a range of security types by sector, maturity, and quality rating.

Duration: a measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

Interest Rate Risk: the risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value.

Liquidity: a measure of an asset's convertibility to cash.

Market Risk: the risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value: current market price of a security.

Master Repurchase Agreement: an agreement between a dealer and a client which substantiates that the securities the client receives under a repurchase agreement are the property of the client in the event of a dealer failure.

Maturity: the date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See "Weighted Average Maturity".

ONE Fund – The One Investment Program ("ONE Fund"): A local government investment pool in which Ontario municipalities may invest. ONE Fund is operated by Local Authorities Service Limited (a wholly owned subsidiary of the Association

of Municipalities of Ontario), together with CHUMS Financing Corporation (a wholly owned subsidiary of the Municipal Finance Officers' Association of Ontario).

Portfolio: collection of securities held by an investor.

Prudent Person Rule: an investment standard outlining the fiduciary responsibilities relating to the investment practices of public fund investors.

- a) The standard of prudence to be used by investment managers shall be the prudent person standard and shall be applied in the context of managing an overall portfolio.
- b) The prudent person must act in all matters regarding investments with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
- c) The prudent person must diversify the investments of the Funds so as to minimize the risk of large losses, unless under the circumstances it is clearly not prudent to do so.

Qualifying Assets: financial assets, either fixed or revolving, that, by their terms convert into cash within a finite time period, plus any rights or other assets designed to assure the servicing or timely distribution of proceeds to security holders.

Rate of Return: the yield obtainable on a security based on its purchase price or its current market price. Yield reflects coupon, term, liquidity and credit quality.

Repurchase Agreement: an agreement between a dealer and client to sell a security and to repurchase that security, with interest, at a later date.

Safekeeping: holding of assets (e.g., securities) by a financial institution.

Securities: include bonds, debentures, treasury bills, commercial paper, repurchase agreements, promissory notes and asset-backed securities.

Sinking Fund: money accumulated on a regular basis in a separate custodial account that is used to redeem debt securities or preferred stock issues.

Special Purpose Entity: a trust, corporation, partnership or other entity organized for the sole purpose of issuing securities that entitle the holders to receive payments that depend primarily on the cash flow from Qualifying Assets, but does not include a registered investment company.

Weighted Average Maturity (WAM): the average maturity of all the securities, that comprise a portfolio.

**AUTHORIZED INVESTMENTS AND LIMITATIONS AT
THE TIME OF PURCHASE**

Sector ⁽¹⁾		Minimum DBRS ⁽²⁾ Credit Rating		Maximum Term (years)	Maximum Credit Exposure	
		Short- term	Long- term		Individual Limit by Credit Rating	Portfolio Limit (max)
Federal	Government of Canada	n/a	n/a	20	100%	100%
	Federal Guarantees	n/a	n/a	20	100%	50%
Provincial	Provincial Governments & Provincial Guarantees	R-1 high	AAA	20	75%	75%
		R-1 mid	AA low	20	75%	
		R-1 low	A low	7	50%	
Country other than Canada			AA low	1	5%	5%
Municipal	City of Guelph					50%
	Other Municipalities & OSIFA		AAA AA low	10	50% 40%	50%
			A low	5	10%	10%
School Boards			AA low	2	10%	20%
University in Ontario, Board of Governors of a College						
Local Board or Conservation Authority						
Board of a Public Hospital						
Non-profit Housing Corporation, Local Housing Corp.						
Financial Institutions	Schedule I Banks	R-1 low	AA low	10	75%	75%
	Schedule II & III Banks	R-1 mid	AA low	5	25%	25%
	Credit Unions	n/a	n/a	2	10%	10%
	Loan/Trust Corporations	R-1 high	AA low	1	5%	5%
Supranational Financial Institution or Supranational Government Organization			AAA	5	25%	25%
Asset Backed Securities ⁽³⁾		R-1 high	AAA	5	25%	25%
Corporate Debt			AAA AA low	5 > 5	25% 15%	25%
Commercial Paper		R-1 mid		1	15%	15%
Joint Municipal Investment Pools - Bonds					15%	15%
Joint Municipal Investment Pools - Equity					5%	5%
Portfolio Term To Maturity				ST – 1 LT - 10		

Note (1) Per definitions and restrictions contained in O.R. 438/97.

Note (2) Equivalent ratings from Moody's Investor Services, Standard and Poor's or Fitch Ratings are acceptable as well.

Note (3) Canadian Bank administered with a minimum of 2 credit ratings.



Service Simplified

A customer service strategy
2018

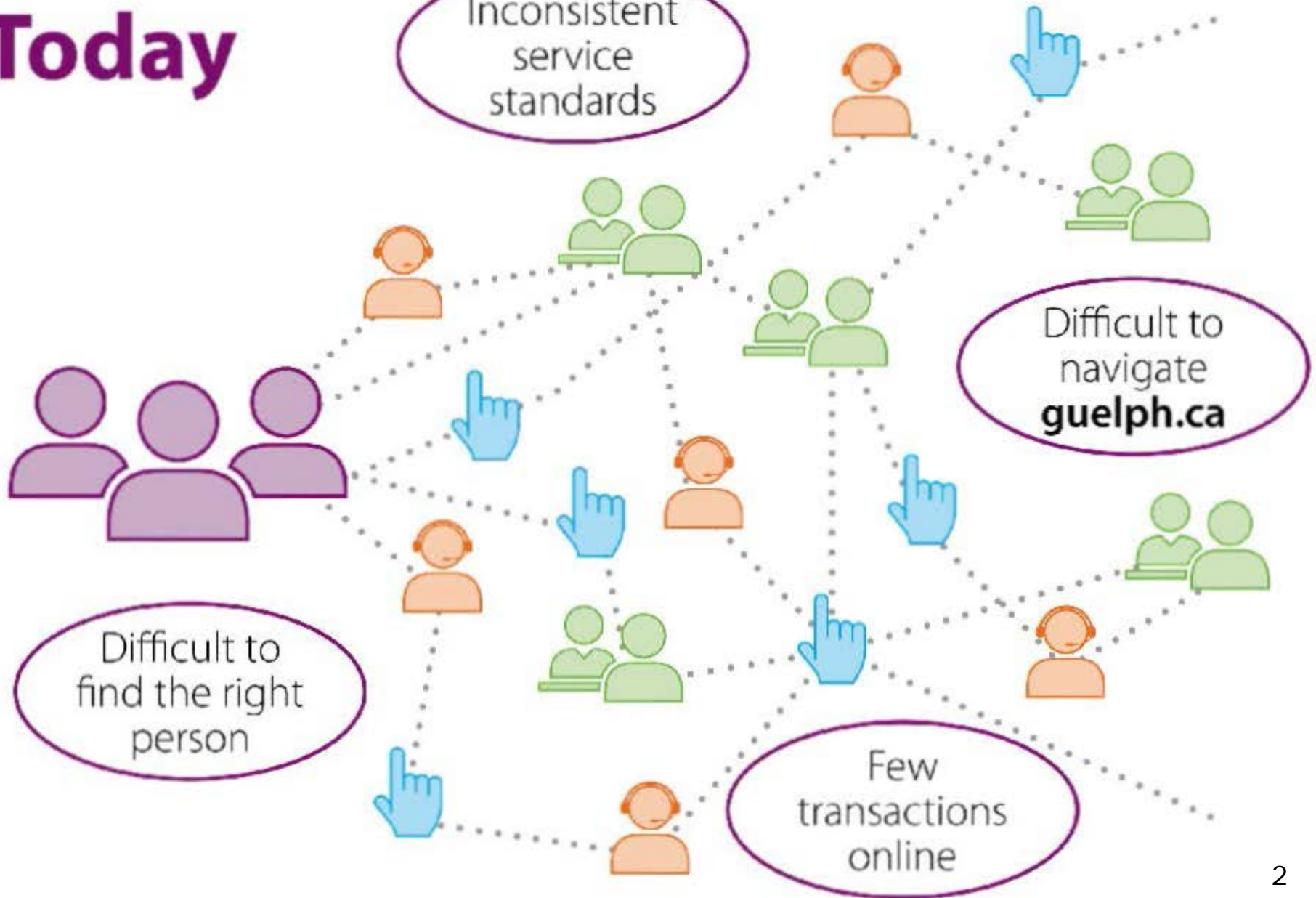
Today

Inconsistent
service
standards

Difficult to
navigate
guelph.ca

Difficult to
find the right
person

Few
transactions
online





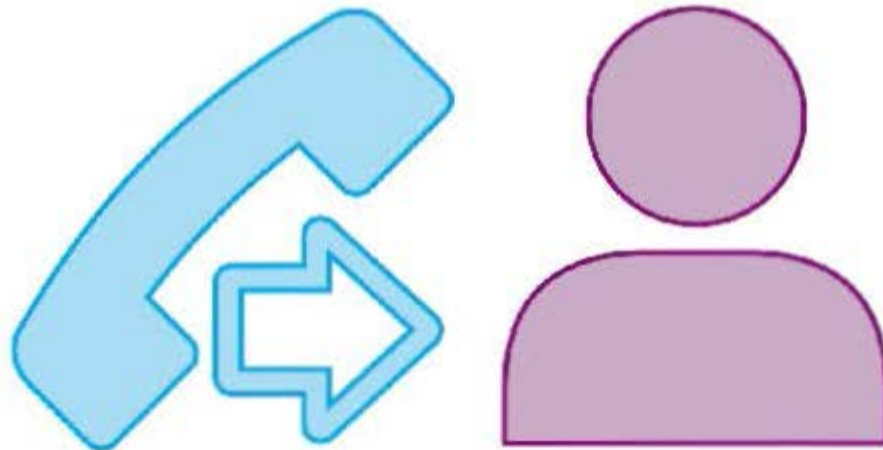
public facing phone lines



42,000
misdials

130,000

direct to employee





service locations

<17%

services online



The need

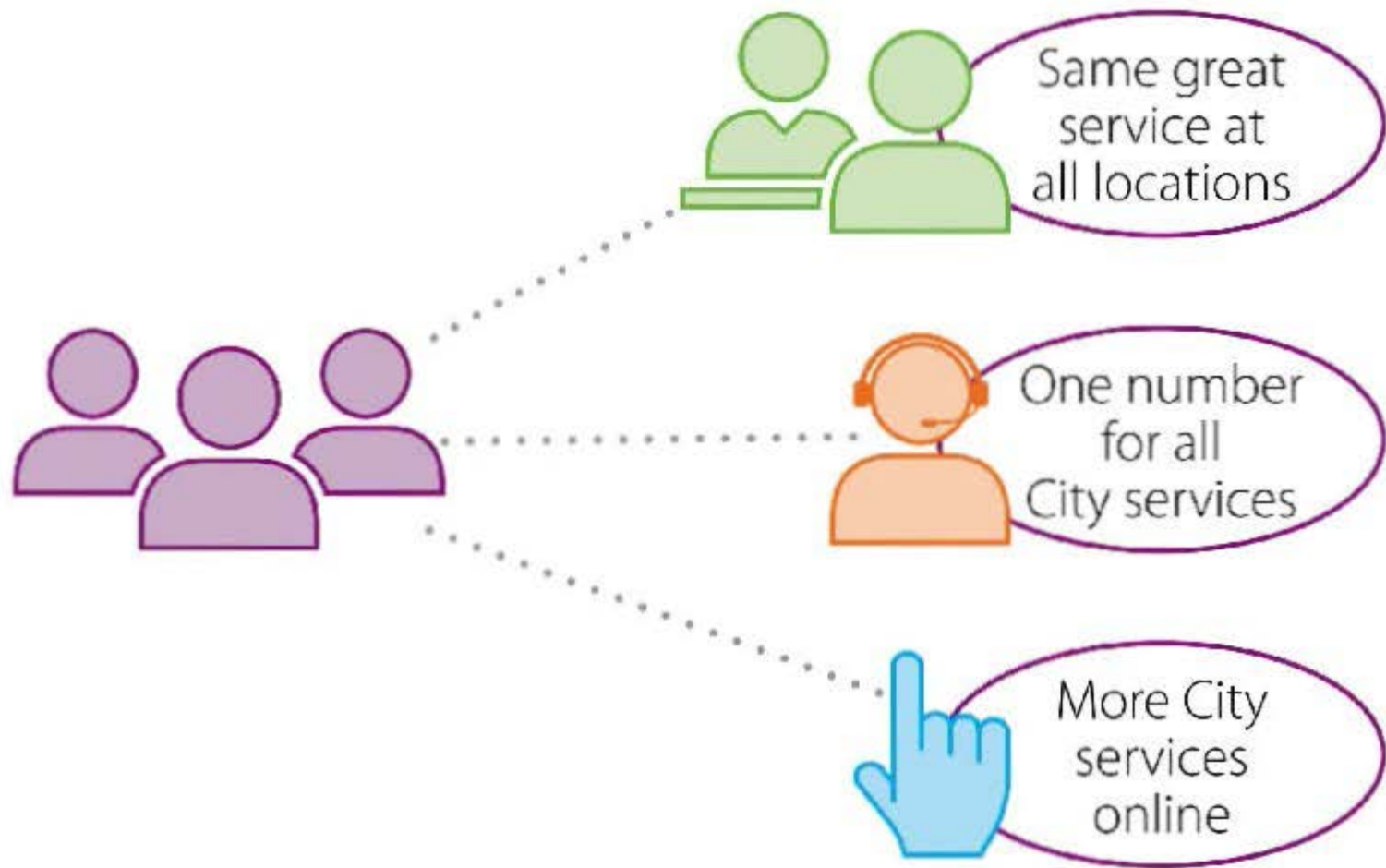
- Customer expectations
- Growing cost of in-person transactions
- Service modernization
- Population growth
- Inconsistent service experiences

Five strategies

Focused and practical

- Create a customer-focused culture
- Innovate using technology solutions
- Modernize customer service channels
- Improve, streamline service processes
- Communicate, engage, listen, measure

Future



Recommendation

1. That Council approves *Service Simplified: A customer service strategy* and its implementation overview, and
2. That staff be directed to implement the strategy.



Service Simplified

A customer service strategy

2018

Staff Report



To **Committee of the Whole**

Service Area Office of the Chief Administrative Officer

Date Tuesday, June 5, 2018

Subject **Service Simplified; A customer service strategy**

Report Number CAO-2018-17

Recommendation

1. That Council approves *Service Simplified: A customer service strategy* and its implementation overview, and
2. That staff be directed to implement the strategy.

Executive Summary

Purpose of Report

Service Simplified; A customer service strategy is an organizational strategy more than two years in the making. It is an actionable plan to address service delivery gaps and modernize the way the City of Guelph serves its citizens and businesses. This report serves as an introduction to that strategy.

Key Findings

Customer service in government matters more today than ever. Citizen expectations are growing based on customers' experiences with private-sector organizations. Increasingly, citizens expect their local government to offer service across multiple channels including phone, email, Web, mobile devices and social media; to be accessible when they want to engage; and offer resolution with only one or two interactions.

Better service leads to more empowered and satisfied customers, and more engaged citizens. For government, customer service enhancements improve productivity, minimize strain on resources, and improve employee engagement.

In short, modernizing and improving customer service will increase citizen satisfaction and enhance the public's trust and confidence in its local government.

Financial Implications

Staff estimates that implementation activities will cost approximately \$150,000 in 2019.

Report

The citizens and businesses of Guelph expect to receive consistent and efficient service that is convenient and easy to access where, when and how they want it.

These expectations are growing based on our customers' experiences with private-sector organizations offering higher service levels and greater options through digital technologies.

While customer satisfaction ratings are high, customers' service experiences vary widely depending on several factors. Customer service is primarily delivered at a departmental level, and City departments carry out customer service differently from one another. In some departments, frontline employees take part in customer service training whereas others don't expect or require training. Some departments use technology solutions to automate some aspects of customer service, whereas others rely on manual processes. Departments have different customer service standards; in some cases they are formalized and in many others they are ad hoc. There is limited reporting capability to capture the customers' actual experience. As demand for services continues to grow, it becomes more challenging to serve customers with current processes and systems.

Service Simplified; A customer service strategy addresses service delivery gaps and proposes to modernize the way the City serves its citizens and businesses by using best practices, leveraging technology, and maximizing existing resources. It establishes a framework to guide organizational decisions and employee behaviors to ensure our customers receive the same great customer service experience regardless of how they choose to connect with the City of Guelph. The strategy is a multi-year plan to transform the way the City delivers customer service.

Customer service improvements will achieve a number of positive outcomes including;

- a customer-oriented culture at City Hall and its satellite locations
- greater capability to serve customers' needs as they evolve
- more consistent and convenient customer service experiences across more channels
- better tools that enable employees to do their jobs well
- enhanced information flow between departments
- better openness, transparency and accountability within the context of service delivery

In short, modernizing customer service will improve customers' experiences with the City and, in turn, enhance the public's confidence and trust in its local government.

Highlights of *Service Simplified; A customer service strategy* include:

- specific actions to create a customer-focused culture
- specific actions that will allow us to innovate using technology
- specific actions to modernize customer service channels
- specific actions to improve and streamline service processes
- specific actions that will improve citizen communication and engagement, and allow us to effectively measure performance

Financial Implications

A budget submission for the implementation of the *Service Simplified; A customer service strategy* will be prepared as part of the 2019 budget process. Staff estimates that implementation activities will cost approximately \$150,000 in 2019, the majority of which is salary and benefits for the customer service manager.

Consultations

Service Simplified; A customer service strategy has been informed by:

- interactions with citizens, businesses, and consultations with City employees from every service area
- findings from the 2017 Citizen Satisfaction Survey
- the work of the Citizens First customer Service roundtable
- a best practices review of municipal customer service in Canada
- research published by the Institute of Citizen-Centred Service (ICCS)
- the City of Guelph's customer relationship management (CRM) assessment

Corporate Administrative Plan

Overarching Goals

Service Excellence

Service Area Operational Work Plans

Our Services - Municipal services that make lives better


Attachments

ATT-1 *Service Simplified: A customer service strategy*

Departmental Approval

Report Author

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Service Simplified

A customer service strategy
2018



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Introduction



The citizens and businesses of Guelph expect to receive consistent and efficient service that is convenient and easy to access where, when and how they want it.

These expectations are growing based on our customers' experiences with private-sector organizations offering higher service levels and greater options through digital technologies.



While customer satisfaction ratings are high, customers' service experiences vary widely depending on several factors. Customer service is primarily delivered at a departmental level, and City departments carry out customer service differently from one another. In some departments, frontline employees take part in customer service training whereas others don't expect or require training. Some departments use technology solutions to automate some aspects of the customer service process, whereas others rely on largely manual processes. Departments have different customer service standards in place; in some cases they are formalized and in many others they are ad hoc. There are few consistent customer service standards in place and limited reporting capability to capture the customers' actual experience. As demand for services continues to grow, it becomes more challenging to serve customers with current processes and systems.

The Customer Service Strategy will address service delivery gaps and modernize the way the City serves its citizens and businesses by using best practices, leveraging technology, and maximizing existing resources. It will establish a framework to guide organizational decisions and employee behaviors to ensure our customers receive the same great customer service experience regardless of how they choose to connect with the City of Guelph. The strategy will be a multi-year plan to transform the way the City delivers customer service.

Customer service improvements initiated by the City will achieve a number of positive outcomes including;

- + a customer-oriented culture
- + greater capability to serve customers' needs as they evolve
- + more consistent and convenient customer service experiences across more channels
- + better tools that enable employees to do their jobs well
- + enhanced information flow between departments
- + better openness, transparency and accountability within the context of service delivery

In short, modernizing customer service will enhance the public's trust and confidence in its local government.

Background

Successive terms of Council have expressed interest in improving and modernizing customer service at the City of Guelph. The current Council has reinforced this interest by identifying customer service as a priority on its Council Shared Agenda.

The City's Corporate Administrative Plan provides foundational support to Council's agenda through a service modernization program. The objectives of this work include:

- + delivering the right services in an effective and efficient way
- + offering convenient ways to access services
- + establishing clear, quality customer service standards that we are consistently achieving

A customer service strategy is identified in the plan as an initiative that will help the City deliver services that make the lives of our citizens better. Consistent and high-quality customer service builds trust and confidence, and signals the City is dedicated to serving its residents and businesses.

Recent Progress

Positive progress has already been made to enhance and modernize service delivery. This work shows commitment to improve the citizen and business experience. City staff report seeing the benefits of customer service experience improvements, motivating them to do more.

The journey over the past two years has included a number of key initiatives, including;

- + The City completed its **citizen satisfaction survey** in July 2017. Results are insightful and tell us what customers expect, what they think we do well, and what they expect us to improve.

- + The **Citizens First Customer Service roundtable** developed, tested, and rolled out customer journey mapping to the organization. This service design method assists with creating or updating service processes that are customer centric.
- + Implementation is underway of a newly-acquired **customer relationship management (CRM) system** in a phased roll-out. This work includes implementation of **myGuelph**—a customized, self-service portal via which citizens and businesses will be able to interact with the City and access multiple City services through digital methods and online.
- + The Citizens First Customer Service roundtable engaged with citizens and employees to understand customer expectations and drivers of satisfaction. From this, it developed and tested a **customer service charter** that will let citizens know what they can expect from the City, and let employees know what the City expects from them.
- + Cross-departmental **objective-setting and employee feedback** sessions helped staff understand the nuances of customer and employee needs in City departments. Engagement with City staff includes the following groups and departments:

Citizen First Customer Service Roundtable	Planning, Urban Design, and Building Services	Finance
Mayor's Office	Environmental Services	Corporate Communications and Customer Service
City Council	Engineering and Capital Infrastructure Services	City Clerk's Office
Culture, Tourism, and Community Investment	Facilities Management	Legal, Realty and Risk Services
Parks and Recreation	Corporate Project Management Office	Information Technology
Guelph Transit	Court Services	Human Resources
Operations	Strategy, Innovation and Intergovernmental Services	
Business Development and Enterprise		

- + **Employee training** in customer service and journey-mapping has been delivered.
- + **An improvement network** was established to help departments and the organization improve services through the sharing of ideas, tools, and materials.
- + Initial scoping for a **centralized contact team**, including costs, staffing and logistical requirements was completed. The CRM needs assessment report clearly recommends the deployment of a centralized contact team as one of two crucial components (alongside the CRM implementation) of a plan for Guelph to enhance citizen service.
- + Research and initial work was done to establish **customer service performance metrics** to identify trends and provide data that will support decision-making.

A customer service strategy is needed to pull these initiatives (building blocks) together under one consistent framework that provides an integrated vision for service delivery within Guelph. It will build on the strong organizational foundation already in place by aligning Council, corporate administration, employees, leaders, and corporate values and behaviours. The strategy will provide a roadmap to guide the development of a city-wide customer service improvement implementation plan.

Current State Assessment



At present, Guelph lacks an overarching framework that shapes how the City delivers customer service and contributes to a positive customer experience. In the absence of such a framework, Guelph citizens experience different levels of service depending on how and where they interact with the City.

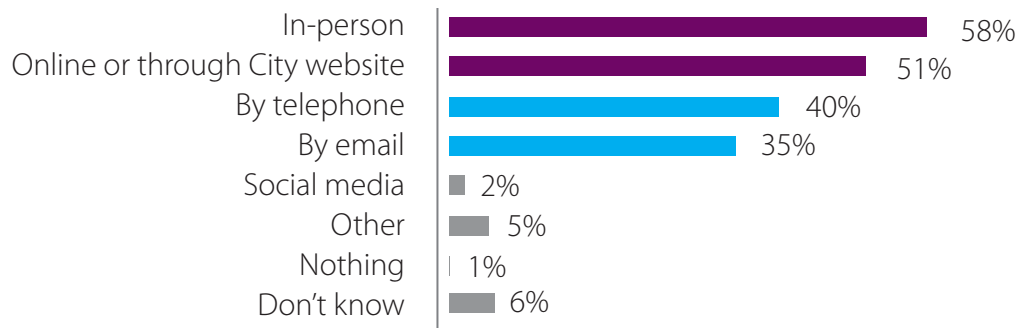


Guelph services are primarily delivered at a departmental level, providing a fragmented approach to customer service. There are no consistent service standards in place and limited reporting capability to capture the customers' actual experience.

The Town of Oakville, Richmond Hill, Barrie, Halton Region, the Region of Peel, Kingston, London, and others are further along the customer service trajectory. Those cities have adopted customer service frameworks and multi-year implementation plans to provide citizens with easier access to services, more self-serve options and—in most cases—customer contact centres—that free City departments from having to manage tier one customer service queries within their own staffing complements.

2018 Citizen Satisfaction Survey Results

The 2017 City of Guelph citizen satisfaction survey reveals two-thirds of residents have had contact with the City in the past 12 months. Those residents used the following key channels to contact the City or access services:



Service modernization and the implementation of a strategic customer service plan that includes a customer contact centre would result in fewer in-person transactions, more self-serve transactions and interactions via social media, and enhanced customer experiences when interacting via phone and email.

In-person experience

The primary method used by customers to access City services is “in-person”. The bulk of over-the-counter City services are available through ServiceGuelph located in City Hall. In 2016, there were 41,700 counter interactions at ServiceGuelph. The City’s other service locations offer citizens a sub-set of services specific to the location, resulting in customers often needing to visit multiple locations if they want to avail themselves of more than one service. The reliance on in-person service, the most expensive delivery channel, significantly increases the overall cost of delivery.

Digital experience

Two-thirds of residents report visiting the City’s website in the past 12 months. Over 50% of survey respondents who accessed a City program or contacted city staff did so on-line or via the City’s website, validating the reach of this channel.

myGuelph is currently being developed as a digital one-stop-shop to provide access to services, information and opportunities to participate in City decision making. The myGuelph platform is scheduled for launch in 2018.

ServiceGuelph received approximately 2,300 emails in 2016. The number received by other departments is not known.

Customer interactions via social media are handled at various levels within the organization (i.e. Corporate Communications, Transit, Tourism). Currently there is no common process for tracking and reporting social media contacts related to customer service.

The lack of maturity and growth in this channel further exacerbates our understanding of them, how they are being used by customers, and how they can be improved as a service delivery tool.

Telephone experience

The City's current telephone system and practices make it challenging for citizens to connect with the right person via the right number if they wish to access a service or information via the telephone. There is onus on citizens to know the internal structure of the organization to contact the right department to make a request. The City has 45 public facing phone numbers receiving between 300,000-350,000 calls annually. Of that total, the City's main switchboard receives about 215,000. 35,000 of those are handled by ServiceGuelph; 130,000 are placed to individual City employees; 8,000 to department-specific switchboards; and 42,000 are misdials, whereby either a caller hangs up, or enters an invalid extension and is redirected to the main switchboard. The remaining 100,000-150,000 calls are received by one of the City's other 44 phone lines. There is limited call monitoring and reporting, and no standardized call handling procedures to ensure consistent quality of service across the organization.

Customer experience

85% of those who had contact with City staff in the past 12 months were satisfied with the overall quality of the service they received. Customer service however is best measured at the point of contact, or as close to the interaction with City staff as possible. There are no systems in place at the City of Guelph to measure customer experiences at point of contact.

Customer expectations

Customer expectations continue to grow. Increasingly, people expect the same 24/7, personalized and convenient access to local government services as they experience in the private sector and with other levels of government.

Research published by the Institute of Citizen-Centred Service (ICCS) indicates that in today's increasingly connected and busy world, customers expect their local government to offer an array of choice that allows them to participate in government decision-making and avail themselves of City services in whichever way is most convenient for them.

The ICCS research also identified key drivers of customer satisfaction. The drivers are the variables in a customer's service experience that have the biggest impact on satisfaction and, as a result, are the areas where improvement efforts make the biggest difference.

This strategy builds on these drivers of satisfaction.

- + Positive outcome – I got what I needed.
- + Timely service – I was happy with the amount of time it took to get the service.
- + Knowledgeable, competent staff - I was served by knowledgeable staff, who treated me fairly and went the extra mile.
- + Easy access – the service was easy for me to find and convenient to access through multiple channels. I only had to deal with one or two people and request the service once.
- + Issues resolved quickly – any issues were dealt with to my satisfaction.
- + Security, privacy - my information is secure and protected.
- + My emotional and psychological needs are met - I feel understood and valued as a customer.

These findings are reinforced and substantiated by other research conducted by private sector organizations regarding consumer values and expectations.

Conclusion

The decentralized, departmental customer service delivery model has served customers relatively well to date, according to recent research. However, as demand for services and customer expectations grow, current service delivery practices and systems will not be able keep up, adversely impacting the quality and efficiency of City service delivery into the future.

The provincial Growth Plan for the Greater Golden Horseshoe Area (GGHA) projects Guelph's population will reach 175,000 by 2031—an increase of 33%. Guelph already lags behind many municipalities in the adoption of tools and technologies to enhance access to services, in part because of the decentralized customer service model. This strategy will help the City close this widening gap.

The City of Guelph can avail itself of the lessons learned by other municipalities in its transition to increasingly customer-focused organizations. It is possible for Guelph to learn from early adopters, replicate successes, and avoid common mistakes.

Vision and Commitments



Vision

We will provide the highest quality customer experience by meeting the needs of our community, empowering employees, and delivering exceptional public services with pride.



Commitments

- + Serve customers equitably
- + Have the necessary knowledge and skills
- + Respond to requests in a timely manner
- + Make it easy for people to access services
- + Treat customers with courtesy
- + Go the extra mile

Strategies

To execute the Customer Service Strategy five strategies are proposed. The strategies incorporate staff and customer input, along with best practices in customer service delivery.

Five strategies

1. Create a customer-focused culture
2. Innovate using technology solutions
3. Modernize customer service delivery
4. Improve and streamline service processes
5. Communicate, engage, listen, measure

Specific actions have been developed for each strategy. These strategies will be carried out via a detailed set of initiatives (projects) which will be set out in the implementation plan to be developed in 2018.

1. Create a customer-focused culture

A customer-focused culture is characterized by how the organization's values, attitudes, and behaviours reflect a commitment to the customer and guide its practices, decisions and actions. A consistent customer-first approach builds a collaborative organization with empowered and accountable employees. Together, they foster a "one City" view to delivering services. Creating and maintaining a strong customer focus is crucial to building customers' trust and confidence in both the services we deliver, and the institution of municipal government.

We will:

- + Establish an organizational customer service support and planning function to guide the entire organization in the delivery of quality customer service. The function will plan and support the organization's implementation of customer service technology, processes, and systems that improve customer experiences.
- + Adopt customer service as a core competency for all employees and include it in recruiting and selection criteria for new hires.
- + Integrate accountability for customer experiences into performance management processes.

- + Develop mandatory customer experience training for all employees and leaders. Build consistency and quality of service delivery across all points of contact.
- + Develop clear customer service guidelines that apply service excellence to all customer relationships (i.e. internal and external stakeholders).
- + Empower employees to exercise judgement in the application of policies and procedures that impact customer service.
- + Promote the role that quality service plays in developing public trust in municipal government.
- + Leverage a change management program that promotes a culture of departmental collaboration, employee empowerment, clear communication, and integrated work.
- + Communicate the Customer Service Strategy and its related components to all City employees to establish a clear line of sight between the strategy and employee roles and responsibilities.
- + Celebrate success by recognizing outstanding commitment to customer service, innovation, or quality in the delivery of services.

2. Innovate using technology solutions

Positive customer experiences leverage innovative technology solutions to provide the customer with easy access to services and enable City staff to deliver services knowledgeably, effectively and efficiently. Integrating technology with service delivery processes is a critical strategy to modernize how the City serves its customers.

We will:

- + Formalize oversight for the acquisition of tech solutions to ensure customer service solutions are aligned to ensure a seamless customer experience. Ensure customer service solutions can be integrated.
- + Expand the scope and availability of digital channels and solutions that promote self-serve access to City service requests, payments, and inquiries.
- + Support customer service technology e.g. Customer Relationship Management (CRM), by developing collaborative, organizational processes that integrate technology solutions through a seamless single view that is simple and easy for customers to navigate.
- + Integrate, where possible, telephony technology with other City systems and technologies to improve service delivery.
- + Develop and maintain a knowledge base within the CRM that provides employees with quick and easy access to information and provides answers to frequent questions regarding city services and programs.

3. Modernize customer service delivery

Customers' expectations about access to services are increasing based on their experiences. Customers want to access services via a channel of their choice at a time that is convenient to them. This need drives modernization and integration of the City's service delivery channels by moving from the present decentralized departmental approach to one that is seamless to the customer. The outcome is more effective and efficient service delivery and greater customer convenience.

We will:

- + Implement a centralized contact centre that leverages the CRM solution and supports multi-channel service delivery (i.e. not just phone.) A hybrid model that centralizes handling of high volume, routine services and escalates specialized services to department subject matter experts will resolve customer inquiries more quickly and accurately.
- + Expand service offerings and create a more consistent customer experience at City service counter locations to improve customer access to City services.
- + Formalize social media as a true customer service channel where customer service reps can resolve customer queries directly.
- + Expand the scope and availability of digital channels and solutions that promote self-serve access to City services, payments, and inquiries. Enhancing online access gives customers the opportunity to quickly and easily engage the City when it is convenient for them.
- + Conduct a review of the City's current service delivery channels and customer touchpoints to identify gaps and areas for improvement.
- + Identify service channel expansion opportunities that follow new and emerging trends to increase accessibility and convenience for our customers.

4. Improve and streamline processes

To provide a consistent experience, accurate information and predictable outcomes, it is essential that processes be effectively designed, well documented, and regularly reviewed. Many processes cross functional boundaries; we must work together to ensure these processes are meeting the needs of the customer.

We will:

- + Establish common city-wide customer service standards and guidelines that include all services (internal and external), customer groups, and contact channels.

- + Apply service design techniques and processes e.g. customer journey mapping, to create or improve services by developing them from the customer's perspective. A customer-focused approach to service planning ensures that customer needs are satisfied and builds efficient and effective services.
- + Create a centralized and proactive approach to solving customer service problems and processes that promotes information sharing across departments and supports collaborative service delivery decisions that lead to simple and positive customer experiences.

5. Communicate, engage, listen, measure

We are committed to providing a high standard of customer service to all our customers, both internal and external. Service standards will define employee behaviours that customers can come to rely on. Measuring our customer service performance will tell us how well we are doing and identify opportunities for improvement.

We will:

- + Establish a measurement and reporting framework to monitor performance against service standards.
- + Employ data analytics and performance metrics to better understand how service channels are being used; how we are performing; what our customers are saying, and opportunities for improvement.
- + Listen to our customers; share their feedback and use it to drive service improvements.
- + Develop ongoing feedback programs to measure service quality and identify customer needs. The program should incorporate various methods and tools to capture comments at various points in the service cycle.
- + Develop and communicate a customer charter outlining the City's service commitment, service standards and service availability. These standards will be adopted by each City department to provide consistent customer experiences.
- + Benchmark our service standards, practices and policies against other organizations and best practices.
- + Provide exceptional customer service to all by planning and delivering inclusive and diverse services that meet the needs of our community.

Governance and Leadership



Customer Service Functional Responsibility

Without that leadership, customer service initiatives lack a champion to advocate for the customer and influence organizational decisions regarding service delivery priorities, processes and standards.



While customer service is everyone's responsibility, accountability for a corporate customer service function should be vested in one member of the city's Corporate Management Team. This:

- + provides functional authority and oversight for the customer service function;
- + clearly demonstrates its importance to the success of the organization;
- + aligns 22 departments currently managing customer service independently.

A review of the customer service function in other municipalities shows the function is typically housed with the Corporate Communications function, as part of either Corporate Services or the Office of the CAO. The City's Executive Team (ET) is best positioned to determine reporting and structure of the customer service responsibility.

The functional leader would be responsible for the overall implementation of the Customer Service Strategy and reviewing the strategy to ensure continued progress on service delivery improvement and customer experience work that aligns with the City's goals and plans.

Customer Service Strategy Implementation

A commitment to the implementation of the Customer Service Strategy is essential in moving the City of Guelph towards becoming an increasingly customer-focused organization. Together with that commitment, the following governance framework is recommended to execute the strategy's implementation:

- + The general manager responsible for the customer service function assumes ownership of the strategy, establishing priorities, and allocating resources.
- + Establish a cross-departmental Customer Service Leadership Network to ensure the City's framework is representative of its diverse businesses.
- + Establish a Customer Service Manager to implement the strategy and be the organization's in-house customer service lead in establishing and sustaining a customer-focused culture and experience. The Customer Service Manager will:
 - + Develop and oversee a detailed implementation project plan with milestones and clear accountabilities.
 - + Oversee the implementation of a communication plan to engage city employees.
 - + Provide annual implementation progress reports to ET including specific details on the completion of initiatives, success stories, any adjustments to outstanding action plans, any new initiatives, and the deferral of initiatives.
 - + Provide guidance to and be an active part of the City's Citizens First Customer Service roundtable.
 - + Build a corporate function that supports the customer service needs of the organization, departments, and customers in a consistent and customer-focused manner.
 - + Develop a feedback process to collect input from internal and external customers, stakeholders and employees on the initiatives being implemented and opportunities for improvement.
 - + Establish clear expectations for all employees about their responsibility for building an organizational culture that fosters customer service.

Summary and Next Steps

Becoming a customer-focused organization is a journey, requiring focused leadership and commitment. This strategy provides a roadmap for that journey and the future of customer service in the City of Guelph.

Next Steps

- + Approval of the customer service strategy
- + Appoint a customer service manager and supporting team members to lead the implementation process
- + Deploy the strategy throughout the organization
- + Develop the customer service strategy implementation plan and a detailed project plan with milestones and resource requirements
- + Develop a budget for Phase 1 implementation

Appendix A

Implementation Overview

Create a customer-focused culture

Action	2018	2019	2020	2021
Create a multi-year budget plan for a customer service support and planning function for the organization.	○			
Integrate customer-focused perspectives, processes and tools into departmental work planning and implementation.		○	○	
Include customer service excellence in recruitment and onboarding processes.			○	
Establish customer service roles, responsibilities and accountability for all employees.			○	
Develop a mandatory customer service training program for all employees.		○		
Create clear and consistent customer service commitments and standards (including a customer service charter) and adopt them consistently across the organization.	●			
Communicate customer service strategies, policies and guidelines to all City employees.	●			
Recognize employee innovations in customer service excellence and modify processes as required.	●			

Innovate using technology solutions

Action	2018	2019	2020	2021
Formalize oversight for the acquisition of technology solutions to ensure customer service solutions are aligned to ensure a seamless customer experience. Ensure customer service solutions can be integrated.		○		
Implement a Customer Relationship Management (CRM) solution that integrates with systems and processes.	●	○	○	○
Explore and implement telephony system enhancements and integrations.			○	○
Build the CRM knowledge base and maintain it with up-to-date and easily accessible service and program information. (Maintenance and support of the knowledge base beyond 2018 will require additional resources.)	●	○	○	○

○ planned ● in progress ● complete

Modernize customer service delivery

Action	2018	2019	2020	2021
Establish a hybrid service delivery model for the organization that centralizes handling of routine interactions and escalates detailed requests to department subject matter experts.		○	○	
Implement a centralized contact centre that leverages the CRM solution and supports service delivery through multiple channels.				○
Conduct a review of the City's current service delivery channels and customer touchpoints to identify gaps and areas for improvement.		○		
Expand service options and establish a consistent customer experience at City service counters			○	
Formalize social media as a true customer service channel where customer service reps can resolve customer queries directly.				○
Identify and implement new digital self-service solutions that improve service accessibility and convenience for our customers.	●	○	○	○

Improve and streamline processes

Action	2018	2019	2020	2021
Establish a customer service governance structure for the organization that supports collaborative information sharing and service delivery innovations that lead to positive customer experiences.	○			
Implement service design tools to create or improve service delivery processes that focus on the customer.	●	○	○	○

○ planned ● in progress ● complete

Communicate, engage, listen, measure

Action	2018	2019	2020	2021
Establish a measurement and reporting framework to monitor performance against service targets.	●			
Employ data analytics and performance metrics to better understand how we are performing and opportunities for customer service improvements.		○	○	○
Collect feedback and listen to our customers regularly; share results and use it to better meet customer needs and expectations.	●	○	○	○
Benchmark our service standards, practices and policies against other organizations and best practices.	●	○		
Foster public awareness about and communicate our customer service improvements and successes.	○	○	○	○

○ planned ● in progress ● complete



In today's increasingly connected and busy world, citizens expect their local government to offer choices that allow them to participate in government decision-making and avail themselves of City services in whichever way is most convenient for them. Service Simplified is Guelph's response to enhancing customer service for citizens and businesses.



Staff Report



To **Committee of the Whole**

Service Area Public Services

Date Tuesday, June 5, 2018

Subject **Fixed Gear Brewing Company – Manufacturer’s
Limited Liquor Sales Licence Application**

Report Number PS-2018-24

Recommendation

1. That Council support Fixed Gear Brewing Company’s application to the Alcohol and Gaming Commission of Ontario for a Manufacturer’s Limited Liquor Sales Licence for their brewery located at 20 Alma Street South as set out in Report # PS-2018-24 dated, June 5, 2018.

Executive Summary

Purpose of Report

To seek a Council resolution supporting Fixed Gear Brewing Company’s application for a Manufacturer’s Limited Liquor Sales Licence from the Alcohol and Gaming Commission of Ontario

Key Findings

The Alcohol and Gaming Commission of Ontario issues licences to Ontario wineries and breweries allowing for the on-site sale and consumption of their products to promote their products, enhance a tourist experience of their facility, and/or to provide public education.

When submitting an application to the Alcohol and Gaming Commission, wineries and breweries wishing to sell their alcohol by the glass on-site must submit proof that the municipal council in which the brewery operates has passed a resolution supporting the issuance of a Manufacturer’s Limited Liquor Sales Licence.

Fixed Gear Brewing Company is currently applying to be licensed by the Alcohol and Gaming Commission of Ontario (AGCO) for both an On-Site Brewery Retail Store Authorization and a Manufacturer’s Limited Liquor Sales Licence. The brewery has indicated the on-site sale of alcohol by the glass would assist in showcasing their product offerings to the public.

Financial Implications

There are no financial implications with this report.

Report

On March 22, 2018 correspondence was received by the Licensing Division of the Bylaw Compliance, Security and Licensing Department from Mike Oosterveld, Fixed Gear Brewing Company (ATT-1) requesting a Council resolution in support of their application for a Manufacturer's Limited Liquor Sales Licence to allow them to showcase their products. The Municipal Information for a Retail Store Authorization was submitted February 14, 2018 (ATT-2).

In general, Ontario breweries and wineries holding this category of licence are permitted to sell and serve the alcohol they manufacture by the glass. Beer or wine may only be sold between the hours of 11:00 a.m. and 9:00 p.m., daily. Guests are only permitted to carry and consume alcohol on-site as approved under the liquor licence.

Staff from Building Services were consulted and have no conditions to apply to this licence, as the location is B.4 and zoning allows manufacturing and factory sales outlet (tasting). "By the Glass" would be permitted by the Zoning Bylaw. Guelph Police Service were also consulted and did not voice an objection to the resolution requested (ATT-3).

Staff concur sales by the glass will assist in showcasing the products of Fixed Gear Brewing Company and, therefore, do recommend that Council pass a resolution of support for Fixed Gear Brewing Company's application for a Manufacturer's Limited Liquor Sales Licence.

With respect to public notice, typically, the City does not provide communications on these types of matters, however, once a liquor licence application has been received and reviewed by a Licensing Officer of the AGCO, the AGCO will determine if advertising of this application will be required.

Financial Implications

There are no financial implications with this report.

Consultations

Pat Sheehy, Planning, Urban Design and Building Services
Guelph Police Service

Corporate Administrative Plan

Overarching Goals

Service Excellence

Service Area Operational Work Plans

Our Services - Municipal services that make lives better

Attachments

- ATT-1 Letter for request from Mike Oosterveld, Fixed Gear Brewing Company,
dated March 22, 2018
ATT-2 Copy of Municipal Authorization for a Retail Store
ATT-3 Memo from Guelph Police

Report Author

Ashley Crowder, Supervisor, Customer Relations & Program Support



Approved By

Doug Godfrey
General Manager
Operations Department
519-822-1260 ext. 2520
doug.godfrey@guelph.ca



Recommended By

Colleen Clack
Deputy CAO
Public Services
519-822-1260 ext. 2588
colleen.clack@guelph.ca

Fixed Gear Brewing Company
20 Alma St South. Guelph
mike@fixedgearbrewing.com 519-823-9835



March 22nd 2018

Security and Licensing
Operations Department
City of Guelph

This letter is written with intent to advise you of our application for an addition to our current Manufacturers Liquor License (#MFB1033503) and Federal Excise License (#54-4-1208). As part of our application to the Alcohol and Gaming Commission of Ontario, we require a resolution of council in support of our application.

This additional license is granted by AGCO and described as follows:

"Wineries and breweries may make an application to the AGCO for a Manufacturer's Limited Liquor Sales License ("By the Glass") to sell and serve their products for conveyance and consumption on their manufacturing site where the sale is primarily aimed at promoting the manufacturer's product and either providing an enhanced tourist experience or fulfilling an educational purpose".

This same license has previously been granted to Royal City Brewing, Wellington Brewery, F&M Brewing as well as Sleeman's. It has proven to be beneficial in promoting tourism, educating consumers and enhancing the overall craft beer experience.

If you have any questions please contact me directly.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Oosterveld", is written over a horizontal line.

Michael Oosterveld/Owner Operator

Fixed Gear Brewing Company



New Application - Manufacturer's "By the Glass" Licence - Brewery

QUESTIONS

Note:

1. For Special Occasion Permit (SOP) questions, please contact helloLCBO at 1-800-668-5226 (toll free) or 416-365-5900.
2. For inquiries regarding all other applications, please contact the AGCO Customer Service at 1-800-522-2876 (toll free) or 416-326-8700.

Before submitting this application, please answer the following questions:

Corporation

1. Does the entity have more than one shareholder? ☐ Yes ☒ No

Manufacturer's "By the Glass" Licence - Brewery

1. Brewery Manufacturer's Licence Number



2. Who will manage the day-to-day operations of the sale and service of beer?

DOCUMENTS TO ATTACH

The document(s) below are needed for this application.

Documents marked as "Yes" under "Required?" must be uploaded in order to submit your application. Other documents may be provided at any time during the application process.

Documents may be submitted in image formats. Please click the "Upload File" button below to attach files.

Document Type	Description	Sample Form	Required?
Municipal Resolution - "By the Glass" Licence	Written notice from the council of the municipality within which the applicant's manufacturing site is located, confirming that it has passed a resolution in support of the issuance of the licence.	(n/a)	Yes
Applicable to corporations only			
 Signature of Applicant - Corporation	For the purpose of obtaining the signature of individual(s) with binding authority in a corporation. You must use the sample form provided.	Open	
Signature of Applicant represented by Agent/Rep.	For the purpose of obtaining the signature of an applicant represented by Agent(s) / Representative(s). You must use the sample form provided.	Open	
Signature of Partner(s)	For the purpose of obtaining the signatures of all partners in a Partnership/Limited Partnership. You must use the sample form provided.	Open	
 Site Plan - "By the Glass" Licence	A site plan of the property which outlines in red, the area(s) in which the manufacturer is applying to have the sale, service and consumption of its products take place. Please note that the area(s) must be under the sole control of the manufacturer and located on or immediately adjacent to the manufacturing site of the applicant.	(n/a)	
Supplementary Document	Any additional document(s) which could help in the review process.	(n/a)	

UPLOADED DOCUMENTS



 Upload File

* Document Type		File Name	Uploaded Date	
Open	<div>Signature of Applicant - Corporation</div>	Corp Signature of Applicant.pdf	2018-03-02 03:00:41 PM	 Remove
Open	<div>Site Plan - "By the Glass" Licence</div>	By The Glass Facility Layout.docx	2018-03-16 11:41:22 AM	 Remove

TERM

Please select a renewal option:

- Option 1 is for a 2 year term
 - New & Renewal Application - \$450
- Option 2 is for a 4 year term
 - New & Renewal Application - \$900

☒ Option 1 ☐ Option 2

ERRORS ON APPLICATION

The following errors need to be fixed before you can submit your application.



Fix A document of type "Municipal Resolution - "By the Glass" Licence" is required.



Municipal Information for a Retail Store Authorization

Renseignements municipaux pour une autorisation de magasin de détail

Return completed form to:
Alcohol and Gaming
Commission of Ontario
90 Sheppard Ave. E.
Suite 200
Toronto ON M2N 0A4

Envoyer cette formule
dûment remplie à la :
Commission des alcools
et des jeux de l'Ontario
90, avenue Sheppard Est
Bureau 200
Toronto ON M2N 0A4



- Complete Section 1 of this form
- Take the form to your local municipal office to have a municipal clerk or delegated official complete Section 2.

- Remplir la section 1
- Porter la formule au bureau municipal le plus proche et faire remplir la section 2 par un(e) secrétaire municipal(e) ou un(e) fonctionnaire délégué(e).

Section 1 - Application Details - to be completed by applicant / Détails de la demande - à remplir par le demandeur

Retail Store Name / Nom du magasin de détail FIXED GEAR BREWING COMPANY	Telephone Number / N° de téléphone (519) 823-9835
Contact name / Nom de la personne-ressource MICHAEL OOSTERVELD	Contact's Telephone Number / N° de téléphone de la personne-ressource (647) 409-3998

Exact location of retail store (not mailing address - street number and name, city or lot no., concession and township) /
Emplacement exact du magasin (pas l'adresse postale - numéro et nom de la rue, ville ou numéro du lot, concession et canton)

20 ALMA ST SOUTH. GUELPH, ONTARIO. N1H5W5

Type of Retail Store Authorization / Type de magasin visé par la demande

- ☐ Winery
Magasin d'établissement vinicole
- ☒ Brewery
Magasin de brasserie
- ☐ Distillery
Magasin de distillerie
- ☐ Brewers Retail Inc.
Magasin de la société Brewers Retail Inc.

Section 2 - Municipal Clerk's Official Notice of Application for a Manufacturer's Retail Store Authorization in your Municipality - to be completed by the Municipal Clerk Municipal Clerk - Please confirm the "wet/damp/dry" status below.

Section 2 - Avis officiel de demande pour un magasin de détail du fabricant dans la municipalité à l'intention du (de la) secrétaire municipal(e) - à remplir par le (la) secrétaire municipal(e) Secrétaire municipal(e) - Veuillez confirmer le statut de la région ci-dessous.

Name of village, town, township or city where taxes are paid / Nom du village, du canton ou de la ville où sont versées les taxes

City of Guelph

Has this area been amalgamated or annexed?

If yes, / Dans l'affirmative, s'agit-il

La région a-t-elle été fusionnée ou annexée ?

- ☒ No / Non
- ☐ Yes / Oui
- ☐ Amalgamation / d'une fusion ?
- ☐ Annexation / d'une annexion ?

Date of Amalgamation or Annexation / Date de fusion ou d'annexion :

Former Name / Ancien nom :

Is the area where the retail store is located / La vente de boissons alcooliques est-elle autorisée dans la région où se trouve l'établissement ?

- ☒ Wet (for the retail sale of beverage alcohol)
Oui (vente et consommation de boissons alcooliques)
- ☐ Damp (for the retail sale of beverage alcohol)
Oui (vente de boissons alcooliques seulement)
- ☐ Dry
Non

Signature of municipal official / Signature de (de la) représentant(e) municipal(e)

Title / Poste

CITY CLERK

Address of municipal office / Adresse du bureau municipal

Date

FEB 26 2018



PRIDE  SERVICE  TRUST

Memo

To: Deputy Chief Martin

From: Insp. Scott Green

Date: March 29, 2018

Re: Fixed Gear Brewing Company – Council Resolution Request

Sir;

On the 29th of March 2018, I attended to 20 Alma St., South, Guelph, the location stated for the Fixed Gear Brewing Company, in order to assess the application by that company for a “by the glass application”. This application is an addition to their Manufacturers Liquor Licence.

The building at 20 Alma St., South, will in fact be the home to Fixed Gear Brewing Company, but at this time is still in the construction and building phase of operation. On location at that time was the owner, Michael Oosterveld [REDACTED], who explained his business and application to me. Mr. Oosterveld is a lifelong Guelph resident and has a dream of operating his own brewery. He has acquired the appropriate licences, as described in his application and hopes to have his first product brewed and for sale by June 2018. He hopes to obtain the ‘by the glass’ licence which would permit him to offer small samples of his product to customers. The samples are served in a ‘flight’ of glasses which consists of three small glasses, approx. four ounces in each. The maximum sample, per flight, would be 12 ounces.

Mr. Oosterveld has what I feel is a solid plan for his business and is gradually gearing up to start brewing. He has no criminal record or negatives inter-action with the police. His application is to provide an experience to customers, no different than what is offered by other breweries in the City of Guelph.

I see no reason for the Guelph Police Service to deny our support for his application.

Respectfully submitted,

Scott Green – Inspector, Field Support

Staff Report



To	Committee of the Whole
Service Area	Public Services
Date	Tuesday, June 5, 2018
Subject	Paramedic Services Response Time Performance Plan for 2019
Report Number	PS-2018-25

Recommendation

1. That the Paramedic Services Response Time Performance Plan for 2019 be set as recommended by staff in Report # PS-2018-25, dated June 5, 2018.

Executive Summary

Purpose of Report

To provide a report on the performance of the Paramedic Service against the 2017 Response Time Performance targets, as set by Council, and to establish a Response Time Performance Plan (RTPP) for Paramedic Services for 2019 as required by Provincial Legislation.

Key Findings

In 2017 Guelph Wellington Paramedic Services (GWPS) was generally able to meet the targets and compliance rates as set by Council. The targets set do not compare favourably with some paramedic response times in comparator municipalities, as the service is challenged by a relatively large rural area and increasing call volumes.

Financial Implications

There are no direct financial implications from this report. Any financial implications arising as a result of the need to meet response time performance targets will be brought forward as part of the 2019 budget process.

Report

Provincial Legislation requires that Council set the target performance levels for the Paramedic Services for each year by October 31 of the preceding year, and to inform the Ontario Ministry of Health of the actual performance results by March 31 of the following year.

Performance targets are set in the form of a Response Time Performance Plan (RTPP), which establishes a target response time and compliance level to that target for each of five (5) categories of medical emergencies. The categories are based on the severity of the patient's illness or injury and defined based on the Canadian Triage Acuity Scale (CTAS).

The five levels of CTAS include:

- CTAS 1 – requires resuscitation (i.e. cardiac arrest)
- CTAS 2 – requires emergent care (i.e. major trauma)
- CTAS 3 – requires urgent care (i.e. mild shortness of breath)
- CTAS 4 – requires less urgent care (i.e. minor trauma)
- CTAS 5 – requires non-urgent care (i.e. sore throat)

A sixth target is required measuring the response times to a call for a patient suffering a sudden cardiac arrest, and is different than CTAS 1 as it includes non-paramedic responders using defibrillators. The target of six (6) minutes has been set by the Ministry of Health and Long Term Care (MOHLTC) but the compliance rates to that standard can be set by Council.

Response times are important for Paramedic Services in order to ensure effective pre-hospital patient care. The timely intervention of paramedics in providing care can improve the overall condition and outcome of a patient suffering from a potentially life threatening event.

The purpose of the Response Time Performance Plan is to provide accountability and transparency around the provision of Paramedic Services by defining for residents a reasonable expectation of ambulance response times in their area.

Performance in 2017

Guelph Wellington Paramedic Services utilizes best practices in staffing and deploying available resources strategically so as to provide the best response time to emergency calls.

Response times for the service have been improving with the interventions approved by Council over that past several years. The service was able to generally meet the targets set by Council for 2017. Recent enhancements approved by Council include the increase of staffing hours in the Township of Erin, which took effect in January of 2017, and the increase in staffing hours in the City of Guelph which took effect in January of 2018. Unfortunately the full positive effects of these enhancements has been partially offset by continuing increases in call volumes – increasing by approximately 11% in 2017 over 2016 numbers.

The table below illustrates Council's approved RTPP for 2017, and Guelph Wellington Paramedic Services' compliance with its response time targets. The paramedic service was required to report these results to the Ontario Ministry of Health by March 31, 2018.

CTAS Category	Response Time Target	Compliance Rate as approved by Council (October 2016)	Compliance Rate
Level 1	8 minutes (set by MOHLTC)	65%	66.7%
Level 2	10 minutes	75%	77.3%
Level 3	15 minutes	90%	90.5%
Level 4	15 minutes	90%	89.5%
Level 5	20 minutes	90%	95.7%
Sudden Cardiac Arrest	6 minutes (set by MOHLTC)	65%	62.2%

Table Notes:

- The RTPP is a good retrospective measurement of performance, but is less useful as a planning tool. The service needs to attempt to arrive at all calls as quickly as possible because the severity of *the patient's condition (and therefore their CTAS level)* cannot be verified before a paramedic arrives.
- CTAS 3, 4 and 5 patients are not critically ill or injured and paramedic response times to patients in these categories have less of an impact on patient outcome. Response time targets at these levels, if delayed beyond the target, primarily effect patient satisfaction.
- The response time performance for Sudden Cardiac Arrest involves multiple agencies and public access defibrillators. The actual response times of public access defibrillators are often difficult to capture consistently.

Comparator Ambulance Services

The Ministry of Health website displays the targets and the actual performance of all paramedic services in Ontario for 2013 through 2016 (2017 results are not yet posted). Guelph Wellington Paramedic Services' actual compliance rate for CTAS 1 and 2 targets remain below the average targets and compliance achieved by comparator services.

GWPS is challenged to achieve improved response times by the relatively large geography and rural nature of Wellington County. Other pressures on the service include increasing call volumes attributed to an aging population, increasing population and the community efforts to allow aging at home and recovery at home from serious illnesses (earlier discharge from hospital).

Guelph Wellington Paramedic Service Master Plan

In 2016, a consultant was engaged to review the station locations and staffing using a sophisticated computer modelling process. This review provided some

guidance on necessary steps that will be required in meeting the needs of the community through 2026.

The final report was used to develop a five-year master plan for the paramedic service that has previously been presented to Council. That plan outlines recommended incremental enhancements to the service and relocation of some paramedic stations. Each change will be brought forward to Council for approval in the budget process for the proposed year of introduction.

Recommendations for the 2019 Response Time Performance Plan

Although recent interventions have demonstrated a trend toward some improvement in response times, staff are unable to provide Council with assurance that the service will be able to exceed targets and compliance rates set for previous years. Staff recommend maintaining the current RTPP targets and compliance rates for 2019:

2019 RTPP	Response Time Target	Compliance Rate Recommended to Council
CTAS Level 1	8 minutes (set by MOHLTC)	65%
CTAS Level 2	10 minutes	75%
CTAS Level 3	15 minutes	90%
CTAS Level 4	15 minutes	90%
CTAS Level 5	20 minutes	90%
Sudden Cardiac Arrest	6 minutes (set by MOHLTC)	65%

Guelph Wellington Paramedic Service will continue to strive to meet or exceed these targets and compliance rates using best practices in deployment strategies and practices.

Financial Implications

There are no direct financial implications associated with this report.

Consultations

The Response Time Performance Plan will be provided to the Ontario Ministry of Health and Long Term Care. It will subsequently be posted on their website. It will also be posted on the City's website Guelph.ca under the Guelph Wellington Paramedic Service link.

The County of Wellington will be provided with a copy of this report. Staff will attend a meeting of their Social Services Committee to explain the RTPP standards.

Corporate Administrative Plan

Overarching Goals

Service Excellence

Service Area Operational Work Plans

Our Services - Municipal services that make lives better

Attachments

N/A

Departmental Approval

N/A



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Staff Report

To **Committee of the Whole**

Service Area Public Services

Date Tuesday, June 5, 2018

Subject **Boulevard Maintenance Service Review**

Report Number PS-2018-26

Recommendation

1. That staff be directed to proceed with the implementation of the recommendations outlined in Report # PS-2018-26 "Boulevard Maintenance Service Review" dated June 5, 2018
2. That boulevard maintenance service continue to be provided at the current service level (ten-day turf maintenance cycle) with the current method of delivery (in-house service).

Executive Summary

Purpose of Report

To report the findings of the business service review of boulevard maintenance services within the city.

Key Findings

Current service level is a ten-day turf cycle of 371 boulevards and medians and 14 cul-de-sacs. Guelph's service level and net cost to provide boulevard maintenance is in-line with comparator municipalities, including those using contractors. Overall there is a 73 per cent satisfaction rating with current boulevard maintenance services. The results do not support a recommendation to increase service levels to include all residential cul-de-sacs within the city.

To ensure consistency in service and optimize efficiency, through the use of existing routes, resourcing and equipment, boulevard maintenance service should be increased to include the 104 hardscaped medians. A pilot program of 10 medians will be conducted within the 2018 operating budget, and the full expansion will be brought forward for consideration as part of the 2019 budget process.

Financial Implications

Should direction be given to increase the current service level to include the 143 residential cul-de-sacs (currently not maintained by the City), the operating impact could be \$137,169 per season. In addition, capital costs of \$26,370 for equipment would be required in the first year. Alternatively a third-party contract could have

an operating impact of \$70,000 to \$160,000, based on data from comparator municipalities.

Establishing a service level for maintenance of hardscaped medians of twice per season, translates into an estimated annual operating impact of \$13,677, which will be brought forward as part of the 2019 budget for consideration.

The cost of conducting this service review was limited to the hiring of a third-party engagement company to conduct a statistically significant survey, at a cost of \$6,411 funded from the Business Process Management department's 2017 operating budget.

Report

Background

Boulevard maintenance service was selected as one of three pilot reviews for the Business Service Review Framework Implementation¹. A business service review looks at what we do well and what needs to change; it studies the effectiveness and efficiency of our services to make sure these services are the best for the City and our citizens, while supporting long-term financial sustainability. This review was undertaken utilizing the Council-approved Business Service Review Framework².

Within the Public Services service area, the Parks Operations and Forestry division is responsible for boulevard maintenance services in the city. *Definition: boulevard maintenance is the maintenance of living elements located on boulevards, traffic islands and medians.*

This work is completed by two units: Turf and Sports Fields (Turf), and Horticulture and Infrastructure (Horticulture). Mowing and trimming of grass are the responsibility of Turf while Horticulture maintains any planting beds, including shrubs. In total, 371 boulevards and medians³, 157 cul-de-sac traffic islands, 104 hardscaped medians and 39 landscaped medians and/or planters were part of the review.

The current service level is a ten-day turf cycle of the 371 boulevards and medians and 14 cul-de-sacs.⁴

Review scope

The review assessed the services and processes related to the tending of green elements (grass, horticulture and weeds) in the structures located in right of ways (i.e. boulevards, medians and traffic islands). These structures were either softscaped (i.e. finished with turf and/or landscaped with plantings) or hardscaped structures (i.e. finished with non-living materials such as pavers, concrete or

¹ Report CS-2016-82, November, 2016

² Report CS-2016-61, October 2016

³ Does not include boulevards that are adjacent to a park, as they were considered part of the park service

⁴ 14 cul-de-sacs include non-residential, public space, roundabout or traffic island, park entrances, and areas requiring traffic control)

asphalt). The review also included cul-de-sacs which are currently the responsibility of the surrounding residents to maintain.

Structures were defined as follows (Figure 1: Diagram of terminology):

Boulevard refers to the area of a roadway between the edge of pavement or curb of the roadway and the adjacent property line of the roadway, excluding the sidewalk.

- Residential boulevards run along the front of private properties, and are the responsibility of the resident and/or property owner. Boulevards in front of commercial and industrial properties are also considered private and are the responsibility of the property owner to maintain
- The City maintains boulevards that abut City parks and facilities, as well as reverse boulevards adjacent to private property, which are any boulevards that run along the rear of properties

Cul-de-sac refers to the traffic island located in the end-point of a cul-de-sac. Cul-de-sacs may either be planted with grass and/or other plantings or hardscaped.

Median refers to the paved and planted area which separates traffic travelling in opposing directions, including traffic islands used for control of traffic movements (e.g. traffic calming).

- **Green median** refers to medians and islands planted with turf
- **Landscaped median** refers to medians and islands planted with plants (annuals and/or perennials) and shrubs
- **Hardscaped median** refers to medians and islands that are finished with non-living materials such as pavers, concrete, asphalt, etc.

Figure 1: Diagram of terminology



The scope of the review excluded:

- Tree planting and maintenance on any boulevards, medians and traffic islands
- Boulevards located in front of private residences which are the responsibility of the adjacent resident to maintain
- Boulevards adjacent to a park, which are considered and maintained as part of the park
- Horticultural displays located within Civic Precincts (i.e. City Hall, Provincial Offences Court, Guelph Central Station, Civic Museum and the Guelph Farmers Market)
- Development planning for boulevards
- Winter maintenance, repairs and maintenance of solid surfaces, such as cracks in the concrete, heaving of pavers, etc.
- Installation or maintenance of hardware (e.g. streetlights, utility boxes, street signs, etc.) on any boulevards, medians and traffic islands
- Installation and maintenance of hydro, gas or other utilities
- Enforcement of property standards

Benchmarking

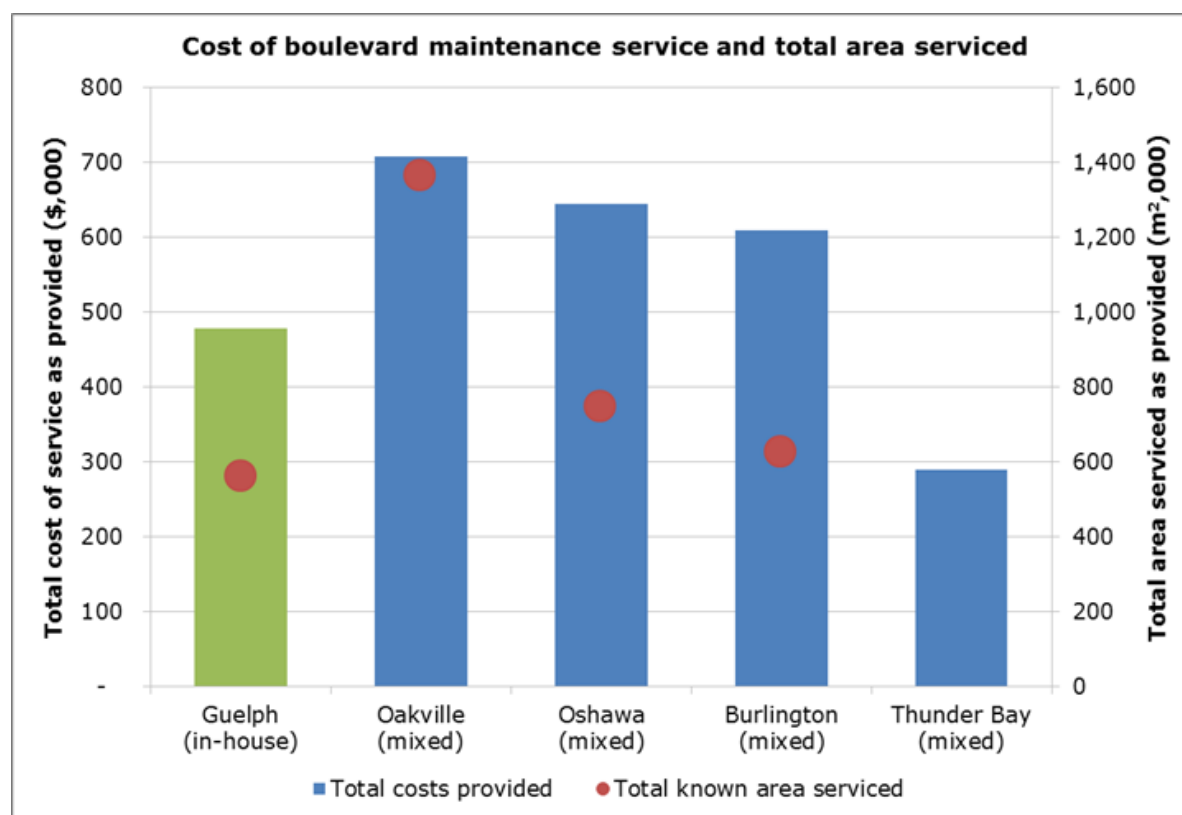
Twenty-five comparator municipalities (from the Council-approved comparator list) were approached to participate in the benchmarking. Participants included Barrie, Burlington, Hamilton, Kingston, Oakville, Oshawa and Thunder Bay. All participating municipalities provide similar services to Guelph at comparable levels. Of the comparators, only one other municipality performs all work in-house. Others use a combination of City and contractor staff to provide mowing and/or landscaping services.

Four municipalities shared their operating and contract costs. Of these, Burlington is closest in size with a similar area of serviced boulevards to Guelph. On a per metre cost, Guelph's net cost is lower. Contract management or administration costs were not provided, which could increase the cost for municipalities using contractors.

	Service Method	Total Known Area Serviced (m ²)	Net Costs (as provided)
Guelph	City	559,392	\$477,739
Barrie	City	Not provided	Not provided
Burlington	Mixed	624,154	\$609,471
Hamilton	Mixed	Not provided	Not provided
Kingston	Mixed	Not provided	Not provided
Oakville	Mixed	1,362,500	\$708,000
Oshawa	Mixed	747,502	\$644,021
Thunder Bay	Mixed	Not provided	\$209,000

Note: Mixed service method indicates the use of both contracted services and in-house staff.

Figure 2: Municipal Comparator cost and service area comparison



Overall, Guelph's service level and net cost to provide both turf maintenance and landscaping for boulevards and medians is in-line with comparator municipalities, including those using contractors.

Community engagement

A third-party engagement company was retained to conduct a statistically significant telephone survey⁵ to determine resident satisfaction with the way boulevards, traffic medians and cul-de-sacs are maintained, desired improvements and satisfaction with how the City has responded to resident concerns. The survey also sought residents' input specifically on cul-de-sac maintenance.

Overall, the majority (73 per cent) of respondents were satisfied with the way boulevards, medians and cul-de-sacs are maintained. There was a higher rate of dissatisfaction amongst cul-de-sac residents when compared to the overall results. When asked what improvements they would like to see, almost one-quarter of all the respondents said that no improvements were needed.

⁵ Survey sample size was a total of 600 residents, of which 200 were cul-de-sac residents. The remaining 400 interviews were spread evenly across all six wards.

The survey included specific questions about cul-de-sac maintenance. When asked if the City should spend money to provide this service, overall **52 per cent did not support a service level increase**.

Separating the responses between cul-de-sac and non-cul-de-sac residents, 71 per cent of cul-de-sac residents were in favour versus only 24 per cent of non-cul-de-sac residents.

Cul-de-Sac Service

There are 157 cul-de-sacs in the city of Guelph and the responsibility for mowing 143 belongs to the surrounding residents. Fourteen cul-de-sacs are maintained by the City within the current service level of a ten-day cycle. These 14 are City maintained as they are considered non-residential, public space, roundabout or traffic island, park entrances, or are areas requiring traffic control for safety.

The results from community engagement and data analysis of cost and benefit do not support a recommendation to increase service levels to include all residential cul-de-sacs within the city.

Should direction be given to include the 143 cul-de-sacs in the City's turf maintenance service, options for consideration are outlined below.

Option 1: Providing the service with in-house staff through a service level increase.

- a. The estimated operating impact to increase the current service level is \$137,169 per season. In addition, capital costs of \$26,370 for equipment would be required in the first year.

Option 2: Contract the service to a third-party.

- b. Comparator data indicates the cost for this activity could range from \$70,000 to \$160,000, dependant on area (m²) and service level.
- c. Should direction be given to investigate the third-party option a request for proposal will be developed, following the Procurement By-law (2018) – 20259

If directed to service the 143 cul-de-sacs, the most cost effective option would be brought forward through the 2019 budget process.

Hardscaped Medians

There are 104 hardscaped medians within the city that do not have a defined service level for maintenance (weeding). Currently these medians are maintained (weeded) on an ad-hoc basis. To ensure consistency in service and to optimize efficiency through the use of existing routes, resourcing and equipment, the service level should be increased to include the 104 hardscaped medians.

If Turf establishes a service level of twice per season, 252 hours would be required to perform the maintenance activity. This work translates into an estimated total cost of \$13,677. Staff will pilot this work at ten sites in 2018, which can be

accommodated within the 2018 Council-approved budget . This pilot will help to validate the overall workload impact and to inform the 2019 budget process.

Key findings and impacts

The total cost of service for boulevard maintenance service in 2017 was \$477,739⁶, which is inclusive of both the Turf and Horticulture units. Data analysis indicated the City is meeting its established level of service (ten-day turf cycle) and that overall, the community is satisfied with the services.

This service review focused only on boulevard maintenance, which is a single segment of the entire turf maintenance operation. As such, resourcing and costing calculations do not assess the workload capacity for the entirety of turf and horticulture operations. Based on current growth projections, the city of Guelph is anticipated to grow to a population of 165,000 by 2031. In order to assess the growth impacts on staffing levels and resourcing, a capacity assessment should be completed on turf maintenance and horticulture for the entirety of their services.

The results of the review do not support a change in service levels or service provision methods, as costs are in-line with comparators, customers are overall satisfied with the current service and service levels are being met.

Nine recommendations and opportunities for improvements resulted from this service review. They fall into two categories: operations, and administration and documentation. The recommendations are detailed in the boulevard maintenance technical report provided to management.

Key impacts of the recommendations include:

- Improved efficiency and consistency through service provision transfer for hardscaped medians;
- Improved data and process consistency through standardization;
- Improved confidence in data and performance reporting;
- Improved knowledge retention, training and succession planning;
- Ability to identify growth impacts, such as increased operation or capital costs in advance of development; and
- Improved ability to forecast changes to routes, scheduling and resourcing needs.

Financial Implications

Should direction be given to increase the current service level to include the 143 residential cul-de-sacs (currently not maintained by the City), the operating impact could be \$137,169 per season. In addition, capital costs of \$26,370 for equipment would be required in the first year. Alternatively, a third-party contract could have an operating impact of \$70,000 to \$160,000, based on data from comparator municipalities.

⁶ Net cost of turf and horticulture maintenance extracted from the overall operating budget from both divisions.

Establishing a service level for maintenance of hardscaped medians of twice per season, translates into an estimated annual operating impact of \$13,677, which will be validated through the pilot in 2018 and then brought forward for Council consideration during the 2019 budget process.

The majority of this service review was done using in house resources. The only cost was the hiring of a third-party engagement company to conduct a statistically significant survey, at a cost of \$6,411 funded from the Business Process Management department's 2017 operating budget.

Consultations

Parks Operations Staff
Finance
Information Technology
Human Resources
Corporate Communications
Community Engagement

Corporate Administrative Plan

Overarching Goals

Service Excellence

Service Area Operational Work Plans

Our Services - Municipal services that make lives better

Attachments

N/A

Departmental Approval

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Staff Report



To	Committee of the Whole
Service Area	Public Services
Date	Tuesday, June 5, 2018
Subject	Guelph Transit Special Event Fare Program Update
Report Number	PS-2018-27

Recommendation

1. That the Guelph Transit Special Event Fare be made a permanent program, and that it be reviewed annually as part of our standard fare review.

Executive Summary

Purpose of Report

To provide Council with an update about the Special Event Fare Pilot Program and a recommendation on whether to make it a permanent program.

Key Findings

Special Event Fare program participation was mostly attributed towards Guelph Storm and Guelph Hurricane game dates. The program continues to gain momentum with the public, based on available data as well as social media response and uptake. Accurate data is difficult to assess given the manual reporting nature for this program, however this will be corrected in 2019 with the implementation of the new fare-box system.

Financial Implications

There is no significant financial impact of continuing this program into future years based on the current uptake.

Report

Background

In September 2017, Guelph Transit introduced a reduced fare program to encourage residents to take transit to ticketed events at both the Sleeman Centre and River Run Centre. The fare for this pilot program allowed event ticket holders to pay \$1 cash fare instead of the regular \$3 cash fare per ride. Monthly passes and tickets were not reduced as a part of this program.

Communications

In collaboration with Corporate Communications, an integrated marketing and communications campaign was developed to communicate the program details and benefits to the public. This included print and online ads, communications on the Guelph Transit website, public notices, bus shelter and bus ads.

A robust social media campaign was developed in conjunction with cross promotion with the Sleeman Centre and River Run Centre, to promote the program and discounted service. Reporting on views, shares, retweets and likes for the associated posts have resulted in positive feedback from the public. Tweets generated over 54,000 impressions and 700 engagements (retweets and likes), and Facebook posts generated over 19,400 impressions and over 400 likes.

Implications

Our process of collecting special event fares involved a manual component of recording each passenger boarding utilizing our current fare-box systems, this process involved manual activation of a fare-box button that measured the total amount of reduced fares for each specific event on each day.

The implications involved in this process were that on occasion, the data collected and registered for these events did not correspond with the Special Event Fare dates for each event.

Measurements and Findings

Since the program's implementation, Guelph Transit staff noticed that most boardings were reported and observed during Guelph Storm and Guelph Hurricanes game events, compared to River Run Centre events. It was also noticed that many River Run Centre events occurred on Sunday evenings, and bus service ends at 6:45 p.m., therefore not providing residents with the opportunity to use the bus service during these River Run Centre events.

Taking all assumptions into consideration, the metrics indicate that the Special Event Fare program is positively gaining momentum with Special Event Fare riders. We have noticed an increase in phone calls and emails inquiring about the Special Event Fare program.

Financial Implications

Guelph Transit does not believe there would be any significant financial impacts of continuing this program into future years based on the current uptake. We are currently unable to confirm an actual value at this time due to limitations in our manual process of collecting the data. We believe that Guelph Transit will be in a better position to effectively track data and provide full financial impacts of this program once we have completed the implementation of our new fare-box system in 2019. We will continue to ensure a proactive process is in place to continue collecting manual data up to the implementation of the new fare-box system.

Consultations

Guelph Transit Staff consulted with Legal Services and management staff from Culture, Tourism and Community Investment on the development of this fare program. Parking Services provided comment on the effects of the events on parking facilities in the downtown area and Operations provided feedback on the impact of parking enforcement. Finance was also provided with information on the program.

Corporate Administrative Plan

Overarching Goals

Service Excellence
Innovation

Service Area Operational Work Plans

Our Services - Municipal services that make lives better
Our People- Building a great community together

Attachments

N/A

Departmental Approval

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Staff Report



To	Committee of the Whole
Service Area	Corporate Services
Date	Tuesday, June 5, 2018
Subject	Accountability and Transparency Policy Update
Report Number	CS-2018-47

Recommendation

That the proposed Accountability and Transparency Policy, included as ATT-1 to the report titled Accountability and Transparency Policy Update, dated June 5, 2018, be approved.

Executive Summary

Purpose of Report

To update the Accountability and Transparency Policy to reflect recent changes to related policies and to make administrative changes that ensure consistency with current City practices.

Key Findings

The Accountability and Transparency Policy, a required policy as per section 270 of the Municipal Act, requires an update to reflect Council's adoption of a revised Code of Conduct for Members of Council and Local Boards, the Use of Corporate Resources During an Election Policy, and the Public Notice Provisions Policy. In addition, several administrative changes have been made to ensure that the policy remains up-to-date and consistent with current City initiatives and practices.

This is the first time the Accountability and Transparency Policy has been updated since its adoption in 2007.

Financial Implications

None.

Report

Section 270 of the Municipal Act, 2001 requires that every municipality adopt and maintain a policy with respect to the manner in which the municipality will try to ensure that it is accountable to the public for its actions and the manner in which

the municipality will try to ensure that its actions are transparent to the public. At its meeting on December 17, 2007 Council approved the Accountability and Transparency Policy to fulfill this requirement.

In order to ensure that the Accountability and Transparency Policy remains up-to-date and consistent with current City of Guelph policies, practices, and initiatives, several changes are being recommended. In addition, changes to the Accountability and Transparency Policy are required because of recent amendments to the Code of Conduct for Members of Council and Local Boards, the Use of Corporate Resources During an Election Policy, and the Public Notice Provisions Policy. The proposed changes clarify and refine the policy but do not significantly alter its intent.

A copy of the proposed Accountability and Transparency Policy, with all changes noted in red, is included as ATT-1.

Summary of Proposed changes to the Accountability and Transparency Policy:

- Minor administrative and grammatical changes throughout;
- Definition of 'Council' and 'City Council' added;
- Definition of 'Committee' added;
- Definition of 'Local Board' added;
- The names of several policies and initiatives updated to reflect current practices;
- Disclosure of information section updated to align with the Public Notice Provisions Policy; and
- Procedural By-law, open meetings, and Code of Conduct for Members of Council and Local Boards sections added to reflect current practices.

Financial Implications

None.

Consultations

Executive Team

Corporate Administrative Plan

Overarching Goals

Service Excellence

Service Area Operational Work Plans

Our Services - Municipal services that make lives better

Attachments

ATT-1 Proposed Changes to the Accountability and Transparency Policy

Departmental Approval

N/A

Report Author

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CORPORATE POLICY AND PROCEDURE



POLICY	Accountability and Transparency Policy
CATEGORY	Corporate
AUTHORITY	City Clerk's Office
APPROVED BY	City Council
EFFECTIVE DATE	December 17, 2007
REVISION DATE	May 28, 2018

POLICY STATEMENT

~~The City of Guelph~~Guelph City Council acknowledges that it is responsible ~~to for~~ provide ing good government for ~~theits~~ community ~~stakeholders~~ in an accountable and transparent manner by:

- Encouraging public access and participation to ensure that decision making is responsive to the needs of ~~its constituents~~Guelph residents and receptive to their opinions;
- Delivering high quality services to ~~our constituents~~residents; and
- Promoting the efficient use of public resources.

Accountability and, transparency ~~and openness~~ are standards of good government that enhance public trust. They are achieved ~~through the City by~~ adopting measures ~~that ensure~~ing, to the best of its ability, that all City of Guelph activities and services are undertaken utilizing a process that is open and accessible to its community stakeholders~~processes and services are open and accessible to the public~~. In addition ~~to ensuring openness and accessibility, , wherever possible,~~ the City of Guelph ~~will~~is also committed to engaging ing its stakeholders throughout ~~its the~~ decision making process ~~which will be open, visible and transparent to the public~~.

~~Guelph City Council also acknowledges that there will be matters that due to their very nature must be considered at meetings that are not open to the public, and when these occasions occur, the City of Guelph commits to compliance with the statutory requirements regarding closed meetings under S. 239 of the Municipal Act, 2001 (the Act).~~

PURPOSE

The purpose of this policy is to comply with ~~Section S.~~ 270 of the Municipal Act, 2001 which requires that all municipalities adopt and maintain a policy with respect

to the manner in which ~~the City of Guelph~~they will try to ensure that ~~it is~~they are accountable and transparent to the public ~~accountable to the public for its actions,~~ and the manner in which we will try to ensure that our actions are transparent to the public. This policy will provide guidance for the delivery of the City's activities and services in accordance with the principles as outlined herein.

DEFINITIONS

"Accountability" ~~means t~~—The principle that the City of Guelph will be responsible to its stakeholders for decisions made and policies implemented, as well as its actions ~~and~~or inactions.

"Council" and **"City Council"** mean the City of Guelph's elected representatives, comprised of the Mayor and Ceouncillors.

"Committee" means Committee of the Whole, advisory committee or other committee, sub-committee or similar entity.

"Transparency" ~~means t~~—The principle that the City of Guelph actively encourages and fosters stakeholder participation and openness in its decision-making processes. Additionally, transparency means that the ~~municipality's~~ City of Guelph decision-making process is open and clear to the public.

"Local Board" means a Local Board of the City as defined in the Municipal Act.

POLICY REQUIREMENTS

"A"—Financial Matters

The City of Guelph will be open, accountable and transparent to its stakeholders in its financial dealings ~~as required under the Act~~. Some examples of how the City of Guelph provides ~~such~~ accountability and transparency in ~~its~~ financial matters, are as follows:

- ~~i~~Internal ~~and~~ /external audits;
- budgetary reporting ~~and~~ /statements;
- long-term financial planning;
- public budget approval process;
- ~~asset management~~ Corporate Asset Management Plan;
- purchasing/procurement Procurement By-law;
- Delegation of Authority By-law;
- User Fee By-law; and
- ~~disposition of surplus property~~ Policy for the Sale and Disposition of Real Property Interests.

~~"B"~~ Internal Governance

The ~~municipality's~~ City of Guelph administrative practices ensure specific accountability on the part of its employees through the following initiatives:

- commitment of senior management to ensure that administrative practices and procedures recognize City Council's commitment to accountability and transparency;~~;~~
- performance management and evaluation for employees;
- orientation ~~and~~ / continuing education for both employees and members of Council;
- Code of Conduct for Staff;
- Code of Conduct for Members of Council and Local Boards;
- Use of Corporate Resources during an Election Policy;
- Hiring and Employment of Relatives Policy; and
- Joint Health and Safety Committees.
- ~~work/life balance~~
- ~~compensation/benefit~~

~~"C"~~ Public Participation

The City of Guelph ensures that it is ~~open and~~ accountable and transparent to its stakeholders ~~through by implementing processes creating policies that~~ outlining how, when and under what rules meetings ~~of Council and Ceommittee occur will take place.~~ Council and ~~Ceommittee~~ meetings will be open to the public, ~~when and~~ as required under the Act,~~7~~ and members of the public will have an opportunity to make delegations ~~and/-~~ or submit comments in writing on specific items at these meetings. In addition, the City of Guelph has adopted a Community Engagement Framework which ensures that public engagement can be meaningful and effective by encouraging participation that is:

- inclusive not exclusive;~~;~~
- voluntary;~~;~~
- purpose driven;~~;~~
- respectful of time and financial constraints;~~;~~
- ~~open communication~~
- adaptable;~~;~~
- accessible to information and decision ~~-~~ making;~~;~~
- respectful of ~~for~~ diverse interests;~~;~~ and
- regularly evaluated. ~~These guidelines are available in the City Clerk's Office and on the City's website~~

~~"D"~~ Disclosure of Information

The City of Guelph is committed to the timely disclosure of information ~~by various means including print media, websites, etc. in accordance with the Public Notice Provisions Policy.~~ Notice may be provided through the following methods: ~~Some specific examples include:~~

- publication of agendas;
- posting to the City`s website;
- direct mail delivery-;
- emails;
- newspaper advertisement;
- radio advertisement;
- social media;
- postings at City Hall and/or the applicable venue; and
- any means necessary to provide an accessible notice.
- ~~The City`s website www.guelph.ca~~
- ~~The City News Page~~
- ~~Use of various communication vehicles (newsletters, brochures, print and radio advertising, etc.)~~
- ~~A robust media relations programme~~
- ~~Direct communication with constituents (both verbal and written)~~
- ~~Development of corporate communication strategies~~
- ~~Public meetings and open houses on municipal initiatives~~
- ~~Engagement of the public through an effective public consultation process, so as to receive and not just convey information.~~

The Procedural By-law

The Procedural By-law establishes the rules of order for Council and Committee meetings and ensures a fair and consistent approach to the consideration of City of Guelph business. The Procedural By-law also establishes standards in relation to notice of meetings, distribution of agendas and minutes, resolutions and voting, governance structure and appointments.

Open Meetings

Guelph City Council and Ceommittee meetings are open to the public except as authorized by Section 239 (2) of the Municipal Act.

The Closed Meeting Protocol provides best practices for Council and Committees to follow when considering confidential information in a closed meeting. This protocol outlines practices which go beyond the Municipal Act`s requirements to ensure that City of Guelph business is conducted in the most openaccountable and transparent manner possible.

The City of Guelph has appointed a Closed Meeting Investigator to receive complaints relating to compliance with the Municipal Act and the Procedural By-law during closed meetings. Individuals may submit complaints if they believe that City Council violated the Municipal Act or Procedural By-law in relation to a closed meeting.

Code of Conduct for Members of Council and Local Boards

The Code of Ceonduct for Members of Council and Local Boards (the Code) helps to ensure that members of Guelph City Council and Local Boards of the City of Guelph share a common basis for acceptable conduct.

The City of Guelph Integrity Commissioner (a third-party appointed by City Council) addresses the application of the Code. The Integrity Commissioner has the power to investigate suspected contraventions of the Code and serves as an advisor on appropriate conduct to members.

Individuals may submit complaints to the Integrity Commissioner if they believe a member of Council or a Ceommittee has contravened the Code.

Committee of the Whole One-year Review

May 7, 2018

Background Information

- City Council adopted a Committee of the Whole governance structure in September 2016.
- In May 2017 Council directed staff to undertake a one-year comparative review of the Committee of the Whole and Standing Committee governance structures. This review compared 2015 (Standing Committee) with 2017 (Committee of the Whole).
- The results of that review were used to inform the staff recommendation to continue with a Committee of the Whole governance structure.

Public and Internal Stakeholder Engagement

- The public stakeholder group that was engaged during the initial transition to Committee of the Whole was consulted again.
- Individual meetings were held with all members of Council.
- The results of the comparative one-year review were discussed with the Executive Team and their feedback was incorporated in the recommendation.

What we heard from public and internal stakeholders

- Some members of Council believe 2:00 p.m. start times for Committee of the Whole meetings are a barrier to public engagement.
- The Chairing of Committee of the Whole meetings is confusing and difficult to follow.
- Committee of the Whole meetings, and Council meetings in general, are too long and go too late.

Committee of the Whole vs Standing Committees

- Roughly the same number of delegates were received at Standing Committees and Committee of the Whole (51 in 2015 vs 45 in 2017).
- Fewer Council meetings now go past 11:00 p.m. (five meetings in 2015 vs one in 2017).
- Less total time is spent in Committee and Council meetings (90.5 hours in 2015 vs 66.25 hours in 2017).
- Labour and material costs for printing agendas have decreased significantly (\$21,783.10 in 2015 vs \$7,441.14 in 2017).

Changes to Committee of the Whole Chairing

- Changes proposed to Chairing include:
 - Clearly divide Service Area portions of Committee of the Whole meetings with a ten to fifteen minute break.
 - Move Service Area Chair to centre of Council horseshoe for each respective Service Area portion of the meeting.
- These changes will help avoid confusion regarding who is Chair at a particular point in a Committee of the Whole meeting.
 - No items could be moved between Service Area portions of an agenda (i.e. an item with delegations could not be moved above an item with no delegations if they were from different Service Areas).
- The break would provide time for staff to adjust the voting equipment to reflect a change in seating locations.

Recommendation

That the Committee of the Whole governance structure be continued as outlined in report CS-2018-39, Committee of the Whole One-year Review, dated May 7, 2018.

Staff Report

To	Committee of the Whole
Service Area	Corporate Services
Date	Tuesday, June 5, 2018
Subject	Committee of the Whole One-year Review
Report Number	CS-2018-39

Recommendation

That the Committee of the Whole governance structure be continued as outlined in report CS-2018-39, Committee of the Whole One-year Review, dated June 5, 2018.

Executive Summary

Purpose of Report

To provide a one-year review of the Committee of the Whole governance structure as directed by Council at the May 23, 2017 meeting and for Council to determine the City's governance structure moving forward.

Key Findings

In September 2016, Council implemented a new governance model that transitioned the City from a Standing Committee structure to a Committee of the Whole structure. Council requested a review at the end of a six-month period.

In May 2017, the City Clerk's Office provided the six-month review to Council. The review provided statistics regarding length of meetings, comparator practices and results of a survey of Council members. It recommended that the Committee of the Whole structure remain in place with changes to the Chairing of meetings. In addition, it was recommended that a one-year review be conducted. At that meeting, the recommendations were initially defeated. However, the final decision was to continue with the Committee of the Whole model until a one-year review could be completed.

The one-year review has been completed and staff recommends the continuation of the Committee of the Whole governance structure.

If Council decides not to continue with the current governance structure, and directs staff to revert back to the Standing Committee structure, significant time will be required to make the necessary changes and a clear motion will need to be passed. A change back to the Standing Committee structure will require:

- Communicating and educating the public regarding the change;
- Establishing the Committee structure, terms of reference and meeting times;
- Appointing members of Council to each of the Committees;
- Revising the Procedural By-law and having it adopted by Council;
- Adjusting departmental and Service Area work plans to reflect new scheduling requirements;
- Setting a new meeting schedule for 2019 and obtaining Council approval for that schedule; and
- Setting new report deadlines for staff and communicating those revised timelines to all Service Areas.

All of these changes will take time to implement, gain approval and communicate. This will be particularly difficult given that the City Clerk's Office will be actively administering the 2018 municipal election. The earliest that a change back to a Standing Committee structure could begin would be with a report to Council early in the 2018 - 2022 term of Council.

Financial Implications

Cost savings have been realized in agenda production and overtime hours and those savings will continue in the future as a result of the transition to the Committee of the Whole. The cost savings can be attributed to fewer agendas being printed, less staff time required to attend evening committee meetings and shorter Council meetings.

If the governance structure reverts back to a Standing Committee structure, there will be costs involved to cover increased overtime for staff attendance at meetings and to provide public education and communication. Printing and paper costs would also increase due to the production of more agendas on a monthly basis.

The City Clerk's Office would likely incur extra overtime costs in 2018 as a result of the work involved to switch the governance structure while administering the municipal election.

Background

Guelph City Council implemented a Committee of the Whole governance structure beginning in September, 2016. The Committee of the Whole governance structure was implemented to provide efficient agenda production, promote an accountable and transparent government, reduce duplication between Committee and Council and provide a predictable meeting schedule.

At the June 2016 meeting when the Committee of the Whole governance model was approved, staff were directed to conduct a six-month review of the implementation

of the new governance structure and report back to Council. The timelines of this six-month review ran from September 2016 when Committee of the Whole was first implemented to the end of February 2017. Staff believed the six-month transition period did not offer a comprehensive term for review given that the first few Committee/Council cycles could be seen as an adjustment phase. As such, it was proposed that an analysis and review of a full calendar year cycle of Committee of the Whole be conducted with a corresponding report back to Council. Staff has completed that one-year review and their recommendations and findings are contained within this report.

Need for a Governance Structure

A stable and predictable governance structure is important for efficient, accountable and transparent governance. The City's current governance structure is a Committee of the Whole model. At the May 2017 Council meeting, members of Council were divided regarding their view of the best governance structure and requested that staff review the Committee of the Whole structure and report back.

In response, staff conducted a comparison of the last full year of Standing Committee meetings (2015) with the first full year of Committee of the Whole meetings (2017).

Staff's assessment of the effectiveness of the Committee of the Whole includes the following:

- Statistical data relating to meetings;
- Statistical data relating to costs;
- Input from members of Council;
- Input from a public stakeholder group; and
- Input from staff members.

Although there were some valid issues and concerns raised by various stakeholders, staff believe that transitioning away from the Committee of the Whole governance model is not the best course of action. Staff are therefore recommending continuing the Committee of the Whole governance model with adjustments made to how Committee of the Whole meetings are chaired.

Start Time of Committee of the Whole Meetings

Some Council members believe the 2:00 p.m. start time of Committee of the Whole meetings may be a barrier for public engagement for those who have other daytime commitments. The majority of Council did not see this as an issue because delegations can also be made at the monthly evening Council meeting and the start time for the Committee of the Whole is the same as half of the previous Standing Committees.

The number of delegates presenting at the various Standing Committees in 2015 (51) is comparable to the number of delegates presenting to Committee of the Whole in 2017 (45) which indicates the start time is not an issue for delegates.

City Clerk's Office staff have not received any communication from the public, including the public stakeholder group when specifically asked, that the start time of the Committee of the Whole is an issue or concern. When asked, only one member of Council advised that they had received any feedback regarding the start time being an issue.

City Clerk's Office staff have met with Rogers production personnel and they have been supportive of the Committee of the Whole transition. Having a single Committee of the Whole meeting monthly, instead of four or more Standing Committee meetings, allows Rogers to broadcast Committee meetings. Despite this, Rogers has been unable to broadcast all of the Committee of the Whole and Council meetings.

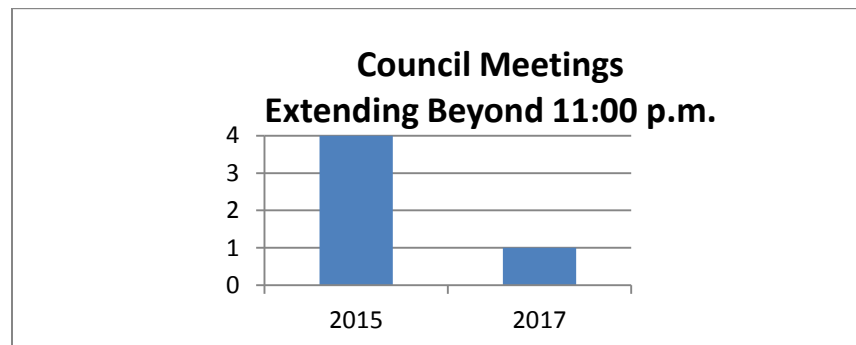
Budget approval was received for live streaming as part of the 2018 budget and staff are working toward implementing a live streaming system in the Council Chambers by the end of 2018.

Length of Committee of the Whole Meetings

The City's Closed Meeting Investigator, in their recent report on a December 2015 meeting, stated that:

"It is acknowledged that it can be understandably difficult to resist going 'just a little longer'— but continuing to 1:40 a.m. is rarely ideal."

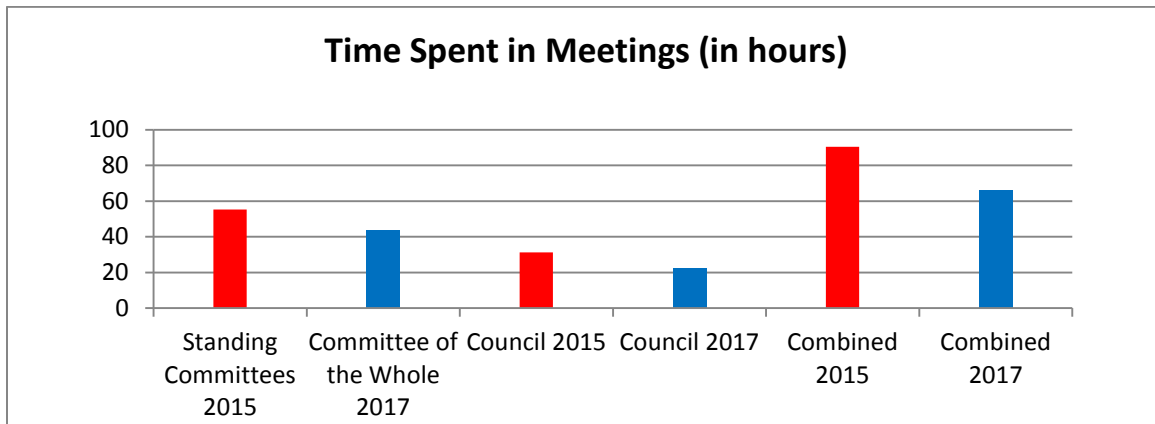
This highlights the benefit of an earlier start time so that Committee of the Whole and Council have the appropriate time needed to address their agendas.



Some Council members noted that Committee of the Whole meetings are lengthy. Council members acknowledged that they could reduce meeting time by requesting information from staff in advance of meetings and by reducing their commentary during meetings. It was also noted that an increased number of recognition presentations to staff could possibly be reduced by announcing them under the Chair and Staff Announcements. Following further consultation with the Executive Team and acknowledging the importance of recognition presentations, the Executive Team recommends that such presentations remain in place.

Although Committee of the Whole meetings may be lengthy, Council meetings were consistently shorter in length in 2017; and the overall result is fewer meetings than under the Standing Committee governance structure and less total time spent in meetings on a monthly basis. It should be noted that shorter meetings and less time in meetings may not be perceived as a positive outcome.

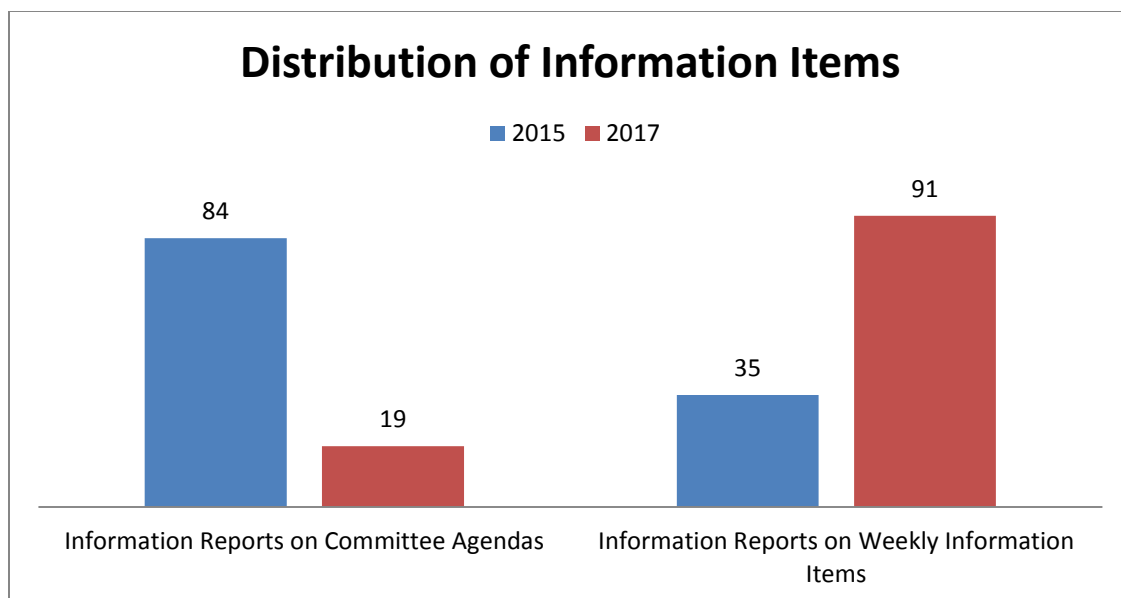
Data indicates fewer hours have also been spent in Committee of the Whole meetings versus Standing Committee meetings.



Due to the length of the meetings, the start time, and the attendance of all members of Council at the Committee of the Whole meetings, it was noted that it might be easier for a member to miss a meeting or leave early as there would not be a quorum issue if they do not participate on a particular matter or vote.

Another component to the reduction of time spent in meetings is a result of the recommendation made at the time the change to the Committee of the Whole structure that directed Information Reports to be placed within the Weekly Information Items and removed from Council and Committee of the Whole agendas.

In 2015, 84 Information Reports went to Committee or Council meetings and only 35 reports were placed in the Weekly Information Items package. In 2017, 19 Information Reports went to Committee of the Whole or Council and 91 reports were placed in the Weekly Information Items package. Only 2 of the 91 reports were placed on a subsequent Council meeting agenda by a member of Council. This resulted in saving the time associated with the discussion of 89 Information Reports at Committee of the Whole.



Delegations at Committee and/or Council meetings

There was concern that duplication of delegations could occur between Committee and Council meetings. Despite this, there has been a reduction in the number of delegations speaking to both Committee and Council. In 2017, the number of delegations speaking at both Committee and Council meetings was 45% lower than the number of delegations that spoke at Committee and Council under the previous structure. Staff believes this is partly due to all members of Council being present at Committee of the Whole and Council rather than a subset of Council at Standing Committees.

The overall number of delegations in 2017 was lower, but this could be attributed to the particular issues discussed in a given year, rather than any particular governance structure decision.

As directed by Council in June 2016, delegates are advised that they may also submit their comments in writing and/or register as a delegate at the Council meeting. In doing so, delegates now have two distinct opportunities to be heard by all elected officials which gives them the option of speaking to all of Council during the day or in the evening. In 2017, only five delegations chose to speak at Committee of the Whole and then again at Council regarding the same matter.

NUMBER OF DELEGATIONS		
	2015	2017
Standing Committees	51	n/a
Committee of the Whole	n/a	45
Council	52	29
Total	103	74

Chairing of Committee of the Whole meetings

The Chairing of Committee of the Whole meetings is an area that all members of Council agreed needs improvement; however, the solutions suggested by Council were diverse. The individual at the centre of the Council horseshoe in the Council Chambers has most commonly served as Chair and there is familiarity of this from the perspective of the public. However, the Service Area Chair structure deviates from this and causes confusion on the part of the public, members of Council and staff in recognizing and addressing the appropriate Chair. It is common for the public, members of Council and staff to address the incorrect person as the Chair during a meeting given the switching of Chairs two or more times throughout a meeting. Comments from members of Council support this. It should be noted that the current voting technology in the Council Chambers does not allow for Councillors to change locations during a meeting because votes are tied to a seating configuration and the voting system cannot be changed mid-meeting to reflect seat changes. This makes it difficult to have a Councillor move to the centre of the horseshoe where the Chair would normally sit.

The Council horseshoe is configured such that City Clerk's Office staff are seated next to the Chair to facilitate discussions on procedural matters between the Chair and Clerk. When Chairs are located away from the centre of the Council horseshoe it makes this communication difficult. The perception of who is Chair and managing the meeting is integral to good meeting flow, efficient, accountable and transparent governance and to establishing confidence in the legislative process.

A strong consensus from Council, public stakeholders and City Clerk's Office staff is that one Chair should be in place for an entire meeting. This could be achieved by appointing rotating Chairs in any number of ways. However, most members of Council noted that the Mayor as Chair would be the simplest and preferred solution. With this in mind, some members of Council did express concern about the reduction of responsibility and influence of Service Area Chairs.

The only negative issue noted by the public stakeholder group was related to the changing of Chairs during Committee of the Whole meetings. They recommended that one person act as Chair in the meeting and had no preference as to whether that was the Mayor or another member of Council. They noted confusion during meetings regarding who staff, the public and other members of Council should be addressing at any given point in the meeting. This affects the predictability of Committee of the Whole meeting flow and the efficiency and transparency of the governance system.

Role of the Service Area Chair

Similar to the responses received at the six-month review of the Committee of the Whole, Council members again expressed that the role of the Chair at the Committee level has changed. Previously, Standing Committee Chairs brought forward the work of their Committee at the following Council meeting. This has changed given that all members are now present at Committee of the Whole and

Council meetings and do not necessarily require items to be formally introduced at a Council meeting.

Some Councillors expressed a preference of having a single member of Council maintaining a linkage to a Service Area as is the current practice.

The Executive Team indicated Service Area Chairs are beneficial to moving the various agenda items through the legislative process and would prefer to keep the role of the Service Area Chair as it is currently.

Due to the above-noted considerations, staff recommend adjusting the structure of the Committee of the Whole meetings such that all items brought forward by a Service Area are dealt with before moving on to the next Service Area items, regardless of the presence of delegations or presentations. A short break between each Service Area portion of a Committee of the Whole meeting will allow the Service Area Chair to move to the centre of horseshoe and give City Clerk's Office staff the opportunity to update the seating positions noted in the voting equipment. This will resolve much of the confusion caused by Service Area Chairs remaining in their regular seats during Committee of the Whole meetings.

There is a diverse interpretation of the role of a Chair by Council, staff and the public and City Clerk's Office staff will provide training for Council during the 2018-2022 Council term orientation.

Public Engagement

City Clerk's Office staff, with the assistance of Community Engagement, reached out to the same public stakeholder group that was involved with the Meeting Management Review in 2016. This stakeholder group includes representatives from the Guelph Chamber of Commerce, Downtown Guelph Business Association, local media and a number of citizens familiar with Council/Committee meeting processes and who have delegated under both governance structures.

The group was sent a survey, invited to a public forum and encouraged to provide their comments/concerns via email, telephone or in person. There was very little formal feedback received and the only issue raised by the public stakeholder group was the Chairing of the Committee of the Whole meetings as previously noted.

After review of the statistical data, input from members of Council, the public stakeholder group and the Executive Team, staff recommends that the City continue with the Committee of the Whole governance structure with the above-noted break between Service Area portions of an agenda.

Financial Implications

Cost savings have been realized in agenda production and overtime and these savings will continue as a result of the transition to Committee of the Whole. As a result of changes, the City Clerk's Office and Information Technology overtime

budgets have also been reduced. It should be noted that some savings are due to the moving of Information Reports to the Weekly Information Items and the reduction of hard copy agendas being produced. In 2015, there were 43 hard copies of each agenda printed compared to 18 copies in 2017.

There will be costs involved for public education and communications if Council reverts back to a Standing Committee structure, as well as increased overtime costs for multiple departments due to staff attendance at meetings as well as the educational and communication requirements.

Average Number of Agenda Pages Printed		
	2015	2017
Standing Committees	97	n/a
Committee of the Whole	n/a	80
Council	142	43
Overall Average Total	103	74

	2015 Result	2017 Result
Agenda Printing Costs		
Printing (physical costs)	\$12,278.53	\$1,945.29
Staff Time (labour costs)	\$9,504.57 for 134 agendas (12,310 pages) =\$70.93/agenda (avg)	\$5,495.85 for 93 agendas (6,160 pages) = \$59.10/agenda (avg)

Consultations

City Clerk's Office staff worked with the Community Engagement staff to conduct the public stakeholders meeting and survey. City Clerk's Office staff met with each member of Council individually through Q4 of 2017. Staff also had discussions with members of the Executive Team and members of the Corporate Management Team.

Should Council change the current governance structure, City Clerk's Office staff will meet with the Community Engagement and Communications staff to develop a communication strategy; meet with Executive Team members to establish time frames for meetings, report deadlines, staffing and other administrative details; hold information meetings as necessary for staff across the organization; and will utilize social media and the City website to communicate the changes to the public. A report back regarding the timing of any such transition would occur early in the 2018-2022 term of Council.

Corporate Administrative Plan

Overarching Goals

Service Excellence

Service Area Operational Work Plans

Our Services - Municipal services that make lives better

Our People - Building a great community together

Attachments

ATT 1 – [Meeting Management Review Report](#)

ATT-2 - [Six-Month Committee of the Whole Recap Report](#)

Report Author

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Staff Report



To **Committee of the Whole**

Service Area Infrastructure, Development and Enterprise Services

Date Tuesday, June 5, 2018

Subject **Municipal Funding Agreement – Ontario’s Main Street Revitalization Initiative**

Report Number IDE-2018-88

Recommendation

1. That the Mayor and City Clerk be directed to execute the Municipal Funding Agreement – Ontario’s Main Street Revitalization Initiative as described in report number IDE-2018-88, subject to the content of the agreement being to the satisfaction of the City Solicitor.

Executive Summary

Purpose of Report

The purpose of this report is to:

- Present staff’s recommendation regarding the use of funds provided through Ontario’s Main Street Revitalization Initiative; and
- Seek Council’s authorization to execute a Municipal Funding Agreement for Ontario’s Main Street Revitalization Initiative.

Key Findings

- The Main Street Revitalization Initiative is a \$26 million Provincial fund to help municipal governments undertake main street revitalization activities that support and benefit small businesses.
- The Association of Municipalities Ontario (AMO) has agreed to administer the funding on behalf of the Ministry of Agriculture, Food and Rural Affairs (OMAFRA).
- The intent of the initiative is to allow all lower and single tier municipal governments to be eligible for the allocation of funding.
- The granting of funds was established by OMAFRA without the need for an application or matching funding.
- The initiative empowers municipalities to make investment decisions within the program’s parameters.
- The Corporation of the City of Guelph has been identified as an eligible municipality and has been allocated \$146,180.44

Financial Implications

Municipalities have to March 31, 2020 to spend the funds on an eligible project. During this time, municipalities must earn interest on the Funds so that they have more for the project later.

Municipalities can fund 100% of total project costs with Main Street dollars.

There are a number of initiatives currently underway which will solidify the City's maturing direction of having the asset management plan inform capital budgeting and long-term sustainable planning.

If the Recipient is receiving funds under other programs in respect of an Eligible Project to which the Recipient wishes to apply Funds, the maximum contribution limitation set out in any other program agreement made in respect of that Eligible Project shall continue to apply.

Municipalities only need to report initial upfront anticipated projects for 2018 and then once annually on projects until all the funds are spent.

Report

Background

As of April 1, 2018, municipal governments can invest in revitalization activities that will support small businesses through activities undertaken to revitalize main streets.

Project Criteria

The work can be identified as priorities established through an existing Community Improvement Plan or municipal physical infrastructure priorities identified through other municipal land use planning document for the municipality's main street that involves the construction, renewal, renovation or redevelopment, or material enhancement in each of the following categories:

a) Implementation of priority financial incentives in existing Community Improvement Plans, such as:

- Commercial building façade improvements;
- Preservation and adaptive reuse of heritage and industrial buildings;
- Provision of affordable housing;
- Space conversion for residential and commercial uses;
- Structural improvements to buildings (e.g. Building Code upgrades);
- Improvement of community energy efficiency; and
- Accessibility enhancements.

b) Funding of strategic municipal physical infrastructure such as: a. Signage – wayfinding/directional, and gateway; b. Streetscape and landscape improvements – lighting, banners, murals, street furniture, interpretive elements, public art, urban forestation, accessibility, telecommunications/broadband equipment, parking, active transportation infrastructure (e.g. bike racks/storage, cycling lanes and paths) and pedestrian walkways/trails; and c. Marketing plan implementation – business

attraction and promotion activities, special events. Municipalities can identify projects in one or both categories.

Eligible Costs

The initiative identifies two streams of eligible costs, which include:

- Costs directly and reasonably incurred on or after April 1, 2018 up to and including March 31, 2020 for construction, renewal, or material enhancement activities funded under existing Community Improvement Plan financial incentive programs; and/or,
- Costs directly and reasonably incurred on or after April 1, 2018 up to and including March 31, 2020 for construction, renewal or material enhancement activities funded under the Municipal Physical Infrastructure category, including projects in downtown or main street areas, as defined through an existing Community Improvement Plan or other municipal land use planning policy that will support the success of small businesses in main street areas.

Ineligible Costs

- The program also provides restrictions regarding costs that would be ineligible, which include
- Costs incurred prior to April 1, 2018 or after March 31, 2020; any costs associated with providing any Reports to AMO;
- Any costs associated with lobbying Ontario, including other Ministries, agencies and organizations of the Government of Ontario;
- Costs for infrastructure works in the following categories: highways, short-sea shipping, short-line rail, regional or local airports, and brownfield redevelopment;
- Costs of infrastructure works that does not improve energy efficiency, accessibility, aesthetics or marketability of small business within a main street area;
- Costs of infrastructure works outside of main street areas, as defined through an existing Community Improvement Plan or other municipal land use planning policy;
- The cost of leasing of equipment, any overhead costs, including salaries and other employment benefits of any employees, its direct or indirect operating or administrative costs, and more specifically its costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by its staff, except in accordance with eligible costs above;
- Taxes, to which the municipality is eligible for a tax rebate;
- Purchase of land or any interest therein, and related costs; and,
- Routine repair and maintenance costs.

Financial Implications

- Municipalities have to March 31, 2020 to spend the funds on an eligible project. During this time, municipalities must earn interest on the Funds so that they have more for the project later.
- Municipalities can fund 100% of total project costs with Main Street dollars.
- If the Recipient is receiving funds under other programs in respect of an Eligible Project to which the Recipient wishes to apply Funds, the maximum contribution limitation set out in any other program agreement made in respect of that Eligible Project shall continue to apply.
- Municipalities only need to report initial upfront anticipated projects for 2018 and then once annually on projects until all the funds are spent.

Recommendation

Since the March 15th, 2018 public announcement of Guelph's funding, Business Development and Enterprise has received numerous suggestions regarding the use of these funds. In summary they include the following:

- 1) Repairing and improving the pedestrian walkway behind the Bank of Montreal, specifically with respect to enclosing it so it can be secured at night, and improve the lighting and the general atmosphere.
- 2) Through a competitive application process, award the funds to develop murals or public art at various locations, specifically for the purpose of animating public spaces that supports downtown tourism destination.
- 3) Improving downtown accessibility, specifically with respect to installing ramps into stores.
- 4) Improving downtown way finding signage.

While all of the above suggestions appear to have merit, based on the following feedback received from staff, it is recommended that the funds be used implement Option 4) - Improving Downtown Guelph's way-signing program. The rationale in recommending this option is as follows:

- The Parking wayfinding downtown is dated and not consistent with modern parking wayfinding in other cities. The updating is justified given recent Council commitments to fund the construction of a new parkade, and the other streetscape investments.
- Improving wayfinding is one of the strategic/tactics identified in the Downtown Guelph Strategic Assessment.
- The wayfinding to Downtown is also very dated (i.e. from the city limits directing visitors to the Downtown).
- Wayfinding is about creating a sense of comfort, safety and security for those visiting Guelph, and also those of us who live here. It's not just about aesthetics, but also about the linking of cultural and language diversity, accessibility and inclusive design that benefits everyone.
- Creating a City-wide wayfinding strategy is a priority action in the Council's recently adopted Urban Design Action Plan but currently does not have a budget.
- Wayfinding would further support the community-based tourism development plan, DestinationGUELPH

Options 1, 2 and 3 have not been recommended as it is felt that the level of funding (\$146K) isn't sufficient to implement these options. The implementation of the wayfinding signage program will be coordinated with the Downtown Advisory Committee.

Consultations

- Parks and Recreation.
- Planning Urban Design and Building
- Strategy, Innovation and Intergovernmental Services
- Engineering Capital Infrastructure
- Finance
- Facilities Management
- Culture Tourism Community Investment
- Downtown Advisory Committee

Corporate Administrative Plan

Overarching Goals

Service Excellence
Financial Stability

Service Area Operational Work Plans

Our Services - Municipal services that make lives better
Our People - Building a great community together
Our Resources - A solid foundation for a growing city

Attachments

ATT-1 Municipal Funding Agreement

Departmental Approval

Planning, Urban Design and Building Services
Asset Management Steering Committee



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MUNICIPAL FUNDING AGREEMENT

ONTARIO'S MAIN STREET REVITALIZATION INITIATIVE

This Agreement made as of 1st day of April, 2018.

BETWEEN:

THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO

(referred to herein as "AMO")

AND:

THE CORPORATION OF THE CITY OF GUELPH

(a municipal corporation pursuant to the Municipal Act, 2001, referred to herein as the "Recipient")

WHEREAS the Province of Ontario is making \$26 million available for allocation for the purposes of supporting municipal Main Street Revitalization Initiatives in Ontario;

WHEREAS the Province of Ontario, Ontario municipalities as represented by AMO are signatories to Ontario's Main Street Revitalization Initiative Transfer Payment Agreement on March 12, 2018 (the "OMAFRA-AMO Agreement"), whereby AMO agreed to administer Main Street Revitalization funds made available to all Ontario municipalities, excluding Toronto;

WHEREAS the OMAFRA-AMO Transfer Payment Agreement contains a framework for the transfer of provincial funds to Ontario lower-tier and single-tier municipalities represented by AMO;

WHEREAS the Recipient wishes to enter into this Agreement in order to participate in Ontario's Main Street Revitalization Initiative;

WHEREAS AMO is carrying out the fund administration in accordance with its obligations set out in the OMAFRA-AMO Agreement and it will accordingly undertake certain activities and require Recipients to undertake activities as set out in this Agreement.

THEREFORE the Parties agree as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 **Definitions.** When used in this Agreement (including the cover and execution pages and all of the schedules), the following terms shall have the meanings ascribed to them below unless the subject matter or context is inconsistent therewith:

“Agreement” means this Agreement, including the cover and execution pages and all of the schedules hereto, and all amendments made hereto in accordance with the provisions hereof.

“Annual Report” means the duly completed report to be prepared and delivered to AMO as described in Section 7.2 and Section 2 of Schedule D.

“Association of Municipalities of Ontario (AMO)” means a legally incorporated entity under the Corporations Act, 1990 R.S.O. 1990, Chapter c.38.

“Communication Report” means the duly completed report to be prepared and delivered to AMO as described in Section 7.1 and Section 1 of Schedule D.

“Community Improvement Plan” has the meaning as defined under section 28(1) of the Planning Act, R.S.O. 1990, c. P.13.

“Contract” means an agreement between the Recipient and a Third Party whereby the latter agrees to supply a product or service to an Eligible Project in return for financial consideration.

“Effective Date” is April 1, 2018.

“Eligible Costs” means those expenditures described as eligible in Schedule C.

“Eligible Projects” means projects as described in Schedule B.

“Eligible Recipient” means a

- a. Municipality or its agent (including its wholly owned corporation); and
- b. Non-municipal entity, including for profit, non-governmental and not-for profit organizations, on the condition that the Municipality(ies) has (have) indicated support for the Eligible Project through a formal grant agreement between the Municipality and the non-municipal entity.

“Event of Default” has the meaning given to it in Section 11.1 of this Agreement.

“Funds” mean the Funds made available to the Recipient through the Main Street Revitalization Initiative, a program established by the Government of Ontario. Funds are made available pursuant to this Agreement and includes any interest earned on the said Funds. For greater certainty: (i) Funds transferred to another Municipality in accordance with Section 6.2 of this Agreement, other than as set out in Sections 7.1(a), (c) and (f), are to be treated as Funds by the Municipality to which the Funds are transferred and are not to be treated as Funds by the Recipient; and (ii) any Funds transferred to a non-municipal entity in accordance with Section 6.3 of this Agreement shall remain as Funds under this Agreement for all purposes and the Recipient shall continue to be bound by all provisions of this Agreement with respect to such transferred Funds.

“Ineligible Costs” means those expenditures described as ineligible in Schedule C.

“Lower-tier Municipality” means a Municipality that forms part of an Upper-tier Municipality for municipal purposes, as defined under the Municipal Act, 2001 S.O. 2001, c.25.

“Municipal Fiscal Year” means the period beginning January 1st of a year and ending December 31st of the same year.

“Municipality” and “Municipalities” means every municipality as defined under the Municipal Act, 2001 S.O. 2001 c.25.

“Municipal Physical Infrastructure” means municipal or regional, publicly or privately owned, tangible capital assets primarily for public use or benefit in Ontario.

“Ontario” means Her Majesty in Right of Ontario, as represented by the Minister of Agriculture, Food and Rural Affairs.

“Parties” means AMO and the Recipient.

“Project Completion Date” means the Recipient must complete its Project under this Agreement by March 31, 2020.

“Recipient” has the meaning given to it on the first page of this Agreement.

“Results Report” means the report prepared and delivered to AMO by the Recipient by which reports on how Funds are supporting progress towards achieving the program objective, more specifically described in Section 3 of Schedule D.

“Single-tier Municipality” means a municipality, other than an upper-tier municipality, that does not form part of an upper-tier municipality for municipal purposes as defined under the Municipal Act, 2001, S.O. 2001 c. 25.

“Third Party” means any person or legal entity, other than the Parties to this Agreement who participates in the implementation of an Eligible Project by means of a Contract.

“Transfer By-law” means a by-law passed by Council of the Recipient pursuant to Section 6.2 and delivered to AMO in accordance with that section.

“Unspent Funds” means the amount reported as unspent by the Recipient as of December 31, as submitted in the Recipient’s Annual Report.

1.2 Interpretations:

Herein, etc. The words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not any particular schedule, article, section, paragraph or other subdivision of this Agreement.

Currency. Any reference to currency is to Canadian currency and any amount advanced, paid or calculated is to be advanced, paid or calculated in Canadian currency.

Statutes. Any reference to a federal or provincial statute is to such statute and to the regulations made pursuant to such statute as such statute and regulations may at any time be amended or modified and in effect and to any statute or regulations that may be passed that have the effect of supplementing or superseding such statute or regulations.

Gender, singular, etc. Words importing the masculine gender include the feminine or neuter gender and words in the singular include the plural, and vice versa.

2. TERM OF AGREEMENT

- 2.1 **Term.** Subject to any extension or termination of this Agreement or the survival of any of the provisions of this Agreement pursuant to the provisions contained herein, this Agreement shall be in effect from the date set out on the first page of this Agreement, up to and including March 31, 2020.
- 2.2 **Amendment.** This Agreement may be amended at any time in writing as agreed to by AMO and the Recipient.
- 2.3 **Notice.** Any of the Parties may terminate this Agreement on written notice.

3. RECIPIENT REQUIREMENTS

- 3.1 **Communications.** The Recipient will comply with all requirements outlined, including providing upfront project information on an annual basis, or until all Funds are expended for communications purposes in the form described in Section 7.1 and Section 1 of Schedule D.
 - a) Unless otherwise directed by Ontario, the Recipient will acknowledge the support of Ontario for Eligible Projects in the following manner: "The Project is funded [if it is partly funded the Recipient should use "in part"] by the Ontario Ministry of Agriculture, Food and Rural Affairs."
 - b) The Recipient shall notify Ontario within five (5) business days of planned media events or announcements related to the Project, organized by the Recipient to facilitate the attendance of Ontario. Media events and announcements include, but are not limited to, news conferences, public announcements, official events or ceremonies, and news releases.
- 3.2 **Contracts.** The Recipient will award and manage all Contracts in accordance with its relevant policies and procedures and, if applicable, in accordance with the Canadian Free Trade Agreement and applicable international trade agreements, and all other applicable laws.
 - a) The Recipient will ensure any of its Contracts for the supply of services or materials to implement its responsibilities under this Agreement will be

awarded in a way that is transparent, competitive, consistent with value for money principles and pursuant to its adopted procurement policy.

4. ELIGIBLE PROJECTS

- 4.1 **Eligible Projects.** Costs directly and reasonably incurred by the Recipient for construction, renewal, renovation or redevelopment or material enhancement activities funded under existing Community Improvement Plan financial incentive programs or activities funded under the Municipal Physical Infrastructure category, including projects in downtown or main street areas, as defined through an existing Community Improvement Plan or other municipal land use planning policy that will support the role of small businesses in main street areas as more specifically described in Schedule B and Schedule C
- 4.2 **Recipient Fully Responsible.** The Recipient is fully responsible for the completion of each Eligible Project in accordance with Schedule B and Schedule C.

5. ELIGIBLE COSTS

- 5.1 **Eligible Costs.** Schedule C sets out specific requirements for Eligible and Ineligible Costs.
- 5.2 **Discretion of Ontario.** Subject to Section 5.1, the eligibility of any items not listed in Schedule B and/or Schedule C to this Agreement is solely at the discretion of Ontario.
- 5.3 **Unspent Funds.** Any Unspent Funds, and any interest earned thereon, will be subject to the terms and conditions of this Agreement.
- 5.4 **Reasonable Access.** The Recipient shall allow AMO and Ontario reasonable and timely access to all documentation, records and accounts and those of their respective agents or Third Parties related to the receipt, deposit and use of Funds and Unspent Funds, and any interest earned thereon, and all other relevant information and documentation requested by AMO or Ontario or their respective designated representatives for the purposes of audit, evaluation, and ensuring compliance with this Agreement.
- 5.5 **Retention of Receipts.** The Recipient will keep proper and accurate accounts and records of all Eligible Projects including invoices and receipts for Eligible Expenditures in accordance with the Recipient's municipal records retention by-law and, upon reasonable notice, make them available to AMO and Ontario.

6. FUNDS

- 6.1 **Allocation of Funds.** AMO will allocate and transfer Funds on the basis of the formula determined by Ontario.
- 6.2 **Transfer of Funds to a Municipality.** Where a Recipient decides to allocate and transfer Funds to another Municipality (the "Transferee Municipality"):

- a) The allocation and transfer shall be authorized by by-law (a "Transfer By-law"). The Transfer By-law shall be passed by the Recipient's council and submitted to AMO as soon thereafter as practicable. The Transfer By-law shall identify the Transferee Municipality and the amount of Funds the Transferee Municipality is to receive for the Municipal Fiscal Year specified in the Transfer By-law.
- b) The Recipient is still required to submit an Annual Report in accordance with Sections 7.1 (a), (c) and (f) hereof with respect to the Funds transferred.
- c) No transfer of Funds pursuant to this Section 6.2 shall be effected unless and until the Transferee Municipality has either (i) entered into an agreement with AMO on substantially the same terms as this Agreement, or (ii) has executed and delivered to AMO a written undertaking to assume all of the Recipient's obligations under this Agreement with respect to the Funds transferred; in a form satisfactory to AMO.

6.3 Transfer of Funds to a non-municipal entity. Where a Recipient decides to support an Eligible Project undertaken by an Eligible Recipient that is not a Municipality:

- a) The provision of such support shall be authorized by a grant agreement between the Municipality and the Eligible Recipient in support of a Community Improvement Plan. The grant agreement shall identify the Eligible Recipient, and the amount of Funds the Eligible Recipient is to receive for that Eligible Project.
- b) The Recipient shall continue to be bound by all of the provisions of this Agreement notwithstanding any such transfer including the submission of an Annual Report in accordance with Section 7.2.
- c) No transfer of Funds pursuant to this Section 6.3 shall be effected unless and until the non-municipal entity receiving the Funds has executed and delivered to the Municipality the grant agreement.

6.4 Use of Funds. The Recipient acknowledges and agrees the Funds are intended for and shall be used only for Eligible Expenditures in respect of Eligible Projects.

6.5 Payout of Funds. The Recipient agrees that all Funds will be transferred by AMO to the Recipient upon full execution of this Agreement.

6.6 Use of Funds. The Recipient will deposit the Funds in a dedicated reserve fund or other separate distinct interest bearing account and shall retain the Funds in such reserve fund, or account until the Funds are expended or transferred in accordance with this Agreement. The Recipient shall ensure that:

- a) any investment of unexpended Funds will be in accordance with Ontario law and the Recipient's investment policy; and,

- b) any interest earned on Funds will only be applied to Eligible Costs for Eligible Projects, more specifically on the basis set out in Schedule B and Schedule C.
- 6.7 **Funds advanced.** Funds transferred by AMO to the Recipient shall be expended by the Recipient in respect of Eligible Costs. AMO reserves the right to declare that Unspent Funds after March 31, 2020 become a debt to Ontario which the Recipient will reimburse forthwith on demand to AMO for transmission to Ontario.
- 6.8 **Expenditure of Funds.** The Recipient shall expend all Funds by March 31, 2020.
- 6.9 **GST & HST.** The use of Funds is based on the net amount of goods and services tax or harmonized sales tax to be paid by the Recipient net of any applicable tax rebates.
- 6.10 **Limit on Ontario's Financial Commitments.** The Recipient may use Funds to pay up to one hundred percent (100%) of Eligible Expenditures of an Eligible Project.
- 6.11 **Stacking.** If the Recipient is receiving funds under other programs in respect of an Eligible Project to which the Recipient wishes to apply Funds, the maximum contribution limitation set out in any other program agreement made in respect of that Eligible Project shall continue to apply.
- 6.12 **Insufficient funds provided by Ontario.** If Ontario does not provide sufficient funds to AMO for this Agreement, AMO may terminate this Agreement.

7. REPORTING REQUIREMENTS

- 7.1 **Communication Report.** Immediately upon execution of this Agreement the Recipient shall report to AMO any Eligible Project being undertaken in the current Municipal Fiscal Year in the form described in Schedule D.
- 7.2 **Annual Report.** The Recipient shall report in the form in Schedule D due by May 15th following the Municipal Fiscal Year on:
 - a) the amounts received from AMO under this Agreement;
 - b) the amounts received from another Eligible Recipient;
 - c) the amounts transferred to another Eligible Recipient;
 - d) amounts paid by the Recipient in aggregate for Eligible Projects;
 - e) amounts held at year end by the Recipient in aggregate, including interest, to pay for Eligible Projects;
 - f) indicate in a narrative the progress that the Recipient has made in meeting its commitments and contributions; and,

- g) a listing of all Eligible Projects that have been funded, indicating the Eligible Project category, project description, amount of Funds, total project cost, start date, end date and completion status.

- 7.3 **Results Report.** The Recipient shall account in writing for results achieved by the Funds through a Results Report to be submitted to AMO. Specifically the Results Report shall document performance measures achieved through the investments in Eligible Projects in the form described in Section 3 of Schedule D.

8. RECORDS AND AUDIT

- 8.1 **Accounting Principles.** All accounting terms not otherwise defined herein have the meanings assigned to them; all calculations will be made and all financial data to be submitted will be prepared in accordance with generally accepted accounting principles (GAAP) in effect in Ontario. GAAP will include, without limitation, those principles approved or recommended for local governments from time to time by the Public Sector Accounting Board or the Canadian Institute of Chartered Accountants or any successor institute, applied on a consistent basis.
- 8.2 **Separate Records.** The Recipient shall maintain separate records and documentation for the Funds and keep all records including invoices, statements, receipts and vouchers in respect of Funds expended on Eligible Projects in accordance with the Recipient's municipal records retention by-law. Upon reasonable notice, the Recipient shall submit all records and documentation relating to the Funds to AMO and Ontario for inspection or audit.
- 8.3 **External Auditor.** AMO and/or Ontario may request, upon written notification, an audit of Eligible Project or an Annual Report. AMO shall retain an external auditor to carry out an audit of the material referred to in Sections 5.4 and 5.5 of this Agreement. AMO shall ensure that any auditor who conducts an audit pursuant to this Section of this Agreement or otherwise, provides a copy of the audit report to the Recipient and Ontario at the same time that the audit report is given to AMO.

9. INSURANCE AND INDEMNITY

- 9.1 **Insurance.** The Recipient shall put in effect and maintain in full force and effect or cause to be put into effect and maintained for the term of this Agreement all the necessary insurance with respect to each Eligible Project, including any Eligible Projects with respect to which the Recipient has transferred Funds pursuant to Section 6 of this Agreement, that would be considered appropriate for a prudent Municipality undertaking Eligible Projects, including, where appropriate and without limitation, property, construction and liability insurance, which insurance coverage shall identify Ontario and AMO as additional insureds for the purposes of the Eligible Projects.
- 9.2 **Certificates of Insurance.** Throughout the term of this Agreement, the Recipient shall provide AMO with a valid certificate of insurance that confirms compliance with the requirements of Section 9.1. No Funds shall be expended

or transferred pursuant to this Agreement until such certificate has been delivered to AMO.

9.3 **AMO not liable.** In no event shall Ontario or AMO be liable for:

- (a) any bodily injury, death or property damages to the Recipient, its employees, agents or consultants or for any claim, demand or action by any Third Party against the Recipient, its employees, agents or consultants, arising out of or in any way related to this Agreement; or
- (b) any incidental, indirect, special or consequential damages, or any loss of use, revenue or profit to the Recipient, its employees, agents or consultants arising out of any or in any way related to this Agreement.

9.4 **Recipient to Compensate Ontario.** The Recipient will ensure that it will not, at any time, hold Ontario, its officers, servants, employees or agents responsible for any claims or losses of any kind that the Recipient, Third Parties or any other person or entity may suffer in relation to any matter related to the Funds or an Eligible Project and that the Recipient will, at all times, compensate Ontario, its officers, servants, employees and agents for any claims or losses of any kind that any of them may suffer in relation to any matter related to the Funds or an Eligible Project. The Recipient's obligation to compensate as set out in this section does not apply to the extent to which such claims or losses relate to the negligence of an officer, servant, employee, or agent of Ontario in the performance of his or her duties.

9.5 **Recipient to Indemnify AMO.** The Recipient hereby agrees to indemnify and hold harmless AMO, its officers, servants, employees or agents (each of which is called an "Indemnatee"), from and against all claims, losses, damages, liabilities and related expenses including the fees, charges and disbursements of any counsel for any Indemnatee incurred by any Indemnatee or asserted against any Indemnatee by whomsoever brought or prosecuted in any manner based upon, or occasioned by, any injury to persons, damage to or loss or destruction of property, economic loss or infringement of rights caused by or arising directly or indirectly from:

- (a) the Funds;
- (b) the Recipient's Eligible Projects, including the design, construction, operation, maintenance and repair of any part or all of the Eligible Projects;
- (c) the performance of this Agreement or the breach of any term or condition of this Agreement by the Recipient, its officers, servants, employees and agents, or by a Third Party, its officers, servants, employees, or agents; and
- (d) any omission or other wilful or negligent act of the Recipient or Third Party and their respective officers, servants, employees or agents.

10. DISPOSAL

10.1 **Disposal.** The Recipient will not, without Ontario's prior written consent, sell, lease or otherwise dispose of any asset purchased or created with the Funds or

for which Funds were provided, the cost of which exceed \$50,000 at the time of sale, lease or disposal prior to March 31, 2021.

11. DEFAULT AND TERMINATION

11.1 **Event of Default.** AMO may declare in writing that an event of default has occurred when the Recipient has not complied with any condition, undertaking or term in this Agreement. AMO will not declare in writing that an event of default has occurred unless it has first consulted with the Recipient. Each and every one of the following events is an “Event of Default”:

- (a) failure by the Recipient to deliver in a timely manner an Annual Report or Results Report.
- (b) delivery of an Annual Report that discloses non-compliance with any condition, undertaking or material term in this Agreement.
- (c) failure by the Recipient to co-operate in an external audit undertaken by AMO or its agents.
- (d) delivery of an external audit report that discloses non-compliance with any condition, undertaking or term in this Agreement.
- (e) failure by the Recipient to expend Funds in accordance with Sections 4.1 and 6.8.

11.2 **Waiver.** AMO may withdraw its notice of an Event of Default if the Recipient, within thirty (30) calendar days of receipt of the notice, either corrects the default or demonstrates, to the satisfaction of AMO in its sole discretion that it has taken such steps as are necessary to correct the default.

11.3 **Remedies on default.** If AMO declares that an Event of Default has occurred under Section 11.1, after thirty (30) calendar days from the Recipient's receipt of the notice of an Event of Default, it may immediately terminate this Agreement.

11.4 **Repayment of Funds.** If AMO declares that an Event of Default has not been cured to its satisfaction, AMO reserves the right to declare that prior payments of Funds become a debt to Ontario which the Recipient will reimburse forthwith on demand to AMO for transmission to Ontario.

12. CONFLICT OF INTEREST

12.1 **No conflict of interest.** The Recipient will ensure that no current member of the AMO Board of Directors and no current or former public servant or office holder to whom any post-employment, ethics and conflict of interest legislation, guidelines, codes or policies of Ontario applies will derive direct benefit from the Funds, the Unspent Funds, and interest earned thereon, unless the provision of receipt of such benefits is in compliance with such legislation, guidelines, policies or codes.

13. NOTICE

13.1 **Notice.** Any notice, information or document provided for under this Agreement will be effectively given if in writing and if delivered by hand, or overnight courier, mailed, postage or other charges prepaid, or sent by facsimile or email to the addresses, the facsimile numbers or email addresses set out in Section 13.3. Any notice that is sent by hand or overnight courier service shall be deemed to have been given when received; any notice mailed shall be deemed to have been received on the eighth (8) calendar day following the day on which it was mailed; any notice sent by facsimile shall be deemed to have been given when sent; any notice sent by email shall be deemed to have been received on the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgment), provided that in the case of a notice sent by facsimile or email, if it is not given on a business day before 4:30 p.m. Eastern Standard Time, it shall be deemed to have been given at 8:30 a.m. on the next business day for the recipient.

13.2 **Representatives.** The individuals identified in Section 13.3 of this Agreement, in the first instance, act as AMO's or the Recipient's, as the case may be, representative for the purpose of implementing this Agreement.

13.3 **Addresses for Notice.** Further to Section 13.1 of this Agreement, notice can be given at the following addresses:

a) If to AMO:

Executive Director
Main Streets Agreement
Association of Municipalities of Ontario 200 University Avenue, Suite 801
Toronto, ON M5H 3C6

Telephone: 416-971-9856
Email: mainstreets@amo.on.ca

b) If to the Recipient:

General Manager, Finance /CFO & City Treasurer
Tara Baker
CITY OF GUELPH
1 Carden St.
Guelph, ON N1H 3A1
(519) 822-1260 x2084
tara.baker@guelph.ca

14. MISCELLANEOUS

14.1 **Counterpart Signature.** This Agreement may be signed in counterpart, and the signed copies will, when attached, constitute an original Agreement.

14.2 **Severability.** If for any reason a provision of this Agreement that is not a fundamental term is found to be or becomes invalid or unenforceable, in whole or in part, it will be deemed to be severable and will be deleted from this

Agreement, but all the other terms and conditions of this Agreement will continue to be valid and enforceable.

- 14.3 **Waiver.** AMO may waive any right in this Agreement only in writing, and any tolerance or indulgence demonstrated by AMO will not constitute waiver of rights in this Agreement. Unless a waiver is executed in writing, AMO will be entitled to seek any remedy that it may have under this Agreement or under the law.
- 14.4 **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario.
- 14.5 **Survival.** The Recipient agrees that the following sections and provisions of this Agreement shall extend for seven (7) years beyond the expiration or termination of this Agreement: Sections 5, 6.7, 6.8, 7, 9.4, 9.5, 11.4 and 14.8.
- 14.6 **AMO, Ontario and Recipient independent.** The Recipient will ensure its actions do not establish or will not be deemed to establish a partnership, joint venture, principal-agent relationship or employer-employee relationship in any way or for any purpose whatsoever between Ontario and the Recipient, between AMO and the Recipient, between Ontario and a Third Party or between AMO and a Third Party.
- 14.7 **No Authority to Represent.** The Recipient will ensure that it does not represent itself, including in any agreement with a Third Party, as a partner, employee or agent of Ontario or AMO.
- 14.8 **Debts Due to AMO.** Any amount owed under this Agreement will constitute a debt due to AMO, which the Recipient will reimburse forthwith, on demand, to AMO.
- 14.9 **Priority.** In the event of a conflict, the part of this Agreement that precedes the signature of the Parties will take precedence over the Schedules.

15. SCHEDULES

- 15.1 This Agreement, including:
- Schedule A Municipal Allocation
 - Schedule B Eligible Projects
 - Schedule C Eligible and Ineligible Costs
 - Schedule D Reporting

constitute the entire agreement between the Parties with respect to the subject matter contained in this Agreement and supersedes all prior oral or written representations and agreements.

16. SIGNATURES

IN WITNESS WHEREOF, AMO and the Recipient have respectively executed, sealed and delivered this Agreement on the date set out on the front page.

RECIPIENT'S NAME:

**THE CORPORATION OF THE CITY OF
GUELPH**

Mayor Name

Signature

Clerk Name

Signature

THE ASSOCIATION OF MUNICIPALITIES OF ONTARIO

By Title

Signature

In the presence of:

Witness Title

Signature

**SCHEDULE A
MUNICIPAL ALLOCATION**

RECIPIENT'S NAME: THE CORPORATION OF THE CITY OF GUELPH

ALLOCATION: \$146180.44

The Recipient acknowledges this is a one time payment for Eligible Projects with Eligible Costs.

SCHEDULE B ELIGIBLE PROJECTS

Funding is to be directed to Eligible Projects to support revitalization activities within main street areas, as defined through an existing Community Improvement Plan or any other municipal land use planning policy. Funding can be used in one or both of the following categories:

- 1. Community Improvement Plan** – construction, renewal, renovation or redevelopment or material enhancement activities that implement priority financial incentives in existing Community Improvement Plans such as:
 - a. Commercial building façade improvements
 - b. Preservation and adaptive reuse of heritage and industrial buildings
 - c. Provision of affordable housing
 - d. Space conversion for residential and commercial uses
 - e. Structural improvements to buildings (e.g. Building Code upgrades)
 - f. Improvement of community energy efficiency
 - g. Accessibility enhancements
- 2. Other Municipal Land Use Planning Policy** – construction, renewal or material enhancement activities to fund strategic Municipal Physical Infrastructure and promotional projects such as:
 - a. Signage – wayfinding/directional, and gateway.
 - b. Streetscaping and landscape improvements – lighting, banners, murals, street furniture, interpretive elements, public art, urban forestation, accessibility, telecommunications/broadband equipment, parking, active transportation infrastructure (e.g. bike racks/storage, cycling lanes and paths) and pedestrian walkways/trails.
 - c. Marketing plan implementation – business attraction and promotion activities, special events.

SCHEDULE C
ELIGIBLE AND INELIGIBLE COSTS

1. Eligible Costs include:

- a. Costs directly and reasonably incurred on or after April 1, 2018 up to and including the Project Completion Date by the Recipient for construction, renewal, renovation or redevelopment or material enhancement activities funded under existing Community Improvement Plan financial incentive programs.
- b. Costs directly and reasonably incurred on or after April 1, 2018 up to and including the Project Completion Date by the Recipient for construction, renewal or material enhancement activities funded under the Municipal Physical Infrastructure category including projects in downtown or main street areas, as defined through an existing Community Improvement Plan or other municipal land use planning policy that will support the success of small businesses in main street areas.

2. Ineligible Costs include:

- a. Costs incurred prior to Effective Date or after the Project Completion Date;
- b. Any costs associated with providing the Annual and Results Reports to AMO;
- c. Any costs associated with lobbying Ontario, including other Ministries, agencies and organizations of the Government of Ontario;
- d. Costs associated with construction, renewal, renovation or redevelopment or material enhancement of all things in the following categories: highways, short-sea shipping, short-line rail, regional or local airports, and brownfield redevelopment;
- e. Costs of infrastructure construction, renewal, renovation or redevelopment or material enhancement that do not improve energy efficiency, accessibility, aesthetics of marketability of small businesses within an Recipient's main street areas; or that do not encourage strategic public investments in municipal and other public infrastructure within main street areas that will benefit small businesses; or that otherwise will likely fail to contribute to the success of main street businesses;
- f. Costs of infrastructure construction, renewal, renovation or redevelopment or material enhancement outside of the Recipient's main street areas, as defined through an existing Community Improvement Plan or other municipal land use planning policy;
- g. The cost of leasing of equipment by the Recipient, any overhead costs, including salaries and other employment benefits of any employees of the Recipient, its direct or indirect operating or administrative costs of Recipients, and more specifically its costs related to planning, engineering, architecture, supervision, management and other activities normally carried out by its staff, except in accordance with Eligible Costs above;
- h. Taxes, to which the Recipient is eligible for a tax rebate;
- i. Purchase of land or any interest therein, and related costs; and,
- j. Routine repair and maintenance Municipal Physical Infrastructure.

SCHEDULE D REPORTING

1. Communication Report

Immediately following the Municipality executing this Agreement the Recipient will provide AMO a Communication Report in an electronic format deemed acceptable to AMO, consisting of the following:

Project Title	Project Description	Eligible Project Category (CIP/ Municipal Physical Infrastructure	Total Project Cost	Estimate of Funds (Main Street) Spent

2. Annual Report

The Recipient will provide to AMO an Annual Report in an electronic format deemed acceptable to AMO, consisting of the following:

- a. Financial Reporting Table: The financial report table will be submitted in accordance with the following template:

Annual Report Financial Table	Annual	Cumulative
	20xx	2018 - 2020
Opening Balance	\$xxx	
Received from AMO	\$xxx	\$xxx
Interest Earned	\$xxx	\$xxx
Received from An Eligible Recipient	\$xxx	\$xxx
Transferred to an Eligible Recipient	(\$xxx)	(\$xxx)
Spent on Eligible Projects (for each Eligible Project category)	(\$xxx)	(\$xxx)
Closing Balance of Unspent Funds	\$xxx	

- b. Project List: The Recipient will provide to AMO a project list submitted in accordance with the following template:

Recipient	Project Title	Project Description	Eligible Project Category	Total Project Cost	Main Street Funds Used	Start & End Date	Completed?
							Yes/No/ Ongoing

3. Project Results.

The Results Report shall outline, in a manner to be provided by AMO, the degree to which investments in each project are supporting progress towards achieving revitalization within main street areas:

- a. Community Improvement Plan Eligible Projects
- Number of small businesses supported;
 - Total value of physical improvements;
 - Total Main Street Funds provided;
 - Total Municipal investment; and,
 - Total private investment.
- b. Municipal Physical Infrastructure Eligible Projects
- Total value of physical improvements;
 - Total Main Street Funds provided; and
 - Total municipal investment.

Staff Report



To **Committee of the Whole**

Service Area Infrastructure, Development and Enterprise Services

Date Tuesday, June 5, 2018

Subject **Bee City Designation for Guelph**

Report Number IDE-2018-76

Recommendation

1. That City Council adopt the Resolution Designating the City of Guelph a Bee City, contained as Attachment 1 to this report, and request the Mayor (or designate) to sign it.
2. That City Council direct the Supervisor, Trails and Natural Areas Stewardship to submit the signed resolution designating the City of Guelph a Bee City and the completed Bee City application, contained as Attachment 2 to this report, to the Bee City program to obtain official Bee City certification.

Executive Summary

Purpose of Report

The report seeks Council endorsement to become a Bee City.

Key Findings

Guelph is already committed to supporting pollinators, as demonstrated through our existing policies, programs and partnerships. By making the pledge to become a Bee City, we will join a network of peers and gain opportunities to celebrate and showcase our successes.

Financial Implications

None

Report

A Bee City takes action to help protect pollinators

Bees, flies, butterflies, moths, and other insects pollinate the majority of flowering plants worldwide. These animals, also known as pollinators, are an essential resource that supports natural ecosystems and food production. Loss of habitat,

loss of food sources, disease, and pesticides are placing increasing pressure on these invaluable insects. Studies have shown that several pollinator populations have drastically declined.

[Bee City Canada](#) is a federally registered charitable organization with a mission to inspire cities, towns, First Nations, schools, businesses and other organizations to take action to protect pollinators. Program participants must commit to:

1. Creating, maintaining and/or improving pollinator habitat
2. Educating their community, employees and/or customers about the importance of pollinators
3. Celebrating pollinators during International Pollinator Week or at other times

Guelph's commitment to supporting pollinators is demonstrated through our policies, programs and partnerships

The City's natural heritage system objectives acknowledge the importance of supporting biodiversity through provision of various connected habitat types. [Official Plan](#) policies recognize the role that pollinator habitat plays in supporting ecosystem functions (s. 4.1.7.4). Opportunities to protect, maintain and enhance pollinator habitat are encouraged city-wide. For example, the recently approved MetalWorks development incorporated pollinator gardens in the design of the publicly accessible trail along the Speed River.

The City's [Healthy Landscapes](#) program is designed to promote outdoor water conservation initiatives and is also the City's landscaping resource hub. It provides a variety of resources to help residents create water-efficient, functional, beautiful and pollinator-friendly gardens. Resources include a website, a speaker series, design courses, community events, demonstration gardens and complimentary on-site visits.

In partnership with [Pollination Guelph](#), a federally incorporated charitable non-profit organization, the City has taken steps towards converting the former Eastview landfill site into a pollinator park. Pollination Guelph is an incredibly valuable partner that has put Guelph on the map with respect to pollinators through their annual symposium, education and outreach events and various demonstration sites across the city. Other partners that support pollinators in our city include but are not limited to Trees for Guelph and the Ontario Public Research Interest Group (Guelph).

This year, Pollination Guelph and the City are partnering to host an Open House at City Hall during International Pollinator Week (third week in June). In addition to a speaker, educational materials, and games for youth, we will be showcasing the bee hotel that will be installed on the green roof here at City Hall. Bee hotels are a form of habitat creation for solitary bees to make their nests and overwinter, while providing opportunities to educate and raise awareness.

More examples that demonstrate Guelph's existing commitment to supporting pollinators can be found in Attachment 2.

Making the pledge will strengthen our networks and support continued conversations about supporting pollinators

By making the pledge to become a Bee City, we will join a network of peers and gain opportunities to celebrate and showcase our successes. In addition to recognition, Bee City Canada will provide the City with ideas and a media kit to further educate and raise awareness of the importance of pollinators with our community.

Financial Implications

None

Consultations

Planning, Urban Design and Building Services
Facilities Management
Parks and Recreation
Environmental Services

Corporate Administrative Plan

Overarching Goals

Service Excellence
Innovation

Service Area Operational Work Plans

Our Services - Municipal services that make lives better
Our Resources - A solid foundation for a growing city

Attachments

ATT-1	Resolution Designating the City of Guelph a Bee City
ATT-2	Bee City Application

Departmental Approval

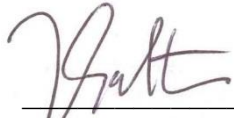
N/A

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Attachment 1



Resolution for

The City of Guelph
Ontario

for approval by
City Council

Present this document to City/Band Council for approval and sign-off by Mayor, Chief or appropriate official. Send signed document, along with completed Bee City Canada Application form, to applications@beecitycanada.org for review and to receive official Bee City designation.

If you have any questions about this process, please call Shelly Candel at 647-402-0133.

Bee City Canada Resolution

WHEREAS the goal of Bee City Canada designation is to promote healthy, sustainable habitats and communities for pollinators;

THAT bees and other pollinators around the globe have experienced dramatic declines due to land fragmentation, habitat loss, use of pesticides, industrialized agriculture, climate change and the spread of pests and diseases, with serious implications for the future health of flora and fauna; and

THAT cities/townships/First Nation communities and their residents have the opportunity to support bees and other pollinators on both public and private land; and

THAT supporting pollinators fosters environmental awareness and sustainability, and increases interactions and engagement among community stewards; and

THAT by becoming a Bee City, the City of Guelph can highlight initiatives already in place and further engage local communities in an environment of creativity and innovation which will promote a healthier life for our community;

THAT staff be authorized to submit the Bee City Canada Application to designate The City of Guelph as a Bee City; and

NOW, THEREFORE, BE IT RESOLVED:

THAT the City of Guelph accepts the designation and commits to the standards of the Bee City Canada Program.

Read, approved and adopted this

_____ day of _____, 20_____.

City of Guelph

Signature of Mayor

Mayor, Cam Guthrie

Attachment 2



Bee City Canada Application

A) City or Community Information

Municipality/First Nation: City of Guelph

Province/Territory: Ontario

Mayor, Chief or Chair of Commission

Name & Title: Cam Guthrie, Mayor

Name of Applicant & Title: Dave Beaton, Supervisor Trails and Natural Areas
Stewardship

Department: Parks Operations and Forestry, Parks and Recreation, Public Services

Address: 1 Carden Street

City/First Nation: Guelph

Province/Territory: Ontario

Postal Code: N1H 3A1

Email: dave.beaton@guelph.ca **Phone:** 519-822-1260 x 2761

Bee City Liaison & Title: Samantha Dupre, Community Stewardship
Coordinator

Organization or Department: Parks Operations and Forestry, Parks and
Recreation, Public Services

Address: 1 Carden Street

City/First Nation: Guelph

Province/Territory: Ontario

Postal Code: N1H 3A1

Email: samantha.dupre@guelph.ca **Phone:** 519-822-1260 x 2655

Please list the members of your community's **Bee City Working Group**. This group will oversee the Bee City program.

Name	Affiliation	Email
Samantha Dupré	City of Guelph	samantha.dupre@guelph.ca
Karen McKeown	Pollination Guelph	karenmckeown@hotmail.com
Dave Beaton	City of Guelph	dave.beaton@guelph.ca
Adèle Labbé	City of Guelph	adele.labbe@guelph.ca

Media Contact

Name & Title: Dave Beaton, Supervisor, Trails and Natural Areas Stewardship

Department: Parks Operations and Forestry, Parks and Recreation, Public Services

Email: dave.beaton@guelph.ca **Phone:** 519-822-1260 x 2761

Part 1: Tell us about any initiatives currently taking place in your city, community or region which aim to help pollinators. These may include existing pollinator gardens, habitat restoration projects, efforts to reduce or eliminate the use of pesticides and public education activities to raise awareness about pollinators.

City of Guelph Official Plan policies

The City of Guelph Official Plan recognizes the important role that pollinator habitat plays in supporting ecosystem functions across the city. Official Plan policies encourage opportunities to protect, maintain and enhance pollinator habitat.

Excerpt from the City of Guelph Official Plan, March 2018 Consolidation

6A.6.4 Pollinator Habitat

1. The City recognizes the role that pollinator habitat plays in supporting ecosystem functions.
2. Opportunities to protect, maintain and enhance pollinator habitat within City parks, restoration areas and ecological linkages, lands adjacent to storm water management facilities and open space areas will be encouraged.

Pollinator Habitat is defined as natural areas within the landscape that contain indigenous plants, shrubs, and trees that provide pollen, nectar, and other floral resources for pollinating insects and other animal pollinators. In addition, these

areas may provide appropriate nesting sites, such as exposed soil, rotting logs, cavity trees, hollow-stemmed plants, and host plants specific to local pollinators. As a result of these policies, pollinator habitats are often part of the discussion for City-led and private development projects. During the review of development applications, proponents are encouraged to incorporate native, pollinator friendly plantings/gardens. For example, during the planning and development of the MetalWorks Condominium site in downtown Guelph (53 and 63 Arthur), pollinator gardens were incorporated into the landscaping along the Speed River's Riverwalk area which is privately owned but publicly accessible.

Demonstration Gardens

Working with local partners, the City has installed several demonstration pollinator gardens. Each garden features species native to Ontario and includes educational signage describing pollinators and their critical roles within our environment.

Two demonstration gardens are located along the Trans Canada Trail near the Speed River. Three additional gardens are located in Riverside Park. In addition, the City and partners created a one-acre meadow at the Clair Road Emergency Services Centre (160 Clair Rd W) featuring masses of native Ontario forbs, grasses and shrubs that attract pollinators.

Other demonstration sites include rain gardens that provide pollinator plantings at the City's Water Services (29 Waterworks Place) and at First Baptist Church (255 Woolwich St). The City has also partnered with various local groups to install a Food

Forest that provides plant diversity, pollinator forage habitat and an outdoor education area, in a neighbourhood park (91 Ironwood Dr.).

Guelph Community Gardens

The City of Guelph, in partnership with the Upper Grand District School Board, currently provides support for a network of over 20 volunteer-led community gardens on public properties in Guelph including: school grounds, churches and city parks. These gardens all include plantings of vegetables, herbs, and/or fruit, many of which can attract pollinators and provide them with forage and habitat. In 2017, 60% of surveyed gardens indicated that in addition to the sections of the garden that are dedicated to growing food, a section of the garden is planted with flowers and plants specifically designed to attract pollinators. Several community garden groups are also currently working on projects to install educational signage related to the important role of pollinators in our environment. The City works with community members on an ongoing basis to identify opportunities to add new gardens to the network. The community garden network provides pollinator habitat and connects volunteers with resources to learn about the important role of pollinators in our environment.

Park Naturalization Projects

The City engages with individual community members and partners with community organizations including Trees for Guelph and the Ontario Public Interest Research Group (OPIRG) Guelph on an ongoing basis to facilitate the addition of naturalization plantings (tree, shrub and herbaceous plants) in city parks and open spaces.

These plantings provide additional forage and habitat for pollinators and create opportunities to educate community volunteers. In 2017, over 30 community naturalization plantings were conducted by these organizations adding over 5,400 native trees and shrubs and 2,500 herbaceous plants including many pollinator friendly wildflowers.

Hydro One Corridor Meadow Project

The City collaborated with Hydro One in the establishment of a meadow along several acres of a hydro corridor east of the Hanlon Parkway and south of the Speed River. Hydro One cleared the existing woody vegetation, consisting mostly of invasive, non-native buckthorn, from the area in 2015 and seeded native meadow species in 2016. Initially, local residents were concerned with the loss of canopy cover, however the opportunity was taken to educate the neighbourhood on invasive species and the importance of meadow habitat. Following this, many community members participated in supplemental plantings. As the meadow establishes itself, the many native plant species provide excellent forage and nesting opportunities for a wide variety of pollinators.

Schools

Kortright Hills Public School in Guelph has been exceptionally active in promoting awareness of bees. Some of the work that this school has done includes:

- The school has planted over \$650 worth of pollinator-friendly plants in the past year.

- Students researched why bees are so important, why bees are in crisis, and how students can help.
- A University of Guelph professor spoke to the students about the value of bees from all around the world.
- Students have made numerous morning announcements about “being” nice to our bee population; they created posters to put up around the school.
- Grade 5 students organized and led an incredible Bee Celebration assembly.

As well, Grade 7 students from Waverley Drive Public School have made bee houses with help from the University of Guelph.

Local Organizations that Promote Pollinators

Three local organizations that promote pollinators and their importance in our environment are highlighted below:

A) Pollination Guelph Activities and Demonstration Plantings

Pollination Guelph (PG) is a volunteer-run, federally incorporated charitable organization. They formed in August 2008 to promote a better understanding of the importance of pollinators, to conserve and develop pollinator habitat and showcase pollinator projects to serve as a model for citizens and communities across Canada and internationally. These activities are accomplished through their goals of education, research, community outreach, advocacy, and conservation. Although they are well known for their outreach and education efforts, and for the successful creation of pollinator habitat throughout the City of Guelph, the Eastview Pollinator Park

has been their flagship project. The following summarizes some of Pollination Guelph's achievements.

PG1: Annual Pollinator Symposium: Pollination Guelph (PG) holds an annual symposium which attracts attendees from Guelph and from across Ontario. Over 120 people registered for the March, 2018 event; plans are already underway to hold this event in 2019. The symposium is unique in Canada and has been held for the past eleven years. A broad range of presenters and workshop leaders have provided informative, engaging and educational sessions on a wide variety of topics related to all taxa of pollinators, native plants, restoration projects, gardens, etc. Participants return home with new tools and resources to help them conserve and protect pollinators in their own homes and communities. In addition to the annual symposium, PG maintains a [website](#) with links to helpful resources and does frequent displays and presentations in Guelph and elsewhere. Local media has frequently covered PG activities. PG is now producing signage for property owners to use to identify pollinator habitat to increase awareness of the importance of such habitat to neighbours.

PG2: Gosling Pollinator Garden: Undertaken in partnership with the Gosling Foundation and others, the Gosling Pollinator Garden at Hospice Wellington (795 Scottsdale Dr) educates visitors on the importance of pollinators. The garden includes signage, an explanatory book, and a variety of pollinator-friendly native and non-native plants that attract a broad range of pollinators throughout the flight season. The garden acts as an example of how an attractive garden – particularly

in a health care setting - can also serve to provide essential resources to pollinators and enhance the quality of life from a therapeutic perspective at the hospice.

PG3: The Pollinator Park: The Pollinator Park is located on the former 45-hectare (112-acre) decommissioned Eastview Landfill property, owned by the City of Guelph (186 Eastview Road). It will feature species of flowering plants and grasses native to southern Ontario that are known to be pollinator-friendly. A four-hectare (10 acre) demonstration garden has been started at the site and further restoration activities are planned. These plantings will gradually replace the non-native species that have colonized the site since the landfill was decommissioned in 2003.

PG4: Re:Mediate at Eastview Park: Two local artists joined Pollination Guelph on the Re:Mediate project which is a collaborative textile and audio installation at the Eastview Landfill site. It features a quilt, hand-made from recycled paper embedded with native pollinator-friendly seeds, the pieces of which were sewn together on-site by the artists and public participants. A sculpture in the form of a wooden house filled with stems and wood blocks to provide habitat for tunnel nesting bees was installed on site in 2015.

PG5: Guelph Hydro Electric Systems Inc.: One side of a drainage swale, located in front of the Guelph Hydro head office (395 Southgate Drive), has been planted with native shrubs and perennials to create pollinator habitat. First planted in the spring of 2013, the gardens cover area of 1,500 sq. ft. and have established slowly

as they are regularly browsed by deer living in nearby Preservation Park. Native plants contribute to the pollinator habitat in this challenging site.

PG6: Gosling Wildlife Gardens Entrance Arbor: Through a collaborative project with The Arboretum (University of Guelph) and funded by The Gosling Foundation, a new arbor was installed at the entrance to the Gosling Wildlife Gardens in 2015. A bed of native plants installed adjacent to the arbor provides habitat for pollinators and native vines will grow up and over the arbor. This project was funded by The Gosling Foundation.

B) University of Guelph

The University of Guelph is internationally known for its work on pollinators. For example, a professor in the School of Environmental Sciences holds the Rebanks Family Chair in Pollinator Conservation. His research focuses on pollinator conservation and behaviour and monitoring of wild pollinator populations in Ontario. His lab studies the behaviour and ecology of pollinators, and the impacts of environmental stressors (e.g. pesticide exposure) on pollinator health. Engaging stakeholder groups, and communicating and translating research results in a useful and understandable way to the most appropriate audiences are critical parts of the lab's mission.

The university campus includes many native trees and shrubs, as well as several formal gardens that provide forage and shelter for pollinators.

Arboretum at the University of Guelph

The Arboretum encompasses 400 acres of plant collections, gardens, walking trails, natural woodlands, wetlands, and meadows. Adjacent to the university's main campus, the Arboretum is free to the public and open from dawn until dusk. The Arboretum provides many educational opportunities that relate to pollinators, including plant and insect identification workshops and access to hundreds of flowering trees, shrubs and forb species.

The Arboretum plans to resume its highly successful plant sale in September 2018. The sale offers many native plant species that are particularly attractive to pollinators of all kinds. The sale also features numerous non-native species, many of which can provide resources – pollen, nectar, nesting sites - to native pollinators.

Honey Bee Research Centre

Also located on the grounds of the Arboretum is the “Honey Bee Research Centre”. Affiliated with the University of Guelph, this center conducts internationally recognized research on honey bees (*Apis mellifera*). The Centre also provides a number of educational experiences for both University of Guelph students and the general public. These include tours of the facility for groups of all ages, courses, workshops, online how-to videos etc.

Guelph Bug Day

More recently, an annual “Guelph Bug Day” has been held at the Arboretum. It is a fun, free, educational event for community members of all ages with a focus on in-

sects of all kinds, including pollinators. Bug Day is sponsored by the Entomological Society of Ontario, University of Guelph Arboretum and Ontario Agricultural College (Richards Trust).

C) Wildflower Society

The value of native plant species to pollinators is well documented. The Nature Guelph Wildflower Society is dedicated to the use and protection of native plants in parks, gardens and other spaces. The society seeks to develop and promote a better understanding of and appreciation for Canada's native flora. Activities include monthly meetings with speakers that are open to the public, as well as local plant salvages, schoolyard restoration projects and an annual native plant sale at the Guelph Farmers Market in May. Work of the society benefits many pollinators by enhancing habitat and raising public awareness.

Part 2: Commitments and Actions

I/we, the undersigned, understand that the Bee City Canada program consists of three commitments, and that we will take the indicated actions to support those commitments:

- A) Creating Healthy Pollinator Habitat: Describe your plans to create, improve and maintain pollinator habitat, while reducing or eliminating pesticide use.**

Implementation of Official Plan Policies

As explained above, the City's current Official Plan includes policies that encourage the protection, maintenance and enhancement of pollinator habitat. Staff will continue to encourage the protection and creation of pollinator habitat through private developments.

Creating healthy Pollinator Habitat on City lands and in Partnership

Guelph has over 1000 hectares of parks and open space, which represents a huge opportunity for the restoration, enhancement and creation of pollinator habitat. The City has undertaken a number of projects to establish pollinator habitat within its boundaries and will continue to do so both independently and in collaboration with community partner organizations. For example, a former grassy slope below the Guelph Civic Museum in the downtown area has been planted in a variety of flowers and trees that provide forage for many different pollinators, while beautifying the urban core. As noted above, the city also works with partner organizations on an ongoing basis to facilitate naturalization plantings (tree, shrub and herbaceous plants) in parks and open spaces that can provide forage and habitat for pollinators.

Tree Planting

In addition to numerous other environmental benefits, many deciduous trees provide forage and shelter for pollinator larvae; and nectar and pollen for a variety of adult pollinators. The City is working to maximize the health and size of its urban forest and is committed to having a 40% tree canopy. The city partners with

several community organizations to help in this effort, including “Trees for Guelph” a local organization that has planted well over 150,000 trees and shrubs in the city since 1990. Planting is done primarily by school students, who learn about the importance of trees while helping the environment. Many, if not all the species planted will benefit various pollinators as food and/or shelter. Similarly, the City of Guelph supports the ongoing work of the Speed River Project, an initiative of the Ontario Public Interest Research Group (OPIRG) that has been working since 1988 to improve the ecological health of the Speed and Eramosa Rivers. Working in collaboration with the City of Guelph, OPIRG has received funding from the Great Lakes Guardian Community Fund for 2018 and for the past several years to engage volunteers in a variety of activities including planting of several hundred native trees and pollinator plants in parks and open spaces along the Speed and Eramosa rivers in Guelph.

Boulevard Gardens

Subject to certain restrictions, the City permits the planting of gardens on city-owned boulevards by homeowners. A growing number of individuals have taken the initiative to plant suitable pollinator-friendly plants on their boulevard.

Community Gardens & Pollinator Gardens

The city will continue to work with community members to install new community gardens and pollinator gardens in public parks and open spaces when opportunities arise.

B) Education about Pollinators: Describe how you plan to educate community members about the importance of pollinators.

Pollination Guelph's Annual Symposium

As noted above, Pollination Guelph (PG) holds an annual symposium to celebrate pollinators which attracts attendees from Guelph and from across Ontario. This event has been held for the past 11 years and occurred on March 10, 2018. Plans are already underway to hold this event again in 2019. A broad range of presenters and workshop leaders provide engaging and educational sessions on a wide variety of topics related to pollinators and participants return home with new tools and resources to help them conserve and protect pollinators in their homes and communities.

The City of Guelph supports pollinator habitat and education to residents through its Healthy Landscapes program. The program is designed to promote outdoor water conservation initiatives and is also the City's landscaping resource hub. It provides a variety of resources to help Guelph residents create water efficient, functional, beautiful and pollinator-friendly gardens. Resources include a website, a speaker series, design courses, community events, demonstration gardens and complimentary 45 minute Healthy Landscape on-site visits. Through the Healthy Landscape program residents are educated on the use of pollinator plants not only to help pollinators but also to make their gardens more sustainable. The gardening design and maintenance principals around pollinator gardens are also the same principals used in water efficient gardening. The program is designed to provide

residents with tips and information on how to improve their gardens, reduce water use and how to garden naturally with no pesticide use.

Create a Butterfly and Pollinator Friendly Yard Workshop

As part of the City's healthy landscape speaker series, the city will be placing extra emphasis on celebrating pollinators this spring by hosting a Create a Butterfly and Pollinator Friendly Yard workshop. Participants will learn about Ontario butterflies and how to create habitat for them and become familiar with some of the most common butterfly species, as well as other pollinators.

Community Gardens & Pollinator Gardens

The city will continue to work with and support its many community partners including trees for Guelph and OPIRG that deliver pollinator education to program participants as part of their ongoing tree planting efforts throughout the city. This includes connecting community volunteers involved in the community gardens program or involved in parks stewardship activities such as creating a pollination garden with local organizations (e.g. Pollination Guelph, the Guelph-Wellington Master Gardeners, Guelph Horticultural society) that offer educational opportunities such as pollinator-friendly gardening workshops and talks.

C) Celebrating Pollinators: Describe how you plan to celebrate pollinators during International Pollinator Week (third week of June) or at other times.

Pollinator Week Open House

The City is planning an open house event for 2018 Pollinator Week. The open house will showcase a bee hotel that is being installed on the green roof at city hall (1 Carden St.). The event will be open to the public and include speakers, children's pollinator activities, help stock the bee hotel with bee nesting material and educational material will be available. It is hoped the event will be attended by residents that wish to learn more about pollinators and how they can attract them to their own gardens. This event and pollinator week will be publicized on the city's social media feeds and website to reach as wide an audience as possible.

Guelph Bug Day

As noted above under question two, Guelph Bug day has turned into an annual event to celebrate insects of all kinds, including pollinators and it is expected that this will happen on an ongoing basis.

Nature Guelph BioBlitz of Hanlon Creek/Preservation Park

Nature Guelph (Guelph's Naturalist Club) will be hosting a BioBlitz of the Hanlon Creek/Preservation Park area in June 2018 to close out their Nature in the City series that takes place in partnership with the Guelph Public Library. Participants will survey the parks and catalog all species they come across which will of course include a variety of pollinator species including insects.

Part 3: Other Requirements

I/we, the undersigned agree to:

1. Publicly acknowledge Bee City Canada designation through the city/region/community website, signage and other means.
2. Annually re-apply for Bee City Canada designation. A renewal application will be sent to you.

Part 4: Requested Attachments

With your completed application, please provide:

1. One or more photos representing your city/region/community for use on the Bee City website and social media platforms. These could showcase pollinator initiatives or the members of your Bee City Working Group.
2. Your city, region or First Nation logo (png format) and any usage guidelines.

Part 5: Signatures

Applicant

_____	Dave Beaton
Signature	Print Name
Supervisor, Trails and Natural Areas Stewardship	_____
Title	Date

Bee City Canada Liaison (if not Applicant)

_____	Samantha Dupré
Signature	Print Name
Community Stewardship Coordinator	_____
Title	Date

Part 6: Next Steps

1. (Applicant) Email completed application and resolution (in PDF format) with requested attachments to applications@beecitycanada.org with "APPLICATION" in the subject line.
2. (Bee City Canada) Your application will be reviewed within three business days. We will notify you as soon as your application has been approved or promptly request any clarification, if necessary.

Part 7: Bee City Canada's Commitment

Bee City Canada is committed to publicizing your designation as a Bee City through our website, social media and other channels. In addition, our "Bee City Welcome Package" will be sent to you and will include:

1. An official declaration, recognizing your city or First Nation as a Bee City.
2. An aid with helpful ideas for communities joining the Bee City Canada program.
3. Our media kit to use for making Bee City Canada signs and other artwork.

Bee City Canada is grateful for your commitment to take positive actions to help pollinators and for being a role model to other communities across Canada.