

**THE CORPORATION OF THE  
TOWNSHIP OF GUELPH/ERAMOSIA  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

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Chartered Accountants  
and Business Advisors

## 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, 2006 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, 2006 and the results of its operations for the year then ended in accordance with accounting principles disclosed in note 1 to the financial statements.

*RZB LLP*

Guelph, Ontario  
February 20, 2007

Chartered Accountants  
Licensed Public Accountants

**TOWNSHIP OF GUELPH/ERAMOSIA  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2006**

<b>A S S E T S</b>	<b>2006</b>	<b>2005</b>
<b>UNRESTRICTED</b>		
Cash	\$ 3,585,992	\$ 2,726,456
Taxes receivable	1,274,364	1,530,955
Accounts receivable	1,962,807	2,481,738
Due from developers	763,611	274,645
Other current assets	<u>6,542</u>	<u>5,020</u>
	<u>7,593,316</u>	<u>7,018,814</u>
<b>RESTRICTED</b>		
Cash	2,595,388	2,493,834
Due from revenue fund	2,772,160	3,157,628
Due from capital fund	<u>0</u>	<u>0</u>
	<u>5,367,548</u>	<u>5,651,462</u>
<b>CAPITAL OUTLAY FINANCED BY LONG TERM LIABILITIES AND TO BE RECOVERED IN FUTURE YEARS</b>		
	<u>2,198,857</u>	<u>1,981,303</u>
	<u>\$15,159,721</u>	<u>\$14,651,579</u>
<b>L I A B I L I T I E S</b>		
<b>UNRESTRICTED</b>		
Accounts payable and accrued liabilities	\$ 2,147,562	\$ 1,894,593
Due to reserve funds	<u>2,772,160</u>	<u>3,157,628</u>
	<u>4,919,722</u>	<u>5,052,221</u>
<b>NET LONG TERM LIABILITIES</b> (note 6)	<u>2,198,857</u>	<u>1,981,303</u>
<b>M U N I C I P A L P O S I T I O N</b>		
<b>FUND BALANCES AT THE END OF THE YEAR</b>		
<b>UNRESTRICTED</b>		
Unexpended capital financing (or capital operations not yet permanently financed) (note 3)	0	0
Reserves (note 4)	<u>2,673,594</u>	<u>1,966,593</u>
	<u>2,673,594</u>	<u>1,966,593</u>
<b>RESTRICTED</b>		
Reserve funds (note 4)	<u>5,367,548</u>	<u>5,651,462</u>
	<u>\$15,159,721</u>	<u>\$14,651,579</u>

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

**TOWNSHIP OF GUELPH/ERAMOSA  
CONSOLIDATED STATEMENT OF CURRENT FUND ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>BUDGET 2006 (note 11)</b>	<b>ACTUAL 2006</b>	<b>ACTUAL 2005</b>
<b>REVENUES</b>			
<b>TAXATION AND USER CHARGES</b>			
Taxation from ratepayers (net)	\$ 3,528,355	\$ 3,581,904	\$ 3,469,137
Taxation from other governments	51,055	52,297	51,913
Licences and permits	212,500	292,161	288,563
User charges	<u>1,941,467</u>	<u>1,849,404</u>	<u>1,762,619</u>
	<u>5,733,377</u>	<u>5,775,766</u>	<u>5,572,232</u>
<b>GRANTS</b>			
Province of Ontario	<u>488,659</u>	<u>488,660</u>	<u>720,380</u>
<b>OTHER</b>			
Penalties and interest	275,000	505,350	399,555
Contributions from (refunds to) developers	<u>0</u>	<u>(719,298)</u>	<u>1,292,044</u>
	<u>275,000</u>	<u>(213,948)</u>	<u>1,691,599</u>
	<u>6,497,036</u>	<u>6,050,478</u>	<u>7,984,211</u>
<b>EXPENDITURES</b>			
<b>CURRENT OPERATIONS</b>			
General government	1,016,873	1,039,290	904,000
Protection to persons and property	908,074	945,382	872,150
Transportation services	1,626,500	1,473,288	1,442,013
Environmental services	841,053	815,756	835,110
Health services	11,012	12,388	10,343
Recreation and cultural services	537,312	492,501	508,018
Planning and development	<u>103,806</u>	<u>120,357</u>	<u>134,839</u>
	<u>5,044,630</u>	<u>4,898,962</u>	<u>4,706,473</u>
<b>NET REVENUE</b>			
Net interfund transfers	1,452,406	1,151,516	3,277,738
(To) capital fund	(1,511,712)	(728,429)	(1,243,206)
(To) from reserve funds	(223,764)	283,914	(1,485,287)
From (to) reserves	<u>283,070</u>	<u>(707,001)</u>	<u>(549,245)</u>
<b>CHANGE IN CURRENT FUND</b>	0	0	0
<b>OPENING BALANCE</b>	<u>0</u>	<u>0</u>	<u>0</u>
<b>CLOSING BALANCE</b>	<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, 2006**

	<b>BUDGET 2006 (note 11)</b>	<b>ACTUAL 2006</b>	<b>ACTUAL 2005</b>
<b>REVENUES</b>			
Federal government	\$ 108,943	\$ 108,943	\$ 413,943
Province of Ontario	<u>561,333</u>	<u>432,036</u>	<u>1,346,443</u>
	<u>670,276</u>	<u>540,979</u>	<u>1,760,386</u>
 <b>EXPENDITURES</b>			
General government	48,000	31,751	57,268
Protection to persons and property	109,455	84,386	110,161
Transportation services	1,195,333	307,721	730,811
Environmental services	570,600	588,555	355,088
Recreation and cultural services	256,000	246,373	220,763
Debenture payment	0	0	1,500,000
Planning and zoning	<u>2,600</u>	<u>10,622</u>	<u>29,501</u>
	<u>2,181,988</u>	<u>1,269,408</u>	<u>3,003,592</u>
 <b>NET EXPENDITURES</b>	 (1,511,712)	 (728,429)	 (1,243,206)
Net interfund transfers from current fund	<u>1,511,712</u>	<u>728,429</u>	<u>1,243,206</u>
 <b>CHANGE IN CAPITAL FUND</b>	 0	 0	 0
 <b>OPENING BALANCE</b>	 <u>0</u>	 <u>0</u>	 <u>0</u>
 <b>CLOSING BALANCE</b>	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 0</u>

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

**TOWNSHIP OF GUELPH/ERAMOSA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**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, 2006**

**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:

	<b>SCHOOL BOARDS</b>	<b>COUNTY</b>
Taxation and user charges	\$ 4,503,445	\$ 9,416,589
Requisitions paid	<u>4,503,445</u>	<u>9,416,589</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:

	<b>2006</b>	<b>2005</b>
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 \$2,673,594 and \$5,367,548 respectively are made up of the following:

	<b>2006</b>	<b>2005</b>
Reserves set aside for specific purposes by council for:		
Building department	\$ 115,109	\$ 90,052
Working capital	825,891	872,991
Capital expenditure	1,757,320	956,033
Waterworks	(47,704)	29,539
Emergency measures	5,000	0
Medical	<u>17,978</u>	<u>17,978</u>
Total Reserves	<u>\$ 2,673,594</u>	<u>\$ 1,966,593</u>

	<b>2006</b>	<b>2005</b>
Reserve funds set aside for specific purposes by legislation, regulation or agreement for:		
Park purposes	\$ 84,622	\$ 77,014
Development charges	1,076,071	2,046,128
Rockwood Hydro	2,306,130	2,020,977
Fire	227,342	233,265
Waterworks	1,449,681	1,165,135
Roads	<u>223,702</u>	<u>108,943</u>
Total Reserve Funds	<u>\$ 5,367,548</u>	<u>\$ 5,651,462</u>

**TOWNSHIP OF GUELPH/ERAMOSA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**4. RESERVES AND RESERVE FUNDS (continued)**

(b)	Transactions involving the reserve funds during the year were as follows:	<b>2006</b>	<b>2005</b>
	Balance, beginning of year	\$ 5,651,462	\$ 4,166,175
	Investment income	238,563	99,186
	Net development (refunds) charges	(917,300)	1,285,794
	Lot levies	0	2,250
	Proceeds from windup of Rockwood Hydro interest	195,564	0
	Parkland contributions	<u>3,000</u>	<u>4,000</u>
		5,171,289	5,557,405
	Transfer from revenue fund	<u>196,259</u>	<u>94,057</u>
	Balance, end of year	<u>\$ 5,367,548</u>	<u>\$ 5,651,462</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**

		<b>2006</b>	<b>2005</b>
(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	\$ 2,210,019	\$ 1,997,424
	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>11,162</u>	<u>16,121</u>
	Net long term liabilities at the end of the year	<u>\$ 2,198,857</u>	<u>\$ 1,981,303</u>
(b)	Of the net long term liabilities reported in (a) of this note, \$184,000 in principal payments are payable in 2007. 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, 2006 is \$11,162 and is not recorded on the Consolidated Statement of Financial Position.		



**TOWNSHIP OF GUELPH/ERAMOSIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**7. PENSION AGREEMENTS**

The municipality makes contributions to the Ontario Municipal Employees Retirement Systems (OMERS), which is a multi-employer plan, on behalf of 29 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 2006 was \$87,004 (2005 - \$72,268). 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, 2006 was \$2,612,001. The market value of the investments at December 31, 2006 was \$2,594,232. 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. No impairment in the value of the investments has been recorded.

**9. TRUST FUND**

A trust fund administered by the municipality amounting to \$15,051 (2005 - \$13,782) 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:

2007	\$ 68,502
2008	64,971
2009	60,117
2010	53,759
2011	24,362
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.



Chartered Accountants  
and Business Advisors

## 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, 2006 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, 2006 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.

*RLB LLP*

Guelph, Ontario  
February 20, 2007

Chartered Accountants  
Licensed Public Accountants

**TOWNSHIP OF GUELPH/ERAMOSIA  
TRUST FUNDS  
STATEMENT OF CONTINUITY  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>CEMETERY PERPETUAL CARE FUND 2006</b>	<b>CEMETERY PERPETUAL CARE FUND 2005</b>
<b>BALANCE at the beginning of the year</b>	\$ 13,782	\$ 15,672
<b>CAPITAL RECEIPTS</b>		
Interest income	1,269	610
<b>TRANSFERS FROM TRUST</b>	<u>0</u>	<u>(2,500)</u>
<b>BALANCE at end of the year</b>	<u>\$ 15,051</u>	<u>\$ 13,782</u>

**STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2006**

<b>ASSETS</b>		
Investments (note 2)	\$ 15,051	\$ 15,344
Receivable from General Fund	<u>0</u>	<u>0</u>
	<u>\$ 15,051</u>	<u>\$ 15,344</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Due to revenue fund	\$ 0	\$ 1,562
Balance - Capital	<u>15,051</u>	<u>13,782</u>
	<u>\$ 15,051</u>	<u>\$ 15,344</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, 2006**

**1. ACCOUNTING POLICIES**

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

**2. INVESTMENTS**

The total for investments by the Trust Funds of \$15,051 reported on the Statement of Financial Position at cost, have a market value of \$14,949 at the end of the year. It is the opinion of management that the decline in the market value of the investments is temporary in nature, and the investments have not been written down to reflect market value.