

**TOWNSHIP OF GUELPH/ERAMOSA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**INDEX**

**TOWNSHIP OF GUELPH/ERAMOSA - CURRENT, CAPITAL AND RESERVE FUNDS**

**AUDITORS' REPORT**

**STATEMENT 1 - Consolidated Statement of Financial Position**

**STATEMENT 2 - Consolidated Statement of Current Fund Activities**

**STATEMENT 3 - Consolidated Statement of Capital Fund Activities**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**TOWNSHIP OF GUELPH/ERAMOSA - TRUST FUNDS**

**AUDITORS' REPORT**

**STATEMENT OF CONTINUITY AND STATEMENT OF FINANCIAL POSITION**

**NOTES TO THE FINANCIAL STATEMENTS**



ROBINSON LOTT & BROHMAN LLP

*Chartered Accountants & Business Advisors*

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**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, 2004 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, 2004 and the results of its operations for the year then ended in accordance with accounting principles disclosed in note 1 to the financial statements.

Guelph, Ontario  
February 28, 2005

Chartered Accountants

**TOWNSHIP OF GUELPH/ERAMOSIA  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2004**

**A S S E T S**

	<b>2004</b>	<b>2003</b>
<b>UNRESTRICTED</b>		
Cash	\$ 215,851	\$ 349,948
Taxes receivable	1,743,092	1,883,580
Accounts receivable	707,311	577,616
Due from developers	763,604	27,625
Other current assets	9,073	9,276
	<u>3,438,931</u>	<u>2,848,045</u>
<b>RESTRICTED</b>		
Cash	2,394,648	3,562,689
Due from revenue fund	116,464	337,015
Due from capital fund	1,500,000	0
Accounts receivable	155,063	64,083
	<u>4,166,175</u>	<u>3,963,787</u>
<b>CAPITAL OUTLAY FINANCED BY LONG TERM LIABILITIES AND TO BE RECOVERED IN FUTURE YEARS</b>	<u>3,645,303</u>	<u>1,580,303</u>
	<u>\$11,250,409</u>	<u>\$ 8,392,135</u>

**L I A B I L I T I E S**

<b>UNRESTRICTED</b>		
Accounts payable and accrued liabilities	\$ 1,905,119	\$ 1,687,759
Due to reserve funds	116,464	337,015
	<u>2,021,583</u>	<u>2,024,774</u>
<b>NET LONG TERM LIABILITIES (note 6)</b>	<u>3,645,303</u>	<u>1,580,303</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**

<b>UNRESTRICTED</b>		
Unexpended capital financing (or capital operations not yet permanently financed) (note 3)	0	(550,000)
Unexpended current funds	0	0
Reserves (note 4)	1,417,348	1,373,271
	<u>1,417,348</u>	<u>823,271</u>
<b>RESTRICTED</b>		
Reserve funds (note 4)	4,166,175	3,963,787
	<u>\$11,250,409</u>	<u>\$ 8,392,135</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, 2004**

	<b>BUDGET 2004 (note 11)</b>	<b>ACTUAL 2004</b>	<b>ACTUAL 2003</b>
<b>REVENUES</b>			
<b>TAXATION AND USER CHARGES</b>			
Residential and farm taxation	\$ 2,945,295	\$ 3,051,439	\$ 2,869,068
Commercial and industrial taxation	367,445	367,445	336,766
Taxation from other governments	66,800	52,483	66,934
Licences and permits	187,610	213,504	207,314
User charges	<u>1,529,669</u>	<u>1,439,249</u>	<u>1,676,442</u>
	<u>5,096,819</u>	<u>5,124,120</u>	<u>5,156,524</u>
<b>GRANTS</b>			
Province of Ontario	<u>397,000</u>	<u>397,000</u>	<u>397,000</u>
<b>OTHER</b>			
Penalties and interest	200,000	449,555	420,566
Contributions from developers	0	256,261	318,008
Donations	0	0	0
Long term financing	<u>0</u>	<u>0</u>	<u>0</u>
	<u>200,000</u>	<u>705,816</u>	<u>738,574</u>
	<u>5,693,819</u>	<u>6,226,936</u>	<u>6,292,098</u>
<b>EXPENDITURES</b>			
<b>CURRENT OPERATIONS</b>			
General government	818,924	874,736	797,403
Protection to persons and property	787,470	824,057	766,104
Transportation services	1,452,962	1,414,018	1,286,604
Environmental services	617,867	677,373	604,755
Health services	6,350	9,680	9,641
Recreation and cultural services	487,322	470,360	383,090
Planning and development	<u>183,210</u>	<u>165,207</u>	<u>106,348</u>
	<u>4,354,105</u>	<u>4,435,431</u>	<u>3,953,945</u>
<b>NET REVENUE</b>	1,339,714	1,791,505	2,338,153
Net interfund transfers			
(To) capital fund	(1,425,475)	(1,545,040)	(2,404,833)
(To) reserve funds	(47,155)	(202,388)	(115,177)
From (to) reserves	<u>132,916</u>	<u>(44,077)</u>	<u>181,857</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, 2004**

	<b>BUDGET 2004 (note 11)</b>	<b>ACTUAL 2004</b>	<b>ACTUAL 2003</b>
<b>REVENUES</b>			
Long term financing	\$ 686,000	\$ 2,186,000	\$ 117,303
Province of Ontario	<u>1,826,000</u>	<u>0</u>	<u>0</u>
	<u>2,512,000</u>	<u>2,186,000</u>	<u>117,303</u>
<b>EXPENDITURES</b>			
General government	12,100	11,000	59,451
Protection to persons and property	155,575	118,602	1,505,555
Transportation services	1,036,000	1,006,249	670,226
Environmental services	1,852,000	1,824,175	169,779
Recreation and cultural services	315,800	191,775	604,424
Planning and zoning	<u>16,000</u>	<u>29,239</u>	<u>62,701</u>
	<u>3,387,475</u>	<u>3,181,040</u>	<u>3,072,136</u>
<b>NET EXPENDITURES</b>	(875,475)	(995,040)	(2,954,833)
Net interfund transfers from current fund	<u>1,425,475</u>	<u>1,545,040</u>	<u>2,404,833</u>
<b>CHANGE IN CAPITAL FUND</b>	550,000	550,000	(550,000)
<b>OPENING BALANCE</b>	<u>(550,000)</u>	<u>(550,000)</u>	<u>0</u>
<b>CLOSING BALANCE</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (550,000)</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, 2004**

**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 rate payers.

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

**TOWNSHIP OF GUELPH/ERAMOSIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**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	\$ 4,488,645	\$ 8,490,407
Requisitions paid	<u>4,488,645</u>	<u>8,490,407</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>2004</b>	<b>2003</b>
For general reduction of taxation	\$ 0	\$ 0
Acquisition of capital assets to be recovered through taxation or user charges	<u>0</u>	<u>(550,000)</u>
	<u>\$ 0</u>	<u>\$ (550,000)</u>

**4. RESERVES AND RESERVE FUNDS**

(a) The total balance of reserves and reserve funds of \$1,417,348 and \$4,166,175 respectively are made up of the following:

	<b>2004</b>	<b>2003</b>
Reserves set aside for specific purposes by council for:		
Working capital	\$ 655,444	\$ 734,186
Capital expenditure	714,372	620,351
Waterworks	31,554	4,756
Medical	<u>15,978</u>	<u>13,978</u>
Total Reserves	<u>\$ 1,417,348</u>	<u>\$ 1,373,271</u>
Reserve funds set aside for specific purposes by legislation, regulation or agreement for:		
Park purposes	\$ 118,973	\$ 106,388
Development charges	746,220	775,582
Rockwood Hydro	492,393	1,930,279
Fire	943	24,417
Waterworks	<u>2,807,646</u>	<u>1,127,121</u>
Total Reserve Funds	<u>\$ 4,166,175</u>	<u>\$ 3,963,787</u>

**TOWNSHIP OF GUELPH/ERAMOSIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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

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

	<b>2004</b>	<b>2003</b>
Balance, beginning of year	\$ 3,963,787	\$ 3,848,610
Investment income	186,118	186,661
Development charges	247,261	312,008
Parkland contributions	<u>9,000</u>	<u>6,000</u>
	4,406,166	4,353,279
Transfer from revenue fund	<u>239,991</u>	<u>389,492</u>
Balance, end of year	<u>\$ 4,166,175</u>	<u>\$ 3,963,787</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>2004</b>	<b>2003</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	\$ 3,667,723	\$ 1,627,740
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>22,420</u>	<u>47,437</u>
Net long term liabilities at the end of the year	<u>\$ 3,645,303</u>	<u>\$ 1,580,303</u>
(b) Of the net long term liabilities reported in (a) of this note, \$153,713 in principal payments are payable in 2005. 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, 2004 is \$22,420 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, 2004**

**7. PENSION AGREEMENTS**

The municipality makes contributions to the Ontario Municipal Employees Retirement Systems (OMERS), which is a multi-employer plan, on behalf of 20 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 2004 was \$56,318 (2003 - \$NIL due to a contribution holiday). 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. TRUST FUND**

A trust fund administered by the municipality amounting to \$15,671 (2003 - \$15,026) 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.

**9. COMMITMENTS**

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

2005	\$ 83,363
2006	78,967
2007	70,834
2008	10,875
2009	10,875
Thereafter	5,438

**10. COMPARATIVE FIGURES**

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

**11. BUDGET FIGURES**

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



ROBINSON LOTT & BROHMAN LLP

*Chartered Accountants & Business Advisors*

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**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, 2004 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, 2004 and the continuity of the trust fund for the year then ended in accordance with accounting principles disclosed in note 1 to the financial statements.

Guelph, Ontario  
February 28, 2005

Chartered Accountants

**TOWNSHIP OF GUELPH/ERAMOSIA  
TRUST FUNDS  
STATEMENT OF CONTINUITY  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	TOTAL	CEMETERY PERPETUAL CARE FUND	DEVELOPER
<b>BALANCE at the beginning of the year</b>	\$ <u>15,026</u>	\$ <u>15,026</u>	\$ <u>0</u>
<b>CAPITAL RECEIPTS</b>			
Interest income	<u>646</u>	<u>646</u>	<u>0</u>
<b>BALANCE at end of the year</b>	\$ <u>15,672</u>	\$ <u>15,672</u>	\$ <u>0</u>

**STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2004**

<b>ASSETS</b>			
Investments (note 2)	\$ 14,734	\$ 14,734	\$ 0
Receivable from General Fund	<u>938</u>	<u>938</u>	<u>0</u>
	\$ <u>15,672</u>	\$ <u>15,672</u>	\$ <u>0</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Balance – Capital	\$ <u>15,672</u>	\$ <u>15,672</u>	\$ <u>0</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, 2004**

**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 \$14,734 reported on the Statement of Financial Position at cost, have a market value of \$14,734 at the end of the year.