

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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Chartered Accountants
and Business Advisors

People Count.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Corporation of the Township of Guelph/Eramosa, which comprise the consolidated statement of financial position as at December 31, 2010 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Guelph/Eramosa as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read 'RLB LLP', is written in a cursive style.

Fergus, Ontario
June 6, 2011

Chartered Accountants
Licensed Public Accountants

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010**

FINANCIAL ASSETS	2010	2009
Cash	\$ 6,466,705	\$ 6,699,001
Taxes receivable	1,457,164	1,692,458
Accounts receivable	2,710,575	2,679,108
Due from revenue fund	<u>4,952,609</u>	<u>4,359,456</u>
	<u>15,587,053</u>	<u>15,430,023</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,768,286	2,353,659
Due to developers	6,959	102,450
Due to reserve funds	4,952,609	4,359,456
Net long term liabilities (note 3)	3,968,996	2,126,996
Deferred revenue - Obligatory reserve funds (note 5)	<u>3,041,283</u>	<u>2,894,841</u>
	<u>13,738,133</u>	<u>11,837,402</u>
NET FINANCIAL ASSETS (NET DEBT)	<u>1,848,920</u>	<u>3,592,621</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (schedule 2)	83,303,147	76,101,636
Prepaid expenses	<u>27,515</u>	<u>8,833</u>
	<u>83,330,662</u>	<u>76,110,469</u>
ACCUMULATED SURPLUS (schedule 3)	<u>\$ 85,179,582</u>	<u>\$ 79,703,090</u>

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010 Budget (note 7)	2010 Actual	2009 Actual
REVENUES			
Taxation from ratepayers (net)	\$ 4,127,988	\$ 4,306,382	\$ 4,234,342
Taxation from other governments	26,044	53,975	75,846
Licences and permits	244,000	153,227	229,329
User charges	3,881,212	1,648,171	1,879,374
Province of Ontario	2,270,747	2,456,741	950,395
Federal Government	2,085,471	1,901,341	404,995
Penalties and interest	270,750	235,714	400,374
(Loss) gain on disposal of tangible capital assets	0	(30,395)	(585,206)
Obligatory reserve fund revenue recognized (note 5)	<u>0</u>	<u>781,253</u>	<u>395,363</u>
	<u>12,906,212</u>	<u>11,506,409</u>	<u>7,984,812</u>
EXPENSES			
General government	1,220,320	1,386,748	1,417,346
Protection to persons and property	1,093,061	1,103,833	1,104,140
Transportation services	2,021,167	3,669,413	3,747,808
Environmental services	1,139,965	1,573,016	1,685,928
Health services	985	860	16,827
Recreation and cultural services	951,647	1,020,828	1,289,558
Planning and development	<u>183,011</u>	<u>166,178</u>	<u>159,241</u>
	<u>6,610,156</u>	<u>8,920,876</u>	<u>9,420,848</u>
ANNUAL SURPLUS (DEFICIT)	\$ <u>6,296,056</u>	\$ <u>2,585,533</u>	\$ <u>(1,436,036)</u>
ACCUMULATED SURPLUS at beginning of year		\$ 79,703,090	\$ 81,139,126
Net book value of tangible capital assets recorded		2,890,959	0
Annual surplus (deficit)		<u>2,585,533</u>	<u>(1,436,036)</u>
ACCUMULATED SURPLUS at end of year		\$ <u>85,179,582</u>	\$ <u>79,703,090</u>

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSHA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010 Budget (note 7)	2010 Actual	2009 Actual
ANNUAL (DEFICIT) SURPLUS	\$ <u>6,296,056</u>	\$ <u>2,585,533</u>	\$ <u>(1,436,036)</u>
Acquisition of tangible capital assets	(8,944,685)	(9,861,864)	(2,999,726)
Amortization of tangible capital assets	0	2,594,302	2,555,979
Loss on sale of tangible capital assets	0	30,395	585,206
Proceeds on sale of tangible capital assets	0	39,861	0
Write-downs of tangible capital assets	0	(24,447)	0
Assumed tangible capital assets	<u>0</u>	<u>2,911,201</u>	<u>0</u>
	<u>(8,944,685)</u>	<u>(4,310,552)</u>	<u>141,459</u>
Use of (additions to) prepaid expense	<u>0</u>	<u>(18,682)</u>	<u>24,071</u>
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	\$ <u>(2,648,629)</u>	(1,743,701)	(1,270,506)
NET FINANCIAL ASSETS at beginning of year		<u>3,592,621</u>	<u>4,863,127</u>
NET FINANCIAL ASSETS at end of year		\$ <u>1,848,920</u>	\$ <u>3,592,621</u>

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010	2009
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual (deficit) surplus	\$ <u>2,585,533</u>	\$ <u>(1,436,036)</u>
Items not requiring an outlay of cash		
Amortization	2,594,302	2,555,979
Loss on sale of tangible capital assets	30,395	585,206
Assumed tangible capital assets	2,911,201	0
Write-downs of tangible capital assets	<u>(24,447)</u>	<u>0</u>
	<u>5,511,451</u>	<u>3,141,185</u>
	<u>8,096,984</u>	<u>1,705,149</u>
Net changes in non-cash working capital		
Taxes receivable	235,294	(141,283)
Accounts receivable	(31,467)	503,684
Prepaid expenses	(18,682)	24,071
Accounts payable and accrued liabilities	(585,373)	(951,584)
Due to developers	(95,491)	2,682
Deferred revenue - Obligatory reserve funds	<u>146,442</u>	<u>324,725</u>
	<u>(349,277)</u>	<u>(237,705)</u>
	<u>7,747,707</u>	<u>1,467,444</u>
CASH (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(9,861,864)	(2,999,726)
Proceeds on disposal of tangible capital assets	<u>39,861</u>	<u>0</u>
	<u>(9,822,003)</u>	<u>(2,999,726)</u>
CASH (USED IN) FINANCING ACTIVITIES		
Long term debt	(224,000)	(215,137)
Financing obtained	<u>2,066,000</u>	<u>0</u>
	<u>1,842,000</u>	<u>(215,137)</u>
NET DECREASE IN CASH for the year	(232,296)	(1,747,419)
CASH, beginning of year	<u>6,699,001</u>	<u>8,446,420</u>
CASH, end of year	\$ <u>6,466,705</u>	\$ <u>6,699,001</u>

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of The Corporation of the Township of Guelph/Eramosa are the representation of management prepared in accordance with accounting guidelines set by the Public Sector Accounting 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.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

(a) BASIS OF CONSOLIDATION

- (i) These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures for the revenue fund, reserve funds and reserves and include the activities of all committees of Council and the boards and municipal enterprises, which are under the control of Council. There are no local boards or municipal enterprises under the control of Council to be consolidated. These are also 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 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. The interest charges are not accrued for the periods from the dates of the latest installment payments to the end of the financial 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) Capital outlay to be recovered in future years, which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures transferred to other organizations, is reported on the Consolidated Statement of Financial Position.

(c) DEFERRED REVENUE

The revenue is reported on the Consolidated Statement of Operations in the year in which it is used for the specified purpose.

(d) 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.

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) TRUST FUNDS

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(f) NON-FINANCIAL ASSETS

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital asset are amortized on a straight-line basis over their estimated useful life as follows:

Land improvements	10 to 50 years
Facilities	15 to 95 years
Vehicles (Rolling Stock)	7 to 20 years
Equipment	
Non-Pooled	5 to 25 years
General Government pooled	7 to 15 years
Transportation Services pooled	10 years
Recreation and Cultural Services pooled	5 to 10 years
Protection Services pooled	5 to 30 years
Infrastructure - Environmental	
Sanitary Mains/Force Mains	50 to 85 years
Water Mains	50 to 85 years
Water Meters	25 years
Hydrants	35 years
Infrastructure - Transportation	
Roads	0 to 50 years
Bridges and structures	35 to 75 years
Streetlights	40 to 70 years
Signs	10 years
Sidewalks	15 to 30 years

None of the annual amortization is charged in the year of acquisition and a full year's amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property 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.

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

2. FINANCIAL INSTRUMENTS

The municipality's financial instruments consist of 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.

3. LONG TERM DEBT

	2010	2009
(a) The balance of long term debt on the Consolidated Statement of Financial Position is made up of the following:		
Total long term liabilities incurred by the municipality including on behalf of school boards, other municipal enterprises and outstanding at the end of the year amount to	\$ 3,969,803	\$ 2,128,506
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	807	1,510
Net long term liabilities at the end of the year	\$ 3,968,996	\$ 2,126,996
(b) Of the net long term liabilities in (a) of this note, \$311,303 in principal payments are payable in 2011. All debt charges are recoverable from general municipal revenues.		
(c) 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 other unconsolidated local boards, municipal enterprises and utilities. The total amount outstanding as at December 31, 2010 is \$807 (2009 - \$1,510) and is not recorded on the Consolidated Statement of Financial Position.		

4. COMMITMENTS

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

2011	\$	26,395
2012		3,412
2013		3,412
2014		0

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

5. DEFERRED REVENUE

	Opening	Contributions Received	Investment Income	Revenue Recognized	2010 Ending	2009
Obligatory Reserve Funds						
Development Charges	2,039,509	507,291	37,097	(302,957)	2,280,940	2,039,509
Park in lieu	129,969	1,000	2,090	0	133,059	129,969
Lot levies	10,580	0	168	0	10,748	10,580
Federal gas tax	<u>714,783</u>	<u>371,289</u>	<u>8,760</u>	<u>(478,296)</u>	<u>616,536</u>	<u>714,783</u>
	<u>\$ 2,894,841</u>	<u>\$ 879,580</u>	<u>\$ 48,115</u>	<u>\$ (781,253)</u>	<u>\$ 3,041,283</u>	<u>\$ 2,894,841</u>

6. COMPARATIVE FIGURES

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

7. BUDGET AMOUNTS

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. The budget figures were prepared on a cash basis of accounting and have not been restated to conform to the accrual basis of accounting on which actual figures are reported.

8. OPERATIONS OF THE 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	\$ 4,907,056	\$ 11,641,343
Requisitions paid	<u>(4,907,056)</u>	<u>(11,641,343)</u>
Overlevies for the year	\$ <u>0</u>	\$ <u>0</u>

9. TRUST FUNDS

The trust funds administered by the municipality amounting to \$87,158 (2009 - \$87,107) have not been included in the Consolidated Statement of Financial Position, nor have the operations been included in the Consolidated Statement of Operations.

10. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement Systems (OMERS), which is a multi-employer plan, on behalf of 35 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 2010 was \$133,884 (2009 - \$120,291). Amounts paid for current service have been included as an expenditure on the Consolidated Statement of Operations.

There are no past service contribution obligations.

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

11. PUBLIC SECTOR SALARY DISCLOSURE

The Public Sector Salary Disclosure Act (PSDA), 1996, requires disclosure of aggregate remuneration paid to employees in excess of \$100,000. As required by the PSDA, 1996, the following employees were paid \$100,000 or more for the period January 1, 2010 to December 31, 2010:

Name	Position	Salary Paid	Taxable Benefits
Janice Sheppard	Chief Administrative Officer	\$105,057.00	\$ 977.86
Ken Gagnon	Manager of Public Works	\$101,404.16	\$1,054.30

12. INVESTMENTS

The investments held by the municipality are classified as held-for-trading and have been recorded at estimated fair market value.

13. TANGIBLE CAPITAL ASSETS

	Net 2010	Net 2009
General		
Land	\$ 4,151,278	\$ 4,151,278
Land Improvements	2,386,378	960,085
Facilities	11,316,001	7,035,709
Vehicles	1,978,849	1,976,617
Equipment	947,969	894,837
Infrastructure		
Transportation	46,731,438	45,299,947
Environmental	<u>15,791,234</u>	<u>15,783,163</u>
	<u>\$ 83,303,147</u>	<u>\$ 76,101,636</u>

14. SEGMENTED INFORMATION

The Corporation of the Township of Guelph/Eramosa is a diversified municipal government institution that provides a wide range of services to its citizens. For management reporting purposes the Government's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Protection Services

The municipality contracts with the City of Guelph for Fire services. The former Township of Eramosa is serviced by volunteers based at the Rockwood fire station. The balance of the Township is serviced through agreements with neighbouring municipalities. The municipality employs a By-Law Enforcement/Property Standards Officer on a part-time basis to serve the needs of the community. This position is responsible for the investigation and enforcement of municipal by-laws related to property standards, zoning, signs, open air burning, dumping, dog control and parking. The Building department is regulated through the Ontario Building Code Act and is responsible for the safe construction of all buildings constructed throughout the municipality. They assist the public through the building permit process for all buildings, sheds, pools, deck and demolitions, as well as for septic installations.

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

14. SEGMENTED INFORMATION (continued)

Transportation Services

The Roads department maintains over 200 kilometres of road and 31 structures with a span over 3 metres and operates 2 garages (Bruceedale and Marden) performing weekly routine road patrols through the year and nightly winter patrols during our winter season from mid November to mid April. The Roads department currently operates with 4 tandem axel and 1 single axel combination snowplow/sanders, a 3 Ton plow/sander, front end loader, loader/backhoe, grader, trackless (sidewalk machine), asphalt grinder, line painter, wood chipper, 1 Ton and 4 pickup trucks.

Environmental Services

The Water/Wastewater department operates two separate water distribution systems. One is located in Rockwood, which has 2 pump houses (Parkinson Dr. & Station St.) and a standpipe with a booster station on Hampson Cres. The other is located in the Hamilton Drive Subdivision, which also has 2 pump houses (Cross Creek Blvd. & Wellington Rd. 38) and a standpipe also on Wellington Rd. 38. The wastewater system in Rockwood consists of 4 lift stations (Valley Rd., MacLennan St., Ridge Rd. and Lou's Blvd.) and 1 transfer station on Alma St. The Water/Wastewater department perform daily checks and weekly bacterial checks on both water systems, and also performs the bi-weekly checks and inspections on 5 other small municipal non-residential systems within the municipality.

Recreation and Cultural Services

The Parks and Recreation department maintains: municipal parks varying from 1.5 to 64 acres including ball diamonds, soccer pitches, outdoor skating rinks, walking trails, picnic pavilions, community centres, small meeting rooms, and Marden recreation facility (construction scheduled to be completed in 2010).

Planning and Development

Planning is regulated under the Ontario Planning Act. The department helps the municipality to set goals about how it will grow and develop and to work out ways of reaching those goals while keeping important social, economic and environmental concerns in mind. It balances the interests of individual property owners with the wider interest and objectives of the whole community.

15. CONTINGENT LIABILITIES

In the normal course of its operations, the municipality is subject to various litigations and claims. The ultimate outcome of these claims cannot be determined at this time. However, the municipality's management believes that the ultimate disposition of these matters will not have a material adverse effect on its financial position.

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Recreation Services	Planning and Development	2010	2009
EXPENSES									
Salaries and benefits	\$ 729,263	\$ 410,403	\$ 976,491	\$ 285,330	\$ 0	\$ 440,582	\$ 65,193	\$ 2,907,262	\$ 2,802,722
Materials	491,221	146,689	805,211	300,371	860	342,726	23,815	2,110,893	2,850,923
Contracted services	109,193	212,201	36,053	490,519	0	30,444	74,350	952,760	890,210
Rents and financial expenses	8,642	0	72,078	0	0	50,531	0	131,251	98,387
Interest on long term debt	0	52,005	0	16,659	0	0	820	69,484	83,287
Amortization	48,429	129,611	1,779,580	480,137	0	156,545	0	2,594,302	2,555,979
Other	<u>0</u>	<u>152,924</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,000</u>	<u>154,924</u>	<u>139,340</u>
	<u>\$ 1,386,748</u>	<u>\$ 1,103,833</u>	<u>\$ 3,669,413</u>	<u>\$ 1,573,016</u>	<u>\$ 860</u>	<u>\$ 1,020,828</u>	<u>\$ 166,178</u>	<u>\$ 8,920,876</u>	<u>\$ 9,420,848</u>

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Land	Land Improvements	Facilities	Vehicles	Equipment	Infrastructure: Transportation	Infrastructure: Environmental	2010	2009
COST									
Balance, beginning of year	\$ 4,151,278	\$ 1,983,235	\$ 11,011,814	\$ 3,159,727	\$ 1,517,053	\$ 67,890,540	\$ 20,566,135	\$ 110,279,782	\$ 108,177,814
Additions during the year	0	1,485,240	4,592,470	225,461	173,686	3,008,022	279,160	9,764,039	1,810,220
Disposals during the year	0	0	78,168	75,811	65,966	142,082	6,444	368,471	897,757
Assets under construction	0	0	7,689	0	0	82,315	7,821	97,825	1,189,505
Balance, end of year	<u>4,151,278</u>	<u>3,468,475</u>	<u>15,533,805</u>	<u>3,309,377</u>	<u>1,624,773</u>	<u>70,838,795</u>	<u>20,846,672</u>	<u>119,773,175</u>	<u>110,279,782</u>
ACCUMULATED AMORTIZATION									
Balance, beginning of year	0	1,026,770	3,985,060	1,183,112	622,217	22,598,258	4,782,972	34,198,389	31,934,719
Amortization	0	55,327	303,286	193,516	120,553	1,642,710	278,910	2,594,302	2,555,979
Accumulated amortization on disposals	0	0	70,542	46,100	65,966	133,611	6,444	322,663	312,552
Balance, end of year	<u>0</u>	<u>1,082,097</u>	<u>4,217,804</u>	<u>1,330,528</u>	<u>676,804</u>	<u>24,107,357</u>	<u>5,055,438</u>	<u>36,470,028</u>	<u>34,178,146</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 4,151,278</u>	<u>\$ 2,386,378</u>	<u>\$ 11,316,001</u>	<u>\$ 1,978,849</u>	<u>\$ 947,969</u>	<u>\$ 46,731,438</u>	<u>\$ 15,791,234</u>	<u>\$ 83,303,147</u>	<u>\$ 76,101,636</u>

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA
SCHEDULE OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	2010	2009
SURPLUSES		
Invested in tangible capital assets	\$ <u>79,334,151</u>	\$ <u>73,900,965</u>
RESERVE FUNDS		
Park purposes	2,508	2,468
Rockwood Hydro	1,704,553	1,612,051
Fire	283,216	238,307
Waterworks	<u>3,002,467</u>	<u>2,602,165</u>
	<u>4,992,744</u>	<u>4,454,991</u>
RESERVES		
Capital Reserves		
Administration department	149,389	188,389
Fire department	129,536	105,936
Parks and recreation	(7,547)	143,089
Roads department	1,244,734	899,853
Streetlights	<u>146,138</u>	<u>138,447</u>
	<u>1,662,250</u>	<u>1,475,714</u>
Special Purpose Reserves		
Building department	13,863	89,728
Working capital	428,943	731,732
Environmental services	(1,307,369)	(1,018,018)
Emergency measures	55,000	50,000
Parks and recreation	<u>0</u>	<u>17,978</u>
	<u>(809,563)</u>	<u>(128,580)</u>
	<u>852,687</u>	<u>1,347,134</u>
	<u>\$ 85,179,582</u>	<u>\$ 79,703,090</u>



Chartered Accountants
and Business Advisors

People Count.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the statement of operations of the trust funds of the Corporation of the Township of Guelph/Eramosa as at December 31, 2010 and the statement of continuity of the trust funds for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles disclosed in note 1 to the financial statements 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.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the Township of Guelph/Eramosa as at December 31, 2010 and the continuity of the trust funds for the year then ended in accordance with accounting principles disclosed in note 1 of the financial statements

A handwritten signature in black ink, appearing to read 'R. B. U.P.', is located in the bottom right area of the page.

Fergus, Ontario
June 6, 2011

Chartered Accountants
Licensed Public Accountants

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA
TRUST FUNDS
STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 2010**

	PARKINSON CEMETERY TRUST FUND 2010	PARKINSON CEMETERY TRUST FUND 2009
BALANCE at beginning of year	\$ 16,945	\$ 16,404
CAPITAL RECEIPTS		
Interest income	507	541
CAPITAL DISBURSEMENTS		
Disbursements	(3,000)	0
TRANSFERS FROM TRUST	<u>0</u>	<u>0</u>
BALANCE at end of year	<u>\$ 14,452</u>	<u>\$ 16,945</u>

**STATEMENT OF OPERATIONS
AS AT DECEMBER 31, 2010**

ASSETS		
Cash and cash equivalents	\$ 17,452	\$ 16,945
Receivable from General Fund	<u>0</u>	<u>0</u>
	<u>\$ 17,452</u>	<u>\$ 16,945</u>
LIABILITIES AND FUND BALANCES		
Due to revenue fund	\$ 3,000	\$ 0
Fund balance - capital	<u>14,452</u>	<u>16,945</u>
	<u>\$ 17,452</u>	<u>\$ 16,945</u>

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

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA
TRUST FUNDS
STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 2010**

	ROCKWOOD CEMETERY CHAPEL 2010	ROCKWOOD CEMETERY CHAPEL 2009
BALANCE at beginning of year (note 3)	<u>\$ 70,162</u>	<u>\$ 69,706</u>
CAPITAL RECEIPTS		
Interest income	635	643
Rental income	<u>0</u>	<u>0</u>
	<u>635</u>	<u>643</u>
CAPITAL DISBURSEMENTS		
Disbursements	(2,848)	(187)
TRANSFERS FROM TRUST	<u>0</u>	<u>0</u>
BALANCE at end of year	<u>\$ 67,949</u>	<u>\$ 70,162</u>
	STATEMENT OF OPERATIONS AS AT DECEMBER 31, 2010	
ASSETS		
Cash and cash equivalents	\$ 69,706	\$ 69,706
Receivable from General Fund	<u>0</u>	<u>456</u>
	<u>\$ 69,706</u>	<u>\$ 70,162</u>
LIABILITIES AND FUND BALANCES		
Due to revenue fund	\$ 1,757	\$ 0
Fund balance	<u>67,949</u>	<u>70,162</u>
	<u>\$ 69,706</u>	<u>\$ 70,162</u>

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

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA
TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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.