

Consolidated Financial Statements

# **City of Guelph**

December 31, 2021

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# City of Guelph

December 31, 2021

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# City of Guelph

## Consolidated statement of financial position as at December 31, 2021 (\$000's)

	2021	2020
	\$	\$
<b>Financial assets</b>		
Cash	47,720	67,501
Investments (Note 3)	512,552	377,252
Taxes receivable	4,793	4,435
Accounts receivable	26,185	29,700
Loans and notes receivable	-	1,336
Investment in Guelph Junction Railway Limited (Note 4)	11,925	10,871
Investment in Guelph Municipal Holdings Inc. (Note 5)	90,626	89,381
	<b>693,801</b>	580,476
<b>Liabilities</b>		
Accounts payable and accrued liabilities	37,698	44,928
Accrued interest payable	1,249	1,137
Vacation and other employee benefits payable	9,126	9,436
Developer agreement deferred revenue	2,237	1,979
Loans and notes payable	865	-
Other deferred revenue	24,810	24,426
Deferred contributions (Note 7)	141,709	109,768
Employee future benefits (Note 9)	50,142	46,246
Debt (Note 10)	138,686	102,417
Obligation under capital lease (Note 11)	1,769	1,972
Landfill post-closure liability (Note 12)	4,194	3,387
Other long-term liabilities (Note 13)	7,754	10,031
Liability for contaminated sites (Note 18)	25,270	24,050
	<b>445,509</b>	379,777
<b>Net financial assets</b>	<b>248,292</b>	200,699
<b>Non-financial assets</b>		
Tangible capital assets (Note 14)	1,179,347	1,170,605
Inventory	2,147	2,122
Prepaid expenses	2,507	2,342
	<b>1,184,001</b>	1,175,069
Contingencies (Note 19)		
Commitments and guarantees (Note 20)		
<b>Accumulated surplus (Note 15)</b>	<b>1,432,293</b>	1,375,768

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

# City of Guelph

## Consolidated statement of operations and accumulated surplus year ended December 31, 2021 (\$'000's)

	2021 Budget (Note 22) \$	2021 Actual \$	2020 Actual \$
<b>Revenues</b>			
Taxation			
Property taxation (Note 2)	269,223	270,483	259,036
Penalties and interest on taxes	1,360	1,301	1,826
	<b>270,583</b>	<b>271,784</b>	260,862
User charges	116,649	104,748	99,928
Contributed subdivision assets	7,028	7,027	5,681
Contributions			
Government of Canada	9,851	17,251	18,472
Province of Ontario	40,719	78,483	68,252
Municipal	36,409	5,128	5,249
Developers	123,838	12,219	6,984
Other contributions	396	1,596	1,071
Other revenue (Note 6)	41,591	26,022	24,448
Total revenues	<b>647,064</b>	<b>524,258</b>	490,947
<b>Expenses</b>			
General government	40,239	41,865	38,287
Protection services	100,348	98,954	94,293
Transportation services	71,627	68,781	68,541
Environmental services	79,688	87,349	81,422
Health services	42,291	46,654	41,108
Social and family services	47,439	44,709	43,642
Social housing	25,159	25,577	25,519
Recreation and cultural services	50,621	46,462	45,037
Planning and development	8,069	7,382	6,497
Total expenses	<b>465,481</b>	<b>467,733</b>	444,346
Excess of revenues over expenses for the year	<b>181,583</b>	<b>56,525</b>	46,601
Accumulated surplus- beginning of year	<b>1,378,282</b>	<b>1,375,768</b>	1,329,167
<b>Accumulated surplus, end of year</b>	<b>1,559,865</b>	<b>1,432,293</b>	1,375,768

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

# City of Guelph

## Consolidated statement of change in net financial assets year ended December 31, 2021 (\$000's)

	<b>2021 Budget (Note 22)</b>	<b>2021 Actual</b>	2020 Actual
	\$	\$	\$
<b>Excess of revenues over expenses for the year</b>	<b>181,583</b>	<b>56,525</b>	46,601
Amortization of tangible capital assets	<b>53,921</b>	<b>54,414</b>	54,233
Acquisition of tangible capital assets	-	<b>(60,575)</b>	(59,491)
Acquisition of leased tangible capital assets	-	-	(2,086)
Contributed subdivision assets	<b>(7,028)</b>	<b>(7,027)</b>	(5,681)
Gain on disposal of tangible capital assets	<b>(13,900)</b>	<b>(1,312)</b>	(1,090)
Proceeds from disposal of tangible capital assets	-	<b>5,758</b>	3,413
Change in inventory and prepaid expenses	-	<b>(190)</b>	1,386
Increase in net financial assets for the year	<b>214,576</b>	<b>47,593</b>	37,285
Net financial assets, beginning of year	<b>271,012</b>	<b>200,699</b>	163,414
<b>Net financial assets, end of year</b>	<b>485,588</b>	<b>248,292</b>	200,699

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

# City of Guelph

## Consolidated statement of cash flows year ended December 31, 2021 (\$000's)

	2021 \$	2020 \$
<b>Operating activities</b>		
Excess of revenues over expenses for the year	<b>56,525</b>	46,601
Items not affecting cash:		
Amortization of tangible capital assets	<b>54,414</b>	54,233
Gain on disposal of tangible capital assets	<b>(1,312)</b>	(1,090)
Contributed subdivision assets	<b>(7,027)</b>	(5,681)
Government business enterprise earnings	<b>(5,600)</b>	(3,535)
Employee future benefits expenses	<b>3,896</b>	4,435
Landfill post-closure cost	<b>807</b>	(1,133)
Contaminated sites cost (recovery)	<b>1,220</b>	(1,950)
Changes in non-cash working capital:		
Taxes receivable	<b>(358)</b>	661
Accounts receivable	<b>3,515</b>	(1,372)
Developer agreement deferred revenue	<b>258</b>	(182)
Inventory and prepaid expenses	<b>(190)</b>	1,386
Accounts payable and accrued liabilities	<b>(7,229)</b>	(9,195)
Accrued interest payable	<b>112</b>	(53)
Vacation and other employee benefits payable	<b>(310)</b>	1,574
Other deferred revenue	<b>384</b>	(201)
Other long-term liabilities	<b>(2,277)</b>	(146)
Net change in deferred contributions	<b>31,941</b>	19,464
<b>Cash provided by operating activities</b>	<b>128,769</b>	103,816
<b>Capital and investing activities</b>		
Acquisition of tangible capital assets	<b>(60,575)</b>	(59,491)
Proceeds from disposal of tangible capital assets	<b>5,758</b>	3,413
Dividend from Guelph Municipal Holdings Inc. (Note 5)	<b>3,300</b>	3,035
Dividend from Guelph Junction Railway Limited (Note 4)	-	80
Change in loans and notes receivable	<b>2,201</b>	(1,150)
Net investment acquisitions	<b>(135,300)</b>	(22,645)
<b>Cash used by capital and investing activities</b>	<b>(184,616)</b>	(76,758)
<b>Financing activities</b>		
Net (repayment) issuance of debt principal	<b>36,269</b>	(14,068)
Principal repayments on capital lease	<b>(203)</b>	(360)
<b>Cash provided by (used in) financing activities</b>	<b>36,066</b>	(14,428)
(Decrease) increase in cash for the year	<b>(19,781)</b>	12,630
Cash, beginning of year	<b>67,501</b>	54,871
<b>Cash, end of year</b>	<b>47,720</b>	67,501

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

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

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### 1. Significant Accounting Policies

The consolidated financial statements of the Corporation of the City of Guelph (the "City") have been prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the City are as follows:

#### *Reporting entity*

The consolidated financial statements reflect the assets, liabilities, operating revenues and expenses and cash flows of the reporting entity. The reporting entity is comprised of those City functions or entities which have been determined to comprise a part of the aggregate City operations based upon control exercised by the City, except for the City's government businesses which are accounted for on the modified equity basis of accounting.

#### Consolidated entities

In addition to the City departments, the reporting entity includes the following:

Guelph Public Library Board  
Guelph Police Services Board  
Downtown Guelph Business Association  
The Elliott Community

All interfund assets, liabilities, revenues and expenses have been eliminated.

#### Proportionately consolidated entities

The City reports only its share of assets, liabilities and results of operations of any government partnerships in which it participates. The City participates in the Wellington-Dufferin-Guelph Public Health Unit to the extent of 46.3% (2020 – 46.3%) based on population, as stated in agreement with the other participants. In 2018, the proportionate share of each obligated municipality was realigned to the 2016 census.

#### Modified equity basis entities

The investments in Guelph Municipal Holdings Inc. and Guelph Junction Railway Limited are accounted for on a modified equity basis, consistent with public sector accounting standards for the treatment of government business enterprises. Under the modified equity basis, the business enterprises' accounting principles are not adjusted to conform to those of the City, and inter-organizational transactions and balances are not eliminated. Under the modified equity basis of accounting, the carrying value of the investment in subsidiaries is adjusted to reflect the City's share of the net asset change of the investee and the change in net assets is recorded as income from government business enterprises on the statement of operations and accumulated surplus.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

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### 1. Significant Accounting Policies (continued)

#### *Basis of accounting*

##### Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting except for revenues generated under the Provincial Offences Act which are accounted for on the cash basis due to regulatory restrictions. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that gave rise to the revenues; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services or the creation of an obligation to pay.

##### Taxes receivable and related revenues

Property tax billings are prepared by the City based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by the City Council, incorporating amounts to be raised for local services and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issuance of supplementary assessment rolls, which provides updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the City determines the taxes applicable and renders supplementary tax billings.

Taxation revenues are recorded at the time the tax billings are issued. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded as a reduction of tax revenue when the result of the appeal process is reasonably certain. The City is entitled to collect interest and penalties on overdue taxes and these revenues are recorded in the period the interest and penalties are levied. Tax revenue is recorded net of reductions including rebates. Taxes receivable are reported net of any expense or allowance for doubtful accounts.

##### Reserves and reserve funds

Certain amounts, as approved by City Council, are set aside in reserves and reserve funds for future operating and capital purposes. Reserve funds are interest bearing and the current year earned interest is accounted for as interest income and an adjustment within accumulated surplus.



# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

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### 1. Significant Accounting Policies (continued)

#### *Basis of accounting (continued)*

#### Deferred revenue and deferred contributions

Deferred revenues and deferred contributions represent property taxes, user charges and fees, developer contributions and other grant revenues which have been collected but for which the related services or expenses have yet to be incurred. These revenues have certain restrictions and will be recognized in the fiscal year the services are performed, or expenses incurred. Development charges, funds received for parkland dedication restricted under the Planning Act, funds received in relation to the Ontario Building Code Act, funding received through the following grants: Canada Community-Building Fund, Ontario Dedicated Gas Tax Funds for Public Transportation Program, the Safe Restart Agreement Public Transit Funding Stream, which together make up Deferred Contributions, are interest bearing and current year interest earned on these amounts is added to deferred revenue and recognized as revenue when eligible expenses are incurred.

#### Tangible capital assets

- a) 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 lives as follows:

<b>Asset</b>	<b>Useful Life (Years)</b>
Land improvements	20 - 75
Buildings	10 - 75
Machinery and equipment	3 - 25
Vehicles	5 - 15
Sanitary sewers infrastructure	50 - 80
Storm sewer infrastructure	15 - 80
Transportation infrastructure	20 - 80
Waterworks infrastructure	5 - 80

The City has various capitalization thresholds so that individual tangible capital assets of lesser value are expensed unless the assets have significant value collectively (pooled assets). Examples of pools are desktop and laptop computers, police equipment, traffic signals, streetlights, and fire equipment.

- b) Land purchased for service delivery purposes is recorded as a tangible capital asset at cost. Any land cost premium incurred or discount received related to expropriation will be included as part of the asset to be constructed and amortized over its' useful life.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

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### 1. Significant Accounting Policies (continued)

#### *Basis of accounting (continued)*

#### Tangible capital assets (continued)

- c) Tangible capital assets received as contributions are recognized at their fair value at the date of receipt, and correspondingly recognized as revenue in that period. Similarly, contributions of assets to a third party are recorded as an expense equal to the net book value of the tangible capital asset as of the date of transfer.
- d) Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of the asset 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.

#### Employee future benefit obligations

The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions of mortality and termination rates, retirement age and expected inflation rates.

The cost of plan amendments related to prior period employee services are accounted for in the period of the plan amendment. Actuarial gains and losses on the accrued benefit obligation arise from differences between the actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net actuarial gains or losses are amortized over the estimated average remaining service life.

#### Government transfers

Government transfers are recognized as revenues by the City in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions or programs to be carried out in order to keep the transfer. For such transfers, revenue is recognized when the stipulation has been met.

#### Investment income

Investment income earned on available funds and loans receivable are reported as revenue in the period earned. Investment income earned on deferred contributions is recorded as an increase to deferred contributions.

#### Contaminated sites

Under PS 3260, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

### 1. Significant Accounting Policies (continued)

*Basis of accounting (continued)*

Use of estimates

The preparation of the 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 dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowance for asset backed investments, valuation allowances for receivables, certain accrued liabilities and obligations related to employee future benefits, landfill post closure liability, liability for contaminated sites and the estimated future lives of tangible capital assets. Actual results could differ from these estimates.

### 2. Taxation revenues

a) *Taxation collected on behalf of school boards*

The net taxation levies collected on behalf of the school boards are comprised of the following:

	2021	2020
	\$	\$
Taxation revenue collected - school boards	<b>60,569</b>	67,834
Requisitions	<b>(60,569)</b>	(67,834)
	-	-

b) *Taxation revenue by major tax class*

2021	Taxes (own purpose)	Payments in lieu	Supplem- entary taxes	Rebates & write-offs	2021 total
	\$	\$	\$	\$	\$
Residential	176,533	44	1,977	(21)	<b>178,533</b>
Mult-Residential	17,190	-	21	(251)	<b>16,960</b>
Commercial	46,686	4,361	1,574	(1,222)	<b>51,399</b>
Industrial	19,291	350	(207)	(1,330)	<b>18,104</b>
Pipelines	621	-	9	-	<b>630</b>
Farmlands	15	-	-	-	<b>15</b>
Managed Forests	2	-	-	-	<b>2</b>
Other	-	2,918	116	1,199	<b>4,233</b>
	260,338	7,673	3,490	(1,625)	<b>269,876</b>

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

### 2. Taxation revenues (continued)

b) Taxation revenue by major tax class (continued)

2020	Taxes (own purpose) \$	Payments in lieu \$	Supple- mentary taxes \$	Rebates & write-offs \$	2020 total \$
Residential	170,006	30	2,581	(287)	172,330
Multi-Residential	17,817	-	80	(205)	17,692
Commercial	44,568	3,977	1,108	(2,343)	47,310
Industrial	18,962	210	99	(1,073)	18,198
Pipelines	604	-	4	-	608
Farmlands	15	-	-	-	15
Managed Forests	3	-	-	-	3
Other	-	2,971	149	(882)	2,238
	251,975	7,188	4,021	(4,790)	258,394

### 3. Investments

Investments are recorded at cost. The cost and market values are as follows:

	2021		2020	
	Market \$	Cost \$	Market \$	Cost \$
Investments	530,922	512,552	385,776	377,252

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

### 4. Investment in Guelph Junction Railway Limited

The City of Guelph owns 100% of Guelph Junction Railway Limited (the "Railway"). The following table provides condensed supplementary financial information for the year ended December 31:

	2021	2020
	\$	\$
Financial position		
Current assets	<b>2,070</b>	2,072
Property, plant and equipment	<b>13,979</b>	13,435
Total assets	<b>16,049</b>	15,507
Current liabilities	<b>261</b>	956
Long-term debt	<b>1,359</b>	1,413
Deferred capital contributions	<b>2,504</b>	2,267
Total liabilities	<b>4,124</b>	4,636
<b>Shareholder's equity</b>	<b>11,925</b>	10,871
Results of operations		
Revenues	<b>5,101</b>	3,984
Operating expenses	<b>4,047</b>	3,454
Net income	<b>1,054</b>	530
Retained earnings, beginning of year	<b>10,871</b>	10,421
Dividend to City of Guelph (Note 4.b)	-	(80)
<b>Shareholder's equity, end of year</b>	<b>11,925</b>	10,871

#### a) Related party transactions

The City pays expenditures and receives revenues on behalf of the Railway with the net amount being included as an intercompany balance on the statement of financial position. At December 31, 2021, the City has a current balance payable of \$623 (2020 - balance receivable of \$865). This intercompany balance is interest free and due on demand.

The City paid the Railway \$352 (2020 - \$312) for services. The City received \$81 (2020 - \$55) in office rent and administration fees for the year and \$15 (2020 - \$15) in municipal property taxes. These transactions were made in the normal course of business and have been recorded at the exchange amounts.

In 2015, the City entered into a long-term loan agreement with Guelph Junction Railway Limited for the purpose of reconstructing a bridge within City limits. The total amount of the loan was \$1,710 repayable monthly through blended principal and interest payments which started January 2016 at 3.395%. The loan agreement was renewed effective December 31, 2020 for a 5 year term. The loan is now repayable monthly through blended principal and interest payment at 3.370%. At year end \$1,413 (2020 - \$1,469) was outstanding and included in loans and notes receivable. In 2021 principal and interest payments were \$56 and \$44 respectively (2020 - \$50, \$51)

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

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#### 4. Investment in Guelph Junction Railway Limited (continued)

*b) Dividend to Shareholder*

Due to the negative impacts that the COVID-19 pandemic had on income earned in the year ended December 31, 2020, no dividend was declared or paid in 2021.

#### 5. Investment in Guelph Municipal Holding Inc.

The City of Guelph owns 100% of Guelph Municipal Holdings Inc. ("GMHI").

GMHI owns 4.63% of Alectra and has representation on the Board of Directors and has therefore been assessed as having significant influence over Alectra. GMHI has accounted for its investment in Alectra using the equity method as prescribed by International Financial Reporting Standards (IFRS).

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

	2021	2020
	\$	\$
Financial position		
Current assets	556	1,724
Due from related parties	2,333	1,777
Investment in Alectra Inc.	102,663	100,943
<b>Total assets</b>	<b>105,552</b>	<b>104,444</b>
Accounts payable and accrued liabilities	35	599
Deferred tax liability	14,891	14,464
<b>Total liabilities</b>	<b>14,926</b>	<b>15,063</b>
<b>Shareholder's equity</b>	<b>90,626</b>	<b>89,381</b>

# City of Guelph

Notes to the consolidated financial statements

December 31, 2021

(\$000's)

## 5. Investment in Guelph Municipal Holding Inc. (continued)

Results of operations

Revenue

Investment revenue **5,186** 3,473

Gain on disposal of investment in Guelph Hydro Electric  
Systems Inc. - 731

Other revenue **208** 65

Electricity sales **13** 210

**Total revenue** **5,407** 4,479

Expenses

GMHI operations and management **440** 627

District energy wind down costs **(5)** 847

Income taxes **166** -

**Total expenses** **601** 1,474

Net income **4,806** 3,005

Retained earnings, beginning of year **21,851** 21,881

Dividend to City of Guelph (note a) **(3,300)** (3,035)

Refundable portion of deferred tax liability **(261)** -

**Retained earnings, end of year** **23,096** 21,851

Shareholder's Equity

Share capital **67,530** 67,530

Retained earnings, end of year **23,096** 21,851

**Shareholder's equity** **90,626** 89,381

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

### 5. Investment in Guelph Municipal Holding Inc. (continued)

#### a) Related party transactions

In 2021, GMHI received electricity sales revenue from the City in the amount of \$77 (2020 - \$60). GMHI paid the City \$90 (2020 - \$90) in fees for administering GMHI's legal, financial, and operations activities, and \$82 (2020 - \$173) in water and electricity costs. Amounts owing to the City related to these transactions in 2021 totaled \$- (2020 - \$152).

These transactions were made in the normal course of business and have been recorded at the exchange amounts.

Dividends received from GMHI during the year were \$3,300 (2020 - \$3,035).

### 6. Other revenue

Other revenue consists of the following:

	2021 Budget \$	2021 Actual \$	2020 Actual \$
Investment income	9,599	5,342	7,083
Donations	305	424	322
Sales of equipment, publications	2,964	2,629	1,935
Recoveries	3,208	3,759	4,646
Licences and permits	4,183	3,809	3,470
Provincial Offences Act revenues	2,702	2,247	1,632
Other fines	1,350	900	735
Gain on disposal of tangible capital assets	13,900	1,312	1,090
Government business enterprises earnings	3,380	5,600	3,535
	<b>41,591</b>	<b>26,022</b>	24,448

### 7. Deferred contributions

The following funds have statutory restrictions and as such are classified as deferred contributions:

	Beginning balance 2021 \$	Inflows \$	Outflows \$	Ending balance 2021 \$
Development charges	76,761	28,264	14,828	<b>90,197</b>
Grants	20,453	27,537	14,828	<b>33,162</b>
Other	12,554	6,574	778	<b>18,350</b>
	109,768	62,375	30,434	<b>141,709</b>



# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

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### 7. Deferred contributions (continued)

The development charges are restricted for use to fund growth related capital expenditures in accordance with the *Development Charges Act*. The deferred grants include: Canada Community-Building Fund, Ontario Dedicated Gas Tax Funds for Public Transportation Program and the Safe Restart Agreement Public Transit Funding Stream. Each of the grants has a specified set of restrictions that outlines how the funds can be utilized. The other deferred contributions include funds received for parkland dedication as restricted under the *Planning Act* and funds received in relation to the *Ontario Building Code Act*.

### 8. Pension agreement

The City and its consolidated entities make contributions to the Ontario Municipal Employees Retirement System ("OMERS") which is a multi-employer plan, on behalf of the 2,310 (2020 - 2,351) 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. The multi-employer plan is valued on a current market basis for all plan assets.

The amount contributed to OMERS for 2021 is \$18,451 (2020 - \$18,435) for current service and is reported as an expense in the consolidated statement of operations and accumulated surplus.

The latest available report for the OMERS plan was as at December 31, 2021. At that time the plan reported a \$3.1 billion actuarial deficit (2020 - \$3.2 billion), based on actuarial liabilities of \$119.3 billion (2020 - \$111.8 billion) and actuarial assets of \$116.2 billion (2020 - \$108.6 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements. As at December 31, 2021, the City has no obligation under the past service provisions of the OMERS agreement.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

### 9. Employee future benefits and other liabilities

Employee future benefits are current costs of the City to its employees and retirees for benefits earned but not taken as at December 31, and consist of the following:

	2021	2020
	\$	\$
Workplace Safety and Insurance ("WSIB")	<b>15,658</b>	13,052
Sick leave	<b>10,625</b>	10,739
Post retirement benefits	<b>23,859</b>	22,455
	<b>50,142</b>	46,246

#### a) Liability for Workplace Safety & Insurance ("WSIB")

The City is a Schedule II employer under the *Workplace Safety and Insurance Act*. As a Schedule II employer, the City assumes the liability for any award made under the Act. An actuarial update was completed using information as at December 31, 2018 and extrapolated for the 2021 year end. The next required valuation will be performed in 2022 using information as of December 31, 2021.

The significant actuarial assumptions adopted in estimating the City's WSIB liabilities are as follows:

- Discount rate 3.75% (2020 - 3.75%)
- Expected future WSIB payments 121.00% (2020 - 121.00%)  
per lost time injury
- Health care inflation CPI plus 2.00% (2020 - CPI plus 2.00%)
- WSIB administration rate 32.00% (2020 - 32.00%)
- Lost time injury count 65 (2020 - 65)

Information about the City's WSIB liability is as follows:

	2021	2020
	\$	\$
Accrued benefit obligation, beginning of year	<b>20,462</b>	18,827
Current service cost	<b>3,428</b>	3,339
Interest	<b>783</b>	723
Benefits paid	<b>(2,560)</b>	(2,427)
Accrued benefit obligation, end of year	<b>22,113</b>	20,462
Unamortized net actuarial loss	<b>(6,455)</b>	(7,410)
<b>Liability, end of year</b>	<b>15,658</b>	13,052

A reserve in the amount of \$3,493 (2020 - \$3,401) has been accumulated to fund this obligation.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

### 9. Employee future benefits and other liabilities (continued)

#### a) Liability for Workplace Safety & Insurance ("WSIB") (continued)

Information about the City's WSIB expenses recognized in the period is as follows:

	2021	2020
	\$	\$
Current period benefit	<b>3,428</b>	3,339
Amortization of net actuarial loss	<b>955</b>	955
Interest expense	<b>783</b>	723
	<b>5,166</b>	5,017

#### b) Liability for sick leave

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

A comprehensive actuarial valuation was completed using information as at December 31, 2019 and extrapolated for the 2021 year end. The next required valuation will be performed in 2023 using information as of December 31, 2022.

The significant actuarial assumptions adopted in estimating the City's sick leave liabilities are as follows:

- Discount rate 3.50% (2020 - 3.50%)
- Inflation rate 1.75% (2020 - 1.75%)
- Future salaries 2.75% per year (2020 - 2.75%)

Information about the City's sick leave liability is as follows:

	2021	2020
	\$	\$
Accrued benefit obligation, beginning of year	<b>12,386</b>	12,200
Current service cost	<b>916</b>	868
Interest	<b>433</b>	423
Adjustment due to plan amendment	<b>(741)</b>	-
Benefits paid	<b>(971)</b>	(1,105)
Accrued benefit obligation, end of year	<b>12,023</b>	12,386
Unamortized net actuarial loss	<b>(1,398)</b>	(1,647)
<b>Liability, end of year</b>	<b>10,625</b>	10,739

There are currently reserves totaling \$11,479 (2020 - \$11,086) available to fund this obligation.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

### 9. Employee future benefits and other liabilities (continued)

#### b) Liability for sick leave (continued)

Information about the City's sick leave expenditures recognized in the period is as follows:

	<b>2021</b>	2020
	\$	\$
Current period benefit cost	<b>916</b>	868
Amortization of net actuarial loss	<b>249</b>	249
Interest expense	<b>433</b>	423
	<b>1,598</b>	1,540

#### c) Post-employment and retirement benefits

The City provides dental and health care benefits between the time an employee retires under OMERS, or retires at a normal retirement age, up to the age of 65 as well as benefits for employees on long-term disability for more than two years.

The significant actuarial assumptions adopted in estimating the City's liabilities are as follows:

- Discount rate 3.50% (2020 – 3.50%)
- Inflation rate 1.75% (2020 – 1.75%)
- Prescription drugs trend rate 6.75% increase for 2020 vs. 2019 reducing by 0.33% per year to reach 3.75% in 2029 vs. 2028 and 3.75% per year thereafter. (2020 – 6.75% increase for 2020 vs. 2019 reducing by 0.33% per year to reach 3.75% in 2029 vs. 2028 and 3.75% per year thereafter)
- Dental and other medical trend rate 3.75% (2020 – 3.75%)

Information about the City's employee post-employment benefits are as follows:

	<b>2021</b>	2020
	\$	\$
Accrued benefit obligation, beginning of year	<b>29,590</b>	28,943
Current service cost	<b>1,426</b>	1,356
Interest	<b>1,029</b>	1,007
Benefits paid	<b>(1,815)</b>	(1,716)
Accrued benefit obligation, end of year	<b>30,230</b>	29,590
Unamortized net actuarial loss	<b>(6,371)</b>	(7,135)
<b>Liability, end of year</b>	<b>23,859</b>	22,455

The City includes funding for this obligation in its annual budget.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

### 9. Employee future benefits and other liabilities (continued)

#### c) Post-employment and retirement benefits (continued)

Information about the City's employee future benefit expenses recognized in the period are as follows:

	2021	2020
	\$	\$
Current period benefit cost	<b>1,426</b>	1,356
Amortization of net actuarial loss	<b>764</b>	764
Interest expense	<b>1,029</b>	1,007
	<b>3,219</b>	3,127

A comprehensive actuarial valuation was completed using information as at December 31, 2019 and extrapolated for the 2021 year end. The next required valuation will be performed in 2023 using information as of December 31, 2022.

### 10. Debt

#### a) Debt is comprised of the following components:

	2021	2020
	\$	\$
Debentures - repayable at rates ranging from 0.35% to 5.237% and maturing from 2022 to 2039	<b>135,851</b>	98,891
Long-term loan - repayable at rate 6.38% and maturing 2025	<b>2,107</b>	2,590
Bankers acceptance, interest at 2.07% fixed through a swap transaction, plus a stamping fee of 0.8% for a total of 2.87%, payable in varying installments of principal and interest, maturing June 25, 2025	<b>728</b>	936
	<b>138,686</b>	102,417

Included in accounts payable and accrued liabilities is \$208 (2020 - \$388) representing the fair market value of the interest rate swap facilities.

All debt is payable in Canadian dollars. Refer to schedule 3 for further details.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

### 10. Debt (continued)

b) *The debt is repayable in the following periods and will be funded through the following revenue:*

	Discretionary reserve funds \$	User pay, obligatory reserve funds, and other \$	Total \$
2022	5,135	7,499	<b>12,634</b>
2023	5,285	7,564	<b>12,849</b>
2024	3,827	6,555	<b>10,382</b>
2025	3,811	6,458	<b>10,269</b>
2026	16,537	19,561	<b>36,098</b>
Thereafter	22,987	33,467	<b>56,454</b>
	<b>57,582</b>	<b>81,104</b>	<b>138,686</b>

c) *Total charges during the year for debt are as follows:*

	2021 \$	2020 \$
Principal repayments	<b>12,855</b>	14,068
Interest	<b>3,358</b>	3,229
	<b>16,213</b>	17,297

### 11. Obligation under capital lease

A consolidated entity of the City has financed certain equipment through a capital lease arrangement as follows:

	2021 \$	2020 \$
2021	-	278
2022	<b>239</b>	239
2023	<b>239</b>	239
2024	<b>239</b>	239
2025	<b>239</b>	239
2026	<b>239</b>	239
Thereafter	<b>897</b>	897
Total minimum lease payments	<b>2,092</b>	2,370
Less amount representing interest at 3.92% (2020 - 3.16% and 3.04%)	<b>(323)</b>	(398)
<b>Present value of net minimum capital lease payments</b>	<b>1,769</b>	1,972

Interest of \$73 (2020 - \$23) relating to capital lease obligations has been included in interest expense.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

### 12. Landfill post-closure liability

The City owns one landfill site. This landfill site was closed in 2003. The liability for post-closure costs has been reported on the consolidated statement of financial position. The liability was calculated based upon the present value of estimated post-closure costs discounted to December 31, 2021 at a factor of 3.50% (2020 – 3.50%) per annum. Post-closure care is estimated to be required for 35 years from the date of site closure.

The estimated expenditures for post-closure care as at December 31, 2021 are \$4,194 (2020 - \$3,387).

No reserve funds have been established to fund this liability as at December 31, 2021, as the City is funding this cost annually through the budget process.

### 13. Other long-term liabilities

The City offers three tax-increment based grant ("TIBG") programs in the areas of Heritage Redevelopment, Brownfield Redevelopment and Downtown Development.

The tax-increment based grants are approved individually by Council and require annual reporting and property tax payment by the applicant in order for the City to pay a grant installment. The agreements have two identifiable phases: i) grant pre-approval and construction phase; ii) grant approval and payment phase.

The City has TIBG agreements that are in the grant payment phase as follows:

a) *TIBG Agreements*

	<b>2021</b>	2020
	\$	\$
Heritage Redevelopment	<b>23</b>	57
Downtown Development	<b>5,217</b>	7,411
Brownfield Strategy	<b>2,514</b>	2,563
	<b>7,754</b>	10,031

b) *The TIBGs are repayable in the following periods:*

	<b>2021</b>	2020
	\$	\$
2021	-	2,884
2022	<b>1,762</b>	1,379
2023	<b>1,483</b>	1,367
2024	<b>1,462</b>	1,361
2025	<b>1,361</b>	1,361
Thereafter	<b>1,686</b>	1,679
	<b>7,754</b>	10,031

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

### 14. Tangible capital assets

	2021			
<b>Cost</b>	Balance, beginning of year \$	Additions \$	Disposals \$	<b>Balance, end of year \$</b>
Land and land improvements	95,248	4,275	(3,317)	<b>96,206</b>
Buildings	392,987	8,935	(1,499)	<b>400,423</b>
Machinery and equipment	219,602	12,750	(3,969)	<b>228,383</b>
Assets under capital lease	3,151	-	-	<b>3,151</b>
Vehicles	87,766	5,928	(4,034)	<b>89,660</b>
Infrastructure				
Sanitary sewers & waste water	315,044	10,011	-	<b>325,055</b>
Storm water	222,857	3,878	-	<b>226,735</b>
Transportation	453,619	8,822	-	<b>462,441</b>
Waterworks	293,851	8,450	(772)	<b>301,529</b>
Assets under construction	49,398	4,553	(64)	<b>53,887</b>
	<b>2,133,523</b>	67,602	(13,655)	<b>2,187,470</b>
<b>Accumulated amortization</b>				
Land and land improvements	10,694	1,040	(479)	<b>11,255</b>
Buildings	145,240	11,035	(257)	<b>156,018</b>
Machinery and equipment	144,374	11,378	(3,831)	<b>151,921</b>
Assets under capital lease	1,049	120	-	<b>1,169</b>
Vehicles	50,991	7,483	(3,870)	<b>54,604</b>
Infrastructure				
Sanitary sewers & waste water	161,892	4,095	-	<b>165,987</b>
Storm water	69,171	3,399	-	<b>72,570</b>
Transportation	254,754	9,547	-	<b>264,301</b>
Waterworks	124,753	6,317	(772)	<b>130,298</b>
	<b>962,918</b>	54,414	(9,209)	<b>1,008,123</b>
<b>Net book value</b>				
Land and land improvements	\$ 84,554			<b>\$ 84,951</b>
Buildings	247,747			<b>244,405</b>
Machinery and equipment	75,228			<b>76,462</b>
Assets under capital lease	2,102			<b>1,982</b>
Vehicles	36,775			<b>35,056</b>
Infrastructure				
Sanitary sewers & waste water	153,152			<b>159,068</b>
Storm water	153,686			<b>154,165</b>
Transportation	198,865			<b>198,140</b>
Waterworks	169,098			<b>171,231</b>
Assets under construction	49,398			<b>53,887</b>
	<b>\$1,170,605</b>			<b>\$1,179,347</b>



# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

### 14. Tangible capital assets (continued)

	2020			
Cost	Balance, beginning of year \$	Additions \$	Disposals \$	Balance, end of year \$
Land and land improvements	95,023	2,578	(2,353)	95,248
Buildings	385,458	7,529	-	392,987
Machinery and equipment	202,009	18,313	(720)	219,602
Assets under capital lease	1,064	2,087	-	3,151
Vehicles	81,123	9,124	(2,481)	87,766
Infrastructure				
Sanitary sewers & waste water	307,655	7,389	-	315,044
Storm water	218,592	4,265	-	222,857
Transportation	446,474	7,145	-	453,619
Waterworks	290,151	4,713	(1,013)	293,851
Assets under construction	45,283	4,115	-	49,398
	<u>2,072,832</u>	<u>67,258</u>	<u>(6,567)</u>	<u>2,133,523</u>
<b>Accumulated amortization</b>				
Land and land improvements	9,920	1,022	(248)	10,694
Buildings	134,222	11,018	-	145,240
Machinery and equipment	132,386	12,581	(593)	144,374
Assets under capital lease	829	220	-	1,049
Vehicles	46,691	6,690	(2,390)	50,991
Infrastructure				
Sanitary sewers & waste water	158,059	3,833	-	161,892
Storm water	65,819	3,352	-	69,171
Transportation	245,338	9,416	-	254,754
Waterworks	119,665	6,101	(1,013)	124,753
	<u>912,929</u>	<u>54,233</u>	<u>(4,244)</u>	<u>962,918</u>
<b>Net book value</b>				
Land and land improvements	\$ 85,103			\$ 84,554
Buildings	251,236			247,747
Machinery and equipment	69,623			75,228
Assets under capital lease	235			2,102
Vehicles	34,432			36,775
Infrastructure				
Sanitary sewers & waste water	149,596			153,152
Storm water	152,773			153,686
Transportation	201,136			198,865
Waterworks	170,486			169,098
Assets under construction	45,283			49,398
	<u>\$ 1,159,903</u>			<u>\$ 1,170,605</u>

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

### 15. Accumulated surplus

The accumulated surplus is comprised of the following components:

	2021	2020
	\$	\$
Reserves set aside for specific purpose by Council:		
for corporate	29,569	28,180
for program specific	22,074	20,656
for strategic	7,319	3,037
Reserves set aside by WDGPH:		
for contingency	583	429
<b>Total reserves- Schedule 4</b>	<b>59,545</b>	52,302
Reserve funds set aside for specific purpose by Council:		
for capital financing	258,974	222,322
Reserve funds set aside by WDGPH:		
for capital financing	624	395
<b>Total reserve funds - Schedule 4</b>	<b>259,598</b>	222,717
<b>Total reserve and reserve funds</b>	<b>319,143</b>	275,019
Invested in tangible capital assets	1,179,347	1,170,605
Investment in Guelph Municipal Holdings Inc.	90,626	89,381
Investment in Guelph Junction Railway Limited	11,925	10,421
Operating fund	49,544	6,442
Unfunded liabilities		
Debt	(138,686)	(102,417)
Liability for contaminated sites	(25,270)	(24,050)
Employee future benefits and related liabilities	(50,142)	(46,246)
Landfill post-closure liability	(4,194)	(3,387)
<b>Total</b>	<b>1,113,150</b>	1,100,749
<b>Accumulated Surplus</b>	<b>1,432,293</b>	1,375,768

In accordance with the City's policy for reserve funds, interest is earned on the average reserve fund balance for the year at the average rate of return earned on investments during the year. In 2021, \$4,383 (2020 - \$4,384) of interest was earned by the reserve funds and is an increase in reserve and reserve funds.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

### 16. Government partnerships

The City's share of 46.3% (2020 - 46.3%) of the results of the Wellington-Dufferin-Guelph Public Health's (WDGPH) operations for the year and its financial position at December 31 are included in the consolidated financial statements using proportionate consolidation and include the amounts as follows:

	2021	2020
	\$	\$
Financial assets	<b>3,712</b>	2,578
Liabilities	<b>4,047</b>	3,862
Net financial assets	<b>(335)</b>	(1,284)
Tangible capital assets	<b>9,566</b>	9,957
Prepaid expenses	<b>16</b>	23
Inventory	<b>1</b>	2
Total non-financial assets	<b>9,583</b>	9,982
<b>Accumulated surplus</b>	<b>9,248</b>	8,698
Revenues	<b>18,554</b>	14,360
Expenses	<b>18,003</b>	13,953
Excess of revenues over expenses for the year	<b>551</b>	407
Accumulated surplus, beginning of year	<b>8,697</b>	8,290
<b>Accumulated surplus, end of year</b>	<b>9,248</b>	8,697

During the year, the City contributed \$4,357 (2020 - \$4,379) towards its share of the costs of the partnership. This amount is included in revenue in the table above, but has been eliminated from the statement of operations on consolidation.

#### *Financing Agreement*

On December 19, 2012, the City, the County of Wellington and the County of Dufferin (the "obligated municipalities") entered into a Financing Agreement with Wellington-Dufferin-Guelph Public Health ("Public Health") to finance the cost of building two new Public Health facilities at Chancellors Way, Guelph, and Broadway, Orangeville.

The interest rate is 3.34% per annum, and the term and amortization of the loan is twenty years. Repayment to the obligated municipalities commenced thirty days following certification by the project's architect of substantial completion of both facilities. The whole or any part of the capital financing under this agreement may be prepaid at any time or times without penalty or bonus. The aforementioned loan is included in liabilities in the table above but has been eliminated upon consolidation.

### 17. Shared service agreements

Certain programs as mandated by provincial legislation are managed by neighboring municipalities on behalf of the City and certain programs are also managed by the City on behalf of other municipalities.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

### 17. Shared service agreements (continued)

#### *Social Service Programs*

The City's share of revenues and expenses from social service programs managed by Wellington County are as follows:

	2021	2020
	\$	\$
Revenues		
Social housing provincial contributions	<b>10,685</b>	8,818
Child care provincial contributions	<b>13,487</b>	11,226
Social services provincial contributions	<b>7,274</b>	9,167
	<b>31,446</b>	29,211
Expenses		
Social housing	<b>25,537</b>	25,485
Child care	<b>16,821</b>	14,558
Social services	<b>10,144</b>	11,923
	<b>52,502</b>	51,966
<b>Net expenses</b>	<b>(21,056)</b>	(22,755)

The City's share of net expenses for social housing is 81% (2020 - 84%), child care 67% (2020 - 69%) and social services 69% (2020 - 72%).

The revenue and expenses from programs managed by the City on behalf of the City and the County of Wellington are:

#### *Provincial Offences Act Administration*

	2021	2020
	\$	\$
POA revenues	<b>2,104</b>	1,563
POA expenses	<b>1,900</b>	1,611
<b>Net City revenue (expense)</b>	<b>204</b>	(48)

The City's share of net (expense) revenue from Provincial Offences Act administration in 2021 was 56% (2020 - 55%). Included in the above expenses figure is \$206 (2020 - \$(31)) in transfers (from) to the County of Wellington for the County's share of net revenue (expense) from fines collected.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

### 17. Shared service agreements (continued)

#### *Land Ambulance*

	2021	2020
	\$	\$
Revenues		
Provincial base	<b>13,260</b>	11,409
Provincial covid-19	<b>901</b>	1,242
Municipal	<b>5,222</b>	5,167
User charges	<b>34</b>	16
Developers	<b>258</b>	27
Other contributions	<b>431</b>	351
Other revenue	<b>(158)</b>	127
	<b>19,948</b>	18,339
Expenses		
Expenses	<b>27,760</b>	25,917
Covid-19 expenses	<b>905</b>	1,255
	<b>28,665</b>	27,172
	<b>(8,717)</b>	(8,833)

The City's share of net operating expenses for land ambulance in 2021 was 61% (2020 - 62%). Included in the above revenue figures is \$5,222 (2020 - \$5,167) in contributions from the County of Wellington which includes the County's contributions to Land Ambulance capital projects.

The full amount of the revenue and expenses for Land Ambulance and Provincial Offences Act administration are included in the consolidated statement of operations and accumulated surplus.

### 18. Liability for contaminated sites

The City reports environmental liabilities related to the management and remediation of contaminated sites where the City is obligated or likely obligated to incur such costs. A contaminated sites liability of \$25,270 (2020 - \$24,050) has been recorded based on environmental assessments or estimates for those sites where an assessment has not been conducted.

The City's ongoing efforts to assess contaminated sites may result in additional environmental remediation liabilities related to newly identified sites or changes in the assessments. Any changes to the City's liabilities for contaminated sites will be accrued in the year in which they are assessed as likely and reasonably estimable.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

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### 19. Contingencies

From time to time, the City may be involved in other claims in the normal course of business. Management assesses such claims and where considered likely to be material exposure and, where the amount of the claim is quantifiable, provisions for loss are made based on management's assessment of the likely outcome. The City does not provide for claims that are considered unlikely to result in a significant loss, claims for which the outcome is not determinable or claims where the amount of loss cannot be reasonably estimated. Any settlements or awards under such claims are provided when reasonably determinable.

### 20. Commitments and guarantees

a) *Guelph General Hospital*

In 2020 the City committed to making a contribution of \$4,500 to Guelph General Hospital, payable in six equal annual installments of \$750 from 2020 through 2026, with no payment in 2021. As of December 31, 2021 the City has commitments of \$3,750 resulting from this agreement.

b) *Heritage Redevelopment Grant Program*

The City has commitments totaling \$2,901 (2020 - \$2,901) resulting from agreements entered into as part of the Heritage Redevelopment Grant Program. Grant expenses will be recognized upon the applicant meeting all the eligibility criteria.

c) *Brownfield Tax Increment Based Grant Program*

The City has commitments totaling \$7,076 (2020 - \$7,424) resulting from agreements entered into as part of the Brownfield Tax Increment Based Grant Program. Grant expenses will be recognized in the year of reassessment by MPAC and when all eligibility criteria have been met by the applicant.

d) *Major Downtown Activation Grant Program*

The City has commitments totaling \$7,082 (2020 - \$7,082) resulting from agreements entered into as part of the Major Downtown Activation Grant Program. Grant expenses will be recognized in the year of reassessment by MPAC and when all eligibility criteria have been met by the applicant.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

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### 20. Commitments and guarantees (continued)

#### e) *City Commitments*

The City has commitments under a variety of leases and agreements of which the longest expires on October 31, 2057. The minimum lease payments over the next five years and thereafter are as follows:

	<b>2021</b>
	<b>\$</b>
2022	<b>771</b>
2023	<b>737</b>
2024	<b>658</b>
2025	<b>530</b>
2026	<b>360</b>
Thereafter	<b>173</b>
	<b>3,229</b>

#### f) *City Grants*

The City has committed to providing various grants to organizations in the community totaling \$629 (2020 - \$2,416).

### 21. Local Immigration Partnership

Included in the consolidated statement of operations and accumulated surplus are the activities of the Local Immigration Partnership Program (LIPP) which is a federally funded program for the purpose of creating a more welcoming community for immigrants by focusing efforts on employment services, English language training, community integration/inclusion and community services/programs. During 2021, the City of Guelph received \$353 (2020 - \$259) of funding from Citizenship and Immigration Canada related to the operation this program.

### 22. Budget figures

Budgets are established to set tax rates or to finance projects which may be carried out over one or more years. Budget figures have been translated to reflect changes in public sector accounting standards on the consolidated statement of operations and accumulated surplus by adjusting for amortization of tangible capital assets, including the consolidated entities and excluding budgeted amounts for the debt principal repayment and reserve transfers.

### 23. Comparative figures

Certain 2020 comparative figures have been reclassified in order to present them in a form comparable to those for 2021.

# City of Guelph

Notes to the consolidated financial statements

December 31, 2021

(\$000's)

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## 24. Economic conditions

On March 31, 2020 the World Health Organization declared the Coronavirus COVID-19 (COVID-19) outbreak a pandemic. This has resulted in significant financial, market, and societal impacts in Canada and around the world. During the year ended December 31, 2021, the City experienced COVID-19 related declines in revenues (primarily user charges) and increases costs in selected service areas. The City responded by implementing a variety of cost containment measures, while the Federal and Provincial governments responded by providing funding through the Safe Restart Agreement and additional program specific funding.

The ultimate duration and magnitude of the COVID-19 pandemic's impact on the City's operations and financial position is not known at this time. There remains uncertainty in the upcoming year with respect to user charges revenue and additional pandemic-related costs. Additional government transfers related directly to the impact of COVID-19 have been announced.

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# City of Guelph

## Notes to the consolidated financial statements

December 31, 2021

(\$000's)

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### 25. Segmented information

The City of Guelph is a diversified municipal government institution that provides a wide range of services to its citizens. For management reporting purposes, the City's operations and activities are organized and reported on in two groups: Operating Fund and Capital Fund. These funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Within the operating fund, the City's operations are further defined into the Tax Supported and Non Tax Supported categories and then segregated into four service area pillars: Office of the Chief Administrative Officer, Corporate Services, Infrastructure, Development & Enterprise Services, and Public Services.

Although City services are provided internally by these defined service areas, for financial reporting, the City has chosen to remain consistent with the Ontario Financial Information Return (FIR) and the nine functional areas that it prescribes. This will allow comparability between our Schedule of Segment Disclosure (Schedules 1 and 2 attached) and several schedules on the FIR that require full segment disclosure of operating expenses and limited disclosure of operating revenues.

The services that have been separately disclosed in the segmented information are defined by the compositional requirements of the FIR as follows:

a) *General Government*

- Governance (election management, Council, Council support, Office of the Mayor).
- Corporate management (Office of the CAO, finance, corporate communications, legal, corporate properties and real estate and information technology).
- Program and support services.

b) *Protection services*

- Police services, fire services, 911 service, court operations, building and structural inspection, parking enforcement, by-law enforcement and animal control.

c) *Transportation services*

- Roadways – including asphalt resurfacing and crack sealing, line painting, sweeping, traffic operations and maintenance of roadside areas, culverts and bridges.
- Winter control, street lighting, parking and public transit.

d) *Environmental services*

- Water, wastewater, storm sewers, and solid waste collection, disposal and recycling.

# City of Guelph

Notes to the consolidated financial statements

December 31, 2021

(\$000's)

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## 25. Segmented information (continued)

*e) Health services*

- Land ambulance operations and City's proportionate share of Public Health.

*f) Social housing*

- Social housing program costs.

*g) Social and family services*

- General assistance (Ontario Works) and childcare programs, contributions to The Elliott operations.

*h) Recreation and cultural services*

- Parks, recreational facilities, recreational programs, libraries, museums, River Run Centre, Sleeman Centre and other cultural services.

*i) Planning and development services*

- Planning and zoning, Committee of Adjustment, tourism, economic development, and Downtown Guelph Business Association operations.

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# City of Guelph

## Consolidated schedule of segment disclosure - Schedule 1 year ended December 31, 2021 (\$'000's)

	General government \$	Protection services \$	Transportation services \$	Environmental services \$	Health services \$	Social and family services \$	Social housing \$	Recreation and cultural services \$	Planning and development \$	Total \$
<b>Revenues</b>										
Taxation	271,784	-	-	-	-	-	-	-	-	271,784
User charges	1,326	1,756	7,467	81,971	34	9,252	-	2,315	627	104,748
Contributed subdivision assets	7,027	-	-	-	-	-	-	-	-	7,027
Contributions	6,183	3,006	16,111	10,849	33,861	26,670	10,685	6,819	493	114,677
Other revenue										
Investment income	4,955	4	-	111	268	-	-	4	-	5,342
Donations	140	9	-	-	-	52	-	223	-	424
Sales of equipment, publications	-	2	20	2,045	-	12	-	549	1	2,629
Recoveries	541	345	518	735	-	1,066	-	314	240	3,759
Licences and permits	83	3,691	-	35	-	-	-	-	-	3,809
Provincial Offences Act revenues	-	2,247	-	-	-	-	-	-	-	2,247
Other fines	-	900	-	-	-	-	-	-	-	900
(Loss) gain on disposal of tangible capital assets	(708)	48	303	(1,091)	(158)	-	-	(94)	3,012	1,312
Government business enterprises earnings	5,600	-	-	-	-	-	-	-	-	5,600
	<b>296,931</b>	<b>12,008</b>	<b>24,419</b>	<b>94,655</b>	<b>34,005</b>	<b>37,052</b>	<b>10,685</b>	<b>10,130</b>	<b>4,373</b>	<b>524,258</b>

# City of Guelph

## Consolidated schedule of segment disclosure - Schedule 1 year ended December 31, 2021 (\$'000's)

	General government \$	Protection services \$	Transportation services \$	Environmental services \$	Health services \$	Social and family services \$	Social housing \$	Recreation and cultural services \$	Planning and development \$	Total \$
<b>Expenses</b>										
Salaries, wages and employee benefits	26,888	84,094	36,402	25,356	35,710	12,595	-	23,213	4,642	248,900
Interest on debt	585	938	770	135	46	226	-	804	10	3,514
Materials	1,299	2,337	12,016	9,285	2,148	2,286	-	4,221	268	33,860
Purchased services	9,965	4,810	5,469	18,775	4,086	1,642	17	3,895	1,707	50,366
Rents and financial expenses	4,151	313	1,054	6,357	588	(26)	-	1,421	9	13,867
External transfers	3,814	908	-	1,668	-	26,966	25,537	3,499	420	62,812
Internal charges	(9,312)	1,548	(5,802)	8,751	2,492	6	-	2,223	94	-
Amortization of tangible capital assets	4,475	4,006	18,872	17,022	1,584	1,014	23	7,186	232	54,414
	41,865	98,954	68,781	87,349	46,654	44,709	25,577	46,462	7,382	467,733
<b>Excess of revenues over expenses for the year</b>	255,066	(86,946)	(44,362)	7,306	(12,649)	(7,657)	(14,892)	(36,332)	(3,009)	56,525

# City of Guelph

## Consolidated schedule of segment disclosure - Schedule 2

year ended December 31, 2020

(\$'000's)

	General government	Protection services	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation and cultural services	Planning and development	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
Taxation	260,862	-	-	-	-	-	-	-	-	<b>260,862</b>
User charges	1,018	1,187	7,344	77,554	16	9,617	-	2,512	680	<b>99,928</b>
Contributed subdivision assets	5,681	-	-	-	-	-	-	-	-	<b>5,681</b>
Contributions	11,770	3,159	13,287	4,381	28,113	25,932	8,818	3,994	574	<b>100,028</b>
Other revenue										
Investment income	6,867	5	-	111	94	-	-	6	-	<b>7,083</b>
Donations	113	6	-	-	-	-	-	203	-	<b>322</b>
Sales of equipment, publications	(1)	12	8	1,209	-	22	-	685	-	<b>1,935</b>
Recoveries	739	122	1,621	577	-	713	-	492	382	<b>4,646</b>
Licences and permits	25	3,413	-	23	-	-	-	9	-	<b>3,470</b>
Provincial Offences Act revenues	-	1,632	-	-	-	-	-	-	-	<b>1,632</b>
Other fines	-	735	-	-	-	-	-	-	-	<b>735</b>
(Loss) gain on disposal of tangible capital assets	(414)	26	204	(14)	127	-	-	(30)	1,191	<b>1,090</b>
Government business enterprises earnings	3,535	-	-	-	-	-	-	-	-	<b>3,535</b>
	<b>290,195</b>	<b>10,297</b>	<b>22,464</b>	<b>83,841</b>	<b>28,350</b>	<b>36,284</b>	<b>8,818</b>	<b>7,871</b>	<b>2,827</b>	<b>490,947</b>

# City of Guelph

## Consolidated schedule of segment disclosure - Schedule 2

year ended December 31, 2020

(\$000's)

	General government	Protection services	Transportation services	Environmental services	Health services	Social and family services	Social housing	Recreation and cultural services	Planning and development	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenses</b>										
Salaries, wages and employee benefits	22,762	80,303	35,155	23,921	31,721	12,132	-	21,915	4,342	<b>232,251</b>
Interest on debt	627	832	815	256	61	283	-	448	12	<b>3,334</b>
Materials	2,163	2,439	11,391	9,278	2,202	1,964	-	3,986	125	<b>33,548</b>
Purchased services	7,830	4,208	5,518	20,328	2,944	1,640	12	4,584	1,634	<b>48,698</b>
Rents and financial expenses	4,937	237	1,171	1,611	295	31	-	1,266	3	<b>9,551</b>
External transfers	4,328	670	-	1,622	-	26,480	25,485	4,080	67	<b>62,732</b>
Internal charges	(9,103)	1,673	(4,004)	7,609	2,172	5	-	1,549	99	-
Amortization of tangible capital assets	4,743	3,931	18,495	16,797	1,713	1,107	22	7,209	215	<b>54,232</b>
	38,287	94,293	68,541	81,422	41,108	43,642	25,519	45,037	6,497	<b>444,346</b>
<b>Excess of revenues over expenses for the year</b>	251,908	(83,996)	(46,077)	2,419	(12,758)	(7,358)	(16,701)	(37,166)	(3,670)	<b>46,601</b>

# City of Guelph

## Consolidated schedule of debt - Schedule 3

December 31, 2021

(\$000's)

Bylaw	Project description	Term	Maturity date	Interest rates	2021 \$	2020 \$
<b>Debentures:</b>						
19294	Organic Waste Facility Composter Rebuild	10	11/9/2021	1.25% to 3.70%	-	2,984
19294	Fire - Pumper	10	11/9/2021	1.25% to 3.70%	-	71
19294	Civic Museum Renovations	10	11/9/2021	1.25% to 3.70%	-	622
19294	On behalf of the Elliott	10	11/9/2021	1.25% to 3.70%	-	1,424
20084	Public Health Facilities	7	7/20/2023	1.20% to 2.25%	<b>404</b>	602
20084	Public Health Facilities - DC	7	7/20/2023	1.20% to 2.25%	<b>1,323</b>	1,970
20084	Riverside Fuel Tank	7	7/20/2023	1.20% to 2.25%	<b>44</b>	66
20084	Stormwater CIP	7	7/20/2023	1.20% to 2.25%	<b>210</b>	312
20084	Roads Projects - Carden & Downtown	7	7/20/2023	1.20% to 2.25%	<b>1,636</b>	2,436
20084	Land Purchase - Baker Street	7	7/20/2023	1.20% to 2.25%	<b>336</b>	501
20084	Waste Management Carts	7	7/20/2023	1.20% to 2.25%	<b>1,285</b>	1,913
20084	Roads Projects - Clair & Laird Road	7	7/20/2023	1.20% to 2.25%	<b>1,551</b>	2,310
20084	Police HQ Renovations	7	7/20/2023	1.20% to 2.25%	<b>6,920</b>	7,183
20084	Roads Projects - Clair & Laird Road - DC	10	7/20/2026	1.20% to 2.25%	<b>11,230</b>	11,656
20084	Police HQ Renovations - DC	10	7/20/2026	1.20% to 2.25%	<b>6,582</b>	6,832
20084	Victoria Road Recreation Facility Renovation	10	7/20/2026	1.20% to 2.25%	<b>10,904</b>	11,318
18105	New City Hall	25	8/28/2031	5.237%	<b>10,852</b>	11,659
18105	New POA Court	25	8/28/2031	5.237%	<b>3,061</b>	3,288
20417	Police HQ Renovations	20	7/10/2039	1.95% to 2.8%	<b>6,432</b>	6,719
20417	Police HQ Renovations - DC	20	7/10/2039	1.95% to 2.8%	<b>7,464</b>	7,797
20417	Wilson Parkade	20	7/10/2039	1.95% to 2.8%	<b>9,739</b>	10,174
20417	Wilson Parkade - DC	20	7/10/2039	1.95% to 2.8%	<b>4,135</b>	4,319
20417	Farebox	20	7/10/2039	1.95% to 2.8%	<b>1,194</b>	1,247
20417	Fuel Tank	20	7/10/2039	1.95% to 2.8%	<b>1,424</b>	1,488
202607	Baker District- Guelph Central Library	10	6/3/2031	0.35% to 2.4%	<b>11,575</b>	-
202607	South End Community Centre	10	6/3/2031	0.35% to 2.4%	<b>37,550</b>	-
					<b>135,851</b>	98,891
<b>Other loans:</b>						
N/A	The Elliott Bankers Acceptance - SWAP	10	June 25, 2025	2.87%	<b>728</b>	936
N/A	CIBC Loan - Sleeman Centre - SWAP	18.8	9/1/2025	6.38%	<b>2,107</b>	2,590
					<b>2,835</b>	3,526
<b>Total Debt</b>					<b>138,686</b>	102,417

# City of Guelph

## Consolidated schedule of reserves and reserve funds - Schedule 4

December 31, 2021

(\$000's)

Code	Description	2021 \$	2020 \$
<b>Reserves:</b>			
Corporate:			
102	Library Contingency	355	200
115	Police Operating Contingency	2,183	607
131	Compensation Contingency	4,888	4,992
180	Tax Rate Stabilization Contingency	11,840	16,037
193	Legal/Insurance	2,861	2,861
198	Environment and Utility Contingency	4,658	3,350
208	Social Housing Contingency	2,784	133
		<b>29,569</b>	28,180
Program Specific:			
100	Accumulated Sick Leave - Fire	7,127	6,818
101	Accumulated Sick Leave - Police	4,352	4,268
103	Health Care Spending Account (HCSA) Fire	100	-
106	Parking Operating Contingency	920	-
134	Evergreen Bequests	52	-
181	Water Contingency	1,730	1,730
182	Waste Water Contingency	1,920	1,920
195	Election Costs	624	473
211	Court Contingency	781	731
330	Workplace Safety and Insurance Board	3,493	3,401
338	Paramedic Retirement	343	858
345	Westminster Woods	35	35
359	Stormwater Contingency	597	422
		<b>22,074</b>	20,656
Strategic:			
119	Affordable Housing	2,708	1,632
122	Redevelopment Incentives	10,290	11,756
179	Strategic Initiatives	847	747
194	Downtown Improvements	492	492
332	Industrial Land	(7,018)	(11,590)
		<b>7,319</b>	3,037
Consolidated Entities:			
	Reserves set aside by Wellington-Dufferin-Guelph Public Health	583	429
<b>Total Reserves</b>		<b>59,545</b>	<b>52,302</b>



# City of Guelph

## Consolidated schedule of reserves and reserve funds - Schedule 4

December 31, 2021

(\$000's)

<b>Code</b>	<b>Description</b>	<b>2021</b> \$	2020 \$
<b>Reserve Funds:</b>			
120	Courts Capital	<b>1,414</b>	1,265
135	Museum Donations	<b>135</b>	132
138	Library Bequests	<b>1,089</b>	957
150	Infrastructure Renewal	<b>46,282</b>	39,276
151	Parking Capital	<b>4,644</b>	3,110
152	Water Capital	<b>50,455</b>	47,170
153	Wastewater Capital	<b>101,707</b>	89,582
155	City Owned Contaminated Sites	<b>10,472</b>	7,569
156	Growth	<b>4,570</b>	3,002
157	Library	<b>1,412</b>	759
158	Police	<b>3,159</b>	1,794
159	City Building	<b>7,333</b>	5,703
162	Sleeman Centre Naming Rights	<b>26</b>	52
165	Stormwater Capital	<b>13,405</b>	9,639
189	Sleeman Capital	<b>76</b>	67
205	Community Investment	<b>805</b>	1,087
206	Rental Property	<b>648</b>	692
340	River Run	<b>365</b>	375
348	Community Paramedicine	<b>235</b>	-
351	Efficiency Innovation Opportunity	<b>7,131</b>	6,891
355	100% Renewable Energy	<b>3,036</b>	2,938
356	Public Art	<b>65</b>	64
360	Paramedic Services Provincial Capital	<b>510</b>	198
		<b>258,974</b>	222,322
Consolidated Entities:			
Reserve funds set aside by Wellington-Dufferin-Guelph Public Health		<b>624</b>	395
<b>Total Reserve Funds</b>		<b>259,598</b>	222,717
<b>Total Reserves and Reserve Funds</b>		<b>319,143</b>	275,019

# City of Guelph

## Guelph Public Library Board - Schedule 5 Statement of revenues and expenses year ended December 31, 2021 (\$'000's)

	<b>2021 Budget \$</b>	<b>2021 Actual \$</b>	2020 Actual \$
<b>Operating fund</b>			
Revenues			
User charges	<b>321</b>	<b>120</b>	92
Contributions	<b>168</b>	<b>265</b>	168
Other revenue	<b>71</b>	<b>151</b>	84
	<b>560</b>	<b>536</b>	344
Expenses			
Salaries, wages and employee benefits	<b>6,688</b>	<b>6,332</b>	5,980
Interest on debt	-	<b>97</b>	-
Materials	<b>1,707</b>	<b>790</b>	865
Purchased services	<b>808</b>	<b>742</b>	724
Rents and financial expenses	<b>976</b>	<b>840</b>	889
Internal charges	<b>88</b>	<b>146</b>	132
	<b>10,267</b>	<b>8,947</b>	8,590
Net operating deficit	<b>(9,707)</b>	<b>(8,411)</b>	(8,246)
<b>Capital fund</b>			
Revenues			
Contributions	-	<b>412</b>	(89)
Expenses			
Assets under construction	-	<b>144</b>	1,018
Capitalized library books	-	<b>568</b>	596
Amortization of tangible capital assets	-	<b>1,241</b>	1,198
	-	<b>1,953</b>	2,812
Net capital deficit	-	<b>(1,541)</b>	(2,901)
Add: net contributions (to)/from reserves	<b>(506)</b>	<b>(825)</b>	1,139
	<b>(506)</b>	<b>(2,366)</b>	(1,762)
<b>Total combined net deficit</b>	<b>(10,213)</b>	<b>(10,777)</b>	(10,008)

# City of Guelph

## Guelph Police Services Board - Schedule 6 Statement of revenues and expenses year ended December 31, 2021 (\$000's)

	<b>2021 Budget \$</b>	<b>2021 Actual \$</b>	2020 Actual \$
<b>Operating fund</b>			
Revenues			
User charges	604	576	468
Contributions	2,565	2,761	2,589
Other revenue	54	394	166
	<b>3,223</b>	<b>3,731</b>	3,223
Expenses			
Salaries, wages and employee benefits	46,637	47,440	44,864
Interest on debt	-	771	651
Materials	1,427	1,371	1,607
Purchased services	3,338	3,230	2,975
Rents and financial expenses	96	255	183
Internal charges	(467)	(595)	271
	<b>51,031</b>	<b>52,472</b>	50,551
Net operating deficit	<b>(47,808)</b>	<b>(48,741)</b>	(47,328)
<b>Capital fund</b>			
Revenues			
Contributions	-	186	593
Other revenue	-	(74)	(18)
	-	<b>112</b>	575
Expenses			
Amortization of tangible capital assets	-	2,322	2,115
Assets under construction	-	3,179	4,019
	-	<b>5,501</b>	6,134
Net capital deficit	-	<b>(5,389)</b>	(5,559)
Add: Net contributions (to) from reserves	<b>(1,846)</b>	<b>(717)</b>	4,090
Less: debt principal repayments	-	<b>(1,132)</b>	(1,114)
	<b>(1,846)</b>	<b>(1,849)</b>	2,976
<b>Total combined net deficit</b>	<b>(49,654)</b>	<b>(55,979)</b>	(49,911)