

CORPORATION OF THE CITY OF BELLEVILLE
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2017

**CORPORATION OF THE CITY OF BELLEVILLE
CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017**

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City of Belleville
Finance Department

Phone No.: 613-967-3242

Fax No.: 613-967-3206

Management's Responsibility for the Consolidated Financial Statements

The consolidated financial statements of the Corporation of the City of Belleville are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared in compliance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

City Council is responsible for ensuring that management fulfills its responsibilities for financial reporting. Council, through the Audit Committee, reviews the Corporation's consolidated financial statements and discusses any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

The consolidated financial statements have been audited by Welch LLP, independent external auditors appointed by the Corporation, in accordance with Canadian generally accepted auditing standards. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's consolidated financial statements.

Rick Kester
Chief Administrative Officer

Brian Cousins
Director of Finance/Treasurer

The Corporation of the City of Belleville

City Hall, 169 Front Street Belleville, Ontario, Canada K8N 2Y8

Telephone (613) 968-6481 | TTY (613) 967-3768

city.belleville.on.ca

To the Members of Council of the
CORPORATION OF THE CITY OF BELLEVILLE

We have audited the accompanying consolidated financial statements of the **CORPORATION OF THE CITY OF BELLEVILLE**, which comprise the consolidated statement of financial position at December 31, 2017 and the consolidated statements of operations and accumulated surplus, changes in net financial liability and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 Corporation'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 Corporation'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 **CORPORATION OF THE CITY OF BELLEVILLE** as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Belleville, Ontario
July 9, 2018

CHARTERED PROFESSIONAL ACCOUNTANTS
LICENSED PUBLIC ACCOUNTANTS

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CORPORATION OF THE CITY OF BELLEVILLE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

| | <u>2017</u> | <u>2016</u> |
|--|---------------------------|---------------------------|
| FINANCIAL ASSETS | | |
| Cash and investments - <i>note 3</i> | \$ 98,053,059 | \$ 91,522,622 |
| Taxes receivable | 3,159,550 | 3,057,945 |
| Accounts receivable | 12,843,415 | 11,843,650 |
| Long-term investments - <i>note 4</i> | 18,968,422 | 18,351,113 |
| Investment in Veridian Corporation - <i>note 5</i> | <u>17,320,191</u> | <u>16,643,620</u> |
| | <u>150,344,637</u> | <u>141,418,950</u> |
| LIABILITIES | | |
| OILC advance - <i>note 6</i> | 20,600,000 | - |
| Accounts payable and accrued liabilities | 23,052,621 | 20,655,336 |
| Employee benefits payable - <i>note 7</i> | 16,219,835 | 16,301,980 |
| Other liabilities- <i>note 8</i> | 2,226,512 | 2,222,160 |
| Deferred revenue - <i>note 9</i> | 25,644,225 | 22,674,126 |
| Municipal debt- <i>note 10</i> | <u>96,664,272</u> | <u>102,674,941</u> |
| | <u>184,407,465</u> | <u>164,528,543</u> |
| NET FINANCIAL LIABILITY | <u>(34,062,828)</u> | <u>(23,109,593)</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets - <i>net - schedule 1</i> | 623,719,315 | 592,879,868 |
| Inventory of supplies | 1,330,859 | 1,237,670 |
| Prepaid expenses | <u>803,838</u> | <u>785,762</u> |
| | <u>625,854,012</u> | <u>594,903,300</u> |
| ACCUMULATED SURPLUS - <i>note 12</i> | <u>\$ 591,791,184</u> | <u>\$ 571,793,707</u> |

Contingent liabilities and Commitments - *note 11*

(See accompanying notes)

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CORPORATION OF THE CITY OF BELLEVILLE
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
YEAR ENDED DECEMBER 31, 2017

| | 2017 <u>Budget</u> <i>(Note 15)</i> | 2017 <u>Actual</u> | 2016 <u>Actual</u> |
|---|---|-----------------------|-----------------------|
| REVENUES | | | |
| Municipal taxation | \$ 80,539,000 | \$ 83,689,375 | \$ 77,797,487 |
| Taxation from other governments | 2,645,000 | 2,689,937 | 2,760,758 |
| User charges | 34,768,000 | 35,273,987 | 33,857,916 |
| Grants - Government of Canada | 12,000 | 9,725 | 27,526 |
| Grants - Province of Ontario | 510,000 | 745,948 | 471,227 |
| Grants - Other Municipalities | 297,000 | 284,737 | 266,459 |
| Fines | 424,000 | 544,261 | 407,903 |
| Investment income | 657,000 | 1,095,363 | 877,922 |
| Interest and penalties on taxes | 750,000 | 735,793 | 669,571 |
| Development charges levies earned | 143,000 | 11,907 | 7,427 |
| Donations | 29,000 | 30,720 | 38,114 |
| Ontario Lottery and Gaming Corporation | - | 2,781,503 | - |
| TOTAL REVENUES | <u>120,774,000</u> | <u>127,893,256</u> | <u>117,182,310</u> |
| EXPENDITURES | | | |
| General government | 9,493,000 | 9,185,669 | 9,575,881 |
| Protection to persons and property | 32,685,000 | 32,909,451 | 31,364,799 |
| Transportation services | 28,625,000 | 27,785,733 | 27,749,815 |
| Environmental services | 23,916,000 | 24,451,539 | 23,346,178 |
| Health services | 4,913,000 | 4,857,180 | 4,632,692 |
| Recreation and cultural services | 18,436,000 | 18,252,596 | 17,142,657 |
| Planning and development | 3,002,000 | 2,976,591 | 2,777,828 |
| Social and family services | 4,572,000 | 4,787,458 | 4,651,015 |
| Social housing | 4,449,000 | 4,191,416 | 4,228,455 |
| TOTAL EXPENDITURES | <u>130,091,000</u> | <u>129,397,633</u> | <u>125,469,320</u> |
| NET REVENUE (EXPENDITURES) | <u>(9,317,000)</u> | <u>(1,504,377)</u> | <u>(8,287,010)</u> |
| OTHER INCOME AND EXPENSES RELATED TO CAPITAL | | | |
| Municipal taxation for capital purposes | 4,476,000 | 4,476,000 | 4,044,200 |
| Grant - Government of Canada | 9,691,000 | 6,464,433 | 9,037,530 |
| Grant - Government of Ontario | 5,083,000 | 2,599,632 | 3,655,721 |
| Contribution from developers | - | 4,651,852 | 4,044,444 |
| Development charges | 689,000 | 705,000 | 646,667 |
| Park land | - | 52,000 | - |
| Other | 450,000 | 173,760 | 502,043 |
| Tangible capital assets gain (loss) | - | 592,262 | (1,468,805) |
| | <u>20,389,000</u> | <u>19,714,939</u> | <u>20,461,800</u> |
| INTEREST EARNED ON RESERVES | <u>-</u> | <u>431,113</u> | <u>385,593</u> |
| EQUITY SHARE OF VERIDIAN CORPORATION | | | |
| EARNINGS - note 5 | <u>-</u> | <u>1,355,802</u> | <u>1,379,476</u> |
| ANNUAL SURPLUS (DEFICIT) | 11,072,000 | 19,997,477 | 13,939,859 |
| ACCUMULATED SURPLUS, beginning of year | <u>571,793,707</u> | <u>571,793,707</u> | <u>557,853,848</u> |
| ACCUMULATED SURPLUS, end of year | <u>\$ 582,865,707</u> | <u>\$ 591,791,184</u> | <u>\$ 571,793,707</u> |

(See accompanying notes)

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CORPORATION OF THE CITY OF BELLEVILLE
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL LIABILITY
YEAR ENDED DECEMBER 31, 2017

| | 2017 <u>Budget</u> <i>(Note 15)</i> | 2017 <u>Actual</u> | 2016 <u>Actual</u> |
|--|---|-----------------------------|-----------------------------|
| ANNUAL SURPLUS (DEFICIT) | \$ 11,072,000 | \$ 19,997,477 | \$ 13,939,859 |
| Amortization of tangible capital assets | 25,205,000 | 25,205,306 | 24,407,269 |
| Acquisition of tangible capital assets | (48,768,000) | (129,687,854) | (106,012,699) |
| Changes in assets under construction | - | 72,792,638 | 58,635,148 |
| Consolidation adjustment tangible capital assets | - | 2,326 | 2,326 |
| Loss on tangible capital assets | - | (592,262) | 1,468,805 |
| Proceeds on sale of tangible capital assets | - | 1,440,399 | 333,775 |
| Change in inventory of supplies | - | (93,189) | (55,613) |
| Change in prepaid expenses | - | (18,076) | (44,042) |
| | <u> </u> | <u> </u> | <u> </u> |
| CHANGE IN NET FINANCIAL LIABILITY | (12,491,000) | (10,953,235) | (7,325,172) |
| NET FINANCIAL LIABILITY , beginning of year | <u>(23,109,593)</u> | <u>(23,109,593)</u> | <u>(15,784,421)</u> |
| NET FINANCIAL LIABILITY , end of year | <u>\$ (35,600,593)</u> | <u>\$ (34,062,828)</u> | <u>\$ (23,109,593)</u> |

(See accompanying notes)

CORPORATION OF THE CITY OF BELLEVILLE

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2017

| | <u>2017</u> | <u>2016</u> |
|---|----------------------|----------------------|
| OPERATING | | |
| Annual surplus | \$ 19,997,477 | \$ 13,939,859 |
| Non-cash charges to operations: | | |
| Amortization | 25,205,306 | 24,407,269 |
| Contribution from developers | (4,651,852) | (4,044,444) |
| Deferred charges | - | 6,597 |
| Post-employment benefits | (82,145) | 792,510 |
| Loss (gain) on tangible capital assets | (592,262) | 1,468,805 |
| Solid waste landfill closure and post closure liabilities | 38,000 | 37,000 |
| Equity share of Veridian Corporation earnings | (1,355,802) | (1,379,476) |
| Promissory note assumed | - | 400,000 |
| | <u>38,558,722</u> | <u>35,628,120</u> |
| Changes in non-cash operating items (net change): | | |
| Taxes receivable | (101,605) | (279,223) |
| Accounts receivable | (999,765) | 1,374,377 |
| Inventory of supplies | (93,189) | (55,613) |
| Prepaid expenses | (18,076) | (44,041) |
| Accounts payable and accrued liabilities | 2,397,285 | (6,997,540) |
| Other liabilities | (33,648) | 169,310 |
| Deferred revenue | 2,970,099 | (73,256) |
| | <u>42,679,823</u> | <u>29,722,134</u> |
| CAPITAL | | |
| Acquisition of tangible capital assets | (52,241,038) | (43,330,781) |
| Proceeds on disposal of tangible capital assets | 1,440,399 | 333,775 |
| | <u>(50,800,639)</u> | <u>(42,997,006)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Dividends received from Veridian Corporation | 679,231 | 631,617 |
| Net investment in lease | 100,871 | 95,776 |
| Other investments | 66,042 | 70,837 |
| Bell Boulevard water and sewer recoverable costs | 178,502 | 183,317 |
| Local improvement levies receivable | 48,217 | 79,939 |
| Increase in notes receivable | (1,010,941) | (6,617,031) |
| | <u>61,922</u> | <u>(5,555,545)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from long-term debt | - | 26,786,000 |
| Long-term debt repaid | (6,010,669) | (4,675,937) |
| OILC advance | 20,600,000 | - |
| | <u>14,589,331</u> | <u>22,110,063</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 6,530,437 | 3,279,646 |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>91,522,622</u> | <u>88,242,976</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 98,053,059</u> | <u>\$ 91,522,622</u> |

(See accompanying notes)

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CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the City of Belleville (The Corporation) are the responsibility of management prepared in accordance with accounting policies prescribed for local governments, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Corporation are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenditures, and cash flows of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the Corporation and which are owned or controlled by the Corporation except for the Corporation's government business partnership (Veridian Corporation), which is accounted for on the modified equity basis of accounting. In addition to general government tax-supported operations, they include the following:

Belleville Public Library Board
Belleville Downtown Improvement Area

Interdepartmental and organizational transactions and balances are eliminated.

The following joint boards are proportionally consolidated:

Centre and South Hastings Waste Services Board

Investment in Veridian Corporation

The Corporation's investment in Veridian Corporation and its subsidiaries is accounted for on a modified equity basis, consistent with generally accepted accounting principles as recommended by PSAB for investments in government business partnerships. Under the modified equity basis of accounting, the business partnership's accounting principles are not adjusted to conform to those of the Corporation and inter-organizational transactions and balances are not eliminated. The Corporation recognizes its equity interest in the annual income or loss of Veridian Corporation in its "Consolidated Statement of Operations" with a corresponding increase or decrease in its investment asset account. Any dividends that the Corporation may receive from Veridian Corporation and other capital transactions will be reflected as adjustments in the investment asset account.

Investment in Quinte Solar Generation Inc.

The Corporation, Solera Sustainable Energies Company Limited, and Veridian Corporation holds 15%, 15% and 70% equity interest respectively in the above company, incorporated to own, operate and maintain projects related to solar electricity generation facilities and systems at some specific locations. This venture is currently in the application stage with the Independent Electricity System Operator (IESO) and has not yet been injected with capital by the joint parties.

Investment in Quinte Hydraulic Generation Inc.

The Corporation, Peterborough Utilities Inc., and Veridian Corporation holds 15%, 42.5% and 42.5% equity interest respectively in the above company, incorporated to own, operate and maintain projects related to hydraulic electricity generation facilities and systems at some specific locations. This venture is currently in the application stage with the Independent Electricity System Operator (IESO) and has not yet been injected with capital by the joint parties.

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

1. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

The following local boards and joint local boards are not consolidated:

The Hastings and Prince Edward Counties Health Unit
Hastinet - a joint board of The Belleville Public Library Board and Quinte West Public Library Board
Quinte Conservation

Accounting for School Board Transactions

The assets, liabilities, revenues, and expenditures with respect to the operations of schools boards are not reflected in these consolidated financial statements.

Basis of Accounting

The consolidated financial statements are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

Land Held for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Included in tangible capital assets at December 31, 2017 is industrial land held for resale of \$17,419,839 and land and buildings declared surplus by Council with a net book value of \$689,000.

Net Investment in Direct Financing Leases Receivable

Investment income related to the Corporation's net investment in direct financing leases is recognized in a manner that produces a consistent rate of return on investment. The investment in leases is composed of net minimum remaining lease payments net of unearned investment income.

Deferred Revenue - Obligatory Reserve Funds

The Corporation receives contributions under the authority of provincial legislation and City by-laws. These funds by their nature are restricted in their use and until applied to applicable projects are recorded as deferred revenue. Amounts applied to projects are recorded as revenue in the fiscal period they are expended.

Deferred Revenue

Deferred revenues represent user charges which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year services are performed. In addition, any contributions received with external restrictions are deferred until the related expenditures are made.

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

1. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

Post Employment Benefits

The present value of the cost of providing employees with future benefit programs is recognized as employees earn these entitlements through service. Actuarial gains and losses are amortized over the average remaining service period ("ARSP"). The actuary determined ARSP to be 9 years.

Contaminated Sites Liability

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when, as at the financial reporting date, all the following criteria are met for a site or a portion of a site which is no longer in productive use:

- i) an environmental standard exists;
- ii) contamination exceeds environmental standard;
- iii) the Corporation is directly responsible or accepts responsibility; and
- iv) a reasonable estimate of the amount can be made.

Government Transfers and Ontario Lottery and Gaming Corporation Funding

Government transfers and Ontario Lottery and Gaming Corporation funding are recognized as revenues or expenditures in the year that the events giving rise to the transfer occurred, provided the transfer is authorized, eligibility criteria, if any, have been met by the recipient, and a reasonable estimate of the amount can be made.

Taxation and Related Revenues

Property tax billings are prepared by the Corporation based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by City Council incorporating amounts to be raised for local services and amounts the Corporation is required to collect on behalf of the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued. A normal part of the assessment process is the issue of supplementary assessment rolls that provide updated information with respect to changes in property assessment.

Once a supplementary assessment roll is received, the Corporation determines the taxes applicable and renders supplementary tax billings. Assessments and the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the school boards as appropriate.

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus or deficit, provides the Change in Net Financial Asset (Liability) for the year.

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

1. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

a) 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. Initial costs for tangible assets that were acquired and developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful life as follows:

| | |
|---|-------------------|
| Land Improvements | - 15 years |
| Buildings | - 20 to 100 years |
| Machinery and equipment | - 10 years |
| Vehicles | - 5 to 10 years |
| Computer hardware and software | - 5 to 10 years |
| Water and waste plants and networks | |
| -underground networks | - 15 to 75 years |
| -sewage treatment plants and facilities | - 50 to 75 years |
| Transportation | |
| -roads | - 15 to 26 years |
| -bridges and other structures | - 25 to 75 years |
| Leased assets | - 5 to 40 years |

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Corporation has a capitalization threshold so that individual tangible capital assets of lesser value are expensed, unless they are pooled, because collectively they have significant value, or for operational reasons.

b) Contribution of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue. Similarly, transfer of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer.

c) Works of Art and Historical Treasures

The Corporation owns both works of art and historical treasures at various museums and facilities. These assets are deemed worthy of preservation because of the social rather than financial benefits they provide the community. These assets are not recorded as tangible capital assets and are not amortized.

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

1. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

d) Leases

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

e) Inventory of Supplies

Inventories held for consumption are recorded at the lower of cost and replacement cost.

Foreign Currencies

Foreign currency transactions entered into by the Corporation have been translated at the exchange rate prevailing at the date of transaction. Monetary assets have been translated at the year-end exchange rate. Foreign exchange gain and losses are included in the statement of operations and accumulated surplus.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting policies for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada 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 consolidated financial statements and the reported amounts of revenues and expenditures during the reporting period. Management makes accounting estimates when determining the estimated useful life of the Corporation's tangible capital assets, its allowance for doubtful accounts, the carrying value of its inventory, the accrued liabilities for employee benefits, solid waste landfill closure and post-closure cost and liability for contaminated sites. Actual results could differ from those estimates.

2. **FINANCIAL INSTRUMENTS**

The Corporation's financial instruments consist of cash, taxes receivable, accounts and notes receivable, investments, accounts payable and accrued liabilities and municipal debt. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

3. CASH AND INVESTMENTS

The cash and investments balance consists of the following:

| | <u>Market Value</u> | <u>2017</u> | <u>2016</u> |
|--|----------------------|----------------------|----------------------|
| City of Belleville | | | |
| Cash and chequing accounts | \$ 14,242,195 | \$ 14,242,195 | \$ 15,470,027 |
| Mutual funds/segregated funds | 2,390,024 | 2,390,024 | 1,009 |
| Fixed income accounts | 69,469,761 | 69,427,424 | 63,757,431 |
| Principal protected notes | 10,514,779 | 10,618,514 | 10,500,000 |
| Belleville Public Library Board | 297,162 | 297,162 | 656,481 |
| Belleville Downtown Improvement Area | 202,074 | 202,074 | 415,832 |
| Centre and South Hastings Waste Services Board | <u>875,666</u> | <u>875,666</u> | <u>721,842</u> |
| | <u>\$ 97,991,661</u> | <u>\$ 98,053,059</u> | <u>\$ 91,522,622</u> |

Cash and investments in the amount of \$25,324,746 (2016 - \$22,516,388) have been restricted to support obligatory reserve funds, reserves and deferred revenue.

4. LONG-TERM INVESTMENTS

Long-term investments balance consists of the following:

| | <u>2017</u> | <u>2016</u> |
|--|----------------------|----------------------|
| Net investment in lease (a) | \$ 386,959 | \$ 487,830 |
| Bell Boulevard water and sewer recoverable costs (b) | 2,415,393 | 2,593,895 |
| Local improvement levies receivable (c) | 100,124 | 148,341 |
| Note receivable Veridian Corporation (d) | 2,206,000 | 2,206,000 |
| Note receivable Veridian Connections Inc. (d) | 5,588,000 | 5,588,000 |
| Notes receivable - other (e) | 7,627,972 | 6,617,031 |
| Other investments | <u>643,974</u> | <u>710,016</u> |
| | <u>\$ 18,968,422</u> | <u>\$ 18,351,113</u> |

a) Net Investment in Lease

The net investment in lease includes the following:

| | <u>2017</u> | <u>2016</u> |
|---------------------------------|-------------------|-------------------|
| Total lease payments receivable | \$ 423,028 | \$ 546,843 |
| Less: Unearned interest income | <u>36,069</u> | <u>59,013</u> |
| | <u>\$ 386,959</u> | <u>\$ 487,830</u> |

The Corporation purchased equipment and leased the equipment to a company which is accounted for as a direct financing lease. Terms of the lease include monthly payments of \$10,318 starting July 1, 2011 and maturing June 1, 2021; an incremental borrowing rate of 5.25%; an option to purchase the equipment for a nominal amount at the conclusion of the lease agreement; security of an irrevocable letter of credit in the amount of \$200,000 which shall remain in place for the term; in the event of default the equipment supplier agrees to buy back the equipment from the Corporation at the depreciated cost.

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

4. **LONG-TERM INVESTMENTS** (continued)

b) Bell Boulevard water and sewer recoverable costs

The Corporation entered into a servicing agreement with the owners of lands on the westerly end of Bell Boulevard to attract development to the area. All recoverable costs as a result of the Corporation installing services, together with accrued interest, shall be repayable at the earlier of the issuance of a building permit for development or the expiry of 15 years from the date of the agreement. The interest rate throughout the term of this agreement is fixed at the rate of 2.67%. Security consists of a one foot road frontage which will be released once the recoverable costs are paid or satisfactory terms of payment have been arranged with the Corporation.

Deposits received of \$301,457 (2016 - \$351,363) regarding these costs have been included in deferred revenue as disclosed in note 9.

c) Local Improvement Levies Receivable

Improvements to infrastructure are often requested by residents such as extending waterlines, sewers, sidewalks, or curb and gutters to new areas, or repairs and upgrades to municipal drains. The Corporation records the outstanding ratepayer funding of these local improvements as a receivable in the consolidated statement of financial position. The levies are receivables with various repayment schedules and interest rates from 4.27% to 6.25%. The ratepayers have the option to pay the balance of the loan at any time. The local improvement levies receivable for capital projects on the tax roll consist of the following:

| | <u>2017</u> | <u>2016</u> |
|------------|-------------------|-------------------|
| Water | \$ 80,589 | \$ 122,538 |
| Wastewater | <u>19,535</u> | <u>25,803</u> |
| | <u>\$ 100,124</u> | <u>\$ 148,341</u> |

d) Notes Receivable

The note receivable from Veridian Corporation matures on December 31, 2018, bears interest at the greater of 6% and the Ontario Energy Board deemed long-term debt rate and is convertible into common shares at the option of the holder at the rate of one common share for every \$1,000 of principal then outstanding, on or before maturity.

The note receivable from Veridian Connections Inc. matures on November 1, 2039, bears interest at the Ontario Energy Board deemed long-term debt rate. The City of Belleville may demand full or partial repayment with six months notice with certification that the funds are required for municipal purposes.

The Corporation has signed an inter-creditor agreement confirming the subordinated ranking of these promissory notes to the senior debt financing issued by Veridian Corporation.

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

4. **LONG-TERM INVESTMENTS** (continued)

e) Notes Receivable - other

The notes receivable - other consists of the following:

| | <u>2017</u> | <u>2016</u> |
|--------------------------------------|---------------------|---------------------|
| Notes receivable in Canadian dollars | \$ 7,581,770 | \$ 6,609,500 |
| Accrued interest receivable | <u>46,202</u> | <u>7,531</u> |
| | <u>\$ 7,627,972</u> | <u>\$ 6,617,031</u> |

The Corporation has agreed to advance a Company up to \$6,500,000 United States dollars (USD) towards enterprise capital costs which include the costs related to franchise acquisition and startup. While the loan agreement provides for the loan in United States dollars, the actual promissory notes are stated in Canadian dollars based on the exchange rate in effect at the time of each advance. The loan shall be advanced in multiple tranches as follows:

The first \$3,250,000 USD is non-interest bearing, is repayable upon certain triggering events. The borrower may prepay this note at any time without notice or bonus. In 2016 the Corporation advanced the Company \$3,250,000 USD and received a promissory note for \$4,296,175 Canadian dollars.

The second \$3,250,000 USD bears interest at 1.5% per annum calculated semi-annually effective October 1, 2016, monthly interest payments (including accrued interest from October 1, 2016) commencing on January 1, 2018, monthly principal payments of \$22,032 commencing October 31, 2020 with maturity date of September 30, 2025. The maturity date of the note shall be extended to the date of renewed lease termination, if the lease is renewed between the Corporation and the Company. In the event that the average paid ticket sales for the regular season of the Company is below 3500 ticket sales per game then the principal payment for the year in question (commencing October 1) shall be reduced by the same percentage that the percentage of sales is below 3500 ticket sales. During the year the Corporation advanced the Company \$750,000 (2016 - \$1,750,000) USD and received a promissory note for \$972,270 (2016 - \$2,313,325) Canadian dollars.

As security for the above notes receivable, the Corporation holds the following:

- appointing an observer at Board of Directors meetings of the Company
- restrictions on the Company incurring any third party debt
- restrictions on the Company undertaking other borrowing
- restrictions on the Company making a return of capital to the owners
- restrictions on the Company permitting a change of control
- receiving a copy of the Company's annual unaudited financial statements prepared in accordance with Canadian Accounting Standards for Private Enterprises
- a guarantee in the amount of \$3,965,700 Canadian dollars with interest and costs from the date of demand therefore (the "Maximum Liability"). As the principal under the note is repaid in accordance with the terms thereof the Maximum Liability will reduce on a dollar for dollar basis with such repayment.

The triggering events under the loan agreement are as follows:

- the Company relocates to another city
- the Company is sold
- a change of control of the Company occurs outside the current ownership

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

4. **LONG-TERM INVESTMENTS** (continued)

f) Investment in Government Partnership

The Corporation is a member of the Centre & South Hastings Waste Services Board, a Joint Municipal Service Board operating waste reduction programs including recycling, hazardous waste management and composting. Consistent with generally accepted accounting treatment for government partnerships, the joint service board is accounted for on a proportionate consolidated basis whereby the Corporation's pro-rata share of each of the financial assets, liabilities, non-financial assets, revenues and expenditures are combined on a line by line basis in the consolidated financial statements.

During the year the Corporation paid \$954,039 (2016 - \$976,072) to Centre & South Hastings Waste Services Board for recycling services.

The condensed supplementary financial information of Centre & South Hastings Waste Services Board is as follows:

| | <u>2017</u> | | <u>2016</u> | |
|---|---------------------|--------------------------|---------------------|--------------------------|
| | Total | City's Portion 37.46% | Total | City's Portion 37.74% |
| Financial Position | | | | |
| Financial Assets | | | | |
| Cash and investments | \$ 2,337,603 | \$ 875,666 | \$ 1,912,670 | \$ 721,842 |
| Accounts receivable | <u>726,765</u> | <u>272,246</u> | <u>774,784</u> | <u>292,403</u> |
| | <u>3,064,368</u> | <u>1,147,912</u> | <u>2,687,454</u> | <u>1,014,245</u> |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | 462,141 | 173,118 | 508,802 | 192,022 |
| Deferred revenues | <u>105,353</u> | <u>39,465</u> | <u>114,873</u> | <u>43,353</u> |
| | <u>567,494</u> | <u>212,583</u> | <u>623,675</u> | <u>235,375</u> |
| Net Financial Assets | <u>2,496,874</u> | <u>935,329</u> | <u>2,063,779</u> | <u>778,870</u> |
| Non-Financial Assets | | | | |
| Tangible capital assets | 928,636 | 347,867 | 830,708 | 313,509 |
| Inventories | 62,206 | 23,302 | 64,494 | 24,340 |
| Prepaid expenses | <u>37,043</u> | <u>13,876</u> | <u>35,466</u> | <u>13,385</u> |
| | <u>1,027,885</u> | <u>385,045</u> | <u>930,668</u> | <u>351,234</u> |
| Accumulated Surplus | <u>\$ 3,524,759</u> | <u>\$ 1,320,374</u> | <u>\$ 2,994,447</u> | <u>\$ 1,130,104</u> |
| Statement of Operations | | | | |
| Revenue | | | | |
| Government transfers | \$ 2,851,701 | \$ 1,068,247 | \$ 2,846,852 | \$ 1,074,402 |
| User fees | 3,847,480 | 1,441,266 | 3,489,747 | 1,317,031 |
| Interest income | <u>20,333</u> | <u>7,617</u> | <u>16,735</u> | <u>6,316</u> |
| | <u>6,719,514</u> | <u>2,517,130</u> | <u>6,353,334</u> | <u>2,397,749</u> |
| Expenditures | | | | |
| Environmental services | <u>6,189,202</u> | <u>2,318,475</u> | <u>6,127,080</u> | <u>2,312,360</u> |
| Annual surplus (deficit) | <u>\$ 530,312</u> | <u>\$ 198,655</u> | <u>\$ 226,254</u> | <u>\$ 85,389</u> |

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

5. INVESTMENT IN VERIDIAN CORPORATION

- a) Veridian Corporation is a government business partnership which is jointly owned by the City of Pickering, Town of Ajax, Municipality of Clarington and the City of Belleville. The Corporation retains an investment of 1,330 common shares of Veridian Corporation representing a 13.3% interest in the company which is accounted for using the modified equity basis of accounting.

The following table provides condensed financial information of Veridian Corporation at December 31, 2017 together with comparative figures for 2016. The amounts are disclosed in thousands of dollars:

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|-------------------|
| Consolidated Balance Sheet | | |
| Current assets | \$ 77,555 | \$ 89,713 |
| Non-current assets | <u>270,477</u> | <u>256,794</u> |
| Total assets | 348,032 | 346,507 |
| Regulatory balances | <u>2,852</u> | <u>2,530</u> |
| | <u>\$ 350,884</u> | <u>\$ 349,037</u> |
| Current liabilities | \$ 116,129 | \$ 101,166 |
| Non-current liabilities | 94,786 | 112,346 |
| Shareholders' equity | <u>130,227</u> | <u>125,140</u> |
| Total liabilities and equity | 341,142 | 338,652 |
| Regulatory balances | <u>9,742</u> | <u>10,385</u> |
| | <u>\$ 350,884</u> | <u>\$ 349,037</u> |
| Consolidated Statement of Operations | | |
| Revenue | \$ 332,431 | \$ 390,273 |
| Commodity cost and expenses | (319,595) | (371,707) |
| Other income | 2,927 | 3,397 |
| Finance costs and unrealized gain (loss) on interest rate swaps | <u>(2,890)</u> | <u>(4,695)</u> |
| Income before income taxes | 12,873 | 17,268 |
| Income tax expense | <u>(3,668)</u> | <u>(3,448)</u> |
| Net Income | 9,205 | 13,820 |
| Net movements in regulatory balances, net of tax | 965 | (3,372) |
| Other comprehensive income (loss), net of tax | | |
| Remeasurements of employee future benefits | <u>24</u> | <u>(77)</u> |
| Total comprehensive income | <u>\$ 10,194</u> | <u>\$ 10,371</u> |
| City's share of comprehensive income | <u>\$ 1,356</u> | <u>\$ 1,379</u> |

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

5. **INVESTMENT IN VERIDIAN CORPORATION** (continued)

b) The Corporation's equity is represented by:

| | <u>2017</u> | <u>2016</u> |
|---|----------------------|----------------------|
| Promissory notes receivable - note 4 | \$ 7,794,000 | \$ 7,794,000 |
| Investment in Veridian Corporation | | |
| Initial cost of investment in shares | 12,954,063 | 12,954,063 |
| Excess of fair market value of assets over book value | <u>(3,415,388)</u> | <u>(3,415,388)</u> |
| Equity in Veridian Corporation at acquisition date | 9,538,675 | 9,538,675 |
| Accumulated share of net earnings | 17,159,139 | 15,803,337 |
| Accumulated dividends received | <u>(9,377,623)</u> | <u>(8,698,392)</u> |
| | <u>17,320,191</u> | <u>16,643,620</u> |
| | <u>\$ 25,114,191</u> | <u>\$ 24,437,620</u> |

c) Equity in Veridian Corporation:

| | <u>2017</u> | <u>2016</u> |
|--|----------------------|----------------------|
| Balance, beginning of year | \$ 24,437,620 | \$ 23,689,761 |
| Equity share of net earnings for the year | 1,355,802 | 1,379,476 |
| Dividends received from Veridian Corporation | <u>(679,231)</u> | <u>(631,617)</u> |
| | <u>\$ 25,114,191</u> | <u>\$ 24,437,620</u> |

d) Contingencies and guarantees of Veridian Corporation ("Veridian") as disclosed in their financial statements are as follows:

i) Insurance claims:

Veridian is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE") which was created on January 1, 1987. A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE provides general liability insurance to member electric utilities. Mearie also provides vehicle and property insurance to Veridian.

Insurance premiums charged to each member utility consist of a levy per \$1,000 of service revenue subject to a credit or surcharge based on each electric utility's claims experience. The maximum coverage is \$30,000,000 per occurrence for liability insurance, \$21,000,000 for vehicle insurance and \$119,736,000 for property insurance; plus \$10,000,000 excess coverage on top of the regular liability and vehicle coverage.

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

5. **INVESTMENT IN VERIDIAN CORPORATION** (continued)

ii) Contractual obligation - Hydro One Networks Inc.:

Veridian's subsidiary, Veridian Connections Inc. (VCI), is party to a connection and cost recovery agreement with Hydro One related to the construction by Hydro One of a transformer station designated to meet VCI's anticipated electricity load growth. Construction of the project was completed during 2007 and VCI connected to the transformer station during 2008.

To the extent that the cost of the project is not recoverable from future transformation connection revenues, VCI is obligated to pay a capital contribution equal to the difference between these revenues and the construction costs allocated to VCI. The construction costs allocated to VCI for the project are \$9,975,000.

Veridian has recorded a liability and a corresponding intangible asset for \$1,212,000 as at December 31, 2017 (2016 - \$1,212,000), based on management's best estimate of the future transformation connection revenue shortfall. Hydro One is expected to perform a true-up based on actual load at the end of the tenth and fifteenth anniversaries of the in-service date.

iii) General claims:

From time to time, Veridian is involved in various lawsuits, claims and regulatory proceedings in the normal course of business. In the opinion of management, the outcome of such matters will not have a material adverse effect on Veridian's financial position, results of operations or cash flows.

iv) Lease Commitments - Veridian Corporation

Future minimum lease payment obligations under operating leases are as follows:

| | | |
|------------|-----------|----------------|
| 2018 | \$ | 41,000 |
| 2019 | | 33,000 |
| 2020 | | 32,000 |
| 2021 | | 24,000 |
| 2022 | | 2,000 |
| Thereafter | | <u>58,000</u> |
| | <u>\$</u> | <u>190,000</u> |

6. **OILC ADVANCE**

During the year, the Corporation approved the temporary borrowing from Ontario Infrastructure and Lands Corporation (OILC) for financing capital works in the amount of \$22,200,000. The OILC advance of \$20,600,000 reported on the Consolidated Statement of Financial Position represents advances while the projects are in progress and incurs interest at a floating monthly construction rate established by OILC which was 1.74% at December 31, 2017.

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

7. EMPLOYEE BENEFITS PAYABLE

- a) The Corporation provides certain employee benefits which will require funding in future periods. An actuarial valuation of future liabilities as at January 1, 2016 was completed on May 5, 2017 and forms the basis for the estimated liability reported in these financial statements.

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

- ii) **General inflation:**
 Future general inflation levels as measured by changes in the Consumer Price Index ("CPI"), were assumed at 2.00% in 2016 and thereafter.
- iii) **Interest (discount) rate:**
 The obligation as at December 31, 2017, of the present value of future liabilities and the expense for the 12 months ended December 31, 2017, were determined using an annual discount rate of 3.75% (2016 - 3.75%). This corresponds to the Corporation's cost of borrowing and the long term yield on high quality bonds at the date of the valuation.
- iv) **Salary levels:**
 Future general salary and wages level were assumed to increase at 3.3% per annum.
- v) **Medical costs:**
 Medical costs were assumed to increase at 6.2% in 2016 and decrease by .21% increments per year to an ultimate rate of 4.5% in 2024 and thereafter.
- v) **Dental costs:**
 Dental costs were assumed to increase at 4.5% per annum.

| | Medical Dental, Life Insurance Benefits | Sick Leave Benefits | 2017 Total | 2016 Total |
|--|--|------------------------|----------------------|----------------------|
| Employee future benefits payable beginning of year | \$ 12,992,420 | \$ 3,309,560 | \$ 16,301,980 | \$ 15,509,470 |
| Current service costs | 590,000 | 204,355 | 794,355 | 754,570 |
| Interest expense on benefits | 484,520 | 119,250 | 603,770 | 588,860 |
| Benefits payments | (583,300) | (866,900) | (1,450,200) | (520,860) |
| Past Service Cost (gain) | - | - | - | (447,190) |
| Amortization of actuarial (gain) loss | <u>(41,150)</u> | <u>11,080</u> | <u>(30,070)</u> | <u>417,130</u> |
| | <u>\$ 13,442,490</u> | <u>\$ 2,777,345</u> | <u>\$ 16,219,835</u> | <u>\$ 16,301,980</u> |
| Employee future benefits payable consists of: | | | | |
| Unfunded accrued benefit obligations | \$ 13,113,340 | \$ 2,866,000 | \$ 15,979,340 | \$ 16,031,415 |
| Unamortized actuarial (gain) loss | <u>(329,150)</u> | <u>88,655</u> | <u>(240,495)</u> | <u>(270,565)</u> |
| | <u>\$ 13,442,490</u> | <u>\$ 2,777,345</u> | <u>\$ 16,219,835</u> | <u>\$ 16,301,980</u> |

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CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

b) Pension Plan

The Corporation makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf 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. Employees and the Corporation contribute jointly to the plan.

Contributions for employees with a normal retirement age of 65 were being made at a rate of 9.0% (2016 - 9.0%) for earnings up to the annual maximum pensionable earnings of \$55,300 (2016 - \$54,900) and at a rate of 14.6% (2016 - 14.6%) for earnings greater than the annual maximum pensionable earnings.

Contributions for employees with a normal retirement age of 60 were being made at a rate of 9.2% (2016 - 9.2%) for earnings up to the annual maximum pensionable earnings of \$55,300 (2016 - \$54,900) and at a rate of 15.8% (2016 - 15.8%) for earnings greater than the annual maximum pensionable earnings.

The amount contributed to OMERS for 2017 was \$4,065,109 (2016 - \$3,969,010) for current service and is included as an expenditure on the "Consolidated Statement of Operations and Accumulated Surplus". The actuarial valuation of the OMERS plan at December 31, 2017 indicated a surplus of \$605,000,000 (2016 - \$2,341,000,000 deficit) in the plan. OMERS is a multi-employer plan, any pension plan surplus or deficit are a joint responsibility of Ontario Municipal organizations and their employees. As a result, the Corporation does not recognize any share of the OMERS pension surplus or deficit in the consolidated financial statements.

c) Liability for Vested Sick Leave Benefit

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

d) Reserves

Reserves of \$6,950,687 (2016 - \$6,140,551) have been established to partially provide for these liabilities, and are reported in schedule 2 to the consolidated financial statements.

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

8. OTHER LIABILITIES

Other liabilities balance consists of the following:

| | <u>2017</u> | <u>2016</u> |
|--|---------------------|---------------------|
| Liability for annual leave | \$ 1,156,512 | \$ 1,190,160 |
| Solid waste landfill closure and post-closure care | 750,000 | 712,000 |
| Contaminated sites liability | <u>320,000</u> | <u>320,000</u> |
| | <u>\$ 2,226,512</u> | <u>\$ 2,222,160</u> |

a) Liability for Annual Leave

Under the Corporation's employment policies, unused annual leave may accumulate and employees may become entitled to a cash payment when they leave the Corporation's employment. The estimated liability for annual leave which could be taken in cash by an employee on termination amounted to \$1,156,512 (2016 -\$1,190,160).

b) Landfill Closure and Post-Closure Care

The Ontario Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. The estimated liability for these expenditures is recognized based on the cumulative capacity used to date, compared to the total estimated landfill capacity.

The estimated liability for the Thurlow landfill is \$750,000 based on the present value of closure and post-closure costs estimated at \$1,263,100, using assumed rates of 3.5% for inflation and 5.5% for interest.

The Thurlow landfill has an estimated remaining capacity of 42% and is expected to provide capacity for 22 years based on current waste generation rates.

A reserve of \$594,360 has been established to provide for this liability and is reported in schedule 2 to the consolidated financial statements.

Post-closure care is estimated to continue for a period of approximately 20 years.

c) Contaminated Sites Liability

The Corporation is responsible for the remediation of contaminated sites that are no longer in productive use where the Corporation is directly responsible or has accepted responsibility for remediation. The Corporation utilizes a risk based assessment approach for identifying sites with potential contamination, for which a provision may need to be provided. A provision for future clean-up costs and monitoring has been accrued based on environmental assessments.

From time to time, there may be uncertainty as to whether the Corporation has a legal responsibility or accepts responsibility for a contaminated site that may be reportable under PS 3260. It is not expected that the impact of any such sites would have a material impact on the consolidated financial statements. When the Corporation is able to determine that it accepts or is legally responsible for contamination of a site and all other criteria have been met, the Corporation will accrue a liability for these future clean-up costs.

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

9. **DEFERRED REVENUE**

The deferred revenue balance consists of the following:

| | Balance December 31, <u>2016</u> | <u>Additions</u> | Transferred to <u>income</u> | Balance December 31, <u>2017</u> |
|---|--|----------------------|---------------------------------|--|
| Obligatory Reserve Funds: | | | | |
| Development charges | \$ 11,038,726 | \$ 3,678,178 | \$ 716,907 | \$ 13,999,997 |
| Park | 153,302 | 27,746 | 52,000 | 129,048 |
| Building code act | 2,624,659 | 699,031 | 20,000 | 3,303,690 |
| Provincial gas tax | 2,077,338 | 717,551 | 548,825 | 2,246,064 |
| Federal gas tax | 6,033,339 | 3,163,959 | 4,616,784 | 4,580,514 |
| Other: | | | | |
| Belleville Public Library | 17,927 | 7,923 | 5,669 | 20,181 |
| Bell Boulevard water and sewer extension | 351,363 | 36,224 | 86,130 | 301,457 |
| Centre and South Hastings Waste Services Board | 43,353 | 39,465 | 43,353 | 39,465 |
| Government transfers | 11,242 | - | 11,242 | - |
| Ontario Community Infrastructure Fund | - | 1,510,230 | 766,435 | 743,795 |
| Miscellaneous | <u>322,877</u> | <u>280,014</u> | <u>322,877</u> | <u>280,014</u> |
| | <u>\$ 22,674,126</u> | <u>\$ 10,160,321</u> | <u>\$ 7,190,222</u> | <u>\$ 25,644,225</u> |

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

10. MUNICIPAL DEBT

The municipal debt balance consists of the following:

| <u>Debt Instrument</u> | <u>Interest Rate</u> | <u>Payment Frequency</u> | <u>Payment Type</u> | <u>Payment Amount</u> | <u>Maturity Date</u> | <u>2017</u> | <u>2016</u> |
|---------------------------------|----------------------|--------------------------|---------------------------------------|-----------------------|----------------------|----------------------|-----------------------|
| CIBC demand installment loan | 3.05% | Monthly | Principal and interest | 21,766 | Oct-17 | \$ - | \$ 207,998 |
| CIBC demand installment loan | 3.05% | Monthly | Principal and interest | 49,075 | Dec-20 | 1,766,700 | 2,355,600 |
| Debentures | 6.50% | Annual | Principal plus interest (semi-annual) | 688,000 | - | - | 688,000 |
| Promissory note | -% | Annual | Principal only | 200,000 | Jan-18 | 200,000 | 400,000 |
| RBC demand loan | 6.24% | Monthly | Principal and interest | 622 | Feb-19 | 8,362 | 15,070 |
| OSIFA debenture | 2.35% | Semi-Annual | Principal and interest | 140,000 | Jan-21 | 980,000 | 1,260,000 |
| OILC debenture | 3.19% | Semi-Annual | Principal and interest | 71,745 | Jun-27 | 1,168,001 | 1,271,740 |
| OILC debenture | 2.46% | Semi-Annual | Principal and interest | 34,454 | Oct-31 | 811,954 | 860,000 |
| OILC debenture | 3.47% | Semi-Annual | Principal and interest | 129,050 | Jun-32 | 2,921,375 | 3,074,116 |
| OILC debenture | 3.86% | Monthly | Principal and interest | 235,860 | Jul-33 | 33,105,235 | 34,625,712 |
| OILC debenture | 3.34% | Semi-Annual | Principal and interest | 1,143,829 | Nov-35 | 30,761,356 | 31,990,705 |
| OILC debenture | 2.78% | Semi-Annual | Principal and interest | 849,329 | Oct-36 | 24,941,289 | 25,926,000 |
| | | | | | | <u>\$ 96,664,272</u> | <u>\$ 102,674,941</u> |
| Long-term debt is comprised of: | | | | | | | |
| Tax supported | | | | | | <u>\$ 76,677,998</u> | <u>\$ 79,263,512</u> |
| Self-liquidating debt | | | | | | <u>\$ 19,986,274</u> | <u>\$ 23,411,429</u> |
| | | | | | | <u>2017</u> | <u>2016</u> |

Long-term debt is comprised of:

Principal and interest repayments are estimated to be as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------|----------------------|----------------------|-----------------------|
| 2018 | \$ 5,253,681 | \$ 3,176,784 | \$ 8,430,465 |
| 2019 | 5,191,182 | 2,911,971 | 8,103,153 |
| 2020 | 5,338,084 | 2,932,200 | 8,270,284 |
| 2021 | 4,763,096 | 2,665,707 | 7,428,803 |
| 2022 | 4,782,076 | 2,505,051 | 7,287,127 |
| 2023 and subsequent years | <u>71,336,153</u> | <u>15,856,905</u> | <u>87,193,058</u> |
| | <u>\$ 96,664,272</u> | <u>\$ 30,048,618</u> | <u>\$ 126,712,890</u> |

For the purposes of the above, it has been assumed that the demand loans will be paid to maturity based on current repayment terms.

Interest expense recorded in the year relating to the municipal debt is \$3,454,185 (2016 - \$2,962,766).

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

11. CONTINGENT LIABILITIES AND COMMITMENTS

The Corporation has an outstanding commitment to Belleville General Hospital Foundation of \$750,000 payable \$250,000 from 2018 to 2020.

The Corporation has a commitment to Hastings County to finance debentures related to the capital construction of Hastings Manor of approximately \$5,768,900 based on current proportionate share of resident days, with annual payments of approximately \$1,012,000 for 6 years. Debentures have an effective interest rate of 4.14% to 4.74% with maturity dates from August 31, 2023 to September 30, 2023.

The Corporation has a commitment to Hastings County to finance debentures related to the capital construction of Centennial Manor of approximately \$341,300 based on a proportionate share of weighted assessment (Thurlow and Quinte annex), with annual payments of approximately \$76,700 for 4 years. Debentures have an effective interest rate of 2.97% to 3.70% with maturity date of May 31, 2022.

The Corporation has entered into an agreement with a company to provide up to \$1,000,000 for a second equipment lease, provided that they are in compliance with the terms of the initial equipment lease and the Corporation does not have any material concerns with the financial viability or management of the company.

The Corporation has an agreement with a Crown Agency of the Province of Ontario to operate the Corporation's water pollution control facilities to December 31, 2022 with the option for five year extensions. During the year, payments under the agreement totalled \$1,776,720.

The Corporation has an agreement with a company for the collection of household waste and disposal as well as organics collection to July 31, 2018 with the option for two one year extensions. During the year, payments under the agreement totalled \$1,416,896.

The Corporation has developed a doctor recruitment and retention program. The program provides education funding to medical students for up to 5 years at \$15,000 per year for contracts before 2015 and up to 6 years at \$25,000 per year for contracts after 2015. The medical students enter into an agreement for the education funding in exchange for a minimum five year commitment to practice family medicine within the City of Belleville.

Future payments for the program, based on agreements in force at December 31, 2017, are as follows:

| | |
|------|------------|
| 2018 | \$ 140,000 |
| 2019 | 125,000 |
| 2020 | 125,000 |
| 2021 | 75,000 |
| 2022 | 50,000 |

The Corporation has entered into a Shortfall Payment Covenant and Indemnity agreement regarding natural gas usage with a business in the municipality. The Corporation will indemnify the business for certain payments it may be required to make if its natural gas consumption does not exceed budgeted amounts. During the year, payments under the agreement totalled \$272,043 (2016 - \$212,825) and the Corporation's obligation under the agreement ended effective December 31, 2017.

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

11. **CONTINGENT LIABILITIES AND COMMITMENTS** (continued)

As at December 31, 2017 the Corporation has outstanding capital project contractual commitments of approximately \$15,944,500.

As at December 31, 2017, certain legal actions are pending against the Corporation. An estimate of the contingency cannot be made since the outcome of these matters cannot be determined at this time. The Corporation carries liability insurance. Any settlement in excess of amounts which have been recorded in the accounts and insurance coverage will be accounted for as a current transaction in the year of settlement.

Contingent environmental liabilities may arise out of existing and former operations. Such liabilities are different from environmental remediation and solid waste landfill closure and post-closure care liabilities because the liabilities are not determinable, the condition which may give rise to the expenditures are uncertain, and the future expectations of the applicable regulatory authorities are not known. Potential costs that may arise in connection with such liabilities are not included in the Corporation's consolidated statement of operations until the source and nature of the obligation becomes clear and is reasonably estimable.

During 2014, the Government of Ontario expanded regulations to include six additional cancers presumed to be work-related for firefighters under the Workplace Safety and Insurance Act. Three of the six new cancers became effective immediately, while prostate cancer was added as of January 1, 2015, and lung cancer as of January 1, 2016. Skin cancer will be added in 2017. These are in addition to the eight cancers initially provided for under legislation passed in 2007. This change is retroactive to January 1, 1960. This change in regulations may give rise to liabilities of the Corporation for work-related cancers incurred by firefighters. The Corporation is assessing the impact of this change and is unable to determine whether a liability exists at year-end. Consequently, no provision has been made in these consolidated financial statements for any liability that may result.

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

12. ACCUMULATED SURPLUS

The accumulated surplus position is comprised of the following:

| | <u>2017</u> | <u>2016</u> |
|--|----------------------|----------------------|
| Net book value of tangible capital assets | \$623,719,315 | \$592,879,868 |
| Less: related debt | <u>116,321,971</u> | <u>101,326,183</u> |
| Equity in tangible capital assets | 507,397,344 | 491,553,685 |
| Capital projects | 276,425 | 7,629,917 |
| Reserves and reserve funds - <i>schedule 2</i> | 62,654,440 | 55,762,759 |
| Amounts to be recovered | | |
| Landfill closure and post-closure costs | (750,000) | (712,000) |
| Employee costs | (17,092,147) | (17,207,940) |
| Contaminated sites | (320,000) | (320,000) |
| Equity in Veridian Corporation - note 5 | 25,114,191 | 24,437,620 |
| Unrestricted surplus | | |
| City of Belleville | 14,192,215 | 10,482,208 |
| Belleville Public Library Board | 64,027 | 60,242 |
| Belleville Downtown Improvement Area | 88,326 | 77,561 |
| Centre and South Hastings Waste Services Board | <u>166,363</u> | <u>29,655</u> |
| | <u>\$591,791,184</u> | <u>\$571,793,707</u> |

13. OPERATIONS OF SCHOOL BOARD

Further to note 1, the taxation, other revenues and expenditures of school boards are comprised the following:

| | <u>2017</u> | <u>2016</u> |
|--------------|---------------------|---------------------|
| Taxation | \$ 20,059,925 | \$ 21,728,518 |
| Requisitions | <u>(20,059,925)</u> | <u>(21,728,518)</u> |
| | <u>\$ -</u> | <u>\$ -</u> |

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

14. SEGMENTED INFORMATION

The Corporation of the City of Belleville is a municipal government institution, responsible for providing a wide range of services to its citizens. For management reporting purposes the Corporation's operations and activities are organized and reported by department. These departments are reported by functional area in the body of the financial statements similar to reporting reflected in the Ontario Financial Information Return.

These functional areas represent segments for the Corporation and expanded disclosure by object has been reflected in the Consolidated Schedule of Segment Information. For each segment, the revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

A brief description of each segment follows:

| Segment | Component | Description |
|------------------------------------|------------------------|--|
| General government | | Provide support to Council for policy development, administration, financial management reporting, monitoring and overall budget status, tax billing and collection responsibilities, corporate services and human resources. |
| Protection to persons and property | Police services | The mandate of the police service is to ensure the safety of the lives and property of citizens, preserve peace and good order, prevent crimes from occurring, detect offenders and enforce the law. |
| | Fire services | Fire services include inspection, extinguishing and suppression services, emergency medical first response and prevention, education and training programs. |
| | Building services | Services include the application and enforcement of the zoning by-laws, animal control and the processing of building permit applications. |
| | Conservation Authority | The mandate of the Conservation Authority is to provide sustainable ecosystem services to the Quinte region. |
| Transportation services | Parking services | Provides administration and operation of parking services |
| | Transit services | Provides administration and operation of transit services |
| | Road services | Provides administration and operation of traffic maintenance, repair and construction of the road systems including bridges and culverts, and operation and maintenance of a fleet of vehicles and equipment for use in providing services to the Corporation. |

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

14. **SEGMENTED INFORMATION** (continued)

| Segment | Component | Description |
|------------------------------------|--|---|
| Environmental services | Water | Services include treatment and distribution of drinking water. |
| | Wastewater | Services include collection and treatment of wastewater |
| | Storm water | Services include storm water management |
| | Waste management | Services include garbage and recycling collection, and waste minimization programs. Recycling services provided by Centre and South Hastings Waste Services Board |
| Health services | | Services include contribution to Hastings County, Hastings and Prince Edward Counties Health Unit and land ambulance operations. |
| Recreational and cultural services | Recreation | Provide services and contribute to community development and sustainability through recreation and leisure programs and facilities including community centres, aquatic facilities, parks, recreation fields, arenas, and harbours. |
| | Cultural services | Provide cultural services and facilities including the community archives, the Glanmore Historical Museum and the Belleville Public Library |
| Planning and development services | Economic development and strategic initiatives | Services include facilitating the development of business interests and strategic initiatives, industrial land development, and commercial and community development. |
| | Planning and Approvals | Services include the approval of all land development plans. |
| Social and family services | | Services include contributions to Hastings County to facilitate social assistance and childcare programs, as well as the operations of Hastings Manor and Centennial Manor. |
| Social housing | | Services include contributions to Hastings County to facilitate social housing programs. |

15. **BUDGET FIGURES**

The operating and capital budgets are approved by Council each year. The capital budget is set on a project-oriented basis, the costs of which may be carried out over one or more years. Although they are not directly comparable with the current year actual amounts, budget figures have been reflected on the "Consolidated Statement of Operations and Accumulated Surplus" and the "Consolidated Statement of Change in Net Financial Assets". Budget figures have been reclassified for the purpose of these financial statements to conform with PSAB reporting requirements. (See schedule 4)

CORPORATION OF THE CITY OF BELLEVILLE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017

16. RESTATEMENT OF FINANCIAL STATEMENTS

The Corporation has restated the 2016 comparative figures to conform with the financial statement presentation adopted for 2017.

The Corporation has reclassified tax adjustments from general government expenditures and property tax payments on the Corporation owned properties to municipal taxation revenue to be consistent with the presentation required by the financial information return (FIR) by the Ministry of Municipal Affairs. As a result of the adjustment the following amounts decreased taxation revenue by \$4,901,863, general government expenditures by \$4,125,027, transportation services expenditures by \$147,855, environmental services expenditures by \$575,578, recreation and cultural services expenditures by \$49,449 and planning and development expenditures by \$3,954 and this adjustment has no impact on annual surplus for 2016.

The Corporation has restated the 2016 comparative figures to adjust the investment in Centre and South Hastings Waste Services Board. As a result of the adjustment the environmental services expenditures and annual surplus for 2016 decreased by \$7,751.

CORPORATION OF THE CITY OF BELLEVILLE
SCHEDULE 1 - CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2017

| | GENERAL | | | | | | INFRASTRUCTURE | | | | TOTALS | |
|---|----------------------------|-------------------------------------|------------------------|--------------------------------|--------------|---------------------------|----------------------|----------------|--------------------------------|------------------------------|---------------------------|----------------|
| | Land and Land Improvements | Building and Leasehold Improvements | Vehicles and Equipment | Computer Hardware and Software | Other | Assets Under Construction | Plant and Facilities | Roads | Underground and Other Networks | Bridges and Other Structures | Assets Under Construction | 2017 |
| COST | | | | | | | | | | | | |
| Opening cost | \$ 69,154,279 | \$ 90,357,754 | \$ 27,874,929 | \$ 3,358,769 | \$ 7,534,461 | \$ 4,999,008 | \$ 108,413,990 | \$ 296,980,101 | \$ 306,046,836 | \$ 28,150,161 | \$ 38,585,902 | \$ 991,456,190 |
| Additions during the year | 5,743,306 | 22,905,787 | 2,052,954 | 517,110 | 1,602,603 | 25,579,642 | 1,831,789 | 20,935,538 | 8,362,163 | 13,342,201 | 26,814,761 | 129,687,854 |
| Disposals during the year | (89,258) | (697,048) | (410,122) | (719,025) | (565,932) | (28,898,567) | - | (2,797,464) | (252,726) | (296,830) | (43,894,071) | (78,621,043) |
| Closing cost | 74,808,327 | 112,566,493 | 29,517,761 | 3,156,854 | 8,571,132 | 1,680,083 | 110,245,779 | 315,118,175 | 314,156,273 | 41,195,532 | 21,506,592 | 1,042,523,001 |
| ACCUMULATED AMORTIZATION | | | | | | | | | | | | |
| Opening Accumulated amortization | 10,822,547 | 17,146,625 | 14,714,152 | 2,045,195 | 8,945,751 | - | 39,451,948 | 212,128,841 | 84,190,984 | 9,130,279 | - | 398,576,322 |
| Amortization during the year | 1,699,821 | 2,482,423 | 1,838,050 | 574,974 | 1,290,567 | - | 2,323,793 | 10,066,788 | 4,421,532 | 507,358 | - | 25,205,306 |
| Disposals and writedowns | (18,716) | (219,270) | (398,194) | (719,020) | (565,033) | - | - | (2,693,987) | (155,395) | (208,327) | - | (4,977,942) |
| Closing Accumulated amortization | 12,503,652 | 19,409,778 | 16,154,008 | 1,901,149 | 9,671,285 | - | 41,775,741 | 219,501,642 | 88,457,121 | 9,429,310 | - | 418,803,686 |
| Net Book Value of Tangible Capital Assets | \$ 62,304,675 | \$ 93,156,715 | \$ 13,363,753 | \$ 1,255,705 | \$ 8,899,847 | \$ 1,680,083 | \$ 68,470,038 | \$ 95,616,533 | \$ 225,699,152 | \$ 31,766,222 | \$ 21,506,592 | \$ 623,719,315 |

YEAR ENDED DECEMBER 31, 2016

| | GENERAL | | | | | | INFRASTRUCTURE | | | | TOTALS | |
|---|----------------------------|-------------------------------------|------------------------|--------------------------------|--------------|---------------------------|----------------------|----------------|--------------------------------|------------------------------|---------------------------|----------------|
| | Land and Land Improvements | Building and Leasehold Improvements | Vehicles and Equipment | Computer Hardware and Software | Other | Assets Under Construction | Plant and Facilities | Roads | Underground and Other Networks | Bridges and Other Structures | Assets Under Construction | 2016 |
| COST | | | | | | | | | | | | |
| Opening cost | \$ 62,640,214 | \$ 80,490,105 | \$ 26,251,072 | \$ 3,051,176 | \$ 5,148,433 | \$ 13,759,784 | \$ 107,178,139 | \$ 282,349,685 | \$ 288,042,311 | \$ 28,089,158 | \$ 45,516,667 | \$ 952,516,744 |
| Additions during the year | 7,315,781 | 9,871,177 | 2,722,309 | 440,854 | 3,146,397 | 7,943,050 | 1,235,851 | 19,198,891 | 19,076,829 | 61,003 | 35,000,557 | 106,012,699 |
| Disposals during the year | (801,716) | (3,528) | (1,098,452) | (133,261) | (760,369) | (16,703,826) | - | (4,568,475) | (1,072,304) | - | (41,931,322) | (67,073,253) |
| Closing cost | 69,154,279 | 90,357,754 | 27,874,929 | 3,358,769 | 7,534,461 | 4,999,008 | 108,413,990 | 296,980,101 | 306,046,836 | 28,150,161 | 38,585,902 | 991,456,190 |
| ACCUMULATED AMORTIZATION | | | | | | | | | | | | |
| Opening Accumulated amortization | 9,366,662 | 15,176,679 | 13,945,053 | 1,579,671 | 7,655,130 | - | 37,200,756 | 205,909,375 | 81,249,587 | 8,719,239 | - | 380,802,252 |
| Amortization during the year | 1,455,977 | 1,972,712 | 1,773,509 | 598,781 | 1,266,723 | - | 2,251,192 | 10,439,642 | 4,237,693 | 411,040 | - | 24,407,269 |
| Disposals and writedowns | (92) | (2,866) | (1,004,410) | (133,257) | 23,898 | - | - | (4,220,176) | (1,296,296) | - | - | (6,633,199) |
| Closing Accumulation amortization | 10,822,547 | 17,146,625 | 14,714,152 | 2,045,195 | 8,945,751 | - | 39,451,948 | 212,128,841 | 84,190,984 | 9,130,279 | - | 398,576,322 |
| Net Book Value of Tangible Capital Assets | \$ 58,331,732 | \$ 73,211,129 | \$ 13,160,777 | \$ 1,313,574 | \$ 8,588,710 | \$ 4,999,008 | \$ 68,962,042 | \$ 84,851,260 | \$ 221,855,852 | \$ 19,019,882 | \$ 38,585,902 | \$ 592,879,868 |

(See accompanying notes)

CORPORATION OF THE CITY OF BELLEVILLE
SCHEDULE 2 - CONSOLIDATED SCHEDULE OF CONTINUITY OF RESERVES AND RESERVE FUNDS
YEAR ENDED DECEMBER 31, 2017

| | Balance, beginning of year | Revenue Contributions | | | | Transfers | | | Balance, end of year | |
|--|----------------------------|---------------------------|-----------------|--------------|---------------|---------------|-------------------------|-----------|----------------------|---------------|
| | | Interest on Reserve Funds | From Operations | From Capital | Total | To Operations | To Capital Acquisitions | Interfund | | Total |
| Reserves | \$ 35,814 | \$ - | \$ 11,107 | \$ - | \$ 11,107 | \$ 19,412 | \$ - | \$ - | \$ 19,412 | \$ 27,509 |
| Belleville Library | 786,940 | - | 19,204 | - | 19,204 | - | - | - | - | 806,144 |
| Centre & South Hastings Waste Services Board | 144,700 | - | - | - | - | - | 35,616 | - | 35,616 | 109,084 |
| Belleville Downtown Improvement | 535,417 | - | 74,900 | - | 74,900 | 318,100 | - | - | 318,100 | 292,217 |
| Future Expenditures | 1,502,871 | - | 105,211 | - | 105,211 | 337,512 | 35,616 | - | 373,128 | 1,234,954 |
| Reserve Funds | 147,871 | 1,009 | 10,000 | - | 11,009 | 19,500 | - | - | 19,500 | 139,380 |
| Belleville Library | 55,395 | 835 | - | 45,273 | 46,108 | - | - | - | - | 101,503 |
| Archives facility | 35,192 | 377 | - | - | 377 | - | - | - | - | 35,569 |
| Arts and culture | 155,366 | 1,719 | 10,443 | - | 12,162 | - | - | - | - | 167,528 |
| Brownfields development | 35,382 | 230 | 6,172 | - | 6,402 | 34,000 | - | - | 34,000 | 7,784 |
| Canada Day | 1,950,941 | 19,511 | 385,000 | 128,575 | 533,086 | 40,704 | 728,701 | - | 769,405 | 1,714,622 |
| Capital equipment | 3,439,214 | 49,122 | 3,061,375 | 488,342 | 3,598,839 | 681,674 | 566,667 | - | 1,248,341 | 5,789,712 |
| Capital levy | - | 14,883 | 2,781,503 | - | 2,796,386 | - | - | - | - | 2,796,386 |
| Casino | 137,957 | 1,807 | 61,832 | - | 63,639 | - | - | - | - | 201,596 |
| Election expenses | 5,642,751 | 64,404 | 750,000 | - | 814,404 | - | - | - | - | 6,457,155 |
| Employee future benefits | 260,939 | 3,328 | 100,000 | - | 103,328 | - | - | - | - | 364,267 |
| Environmental remediation | 196,645 | 1,755 | - | - | 1,755 | 100,305 | - | (35,000) | 65,305 | 133,095 |
| Facade improvement | 407,356 | 5,423 | 10,000 | 15,903 | 31,326 | - | - | - | - | 438,682 |
| Facilities | 206,882 | 2,229 | 2,777 | - | 5,006 | - | - | - | - | 211,888 |
| Flood control | 118,143 | 783 | - | 90,000 | 90,783 | - | - | - | - | 118,926 |
| Harbour | 624,110 | 6,947 | 50,000 | - | 56,947 | - | 90,000 | - | 90,000 | 681,057 |
| Industrial land | 286,433 | 3,601 | 100,000 | - | 103,601 | - | - | - | - | 390,034 |
| Infrastructure oversizing | 528,616 | 5,977 | 52,500 | 7,267 | 65,744 | - | - | - | - | 594,360 |
| Landfill closure | 5,702 | 61 | - | - | 61 | - | - | - | - | 5,763 |
| Museum collections | 16,510 | 196 | 3,650 | - | 3,846 | - | - | - | - | 20,356 |
| Museum improvements | 972,865 | 10,384 | 174,841 | 91,762 | 276,987 | - | 189,036 | - | 189,036 | 1,060,816 |
| Parking development | 4,167,970 | 48,874 | 1,000,000 | - | 1,048,874 | - | 202,486 | - | 202,486 | 5,014,358 |
| Police facility | 295,738 | 5,932 | 47,617 | 266,272 | 319,821 | - | 48,655 | - | 48,655 | 566,904 |
| Recreation facilities | 1,473,857 | 13,767 | 287,311 | 287,311 | 301,078 | - | 410,395 | - | 410,395 | 1,364,540 |
| Road renewal | 10,655,044 | 114,050 | 2,838,220 | 523,070 | 3,475,340 | - | 3,358,125 | - | 3,358,125 | 10,772,259 |
| Sewage service | 497,800 | 5,277 | 200,000 | - | 205,277 | 209,545 | - | - | 209,545 | 493,532 |
| Sick leave | 269,478 | 3,098 | - | 65,635 | 68,733 | - | 25,680 | - | 25,680 | 312,531 |
| Sidewalks | 382,830 | 3,830 | - | 3,830 | 3,830 | - | 50,000 | - | 50,000 | 336,660 |
| Solar | 1,034,323 | 10,916 | 96,366 | - | 107,282 | - | 125,000 | - | 125,000 | 1,016,605 |
| Storm water management | 2,270,322 | 22,996 | 85,810 | 167,441 | 276,247 | 457,617 | 3,874 | 35,000 | 496,491 | 2,050,078 |
| Tax rate stabilization | 58,806 | 629 | - | - | 629 | - | - | - | - | 59,435 |
| Waste management | 17,224,498 | - | 5,730,079 | 871,754 | 6,601,833 | - | 6,464,999 | - | 6,464,999 | 17,361,332 |
| Water service | 704,952 | 7,163 | - | - | 7,163 | 71,342 | - | - | 71,342 | 640,773 |
| Winter control | 54,259,888 | 431,113 | 17,558,185 | 3,048,605 | 21,037,903 | 1,614,687 | 12,263,618 | - | 13,878,305 | 61,419,486 |
| Total | \$ 55,762,759 | \$ 431,113 | \$ 17,663,396 | \$ 3,048,605 | \$ 21,143,114 | \$ 1,952,199 | \$ 12,299,234 | \$ - | \$ 14,251,433 | \$ 62,654,440 |

(See accompanying notes)

CORPORATION OF THE CITY OF BELLEVILLE
SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2017

BUDGET

| | GENERAL GOVERNMENT | PROTECTION SERVICES | TRANSPORTATION SERVICES | ENVIRONMENTAL SERVICES | HEALTH SERVICES | RECREATION AND CULTURAL SERVICES | PLANNING AND DEVELOPMENT | SOCIAL AND FAMILY SERVICES | SOCIAL HOUSING | CONSOLIDATED |
|--|---------------------|---------------------|-------------------------|------------------------|---------------------|----------------------------------|--------------------------|----------------------------|------------------|-----------------------|
| REVENUES | | | | | | | | | | |
| Municipal taxation | \$ 6,903,000 | \$ 28,972,000 | \$ 12,745,000 | \$ 2,519,000 | \$ 4,196,000 | \$ 12,632,000 | \$ 3,551,000 | \$ 4,572,000 | \$ 4,449,000 | \$ 80,539,000 |
| Taxation from other governments | 2,645,000 | - | - | - | - | - | - | - | - | 2,645,000 |
| User Charges | 1,118,000 | 2,251,000 | 2,458,000 | 25,323,000 | - | 3,306,000 | 312,000 | - | - | 34,768,000 |
| Grants - Government of Canada | - | - | - | - | - | 12,000 | - | - | - | 12,000 |
| Grants - Province of Ontario | - | 182,000 | - | - | - | 172,000 | 156,000 | - | - | 510,000 |
| Grants - Other Municipalities | - | 146,000 | - | 113,000 | - | 28,000 | 10,000 | - | - | 297,000 |
| Fines | - | 179,000 | - | - | - | - | - | - | - | 424,000 |
| Investment Income | 400,000 | - | 245,000 | - | - | - | - | - | - | 657,000 |
| Interest and Penalties on taxes | 750,000 | - | - | 254,000 | - | 3,000 | - | - | - | 750,000 |
| Development Charges | - | - | - | 68,000 | - | - | 75,000 | - | - | 143,000 |
| Donations | - | - | - | - | - | 29,000 | - | - | - | 29,000 |
| | <u>11,816,000</u> | <u>31,730,000</u> | <u>15,448,000</u> | <u>28,277,000</u> | <u>4,196,000</u> | <u>16,182,000</u> | <u>4,104,000</u> | <u>4,572,000</u> | <u>4,449,000</u> | <u>120,774,000</u> |
| EXPENDITURES | | | | | | | | | | |
| Salaries, wages and employee benefits | 6,203,000 | 26,629,000 | 10,993,000 | 4,210,000 | - | 8,995,000 | 1,126,000 | - | - | 58,156,000 |
| Interest on long-term debt | - | 252,000 | 1,103,000 | 874,000 | - | 685,000 | 481,000 | - | - | 3,395,000 |
| Materials and supplies | 1,529,000 | 2,974,000 | 3,513,000 | 4,093,000 | - | 4,414,000 | 863,000 | - | - | 17,386,000 |
| Contracted services and general services | 1,071,000 | 595,000 | 1,480,000 | 7,039,000 | 5,000 | 293,000 | 146,000 | - | - | 10,629,000 |
| Rents and financial expenses | 84,000 | 63,000 | 6,000 | 36,000 | - | 93,000 | 15,000 | - | - | 297,000 |
| External transfers | 243,000 | 720,000 | - | - | 4,908,000 | - | 349,000 | - | 4,449,000 | 15,241,000 |
| Interfunctional Adjustments | - | - | (674,000) | 456,000 | - | - | - | - | - | (218,000) |
| Amortization | 363,000 | 1,452,000 | 12,204,000 | 7,208,000 | - | 3,956,000 | 22,000 | - | - | 25,205,000 |
| | <u>9,493,000</u> | <u>32,685,000</u> | <u>28,625,000</u> | <u>23,916,000</u> | <u>4,913,000</u> | <u>18,436,000</u> | <u>3,002,000</u> | <u>4,572,000</u> | <u>4,449,000</u> | <u>130,091,000</u> |
| Net Revenues (Expenditures) | <u>\$ 2,323,000</u> | <u>\$ (955,000)</u> | <u>\$ (13,177,000)</u> | <u>\$ 4,361,000</u> | <u>\$ (717,000)</u> | <u>\$ (2,254,000)</u> | <u>\$ 1,102,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (9,317,000)</u> |

(See accompanying notes)

CORPORATION OF THE CITY OF BELLEVILLE
SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2017

ACTUAL

| | GENERAL GOVERNMENT | PROTECTION SERVICES | TRANSPORTATION SERVICES | ENVIRONMENTAL SERVICES | HEALTH SERVICES | RECREATION AND CULTURAL SERVICES | PLANNING AND DEVELOPMENT | SOCIAL AND FAMILY SERVICES | SOCIAL HOUSING | CONSOLIDATED |
|--|----------------------|---------------------|-------------------------|------------------------|---------------------|----------------------------------|--------------------------|----------------------------|--------------------|-----------------------|
| REVENUES | | | | | | | | | | |
| Municipal taxation | \$ 12,759,296 | \$ 28,975,219 | \$ 12,033,607 | \$ 2,439,854 | \$ 3,889,455 | \$ 11,709,244 | \$ 3,521,484 | \$ 4,237,615 | \$ 4,123,601 | \$ 83,689,375 |
| Taxation from other governments | 2,689,937 | - | - | - | - | - | - | - | - | 2,689,937 |
| User Charges | 1,068,078 | 2,443,627 | 2,360,705 | 25,420,521 | - | 3,324,527 | 656,529 | - | - | 35,273,987 |
| Grants - Government of Canada | - | - | - | - | - | 9,725 | - | - | - | 9,725 |
| Grants - Province of Ontario | - | 452,009 | - | - | - | 190,592 | 103,347 | - | - | 745,948 |
| Grants - Other Municipalities | - | 134,732 | - | 114,208 | - | 35,797 | - | - | - | 284,737 |
| Fines | - | 269,189 | - | - | - | - | - | - | - | 544,261 |
| Investment Income | 705,809 | - | 275,072 | - | - | - | - | - | - | 1,095,363 |
| Interest and Penalties on taxes | 735,793 | - | - | 385,640 | - | 685 | 3,229 | - | - | 735,793 |
| Development Charges | 11,907 | - | - | - | - | - | - | - | - | 11,907 |
| Donations | - | - | - | - | - | 30,720 | - | - | - | 30,720 |
| Ontario Lottery and Gaming Corporation | 2,781,503 | - | - | - | - | - | - | - | - | 2,781,503 |
| | <u>20,752,323</u> | <u>32,274,776</u> | <u>14,669,384</u> | <u>28,360,223</u> | <u>3,889,455</u> | <u>15,301,290</u> | <u>4,284,589</u> | <u>4,237,615</u> | <u>4,123,601</u> | <u>127,893,256</u> |
| EXPENDITURES | | | | | | | | | | |
| Salaries, wages and employee benefits | 6,537,086 | 26,604,893 | 10,280,227 | 4,070,982 | - | 8,768,549 | 1,076,435 | - | - | 57,338,172 |
| Interest on long-term debt | - | 251,678 | 1,108,594 | 855,247 | - | 759,358 | 479,308 | - | - | 3,454,185 |
| Materials and supplies | 1,259,861 | 3,280,477 | 3,832,942 | 4,982,762 | - | 4,160,185 | 1,015,826 | - | - | 18,552,053 |
| Contracted services and general services | 766,476 | 535,212 | 1,044,276 | 6,663,136 | - | 517,559 | 26,714 | - | - | 9,553,373 |
| Rents and financial expenses | 85,198 | 63,112 | 16,611 | 60,599 | - | 90,620 | 14,221 | - | - | 330,361 |
| External transfers | 173,612 | 722,298 | - | - | 4,857,180 | - | 342,221 | 4,787,458 | 4,191,416 | 15,074,185 |
| Interfunctional Adjustments | - | - | (720,673) | 610,673 | - | - | - | - | - | (110,000) |
| Amortization | 363,436 | 1,451,781 | 12,203,756 | 7,208,140 | - | 3,956,325 | 21,866 | - | - | 25,205,304 |
| | <u>9,185,669</u> | <u>32,909,451</u> | <u>27,785,733</u> | <u>24,451,539</u> | <u>4,857,180</u> | <u>18,252,596</u> | <u>2,976,591</u> | <u>4,787,458</u> | <u>4,191,416</u> | <u>129,397,633</u> |
| Net Revenues (Expenditures) | <u>\$ 11,566,654</u> | <u>\$ (634,675)</u> | <u>\$ (13,116,349)</u> | <u>\$ 3,908,684</u> | <u>\$ (967,725)</u> | <u>\$ (2,951,306)</u> | <u>\$ 1,307,998</u> | <u>\$ (549,843)</u> | <u>\$ (67,815)</u> | <u>\$ (1,504,377)</u> |

(See accompanying notes)

CORPORATION OF THE CITY OF BELLEVILLE
SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2016

ACTUAL

| | GENERAL GOVERNMENT | PROTECTION SERVICES | TRANSPORTATION SERVICES | ENVIRONMENTAL SERVICES | HEALTH SERVICES | RECREATION AND CULTURAL SERVICES | PLANNING AND DEVELOPMENT | SOCIAL AND FAMILY SERVICES | SOCIAL HOUSING | CONSOLIDATED |
|--|--------------------|---------------------|-------------------------|------------------------|---------------------|----------------------------------|--------------------------|----------------------------|---------------------|-----------------------|
| REVENUES | | | | | | | | | | |
| Municipal taxation | \$ 5,505,462 | \$ 28,315,770 | \$ 11,223,987 | \$ 7,891,514 | \$ 4,128,078 | \$ 8,576,936 | \$ 3,599,402 | \$ 4,474,825 | \$ 4,081,513 | \$ 77,797,487 |
| Taxation from other governments | 2,760,758 | - | - | - | - | - | - | - | - | 2,760,758 |
| User Charges | 965,322 | 2,137,999 | 2,119,583 | 24,452,845 | - | 3,581,432 | 600,735 | - | - | 33,857,916 |
| Grants - Government of Canada | - | - | - | - | - | 27,526 | - | - | - | 27,526 |
| Grants - Province of Ontario | - | 192,008 | - | - | - | 175,872 | 103,347 | - | - | 471,227 |
| Grants - Other Municipalities | - | 149,672 | - | 98,330 | - | 18,457 | - | - | - | 266,459 |
| Fines | - | 192,413 | - | - | - | - | - | - | - | 407,903 |
| Investment Income | 617,652 | - | 215,490 | - | - | 1,402 | 2,950 | - | - | 877,922 |
| Interest and Penalties on taxes | 669,571 | - | - | 255,918 | - | - | - | - | - | 669,571 |
| Development Charges | 7,427 | - | - | - | - | - | - | - | - | 7,427 |
| Donations | - | - | - | - | - | 38,114 | - | - | - | 38,114 |
| | <u>10,526,192</u> | <u>30,987,862</u> | <u>13,559,060</u> | <u>32,698,607</u> | <u>4,128,078</u> | <u>12,419,759</u> | <u>4,306,434</u> | <u>4,474,825</u> | <u>4,081,513</u> | <u>117,182,310</u> |
| EXPENDITURES | | | | | | | | | | |
| Salaries, wages and employee benefits | 6,194,302 | 26,032,062 | 10,289,742 | 3,994,879 | - | 8,537,908 | 1,147,878 | - | - | 56,196,771 |
| Interest on long-term debt | - | 252,536 | 738,407 | 818,416 | - | 646,883 | 506,524 | - | - | 2,962,766 |
| Materials and supplies | 1,352,595 | 2,605,937 | 3,679,843 | 4,972,404 | - | 4,155,706 | 715,975 | - | - | 17,482,460 |
| Contracted services and general services | 1,430,385 | 445,939 | 1,183,062 | 6,225,420 | - | 199,010 | 11,665 | - | - | 9,495,481 |
| Rents and financial expenses | 97,358 | 62,582 | 5,985 | 29,269 | - | 81,673 | 13,530 | - | - | 290,397 |
| External transfers | 175,025 | 699,812 | - | - | 4,632,692 | - | 363,351 | 4,651,015 | 4,228,455 | 14,750,350 |
| Interfunctional Adjustments | - | - | (473,479) | 357,305 | - | - | - | - | - | (116,174) |
| Amortization | 326,216 | 1,265,931 | 12,326,255 | 6,948,485 | - | 3,521,477 | 18,905 | - | - | 24,407,269 |
| | <u>9,575,881</u> | <u>31,364,799</u> | <u>27,749,815</u> | <u>23,346,178</u> | <u>4,632,692</u> | <u>17,142,657</u> | <u>2,777,828</u> | <u>4,651,015</u> | <u>4,228,455</u> | <u>125,469,320</u> |
| Net Revenues (Expenditures) | <u>\$ 950,311</u> | <u>\$ (376,937)</u> | <u>\$ (14,190,755)</u> | <u>\$ 9,352,429</u> | <u>\$ (504,614)</u> | <u>\$ (4,722,918)</u> | <u>\$ 1,528,606</u> | <u>\$ (176,190)</u> | <u>\$ (146,942)</u> | <u>\$ (8,287,010)</u> |

(See accompanying notes)

**CORPORATION OF THE CITY OF BELLEVILLE
SCHEDULE 4 - CONSOLIDATED SCHEDULE OF RECONCILIATION OF FINANCIAL PLAN TO THE BUDGET
YEAR ENDED DECEMBER 31, 2017**

| | OPERATING BUDGET | CAPITAL BUDGET | RESERVES AND RESERVE FUNDS | TANGIBLE CAPITAL ASSET ADJUSTMENTS | BELLEVILLE LIBRARY BOARD | BELLEVILLE DOWNTOWN IMPROVEMENT AREA | CENTRE AND SOUTH HASTINGS WASTE SERVICES | ELIMINATIONS | PSAB BUDGET |
|---|---------------------|-------------------|-------------------------------|--|-----------------------------|---|--|--------------------|----------------------|
| REVENUES | | | | | | | | | |
| Municipal taxation | \$ 80,539,000 | \$ - | \$ - | \$ - | \$ - | \$ 230,000 | \$ - | (230,000) | \$ 80,539,000 |
| Taxation from other governments | 2,645,000 | - | - | - | - | 2,000 | 1,224,000 | (291,000) | 2,645,000 |
| User fees and sale of goods and services | 33,734,000 | - | - | - | 99,000 | - | - | - | 34,768,000 |
| Grants - Government of Canada | 6,000 | - | - | - | 6,000 | - | - | - | 12,000 |
| Grants - Province of Ontario | 420,000 | - | - | - | 90,000 | - | - | - | 510,000 |
| Grants - Other Municipalities | 146,000 | - | - | - | 2,058,000 | 10,000 | 1,067,000 | (2,984,000) | 297,000 |
| Fines | 424,000 | - | - | - | - | - | - | - | 424,000 |
| Investment income | 650,000 | - | - | - | 3,000 | - | 4,000 | - | 657,000 |
| Penalty and interest on taxes | 750,000 | - | - | - | - | - | - | - | 750,000 |
| Development charges | 143,000 | - | - | - | - | - | - | - | 143,000 |
| Donations | 22,000 | - | - | - | 7,000 | - | - | - | 29,000 |
| | <u>119,479,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,263,000</u> | <u>242,000</u> | <u>2,295,000</u> | <u>(3,505,000)</u> | <u>120,774,000</u> |
| EXPENDITURES | | | | | | | | | |
| Current | | | | | | | | | |
| General government | 9,142,000 | - | - | 363,000 | - | - | - | (13,000) | 9,492,000 |
| Protection services | 31,248,000 | - | - | 1,452,000 | - | - | - | (15,000) | 32,685,000 |
| Transportation services | 16,442,000 | - | - | 12,204,000 | - | - | - | (20,000) | 28,626,000 |
| Environmental services | 15,405,000 | - | - | 7,208,000 | - | - | 2,258,000 | (954,000) | 23,917,000 |
| Health services | 4,913,000 | - | - | - | - | - | - | - | 4,913,000 |
| Recreational and cultural services | 14,627,000 | - | - | 3,490,000 | 2,591,000 | - | - | (2,273,000) | 18,435,000 |
| Planning and development | 2,970,000 | - | - | 8,000 | - | 255,000 | - | (230,000) | 3,003,000 |
| Social and family services | 4,572,000 | - | - | - | - | - | - | - | 4,572,000 |
| Social housing | 4,449,000 | - | - | - | - | - | - | - | 4,449,000 |
| Capital | | | | | | | | | |
| General government | - | 238,000 | - | (238,000) | - | - | - | - | - |
| Protection services | - | 1,036,000 | - | (1,036,000) | - | - | - | - | - |
| Transportation services | - | 29,775,000 | - | (29,775,000) | - | - | - | - | - |
| Environmental services | - | 13,146,000 | - | (13,146,000) | - | - | - | - | - |
| Recreational and cultural services | - | 4,395,000 | - | (4,395,000) | - | - | - | - | - |
| | <u>103,768,000</u> | <u>48,590,000</u> | <u>-</u> | <u>(23,865,000)</u> | <u>2,591,000</u> | <u>255,000</u> | <u>2,258,000</u> | <u>(3,505,000)</u> | <u>130,092,000</u> |
| NET REVENUES/(EXPENDITURES) | 15,711,000 | (48,590,000) | - | 23,865,000 | (328,000) | (13,000) | 37,000 | - | (9,318,000) |
| OTHER INCOME AND EXPENSES RELATED TO CAPITAL | | | | | | | | | |
| Municipal taxation | - | 4,476,000 | - | - | - | - | - | - | 4,476,000 |
| Government transfers | - | - | - | - | - | - | - | - | - |
| Canada | - | 9,691,000 | - | - | - | - | - | - | 9,691,000 |
| Ontario | - | 5,083,000 | - | - | - | - | - | - | 5,083,000 |
| Development charges | - | 674,000 | - | - | 15,000 | - | - | - | 689,000 |
| Other | - | 450,000 | - | - | - | - | - | - | 450,000 |
| | - | <u>20,374,000</u> | - | - | <u>15,000</u> | - | - | - | <u>20,389,000</u> |
| FINANCING AND TRANSFERS | | | | | | | | | |
| Debture and other long-term borrowing | - | 16,960,000 | - | (16,960,000) | - | - | - | - | - |
| Debt repayment | (5,794,000) | - | - | 5,794,000 | - | - | - | - | - |
| Transfers from (to) other funds | (9,918,000) | 11,256,000 | (1,338,000) | - | - | - | - | - | - |
| | <u>(15,712,000)</u> | <u>28,216,000</u> | <u>(1,338,000)</u> | <u>(11,166,000)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| ANNUAL SURPLUS (DEFICIT) | <u>\$ (1,000)</u> | <u>\$ -</u> | <u>\$ (1,338,000)</u> | <u>\$ 12,699,000</u> | <u>\$ (313,000)</u> | <u>\$ (13,000)</u> | <u>\$ 37,000</u> | <u>\$ -</u> | <u>\$ 11,071,000</u> |

(See accompanying notes)