Consolidated Financial Statements and Treasurer's Report for the year ended December 31, 2025

Prepared by Finance, Office of the Chief Administrative Officer
Guelph, Ontario

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Message from the City Treasurer

It is my pleasure to present the City of Guelph's Consolidated Financial Statements for the year ended December 31, 2025. These statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards and audited by KPMG. They provide a comprehensive and transparent view of the City's financial position and results of operations for the year.

I would like to acknowledge the work of the City Finance team in preparing the consolidated statements, staff across all departments who contribute to strong financial management practices, and the Executive Team and City Council for their continued leadership and governance oversight.

The consolidated financial statements and accompanying Treasurer's Report provide a different view of the City's financial results from the budget-focused information provided in May, and I invite you to read on to gain new insights. One key takeaway for me is how they demonstrate the progress made on long-term investment in infrastructure and community assets last year.

At December 31, 2025, the City's accumulated surplus was approximately $1.7 billion, an increase of $133 million from 2024. Most of that increase is in tangible capital assets, as several major, multi-year facility projects continued to advance, increasing the value of assets under construction to $240 million. To help finance this capital work, the City undertook two debenture issuances in 2025 totaling $92 million. This marked the first new debentures issued by the City since 2021, with strong investor interest in a volatile bond market. The new debt replaced temporary internal borrowing from reserves for construction-in-progress with planned long-term financing.

In 2025, the municipal sector continued to operate under increasing pressure. Social challenges, frequent legislative change, and ongoing economic uncertainty meant deferring progress on some strategic community objectives at the same time that property taxes and utility rates continued to increase. Limited capital funding combined with a long list of capital requirements meant balancing investment in state of good repair with new infrastructure to enable growth and development.

Looking ahead to 2026, we will continue to update our fiscal outlook to reflect the changing world around us, and to provide our best advice to Mayor and Council to respond and adjust to ensure the City remains focused on maintaining long-term financial sustainability and service excellence for our community.

Shanna O'Dwyer, CPA, CA, MA

General Manager, Finance – City Treasurer and Chief Financial Officer

Executive Summary

The City of Guelph received a clean (unqualified) audit opinion on its 2025 consolidated financial statements, reaffirming compliance with the Municipal Act and adherence to sound fiscal management practices. This annual audit supports transparency and accountability to residents and allows the City to monitor and benchmark against the City's Long-term Financial Framework, grounded in the principles of Sustainability, Vulnerability, and Flexibility.

The 2025 statements reflect a stable financial position. The City's net financial assets increased by $14.5 million compared to 2024. Financial assets increased by $92.3 million with the key drivers being increased year-end cash and investments balances, as well as growth in accounts receivable balances and increased investment values in both Guelph Municipal Holdings and Guelph Junction Railway. Financial liabilities increased by $77.8 million compared to 2024 with the key changes being the issuance of debt in 2025 and a reduction in the deferred contributions liability due to the recognition of development charge revenues for large growth projects in progress. Net tangible capital assets grew by $116.9 million in 2025 continuing the trend from 2024 of new investment in tangible capital assets exceeding amortization expense. This reflects significant progress on the two largest projects in recent years, the Baker District Library and South End Community Centre.

The Statement of Operations shows strong revenue growth, with development charges, taxation, and provincial funding contributing to a $79.5 million year-over-year increase in total revenues. A large portion of this increase is driven by revenue recognition associated with the increased capital spending funded by grants and development charges as well as increased growth in taxation revenues. Operating expenditures rose by $31.6 million, resulting in a $133.0 million annual surplus.

In 2025, the City adopted an accounting policy change related to development charge (DC) revenue recognition for debt financed capital projects on a retrospective basis. DC revenue will now be recognized as debt payments are made rather than at time of capital outlay. This change improves alignment between cash flows and debt repayment, more accurately reflects the actual availability of DC reserve fund balances, and better aligns financial forecasting and financial reporting. The 2024 figures have been restated accordingly.

Further analysis of assets, liabilities, revenues, and expenses is available in the Financial Statement Discussion and Analysis section.

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

Council

Dan Gibson, Ward 1, dan.gibson@guelph.ca

Erin Caton, Ward 1, erin.caton@guelph.ca

Rodrigo Goller, Ward 2, rodrigo.goller@guelph.ca

Carly Klassen, Ward 2, carly.klassen@guelph.ca

Phil Allt, Ward 3, phil.allt@guelph.ca

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Leanne Caron, Ward 5, leanne.caron@guelph.ca

Cathy Downer, Ward 5, cathy.downer@guelph.ca

Ken Yee Chew, Ward 6, ken.chew@guelph.ca

Katherine Hauser, Ward 6, katherine.hauser@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

Tara Baker, Chief Administrative Officer

519-822-1260 extension 2221

cao@guelph.ca

Finance

Shanna O’Dwyer, General Manager / City Treasurer and Chief Financial Officer

519-822-1260 extension 2300

shanna.odwyer@guelph.ca

Strategic Initiatives and Intergovernmental Services
Jodie Sales, General Manager

519-822-1260 extension 3617

jodie.sales@guelph.ca

Corporate Services
Stephen O'Brien, Deputy Chief Administrative Officer, Corporate Services

519-822-1260 extension 2281

stephen.obrien@guelph.ca

City Clerk's Office
Dylan McMahon, General Manager / City Clerk

519-822-1260 extension 2811

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Human Resources
Andy Ip, General Manager

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Information Technology
Adam Fischer, General Manager

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Internal Audit
Robert Jelacic, General Manager

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Legal and Court Services
Jennifer Charles, General Manager / City Solicitor

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Strategic Communications and Community Engagement
Suzanne Vukosavljevic, General Manager

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Infrastructure, Development and Environment

Terry Gayman, Deputy Chief Administrative Officer, Infrastructure, Development and Environment Services

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Economic Development and Tourism

James Goodram, General Manager

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Engineering and Transportation Services

Kyle Gibson, Acting General Manager

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Facilities and Energy Management

Ian Scott, General Manager

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Planning and Building Services

Krista Walkey, General Manager

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Public Services

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Culture and Recreation

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Fire Services

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Guelph Transit

Glenn Marcus, General Manager

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Guelph-Wellington Paramedic Services

Stephen Dewar, General Manager / Paramedic Chief

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Operations

Doug Godfrey, General Manager

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Parks

Gene Matthews, General Manager

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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 2025, the City's AAA credit rating was confirmed for the fourth straight year, exceeding the target AA+ rating. This reflects the City's strong financial management and exceptional liquidity, however, new debt issued in 2025 and planned for the future, combined with evolving economic conditions and fiscal pressures may influence future assessments.

The City received the Distinguished Budget Presentation Award from the Government Financial Officers Association of the United States and Canada for the four-year multi-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 126 Ontario municipalities which brings together a group of indicators to give an overall snapshot for each municipality. The 2025 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 accrual 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 2025 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 process involves estimates and assumptions, and the timing of Council approval of significant, multi-year capital projects compared with the timing of execution of those projects can result in a PSAS adjusted budget that still looks very different from the actual figures reported.

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 2025 are found in Budget Impacts per Ontario Regulations 284/09 and Budget – Public Sector Accounting Standards Reconciliation 2025.

2025 Financial Highlights

Summary

The City of Guelph's 2025 consolidated financial statements received an unqualified (clean) audit opinion from KPMG LLP, confirming compliance with Canadian public sector accounting standards and the Municipal Act. These audited statements present the City's full financial position as of December 31, 2025, and include:

Consolidated Statement of Financial Position

Net financial assets of $229.8 million and an accumulated surplus of $1.7 billion reflect continued financial strength.

Statement of Operations

The City generated a surplus of $132.9 million, with revenues of $756.2 million exceeding expenses of $623.3 million. Growth in taxation, recognition of development charge revenue associated with capital investment, and increased grant revenue contributed to this performance.

Statement of Change in Net Financial Assets

An increase of $14.5 million in net financial assets was driven by an increase in cash and reserve balances due to debt issued in 2025 to finance large capital investments for which work continues in 2026.

Statement of Cash Flows

Demonstrates the use of cash to support capital investment and service delivery and service outstanding debt.

Notes and Schedules to the Financial Statements

Additional notes and schedules cover reserves, debt, employee benefits, tangible capital assets, and accounting policy. These financial statements are an important component of the City's fiscal transparency and are essential to understanding the overall financial picture for the City in 2025. They are also required for legislative compliance, the annual credit rating review, and long-term financial planning.

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, 2025

City of Guelph
December 31, 2025

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KPMG LLP
120 Victoria Street South, Suite 600
Kitchener, ON N2G 0E1
Canada
Tel 519 747 8800
Fax 519 747 8811

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes 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, 2025, and its consolidated results of operations, its consolidated changes in 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.

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

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, 2024 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 of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2025, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2024. 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

July 16, 2026

City of Guelph

Consolidated statement of financial position
as at December 31, 2025, with comparative information for 2024
($000's)

	2025	2024 (Restated Note 2)
	$	$
Financial assets		
Cash	**105,678**	60,948
Investments (Note 4)	**551,110**	532,338
Taxes receivable	**11,549**	12,399
Accounts receivable	**77,058**	56,900
Loans and notes receivable	**5,092**	3,144
Investment in Guelph Junction Railway Limited (Note 5)	**19,938**	17,758
Investment in Guelph Municipal Holdings Inc. (Note 6)	**100,586**	95,242
	871,011	778,729
Liabilities		
Accounts payable and accrued liabilities	**75,424**	75,310
Accrued interest payable	**979**	854
Vacation and other employee benefits payable	**10,013**	9,326
Developer agreement deferred revenue	**1,334**	1,826
Other deferred revenue	**30,798**	25,438
Deferred contributions (Note 8)	**211,645**	225,787
Employee future benefits (Note 10)	**75,213**	66,832
Debt (Note 11)	**191,244**	107,370
Obligation under capital lease (Note 12)	**1,035**	1,229
Other long-term liabilities (Note 13)	**8,954**	15,271
Liability for contaminated sites (Note 19)	**25,102**	24,446
Asset retirement obligation liability (Note 15)	**9,503**	9,777
	641,244	563,466
Net financial assets	**229,767**	215,263
Non-financial assets		
Tangible capital assets (Note 14)	**1,485,342**	1,368,454
Inventory	**2,944**	2,949
Prepaid expenses	**6,471**	4,940
	1,494,757	1,376,343
Contingencies (Note 20)		
Commitments and guarantees (Note 22)		
Accumulated surplus (Note 16)	**1,724,524**	1,591,606

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, 2025, with comparative information for 2024
($000's)

	2025 Budget (Note 24)	**2025 Actual**	2024 (Restated Note 2)
	$	**$**	$
Revenues			
Taxation			
Property taxation (Note 3)	**356,126**	**355,518**	331,394
Penalties and interest on taxes	**1,360**	**2,154**	1,777
	357,486	**357,672**	333,171
User charges	**145,407**	**147,384**	137,441
Contributed subdivision assets	**1,829**	**1,829**	1,757
Contributions			
Government of Canada	**30,153**	**27,531**	10,914
Province of Ontario	**113,548**	**112,199**	102,040
Municipal	**11,688**	**8,036**	8,879
Developers	**64,068**	**43,688**	31,049
Other contributions	**108**	**897**	922
Other revenue (Note 7)	**39,333**	**56,952**	50,558
Total revenues	**763,620**	**756,188**	676,731
Expenses			
General government	**56,524**	**50,720**	49,610
Protection services	**125,022**	**132,463**	122,084
Transportation services	**96,475**	**99,307**	87,852
Environmental services	**99,458**	**95,756**	90,483
Health services	**52,507**	**53,378**	50,612
Social and family services	**73,754**	**70,905**	71,071
Social housing	**42,027**	**40,809**	35,714
Recreation and cultural services	**61,701**	**68,688**	62,433
Planning and development	**15,943**	**11,244**	21,817
Total expenses	**623,411**	**623,270**	591,676
Excess of revenues over expenses for the year	**140,209**	**132,918**	85,055
Accumulated surplus- beginning of year	**1,591,606**	**1,591,606**	1,506,551
Accumulated surplus, end of year	**1,731,815**	**1,724,524**	1,591,606

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, 2025, with comparative information for 2024
($000's)

	2025 Budget (Note 24)	**2025 Actual**	2024 (Restated Note 2)
	$	**$**	$
Excess of revenues over expenses for the year	**140,209**	**132,918**	85,055
Amortization of tangible capital assets	**55,650**	**63,796**	60,810
Acquisition of tangible capital assets	**-**	**(182,382)**	(166,131)
Contributed subdivision assets	**(1,829)**	**(1,829)**	(1,757)
Gain on disposal of tangible capital assets	**-**	**(1,958)**	(195)
Proceeds from disposal of tangible capital assets	**-**	**5,330**	641
Asset retirement obligation tangible capital asset adjustment	**-**	**155**	-
Change in inventory and prepaid expenses	**-**	**(1,526)**	256
Increase in net financial assets for the year	**194,030**	**14,504**	(21,321)
Net financial assets, beginning of year	**215,263**	**215,263**	236,584
Net financial assets, end of year	**409,293**	**229,767**	215,263

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

City of Guelph

Consolidated statement of cash flows
year ended December 31, 2025, with comparative information for 2024
($000's)

	2025	2024 (Restated Note 2)
	$	$
Operating activites		
Excess of revenues over expenses for the year	**132,918**	85,055
Items not affecting cash:		
Amortization of tangible capital assets	**63,796**	60,810
Gain on disposal of tangible capital assets	**(1,958)**	(195)
Contributed subdivision assets	**(1,829)**	(1,757)
Asset retirement obligation tangible capital asset adjustment	**155**	-
Government business enterprise earnings	**(11,424)**	(9,403)
Employee future benefits	**8,381**	4,011
Asset retirement obligations cost	**(274)**	(421)
Contaminated sites (recovery) cost	**656**	(1,924)
Changes in non-cash working capital:		
Taxes receivable	**850**	(4,055)
Accounts receivable	**(20,158)**	(13,980)
Developer agreement deferred revenue	**(492)**	206
Inventory and prepaid expenses	**(1,526)**	256
Accounts payable and accrued liabilities	**114**	26,480
Accrued interest payable	**125**	(57)
Vacation and other employee benefits payable	**687**	40
Other deferred revenue	**5,360**	769
Other long-term liabilities	**(6,317)**	10,612
Net change in deferred contributions	**(14,142)**	3,812
Cash provided by operating activities	**154,922**	160,259
Capital activities		
Acquisition of tangible capital assets	**(182,382)**	(166,131)
Proceeds from disposal of tangible capital assets	**5,330**	641
Cash used by capital activities	**(177,052)**	(165,490)
Investing activities		
Dividend from Guelph Municipal Holdings Inc. (Note 6)	**3,650**	3,750
Dividend from Guelph Junction Railway Limited (Note 5)	**250**	210
Change in loans and notes receivable	**(1,948)**	(3,428)
Net investment acquisitions	**(18,772)**	(2,541)

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

City of Guelph

Consolidated statement of cash flows
year ended December 31, 2025, with comparative information for 2024
(continued)
($000's)

	2025	2024 (Restated Note 2)
	$	$
Cash used by investing activities	**(16,820)**	(2,009)
Financing activities		
Proceeds from issuance of long-term debt	**92,000**	-
Commissions and discounts incurred on long term debt	**(803)**	-
Repayment of debt principal	**(9,823)**	(9,795)
Receipt of loan proceeds from FCM for Guelph Greener Homes	**2,500**	2,500
Principal repayments on capital lease	**(194)**	(187)
Cash used in financing activities	**83,680**	(7,482)
Increase in cash for the year	**44,730**	(14,722)
Cash, beginning of year	**60,948**	75,670
Cash, end of year	**105,678**	60,948

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

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 ("DGBA")
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 ("WDGPH") Unit to the extent of 46.7% (2024 – 46.7%) 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.

1. Significant Accounting Policies (continued)

Basis of accounting

Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. 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.

($000's)

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 and community benefit charges 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, the Guelph Greener Homes grant fund, the Housing Accelerator Fund and the Building Faster Fund 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.

Development charge revenue is recognized as eligible expenditures are incurred, except when those expenditures are debt financed, in which case development charge revenue is recognized as principal and interest payments are made on development charge supported debt.

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:

Asset	**Useful Life (Years)**
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.

1. Significant Accounting Policies (continued)

Basis of accounting (continued)

Tangible capital assets (continued)

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.

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.

1. Significant Accounting Policies (continued)

Basis of accounting (continued)

Financial instruments (continued)

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.

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, 2025. 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 receivable, 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.

1. Significant Accounting Policies (continued)

Basis of accounting (continued)

Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowance for asset backed investments, valuation allowances for receivables, certain accrued liabilities and obligations related to employee future benefits, landfill post closure liability, liability for contaminated sites and the estimated future lives of tangible capital assets. Actual results could differ from these estimates.

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.

($000's)

2. Change in accounting policies

Revenue recognition of Development Charge funded debt

In 2025, the City changed its accounting policy for recognizing revenue related to development charge funded capital projects that are debt financed. Previously, development charge revenue was recognized at the time eligible expenditures were incurred. Under the revised policy, development charge revenue is recognized as principal and interest payments are made on development charge supported debt. This change reflects a revised interpretation of "used" under PS3100(11), and results in more relevant financial information by aligning development charge revenue recognition with actual debt servicing outflows and harmonizing treatment with the City's existing approach for tax and rate-supported debt. This change has been applied retrospectively in accordance with PS2120 and the 2024 comparative figures have been restated accordingly.

The impact on the 2024 comparative figures is as follows:

- Increase in Deferred Contributions of $42,465.

- Decrease in opening accumulated surplus of $20,785.

- Development charge revenue reduction of $21,680.

- Decrease in closing accumulated surplus of $42,465.

3. Taxation revenues

Taxation collected on behalf of school board

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

	2025 **$**	2024 $
Taxation revenue collected - school boards	**63,854**	62,868
Requisitions	**(63,854)**	(62,868)
	-	-

($000's)

4. Investments

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

	2025	2024
	Amortized Cost $	Amortized Cost $
High interest savings accounts	**232,753**	70,341
Notice plan investment	**30,460**	-
Guaranteed investment certificates	**86,922**	252,722
Principal protected notes	**34,000**	34,925
Strip and municipal bonds	**72,635**	84,488
Managed funds - cash and bonds	**94,340**	89,862
	551,110	532,338

The guaranteed investment certificates (GICs) have effective rates that range between 1.70% and 5.59% (2024 - 0.35% and 6.48%). Interest is receivable on the date of maturity. Maturity dates range from March 13, 2026 to January 6, 2027 (2024 - March 10, 2025 to January 6, 2027).

The high interest saving accounts and notice plan investment have an accrued interest rate that range from 3.20% to 3.31% (2024 - 5.18%) and 3.17% (2024 - nil) respectively, and is tied to the bank reference rates that are subject to change. The notice plan investment requires 31 days notice for withdrawals.

The fair value of investments is $554,889 (2024 - $534,003).

($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:

	2025	2024
	$	$
Financial position		
Current assets	**6,333**	4,629
Property, plant and equipment	**18,993**	17,737
Total assets	**25,326**	22,366
Current liabilities	**981**	1,298
Long-term debt	**1,125**	-
Deferred capital contributions	**3,282**	3,310
Total liabilities	**5,388**	4,608
Shareholder's equity	**19,938**	17,758
Results of operations		
Revenues	**8,223**	8,161
Operating expenses	**5,793**	5,599
Net income	**2,430**	2,562
Retained earnings, beginning of year	**17,758**	15,406
Dividend to City of Guelph (Note 5.b)	**(250)**	(210)
Shareholder's equity, end of year	**19,938**	17,758

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, 2025, the City has a current balance payable of $2,385 (2024 - $359). This intercompany balance is interest free and due on demand.

The City paid the Railway $170 (2024 - $194) for services. The City received $201 (2024 - $194) in office rent and administration fees for the year and $8 (2024 - $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 for the purpose of reconstructing a bridge within City limits. The loan agreement was renewed effective December 31, 2025 for a 5 year term. The loan is now repayable monthly through blended principal and interest payments at 4.530%. At December 31, 2025 $1,185 (2024 - $1,245) was outstanding and included in loans and notes receivable. In 2025 principal and interest payments were $60 and $41 respectively (2024 – $58, $43).

b) Dividend to Shareholder

On May 29, 2025, the Board of Directors declared a dividend of $250 based on the income earned in the year ended December 31, 2024. The dividend was paid in fiscal 2025.

($000's)

6. Investment in Guelph Municipal Holdings 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:

	2025	2024
	$	$
Financial position		
Current assets	**1,118**	1,049
Due from related parties	**1,941**	2,012
Investment in Alectra Inc.	**115,679**	108,536
Total assets	**118,738**	111,597
Accounts payable and accrued liabilities	**3**	-
Deferred tax liability	**18,149**	16,355
Total liabilities	**18,152**	16,355
Shareholder's equity	**100,586**	95,242

($000's)

6. Investment in Guelph Municipal Holdings Inc. (continued)

Results of operations		
Revenue		
Investment revenue	**10,788**	7,825
Other revenue	**75**	132
Total revenue	**10,863**	7,957
Expenses		
GMHI operations and management	**75**	73
Income taxes	**698**	399
Total expenses	**773**	472
Net income	**10,090**	7,485
Retained earnings, beginning of year	**27,712**	24,604
Dividend to City of Guelph (note a)	**(3,650)**	(3,750)
Refundable portion of deferred tax liability	**(1,096)**	(627)
Retained earnings, end of year	**33,056**	27,712
Shareholder's Equity		
Share capital	**67,530**	67,530
Retained earnings, end of year	**33,056**	27,712
Shareholder's equity	**100,586**	95,242

a) Related party transactions

In 2025, GMHI paid the City $54 (2024 - $47) in fees for administering GMHI's legal, financial and operational activities.

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 $3,650 (2024 - $3,750).

($000's)

7. Other revenue

Other revenue consists of the following:

	2025 Budget $	**2025 Actual $**	2024 Actual $
Investment income	**10,902**	**15,279**	17,645
Donations	**280**	**3,713**	686
Sales of equipment, publications	**2,529**	**4,444**	4,469
Recoveries	**8,826**	**7,464**	6,334
Licences and permits	**6,439**	**5,451**	4,758
Provincial Offences Act revenues	**4,706**	**5,451**	5,279
Other fines	**1,546**	**1,768**	1,789
Gain on disposal of tangible capital assets	**-**	**1,958**	195
Government business enterprises earnings	**4,105**	**11,424**	9,403
	39,333	**56,952**	50,558

8. Deferred contributions

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

	Beginning balance (Restated) 2025 $	Contributions received and Interest earned $	Revenue recognized $	**Ending balance 2025 $**
Development charges	149,274	18,564	43,672	**124,166**
Grants	51,584	22,672	12,473	**61,783**
Other	24,929	3,272	2,505	**25,696**
	225,787	**44,508**	**58,650**	**211,645**

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, the Safe Restart Agreement Public Transit Funding Stream, Guelph Greener Homes grant fund, the Housing Accelerator Fund and the Building Faster Fund. 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 3,178 (2024 – 3,112) 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 2025 is $24,412 (2024 - $22,273) 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, 2025. At that time the plan reported a $1.3 billion actuarial deficit (2024 - $2.9 billion), based on actuarial liabilities of $149.6 billion (2024 - $140.8 billion) and actuarial assets of $148.3 billion (2024 - $137.9 billion). The OMERS funded ratio of plan assets to pension obligations for 2025 is 99% (2024 - 98%) . Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements. As at December 31, 2025, the City has no obligation under the past service provisions of the OMERS agreement.

($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:

	2025 **$**	2024 $
Workplace Safety and Insurance ("WSIB")	**33,696**	26,501
Sick leave	**13,189**	12,864
Post-employment and retirement benefits	**28,328**	27,467
	75,213	66,832

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, 2024 and extrapolated for the 2025 year end. The next required valuation will be performed in 2028 using information as of December 31, 2027.

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

• Discount rate	4.00% (2024 – 3.75%)
• Expected future WSIB payments per lost time injury	244.00% (2024 - 176.00%)
• Health care inflation	CPI plus 2.00% (2024 - CPI plus 2.00%)
• WSIB administration rate	19.00% (2024 - 23.00%)
• Lost time injury count	70 (2024 - 61)

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

	2025 **$**	2024 $
Accrued benefit obligation, beginning of year	**44,027**	28,723
Survivor Award	**1,734**	-
Current service cost	**8,108**	4,671
Interest	**1,809**	1,095
Benefits Paid	**(5,734)**	(3,699)
Accrued benefit obligation, end of year	**49,944**	30,790
Subtotal	**(16,248)**	(4,289)
Liability, end of year	**33,696**	26,501

A reserve in the amount of $3,215 (2024 - $3,567) has been accumulated to fund this obligation.

($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:

	2025	2024
	$	$
Survivor Award	**1,734**	-
Current period benefit	**8,108**	4,671
Amortization of net actuarial loss	**2,484**	1,172
Interest expense	**1,809**	1,096
	14,135	6,939

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 2025 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% (2024 – 4.50%)
- Inflation rate 2.00% (2024 - 2.00%)
- Future salaries 3.00% per year (2024 - 3.00%)

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

	2025	2024
	$	$
Accrued benefit obligation, beginning of year	**11,658**	11,389
Current service cost	**918**	861
Interest	**522**	507
Benefits paid	**(1,062)**	(1,099)
Accrued benefit obligation, end of year	**12,036**	11,658
Unamortized net actuarial loss	**1,153**	1,206
Liability, end of year	**13,189**	12,864

There are currently reserves totaling $13,358 (2024 - $12,816) available to fund this obligation.

($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:

	2025	2024
	$	$
Current period benefit cost	**918**	861
Amortization of net actuarial loss	**(53)**	95
Interest expense	**521**	507
	1,386	1,463

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% (2024 – 4.50%)
- Inflation rate — 2.00% (2024 – 2.00%)
- Prescription drugs trend rate — 5.33% increase for 2025, set at CPI plus 4.00%, reducing by 0.33% per year to reach 4.00% in 2029 and 3.75% per year thereafter. (2024 – 5.67% increase for 2020 vs. 2019 reducing by 0.33% per year to reach 4.00% in 2029 vs. 2028 and 3.75% per year thereafter)
- Dental and other medical trend rate — 4.00% (2024 – 4.00%)

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

	2025	2024
	$	$
Accrued benefit obligation, beginning of year	**27,409**	26,886
Current service cost	**1,264**	1,191
Interest	**1,222**	1,195
Benefits paid	**(1,781)**	(1,863)
Accrued benefit obligation, end of year	**28,114**	27,409
Unamortized net actuarial loss	**214**	58
Liability, end of year	**28,328**	27,467

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

($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:

	2025	2024
	$	$
Current period benefit cost	**1,264**	1,191
Amortization of net actuarial loss	**156**	155
Interest expense	**1,222**	1,195
	2,642	2,541

A comprehensive actuarial valuation was completed using information as at December 31, 2022 and extrapolated for the 2025 year end. The next required valuation will be performed in 2026 using information as of December 31, 2025.

11. Debt

a) Debt is comprised of the following components:

	2025	2024
	$	$
Debentures - repayable at rates ranging from 1.40% to 5.237% and maturing from 2026 to 2045	**183,744**	102,297
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.	**7,500**	5,000
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	**-**	73
	191,244	107,370

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

($000's)

11. Debt (continued)

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

	Discretionary reserve funds $	User pay, obligatory reserve funds, and other $	**Total $**
2026	18,596	20,733	**39,329**
2027	4,523	6,630	**11,153**
2028	4,681	6,761	**11,442**
2029	4,850	6,904	**11,754**
2030	5,027	7,064	**12,091**
Thereafter	59,609	38,366	**97,975**
	97,286	**86,458**	**183,744**

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

	2025 $	2024 $
Principal repayments	**9,823**	9,795
Interest	**3,816**	2,631
	13,639	12,426

12. Obligation under capital lease

The City has financed certain equipment through a capital lease arrangement as follows:

	2025 $	2024 $
2026	**-**	239
2027	**239**	239
2028	**239**	239
2029	**239**	239
2030	**239**	239
Thereafter	**180**	180
Total minimum lease payments	**1,136**	1,375
Less amount representing interest at 3.92% (2024 - 3.92%)	**(101)**	(146)
Present value of net minimum capital lease payments	**1,035**	1,229

Interest of $45 (2024 - $52) relating to capital lease obligations has been included in interest expense.

($000's)

13. Other long-term liabilities

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

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

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

a) TIBG Agreements

	2025	2024
	$	$
Heritage Redevelopment	**1,928**	2,004
Downtown Development	**6,018**	8,663
Brownfield Strategy	**1,008**	4,604
	8,954	15,271

b) The TIBGs are repayable in the following periods:

	2025	2024
	$	$
2025	**-**	6,817
2026	**2,615**	2,874
2027	**2,114**	2,371
2028	**1,330**	1,588
2029	**1,244**	1,244
2030	**704**	-
Thereafter	**947**	377
	8,954	15,271

($000's)

14. Tangible capital assets

					2025
Cost	Balance, beginning of year $	Additions $	Disposals $	ARO Adjustment $	**Balance, end of year $**
Land and land improvements	99,928	7,479	(1,787)	-	**105,620**
Buildings	453,478	16,140	(1,506)	(155)	**467,957**
Machinery and equipment	278,345	16,724	(15,347)	-	**279,722**
Assets under capital lease	3,151	-	-	-	**3,151**
Vehicles	114,496	16,030	(3,592)	-	**126,934**
Infrastructure					
Sanitary sewers & waste water	357,215	8,447	(200)	-	**365,462**
Storm water	245,170	2,387	-	-	**247,557**
Transportation	492,365	15,556	-	-	**507,921**
Waterworks	348,013	8,510	(129)	-	**356,394**
Assets under construction (Net)	147,261	92,938	-	-	**240,199**
	2,539,422	184,211	(22,561)	(155)	**2,700,917**
Accumulated amortization					
Land and land improvements	13,606	1,165	-	-	**14,771**
Buildings	193,541	12,843	(730)	-	**205,654**
Machinery and equipment	188,163	14,320	(14,861)	-	**187,622**
Assets under capital lease	1,418	84	-	-	**1,502**
Vehicles	69,621	9,457	(3,274)	-	**75,804**
Infrastructure					
Sanitary sewers & waste water	178,653	5,123	(195)	-	**183,581**
Storm water	83,041	3,610	-	-	**86,651**
Transportation	293,392	9,901	-	-	**303,293**
Waterworks	149,533	7,293	(129)	-	**156,697**
	1,170,968	63,796	(19,189)	-	**1,215,575**
Net book value					
Land and land improvements	86,322				**90,849**
Buildings	259,937				**262,303**
Machinery and equipment	90,182				**92,100**
Assets under capital lease	1,733				**1,649**
Vehicles	44,875				**51,130**
Infrastructure					
Sanitary sewers & waste water	178,562				**181,881**
Storm water	162,129				**160,906**
Transportation	198,973				**204,628**
Waterworks	198,480				**199,697**
Assets under construction (Net)	147,261				**240,199**
	1,368,454				**1,485,342**

($000's)

14. Tangible capital assets (continued)

2024

Cost	Balance, beginning of year $	Additions $	Disposals $	ARO Adjustment $	Balance, end of year $
Land and land improvements	96,955	2,973	-	-	99,928
Buildings	433,956	20,169	(647)	-	453,478
Machinery and equipment	258,925	19,868	(448)	-	278,345
Assets under capital lease	3,151	-	-	-	3,151
Vehicles	100,602	16,003	(2,109)	-	114,496
Infrastructure					
Sanitary sewers & waste water	335,366	21,991	(142)	-	357,215
Storm water	235,706	9,467	(3)	-	245,170
Transportation	477,296	15,069	-	-	492,365
Waterworks	334,022	13,991	-	-	348,013
Assets under construction (Net)	98,904	48,357	-	-	147,261
	2,374,883	167,888	(3,349)	-	2,539,422
Accumulated amortization					
Land and land improvements	12,485	1,121	-	-	13,606
Buildings	181,399	12,482	(340)	-	193,541
Machinery and equipment	175,031	13,455	(323)	-	188,163
Assets under capital lease	1,335	83	-	-	1,418
Vehicles	63,223	8,493	(2,095)	-	69,621
Infrastructure					
Sanitary sewers & waste water	173,874	4,921	(142)	-	178,653
Storm water	79,511	3,533	(3)	-	83,041
Transportation	283,671	9,721	-	-	293,392
Waterworks	142,532	7,001	-	-	149,533
	1,113,061	60,810	(2,903)	-	1,170,968
Net book value					
Land and land improvements	84,470				86,322
Buildings	252,557				259,937
Machinery and equipment	83,894				90,182
Assets under capital lease	1,816				1,733
Vehicles	37,379				44,875
Infrastructure					
Sanitary sewers & waste water	161,492				178,562
Storm water	156,195				162,129
Transportation	193,625				198,973
Waterworks	191,490				198,480
Assets under construction (Net)	98,904				147,261
	1,261,822				1,368,454

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, 2025 using a discount rate of 4.00% 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. 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, accordingly 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, accordingly no discounting has been applied to the liability. The City also includes the DGBA asset retirement obligation for the removal of light installations in downtown Guelph in this grouping.

($000's)

15. Asset retirement obligation (continued)

Changes to the asset retirement obligation in the year are as follows:

	Asbestos Obligation $	Landfill Obligation $	Other Obligation $	2025 Total $
Opening balance	3,200	6,331	246	**9,777**
Liabilities incurred	-	-	30	**30**
Liabilities Settled	-	(640)	-	**(640)**
Accretion Expense	-	273	6	**279**
Change in liability estimate	(294)	351	-	**57**
Closing balance	**2,906**	**6,315**	**282**	**9,503**

($000's)

16. Accumulated surplus

The accumulated surplus is comprised of the following components:

	2025	2024
	$	$
Reserves set aside for specific purpose by Council:		
for corporate	**20,060**	26,792
for program specific	**22,957**	24,681
for strategic	**4,741**	6,978
Reserves set aside by WDGPH:		
for contingency	**1,147**	1,028
Total reserves- Schedule 4	**48,905**	59,479
Reserve funds set aside for specific purpose by Council:		
for capital financing	**382,780**	283,761
Reserve funds set aside by WDGPH:		
for capital financing	**2,183**	1,609
Total reserve funds - Schedule 4	**384,963**	285,370
Total reserve and reserve funds	**433,868**	344,849
Invested in tangible capital assets	**1,485,342**	1,368,454
Investment in Guelph Municipal Holdings Inc.	**100,586**	95,242
Investment in Guelph Junction Railway Limited	**19,938**	17,758
Operating fund	**(14,148)**	(26,272)
Unfunded liabilities		
Debt	**(191,244)**	(107,370)
Liability for contaminated sites	**(25,102)**	(24,446)
Employee future benefits and related liabilities	**(75,213)**	(66,832)
Asset retirement obligations	**(9,503)**	(9,777)
Total	**1,290,656**	1,246,757
Accumulated Surplus	**1,724,524**	1,591,606

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 2025, $11,755 (2024 - $12,081) of interest was earned by the reserve funds.

($000's)

17. Government partnerships

The City's share of 46.7% (2024 - 46.7%) of the results of the 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:

	2025	2024
	$	$
Financial assets	**4,869**	3,886
Liabilities	**1,605**	1,310
Net financial assets	**3,264**	2,576
Tangible capital assets	**8,218**	8,537
Prepaid expenses	**64**	62
Total non-financial assets	**8,282**	8,599
Accumulated surplus	**11,546**	11,175
Revenues	**14,284**	13,920
Expenses	**13,913**	13,397
Excess of revenues over expenses for the year	**371**	523
Accumulated surplus, beginning of year	**11,175**	10,652
Accumulated surplus, end of year	**11,546**	11,175

During the year, the City contributed $4,570 (2024 - $4,441) 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. This loan was paid in full in 2024.

($000's)

18. Shared service agreements

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 Offenses 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:

	2025	2024
	$	$
Provincial Revenues		
Social housing	**12,959**	10,886
Child care	**23,854**	29,519
Ontario Works	**12,431**	9,997
	49,244	**50,402**
Expenses		
Social housing	**40,688**	35,660
Child care	**27,608**	34,065
Ontario works	**16,505**	13,681
	84,801	**83,406**
Net expenses	**(35,557)**	**(33,004)**

The City's share of net expenses for social housing is 82% (2024 - 83%), child care 66% (2024 - 67%) and social services 76% (2024 - 73%).

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 (POA)

	2025	2024
	$	$
POA revenues	**5,312**	5,204
Expenses	**3,443**	3,208
Net City revenue	**1,869**	**1,996**

18. Shared service agreements (continued)

Provincial Offences Act Administration (POA) (continued)

The City’s share of net revenue from Provincial Offences Act administration in 2025 was 73% (2024 - 68%). Included in the above expenses figure is $495 (2024 - $489) in transfers to the County of Wellington for the County’s share of net revenue (expense) from fines collected. In accordance with PS 3400, adopted in 2024, the City accrues revenue for Provincial Offences Act tickets issued but not yet collected as at December 31st. In 2025, the net change in the accrued POA receivable resulted in additional revenue recognition of $708 thousand (net of prior year accrual reversals upon collection). Of this amount, $507 represents the City's share and $201 represents County of Wellington's share. Transfers to the County of Wellington are based on the proportional amount of actual collections in the year. Actual collections transfered to the County of Wellington for 2025 was $495.

($000's)

18. Shared service agreements (continued)

Land Ambulance

	2025	2024
	$	$
Revenues		
Provincial base	**17,643**	15,652
Provincial one-time	**292**	241
Municipal	**7,854**	8,875
User charges	**43**	29
Developers	**189**	186
Other contributions	**427**	459
Other revenue	**73**	-
	26,521	25,442
Expenses		
Expenses	**39,466**	37,223
	(12,945)	(11,781)

The City’s share of net operating expenses for land ambulance in 2025 was 63% (2024 – 62%). Included in the above revenue figures is $7,854 (2024 – $8,875) 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 $25,102 (2024 - $24,446) 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.

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.

21. Financial Instruments and Risk Management (continued)

a) Credit Risk (continued)

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.

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.

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 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.

($000's)

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. As of December 31, 2025, the City has fulfilled $3,750 of this commitment as an annual expense in the consolidated statement of operations. The City will pay Guelph General Hospital $375 in both 2026 and 2027 which will fulfill the City's obligation.

b) Heritage Redevelopment Grant Program

The City has commitments totaling $nil (2024 - $nil) resulting from agreements entered into as part of the Heritage Redevelopment Grant Program. All committments under the Heritage Redevelopment grant program have been converted to liabilities.

c) Brownfield Tax Increment Based Grant Program

The City has commitments totaling $156 (2024 - $397) 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 $nil (2024 - $364) 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 October 31, 2035. The minimum lease payments over the next five years and thereafter are as follows:

2026	**1,806**
2027	**1,329**
2028	**1,134**
2029	**981**
2030	**738**
Thereafter	**562**
	6,550

f) City Grants

The City has committed to providing various grants to organizations in the community under community benefit agreements totaling $4,526 (2024 - $5,051). These agreements are provided to organizations and charities within the City.

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 2025, the City of Guelph received $426 (2024 - $414) of funding from Citizenship and Immigration Canada related to the operation this program.

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 2024 comparative figures have been reclassified in order to present them in a form comparable to those for 2025.

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 in to 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.

e) Health services

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

f) Social housing

- Social housing program costs.

26. Segmented information (continued)

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, 2025
($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 $**
Revenues										
Taxation	**357,050**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**622**	**357,672**
User charges	**1,779**	**4,404**	**19,708**	**100,441**	**43**	**10,718**	**-**	**8,722**	**1,569**	**147,384**
Contributed subdivision assets	**1,829**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,829**
Contributions	**11,747**	**7,301**	**22,067**	**8,330**	**35,890**	**47,063**	**12,959**	**45,355**	**1,639**	**192,351**
Other revenue										
Investment income	**14,615**	**-**	**-**	**543**	**229**	**-**	**-**	**(108)**	**-**	**15,279**
Donations	**-**	**2**	**-**	**-**	**-**	**-**	**-**	**3,711**	**-**	**3,713**
Sales of equipment, publications	**-**	**-**	**13**	**1,480**	**-**	**278**	**-**	**2,673**	**-**	**4,444**
Recoveries	**1,219**	**414**	**510**	**854**	**73**	**2,873**	**-**	**1,049**	**472**	**7,464**
Licences and permits	**65**	**4,710**	**588**	**88**	**-**	**-**	**-**	**-**	**-**	**5,451**
Provincial Offences Act revenues	**-**	**5,451**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5,451**
Other fines	**-**	**1,768**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,768**
Gain (loss) on disposal of tangible capital assets	**(1,789)**	**26**	**409**	**(674)**	**-**	**-**	**-**	**(541)**	**4,527**	**1,958**
Government business enterprises earnings	**11,424**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11,424**
	397,939	**24,076**	**43,295**	**111,062**	**36,235**	**60,932**	**12,959**	**60,861**	**8,829**	**756,188**

City of Guelph

Consolidated schedule of segment disclosure - Schedule 1 (continued)
year ended December 31, 2025
($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 $**
Expenses										
Salaries, wages and employee benefits	**34,438**	**109,018**	**53,249**	**27,599**	**41,786**	**19,136**	**-**	**35,541**	**7,721**	**328,488**
Interest on debt	**397**	**663**	**1,002**	**-**	**-**	**158**	**-**	**1,746**	**-**	**3,966**
Materials	**900**	**2,395**	**16,495**	**10,389**	**2,189**	**3,116**	**-**	**6,820**	**176**	**42,480**
Purchased services	**15,097**	**8,892**	**10,794**	**23,399**	**3,083**	**2,837**	**1**	**5,632**	**2,312**	**72,047**
Rents and financial expenses	**4,693**	**207**	**2,117**	**5,482**	**599**	**1**	**-**	**1,688**	**55**	**14,842**
External transfers	**3,158**	**3,454**	**39**	**-**	**292**	**44,113**	**40,688**	**5,471**	**436**	**97,651**
Internal charges	**(13,851)**	**2,179**	**(5,834)**	**9,680**	**3,737**	**27**	**94**	**3,762**	**206**	**-**
Amortization of tangible capital assets	**5,888**	**5,655**	**21,445**	**19,207**	**1,692**	**1,517**	**26**	**8,028**	**338**	**63,796**
	50,720	**132,463**	**99,307**	**95,756**	**53,378**	**70,905**	**40,809**	**68,688**	**11,244**	**623,270**
Excess of revenues over expenses for the year	**347,219**	**(108,387)**	**(56,012)**	**15,306**	**(17,143)**	**(9,973)**	**(27,850)**	**(7,827)**	**(2,415)**	**132,918**

City of Guelph

Consolidated schedule of segment disclosure - Schedule 2
year ended December 31, 2024
($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 $
Revenues										
Taxation	332,470	-	-	-	-	-	-	-	701	**333,171**
User charges	1,591	3,995	18,972	93,681	29	9,604	-	8,140	1,429	**137,441**
Contributed subdivision assets	1,757	-	-	-	-	-	-	-	-	**1,757**
Contributions	1,368	5,656	18,144	8,340	34,580	48,398	10,886	25,436	996	**153,804**
Other revenue										
Investment income	16,772	-	-	606	233	-	-	34	-	**17,645**
Donations	(1)	5	-	181	-	-	-	501	-	**686**
Sales of equipment, publications	1	-	6	1,836	-	227	-	2,399	-	**4,469**
Recoveries	668	413	677	655	-	2,483	-	983	455	**6,334**
Licences and permits	67	4,100	566	25	-	-	-	-	-	**4,758**
Provincial Offences Act revenues	-	5,279	-	-	-	-	-	-	-	**5,279**
Other fines	-	1,789	-	-	-	-	-	-	-	**1,789**
Gain (loss) on disposal of tangible capital assets	-	130	468	(298)	-	-	-	(105)	-	**195**
Government business enterprises earnings	9,403	-	-	-	-	-	-	-	-	**9,403**
	364,096	21,367	38,833	105,026	34,842	60,712	10,886	37,388	3,581	**676,731**

City of Guelph

Consolidated schedule of segment disclosure - Schedule 2 (continued)
year ended December 31, 2024
($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 $
Expenses										
Salaries, wages and employee benefits	33,550	99,885	47,199	27,308	39,497	16,498	-	32,204	6,524	**302,665**
Interest on debt	448	708	595	-	-	159	-	872	-	**2,782**
Materials	788	2,481	15,990	10,836	2,052	2,927	-	6,704	117	**41,895**
Purchased services	13,983	7,950	9,837	20,961	3,188	2,345	-	6,173	1,791	**66,228**
Rents and financial expenses	4,124	195	1,329	2,335	584	7	-	1,653	13	**10,240**
External transfers	3,082	3,580	-	323	241	47,745	35,660	3,385	13,040	**107,056**
Internal charges	(12,048)	1,965	(7,369)	10,244	3,388	35	29	3,738	18	**-**
Amortization of tangible capital assets	5,683	5,320	20,271	18,476	1,662	1,355	25	7,704	314	**60,810**
	49,610	122,084	87,852	90,483	50,612	71,071	35,714	62,433	21,817	**591,676**
Excess of revenues over expenses for the year	314,486	(100,717)	(49,019)	14,543	(15,770)	(10,359)	(24,828)	(25,045)	(18,236)	**85,055**

City of Guelph

Consolidated schedule of debt - Schedule 3
December 31, 2025
($000's)

Bylaw	Project description	Term	Maturity date	Interest rates	**2025 $**	2024 $
Debentures:						
20084	Police HQ Renovations	10	7/20/2026	1.20% to 2.25%	**5,522**	5,957
20084	Roads Projects - Clair & Laird Road - DC	10	7/20/2026	1.20% to 2.25%	**8,960**	9,665
20084	Police HQ Renovations - DC	10	7/20/2026	1.20% to 2.25%	**5,253**	5,666
20084	Victoria Road Recreation Facility Renovation	10	7/20/2026	1.20% to 2.25%	**8,699**	9,384
18105	New City Hall	25	8/28/2031	5.237%	**7,169**	8,162
18105	New POA Court	25	8/28/2031	5.237%	**2,022**	2,302
20417	Police HQ Renovations	20	7/10/2039	1.95% to 2.8%	**6,067**	5,538
20417	Police HQ Renovations - DC	20	7/10/2039	1.95% to 2.8%	**5,228**	6,427
20417	Wilson Parkade	20	7/10/2039	1.95% to 2.8%	**7,915**	8,385
20417	Wilson Parkade - DC	20	7/10/2039	1.95% to 2.8%	**3,361**	3,560
20417	Farebox	20	7/10/2039	1.95% to 2.8%	**971**	1,028
20417	Fuel Tank	20	7/10/2039	1.95% to 2.8%	**1,157**	1,226
20607	Baker District- Guelph Central Library	10	6/3/2031	0.35% to 2.4%	**7,121**	8,246
20607	South End Community Centre - DC	10	6/3/2031	0.35% to 2.4%	**23,103**	26,751
21093	South End Community Centre - DC	20	6/13/2045	2.75% to 4.75%	**33,433**	-
21093	South End Community Centre	20	6/13/2045	2.75% to 4.75%	**5,229**	-
21093	Baker District Infrastructure	20	6/13/2045	2.75% to 4.75%	**18,835**	-
21181	Baker District Library	20	12/12/2045	2.50% to 4.65%	**28,743**	-
21181	Baker District Parkade	20	12/12/2045	2.50% to 4.65%	**4,956**	-
					183,744	102,297
Other loans:						
N/A	The Elliot Bankers Acceptance - SWAP	10	6/25/2025	2.87%	**-**	73
N/A	Federation of Canadian Municipalities Loan - Guelph Greener Homes	20	9/22/2043	0.00%	**7,500**	5,000
					7,500	5,073
Total debt					**191,244**	107,370

City of Guelph

Consolidated schedule of reserves and reserve funds - Schedule 4
December 31, 2025
($000's)

Code	Description	2025 $	2024 $
Reserves:			
Corporate:			
102	Library Contingency	**347**	223
115	Police Operating Contingency	**2,453**	2,727
131	Compensation Contingency	**3,319**	3,319
180	Tax Rate Stabilization Contingency	**6,102**	8,697
193	Legal/Insurance	**2,029**	2,268
198	Environment and Utility Contingency	**3,885**	6,285
208	Social Housing Contingency	**1,925**	3,273
		20,060	26,792
Program Specific:			
100	Accumulated Sick Leave - Fire	**8,088**	7,767
101	Accumulated Sick Leave - Police	**5,271**	5,049
103	Health Care Spending Account (HCSA) Fire	**300**	250
106	Parking Operating Contingency	**71**	71
134	Evergreen Bequests	**58**	56
181	Water Contingency	**429**	1,431
182	Waste Water Contingency	**2,988**	3,219
195	Election Costs	**793**	551
211	Court Contingency	**460**	1,459
330	Workplace Safety and Insurance Board	**3,215**	3,567
338	Paramedic Retirement	**491**	449
345	Westminster Woods	**35**	35
348	Community Paramedicine	**195**	189
359	Stormwater Contingency	**563**	588
		22,957	24,681
Strategic:			
119	Affordable Housing	**468**	176
122	Redevelopment Incentives	**1,411**	6,553
179	Strategic Initiatives	**1,012**	912
184	Tourisim MAT	**559**	394
194	Downtown Improvements	**492**	492
210	Information Technology	**14**	13
332	Industrial Land	**785**	(1,562)
		4,741	6,978
Consolidated Entities:			
	Reserves set aside by Wellington-Dufferin-Guelph Public Health	**1,147**	1,028
Total Reserves		**48,905**	59,479

City of Guelph

Consolidated schedule of reserves and reserve funds - Schedule 4 (continued)

December 31, 2025

($000's)

Code	Description	2025 $	2024 $
Reserve Funds:			
120	Courts Capital	**3,087**	1,519
135	Museum Donations	**146**	149
138	Library Bequests	**5,277**	1,841
150	Infrastructure Renewal	**58,119**	44,663
151	Parking Capital	**(1,225)**	(5,798)
152	Water Capital	**42,660**	46,157
153	Wastewater Capital	**131,122**	114,500
155	City Owned Contaminated Sites	**17,718**	17,293
156	Growth	**(5,212)**	11,729
157	Library	**1,819**	1,654
158	Police	**6,924**	5,139
159	City Building	**29,075**	884
162	Sleeman Centre Naming Rights	**33**	(2)
164	Transportation	**622**	666
165	Stormwater Capital	**38,263**	28,143
189	Sleeman Capital	**137**	114
205	Community Investment	**307**	297
206	Rental Property	**577**	549
220	DC Exemption - Water	**2,235**	-
221	DC Exemption - Wastewater	**1,727**	-
222	DC Exemption - Stormwater	**142**	-
223	DC Exemption - Highway	**3,691**	-
224	DC Exemption - Fire Services	**49**	-
225	DC Exemption - Library Services	**5,807**	-
226	DC Exemption - Transit Services	**590**	-
227	DC Exemption - Growth Studies	**409**	-
228	DC Exemption - Parks & Recreation	**21,939**	-
229	DC Exemption - Police Services	**272**	-
230	DC Exemption - Paramedic Services	**73**	-
232	DC Exemption - Health Unit	**70**	-
233	DC Exemption - Waste Diversion	**178**	-
234	DC Exemption - Public Works	**373**	-
235	DC Exemption - Long Term Care Services	**17**	-
340	River Run	**763**	650
350	Transportation Demand Management	**19**	18
351	Efficiency Innovation Opportunity	**5,346**	5,636
355	100% Renewable Energy	**7,288**	5,343
356	Public Art	**75**	72
360	Paramedic Services Provincial Capital	**605**	999

City of Guelph

Consolidated schedule of reserves and reserve funds - Schedule 4 (continued)

December 31, 2025

($000's)

Code	Description	2025 $	2024 $
365	Tree Compensation	**1,663**	1,546
		382,780	283,761
Consolidated Entities:			
	Reserve funds set aside by Wellington-Dufferin-Guelph Public Health	**2,183**	1,609
Total Reserve Funds		**384,963**	285,370
Total Reserves and Reserve Funds		**433,868**	344,849

City of Guelph

Guelph Public Library Board - Schedule 5
Statement of receipts and expenditures
year ended December 31, 2025
($000's)

	2025 Budget $	2025 Actual $	2024 Actual $
Operating fund			
Revenues			
User charges	**101**	**119**	77
Contributions	**293**	**1,435**	1,437
Other revenue	**86**	**3,426**	410
	480	**4,980**	1,924
Expenses			
Salaries, wages and employee benefits	**8,379**	**8,423**	7,614
Interest on debt	**-**	**202**	154
Materials	**1,838**	**970**	933
Purchased services	**938**	**1,092**	1,206
Rents and financial expenses	**1,047**	**1,023**	955
Internal charges	**118**	**207**	214
	12,320	**11,917**	11,076
Net operating deficit	**(11,840)**	**(6,937)**	(9,152)
Capital fund			
Revenues			
Contributions	**-**	**13,474**	2,154
Expenses			
Assets under construction	**-**	**31,511**	3,163
Capitalized library books	**-**	**565**	658
Amortization of tangible capital assets	**-**	**1,088**	1,077
	-	**33,164**	4,898
Net capital deficit	-	**(19,690)**	(2,744)
Add: net contributions (to)/from reserves	**741**	**19,732**	(2,844)
	741	**42**	(5,588)
Total combined net deficit	**(11,099)**	**(6,895)**	(14,740)

Information has been prepard for Guelph Public Library and is not prepared on the same basis as the financial statements.

City of Guelph

Guelph Police Services Board - Schedule 6
Statement of receipts and expenditures
year ended December 31, 2025
($000's)

	2025 Budget $	**2025 Actual $**	2024 Actual $
Operating fund			
Revenues			
User charges	**636**	**1,012**	866
Contributions	**2,880**	**4,396**	3,673
Other revenue	**27**	**333**	468
	3,543	**5,741**	5,007
Expenses			
Salaries, wages and employee benefits	**60,149**	**63,862**	58,398
Interest on debt	**-**	**551**	582
Materials	**1,105**	**1,210**	1,236
Purchased services	**5,914**	**6,532**	5,293
Rents and financial expenses	**136**	**78**	79
Internal charges	**(551)**	**(670)**	(585)
	66,753	**71,563**	65,003
Net operating deficit	**(63,210)**	**(65,822)**	(59,996)
Capital fund			
Revenues			
Contributions	**-**	**1,703**	1,109
Other revenue	**-**	**(8)**	-
	-	**1,695**	1,109
Expenses			
Amortization of tangible capital assets	**-**	**3,611**	3,235
Assets under construction	**-**	**4,603**	4,243
	-	**8,214**	7,478
Net capital deficit	-	**(6,519)**	(6,369)
Add: Net contributions (to) from reserves	**(1,924)**	**(127)**	199
Less: debt principal repayments	**-**	**(1,518)**	(1,488)
	(1,924)	**(1,645)**	(1,289)
Total combined net deficit	**(65,134)**	**(73,986)**	(67,654)

Information has been prepared for Guelph Police Services and is not prepared on the same basis at the financial statements.

Financial Statement Discussion and Analysis

Statement of Financial Position

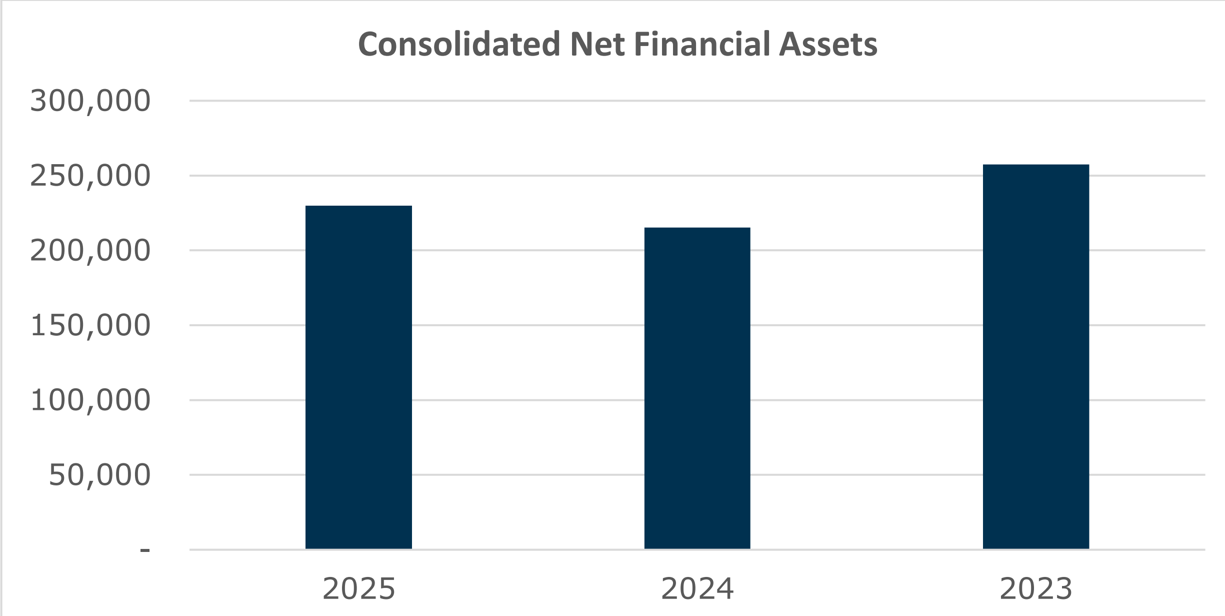
The Statement of Financial Position is a summary of the consolidated assets, liabilities, and accumulated surplus, which includes reserves and reserve funds. The City's net financial position (net financial assets) is a key indicator of its overall fiscal health and is used by the credit rating agency in the City's annual rating review. As of December 31, 2025, the City's consolidated net financial assets totaled $229.8 million (2024 - $215.3 million), an increase of $14.5 million from 2024. Consistent with previous years, the City and its consolidated entities have increased financial assets at a faster pace than financial liabilities.

In 2025, the City changed its accounting policy for development charge (DC) revenue recognition for debt-financed capital projects. Under the revised policy, DC revenue is recognized as principal and interest payments are made rather than when capital spending occurs. This change resulted in a restatement of the 2024 comparative figures, reducing DC revenues previously recognized on the statement of operations and increasing the deferred contributions liability on the statement of financial position.

Net financial assets increased significantly compared to 2024 due to increases in the City's investments in GJR and GMHI, increased accounts receivable and an increase in cash and investments related to the issuance of debt. As noted in the 2024 Treasurer's report, the City expects a shift from financial assets (cash and investments) to non-financial assets (tangible capital assets) in the coming years as capital spending increases and the City takes on more debt to support an ambitious capital program to build housing enabling infrastructure and amenities and renew older assets.

The City's net financial assets per capita are $1,525 (2024 - $1,439), which continues to be well above the 2025 municipal average of $1,013. Municipal average data is from the 2025 BMA Municipal Study, is based on data from the 2024 Financial Information Return.

Figure-1: Consolidated net financial assets for years 2023 to 2025 ($ thousands)



Cash and investments

Total cash and investment holdings increased by $63.5 million in 2025.

Figure-2: Cash and investment changes for 2025 ($ thousands)

	Cash	Investments	Total
Opening balance, January 1, 2025	*60,948*	*532,338*	*593,286*
Cash generated from operating activities	154,922	-	154,922
Cash generated from operating activities transferred to investments for future capital expenditures	(18,772)	18,772	-
Net cash spent on capital activities	(175,100)	-	(175,100)
Principal repayments on outstanding debt and capital lease	(10,016)	-	(10,016)
Net debt proceeds received	93,696	-	93,696
Closing balance, December 31, 2025	**105,678**	**551,110**	**656,788**

The driver of the increase in cash and investments was the issuance of two debentures in 2025 for projects that continue to be under construction in 2026. For detailed information on the City's investment portfolio, refer to the 2025 Year-end Investment Performance Information Report – 2026-225.

Accounts receivable and taxes receivable

Accounts receivable increased by $20.2 million in 2025 compared with 2024. There are several fluctuations year-over-year which drive change in the accounts receivable balance. The overall driver of this increase is accrued receivables for grant revenue. At the end of the fiscal year, the City has receivables for several large capital project with the most notable projects being the Baker Street Library, transit projects funded under the Investing in Canada Infrastructure Program (ICIP), and the South End Community Centre.

The balance in taxes receivable at year-end decreased by $850 thousand from 2024 to 2025. More information about taxes receivable can be found in 2025 Property Tax and Receivables and Collections information report.

Overall, 11.7 per cent of revenue was in accounts and taxes receivable as of December 31, 2025. This is an increase of 1.8 per cent when compared with 2024.

Loans and notes receivable

The loans and notes receivable balance was $5.1 million at the end of 2025. The driver of this balance is loans issued under the Guelph Greener Homes program of $7.7 million. The Guelph Greener Homes program provides interest-free loans to Guelph residents for certain energy efficient upgrades. Detailed information on the program can be found on the City of Guelph website. Decreases in intercompany receivables from GJR and GMHI account for the remaining difference.

Investment in GJR

The City's investment in GJR increased by $2.2 million as GJR had net income of $2.4 million in 2025 and paid dividends to the City of $250 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 $5.3 million as GMHI earned total comprehensive income of $10.1 million during the year which was offset by $3.7 million in dividends paid to the City and an adjustment to retained earnings for the refundable portion of deferred taxes. 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 $114 thousand compared with 2024. There are many year-over-year fluctuations that contribute to this difference as much of this balance is dependent on the timing of payments. The largest balances at the end of 2025 are construction holdbacks ($6.8 million) due to the several large capital projects in progress, accrued accounts payable ($4.4 million) which related to year-end invoice and liability accruals, and education development charge collections ($1.7 million) for collections remitted in school boards in January 2026. The largest year-over-year decrease in the category was for accounts payable trade ($13 million) which is related to timing of year-end vendor payments.

Vacation and other employee benefits payable

Vacation and other employee benefits payable increased by $687 thousand compared to 2024. The driver of this increase was banked overtime hours at the end of the fiscal year.

Deferred contributions

Deferred contributions are the City's obligatory reserve funds which include development charges, community benefits charges, and parkland dedication cash-in-lieu collected but not yet spent; grants, including the Canada Community Building Fund, Dedicated Gas Tax Funds for Public Transportation, Housing Accelerator Fund, and the Building Faster Fund, received but not yet spent, and the Ontario Building Code Act and Guelph Greener Homes reserve funds.

In 2025 the City had inflows totaling $44.5 million to deferred contributions and outflows of $58.6 million for project expenditures funded through these revenue sources, for a net decrease of $14.1 million at the end of 2025.

In 2025, there was an accounting policy change related to how the City recognizes development charge revenue for debt financed DC capital projects. DC revenue continues to be recognized as eligible expenditures are incurred, however when those expenditures are debt financed, DC revenue is now recognized as principal and interest payments are made on DC supported debt. This approach improves the overall accuracy and transparency of financial reporting as it better reflects the period in which DC funds are consumed to service growth infrastructure, while also aligning DC debt accounting with City's treatment of tax and rate supported debt.

The largest component of deferred contributions are the development charge reserve funds. Development charge inflows in 2025 were $18.6 million which is a decrease of $18.0 million compared with 2024. Of this amount, development charge collections were $12.6 million, and interest earned on development charge reserve fund balances was $6.0 million.

Development charge outflows were $43.6 million in 2025 which is a minimal decrease when compared to $46.2 million in 2024. Outflows include transfers to fund progress on growth related capital projects ($35.3 million), development charge debt interest ($1.9 million), and development charge debt principal payments ($6.4 million). For further information about the City's obligatory reserve funds, refer to note 8 in the consolidated financial statements and the [2025 Long-term Financial Statement and Debt report – 2026-222].

Employee future benefits

The employee future benefits liability includes liabilities for current Workplace Safety and Insurance Board (WSIB) claims; medical and dental benefits for employees on long-term disability longer than 24 months and early retirees (post-employment and retirement benefits); and sick leave/retirement benefits (sick leave benefits). 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. In 2025, the City updated its WSIB liability valuation as of December 31, 2024 which covers years 2025, 2026 and 2027. The post-employment, early retiree, and sick leave benefits valuation was last completed in 2022. This valuation will be updated in 2026.

Employee future benefits liability increased by $8.4 million from 2024 to a total of $75.2 million. This increase is attributed to a WSIB liability increase of $7.2 million, future post-employment and retiree benefits liability increase of $861 thousand and sick leave/retirement benefit liability increase of $324 thousand.

There are many factors and assumptions that impact the cost of future employee benefits which include 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. The significant increase in the WSIB liability is driven by higher WSIB claims and legislative changes to enhance WSIB coverage for emergency services workers.

Debt

The City issued two debt debentures in 2025 for a total of $92.0 million which is the driver of the increase in debt compared to 2024. These debentures were issued to fund the South End Community Centre, Baker Street Library and Parkade, and Baker District Infrastructure. As noted in previous Treasurer's reports, the City held off on issuing debt for these projects in 2023 and 2024 due to the high-interest rate environment and was able to internally finance these projects temporarily. In addition to issuing new debentures, the City also received $2.5 million in debt proceeds from the interest free FCM loan under the Guelph Greener Homes program agreement, for which the City acts as a flow through to program recipients.

The City and its consolidated entities made debt principal repayments totalling $9.8 million in 2025. Refer to the 2025 Long-term Financial Statement and Debt report – 2026-222 for further detail on City debt.

Obligation under capital lease

Obligation under capital lease decreased by $194 thousand in 2025 as The Elliott made the expected principal payments on its capital lease.

Asset Retirement Obligation

The Asset Retirement Obligation (ARO) liability decreased by $274 thousand in 2025. This driver of the decrease is the result of settled liabilities for the landfill and change in estimate for buildings with asbestos. The decreases were offset with increases for accretion expenses and additions to the Downtown Guelph Business

Association ARO liability for the removal of light installations in downtown Guelph. Refer to note 15 of the financial statements for detailed information on the City's asset retirement obligations.

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 agreements 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 2025, the liability decreased by $6.3 million which is due to no new liability conversions in 2025. In 2024, there were $12.8 million in liabilities converted from commitments, which is the reason for the large increase last year. No new agreements were entered into in 2025.

Liability for contaminated sites

The liability for contaminated sites increased by $656 thousand in 2025. The driver of this increase was a change in discount rate to better reflect the current economic environment.

Tangible Capital Assets

The City and its consolidated entities acquired $184.2 million in tangible capital assets in 2025 (2024 - $167.9 million). Of this, $1.8 million (2024 - $1.8 million) were contributed subdivision assets. The net book value of the City's tangible capital assets increased by $116.9 million compared to 2024. Further information on the execution of the capital program can be found in the 2025 Year-end Capital Budget Monitoring Report - 2026-223.

Figure-3: Consolidated tangible capital asset additions by type ($ thousands)

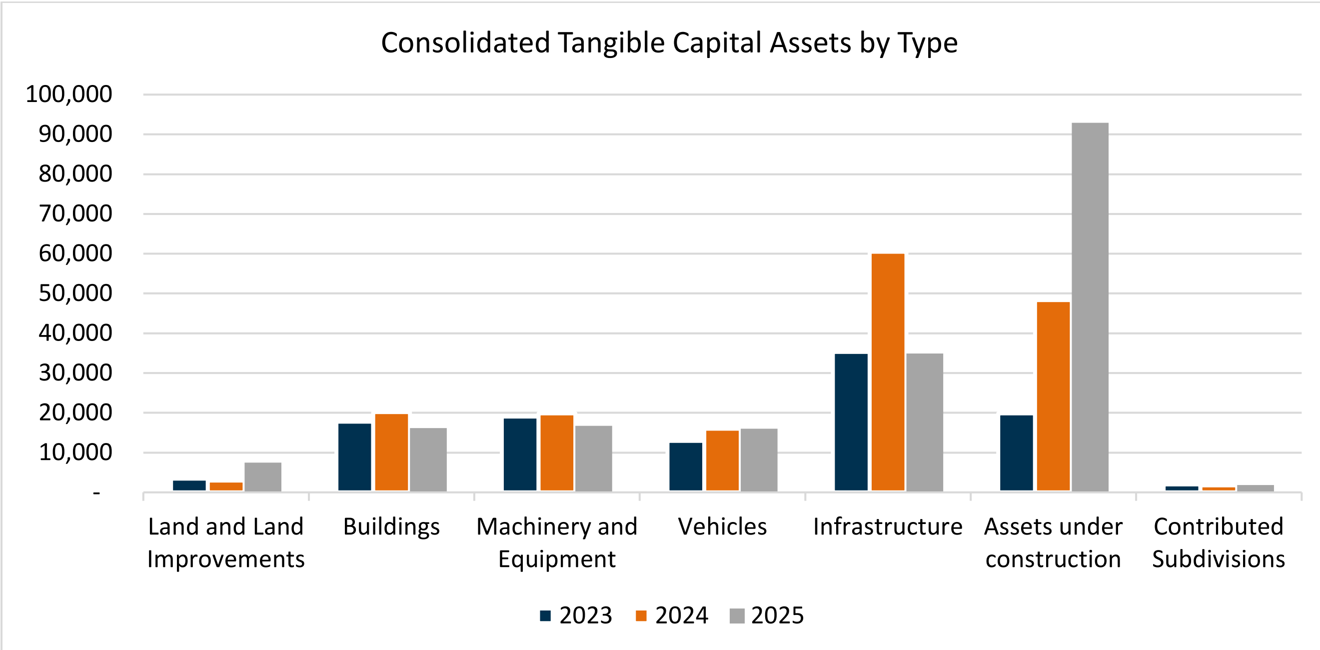
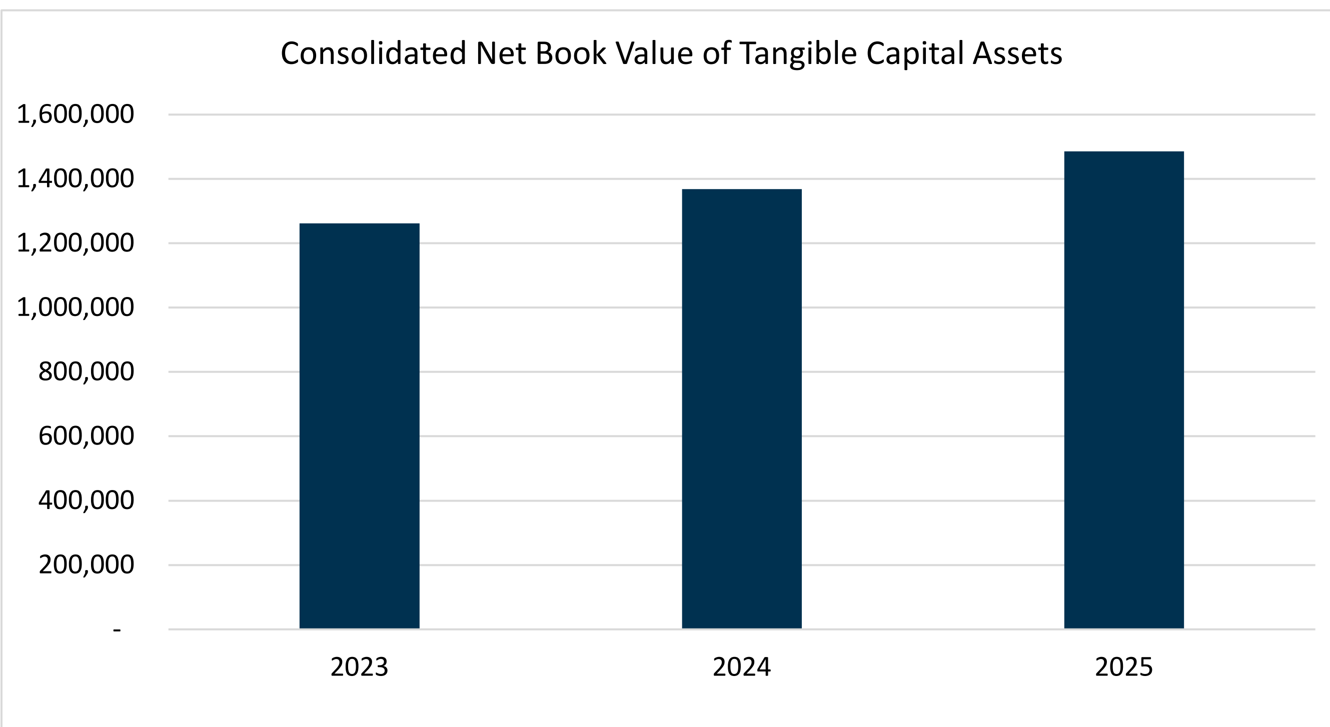


Figure-4: Consolidated net book value of tangible capital assets ($ thousands):



Reserves and Reserve Funds

Please refer to the 2025 Long-term Financial Statement and Debt report – 2026-222 for details about reserves and reserve fund activity in 2025.

Statement of Operations and Accumulated Surplus

The statement of operations shows the total revenues earned by the City and the total expenses incurred in the fiscal year. The City and its consolidated entities ended the year with an excess of revenues over expenses of $133.0 million, compared with $85.1 million in 2024.

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 the 2025 Year-end Operating Budget Monitoring Report and Surplus Allocation and Deficit Funding 2026-224. Both reports are generated using the same underlying data, however, as shown in Figure-5 they are presented differently based on the requirements of modified cash basis operating and capital budgeting versus full accrual-based financial reporting.

Figure-5: Reconciliation of PSAS surplus versus operating budget deficit ($ thousands)

Description	Amount
Ending surplus - PSAS	**$132,918**
Net capital-related revenues and depreciation	$9,412
Debt-related and non-cash items	($10,401)
Reserve related transfers	($124,796)
Consolidated entities	($8,711)
Adjusted modified cash basis surplus	**($1,578)**
Ending surplus – tax supported	($20)
Ending surplus – non-tax supported	($1,558)
Total	**($1,578)**
Difference	**-**

Revenue Highlights

Revenue increased by $79.5 million compared to 2024.

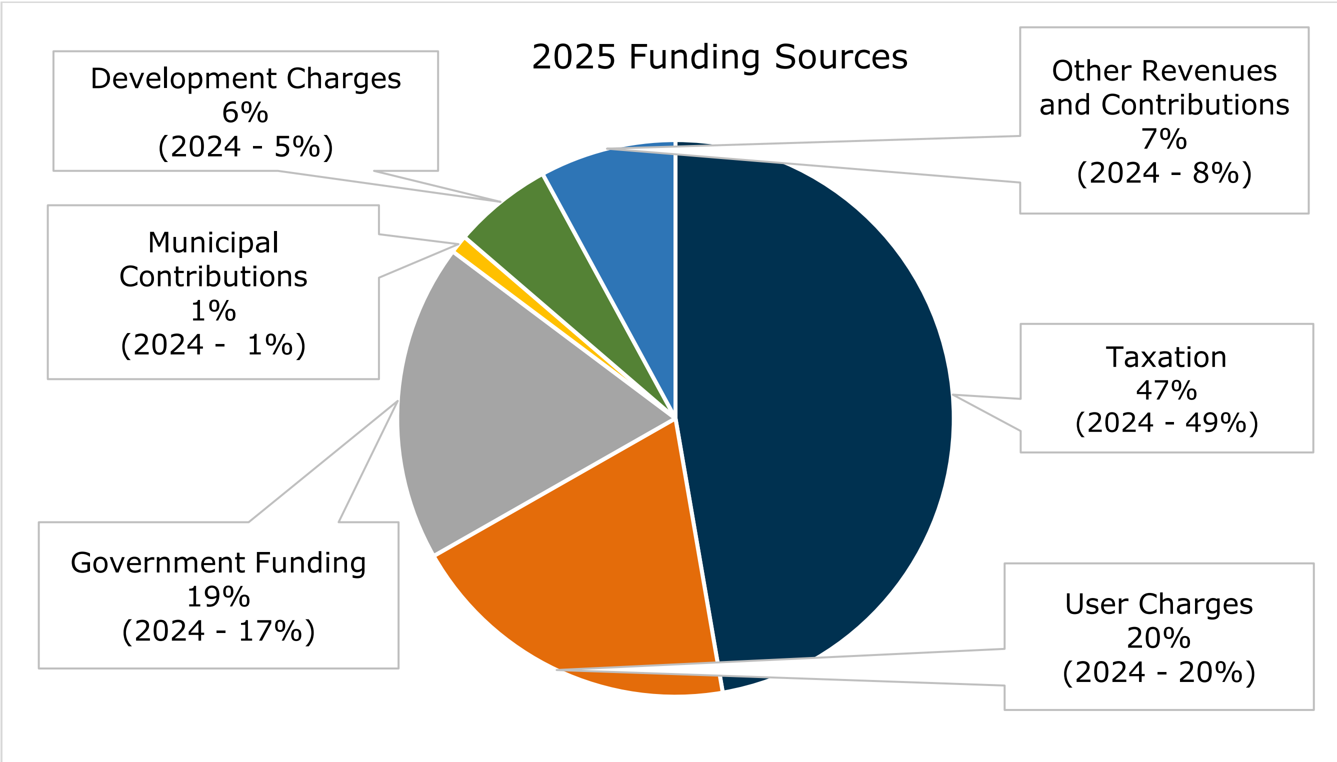
Property tax revenue, the City's largest and most stable funding source, increased by $24.1 million including assessment growth to support inflationary pressures, service expansion, and capital funding increases.

Grant revenues from both provincial and federal governments increased by $26.8 million, a significant portion of which supported capital investment in the City. Development charge revenues increased by $12.6 million compared to 2024, reflecting a continued high level of growth capital investment in significant, multi-year capital projects underway. User fees increased by $9.9 million over 2024 with the largest increases in water and wastewater rate revenues ($4.4 million), stormwater revenues ($1.8 million), transit revenues ($1.1 million) and user fees for The Elliott Community ($1.2 million).

Contributions from the federal government increased by $16.6 million. The largest grants driving this increase are for the Green and Inclusive Community Buildings grant for the Baker Street Library ($9.0 million), and Canada Community Building Fund revenues for transportation related projects ($4.1 million). Contributions from the provincial government increased by $10.2 million in 2025. The driver of this increase was the Community Sport and Recreation Infrastructure grant for the South End Community Centre ($10.0 million), and for increased base funding for paramedics services. Fluctuations year to year within grant revenue is common, and not necessarily indicative of the amount of grant support approved from upper levels of government in any given year as capital project grant revenue is recognized as the expenditures for which the grants are provided are incurred.

Revenue related to contributions from developers was $43.7 million in 2025 (2024 - $31.0 million). Contributions from developers include development charge revenue recognized as expenditures are incurred for growth related capital projects ($35.3 million), development charge funded debt interest ($1.9 million), development charge funded debt principal payments ($6.4 million), and related direct developer contributions for capital projects where the benefits of the project are shared between the City and the developer ($16 thousand). This revenue line can fluctuate significantly from year to year based on the timing and nature of capital projects executed during the year.

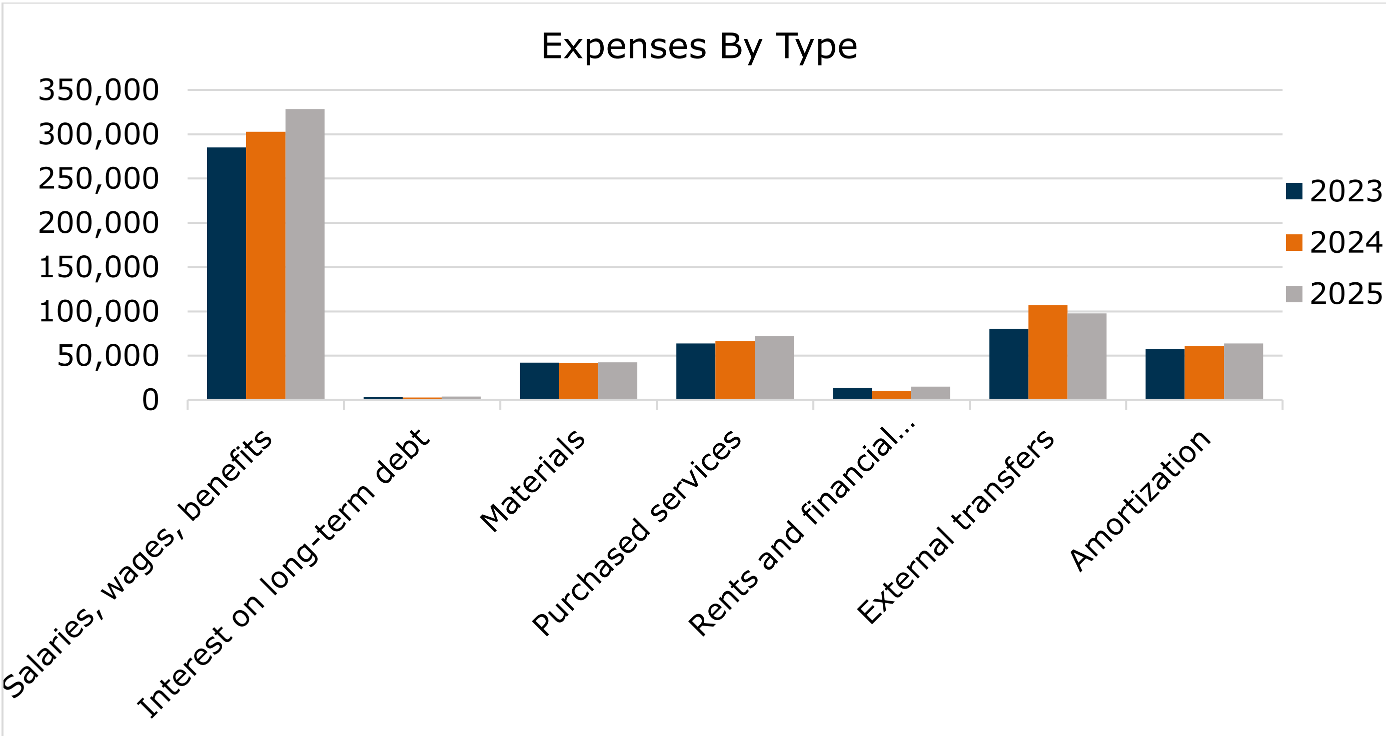
Figure-6: 2025 Revenue source distribution (%)



Expense Highlights

In 2025 total expenses increased by $31.6 million (2024 - $46.5 million increase) compared with 2024.

Figure-7: Expenses by type for years 2023 to 2025 ($ thousands)



Salaries, wages, and benefits increased by $25.8 million compared to 2024. The drivers of the increase include inflationary increases for wages and benefits, collective agreement increases for CUPE 241 and 973, overtime pressures for emergency services and transit, and additional program staffing pressures for service demands. Increased employee future benefit costs for WSIB also contributed to the increase in compensation expenses year over year.

Interest on debt expenses increased by $1.2 million over 2024. This is due to the issuance of new debt in 2025.

Purchased services increased by $5.8 million compared to 2024. This increase is the result of the fluctuating nature of expenses in this category that vary based on organizational needs in a given year. The increase in 2025 is driven primarily by goods and services that are part of capital projects but do not meet the PSAS definition of a tangible capital asset.

Rents and financial expenses increased by $4.6 million. This increase is partly driven by the fact that there was a significant reduction in the contaminated sites liability in the prior year which significantly reduced 2024 expenses. The remaining increase is related to various increases in operational and administrative expenses which vary from year to year.

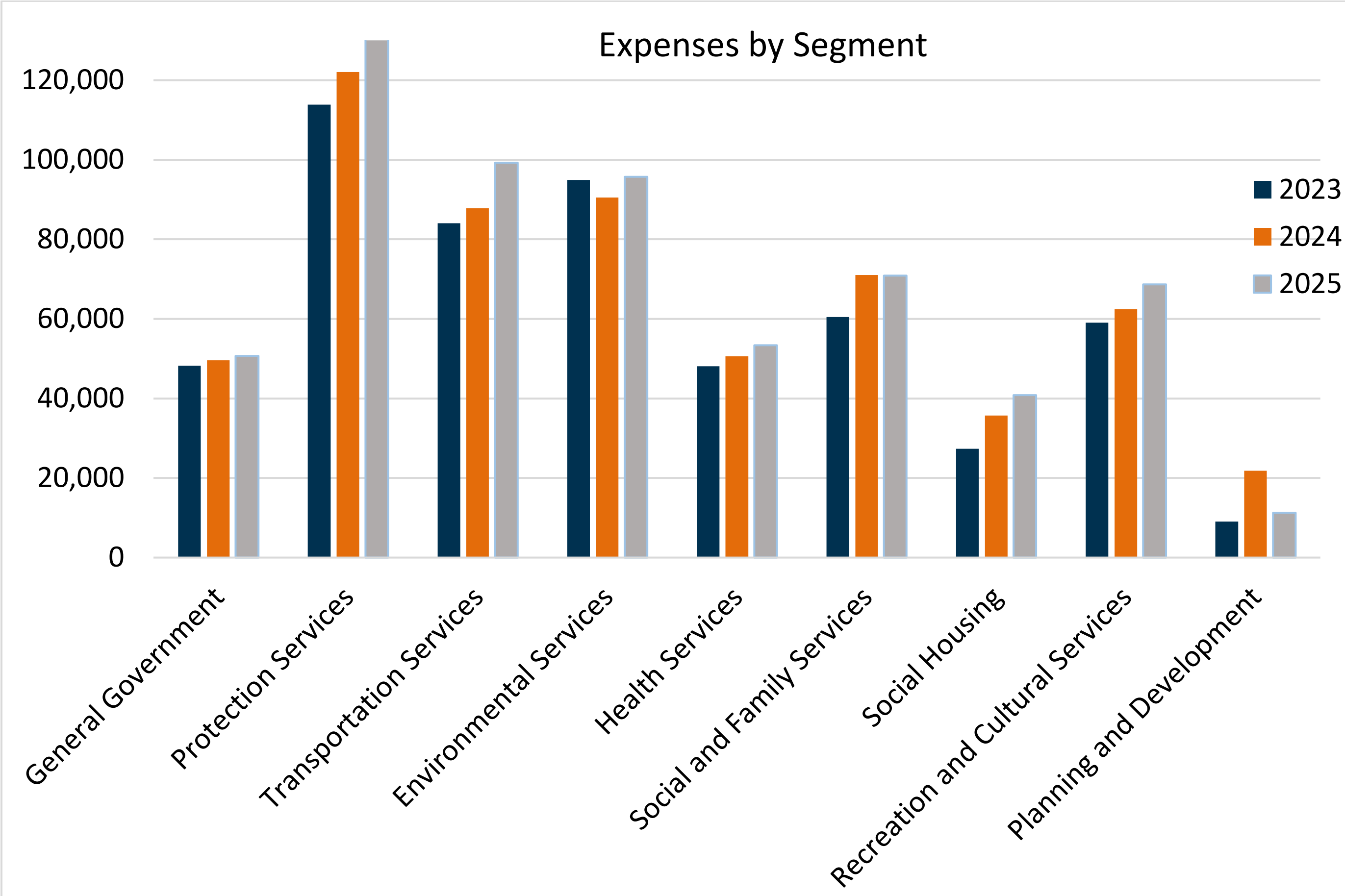
Amortization expenses increased by $3.0 million compared to 2025. The City has invested in the capital program heavily in the past few years which is the driver of increasing amortization costs. This cost is expected to rise in coming years as the City completes significant infrastructure under construction and brings it into service.

External transfers decreased by $9.4 million compared to 2024. The driver of this decrease is because the 2024 expenses included three Tax Increment-Based Grant (TIBG) agreements which were converted from commitments to liabilities as the eligibility criteria were met for $12.8 million. In 2025, there were no TIBG commitment to liability conversions. The decrease was offset by increases in transfers to the County of Wellington for social service expenses.

The County of Wellington provides social services on behalf of the City and receives grant funding from upper levels of government to support these programs, along with transfer payments from the City. The City records Guelph's proportionate share of these government grants as both revenue and expense, to more accurately reflect the total investment in social services within the community. In 2025, the City paid a total of $35.6 million to the County for social housing, Ontario works, and childcare social services (2024 - $32.9 million). In addition, the City recorded revenue and expenses of $49.2 million, representing the Guelph portion of the federal and provincial grants received for these programs by the County (2024 - $50.4 million).

Overall, total expenditures for social services programs increased from $83.4 million in 2024, to $84.8 million in 2025, an increase of $1.4 million.

Figure-8: Expenses by segment for years 2023 to 2025 ($ thousands)



General government expenses increased by $1.1 million in 2025. This is the result of inflationary increases within compensation, increased costs within purchased services for goods and services that are part of capital projects but do not meet the PSAS definition of a tangible capital asset, and increases in administrative expenses. Internal charge expenses increase offset the increases in the expense categories above.

Protection services expenses increased by $10.4 million in 2025. The driver of this increase is related to compensation ($9.1 million) and purchased services ($950 thousand). Employee future benefits increased by $6.0 million in 2025 with Police and Fire having the largest increases of $4.9 million and $908 thousand respectively due to increasing WSIB claims and legislated benefit requirements for both services. Overtime pressures, inflationary increases in salary and benefits, and addition of staffing positions within Police services have also contributed to the large increase in compensation. Purchased services expenses vary yearly due to operational requirements required within the fiscal year.

Transportation services expenses increased by $11.5 million in 2025. Compensation increased by $6.1 million in 2025 due to inflationary increases in salary and benefits, overtime pressures and service expansion for Transit, and increased employee future benefit costs. Purchased services and financial expenses increased by $957 thousand and $788 thousand, respectively. These expenses are highly variable as they are dependent on operational needs within the fiscal year. Amortization costs increased by $1.2 million due to large investments in new buses and the Baker Street Parkade.

Environmental services expenses increased by $5.3 million in 2025. This increase is due to operational increases in purchased services ($2.4 million) and rents and financial expenses ($3.1 million). Rents and financial expenses increased as there was a significant reduction in the contaminated sites liability in the prior year which significantly reduced 2024 expenses. These increases were offset with minor inflationary decreases in other categories.

Health services expenses increased by $2.8 million in 2025. This is due to compensation which increased by $2.3 million as a result of the increased use of temporary staffing hours and overtime to fulfill operational needs and cover employees who are on leave.

Social and family services expenses increased by $166 thousand compared to 2025. Staffing costs for the Elliott Community increased by $2.6 million in 2025 due to the bed expansion completed in late 2024, and the City's share of the County of Wellington childcare expenses increased by $2.8 million. These increases were offset with a decrease for the City's share of the County of Wellington social services expenses of $6.5 million. The social services figures noted also include the City portion of expenditures funded by grants.

Social housing expenses increased by $5.1 million compared to 2024 which is the increase in the City's share of County of Wellington social housing costs including federal and provincial grant funded expenses.

Recreation and Culture expenses increased by $6.3 million in 2025. Of this increase, $3.3 million relates to compensation due to pressures for service demands, $874 thousand relates to interest on debt expenses for new debt issued for the South End Community Centre, and the remainder of the increase is related to an increase in grant transfers with the most notable grant being the Emergency Treatment Fund flow-through grant for community health organizations.

Planning and development expenses decreased by $10.6 million compared to 2024. The driver of the significant decrease is due to the grants line as there were three Tax Increment-Based Grants (TIBG) converted from commitments to liabilities in 2024 for $12.8 million. TIBG's are grant payments to developers that support redevelopment in the City. The decrease in the grants line was offset with an increase in compensation of $1.2 million and increase in purchased services of $521 thousand.

Detailed information on City expenditures in 2025 can be found in the 2025 Year-end Operating Budget Monitoring Report and Surplus Allocation and Deficit Funding, 2026-224

Statement of Cash Flows

This statement provides a summary of how cash was generated during the fiscal year 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 $133.0 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 2025, the City and its consolidated entities generated $154.9 million in cash from operations (2024 - $160.3 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 $182.4 million to acquire tangible capital assets and received $5.3 million from the sale of capital assets. $18.8 million was transferred into the City's investment accounts and the City received dividends totalling $3.7 million from GMHI and $250 thousand from GJR. The City issued two debentures in 2025 for $92.0 million, less issuance costs and received $2.5 million in loan proceeds from the Federation of Canadian Municipalities for the Guelph Greener Homes program. Debt proceeds were offset with debt principal repayments totalling $9.8 million.

Overall, the consolidated cash position increased year-over-year by $44.7 million due to the issuance of debt, ending 2025 with a balance of $105.7 million.

Audit Opinion

KPMG issued a clean audit opinion on the City's 2025 consolidated financial statements. KPMG's Audit Findings Report was provided to Council as an attachment to report 2026-325 – 2025 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.

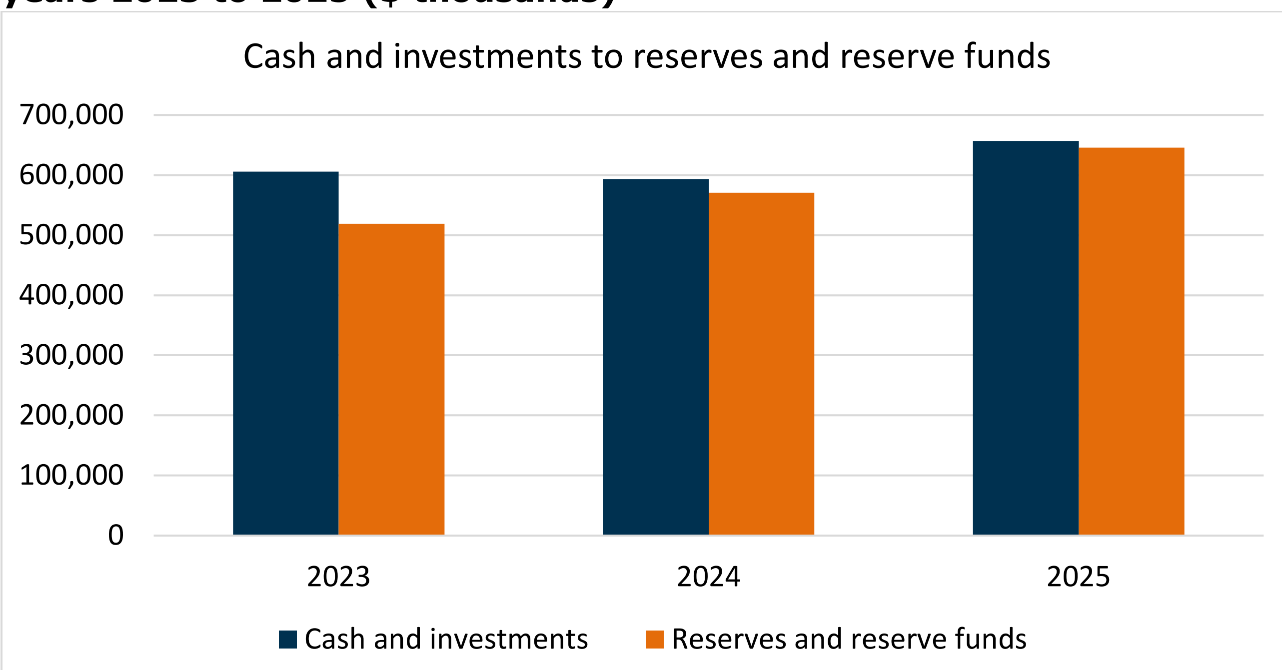
Flexibility is the ability of the organization to adapt to a changing environment to both capitalize on opportunities and avoid threats.

Sustainability

The key sustainability measures are:

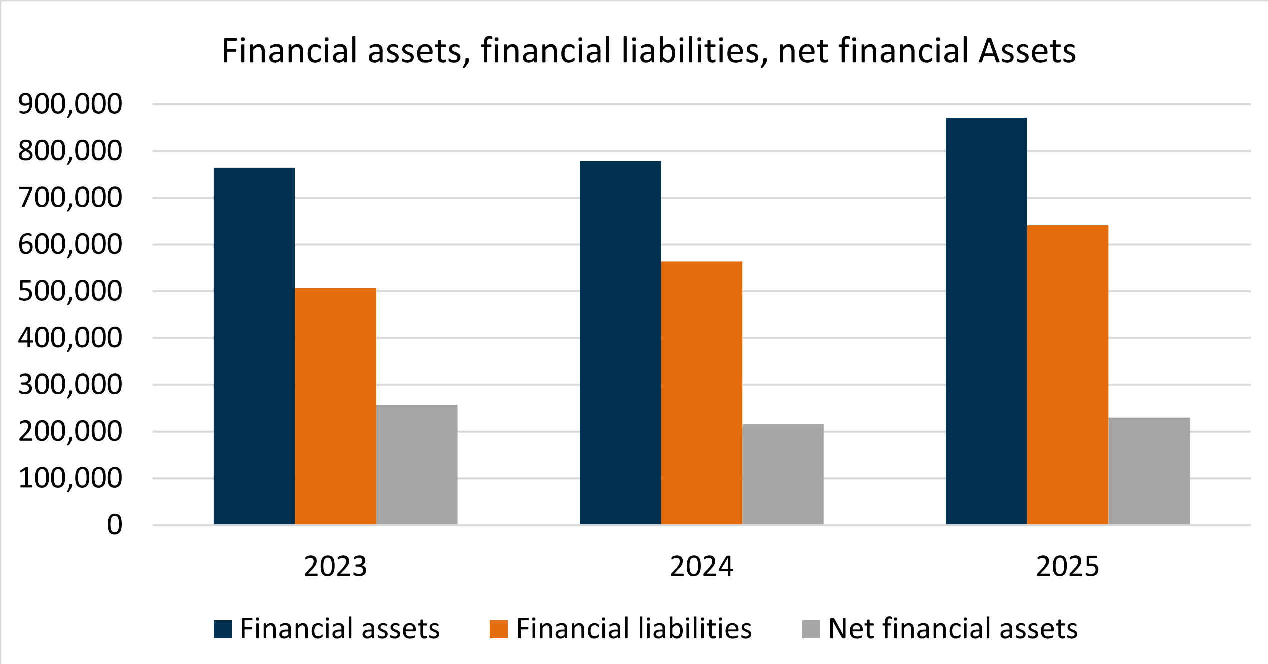
- Ratio of cash and investments to reserves and reserve funds
- Consolidated net financial assets
- Asset consumption ratio

Figure-9: Cash and investments and reserve and reserve funds for years 2023 to 2025 ($ thousands)



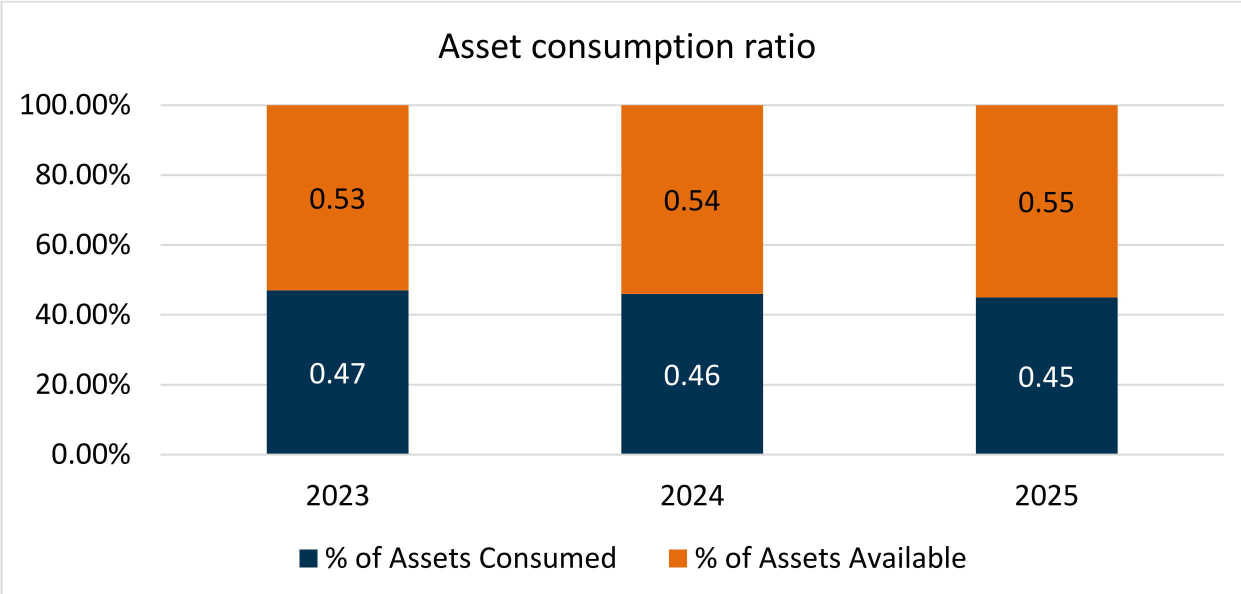
In 2025, the City's cash and investments to reserves and reserve funds ratio decreased to 1.02:1 (2024 – 1.04:1). This change is a result of a significant increase in cash and reserve funds due to the issuance of two debentures in 2025 combined with the increase in obligatory reserve funds due to the accounting policy change related to DC revenues when debt financed. The City still remains above the minimum target of 1:1.

Figure-10: Financial assets, financial liabilities and net financial assets for years 2023 to 2025 ($ thousands)



Net financial position is calculated as financial assets less financial liabilities. The City's financial assets exceed its financial liabilities, meaning the City is in a net financial asset position as opposed to a net debt position. In 2025, net financial assets increased by $14.5 million (6.7 per cent). The increase over 2024 is the result of an $11.4 million increase in the investments in GJR and GMHI as well as a decrease in deferred contributions. This picture is expected to change in future years, as reserve supported capital spending is projected to continue at a higher than historical rate, and more debt will be issued to finance capital spending.

Figure-11: Asset consumption ratio for years 2023 to 2025



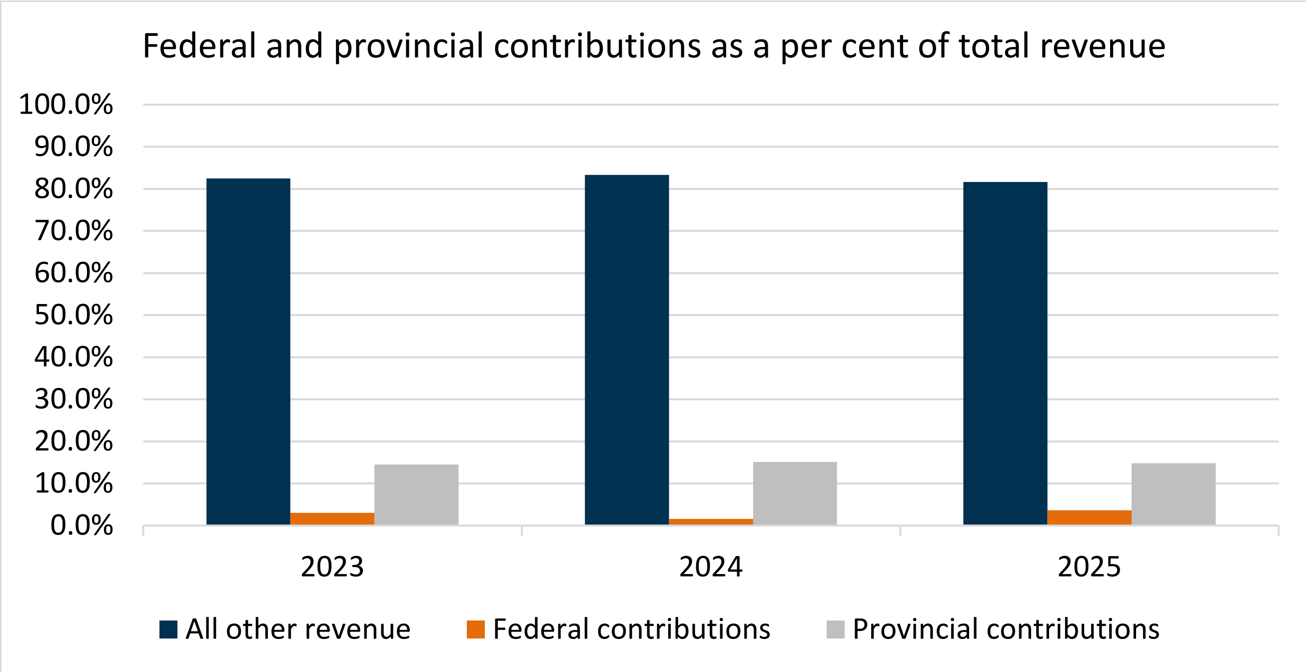
The asset consumption ratio is accumulated amortization divided by the gross cost of capital assets and it gives insight into how old or used up the City's assets are. In 2025, the City's percentage of assets consumed decreased from 0.46 percent to 0.45 per cent. This decrease means that the percentage of assets available ratio increased from 0.54 to 0.55 per cent. These changes are a positive and signals that the City is replacing older assets at a faster pace than in previous years. This is a direct result of capital strategies that have been put in place over the past few years to increase capital spending via the capital program resourcing strategy.

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

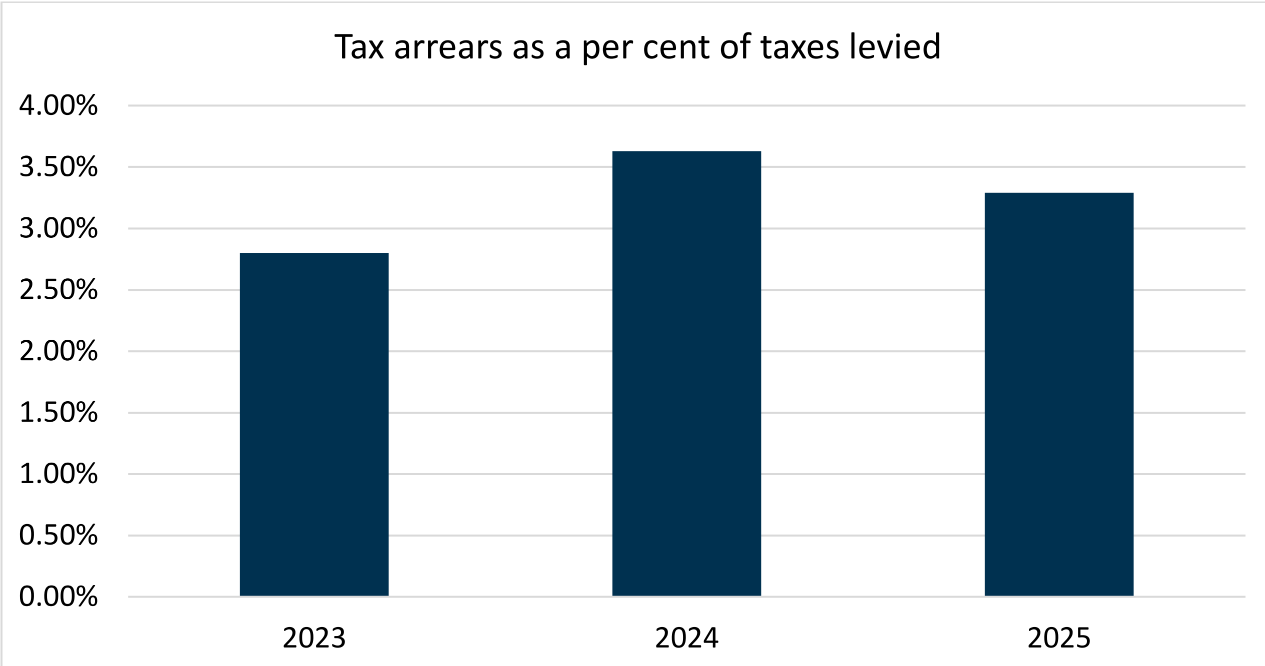
Figure-12: Federal and provincial contributions as a per cent of total revenue for years 2023 to 2025



Federal and provincial contributions as a per cent of total revenue increased in 2025 to 18.5 per cent compared to 16.2 per cent in 2024. Year over year, federal and provincial grants increased by 23.7 per cent compared with 2024, primarily due to significant grant revenue recognized in 2025 to support large capital projects. All other revenue increased by $31.0 million with the main drivers being taxation and DC revenues.

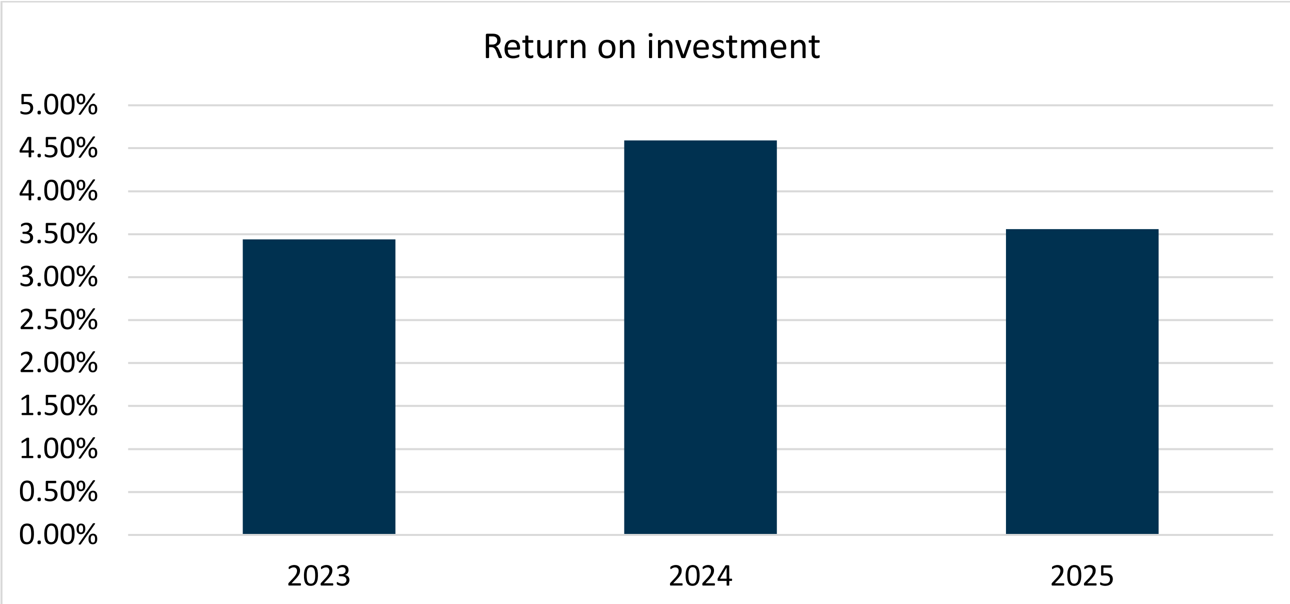
Monitoring the reliance on grant funding is important because it can represent a risk if stable sources of funding from other levels of government were to be decreased or discontinued. Although grant revenues went up in 2025, the bulk of the revenues are for specific grants that support current infrastructure projects such as the South End Community Centre, Baker Street Library and the Transit and Fleet Facility. There are three primary ongoing stable and predictable grant funding streams received by the City: the Canada Community-Building Fund (Federal Gas Tax), the Dedicated Gas Tax Funds for Public Transit (Provincial Gas Tax) and the paramedic services operating grant. As development charge collections have lagged projections and exemptions have grown, the City is growing more reliant on capital grants from upper levels of government to support capital spending. A core component of the City’s advocacy work is focused on encouraging a shift from competitive, one-time grant programs to long-term stable and predictable grant funding that can be proactively factored into plans and forecasts.

Figure-13: Tax arrears as a per cent of taxes levied for years 2023 to 2025



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 2025, the percentage of tax arrears decreased to 3.29 per cent which is down from 3.63 per cent in 2024. Overall, the City continues to experience a consistent low level of tax arrears but this metric will continue to be monitored as affordability is a primary concern for our community. Further information on the City's tax arrears can be found in the 2025 Property Tax Receivables and Collections report – 2026-99.

Figure-14: Return on investment for years 2023 to 2025



The City's return on investment decreased from 4.59 per cent in 2024 to 3.56 per cent in 2025. The year over year decrease is related to strategic dispositions of two investments that occurred in 2024 and declining Bank of Canada policy interest rates. For detailed information on the City's investment performance for 2025, refer to the 2025 Year end Investment Report, 2026-225.

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

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, and many other benefits.

Category	Change from 2024	Increase/(Decrease) ($ millions)
Tax supported corporate contingency reserves	↓	(6.7)
Tax supported program-specific reserves	↑	0.5

Tax supported strategic reserves		(2.2)
Tax supported program-specific reserve funds		5.3
Tax supported corporate capital reserve funds		26.8
Tax supported DC Exemption reserve funds		37.6
Non-tax supported program contingency reserves		(2.3)
Non-tax supported capital reserve funds		29.4

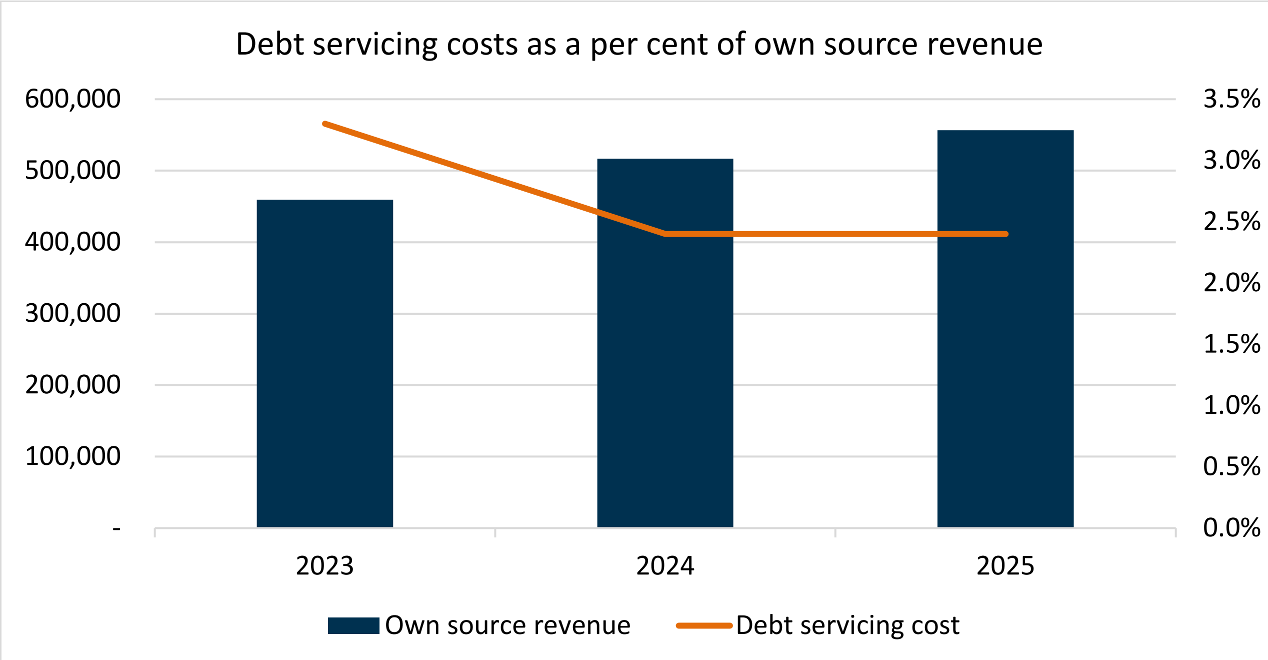
Detailed information on the City's reserve and reserve funds can be found in the [2025 Long-term Financial Statement and Debt report – 2026-222](#).

Debt

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

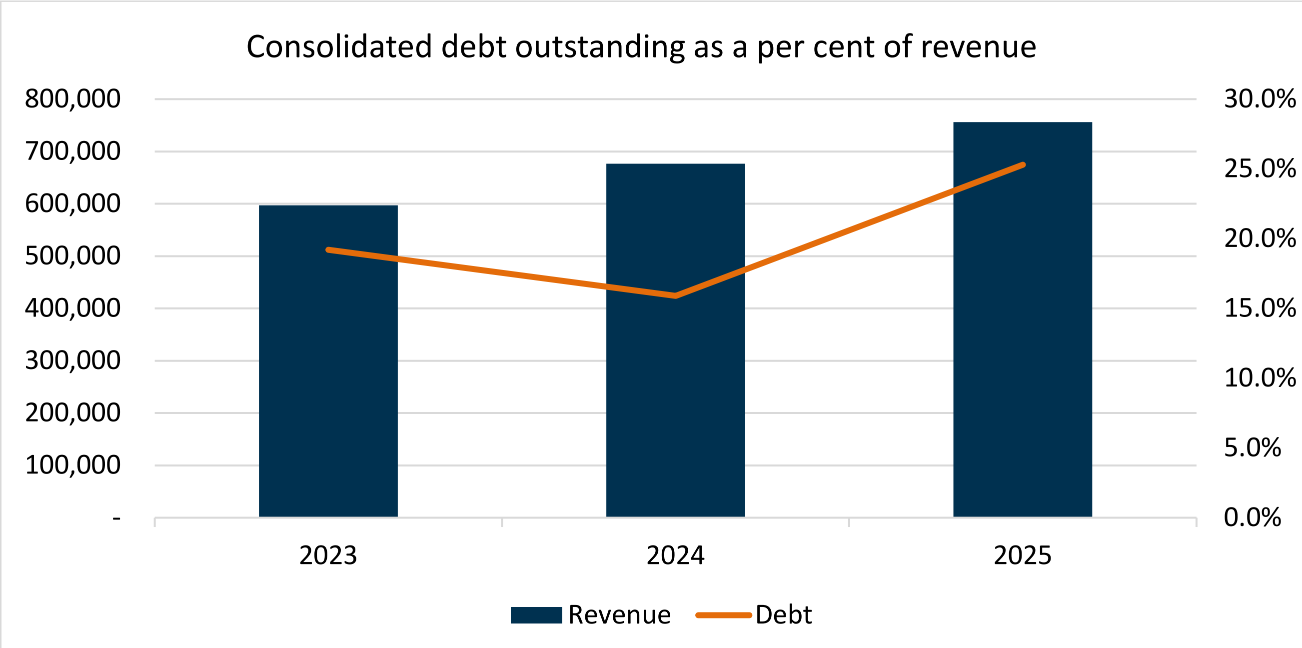
- The Ministry of Municipal Affairs and Housing requirement that no more than 25 per cent of total Own Source Revenue is used to service debt (principal and interest).
- The City of Guelph's policy limit which requires outstanding debt to be less than 55 per cent of operating revenue; and
- The S&P recommendation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

Figure-15: Debt servicing costs as a per cent of own source revenue ($ thousands)



The City's consolidated debt servicing costs as a per cent of own source revenue remained unchanged in 2025 at 2.4 per cent, well below the City imposed threshold of 10.0 per cent. This percentage is expected to increase in the coming years as the City issues more debt to finance large capital projects, however it is expected to remain within policy limits. This is further outlined in the Debt Strategy published with the 2024 – 2027 multi-year budget materials.

Figure-16: Consolidated debt outstanding as a per cent of revenue ($ thousands)



The City's consolidated debt outstanding as a per cent of total consolidated revenue increased in 2025 to 25.3 per cent (2024 – 15.9 per cent). This is below the City imposed limit of 55.0 per cent and the increase is due to the issuance debt for $92.0 million in 2025. This metric will also be impacted in future years as the City issues more debt to finance large capital projects.

For detailed information about the City's debt, please see the 2025 Long-term Financial Statement and Debt report – 2026-222.