

**THE CORPORATION OF THE
TOWNSHIP OF GUELPH/ERAMOSA
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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Chartered Accountants
and Business Advisors

Peapack Court

AUDITORS' REPORT

To the Members of Council,
Inhabitants and Ratepayers of the
Corporation of the Township of Guelph/Eramosa

We have audited the consolidated statement of financial position of the Corporation of the Township of Guelph/Eramosa as at December 31, 2007 and the consolidated statements of current fund activities and capital fund activities for the year then ended. These financial statements are the responsibility of the municipality. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Guelph/Eramosa as at December 31, 2007 and the results of its operations for the year then ended in accordance with accounting principles disclosed in note 1 to the financial statements.

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Guelph, Ontario
February 29, 2008

Chartered Accountants
Licensed Public Accountants

**TOWNSHIP OF GUELPH/ERAMOSIA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2007**

A S S E T S		2007	2006
UNRESTRICTED			
Cash		\$ 6,060,101	\$ 3,585,992
Taxes receivable		1,371,019	1,274,364
Accounts receivable		2,020,930	1,962,807
Due from developers		296,645	763,611
Other current assets		<u>6,217</u>	<u>6,542</u>
		<u>9,754,912</u>	<u>7,593,316</u>
RESTRICTED			
Cash		2,706,742	2,595,388
Due from revenue fund		4,516,959	2,772,160
Due from capital fund		<u>0</u>	<u>0</u>
		<u>7,223,701</u>	<u>5,367,548</u>
CAPITAL OUTLAY FINANCED BY LONG TERM LIABILITIES AND TO BE RECOVERED IN FUTURE YEARS		<u>2,533,996</u>	<u>2,198,857</u>
		<u>\$ 19,512,609</u>	<u>\$ 15,159,721</u>
L I A B I L I T I E S			
UNRESTRICTED			
Accounts payable and accrued liabilities		\$ 2,741,243	\$ 2,147,562
Due to reserve funds		<u>4,516,959</u>	<u>2,772,160</u>
		<u>7,258,202</u>	<u>4,919,722</u>
NET LONG TERM LIABILITIES (note 6)		<u>2,533,996</u>	<u>2,198,857</u>
M U N I C I P A L P O S I T I O N			
FUND BALANCES AT THE END OF THE YEAR			
UNRESTRICTED			
Unexpended capital financing (or capital operations not yet permanently financed) (note 3)		0	0
Reserves (note 4)		<u>2,496,710</u>	<u>2,673,594</u>
		<u>2,496,710</u>	<u>2,673,594</u>
RESTRICTED			
Reserve funds (note 4)		<u>7,223,701</u>	<u>5,367,548</u>
		<u>\$ 19,512,609</u>	<u>\$ 15,159,721</u>

The accompanying notes are an integral part of this financial statement.

**TOWNSHIP OF GUELPH/ERAMOSIA
CONSOLIDATED STATEMENT OF CURRENT FUND ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	BUDGET 2007 (note 12)	ACTUAL 2007	ACTUAL 2006
REVENUES			
TAXATION AND USER CHARGES			
Taxation from ratepayers (net)	\$ 3,700,983	\$ 3,815,731	\$ 3,581,904
Taxation from other governments	44,699	134,662	52,297
Licences and permits	237,500	369,358	292,161
User charges	<u>1,736,808</u>	<u>1,746,290</u>	<u>1,849,404</u>
	<u>5,719,990</u>	<u>6,066,041</u>	<u>5,775,766</u>
GRANTS			
Province of Ontario	<u>507,700</u>	<u>507,701</u>	<u>488,660</u>
OTHER			
Penalties and interest	246,000	587,117	505,350
Contributions from (refunds to) developers	<u>0</u>	<u>1,005,684</u>	<u>(719,298)</u>
	<u>246,000</u>	<u>1,592,801</u>	<u>(213,948)</u>
	<u>6,473,690</u>	<u>8,166,543</u>	<u>6,050,478</u>
EXPENDITURES			
CURRENT OPERATIONS			
General government	1,011,484	1,105,557	1,039,290
Protection to persons and property	997,191	1,020,604	945,382
Transportation services	1,642,971	1,688,738	1,473,288
Environmental services	1,024,821	1,172,488	815,756
Health services	15,927	16,361	12,388
Recreation and cultural services	579,892	547,746	492,501
Planning and development	<u>165,872</u>	<u>171,277</u>	<u>120,357</u>
	<u>5,438,158</u>	<u>5,722,771</u>	<u>4,898,962</u>
NET REVENUE	1,035,532	2,443,772	1,151,516
Net interfund transfers			
(To) capital fund	(1,204,407)	(764,503)	(728,429)
From (to) reserve funds	21,794	(1,856,153)	283,914
From (to) reserves	<u>147,081</u>	<u>176,884</u>	<u>(707,001)</u>
CHANGE IN CURRENT FUND	0	0	0
OPENING BALANCE	<u>0</u>	<u>0</u>	<u>0</u>
CLOSING BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this financial statement.

**TOWNSHIP OF GUELPH/ERAMOSIA
CONSOLIDATED STATEMENT OF CAPITAL FUND ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	BUDGET 2007 (note 12)	ACTUAL 2007	ACTUAL 2006
REVENUES			
Federal government	\$ 145,241	\$ 145,241	\$ 108,943
Province of Ontario	<u>568,679</u>	<u>598,709</u>	<u>432,036</u>
	<u>713,920</u>	<u>743,950</u>	<u>540,979</u>
EXPENDITURES			
General government	34,500	0	31,751
Protection to persons and property	65,000	54,270	84,386
Transportation services	1,234,480	1,090,728	307,721
Environmental services	261,572	217,867	588,555
Recreation and cultural services	322,775	145,588	246,373
Planning and zoning	<u>0</u>	<u>0</u>	<u>10,622</u>
	<u>1,918,327</u>	<u>1,508,453</u>	<u>1,269,408</u>
NET EXPENDITURES	(1,204,407)	(764,503)	(728,429)
Net interfund transfers from current fund	<u>1,204,407</u>	<u>764,503</u>	<u>728,429</u>
CHANGE IN CAPITAL FUND	0	0	0
OPENING BALANCE	<u>0</u>	<u>0</u>	<u>0</u>
CLOSING BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this financial statement.

**TOWNSHIP OF GUELPH/ERAMOSIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

1. ACCOUNTING POLICIES

The consolidated financial statements of the municipality are the representation of management prepared in accordance with accounting guidelines set by the Public Sector Accounting and Auditing Board. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations.

(a) Basis of Consolidation

- (i) These consolidated statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund, reserve funds and reserves, and include the activities of all committees of Council. There are no local boards or municipal enterprises under the control of Council to be consolidated. There are also no non-consolidated entities.

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of loans or advances between the reserve funds and any other fund of the municipality and the resulting interest income and expenditures.

- (ii) The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards, and the County of Wellington are not reflected in the municipal fund balances of these financial statements.
- (iii) Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the trust funds statement of continuity and statement of financial position.

(b) Basis of Accounting

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest on long term liabilities which are charged against operations in the period in which they are paid. The principal and interest charges are not accrued for the periods from the dates of the latest instalment payments to the end of the year.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
- (iii) The historical cost and accumulated amortization for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the Consolidated Statement of Capital Fund Activities in the year of acquisition.
- (iv) Capital outlay to be recovered in future years, which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures or capital funds transferred to other organizations, is reported on the Consolidated Statement of Financial Position.

(c) Credit Risk Management

The municipality is exposed to credit risk on the taxes receivable from its ratepayers.

The municipality does not have a significant exposure to any individual customer or counterpart.

(d) Financial Instruments

The municipality's financial instruments consist of cash, restricted cash, taxes receivable, accounts receivable, other current assets, and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the municipality is not exposed to any significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

**TOWNSHIP OF GUELPH/ERAMOSIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF WELLINGTON

Further to note 1(a)(ii), the taxation, other revenues, expenditures and underlevies of the school boards and the County of Wellington are comprised of the following:

	SCHOOL BOARDS	COUNTY
Taxation and user charges	\$ 4,609,316	\$10,147,500
Requisitions paid	<u>4,609,316</u>	<u>10,147,500</u>
Overlevies (underlevies) for the year	<u>\$ 0</u>	<u>\$ 0</u>

3. MUNICIPAL FUND BALANCES AT THE END OF THE YEAR

The balance on the consolidated Statement of Current Fund Activities of municipal equity of \$0 at the end of the year is comprised of the following:

	2007	2006
Unexpended capital financing	\$ 0	\$ 0
Acquisition of capital assets to be recovered through taxation or user charges	<u>0</u>	<u>0</u>
	<u>\$ 0</u>	<u>\$ 0</u>

4. RESERVES AND RESERVE FUNDS

(a) The total balance of reserves and reserve funds of \$2,496,710 and \$7,223,701 respectively are made up of the following:

	2007	2006
Reserves set aside for specific purposes by council for:		
Building department	\$ 226,338	\$ 115,109
Working capital	1,019,445	825,891
Capital expenditure	1,816,526	1,757,320
Environmental services	(593,577)	(47,704)
Emergency measures	10,000	5,000
Parks and recreation	<u>17,978</u>	<u>17,978</u>
Total Reserves	<u>\$ 2,496,710</u>	<u>\$ 2,673,594</u>

	2007	2006
Reserve funds set aside for specific purposes by legislation, regulation or agreement for:		
Park purposes	\$ 132,027	\$ 84,622
Development charges	2,080,614	1,076,071
Rockwood Hydro	2,352,193	2,306,130
Fire	212,099	227,342
Waterworks	2,070,474	1,449,681
Roads	<u>376,294</u>	<u>223,702</u>
Total Reserve Funds	<u>\$ 7,223,701</u>	<u>\$ 5,367,548</u>

**TOWNSHIP OF GUELPH/ERAMOSIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

4. RESERVES AND RESERVE FUNDS (continued)

(b) Transactions involving the reserve funds during the year were as follows:

	2007	2006
Balance, beginning of year	\$ 5,367,548	\$ 5,651,462
Investment income	243,212	238,563
Net development (refunds) charges	962,434	(917,300)
Lot levies	0	0
Proceeds from windup of Rockwood Hydro interest	0	195,564
Parkland contributions	<u>43,250</u>	<u>3,000</u>
	6,616,444	5,171,289
Transfer from revenue fund	<u>607,257</u>	<u>196,259</u>
Balance, end of year	<u>\$ 7,223,701</u>	<u>\$ 5,367,548</u>

5. CHARGES FOR NET LONG TERM LIABILITIES

The charges for long term liabilities assumed by the non-consolidated entities, or by individuals in the case of tile drainage and shoreline property assistance loans, are not reflected in these statements.

6. LONG TERM LIABILITIES

	2007	2006
(a) The balance of net liabilities reported on the Consolidated Statement of Financial Position is made up of the following:		
Total long term liabilities incurred by the municipality including those incurred on behalf of school boards, other municipalities and municipal enterprises and outstanding at the end of the year amount to	\$ 2,541,818	\$ 2,210,019
Of the long term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage and shoreline property assistance loans has been assumed by individuals. At the end of the year, the outstanding principal amount of the liability is	<u>7,822</u>	<u>11,162</u>
Net long term liabilities at the end of the year	<u>\$ 2,533,996</u>	<u>\$ 2,198,857</u>
(b) Of the net long term liabilities reported in (a) of this note, \$196,000 in principal payments are payable in 2008. All debt charges are recoverable from general municipal revenues.		
(c) Approval of the Ontario Municipal Board has been obtained for the long term liabilities in (a) issued in the name of the municipality.		
(d) The municipality is contingently liable for long term liabilities with respect to tile drainage and shoreline property assistance loans, and for those for which the responsibility for the payment of principal and interest has been assumed by other municipalities, school boards and unconsolidated local boards, municipal enterprises, and utilities. The total amount outstanding as at December 31, 2007 is \$7,822 and is not recorded on the Consolidated Statement of Financial Position.		

**TOWNSHIP OF GUELPH/ERAMOSA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

7. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement Systems (OMERS), which is a multi-employer plan, on behalf of 27 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 amount contributed to OMERS for 2007 was \$97,810 (2006 - \$87,004). Amounts paid for current service have been included as an expenditure on the Consolidated Statement of Current Fund Activities.

There are no past service contribution obligations.

8. INVESTMENTS

The municipality records marketable securities at cost. The cost base of the investments at December 31, 2007 was \$2,724,001. The market value of the investments at December 31, 2007 was \$2,693,934. Management is of the opinion that the decline in the value of the investments is temporary in nature, and full recovery above cost is expected in the near future. Subsequent review of the investments noted a recovery of nearly 70% of the amount of the impairment by January 31, 2008. No impairment in the value of the investments has been recorded.

9. TRUST FUND

A trust fund administered by the municipality amounting to \$88,227 (2006 - \$15,051) has not been included in the Consolidated Statement of Financial Position nor has its operations been included in the Consolidated Statement of Current Fund Activities.

10. COMMITMENTS

The municipality leases vehicles and equipment under various operating leases. Future minimum lease payments are as follows:

2008	\$ 65,393
2009	57,716
2010	51,403
2011	22,983
2012	0
Thereafter	0

11. COMPARATIVE FIGURES

Certain of the prior year comparative figures have been reclassified to conform to the current year presentation.

12. BUDGET FIGURES

The budgeted figures are presented for comparison purposes as prepared and approved by council, reclassified to conform to the current financial statement presentation. They have not been audited or reviewed by the auditor.

13. STATEMENT OF CASH FLOWS

A statement of cash flows has not been presented as the information is readily apparent from the financial statements.

**TOWNSHIP OF GUELPH/ERAMOSIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

14. TANGIBLE CAPITAL ASSET DISCLOSURE – PSG-7

As of January 1, 2007, all municipalities in Canada are required to disclose their progress on the implementation of tangible capital asset reporting during the transitional period under PSG-7.

The corporation of the township of Guelph/Eramosa is in the process of drafting their tangible capital asset policies and obtaining the approval of council. Within these policies, the township will establish guidelines for categories of capital assets, capitalization thresholds, classes and sub-classes of assets, estimated useful lives, and other key information.

To date, no formal reporting under tangible capital asset guidelines has been completed. Management intends to compile the information throughout the 2008 calendar year, and where necessary, engage appropriate specialists for assistance in compiling aspects of capital asset inventory and performing valuation or useful life estimates.



Chartered Accountants
and Business Advisors

People Count.

AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of
the Township of Guelph/Eramosa

We have audited the statement of financial position of the trust funds of the Township of Guelph/Eramosa as at December 31, 2007 and the statement of continuity of the trust funds for the year then ended. These financial statements are the responsibility of the municipality. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the municipality, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Township of Guelph/Eramosa as at December 31, 2007 and the continuity of the trust funds for the year then ended in accordance with accounting principles disclosed in note 1 to the financial statements.

A handwritten signature in black ink, appearing to read 'R. B. C. P.', is located to the right of the main text.

Guelph, Ontario
February 29, 2008

Chartered Accountants
Licensed Public Accountants

**TOWNSHIP OF GUELPH/ERAMOSA
TRUST FUNDS
STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 2007**

	PARKINSON CEMETERY TRUST FUND 2007	PARKINSON CEMETERY TRUST FUND 2006
BALANCE at the beginning of the year	\$ 15,051	\$ 13,782
CAPITAL RECEIPTS		
Interest income	646	1,269
TRANSFERS FROM TRUST	<u>0</u>	<u>0</u>
BALANCE at end of the year	<u>\$ 15,697</u>	<u>\$ 15,051</u>

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2007**

ASSETS		
Cash and cash equivalents	\$ 15,697	\$ 15,051
Receivable from General Fund	<u>0</u>	<u>0</u>
	<u>\$ 15,697</u>	<u>\$ 15,051</u>
LIABILITIES AND FUND BALANCES		
Due to revenue fund	\$ 0	\$ 0
Fund balance - capital	<u>15,697</u>	<u>15,051</u>
	<u>\$ 15,697</u>	<u>\$ 15,051</u>

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

**TOWNSHIP OF GUELPH/ERAMOSA
TRUST FUNDS
STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 2007**

	ROCKWOOD CEMETERY CHAPEL TRUST 2007
BALANCE at the beginning of the year (note 3)	\$ 0
TRANSFERS	
Transfer of fund from previous controlling entity	75,631
CAPITAL RECEIPTS	
Interest income	105
CAPITAL DISBURSEMENTS	
Disbursements	(3,206)
TRANSFERS FROM TRUST	<u>0</u>
BALANCE at end of the year	<u>\$ 72,530</u>
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2007	
ASSETS	
Cash and cash equivalents	\$ 72,530
Receivable from General Fund	<u>0</u>
	<u>\$ 72,530</u>
LIABILITIES AND FUND BALANCES	
Due to revenue fund	\$ 0
Fund balance	<u>72,530</u>
	<u>\$ 72,530</u>

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

**TOWNSHIP OF GUELPH/ERAMOSIA
TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

1. ACCOUNTING POLICIES

These statements have been prepared using the accrual basis of accounting for expenditures and revenues.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents is comprised of cash on deposit and short-term investments that are easily converted to cash or that hold a maturity date within the next fiscal year.

3. ROCKWOOD CEMETERY CHAPEL TRUST

On November 11, 2007, the Corporation of the Township of Guelph/Eramosa received \$75,631 from the Guelph Cemetery Commission as a transfer of control of the Rockwood Cemetery Chapel Trust Fund. The Township will maintain the Rockwood Cemetery Chapel Trust Fund on a go-forward basis under the provisions of the *Municipal Act, 2001* relating to the oversight of Trust Funds.