

TOWNSHIP OF GUELPH/ERAMOSIA
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

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AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of the Corporation of the Township of Guelph/Eramosa as at December 31, 2005 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, 2005 and the results of its operations for the year then ended in accordance with accounting principles disclosed in note 1 to the financial statements.

Fergus, Ontario
February 28, 2006

Robinson Lott & Brohman
Chartered Accountants

**TOWNSHIP OF GUELPH/ERAMOSIA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2005**

ASSETS	2005	2004
UNRESTRICTED		
Cash	\$ 2,726,456	\$ 215,851
Taxes receivable	1,530,955	1,743,092
Accounts receivable	2,481,738	707,311
Due from developers	274,645	763,604
Other current assets	<u>5,020</u>	<u>9,073</u>
	<u>7,018,814</u>	<u>3,438,931</u>
RESTRICTED		
Cash	2,493,834	2,394,648
Due from revenue fund	3,157,628	116,464
Due from capital fund	0	1,500,000
Accounts receivable	<u>0</u>	<u>155,063</u>
	<u>5,651,462</u>	<u>4,166,175</u>
CAPITAL OUTLAY FINANCED BY LONG TERM LIABILITIES AND TO BE RECOVERED IN FUTURE YEARS	<u>1,981,303</u>	<u>3,645,303</u>
	<u>\$14,651,579</u>	<u>\$11,250,409</u>
LIABILITIES		
UNRESTRICTED		
Accounts payable and accrued liabilities	\$ 1,894,593	\$ 1,905,119
Due to reserve funds	<u>3,157,628</u>	<u>116,464</u>
	<u>5,052,221</u>	<u>2,021,583</u>
NET LONG TERM LIABILITIES (note 6)	<u>1,981,303</u>	<u>3,645,303</u>
MUNICIPAL POSITION		
FUND BALANCES AT THE END OF THE YEAR		
UNRESTRICTED		
Unexpended capital financing (or capital operations not yet permanently financed) (note 3)	0	0
Reserves (note 4)	<u>1,966,593</u>	<u>1,417,348</u>
	<u>1,966,593</u>	<u>1,417,348</u>
RESTRICTED		
Reserve funds (note 4)	<u>5,651,462</u>	<u>4,166,175</u>
	<u>\$14,651,579</u>	<u>\$11,250,409</u>

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

**TOWNSHIP OF GUELPH/ERAMOSIA
CONSOLIDATED STATEMENT OF CURRENT FUND ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGET 2005 (note 11)	ACTUAL 2005	ACTUAL 2004
REVENUES			
TAXATION AND USER CHARGES			
Residential and farm taxation	\$ 2,944,063	\$ 3,046,891	\$ 3,051,439
Commercial and industrial taxation	422,246	422,246	367,445
Taxation from other governments	53,598	51,913	52,483
Licences and permits	215,290	288,563	213,504
User charges	<u>2,184,017</u>	<u>1,762,619</u>	<u>1,439,249</u>
	<u>5,819,214</u>	<u>5,572,232</u>	<u>5,124,120</u>
GRANTS			
Province of Ontario	<u>397,000</u>	<u>720,380</u>	<u>397,000</u>
OTHER			
Penalties and interest	253,000	399,555	449,555
Contributions from developers	<u>0</u>	<u>1,292,044</u>	<u>256,261</u>
	<u>253,000</u>	<u>1,691,599</u>	<u>705,816</u>
	<u>6,469,214</u>	<u>7,984,211</u>	<u>6,226,936</u>
EXPENDITURES			
CURRENT OPERATIONS			
General government	943,151	904,000	874,736
Protection to persons and property	901,622	872,150	824,057
Transportation services	1,549,417	1,442,013	1,414,018
Environmental services	705,343	835,110	677,373
Health services	13,237	10,343	9,680
Recreation and cultural services	489,012	508,018	470,360
Planning and development	<u>182,130</u>	<u>134,839</u>	<u>165,207</u>
	<u>4,783,912</u>	<u>4,706,473</u>	<u>4,435,431</u>
NET REVENUE			
Net interfund transfers	1,685,302	3,277,738	1,791,505
(To) capital fund	(1,740,850)	(1,243,206)	(1,545,040)
(To) reserve funds	(251,567)	(1,485,287)	(202,388)
From (to) reserves	<u>307,115</u>	<u>(549,245)</u>	<u>(44,077)</u>
CHANGE IN CURRENT FUND	0	0	0
OPENING BALANCE	<u>0</u>	<u>0</u>	<u>0</u>
CLOSING BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**TOWNSHIP OF GUELPH/ERAMOSIA
CONSOLIDATED STATEMENT OF CAPITAL FUND ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	BUDGET 2005 (note 11)	ACTUAL 2005	ACTUAL 2004
REVENUES			
Long term financing	\$ 0	\$ 0	\$ 2,186,000
Federal government	0	413,943	0
Province of Ontario	<u>0</u>	<u>1,346,443</u>	<u>0</u>
	<u>0</u>	<u>1,760,386</u>	<u>2,186,000</u>
EXPENDITURES			
General government	73,200	57,268	11,000
Protection to persons and property	133,700	110,161	118,602
Transportation services	879,250	730,811	1,006,249
Environmental services	503,000	355,088	1,824,175
Recreation and cultural services	141,700	220,763	191,775
Debenture payment	0	1,500,000	0
Planning and zoning	<u>10,000</u>	<u>29,501</u>	<u>29,239</u>
	<u>1,740,850</u>	<u>3,003,592</u>	<u>3,181,040</u>
NET EXPENDITURES	(1,740,850)	(1,243,206)	(995,040)
Net interfund transfers from current fund	<u>1,740,850</u>	<u>1,243,206</u>	<u>1,545,040</u>
CHANGE IN CAPITAL FUND	0	0	550,000
OPENING BALANCE	<u>0</u>	<u>0</u>	<u>(550,000)</u>
CLOSING BALANCE	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**TOWNSHIP OF GUELPH/ERAMOSA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

1. ACCOUNTING POLICIES

The consolidated financial statements of the municipality are the representation of management prepared in accordance with accounting guidelines set by the Public Sector Accounting and Auditing Board. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations.

(a) Basis of Consolidation

- (i) These consolidated statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund, reserve funds and reserves, and include the activities of all committees of Council. There are no local boards or municipal enterprises under the control of Council to be consolidated. There are also no non-consolidated entities.

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of loans or advances between the reserve funds and any other fund of the municipality and the resulting interest income and expenditures.

- (ii) The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards, and the County of Wellington are not reflected in the municipal fund balances of these financial statements.
- (iii) Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the trust funds statement of continuity and statement of financial position.

(b) Basis of Accounting

- (i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest on long term liabilities which are charged against operations in the period in which they are paid. The principal and interest charges are not accrued for the periods from the dates of the latest instalment payments to the end of the year.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
- (iii) The historical cost and accumulated amortization for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the Consolidated Statement of Capital Fund Activities in the year of acquisition.
- (iv) Capital outlay to be recovered in future years, which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures or capital funds transferred to other organizations, is reported on the Consolidated Statement of Financial Position.

(c) Credit Risk Management

The municipality is exposed to credit risk on the taxes receivable from its rate payers.

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

(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.

**TOWNSHIP OF GUELPH/ERAMOSIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

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:

	SCHOOL BOARDS	COUNTY
Taxation and user charges	\$ 4,547,474	\$ 9,001,399
Requisitions paid	<u>4,547,474</u>	<u>9,001,399</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:

	2005	2004
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 \$1,966,593 and \$5,651,462 respectively are made up of the following:

	2005	2004
Reserves set aside for specific purposes by council for:		
Building department	\$ 90,052	\$ 0
Working capital	872,991	655,444
Capital expenditure	956,033	714,372
Waterworks	29,539	31,554
Medical	<u>17,978</u>	<u>15,978</u>
Total Reserves	<u>\$ 1,966,593</u>	<u>\$ 1,417,348</u>
Reserve funds set aside for specific purposes by legislation, regulation or agreement for:		
Park purposes	\$ 77,114	\$ 118,973
Development charges	2,046,128	746,220
Rockwood Hydro	2,020,977	1,992,393
Fire	233,165	943
Waterworks	1,165,135	1,307,646
Roads	<u>108,943</u>	<u>0</u>
Total Reserve Funds	<u>\$ 5,651,462</u>	<u>\$ 4,166,175</u>

**TOWNSHIP OF GUELPH/ERAMOSIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

4. RESERVES AND RESERVE FUNDS (continued)

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

	2005	2004
Balance, beginning of year	\$ 4,166,175	\$ 3,963,787
Investment income	99,186	186,118
Development charges	1,285,794	247,261
Lot levies	2,250	0
Parkland contributions	<u>4,000</u>	<u>9,000</u>
	5,557,405	4,406,166
Transfer from (to) revenue fund	<u>94,057</u>	<u>(239,991)</u>
Balance, end of year	<u>\$ 5,651,462</u>	<u>\$ 4,166,175</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

	2005	2004
(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	\$ 1,997,424	\$ 3,667,723
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>16,121</u>	<u>22,420</u>
Net long term liabilities at the end of the year	<u>\$ 1,981,303</u>	<u>\$ 3,645,303</u>
(b) Of the net long term liabilities reported in (a) of this note, \$158,000 in principal payments are payable in 2006. 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, 2005 is \$16,121 and is not recorded on the Consolidated Statement of Financial Position.		

**TOWNSHIP OF GUELPH/ERAMOSIA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

7. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement Systems (OMERS), which is a multi-employer plan, on behalf of 20 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2005 was \$72,268 (2004 - \$56,318). Amounts paid for current service have been included as an expenditure on the Consolidated Statement of Current Fund Activities.

There are no past service contribution obligations.

8. TRUST FUND

A trust fund administered by the municipality amounting to \$13,782 (2004 - \$15,671) has not been included in the Consolidated Statement of Financial Position nor has its operations been included in the Consolidated Statement of Current Fund Activities.

9. COMMITMENTS

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

2006	\$ 80,986
2007	71,246
2008	23,137
2009	12,717
2010	10,070
Thereafter	0

10. COMPARATIVE FIGURES

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

11. BUDGET FIGURES

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

12. STATEMENT OF CASH FLOWS

A statement of cash flows has not been presented as the information is readily apparent from the financial statements.



ROBINSON LOTT & BROHMAN

Chartered Accountants & Business Advisors

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AUDITORS' REPORT

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

We have audited the statement of financial position of the trust funds of the Township of Guelph/Eramosa as at December 31, 2005 and the statement of continuity of the trust funds for the year then ended. These financial statements are the responsibility of the municipality. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the municipality, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of the Township of Guelph/Eramosa as at December 31, 2005 and the continuity of the trust fund for the year then ended in accordance with accounting principles disclosed in note 1 to the financial statements.

Fergus, Ontario
February 28, 2006

Chartered Accountants

**TOWNSHIP OF GUELPH/ERAMOSIA
TRUST FUNDS
STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 2005**

	CEMETERY PERPETUAL CARE FUND 2005	CEMETERY PERPETUAL CARE FUND 2004
BALANCE at the beginning of the year	\$ 15,672	\$ 15,026
CAPITAL RECEIPTS		
Interest income	610	646
TRANSFERS FROM TRUST	<u>(2,500)</u>	<u>0</u>
BALANCE at end of the year	<u>\$ 13,782</u>	<u>\$ 15,672</u>

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2005**

ASSETS		
Investments (note 2)	\$ 15,344	\$ 14,734
Receivable from General Fund	<u>0</u>	<u>938</u>
	<u>\$ 15,344</u>	<u>\$ 15,672</u>
LIABILITIES AND FUND BALANCES		
Due to revenue fund	\$ 1,562	\$ 0
Balance - Capital	<u>13,782</u>	<u>15,672</u>
	<u>\$ 15,344</u>	<u>\$ 15,672</u>

the accompanying notes are an integral part of these financial statements

**TOWNSHIP OF GUELPH/ERAMOSIA
TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

1. ACCOUNTING POLICIES

These statements have been prepared using the accrual basis of accounting for expenditures and revenues.

2. INVESTMENTS

The total for investments by the Trust Funds of \$15,344 reported on the Statement of Financial Position at cost, have a market value of \$15,344 at the end of the year.