

Independent Auditors' Report

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the City of Stratford

We have audited the accompanying consolidated financial statements of The Corporation of the City of Stratford which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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



CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

September 26, 2018
Brantford, Ontario

CORPORATION OF THE CITY OF STRATFORD
 Consolidated Statement of Financial Position

For the year ended December 31, 2017 with comparative figures for 2016

	2017	2016
Financial assets		
Cash and cash equivalents (note 2)	\$ 12,500,784	\$ 12,387,595
Other receivables	9,704,585	8,270,282
Taxes receivable	2,520,857	2,775,582
Loans receivable (note 3)	1,413,552	1,593,737
Investments (note 4)	16,884,293	16,732,385
Investment in government business enterprises (note 5)	41,665,015	40,424,726
Land held for resale	1,199,613	1,494,760
	<u>85,888,699</u>	<u>83,679,067</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 11,303,785	\$ 12,519,014
Deferred revenue (note 7)	16,148,126	14,153,482
Solid waste landfill closure and post closure liability (note 8)	1,604,829	1,172,793
Employee benefits payable (note 10)	13,691,913	12,743,118
Long term debt (note 11)	68,616,306	74,633,304
	<u>111,364,959</u>	<u>115,221,711</u>
Net debt	<u>(25,476,260)</u>	<u>(31,542,644)</u>
Non-financial assets		
Prepaid expenses	696,185	1,317,314
Inventory	274,493	308,918
Other non financial assets	145,890	154,603
Tangible capital assets (note 17)	278,849,400	269,957,560
	<u>279,965,968</u>	<u>271,738,395</u>
Accumulated surplus (note 13)	<u>\$ 254,489,708</u>	<u>\$ 240,195,751</u>

Commitments (note 9)
 Contingencies (note 14)

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



 CAO, City of Stratford



 Treasurer, City of Stratford

CORPORATION OF THE CITY OF STRATFORD
Consolidated Statement of Operations

For the year ended December 31, 2017 with comparative figures for 2016

	2017 budget (note 18)	2017 actual	2016 actual
Revenue:			
Net municipal taxation	\$ 56,473,547	\$ 54,739,809	\$ 52,261,747
Payments-in-lieu of taxation	-	503,304	393,730
Conditional grants	24,331,503	30,683,960	25,538,816
Revenue from other municipalities	5,820,990	3,909,624	4,207,505
User fees and service charges	20,020,769	21,201,166	21,523,576
Licences, permits and rents	3,997,366	7,904,599	7,919,596
Fines and penalties	645,000	602,300	643,724
Other revenue	9,002,180	7,544,423	5,324,437
Net earnings from government business enterprises	-	1,240,290	640,147
Total revenue	120,291,355	128,329,475	118,453,278
Expenses:			
General government	11,221,176	\$ 7,255,881	\$ 7,328,270
Protection services	18,407,980	19,642,740	15,941,241
Transportation services	15,139,126	12,157,752	12,849,555
Environmental services	14,604,497	13,424,970	11,756,219
Health services	8,358,435	7,666,061	7,619,365
Social and family services	22,509,365	21,991,937	20,651,997
Social housing	12,569,107	14,087,343	13,215,218
Recreation and cultural services	7,008,970	11,684,113	11,445,536
Planning and development	8,325,300	6,124,721	6,911,246
Total expenses	118,143,956	114,035,518	107,718,647
Annual surplus (deficit)	2,147,399	14,293,957	10,734,631
Opening accumulated surplus	240,195,751	240,195,751	229,461,120
Ending accumulated surplus	\$ 242,343,150	\$ 254,489,708	\$ 240,195,751

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

CORPORATION OF THE CITY OF STRATFORD
Consolidated Statement of Changes in Net Debt

For the year ended December 31, 2017 with comparative figures for 2016

	2017 Budget (note 18)	2017	2016
Annual surplus	2,147,399 \$	14,293,957 \$	10,734,631
Acquisition of tangible capital assets	15,919,793	(18,577,304)	(7,757,239)
Acquisition of tangible capital assets-WIP	-	1,307,363	(1,435,241)
Amortization of tangible capital assets	7,302,157	8,273,337	8,218,955
(Gain)/loss on disposal of tangible capital assets	-	(6,375)	(31,827)
Proceeds from sale of tangible capital assets	-	111,139	33,032
Change in net financial assets	\$ 25,369,349	\$ 5,402,117	\$ 9,762,311
Change in inventory	-	34,425	(12,736)
Change in other non financial assets	-	8,713	(10,589)
Change in prepaid expenses	-	621,129	(747,719)
Change in net debt	\$ 25,369,349	\$ 6,066,384	\$ 8,991,267
Net debt, beginning of the year	\$ (31,542,644)	(31,542,644)	(40,533,911)
Net debt, end of the year	\$ (6,173,295)	\$ (25,476,260)	\$ (31,542,644)

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

CORPORATION OF THE CITY OF STRATFORD

Consolidated Statement of Cash Flows

For the year ended December 31, 2017 with comparative figures for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 14,293,957	\$ 10,734,631
Items not involving cash:		
Amortization of tangible capital assets	8,273,337	8,218,955
Government business enterprises net earnings	(2,231,430)	(1,759,147)
(Gain)/loss on disposal of tangible capital assets	(6,375)	(31,827)
Changes in non-cash operating working capital:		
Other receivables	(1,434,302)	(1,786,097)
Taxes receivable	254,725	79,692
Inventory	34,425	(12,736)
Prepaid expenses	621,129	(747,719)
Other non financial assets	8,713	(10,589)
Accounts payable and accrued liabilities	(1,215,229)	832,308
Deferred revenue	1,994,644	2,598,543
Employee benefits payable	948,795	(2,546,316)
Land held for resale	295,147	165,047
Solid waste landfill closure and post closure liability	432,036	267,635
	22,269,572	16,002,380
Financing activities:		
Decrease in long term debt	(6,016,998)	(6,056,119)
	(6,016,998)	(6,056,119)
Investing activities:		
Dividends from Government business enterprises	991,140	1,119,000
Net increase in investments	(151,908)	(439,330)
Net decrease in loans receivable	180,185	(425,501)
	1,019,417	254,169
Capital transactions		
Purchase of tangible capital assets	(17,269,941)	(9,192,480)
Proceeds from the sale of tangible capital assets	111,139	33,032
	(17,158,802)	(9,159,448)
Change in cash and cash equivalents	113,189	1,040,982
Cash and cash equivalents, beginning of year	12,387,595	11,346,613
Cash and cash equivalents, end of year	\$ 12,500,784	\$ 12,387,595

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

CORPORATION OF THE CITY OF STRATFORD

Notes to Consolidated Financial Statements

For the year ended December 31, 2017

1. Significant accounting policies:

The consolidated financial statements of the Corporation of the City of Stratford (the "Corporation") are prepared by management in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board ("PSAB") of CPA Canada. Significant aspects of accounting policies are as follows:

(a) Reporting entity:

These consolidated financial statements reflect the assets, liabilities, revenues, and expenditures of the Corporation and include the activities of all committees of Council and the following local boards, municipal enterprises and utilities which are accountable to the Corporation for the administration of their financial affairs and resources and are owned or controlled by the Corporation.

(i) Consolidated entities:

- Stratford Public Library
- Police Services Board
- Board of Parks
- Stratford City Centre Committee
- Perth & Stratford Housing Corporation
- SEED CO

(ii) Proportionally consolidated entities:

The following entities are proportionally consolidated with the financial statements of the Corporation based on an approved funding agreement effective January 1, 2017.

	2017	2016
Perth District Health Unit	44.18%	43.40%
Spruce Lodge Home for the Aged	44.18%	44.30%
Spruce Lodge Home Assistance Corporation	44.18%	44.30%
Spruce Lodge Foundation	44.18%	44.30%

The method of consolidation is based on notional weighted assessment as stated in the new shared services costing agreement.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2017

1. Significant accounting policies (continued):

(a) Reporting entity (continued):

(iii) Equity accounting:

Government business enterprises are accounted for by the modified equity method. Under the modified equity method, the accounting principles of government business enterprises are not adjusted to conform to the Corporation's accounting principles and inter-organizational transactions and balances are not eliminated. However, inter-organizational gains and losses are eliminated on assets remaining with the government reporting entities at the reporting date.

The government business enterprises include:

- Festival Hydro Inc.
- Festival Hydro Services Inc.

(b) Accrual accounting:

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable. Expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(c) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand, cash held in financial institutions and temporary investments with maturities of 60 days or less.

(d) Bank indebtedness

Bank indebtedness is a fluctuating short term line of credit held in a financial institution.

(e) 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, and include interest charges when these charges are directly attributable to the capital project. Donated or contributed assets are capitalized and recorded at their estimated fair value upon acquisition. Leased capital assets are valued at the present value of the future minimum lease payments. Certain tangible capital assets for which historical cost information is not available have been recorded at current replacement cost deflated by a relevant inflation factor.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2017

1. Significant accounting policies (continued):

(e) Tangible capital assets (continued):

Works of art and other historical treasures are accounted for in the same method as the other tangible capital assets, with the exception that they are not amortized.

Work in progress identified in this and subsequent notes relates to assets under construction. The costs, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follow:

Land Improvements	20 to 30 years
Buildings and building equipment	15 to 50 years
Computer equipment	5 years
Furniture and fixtures	15 to 30 years
Vehicles	2 to 25 years
Machinery and equipment	5 to 25 years
Linear	20 to 40 years
Other capital assets	50 years
Roads	15 to 60 years
Bridges	60 to 75 years
Water and wastewater facilities	35 to 100 years
Underground and other networks	100 years

(f) Land held for resale:

The land held for resale is recorded at the lower of cost and net realizable value.

(g) Tax revenues:

In 2017 the Corporation billed over \$54.7 million in property tax revenue for municipal purposes. A further \$13 million in provincial education taxes were billed on behalf of the Province of Ontario for education purposes and remitted to the Province during the year. 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 operating budget. Municipal 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 revenues required to meet operating budget requirements. Education tax rates are established by the Province of Ontario each year in order to fund the costs of education on a Province wide basis.

Taxation revenues are recorded at the time tax 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 Corporation may receive supplementary assessment rolls over the course of the year from MPAC that identify new or omitted assessments. Property taxes for these supplemental/omitted amounts are then billed according to the approved tax rate for the property class.

Taxation revenues in any given year may also be reduced as a result of reductions in assessment values 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.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2017

1. Significant accounting policies (continued):

(h) Deferred revenue:

The recreational land (Planning Act), development charges funds, and sub divider contributions are prescribed by legislation, or agreement and are reported as deferred revenue on the consolidated statement of financial position. Grants that are received in the year, but are subject to external restrictions that have not been fulfilled, are recorded in deferred revenue until those obligations are met. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(i) Long-term investments:

Long-term investments are recorded at cost less any amounts written-off to reflect a permanent decline in market value below cost. Investments consist of authorized investments pursuant to provisions of the Municipal Act and comprise government and corporate bonds, debentures, pooled investment funds and short-term instruments of various financial institutions.

Investment income earned are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances.

(j) Inventory:

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

(k) Employee benefits payable:

The Corporation provides post-retirement health care, life insurance and unused sick leave benefits to eligible retired employees. The benefits earned by employees are actuarially determined using management's best estimate of salary escalation, retirement ages of employees and expected benefit costs.

Past service costs from plan amendments related to prior period employee services are accounted for in the period of the plan amendment. The effects of a gain or loss from settlements or curtailments are expensed in the period they occur. Net actuarial gains and losses related to the employee benefits are amortized over the average remaining service life of the related employee group. Employee future benefit liabilities are discounted at the Corporation's cost of borrowing using estimated rates for debt with maturities similar to expected benefit payments in the future. The costs of workplace safety and insurance obligations are actuarially determined and are expensed.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2017

1. Significant accounting policies (continued):

(l) Use of estimates:

The preparation of the consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. The amounts subject to such estimates include employee benefits payable, assessment appeals, claims provisions, and solid waste landfill closure and post-closure liability. Actual results could differ significantly from those estimates.

(m) Transactions on behalf of others:

Trust funds operated by the Corporation amounting to \$2,570,895 (2016 - \$2,500,799) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations, as they are reported on separately.

(n) Government transfer revenue:

Government transfer revenue is recorded once it is authorized by the transferring government and the Corporation is eligible to receive the transfer. Any amount received but restricted is recorded as deferred revenue in accordance with Section 3410 of the Public Sector Accounting Handbook and recognized as revenue in the period in which the resources are used for the purpose specified.

Government transfers include social assistance program funding representing 80-100% of certain social services programs, social service administration funding covering 50% of certain administration costs and transfers for social housing totaling approximately 20% of costs of the program.

In addition, the Corporation 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 gas tax funds.

(o) Contaminated sites:

Public Sector Accounting Handbook section 3260 - Liability for Contaminated Sites, requires that the City recognize a liability for remediation of contaminated sites when contamination of a site, for which the City is directly responsible or accepts responsibility, exceeds an existing environmental standard and a reasonable estimate of the remediation costs can be made. The City has established an inventory of contaminated sites and is in the process of evaluating if it will be required to recognize a liability for remediation of any of the sites.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2017

2. Cash and cash equivalents and bank indebtedness:

The following is a breakdown of cash and cash equivalents and bank indebtedness:

Cash and cash equivalents:				
Bank accounts	\$	12,497,197	\$	12,384,008
Petty Cash		3,587		3,587
		<u>12,500,784</u>		<u>12,387,595</u>

3. Loans receivable:

The following loans are outstanding at December 31, 2017:

		2017		2016
Stratford Perth Museum	\$	320,619	\$	332,367
Heritage Conservation District Loans		199,776		259,844
Stratford Soccer Association		100,000		110,000
Stratford Perth Museum (2)		153,440		160,531
Household Sewer Loans		2,859		12,161
Stratford Tourism Alliance		126,593		168,834
Stratford Perth Humane Society		25,000		50,000
Stratford Chef School		485,265		500,000
	\$	<u>1,413,552</u>	\$	<u>1,593,737</u>

The Stratford Perth Museum loan matures in 2038, has an interest rate of 3% with repayments of \$1,791 being made monthly.

The Heritage Conservative District loans are interest free 10 year loans with maturity dates between May 2020 and July 2027.

The Stratford Perth Museum (2) matures in 2038, has an interest rate of .5% with repayments of \$656.34 being made monthly.

The Stratford Soccer Association loan is a 15 year interest free loan maturing September 2028 with a yearly payment of \$10,000.

The Household Sewer loans are 3 year loans to property owners at an interest rate of 15%. Payments are made monthly.

The Stratford Tourism loan is a 4 year interest free loan.

The Stratford Perth Humane Society loan is a 4 year interest free loan.

The Stratford Chef School loan is a 6 year loan at an interest rate of 5%.

4. Investments:

	2017		2016	
	Cost	Market Value	Cost	Market Value
Deposit notes/GIC's	1,359,126	1,359,126	2,961,120	2,930,800
Fixed Income	15,525,168	15,440,451	13,771,265	13,635,056
	<u>\$ 16,884,293</u>	<u>\$16,799,577</u>	<u>\$16,732,385</u>	<u>\$16,565,856</u>

Long-term investments earn interest between 2.48% and 6.98% and have maturity dates between June 2018 and December 2108.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2017

5. Investment in Government Business Enterprises:

The Corporation holds a 100% interest in Festival Hydro Inc. and Festival Hydro Services Inc. as follows:

		2017	2016
Festival Hydro Inc	(a)	\$ 40,682,866	\$ 39,567,778
Festival Hydro Services Inc.	(b)	982,149	856,947
		\$ 41,665,015	\$ 40,424,725

(a) Festival Hydro Inc.:

		2017	2016
Financial position:			
Current assets		\$ 14,212,588	\$ 15,733,197
Capital assets		52,353,164	51,874,190
Deferred tax assets		187,685	566,403
Other Assets		2,184,875	2,136,148
Total assets		68,938,312	70,309,938
Regulatory balances			
		1,151,528	706,374
Current liabilities			
Demand loan payable to the City of Stratford		12,869,266	13,430,722
Post-employment benefits		15,600,000	15,600,000
Other liabilities		1,422,778	1,401,539
Total liabilities		14,795,547	15,083,696
		44,687,591	45,515,957
Regulatory balances			
		319,383	1,532,577
Equity		\$ 25,082,866	\$ 23,967,778
Financial activities:			
Revenues		\$ 81,655,347	\$ 91,739,176
Operating expenses		(79,050,369)	(86,634,544)
Finance costs (net)		(1,479,558)	(1,721,534)
Income tax		(627,691)	(546,730)
Net movement in regulatory balance		1,676,321	(1,100,360)
Other comprehensive income (loss)		(67,822)	(22,973)
Equity, beginning of year		23,967,778	23,373,743
Dividends paid or payable on common shares		(991,140)	(1,119,000)
Equity, end of year		\$ 25,082,866	\$ 23,967,778
Investment in Festival Hydro Inc.:			
Equity, end of year		\$ 25,082,866	\$ 23,967,778
Demand loan payable to the City of Stratford		15,600,000	15,600,000
Net investment		\$ 40,682,866	\$ 39,567,778

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2017

5. Investment in Government Business Enterprises (continued):

(b) Festival Hydro Services Inc.:

	2017	2016
Financial position:		
Current assets	\$ 77,557	\$ 119,331
Capital assets	2,330,626	2,282,731
Other assets	79,561	72,977
Total assets	2,487,744	2,475,039
Current liabilities	115,321	52,209
Demand loan payable to the City of Stratford	372,000	372,000
Other liabilities	1,390,274	1,565,883
Total liabilities	1,877,595	1,990,092
Equity	\$ 610,149	\$ 484,947
Financial activities:		
Revenues	\$ 1,389,223	\$ 1,252,017
Operating expenses	(1,156,376)	(1,080,841)
Finance costs (net)	(56,645)	(61,064)
Income tax	(51,000)	(64,000)
Net assets, beginning of year	484,947	438,835
Dividends on common shares	-	-
Equity, end of year	\$ 610,149	\$ 484,947
	2017	2016
Investment in Festival Hydro Services Inc.:		
Equity, end of year	\$ 610,149	\$ 484,947
Demand loan payable to the City of Stratford	372,000	372,000
Net investment	\$ 982,149	\$ 856,947

During the year, and within the normal course of operations, the Corporation was provided water and sewer billing and collection services by Festival Hydro. Amounts paid to Festival Hydro Inc. by the Corporation were \$479,848 (2016 - \$465,382).

The Corporation also leases space from Festival Hydro for which it paid rent of \$34,897 (2016 - \$34,213) during the year.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2017

6. Pension agreement:

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The 2017 contribution rates are 9.0% for employee earnings below the year's maximum pensionable earnings and 14.6% thereafter for employees with a normal retirement age of 65. The 2017 contribution rates are 9.2% for employees earnings below the year's maximum pensionable earnings and 15.8% thereafter for employees with a normal retirement age of 60. Employees and employers contribute jointly to the plan.

OMERS is a multi-employer pension plan, therefore any pension plan surplus or deficit is a joint responsibility of all Ontario municipalities and their employees. As a result, the Corporation does not recognize any share of the OMERS pension surplus or deficit. Employer contributions for current service amounted to \$3,169,187 (2016 - \$3,013,288) and are matched by employee contributions in a similar manner. Employer contributions are recognized as an expenditure in the consolidated statement of financial activities in the year contributions are made. The OMERS pension plan has a deficit. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

7. Deferred revenue:

	December 31, 2016	Additions	Withdrawals	December 31, 2017
Obligatory reserve funds:				
Development charges	\$ 8,745,598	\$ 1,968,721	\$ 1,743,306	\$ 8,971,013
Subdivider contributions	106,608	1,317		107,925
Recreational land (The Planning Act)	535,060	46,897	237,475	344,481
Federal gas tax	4,054,794	1,949,028	268,430	5,735,392
Provincial gas tax	534,462	441,740	508,620	467,582
Other current miscellaneous	9,727	421,055	9,727	421,055
Other consolidated entities:				-
Other	167,233	86,095	152,651	100,677
	<u>\$ 14,153,482</u>	<u>\$ 4,914,852</u>	<u>\$ 2,920,209</u>	<u>\$ 16,148,126</u>
	December 31, 2015	Additions	Withdrawals	December 31, 2016
Obligatory reserve funds:				
Development charges	\$ 6,611,258	\$ 3,091,918	\$ 957,578	\$ 8,745,598
Subdivider contributions	103,835	2,773		106,608
Recreational land (The Planning Act)	521,772	26,967	13,679	535,060
Federal gas tax	3,493,284	1,986,237	1,424,727	4,054,794
Provincial gas tax	604,162	459,457	529,157	534,462
Other current miscellaneous	95,789	-	86,062	9,727
Other consolidated entities:				-
Other	124,839	42,394	-	167,233
	<u>\$ 11,554,939</u>	<u>\$ 5,609,746</u>	<u>\$ 3,011,203</u>	<u>\$ 14,153,482</u>

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2017

8. Solid waste landfill closure and post-closure liability:

Solid waste landfill closure and post-closure liability, accounts for anticipated closure and post-closure costs for the existing and closed landfill sites. This liability is the estimated cost to date, based on a volumetric basis, of the expenditures related to those activities required when the site or phase stops accepting waste.

Post-closure activities include all activities related to monitoring the site once it can no longer accept waste, including acquisition of any additional land for buffer zones, treatment and monitoring of leachate, monitoring ground water and surface water, gas monitoring and recovery, and ongoing maintenance of various control systems, drainage system and final cover.

The estimated liability for the care of landfill sites is the present value of future cash flows associated with closure and post-closure costs. The liability includes the portion of the landfill that was closed in 1995. This liability is not funded with reserves.

Key assumptions in arriving at the liability are:

	2017	2016
The landfill is expected to reach capacity in 2043		
Remaining capacity as at December 31, 2017	1.66 million tonnes	1.80 million tonnes
Expected closing cost in 2017 dollars	\$ 1,604,829	\$ 1,172,793
Costs still to be recognized	\$ 2,127,510	\$ 1,883,556
Expected inflation rate	2%	2%
Discount rate	3.50%	3.90%
Estimated time needed for post-closure care	50 Years	50 Years

9. Commitments:

In accordance with a service agreement entered into by the municipality in 1970 with the Ontario Clean Water Agency (the "Agency"), the existing sewage system is operated by the Agency. The municipality is obligated to meet all operating costs related to the project. This agreement was renewed January 1, 2018 for 10 years. The future payments are \$1,381,308 for 2018.

The Corporation leases vehicles. The leases are renewed every one or two years. The 2018 commitment is \$13,497. The commitment thereafter will be affected by changes to the leased fleet and inflation.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2017

10. Employee benefits payable:

Employee future benefits are liabilities of the Corporation to its employees and early retirees for benefits earned but not taken. Details are as follows:

	2017	2016
Post-retirement benefits (a)	\$ 9,596,345	\$ 8,877,401
Workplace Safety and Insurance Board Obligation (b)	4,095,568	3,865,717
	\$ 13,691,913	\$ 12,743,118

The Corporation provides benefits to retirees until they reach 65 years of age, provides certain benefits to employees on long-term disability, allows certain employees to accumulate unused sick leave to be taken as a cash payment on termination. Above values are based on actuarial and management estimates as at December 31, 2017.

(a) The actuarial analysis is only for the City of Stratford, not including WSIB. Significant assumptions used in the actuarial valuation are as follows:

	2017	2016
Discount rate	3.50%	3.90%
Rate of compensation increase	1.50%	1.50%
Healthcare cost increase	5.00%	5.00%

The benefit obligation continuity is as follows:

	2017	2016
Accrued benefit obligation end of prior year	\$ 8,257,600	\$ 7,486,700
Adjustment to accrued benefit obligation at January 1	\$ 353,000	\$ 551,000
Current period benefit cost	458,300	392,800
Retirement interest expenditure	338,900	335,200
Benefits paid	(756,200)	(508,100)
Accrued benefit obligation, December 31	8,651,600	8,257,600
Unamortized actuarial loss (gain)	657,700	353,000
Liability for post-retirement benefits	\$ 9,309,300	\$ 8,610,600

Post-retirement benefits expense is as follows:

	2017	2016
Current period benefit cost	\$ 458,300	\$ 392,800
Retirement interest expenditure	338,900	335,200
Amortization of actuarial (gain) loss	4,800	(40,100)
Total post-retirement benefits expense	\$ 802,000	\$ 687,900

Reserves have been established to partially provide for this past service liability. The balance at the end of the year is \$5,764,788 (2016 - \$5,717,708). An amount of \$391,386 (2016 - \$439,854) was paid out of reserves to employees who left the Corporation's employment during the current year.

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2017

10. Employee benefits payable (continued):

- (b) The City of Stratford is a Workplace Safety and Insurance Board (WSIB) Schedule 2 employer. The City has recorded an accrual for the estimate of future benefit costs and administrative loading as calculated by WSIB. During the year \$311,650 (2016-\$312,815) was paid by the City to the WSIB in relation to those benefits.

11. Long-term debt:

The balance of long-term debt reported on the consolidated statement of financial position consists of total long-term debt incurred by municipal enterprises. The amount at the end of the year is as follows:

	2017	2016
OSIFA debenture bearing interest at 2.57% due June 2032	\$ 19,427,760	\$ 20,767,604
OSIFA debenture bearing interest at 2.47% due June 2017	-	84,337
OSIFA debenture bearing interest at 2.78% due September 2024	469,000	536,000
OSIFA debenture bearing interest at 2.74% due November 2028	3,181,216	3,470,417
OMEIFA debenture bearing interest at 4.96% due November 2034	11,435,130	12,107,785
OMEIFA debenture bearing interest at 2.70% due November 2034	971,032	1,015,517
OMEIFA debenture bearing interest at 4.28% due December 2024	2,566,664	2,933,331
OMEIFA debenture bearing interest at 3.21% due December 2026	12,625,583	14,028,425
Royal Bank loan payable, interest at 2.63% per annum, due February 2026	3,335,575	4,083,110
Royal Bank loan payable, interest at 2.42% per annum, due June 2024	1,413,171	1,584,878
Royal Bank loan payable, interest at 2.84% per annum, due April 2027	4,204,277	4,337,216
Royal Bank loan payable, interest at 2.88% per annum, due April 2028	4,159,807	4,290,667
Royal Bank loan payable, interest at 1.75% per annum, due April 2020	626,243	886,882
Royal Bank loan payable, interest at 2.49 per annum, due April 2025	1,514,597	1,700,488
Royal Bank loan payable, interest at 2.51 per annum, due April 2023	1,341,007	1,401,942
Royal Bank loan payable, interest at 2.80 per annum, due April 2026	1,345,244	1,404,705
	<u>\$ 68,616,306</u>	<u>\$ 74,633,304</u>

Principal repayments are summarized as follows:

2018	\$ 5,922,932
2019	5,936,343
2020	5,805,648
2021	5,762,266
2022	5,457,850
Thereafter	39,731,267
	<u>\$ 68,616,306</u>

Long-term liabilities and commitments to be financed from reserves beyond the term of Council are covered by by-law. The principal and interest payments required to service existing and pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs.

Total interest expense on long term debt was \$2,318,035 (2016 - \$2,511,119)

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2017

12. Public liability insurance:

In recent years there have been substantial increases in the premiums charged by the insurance industry for public liability insurance. As a result, the Corporation has undertaken some portion of the risk, which would normally have been covered by outside insurers.

The Corporation is self insured for public liability claims up to \$50,000 for any individual claim and \$50,000 for any number of claims arising out of a single occurrence. Outside coverage is in place for claims in excess of these limits.

Claims settled during the year amounted to \$311,914 (2016 - \$209,320) and have been provided for in the revenue fund and are accordingly reported as an expenditure in the consolidated statement of financial activities. Total unsettled claims at the end of the year are \$348,540(2016 - \$527,421).

13. Accumulated surplus:

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

	2017	2016
Reserves set aside for specific purpose by Council:		
Revenue purposes	\$ 16,581,006	\$ 15,928,685
Current purposes	1,497,115	1,521,196
Capital purposes	10,455,140	9,463,843
Total reserves	\$ 28,533,261	\$ 26,913,724
Reserve Funds set aside for specific purpose by Council:		
Revenue purposes	\$ 51,379	\$ 50,752
Current purposes	1,838,943	1,573,608
Capital purposes	573,007	(651,628)
Total reserve funds	\$ 2,463,329	\$ 972,732
Amounts to be recovered:		
Investment in Government Business Enterprises	\$ (7,800,000)	\$ (7,800,000)
Solid waste landfill closure and post closure liability	(1,604,829)	(1,172,793)
Employee benefits payable	(13,691,913)	(12,743,118)
Long-term debt	(68,616,306)	(74,633,304)
Interest accrual on debt	(160,035)	(173,263)
Total amounts to be recovered	\$ (91,873,083)	\$ (96,522,478)
Cumulative operating deficit	\$ (6,347,827)	\$ (3,045,273)
Investment in Government Business Enterprise	41,665,015	40,424,726
Land held for resale	1,199,613	1,494,760
Work in Progress	10,711,923	12,019,285
Investment in tangible capital assets	268,137,477	257,938,275
Total accumulated surplus	\$ 254,489,708	\$ 240,195,751

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2017

14. Contingencies:

As of December 31, 2017, certain legal actions and other contingent liabilities are pending against the Corporation. Reference can be made to note 12 for details of the public liability insurance maintained by the Corporation. Not all contingencies can be estimated at year end since the outcome of these matters is indeterminate at this time.

15. Financial Information for the Library Board:

The Ministry of Culture provides operating and pay equity grants to the Library. A condition of this grant is that the Library Board supply its financial information to the Ministry. This information may be included in the consolidated financial statements provided that the financial information of the library is identified either by a separate schedule or a note.

	2017	2016
Revenue		
Other grant revenue	\$ 13,087	\$ 14,189
Public library operating grant	50,798	50,798
Pay equity grant	604	604
Fees and charges	318,879	319,267
Donations	3,810	6,774
Total revenue	387,178	391,632
Expenses		
Wages	1,976,866	1,941,188
Materials	278,836	277,472
Services	302,209	294,376
Other	15,489	14,784
Total expenses	2,573,399	2,527,820
Deficiency of revenue over expenses	\$ 2,186,221	\$ 2,136,188
Deficiency was funded as follows:		
Transfer from reserves and reserve funds	23,608	18,346
Contribution from the Corporation	2,162,613	2,117,842
	\$ 2,186,221	\$ 2,136,188

For the year ended December 31, 2017

16. Segmented information:

The Corporation of the City of Stratford is a diversified municipal government institution that provides a wide range of services to its citizens. For reporting purposes the Corporation's operations and activities are organized in segments. The services and activities of each segment are as follows:

General government

This item is related to the revenues and expenses of the operations of the Corporation itself and cannot be directly attributed to a specific segment.

Protection services

Protection is comprised of police services, fire department and building department. The police services department is to ensure the safety and protection of the citizens and their property, preserve peace and good order, detect offenders and enforce the law. The fire department provides fire suppression service, fire prevention programs, training and education related to prevention and detection of fires. The building department enforces the building and construction codes and municipal by-laws.

Transportation services

Transportation services includes public works services related to planning, development and maintenance of the roadway systems, street lighting, transit and parallel transit, parking administration and control and the operations of the Stratford Municipal Airport.

Environmental services

Environmental services include providing sanitary and storm sewer, water, waste collection and disposal and recycling services.

Health services

Health services are comprised of public health services which works to improve the overall health of the population and overcome health inequalities by providing services to individuals and communities. This segment also includes ambulance services and cemetery operations.

Social and Family services

Social Services provides services that are meant to help the less fortunate in society through Ontario Works assistance, child care subsidy program and best start and special needs programs. This segment also includes the operations of a municipal day care.

Social housing

Housing services are meant to help the less fortunate through social housing, affordable housing and public housing programs.

Recreation and Cultural services

Recreation and cultural services are meant to improve the health and development of the citizens. Programs such as swimming, skating, day camps, festivals and library services are provided at locations such as parks, library, art gallery, recreation complexes, arenas, sports fields and other municipal buildings. This segment also includes grants to numerous community organizations providing recreation and cultural activities.

Planning and Development

Planning and development services manages urban development for business interests, environmental concerns, heritage matters, local neighbourhoods and the city centre. This segment also includes economic development and tourism.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are used in preparation of segmented financial information. The revenue fund reports on municipal services that are funded primarily by property taxation revenues. Taxation and payments-in-lieu of taxes are apportioned based on the segment's net surplus. The segmented information follows the same accounting policies as disclosed in note 1.

CORPORATION OF THE CITY OF STRATFORD

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2017

16. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning & Development	2017 Total
Revenue										
Taxation	\$ 3,515,023	\$ 9,515,685	\$ 5,889,674	\$ 6,503,563	\$ 3,713,729	\$ 10,653,725	\$ 6,824,441	\$ 5,660,226	\$ 2,967,046	\$ 55,243,113
Grants	- 3,900	510,961	4,650,766	1,564,148	3,149,221	16,189,133	3,524,514	494,568	604,550	30,683,960
Other Municipalities	150,000					1,197,158	2,512,595	49,871		3,909,624
Fees and user charges	472,203	225,100	1,179,722	13,227,846	61,647	2,885,699	2,390,391	755,733	2,824	21,201,166
Licences and permits	889,719	15,000								904,719
Rents, fines, penalties	722,333		839,504		365,414		3,758,890	1,916,039		7,602,180
Other	4,126,031	47,652	2,648,459	12,460	244,269	13,428		52,101	1,640,313	8,784,713
	<u>9,871,409</u>	<u>10,314,398</u>	<u>15,208,126</u>	<u>21,308,017</u>	<u>7,534,281</u>	<u>30,939,144</u>	<u>19,010,831</u>	<u>8,928,538</u>	<u>5,214,733</u>	<u>128,329,475</u>
Expenses										
Salaries & benefits	3,602,807	17,417,382	5,172,932	3,319,720	4,062,073	8,136,275	1,044,794	5,187,083	1,126,494	49,069,560
Material	383,635	652,006	1,953,808	1,524,658	228,671	413,280	2,456,372	1,449,642	421,268	9,483,340
Contracted Services	2,039,900	970,307	2,011,379	4,916,899	238,804	1,630,009	3,674,861	2,071,702	1,166,196	18,720,057
External Transfers	399,287				3,007,658	10,780,878	5,958,382	769,022	3,112,396	24,027,623
Amortization	518,267	491,136	2,913,412	2,123,092	119,363	278,876	327,967	1,499,932	2,525	8,274,570
Other	311,985	111,909	106,221	1,540,602	9,491	752,619	624,967	706,732	295,842	4,460,368
	<u>7,255,881</u>	<u>19,642,740</u>	<u>12,157,752</u>	<u>13,424,971</u>	<u>7,666,060</u>	<u>21,991,937</u>	<u>14,087,343</u>	<u>11,684,113</u>	<u>6,124,721</u>	<u>114,035,518</u>
Net Revenue (expenditures)	\$ 2,615,528	\$ (9,328,342)	\$ 3,050,374	\$ 7,883,046	\$ (131,779)	\$ 8,947,207	\$ 4,923,488	\$ (2,755,575)	\$ (909,988)	\$ 14,293,957

CORPORATION OF THE CITY OF STRATFORD

Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2017

16. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning & Development	2016 Total
Revenue										
Taxation	\$ 3,568,721	\$ 7,763,068	\$ 6,257,478	\$ 5,725,045	\$ 3,710,479	\$ 10,057,112	\$ 6,435,549	\$ 5,573,749	\$ 3,564,274	\$ 52,655,477
Grants	3,900	413,068	617,144	2,467,361	3,026,650	14,728,325	3,144,338	184,737	953,292	25,538,815
Other Municipalities	277,069					1,346,547	2,547,789	36,100		4,207,505
Fees and user charges	425,215	207,567	1,172,291	13,410,610	68,348	3,049,216	2,467,813	722,515		21,523,575
Licences and permits	908,887	12,150								921,037
Rents, fines, penalties	661,786		850,253		285,562		3,812,295	2,032,387		7,642,283
Other	3,498,057	6,393	1,096,082	15,969	239,468	21,958		330,636	756,024	5,964,587
	<u>9,343,636</u>	<u>8,402,246</u>	<u>9,993,248</u>	<u>21,618,985</u>	<u>7,330,508</u>	<u>29,203,159</u>	<u>18,407,784</u>	<u>8,880,123</u>	<u>5,273,590</u>	<u>118,453,278</u>
Expenses										
Salaries & benefits	3,353,976	13,992,994	4,919,553	3,141,987	3,894,939	8,137,111	759,103	4,939,357	996,348	44,135,368
Material	389,461	518,084	3,478,057	1,822,397	331,399	416,894	2,457,277	1,479,422	384,463	11,277,454
Contracted Services	792,223	840,115	1,399,251	3,222,945	167,740	1,542,576	2,973,562	1,897,020	2,145,360	14,980,792
External Transfers	394,314				3,100,474	9,865,407	6,112,187	929,986	3,067,136	23,469,504
Amortization	475,619	463,287	2,934,164	2,211,611	115,725	287,432	283,646	1,453,547	3,776	8,228,807
Other	1,922,678	126,761	118,530	1,357,278	9,087	402,578	629,443	746,204	314,164	5,626,723
	<u>7,328,270</u>	<u>15,941,241</u>	<u>12,849,555</u>	<u>11,756,219</u>	<u>7,619,365</u>	<u>20,651,997</u>	<u>13,215,218</u>	<u>11,445,536</u>	<u>6,911,246</u>	<u>107,718,647</u>
Net Revenue (expenditures)	\$ 2,015,366	\$ (7,538,995)	\$ (2,856,307)	\$ 9,862,766	\$ (288,857)	\$ 8,551,162	\$ 5,192,567	\$ (2,565,413)	\$ (1,637,656)	\$ 10,734,631

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)
Year ended December 31, 2017
17. Tangible Capital Assets

	General Land	Land Improvements	Buildings and Building Equipment	Computer Equipment	Furniture and Fixtures	Vehicles	Linear Assets	Machinery and Equipment	Bridges Walking	Other	Infrastructure Roads	Bridges	W/WW Facilities	Underground and Other Networks	Total	Work In Progress	Grand Total
Cost																	
Balance, Dec 31, 2016	17,074,871	5,062,429	69,761,450	3,753,456	6,393,443	9,668,459	5,998,517	15,348,134	57,542	109,738	113,443,171	8,235,394	77,690,263	89,942,836	422,539,702	12,019,285	434,558,987
Additions	0	4,697,119	3,290,071	93,511	78,066	1,405,898	0	659,562	0	0	3,262,111	56,916	4,675,569	358,481	18,577,304	834,684	19,411,988
Adjustments	351	-92	-3,039	0	3,050	0	0	-2,295	0	0	-78	0	0	0	-2,103	0	-2,103
Disposals	0	0	-19,145		-10,912	-1,735,950	0	-248,062	0	0	0	0	0	0	-2,014,069	-2,142,046	-4,156,115
Balance, Dec 31, 2017	17,075,222	9,759,456	73,029,337	3,846,967	6,463,647	9,338,407	5,998,517	15,757,339	57,542	109,738	116,705,204	8,292,310	82,365,832	90,301,317	439,100,834	10,711,923	449,812,757
Accumulated Amortization																	
Balance, Dec 31, 2016	0	1,595,415	28,306,794	2,960,859	4,347,581	6,368,340	4,760,787	10,632,536	7,832	11,188	48,530,177	3,081,556	31,356,597	22,641,767	164,601,430	0	164,601,430
Amortization	0	209,272	1,876,894	266,243	315,026	717,761	90,244	846,271	1,918	1,443	1,933,028	99,965	1,049,869	868,766	8,276,700	0	8,276,700
Adjustments	0	-60	-3,119	0	1,716	0	0	-1,850	0	0	-48	0	0	0	-3,361	0	-3,361
Disposals	0	0	-19,145		-10,912	-1,634,319	0	-247,035	0	0	0	0	0	0	-1,911,411	0	-1,911,411
Balance, Dec 31, 2017	0	1,804,627	30,161,424	3,227,102	4,653,411	5,451,782	4,851,031	11,229,922	9,750	12,631	50,463,157	3,181,521	32,406,466	23,510,533	170,963,358	0	170,963,358
Net Book Value Dec 31, 2017	17,075,222	7,954,829	42,867,913	619,865	1,810,236	3,886,625	1,147,486	4,527,417	47,792	97,107	66,242,047	5,110,789	49,959,366	66,790,784	268,137,477	10,711,923	278,849,400
Cost																	
Balance, Dec 31, 2015	17,074,871	5,055,729	68,971,544	3,585,581	6,358,611	9,690,034	5,998,517	14,254,060	57,542	109,738	111,281,776	7,757,257	75,522,363	89,810,203	415,527,825	10,584,044	426,111,869
Additions	0	6,700	790,587	167,875	58,081	564,007	0	1,229,922	0	0	2,161,395	478,137	2,167,900	132,633	7,757,237	1,470,798	9,228,035
Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Disposals	0	0	-681		-23,249	-585,582	0	-135,848	0	0	0	0	0	0	-745,360	-35,557	-780,917
Balance, Dec 31, 2016	17,074,871	5,062,429	69,761,450	3,753,456	6,393,443	9,668,459	5,998,517	15,348,134	57,542	109,738	113,443,171	8,235,394	77,690,263	89,942,836	422,539,702	12,019,285	434,558,987
Accumulated Amortization																	
Balance, Dec 31, 2015	0	1,467,147	26,478,082	2,666,895	4,061,568	6,232,068	4,670,543	9,847,022	5,914	9,745	46,632,104	2,984,266	30,298,668	21,772,608	157,126,631	0	157,126,631
Amortization	0	128,268	1,828,712	293,964	309,262	721,854	90,244	920,838	1,918	1,443	1,898,073	97,290	1,057,929	869,159	8,218,954	0	8,218,954
Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Disposals	0	0	0		-23,249	-585,582	0	-135,324	0	0	0	0	0	0	-744,155	0	-744,155
Balance, Dec 31, 2016	0	1,595,415	28,306,794	2,960,859	4,347,581	6,368,340	4,760,787	10,632,536	7,832	11,188	48,530,177	3,081,556	31,356,597	22,641,767	164,601,430	0	164,601,430
Net Book Value Dec 31, 2016	17,074,871	3,467,014	41,454,656	792,597	2,045,862	3,300,119	1,237,730	4,715,598	49,710	98,550	64,912,994	5,153,838	46,333,666	67,301,069	257,938,273	12,019,285	269,957,557

CORPORATION OF THE CITY OF STRATFORD
Notes to Consolidated Financial Statements (continued)

For the year ended December 31, 2017

18. Budget:

The Financial Plan (budget) By-Law adopted by Council on January 23, 2017 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$NIL. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations represent the Financial Plan adopted by Council January 23, 2017 including proportionate consolidated budgets of local boards with adjustments as follows:

	2017
Financial Plan (budget) Bylaw deficit for the year	\$ 353,633
Add:	
Budgeted principal repayment of debt	6,212,347
Budgeted transfer to accumulated surplus	9,186,449
Capital Expenditures	15,919,793
Less:	
Budgeted transfers from accumulated surplus	(22,222,666)
Amortization	(7,302,157)
Budget surplus (deficit) per statement of operations	\$ 2,147,399

19. Financial information for SEED Co.:

	2017	2016
Revenue		
Ontario grants	\$ 218,668	\$ 168,401
Federal grants	205,258	665,838
Other revenue	24,623	379
Special project revenue	243,823	738,699
Total revenue	692,371	1,573,316
Expenses		
Wages	405,974	393,318
Materials	126,636	127,953
Services	202,716	227,936
Special project	520,216	1,395,566
Other	121,082	62,267
Total expenses	1,376,623	2,207,039
Deficiency of revenue over expenses	\$ 684,252	\$ 633,723
Deficiency was funded as follows:		
Contribution from the Corporation	585,557	576,115
Contribution from reserve	98,695	57,608
	\$ 684,252	\$ 633,723