

# **Consolidated Financial Statements and Treasurer's Report for the year ended December 31, 2022**

Prepared by Finance, Corporate Services  
Guelph, Ontario



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## **Message from the General Manager, Finance and City Treasurer, Tara Baker**

The 2022 consolidated financial statements have received a clean audit opinion from KPMG, an independent professional audit firm. In addition, the City's financial metrics are strengthening year-over-year, with a growing net asset position, manageable debt, sustainable funding strategies and reserve flexibility.

2022 can be summarized as a year of volatility, spurred by the post-pandemic challenge of material supply and labour shortages. In response to these conditions, the Bank of Canada raised interest rates, slowing the steep inflation that was occurring across most commodities, many that are used by City businesses to deliver our services. The impact of these market conditions is pervasive through the 2022 financial results with rising returns on the City's investment portfolio, underspent labour costs as recruitment of skilled staff is challenging, and fuel costs far exceeding budget given the price rising over 57 per cent seemingly overnight. The most prominent concern was the anticipation in early 2022 of capital spending slowing without a way to award construction contracts in this inflationary environment. The Council-endorsed Inflationary Financial Impact Strategy proved to be very successful in keeping priority projects moving forward and ensuring critical infrastructure work was not delayed.

Following the City's first two-year multi-year budget in late 2021, we are proud to have continued the strengthening of the City's financial policies and strategies with the aforementioned Inflationary Financial Impact Strategy, updates to three Growth Revenue By-laws (community benefit charge, cash in lieu of parkland dedication and development charges) and the confirmation of the 2023 budget. The continuous improvement approach to strengthening and modernizing financial policies in combination with the multi-year budget outlook were major contributing factors to the city's credit rating increase to AAA in 2022. The City was also pleased to have received the Distinguished Budget Presentation Award from the Government Finance Officers' Association for the second straight year.

Looking towards 2023, there is a renewed focus on the affordability of the long-term capital plan as the requirements from many service Master Plans are incorporated to meet service delivery needs projected to 2051. As the province accelerates housing targets to build more homes faster, the pressure on the municipal sector to build supporting infrastructure is mounting at the same time that legislation restricted the funding for this infrastructure. The City will continue to focus on the Long-term Financial Framework foundational principles to guide decision-making through this complex time, protecting the stability of the City's financial position in alignment with Council's expectations as approved in the Strategic Plan.

## Introductory Information

2022 was a municipal election year and therefore there were two terms of Council that governed Guelph during the year. The previous term of Council ran from December 1, 2018 to November 14, 2022. The new term of Council began on November 15, 2022 and will be in office until November 14, 2026. Both terms of Council are listed below.

### Mayor and Council

More information about City Council can be found on the City's website at <https://guelph.ca/city-hall/mayor-and-council/city-council/>.

#### **December 1, 2018, to November 14, 2022, Term of Council**

##### **Mayor**

Cam Guthrie, [mayor@guelph.ca](mailto:mayor@guelph.ca)

##### **Council**

Dan Gibson, Ward 1, [dan.gibson@guelph.ca](mailto:dan.gibson@guelph.ca)

The Late Bob Bell, Ward 1 (retired)

James Gordon, Ward 2 (retired)

Rodrigo Goller, Ward 2, [rodrigo.goller@guelph.ca](mailto:rodrigo.goller@guelph.ca)

Phil Allt, Ward 3, [phil.allt@guelph.ca](mailto:phil.allt@guelph.ca)

June Hofland, Ward 3 (retired)

Mike Salisbury, Ward 4 (retired)

Christine Billings, Ward 4, [christine.billings@guelph.ca](mailto:christine.billings@guelph.ca)

Leanne Caron, Ward 5, [leanne.caron@guelph.ca](mailto:leanne.caron@guelph.ca)

Cathy Downer, Ward 5, [cathy.downer@guelph.ca](mailto:cathy.downer@guelph.ca)

Mark MacKinnon, Ward 6

Dominique O'Rourke, Ward 6, [dominique.orourke@guelph.ca](mailto:dominique.orourke@guelph.ca)

#### **November 15, 2022, to November 14, 2026, Term of Council**

##### **Mayor**

Cam Guthrie (re-elected), [mayor@guelph.ca](mailto:mayor@guelph.ca)

##### **Council**

Dan Gibson, Ward 1, [dan.gibson@guelph.ca](mailto:dan.gibson@guelph.ca) (re-elected)

Erin Caton, Ward 1, [erin.caton@guelph.ca](mailto:erin.caton@guelph.ca) (elected)

Rodrigo Goller, Ward 2, [rodrigo.goller@guelph.ca](mailto:rodrigo.goller@guelph.ca) (re-elected)  
Carly Klassen, Ward 2, [carly.klassen@guelph.ca](mailto:carly.klassen@guelph.ca) (elected)  
Phil Allt, Ward 3, [phil.allt@guelph.ca](mailto:phil.allt@guelph.ca) (re-elected)  
Michele Richardson, Ward 3, [michele.richardson@guelph.ca](mailto:michele.richardson@guelph.ca) (elected)  
Christine Billings, Ward 4, [christine.billings@guelph.ca](mailto:christine.billings@guelph.ca) (re-elected)  
Linda Busuttil, Ward 4, [linda.busuttil@guelph.ca](mailto:linda.busuttil@guelph.ca) (elected)  
Leanne Caron, Ward 5, [leanne.caron@guelph.ca](mailto:leanne.caron@guelph.ca) (re-elected)  
Cathy Downer, Ward 5, [cathy.downer@guelph.ca](mailto:cathy.downer@guelph.ca) (re-elected)  
Dominique O'Rourke, Ward 6, [dominique.orourke@guelph.ca](mailto:dominique.orourke@guelph.ca) (re-elected)  
Ken Yee Chew, Ward 6, [ken.chew@guelph.ca](mailto:ken.chew@guelph.ca) (elected)

## Senior Leadership Team

Please visit <https://guelph.ca/city-hall/contact-us/organizational-contacts/> for an up-to-date organizational chart. Guelph's senior leadership team is comprised of the following positions and staff:

### Office of the Chief Administrative Officer

Scott Stewart, Chief Administrative Officer

519-822-1260 extension 2221

[cao@guelph.ca](mailto:cao@guelph.ca)

### Strategic Communications and Community Engagement

Lisa Duarte, General Manager

519-822-1260 extension 2610

[lisa.duarte@guelph.ca](mailto:lisa.duarte@guelph.ca)

### Internal Audit

Robert Jelacic, General Manager

519-822-1260 extension 3498

[robert.jelacic@guelph.ca](mailto:robert.jelacic@guelph.ca)

### Smart Cities

David Messer, Executive Director

519-822-1260 extension 3661

[david.messer@guelph.ca](mailto:david.messer@guelph.ca)

## **Strategy, Innovation and Intergovernmental Services**

Jodie Sales, General Manager

519-822-1260 extension 3617

[jodie.sales@guelph.ca](mailto:jodie.sales@guelph.ca)

## **Corporate Services**

Trevor Lee, Deputy Chief Administrative Officer, Corporate Services

519-822-1260 extension 2281

[trevor.lee@guelph.ca](mailto:trevor.lee@guelph.ca)

## **City Clerk's Office**

Stephen O'Brien, General Manager / City Clerk

519-822-1260 extension 5644

[stephen.obrien@guelph.ca](mailto:stephen.obrien@guelph.ca)

## **Finance**

Tara Baker, General Manager / City Treasurer

519-822-1260 extension 2084

[tara.baker@guelph.ca](mailto:tara.baker@guelph.ca)

## **Human Resources**

Mark Ellis, General Manager

519-822-1260 extension 2848

[mark.ellis@guelph.ca](mailto:mark.ellis@guelph.ca)

## **Information Technology**

Adam Fischer, General Manager

519-822-1260 extension 2627

[adam.fischer@guelph.ca](mailto:adam.fischer@guelph.ca)

## **Legal, Realty and Court Services**

Christopher Cooper, General Manager / City Solicitor

519-822-1260 extension 2288

[christopher.cooper@guelph.ca](mailto:christopher.cooper@guelph.ca)

## **Infrastructure, Development and Enterprise Services**

Jayne Holmes, Deputy Chief Administrative Officer, Infrastructure, Development and Enterprise Services

519-822-1260 extension 2248

[jayne.holmes@guelph.ca](mailto:jayne.holmes@guelph.ca)

### **Economic Development and Tourism**

Stacey Dunnigan, Acting General Manager

519-822-1260 extension 2293

[stacey.dunnigan@guelph.ca](mailto:stacey.dunnigan@guelph.ca)

### **Engineering and Transportation Services**

Terry Gayman, General Manager

519-822-1260 extension 2369

[terry.gayman@guelph.ca](mailto:terry.gayman@guelph.ca)

### **Environmental Services**

Nectar Tampacopoulos, General Manager

519-822-1260 extension 3599

[nectar.tampacopoulos@guelph.ca](mailto:nectar.tampacopoulos@guelph.ca)

### **Planning and Building Services**

Krista Walkey, General Manager

519-822-1260 extension 2395

[krista.walkey@guelph.ca](mailto:krista.walkey@guelph.ca)

### **Facilities and Energy Management**

Antti Vilkkö, General Manager

519-822-1260 extension 2490

[antti.vilkko@guelph.ca](mailto:antti.vilkko@guelph.ca)

### **Public Services**

Colleen Clack-Bush, Deputy Chief Administrative Officer, Public Services

519-822-1260 extension 2588

[colleen.clack-bush@guelph.ca](mailto:colleen.clack-bush@guelph.ca)

### **Culture and Recreation**

Danna Evans, General Manager

519-837-5662 extension 2621

[danna.evans@guelph.ca](mailto:danna.evans@guelph.ca)

## **Guelph-Wellington Paramedic Services**

Stephen Dewar, General Manager / Paramedic Chief

519-822-1260 extension 2805

[stephen.dewar@guelph.ca](mailto:stephen.dewar@guelph.ca)

## **Fire Services**

Ryan Schubert, Co-Acting Fire Chief

519-822-1260 extension 2139

[ryan.schubert@guelph.ca](mailto:ryan.schubert@guelph.ca)

Steve Goode, Co-Acting Fire Chief

519-822-1260 extension 3493

[steve.goode@guelph.ca](mailto:steve.goode@guelph.ca)

## **Guelph Transit**

Robin Gerus, General Manager

519-822-1260 extension 3321

[robin.gerus@guelph.ca](mailto:robin.gerus@guelph.ca)

## **Operations**

Doug Godfrey, General Manager

519-822-1260 extension 2520

[doug.godfrey@guelph.ca](mailto:doug.godfrey@guelph.ca)

## **Parks**

Gene Matthews, General Manager

519-822-1260 extension 3337

[gene.matthews@guelph.ca](mailto:gene.matthews@guelph.ca)

## **About the City of Guelph**

Information about the City of Guelph can be found on the [City's website](#), and in the Guelph [Community Profile](#) published in 2022.

## **Legislative authority**

The Municipal Act requires the City to engage independent auditors to express an opinion as to whether the Consolidated Financial Statements present fairly, in all material respects, the City's financial position and results from operations and cash flows in accordance with Public Sector Accounting Standards (PSAS). The City's

independent auditors, KPMG LLP, have issued an unqualified Auditor's Report on the financial statements attached to this report.

City Council annually reviews and approves the Consolidated Financial Statements as required under the Municipal Act, 2001. Council review and approval of the Consolidated Financial Statements and review of the Audit Findings Report satisfy the following Audit Committee responsibilities:

- Understand the scope of the external auditor's review of internal financial control over financial reporting and obtain reports on significant findings and recommendations, together with management's responses and the timing of the disposition of significant findings.
- After consultation with the Treasurer and the external auditors, gain reasonable assurance, at least annually, of the quality and sufficiency of the City's accounting, financial personnel, and other resources.
- Review with staff and the external auditors the results of the audit, including any difficulties encountered, and all other matters required to be communicated to the Committee under generally accepted auditing standards.
- If required, at the conclusion of the audit, consult with the external auditors, without the presence of staff, about internal financial controls, compliance, and the completeness and accuracy of the City's Consolidated Financial Statements.
- Ensure the timely presentation of the external auditor's annual audit report to Council.
- Review significant accounting and reporting issues in terms of their impact on the Financial Statements, including complex or unusual transactions, areas high in subjectivity, and recent professional and regulatory pronouncements.
- Prior to the presentation of the annual Financial Statements to Council, review the Financial Statements and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
- Recommend to Council the approval and distribution of the annual Consolidated Financial Statements.

## **Reporting entity and services**

The Consolidated Financial Statements include all organizations that are owned or controlled by the City. There are three different consolidation methods used, depending on the nature of the organization and its relationship with the City.

The following entities are consolidated in the City's Consolidated Financial Statements:

- [The Elliott Community \(The Elliott\)](#) – fully consolidated
- [Downtown Guelph Business Association \(DGBA\)](#) – fully consolidated
- [Wellington-Dufferin-Guelph Public Health \(Public Health\)](#) – proportionately consolidated (46.3 per cent)
- [Guelph Municipal Holdings Inc. \(GMHI\)](#) – modified equity basis
- [Guelph Junction Railway](#) – modified equity basis

- [Guelph Police Services Board \(Police Board\)](#) – fully consolidated
- [Guelph Public Library Board \(Library Board\)](#) – fully consolidated

Fully consolidated means that the full financial statements of those entities have been combined into the City's statements.

Proportionately consolidated means that only the City's share of Public Health's financial statements have been included in the City's statements.

All inter-organizational transactions have been eliminated between the City and the fully consolidated and proportionately consolidated entities.

Modified equity basis means that the carrying value of the net assets of the investee are shown on the face of the City's Statement of Financial Position as an investment, and any gain or loss in carrying value is shown on the Statement of Operations as government business enterprises earnings. There are no inter-organizational transaction eliminations.

The City of Guelph has many planning documents ranging from the [Community Plan](#), [Strategic Plan](#), [Official Plan](#), [Master Plans and other plans and strategies](#) for several service areas that can be found on the [City's website](#).

## **Financial management and control**

The financial management and control of the City of Guelph is largely governed through by-laws and policies that make up the City's [Long-term Financial Framework](#), including the [Budget Policy](#), [General Reserve and Reserve Fund Policy](#), [Debt Management Policy](#), [Procurement By-law](#), [Investment Policy](#), and [Asset Management Policy](#).

The City's credit rating is assessed annually by S&P, and the [reports](#) are published annually on the City's website. In 2022 the City's credit rating was increased from AA+ to AAA.

The City also received the Distinguished Budget Presentation Award from the Government Financial Officers Association of the United States and Canada for its 2021 budget and for its first multi-year budget for 2022 and 2023.

## **Performance measurement and benchmarking**

Benchmarking assists in establishing baselines, defining best practices, and identifying improvement opportunities. By comparing the City's experience with that of other municipalities, decision makers can monitor selected indicators over time and evaluate and prioritize improvement opportunities.

The City of Guelph participates in an annual comparative study conducted by BMA Management Consulting Inc. on behalf of 110 Ontario municipalities which brings together a group of indicators to give an overall snapshot for each municipality. The [2022 BMA](#) report can be found on the City's website.

## **Management's responsibility for the financial statements**

The management of The Corporation of the City of Guelph have prepared the Consolidated Financial Statements and are responsible for their accuracy and integrity. The financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada.

The City's budget is prepared on a modified cash basis and is intended to serve as a rate revenue setting document, the means to calculate the tax levy, and a spending control tool. Non-cash expenses such as amortization are not included in the budget. The City's [2022 budget](#) can be found on the City website.

By contrast, the Consolidated Financial Statements are prepared in accordance with Public Sector Accounting Standards (PSAS). Annually, City staff prepare a PSAS adjusted budget to present in the Statement of Operations and Accumulated Surplus to enable a better comparison of budgeted to actual results on a PSAS basis; however, this is not a perfect science, and in years when Council approves significant, multi-year capital projects, the PSAS adjusted budget can still look very different from the actual figures reported.

An example in the 2021 Consolidated Financial Statements is the budgeted Developer and Development Charges revenue line item, with budgeted revenue of \$26.3 million compared with actual revenue of \$3.3 million. The reason for this difference is that the budget is based on the capital budget funding approved from development charges in any given year, and the actual developer revenue includes development charges, direct developer contributions, and is offset by the development charge exemptions during the year.

Staff provide a report describing the PSAS budget adjustments along with the budget for Council's approval annually. This is a requirement of Ontario Regulation 284/09. Details about the PSAS adjusted budget for 2022 are found in [Report 2021-359 – Budget Impacts per Ontario Regulations 284/09 and Budget – Public Sector Accounting Standards Reconciliation 2022](#).

## **Financial Information**

### **Consolidated Financial Statements**

The consolidated financial statements and auditor's report are presented in their entirety in the following pages.

Consolidated Financial Statements

**City of Guelph**

December 31, 2022

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# City of Guelph

December 31, 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of Council, Inhabitants and Ratepayers of the City of Guelph

### ***Opinion***

We have audited the consolidated financial statements of the City of Guelph (the Entity), which comprise:

- the consolidated statement of the financial position as at December 31, 2022
- the consolidated statement of operations for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, and its consolidated results of operations, its changes in consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditors’ Responsibilities for the Audit of the Financial Statements***” section of our auditors’ report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

Date

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# City of Guelph

## Consolidated statement of financial position as at December 31, 2022 (\$'000's)

	2022	2021
	\$	\$
<b>Financial assets</b>		
Cash	51,638	47,720
Investments (Note 3)	536,841	512,552
Taxes receivable	6,112	4,793
Accounts receivable	36,099	26,185
Investment in Guelph Junction Railway Limited (Note 4)	13,460	11,925
Investment in Guelph Municipal Holdings Inc. (Note 5)	90,079	90,626
	<b>734,229</b>	693,801
<b>Liabilities</b>		
Accounts payable and accrued liabilities	48,513	37,698
Accrued interest payable	981	1,249
Vacation and other employee benefits payable	9,009	9,126
Developer agreement deferred revenue	2,473	2,237
Loans and notes payable	757	865
Other deferred revenue	24,107	24,810
Deferred contributions (Note 7)	165,677	141,709
Employee future benefits (Note 9)	57,309	50,142
Debt (Note 10)	124,462	138,686
Obligation under capital lease (Note 11)	1,596	1,769
Landfill post-closure liability (Note 12)	3,607	4,194
Other long-term liabilities (Note 13)	7,702	7,754
Liability for contaminated sites (Note 18)	28,150	25,270
	<b>474,343</b>	445,509
<b>Net financial assets</b>	<b>259,886</b>	248,292
<b>Non-financial assets</b>		
Tangible capital assets (Note 14)	1,209,503	1,179,347
Inventory	2,544	2,147
Prepaid expenses	5,770	2,507
	<b>1,217,817</b>	1,184,001
Contingencies (Note 19)		
Commitments and guarantees (Note 20)		
<b>Accumulated surplus (Note 15)</b>	<b>1,477,703</b>	1,432,293

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, 2022 (\$'000's)

	2022 Budget (Note 22) \$	2022 Actual \$	2021 Actual \$
<b>Revenues</b>			
Taxation			
Property taxation (Note 2)	283,880	287,506	270,483
Penalties and interest on taxes	1,360	1,341	1,301
	<b>285,240</b>	<b>288,847</b>	271,784
User charges			
Contributed subdivision assets	6,400	6,436	7,027
Contributions			
Government of Canada	15,736	20,150	17,251
Province of Ontario	79,492	79,137	78,483
Municipal	9,703	5,163	5,140
Developers	26,265	3,320	12,219
Other contributions	85	1,113	1,584
Other revenue (Note 6)	30,957	35,708	26,022
<b>Total revenues</b>	<b>574,447</b>	<b>559,799</b>	524,258
<b>Expenses</b>			
General government	40,913	41,447	38,570
Protection services	105,498	106,418	100,626
Transportation services	79,671	79,269	68,951
Environmental services	85,233	94,974	88,723
Health services	48,951	46,919	46,654
Social and family services	54,525	50,923	44,709
Social housing	28,224	30,059	25,577
Recreation and cultural services	52,853	55,732	46,541
Planning and development	10,340	8,648	7,382
<b>Total expenses</b>	<b>506,208</b>	<b>514,389</b>	467,733
Excess of revenues over expenses for the year	68,239	45,410	56,525
Accumulated surplus- beginning of year	1,432,293	1,432,293	1,375,768
<b>Accumulated surplus, end of year</b>	<b>1,500,532</b>	<b>1,477,703</b>	1,432,293

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, 2022 (\$000's)

	<b>2022 Budget (Note 22)</b>	<b>2022 Actual</b>	2021 Actual
	\$	\$	\$
<b>Excess of revenues over expenses for the year</b>	<b>68,239</b>	<b>45,410</b>	56,525
Amortization of tangible capital assets	<b>55,984</b>	<b>55,651</b>	54,414
Acquisition of tangible capital assets	-	<b>(83,469)</b>	(60,575)
Contributed subdivision assets	<b>(6,400)</b>	<b>(6,436)</b>	(7,027)
Gain on disposal of tangible capital assets	-	<b>(3,737)</b>	(1,312)
Proceeds from disposal of tangible capital assets	-	<b>7,835</b>	5,758
Change in inventory and prepaid expenses	-	<b>(3,660)</b>	(190)
Increase in net financial assets for the year	<b>117,823</b>	<b>11,594</b>	47,593
Net financial assets, beginning of year	<b>248,292</b>	<b>248,292</b>	200,699
<b>Net financial assets, end of year</b>	<b>366,115</b>	<b>259,886</b>	248,292

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

# City of Guelph

## Consolidated statement of cash flows year ended December 31, 2022 (\$'000's)

	2022 \$	2021 \$
<b>Operating activities</b>		
Excess of revenues over expenses for the year	<b>45,410</b>	56,525
Items not affecting cash:		
Amortization of tangible capital assets	<b>55,651</b>	54,414
Gain on disposal of tangible capital assets	<b>(3,737)</b>	(1,312)
Contributed subdivision assets	<b>(6,436)</b>	(7,027)
Government business enterprise earnings	<b>(4,792)</b>	(5,600)
Employee future benefits	<b>7,167</b>	3,896
Landfill post-closure cost	<b>(587)</b>	807
Contaminated sites cost	<b>2,880</b>	1,220
Changes in non-cash working capital:		
Taxes receivable	<b>(1,319)</b>	(358)
Accounts receivable	<b>(9,910)</b>	3,515
Developer agreement deferred revenue	<b>236</b>	258
Inventory and prepaid expenses	<b>(3,660)</b>	(190)
Accounts payable and accrued liabilities	<b>10,811</b>	(7,229)
Accrued interest payable	<b>(268)</b>	112
Vacation and other employee benefits payable	<b>(117)</b>	(310)
Other deferred revenue	<b>(704)</b>	384
Other long-term liabilities	<b>(52)</b>	(2,277)
Net change in deferred contributions	<b>23,968</b>	31,941
<b>Cash provided by operating activities</b>	<b>114,541</b>	128,769
<b>Capital activities</b>		
Acquisition of tangible capital assets	<b>(83,469)</b>	(60,575)
Proceeds from disposal of tangible capital assets	<b>7,835</b>	5,758
<b>Cash used by capital activities</b>	<b>(75,634)</b>	(54,817)
<b>Investing activities</b>		
Dividend from Guelph Municipal Holdings Inc. (Note 5)	<b>3,700</b>	3,300
Dividend from Guelph Junction Railway Limited (Note 4)	<b>105</b>	-
Change in loans and notes receivable	<b>(108)</b>	2,201
Net investment acquisitions	<b>(24,289)</b>	(135,300)
<b>Cash used by investing activities</b>	<b>(20,592)</b>	(129,799)

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

# City of Guelph

Consolidated statement of cash flows  
year ended December 31, 2022  
(\$000's)

	2022	2021
	\$	\$
<b>Financing activities</b>		
Net (repayment) issuance of debt principal	(14,224)	36,269
Principal repayments on capital lease	(173)	(203)
Cash provided by (used in) financing activities	(14,397)	36,066
(Decrease) increase in cash for the year	3,918	(19,781)
Cash, beginning of year	47,720	67,501
<b>Cash, end of year</b>	<b>51,638</b>	<b>47,720</b>

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2022

(\$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% (2021 – 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, 2022

(\$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, 2022

(\$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, 2022

(\$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, 2022

(\$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:

	<b>2022</b>	2021
	\$	\$
Taxation revenue collected - school boards	<b>61,717</b>	60,569
Requisitions	<b>(61,717)</b>	(60,569)
	-	-

b) *Taxation revenue by major tax class*

<b>2022</b>	Taxes (own purpose) \$	Payments in lieu \$	Supplem- entary taxes \$	Rebates & write-offs \$	<b>2022 total \$</b>
Residential	188,876	46	2,131	(371)	<b>190,682</b>
Mult-Residential	15,811	-	228	(25)	<b>16,014</b>
Commercial	50,163	3,809	2,074	(1,427)	<b>54,619</b>
Industrial	19,664	419	72	(259)	<b>19,896</b>
Pipelines	654	-	7	-	<b>661</b>
Farmlands	15	-	-	-	<b>15</b>
Managed Forests	3	-	-	-	<b>3</b>
Other	-	3,188	-	1,777	<b>4,965</b>
	275,186	7,462	4,512	(305)	<b>286,855</b>

# City of Guelph

Notes to the consolidated financial statements

December 31, 2022

(\$000's)

## 2. Taxation revenues (continued)

b) Taxation revenue by major tax class (continued)

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

## 3. Investments

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

	2022		2021	
	Market \$	Cost \$	Market \$	Cost \$
Investments	516,893	536,841	530,922	512,552

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2022

(\$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:

	2022	2021
	\$	\$
Financial position		
Current assets	3,060	2,070
Property, plant and equipment	15,018	13,979
<b>Total assets</b>	<b>18,078</b>	16,049
Current liabilities	284	261
Long-term debt	1,359	1,359
Deferred capital contributions	2,975	2,504
<b>Total liabilities</b>	<b>4,618</b>	4,124
<b>Shareholder's equity</b>	<b>13,460</b>	11,925
Results of operations		
Revenues	6,175	5,101
Operating expenses	4,535	4,047
Net income	1,640	1,054
Retained earnings, beginning of year	11,925	10,871
Dividend to City of Guelph (Note 4.b)	(105)	-
<b>Shareholder's equity, end of year</b>	<b>13,460</b>	11,925

#### 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, 2022, the City has a current balance payable of \$603 (2021 - balance receivable of \$623). This intercompany balance is interest free and due on demand.

The City paid the Railway \$624 (2021 - \$352) for services. The City received \$82 (2021 - \$81) in office rent and administration fees for the year and \$15 (2021 - \$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 payments at 3.370%. At December 31, 2022 \$1,359 (2021 - \$1,413) was outstanding and included in loans and notes receivable. In 2022 principal and interest payments were \$54 and \$47 respectively (2021 - \$56, \$44)

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2022

(\$000's)

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

*b) Dividend to Shareholder*

On May 4, 2022, the Board of Directors declared a dividend of \$105 based on the income earned in the year ended December 31, 2022. The dividend was paid in fiscal 2022.

#### 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:

	<b>2022</b>	2021
	\$	\$
Financial position		
Current assets	<b>1,678</b>	556
Due from related parties	<b>2,055</b>	2,333
Investment in Alectra Inc.	<b>101,281</b>	102,663
<b>Total assets</b>	<b>105,014</b>	105,552
Accounts payable and accrued liabilities	-	35
Deferred tax liability	<b>14,535</b>	14,891
Customer deposits and deferred revenue	<b>400</b>	-
<b>Total liabilities</b>	<b>14,935</b>	14,926
<b>Shareholder's equity</b>	<b>90,079</b>	90,626

# City of Guelph

Notes to the consolidated financial statements

December 31, 2022

(\$000's)

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

Results of operations		
Revenue		
Investment revenue	3,010	5,186
Other revenue	107	208
Electricity sales	40	13
<b>Total revenue</b>	<b>3,157</b>	<b>5,407</b>
Expenses		
GMHI operations and management	353	440
District energy wind down costs	7	(5)
Income taxes	(139)	166
<b>Total expenses</b>	<b>221</b>	<b>601</b>
Net income	2,936	4,806
Retained earnings, beginning of year	23,096	21,851
Dividend to City of Guelph (note a)	(3,700)	(3,300)
Refundable portion of deferred tax liability	217	(261)
<b>Retained earnings, end of year</b>	<b>22,549</b>	<b>23,096</b>
Shareholder's Equity		
Share capital	67,530	67,530
Retained earnings, end of year	22,549	23,096
<b>Shareholder's equity</b>	<b>90,079</b>	<b>90,626</b>

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2022

(\$000's)

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

#### a) Related party transactions

In 2022, GMHI received electricity sales revenue from the City in the amount of \$44 (2021 - \$77). GMHI paid the City \$65 (2021 - \$90) in fees for administering GMHI's legal, financial, and operations activities, and \$32 (2021 - \$82) in water and electricity costs.

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 \$3,700 (2021 - \$3,300).

### 6. Other revenue

Other revenue consists of the following:

	2022 Budget \$	2022 Actual \$	2021 Actual \$
Investment income	9,176	7,935	5,342
Donations	305	535	424
Sales of equipment, publications	2,946	3,737	2,629
Recoveries	5,478	6,493	3,759
Licences and permits	4,903	4,116	3,809
Provincial Offences Act revenues	2,747	2,508	2,247
Other fines	2,022	1,834	900
Gain on disposal of tangible capital assets	-	3,758	1,312
Government business enterprises earnings	3,380	4,792	5,600
	<b>30,957</b>	<b>35,708</b>	26,022

### 7. Deferred contributions

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

	Beginning balance 2022 \$	Inflows \$	Outflows \$	Ending balance 2022 \$
Development charges	90,197	32,346	10,162	<b>112,381</b>
Grants	33,162	12,391	12,936	<b>32,617</b>
Other	18,350	2,581	252	<b>20,679</b>
	141,709	47,318	23,350	<b>165,677</b>

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2022

(\$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, Community Benefit Charge 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 2,489 (2021 - 2,310) 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 2022 is \$18,772 (2021 - \$18,451) 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, 2022. At that time the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion), based on actuarial liabilities of \$130.3 billion (2021 - \$119.3 billion) and actuarial assets of \$123.6 billion (2021 - \$116.2 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, 2022, 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, 2022

(\$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:

	<b>2022</b>	2021
	\$	\$
Workplace Safety and Insurance ("WSIB")	<b>20,600</b>	15,658
Sick leave	<b>11,324</b>	10,625
Post retirement benefits	<b>25,385</b>	23,859
	<b>57,309</b>	50,142

#### 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, 2021 and extrapolated for the 2022 year end. The next required valuation will be performed in 2025 using information as of December 31, 2024.

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

- Discount rate 3.75% (2021 - 3.75%)
- Expected future WSIB payments per lost time injury 103.00% (2021 - 121.00%)
- Health care inflation CPI plus 2.00% (2021 - CPI plus 2.00%)
- WSIB administration rate 23.00% (2021 - 32.00%)
- Lost time injury count 61 (2021 - 65)

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

	<b>2022</b>	2021
	\$	\$
Accrued benefit obligation, beginning of year	<b>22,113</b>	20,462
Actuarial loss	<b>2,595</b>	-
Current service cost	<b>4,429</b>	3,428
Interest	<b>946</b>	783
Benefits paid	<b>(3,389)</b>	(2,560)
Accrued benefit obligation, end of year	<b>26,694</b>	22,113
Unamortized net actuarial loss	<b>(6,094)</b>	(6,455)
<b>Liability, end of year</b>	<b>20,600</b>	15,658

A reserve in the amount of \$4,095 (2021 - \$3,493) has been accumulated to fund this obligation.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2022

(\$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:

	<b>2022</b>	2021
	<b>\$</b>	\$
Current period benefit	<b>4,429</b>	3,428
Amortization of net actuarial loss	<b>1,211</b>	955
Interest expense	<b>946</b>	783
	<b>6,586</b>	5,166

#### 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 2022 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% (2021 - 3.50%)
- Inflation rate 1.75% (2021 - 1.75%)
- Future salaries 2.75% per year (2021 - 2.75%)

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

	<b>2022</b>	2021
	<b>\$</b>	\$
Accrued benefit obligation, beginning of year	<b>12,023</b>	12,386
Current service cost	<b>967</b>	916
Interest	<b>447</b>	433
Adjustment due to plan amendment	<b>-</b>	(741)
Benefits paid	<b>(964)</b>	(971)
Accrued benefit obligation, end of year	<b>12,473</b>	12,023
Unamortized net actuarial loss	<b>(1,149)</b>	(1,398)
<b>Liability, end of year</b>	<b>11,324</b>	10,625

There are currently reserves totaling \$11,861 (2021 - \$11,479) available to fund this obligation.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2022

(\$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>2022</b>	2021
	<b>\$</b>	\$
Current period benefit cost	<b>967</b>	916
Amortization of net actuarial loss	<b>249</b>	249
Interest expense	<b>447</b>	433
	<b>1,663</b>	1,598

#### 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% (2021 – 3.50%)
- Inflation rate 1.75% (2021 – 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. (2021 – 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% (2021 – 3.75%)

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

	<b>2022</b>	2021
	<b>\$</b>	\$
Accrued benefit obligation, beginning of year	<b>30,230</b>	29,590
Current service cost	<b>1,500</b>	1,426
Interest	<b>1,053</b>	1,029
Benefits paid	<b>(1,791)</b>	(1,815)
Accrued benefit obligation, end of year	<b>30,992</b>	30,230
Unamortized net actuarial loss	<b>(5,607)</b>	(6,371)
<b>Liability, end of year</b>	<b>25,385</b>	23,859

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

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2022

(\$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:

	<b>2022</b>	2021
	<b>\$</b>	\$
Current period benefit cost	<b>1,500</b>	1,426
Amortization of net actuarial loss	<b>763</b>	764
Interest expense	<b>1,053</b>	1,029
	<b>3,316</b>	3,219

A comprehensive actuarial valuation was completed using information as at December 31, 2019 and extrapolated for the 2022 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:*

	<b>2022</b>	2021
	<b>\$</b>	\$
Debentures - repayable at rates ranging from 0.35% to 5.237% and maturing from 2022 to 2039	<b>123,949</b>	135,851
Long-term loan - repayable at rate 6.38%, repaid in 2022	-	2,107
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>513</b>	728
	<b>124,462</b>	138,686

Included in accounts payable and accrued liabilities is \$- (2021 - \$208) 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, 2022

(\$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 \$
2023	4,738	7,563	<b>12,301</b>
2024	3,244	6,555	<b>9,799</b>
2025	3,349	6,467	<b>9,816</b>
2026	16,537	19,561	<b>36,098</b>
2027	2,410	5,427	<b>7,837</b>
Thereafter	20,574	28,037	<b>48,611</b>
	<b>50,852</b>	<b>73,610</b>	<b>124,462</b>

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

	2022 \$	2021 \$
Principal repayments	<b>14,224</b>	12,855
Interest	<b>3,007</b>	3,358
	<b>17,231</b>	16,213

### 11. Obligation under capital lease

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

	2022 \$	2021 \$
2022	-	239
2023	<b>239</b>	239
2024	<b>239</b>	239
2025	<b>239</b>	239
2026	<b>239</b>	239
2027	<b>239</b>	239
Thereafter	<b>658</b>	658
Total minimum lease payments	<b>1,853</b>	2,092
Less amount representing interest at 3.92% (2021 - 3.92%)	<b>(257)</b>	(323)
<b>Present value of net minimum capital lease payments</b>	<b>1,596</b>	1,769

Interest of \$66 (2021 - \$73) relating to capital lease obligations has been included in interest expense.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2022

(\$000's)

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### 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, 2022 at a factor of 3.50% (2021 – 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, 2022 are \$3,607 (2021 - \$4,194).

No reserve funds have been established to fund this liability as at December 31, 2022, 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>2022</b>	2021
	\$	\$
Heritage Redevelopment	<b>23</b>	23
Downtown Development	<b>4,184</b>	5,217
Brownfield Strategy	<b>3,495</b>	2,514
	<b>7,702</b>	7,754

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

	<b>2022</b>	2021
	\$	\$
2022	-	1,762
2023	<b>1,930</b>	1,483
2024	<b>1,625</b>	1,462
2025	<b>1,524</b>	1,361
2026	<b>1,126</b>	963
Thereafter	<b>1,497</b>	723
	<b>7,702</b>	7,754

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2022

(\$000's)

### 14. Tangible capital assets

	2022			
<b>Cost</b>	Balance, beginning of year \$	Additions \$	Disposals \$	<b>Balance, end of year \$</b>
Land and land improvements	96,206	1,269	(3,984)	<b>93,491</b>
Buildings	400,423	11,898	-	<b>412,321</b>
Machinery and equipment	228,383	13,647	(1,044)	<b>240,986</b>
Assets under capital lease	3,151	-	-	<b>3,151</b>
Vehicles	89,660	4,066	(2,276)	<b>91,450</b>
Infrastructure				
Sanitary sewers & waste water	325,055	4,069	(1,317)	<b>327,807</b>
Storm water	226,735	3,213	-	<b>229,948</b>
Transportation	462,441	7,842	-	<b>470,283</b>
Waterworks	301,529	18,774	(804)	<b>319,499</b>
Assets under construction	53,887	25,127	-	<b>79,014</b>
	<b>2,187,470</b>	89,905	(9,425)	<b>2,267,950</b>
<b>Accumulated amortization</b>				
Land and land improvements	11,255	1,049	(856)	<b>11,448</b>
Buildings	156,018	11,285	-	<b>167,303</b>
Machinery and equipment	151,921	12,085	(927)	<b>163,079</b>
Assets under capital lease	1,169	83	-	<b>1,252</b>
Vehicles	54,604	7,050	(1,972)	<b>59,682</b>
Infrastructure				
Sanitary sewers & waste water	165,987	4,286	(769)	<b>169,504</b>
Storm water	72,570	3,460	-	<b>76,030</b>
Transportation	264,301	9,669	-	<b>273,970</b>
Waterworks	130,298	6,684	(803)	<b>136,179</b>
	<b>1,008,123</b>	55,651	(5,327)	<b>1,058,447</b>
<b>Net book value</b>				
Land and land improvements	\$ 84,951			<b>\$ 82,043</b>
Buildings	244,405			<b>245,018</b>
Machinery and equipment	76,462			<b>77,907</b>
Assets under capital lease	1,982			<b>1,899</b>
Vehicles	35,056			<b>31,768</b>
Infrastructure				
Sanitary sewers & waste water	159,068			<b>158,303</b>
Storm water	154,165			<b>153,918</b>
Transportation	198,140			<b>196,313</b>
Waterworks	171,231			<b>183,320</b>
Assets under construction	53,887			<b>79,014</b>
	<b>\$ 1,179,347</b>			<b>\$1,209,503</b>

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2022

(\$000's)

### 14. Tangible capital assets (continued)

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

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2022

(\$000's)

### 15. Accumulated surplus

The accumulated surplus is comprised of the following components:

	2022	2021
	\$	\$
Reserves set aside for specific purpose by Council:		
for corporate	28,763	29,569
for program specific	22,318	22,309
for strategic	12,193	7,319
Reserves set aside by WDGPH:		
for contingency	899	583
<b>Total reserves- Schedule 4</b>	<b>64,173</b>	59,780
Reserve funds set aside for specific purpose by Council:		
for capital financing	258,781	258,739
Reserve funds set aside by WDGPH:		
for capital financing	867	624
<b>Total reserve funds - Schedule 4</b>	<b>259,648</b>	259,363
<b>Total reserve and reserve funds</b>	<b>323,821</b>	319,143
Invested in tangible capital assets	1,209,503	1,179,347
Investment in Guelph Municipal Holdings Inc.	90,079	90,626
Investment in Guelph Junction Railway Limited	13,460	11,925
Operating fund	54,368	49,544
Unfunded liabilities		
Debt	(124,462)	(138,686)
Liability for contaminated sites	(28,150)	(25,270)
Employee future benefits and related liabilities	(57,309)	(50,142)
Landfill post-closure liability	(3,607)	(4,194)
<b>Total</b>	<b>1,153,882</b>	1,113,150
<b>Accumulated Surplus</b>	<b>1,477,703</b>	1,432,293

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 2022, \$5,790 (2021 - \$4,383) 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, 2022

(\$000's)

### 16. Government partnerships

The City's share of 46.3% (2021 - 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:

	2022	2021
	\$	\$
Financial assets	4,560	3,712
Liabilities	3,767	4,047
Net financial assets	793	(335)
Tangible capital assets	9,290	9,566
Prepaid expenses	26	16
Inventory	1	1
Total non-financial assets	9,317	9,583
<b>Accumulated surplus</b>	<b>10,110</b>	<b>9,248</b>
Revenues	15,664	18,554
Expenses	14,802	18,003
Excess of revenues over expenses for the year	862	551
Accumulated surplus, beginning of year	9,248	8,697
<b>Accumulated surplus, end of year</b>	<b>10,110</b>	<b>9,248</b>

During the year, the City contributed \$4,657 (2021 - \$4,357) 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, 2022

(\$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:

	2022 \$	2021 \$
Revenues		
Social housing provincial contributions	13,007	10,685
Child care provincial contributions	17,160	13,487
Social services provincial contributions	8,255	7,274
	<b>38,422</b>	31,446
Expenses		
Social housing	30,012	25,537
Child care	20,100	16,821
Social services	11,431	10,144
	<b>61,543</b>	52,502
<b>Net expenses</b>	<b>(23,121)</b>	(21,056)

The City's share of net expenses for social housing is 84% (2021 - 81%), child care 55% (2021 - 67%) and social services 66% (2021 - 69%).

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*

	2022 \$	2021 \$
POA revenues	3,120	2,150
Expenses	2,501	1,900
<b>Net City revenue</b>	<b>619</b>	250

The City's share of net revenue from Provincial Offences Act administration in 2022 was 67% (2021 - 56%). Included in the above expenses figure is \$444 (2021 - \$206) in transfers 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, 2022

(\$000's)

### 17. Shared service agreements (continued)

#### *Land Ambulance*

	2022	2021
	\$	\$
Revenues		
Provincial base	<b>14,039</b>	13,260
Provincial covid-19	<b>1,444</b>	901
Municipal	<b>5,414</b>	5,222
User charges	<b>76</b>	34
Developers	<b>(50)</b>	258
Other contributions	<b>420</b>	431
Other revenue	<b>2</b>	(158)
	<b>21,345</b>	19,948
Expenses		
Expenses	<b>30,652</b>	27,760
Covid-19 expenses	<b>1,444</b>	905
	<b>32,096</b>	28,665
	<b>(10,751)</b>	(8,717)

The City's share of net operating expenses for land ambulance in 2022 was 62% (2021 - 61%). Included in the above revenue figures is \$5,414 (2021 - \$5,222) 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 \$28,150 (2021 - \$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, 2022

(\$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, 2022 the City has commitments of \$3,000 resulting from this agreement.

b) *Heritage Redevelopment Grant Program*

The City has commitments totaling \$2,901 (2021 - \$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 \$5,864 (2021 - \$7,076) 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 \$8,970 (2021 - \$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, 2022

(\$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>2022</b>
	<b>\$</b>
2022	<b>1,041</b>
2024	<b>863</b>
2025	<b>633</b>
2026	<b>463</b>
2027	<b>413</b>
Thereafter	<b>150</b>
	<b>3,563</b>

#### f) *City Grants*

The City has committed to providing various grants to organizations in the community totaling \$6,821 (2021 - \$629).

### 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 2022, the City of Guelph received \$415 (2021 - \$353) 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 2021 comparative figures have been reclassified in order to present them in a form comparable to those for 2022.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2022

(\$000's)

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### 24. 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, 2022

(\$000's)

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## 24. 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.

# City of Guelph

## Consolidated schedule of segment disclosure - Schedule 1 year ended December 31, 2022

(\$'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	288,196	-	-	-	-	-	-	-	651	288,847
User charges	1,299	1,719	16,508	84,379	76	9,590	-	5,755	599	119,925
Contributed subdivision assets	6,436	-	-	-	-	-	-	-	-	6,436
Contributions	1,575	4,084	9,916	10,779	31,996	32,001	13,007	4,951	574	108,883
Other revenue										
Investment income	7,396	3	-	280	246	-	-	10	-	7,935
Donations	-	18	-	231	2	-	-	284	-	535
Sales of equipment, publications	125	4	9	1,714	-	80	-	1,805	-	3,737
Recoveries	1,370	257	840	741	-	2,263	-	719	303	6,493
Licences and permits Provincial Offences	82	3,457	467	110	-	-	-	-	-	4,116
Act revenues	-	2,508	-	-	-	-	-	-	-	2,508
Other fines	-	1,834	-	-	-	-	-	-	-	1,834
(Loss) gain on disposal of tangible capital assets	(1,138)	68	1,236	(550)	-	-	-	(2)	4,144	3,758
Government business enterprises earnings	4,792	-	-	-	-	-	-	-	-	4,792
	<b>310,133</b>	<b>13,952</b>	<b>28,976</b>	<b>97,684</b>	<b>32,320</b>	<b>43,934</b>	<b>13,007</b>	<b>13,522</b>	<b>6,271</b>	<b>559,799</b>

# City of Guelph

## Consolidated schedule of segment disclosure - Schedule 1 year ended December 31, 2022

(\$'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	26,832	87,758	40,451	27,400	36,373	13,601	-	27,533	4,827	264,775
Interest on debt	542	641	625	26	29	185	-	1,119	6	3,173
Materials	877	2,155	15,431	9,719	2,451	2,722	-	5,643	158	39,156
Purchased services	11,113	6,742	8,765	21,389	3,154	2,016	23	5,573	2,033	60,808
Rents and financial expenses	5,272	169	1,203	6,989	611	(25)	-	1,447	18	15,684
External transfers	2,733	2,897	-	2,078	-	31,380	30,012	4,797	1,245	75,142
Internal charges	(10,997)	1,811	(5,996)	10,009	2,679	6	-	2,350	138	-
Amortization of tangible capital assets	5,075	4,245	18,790	17,364	1,622	1,038	24	7,270	223	55,651
	<b>41,447</b>	<b>106,418</b>	<b>79,269</b>	<b>94,974</b>	<b>46,919</b>	<b>50,923</b>	<b>30,059</b>	<b>55,732</b>	<b>8,648</b>	<b>514,389</b>
<b>Excess of revenues over expenses for the year</b>	<b>268,686</b>	<b>(92,466)</b>	<b>(50,293)</b>	<b>2,710</b>	<b>(14,599)</b>	<b>(6,989)</b>	<b>(17,052)</b>	<b>(42,210)</b>	<b>(2,377)</b>	<b>45,410</b>

# City of Guelph

## Consolidated schedule of segment disclosure - Schedule 2 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	271,177	-	-	-	-	-	-	-	607	<b>271,784</b>
User charges	1,241	1,756	7,567	81,971	34	9,252	-	2,300	627	<b>104,748</b>
Contributed subdivision assets	7,027	-	-	-	-	-	-	-	-	<b>7,027</b>
Contributions	2,984	3,006	16,111	14,048	33,861	26,670	10,685	6,819	493	<b>114,677</b>
Other revenue										
Investment income	4,956	3	-	111	268	-	-	4	-	<b>5,342</b>
Donations	-	8	-	141	-	52	-	223	-	<b>424</b>
Sales of equipment, publications	-	2	20	2,045	-	12	-	549	1	<b>2,629</b>
Recoveries	529	345	530	735	-	1,066	-	314	240	<b>3,759</b>
Licences and permits Provincial Offences	83	3,691	-	35	-	-	-	-	-	<b>3,809</b>
Act revenues	-	2,247	-	-	-	-	-	-	-	<b>2,247</b>
Other fines	-	900	-	-	-	-	-	-	-	<b>900</b>
(Loss) gain on disposal of tangible capital assets	(708)	48	303	(1,091)	(158)	-	-	(94)	3,012	<b>1,312</b>
Government business enterprises earnings	5,600	-	-	-	-	-	-	-	-	<b>5,600</b>
	<b>292,889</b>	<b>12,006</b>	<b>24,531</b>	<b>97,995</b>	<b>34,005</b>	<b>37,052</b>	<b>10,685</b>	<b>10,115</b>	<b>4,980</b>	<b>524,258</b>

# City of Guelph

## Consolidated schedule of segment disclosure - Schedule 2

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	25,703	84,094	36,630	26,159	35,710	12,595	-	23,285	4,642	<b>248,818</b>
Interest on debt	585	938	770	135	46	226	-	804	10	<b>3,514</b>
Materials	1,236	2,337	12,030	9,330	2,148	2,286	-	4,226	268	<b>33,861</b>
Purchased services	9,734	4,814	5,486	19,066	4,086	1,642	17	3,895	1,707	<b>50,447</b>
Rents and financial expenses	4,141	313	1,064	6,357	588	(26)	-	1,421	9	<b>13,867</b>
External transfers	1,960	2,576	-	1,852	-	26,966	25,537	3,501	420	<b>62,812</b>
Internal charges	(9,264)	1,548	(5,901)	8,802	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	<b>54,414</b>
	<b>38,570</b>	<b>100,626</b>	<b>68,951</b>	<b>88,723</b>	<b>46,654</b>	<b>44,709</b>	<b>25,577</b>	<b>46,541</b>	<b>7,382</b>	<b>467,733</b>
<b>Excess of revenues over expenses for the year</b>	<b>254,319</b>	<b>(88,620)</b>	<b>(44,420)</b>	<b>9,272</b>	<b>(12,649)</b>	<b>(7,657)</b>	<b>(14,892)</b>	<b>(36,426)</b>	<b>(2,402)</b>	<b>56,525</b>

# City of Guelph

## Consolidated schedule of debt - Schedule 3

December 31, 2022

(\$000's)

Bylaw	Project description	Term	Maturity date	Interest rates	2022 \$	2021 \$
<b>Debentures:</b>						
20084	Public Health Facilities	7	7/20/2023	1.20% to 2.25%	<b>204</b>	404
20084	Public Health Facilities - DC	7	7/20/2023	1.20% to 2.25%	<b>667</b>	1,323
20084	Riverside Fuel Tank	7	7/20/2023	1.20% to 2.25%	<b>22</b>	44
20084	Stormwater CIP	7	7/20/2023	1.20% to 2.25%	<b>106</b>	210
20084	Roads Projects - Carden & Downtown	7	7/20/2023	1.20% to 2.25%	<b>825</b>	1,636
20084	Land Purchase - Baker Street	7	7/20/2023	1.20% to 2.25%	<b>169</b>	336
20084	Waste Management Carts	7	7/20/2023	1.20% to 2.25%	<b>648</b>	1,285
20084	Roads Projects - Clair & Laird Road	7	7/20/2023	1.20% to 2.25%	<b>782</b>	1,551
20084	Police HQ Renovations	7	7/20/2023	1.20% to 2.25%	<b>6,653</b>	6,920
20084	Roads Projects - Clair & Laird Road - DC	10	7/20/2026	1.20% to 2.25%	<b>10,797</b>	11,230
20084	Police HQ Renovations - DC	10	7/20/2026	1.20% to 2.25%	<b>6,329</b>	6,582
20084	Victoria Road Recreation Facility Renovation	10	7/20/2026	1.20% to 2.25%	<b>10,483</b>	10,904
18105	New City Hall	25	8/28/2031	5.237%	<b>10,001</b>	10,852
18105	New POA Court	25	8/28/2031	5.237%	<b>2,821</b>	3,061
20417	Police HQ Renovations	20	7/10/2039	1.95% to 2.8%	<b>6,140</b>	6,432
20417	Police HQ Renovations - DC	20	7/10/2039	1.95% to 2.8%	<b>7,125</b>	7,464
20417	Wilson Parkade	20	7/10/2039	1.95% to 2.8%	<b>9,296</b>	9,739
20417	Wilson Parkade - DC	20	7/10/2039	1.95% to 2.8%	<b>3,947</b>	4,135
20417	Farebox	20	7/10/2039	1.95% to 2.8%	<b>1,140</b>	1,194
20417	Fuel Tank	20	7/10/2039	1.95% to 2.8%	<b>1,359</b>	1,424
202607	Baker District- Guelph Central Library	10	6/3/2031	0.35% to 2.4%	<b>10,470</b>	11,575
202607	South End Community Centre	10	6/3/2031	0.35% to 2.4%	<b>33,965</b>	37,550
					<b>123,949</b>	135,851
<b>Other loans:</b>						
N/A	The Elliott Bankers Acceptance - SWAP	10	6/25/2025	2.87%	<b>513</b>	728
N/A	CIBC Loan - Sleeman Centre - SWAP	18.8	9/1/2025	6.38%	-	2,107
					<b>513</b>	2,835
<b>Total Debt</b>					<b>124,462</b>	138,686

# City of Guelph

## Consolidated schedule of reserves and reserve funds - Schedule 4 December 31, 2022 (\$'000's)

<b>Code</b>	<b>Description</b>	<b>2022</b> \$	2021 \$
<b>Reserves:</b>			
Corporate:			
102	Library Contingency	<b>405</b>	355
115	Police Operating Contingency	<b>2,973</b>	2,183
131	Compensation Contingency	<b>5,010</b>	4,888
180	Tax Rate Stabilization Contingency	<b>10,982</b>	11,840
193	Legal/Insurance	<b>2,861</b>	2,861
198	Environment and Utility Contingency	<b>5,858</b>	4,658
208	Social Housing Contingency	<b>674</b>	2,784
		<b>28,763</b>	29,569
Program Specific:			
100	Accumulated Sick Leave - Fire	<b>7,273</b>	7,127
101	Accumulated Sick Leave - Police	<b>4,588</b>	4,352
103	Health Care Spending Account (HCSA) Fire	<b>150</b>	100
106	Parking Operating Contingency	<b>133</b>	920
134	Evergreen Bequests	<b>52</b>	52
181	Water Contingency	<b>1,730</b>	1,730
182	Waste Water Contingency	<b>1,728</b>	1,920
195	Election Costs	<b>147</b>	624
211	Court Contingency	<b>1,056</b>	781
330	Workplace Safety and Insurance Board	<b>4,095</b>	3,493
338	Paramedic Retirement	<b>398</b>	343
345	Westminster Woods	<b>35</b>	35
348	Community Paramedicine	<b>143</b>	235
359	Stormwater Contingency	<b>790</b>	597
		<b>22,318</b>	22,309
Strategic:			
119	Affordable Housing	<b>1,385</b>	2,708
122	Redevelopment Incentives	<b>10,254</b>	10,290
179	Strategic Initiatives	<b>772</b>	847
184	Tourism MAT	<b>97</b>	-
194	Downtown Improvements	<b>492</b>	492
210	Information Technology	<b>26</b>	-
332	Industrial Land	<b>(833)</b>	(7,018)
		<b>12,193</b>	7,319
Consolidated Entities:			
	Reserves set aside by Wellington-Dufferin-Guelph Public Health	<b>899</b>	583
<b>Total Reserves</b>		<b>64,173</b>	59,780

# City of Guelph

## Consolidated schedule of reserves and reserve funds - Schedule 4 December 31, 2022 (\$'000's)

<b>Code</b>	<b>Description</b>	<b>2022</b> \$	2021 \$
<b>Reserve Funds:</b>			
120	Courts Capital	<b>1,430</b>	1,414
135	Museum Donations	<b>138</b>	135
138	Library Bequests	<b>1,223</b>	1,089
150	Infrastructure Renewal	<b>49,149</b>	46,282
151	Parking Capital	<b>6,317</b>	4,644
152	Water Capital	<b>45,907</b>	50,455
153	Wastewater Capital	<b>103,565</b>	101,707
155	City Owned Contaminated Sites	<b>11,651</b>	10,472
156	Growth	<b>4,040</b>	4,570
157	Library	<b>1,651</b>	1,412
158	Police	<b>4,564</b>	3,159
159	City Building	<b>(2,683)</b>	7,333
162	Sleeman Centre Naming Rights	<b>(46)</b>	26
164	Transportation	<b>268</b>	-
165	Stormwater Capital	<b>16,262</b>	13,405
189	Sleeman Capital	<b>101</b>	76
205	Community Investment	<b>824</b>	805
206	Rental Property	<b>391</b>	648
340	River Run	<b>432</b>	365
348	Transportation Demand Management	<b>17</b>	-
351	Efficiency Innovation Opportunity	<b>7,280</b>	7,131
355	100% Renewable Energy	<b>5,539</b>	3,036
356	Public Art	<b>67</b>	65
360	Paramedic Services Provincial Capital	<b>694</b>	510
		<b>258,781</b>	258,739
Consolidated Entities:			
	Reserve funds set aside by Wellington-Dufferin-Guelph Public Health	<b>867</b>	624
<b>Total Reserve Funds</b>		<b>259,648</b>	259,363
<b>Total Reserves and Reserve Funds</b>		<b>323,821</b>	319,143

# City of Guelph

## Guelph Public Library Board - Schedule 5 Statement of revenues and expenses year ended December 31, 2022 (\$000's)

	<b>2022 Budget \$</b>	<b>2022 Actual \$</b>	2021 Actual \$
<b>Operating fund</b>			
Revenues			
User charges	146	66	120
Contributions	338	336	265
Other revenue	71	164	151
	<b>555</b>	<b>566</b>	536
Expenses			
Salaries, wages and employee benefits	6,985	6,845	6,332
Interest on debt	-	168	97
Materials	1,735	851	790
Purchased services	847	946	742
Rents and financial expenses	986	884	840
Internal charges	94	135	146
	<b>10,647</b>	<b>9,829</b>	8,947
Net operating deficit	<b>(10,092)</b>	<b>(9,263)</b>	(8,411)
<b>Capital fund</b>			
Revenues			
Contributions	-	487	412
Expenses			
Assets under construction	-	1,894	144
Capitalized library books	-	636	564
Amortization of tangible capital assets	-	1,193	1,241
	-	<b>3,723</b>	1,949
Net capital deficit	-	<b>(3,236)</b>	(1,537)
Add: net contributions (to)/from reserves	<b>897</b>	<b>1,157</b>	(825)
	<b>897</b>	<b>(2,079)</b>	(2,362)
<b>Total combined net deficit</b>	<b>(9,195)</b>	<b>(11,342)</b>	(10,773)

# City of Guelph

## Guelph Police Services Board - Schedule 6 Statement of revenues and expenses year ended December 31, 2022 (\$'000's)

	2022 Budget \$	2022 Actual \$	2021 Actual \$
<b>Operating fund</b>			
Revenues			
User charges	691	607	576
Contributions	2,489	3,208	2,761
Other revenue	44	295	394
	<b>3,224</b>	<b>4,110</b>	3,731
Expenses			
Salaries, wages and employee benefits	48,905	49,617	47,440
Interest on debt	-	488	771
Materials	1,105	1,171	1,371
Purchased services	3,967	4,511	3,230
Rents and financial expenses	96	112	255
Internal charges	(461)	(589)	(595)
	<b>53,612</b>	<b>55,310</b>	52,472
Net operating deficit	<b>(50,388)</b>	<b>(51,200)</b>	(48,741)
<b>Capital fund</b>			
Revenues			
Contributions	-	882	186
Other revenue	-	(15)	(74)
	-	<b>867</b>	112
Expenses			
Amortization of tangible capital assets	-	2,495	2,322
Assets under construction	-	4,704	3,153
	-	<b>7,199</b>	5,475
Net capital deficit	-	<b>(6,332)</b>	(5,363)
Add: Net contributions (to) from reserves	<b>(2,073)</b>	<b>(228)</b>	(717)
Less: debt principal repayments	-	<b>(1,151)</b>	(1,132)
	<b>(2,073)</b>	<b>(1,379)</b>	(1,849)
<b>Total combined net deficit</b>	<b>(52,461)</b>	<b>(58,911)</b>	(55,953)

# Financial Statement Discussion and Analysis

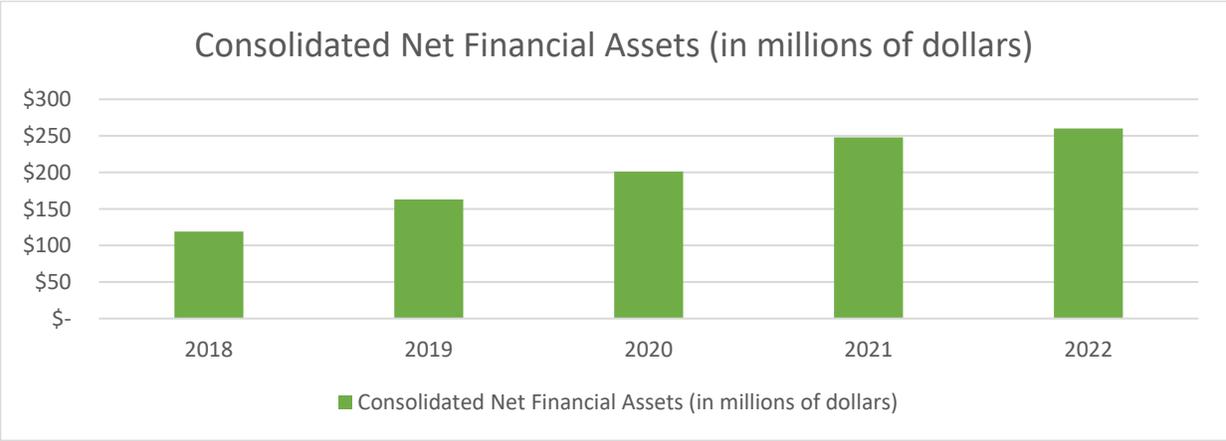
## Statement of Financial Position

The Statement of Financial Position is a summary of the consolidated assets, liabilities, and accumulated surplus, which includes reserves and reserve funds. The City's net financial position (net financial assets) is a key indicator of its overall fiscal health and is used by the credit rating agency in the City's annual rating review. As of December 31, 2022, the City's consolidated net financial assets totaled \$259.9 million (2021 - \$248.3 million), an increase of \$11.6 million from 2021. This continues a trend spanning five years and indicates that the City and its consolidated entities are generating revenue to increase financial assets (increase of \$40.4 million in 2022) at a greater rate than the increase in financial liabilities (increase of \$28.8 million in 2022).

On a per capita basis, the City has also been trending upward with 2022 net financial assets per person of \$1,770, which is above the 2021 municipal average of \$923 and median of \$1,053 for single and lower tier municipalities. 2022 data is not yet available for comparison.

Net financial assets increased by 4.7 per cent in 2022. From 2017 to 2021 net financial assets increased by an average of 25 per cent per year. A contributor to slowing the annual rate of increase in net financial assets is the execution of the 2022 capital program as explained in report [2023- 154 2022 Year-end Capital Budget Monitoring Report](#). Tangible capital asset additions increased by \$22.3 million (33 per cent) over 2021. This increase can partly be attributed to increased inflationary pressures as well as the implementation of the Council approved a capital resourcing strategy, as described in report [2021-39 – Capital Program Resourcing Strategy](#). As backlogged projects continue to be completed, the City's net financial position will change as funds are spent and therefore shift from financial assets (cash and investments) to non-financial assets (tangible capital assets). In the short term the City is benefiting from the increase in investment earnings due the increasing interest rate environment in 2022.

Figure-1: Consolidated Net Financial Assets Trend (in millions)



## Cash and investments

Total cash and investment holdings increased by \$28.2 million in 2022.

Line Item	Cash	Investments	Total
Opening balance, January 1, 2022	\$47,720	\$512,552	\$560,272
Cash generated from operating activities	114,521	-	114,521
Cash generated from operating activities transferred to investments for future capital expenditures	(24,289)	24,289	-
Net cash spent on capital activities	(71,917)	-	(71,917)
Principal repayments on outstanding debt	(14,397)	-	(14,397)
Closing balance, December 31, 2022	\$51,638	\$536,841	\$588,479

The City meets the minimum target measure of cash and investment holdings, which is a 1:1 ratio with the City's reserves, and reserve fund balances including the deferred contributions on the Statement of Financial Position. Please refer to [Information Report 2023-130 2022 Year-end Investment Performance Report](#) for a full report on the City's investment portfolio as of December 31, 2022.

## Accounts receivable and taxes receivable

Accounts receivable increased by \$9.9 million in 2022 compared with December 31, 2021. Several year-over-year fluctuations contribute to this difference, however, the main factors in this increase is the growth in accrued receivables for investment income (\$2.1 million), a decrease in HST rebates receivable due to three months' being in receivables at the 2022 year-end (\$3.8 million), and an increase in grant funding receivable from the federal and provincial governments (\$3.3 million).

The balance in taxes receivable at year-end increased by \$1.3 million from 2021 to 2022. More information about taxes receivable can be found in [Information Report 2023-79 -Property Tax Receivables and Collections](#).

Overall, 7.5 per cent of revenue was in accounts and taxes receivable as of December 31, 2022, compared with 5.9 per cent at the end of 2021.

## Loans and notes payable

The loans and notes payable balance is in a liability position of \$757 thousand at December 31, 2022 (2021 - \$865 thousand). At the end of 2022, this balance consists of amounts payable by the City to both GMHI and GJR and is offset by other long-term receivables from external parties and a long-term loan receivable from GJR.

## **Investment in GJR**

The City's investment in GJR increased by \$1.5 million as GJR had net income of \$1.6 million in 2022 and paid dividends to the City of \$105 thousand.

## **Investment in GMHI**

The City's investment in GMHI decreased by \$547 thousand as GMHI earned total comprehensive income of \$2.9 million during the year which was offset by \$3.7 million in dividends paid to the City and an adjustment to retained earnings for the refundable portion of deferred taxes. GMHI budgets for revenue from Alectra Inc. (Alectra) differently than it reports for the purposes of the audited financial statements. The budget forecasts dividends received from Alectra, while the revenue from Alectra on the audited financial statements is based on GMHI's share of Alectra's net income. GMHI budgeted for dividends totaling \$3.9 million from Alectra in 2022 and received \$4.4 million. In contrast, GMHI reported \$3.0 million in revenue from Alectra on its financial statements (4.63 per cent of Alectra's net income). Alectra's net income in 2022 was less than forecasted, which caused lower than expected investment income for GMHI. GMHI paid more dividends to the City than their 2022 total comprehensive income, causing a decrease in GMHI's shareholder equity balance.

## **Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities increased by \$10.8 million compared with 2021. There are many year-over-year fluctuations that contribute to this difference, and much of this balance is dependent on the timing of payment. General accounts payable and accrued liabilities owing to vendors for goods and services increased by \$4.5 million. This increase is consistent with the overall increase in expenses as part of our recovery from the impacts of COVID-19 (COVID), inflationary impacts as well as the increase in capital acquisitions in 2022. Other key factors contributing to the increase was timing of the December payment to Ontario Municipal Employees' Retirement System (OMERS) (increase of \$2.8 million), timing of regular payroll payments (increase of \$1.1 million) and the increase in accounts payable of the consolidated corporations (increase of \$1.6 million).

## **Vacation and other employee benefits payable**

Vacation and other employee benefits payable was consistent with the amount owing at December 31, 2021 (decrease of \$117 thousand).

## **Deferred contributions**

Deferred contributions are the City's obligatory reserve funds and include development charges (for growth-related capital expenditures), federal and provincial gas tax funds, parkland dedication, and Ontario Building Code Act funds that have been received but not yet spent. An additional reserve fund was added to this group in 2022 for the Community Benefits Charge.

In 2022 the City had inflows totaling \$47.3 million to deferred contributions and outflows of \$23.3 million for projects funded through these revenue sources, for a

net increase of \$24.0 million to the year-end balance. [Report 2023-159 2022 Long-term Financial Statement – Reserves and Debt](#) contains a detailed analysis of the balances in the City’s obligatory reserve funds. The City saw an increase in development charge inflows in 2022 of \$4.0 million compared with 2021, while there was also a decrease in development charge outflows of \$4.6 million compared with 2021. Development charge outflows are connected to progress on growth related capital projects.

In 2021 the Federal Government nearly doubled the Canada Community-Building Fund (formerly the Federal Gas Tax) on a one-time basis to help communities recover from the COVID pandemic as quickly as possible. The City received payments of \$11.5 million in 2022 (\$16.3 million in 2021). The Canada Community-Building Fund is a permanent source of federal funding that is indexed and provided to municipalities on a per-capita basis.

### **Employee future benefits**

Employee future benefits contain three categories of future liabilities: first, estimates of the future liability to the City for current Workplace Safety and Insurance Board (WSIB) claims; second, medical and dental benefits for employees on long-term disability longer than 24 months (post-employment) and early retirees; and third, sick leave/retirement benefits for first responders (police, fire, paramedics). An actuarial valuation is undertaken every three years to determine the liability as of the valuation date, and actuarial estimates of the next three years’ liability. The most recent WSIB liability valuation was done in 2022 with the liability calculated as of December 31, 2021, and estimates for the liability as of December 31, 2022, 2023, and 2024 included in the report. In 2020, the post-employment, early retiree, and sick leave benefits valuation was completed for the year-ended December 31, 2019, with liability estimates for 2020, 2021, and 2022.

Employee future benefits liability increased by \$7.2 million from 2021 to 2022, with the largest driver of this increase being an increase to the future liability for WSIB benefits (\$4.9 million increase), followed by an increase in the liability for future post-employment and retiree benefits (\$1.5 million) and an increase of \$700 thousand for liability for sick leave/retirement benefit. The City relies on independent actuaries to calculate the employee future benefits liability recorded on the consolidated financial statements. The cost of future employee benefits can vary depending on the various assumptions incorporated into the calculations including future inflation rates, future salary escalations, future costs of long-term debt, future cost of health care, various demographic inputs and City of Guelph specific historical data and employee coverages, among others.

### **Debt**

The City did not issue any new debt in 2022. The City and its consolidated entities made debt principal repayments totaling \$14.2 million in 2022. Please refer to [Report 2023-159 2022 Long-term Financial Statement – Reserves and Debt](#) for further detail.

### **Obligation under capital lease**

Obligation under capital lease decreased by \$173 thousand in 2022 as The Elliott made the expected principal payments on its capital lease.

### **Landfill post-closure liability**

Landfill post-closure liability decreased by \$587 thousand due to adjustments to forecasted annual maintenance and capital costs for managing the site.

### **Other long-term liabilities**

Other long-term liabilities are amounts owing under the City's three Tax Increment Based Grants (TIBG) programs: Heritage Redevelopment, Downtown Community Improvement Plan, and the Brownfield Redevelopment Community Improvement Plan. The amounts included in the liability are amounts owing for completed projects that have met all the eligibility criteria.

In 2022, the liability decreased by \$52 thousand, which was the net result of an additional agreement which met the eligibility criteria and added \$1.2 million to the liability, and payments totaling \$1.2 million made in 2022, which were an offsetting reduction to the liability. At the time when Council enters into an agreement, it is reflected as a commitment in the financial statements; when the criteria in the agreement have been met (i.e., the improvements have been completed and the Municipal Property Assessment Corporation has reassessed the property), the commitment is converted to a liability. In addition to the liability, the City had entered into agreements valued at \$17.7 million as of December 31, 2022 which are reflected as commitments in Note 20 to the financial statements. No new agreements were entered into in 2022.

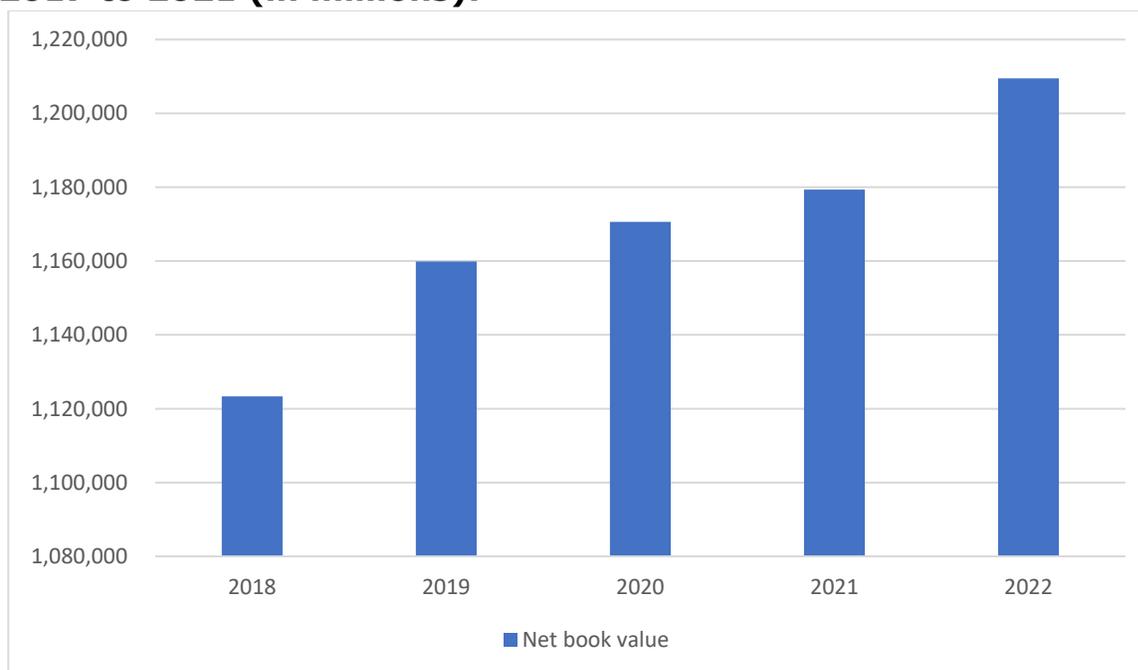
### **Liability for contaminated sites**

The liability for contaminated sites increased by \$2.9 million. This is mainly due to a revision in the cost estimate to remediate the Fountain Street site (increase of \$4.0 million). This revision resulted from additional environmental assessment work that was performed in 2022. This was partially offset by remediation and monitoring work completed totaling \$2.1 million. Included in this work was the removal of metal drums buried just west of the Bristol Street Dog Park. Inflation and interest rates also affect the calculation of this long-term liability.

### **Tangible capital assets**

The City and its consolidated entities acquired \$89.9 million in tangible capital assets in 2022 (\$67.6 million in 2021). Of this, \$6.4 million (2021 - \$7.0 million) were contributed subdivision assets. The net book value of the City's tangible capital assets increased by \$30.2 million from the 2021 net book value (2021 - \$8.7 million increase). This increase shows an improvement over the last two fiscal years as explained in report [2023- 154 2022 Year-end Capital Budget Monitoring Report](#).

**Figure-2: Net book value of tangible capital assets (consolidated) 2017 to 2021 (in millions):**



### Reserves and Reserve Funds

Please refer to the [Report 2023-159 2022 Long-term Financial Statement – Reserves and Debt](#) for details about reserves and reserve fund activity in 2022.

### Statement of Operations and Accumulated Surplus

The City and its consolidated entities ended the year with an excess of revenues over expenses of \$45.4 million, compared with \$56.5 million in 2021.

The audited Consolidated Financial Statements are prepared in accordance with PSAS, and as a result, the net surplus reported in these financial statements is different from the surplus reported by staff in report [2023-157 - 2022 Year-end Operating Budget Monitoring Report](#). Both numbers are computed using the same underlying data, however, as shown in Figure-3 they are presented differently based on the requirements of modified cash basis operating and capital budgeting versus full accrual-based financial reporting.

**Figure-3: Reconciliation of PSAS surplus versus operating budget surplus (in millions)**

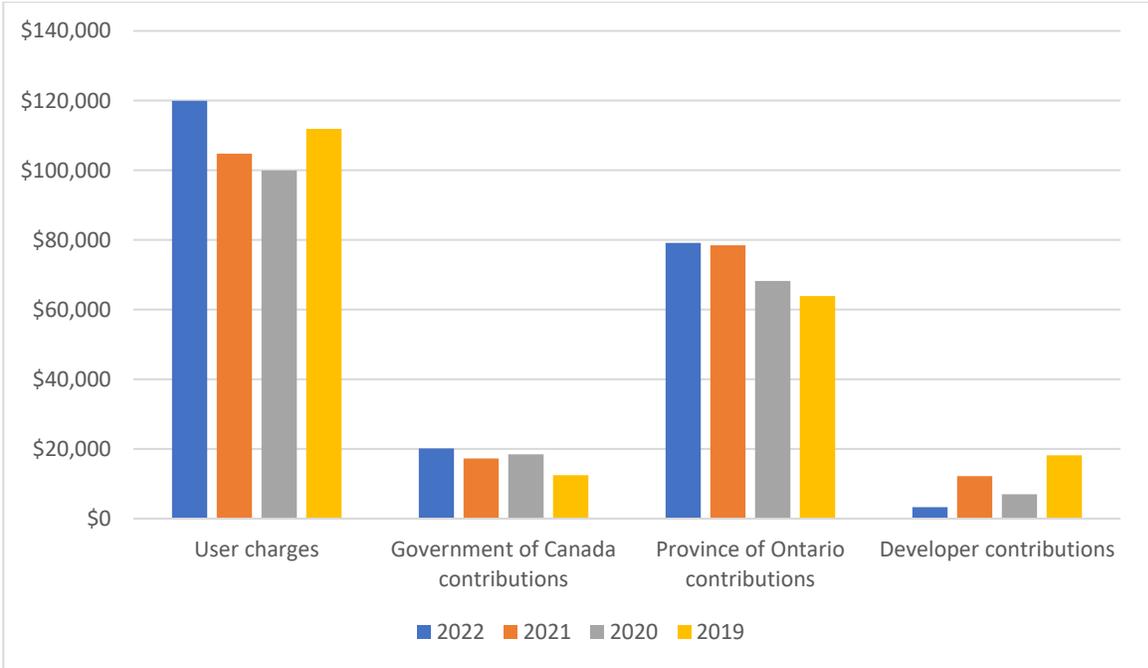
Description	Amount
Ending surplus - PSAS	\$45,410
Net capital-related revenues and depreciation	52,911
Debt-related and non-cash items	(4,811)

Description	Amount
Reserve related transfers	(76,361)
Consolidated entities	(3,450)
<b>Adjusted modified cash basis surplus</b>	<b>\$13,699</b>
Ending surplus – tax supported	11,315
Ending surplus – non-tax supported	2,384
<b>Total</b>	<b>\$13,699</b>
Difference	\$0

**Revenue Highlights**

The City’s largest source of revenue is property taxes; however, there are other key sources of revenue that support the City’s operations. Many of these revenue sources were negatively impacted from COVID through 2020 and 2021, and we have seen a recovery in user fees in 2022, while grants from upper levels of government continued to be at higher than pre-COVID levels. The decrease in developer contribution revenue was linked to the capital prioritization process which responded to high inflation in the capital program and an increase in development charge exemptions which offset this revenue line.

**Figure-4: Sources of revenue significantly impacted by COVID (in millions)**



User charges increased by \$15.2 million in 2022 compared with 2021, and are now exceeding 2019 levels, with the largest areas of impact being transit (increase of

\$8.3 million over 2021), and recreation and cultural services (increase of \$3.5 million over 2021).

Contributions from the federal and provincial governments grew throughout the pandemic with support through the Safe Restart and other program specific grants to help municipalities offset lost revenues and additional operating costs.

Revenue recognized related to contributions from developers declined in 2022 to \$3.3 million. This revenue segment includes draws from our development charge obligatory funds of \$8.8 million to fund growth related capital projects. However, these revenue draws are partially offset by \$6.9 million in development charge exemptions issued in 2022 for a net revenue from development charges of \$1.9 million recognized in the 2022 financial statements. There was a decline in development charge outflows in 2022 as some growth-related projects were deferred through the capital prioritization process to make room to advance infrastructure renewal projects in a period of high inflationary impacts on the capital program. The volume of development charge exemptions in 2022 has increased in part due to new Provincial legislation but largely due to exemptions for additional residential dwelling units. The remaining \$1.4 million in this revenue segment is funds received from developers and landowners for specific capital related projects where the benefits of the project are shared between the City and the developer.

### **Expense Highlights**

In 2022 total expenses increased by \$46.7 million compared with 2021, with increases in every functional area except general government.

Figure-5 presents expenses by type for 2018 through 2022. Notable changes for 2022 included salaries, wages, and benefits which increased by \$15.9 million as City operations continued to return to normal levels of service after the COVID impacts in 2020 and 2021. Of the increase in salaries, wages, and benefits \$4.2 million (18.2 per cent increase) was in the recreation and culture departments, \$3.8 million (10.4 per cent increase) was in transportation services departments and \$3.6 million was in protection services departments (4.4 per cent increase). The significant increase in Recreation and Cultural Services and Transportation Services should be viewed as a return to near normal operations for most of the year, following COVID related declines in prior years. While there were large increases in year over year salaries and benefits expenses, the amount spent in 2022 was less than the Council approved budget due to overall position vacancies in a tight labour market and remaining COVID impacts in some services early in 2022, as outlined in [Report 2023-157 2022 Year-end Operating Budget Monitoring and Surplus Allocation Report](#). Another area of note is the increase in external transfers expense of \$12.3 million. \$9.0 million of this increase relates to the City of Guelph's share of the Social Housing, Child Care and Social Services programs administered by the County of Wellington. This increase in external transfers to the County of Wellington for social services is partially offset by a \$7.0 million increase in grant funding received by the Province of Ontario, for a net year-over-year

increase in City expenditures of \$2.0 million for social services. The remaining increase in external transfers expense relates to payments made as part of our Tax Incentive Based Grants program, resumption of the \$750 thousand levy paid to the Guelph General Hospital and payments made to various not-for-profit organizations as part of community benefit agreements. Materials and purchased services together increased by \$15.7 million over 2021 with 43 per cent of this increase attributed transportation services and another 20 per cent related to recreation and culture. These increases are indicative of a recovery from the impacts of COVID experienced in 2020 and 2021 for both service areas.

**Figure-5: Expenses by type 2017 to 2021 (in millions)**

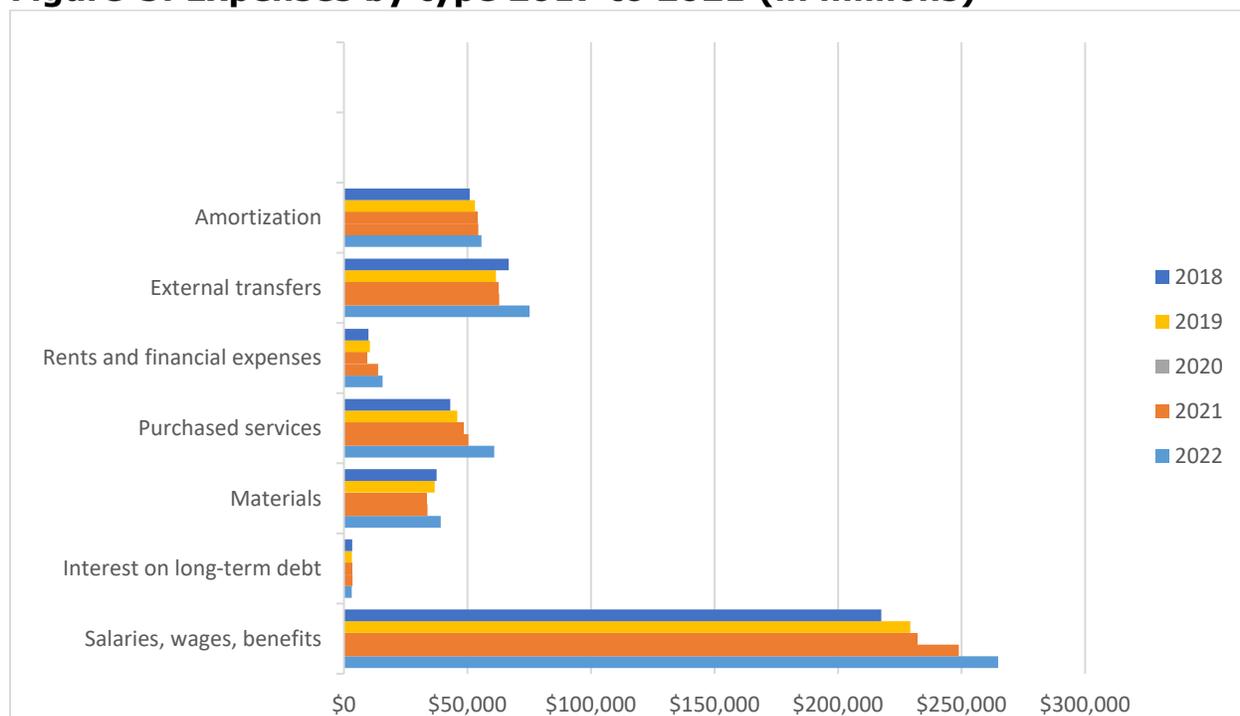
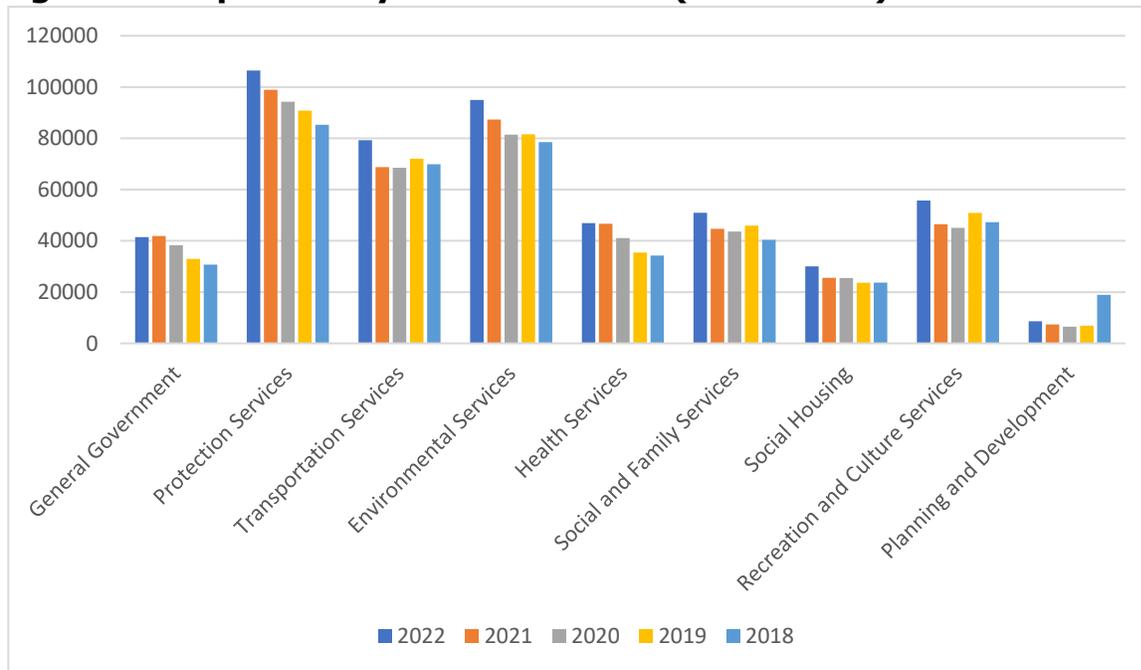


Figure-6 presents the trend for the total operating expenses for each functional area within the City. General government expenses decreased in 2022 compared with 2021 as general COVID expenses incurred by the City were grouped there for reporting purposes and these costs declined in 2022. The cost increases in 2022 were in areas that were previously the most impacted by COVID (recreation and culture services and transportations services). The increase in environmental services was mainly driven by the increase in the contaminated sites liabilities.

**Figure-6: Expenses by function trend (in millions)**



### Statement of Cash Flows

This statement provides a summary of how cash was generated during 2022 and where it was spent. The purpose of this statement is to reconcile the excess of revenue over expenses for the year from the Statement of Operations and Accumulated Surplus to the City’s cash at the end of the fiscal year, as shown in the Statement of Financial Position.

The first section of the Statement of Cash Flows highlights the cash generated from operations and begins with the excess of revenues over expenses for the year of \$45.4 million. Items that are non-cash in nature or which reflect changes in non-cash working capital items from the Statement of Financial Position are then added or subtracted. During 2022, the City and its consolidated entities generated \$114.5 million in cash from operations (2021 - \$128.8 million).

The next two sections relate to capital, investing, and financing activities, which show how the City has used and generated its cash during the year. The City spent \$83.5 million to acquire tangible capital assets and received \$7.9 million from the sale of capital assets. Net cash of \$24.2 million was transferred to the City’s investment accounts, and the City received dividends totaling \$3.7 million from GMHI and \$105 thousand from GJR. Debt principal repayments totaling \$14.2 million made during the year in addition to \$173 thousand in principal repayments on The Elliott’s capital lease.

Overall, the consolidated cash position increased year-over-year by \$3.9 million, ending 2022 with a balance of \$51.6 million.

## **Audit Opinion**

KPMG issued a clean audit opinion on the City's 2022 consolidated financial statements. KPMG's Audit Findings Report was provided to Council as an attachment to report 2023-225 – Consolidated Financial Statements and External Audit Findings Report.

## Statistical Information

There are three categories of financial indicators in the City's [Long-Term Financial Framework](#): sustainability, vulnerability, and flexibility.

**Sustainability** is the ability to maintain services over an extended period of time, providing continuous service at the expected level to all intended customers.

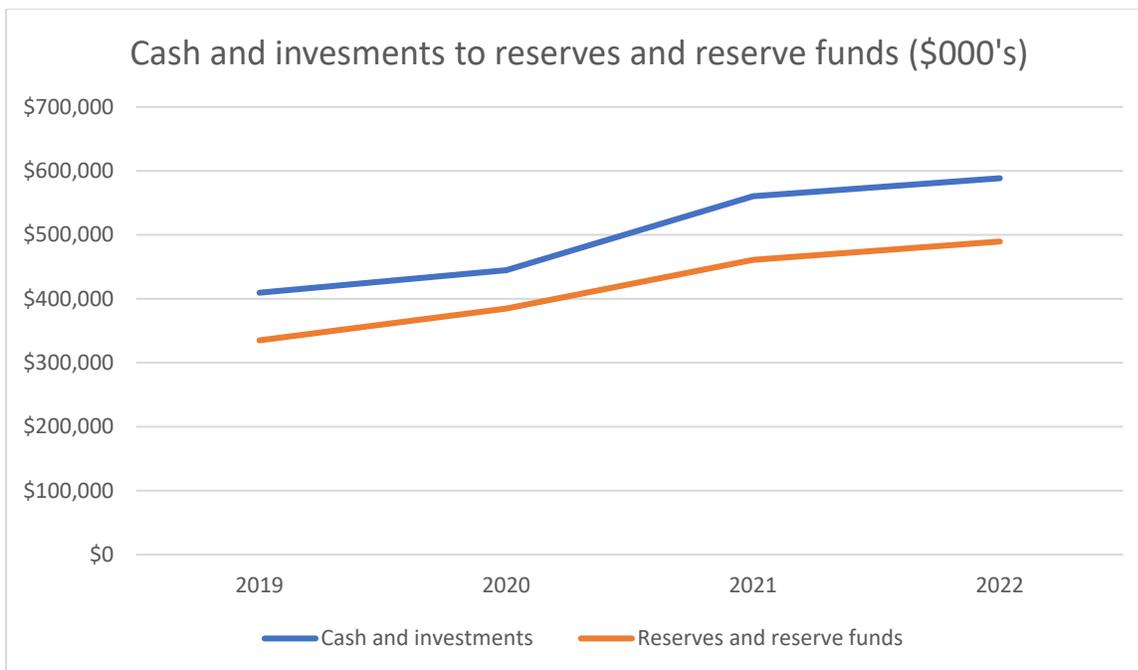
**Vulnerability** is the level of resiliency within the organization to mitigate unexpected negative factors while maintaining financial and service commitments.

**Flexibility** is the ability of the organization to adapt to a changing environment to both capitalize on opportunities and avoid threats.

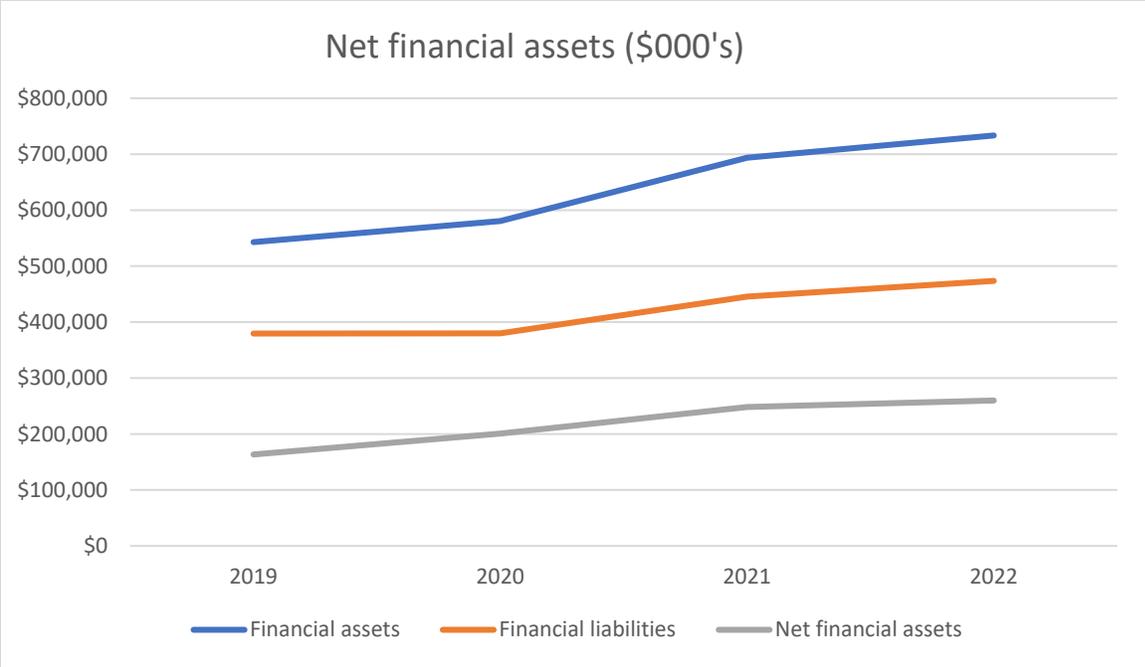
### Sustainability

Some of the key sustainability measures are:

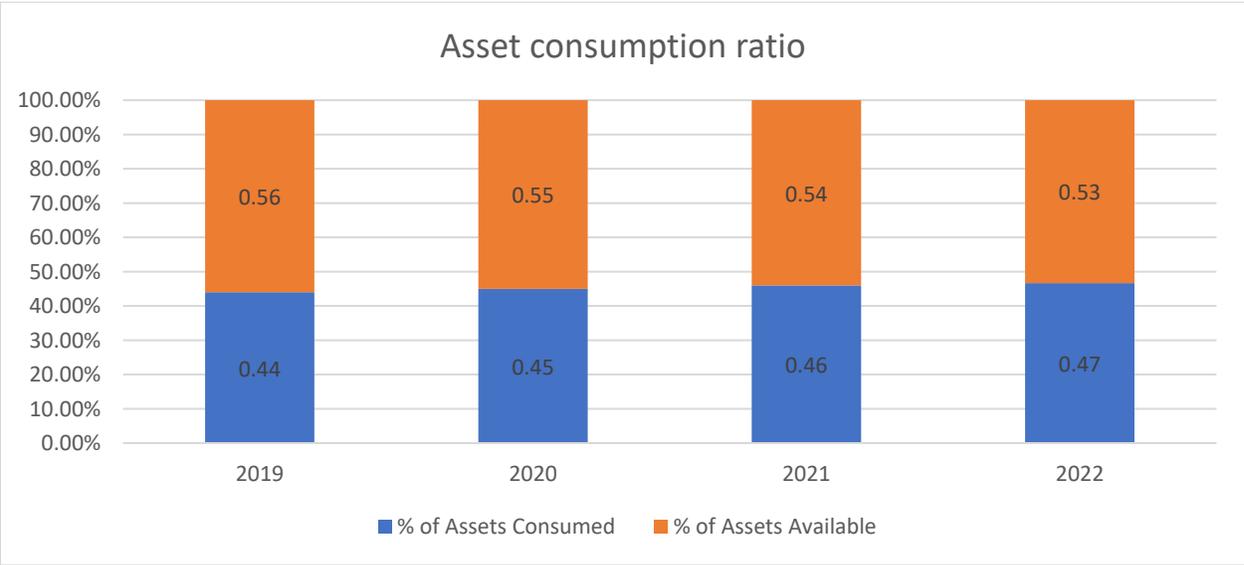
- Ratio of cash and investments to reserves and reserve funds
- Consolidated net financial assets
- Asset consumption ratio



In 2022, the City's cash and investments to reserves and reserve funds ratio slightly decreased to 1.20:1 (2021- 1.22:1). The minimum target is 1:1. A larger space between the two lines indicates a higher ratio.



Net financial position is financial assets minus financial liabilities. Since the City’s financial assets exceed financial liabilities, the City has net financial assets (as opposed to net debt). In 2022, net financial assets increased by \$11.6 million (4.7 per cent). From 2017 to 2021 net financial assets increased by an average of 25 per cent per year. A contributor to slowing the annual rate of increase in net financial assets is the execution of the 2022 capital program. Tangible capital asset additions increased by \$22.3 million (33 per cent) over 2021. This increase can partly be attributed to increased inflationary pressures as well as the implementation of the Council approved a capital resourcing strategy, as described in report [2021-39 – Capital Program Resourcing Strategy](#).

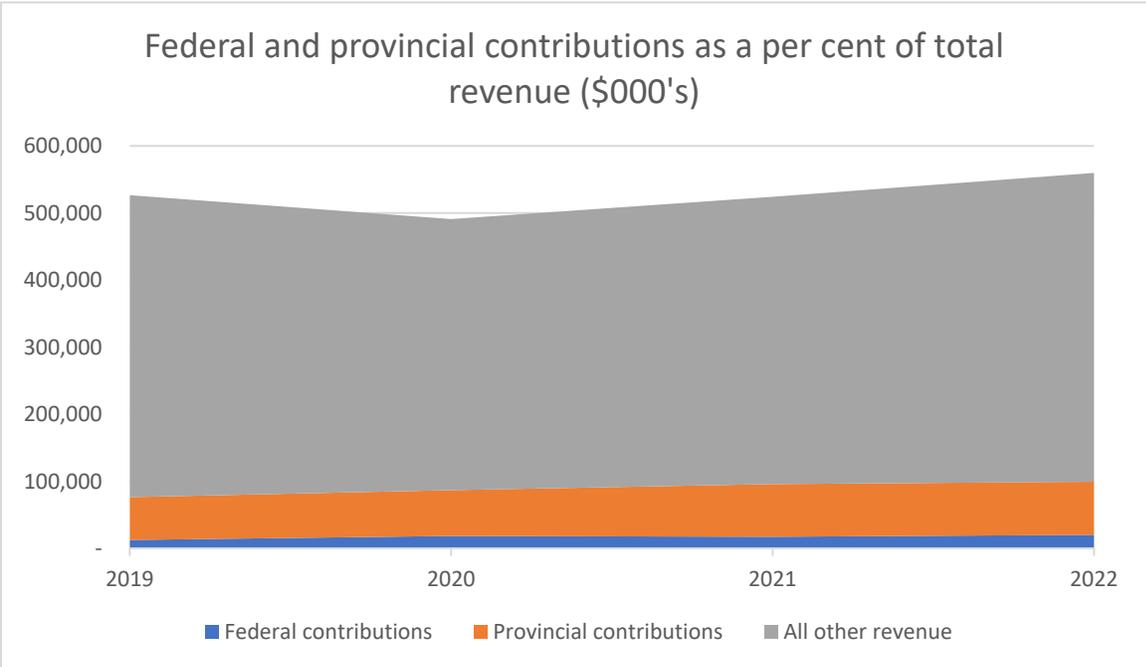


The asset consumption ratio is the accumulated amortization divided by the gross cost of capital assets and it gives insight into how old or used up the City’s assets are. In 2022 the City’s asset consumption ratio increased (0.47), which tells us that the tangible capital assets are older than they were at the end of 2021 (0.46), and 2020 (0.45). The asset consumption ratio increased in 2022 even though there was an increase in the overall spending on capital projects by \$22.3 million (33 per cent). For the City to have stopped this trend from increasing in 2022 the cost of capital assets needs to increase proportionately at the same rate as the accumulated amortization balance. In 2022, based on current rates of asset amortization, the City would have had to spend \$109.2 million on net capital acquisitions (net of asset disposals), compared to the to \$80.0 million spent.

**Vulnerability**

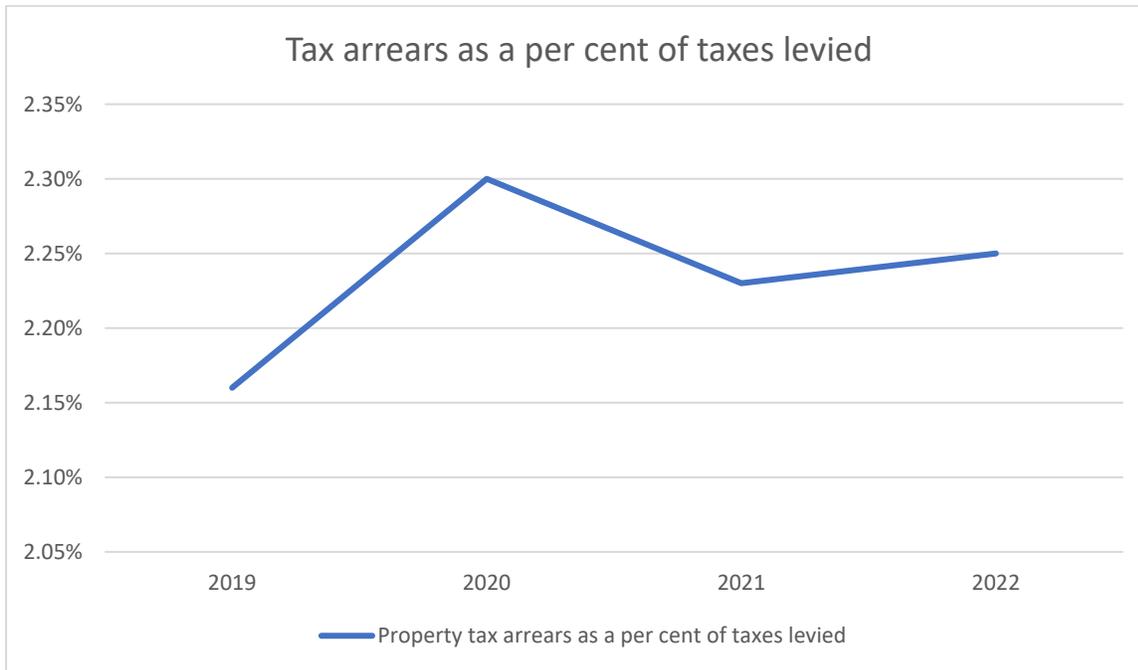
Some key vulnerability measures are:

- Federal and provincial contributions as a per cent of total revenue
- Tax arrears as a per cent of taxes levied
- Return on investment

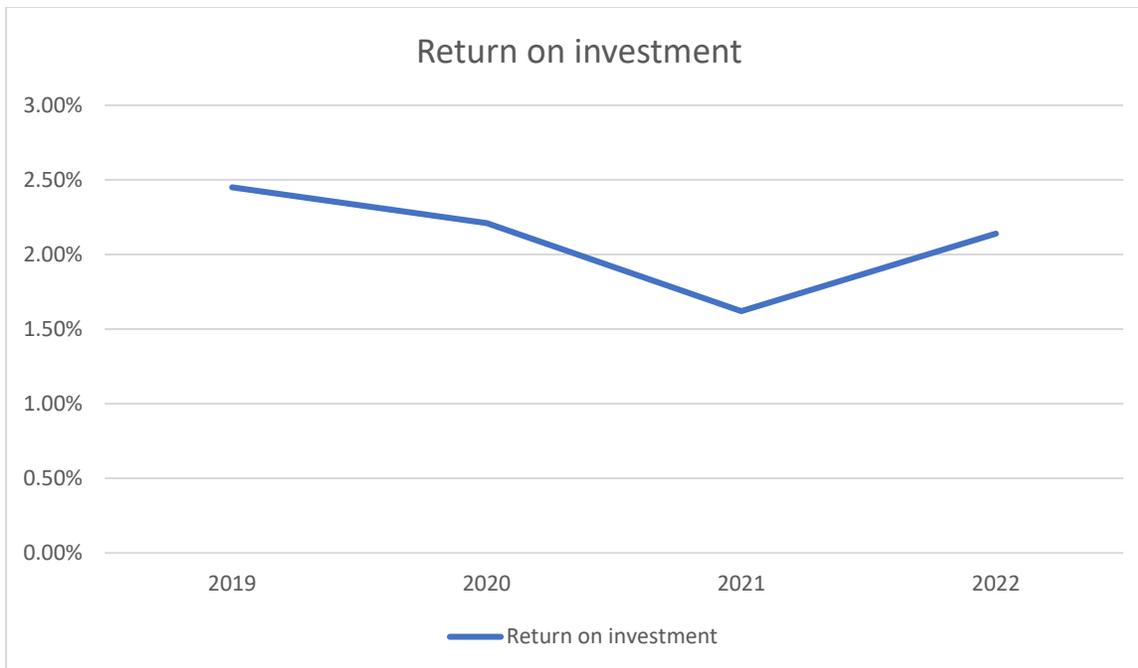


Federal and provincial contributions as a per cent of total revenue decreased slightly in 2022 to 17.7 per cent, following the previous trend of increases from 2021 (2021 – 18.3 per cent, 2020 – 17.7 per cent, 2019 – 14.5 per cent) because of the decreases to user fees from COVID and the increase in federal and provincial funding through the Safe Restart grants. While Federal and provincial grants increased by 3.7 per cent compared with 2021, the proportion of total revenue

decreasing indicates less reliance on them. Monitoring the reliance on grant funding is important because it can represent a risk if stable sources of funding from other levels of government were to decrease or be discontinued.



Tax arrears as a per cent of taxes levied gives us insight into the percentage of property owners unable to pay their property taxes and is an important indicator of economic health. In 2022 the per cent of tax arrears increased slightly to 2.25 per cent from 2.23 per cent in 2021. The City has experienced a consistent low level of tax arrears over the years, including through COVID, and even with a 20 per cent increase in the number of properties in the City from 2010 to 2022.



The City’s return on investment increased from 1.62 per cent in 2021 to 2.14 per cent in 2022. The main driver of increased investment earnings compared with 2021 returns was the increasing interest rate environment throughout 2022. In response to high inflation in 2021 and 2022, the Bank of Canada increased its Policy Interest Rate seven times in 2022 taking the target overnight rate from 0.25 per cent up to 4.25 per cent by the end of 2022. Investment income reduces the amount otherwise required from property taxation and user fees to finance City services, as well as increasing the value of reserve funds used to finance future expenditures. Investment market conditions were weak in 2021, however the proactive investment strategy and robust portfolio position allowed the City to be in a good position to take advantage of rising interest rates as the investment market in 2022 and in future years.

## Flexibility

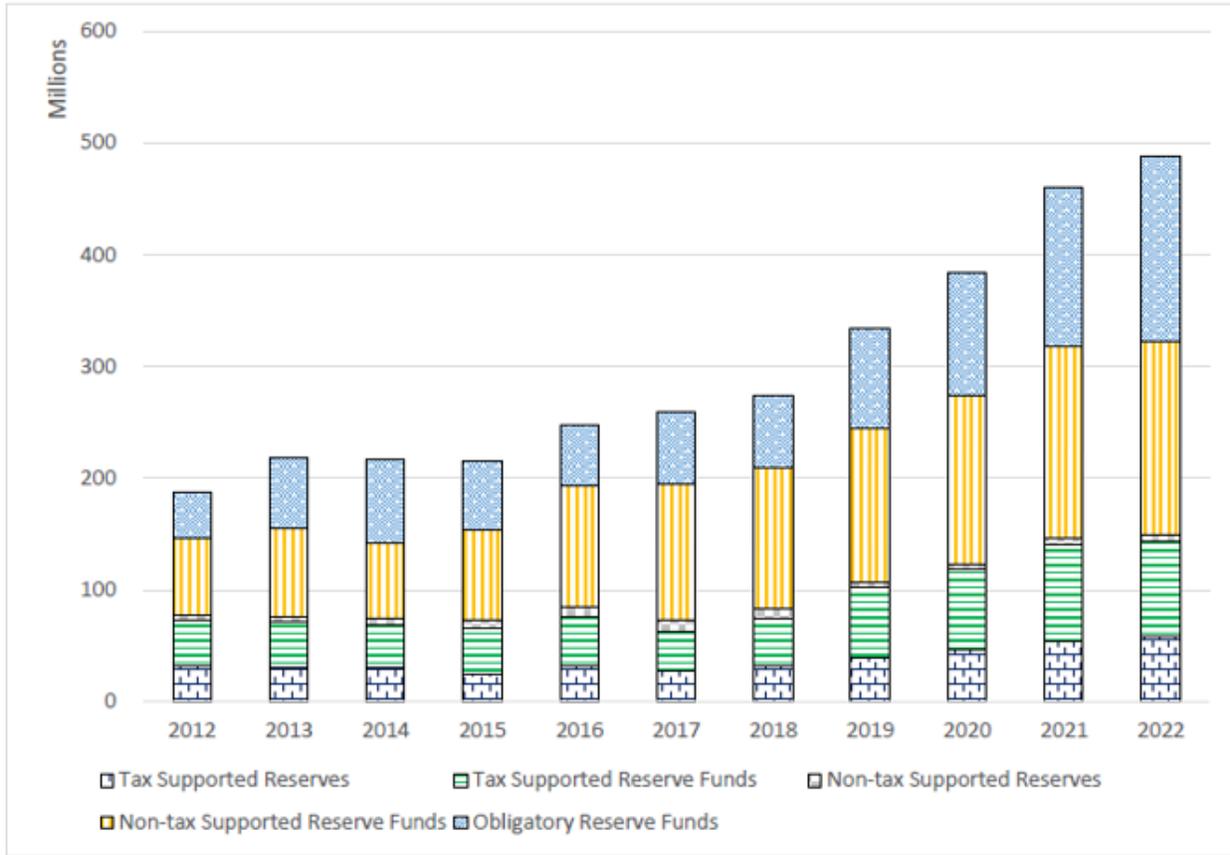
Flexibility measures help us to understand the capacity of the City to respond to unexpected opportunities and threats. The City’s reserve and debt positions are integral to its flexibility.

## Reserves

Discretionary reserves and reserve funds provide the City with the flexibility to address operating requirements, prevent spikes in funding requirements for capital projects, allow time to access debt markets to take advantage of favourable conditions, and fund one-time or short-term requirements without impacting tax rates, among many other benefits.

Category	2022 change from 2021	Comparison with targets
Tax supported corporate contingency reserves		
Tax supported program specific reserves		
Tax supported strategic reserves		Targets linked to underlying strategies
Tax supported program specific reserve funds		
Tax supported corporate capital reserve funds		Target balances under review
Non-tax supported program specific reserves		
Non-tax supported program specific reserve funds		Target balances under review

Overall Guelph’s tax supported reserves and reserve funds increased by \$2.8 million compared with 2021 and Guelph’s non-tax supported reserves and reserve funds increased by \$1.3 million compared with 2021.

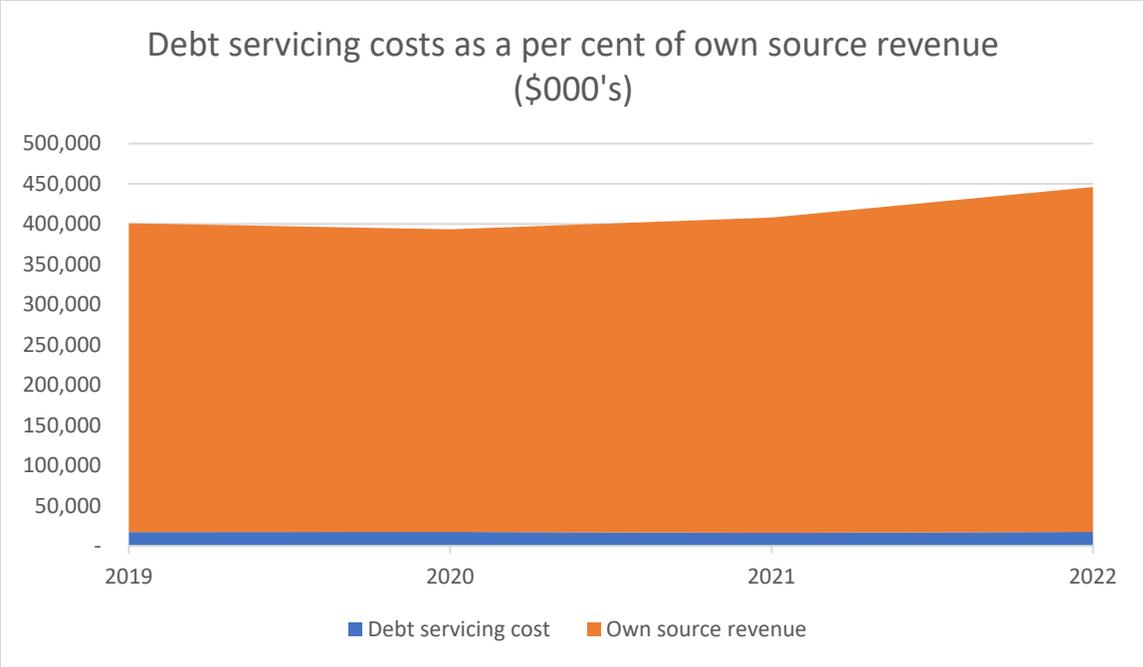


Please refer to the [Report 2023-159 2022 Long-term Financial Statement – Reserves and Debt](#) for details about reserves and reserve fund activity in 2022.

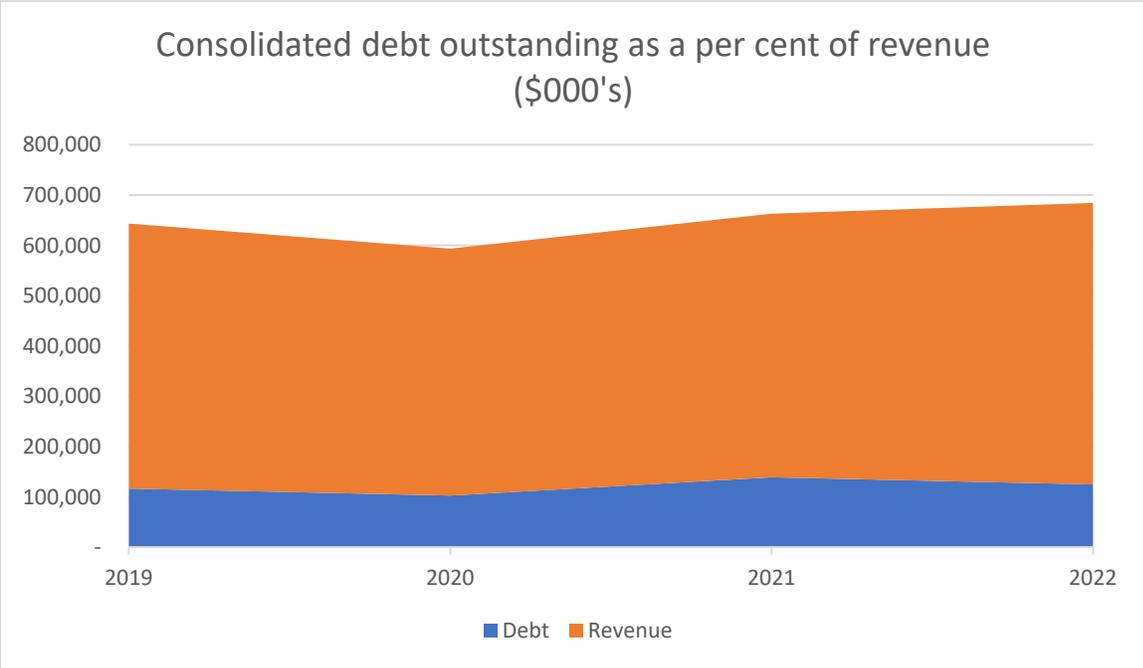
## Debt

Low debt in comparison with established thresholds also provides the City with flexibility. There are three key thresholds for debt:

- The Ministry of Municipal Affairs and Housing requirement that no more than 25 per cent of total Own Source Revenue is used to service debt (principal and interest).
- The City of Guelph’s policy limit which requires outstanding debt to be less than 55 per cent of operating revenue; and
- The S&P recommendation that outstanding debt be less than 30 per cent of operating revenue.



The City's consolidated debt servicing costs as a per cent of own source revenue remained at 4.1 per cent in 2022. This is significantly lower than the Ministry of Municipal Affairs and Housing requirement of a maximum of 25 per cent.



The City's consolidated debt outstanding as a per cent of revenue decreased in 2022 to 22.2 per cent (2021 – 26.5 per cent). The debt forecast will be updated based on the updated 2024-2033 capital plan and will be presented to Council as part of the 2024-2027 multi-year budget. More detail on debt activity in 2022 can

be found in [Report 2023-159 2022 Long-term Financial Statement – Reserves and Debt](#).