

**THE CORPORATION OF THE  
TOWNSHIP OF GUELPH/ERAMOSIA  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

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**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA**

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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 consolidated statement of financial position of the Corporation of the Township of Guelph/Eramosa as at December 31, 2008 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, 2008 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 20, 2009

*RLB LLP*  
Chartered Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2008**

<b>A S S E T S</b>	<b>2008</b>	<b>2007</b>
<b>UNRESTRICTED</b>		
Cash	\$ 5,553,114	\$ 6,060,101
Taxes receivable	1,551,175	1,371,019
Accounts receivable	3,182,792	2,020,930
Due from developers	0	296,645
Other current assets	<u>32,904</u>	<u>6,217</u>
	<u>10,319,985</u>	<u>9,754,912</u>
<b>RESTRICTED</b>		
Cash	2,893,306	2,706,742
Due from revenue fund	4,673,070	4,516,959
Due from capital fund	<u>0</u>	<u>0</u>
	<u>7,566,376</u>	<u>7,223,701</u>
<b>CAPITAL OUTLAY FINANCED BY LONG TERM LIABILITIES AND TO BE RECOVERED IN FUTURE YEARS</b>	<u>2,337,996</u>	<u>2,533,996</u>
	<u>\$ 20,224,357</u>	<u>\$ 19,512,609</u>
<b>L I A B I L I T I E S</b>		
<b>UNRESTRICTED</b>		
Accounts payable and accrued liabilities	\$ 3,305,246	\$ 2,741,243
Due to developers	99,768	0
Due to reserve funds	<u>4,673,070</u>	<u>4,516,959</u>
	<u>8,078,084</u>	<u>7,258,202</u>
<b>NET LONG TERM LIABILITIES (note 6)</b>	<u>2,337,996</u>	<u>2,533,996</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>2,241,901</u>	<u>2,496,710</u>
	<u>2,241,901</u>	<u>2,496,710</u>
<b>RESTRICTED</b>		
Reserve funds (note 4)	<u>7,566,376</u>	<u>7,223,701</u>
	<u>\$ 20,224,357</u>	<u>\$ 19,512,609</u>

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

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
CONSOLIDATED STATEMENT OF CURRENT FUND ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>BUDGET 2008</b>	<b>ACTUAL 2008</b>	<b>ACTUAL 2007</b>
<b>REVENUES</b>			
<b>TAXATION AND USER CHARGES</b>			
Taxation from ratepayers (net)	\$ 3,864,831	\$ 4,008,053	\$ 3,815,731
Taxation from other governments	44,699	76,386	134,662
Licences and permits	290,500	185,167	369,358
User charges	<u>1,773,693</u>	<u>1,847,404</u>	<u>1,746,290</u>
	<u>5,973,723</u>	<u>6,117,010</u>	<u>6,066,041</u>
<b>GRANTS</b>			
Province of Ontario	<u>507,700</u>	<u>537,500</u>	<u>507,701</u>
<b>OTHER</b>			
Penalties and interest	268,000	659,861	587,117
Contributions from (refunds to) developers	<u>0</u>	<u>386,271</u>	<u>1,005,684</u>
	<u>268,000</u>	<u>1,046,132</u>	<u>1,592,801</u>
	<u>6,749,423</u>	<u>7,700,642</u>	<u>8,166,543</u>
<b>EXPENDITURES</b>			
<b>CURRENT OPERATIONS</b>			
General government	960,984	1,103,859	1,105,557
Protection to persons and property	1,043,700	1,066,319	1,020,604
Transportation services	1,804,232	1,916,904	1,688,738
Environmental services	1,158,898	1,298,383	1,172,488
Health services	15,950	18,436	16,361
Recreation and cultural services	547,746	624,712	547,746
Planning and development	<u>172,557</u>	<u>172,962</u>	<u>171,277</u>
	<u>5,704,067</u>	<u>6,201,575</u>	<u>5,722,771</u>
<b>NET REVENUE</b>	1,045,356	1,499,067	2,443,772
Net interfund transfers			
(To) capital fund	(1,518,729)	(1,411,201)	(764,503)
From (to) reserve funds	113,650	(342,675)	(1,856,153)
From reserves	<u>359,723</u>	<u>254,809</u>	<u>176,884</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.

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
CONSOLIDATED STATEMENT OF CAPITAL FUND ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>BUDGET 2008 (note 12)</b>	<b>ACTUAL 2008</b>	<b>ACTUAL 2007</b>
<b>REVENUES</b>			
Federal government	\$ 890,023	\$ 2,560,413	\$ 145,241
Province of Ontario	<u>744,781</u>	<u>1,215,234</u>	<u>598,709</u>
	<u>1,634,804</u>	<u>3,775,647</u>	<u>743,950</u>
 <b>EXPENDITURES</b>			
General government	85,000	42,825	0
Protection to persons and property	35,900	39,113	54,270
Transportation services	2,757,845	4,620,387	1,090,728
Environmental services	129,200	54,999	217,867
Recreation and cultural services	145,588	429,524	145,588
Planning and zoning	<u>0</u>	<u>0</u>	<u>0</u>
	<u>3,153,533</u>	<u>5,186,848</u>	<u>1,508,453</u>
 <b>NET EXPENDITURES</b>	 (1,518,729)	 (1,411,201)	 (764,503)
Net interfund transfers from current fund	<u>1,518,729</u>	<u>1,411,201</u>	<u>764,503</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.

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**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.

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**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	\$ 4,712,798	\$10,837,383
Requisitions paid	<u>4,712,798</u>	<u>10,837,383</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>2008</b>	<b>2007</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 \$2,241,901 and \$7,566,376 respectively are made up of the following:

	<b>2008</b>	<b>2007</b>
Reserves set aside for specific purposes by council for:		
Building department	\$ 110,349	\$ 226,338
Working capital	633,971	1,019,445
Capital expenditure	2,409,735	1,816,526
Environmental services	(965,132)	(593,577)
Emergency measures	35,000	10,000
Parks and recreation	<u>17,978</u>	<u>17,978</u>
Total Reserves	<u>\$ 2,241,901</u>	<u>\$ 2,496,710</u>
Reserve funds set aside for specific purposes by legislation, regulation or agreement for:		
Park purposes	\$ 129,740	\$ 132,027
Development charges	2,087,959	2,080,614
Rockwood Hydro	2,264,839	2,352,193
Fire	211,979	212,099
Waterworks	2,527,420	2,070,474
Roads	<u>344,439</u>	<u>376,294</u>
Total Reserve Funds	<u>\$ 7,566,376</u>	<u>\$ 7,223,701</u>

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

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

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

	<b>2008</b>	<b>2007</b>
Balance, beginning of year	\$ 7,223,701	\$ 5,367,548
Investment income	238,092	243,212
Net development (refunds) charges & parkland contributions	386,271	1,005,684
Lot levies	<u>0</u>	<u>0</u>
	7,848,064	6,616,444
Transfer from (to) revenue fund	<u>(281,688)</u>	<u>607,257</u>
Balance, end of year	<u>\$ 7,566,376</u>	<u>\$ 7,223,701</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>2008</b>	<b>2007</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	\$ 2,343,642	\$ 2,541,818
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>5,646</u>	<u>7,822</u>
Net long term liabilities at the end of the year	<u>\$ 2,337,996</u>	<u>\$ 2,533,996</u>
(b) Of the net long term liabilities reported in (a) of this note, \$211,000 in principal payments are payable in 2009. 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, 2008 is \$5,646 (2007 - \$7,822) and is not recorded on the Consolidated Statement of Financial Position.		



**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**7. PENSION AGREEMENTS**

The municipality makes contributions to the Ontario Municipal Employees Retirement Systems (OMERS), which is a multi-employer plan, on behalf of 31 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 2008 was \$102,514 (2007 - \$97,810). 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 investments held by the municipality are classified as held-for-trading and have been recorded as fair market value.

**9. TRUST FUND**

A trust fund administered by the municipality amounting to \$86,110 (2007 - \$88,227) 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:

2009	\$ 60,254
2010	54,816
2011	26,395
2012	3,412
2013	3,412

**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.

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

**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 2009 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 Corporation of the Township of Guelph/Eramosa as at December 31, 2008 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 Corporation of the Township of Guelph/Eramosa as at December 31, 2008 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, 2009

Chartered Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
TRUST FUNDS  
STATEMENT OF CONTINUITY  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>PARKINSON CEMETERY TRUST FUND 2008</b>	<b>PARKINSON CEMETERY TRUST FUND 2007</b>
<b>BALANCE at the beginning of the year</b>	\$ 15,697	\$ 15,051
<b>CAPITAL RECEIPTS</b>		
Interest income	707	646
<b>TRANSFERS FROM TRUST</b>	<u>0</u>	<u>0</u>
<b>BALANCE at end of the year</b>	<u>\$ 16,404</u>	<u>\$ 15,697</u>

**STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2008**

<b>ASSETS</b>		
Cash and cash equivalents	\$ 16,404	\$ 15,697
Receivable from General Fund	<u>0</u>	<u>0</u>
	<u>\$ 16,404</u>	<u>\$ 15,697</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Due to revenue fund	\$ 0	\$ 0
Fund balance - capital	<u>16,404</u>	<u>15,697</u>
	<u>\$ 16,404</u>	<u>\$ 15,697</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, 2008**

	<b>ROCKWOOD CEMETERY CHAPEL 2008</b>	<b>ROCKWOOD CEMETERY CHAPEL 2007</b>
<b>BALANCE at the beginning of the year</b> (note 3)	\$ 72,530	\$ 0
<b>TRANSFERS</b>		
Transfer of fund from previous controlling entity	0	75,631
<b>CAPITAL RECEIPTS</b>		
Interest income	2,455	105
Rental income	<u>100</u>	<u>0</u>
	2,555	105
<b>CAPITAL DISBURSEMENTS</b>		
Disbursements	(5,379)	(3,206)
<b>TRANSFERS FROM TRUST</b>	<u>0</u>	<u>0</u>
<b>BALANCE at end of the year</b>	<u>\$ 69,706</u>	<u>\$ 72,530</u>
	<b>STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2008</b>	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 69,706	\$ 72,530
Receivable from General Fund	<u>0</u>	<u>0</u>
	<u>\$ 69,706</u>	<u>\$ 72,530</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Due to revenue fund	\$ 0	\$ 0
Fund balance	<u>69,706</u>	<u>72,530</u>
	<u>\$ 69,706</u>	<u>\$ 72,530</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, 2008**

**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.