

# **Consolidated Financial Statements and Treasurer's Report for the year ended December 31, 2023**

Prepared by Finance, Corporate Services  
Guelph, Ontario



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

The 2023 consolidated financial statements have received a clean audit opinion from KPMG, an independent professional audit firm. The City monitors its financial position through the lens of the [Long-term Financial Framework](#), measuring financial sustainability, vulnerability and flexibility indicators over time. I am pleased with the trending results showing a continued strengthening of the City's net asset position, manageable debt levels, and improvement in asset consumption. I do note cautionary indicators for the City's sustainable funding strategies and reserve flexibility, especially for our tax supported services. These will be further analyzed and brought forward in the review of the 2025 budget.

Financially, 2023 saw significant post-pandemic influences driven by an elevated interest rate environment as federal monetary policy aimed to tamp down inflation. The City was directly impacted by these economics through higher costs and higher returns on our investment portfolio; however, we have also paused issuing debt until 2025 for the same reason. The City's financial reserve flexibility is enabling the city to defer the issuance of debt until rates decline which will save money for our community over the long-term.

The economic conditions have also meant a tightening of the real estate market as debt costs are limiting developers from building new housing and persistent high house prices are limiting new home buyers from entering the market. Given these conditions are prevailing across Canada, 2023 was a year of new housing legislation coupled with the introduction of financial incentives by the federal and provincial governments to address concerns. These legislative changes have been quick and significantly impactful, often without municipal consultation, and fraught with implementation issues. The City dedicated much effort in 2023 on all things housing including a commitment through our Housing Pledge, streamlining development processes, modernizing development technology, updating development revenue tools, and updating land use planning policy to incentivize higher density. Based on all this, we were successful in reaching our new housing unit target in 2023, being awarded \$4.7 million in one-time Building Faster Fund grant monies.

However, 2023 has really demonstrated the unfortunate trending that municipalities continue to be forced to take on downloaded financial responsibilities from the province and even the private sector. Municipal development revenues were stifled through Bill 23, shifting even more housing-enabling capital costs away from the developer and over to the general property taxpayers. As homelessness and mental health concerns grew to a crisis state in Guelph in 2023, provincial social service pandemic response funding ended, leaving Guelph taxpayers to fill in that gap as well. Across the province, municipalities are reeling with the same unsustainable financial realities, that property taxes were never designed to fund social and health care services. In 2023, we stood alongside many other

municipalities in calling on the province to reconsider the current municipal financial framework, to recognize that property taxes cannot always be the answer.

Through all this, I remain optimistic about our future, the City's financial position remains stable with many financial metrics trending in a positive direction. We proudly maintained our AAA credit rating, implemented two new public sector accounting standards, and developed the City's very first four-year multi-year budget under the new Strong Mayor legislative environment. We are ready for what 2024 brings, as we focus on prioritizing investments, guided by the City's Strategic Plan.

A handwritten signature in black ink that reads "Tara Baker". The signature is written in a cursive, flowing style.

Tara Baker, CPA, CA

Treasurer, General Manager, Finance

## Introductory Information

### 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/>.

#### Mayor

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

#### Council

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

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

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

Carly Klassen, Ward 2, [carly.klassen@guelph.ca](mailto:carly.klassen@guelph.ca)

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

Michele Richardson, Ward 3, [michele.richardson@guelph.ca](mailto:michele.richardson@guelph.ca)

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

Linda Busuttil, Ward 4, [linda.busuttil@guelph.ca](mailto:linda.busuttil@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)

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

Ken Yee Chew, Ward 6, [ken.chew@guelph.ca](mailto:ken.chew@guelph.ca)

### 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)

#### Economic Development and Tourism

James Goodram, General Manager

519-822-1260 extension 3567

[james.goodram@guelph.ca](mailto:james.goodram@guelph.ca)

### **Internal Audit**

Robert Jelacic, General Manager

519-822-1260 extension 3498

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

### **Strategic Initiatives and Intergovernmental Services**

Jodie Sales, General Manager

519-822-1260 extension 3617

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

### **Smart Cities**

Program completed December 31, 2023

### **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**

Dylan McMahon, Acting General Manager / City Clerk

519-822-1260 extension 2811

[dylan.mcmahon@guelph.ca](mailto:dylan.mcmahon@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**

Stephen O'Brien, Acting General Manager

519-822-1260 extension 5644

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

### **Information Technology**

Adam Fischer, General Manager

519-822-1260 extension 2627

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

## **Legal and Court Services**

Jennifer Charles, General Manager / City Solicitor

519-822-1260 extension 2452

[jennifer.charles@guelph.ca](mailto:jennifer.charles@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)

## **Infrastructure, Development and Environment**

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

519-822-1260 extension 2248

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

## **Facilities and Energy Management**

Antti Vilkkko, General Manager

519-822-1260 extension 2490

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

## **Planning and Building Services**

Krista Walkey, General Manager

519-822-1260 extension 2395

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

### **Fire Services**

Brian Arnold, General Manager / Fire Chief

519-822-1260 extension 2127

[brian.arnold@guelph.ca](mailto:brian.arnold@guelph.ca)

### **Guelph Transit**

Robin Gerus, General Manager

519-822-1260 extension 3321

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

### **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 an independent auditor 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.
- Review the Financial Statements and consider whether they are complete, consistent with information known to Council, and reflect appropriate accounting principles.
- 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 (46.7 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](#), [Revenue Budgeting Policy](#) and [Asset Management Policy](#).

The City’s credit rating is assessed annually by S&P, and the [report](#) is published annually on the City’s website. In 2023, the City maintained its AAA credit rating.

The City has received the Distinguished Budget Presentation Award from the Government Financial Officers Association of the United States and Canada each year since 2021, including for its first multi-year budget for 2022 and 2023 and most recently, for its first four-year budget for 2024 - 2027.

## **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 121 Ontario municipalities which brings

together a group of indicators to give an overall snapshot for each municipality. The [2023 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 [2023 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.

For example in the 2023 Consolidated Financial Statements, the budgeted Developer and Development Charges revenue line item has budgeted revenue of \$41.1 million compared with actual revenue of \$8.2 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 2023 are found in [Report 2023-27 – Budget Impacts per Ontario Regulations 284/09 and Budget – Public Sector Accounting Standards Reconciliation 2023](#).

## **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, 2023

DRAFT

# City of Guelph

December 31, 2023

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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, 2023
- 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, 2023, 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 “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s 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.

### ***Emphasis of Matter – Comparative Information***

We draw attention to Note 2 to the financial statements (“Note 2”), which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 2 explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect to this matter.

### ***Other Matter – Comparative Information***

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022 and as at January 1, 2022.

In our opinion, such adjustments are appropriate and have been properly applied.

### ***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.

### ***Auditor's 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 auditor's 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 auditor's 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 auditor's 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)



# City of Guelph

## Consolidated statement of financial position as at December 31, 2023 (\$'000's)

	2023	2022 (Restated - Note 2.a)
	\$	\$
<b>Financial assets</b>		
Cash	75,670	51,638
Investments (Note 4)	529,797	536,841
Taxes receivable	8,344	6,112
Accounts receivable	42,920	36,099
Investment in Guelph Junction Railway Limited (Note 5)	15,406	13,460
Investment in Guelph Municipal Holdings Inc. (Note 6)	92,151	90,079
	<b>764,288</b>	734,229
<b>Liabilities</b>		
Accounts payable and accrued liabilities	48,830	48,513
Accrued interest payable	911	981
Vacation and other employee benefits payable	9,286	9,009
Developer agreement deferred revenue	1,620	2,473
Loans and notes payable	284	757
Other deferred revenue	24,669	24,107
Deferred contributions (Note 8)	201,190	165,677
Employee future benefits (Note 10)	62,821	57,309
Debt (Note 11)	114,665	124,462
Obligation under capital lease (Note 12)	1,416	1,596
Other long-term liabilities (Note 13)	4,659	7,702
Liability for contaminated sites (Note 19)	26,370	28,150
Asset retirement obligation liability (Note 15)	10,198	7,632
	<b>506,919</b>	478,368
<b>Net financial assets</b>	<b>257,369</b>	255,861
<b>Non-financial assets</b>		
Tangible capital assets (Note 14)	1,261,822	1,211,279
Inventory	2,900	2,544
Prepaid expenses	5,245	5,770
	<b>1,269,967</b>	1,219,593
Contingencies (Note 20)		
Commitments and guarantees (Note 22)		
<b>Accumulated surplus (Note 16)</b>	<b>1,527,336</b>	1,475,454

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, 2023  
(\$'000's)

	2023 Budget (Note 24)	2023 Actual	2022 Actual (Restated - Note 2.a)
	\$	\$	\$
<b>Revenues</b>			
Taxation			
Property taxation (Note 3)	300,068	302,175	287,506
Penalties and interest on taxes	1,360	1,510	1,341
	<b>301,428</b>	<b>303,685</b>	288,847
User charges			
Contributed subdivision assets	124,679	129,729	119,925
Contributions	2,000	1,965	6,436
Government of Canada	16,408	17,774	20,150
Province of Ontario	89,482	86,312	79,137
Municipal	10,073	5,981	5,163
Developers	41,112	8,167	3,320
Other contributions	540	1,393	1,113
Other revenue (Note 7)	32,921	42,060	35,708
<b>Total revenues</b>	<b>618,643</b>	<b>597,066</b>	559,799
<b>Expenses</b>			
General government	47,248	48,214	41,296
Protection services	112,314	113,833	106,418
Transportation services	87,092	84,055	79,269
Environmental services	91,129	94,959	95,142
Health services	49,586	48,123	46,919
Social and family services	63,250	60,498	50,923
Social housing	24,325	27,372	30,210
Recreation and cultural services	55,008	59,045	55,732
Planning and development	7,711	9,085	8,648
<b>Total expenses</b>	<b>537,663</b>	<b>545,184</b>	514,557
Excess of revenues over expenses for the year	80,980	51,882	45,242
Accumulated surplus- beginning of year	1,475,454	1,475,454	1,430,212
<b>Accumulated surplus, end of year</b>	<b>1,556,434</b>	<b>1,527,336</b>	1,475,454

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, 2023  
(\$'000's)

	<b>2023 Budget (Note 24)</b>	<b>2023 Actual</b>	2022 Actual (Restated - Note 2.a)
	\$	\$	\$
<b>Excess of revenues over expenses for the year</b>	<b>80,980</b>	<b>51,882</b>	45,242
Amortization of tangible capital assets	<b>56,856</b>	<b>57,529</b>	55,710
Acquisition of tangible capital assets	-	<b>(106,436)</b>	(83,469)
Contributed subdivision assets	<b>(2,000)</b>	<b>(1,965)</b>	(6,436)
Gain on disposal of tangible capital assets	-	<b>(422)</b>	(3,737)
Proceeds from disposal of tangible capital assets	-	<b>751</b>	7,835
Change in inventory and prepaid expenses	-	<b>169</b>	(3,660)
Increase in net financial assets for the year	<b>135,836</b>	<b>1,508</b>	11,485
Net financial assets, beginning of year	<b>255,861</b>	<b>255,861</b>	244,376
<b>Net financial assets, end of year</b>	<b>391,697</b>	<b>257,369</b>	255,861

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

# City of Guelph

## Consolidated statement of cash flows year ended December 31, 2023 (\$'000's)

	2023	2022 (Restated - Note 2.a)
	\$	\$
<b>Operating activities</b>		
Excess of revenues over expenses for the year	51,882	45,242
Items not affecting cash:		
Amortization of tangible capital assets	57,529	55,710
Gain on disposal of tangible capital assets	(422)	(3,737)
Contributed subdivision assets	(1,965)	(6,436)
Government business enterprise earnings	(7,982)	(4,792)
Employee future benefits	5,512	7,167
Asset retirement obligations cost	2,566	(478)
Contaminated sites cost	(1,780)	2,880
Changes in non-cash working capital:		
Taxes receivable	(2,232)	(1,319)
Accounts receivable	(6,821)	(9,910)
Developer agreement deferred revenue	(853)	236
Inventory and prepaid expenses	169	(3,660)
Accounts payable and accrued liabilities	317	10,811
Accrued interest payable	(70)	(268)
Vacation and other employee benefits payable	277	(117)
Other deferred revenue	562	(704)
Other long-term liabilities	(3,043)	(52)
Net change in deferred contributions	35,513	23,968
Cash provided by operating activities	129,159	114,541
<b>Capital activities</b>		
Acquisition of tangible capital assets	(106,436)	(83,469)
Proceeds from disposal of tangible capital assets	751	7,835
Cash used by capital activities	(105,685)	(75,634)
<b>Investing activities</b>		
Dividend from Guelph Municipal Holdings Inc. (Note 6)	3,800	3,700
Dividend from Guelph Junction Railway Limited (Note 5)	164	105
Change in loans and notes receivable	(473)	(108)
Net investment acquisitions	7,044	(24,289)
Cash used by investing activities	10,535	(20,592)

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

# City of Guelph

Consolidated statement of cash flows  
year ended December 31, 2023  
(\$000's)

	2023	2022
		(Restated - Note 2.a)
	\$	\$
<b>Financing activities</b>		
Repayment of debt principal	<b>(9,797)</b>	(14,224)
Principal repayments on capital lease	<b>(180)</b>	(173)
Cash used in financing activities	<b>(9,977)</b>	(14,397)
Increase in cash for the year	<b>24,032</b>	3,918
Cash, beginning of year	<b>51,638</b>	47,720
<b>Cash, end of year</b>	<b>75,670</b>	51,638

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

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$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 46.7% (2022 – 46.3%) based on population, as stated in agreement with the other participants. In 2023, the proportionate share of each obligated municipality was realigned to the 2021 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, 2023

(\$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, 2023

(\$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, 2023

(\$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.

#### Financial instruments

Financial instruments include cash and cash equivalents, investments, accounts receivables, accounts payable and accrued liabilities, loan agreement liability and debt.

Financial instruments are recorded at cost on initial recognition. All financial instruments are subsequently recorded at cost or amortized cost unless the City elects to carry the financial instrument at fair value. The City has not elected to carry any financial instruments at fair value.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

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### 1. Significant Accounting Policies (continued)

*Basis of accounting (continued)*

*Financial instruments (continued)*

Unrealized changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses. They are recorded in the Consolidated Statement of Operations when they are realized. There are no unrealized changes in fair value as at December 31, 2023 and December 31, 2022. As a result, the City does not have a Consolidated Statement of Remeasurement Gains and Losses.

Transaction costs incurred on the acquisition of financial instruments recorded at cost are included in the cost.

Sales and purchases of investments are recorded on the trade date.

Accounts receivables, investments, accounts payable and accrued liabilities, and debenture debt are measured at amortized cost.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the Consolidated Statement of Operations.

*Investment income*

Investment income earned on available funds and loans receivable is 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.

*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.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

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### 1. Significant Accounting Policies (continued)

*Basis of accounting (continued)*

#### Asset retirement obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. A liability for the removal of asbestos in several of the buildings owned by the City has also been recognized based on estimated future expenses on closure of the site and post-closure care. The City has also recognized a liability for decommissioning of wells and retirement of fuel tanks based on current cost estimates.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the depreciation accounting policies outlined in (a).

### 2. Change in accounting policies

#### a) *PS - 3280 Asset Retirement Obligations*

On January 1, 2023, the City also adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations ("PS 3280"). The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability. The standard was adopted on the modified retrospective basis at the date of adoption. Under the modified retrospective method, the information, assumptions, and discount rates used on initial recognition are those as of the date of adoption of the standard.

The City removed the landfill liability that had been recognized to date and recognized an asset retirement obligation upon adoption of PS 3280 on January 1, 2022, using the modified retrospective method. The liability represents the required closure and post-closure care for the Eastview landfill site that was closed in 2003. The liability has been measured at the present value of expected future cashflows. The applicable discount rate at adoption of the standard was 3.75% per annum.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

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### 2. Change in accounting policies (continued)

#### a) PS - 3280 Asset Retirement Obligations (continued)

On January 1, 2022, the City recognized an additional asset retirement obligation relating to several buildings owned by the City that contain asbestos. The buildings have various acquisition dates, and the liability was assumed as of the date of acquisition and estimated as of the date of adoption of the standard. The buildings were originally acquired between 1900 and 2019 and have an average expected useful life of 75 years.

The City also recognized an asset retirement obligation for decommissioning of inactive wells and buried fuel tanks requiring removal. These assets were acquired between 1952 and 2019 and have an expected useful life of 15 to 25 years.

In accordance with the provisions of this new standard, the City reflected the following adjustments at January 1, 2022 for the year ended December 31, 2023:

- Landfill obligation:
  - A decrease of \$4,194 to Landfill Liability to remove the liability recognized to date under the old standard.
  - An asset retirement obligation in the amount of \$4,086, representing the present value of estimated cashflows of \$6,719 discounted to the present value amount using a rate of 3.75%.
  - An increase to Opening Accumulated Surplus of \$108 representing the net impact of the transition to the new standard.
- Asbestos obligation:
  - An increase of \$3,872 to the Buildings capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of \$2,140 to Accumulated Amortization, representing the historical amortization had the liability originally been recognized.
  - An asset retirement obligation in the amount of \$3,872.
  - A decrease to Opening Accumulated Surplus of \$2,140, as a result of the recognition of the liability and accompanying increase in depreciation expense of \$51 for the year ended December 31, 2022.
- Other:
  - An increase of \$153 to the Machinery and Equipment capital asset account, representing the original estimate of the obligation as of the date of purchase, and an accompanying increase of \$50 to Accumulated Amortization, representing the historical amortization had the liability originally been recognized.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

### 2. Change in accounting policies (continued)

a) *PS - 3280 Asset Retirement Obligations (continued)*

- An asset retirement obligation of \$153.
- A decrease to Opening Accumulated Surplus of \$50, as a result of the recognition of the liability and accompanying increase in depreciation expense of \$8 for the year ended December 31, 2022.

b) *PS - 3450 Financial Instruments and Related Standards*

On January 1, 2023, the City adopted PS 3450 Financial Instruments ("PS 3450"), PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation and PS 3041 Portfolio Investments. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments, including derivatives, are included on the Statement of Financial Position and are measured amortized cost.

In accordance with the provisions of this new standard, as at January 1, 2023, the City assessed that no adjustments needed to be recorded to comply with the standard.

### 3. 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>2023</b>	2022
	\$	\$
Taxation revenue collected - school boards	<b>61,963</b>	61,717
Requisitions	<b>(61,963)</b>	(61,717)
	-	-

b) *Taxation revenue by major tax class*

<b>2023</b>	Taxes (own purpose) \$	Payments in lieu \$	Supplem- entary taxes \$	Rebates & write-offs \$	<b>2023 total \$</b>
Residential	197,447	39	1,599	105	<b>199,190</b>
Multit-Residential	19,004	-	200	79	<b>19,283</b>
Commercial	53,320	4,282	1,008	64	<b>58,674</b>
Industrial	20,838	249	(87)	(392)	<b>20,608</b>
Pipelines	689	-	11	-	<b>700</b>
Farmlands	13	-	-	2	<b>15</b>
Managed Forests	4	-	-	-	<b>4</b>

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

### 3. Taxation revenues (continued)

#### b) Taxation revenue by major tax class (continued)

<b>2023</b>	Taxes (own purpose) \$	Payments in lieu \$	Supple- mentary taxes \$	Rebates & write-offs \$	<b>2023 total \$</b>
Other	-	3,019	-	-	<b>3,019</b>
	291,315	7,589	2,731	(142)	<b>301,493</b>
<b>2022</b>	Taxes (own purpose) \$	Payments in lieu \$	Supple- mentary taxes \$	Rebates & write-offs \$	<b>2022 total \$</b>
Residential	188,876	46	2,131	(371)	190,682
Residential	15,811	-	228	(25)	16,014
Commercial	50,163	3,809	2,074	(1,427)	54,619
Industrial	19,664	419	72	(259)	19,896
Pipelines	654	-	7	-	661
Farmlands	15	-	-	-	15
Managed Forests	3	-	-	-	3
Other	-	3,188	-	1,777	4,965
	275,186	7,462	4,512	(305)	286,855

### 4. Investments

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

	<b>2023</b>		2022	
	<b>Market</b>	<b>Amortized Cost</b>	Market	Amortized Cost
	\$	\$	\$	\$
Investments	<b>523,628</b>	<b>529,797</b>	516,893	536,841

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

### 5. 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:

	2023	2022
	\$	\$
Financial position		
Current assets	4,104	3,060
Property, plant and equipment	16,127	15,018
<b>Total assets</b>	<b>20,231</b>	18,078
Current liabilities	664	284
Long-term debt	1,245	1,359
Deferred capital contributions	2,916	2,975
<b>Total liabilities</b>	<b>4,825</b>	4,618
<b>Shareholder's equity</b>	<b>15,406</b>	13,460
Results of operations		
Revenues	7,519	6,175
Operating expenses	5,409	4,535
Net income	2,110	1,640
Retained earnings, beginning of year	13,460	11,925
Dividend to City of Guelph (Note 5.b)	(164)	(105)
<b>Shareholder's equity, end of year</b>	<b>15,406</b>	13,460

#### 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, 2023, the City has a current balance payable of \$396 (2022 - \$603). This intercompany balance is interest free and due on demand.

The City paid the Railway \$157 (2022 - \$624) for services. The City received \$84 (2022 - \$81) in office rent and administration fees for the year and \$15 (2022 - \$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, 2023 \$1,303 (2022 - \$1,359) was outstanding and included in loans and notes receivable. In 2023 principal and interest payments were \$56 and \$45 respectively (2022 - \$54, \$47)

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

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

#### b) Dividend to Shareholder

On May 23, 2023, the Board of Directors declared a dividend of \$164 based on the income earned in the year ended December 31, 2023. The dividend was paid in fiscal 2023.

### 6. 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:

	2023	2022
	\$	\$
Financial position		
Current assets	<b>1,351</b>	1,678
Due from related parties	<b>2,102</b>	2,055
Investment in Alectra Inc.	<b>104,446</b>	101,281
<b>Total assets</b>	<b>107,899</b>	105,014
Accounts payable and accrued liabilities	<b>19</b>	-
Deferred tax liability	<b>15,329</b>	14,535
Customer deposits and deferred revenue	<b>400</b>	400
<b>Total liabilities</b>	<b>15,748</b>	14,935
<b>Shareholder's equity</b>	<b>92,151</b>	90,079



# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

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

Results of operations		
Revenue		
Investment revenue	6,714	3,010
Other revenue	131	107
Electricity sales	-	40
<b>Total revenue</b>	<b>6,845</b>	<b>3,157</b>
Expenses		
GMHI operations and management	178	353
District energy wind down costs	-	7
Income taxes	309	(139)
<b>Total expenses</b>	<b>487</b>	<b>221</b>
Net income	6,358	2,936
Retained earnings, beginning of year	22,549	23,096
Dividend to City of Guelph (note a)	(3,800)	(3,700)
Refundable portion of deferred tax liability	(486)	217
<b>Retained earnings, end of year</b>	<b>24,621</b>	<b>22,549</b>
Shareholder's Equity		
Share capital	67,530	67,530
Retained earnings, end of year	24,621	22,549
<b>Shareholder's equity</b>	<b>92,151</b>	<b>90,079</b>

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

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

#### a) Related party transactions

In 2023, GMHI received energy sales revenue from the City in the amount of \$- (2022 - \$44). GMHI paid the City \$40 (2022 - \$65) in fees for administering GMHI's legal, financial, and operations activities, and \$- (2022 - \$32) 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 \$3,800 (2022 - \$3,700).

### 7. Other revenue

Other revenue consists of the following:

	<b>2023 Budget</b>	<b>2023 Actual</b>	2022 Actual
	\$	\$	\$
Investment income	<b>9,052</b>	<b>13,529</b>	7,935
Donations	<b>305</b>	<b>1,053</b>	535
Sales of equipment, publications	<b>2,948</b>	<b>3,896</b>	3,737
Recoveries	<b>6,320</b>	<b>6,082</b>	6,493
Licences and permits	<b>4,762</b>	<b>4,585</b>	4,116
Provincial Offences Act revenues	<b>4,954</b>	<b>3,176</b>	3,207
Other fines	<b>1,200</b>	<b>1,335</b>	1,135
Gain on disposal of tangible capital assets	-	<b>422</b>	3,758
Government business enterprises earnings	<b>3,380</b>	<b>7,982</b>	4,792
	<b>32,921</b>	<b>42,060</b>	35,708

### 8. Deferred contributions

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

	Beginning balance			Ending balance
	2023	Inflows	Outflows	2023
	\$	\$	\$	\$
Development charges	111,929	46,010	19,780	<b>138,159</b>
Grants	32,616	13,082	8,414	<b>37,284</b>
Other	21,132	4,839	224	<b>25,747</b>
	165,677	63,931	28,418	<b>201,190</b>

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

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### 8. 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*.

### 9. 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 2,974 (2022 - 2,489) 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 2023 is \$21,146 (2022 - \$18,772) 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, 2023. At that time the plan reported a \$4.2 billion actuarial deficit (2022 - \$6.7 billion), based on actuarial liabilities of \$134.6 billion (2022 - \$130.3 billion) and actuarial assets of \$130.4 billion (2022 - \$123.6 billion). Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements. As at December 31, 2023, 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, 2023

(\$000's)

### 10. Employee future benefits and other liabilities

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

	<b>2023</b>	2022
	\$	\$
Workplace Safety and Insurance ("WSIB")	<b>23,531</b>	20,600
Sick leave	<b>12,501</b>	11,324
Post-employment and retirement benefits	<b>26,789</b>	25,385
	<b>62,821</b>	57,309

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 2023 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% (2022 - 3.75%)
- Expected future WSIB payments 176.00% (2022 - 176.00%)  
per lost time injury
- Health care inflation CPI plus 2.00% (2022 - CPI plus 2.00%)
- WSIB administration rate 23.00% (2022 - 23.00%)
- Lost time injury count 61 (2022 - 61)

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

	<b>2023</b>	2022
	\$	\$
Accrued benefit obligation, beginning of year	<b>26,694</b>	22,113
Actuarial loss	-	2,595
Current service cost	<b>4,548</b>	4,429
Interest	<b>1,021</b>	946
Benefits paid	<b>(3,540)</b>	(3,389)
Accrued benefit obligation, end of year	<b>28,723</b>	26,694
Unamortized net actuarial loss	<b>(5,192)</b>	(6,094)
<b>Liability, end of year</b>	<b>23,531</b>	20,600

A reserve in the amount of \$4,320 (2022 - \$4,095) has been accumulated to fund this obligation.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

### 10. 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>2023</b>	2022
	<b>\$</b>	\$
Current period benefit	<b>4,548</b>	4,429
Amortization of net actuarial loss	<b>1,172</b>	1,211
Interest expense	<b>1,021</b>	946
	<b>6,741</b>	6,586

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, 2022 and extrapolated for the 2023 year end. The next required valuation will be performed in 2026 using information as of December 31, 2025.

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

- Discount rate 4.50% (2022 - 3.50%)
- Inflation rate 2.00% (2022 - 1.75%)
- Future salaries 3.00% per year (2022 - 2.75%)

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

	<b>2023</b>	2022
	<b>\$</b>	\$
Accrued benefit obligation, beginning of year	<b>11,044</b>	12,023
Current service cost	<b>807</b>	967
Interest	<b>494</b>	447
Benefits paid	<b>(956)</b>	(964)
Accrued benefit obligation, end of year	<b>11,389</b>	12,473
Unamortized net actuarial loss	<b>1,112</b>	(1,149)
<b>Liability, end of year</b>	<b>12,501</b>	11,324

There are currently reserves totaling \$12,340 (2022 - \$11,861) available to fund this obligation.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

### 10. 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>2023</b>	2022
	<b>\$</b>	\$
Current period benefit cost	<b>807</b>	967
Amortization of net actuarial loss	<b>90</b>	249
Interest expense	<b>494</b>	447
	<b>1,391</b>	1,663

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 4.50% (2022 – 3.50%)
- Inflation rate 2.00% (2022 – 1.75%)
- Prescription drugs trend rate 6.00% increase for 2023, set at CPI plus 4.00%, reducing by 0.33% per year to reach 4.00% in 2029 and 4.00% per year thereafter. (2022 – 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 4.00% (2022 – 3.75%)

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

	<b>2023</b>	2022
	<b>\$</b>	\$
Accrued benefit obligation, beginning of year	<b>30,992</b>	30,230
Actuarial gain	<b>(5,181)</b>	-
Current service cost	<b>1,123</b>	1,500
Increase due to plan amendment	<b>582</b>	-
Interest	<b>1,172</b>	1,053
Benefits paid	<b>(1,802)</b>	(1,791)
Accrued benefit obligation, end of year	<b>26,886</b>	30,992
Unamortized net actuarial loss	<b>(97)</b>	(5,607)
<b>Liability, end of year</b>	<b>26,789</b>	25,385

The City includes funding for this obligation in it's annual budget.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

### 10. 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>2023</b>	2022
	<b>\$</b>	\$
Current period benefit cost	<b>1,123</b>	1,500
Increase due to plan amendment	<b>582</b>	-
Amortization of net actuarial loss	<b>330</b>	763
Interest expense	<b>1,172</b>	1,053
	<b>3,207</b>	3,316

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

### 11. Debt

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

	<b>2023</b>	2022
	<b>\$</b>	\$
Debentures - repayable at rates ranging from 0.35% to 5.237% and maturing from 2022 to 2039	<b>111,869</b>	123,949
Long-term loan - repayable 0.00% interest, with semi-annual principal repayments over 240 months commencing on the first semi-annual interest payment date following the earlier of the final loan disbursement date or the final loan disbursement deadline for Guelph Greener Homes program loans.	<b>2,500</b>	-
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>296</b>	513
	<b>114,665</b>	124,462

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, 2023

(\$'000's)

### 11. 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 \$
2024	3,244	6,555	<b>9,799</b>
2025	3,349	6,470	<b>9,819</b>
2026	16,537	19,561	<b>36,098</b>
2027	2,410	5,427	<b>7,837</b>
2028	2,508	5,520	<b>8,028</b>
Thereafter	20,567	22,517	<b>43,084</b>
	<b>48,615</b>	<b>66,050</b>	<b>114,665</b>

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

	2023 \$	2022 \$
Principal repayments	<b>12,299</b>	14,224
Interest	<b>2,834</b>	3,007
	<b>15,133</b>	17,231

### 12. Obligation under capital lease

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

	2023 \$	2022 \$
2023	-	239
2024	<b>239</b>	239
2025	<b>239</b>	239
2026	<b>239</b>	239
2027	<b>239</b>	239
2028	<b>239</b>	239
Thereafter	<b>419</b>	419
Total minimum lease payments	<b>1,614</b>	1,853
Less amount representing interest at 3.92% (2021 - 3.92%)	<b>(198)</b>	(257)
<b>Present value of net minimum capital lease payments</b>	<b>1,416</b>	1,596

Interest of \$59 (2022 - \$66) relating to capital lease obligations has been included in interest expense.

### 13. Other long-term liabilities



# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

### 13. Other long-term liabilities (continued)

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>2023</b>	2022
	\$	\$
Heritage Redevelopment	<b>380</b>	23
Downtown Development	<b>2,963</b>	4,184
Brownfield Strategy	<b>1,316</b>	3,495
	<b>4,659</b>	7,702

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

	<b>2023</b>	2022
	\$	\$
2023	-	1,930
2024	<b>1,673</b>	1,625
2025	<b>1,299</b>	1,524
2026	<b>710</b>	1,126
2027	<b>653</b>	-
2028	<b>205</b>	-
Thereafter	<b>119</b>	1,497
	<b>4,659</b>	7,702

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

### 14. Tangible capital assets

	2023			
<b>Cost</b>	Balance, beginning of year \$	Additions \$	Disposals \$	<b>Balance, end of year \$</b>
Land and land improvements	93,491	3,464	-	<b>96,955</b>
Buildings	416,201	17,755	-	<b>433,956</b>
Machinery and equipment	241,131	19,044	(1,250)	<b>258,925</b>
Assets under capital lease	3,151	-	-	<b>3,151</b>
Vehicles	91,450	12,951	(3,799)	<b>100,602</b>
Infrastructure				
Sanitary sewers & waste water	327,807	7,559	-	<b>335,366</b>
Storm water	229,948	5,758	-	<b>235,706</b>
Transportation	470,283	7,013	-	<b>477,296</b>
Waterworks	319,499	14,967	(444)	<b>334,022</b>
Assets under construction	79,014	19,890	-	<b>98,904</b>
	<b>2,271,975</b>	108,401	(5,493)	<b>2,374,883</b>
<b>Accumulated amortization</b>				
Land and land improvements	11,448	1,037	-	<b>12,485</b>
Buildings	169,494	11,905	-	<b>181,399</b>
Machinery and equipment	163,137	12,905	(1,011)	<b>175,031</b>
Assets under capital lease	1,252	83	-	<b>1,335</b>
Vehicles	59,682	7,250	(3,709)	<b>63,223</b>
Infrastructure				
Sanitary sewers & waste water	169,504	4,370	-	<b>173,874</b>
Storm water	76,030	3,481	-	<b>79,511</b>
Transportation	273,970	9,701	-	<b>283,671</b>
Waterworks	136,179	6,797	(444)	<b>142,532</b>
	<b>1,060,696</b>	57,529	(5,164)	<b>1,113,061</b>
<b>Net book value</b>				
Land and land improvements	\$ 82,043			<b>\$ 84,470</b>
Buildings	246,707			<b>252,557</b>
Machinery and equipment	77,994			<b>83,894</b>
Assets under capital lease	1,899			<b>1,816</b>
Vehicles	31,768			<b>37,379</b>
Infrastructure				
Sanitary sewers & waste water	158,303			<b>161,492</b>
Storm water	153,918			<b>156,195</b>
Transportation	196,313			<b>193,625</b>
Waterworks	183,320			<b>191,490</b>
Assets under construction	79,014			<b>98,904</b>
	<b>\$ 1,211,279</b>			<b>\$1,261,822</b>

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

### 14. Tangible capital assets (continued)

	2022 (Restated - Note 2.a)			
Cost	Balance, beginning of year \$	Additions \$	Disposals \$	Balance, end of year \$
Land and land improvements	96,206	1,269	(3,984)	93,491
Buildings	404,295	11,906	-	416,201
Machinery and equipment	228,536	13,639	(1,044)	241,131
Assets under capital lease	3,151	-	-	3,151
Vehicles	89,660	4,066	(2,276)	91,450
Infrastructure				
Sanitary sewers & waste water	325,055	4,069	(1,317)	327,807
Storm water	226,735	3,213	-	229,948
Transportation	462,441	7,842	-	470,283
Waterworks	301,529	18,774	(804)	319,499
Assets under construction	53,887	25,127	-	79,014
	<b>2,191,495</b>	<b>89,905</b>	<b>(9,425)</b>	<b>2,271,975</b>
<b>Accumulated amortization</b>				
Land and land improvements	11,255	1,049	(856)	11,448
Buildings	158,158	11,336	-	169,494
Machinery and equipment	151,971	12,093	(927)	163,137
Assets under capital lease	1,169	83	-	1,252
Vehicles	54,604	7,050	(1,972)	59,682
Infrastructure				
Sanitary sewers & waste water	165,987	4,286	(769)	169,504
Storm water	72,570	3,460	-	76,030
Transportation	264,301	9,669	-	273,970
Waterworks	130,298	6,684	(803)	136,179
	<b>1,010,313</b>	<b>55,710</b>	<b>(5,327)</b>	<b>1,060,696</b>
<b>Net book value</b>				
Land and land improvements	\$ 84,951			\$ 82,043
Buildings	246,137			246,707
Machinery and equipment	76,565			77,994
Assets under capital lease	1,982			1,899
Vehicles	35,056			31,768
Infrastructure				
Sanitary sewers & waste water	159,068			158,303
Storm water	154,165			153,918
Transportation	198,140			196,313
Waterworks	171,231			183,320
Assets under construction	53,887			79,014
	<b>\$ 1,181,182</b>			<b>\$ 1,211,279</b>

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

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### 15. Asset retirement obligation

The City's Asset retirement obligation consists of several obligations as follows:

a) *Landfill obligation*

The City owns the closed Eastview landfill site. The liability for the post-closure care has been recognized under PS 3280 – Asset Retirement Obligations. The costs are based upon the presently expected required post-closure activities over the expected remaining 30 year term of the obligation. These costs have been discounted to December 31, 2023 using a discount rate of 4.50% per annum.

b) *Asbestos obligation*

The City owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS 3280 – Asset retirement obligations, the City recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at January 1, 2023. The buildings have an estimated useful life of 75 years from their date of acquisition between 1900 and 2019. The estimated remaining useful life is between 2 to 75 years on the buildings not yet fully amortized. The timing of remediation activities cannot yet be reasonably estimated, so no discounting has been applied to the liability.

c) *Other obligation*

The City also owns inactive wells that must be decommissioned and buried fuel tanks that must be removed on retirement. The City recognized an obligation relating to these retirement activities as estimated at January 1, 2023. These assets have an estimated useful life between 15 and 25 years from the date of acquisition between 1952 and 2019. As such, the assets have a remaining useful life of up to 11 years, if not fully amortized. The timing of remediation activities cannot yet be reasonably estimated, so not discounting has been applied to the liability.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

### 16. Accumulated surplus

The accumulated surplus is comprised of the following components:

	2023	2022 (Restated - Note 2.a)
	\$	\$
Reserves set aside for specific purpose by Council:		
for corporate	27,100	28,763
for program specific	23,626	22,318
for strategic	7,942	12,193
Reserves set aside by WDGPH:		
for contingency	978	899
<b>Total reserves- Schedule 4</b>	<b>59,646</b>	<b>64,173</b>
Reserve funds set aside for specific purpose by Council:		
for capital financing	259,358	258,781
Reserve funds set aside by WDGPH:		
for capital financing	1,159	867
<b>Total reserve funds - Schedule 4</b>	<b>260,517</b>	<b>259,648</b>
<b>Total reserve and reserve funds</b>	<b>320,163</b>	<b>323,821</b>
Invested in tangible capital assets	1,261,822	1,211,279
Investment in Guelph Municipal Holdings Inc.	92,151	90,079
Investment in Guelph Junction Railway Limited	15,406	13,460
Operating fund	51,848	54,368
Unfunded liabilities		
Debt	(114,665)	(124,462)
Liability for contaminated sites	(26,370)	(28,150)
Employee future benefits and related liabilities	(62,821)	(57,309)
Asset retirement obligations	(10,198)	(7,632)
<b>Total</b>	<b>1,207,173</b>	<b>1,151,633</b>
<b>Accumulated Surplus</b>	<b>1,527,336</b>	<b>1,475,454</b>

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 2023, \$8,641 (2022 - \$5,790) 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, 2023

(\$000's)

### 17. Government partnerships

The City's share of 46.7% (2022 - 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:

	2023 \$	2022 \$
Financial assets	<b>3,423</b>	4,560
Liabilities	<b>1,692</b>	3,767
Net financial assets	<b>1,731</b>	793
Tangible capital assets	<b>8,942</b>	9,290
Prepaid expenses	<b>23</b>	26
Inventory	<b>-</b>	1
Total non-financial assets	<b>8,965</b>	9,317
<b>Accumulated surplus</b>	<b>10,696</b>	10,110
Revenues	<b>14,173</b>	15,664
Expenses	<b>13,688</b>	14,802
Excess of revenues over expenses for the year	<b>485</b>	862
Accumulated surplus, beginning of year	<b>10,110</b>	9,248
<b>Accumulated surplus, end of year</b>	<b>10,595</b>	10,110

During the year, the City contributed \$4,681 (2022 - \$4,657) 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.

### 18. Shared service agreements

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

### 18. Shared service agreements (continued)

The County of Wellington is the Consolidated Municipal Services Manager for Social Services for the City, and provides Social Housing, Child Care, and Ontario Works services in the City. The City is the Service Manager for Paramedic Services and Provincial Offences Act Administration for both the City and the County of Wellington.

#### *Social Service Programs*

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

	2023	2022
	\$	\$
Revenues		
Social housing provincial contributions	<b>8,689</b>	13,007
Child care provincial contributions	<b>23,737</b>	17,160
Social services provincial contributions	<b>8,511</b>	8,255
	<b>40,937</b>	38,422
Expenses		
Social housing	<b>27,288</b>	30,163
Child care	<b>27,347</b>	20,100
Social services	<b>11,399</b>	11,280
	<b>66,034</b>	61,543
<b>Net expenses</b>	<b>(25,097)</b>	(23,121)

The City's share of net expenses for social housing is 82% (2022 - 84%), child care 53% (2022 - 55%) and social services 67% (2022 - 66%).

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*

	2023	2022
	\$	\$
POA revenues	<b>3,087</b>	3,120
Expenses	<b>2,447</b>	2,236
<b>Net City revenue</b>	<b>640</b>	884

The City's share of net revenue from Provincial Offences Act administration in 2023 was 65% (2022 - 67%). Included in the above expenses figure is \$352 (2022 - \$444) 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, 2023

(\$000's)

### 18. Shared service agreements (continued)

#### *Land Ambulance*

	2023	2022
	\$	\$
Revenues		
Provincial base	<b>15,669</b>	14,039
Provincial covid-19	<b>229</b>	1,444
Municipal	<b>5,954</b>	5,414
User charges	<b>38</b>	76
Developers	<b>(36)</b>	(50)
Other contributions	<b>362</b>	420
Other revenue	<b>(2)</b>	2
	<b>22,214</b>	21,345
Expenses		
Expenses	<b>34,317</b>	30,652
Covid-19 expenses	<b>135</b>	1,444
	<b>34,452</b>	32,096
	<b>(12,238)</b>	(10,751)

The City's share of net operating expenses for land ambulance in 2023 was 64% (2022 - 62%). Included in the above revenue figures is \$5,954 (2022 - \$5,414) 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.

### 19. 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 \$26,370 (2022 - \$28,150) 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, 2023

(\$000's)

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### 20. Contingencies

From time to time, the City may be involved in legal and other claims in the normal course of business. Management assesses such claims and where considered likely to have 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.

### 21. Financial Instruments and Risk Management

Financial instruments include cash and cash equivalents, investments, receivables, payables, and debt. The City has exposure to the following financial risks from its use of financial instruments: credit risk, liquidity risk, currency risk, interest rate risk, and other price risk.

Management is responsible for safeguarding resources, managing risks, and implementing appropriate policies and framework. This note presents information on how the City manages those financial risks.

#### a) *Credit Risk*

Credit risk is the risk of financial loss to the City of Guelph if a debtor fails to discharge their obligation. The City of Guelph is exposed to credit risk arising from its cash, investments, and accounts receivable. The City of Guelph holds its cash and investments with federally regulated Schedule 1 banks that are insured by the Canadian Deposit Insurance Corporation (CDIC). In the event of default, the City of Guelph's accounts are insured up to \$100,000 with each CDIC member bank.

The City of Guelph's Investment Policy operates within the constraints of the investment guidelines laid out in the Municipal Act which imposes limits on the types of investments the City may invest in and on the composition of the investment portfolio, specifically the bond quality limits, issuer type limits, and geographical exposure.

The City of Guelph manages credit risk by only holding its cash and investments with CDIC member banks and with the ONE Fund. All CDIC member banks in which the City has funds deposited have an AA credit rating.

#### b) *Liquidity Risk*

Liquidity risk is the risk that The City of Guelph will be unable to meet all cash outflow obligations as they come due. The City of Guelph manages liquidity risk by monitoring cash activities and expected outflows through cash flow forecasting and analysis and applying a laddered investment maturity approach to match large cash outflows with similar magnitude investment maturities. Further, there is communication between departments when large one-time payments are anticipated.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

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### 21. Financial Instruments and Risk Management (continued)

c) *Currency Risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The City of Guelph does not enter into forward or future derivative contracts to hedge its exposure to fluctuations in foreign-denominated payables due to foreign-denominated payables being a minimal portion of the City's total payables. The City of Guelph has a USD-denominated bank account and purchases USD at the market rate when needed. The City of Guelph manages currency risk by paying all invoices, including USD-denominated payables when they are due.

d) *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The City of Guelph is exposed to this risk through its cash balances and through its bond holdings including in One Investment's Canadian Government Bond and Canadian Corporate Bond portfolios. The City of Guelph manages interest rate risk by investing in long-term fixed income securities. Additions to the investment portfolio in 2023 have been high-yielding GICs with guaranteed returns that exceed the City of Guelph's historical investment returns.

e) *Other Price Risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The City of Guelph is exposed to other price risk related to its investments in equity instruments which are its market-linked GICs, market-linked PPNs, and holdings in One Investment's Canadian Equity portfolio. The return on these investments is based on equity market performance. The City of Guelph manages other price risk by limiting equity holdings to 20% of the total investment portfolio.

### 22. 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, 2023 the City has commitments of \$2,250 resulting from this agreement.

b) *Heritage Redevelopment Grant Program*

The City has commitments totaling \$1,700 (2022 - \$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.

# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

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### 22. Commitments and guarantees (continued)

c) *Brownfield Tax Increment Based Grant Program*

The City has commitments totaling \$4,771 (2022 - \$5,864) 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 (2022 - \$8,970) 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.

e) *City Commitments*

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

	<b>2023</b>
	<b>\$</b>
2024	<b>1,512</b>
2025	<b>1,324</b>
2026	<b>1,105</b>
2027	<b>740</b>
2028	<b>611</b>
Thereafter	<b>111</b>
	<b>5,403</b>

f) *City Grants*

The City has committed to providing various grants to organizations in the community totaling \$6,299 (2022 - \$6,821).

### 23. 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 2023, the City of Guelph received \$382 (2022 - \$415) of funding from Citizenship and Immigration Canada related to the operation this program.

# City of Guelph

Notes to the consolidated financial statements

December 31, 2023

(\$000's)

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## 24. 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 adjusted to align with public sector accounting standards on the consolidated statement of operations and accumulated surplus. Adjustments include adding budgeted capital project revenue, amortization of tangible capital assets, budget amounts for consolidated entities and excluding budgeted amounts for debt principal repayment and reserve transfers.

## 25. Comparative figures

Certain 2022 comparative figures have been reclassified in order to present them in a form comparable to those for 2023.

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# City of Guelph

## Notes to the consolidated financial statements

December 31, 2023

(\$000's)

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### 26. Segmented information

The City of Guelph is a 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 three groups: Operating Fund, Capital Fund, and Reserves and Reserve Funds. 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 & Environment, 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, 2023

(\$000's)

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## 26. 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, 2023

(\$'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	<b>303,003</b>	-	-	-	-	-	-	-	<b>682</b>	<b>303,685</b>
User charges	<b>1,292</b>	<b>2,797</b>	<b>18,244</b>	<b>88,192</b>	<b>38</b>	<b>9,684</b>	-	<b>8,527</b>	<b>955</b>	<b>129,729</b>
Contributed subdivision assets	<b>1,965</b>	-	-	-	-	-	-	-	-	<b>1,965</b>
Contributions	<b>2,352</b>	<b>5,172</b>	<b>12,610</b>	<b>11,105</b>	<b>31,198</b>	<b>39,619</b>	<b>8,689</b>	<b>7,338</b>	<b>1,544</b>	<b>119,627</b>
Other revenue										
Investment income	<b>12,738</b>	<b>2</b>	-	<b>521</b>	<b>241</b>	-	-	<b>27</b>	-	<b>13,529</b>
Donations	<b>13</b>	-	-	<b>566</b>	-	<b>3</b>	-	<b>471</b>	-	<b>1,053</b>
Sales of equipment, publications	<b>(1)</b>	<b>2</b>	<b>25</b>	<b>1,227</b>	-	<b>180</b>	-	<b>2,463</b>	-	<b>3,896</b>
Recoveries	<b>752</b>	<b>196</b>	<b>1,008</b>	<b>609</b>	-	<b>2,215</b>	-	<b>955</b>	<b>347</b>	<b>6,082</b>
Licences and permits Provincial Offences	<b>76</b>	<b>3,952</b>	<b>501</b>	<b>56</b>	-	-	-	-	-	<b>4,585</b>
Act revenues	-	<b>3,176</b>	-	-	-	-	-	-	-	<b>3,176</b>
Other fines	-	<b>1,335</b>	-	-	-	-	-	-	-	<b>1,335</b>
(Loss) gain on disposal of tangible capital assets	<b>(73)</b>	<b>94</b>	<b>506</b>	<b>(19)</b>	<b>(2)</b>	-	-	<b>(84)</b>	-	<b>422</b>
Government business enterprises earnings	<b>7,982</b>	-	-	-	-	-	-	-	-	<b>7,982</b>
	<b>330,099</b>	<b>16,726</b>	<b>32,894</b>	<b>102,257</b>	<b>31,475</b>	<b>51,701</b>	<b>8,689</b>	<b>19,697</b>	<b>3,528</b>	<b>597,066</b>

# City of Guelph

## Consolidated schedule of segment disclosure - Schedule 1 year ended December 31, 2023 (\$'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	34,032	94,277	42,432	26,904	37,178	14,984	-	29,766	5,412	284,985
Interest on debt	497	747	640	9	11	167	-	916	2	2,989
Materials	787	2,177	15,492	11,665	2,165	2,945	-	6,505	174	41,910
Purchased services	11,303	6,928	11,510	20,433	3,586	2,488	60	5,805	1,735	63,848
Rents and financial expenses	4,231	190	1,179	5,483	615	10	-	1,748	7	13,463
External transfers	3,071	2,914	-	2,876	-	38,746	27,288	4,464	1,101	80,460
Internal charges	(11,370)	1,799	(5,954)	10,043	2,774	7	-	2,301	400	-
Amortization of tangible capital assets	5,663	4,801	18,756	17,546	1,794	1,151	24	7,540	254	57,529
	<b>48,214</b>	<b>113,833</b>	<b>84,055</b>	<b>94,959</b>	<b>48,123</b>	<b>60,498</b>	<b>27,372</b>	<b>59,045</b>	<b>9,085</b>	<b>545,184</b>
<b>Excess of revenues over expenses for the year</b>	<b>281,885</b>	<b>(97,107)</b>	<b>(51,161)</b>	<b>7,298</b>	<b>(16,648)</b>	<b>(8,797)</b>	<b>(18,683)</b>	<b>(39,348)</b>	<b>(5,557)</b>	<b>51,882</b>



# City of Guelph

## Consolidated schedule of segment disclosure - Schedule 2 year ended December 31, 2022

(Restated - Note 2.a)

(\$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	<b>288,847</b>
User charges	1,299	1,719	16,508	84,379	76	9,590	-	5,755	599	<b>119,925</b>
Contributed subdivision assets	6,436	-	-	-	-	-	-	-	-	<b>6,436</b>
Contributions	1,575	4,084	9,916	10,779	31,996	32,001	13,007	4,951	574	<b>108,883</b>
Other revenue										
Investment income	7,396	3	-	280	246	-	-	10	-	<b>7,935</b>
Donations	-	18	-	231	2	-	-	284	-	<b>535</b>
Sales of equipment, publications	125	4	9	1,714	-	80	-	1,805	-	<b>3,737</b>
Recoveries	1,370	257	840	741	-	2,263	-	719	303	<b>6,493</b>
Licences and permits	82	3,457	467	110	-	-	-	-	-	<b>4,116</b>
Provincial Offences										
Act revenues	-	3,207	-	-	-	-	-	-	-	<b>3,207</b>
Other fines	-	1,135	-	-	-	-	-	-	-	<b>1,135</b>
(Loss) gain on disposal of tangible capital assets	(1,138)	68	1,236	(550)	-	-	-	(2)	4,144	<b>3,758</b>
Government business enterprises earnings	4,792	-	-	-	-	-	-	-	-	<b>4,792</b>
	<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 2 year ended December 31, 2022

(Restated - Note 2.a)

(\$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	26,826	87,758	40,457	27,400	36,373	13,601	-	27,533	4,827	<b>264,775</b>
Interest on debt	542	641	625	26	29	185	-	1,119	6	<b>3,173</b>
Materials	883	2,110	15,425	9,719	2,451	2,722	-	5,643	158	<b>39,111</b>
Purchased services	11,113	6,787	8,765	21,389	3,154	2,016	23	5,573	2,033	<b>60,853</b>
Rents and financial expenses	5,272	169	1,203	7,098	611	(25)	-	1,447	18	<b>15,793</b>
External transfers	2,582	2,897	-	2,078	-	31,380	30,163	4,797	1,245	<b>75,142</b>
Internal charges	(10,997)	1,811	(5,996)	10,009	2,679	6	-	2,350	138	<b>-</b>
Amortization of tangible capital assets	5,075	4,245	18,790	17,423	1,622	1,038	24	7,270	223	<b>55,710</b>
	41,296	106,418	79,269	95,142	46,919	50,923	30,210	55,732	8,648	<b>514,557</b>
<b>Excess of revenues over expenses for the year</b>	268,837	(92,466)	(50,293)	2,542	(14,599)	(6,989)	(17,203)	(42,210)	(2,377)	<b>45,242</b>

# City of Guelph

## Consolidated schedule of debt - Schedule 3

December 31, 2023

(\$000's)

Bylaw	Project description	Term	Maturity date	Interest rates	2023 \$	2022 \$
<b>Debentures:</b>						
20084	Public Health Facilities	7	7/20/2023	1.20% to 2.25%	-	204
20084	Public Health Facilities - DC	7	7/20/2023	1.20% to 2.25%	-	667
20084	Riverside Fuel Tank	7	7/20/2023	1.20% to 2.25%	-	22
20084	Stormwater CIP	7	7/20/2023	1.20% to 2.25%	-	106
20084	Roads Projects - Carden & Downtown	7	7/20/2023	1.20% to 2.25%	-	825
20084	Land Purchase - Baker Street	7	7/20/2023	1.20% to 2.25%	-	169
20084	Waste Management Carts	7	7/20/2023	1.20% to 2.25%	-	648
20084	Roads Projects - Clair & Laird Road - DC	7	7/20/2023	1.20% to 2.25%	-	782
20084	Police HQ Renovations	10	7/20/2026	1.20% to 2.25%	<b>6,383</b>	6,653
20084	Roads Projects - Clair & Laird Road - DC	10	7/20/2026	1.20% to 2.25%	<b>10,358</b>	10,797
20084	Police HQ Renovations - DC	10	7/20/2026	1.20% to 2.25%	<b>6,071</b>	6,329
20084	Victoria Road Recreation Facility Renovation	10	7/20/2026	1.20% to 2.25%	<b>10,056</b>	10,483
18105	New City Hall	25	8/28/2031	5.237%	<b>9,105</b>	10,001
18105	New POA Court	25	8/28/2031	5.237%	<b>2,568</b>	2,821
20417	Police HQ Renovations - DC	20	7/10/2039	1.95% to 2.8%	<b>5,842</b>	6,140
20417	Police HQ Renovations	20	7/10/2039	1.95% to 2.8%	<b>6,779</b>	7,125
20417	Wilson Parkade	20	7/10/2039	1.95% to 2.8%	<b>8,845</b>	9,296
20417	Wilson Parkade - DC	20	7/10/2039	1.95% to 2.8%	<b>3,755</b>	3,947
20417	Farebox	20	7/10/2039	1.95% to 2.8%	<b>1,085</b>	1,140
20417	Fuel Tank	20	7/10/2039	1.95% to 2.8%	<b>1,293</b>	1,359
20607	Baker District- Guelph Central Library - DC	10	6/3/2031	0.35% to 2.4%	<b>9,361</b>	10,470
20607	South End Community Centre - DC	10	6/3/2031	0.35% to 2.4%	<b>30,368</b>	33,965
					<b>111,869</b>	123,949
<b>Other loans:</b>						
N/A	The Elliott Bankers Acceptance - SWAP	10	6/25/2025	2.87%	<b>296</b>	513
N/A	Federation of Canadian Municipalities Loan - Guelph Greener Homes Program	20	1/1/2000	0.00%	<b>2,500</b>	-
					<b>2,796</b>	513
<b>Total Debt</b>					<b>114,665</b>	124,462

# City of Guelph

Consolidated schedule of reserves and reserve funds - Schedule 4  
 December 31, 2023  
 (\$'000's)

<b>Code</b>	<b>Description</b>	<b>2023</b> \$	<b>2022</b> \$
<b>Reserves:</b>			
Corporate:			
102	Library Contingency	<b>161</b>	405
115	Police Operating Contingency	<b>2,812</b>	2,973
131	Compensation Contingency	<b>3,321</b>	5,010
180	Tax Rate Stabilization Contingency	<b>10,121</b>	10,982
193	Legal/Insurance	<b>2,417</b>	2,861
198	Environment and Utility Contingency	<b>6,275</b>	5,858
208	Social Housing Contingency	<b>1,993</b>	674
		<b>27,100</b>	28,763
Program Specific:			
100	Accumulated Sick Leave - Fire	<b>7,646</b>	7,273
101	Accumulated Sick Leave - Police	<b>4,694</b>	4,588
103	Health Care Spending Account (HCSA) Fire	<b>200</b>	150
106	Parking Operating Contingency	<b>133</b>	133
134	Evergreen Bequests	<b>53</b>	52
181	Water Contingency	<b>1,730</b>	1,730
182	Waste Water Contingency	<b>1,541</b>	1,728
195	Election Costs	<b>298</b>	147
211	Court Contingency	<b>1,330</b>	1,056
330	Workplace Safety and Insurance Board	<b>4,320</b>	4,095
338	Paramedic Retirement	<b>423</b>	398
345	Westminster Woods	<b>35</b>	35
348	Community Paramedicine	<b>180</b>	143
359	Stormwater Contingency	<b>1,043</b>	790
		<b>23,626</b>	22,318
Strategic:			
119	Affordable Housing	<b>212</b>	1,385
122	Redevelopment Incentives	<b>7,573</b>	10,254
179	Strategic Initiatives	<b>832</b>	772
184	Tourisim MAT	<b>98</b>	97
194	Downtown Improvements	<b>492</b>	492
210	Information Technology	<b>14</b>	26
332	Industrial Land	<b>(1,279)</b>	(833)
		<b>7,942</b>	12,193
Consolidated Entities:			
	Reserves set aside by Wellington-Dufferin-Guelph Public Health	<b>978</b>	899
<b>Total Reserves</b>		<b>59,646</b>	64,173

# City of Guelph

Consolidated schedule of reserves and reserve funds - Schedule 4  
 December 31, 2023  
 (\$000's)

Code	Description	2023 \$	2022 \$
<b>Reserve Funds:</b>			
120	Courts Capital	<b>1,318</b>	1,430
135	Museum Donations	<b>142</b>	138
138	Library Bequests	<b>1,493</b>	1,223
150	Infrastructure Renewal	<b>42,718</b>	49,149
151	Parking Capital	<b>5,432</b>	6,317
152	Water Capital	<b>45,273</b>	45,907
153	Wastewater Capital	<b>105,416</b>	103,565
155	City Owned Contaminated Sites	<b>14,213</b>	11,651
156	Growth	<b>234</b>	4,040
157	Library	<b>3,447</b>	1,651
158	Police	<b>4,833</b>	4,564
159	City Building	<b>(2,145)</b>	(2,683)
162	Sleeman Centre Naming Rights	<b>(27)</b>	(46)
164	Transportation	<b>450</b>	268
165	Stormwater Capital	<b>19,897</b>	16,262
189	Sleeman Capital	<b>108</b>	101
205	Community Investment	<b>521</b>	824
206	Rental Property	<b>435</b>	391
340	River Run	<b>529</b>	432
350	Transportation Demand Management	<b>17</b>	17
351	Efficiency Innovation Opportunity	<b>6,471</b>	7,280
355	100% Renewable Energy	<b>6,569</b>	5,539
356	Public Art	<b>69</b>	67
360	Paramedic Services Provincial Capital	<b>783</b>	694
365	Tree Compensation	<b>1,162</b>	-
		<b>259,358</b>	258,781
Consolidated Entities:			
	Reserve funds set aside by Wellington-Dufferin-Guelph Public Health	<b>1,159</b>	867
<b>Total Reserve Funds</b>		<b>260,517</b>	259,648
<b>Total Reserves and Reserve Funds</b>		<b>320,163</b>	323,821

# City of Guelph

## Guelph Public Library Board - Schedule 5 Statement of revenues and expenses year ended December 31, 2023 (\$'000's)

	<b>2023</b> <b>Budget</b> \$	<b>2023</b> <b>Actual</b> \$	2022 Actual \$
<b>Operating fund</b>			
Revenues			
User charges	146	76	66
Contributions	336	330	336
Other revenue	71	335	164
	<b>553</b>	<b>741</b>	566
Expenses			
Salaries, wages and employee benefits	7,135	7,322	6,845
Interest on debt	-	162	168
Materials	1,761	926	851
Purchased services	871	929	946
Rents and financial expenses	993	1,065	884
Internal charges	97	176	135
	<b>10,857</b>	<b>10,580</b>	9,829
Net operating deficit	<b>(10,304)</b>	<b>(9,839)</b>	(9,263)
<b>Capital fund</b>			
Revenues			
Contributions	-	<b>(392)</b>	487
Expenses			
Assets under construction	-	<b>1,662</b>	1,894
Capitalized library books	-	<b>665</b>	636
Amortization of tangible capital assets	-	<b>1,161</b>	1,193
	-	<b>3,488</b>	3,723
Net capital deficit	-	<b>(3,880)</b>	(3,236)
Add: net contributions (to)/from reserves	<b>(733)</b>	<b>(273)</b>	1,157
	<b>(733)</b>	<b>(4,153)</b>	(2,079)
<b>Total combined net deficit</b>	<b>(11,037)</b>	<b>(13,992)</b>	(11,342)

# City of Guelph

## Guelph Police Services Board - Schedule 6 Statement of revenues and expenses year ended December 31, 2023 (\$'000's)

	<b>2023 Budget \$</b>	<b>2023 Actual \$</b>	2022 Actual \$
<b>Operating fund</b>			
Revenues			
User charges	588	723	607
Contributions	2,903	3,349	3,208
Other revenue	44	290	295
	<b>3,535</b>	<b>4,362</b>	4,110
Expenses			
Salaries, wages and employee benefits	51,869	54,680	49,617
Interest on debt	-	607	488
Materials	1,007	1,142	1,171
Purchased services	4,285	4,793	4,511
Rents and financial expenses	130	52	112
Internal charges	(454)	(558)	(589)
	<b>56,837</b>	<b>60,716</b>	55,310
Net operating deficit	<b>(53,302)</b>	<b>(56,354)</b>	(51,200)
<b>Capital fund</b>			
Revenues			
Contributions	-	975	882
Other revenue	-	(22)	(15)
	-	<b>953</b>	867
Expenses			
Amortization of tangible capital assets	-	2,832	2,495
Assets under construction	-	4,741	4,704
	-	<b>7,573</b>	7,199
Net capital deficit	-	<b>(6,620)</b>	(6,332)
Add: Net contributions (to) from reserves	<b>(2,178)</b>	524	(228)
Less: debt principal repayments	-	<b>(1,172)</b>	(1,151)
	<b>(2,178)</b>	<b>(648)</b>	(1,379)
<b>Total combined net deficit</b>	<b>(55,480)</b>	<b>(63,622)</b>	(58,911)

# Financial Statement Discussion and Analysis

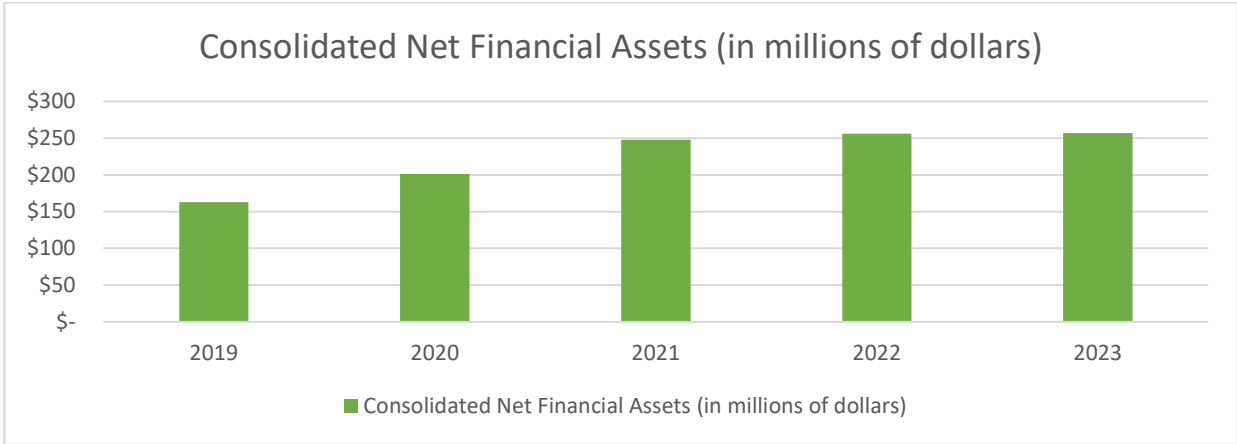
## Statement of Financial Position

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, 2023, the City's consolidated net financial assets totaled \$257.4 million (2022 - \$255.9 million, as restated), an increase of \$1.5 million or 0.6 per cent from 2022. This indicates that the City and its consolidated entities are continuing the trend of generating revenue to increase financial assets (increase of \$30.1 million in 2023) at a greater rate than the increase in financial liabilities (increase of \$28.6 million in 2023).

On a per capita basis, the City had been trending upward for several years, but that has changed in 2023 with 2023 net financial assets per person of \$1,737 (2022 - \$1,743, as restated). Although lower than 2022, Guelph is above the 2022 municipal average of \$1,024 per person. Municipal average data is from the BMA Municipal Study, which is based on Financial Information Return data and therefore 2023 data is not yet available for comparison.

2023 was a record year for capital spending and commitments as explained in report [2024-216 - 2023 Year-end Capital Budget Monitoring Report](#). Tangible capital asset additions increased by \$18.5 million over 2022. This increase can be attributed to inflationary pressures, large construction projects in progress such as the South End Community Centre and Baker District Library, and the continued implementation of the Council approved capital resourcing strategy, as described in report [2021-39 - Capital Program Resourcing Strategy](#). The City expects to see a shift from financial assets (cash and investments) to non-financial assets (tangible capital assets) in the next few years as progress continues to be made on the infrastructure backlog, and in 2023 we can see this expectation unfolding with the flattening of the increase in net financial assets year over year.

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





## Cash and investments

Total cash and investment holdings increased by \$17.0 million in 2023.

Line Item	Cash	Investments	Total
Opening balance, January 1, 2023	\$51,638	\$536,841	\$588,479
Cash generated from operating activities	\$129,159	-	\$129,159
Cash generated from operating activities transferred to investments for future capital expenditures	\$7,044	\$(7,044)	-
Net cash spent on capital activities	(\$102,194)	-	(\$102,194)
Principal repayments on outstanding debt	(\$9,977)	-	(9,977)
Closing balance, December 31, 2023	\$75,670	\$529,797	\$605,467

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 2024-182 2023 Year-end Investment Performance Report](#) for a full report on the City's investment portfolio as of December 31, 2023.

## Accounts receivable and taxes receivable

Accounts receivable increased by \$6.8 million in 2023 compared with December 31, 2022. Several year-over-year fluctuations contribute to this difference, however, the main drivers of the increase is the growth in accrued receivables for investment income (\$5.4 million) and an increase in receivables for Water and Wastewater billing (\$1.9 million).

The balance in taxes receivable at year-end increased by \$2.2 million from 2022 to 2023. More information about taxes receivable can be found in [Information Report 2024-91- Property Tax Receivables and Collections](#).

Overall, 8.6 per cent of revenue was in accounts and taxes receivable as of December 31, 2023. This is a slight increase when compared with 7.5 per cent at the end of 2022.

## Investment in GJR

The City's investment in GJR increased by \$1.9 million as GJR had net income of \$2.1 million in 2023 and paid dividends to the City of \$164 thousand. Further detail can be found in the GJR audited financial statements and annual report to Council as the shareholder.

## **Investment in GMHI**

The City's investment in GMHI increased by \$2.1 million as GMHI earned total comprehensive income of \$6.3 million during the year which was offset by \$3.8 million in dividends paid to the City and an adjustment to retained earnings for the refundable portion of deferred taxes. Further detail can be found in the GMHI audited financial statements and annual report to Council as the shareholder.

## **Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities increased by \$317 thousand compared with 2022. There are many year-over-year fluctuations that contribute to this difference, and much of this balance is dependent on the timing of payments. Overall, the City's payables increased by \$935 thousand, while consolidated entity payables decreased by \$618 thousand. The largest driver of the City's increase was in construction holdbacks, which increased by \$1.7 million in 2023 (offset by reductions in other areas). This is the result of large construction projects in progress in 2023. On the local board side, the proportion of Public Health's consolidated payables decreased by \$1.4 million in 2023, despite the proportion of Public Health's financials being consolidated by the City increasing slightly (offset by increases in The Elliott's payables).

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

Vacation and other employee benefits payable increased slightly (\$277 thousand) compared to December 31, 2022.

## **Loans and notes payable**

The loans and notes payable balance is in a liability position of \$284 thousand at December 31, 2023 (2022 - \$757 thousand). At the end of 2023, this balance consists of intercompany operating amounts payable by the City to both GMHI and GJR and is offset by other long-term receivables from external parties, notably including \$220 thousand of loans issued under the Guelph Greener Homes program as of December 31, 2023, and a long-term loan receivable from GJR.

## **Deferred contributions**

Deferred contributions are the City's obligatory reserve funds and include development charges (for growth-related capital expenditures), the Canada Community Building grant funds, provincial gas tax funds, parkland dedication, community benefits charge and Ontario Building Code Act funds that have been received but not yet spent. Two additional reserve funds were added to this group in 2023 for the Guelph Greener Homes program.

In 2023 the City had inflows totalling \$63.9 million to deferred contributions and outflows of \$28.4 million for project expenditures funded through these revenue sources, for a net increase of \$35.5 million to the year-end balance. [Report 2024-219 2023 Long-term Financial Statement – Reserves and Debt](#) contains a detailed analysis of the balances in the City's obligatory reserve funds. The largest component of the deferred contributions balance are the development charge

reserve funds. The City saw an increase in development charge inflows in 2023 of \$14.1 million compared with 2022 driven by increases in development charge collections (\$5.4 million increase), investment income earned on reserve fund balances and frozen development charge rates for developments with site plan and zoning by-law amendment applications (\$4.0 million increase), and transfers from other City capital reserve funds to fund development charge exemptions and discounts (\$4.7 million increase). There was also an increase in development charge outflows of \$9.7 million compared with 2022. Development charge outflows are connected to progress on growth-related capital projects. Note 8 in the consolidated financial statements provides further information about deferred contributions.

### **Employee future benefits**

There are three categories of liabilities for within employee future benefits. The estimates are for future liabilities for current Workplace Safety and Insurance Board (WSIB) claims; medical and dental benefits for employees on long-term disability longer than 24 months (post-employment) and early retirees; and 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 and in 2023, the post-employment, early retiree, and sick leave benefits valuation was completed.

Employee future benefits liability increased by \$5.5 million from 2022 to a total of \$62.8 million. This increase is attributed to a WSIB liability increase of \$2.9 million, future post-employment and retiree benefits liability increase of \$1.4 million and sick leave/retirement benefit liability increase of \$1.2 million.

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, collective agreement changes, and City of Guelph specific historical data and employee coverages, among others. Further, legislative changes to enhance WSIB coverage for emergency services workers have been a driver for the increasing liability.

### **Debt**

The City did not issue any new debt in 2023 due to the prevailing high interest rate environment. For this reason, reserve funds were used temporarily to internally finance projects where debt planned to be issued.

The City and its consolidated entities made debt principal repayments totalling \$12.3 million in 2023. Please refer to [Report 2024-219 2023 Long-term Financial Statement – Reserves and Debt](#) for further detail.

### **Obligation under capital lease**

Obligation under capital lease decreased by \$180 thousand in 2023 as The Elliott made the expected principal payments on its capital lease.

### **Asset Retirement Obligation**

New in 2023, the City has adopted the Asset Retirement Obligation (ARO) standard as required by PSAS. The standard was adopted retrospectively, so the 2022 comparative information column in the financial statements has been restated as though the ARO standard had been in effect in 2022. The ARO includes the landfill post-closure liability which was a separate line item in previous financial statements. Further information on this standard can be found in notes 1, 2 and 15 of the financial statements. The ARO liability increased by \$2.6 million compared to 2022. The largest driver of this increase is related to revised assumptions for the number of expected years of landfill post closure costs from 35 to 50 based on consultation with the environmental engineering team as part of the standard implementation.

### **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. At the time of entering into an agreement, the cost is reflected as a commitment disclosure 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 2023, the liability decreased by \$3.0 million, which is the net result of \$3.8 million being paid out to eligible developments under these agreements, and \$800 thousand in new liabilities being converted from commitments. In addition to the liability of \$4.7 million, the City had entered into agreements valued at \$15.4 million as of December 31, 2023 which are reflected as commitments in Note 22 to the financial statements. No new agreements were entered into in 2023.

### **Liability for contaminated sites**

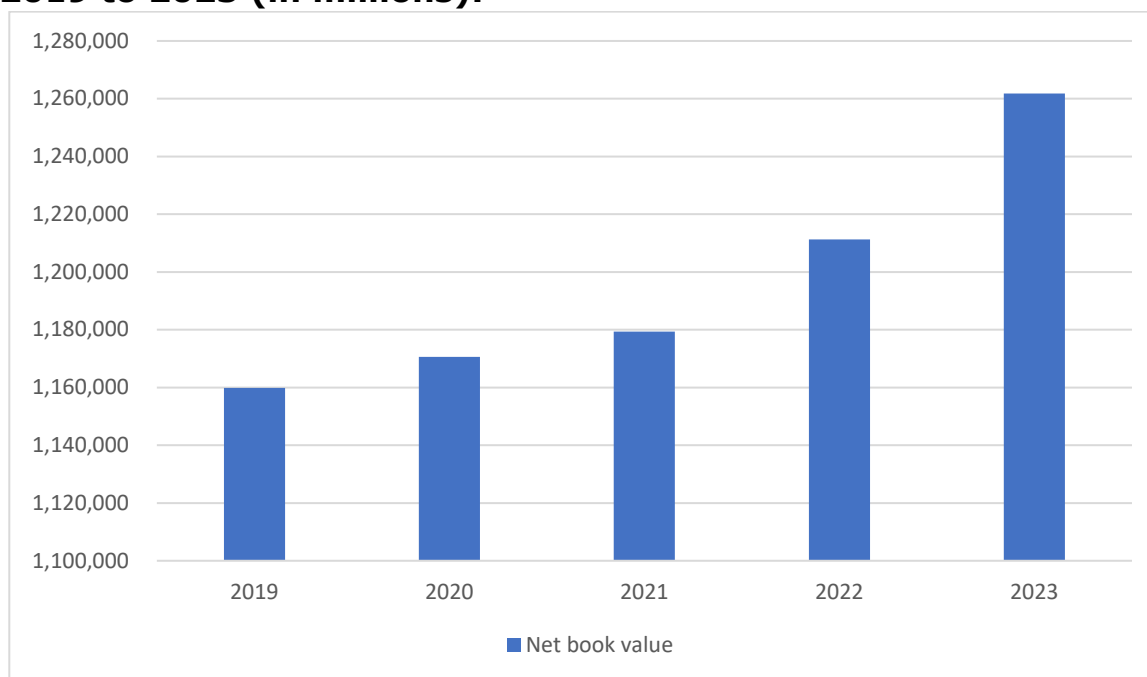
The liability for contaminated sites decreased by \$1.8 million. This is due to a revision in the assumptions used for inflation and interest rates to reflect the current economic environment.

### **Tangible capital assets**

The City and its consolidated entities acquired \$108.4 million in tangible capital assets in 2023 (2022 - \$89.9 million, as restated). Of this, \$2.0 million (2022 - \$6.4 million) were contributed subdivision assets. The net book value of the City's tangible capital assets increased by \$50.5 million from the 2022 net book value, as

restated (2022 - \$30.2 million increase, including a net increase of \$1.8 million related to adoption of the ARO standard as at January 1, 2022). This increase shows continued improvement in the execution of the capital program. Further details on 2023 capital spending can be found in report [2024- 216 2023 Year-end Capital Budget Monitoring Report](#).

**Figure-2: Net book value of tangible capital assets (consolidated) 2019 to 2023 (in millions):**



### Reserves and Reserve Funds

Please refer to the [2023 Long-term Financial Statement: Reserves and Debt, report 2024-219](#) for details about reserves and reserve fund activity in 2023.

### Statement of Operations and Accumulated Surplus

The City and its consolidated entities ended the year with an excess of revenues over expenses of \$51.9 million, compared with \$45.2 million in 2022 (as restated).

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 [2024-215 - 2023 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)**

<b>Description</b>	<b>Amount</b>
<b>Ending surplus - PSAS</b>	\$51,882
Net capital-related revenues and depreciation	\$39,678
Debt-related and non-cash items	(\$9,081)
Reserve related transfers	(\$69,259)
Consolidated entities	(\$5,943)
<b>Adjusted modified cash basis surplus</b>	<b>\$7,277</b>
Ending surplus – tax supported	\$3,863
Ending surplus – non-tax supported	\$3,414
<b>Total</b>	<b>\$7,277</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 have continued to increase as the recovery from the pandemic continued in 2023, notably, user charges which increased by \$9.8 million (8.2%). The largest areas of increases in user charges are water and wastewater rate revenues (\$4.5 million), transit fares (\$2.1 million), and one-time revenues recognized in 2023 for tree compensation (\$1.3 million) as a result of a change in accounting for the revenue source.

Contributions from the federal government decreased in 2023 mainly due to the Safe Restart program ending in 2022, whereas contributions from provincial governments increased in 2023 compared to 2022. The consolidated entities' have significant provincial government contributions from the Ministry of Health (Public Health) and the Ministry of Long-Term Care (The Elliott), and the City receives ongoing Ministry of Health funding for paramedic services. The City also recognizes its proportionate amount of federal and provincial grant funding for social services, to better reflect the true investment in these services in our community. These grant funding sources are generally relatively stable, however, Public Health's one-time grant funding decreased in 2023 as the pandemic response wound down. Social Housing grant funding decreased by \$4.3 million from 2022 to 2023, while grant funding for childcare increased by \$6.6 million. Other federal and provincial grants received by the City are generally for capital projects, and grant revenue is recognized as the expenditures for which the grants are provided are incurred, so fluctuations from year to year are common, and not necessarily indicative of the

amount of grant support approved from upper levels of government in any given year.

Revenue recognized related to contributions from developers was \$8.2 million in 2023 (2022 - \$3.3 million). Contributions from developers include development charge revenue recognized as expenditures are incurred for growth related capital projects (\$18.5 million) and development charge funded debt (\$1.3 million), direct developer contributions for capital projects where the benefits of the project are shared between the City and the developer (\$31 thousand), and is offset by the amounts transferred from property tax and rate supported reserve funds for development charge exemptions and discounts (\$11.6 million). This revenue line can fluctuate significantly from year to year based on the timing and nature of capital projects executed during the year, and the amount of development charge revenue loss from exemptions and discounts.

### **Expense Highlights**

In 2023 total expenses increased by \$30.6 million (2022 - \$46.8 million increase) compared with 2022.

Figure-4 presents expenses by type for 2019 through 2023. The largest category of change for 2023 was salaries, wages, and benefits which increased by \$20.2 million. The drivers of the increase include inflationary impacts for wages and benefits, growth in positions (contract and permanent) to deliver services to a larger population and legislative impacts including increasing minimum wage, changes to OMERS pension plan eligibility and enhanced WSIB coverages. The largest salaries, wages, and benefits increases were in general government (\$7.2 million), protection services (\$6.5 million), recreation and culture (\$2.2 million) and transportation (\$2.0 million). Further details on wages and benefits is provided below.

Materials expenses increased by \$2.8 million compared to 2022. The driver of this increase was inflationary pressures. Within this category, chemicals for the wastewater treatment plant experienced the largest increase over 2022 of \$1.1 million. Chemical usage stayed consistent in 2023 but there were supply issues and significant price increases for chemicals which drove costs up.

Purchased services increased by \$3.0 million compared to 2022. The driver of this increase was a large cost sharing expense with Metrolinx for the Norfolk St. rail bridge rehabilitation project of \$2.0 million.

External transfers increased by \$5.3 million compared to 2022. Understanding the changes in the line items requires an understanding of the approach to accounting for the City's relationship with the County of Wellington as it pertains to social services program delivery. The County of Wellington provides social services on behalf of the City, and receives grant funding from upper levels of government to offset the cost of these services in addition to the transfer payments provided by the City. The City records Guelph's proportionate amount of grants received by the

County of Wellington from upper levels of government for social services as revenue and an expense, to more accurately portray the overall level of investment in these services in our community.

The external transfers expense includes both the proportionate amount of County grant funding recognized, as well as the funds contributed by the City to the County for social services. In 2023, the City paid a total of \$25.4 million to the County for social housing, Ontario Works, and childcare (2022 - \$23.1 million). In addition to that, the City recorded revenue and expenses of \$40.9 million, representing the Guelph portion of the federal and provincial grants received for these programs by the County (2022 - \$38.4 million). Overall, total expenditures for social services programs increased from \$61.5 million in 2022, to \$66.3 million in 2023, an increase of \$4.8 million. Of the \$4.8 million overall increase, the City's direct financial contribution increased by \$2.3 million. However, when diving deeper into this increase, there are significant changes for the individual social services. Investments within the Guelph community for social housing overall decreased by \$1.9 million, while the City's direct financial contribution increased by \$2.4 million. The City's direct financial contributions for childcare decreased by \$220 thousand, but funding from upper levels of government resulted in an overall increase in investment in child care of \$6.4 million. The level of investment in the Ontario Works program both overall and by the City directly increased by an inflationary amount. External transfers to other organizations accounts for the remaining increase.

**Figure-4: Expenses by type 2019 to 2023 (\$ millions)**

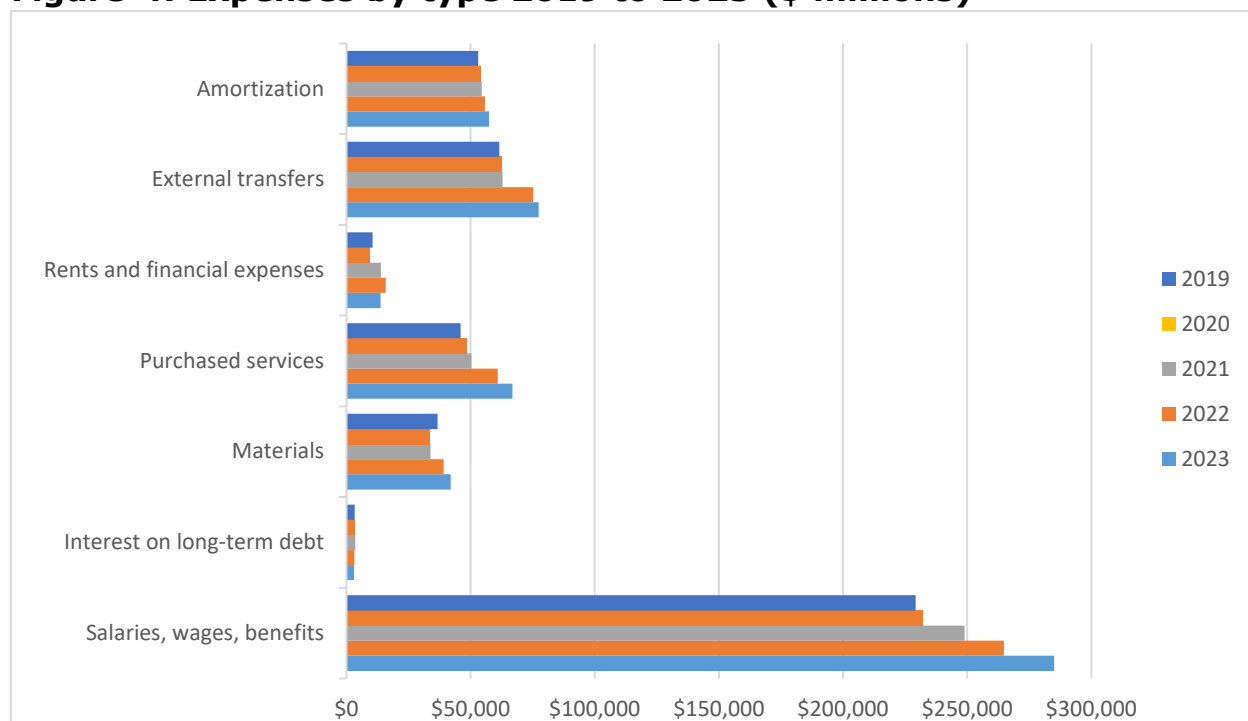




Figure-4 presents the trend for the total operating expenses for each functional area within the City.

General government expenses increased by \$6.9 million in 2023. This is the result of inflationary increases in employee salary and benefit costs, and more stable labour force activity in 2023. In 2022, the City had significant vacancies due to labour market shortages, and as a result, salaries and benefits costs were significantly lower than budget. In 2023, the City returned to a more normal staffing compliment in most areas, which resulted in increased compensation costs in comparison with the 2022 actuals. The City allocates the costs for employee benefits within the year to the appropriate service areas based on budget estimates. Any surplus or deficit between budgeted benefits allocated to departments and actual benefits paid to benefit providers is grouped within the general government segment. In 2023, there was a significant increase in medical benefits paid which reduced the overall deficit between what was allocated to departments based on budget and what was paid in 2023, which is the main driver behind the large increase in the general government segment. This accounting practice can lead to variability year-to-year in the general government segment, and staff will be assessing if there is an alternative approach that may lessen these impacts.

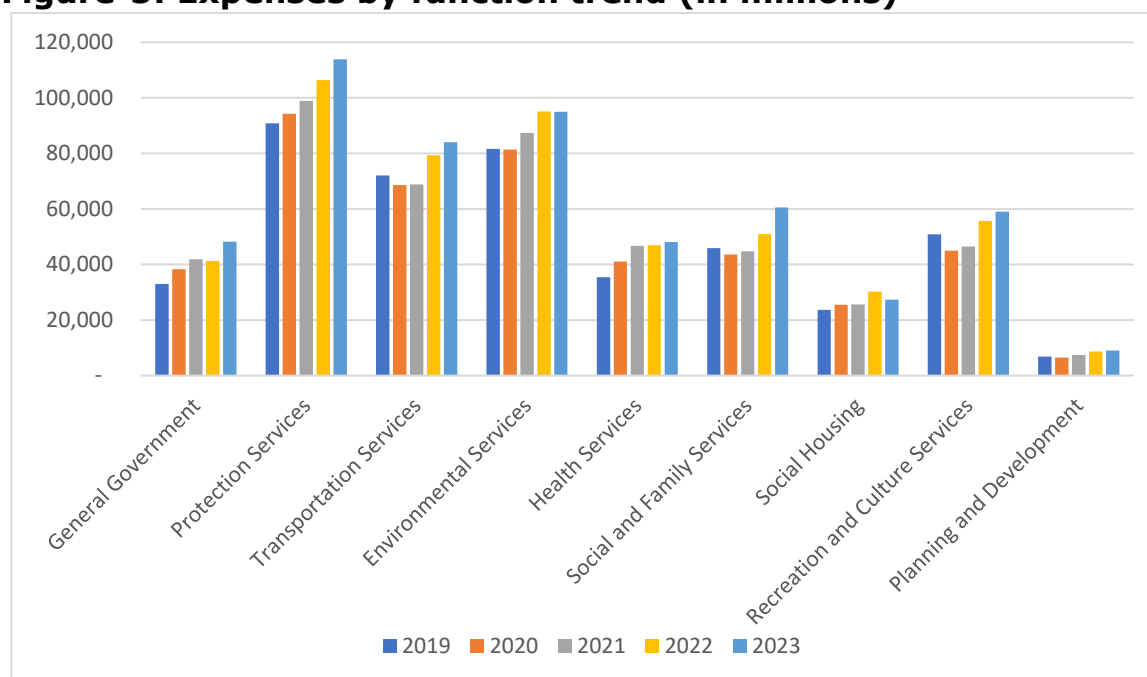
Outside of compensation, amortization expenses and external transfers to community agencies were the drivers of significantly higher costs compared to 2022 in general government. These increases were offset by reductions in internal city charge allocations, litigation costs and rental equipment. The rental equipment costs were incurred in 2022 due to the election.

Social housing expenses decreased by \$2.8 million compared to 2022. While in 2023, the City's municipal contribution increased by \$2.4 million compared with 2022, upper level of government funding and the corresponding overall program expenditures for social housing decreased in 2023. This reduced overall investment in social housing for our community has contributed to the crisis we have seen emerge, with many individuals living unsheltered and dealing with severe mental health issues.

Social and Family Services expenses increased by \$9.6 million compared to 2022. The main drivers of the increase are increased costs for the City's share of the County of Wellington childcare expenses. The net investment in the Guelph community for childcare expenses did not change significantly but the overall City costs increased by \$6.4 million. The other main driver of the large year over year increase is related to a \$1.4 million increase in the Elliott's compensation costs for 2023. The majority of the remaining increase can be attributed to inflationary pressures on material and purchased services costs.

More detailed information on City expenditures in 2023 can be found in [report 2024-215 - 2023 Year-end Operating Budget Monitoring Report and Surplus Allocation and Deficit Funding](#).

**Figure-5: Expenses by function trend (in millions)**



### Statement of Cash Flows

This statement provides a summary of how cash was generated during 2023 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 \$51.9 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 2023, the City and its consolidated entities generated \$129.2 million in cash from operations (2022 - \$114.5 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 \$106.4 million to acquire tangible capital assets and received \$751 thousand from the sale of capital assets. Net cash of \$7.0 million was generated from the City’s investment accounts, and the City received dividends totalling \$3.8 million from GMHI and \$164 thousand from GJR. Debt principal repayments totalling \$12.3 million were made during the year, offset by \$2.5 million in proceeds received from the interest free loan from the Federation of Canadian Municipalities for the Guelph Greener Homes program.

Overall, the consolidated cash position increased year-over-year by \$24.0 million, ending 2023 with a balance of \$75.7 million.

## **Audit Opinion**

KPMG issued a clean audit opinion on the City's 2023 consolidated financial statements. KPMG's Audit Findings Report was provided to Council as an attachment to report 2024-272 – 2023 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.

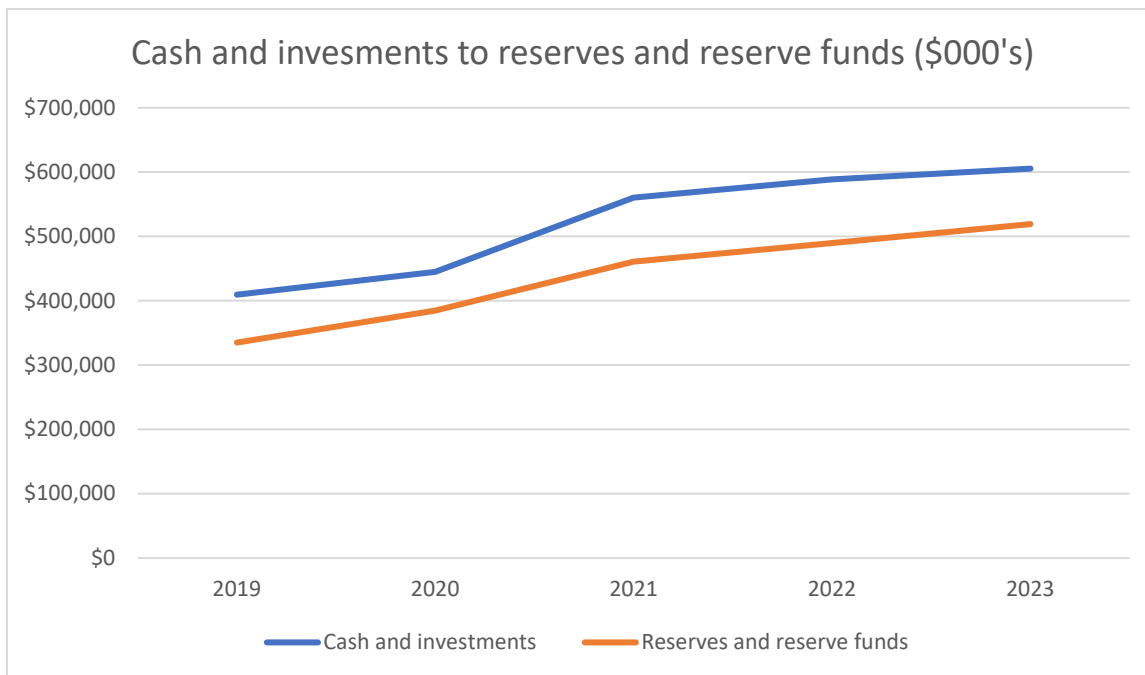
**Vulnerability** is the level of resiliency within the organization to mitigate unexpected negative factors while maintaining financial and service commitments.

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

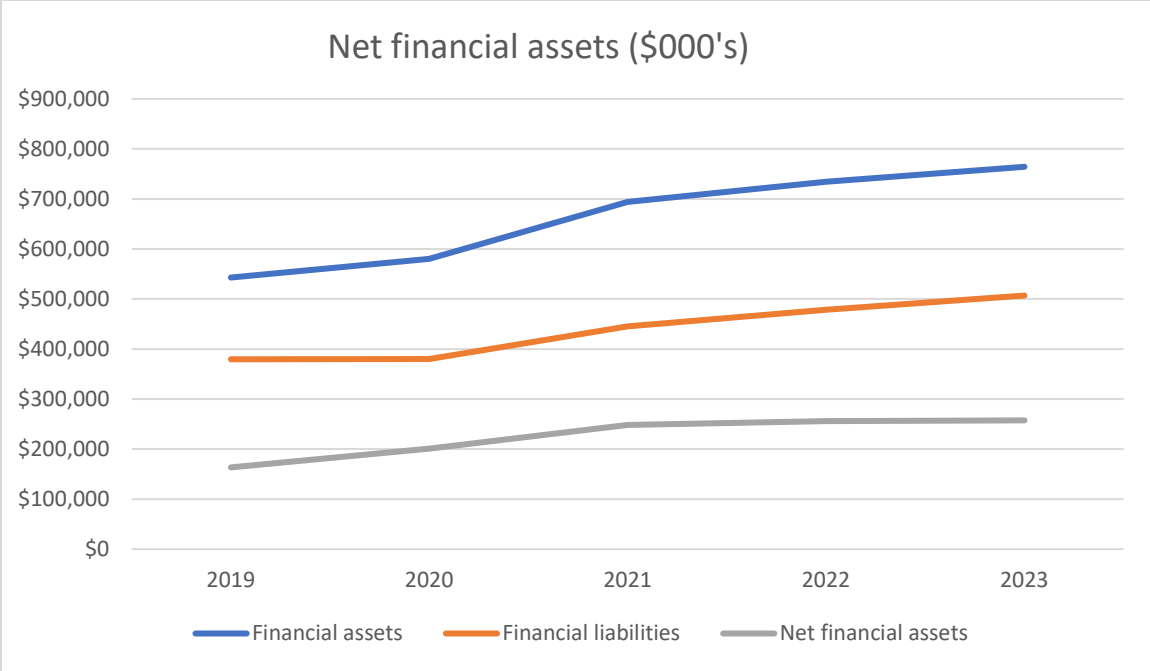
### Sustainability

The key sustainability measures are:

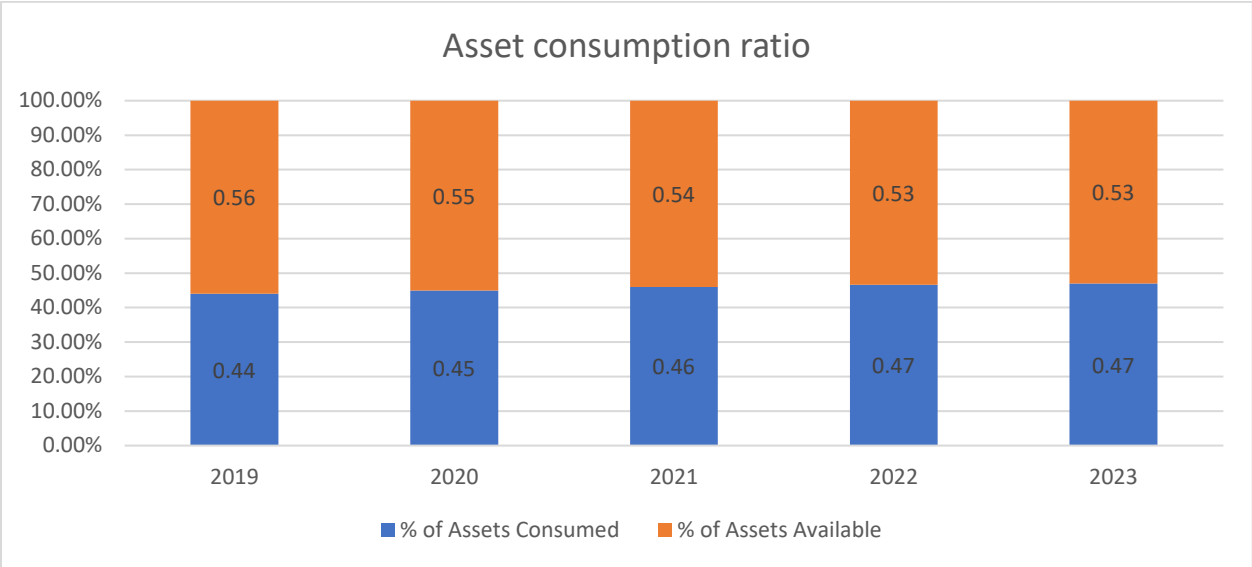
- Ratio of cash and investments to reserves and reserve funds
- Consolidated net financial assets
- Asset consumption ratio



In 2023, the City's cash and investments to reserves and reserve funds ratio decreased slightly to 1.17:1 (2022 - 1.20:1) but remains above the minimum target of 1:1. This result is consistent with the City's reliance on reserve funds to manage through the high interest rate environment until 2025 when more debt will be issued.



Net financial position is financial assets minus financial liabilities. Since the City’s financial assets exceed financial liabilities, the City is in a net financial asset position (as opposed to net debt). In 2023, net financial assets increased by \$1.5 million (0.6 per cent). The rate of annual increases in net financial assets has leveled out, as depicted by the grey line in the chart above. The main reason for the slowing annual rate is an increase in capital spending and progress being made towards reducing the infrastructure backlog.



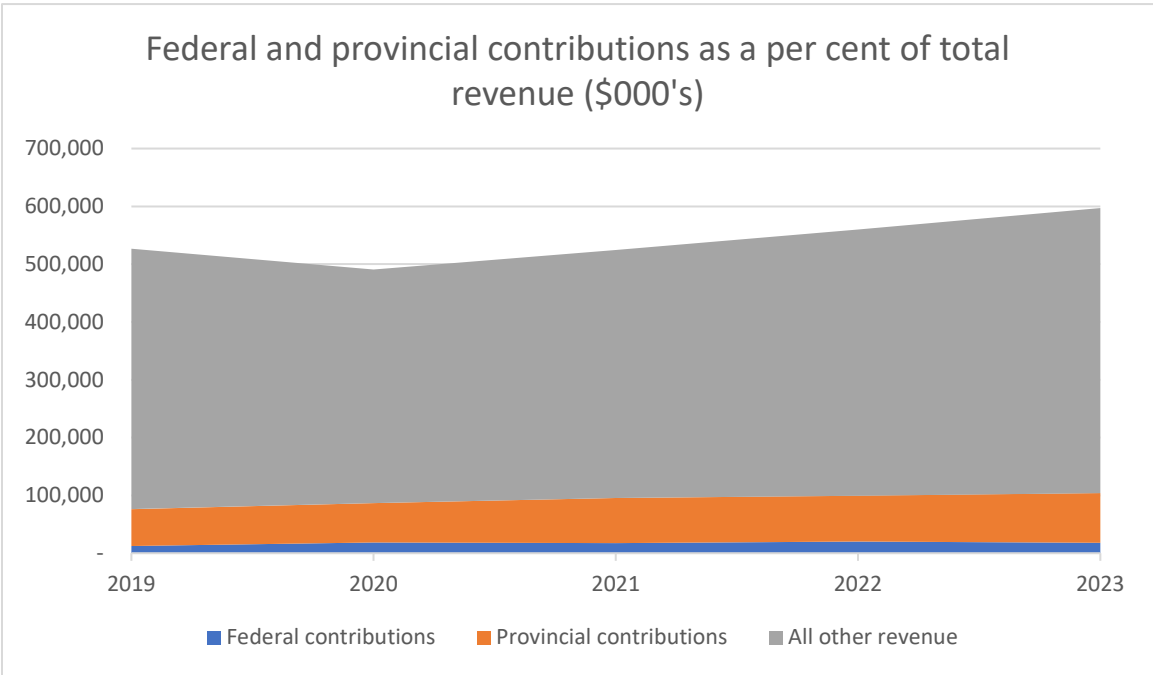
The asset consumption ratio is accumulated amortization divided by the gross cost of capital assets and it gives insight into how old or used up the City’s assets are. In 2023, the City’s asset consumption ratio remained the same as 2022. The

consumption ratio remaining the same compared to 2022 is a positive sign and signals that capital project execution has kept pace with the aging of assets in 2023.

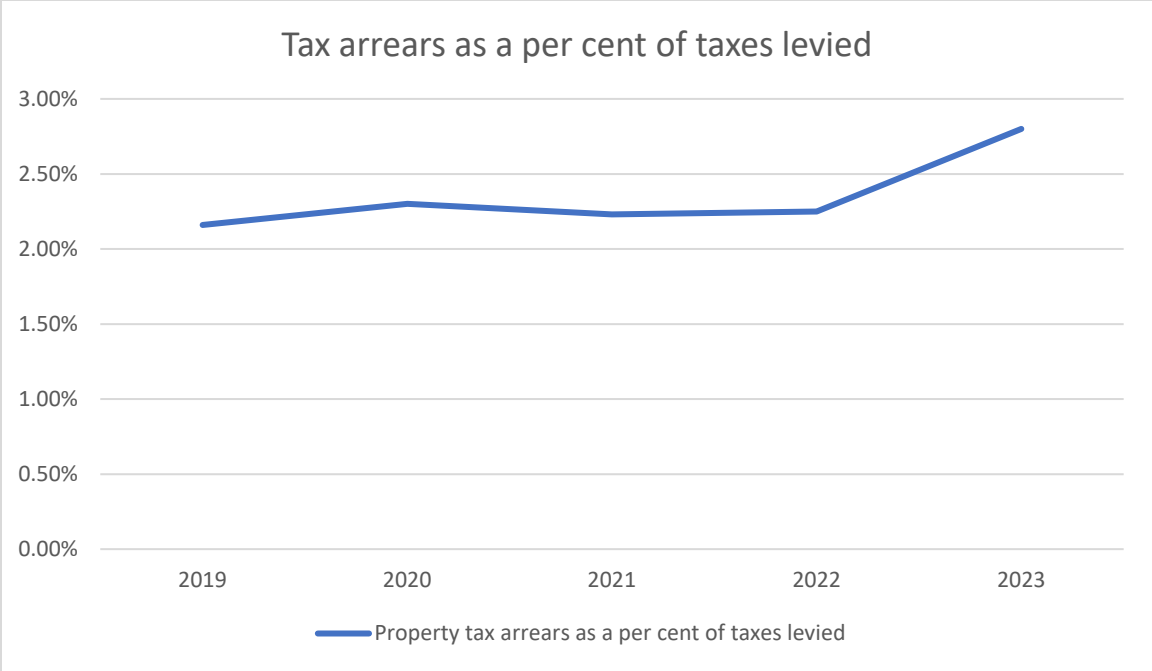
## Vulnerability

The key vulnerability measures are:

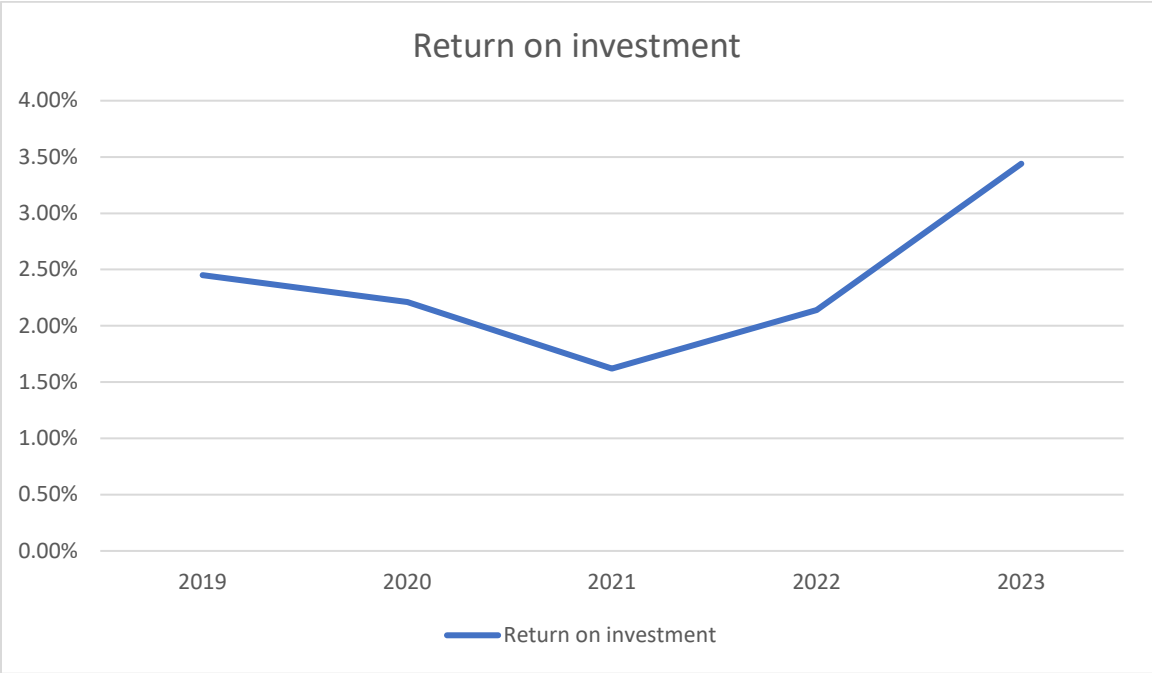
- Federal and provincial contributions as a per cent of total revenue
- Tax arrears as a per cent of taxes levied
- Return on investment



Federal and provincial contributions as a per cent of total revenue decreased slightly in 2023 to 17.4 per cent compared to 2022 (17.7 per cent). While federal and provincial grants increased by 4.8 per cent compared with 2022, the City continues to show decreasing reliance on government funding in 2023 overall as upper levels of government pandemic support for the City and consolidated entities was withdrawn. 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 be decreased or discontinued. This trend will be important to monitor in future years as upper levels of government have expanded grant program offerings targeted at offsetting legislative reductions to growth revenue sources.



Tax arrears as a percentage 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 2023, the percentage of tax arrears increased to 2.80 per cent which is up from 2.25 per cent in 2022. The larger than average increase in tax arrears for 2023 is due to receiving a \$2.3 million tax payment for 2023 in January 2024, and overall, the City continues to experience a consistent low level of tax arrears.



The City’s return on investment increased from 2.14 per cent in 2022 to 3.44 per cent in 2023. The main driver of increased investment earnings compared with 2022 returns was the increasing interest rate environment throughout 2023. In response to high inflation, the Bank of Canada increased its Policy Interest Rate three times in 2023. 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. The City continues to be in a good financial position to capitalize on the current high interest rate environment. In 2023, \$17.1 million from investment earnings was added to the City’s reserve funds, and the \$3.6 million operating surplus in investment income was added to the tax operating contingency reserve, contributing to the objective of rebuilding the City’s contingencies after extensive use in the 2023 budget confirmation and 2024 – 2027 multi-year budget to smooth property tax impacts.

**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 and Reserve Funds**

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	2023 change from 2022	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 contingency reserves		



Non-tax supported program specific reserve funds		Target balances under review
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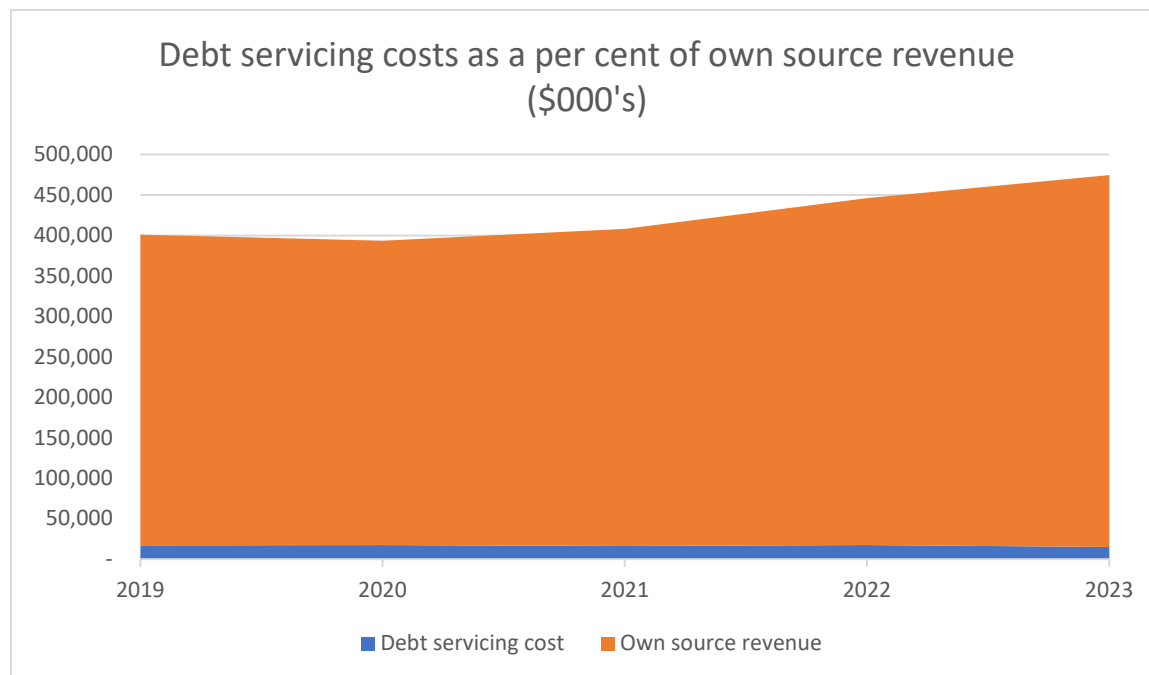
Overall Guelph’s reserves and reserve funds increased by \$31.5 million compared with 2022. While on the surface this is considered positive, there are a number of declining indicators (see table above) which staff are monitoring and considering in the 2025 budget. Please refer to [Report 2024-219 2023 Long-term Financial Statement – Reserves and Debt](#) for details about reserves and reserve fund activity in 2023.

### Debt

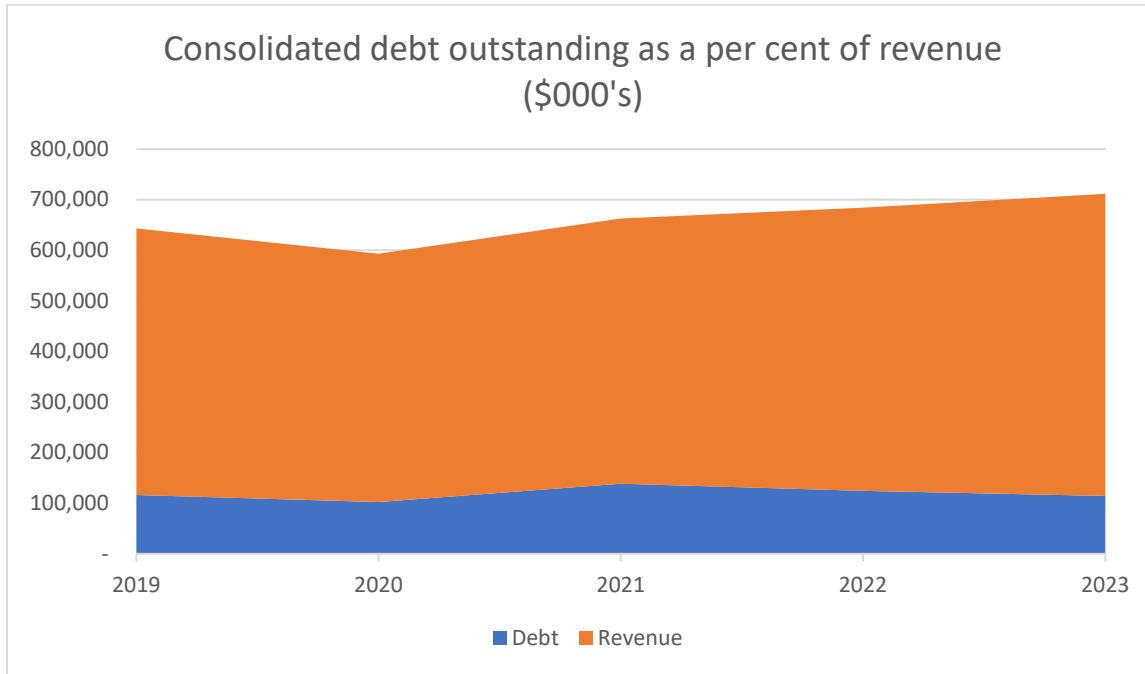
Low debt in comparison with established thresholds also provides the City with flexibility. There are three key thresholds for debt:

- 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.

More detail on debt activity in 2023 can be found in [Report 2024-219 2023 Long-term Financial Statement – Reserves and Debt](#).



The City's consolidated debt servicing costs as a per cent of own source revenue decreased to 3.3 per cent in 2023 (2022 – 4.1 per cent). This percentage is expected to increase in 2025 as the City plans to issue debt to finance large capital projects as outlined in the [Debt Strategy](#) published with the 2024 – 2027 multi-year budget materials.



The City's consolidated debt outstanding as a per cent of revenue decreased in 2022 to 19.2 per cent (2022 – 22.2 per cent). This metric will also be impacted in future years as the City issues debt to finance large capital projects.