

## **City Council as Shareholder of Guelph Municipal Holdings Inc. Meeting Agenda**

Wednesday, July 22, 2020, 6:00 p.m.

Remote meeting live streamed  
on [guelph.ca/live](http://guelph.ca/live)

Changes to the original agenda are noted with an asterisk "\*".

To contain the spread of COVID-19, City Council meetings are being held electronically and can be live streamed at [guelph.ca/live](http://guelph.ca/live).

For alternate meeting formats, please contact the City Clerk's Office at [clerks@guelph.ca](mailto:clerks@guelph.ca) or 519-822-1260 extension 5603.

---

Pages

### **1. Notice - Electronic Participation**

#### **1.1 City Council**

This meeting will be held by Electronic Participation in accordance with the City of Guelph Procedural By-law (2020)-20490.

### **2. Call to Order**

### **3. Authority to move into closed meeting**

#### **Recommendation:**

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

#### **3.1 Disclosure of Pecuniary Interest and General Nature Thereof**

#### **3.2 Confirmation of Minutes for the closed meetings of City Council as Shareholder of Guelph Municipal Holdings Inc. held June 17, 2019 and January 13, 2020**

### **3.3 Guelph Municipal Holdings Inc. (GMHI) District Energy Update - 2020-84**

Section 239 (2) (f) and (i) of the Municipal act related to advice that is subject to solicitor-client privilege, including communications necessary for that purpose; and a trade secret or scientific, technical, commercial, financial or labour relations information, supplied in confidence to the municipality or local board, which, if disclosed, could reasonably be to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

## **4. Open Meeting - 6:30 p.m.**

### **4.1 O Canada**

### **4.2 Silent Reflection**

### **4.3 First Nations Acknowledgement**

### **4.4 Disclosure of Pecuniary Interest and General Nature Thereof**

### **4.5 Closed Meeting Summary**

## **5. Confirmation of Open Minutes**

1

(Councillor Caron)

### **Recommendation:**

That the minutes of the open City Council as Shareholder of Guelph Municipal Holdings Inc. Meetings held February 13 and June 17, 2019, and January 13, 2020 be confirmed as recorded and without being read.

## **6. Presentation**

Scott Stewart, Director and Chief Executive Officer, Guelph Municipal Holdings Inc.

## **7. Consent Agenda**

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

### **7.1 2019 Guelph Municipal Holdings Inc. Financial Statements, 2020-95** 10

**Recommendation:**

1. That the 2019 Consolidated Financial Statements for Guelph Municipal Holdings Inc. be received.

### **7.2 Appointment of Auditors for 2020 - Guelph Municipal Holdings Inc, 2020-90** 19

**Recommendation:**

1. That the audit firm selected by City Council through the competitive procurement process in 2020 for the City's audit be appointed by City Council, as Shareholder for Guelph Municipal Holdings Inc. ("GMHI"), as auditors for GMHI for the 2020 fiscal year.

## **8. Adjournment**



**Minutes of Guelph City Council as Shareholder of GMHI  
Held in the Council Chambers, Guelph City Hall on  
Wednesday, February 13, 2019 at 3:32 p.m.**

---

**Attendance**

Council: Mayor C. Guthrie  
Councillor C. Billings  
Councillor C. Downer  
Councillor J. Gordon  
Councillor J. Hofland  
Councillor M. MacKinnon  
Councillor D. O'Rourke  
Councillor L. Piper  
Councillor M. Salisbury

Absent: Councillor P. Allt  
Councillor B. Bell  
Councillor D. Gibson  
Councillor R. Goller

Staff: Ms. C. Clack, Acting Chief Administrative Officer  
Mr. T. Lee, Acting Chief Administrative Officer  
Mr. C. Cooper, General Manager, Legal, Realty and Court Services/City Solicitor  
Mr. D. McMahon, Deputy Clerk  
Ms. D. Black, Council and Committee Coordinator

---

**Call to Order (3:32 p.m.)**

Mayor Guthrie called the meeting to order.

**Disclosure of Pecuniary Interest and General Nature Thereof**

There were no disclosures.

**Guelph Municipal Holdings Incorporated (GMHI) and GMHI Development Corporation Appointments**

1. Moved by Councillor Piper  
Seconded by Councillor MacKinnon
  1. That Council, as shareholder of Guelph Municipal Holdings Inc., appoint Trevor Lee, Acting Chief Administrative Officer for the City of Guelph, as the sole Director and Chief Executive Officer of Guelph Municipal Holdings Inc., for a term to expire on the day the by-law appointing a permanent, full-time Chief Administrative Officer for the City of Guelph comes into force and effect.
  2. That Council, as shareholder of Guelph Municipal Holdings Inc., appoint Trevor Lee, Acting Chief Administrative Officer for the City of Guelph, as the sole Director and Chief Executive Officer of GMHI Development Corporation.

Councillor Salisbury arrived at the meeting at 3:34 p.m.

**Voting in Favour:** Mayor Guthrie, Councillors Billings, Downer, Gordon, Hofland, MacKinnon, O'Rourke, Piper, Salisbury (9)

**Voting Against:** (0)

Carried

**Adjournment** (3:35 p.m.)

2. Moved by Councillor Salisbury  
Seconded by Councillor Gordon

That the meeting be adjourned.

Carried

Minutes to be confirmed on March 25, 2019.

---

Mayor Guthrie

---

Dylan McMahon - Deputy Clerk

**Minutes of Guelph City Council as  
Shareholder of Guelph Municipal Holdings Inc. (GMHI)  
Held in the Council Chambers, Guelph City Hall on  
Monday, June 17, 2019 at 6:04 p.m.**

---

**Attendance**

Council:	Mayor C. Guthrie Councillor C. Billings Councillor C. Downer Councillor R. Goller Councillor J. Gordon	Councillor J. Hofland Councillor M. MacKinnon Councillor D. O'Rourke Councillor L. Piper Councillor M. Salisbury
Absent:	Councillor P. Allt Councillor B. Bell Councillor D. Gibson	
Staff:	Mr. T. Lee, GMHI Chief Executive Officer/Acting Chief Administrative Officer Mr. C. Cooper, General Manager, Legal and Realty Services/City Solicitor Mr. S. O'Brien, General Manager, City Clerk's Office/City Clerk Ms. D. Black, Council and Committee Coordinator	

---

**Call to Order** (6:04 p.m.)

Mayor Guthrie called the meeting to order.

**Authority to Resolve into a Closed Meeting of Council**

1. Moved by Councillor Downer  
Seconded by Councillor Goller

That the Council of the City of Guelph now hold a meeting that is closed to the public, pursuant to Section 239 (2) (i) of the Municipal Act with respect to a trade secret or scientific, technical, commercial, financial or labour relations information, supplied in confidence to the municipality or local board, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization;

**Voting In Favour:** Mayor Guthrie, Councillors Billings, Downer, Goller, Gordon, Hofland, MacKinnon, O'Rourke, Piper and Salisbury (10)

**Voting Against:** (0)

Carried

**Closed Meeting** (6:05 p.m.)

**Disclosure of Pecuniary Interest and General Nature Thereof**

There were no disclosures.

The following matters were considered:

**Confirmation of Minutes for the closed Council as Shareholder of Guelph Municipal Holdings Inc. meeting of June 18, 2018.**

**GMHI-2019-01 Guelph Municipal Holdings Inc. - District Energy Assets - Update**

**Rise and recess from Closed Meeting (6:57 p.m.)**

---

**Attendance**

Council: Mayor C. Guthrie  
Councillor B. Bell  
Councillor C. Billings  
Councillor C. Downer  
Councillor R. Goller  
Councillor J. Gordon  
Councillor J. Hofland  
Councillor M. MacKinnon  
Councillor D. O'Rourke  
Councillor L. Piper  
Councillor M. Salisbury

Absent: Councillor P. Allt  
Councillor D. Gibson

Staff: Mr. T. Lee, GMHI Chief Executive Officer/Acting Chief Administrative Officer  
Mr. C. Cooper, General Manager, Legal and Realty Services/City Solicitor  
Ms. J. Surgeoner, Manager of Financial Reporting/Accounting  
Mr. S. O'Brien, General Manager, City Clerk's Office/City Clerk  
Ms. D. Black, Council and Committee Coordinator

Also

Present: Mr. M. Cananzi, President, Alectra Utilities Inc.  
Ms. J. Armstrong, Director (Guelph) Alectra Board of Directors

---

**Open Meeting (7:03 p.m.)**

Mayor Guthrie called the meeting to order.

**Closed Meeting Summary**

Mayor Guthrie spoke regarding the matters addressed in closed and identified the following:

**Confirmation of Minutes: Council as Shareholder of GMHI, Closed Session – June 18, 2018**

These minutes were adopted by Council.

**GMHI-2019-01 Guelph Municipal Holdings Inc. - District Energy Assets - Update**

Staff were given direction on this matter.

**Disclosure of Pecuniary Interest and General Nature Thereof**

There were no disclosures.

## Confirmation of Minutes

1. Moved by Councillor Downer  
Seconded by Councillor Gordon

That the minutes of the Council as Shareholder of Guelph Municipal Holdings Inc. held June 18, 2018 be confirmed as recorded and without being read.

**Voting in Favour:** Mayor Guthrie, Councillors Bell, Billings, Downer, Goller, Gordon, Hofland, MacKinnon, O'Rourke, Piper and Salisbury (11)

**Voting Against:** (0)

Carried

### Presentation:

Trevor Lee, Chief Executive Officer, Guelph Municipal Holdings Inc. provided highlights of the Guelph Municipal Holdings Inc. accomplishments in 2018.

Jane Armstrong, Director (Guelph), Alectra Board of Directors, provided information regarding activities of the board in 2018.

Max Cananzi, President, Alectra Utilities Inc. provided information regarding post-merger activities in 2018.

Jane Armstrong, Director (Guelph), Alectra Board of Directors, provided information about the new GRE&T centre and the employee volunteer program.

### **GMHI-2019-02      2018 GMHI Audited Financial Statements and Report from KPMG**

2. Moved by Councillor Piper  
Seconded by Councillor Hofland

1. That the Audit Findings report of the auditor, KPMG LLP, in respect of the 2018 financial statements of Guelph Municipal Holdings Inc. (consolidated) and its subsidiaries be received.

2. That the 2018 financial statements for Guelph Municipal Holdings Inc. be received.

**Voting in Favour:** Mayor Guthrie, Councillors Bell, Billings, Downer, Goller, Gordon, Hofland, MacKinnon, O'Rourke, Piper and Salisbury (11)

**Voting Against:** (0)

Carried

It was noted that Council will be sent consolidated and unconsolidated financial statements for GHESI, GMHI, DevCo and Envida.



**GMHI-2019-03          Appointment of KPMG LLP as Auditors for 2020**

3.      Moved by Councillor Hofland  
          Seconded by Councillor O'Rourke

That KPMG LLP be appointed as auditor for Guelph Municipal Holdings Inc. for its 2019 fiscal year.

**Voting in Favour:** Mayor Guthrie, Councillors Bell, Billings, Downer, Goller, Gordon, Hofland, MacKinnon, O'Rourke, Piper and Salisbury (11)

**Voting Against:** (0)

Carried

**Adjournment** (7:22 p.m.)

4.      Moved by Councillor Billings  
          Seconded by Councillor Goller

That the meeting be adjourned.

Carried

Minutes to be confirmed at the Council as Shareholder of GMHI AGM to be held in June, 2020.

---

Mayor Guthrie

---

Stephen O'Brien - City Clerk



**Minutes of Guelph City Council as Shareholder of Guelph Municipal Holdings Inc.**

**January 13, 2020, 1:00 p.m.  
Council Chambers, Guelph City Hall, 1 Carden Street**

Council: Mayor C. Guthrie  
Councillor P. Allt  
Councillor B. Bell  
Councillor Billings  
Councillor D. Gibson  
Councillor R. Goller  
Councillor J. Gordon  
Councillor J. Hofland  
Councillor L. Piper  
Councillor M. MacKinnon  
Councillor D. O'Rourke

Absent: Councillor C. Downer  
Councillor M. Salisbury

Staff: D. McMahon, Manager, Legislative Services / Deputy City Clerk  
L. Cline, Council and Committee Coordinator  
C. Clack, Deputy Chief Administrative Officer, Public Services  
K. Dedman, Deputy Chief Administrative Officer, Infrastructure, Development and Enterprise Services  
T. Lee, Deputy Chief Administrative Officer, Corporate Services  
S. Stewart, Chief Administrative Officer

---

**1. Call to Order**

The mayor called the meeting to order (1:04 p.m.).

**2. Authority to move into closed meeting**

Moved By Councillor O'Rourke  
Seconded By Councillor Hofland

That the Council of the City of Guelph now hold a meeting that is closed to the public, pursuant to Section 239 (2) (i) of the Municipal Act related to a trade secret or scientific, technical, commercial, financial or labour relations information, supplied in confidence to the municipality or local board, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

Voting in Favour: (9): Mayor Guthrie, Councillor Allt, Councillor Bell, Councillor Billings, Councillor Gibson, Councillor Goller, Councillor Gordon, Councillor Hofland, and Councillor O'Rourke

Carried (9 to 0)

The following matters were considered:

- 1. Disclosure of Pecuniary Interest and General Nature Thereof**
- 2. GMHI-2020-01 Guelph Municipal Holdings Inc. - District Energy Assets - Update**

**3. Open Meeting**

The mayor called the meeting to order (2:00 p.m.).

**4. Closed Meeting Summary**

**GMHI-2020-01 Guelph Municipal Holdings Inc. - District Energy Assets - Update**

Information was received and staff was given direction on this matter.

**5. Adjournment**

Moved By Councillor Hofland  
Seconded By Councillor Gibson

That the meeting be adjourned (2:05 p.m.).

Carried

---

Mayor Guthrie

---

Dylan McMahon - Deputy City Clerk

# Staff Report



---

To	<b>City Council as Shareholders of Guelph Municipal Holding Inc.</b>
Date	Wednesday, July 22, 2020
Subject	<b>2019 Guelph Municipal Holdings Inc. Financial Statements</b>

---

## Recommendation

1. That the 2019 Consolidated Financial Statements for Guelph Municipal Holdings Inc. be received.
- 

## Executive Summary

### Purpose of Report

To present and review the 2019 Guelph Municipal Holdings Inc. (GMHI) Notice to Reader Financial Statements.

### Key Findings

On January 1, 2019 GMHI sold its shares of Guelph Hydro Electric Systems Inc. (GHESI) to Alectra Inc. (Alectra) in return for 4.63% of Alectra's shares. On June 30, 2019, GMHI and GMHI Development Corporation (DevCo) were amalgamated, leaving one combined entity: GMHI.

The 2018 consolidated financial statements of GMHI included the full financial results for GMHI, GHESI and DevCo. The 2019 consolidated statements include the transactions related to the sale of GHESI, the operations of DevCo, and GMHI's share of Alectra's net income.

The 2019 GMHI financial statements were primarily prepared for the purpose of consolidation into the City's audited financial statements. An audit would have required a full set of financial statements and notes to be prepared and audited, an investment of staff time and audit fees that will not provide any value. This is a temporary deviation from the normal practice of presenting audited statements for 2019 only. Since the City took over the accounting and governance for GMHI beginning in 2019, there is now full transparency of all the transactional information, journal entries, and processes so this one-year change is considered low risk. Further, KPMG performed audit procedures over this entity as part of the City audit. For these reasons, a Notice to Reader engagement was completed for GMHI instead of an audit for 2019.

Please refer to Attachment-1, which includes the financial statements of GMHI for the year-ended December 31, 2019.

As of December 31, 2019 GMHI had assets totaling \$104.1 million (of which \$101.1 million is the investment in Alectra) and liabilities of \$14.6 million, the majority of

which is a deferred tax liability that would only be payable if GMHI divests of its shares in Alectra in the future.

GMHI's total comprehensive income for the year-ended December 31, 2019 is \$41.8 million, broken down as follows:

- Net income from the sale of GHESI shares to Alectra: \$40.4 million (gain on disposal of \$46.0 million less \$5.6 million in deferred tax expense).
- Net income from GMHI operations, management, and general administration: \$1.9 million (\$2.6 million in revenue less \$678 thousand in expenses). This is further broken down as:
  - District Energy operations – net loss of \$192 thousand
  - GMHI management and admin expenses - \$209 thousand
  - GMHI share of Alectra net income - \$2.3 million
- Hanlon Node wind down costs totaling \$505 thousand.

## **Financial Implications**

The prudent management of the City's hydro utility company is an important asset that generates a healthy dividend to the City which in turn reduces the requirement of property tax increases to fund capital infrastructure renewal.

---

## **Report**

### **Corporate structure**

In 2019 GMHI's corporate structure changed significantly. As of the 2018 year-end, GMHI owned 100% of the shares of Guelph Hydro Electric Systems Inc. (GHESI) and 100% of the Shares of GMHI Development Corporation (DevCo). On January 1, 2019, GMHI amalgamated its shares of GHESI with Alectra for consideration of 4.63% of Alectra's shares. On June 30, 2019, GMHI and DevCo were amalgamated, leaving one combined entity: GMHI.

### **Accounting treatment**

Prior to the amalgamation of GHESI with Alectra, GMHI controlled GHESI and DevCo, and therefore the assets, liabilities, revenues and expenses of GHESI and DevCo were fully consolidated into GMHI's financial statements.

With the amalgamation of GHESI with Alectra (January 1, 2019) and the amalgamation of GMHI and DevCo (June 30, 2019), GMHI now owns 4.63% of Alectra and has representation on the Board of Directors. Staff, in consultation with KPMG, have assessed GMHI as having significant influence over Alectra, and has accounted for the investment in Alectra using the equity method as prescribed by International Financial Reporting Standards.

The 2018 comparatives in the 2019 GMHI financial statements include the full operations of GHESI as well as DevCo, while the 2019 figures include the transactions related to the sale of GHESI, the operations of DevCo, and GMHI's share of Alectra's net income. It does not include dividends received in 2019.

This means that:

- GMHI's investment in Alectra was initially recorded at cost: the value of 4.63% of Alectra as of January 1, 2019 (\$101 million).

- GMHI's investment in Alectra was increased by 4.63% of Alectra's 2019 net income (\$2.27 million), and decreased by the dividends paid by Alectra to GMHI in 2019 (\$2.16 million).
- The investment revenue reported on the Statement of Comprehensive Income from Alectra is 4.63% of Alectra's net income for 2019 (\$2.27 million), not the amount of the dividends actually received (\$2.16 million).

### **Change in level of assurance**

Since the simplification of GMHI's corporate structure, the financial statements are primarily prepared for the purpose of consolidation into the City's audited financial statements. An audit would have required a full set of financial statements and notes to be prepared and audited, an investment of staff time and audit fees that will not provide any value.

Since the City took over the accounting for GMHI beginning in 2019, there is now full transparency of all the transactional information, journal entries, and processes available to the auditor for GMHI. KPMG performed audit procedures over this entity as part of their work on the City's audited financial statements. For these reasons, a less expensive option of a Notice to Reader engagement was suggested by KPMG and accepted by staff for 2019 only. The 2019 financial statements have a Notice to Reader attached instead of an Independent Auditor's Report, and the statements have been simplified to consist of a Consolidated Balance Sheet, Consolidated Statement of Comprehensive Income, and Consolidated Statement of Changes in Equity. No cash flow statement nor notes to the financial statements have been prepared.

### **Amalgamation of GHESI with Alectra**

GMHI received 4.63% of Alectra's shares as consideration for the amalgamation of GHESI and they were valued at \$101 million on January 1, 2019. The book value of GMHI's investment in GHESI was slightly under \$55 million at the time of the transaction, resulting in a gain on transaction of \$46 million.

There are no immediate tax impacts resulting from this gain due to an election made under section 85 of the Income Tax Act, however if GMHI divests of its shares in Alectra in the future there would be tax payable at that time which is reflected in the deferred tax liability of \$14.5 million reported on the balance sheet. Of this \$14.5 million, \$8.8 million would be refundable tax (recorded as an equity adjustment on the Statement of Changes in Equity), and \$5.6 million would be payable to CRA (recorded as deferred tax expense in the 2019 Statement of Comprehensive Income).

### **Comment on 2019 Results**

#### **Consolidated Statement of Comprehensive Income**

GMHI's total comprehensive income for the year-ended December 31, 2019 is \$41.8 million, and is broken down as follows:

- Net income from the sale of GHESI shares to Alectra: \$40.4 million (gain on disposal of \$46.0 million less \$5.6 million in deferred tax expense).
- Net income from GMHI operations, management, and general administration: \$1.9 million (\$2.6 million in revenue less \$678 thousand in expenses). This is further broken down as:

- District Energy operations – net loss of \$192 thousand
  - GMHI management and admin expenses - \$209 thousand
  - GMHI share of Alectra net income - \$2.3 million
- Hanlon Node wind down costs totaling \$505 thousand which is trending below budget through 2020.

Dividends totaling \$2.16 million were received from Alectra in 2019, approximately \$1.4 million less than budgeted due to a one-time timing difference which resulted in GMHI's 2019 net income being lower than expected. For this reason, GMHI declared regular dividends to the City of only \$2.1 million in 2019 which was less than budgeted, but in excess of the 2019 income earned.

### **Consolidated Balance Sheet**

As of December 31, 2019 GHMI had current assets totaling \$404 thousand and non-current assets totaling \$103.6 million, with the largest asset being GMHI's investment in Alectra with a December 31, 2019 value of \$101.1 million.

GMHI is owed \$2.5 million from the City. This consists of \$2.9 million receivable from the City for the special dividend loan, and is offset by a \$350 thousand operating loan from the City to GMHI for regular dividends paid to the City in excess of cash basis net income in 2019 due to the timing of dividends paid from Alectra to GMHI being different than expected. The GMHI Board approved depositing the proceeds from the GHESI special dividend in a City investment account in order to maximize investment earnings on these funds while they are held to fund the district energy transitional costs. This transaction has resulted in the inter-company loan as described.

### **Consolidated Statement of Changes in Equity**

GMHI's total equity as of December 31, 2018 was \$72.1 million and increased by \$17.3 million by the end of 2019 with the changes being:

- Total comprehensive income for the year (increase of \$41.8 million)
- One-time special dividend as a result of the Alectra-GHESI merger (decrease of \$13.5 million)
- On-going normal dividends paid to the City (decrease of \$2.1 million)
- Refundable portion of deferred tax liability (decrease of \$8.8 million)

### **Financial Implications**

The prudent management of the City's hydro utility company is an important asset that generates a healthy dividend to the City which in turn reduces the requirement of property tax increases to fund capital infrastructure renewal.

### **Consultations**

The GMHI Board of Directors reviewed and approved the 2019 financial statements at the Board meeting on June 25, 2020.

### **Attachments**

Attachment-1 GMHI Notice to Reader Financial Statements

### **Report Author**

Shanna O'Dwyer, Manager, Financial Reporting and Accounting



**This report was approved by:**

Tara Baker, CPA, CA  
General Manager Finance /City  
Treasurer  
Corporate Services  
519-822-1260 extension 2084  
Tara.baker@guelph.ca

**This report was recommended by:**

Scott Stewart, Chief Executive Officer,  
Director  
519-822-1260 extension 2221  
Scott.Stewart@guelph.ca



KPMG LLP  
115 King Street South  
2nd Floor  
Waterloo ON N2J 5A3  
Canada  
Tel 519 747-8800  
Fax 519 747-8830

## **NOTICE TO READER**

On the basis of information provided by management, we have compiled the consolidated balance sheet of Guelph Municipal Holdings Inc. as at December 31, 2019 and the consolidated statements of earnings, comprehensive income, and changes in equity for the year then ended. We have not performed an audit or a review engagement in respect of these consolidated financial statements and, accordingly, we express no assurance thereon. Readers are cautioned that these consolidated financial statements may not be appropriate for their purposes.

### **KPMG LLP**

Waterloo, Canada  
June 1, 2020

# Guelph Municipal Holdings Inc.

## Consolidated Balance Sheet

December 31, 2019, with comparative information for 2018

(Expressed in thousands of dollars)

	2019	2018
	\$	\$
<b>Assets</b>		
<b>Current Assets</b>		
Cash	275	26,905
Accounts receivable	126	14,227
Unbilled revenue	-	15,885
Inventory	-	1,918
Other current assets	3	490
<b>Total current assets</b>	<b>404</b>	<b>59,425</b>
Property, plant and equipment	-	171,850
Intangible assets	-	352
Deferred income taxes	-	6,020
Due from related parties	2,545	-
Investment in Alectra Inc.	101,109	-
<b>Total non-current assets</b>	<b>103,654</b>	<b>178,222</b>
<b>Total Assets</b>	<b>104,058</b>	<b>237,647</b>
<b>Liabilities and Shareholder's Equity</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	183	22,551
Deferred tax liability	14,464	-
Income taxes payable	-	219
Deferred credits - budget billing	-	1,235
Customer deposits - current portion	-	2,837
<b>Total current liabilities</b>	<b>14,647</b>	<b>26,842</b>
Senior unsecured debentures	-	94,360
Employee future benefits	-	10,626
Customer deposits - long-term portion	-	6,424
Deferred revenue	-	27,273
<b>Total non-current liabilities</b>	<b>-</b>	<b>138,683</b>
<b>Total Liabilities</b>	<b>14,647</b>	<b>165,525</b>
<b>Shareholder's Equity</b>		
Share capital		
Authorized: Unlimited common shares		
Issued: 67,530 common shares	67,530	67,530
Accumulated other comprehensive loss	-	(329)
Retained earnings	21,881	4,921
<b>Total shareholder's equity</b>	<b>89,411</b>	<b>72,122</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>104,058</b>	<b>237,647</b>

# Guelph Municipal Holdings Inc.

## Consolidated Statement of Comprehensive Income

Year ended December 31, 2019, with comparative information for 2018

(Expressed in thousands of dollars)

	2019	2018
	\$	\$
<b>Revenue</b>		
Investment revenue	2,269	-
Gain on disposal of investment in Guelph Hydro Electric Systems Inc.	46,002	-
Electricity sales	255	234,516
Other services	-	851
	<b>48,526</b>	<b>235,367</b>
<b>Cost of electricity sold</b>	<b>248</b>	<b>202,500</b>
	<b>48,278</b>	<b>32,867</b>
Other operating revenue	-	4,530
<b>Net operating revenue</b>	<b>48,278</b>	<b>37,397</b>
<b>Expenses</b>		
Operations and maintenance	377	14,319
General and administrative	331	11,866
Other provision expense	-	(506)
	<b>708</b>	<b>25,679</b>
<b>Earnings before the undernoted</b>	<b>47,570</b>	<b>11,718</b>
<b>Financial and other expenses (income)</b>		
Interest on notes payable, less amounts capitalized	5	4,575
Interest income	(35)	(493)
Other	222	309
	<b>192</b>	<b>4,391</b>
<b>Earnings before the undernoted</b>	<b>47,378</b>	<b>7,327</b>
<b>Income tax expense</b>		
Provision for payments in lieu of corporate taxes	-	970
Deferred income taxes	5,627	1,179
	<b>5,627</b>	<b>2,149</b>
<b>Net income from operations for the year</b>	<b>41,751</b>	<b>5,178</b>
<b>Other comprehensive income</b>		
Actuarial gains on employee future benefit plans	-	785
<b>Total comprehensive income for the year</b>	<b>41,751</b>	<b>5,963</b>

# Guelph Municipal Holdings Inc.

Consolidated Statement of Changes in Equity  
Year ended December 31, 2019, with comparative information for 2018  
(Expressed in thousands of dollars)

	Share capital	Accumulated other comprehensive income (loss)	Retained earnings	Total
	\$	\$	\$	\$
<b>Balance at January 1, 2018</b>	67,530	(1,114)	1,643	68,059
Dividends	-	-	(1,900)	(1,900)
Total comprehensive income for the year	-	785	5,178	5,963
Balance, December 31, 2018	67,530	(329)	4,921	72,122
Reclassification of accumulated other comprehensive loss to retained earnings	-	329	(329)	-
Refundable portion of deferred tax liability	-	-	(8,837)	(8,837)
Dividends	-	-	(15,625)	(15,625)
Total comprehensive income for the year	-	-	41,751	41,751
<b>Balance, December 31, 2019</b>	67,530	-	21,881	89,411

# Staff Report



---

To	<b>City Council as Shareholder of Guelph Municipal Holding Inc.</b>
Date	Wednesday, July 22, 2020
Subject	<b>Appointment of Auditors for 2020 – Guelph Municipal Holdings Inc.</b>

---

## Recommendation

1. That the audit firm selected by City Council through the competitive procurement process in 2020 for the City's audit be appointed by City Council, as Shareholder for Guelph Municipal Holdings Inc. ("GMHI"), as auditors for GMHI for the 2020 fiscal year.
- 

## Executive Summary

In November 2015, City Council approved a resolution to appoint KPMG LLP as the City's auditor for the 2015 through 2109 period, subject to an annual review of their performance. With the completion of that five-year cycle, the City is in the process of tendering audit services for the next five-year cycle (2020 – 2024).

Efficiencies are gained by retaining the auditor for the City of Guelph as GMHI's auditor, given that the accounting processes and practices use the same systems and accounting staff.

A post-Request for Proposals (RFP) staff recommendation to Council regarding audit services for 2020 is expected in early fall 2020.

---

## Report

City staff are in the process of preparing the RFP for audit services to be issued in the summer of 2020. Staff expect to have a recommendation before Council in early fall 2020.

Staff recommend appointing the same auditor for the City of Guelph, GMHI and Guelph Junction Railway Limited as there are efficiencies realized by having the same firm perform the engagements for all three organizations, given that the accounting processes and practices use the same systems and accounting staff.

## Financial Implications

There are no direct financial implications resulting from this report.

**Report Author**

Trevor Lee,  
Chief Financial Officer  
Guelph Municipal Holdings Inc.  
519-822-1260 extension 2281  
[trevor.lee@guelph.ca](mailto:trevor.lee@guelph.ca)

**This report was approved and recommended by:**

Scott Stewart  
Chief Executive Officer  
Guelph Municipal Holding Inc.  
519-822-1260 Extension 2221  
[Scott.Stewart@guelph.ca](mailto:Scott.Stewart@guelph.ca)