

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA
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YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2020 and the consolidated statements of changes in net financial assets, operations and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2020 and the results of their operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of The Corporation of the Township of Guelph/Eramosa in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the corporation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Guelph, Ontario
May 17, 2021

Chartered Professional Accountants
Licensed Public Accountants

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020**

| | 2020 | 2019 |
|--|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents (note 3) | \$ 12,632,612 | \$ 11,406,398 |
| Taxes receivable | 1,968,505 | 1,653,460 |
| Accounts receivable | <u>1,527,667</u> | <u>1,463,320</u> |
| | <u>16,128,784</u> | <u>14,523,178</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 4,624,912 | 4,997,910 |
| Due to developers | 1,552 | 20,600 |
| Deferred revenue - Obligatory Reserve Funds (note 4) | 2,126,078 | 1,737,184 |
| Long term liabilities (note 5) | <u>4,297,541</u> | <u>6,238,669</u> |
| | <u>11,050,083</u> | <u>12,994,363</u> |
| NET FINANCIAL ASSETS | <u>5,078,701</u> | <u>1,528,815</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (schedule 2) | 93,668,322 | 93,450,487 |
| Prepaid expenses | <u>27,605</u> | <u>31,499</u> |
| | <u>93,695,927</u> | <u>93,481,986</u> |
| ACCUMULATED SURPLUS (schedule 3) | <u>\$ 98,774,628</u> | <u>\$ 95,010,801</u> |

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | 2020 Budget (note 6) | 2020 Actual | 2019 Actual |
|--|-------------------------------------|------------------------|------------------------|
| REVENUES | | | |
| Taxation from ratepayers (net) | \$ 7,418,102 | \$ 7,557,463 | \$ 7,282,569 |
| Taxation from other governments | 34,430 | 84,060 | 72,534 |
| User charges | 3,500,401 | 4,002,043 | 3,885,666 |
| Provincial grants | 932,858 | 894,500 | 1,189,847 |
| Other grants | 31,016 | 40,055 | 106,911 |
| Licences and permits | 558,852 | 603,646 | 605,967 |
| Penalties and interest | 353,233 | 483,518 | 481,395 |
| Loss on disposal of tangible capital assets | 0 | (77,817) | (61,568) |
| Obligatory Reserve Fund revenue recognized (note 4) | <u>835,030</u> | <u>3,160,610</u> | <u>5,015,026</u> |
| | <u>13,663,922</u> | <u>16,748,078</u> | <u>18,578,347</u> |
| EXPENSES (schedule 1) | | | |
| General government | 1,912,589 | 1,907,530 | 1,962,532 |
| Protection services | 1,886,327 | 1,707,687 | 1,749,932 |
| Transportation services | 4,701,811 | 4,292,089 | 4,527,940 |
| Environmental services | 3,004,542 | 2,978,591 | 2,758,183 |
| Recreation and cultural services | 2,290,593 | 1,989,321 | 2,119,899 |
| Planning and development | 263,120 | 109,033 | 302,033 |
| | <u>14,058,982</u> | <u>12,984,251</u> | <u>13,420,519</u> |
| ANNUAL (DEFICIT) SURPLUS | <u>\$ (395,060)</u> | <u>\$ 3,763,827</u> | <u>\$ 5,157,828</u> |
| ACCUMULATED SURPLUS, beginning of year | | \$ 95,010,801 | \$ 89,810,973 |
| Assumed tangible capital assets recorded | | 0 | 42,000 |
| Annual surplus | | <u>3,763,827</u> | <u>5,157,828</u> |
| ACCUMULATED SURPLUS, end of year | | <u>\$ 98,774,628</u> | <u>\$ 95,010,801</u> |

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | 2020 Budget (note 6) | 2020 Actual | 2019 Actual |
|---|----------------------------|---------------------|---------------------|
| ANNUAL (DEFICIT) SURPLUS | \$ (395,060) | \$ 3,763,827 | \$ 5,157,828 |
| Acquisition of tangible capital assets | (4,539,200) | (3,814,793) | (6,205,894) |
| Amortization of tangible capital assets | 3,456,979 | 3,457,082 | 3,249,828 |
| Loss on disposal of tangible capital assets | 0 | 77,817 | 61,568 |
| Proceeds on sale of tangible capital assets | 0 | 62,059 | 19,404 |
| Assumed tangible capital assets | 0 | 0 | 42,000 |
| | <u>(1,082,221)</u> | <u>(217,835)</u> | <u>(2,833,094)</u> |
| Use of prepaid expenses | 0 | 3,894 | 8,044 |
| (DECREASE) INCREASE IN NET FINANCIAL ASSETS | <u>\$ (1,477,281)</u> | 3,549,886 | 2,332,778 |
| NET FINANCIAL ASSETS (DEBT), beginning of year | | <u>1,528,815</u> | <u>(803,963)</u> |
| NET FINANCIAL ASSETS, end of year | | <u>\$ 5,078,701</u> | <u>\$ 1,528,815</u> |

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | 2020 | 2019 |
|--|----------------------|----------------------|
| CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | |
| Annual surplus | \$ 3,763,827 | \$ 5,157,828 |
| Items not requiring an outlay of cash | | |
| Amortization | 3,457,082 | 3,249,828 |
| Loss on disposal of tangible capital assets | 77,817 | 61,568 |
| Assumed tangible capital assets | 0 | 42,000 |
| | <u>3,534,899</u> | <u>3,353,396</u> |
| | <u>7,298,726</u> | <u>8,511,224</u> |
| Net changes in non-cash working capital | | |
| Taxes receivable | (315,045) | 25,072 |
| Accounts receivable | (64,347) | 26,823 |
| Prepaid expenses | 3,894 | 8,044 |
| Accounts payable and accrued liabilities | (372,998) | 2,656,375 |
| Due to developers | (19,048) | 156,234 |
| Deferred revenue - Obligatory Reserve Funds | 388,894 | 279,711 |
| | <u>(378,650)</u> | <u>3,152,259</u> |
| | <u>6,920,076</u> | <u>11,663,483</u> |
| CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES | | |
| Acquisition of tangible capital assets | (3,814,793) | (6,205,894) |
| Proceeds on disposal of tangible capital assets | 62,059 | 19,404 |
| | <u>(3,752,734)</u> | <u>(6,186,490)</u> |
| CASH USED IN FINANCING ACTIVITIES | | |
| Net long term liabilities | (1,941,128) | (677,128) |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 1,226,214 | 4,799,865 |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>11,406,398</u> | <u>6,606,533</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 12,632,612</u> | <u>\$ 11,406,398</u> |

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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) **ACKNOWLEDGEMENT OF RESPONSIBILITY**

The management of The Corporation of the Township of Guelph/Eramosa acknowledges its responsibility for the creation and compilation of the consolidated financial statements and the following significant accounting policy decisions and related policy notes.

(b) **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.

(c) **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.

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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.

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

Licences, permits and other income are recognized when receivable and collection is reasonably assured.

(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 |

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.

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

(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.

(h) **FINANCIAL INSTRUMENTS**

The municipality classifies all of its financial instruments at amortized cost, except for cash and cash equivalents, which are recorded at fair value. The maximum exposure to credit risk is the carrying value of the financial instruments. These financial instruments include accounts receivable, accounts payable and accrued liabilities, and long term liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument. Writedowns of financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net realizable value with the writedown being recognized in the consolidated statement of operations.

2. TRUST FUNDS

The trust funds administered by the municipality amounting to \$79,237 (2019 - \$68,983) have not been included in the Consolidated Statement of Financial Position, nor have the operations been included in the Consolidated Statement of Operations.

3. 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 of \$2,687,806 (2019 - 2,552,591).

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

4. DEFERRED REVENUE

| | Opening | Contributions Received | Investment Income | Revenue Recognized | Ending |
|---------------------------------|---------------------|------------------------|-------------------|-----------------------|---------------------|
| Obligatory Reserve Funds | | | | | |
| Development charges | \$ 1,076,005 | \$ 2,485,843 | \$ 33,735 | \$ (2,213,174) | \$ 1,382,409 |
| Park in lieu | 369 | 155,550 | 1,902 | (45,606) | 112,215 |
| MOE SPMIF Funding | 58,139 | 20,650 | 2,017 | 0 | 80,806 |
| Main Street Revitalization | 930 | 0 | 5 | (921) | 14 |
| OCIF Funding | 93,400 | 445,088 | 9,280 | (92,200) | 455,568 |
| Federal gas tax | 508,341 | 389,942 | 5,492 | (808,709) | 95,066 |
| | <u>\$ 1,737,184</u> | <u>\$ 3,497,073</u> | <u>\$ 52,431</u> | <u>\$ (3,160,610)</u> | <u>\$ 2,126,078</u> |

5. LONG TERM LIABILITIES

| | 2020 | 2019 |
|---|---------------------|---------------------|
| County of Wellington debenture, due June 3, 2020, repayable in increasing annual instalments plus interest charged at 1.60 to 4.85%, unsecured | \$ 0 | \$ 1,356,000 |
| Infrastructure Ontario debenture, due September 17, 2022, repayable in semi-annual instalments of \$156,500 plus interest charged at 2.71%, unsecured | 626,000 | 939,000 |
| Internal loan, due to the General Fund, due 2032, repayable in annual instalments of \$43,128 principal only, unsecured | 521,541 | 564,669 |
| County of Wellington debenture, due November 30, 2026, repayable in increasing annual instalments plus interest charged at 1.15 to 2.45%, unsecured | <u>3,150,000</u> | <u>3,379,000</u> |
| | <u>\$ 4,297,541</u> | <u>\$ 6,238,669</u> |

Future minimum payments on long term obligations are as follows:

| | |
|------------|---------------------|
| 2021 | \$ 589,128 |
| 2022 | 593,128 |
| 2023 | 285,128 |
| 2024 | 289,128 |
| 2025 | <u>295,128</u> |
| | 2,051,640 |
| Thereafter | <u>2,245,901</u> |
| | <u>\$ 4,297,541</u> |

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 following chart reconciles the approved budget with the budget figures as presented in these consolidated financial statements:

| | |
|--|----------------------|
| REVENUE | |
| Approved budget | \$ <u>13,663,922</u> |
| EXPENSES | |
| Approved budget | 20,092,968 |
| Acquisition of tangible capital assets | (4,539,200) |
| Debt principal repayments | (1,969,142) |
| Amortization | 3,456,979 |
| Transfer to reserve funds, net | <u>(2,982,623)</u> |
| | <u>14,058,982</u> |
| ANNUAL SURPLUS | <u>\$ (395,060)</u> |

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 | \$ 5,604,032 | \$ 17,263,569 |
| Requisitions paid | <u>(5,604,032)</u> | <u>(17,263,569)</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 46 (2019 - 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 2020 was \$329,764 (2019 - \$305,938). 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, 2020

9. COMMITMENTS

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

| | | |
|------|----|-----------------------|
| 2021 | \$ | 67,269 |
| 2022 | | 67,269 |
| 2023 | | 67,269 |
| 2024 | | <u>28,029</u> |
| | \$ | <u><u>229,836</u></u> |

10. FINANCIAL INSTRUMENT RISK MANAGEMENT

Credit Risk

The municipality is exposed to credit risk through the possibility of non-collection of accounts receivable. The majority of its receivables are from ratepayers and government entities. For accounts receivable, the municipality measures impairment based on how long the amounts have been outstanding.

Liquidity Risk

Liquidity risk is the risk that the municipality will not be able to meet its financial obligations as they fall due. The municipality undertakes a planning and budgeting process to help determine the funds required to support the municipality's normal operating requirements on an ongoing basis. The municipality ensures that there are sufficient funds to meet its short term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The municipality is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of certain long term liabilities. The municipality is also exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of the fixed income denominated investments.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

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:

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

11. SEGMENTED INFORMATION (continued)

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 Fire Chief and volunteer fire fighters based at the Rockwood Fire Station. The municipality has a full time By-Law officer to serve the needs of the community. This service is shared with a neighbouring municipality. 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 29 structures with a span over three metres and operates two garages (Bruceedale 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 five pickup trucks.

Environmental Services

The Water/Wastewater Department operates two separate water distribution systems. One is located in Rockwood, which has three pump houses (Parkinson Drive, Station Street, and Milne Place) 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.

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.

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

12. MATERIAL UNCERTAINTY DUE TO THE NOVEL CORONAVIRUS (COVID-19)

During the year, and subsequent to year end, the Novel Coronavirus (COVID-19) significantly impacted the economy in Canada and globally. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. This may impact the timing and amounts realized on the organization's assets and its future ability to deliver all services.

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2020

Schedule 1

| | General Government | Protection Services | Transportation Services | Environmental Services | Recreation Services | Planning and Development | 2020 | 2019 |
|------------------------------|-----------------------|------------------------|----------------------------|---------------------------|------------------------|-----------------------------|---------------------|---------------------|
| EXPENSES | | | | | | | | |
| Salaries and benefits | \$ 1,137,255 | \$ 692,506 | \$ 1,221,240 | \$ 687,260 | \$ 1,012,125 | \$ 83,517 | \$ 4,833,903 | \$ 4,891,896 |
| Materials | 486,976 | 203,140 | 933,631 | 721,473 | 440,790 | 9,686 | 2,795,696 | 3,265,002 |
| Contracted services | 192,406 | 461,252 | 32,070 | 743,839 | 49,235 | 11,727 | 1,490,529 | 1,577,798 |
| Rents and financial expenses | 4,606 | 0 | 69,067 | 0 | 45,020 | 0 | 118,693 | 76,715 |
| Interest on long term debt | 7,014 | 4,957 | 43,929 | 61,206 | 0 | 4,103 | 121,209 | 195,388 |
| Amortization | 79,273 | 178,693 | 1,992,152 | 764,813 | 442,151 | 0 | 3,457,082 | 3,249,828 |
| Other | 0 | 167,139 | 0 | 0 | 0 | 0 | 167,139 | 163,892 |
| | <u>\$ 1,907,530</u> | <u>\$ 1,707,687</u> | <u>\$ 4,292,089</u> | <u>\$ 2,978,591</u> | <u>\$ 1,989,321</u> | <u>\$ 109,033</u> | <u>\$12,984,251</u> | <u>\$13,420,519</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, 2020

Schedule 2

| | Land | Land Improvements | Facilities | Vehicles | Equipment | Infrastructure: Transportation | Infrastructure: Environmental | 2020 | 2019 |
|--|---------------------|----------------------|----------------------|---------------------|---------------------|-----------------------------------|----------------------------------|----------------------|----------------------|
| COST | | | | | | | | | |
| Balance, beginning of year | \$ 5,078,981 | \$ 7,173,234 | \$ 27,101,645 | \$ 4,440,655 | \$ 2,478,639 | \$ 82,434,953 | \$ 22,439,328 | \$151,147,435 | \$146,009,450 |
| Additions during the year | 0 | 58,525 | 659,409 | 1,297,074 | 222,276 | 1,500,538 | 76,971 | 3,814,793 | 6,205,894 |
| Disposals during the year | 0 | 0 | 0 | (233,310) | (102,829) | (489,334) | 0 | (825,473) | (1,067,909) |
| Balance, end of year | <u>5,078,981</u> | <u>7,231,759</u> | <u>27,761,054</u> | <u>5,504,419</u> | <u>2,598,086</u> | <u>83,446,157</u> | <u>22,516,299</u> | <u>154,136,755</u> | <u>151,147,435</u> |
| ACCUMULATED AMORTIZATION | | | | | | | | | |
| Balance, beginning of year | 0 | 1,717,796 | 7,638,546 | 2,139,274 | 1,252,901 | 37,448,336 | 7,500,095 | 57,696,948 | 55,434,057 |
| Amortization | 0 | 220,719 | 660,425 | 246,641 | 186,438 | 1,835,406 | 307,453 | 3,457,082 | 3,249,828 |
| Accumulated amortization on disposals | 0 | 0 | 0 | (186,280) | (95,298) | (404,019) | 0 | (685,597) | (986,937) |
| Balance, end of year | <u>0</u> | <u>1,938,515</u> | <u>8,298,971</u> | <u>2,199,635</u> | <u>1,344,041</u> | <u>38,879,723</u> | <u>7,807,548</u> | <u>60,468,433</u> | <u>57,696,948</u> |
| NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS | | | | | | | | | |
| | <u>\$ 5,078,981</u> | <u>\$ 5,293,244</u> | <u>\$ 19,462,083</u> | <u>\$ 3,304,784</u> | <u>\$ 1,254,045</u> | <u>\$ 44,566,434</u> | <u>\$ 14,708,751</u> | <u>\$ 93,668,322</u> | <u>\$ 93,450,487</u> |

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA

SCHEDULE OF ACCUMULATED SURPLUS

Schedule 3

AS AT DECEMBER 31, 2020

| | 2020 | 2019 |
|-------------------------------------|----------------------|----------------------|
| SURPLUSES | | |
| Invested in tangible capital assets | \$ 89,413,909 | \$ 87,254,946 |
| RESERVE FUNDS | | |
| Environmental services | 2,941,055 | 2,605,519 |
| Rockwood Hydro | 756,128 | 682,884 |
| General Government | 869,976 | 603,203 |
| Infrastructure renewal | 580,358 | 584,672 |
| Protection services | 1,132 | 1,101 |
| Park purposes | <u>(233,163)</u> | <u>(226,754)</u> |
| | <u>4,915,486</u> | <u>4,250,625</u> |
| RESERVES | | |
| Capital Reserves | | |
| Roads department | 945,928 | 681,537 |
| Fire department | 65,529 | 545,529 |
| Administration department | 432,344 | 336,824 |
| Streetlights | <u>88,673</u> | <u>59,539</u> |
| | <u>1,532,474</u> | <u>1,623,429</u> |
| Special Purpose Reserves | | |
| Working capital | 1,186,536 | 1,106,663 |
| Building department | 555,811 | 298,179 |
| Parks and recreation | 367,056 | 209,914 |
| Environmental services | 631,156 | 168,045 |
| Economic development | 82,500 | 40,000 |
| Protection services | 53,600 | 28,000 |
| Emergency measures | 30,000 | 27,500 |
| Cemetery | <u>6,100</u> | <u>3,500</u> |
| | <u>2,912,759</u> | <u>1,881,801</u> |
| | <u>4,445,233</u> | <u>3,505,230</u> |
| | <u>\$ 98,774,628</u> | <u>\$ 95,010,801</u> |

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of the trust funds of The Corporation of the Township of Guelph/Eramosa, which comprise the statement of financial position as at December 31, 2020 and the statements of continuity of the trust funds, for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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, 2020 and the results of their operations and their cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of The Corporation of the Township of Guelph/Eramosa in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the trust funds' ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the trust funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the trust funds' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 trust funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the trust funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Guelph, Ontario
May 17, 2021

Chartered Professional Accountants
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA
TRUST FUNDS
STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

| | PARKINSON CEMETERY TRUST FUND 2020 | PARKINSON CEMETERY TRUST FUND 2019 |
|-----------------------------------|---|---|
| BALANCE, beginning of year | \$ 17,714 | \$ 17,186 |
| CAPITAL RECEIPTS | | |
| Interest income | 1,033 | 528 |
| CAPITAL DISBURSEMENTS | | |
| Disbursements | <u>0</u> | <u>0</u> |
| BALANCE, end of year | <u>\$ 18,747</u> | <u>\$ 17,714</u> |

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

| | 2020 | 2019 |
|--------------------------------------|------------------|------------------|
| ASSETS | | |
| Cash and cash equivalents | <u>\$ 21,747</u> | <u>\$ 20,714</u> |
| LIABILITIES AND FUND BALANCES | | |
| Due to revenue fund | \$ 3,000 | \$ 3,000 |
| Fund balance | <u>18,747</u> | <u>17,714</u> |
| | <u>\$ 21,747</u> | <u>\$ 20,714</u> |

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA
 TRUST FUNDS
 STATEMENT OF CONTINUITY
 FOR THE YEAR ENDED DECEMBER 31, 2020

| | ROCKWOOD CEMETERY CHAPEL 2020 | ROCKWOOD CEMETERY CHAPEL 2019 |
|--|--|--|
| BALANCE, beginning of year (note 3) | \$ 37,507 | \$ 35,865 |
| CAPITAL RECEIPTS | | |
| Interest income | 850 | 1,642 |
| CAPITAL DISBURSEMENTS | | |
| Disbursements | <u>0</u> | <u>0</u> |
| BALANCE, end of year | <u>\$ 38,357</u> | <u>\$ 37,507</u> |

STATEMENT OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2020

| | 2020 | 2019 |
|--------------------------------------|------------------|------------------|
| ASSETS | | |
| Cash and cash equivalents | <u>\$ 69,706</u> | <u>\$ 69,706</u> |
| LIABILITIES AND FUND BALANCES | | |
| Due to revenue fund | \$ 31,349 | \$ 32,199 |
| Fund balance | <u>38,357</u> | <u>37,507</u> |
| | <u>\$ 69,706</u> | <u>\$ 69,706</u> |

THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSA
TRUST FUNDS
STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

| | ROCKWOOD CEMETERY TRUST FUND 2020 | ROCKWOOD CEMETERY TRUST FUND 2019 |
|-----------------------------------|--|--|
| BALANCE, beginning of year | \$ 13,762 | \$ 12,100 |
| CAPITAL RECEIPTS | | |
| Internment rights and fees | 22,196 | 9,990 |
| Other income | 6,693 | 5,507 |
| Interest income | 4,248 | 4,459 |
| Care and maintenance | 11,042 | 2,831 |
| | <u>44,179</u> | <u>22,787</u> |
| CAPITAL DISBURSEMENTS | | |
| Disbursements | <u>35,808</u> | <u>21,125</u> |
| BALANCE, end of year | \$ <u>22,133</u> | \$ <u>13,762</u> |

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

| | 2020 | 2019 |
|--------------------------------------|-------------------|-------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ <u>203,867</u> | \$ <u>166,379</u> |
| LIABILITIES AND FUND BALANCES | | |
| Accounts payable | \$ 10,863 | \$ 3,773 |
| Government remittances payable | 1,238 | 397 |
| Perpetual care trust | 169,633 | 148,447 |
| Fund balance | <u>22,133</u> | <u>13,762</u> |
| | \$ <u>203,867</u> | \$ <u>166,379</u> |

**THE CORPORATION OF THE TOWNSHIP OF GUELPH/ERAMOSIA
TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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.

4. ROCKWOOD CEMETERY TRUST

In 2017, the Corporation of the Township of Guelph/Eramosa took over the management and administration of the Rockwood Cemetery from the Woodlawn Cemetery Board. The Township maintains the Rockwood Cemetery Trust Funds under the provisions of the *Municipal Act, 2001* relating to the oversight of Trust Funds.