

**THE CORPORATION OF THE
CITY OF ST. THOMAS**

Consolidated Financial Statements

December 31, 2016

The Corporation of the City of St. Thomas
Consolidated Financial Statements
For The Year Ended December 31, 2016

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GRAHAM SCOTT ENNS LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

P. 519-633-0700 · F. 519-633-7009
450 Sunset Drive, St. Thomas, ON N5R 5V1

P. 519-773-9265 · F. 519-773-9683
25 John Street South, Aylmer, ON N5H 2C1

www.grahamscottenns.com

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of **The Corporation of the City of St. Thomas** :

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **The Corporation of the City of St. Thomas**, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of operations, and changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 whether the consolidated financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated statement of financial position of **The Corporation of the City of St. Thomas** as at December 31, 2016, and the consolidated statements of operations, and changes in net financial assets for the year then ended in accordance with Canadian accounting standards for public sector entities.

St. Thomas, Ontario

August 21, 2017

Graham Scott Enns LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Licensed Public Accountants

The Corporation of the City of St. Thomas

**Consolidated Statement of Financial Position
As at December 31, 2016**

	2016	2015
	<u>\$</u>	<u>\$</u>
FINANCIAL ASSETS		
Cash and short term deposits	47,993,187	56,023,103
Notes receivable (Note 3)	13,272,377	7,714,426
Taxes receivable (Note 2)	3,961,503	4,047,000
Accounts receivable (Note 14)	8,219,493	15,497,396
Land held for resale	276,351	321,271
Investment in Ascent Group Inc. (Note 12)	-	623,076
Total financial assets	<u>73,722,911</u>	<u>84,226,272</u>
LIABILITIES		
Deferred revenue (Note 10)	21,673,839	28,444,259
Accounts payable and accrued liabilities	13,086,695	9,497,443
Employee benefits payable (Note 7)	9,922,716	9,586,106
Allowance for tax reassessments	2,500,000	1,640,751
Liability for investment in Ascent Group Inc. (Note 12)	3,319,253	-
Net long-term liabilities (Note 5)	<u>18,225,237</u>	<u>17,526,534</u>
Total liabilities	<u>68,727,740</u>	<u>66,695,093</u>
NET FINANCIAL ASSETS	<u>4,995,171</u>	<u>17,531,179</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 4)	336,967,951	314,900,990
Inventories of supplies	557,780	526,420
Prepaid expenses	<u>1,172,124</u>	<u>1,245,978</u>
Total non-financial assets	<u>338,697,855</u>	<u>316,673,388</u>
ACCUMULATED SURPLUS (NOTE 6)	<u>343,693,026</u>	<u>334,204,567</u>

The accompanying notes are an integral part of these financial statements

The Corporation of the City of St. Thomas
Consolidated Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2016

	Budget (Note 16) \$	Actual 2016 \$	Actual 2015 \$
REVENUES			
Property taxation	48,068,497	47,944,142	46,433,375
Taxation from other governments	553,441	553,441	462,401
User charges and other revenues	31,524,003	33,368,402	28,789,678
Government transfers:			
Federal	8,153,965	8,124,767	2,872,587
Provincial	41,344,091	41,197,538	39,068,707
Municipalities	5,144,698	5,554,682	4,810,538
Development charges earned	3,580,984	3,890,100	869,164
Investment interest and dividends	1,143,035	1,031,570	1,083,401
Penalties and interest on taxes	619,849	626,808	569,666
Developer contributions of tangible capital assets	-	1,022,797	4,302,550
Income (loss) from government business enterprise - Ascent Group Inc. (Note 12)	<u>-</u>	<u>(3,942,329)</u>	<u>(6,214,543)</u>
Total Revenues	<u>140,132,563</u>	<u>139,371,918</u>	<u>123,047,524</u>
EXPENSES			
General government	6,080,377	5,811,130	5,928,848
Protection to persons and property	22,281,373	22,414,522	21,416,728
Transportation services	10,553,444	10,480,634	11,506,237
Environmental services	23,195,099	23,782,763	22,883,946
Health service	6,419,188	6,274,584	6,114,955
Social and family services	38,010,813	37,582,762	36,711,966
Social housing	12,660,673	13,094,104	11,001,748
Recreation and cultural services	8,251,670	8,516,825	7,748,556
Planning and development	<u>1,957,962</u>	<u>1,926,135</u>	<u>1,605,437</u>
Total Expenses (Note 15)	<u>129,410,599</u>	<u>129,883,459</u>	<u>124,918,421</u>
ANNUAL SURPLUS (DEFICIT)	<u>10,721,964</u>	<u>9,488,459</u>	<u>(1,870,897)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>334,204,567</u>	<u>334,204,567</u>	<u>336,075,464</u>
ACCUMULATED SURPLUS, END OF YEAR (NOTE 6)	<u><u>344,926,531</u></u>	<u><u>343,693,026</u></u>	<u><u>334,204,567</u></u>

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

The Corporation of the City of St. Thomas

**Consolidated Statement of Changes in Net Financial Assets
For The Year Ended December 31, 2016**

	Budget (Note 16) \$	Actual 2016 \$	Actual 2015 \$
ANNUAL SURPLUS (DEFICIT)	10,721,964	9,488,459	(1,870,897)
Amortization of tangible capital assets	11,799,139	11,799,139	12,780,863
Acquisition of tangible capital assets	(15,858,863)	(33,526,836)	(15,858,863)
Change in inventories of supplies and prepaid expenses	-	42,494	447,790
Loss on disposal of tangible capital assets	-	683,533	244,565
Developer contributions of tangible capital assets	<u>-</u>	<u>(1,022,797)</u>	<u>(4,302,550)</u>
CHANGE IN NET FINANCIAL ASSETS	6,662,240	(12,536,008)	(8,559,092)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>17,531,179</u>	<u>17,531,179</u>	<u>26,090,271</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>24,193,419</u>	<u>4,995,171</u>	<u>17,531,179</u>

The accompanying notes are an integral part of these financial statements

The Corporation of the City of St. Thomas

Consolidated Statement of Cash Flows For The Year Ended December 31, 2016

	2016 <u>\$</u>	2015 <u>\$</u>
OPERATING ACTIVITIES		
Annual surplus (deficit)	9,488,459	(1,870,897)
Items not involving cash:		
Amortization of tangible capital assets	11,799,139	12,780,863
Loss on disposal of tangible capital assets	683,533	244,565
Developer contributions of tangible capital assets	(1,022,797)	(4,302,550)
Change in employee benefits	336,610	347,357
Equity loss (income) from Ascent Group Inc.	<u>3,942,329</u>	<u>6,214,543</u>
	25,227,273	13,413,881
Change in non-cash assets and liabilities (Note 15[a])	<u>(959,099)</u>	<u>1,038,904</u>
	<u>24,268,174</u>	<u>14,452,785</u>
CAPITAL ACTIVITIES		
Tangible capital asset and assets under construction additions	<u>(33,526,836)</u>	<u>(15,858,863)</u>
INVESTING ACTIVITIES		
Loan repayments from Ascent Group Inc. (Note 12)	<u>530,043</u>	-
FINANCING ACTIVITIES		
Long-term debt principal repayment	(1,450,688)	(1,953,898)
Proceeds from issue of long-term debt	<u>2,149,391</u>	-
	<u>698,703</u>	<u>(1,953,898)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(8,029,916)	(3,359,976)
OPENING CASH AND CASH EQUIVALENTS	<u>56,023,103</u>	<u>59,383,079</u>
CLOSING CASH AND CASH EQUIVALENTS	<u><u>47,993,187</u></u>	<u><u>56,023,103</u></u>

The accompanying notes are an integral part of these financial statements

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

The City of St. Thomas is a municipality in the Province of Ontario. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, the Municipal Affairs Act and related legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the City of St. Thomas (the "City") are prepared by management in accordance with Canadian accounting standards for public sector entities. Significant aspects of the accounting policies adopted by the City are as follows:

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the City and which are 100% owned or controlled by the City.

Consolidated Entities

The following local boards are consolidated:

- The St. Thomas Public Library Board
- St. Thomas Economic Development Corporation
- St. Thomas Downtown Improvement Area
- Elgin and St. Thomas Housing Corporation

Inter-departmental and inter-organizational transactions and balances between these organizations are eliminated.

Proportionate Consolidation

The Elgin-St. Thomas Health Unit, Elgin Area Primary Water Board and Elgin Area Secondary Water Board have been consolidated on a proportionate basis. The Elgin-St. Thomas Health Unit is proportionately consolidated based on the Municipalities share of contributions which amount to 41%. The Elgin Area Primary Water Board and Elgin Area Secondary Water Board are proportionately consolidated based upon the water flow used by our Municipality in proportion to the entire flows provided by the joint boards. This amounts to 31% and 54% respectively.

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Accounting

The investment in Ascent Group Inc. (a Government Business Enterprise) is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the City, and inter-organizational transactions and balances are not eliminated. The City recognizes its equity interest in the annual income or loss of Ascent Group Inc. in its consolidated statement of operations with corresponding increase or decrease in its investment asset account. Any dividends that the City may receive from Ascent Group Inc. will be reflected as a reduction in the investment asset account.

Accounting for School Board Transactions

Although the City collects taxation on behalf of the School Boards, the taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these statements.

Trust Funds

Trust funds and their related operations administered by the City are not included in these consolidated financial statements.

Basis of Accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable which include user fees for recreation, transit, licensing and water and sewer charges. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

Government Transfers

Government transfers are recognized in the consolidated financial statements as revenues in the financial period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3100 of the Canadian accounting standards for public sector entities and is recognized as revenue in the period in which the resources are used for the purpose specified.

In addition, the City periodically receives senior government capital funding in the form of infrastructure grants and receives ongoing funding from both senior levels of government as a result of an allocation of the gas tax funds.

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work. In addition, certain user charges and fees which have been collected but for which the related services have yet to be performed. Revenue is recognized in the period when the related expense are incurred and services are preformed.

Investment Income

Investment income is reported as revenue in the period earned. When required by funding government or related Act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

Cash equivalents

Cash equivalents include short-term highly liquid investments with a term to maturity of less than one year or less at acquisition.

Land held for resale

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing.

Employee benefit plans

The City accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. The OMERS plan specifies the retirement benefits to be received by the employees based on the length of service and pay rates. Employee benefits include post employment benefits. Post employment benefits are subject to actuarial valuations and are accrued in accordance with the projected benefit method, prorated on service and management's best estimate of salary escalation and retirement ages of employees. Any actuarial gains and losses related to past service of employees are amortized over the expected average remaining service period.

For those self-insured benefit obligations that arise from specific events that occur from time to time, such as obligations for workers' compensation and life insurance and health care benefits for those on disability leave, the cost is recognized immediately in the period the events occur. Any actuarial gains or losses that are related to these benefits are amortized over the expected service period.

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

i) 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. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Building and components	40 years
Vehicles	8 to 20 years
Machinery and equipment	5 to 20 years
Land improvements	10 to 50 years
Plants and facilities	20 to 75 years
Roads and paved areas	20 to 40 years
Bridges and other structures	30 to 75 years
Underground and other networks	30 to 75 years

Amortization is charged at half the annual rate in the year of acquisition and the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

ii) Contributions 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. Typical examples are roads, storm sewers, and sidewalks installed by a developer as part of a subdivision agreement.

iii) Leased tangible capital assets

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 expenses as incurred.

iv) Inventories

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

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

vi) Interest capitalization

The City includes interest in the costs associated with the acquisition or construction of tangible capital assets if temporary third party debt is used for the related acquisition or construction.

Tax Revenues

In 2016 the City received \$48,497,583 (2015 - \$46,895,776) in property tax revenues for municipal purposes. The authority to levy and collect property taxes is established under the Municipal Act 2001, the Assessment Act, the Education Act, and other legislation.

The amount of the total annual property tax levy is determined each year through Council's approval of the annual budget. City tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council-approved policies, in order to raise the revenue required to meet operating budget requirements. Education tax rates are established by the Province each year in order to fund costs of education on a Province-wide basis.

Taxation revenues are recorded at the time billings are issued. Additional property tax revenue can be added throughout the year, related to new properties that become occupied, or that become subject to property tax, after the return of the annual assessment roll used for billing purposes. The City may receive supplementary assessment rolls over the course of the year from MPAC that identify new or omitted assessments. Property taxes for these supplementary/omitted amounts are then billed according to the approved tax rate for the property class.

Taxation revenues in any year may also be reduced as a result of reductions in assessment value rising from assessment and/or tax appeals. Each year, an amount is identified to cover the estimated amount of revenue loss attributable to assessment appeals, tax appeals or other deficiencies in tax revenue (e.g. uncollectible amounts, write-offs, etc.).

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for public sector entities requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Significant estimates include assumptions used in estimating useful life and net realizable value of tangible capital assets, provisions for accrued liabilities and in performing actuarial valuations of employee future benefits. Actual results could differ from these estimates.

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Environmental Provisions and Contaminated Sites

The City may be exposed to litigation or other costs of remediation due to contaminated properties in its jurisdiction. A liability for remediation is recognized in the financial statements when an environmental standard exists, contamination exceeds the standard, the government is responsible for the remediation and a reasonable estimate of the liability can be made. As at December 31, 2015 there were no properties that the City was responsible to remedy and as such no liability has been accrued.

Financial Instruments

The City's financial instruments consist of cash and cash equivalents, accounts receivable, taxes receivable, accounts payable and accrued liabilities and long-term liabilities. Unless otherwise noted, it is management's opinion that the City is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

2. TAXES RECEIVABLE

Taxes receivable are reported net of allowance for doubtful accounts. Balances as at December 31 were as follows:

	2016	2015
	<u>\$</u>	<u>\$</u>
Taxes receivable	3,459,247	3,869,445
Penalties and interest	502,256	387,555
Allowance for doubtful accounts	<u>-</u>	<u>(210,000)</u>
	<u>3,961,503</u>	<u>4,047,000</u>

3. NOTES RECEIVABLE

The notes receivable are as follows:

	2016	2015
	<u>\$</u>	<u>\$</u>
Demand note from St. Thomas Energy Inc., interest at 5.0%, monthly payments of interest only, due December 31, 2019	7,714,426	7,714,426
Demand note from Ascent Group Inc., interest at 3.0%, repayable in blended monthly payments of \$58,786, due December 31, 2017	<u>5,557,951</u>	<u>-</u>
	<u>13,272,377</u>	<u>7,714,426</u>

In 2016 annual interest of \$561,110 was received on these two loans (2015 - \$509,474).

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

4. TANGIBLE CAPITAL ASSETS

December 31, 2016

Cost	Opening	Additions	Disposals	Ending
<u>Infrastructure</u>				
Land	392,592	-	-	392,592
Buildings/Building Improvements	91,603,614	5,033,103	(58,915)	96,577,802
Machinery and Equipment	10,993,042	4,967,231	(397,979)	15,562,294
Linear - Roadways	82,179,883	6,580,647	(1,489,943)	87,270,587
Linear - Sewer and Water Services	<u>261,743,831</u>	<u>2,466,061</u>	<u>(858,612)</u>	<u>263,351,280</u>
Infrastructure Total	<u>446,912,962</u>	<u>19,047,042</u>	<u>(2,805,449)</u>	<u>463,154,555</u>
<u>General</u>				
Land	13,210,674	247,540	-	13,458,214
Land Improvements	27,696,723	795,389	-	28,492,112
Building/Building Improvements	64,164,568	3,196,737	-	67,361,305
Machinery and Equipment	2,991,294	791,755	-	3,783,049
Vehicles	<u>7,307,817</u>	<u>-</u>	<u>(844,250)</u>	<u>6,463,567</u>
General Total	<u>115,371,076</u>	<u>5,031,421</u>	<u>(844,250)</u>	<u>119,558,247</u>
Work In Progress	<u>15,301,020</u>	<u>18,282,845</u>	<u>(7,811,675)</u>	<u>25,772,190</u>
Total Cost	<u>577,585,058</u>	<u>42,361,308</u>	<u>(11,461,374)</u>	<u>608,484,992</u>
Accumulated Amortization	Opening	Amortization	Disposal	Ending
<u>Infrastructure</u>				
Buildings/Building Improvements	83,189,117	655,237	(58,915)	83,785,439
Machinery and Equipment	5,170,352	1,158,217	(397,979)	5,930,590
Linear - Roadways	49,763,597	2,373,580	(1,424,844)	50,712,333
Linear - Sewer and Water Services	<u>83,508,449</u>	<u>4,603,999</u>	<u>(240,178)</u>	<u>87,872,270</u>
Infrastructure Total	<u>221,631,515</u>	<u>8,791,033</u>	<u>(2,121,916)</u>	<u>228,300,632</u>
<u>General</u>				
Land Improvements	17,201,630	692,912	-	17,894,542
Building/Building Improvements	18,589,777	1,702,237	-	20,292,014
Machinery and Equipment	1,444,943	344,930	-	1,789,873
Vehicles	<u>3,816,203</u>	<u>268,027</u>	<u>(844,250)</u>	<u>3,239,980</u>
General Total	<u>41,052,553</u>	<u>3,008,106</u>	<u>(844,250)</u>	<u>43,216,409</u>
Total Accumulated Amortization	<u>262,684,068</u>	<u>11,799,139</u>	<u>(2,966,166)</u>	<u>271,517,041</u>
Net Book Value	Opening			Ending
<u>Infrastructure</u>				
Land	392,592			392,592
Building/Building Improvements	8,414,497			12,792,363
Machinery and Equipment	5,822,690			9,631,704
Linear - Roadways	32,416,286			36,558,254
Linear - Sewer and Water Services	<u>178,235,382</u>			<u>175,479,010</u>
	225,281,447			234,853,923
<u>General</u>				
Land	13,210,674			13,458,214
Land Improvements	10,495,093			10,597,570
Building/Building Improvements	45,574,791			47,069,291
Machinery and Equipment	1,546,351			1,993,176
Vehicles	<u>3,491,614</u>			<u>3,223,587</u>
	74,318,523			76,341,838
Assets under construction	<u>15,301,020</u>			<u>25,772,190</u>
Total Net Book Value	<u>314,900,990</u>			<u>336,967,951</u>

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

4. TANGIBLE CAPITAL ASSETS (CONTINUED)

December 31, 2015

Cost	Opening	Additions	Disposals	Ending
<u>Infrastructure</u>				
Land	392,592	-	-	392,592
Buildings/Building Improvements	91,593,595	38,759	(28,740)	91,603,614
Machinery and Equipment	10,447,428	1,445,850	(900,236)	10,993,042
Linear - Roadways	77,552,996	4,838,035	(211,148)	82,179,883
Linear - Sewer and Water Services	<u>255,493,392</u>	<u>6,424,838</u>	<u>(174,399)</u>	<u>261,743,831</u>
Infrastructure Total	<u>435,480,003</u>	<u>12,747,482</u>	<u>(1,314,523)</u>	<u>446,912,962</u>
<u>General</u>				
Land	12,817,277	393,397	-	13,210,674
Land Improvements	26,420,844	1,275,879	-	27,696,723
Building/Building Improvements	63,596,912	650,411	(82,755)	64,164,568
Machinery and Equipment	2,368,165	623,129	-	2,991,294
Vehicle	<u>6,843,573</u>	<u>822,151</u>	<u>(357,907)</u>	<u>7,307,817</u>
General Total	<u>112,046,771</u>	<u>3,764,967</u>	<u>(440,662)</u>	<u>115,371,076</u>
Assets under construction	<u>11,652,056</u>	<u>4,300,251</u>	<u>(651,287)</u>	<u>15,301,020</u>
Total Cost	<u>559,178,830</u>	<u>20,812,700</u>	<u>(2,406,472)</u>	<u>577,585,058</u>

Accumulated Amortization	Opening	Amortization	Disposal	Ending
<u>Infrastructure</u>				
Buildings/Building Improvements	82,634,141	583,716	(28,740)	83,189,117
Machinery and Equipment	5,179,920	822,265	(831,833)	5,170,352
Linear - Roadways	47,646,666	2,328,078	(211,147)	49,763,597
Linear - Sewer and Water Services	<u>78,004,182</u>	<u>5,576,251</u>	<u>(71,984)</u>	<u>83,508,449</u>
Infrastructure Total	<u>213,464,909</u>	<u>9,310,310</u>	<u>(1,143,704)</u>	<u>221,631,515</u>
<u>General</u>				
Land Improvements	16,721,717	479,913	-	17,201,630
Building/Building Improvements	16,945,157	1,681,490	(36,870)	18,589,777
Machinery and Equipment	755,079	689,864	-	1,444,943
Vehicle	<u>3,526,963</u>	<u>619,286</u>	<u>(330,046)</u>	<u>3,816,203</u>
General Total	<u>37,948,916</u>	<u>3,470,553</u>	<u>(366,916)</u>	<u>41,052,553</u>
Total Accumulated Amortization	<u>251,413,825</u>	<u>12,780,863</u>	<u>(1,510,620)</u>	<u>262,684,068</u>

Net Book Value	Opening	Ending
<u>Infrastructure</u>		
Land	392,592	392,592
Building/Building Improvements	8,959,454	8,414,497
Machinery and Equipment	5,267,508	5,822,690
Linear - Roadways	29,906,330	32,416,286
Linear - Sewer and Water Services	<u>177,489,210</u>	<u>178,235,382</u>
	222,015,094	225,281,447
<u>General</u>		
Land	12,817,277	13,210,674
Land improvements	9,699,127	10,495,093
Building/Building Improvements	46,651,755	45,574,791
Machinery and Equipment	1,613,086	1,546,351
Vehicles	<u>3,316,610</u>	<u>3,491,614</u>
	74,097,855	74,318,523
Assets under construction	<u>11,652,056</u>	<u>15,301,020</u>
Total Net Book Value	<u>307,765,005</u>	<u>314,900,990</u>

During the year roads and underground networks contributed to the City totaled \$1,022,797 (2015 - \$4,302,550) and were capitalized at their fair value at the time of receipt.

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

5. NET LONG-TERM LIABILITIES

- a) The balance of net long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2016	2015
	<u>\$</u>	<u>\$</u>
Long-term liabilities incurred by the City and outstanding at the end of the year	10,048,653	10,868,168
Long-term liabilities assumed through consolidation by the City	<u>8,176,584</u>	<u>6,658,366</u>
Total long-term liabilities at the end of the year	<u>18,225,237</u>	<u>17,526,534</u>

Principal repayments are summarized as follows:

Recoverable From	2017	2018	2019	2020	2021	Beyond	Total
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
General taxation	858,989	900,363	943,731	989,187	1,036,832	5,319,551	10,048,653
User charges	<u>858,845</u>	<u>888,129</u>	<u>627,905</u>	<u>643,827</u>	<u>659,571</u>	<u>4,498,307</u>	<u>8,176,584</u>
	<u>1,717,834</u>	<u>1,788,492</u>	<u>1,571,636</u>	<u>1,633,014</u>	<u>1,696,403</u>	<u>9,817,858</u>	<u>18,225,237</u>

- b) Long-term liabilities have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing. Of the above non-assumed principal balances, \$10,048,653 is repayable in semi-annual instalments of \$654,725, due December 2026, bearing interest at 4.8%.
- c) Interest expense on long-term liabilities in 2016 amounted to \$753,415 (2015 - \$776,262).

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

6. ACCUMULATED SURPLUS

The accumulated surplus balance is comprised of current fund, capital fund, equity in government business enterprises, balances in reserves and discretionary reserve funds, unfunded liabilities to be recovered in the future and investment in tangible capital assets.

	2016 \$	2015 \$
Operating fund:		
General Operations	-	69,611
Elgin-St. Thomas Health Unit	221,872	218,171
Downtown Development Board (BIA)	<u>96,546</u>	<u>108,202</u>
	318,418	395,984
Invested in tangible capital assets	336,967,951	314,900,990
Capital fund	(1,033,114)	9,913,045
Equity in government business enterprise	4,395,173	8,337,502
Reserves	12,026,066	9,369,358
Reserve funds	<u>19,166,485</u>	<u>18,400,328</u>
	371,840,979	361,317,207
UNFUNDED		
Employee benefits payable	(9,922,716)	(9,586,106)
Net long-term debt	<u>(18,225,237)</u>	<u>(17,526,534)</u>
ACCUMULATED SURPLUS	<u>343,693,026</u>	<u>334,204,567</u>
Reserves and reserve funds consist of the following:		
Reserves set aside for specific purposes by Council:		
- for working capital and contingencies	5,467,532	4,507,666
- for human resource issues	1,699,371	1,405,273
- for social and family services	1,087,672	1,166,612
- for general operations	3,567,284	1,042,433
- for sewer operations	<u>204,207</u>	<u>1,247,374</u>
Total reserves	<u>12,026,066</u>	<u>9,369,358</u>
Reserve funds set aside for specific purposes by Council and Joint Boards:		
- general operations	430,062	456,426
- water operations	10,843,665	10,110,124
- sewer operations	<u>7,892,758</u>	<u>7,833,778</u>
Total reserve funds	<u>19,166,485</u>	<u>18,400,328</u>

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

7. EMPLOYEE BENEFITS PAYABLE

Employee future benefits are liabilities of the City to its employees and early retirees for benefits earned but not taken as at December 31, 2016. Details are as follows:

	2016	2015
	<u>\$</u>	<u>\$</u>
a) Future payments required to WSIB	2,424,873	2,427,776
b) Accumulated sick leave benefit plan entitlements	1,517,788	1,545,496
c) Post employment and retirement benefits	<u>5,980,055</u>	<u>5,612,834</u>
	<u>9,922,716</u>	<u>9,586,106</u>

a) Future payment required to WSIB

With respect to responsibilities under provisions of the Workplace Safety and Insurance Board Act, the City has elected to be treated as a Schedule 2 employer and remits payments to the WSIB as required to fund disability payments. The actuarial report was updated 2014.

The benefit obligation continuity is as follows:

	2016	2015
	<u>\$</u>	<u>\$</u>
Accrued benefit obligation, January 1	2,427,776	2,430,203
Expense	345,051	337,879
Payment	<u>(347,760)</u>	<u>(340,111)</u>
Actual accrued benefit obligation	2,425,067	2,427,971
Add: Amortization of actuarial loss over service life (Unamortized balance - 2016 - \$229,817, 2015 - \$229,623)	<u>(194)</u>	<u>(195)</u>
Accrued benefit obligation, December 31	<u>2,424,873</u>	<u>2,427,776</u>

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

7. EMPLOYEE BENEFITS PAYABLE (CONTINUED)

b) Liability for vested sick leave benefits

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the City's employment. The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, death or retirement, amounted to \$1,517,788 (2015 - \$1,545,496) at the end of the year. An amount of \$60,715 (2015 - \$24,867) was paid to employees who left the City's employment during the current year. An unamortized actuarial loss of \$399,092 (2015 - gain of \$146,602) was determined for the sick leave liability in the 2016 review and is being amortized at \$24,387 per year.

c) Post employment and retirement benefits

The City provides certain employee medical and life insurance benefits on behalf of its retired and current employees. An actuarial evaluation was performed on the post employment and retirement benefits in October 2016 and covers the period from December 31, 2016 to December 31, 2018.

Significant assumptions are as follows:

- General inflation rate - 2.75% (2015 - 2.0%)
- Discount rate - 4.50% (2015 - 4.25%)
- Rate of compensation increase - 3.0%
- Healthcare cost increase - 4.0% to 6.33%
- Dental cost increase - 4.0%

The benefit obligation continuity is as follows:

	2016	2015
	<u>\$</u>	<u>\$</u>
Accrued benefit obligation, January 1	6,127,479	5,872,428
Expense	571,225	524,063
Net actuarial loss	788,448	-
Payment	<u>(323,312)</u>	<u>(269,012)</u>
Actual accrued benefit obligation	7,163,840	6,127,479
Less: unamortized actuarial gain/(loss), (straight-line)	<u>(1,183,785)</u>	<u>(514,645)</u>
Unfunded benefit obligation, December 31	<u><u>5,980,055</u></u>	<u><u>5,612,834</u></u>

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

8. PENSION AGREEMENTS

The City makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of approximately 450 members of its staff. The Plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Each year, an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits the members have earned to date. The most recent actuarial valuation of the Plan was conducted December 31, 2016 and the results of this valuation disclosed actuarial liabilities of \$87 billion in respect of benefits accrued for service with actuarial assets at that date of \$81.3 billion leaving an actuarial deficit of \$5.7 billion.

Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the City does not recognize any share of the OMERS Pension surplus or deficit in these consolidated financial statements.

The amount contributed to OMERS for 2016 was \$3,448,172 (2015 - \$3,325,807).

9. SOCIAL HOUSING ADMINISTRATION

On July 26, 2002 the Ministry of Municipal Affairs and Housing issued a letter of direction for the treatment of the debentures relating to the properties transferred to the Local Housing Corporations on January 1, 2001. As these debentures were unsecured and could not be transferred by the Province to the Local Housing Corporation or the Service Manager, the Ministry's position is not to treat these debentures as a liability of the Local Housing Corporation. Further, the Ministry will fund these debenture payments from Federal social housing funds. The outstanding debentures related to the housing corporation will continue to be disclosed in the notes to the financial statements as well as any debenture payments made on behalf of the corporation by the Ministry. As at December 31, 2016 the outstanding debentures totalled \$2,541,821 (2015 - \$2,730,845) and \$495,305 in Ministry funding was applied to the debenture payment of \$495,305 paid in the year.

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

10. DEFERRED REVENUE

A requirement of the Canadian accounting standards for public sector entities is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the City are summarized below:

	2016	2015
	<u>\$</u>	<u>\$</u>
Development Charges	14,639,085	16,030,472
Parkland	38,801	35,508
Parking	-	652
Federal and Provincial gas taxes	2,188,867	6,629,851
Prepayment of property taxes	2,283,517	2,083,839
Government transfers	1,481,010	1,715,654
Other - donations, user fees, etc.	<u>1,042,559</u>	<u>1,948,283</u>
	<u>21,673,839</u>	<u>28,444,259</u>

11. TRUST FUNDS

Trust funds and donations administered by the City amounting to \$1,496,195 (2015 - \$1,623,780) are presented in a separate financial statement of trust fund balances and operations. The balances are held in trust by the City for the benefit of others, and as such they are not presented as part of the City's financial position or financial activities.

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

12. INVESTMENT IN ASCENT GROUP INC.

The City owns 100% of Ascent Group Inc. which in turn owns 100% of St. Thomas Energy Inc., Ascent Energy Services Inc., Ascent Solutions Inc., Ascent Utility Services Inc. and Ascent Renewables Inc. As business enterprises of the City, they are accounted for on a Modified Equity basis in these financial statements. The Corporations are involved in the electricity distribution for the city's residents, sub-station construction/maintenance and transformer sales.

Subsequent to the year end, the City entered into an agreement to merge Ascent Group Inc. with Entegrus Powerlines Inc. with the intention of reducing its interest in Ascent Group Inc. from 100% to approximately 20% and to create a new regional utility effective January 1, 2018. The merger has received shareholder approvals and is awaiting final OEB approval in late 2017. With this merger the City will retain 100% ownership of the non-regulated entities (Ascent Energy Services Inc., Ascent Solutions Inc., Ascent Utility Services Inc. and Ascent Renewables Inc.).

In 2015, Ascent Group Inc. was required to convert their financial statements to International Financial Reporting Standards (IFRS). This conversion was applied retroactively and as such, the 2014 comparatives have been restated to reflect any changes in accounting standards.

The following table provides condensed supplementary financial information for the City for the year ended December 31:

	2016	2015
	<u>\$</u>	<u>\$</u>
Financial Position:		
Current assets	9,873,224	14,596,911
Capital and other non-current assets	31,742,131	34,316,851
Regulatory Assets	<u>2,951,682</u>	<u>3,981,769</u>
Total assets	<u>44,567,037</u>	<u>52,895,531</u>
Current liabilities	28,015,097	36,921,786
Regulatory liabilities	3,824,572	4,416,513
Other long-term liabilities	<u>16,046,621</u>	<u>10,934,156</u>
Total Liabilities	<u>47,886,290</u>	<u>52,272,455</u>
Net Assets (Liabilities)	<u>(3,319,253)</u>	<u>623,076</u>
Results of operations:		
Revenues	53,151,262	59,247,181
Operating expenses	<u>57,093,591</u>	<u>65,021,327</u>
Net loss prior to IFRS conversion	(3,942,329)	(5,774,146)
Cumulative IFRS standard changes to equity	<u>-</u>	<u>(440,397)</u>
Net change in equity as restated	<u>(3,942,329)</u>	<u>(6,214,543)</u>

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

13. CONTINGENT LIABILITIES

As at December 31, 2016 certain legal actions are pending against the City. The final outcome of the outstanding claims cannot be determined at this time. However, management believes that ultimate disposition of these matters will not materially exceed the amounts recorded in these consolidated financial statements.

Estimated costs to settle claims are based on available information and projections of estimated future expenses developed based on the City's historical experience. Claims are reported as an operating expense in the year of the loss, where the costs are deemed to be likely and can be reasonably determined. Claim provisions are reported as a liability in the consolidated statement of financial position.

The City has provided a \$1,000,000 standby letter of credit for Ascent Group Inc., a postponement of the \$5,800,000 (Note 3) of notes receivable from Ascent Group Inc., a postponement of the \$7,714,426 note receivable (Note 3), and a pledge of its shares in St. Thomas Energy Inc. as security for the debt of Ascent Group Inc.

14. RELATED PARTY TRANSACTIONS

During the year, the City had business transactions with Ascent Group Inc. (the City's subsidiary). The City has contracted Ascent Group Inc. to provide billing and collection services for water and sewer user charges.

The particulars of these transactions and balances owing to the City for the years ended December 31, was as follows:

	2016	2015
	<u>\$</u>	<u>\$</u>
Transactions during the year:		
Purchase of services and management fee	<u>387,184</u>	<u>318,245</u>
Balances at end of year:		
Amounts due from Ascent Group Inc. (St. Thomas Energy Inc.)	<u>2,270,713</u>	<u>8,292,673</u>

The above amount is included in accounts receivable on the balance sheet. On January 1, 2016 \$6,087,994 of this balance was converted to a note payable, bearing interest at 3%, repayable in blended monthly instalments of \$58,786, due December 31, 2017 (Note 3).

The Corporation of the City of St. Thomas

**Notes to the Consolidated Financial Statements
For The Year Ended December 31, 2016**

15. SUPPLEMENTARY INFORMATION:

[a] Changes in non-cash assets and liabilities:

	2016	2015
	\$	\$
Taxes receivable	85,497	(789,203)
Accounts receivable	1,189,909	(1,642,184)
Land held for resale	44,920	285,171
Prepaid expenses and inventories of supplies	42,494	447,790
Accounts payable and accrued liabilities	3,589,252	187,513
Allowance for tax reassessments	859,249	390,000
Deferred revenue - obligatory reserve funds	(6,770,420)	2,159,817
	<u>(959,099)</u>	<u>1,038,904</u>

[b] Supplementary cash flow information:

Cash interest received	<u>1,031,570</u>	<u>1,083,401</u>
Cash interest paid	<u>772,919</u>	<u>794,015</u>

[c] Expenditures by object:

Salaries, wages and employees benefits	50,222,953	48,498,048
Long-term debt interest	753,415	776,262
Materials	16,384,828	16,330,051
Contracted services	28,195,883	23,752,300
Rents and financial	135,938	20,673
Amortization	11,799,139	12,780,863
Loss on disposal of tangible capital assets	683,533	244,565
External transfers	<u>21,707,770</u>	<u>22,515,659</u>
	<u>129,883,459</u>	<u>124,918,421</u>

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

16. BUDGETED AMOUNTS

The operating budget approved by the council of the City for 2016 is reflected on the consolidated statement of operations. Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. These adjustments include reserve transfers, capital expenditures, amortization and debt financing and repayment.

	Approved Budget \$	Adjustments \$	PSAB Budget \$
REVENUES			
Property taxation	48,068,497	-	48,068,497
Taxation from other governments	553,441	-	553,441
User charges and other revenues	25,652,489	5,871,514	31,524,003
Transfer payments			
Federal	952,726	7,201,239	8,153,965
Provincial	37,346,504	3,997,587	41,344,091
Other municipalities	5,113,317	31,381	5,144,698
Development charges	74,750	3,506,234	3,580,984
Investment income	938,488	204,547	1,143,035
Penalties and interest on taxes	<u>619,849</u>	<u>-</u>	<u>619,849</u>
 Total Revenues	 <u>119,320,061</u>	 <u>20,812,502</u>	 <u>140,132,563</u>
EXPENSES			
General government	5,555,016	525,361	6,080,377
Protection to persons and property	21,973,635	307,738	22,281,373
Transportation services	6,968,027	3,585,417	10,553,444
Environmental services	14,624,840	8,570,259	23,195,099
Health services	3,324,961	3,094,227	6,419,188
Social and family services	37,636,098	374,715	38,010,813
Social housing	11,848,855	811,818	12,660,673
Recreation and cultural services	7,052,127	1,199,543	8,251,670
Planning and development	1,877,494	80,468	1,957,962
Transfers and capital repayments	<u>8,459,008</u>	<u>(8,459,008)</u>	<u>-</u>
 Total Expenses	 <u>119,320,061</u>	 <u>10,090,538</u>	 <u>129,410,599</u>
 BUDGETED ANNUAL SURPLUS (DEFICIT)	 <u><u>-</u></u>	 <u><u>10,721,964</u></u>	 <u><u>10,721,964</u></u>

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

17. SEGMENTED INFORMATION

The City is a diversified municipal government institution that provides a wide range of services to its citizens, including police, fire, public transit, and water. For management reporting purposes the Government's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

City services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provided, are as follows.

Protection

Protection is comprised of the Police Services Board, Fire department, and by-law enforcement. The mandate of the Police Services Board 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. The Fire department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires.

Community Services

The Parks and Recreation department provides public services that contribute to neighbourhood development and sustainability through the provision of parks, recreation and leisure services such as fitness and aquatic programs. It provides public services that contribute to healthy communities through partnerships, promotion, prevention and protection.

The Library Services Board contributes to the information needs of the City's citizens through the provision of library services.

Planning, Property and Economic Development

The Planning, Property and Economic Development department provides a diverse bundle of services. It manages urban development for business interest, environmental concerns, heritage matters, local neighbourhoods and the downtown through city planning, community development, and parks planning. It ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-law for the protection of occupants. It facilitates economic development through its Economic Development Corporation.

Public Works

The Public Works department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, the maintenance of parking and open space, public transit and street lighting.

The Corporation of the City of St. Thomas

Notes to the Consolidated Financial Statements For The Year Ended December 31, 2016

17. SEGMENTED INFORMATION (CONTINUED)

The Water and Wastewater Funds

Water, stormwater and wastewater disposal is provided by the Environmental Services Department. The department provides drinking water to citizens of St. Thomas, as well as, collection and treatment of stormwater and wastewater.

Social and Family Services

The Ontario Works department provides a number of community programs including income maintenance, employment, childcare and social housing services. Assistance to aged persons is provided by the Valleyview Residence.

Finance and Administration

This segment includes a number of support functions that are responsible for maintenance of City Hall, the Clerk's department, Treasury Department and Human Resources Department.

Other

This segment includes the remaining departments and activities of the City. Some of the larger activities in this segment include the Airport Operations, Public Health Services, Emergency Services, Ambulance Services, Conservation authorities, Mayor and Council and Solid Waste collection and disposal.

For each reported segment, revenues 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 General Revenue Fund reports on municipal services that are funded primarily by taxation such as property and business tax revenues. Taxation and payments-in-lieu of taxes are apportioned to General Revenue Fund services based on the Fund's net surplus. Certain government transfers, transfer from other funds, and other revenues have been apportioned based on a percentage of budgeted expenses.

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. For additional information see the Consolidated Schedule of Segment Disclosure and Schedule of Segment Disclosure.

18. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the 2016 financial statement presentation.

The Corporation of the City of St. Thomas

Consolidated Schedule of Segment Disclosure - Operating Revenues and Expenses For The Year Ended December 31, 2016

	Ascent Group Inc. \$	Social & Family Services \$	Planning \$	Public Works \$	Finance & Administration \$	Protection \$	Water and Waste Funds \$	Community Services \$	Other \$	Consolidated \$
REVENUES										
Taxation	-	6,634,964	1,186,210	4,987,512	621,300	19,823,301	-	5,371,795	9,872,501	48,497,583
Sales of services and regulatory fees	-	5,143,319	2,049,961	988,010	780,561	264,947	21,656,072	1,689,955	795,577	33,368,402
Government transfers	-	37,920,474	-	4,124,767	-	718,171	1,982,144	1,098,904	9,032,527	54,876,987
Other	(3,942,329)	7,487	-	-	1,450,222	-	199,527	-	1,023,939	(1,261,154)
Development charges earned	-	-	-	1,187,837	381,513	193,431	976,263	817,189	333,867	3,890,100
	<u>(3,942,329)</u>	<u>49,706,244</u>	<u>3,236,171</u>	<u>11,288,126</u>	<u>3,233,596</u>	<u>20,999,850</u>	<u>24,814,006</u>	<u>8,977,843</u>	<u>21,058,411</u>	<u>139,371,918</u>
EXPENSES										
Salaries, wages and employees benefits	-	13,341,465	1,522,614	2,403,420	3,731,561	19,448,399	3,248,814	4,194,738	2,331,942	50,222,953
Long-term debt interest	-	488,183	-	-	-	-	141,769	-	123,463	753,415
Materials	-	2,511,016	315,826	947,847	130,271	958,141	8,821,010	1,557,309	1,143,408	16,384,828
Contracted services	-	15,626,494	657,730	2,584,280	1,595,940	475,375	2,292,392	1,468,444	3,495,228	28,195,883
Rents, financial and other	-	17,953,556	116,000	70,237	164,606	-	634,011	181,315	3,407,516	22,527,241
Amortization	-	756,152	-	3,455,647	188,751	291,645	5,877,505	1,115,020	114,419	11,799,139
	<u>-</u>	<u>50,676,866</u>	<u>2,612,170</u>	<u>9,461,431</u>	<u>5,811,129</u>	<u>21,173,560</u>	<u>21,015,501</u>	<u>8,516,826</u>	<u>10,615,976</u>	<u>129,883,459</u>
ANNUAL SURPLUS (DEFICIT)	<u>(3,942,329)</u>	<u>(970,622)</u>	<u>624,001</u>	<u>1,826,695</u>	<u>(2,577,533)</u>	<u>(173,710)</u>	<u>3,798,505</u>	<u>461,017</u>	<u>10,442,435</u>	<u>9,488,459</u>

The Corporation of the City of St. Thomas

**Consolidated Schedule of Segment Disclosure - Operating Revenues and Expenses
For The Year Ended December 31, 2015**

	Ascent Group Inc. \$	Social & Family Services \$	Planning \$	Public Works \$	Finance & Administration \$	Protection \$	Water and Waste Funds \$	Community Services \$	Other \$	Consolidated \$
REVENUES										
Taxation	-	6,492,147	1,269,259	4,392,500	1,994,785	19,566,922	-	5,138,156	8,042,007	46,895,776
Sales of services and regulatory fees	-	5,084,612	941,819	511,361	241,393	244,462	19,095,860	1,860,857	809,314	28,789,678
Government transfers	-	34,298,367	197,147	1,779,061	-	645,997	1,762,220	97,584	7,971,456	46,751,832
Other	(6,214,543)	-	15,940	1,558,798	1,477,968	-	2,901,494	-	1,417	(258,926)
Development charges earned	-	-	12,544	323,350	183,802	25,987	-	323,481	-	869,164
	<u>(6,214,543)</u>	<u>45,875,126</u>	<u>2,436,709</u>	<u>8,565,070</u>	<u>3,897,948</u>	<u>20,483,368</u>	<u>23,759,574</u>	<u>7,420,078</u>	<u>16,824,194</u>	<u>123,047,524</u>
EXPENSES										
Salaries, wages and employees benefits	-	12,540,810	1,367,143	2,963,057	3,777,328	18,543,868	2,749,561	4,165,291	2,390,990	48,498,048
Long-term debt interest	-	526,739	-	-	-	-	126,279	7,840	115,404	776,262
Materials	-	2,069,675	398,532	882,987	473,876	1,060,307	8,859,547	1,501,896	1,083,231	16,330,051
Contracted services	-	13,164,290	261,973	2,685,592	1,410,868	452,885	1,822,189	973,342	2,981,161	23,752,300
Rents, financial and other	-	18,664,675	116,000	244,565	143,945	-	62,240	155,236	3,394,236	22,780,897
Amortization and loss	-	747,526	-	3,949,981	122,832	271,829	6,651,945	944,952	91,798	12,780,863
	<u>-</u>	<u>47,713,715</u>	<u>2,143,648</u>	<u>10,726,182</u>	<u>5,928,849</u>	<u>20,328,889</u>	<u>20,271,761</u>	<u>7,748,557</u>	<u>10,056,820</u>	<u>124,918,421</u>
ANNUAL SURPLUS (DEFICIT)	<u>(6,214,543)</u>	<u>(1,838,589)</u>	<u>293,061</u>	<u>(2,161,112)</u>	<u>(2,030,901)</u>	<u>154,479</u>	<u>3,487,813</u>	<u>(328,479)</u>	<u>6,767,374</u>	<u>(1,870,897)</u>

The Corporation of the City of St. Thomas

**Schedule of Segment Disclosure- Operating Revenues and Expenses
For The Year Ended December 31, 2016**

	Actual 2016 \$	Actual 2015 \$
PROTECTION		
Revenue		
Taxation	19,823,301	19,566,922
Sales of services and regulatory fees	264,947	244,462
Government transfers	718,171	645,997
Development charges earned	<u>193,431</u>	<u>25,987</u>
Total Revenues	<u>20,999,850</u>	<u>20,483,368</u>
Expenditures		
Salaries, wages and employees benefits	19,448,399	18,543,868
Materials	958,141	1,060,307
Contracted services	475,375	452,885
Amortization	<u>291,645</u>	<u>271,829</u>
Total Expenditures	<u>21,173,560</u>	<u>20,328,889</u>
Net Surplus (Deficit)	<u>(173,710)</u>	<u>154,479</u>
COMMUNITY SERVICES		
Revenue		
Taxation	5,371,795	5,138,156
Sales of services and regulatory fees	1,689,955	1,860,857
Government transfers	1,098,904	97,584
Development charges earned	<u>817,189</u>	<u>323,481</u>
Total Revenues	<u>8,977,843</u>	<u>7,420,078</u>
Expenditures		
Salaries, wages and employees benefits	4,194,738	4,165,291
Long-term debt interest expense	-	7,840
Materials	1,557,309	1,501,896
Contracted services	1,468,444	973,342
Rents and financial expenses	10,315	9,236
Transfer to others	171,000	146,000
Amortization	<u>1,115,020</u>	<u>944,952</u>
Total Expenditures	<u>8,516,826</u>	<u>7,748,557</u>
Net Surplus (Deficit)	<u>461,017</u>	<u>(328,479)</u>

The Corporation of the City of St. Thomas

Schedule of Segment Disclosure- Operating Revenues and Expenses For The Year Ended December 31, 2016

	Actual 2016 <u>\$</u>	Actual 2015 <u>\$</u>
PLANNING		
Revenue		
Taxation	1,186,210	1,269,259
Sales of services and regulatory fees	2,049,961	941,819
Government transfers	-	197,147
Other	-	15,940
Development charges earned	<u>-</u>	<u>12,544</u>
Total Revenues	<u>3,236,171</u>	<u>2,436,709</u>
Expenditures		
Salaries, wages and employees benefits	1,522,614	1,367,143
Materials	315,826	398,532
Contracted services	657,730	261,973
Transfer to others	<u>116,000</u>	<u>116,000</u>
Total Expenditures	<u>2,612,170</u>	<u>2,143,648</u>
Net Surplus (Deficit)	<u>624,001</u>	<u>293,061</u>
 PUBLIC WORKS		
Revenue		
Taxation	4,987,512	4,392,500
Sales of services and regulatory fees	988,010	511,361
Government transfers	4,124,767	1,779,061
Other	-	1,558,798
Development charges earned	<u>1,187,837</u>	<u>323,350</u>
Total Revenues	<u>11,288,126</u>	<u>8,565,070</u>
Expenditures		
Salaries, wages and employees benefits	2,403,420	2,963,057
Materials	947,847	882,987
Contracted services	2,584,280	2,685,592
Rents and financial expenses	5,138	-
Amortization	3,455,647	3,949,981
Loss on disposal of tangible capital assets	<u>65,099</u>	<u>244,565</u>
Total Expenditures	<u>9,461,431</u>	<u>10,726,182</u>
Net Surplus (Deficit)	<u>1,826,695</u>	<u>(2,161,112)</u>

The Corporation of the City of St. Thomas

Schedule of Segment Disclosure- Operating Revenues and Expenses For The Year Ended December 31, 2016

	Actual 2016 <u>\$</u>	Actual 2015 <u>\$</u>
FINANCE AND ADMINISTRATION		
Revenue		
Taxation	621,300	1,994,785
Sales of services and regulatory fees	780,561	241,393
Other	1,450,222	1,477,968
Development charges earned	<u>381,513</u>	<u>183,802</u>
Total Revenues	<u>3,233,596</u>	<u>3,897,948</u>
Expenditures		
Salaries, wages and employees benefits	3,731,561	3,777,328
Materials	130,271	473,876
Contracted services	1,595,940	1,410,868
Rents and financial expenses	9,034	8,980
Transfer to others	155,572	134,965
Amortization	<u>188,751</u>	<u>122,832</u>
Total Expenditures	<u>5,811,129</u>	<u>5,928,849</u>
Net Surplus (Deficit)	<u>(2,577,533)</u>	<u>(2,030,901)</u>
 SOCIAL AND FAMILY SERVICES		
Revenue		
Taxation	6,634,964	6,492,147
Sales of services and regulatory fees	5,143,319	5,084,612
Government transfers	37,920,474	34,298,367
Other	<u>7,487</u>	<u>-</u>
Total Revenues	<u>49,706,244</u>	<u>45,875,126</u>
Expenditures		
Salaries, wages and employees benefits	13,341,465	12,540,810
Long-term debt interest expense	488,183	526,739
Materials	2,511,016	2,069,675
Contracted services	15,626,494	13,164,290
Rents and financial expenses	33,781	46,721
Transfer to others	17,919,775	18,617,954
Amortization	<u>756,152</u>	<u>747,526</u>
Total Expenditures	<u>50,676,866</u>	<u>47,713,715</u>
Net Surplus (Deficit)	<u>(970,622)</u>	<u>(1,838,589)</u>