

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2016**

---

	Page
<u>THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA</u>	
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 14
Schedule of Segmented Disclosure	15
Schedule of Tangible Capital Assets	16
Schedule of Accumulated Surplus	17
<u>TRUST FUNDS</u>	
INDEPENDENT AUDITOR'S REPORT	18
FINANCIAL STATEMENTS	
Statements of Continuity and Statements of Financial Position	19 - 20
Notes to the Financial Statements	21



---

## INDEPENDENT AUDITOR'S REPORT

---

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

We have audited the accompanying consolidated financial statements of The Corporation of the Township of Guelph/Eramosa, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations, change 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 consolidated financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 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, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Guelph, Ontario  
May 15, 2017

Chartered Professional Accountants  
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2016

	2016	2015 (note 14)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (note 2)	\$ 8,170,434	\$ 4,747,175
Taxes receivable	1,730,059	1,656,330
Accounts receivable	2,221,226	1,598,327
Due from revenue fund	4,181,762	2,517,963
Due from developers	39,377	6,986
	<u>16,342,858</u>	<u>10,526,781</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	3,427,637	2,302,793
Due to reserve funds	4,181,762	2,517,963
Long term liabilities (note 4)	8,243,053	4,632,181
Deferred revenue - Obligatory reserve funds (note 5)	3,085,959	1,733,230
Deferred revenue - Other	36,413	19,710
	<u>18,974,824</u>	<u>11,205,877</u>
<b>NET DEBT</b>	<u>(2,631,966)</u>	<u>(679,096)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (schedule 2)	88,767,325	85,818,923
Prepaid expenses	38,104	8,832
	<u>88,805,429</u>	<u>85,827,755</u>
<b>ACCUMULATED SURPLUS</b> (schedule 3)	<u>\$ 86,173,463</u>	<u>\$ 85,148,659</u>

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Budget (note 6)	2016 Actual	2015 Actual (note 14)
<b>REVENUES</b>			
Taxation from ratepayers (net)	\$ 6,188,011	\$ 6,350,954	\$ 5,867,360
Taxation from other governments	10,786	63,772	73,164
Licences and permits	294,450	452,076	351,448
User charges	4,077,467	3,315,294	2,647,169
Province of Ontario	508,652	587,683	664,078
Other grants	25,000	25,000	35,000
Penalties and interest	279,850	312,205	338,679
Gain (loss) on disposal of tangible capital assets	0	95,699	(2,514)
Obligatory reserve fund revenue recognized (note 5)	0	1,465,222	409,873
	<u>11,384,216</u>	<u>12,667,905</u>	<u>10,384,257</u>
<b>EXPENSES (schedule 1)</b>			
General government	1,647,288	1,777,767	1,628,050
Protection services	1,617,235	1,441,754	1,437,436
Transportation services	4,514,653	4,431,642	4,191,328
Environmental services	2,216,319	2,228,502	2,270,293
Recreation and cultural services	1,824,726	1,731,150	1,702,005
Planning and development	294,328	273,286	237,187
	<u>12,114,549</u>	<u>11,884,101</u>	<u>11,466,299</u>
<b>ANNUAL (DEFICIT) SURPLUS</b>	<u>\$ (730,333)</u>	<u>\$ 783,804</u>	<u>\$ (1,082,042)</u>
<b>ACCUMULATED SURPLUS at beginning of year</b>		\$ 85,148,659	\$ 86,230,701
Assumed tangible capital assets recorded		241,000	0
Annual surplus (deficit)		<u>783,804</u>	<u>(1,082,042)</u>
<b>ACCUMULATED SURPLUS at end of year</b>		<u>\$ 86,173,463</u>	<u>\$ 85,148,659</u>

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Budget (note 6)	2016 Actual	2015 Actual (note 14)
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (730,333)	\$ 783,804	\$ (1,082,042)
Acquisition of tangible capital assets	(10,090,500)	(5,992,063)	(2,121,493)
Amortization of tangible capital assets (note14)	2,971,620	2,971,620	2,967,598
(Gain) loss on disposal of tangible capital assets	0	(95,699)	2,513
Proceeds on sale of tangible capital assets	0	167,740	208,863
Assumed tangible capital assets	0	241,000	0
	<u>(7,118,880)</u>	<u>(2,707,402)</u>	<u>1,057,481</u>
Additions to prepaid expenses	<u>0</u>	<u>(29,272)</u>	<u>3,018</u>
<b>DECREASE IN NET FINANCIAL ASSETS</b>	<u>\$ (7,849,213)</u>	(1,952,870)	(21,543)
<b>NET DEBT at beginning of year</b>		<u>(679,096)</u>	<u>(657,553)</u>
<b>NET DEBT at end of year</b>		<u>\$ (2,631,966)</u>	<u>\$ (679,096)</u>

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	2015 (note 14)
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ 783,804	\$ (1,082,042)
Items not requiring an outlay of cash		
Amortization	2,971,620	2,967,598
(Gain) loss on disposal of tangible capital assets	(95,699)	2,513
Assumed tangible capital assets	241,000	0
	<u>3,116,921</u>	<u>2,970,111</u>
	<u>3,900,725</u>	<u>1,888,069</u>
Net changes in non-cash working capital		
Taxes receivable	(73,729)	68,301
Accounts receivable	(622,899)	310,827
Prepaid expenses	(29,272)	3,019
Accounts payable and accrued liabilities	1,124,844	(106,866)
Due from developers	(32,391)	82,387
Deferred revenue - Obligatory reserve funds	1,352,729	1,465,366
Deferred revenue - Other	16,703	7,051
	<u>1,735,985</u>	<u>1,830,085</u>
	<u>5,636,710</u>	<u>3,718,154</u>
<b>CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(5,992,063)	(2,121,493)
Proceeds on disposal of tangible capital assets	167,740	208,863
	<u>(5,824,323)</u>	<u>(1,912,630)</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Net long term liabilities	<u>3,610,872</u>	<u>(433,128)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	3,423,259	1,372,396
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>4,747,175</u>	<u>3,374,779</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 8,170,434</u>	<u>\$ 4,747,175</u>

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

---

**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 Canadian generally accepted accounting principles for governments as established by the Public Sector Accounting Board of CPA Canada. Significant accounting policies adopted by The Corporation of the Township of Guelph/Eramosa are as follows:

(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.

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 instalment 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.



**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2016**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(c) REVENUE RECOGNITION**

Taxation revenue is recognized in the period in which the tax is levied.

Fees and user charges are recognized when the related service is provided.

Obligatory reserve fund revenues are recognized based on the terms of the grant or in the year that the related expenses occur.

Other income is recognized when receivable and collection is reasonably assured.

**(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.

**(e) 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 is 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	1 to 50 years
Bridges and structures	35 to 75 years
Streetlights	40 to 70 years
Signs	10 years
Sidewalks	15 to 30 years

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(f) **NON-FINANCIAL ASSETS (continued)**

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.

(g) **USE OF ESTIMATES**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant estimates made by management include the useful lives of tangible capital assets. Actual results could differ from those estimates.

**2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include a One Bond Fund which is a near liquid investment and has been recorded at estimated fair market value.

**3. TRUST FUNDS**

The trust funds administered by the municipality amounting to \$89,618 (2015 - \$89,446) have not been included in the Consolidated Statement of Financial Position, nor have the operations been included in the Consolidated Statement of Operations.

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

4. LONG TERM LIABILITIES

	2016	2015
County of Wellington debenture, due June 3, 2020, repayable in annual instalments of \$80,000 plus interest charged at 1.60 to 4.85%, unsecured	\$ 1,624,000	\$ 1,704,000
Infrastructure Ontario debenture, due September 17, 2022, repayable in semi-annual instalments of \$156,500 plus interest charged at 2.71%, unsecured	1,878,000	2,191,000
Internal loan, due to the General Fund, due 2022, repayable in annual instalments of \$43,128 principal only, unsecured	694,053	737,181
County of Wellington debenture, due November 30, 2026, repayable in annual instalments of \$220,000 plus interest charged at 1.15 to 2.45%, unsecured	<u>4,047,000</u>	<u>0</u>
	<u>\$ 8,243,053</u>	<u>\$ 4,632,181</u>

Future minimum payments on long term obligations are as follows:

2017	\$ 661,128
2018	666,128
2019	677,128
2020	1,941,128
2021	589,128
Thereafter	<u>3,708,413</u>
	<u>\$ 8,243,053</u>

5. DEFERRED REVENUE

	Contributions Investment		Revenue		2016	
	Opening	Received	Income	Recognized	Ending	2015
<b>Obligatory Reserve Funds</b>						
Development charges	\$ 858,572	\$ 2,415,353	\$ 12,775	\$ (1,418,167)	\$ 1,868,533	\$ 858,572
Park in lieu	23,296	500	165	0	23,961	23,296
Lot levies	11,931	0	83	0	12,014	11,931
MOE SPMIF Funding	(5,975)	0	(114)	(16,393)	(22,482)	(5,975)
Seniors Community Funding	27,674	4,600	23	(29,010)	3,287	27,674
OSRCF Funding	1,639	0	13	(1,652)	0	1,639
Federal gas tax	<u>816,093</u>	<u>376,391</u>	<u>8,162</u>	<u>0</u>	<u>1,200,646</u>	<u>816,093</u>
	<u>\$ 1,733,230</u>	<u>\$ 2,796,844</u>	<u>\$ 21,107</u>	<u>\$ (1,465,222)</u>	<u>\$ 3,085,959</u>	<u>\$ 1,733,230</u>

6. 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. The budget figures were prepared on a cash basis of accounting and have been restated to conform to the accrual basis of accounting on which actual figures are reported.

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

---

7. 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	\$ 5,222,505	\$ 14,442,300
Requisitions paid	<u>(5,222,505)</u>	<u>(14,442,300)</u>
Overlevies for the year	<u>\$ 0</u>	<u>\$ 0</u>

8. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement Systems (OMERS), which is a multi-employer plan, on behalf of 43 (2015 - 45) 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 2016 was \$261,982 (2015 - \$263,630). Amounts paid for current service have been included as an expenditure on the Consolidated Statement of Operations.

There are no past service contribution obligations.

9. TANGIBLE CAPITAL ASSETS

	Net 2016	Net 2015 (note 14)
General		
Land	\$ 4,992,942	\$ 4,995,852
Land improvements	2,503,438	2,467,130
Facilities	12,961,841	13,177,980
Vehicles	2,049,598	1,856,364
Equipment	1,309,493	1,381,442
Infrastructure		
Transportation	46,294,276	46,549,836
Environmental	<u>18,655,737</u>	<u>15,390,319</u>
	<u>\$ 88,767,325</u>	<u>\$ 85,818,923</u>

10. COMMITMENTS

The municipality leases equipment under an operating lease. Future minimum lease payments are as follows:

2017	\$ 47,113
2018	43,631
2019	<u>21,816</u>
	<u>\$ 112,560</u>

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

---

**11. 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 one permanent part time Deputy Fire Chief and volunteer fire fighters based at the Rockwood fire station. The balance of the Township is serviced through agreements with neighbouring municipalities. The municipality has a shared service agreement for a full time By-Law Enforcement/Property Standards Officer with a neighbouring municipality 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, decks and demolitions, as well as for septic installations.

Transportation Services

The Roads Department maintains over 200 kilometres of road and 28 structures with a span over three metres and operates two garages (Bruce Dale and Marden) performing regular routine road patrols throughout the year and nightly winter patrols during the winter season from mid November to mid April. The Roads Department currently operates with four tandem axle and two single axle combination snowplow/sanders, a one ton plow/sander, front end loader, loader/backhoe, grader, asphalt grinder, line painter, wood chipper, two sidewalk snow plows, and four pickup trucks.

Environmental Services

The Water/Wastewater Department operates two separate water distribution systems. One is located in Rockwood, which has two pump houses (Parkinson Dr. and Station St.) and a standpipe with a booster station on Hampson Cres. The other is located in the Hamilton Drive subdivision, which also has two pump houses (Cross Creek Blvd. and Wellington Rd. 38) and a standpipe also on Wellington Rd. 38. The wastewater system in Rockwood consists of four lift stations (Valley Rd., MacLennan St., Ridge Rd. and Lou's Blvd.) and one transfer station on Alma St. The Water/Wastewater Department performs daily checks and weekly bacterial checks on both water systems, and also performs the bi-weekly checks and inspections on five other small municipal non-residential systems within the municipality. In addition, the municipality owns a water distribution and sanitary collection system referred to as Gazer Mooney, which is operated by the City of Guelph.

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 the Marden recreation facility.

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

---

**11. SEGMENTED INFORMATION (continued)**

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.

**12. 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.

**13. COMPARATIVE FIGURES**

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

**14. PRIOR YEAR ADJUSTMENT**

During the year, it was determined that three sections of roadways including wastewater infrastructure were included in tangible capital assets that are not owned by the municipality. The cost and accumulated amortization for these three roadways have been restated for 2015 in the current year financial statements. The net effect of this adjustment to the tangible capital assets and accumulated surplus at December 31, 2015 is a decrease of \$638,397.

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERRAMOSHA  
 SCHEDULE OF SEGMENTED DISCLOSURE  
 FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule 1

	General Government	Protection Services	Transportation Services	Environmental Services	Recreation Services	Planning and Development	2016	2015 (note 14)
<b>EXPENSES</b>								
Salaries and benefits	\$ 994,800	\$ 622,970	\$ 1,156,827	\$ 601,439	\$ 809,993	\$ 147,497	\$ 4,333,526	\$ 4,212,365
Materials	490,342	215,896	1,250,517	503,181	466,984	25,525	2,952,445	2,638,941
Contracted services	196,641	281,847	55,764	572,698	39,293	100,264	1,246,507	1,268,681
Rents and financial expenses	7,557	0	50,026	0	13,709	0	71,292	61,134
Interest on long term debt	17,220	0	40,181	0	79,529	0	136,930	148,352
Amortization	71,207	149,260	1,878,327	551,184	321,642	0	2,971,620	2,967,598
Other	0	171,781	0	0	0	0	171,781	169,228
	<u>\$ 1,777,767</u>	<u>\$ 1,441,754</u>	<u>\$ 4,431,642</u>	<u>\$ 2,228,502</u>	<u>\$ 1,731,150</u>	<u>\$ 273,286</u>	<u>\$ 11,884,101</u>	<u>\$ 11,466,299</u>

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA  
 SCHEDULE OF TANGIBLE CAPITAL ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule 2

	Land		Facilities		Vehicles		Equipment		Infrastructure: Transportation		Infrastructure: Environmental		2016	2015
	Land	Improvements												(note 14)
<b>COST</b>														
Balance, beginning of year	\$ 4,995,852	\$ 3,950,525	\$ 18,945,502	\$ 3,552,000	\$ 2,347,145	\$ 77,445,005	\$ 21,968,051	\$133,204,080	\$131,634,746					
Additions during the year	0	0	22,522	378,874	24,746	1,486,512	124,315	2,036,969	1,642,632					
Disposals during the year	2,910	23,759	78,318	140,449	0	240,391	73,798	559,625	552,160					
Assets under construction	0	153,947	16,044	0	75,262	0	3,709,841	3,955,094	478,862					
Balance, end of year	<u>4,992,942</u>	<u>4,080,713</u>	<u>18,905,750</u>	<u>3,790,425</u>	<u>2,447,153</u>	<u>78,691,126</u>	<u>25,728,409</u>	<u>138,636,518</u>	<u>133,204,080</u>					
<b>ACCUMULATED AMORTIZATION</b>														
Balance, beginning of year	0	1,483,395	5,767,522	1,695,636	965,703	30,895,169	6,577,732	47,385,157	44,758,342					
Amortization	0	107,543	229,823	181,421	171,957	1,742,072	538,804	2,971,620	2,967,598					
Accumulated amortization on disposals	0	13,663	53,436	136,230	0	240,391	43,864	487,584	340,783					
Balance, end of year	<u>0</u>	<u>1,577,275</u>	<u>5,943,909</u>	<u>1,740,827</u>	<u>1,137,660</u>	<u>32,396,850</u>	<u>7,072,672</u>	<u>49,869,193</u>	<u>47,385,157</u>					
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 4,992,942</u>	<u>\$ 2,503,438</u>	<u>\$ 12,961,841</u>	<u>\$ 2,049,598</u>	<u>\$ 1,309,493</u>	<u>\$ 46,294,276</u>	<u>\$ 18,655,737</u>	<u>\$ 88,767,325</u>	<u>\$ 85,818,923</u>					

See notes to the consolidated financial statements



THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
SCHEDULE OF ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule 3

	2016	2015 (note 14)
<b>SURPLUSES</b>		
Invested in tangible capital assets (note14)	\$ 80,506,875	\$ 81,143,619
Internally financed capital (unfunded capital)	<u>(85,584)</u>	<u>(846,913)</u>
	<u>80,421,291</u>	<u>80,296,706</u>
<b>RESERVE FUNDS</b>		
Park purposes	15,494	2,806
Rockwood Hydro	803,977	949,073
Protection services	1,053	1,046
Environmental services	2,614,840	2,269,416
Infrastructure renewal	<u>114,651</u>	<u>0</u>
	<u>3,550,015</u>	<u>3,222,341</u>
<b>RESERVES</b>		
<b>Capital Reserves</b>		
Administration department	215,024	147,524
Fire department	328,206	144,706
Parks and recreation	296,484	248,322
Roads department	663,747	785,918
Streetlights	<u>102,471</u>	<u>130,301</u>
	<u>1,605,932</u>	<u>1,456,771</u>
<b>Special Purpose Reserves</b>		
Building department	195,136	15,379
Working capital	505,135	416,079
Environmental services	(124,046)	(276,117)
Emergency measures	<u>20,000</u>	<u>17,500</u>
	<u>596,225</u>	<u>172,841</u>
	<u>2,202,157</u>	<u>1,629,612</u>
	<u>\$ 86,173,463</u>	<u>\$ 85,148,659</u>



Chartered  
Professional  
Accountants

---

## INDEPENDENT AUDITOR'S REPORT

---

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

We have audited the statements of financial position of the trust funds of The Corporation of the Township of Guelph/Eramosa as at December 31, 2016 and the statements 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 consolidated financial statements in accordance with Canadian public sector accounting standards 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 trust funds of The Corporation of the Township of Guelph/Eramosa as at December 31, 2016 and the continuity of the trust funds for the year then ended in accordance with Canadian public sector accounting standards.

Guelph, Ontario  
May 15, 2017

Chartered Professional Accountants  
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
TRUST FUNDS  
STATEMENT OF CONTINUITY  
FOR THE YEAR ENDED DECEMBER 31, 2016

	PARKINSON CEMETERY TRUST FUND 2016	PARKINSON CEMETERY TRUST FUND 2015
<b>BALANCE at beginning of year</b>	\$ 16,740	\$ 16,365
<b>CAPITAL RECEIPTS</b>		
Interest income	172	375
<b>CAPITAL DISBURSEMENTS</b>		
Disbursements	0	0
<b>TRANSFERS FROM TRUST</b>	<u>0</u>	<u>0</u>
<b>BALANCE at end of year</b>	<u>\$ 16,912</u>	<u>\$ 16,740</u>

**STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2016**

	2016	2015
<b>ASSETS</b>		
Cash and cash equivalents	\$ 19,912	\$ 19,740
Receivable from General Fund	<u>0</u>	<u>0</u>
	<u>\$ 19,912</u>	<u>\$ 19,740</u>
<b>LIABILITIES AND FUND BALANCES</b>		
Due to revenue fund	\$ 3,000	\$ 3,000
Fund balance - capital	<u>16,912</u>	<u>16,740</u>
	<u>\$ 19,912</u>	<u>\$ 19,740</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, 2016

	ROCKWOOD CEMETERY CHAPEL 2016	ROCKWOOD CEMETERY CHAPEL 2015
<b>BALANCE at beginning of year</b> (note 3)	\$ 34,804	\$ 33,981
<b>CAPITAL RECEIPTS</b>		
Interest income	959	1,023
<b>CAPITAL DISBURSEMENTS</b>		
Disbursements	(209)	(200)
<b>TRANSFERS FROM TRUST</b>	0	0
<b>BALANCE at end of year</b>	\$ 35,554	\$ 34,804

STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2016

	2016	2015
<b>ASSETS</b>		
Cash and cash equivalents	\$ 69,706	\$ 69,706
Receivable from General Fund	0	0
	\$ 69,706	\$ 69,706
<b>LIABILITIES AND FUND BALANCES</b>		
Due to revenue fund	\$ 34,152	\$ 34,902
Fund balance	35,554	34,804
	\$ 69,706	\$ 69,706

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA  
TRUST FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

---

**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 are 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.