

**CORPORATION OF THE CITY OF BELLEVILLE**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**CORPORATION OF THE CITY OF BELLEVILLE  
CONSOLIDATED FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

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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, 2016 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, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Welch LLP*

Belleville, Ontario  
July 10, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

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**CORPORATION OF THE CITY OF BELLEVILLE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>FINANCIAL ASSETS</b>		
Cash and investments - <i>note 3</i>	\$ 91,522,622	\$ 88,242,976
Taxes receivable	3,057,945	2,778,722
Accounts receivable	11,843,650	13,218,027
Deferred charges	-	6,597
Long-term investments - <i>note 4</i>	18,351,113	12,163,951
Investment in Veridian Corporation - <i>note 5</i>	<u>16,643,620</u>	<u>15,895,761</u>
	<u>141,418,950</u>	<u>132,306,034</u>
 <b>LIABILITIES</b>		
Accounts payable and accrued liabilities	20,655,336	27,652,875
Employee benefits payable - <i>note 6</i>	16,301,980	15,509,470
Other liabilities- <i>note 7</i>	2,222,160	2,015,850
Deferred revenue - <i>note 8</i>	22,674,126	22,747,382
Municipal debt- <i>note 9</i>	<u>102,674,941</u>	<u>80,164,878</u>
	<u>164,528,543</u>	<u>148,090,455</u>
<b>NET FINANCIAL LIABILITY</b>	<u>(23,109,593)</u>	<u>(15,784,421)</u>
 <b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - <i>net - schedule 1</i>	592,879,868	571,714,492
Inventory of supplies	1,237,670	1,182,057
Prepaid expenses	<u>785,762</u>	<u>741,720</u>
	<u>594,903,300</u>	<u>573,638,269</u>
 <b>ACCUMULATED SURPLUS - <i>note 11</i></b>	 <u>\$ 571,793,707</u>	 <u>\$ 557,853,848</u>

**Contingent liabilities and Commitments - *note 10***

*(See accompanying notes)*

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**CORPORATION OF THE CITY OF BELLEVILLE**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**YEAR ENDED DECEMBER 31, 2016**

	2016 <u>Budget</u> <i>(Note 14)</i>	2016 <u>Actual</u>	2015 <u>Actual</u>
<b>REVENUES</b>			
Municipal taxation	\$ 82,615,000	\$ 82,699,350	\$ 79,029,991
Taxation from other governments	2,740,000	2,760,758	2,697,762
User charges	32,746,000	33,847,097	32,114,508
Grants - Government of Canada	12,000	27,526	21,194
Grants - Province of Ontario	850,000	471,227	837,940
Grants - Other Municipalities	270,000	266,459	284,269
Fines	323,000	407,903	272,843
Investment income	657,000	877,922	828,872
Interest and penalties on taxes	750,000	669,571	685,018
Development charges levies earned	78,000	7,427	316,132
Donations	<u>34,000</u>	<u>48,932</u>	<u>61,253</u>
<b>TOTAL REVENUES</b>	<u>121,075,000</u>	<u>122,084,172</u>	<u>117,149,782</u>
<b>EXPENDITURES</b>			
General government	12,097,000	13,700,908	10,514,345
Protection to persons and property	31,051,000	31,364,799	29,929,578
Transportation services	28,360,000	27,897,670	26,697,064
Environmental services	24,358,000	23,914,004	23,530,785
Health services	4,684,000	4,632,692	4,449,701
Recreation and cultural services	17,320,000	17,192,106	16,509,144
Planning and development	3,212,000	2,781,782	3,219,250
Social and family services	4,584,000	4,651,015	4,711,776
Social housing	<u>4,181,000</u>	<u>4,228,455</u>	<u>4,032,775</u>
<b>TOTAL EXPENDITURES</b>	<u>129,847,000</u>	<u>130,363,431</u>	<u>123,594,418</u>
<b>NET REVENUE ( EXPENDITURES)</b>	<u>(8,772,000)</u>	<u>(8,279,259)</u>	<u>(6,444,636)</u>
<b>OTHER INCOME AND EXPENSES RELATED TO CAPITAL</b>			
Municipal taxation for capital purposes	4,044,000	4,044,200	4,940,400
Grant - Government of Canada	2,800,000	9,037,530	2,131,906
Grant - Government of Ontario	1,734,000	3,655,721	1,141,563
Contribution from developers	-	4,044,444	2,805,973
Development charges	155,000	646,667	3,429,287
Park land	-	-	214,000
Other	-	502,043	322,855
Tangible capital assets loss	<u>-</u>	<u>(1,468,805)</u>	<u>(57,739)</u>
	<u>8,733,000</u>	<u>20,461,800</u>	<u>14,928,245</u>
<b>INTEREST EARNED ON RESERVES</b>	<u>-</u>	<u>385,593</u>	<u>386,213</u>
<b>EQUITY SHARE OF VEIRIDIAN CORPORATION</b>			
<b>EARNINGS - note 5</b>	<u>-</u>	<u>1,379,476</u>	<u>1,270,150</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>(39,000)</u>	<u>13,947,610</u>	<u>10,139,972</u>
<b>ACCUMULATED SURPLUS, beginning of year</b>	557,853,848	557,853,848	547,814,393
Proportionate consolidation adjustment	<u>-</u>	<u>(7,751)</u>	<u>(8,747)</u>
<b>ACCUMULATED SURPLUS, beginning of year adjusted</b>	<u>557,853,848</u>	<u>557,846,097</u>	<u>547,805,646</u>
Veridian Corporation - non-cash benefit			
- embedded derivative - note 5	<u>-</u>	<u>-</u>	<u>(91,770)</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 557,814,848</u>	<u>\$ 571,793,707</u>	<u>\$ 557,853,848</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, 2016**

	2016 <u>Budget</u> <i>(Note 14)</i>	2016 <u>Actual</u>	2015 <u>Actual</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (39,000)	\$ 13,947,610	\$ 10,139,972
Amortization of tangible capital assets	24,407,000	24,407,269	24,339,595
Acquisition of tangible capital assets	(42,108,000)	(106,012,699)	(81,270,365)
Changes in assets under construction	-	58,635,148	21,629,136
Consolidation adjustment tangible capital assets	-	2,326	2,536
Loss on tangible capital assets	-	1,468,805	57,739
Proceeds on sale of tangible capital assets	-	333,775	288,039
Change in inventory of supplies	-	(55,613)	(45,841)
Change in prepaid expenses	-	(44,042)	(24,653)
Veridian Corporation - Non-cash benefit - embedded derivative - note 5	-	-	(91,770)
	<u>(17,740,000)</u>	<u>(7,317,421)</u>	<u>(24,975,612)</u>
<b>CHANGE IN NET FINANCIAL LIABILITY</b>	<u>(17,740,000)</u>	<u>(7,317,421)</u>	<u>(24,975,612)</u>
<b>NET FINANCIAL LIABILITY, beginning of year</b>	(15,784,421)	(15,784,421)	9,199,937
Proportionate consolidation adjustment	<u>-</u>	<u>(7,751)</u>	<u>(8,746)</u>
<b>NET FINANCIAL LIABILITY, beginning of year adjusted</b>	<u>(15,784,421)</u>	<u>(15,792,172)</u>	<u>9,191,191</u>
<b>NET FINANCIAL LIABILITY, end of year</b>	<u>\$ (33,524,421)</u>	<u>\$ (23,109,593)</u>	<u>\$ (15,784,421)</u>

*(See accompanying notes)*

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**CORPORATION OF THE CITY OF BELLEVILLE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2016**

	<u>2016</u>	<u>2015</u>
<b>OPERATING</b>		
Annual surplus	\$ 13,947,610	\$ 10,139,972
Non-cash charges to operations:		
Amortization	24,407,269	24,339,595
Contribution from developers	(4,044,444)	(2,805,973)
Deferred charges	6,597	6,598
Post-employment benefits	792,510	354,560
Loss on tangible capital assets	1,468,805	57,739
Solid waste landfill closure and post closure liabilities	37,000	35,000
Equity share of Veridian Corporation earnings	(1,379,476)	(1,270,150)
Promissory note assumed	<u>400,000</u>	<u>-</u>
	35,635,871	30,857,341
Changes in non-cash charges to operations (net change):		
Taxes receivable	(279,223)	811,626
Accounts receivable	1,372,442	(359,342)
Inventory of supplies	(55,759)	(45,978)
Prepaid expenses	(44,138)	(24,747)
Accounts payable and accrued liabilities	(6,995,959)	9,367,064
Other liabilities	169,310	352,197
Deferred revenue	<u>(72,908)</u>	<u>(171,485)</u>
	<u>29,729,636</u>	<u>40,786,676</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(43,333,317)	(56,835,571)
Proceeds on disposal of tangible capital assets	<u>333,775</u>	<u>288,039</u>
	<u>(42,999,542)</u>	<u>(56,547,532)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received from Veridian Corporation	631,617	724,850
Net investment in lease	95,776	90,939
Other investments an investment in own debentures	70,837	75,143
Bell Boulevard water and sewer recoverable costs	183,317	167,088
Local improvement levies receivable	79,939	38,105
Increase in notes receivable	<u>(6,617,031)</u>	<u>-</u>
	<u>(5,555,545)</u>	<u>1,096,125</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	26,786,000	33,180,000
Long-term debt repaid	<u>(4,675,937)</u>	<u>(3,475,139)</u>
	<u>22,110,063</u>	<u>29,704,861</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>3,284,612</u>	<u>15,040,130</u>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	88,242,976	73,208,621
Proportionate consolidation adjustment	<u>(4,966)</u>	<u>(5,775)</u>
<b>CASH AND CASH EQUIVALENTS, beginning of year adjusted</b>	<u>88,238,010</u>	<u>73,202,846</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 91,522,622</u>	<u>\$ 88,242,976</u>

(See accompanying notes)

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**CORPORATION OF THE CITY OF BELLEVILLE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**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 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 yet been injected with capital by the joint parties.

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**CORPORATION OF THE CITY OF BELLEVILLE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

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, 2016 is industrial land held for resale of \$17,419,839 and land and buildings declared surplus by Council with a net book value of \$1,186,000.

**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 Charges**

Deferred charges include debt discount and commissions and are amortized on a straight-line basis over the term of the related debenture.

**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, 2016**

**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 10 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**

Government transfers 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, 2016**

**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
Transit buses	- 10 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 lift stations	- 50 to 75 years
-water pumping stations and reservoirs	- 50 to 75 years
-flood stations and other infrastructure	- 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, 2016**

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, 2016**

**3. CASH AND INVESTMENTS**

The cash and investments balance consists of the following:

	<u>Market Value</u>	<u>2016</u>	<u>2015</u>
City of Belleville			
Cash and chequing accounts	\$ 15,470,027	\$ 15,470,027	\$ 19,028,121
Mutual funds/segregated funds	1,009	1,009	1,567,526
Fixed income accounts	63,778,921	63,757,431	62,175,686
Principal protected notes	10,618,810	10,500,000	4,000,000
Belleville Public Library Board	656,481	656,481	410,962
Belleville Downtown Improvement Area	415,832	415,832	386,376
Centre and South Hastings Waste Services Board	721,842	721,842	674,305
	<u>\$ 91,662,922</u>	<u>\$ 91,522,622</u>	<u>\$ 88,242,976</u>

Cash and investments in the amount of \$22,516,388 (2015 - \$22,454,520) have been restricted to support obligatory reserve funds, reserves and deferred revenue.

**4. LONG-TERM INVESTMENTS**

Long-term investments balance consist of the following:

	<u>2016</u>	<u>2015</u>
Net investment in lease (a)	\$ 487,830	\$ 583,606
Bell Boulevard water and sewer recoverable costs (b)	2,593,895	2,777,212
Local improvement levies receivable (c)	148,341	228,280
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)	6,617,031	-
Other investments	710,016	780,853
	<u>\$ 18,351,113</u>	<u>\$ 12,163,951</u>

a) Net Investment in Lease

The net investment in lease includes the following:

	<u>2016</u>	<u>2015</u>
Total lease payments receivable	\$ 546,843	\$ 670,656
Less: Unearned interest income	59,013	87,050
	<u>\$ 487,830</u>	<u>\$ 583,606</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, 2016**

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 \$351,363 (2015 - \$373,156) regarding these costs have been included in deferred revenue as disclosed in note 8.

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>2016</u>	<u>2015</u>
Water	\$ 122,538	\$ 193,499
Wastewater	<u>25,803</u>	<u>34,781</u>
	<u>\$ 148,341</u>	<u>\$ 228,280</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, 2016**

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

e) Notes Receivable - other

The notes receivable from consist of the following:

	<u>2016</u>	<u>2015</u>
Notes receivable in Canadian dollars	\$ 6,609,500	\$ -
Accrued interest receivable	<u>7,531</u>	<u>-</u>
	<u>\$ 6,617,031</u>	<u>\$ -</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. During the year 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 \$1,750,000 USD and received a promissory note for \$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, 2016**

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 \$976,072 (2015 - \$935,600) 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>2016</u>		<u>2015</u>	
	Total	City's Portion 37.74%	Total	City's Portion 38.20%
<b>Financial Position</b>				
<b>Financial Assets</b>				
Cash and investments	\$ 1,912,670	\$ 721,842	\$ 1,773,553	\$ 677,497
Accounts receivable	<u>774,784</u>	<u>292,403</u>	<u>690,898</u>	<u>263,923</u>
	<u>2,687,454</u>	<u>1,014,245</u>	<u>2,464,451</u>	<u>941,420</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	508,802	192,022	563,854	215,392
Deferred revenues	<u>114,873</u>	<u>43,353</u>	<u>124,393</u>	<u>47,518</u>
	<u>623,675</u>	<u>235,375</u>	<u>688,247</u>	<u>262,910</u>
<b>Net Financial Assets</b>	<u>2,063,779</u>	<u>778,870</u>	<u>1,776,204</u>	<u>678,510</u>
<b>Non-Financial Assets</b>				
Tangible capital assets	830,708	313,509	905,632	345,951
Inventories	64,494	24,340	52,186	19,935
Prepaid expenses	<u>35,466</u>	<u>13,385</u>	<u>34,171</u>	<u>13,053</u>
	<u>930,668</u>	<u>351,234</u>	<u>991,989</u>	<u>378,939</u>
<b>Accumulated Surplus</b>	<u>\$ 2,994,447</u>	<u>\$ 1,130,104</u>	<u>\$ 2,768,193</u>	<u>\$ 1,057,449</u>
<b>Statement of Operations</b>				
<b>Revenue</b>				
Government transfers	\$ 2,846,852	\$ 1,074,402	\$ 2,716,165	\$ 1,037,575
User fees	3,489,747	1,317,031	2,977,083	1,137,246
Interest income	<u>16,735</u>	<u>6,316</u>	<u>22,911</u>	<u>8,752</u>
	<u>6,353,334</u>	<u>2,397,749</u>	<u>5,716,159</u>	<u>2,183,573</u>
<b>Expenditures</b>				
Environmental services	<u>6,127,080</u>	<u>2,312,360</u>	<u>6,071,839</u>	<u>2,319,442</u>
<b>Annual surplus (deficit)</b>	<u>\$ 226,254</u>	<u>\$ 85,389</u>	<u>\$ (355,680)</u>	<u>\$ (135,869)</u>

**CORPORATION OF THE CITY OF BELLEVILLE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

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, 2016 together with comparative figures for 2015. The amounts are disclosed in thousands of dollars:

	<u>2016</u>	<u>2015</u>
<b>Consolidated Balance Sheet</b>		
Current assets	\$ 89,713	\$ 84,598
Non-current assets	256,794	237,693
Total assets	<u>346,507</u>	<u>322,291</u>
Regulatory balances	2,530	3,170
	<u>\$ 349,037</u>	<u>\$ 325,461</u>
Current liabilities	\$ 101,166	\$ 100,131
Non-current liabilities	112,346	98,060
Shareholders' equity	125,140	119,517
Total liabilities and equity	<u>338,652</u>	<u>317,708</u>
Regulatory balances	10,385	7,653
	<u>\$ 349,037</u>	<u>\$ 325,361</u>
	<u>2016</u>	<u>2015</u>
<b>Consolidated Statement of Operations</b>		
Revenue	\$ 390,273	\$ 334,820
Commodity cost and expenses	(371,707)	(318,439)
Other income	3,397	4,102
Finance costs and unrealized loss on interest rate swaps	<u>(4,695)</u>	<u>(6,196)</u>
Income before income taxes	17,268	14,287
Income tax expense	<u>(3,448)</u>	<u>(3,272)</u>
Net Income	13,820	11,015
Net movements in regulatory balances, net of tax	(3,372)	(1,465)
Other comprehensive loss, net of tax		
Remeasurements of employee future benefits	(77)	-
Total comprehensive income	<u>\$ 10,371</u>	<u>\$ 9,550</u>
City's share of comprehensive income	<u>\$ 1,379</u>	<u>\$ 1,270</u>

**CORPORATION OF THE CITY OF BELLEVILLE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2016**

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

b) The Corporation's equity is represented by:

	<u>2016</u>	<u>2015</u>
Promissory notes receivable - <i>note 4</i>	\$ 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	15,803,337	14,423,861
Accumulated dividends received	<u>(8,698,392)</u>	<u>(8,066,775)</u>
	<u>16,643,620</u>	<u>15,895,761</u>
	<u>\$ 24,437,620</u>	<u>\$ 23,689,761</u>

c) Equity in Veridian Corporation:

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	23,689,761	23,236,231
Equity share of net earnings for the year	1,379,476	1,270,150
Dividends received from Veridian Corporation	(631,617)	(724,850)
Non-cash benefit - embedded derivative	-	(91,770)
	<u>\$ 24,437,620</u>	<u>\$ 23,689,761</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 \$24,000,000 per occurrence for liability insurance, \$15,000,000 for vehicle insurance and \$98,685,000 for property insurance; plus \$10,000,000 excess coverage on top of the regular liability and vehicle coverage.

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.

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**CORPORATION OF THE CITY OF BELLEVILLE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

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

ii) Contractual obligation - Hydro One Networks Inc.: (continued)

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, 2016 (2015 - \$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:

2017	\$ 41,000
2018	41,000
2019	33,000
2020	32,000
2021	33,000
Thereafter	<u>60,000</u>
	<u>\$ 240,000</u>

**6. 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:

iii) 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.

iv) Interest (discount) rate:

The obligation as at December 31, 2016, of the present value of future liabilities and the expense for the 12 months ended December 31, 2016, were determined using an annual discount rate of 3.75% (2015 - 4.5%). This corresponds to the Corporation's cost of borrowing and the long term yield on high quality bonds at the date of the valuation.

**CORPORATION OF THE CITY OF BELLEVILLE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**6. EMPLOYEE BENEFITS PAYABLE (continued)**

- iii) Salary levels:  
Future general salary and wages level were assumed to increase at 3.3% per annum.
- iv) 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	2016 Total	2015 Total
Employee future benefits payable beginning of year	\$ 12,380,200	\$ 3,129,270	\$ 15,509,470	\$ 15,154,910
Current service costs	557,580	196,990	754,570	677,450
Interest expense on benefits	462,850	126,010	588,860	630,700
Benefits payments	(367,070)	(153,790)	(520,860)	(806,100)
Past Service Cost (gain)	-	(447,190)	(447,190)	-
Amortization of actuarial (gain) loss	(41,140)	458,270	417,130	(147,490)
	<u>\$ 12,992,420</u>	<u>\$ 3,309,560</u>	<u>\$ 16,301,980</u>	<u>\$ 15,509,470</u>
Employee future benefits payable consists of:				
Unfunded accrued benefit obligations	\$ 12,622,120	\$ 3,409,295	\$ 16,031,415	\$ 14,242,700
Unamortized actuarial (gain) loss	(370,300)	99,735	(270,565)	(1,266,770)
	<u>\$ 12,992,420</u>	<u>\$ 3,309,560</u>	<u>\$ 16,301,980</u>	<u>\$ 15,509,470</u>

**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% (2015 - 9.0%) for earnings up to the annual maximum pensionable earnings of \$54,900 (2015 - \$53,600) and at a rate of 14.6% (2015 - 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% (2015 - 9.2%) for earnings up to the annual maximum pensionable earnings of \$54,900 (2015 - \$53,600) and at a rate of 15.8% (2015 - 15.8%) for earnings greater than the annual maximum pensionable earnings.

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**CORPORATION OF THE CITY OF BELLEVILLE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**6. EMPLOYEE BENEFITS PAYABLE (continued)**

The amount contributed to OMERS for 2016 was \$3,969,010 (2015 - \$3,980,802) 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, 2016 indicated a deficit of \$2,341,000,000 (2015 - \$5,259,000,000) 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 \$6,140,551 (2015 - \$5,211,116) have been established to partially provide for these liabilities, and are reported in schedule 2 to the consolidated financial statements.

**7. OTHER LIABILITIES**

Other liabilities balance consists of the following:

	<u>2016</u>	<u>2015</u>
Liability for annual leave	\$ 1,190,160	\$ 1,020,850
Solid waste landfill closure and post-closure care	712,000	675,000
Contaminated sites liability	<u>320,000</u>	<u>320,000</u>
	<u>\$ 2,222,160</u>	<u>\$ 2,015,850</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 \$1,190,160 (2015 -\$1,020,850).

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 \$712,000 based on the present value of closure and post-closure costs estimated at \$4,526,000, using assumed rates of 3.5% for inflation and 5.5% for interest.

The Thurlow landfill has an estimated remaining capacity of 44% and is expected to provide capacity for 23 years based on current waste generation rates.

A reserve of \$528,616 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.

**CORPORATION OF THE CITY OF BELLEVILLE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**7. OTHER LIABILITIES** (continued)

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.

**8. DEFERRED REVENUE**

The deferred revenue balance consists of the following:

	Balance December 31, <u>2015</u>	<u>Additions</u>	Transferred to <u>income</u>	Balance December 31, <u>2016</u>
<b>Obligatory Reserve Funds:</b>				
Development charges	\$ 7,835,316	\$ 3,857,504	\$ 654,094	\$ 11,038,726
Park	77,595	80,577	4,870	153,302
Building code act	2,101,357	523,302	-	2,624,659
Provincial gas tax	2,384,289	688,560	995,511	2,077,338
Federal gas tax	9,656,517	3,159,989	6,783,167	6,033,339
<b>Other:</b>				
Belleville Public Library	11,055	6,872	-	17,927
Bell Boulevard water and sewer extension	373,156	56,288	78,081	351,363
Centre and South Hastings Waste Services Board	47,294	43,353	47,294	43,353
Government transfers	15,235	12,027	16,020	11,242
Miscellaneous	245,568	322,877	245,568	322,877
	<u>\$ 22,747,382</u>	<u>\$ 8,751,349</u>	<u>\$ 8,824,605</u>	<u>\$ 22,674,126</u>

**CORPORATION OF THE CITY OF BELLEVILLE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**9. 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>2016</u>	<u>2015</u>
CIBC demand installment loan	3.05%	Monthly	Principal and interest	21,766	Oct-17	\$ 2,355,600	\$ 2,944,500
CIBC demand installment loan	3.05%	Monthly	Principal and interest	49,075	Dec-20	207,998	459,817
Debentures	6.50%	Annual	Principal plus interest (semi-annual)	538	-	688,000	1,334,000
Lien note payable	4.90%	Monthly	Principal and interest	688,000	Dec-17	-	2,541
Promissory note	-%	Annual	Principal only	200,000	Jan-18	400,000	-
RBC demand loan	6.24%	Monthly	Principal and interest	622	Feb-19	15,070	21,374
OSIFA debenture	2.35%	Semi-Annual	Principal and interest	140,000	Jan-21	1,260,000	1,540,000
OILC debenture	3.19%	Semi-Annual	Principal and interest	71,745	Jun-27	1,271,740	1,372,248
OILC debenture	2.46%	Semi-Annual	Principal and interest	34,454	Oct-31	860,000	-
OILC debenture	3.47%	Semi-Annual	Principal and interest	129,050	Jun-32	3,074,116	3,221,692
OILC debenture	3.86%	Monthly	Principal and interest	235,860	Jul-33	34,625,712	36,088,706
OILC debenture	3.34%	Semi-Annual	Principal and interest	1,143,829	Nov-35	31,990,705	33,180,000
OILC debenture	2.78%	Semi-Annual	Principal and interest	849,329	Oct-36	25,926,000	-
						<u>\$ 102,674,941</u>	<u>\$ 80,164,878</u>

Long-term debt is comprised of:

Tax supported	\$ 79,263,512	\$ 59,471,776
Self-liquidating debt	\$ 23,411,429	\$ 20,693,102

During the year, the Corporation agreed to pay an organization \$600,000 as consideration for the surrender of the existing lease relating to property known as fairgrounds east and transfer of the buildings on fairgrounds east to the Corporation satisfied by a cash payment of \$200,000 and the balance of \$400,000 payable by way of a promissory note.

Principal and interest repayments are estimated to be as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 6,010,668	\$ 3,388,037	\$ 9,398,705
2018	5,253,680	3,176,784	8,430,464
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 and subsequent years	76,118,232	18,361,956	94,480,188
	<u>\$ 102,674,942</u>	<u>\$ 33,436,655</u>	<u>\$ 136,111,597</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 \$2,962,766 (2015 - \$1,999,073).

**CORPORATION OF THE CITY OF BELLEVILLE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**10. CONTINGENT LIABILITIES AND COMMITMENTS**

The Corporation has an outstanding commitment to the University Hospitals Kingston Foundation of \$137,000 payable in 2017.

The Corporation has an outstanding commitment to Belleville General Hospital Foundation of \$1,000,000 payable \$250,000 from 2017 to 2020.

The Corporation has a commitment to Hastings County to finance debentures related to the capital construction of Hastings Manor of approximately \$6,774,700 based on current proportionate share of resident days, with annual payments of approximately \$1,011,100 for 7 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 \$391,200 based on a proportionate share of weighted assessment (Thurlow and Quinte annex), with annual payments of approximately \$71,800 for 5 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, 2017. During the year, payments under the agreement totalled \$1,726,847.

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 \$1,361,843.

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, 2016, are as follows:

2017	\$ 130,000
2018	115,000
2019	100,000
2020	100,000
2021	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 \$212,825 (2015 - \$273,146) and the Corporation's obligation under the agreement in the future is not determinable.

**CORPORATION OF THE CITY OF BELLEVILLE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

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

As at December 31, 2016 the Corporation has outstanding capital project contractual commitments of approximately \$12,384,000.

As at December 31, 2016, 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, 2016**

**11. ACCUMULATED SURPLUS**

The accumulated surplus position is comprised of the following:

	<u>2016</u>	<u>2015</u>
Equity in tangible capital assets	\$592,879,868	\$571,714,492
Less: related debt	<u>101,326,183</u>	<u>79,009,663</u>
	491,553,685	492,704,829
Capital projects - City	7,050,052	5,159,102
Capital projects - Water	579,865	(517,765)
Reserves and reserve funds - <i>schedule 2</i>	55,762,759	42,978,749
Amounts to be recovered		
Landfill closure and post-closure costs	(712,000)	(675,000)
Employee costs	(17,207,940)	(16,246,120)
Contaminated sites	(320,000)	(320,000)
Equity in Veridian Corporation - note 5	24,437,620	23,689,761
Unrestricted surplus		
City of Belleville	10,482,208	11,115,235
Belleville Public Library Board	60,242	10,519
Belleville Downtown Improvement Area	77,561	35,256
Centre and South Hastings Waste Services Board	<u>29,655</u>	<u>(80,718)</u>
	<u>\$571,793,707</u>	<u>\$557,853,848</u>

**12. OPERATIONS OF SCHOOL BOARD**

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

	<u>2016</u>	<u>2015</u>
Taxation	\$ 21,728,518	\$ 21,768,019
Requisitions	<u>(21,728,518)</u>	<u>(21,768,019)</u>
	<u>\$ -</u>	<u>\$ -</u>

**CORPORATION OF THE CITY OF BELLEVILLE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

**13. 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, 2016**

13. **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.

14. **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**  
**SCHEDULE 1 - CONSOLIDATED STATEMENT OF TANGIBLE CAPITAL ASSETS**  
**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
<b>COST</b>												
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)	(67,073,252)
Closing cost	69,154,279	90,357,754	27,874,929	3,358,769	17,534,461	4,999,008	108,413,990	296,980,101	306,046,836	28,150,161	38,585,902	991,456,190
<b>ACCUMULATED AMORTIZATION</b>												
Opening Accumulated amortization	9,366,662	15,176,779	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 write-downs	(92)	(2,866)	(1,004,410)	(133,257)	23,898	-	-	(4,220,176)	(1,296,296)	-	-	(6,633,199)
Closing 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
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

**YEAR ENDED DECEMBER 31, 2015**

	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	2015
<b>COST</b>												
Opening cost	\$ 58,732,016	\$ 74,358,574	\$ 25,705,204	\$ 2,673,863	\$ 4,338,239	\$ 8,117,706	\$ 105,711,051	\$ 281,241,073	\$ 280,271,203	\$ 25,886,935	\$ 19,235,721	\$ 896,271,585
Additions during the year	4,049,684	6,135,059	1,249,639	532,231	1,150,984	14,592,384	1,467,088	2,954,984	7,976,313	2,202,223	38,959,776	81,270,365
Disposals during the year	(141,486)	(3,528)	(703,771)	(154,918)	(340,790)	(8,950,306)	-	(1,846,372)	(205,205)	-	(12,678,830)	(25,025,206)
Closing 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
<b>ACCUMULATED AMORTIZATION</b>												
Opening Accumulated amortization	8,061,799	13,430,393	12,923,736	1,171,247	6,856,363	-	35,004,274	196,452,695	77,282,263	8,327,643	-	359,510,413
Amortization during the year	1,304,928	1,749,170	1,682,386	563,321	1,138,441	-	2,196,482	11,194,797	4,118,474	391,596	-	24,339,595
Disposals and write-downs	(65)	(2,784)	(661,069)	(154,897)	(339,674)	-	-	(1,738,117)	(151,150)	-	-	(3,047,756)
Closing Accumulated amortization	9,366,662	15,176,779	13,945,053	1,579,671	7,655,130	-	37,200,756	205,909,375	81,249,587	8,719,239	-	380,802,252
Net Book Value of Tangible Capital Assets	\$ 53,273,552	\$ 65,313,326	\$ 12,306,019	\$ 1,471,505	\$ 7,493,303	\$ 13,759,784	\$ 69,977,383	\$ 76,440,310	\$ 206,792,724	\$ 19,369,919	\$ 45,516,667	\$ 571,714,192

(See accompanying notes)

**CORPORATION OF THE CITY OF BELLEVILLE  
SCHEDULE 2 - CONSOLIDATED SCHEDULE OF CONTINUITY OF RESERVES AND RESERVE FUNDS  
YEAR ENDED DECEMBER 31, 2016**

	Balance, beginning of year	Revenue Contributions			Transfers		Balance, end of year
		Interest on Reserve Funds	From Operations	From Capital	To Operations	To Capital Acquisitions	
<b>Reserves</b>	\$ 25,814	\$ -	\$ 12,000	\$ -	\$ 2,000	\$ -	\$ 35,814
Belleville Library	788,864	-	-	-	1,924	-	786,940
Centre & South Hastings Waste Services Board	345,759	-	-	-	201,059	-	144,700
Belleville Downtown Improvement	276,925	-	259,600	47,986	49,094	-	535,417
Future Expenditures	1,437,362	-	271,600	47,986	254,077	-	1,502,871
<b>Reserve Funds</b>							
Belleville Library	136,828	1,043	10,000	-	-	11,043	147,871
Archives facility	54,646	749	-	-	-	749	55,395
Arts and culture	25,000	342	9,850	-	-	10,192	35,192
Brownfields development	103,942	1,424	50,000	-	-	51,424	155,366
Canada Day	27,912	436	7,034	-	-	7,470	35,382
Capital equipment	1,983,368	26,607	399,000	25,518	-	451,125	1,950,941
Capital levy	5,636,360	69,829	3,035,820	310,704	1,717,794	3,416,353	3,439,214
Election expenses	69,201	948	67,808	-	-	68,756	137,957
Employee future benefits	4,821,568	71,183	750,000	-	-	821,183	5,642,751
Environmental remediation	158,089	2,850	100,000	-	-	102,850	260,939
Facade improvement	126,297	1,730	68,618	-	-	70,348	196,645
Facilities	401,851	5,505	-	-	-	5,505	407,356
Flood control	98,074	1,343	107,465	-	-	108,808	206,882
Harbour	31,595	433	-	86,115	-	86,548	118,143
Industrial land	171,419	2,691	50,000	400,000	-	452,691	624,110
Infrastructure oversizing	183,913	2,520	100,000	-	-	102,520	286,433
Landfill closure	469,328	6,788	52,500	-	-	59,288	528,616
Museum collections	5,501	76	125	-	-	201	5,702
Museum improvements	12,213	195	4,102	-	-	4,297	16,510
Parking development	1,038,439	13,642	-	13,294	6,285	26,936	972,865
Police facility	3,315,244	52,726	1,000,000	-	-	1,052,726	4,167,970
Recreation facilities	447,497	6,259	44,923	-	-	51,182	295,738
Road renewal	596,296	11,373	468,000	398,188	-	877,561	1,473,857
Sewage service	5,610,832	69,734	3,472,754	2,556,922	-	6,099,410	10,655,044
Sick leave	389,548	6,706	255,332	-	153,786	262,038	497,800
Sidewalks	199,203	2,729	-	83,839	-	86,568	269,478
Solar	377,657	5,173	-	-	-	5,173	382,830
Storm water management	822,045	12,311	193,335	6,632	-	212,278	1,034,323
Tax rate stabilization	122,051	871	-	2,269,647	-	2,270,518	2,270,322
Waste management	58,011	795	-	-	-	795	58,806
Water service	13,552,916	-	2,075,785	1,725,817	-	3,801,602	17,224,498
Winter control	494,543	6,582	231,827	-	-	238,409	704,952
	41,541,387	385,593	12,554,278	7,876,676	1,877,865	20,816,547	54,259,888
<b>Total</b>	\$ 42,978,749	\$ 385,593	\$ 12,825,878	\$ 7,924,662	\$ 2,131,942	\$ 8,352,123	\$ 55,762,759

(See accompanying notes)

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

**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
<b>REVENUES</b>										
Municipal taxation	\$ 9,760,000	\$ 28,292,000	\$ 11,383,000	\$ 7,851,000	\$ 4,229,000	\$ 8,693,000	\$ 3,642,000	\$ 4,584,000	\$ 4,181,000	\$ 82,615,000
Taxation from other governments	2,740,000	-	-	-	-	-	-	-	-	2,740,000
User Charges	1,024,000	1,944,000	2,409,000	23,729,000	-	3,403,000	237,000	-	-	32,746,000
Grants - Government of Canada	-	-	-	-	-	12,000	-	-	-	12,000
Grants - Province of Ontario	244,000	287,000	-	-	-	163,000	156,000	-	-	850,000
Grants - Other Municipalities	-	146,000	-	98,000	-	26,000	-	-	-	270,000
Fines	-	123,000	-	-	-	-	-	-	-	323,000
Investment Income	400,000	-	200,000	-	-	2,000	-	-	-	602,000
Interest and Penalties on taxes	750,000	-	-	255,000	-	-	-	-	-	1,005,000
Development Charges	-	-	-	68,000	-	-	10,000	-	-	78,000
Donations	-	-	-	-	-	34,000	-	-	-	34,000
	<u>14,918,000</u>	<u>30,792,000</u>	<u>13,992,000</u>	<u>32,001,000</u>	<u>4,229,000</u>	<u>12,333,000</u>	<u>4,045,000</u>	<u>4,584,000</u>	<u>4,181,000</u>	<u>121,075,000</u>
<b>EXPENDITURES</b>										
Salaries, wages and employee benefits	6,875,000	25,666,000	10,862,000	4,221,000	-	8,794,000	1,120,000	-	-	57,538,000
Interest on long-term debt	-	257,000	845,000	918,000	-	636,000	555,000	-	-	3,211,000
Materials and supplies	2,036,000	2,817,000	3,205,000	4,090,000	-	4,212,000	980,000	-	-	17,340,000
Contracted services and general services	623,000	283,000	1,339,000	6,923,000	5,000	75,000	200,000	-	-	9,448,000
Rents and financial expenses	2,127,000	62,000	131,000	799,000	-	82,000	-	-	-	3,201,000
External transfers	110,000	700,000	-	-	4,679,000	-	338,000	4,584,000	4,181,000	14,592,000
Interfunctional Adjustments	-	-	(348,000)	459,000	-	-	-	-	-	111,000
Amortization	326,000	1,266,000	12,326,000	6,948,000	-	3,521,000	19,000	-	-	24,406,000
	<u>12,097,000</u>	<u>31,051,000</u>	<u>28,360,000</u>	<u>24,338,000</u>	<u>4,684,000</u>	<u>17,320,000</u>	<u>3,212,000</u>	<u>4,584,000</u>	<u>4,181,000</u>	<u>129,847,000</u>
<b>Net Revenues (Expenditures)</b>	<u>\$ 2,821,000</u>	<u>\$ (259,000)</u>	<u>\$ (14,368,000)</u>	<u>\$ 7,663,000</u>	<u>\$ (455,000)</u>	<u>\$ (4,987,000)</u>	<u>\$ 833,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,772,000)</u>

(See accompanying notes)

**CORPORATION OF THE CITY OF BELLEVILLE  
SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE STATEMENT OF OPERATIONS  
YEAR ENDED DECEMBER 31, 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
<b>REV ENUES</b>										
Municipal taxation	\$ 10,407,325	\$ 28,315,770	\$ 11,223,987	\$ 7,891,514	\$ 4,128,078	\$ 8,576,936	\$ 3,599,402	\$ 4,474,825	\$ 4,081,513	\$ 82,699,350
Taxation from other governments	2,760,758	-	-	-	-	-	-	-	-	2,760,758
User Charges	965,322	2,137,999	2,119,583	24,452,845	-	3,570,613	600,735	-	-	33,847,097
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	215,490	-	-	-	-	-	-	407,903
Investment Income	617,652	-	-	255,918	-	1,402	2,950	-	-	877,922
Interest and Penalties on taxes	669,571	-	-	-	-	-	-	-	-	669,571
Development Charges	7,427	-	-	-	-	-	-	-	-	7,427
Donations	-	-	-	-	-	48,932	-	-	-	48,932
	<u>15,428,055</u>	<u>30,987,862</u>	<u>13,559,060</u>	<u>32,698,607</u>	<u>4,128,078</u>	<u>12,419,738</u>	<u>4,306,434</u>	<u>4,474,825</u>	<u>4,081,513</u>	<u>122,084,172</u>
<b>EXPENDITURES</b>										
Salaries, wages and employee benefits	6,447,430	26,032,062	10,432,393	3,994,879	-	8,592,684	1,147,878	-	-	56,647,326
Interest on long-term debt	-	252,536	738,407	818,416	-	646,883	506,524	-	-	2,962,766
Materials and supplies	1,929,342	2,827,140	3,651,521	5,231,535	-	4,150,953	756,728	-	-	18,547,219
Contracted services and general services	614,074	224,736	1,006,209	5,796,878	-	199,010	-	-	-	7,840,907
Rents and financial expenses	4,191,460	62,582	100,190	766,506	-	81,099	13,530	-	-	5,215,367
Vertical transfers	192,386	699,812	-	-	4,632,692	-	338,217	-	-	14,742,577
Interfunctional Adjustments	-	(357,305)	-	357,305	-	-	-	-	-	-
Amortization	326,216	1,265,931	12,326,255	6,948,485	-	3,521,477	18,905	-	-	24,407,269
	<u>13,700,908</u>	<u>31,364,799</u>	<u>27,897,670</u>	<u>23,914,004</u>	<u>4,632,692</u>	<u>17,192,106</u>	<u>2,781,782</u>	<u>4,651,015</u>	<u>4,228,455</u>	<u>130,361,431</u>
<b>Net Revenues (Expenditures)</b>	<u>\$ 1,727,147</u>	<u>\$ (376,937)</u>	<u>\$ (14,338,610)</u>	<u>\$ 8,784,603</u>	<u>\$ (504,614)</u>	<u>\$ (4,772,368)</u>	<u>\$ 1,524,652</u>	<u>\$ (176,190)</u>	<u>\$ (146,942)</u>	<u>\$ (8,279,259)</u>

(See accompanying notes)

**CORPORATION OF THE CITY OF BELLEVILLE**  
**SCHEDULE 3 - CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2015**

**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
<b>REVENUES</b>										
Municipal taxation	\$ 10,204,249	\$ 27,249,800	\$ 9,630,369	\$ 7,576,143	\$ 3,977,525	\$ 8,696,274	\$ 3,103,294	\$ 4,762,861	\$ 3,829,476	\$ 79,029,991
Taxation from other governments	2,697,762	-	-	-	-	-	-	-	-	2,697,762
User Charges	1,296,116	1,892,275	2,382,867	22,614,127	-	3,687,469	241,654	-	-	32,114,508
Grants - Government of Canada	-	-	-	-	-	21,194	-	-	-	21,194
Grants - Province of Ontario	116,478	340,063	84,592	-	-	193,460	103,347	-	-	837,940
Grants - Other Municipalities	-	131,765	-	97,086	-	55,418	-	-	-	284,269
Fines	-	114,467	-	-	-	-	-	-	-	272,843
Investment Income	575,124	-	158,376	-	-	1,417	2,795	-	-	838,872
Interest and Penalties on taxes	685,018	-	-	-	-	-	-	-	-	685,018
Development Charges	316,132	-	-	-	-	-	-	-	-	316,132
Donations	-	-	-	-	-	61,253	-	-	-	61,253
	<u>\$ 15,890,879</u>	<u>\$ 29,728,370</u>	<u>\$ 12,256,204</u>	<u>\$ 30,536,892</u>	<u>\$ 3,977,525</u>	<u>\$ 12,716,485</u>	<u>\$ 3,451,090</u>	<u>\$ 4,762,861</u>	<u>\$ 3,829,476</u>	<u>\$ 117,149,782</u>
<b>EXPENDITURES</b>										
Salaries, wages and employee benefits	6,379,203	24,747,344	10,374,951	3,872,535	-	8,135,937	1,132,828	-	-	54,642,798
Interest on long-term debt	6,228	232,210	74,091	586,939	-	656,073	443,532	-	-	1,999,073
Materials and supplies	1,337,691	2,943,467	2,593,681	5,388,843	-	4,249,128	1,261,187	-	-	17,773,997
Contracted services and general services	628,333	211,707	870,437	5,838,864	-	63,633	-	-	-	7,612,974
Rents and financial expenses	1,731,502	62,231	155,380	803,588	-	55,800	31,179	-	-	2,839,680
External transfers	116,449	684,840	-	-	4,449,701	-	331,151	-	-	14,376,692
Interfunctional Adjustments	-	-	(331,633)	391,242	-	-	-	-	-	59,609
Amortization	314,939	1,047,779	12,960,157	6,648,774	-	3,348,573	19,373	-	-	24,339,595
	<u>\$ 10,514,345</u>	<u>\$ 29,929,578</u>	<u>\$ 12,960,157</u>	<u>\$ 23,530,785</u>	<u>\$ 4,449,701</u>	<u>\$ 16,509,144</u>	<u>\$ 3,219,250</u>	<u>\$ 4,711,776</u>	<u>\$ 4,032,775</u>	<u>\$ 123,594,418</u>
<b>Net Revenues (Expenditures)</b>	<u>\$ 5,376,534</u>	<u>\$ (201,208)</u>	<u>\$ (14,440,860)</u>	<u>\$ 7,006,107</u>	<u>\$ (472,176)</u>	<u>\$ (3,792,659)</u>	<u>\$ 231,840</u>	<u>\$ 51,085</u>	<u>\$ (203,299)</u>	<u>\$ (6,444,636)</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, 2016**

	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
<b>REVENUES</b>									
Municipal taxation	\$ 82,615,000	\$ -	\$ -	\$ -	\$ -	\$ 260,000	\$ -	\$ (260,000)	\$ 82,615,000
Taxation from other governments	2,740,000	-	-	-	-	-	-	-	2,740,000
User fees and sale of goods and services	31,923,000	-	-	-	87,000	-	1,018,000	(282,000)	32,746,000
Grants - Government of Canada	6,000	-	-	-	6,000	-	-	-	12,000
Grants - Province of Ontario	764,000	-	-	-	86,000	-	-	-	850,000
Grants - Other Municipalities	146,000	-	-	-	2,007,000	15,000	1,073,000	(2,971,000)	270,000
Fines	323,000	-	-	-	-	-	-	-	323,000
Investment income	650,000	-	-	-	2,000	-	5,000	-	657,000
Penalty and interest on taxes	750,000	-	-	-	-	-	-	-	750,000
Development charges	78,000	-	-	-	-	-	-	-	78,000
Donations	27,000	-	-	-	7,000	-	-	-	34,000
	<u>120,022,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,195,000</u>	<u>275,000</u>	<u>2,096,000</u>	<u>(3,513,000)</u>	<u>121,075,000</u>
<b>EXPENDITURES</b>									
Current									
General government	11,782,000	-	-	326,000	-	-	-	(11,000)	12,097,000
Protection services	29,797,000	-	-	1,266,000	-	-	-	(12,000)	31,051,000
Transportation services	16,068,000	-	-	12,326,000	-	-	-	(34,000)	28,360,000
Environmental services	16,186,000	-	-	6,948,000	-	-	2,201,000	(977,000)	24,358,000
Health services	4,684,000	-	-	-	-	-	-	-	4,684,000
Recreational and cultural services	13,991,000	-	-	3,044,000	2,504,000	-	-	(2,219,000)	17,320,000
Planning and development	3,178,000	-	-	10,000	-	384,000	-	(260,000)	3,212,000
Social and family services	4,584,000	-	-	-	-	-	-	-	4,584,000
Social housing	4,181,000	-	-	-	-	-	-	-	4,181,000
Capital									
General government	-	888,000	-	(888,000)	-	-	-	-	-
Protection services	-	1,068,000	-	(1,068,000)	-	-	-	-	-
Transportation services	-	11,958,000	-	(11,958,000)	-	-	-	-	-
Environmental services	-	4,926,000	-	(4,926,000)	-	-	-	-	-
Recreational and cultural services	-	23,092,000	-	(23,092,000)	-	-	-	-	-
	<u>104,451,000</u>	<u>41,932,000</u>	<u>-</u>	<u>(18,012,000)</u>	<u>2,504,000</u>	<u>284,000</u>	<u>2,201,000</u>	<u>(3,513,000)</u>	<u>129,847,000</u>
<b>NET REVENUES/(EXPENDITURES)</b>	15,571,000	(41,932,000)	-	18,012,000	(309,000)	(9,000)	(105,000)	-	(8,772,000)
<b>OTHER INCOME AND EXPENSES RELATED TO CAPITAL</b>									
Municipal taxation	-	4,044,000	-	-	-	-	-	-	4,044,000
Government transfers	-	-	-	-	-	-	-	-	-
Canada	-	2,800,000	-	-	-	-	-	-	2,800,000
Ontario	-	1,734,000	-	-	-	-	-	-	1,734,000
Development charges	-	130,000	-	-	25,000	-	-	-	155,000
	-	<u>8,708,000</u>	-	-	<u>25,000</u>	-	-	-	<u>8,733,000</u>
<b>FINANCING AND TRANSFERS</b>									
Debt and other long-term borrowing	-	24,615,000	-	(24,615,000)	-	-	-	-	-
Debt repayment	(5,050,000)	-	-	5,050,000	-	-	-	-	-
Transfers from (to) other funds	(10,521,000)	8,609,000	1,912,000	-	-	-	-	-	-
	<u>(15,571,000)</u>	<u>33,224,000</u>	<u>1,912,000</u>	<u>(19,565,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ -	\$ -	\$ 1,912,000	\$ (1,553,000)	\$ (284,000)	\$ (9,000)	\$ (105,000)	\$ -	\$ (39,000)

(See accompanying notes)