

**THE CORPORATION OF THE TOWN OF ERIN
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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Chartered Accountants
and Business Advisors

People Count.

AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Erin

We have audited the consolidated statement of financial position of The Corporation of the Town of Erin as at December 31, 2009 and the consolidated statements of operations, change in net financial assets and cash flows 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 financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Erin as at December 31, 2009 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Our auditors' report dated March 10, 2010 has been withdrawn and the financial statements have been revised as described in note 12 to the financial statements.

RLB LLP

Guelph, Ontario
November 8, 2010

Chartered Accountants
Licensed Public Accountants

**THE CORPORATION OF THE TOWN OF ERIN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2009**

FINANCIAL ASSETS

	2009	2008 (restated)
Cash	\$ 1,171,364	\$ 1,402,711
Taxes receivable	2,196,039	2,077,246
Accounts receivable	1,491,793	422,485
Investments	<u>1,690,606</u>	<u>2,769,520</u>
	<u>6,549,802</u>	<u>6,671,962</u>

LIABILITIES

Accounts payable and accrued liabilities	1,367,254	873,834
Deferred revenue	1,162,996	1,081,277
Long term debt (note 2)	1,685,071	1,629,449
Retirement allowance	114,739	114,036
Deferred revenue - Obligatory reserve funds	<u>443,699</u>	<u>602,649</u>
	<u>4,773,759</u>	<u>4,301,245</u>

NET FINANCIAL ASSETS	<u>1,776,043</u>	<u>2,370,717</u>
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NON-FINANCIAL ASSETS

Tangible capital assets (schedule 2)	<u>48,619,167</u>	<u>47,450,687</u>
ACCUMULATED SURPLUS (schedule 3)	<u>\$ 50,395,210</u>	<u>\$ 49,821,404</u>

**THE CORPORATION OF THE TOWN OF ERIN
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	2009 Actual	2008 Actual (restated)
REVENUE		
Taxation revenue	\$ 4,148,422	\$ 3,918,257
Fees and user charges	1,737,108	1,715,032
Canada grants	863,461	193,860
Ontario grants	1,323,694	1,798,228
Other income (note 3)	868,993	940,705
Obligatory reserve fund revenue recognized	<u>237,497</u>	<u>571,209</u>
	<u>9,179,175</u>	<u>9,137,291</u>
EXPENSES		
General government	1,195,934	1,165,030
Protection services	1,191,747	1,264,858
Transportation services	3,150,337	4,078,804
Environmental services	1,243,048	1,085,987
Social Services	26,217	26,854
Rental facility operations	19,771	16,911
Recreation and cultural services	1,516,301	1,595,747
Planning and development	<u>262,717</u>	<u>207,263</u>
	<u>8,606,072</u>	<u>9,441,454</u>
NET REVENUE (EXPENSES) for the year	<u>573,103</u>	<u>(304,163)</u>
Change in amounts to be recovered		
Change in retirement benefits	<u>(703)</u>	<u>1,484</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ 573,806</u>	<u>\$ (305,647)</u>
ACCUMULATED SURPLUS at beginning of year	\$ 49,821,404	\$ 2,477,077
Net book value of tangible capital assets recorded	<u>0</u>	<u>47,649,974</u>
As restated	49,821,404	50,127,051
Annual (deficit) surplus	<u>573,806</u>	<u>(305,647)</u>
ACCUMULATED SURPLUS at end of year	<u>\$ 50,395,210</u>	<u>\$ 49,821,404</u>

**THE CORPORATION OF THE TOWN OF ERIN
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	2009 Actual	2008 Actual (restated)
Annual surplus (deficit)	\$ <u>573,806</u>	\$ <u>(305,647)</u>
Acquisition of tangible capital assets	(3,091,994)	(1,830,860)
Amortization of tangible capital assets	1,909,973	2,030,147
Gain on sale of tangible capital assets	(24,166)	0
Proceeds on sale of tangible capital assets	<u>37,707</u>	<u>0</u>
	<u>(1,168,480)</u>	<u>199,287</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(594,674)	(106,360)
NET FINANCIAL ASSETS at beginning of year	<u>2,370,717</u>	<u>2,477,077</u>
NET FINANCIAL ASSETS at end of year	\$ <u>1,776,043</u>	\$ <u>2,370,717</u>

**THE CORPORATION OF THE TOWN OF ERIN
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	2009	2008 (restated)
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 573,806	\$ (305,647)
Items not requiring an outlay of cash		
Amortization of tangible capital assets	1,909,973	2,030,147
Gain on disposal of assets	<u>(24,166)</u>	<u>0</u>
	<u>2,459,613</u>	<u>1,724,500</u>
Net changes in non-cash working capital		
Taxes receivable	(118,793)	(21,358)
Accounts receivable	(1,069,307)	97,805
Accounts payable and accrued liabilities	493,420	49,246
Retirement benefits liability	703	(1,484)
Deferred revenue	81,719	(14,631)
Deferred revenue - Obligatory reserve funds	<u>(158,950)</u>	<u>(391,946)</u>
	<u>(771,208)</u>	<u>(282,368)</u>
	<u>1,688,405</u>	<u>1,442,132</u>
CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(3,091,994)	(1,830,860)
Proceeds on disposal of tangible capital assets	<u>37,706</u>	<u>0</u>
	<u>(3,054,288)</u>	<u>(1,830,860)</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Long term debt	<u>55,622</u>	<u>(219,360)</u>
CASH PROVIDED BY INVESTING ACTIVITIES		
Decrease in investments	<u>1,078,914</u>	<u>829,275</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(231,347)	221,187
CASH, beginning of year	<u>1,402,711</u>	<u>1,181,524</u>
CASH, end of year	<u>\$ 1,171,364</u>	<u>\$ 1,402,711</u>

**THE CORPORATION OF THE TOWN OF ERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of The Corporation of the Town of Erin are the representation of management prepared in accordance with Canadian generally accepted accounting principles. 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. These have been made using careful judgments.

(a) BASIS OF CONSOLIDATION

(i) These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures for the revenue fund, capital 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:

- (a) Town of Erin Business Improvement Area
- (b) Ballinafad Community Centre
- (c) Town of Erin Tennis Club

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 with the exception of principal and interest on long term liabilities which are charged against operations in the periods in which they are paid. The principal and interest charges are not accrued for the periods from the dates of the latest installment 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) 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 Financial 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.

**THE CORPORATION OF THE TOWN OF ERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) INVESTMENTS

The investments held by the municipality are recorded at fair market value.

(d) DEFERRED REVENUE

The revenue is reported on the Consolidated Statement of Financial Activities in the year in which it is used for the specified purpose.

(e) AMOUNTS TO BE RECOVERED

Amounts to be recovered are reported in the municipal position on the Consolidated Statement of Financial Position. The balance represents the outstanding principal portion of unmatured long term liabilities, liabilities not yet due, and other future expenditures not yet levied on the ratepayers.

(f) TRUST FUNDS

Funds held in trust by the municipality, and their related operations, are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(g) 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 are amortized on a straight-line basis over their estimated useful life as follows:

Land improvements	15 years
Buildings	40 years
Vehicles	10 to 20 years
Furniture and equipment	5 to 20 years
Roads	20 to 40 years
Bridges and infrastructures	40 to 75 years

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 received 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.

**THE CORPORATION OF THE TOWN OF ERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

2. LONG TERM DEBT

The balance of long term debt on the Consolidated Statement of Financial Position is made up of the following:

	2009	2008 (restated)
Bank loan #1, due October 2015, payable in quarterly installments of \$34,632 principal and interest, charged at 5.41%	\$ 718,008	\$ 814,418
Bank loan #2, due July 2016, payable in quarterly installments of \$4,488 principal and interest, charged at prime + 0.5%	76,977	92,365
County of Wellington debenture, due September 2012, repayable in variable annual installments (\$93,188 in 2008), at variable interest rates from 3.4% to 5.55%	250,000	325,000
OMEIFA loan, due September 2016, repayable in semi-annual installments of \$16,441 principal and interest, at a rate of approximately 2.44%	210,418	237,666
County of Wellington debenture, due October 2016, repayable in variable annual installments (\$24,800 in 2008), at variable interest rates from 4.25% to 4.60%	143,000	160,000
Canada Mortgage and Housing Corporation, due November 1, 2024, repayable in blended payments of \$25,765 at a rate of approximately 3.99%	<u>286,668</u>	<u>0</u>
	<u>\$ 1,685,071</u>	<u>\$ 1,629,449</u>

Future minimum payments on long term obligations are as follows:

2010	\$ 256,382
2011	269,809
2012	281,533
2013	202,788
2014	206,593
Thereafter	<u>467,966</u>
	<u>\$ 1,685,071</u>

The annual principal and interest payments required to service the long term debt of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

3. OTHER INCOME

	2009	2008 (restated)
Penalties and interest on taxation	\$ 292,900	\$ 278,055
Licenses, permits and rents	247,512	297,104
Other fines and penalties	1,965	340
Investment income	175,781	301,060
Rents, concessions and franchises	28,672	21,020
Sale of land and other assets	72,747	0
Sale of publications and equipment	22	112
Other	<u>49,394</u>	<u>43,014</u>
	<u>\$ 868,993</u>	<u>\$ 940,705</u>

**THE CORPORATION OF THE TOWN OF ERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

4. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement income to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2009 was \$133,247 (2008 - \$132,592).

5. OPERATIONS OF THE SCHOOL BOARDS AND THE COUNTY OF WELLINGTON

During the year, the following taxation revenue was raised and remitted to the school boards and the County of Wellington:

	2009	2008 (restated)
School boards	\$ 4,441,047	\$ 4,245,244
County of Wellington	<u>10,662,474</u>	<u>10,143,558</u>
	<u>\$ 15,103,521</u>	<u>\$ 14,388,802</u>

6. TRUST FUNDS

The trust funds administered by the municipality amounting to \$79,522 (2008 - \$79,355) have not been included in the consolidated statement of financial position, nor have the operations been included in the consolidated statement of financial activities. At December 31, 2009, the trust fund balances are as follows:

	2009	2008 (restated)
Duff Pit	\$ 20,950	\$ 20,806
Glenellen Well Program	<u>58,572</u>	<u>58,549</u>
	<u>\$ 79,522</u>	<u>\$ 79,355</u>

7. SUBDIVISION AGREEMENTS

As part of various subdivision agreements, the municipality has received letters of credit and performance bonds to cover developers' responsibilities in completing the projects as well as covering unpaid municipal levies. Letters of credit and performance bonds held by the municipality at December 31, 2009 amount to \$4,677,015 (2008 - \$4,377,254).

8. TANGIBLE CAPITAL ASSETS

	Net 2009	Net 2008 (restated)
General		
Land	\$ 6,133,870	\$ 5,851,725
Buildings	4,791,709	4,907,658
Vehicles	1,967,894	2,079,907
Furniture and equipment	692,889	562,607
Infrastructure		
Roads	22,472,611	23,494,404
Bridges and infrastructure	10,250,976	10,142,050
Assets under construction	<u>2,309,218</u>	<u>412,336</u>
	<u>\$ 48,619,167</u>	<u>\$ 47,450,687</u>

**THE CORPORATION OF THE TOWN OF ERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

9. WILLIAM STREET LANDFILL SITE

In 2007, the municipality assumed a former landfill site from the County of Wellington. The Ministry of the Environment has not required monitor wells to be installed and sampled on the property, nor has it required annual reports. It is management's opinion that this site does not require ongoing work or monitoring. Accordingly, no liability has been set up for this property.

10. CONTINGENT LOSSES

At the date of the issuance of the financial statements, there was a group of individuals suing the municipality. Neither the amount or the outcome of this action is determinable, so the financial statements have not accrued an amount for the possible losses resulting from the action.

11. SEGMENTED INFORMATION

The Corporation of the Town of Erin is a diversified municipal government institution that provides a wide range of services to its citizens, including Government and Administration services, Protective Services (i.e. building inspection, fire and emergency services, bylaw enforcement, school crossing guards, animal control), Public Works (i.e. roadways, streetlighting, sidewalks, and municipal drinking water), Environmental Services (i.e. stormwater management and source water protection), Recreation and Parks, and Planning and Community Development Services. 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. Town services are provided by departments and their activities are reported in these funds.

12. REVISED FINANCIAL STATEMENTS

The previously-issued financial statements of the municipality for the year ended December 31, 2009 recorded obligatory reserve funds as components of equity. Under section 3100 of the Public Sector Accounting Standards handbook, these externally restricted reserve funds should be recorded as liabilities. The net effect of this adjustment to accumulated surplus and net financial assets at December 31, 2009 is a reduction of \$443,699 and at December 31, 2008 is a reduction of \$602,649. The net effect of this adjustment to the annual surplus at December 31, 2009 is an increase of \$158,950 and at December 31, 2008 is an increase of \$391,946.

**THE CORPORATION OF THE TOWN OF ERIN
SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General Government	Protection Services	Transportation Services	Environmental Services	Social Services	Rental Facility Operations	Recreation Services	Planning and Development	2009	2008 (restated)
EXPENSES										
Salaries and benefits	\$ 774,693	\$ 582,044	\$ 787,140	\$ 478,069	\$ 0	\$ 0	\$ 647,271	\$ 81,585	\$ 3,350,802	\$ 3,298,501
Materials	134,279	285,710	1,062,048	480,318	26,217	19,771	627,589	181,132	2,817,064	3,602,021
Contracted services	172,018	38,392	6,546	0	0	0	0	0	216,956	188,680
Rents and financial expenses	82,345	0	0	21,996	0	0	0	0	104,341	113,710
Interest on long term debt	0	0	0	33,640	0	0	44,682	0	78,322	92,441
Amortization	32,599	156,987	1,294,603	229,025	0	0	196,759	0	1,909,973	2,030,147
Other	0	128,614	0	0	0	0	0	0	128,614	115,954
	<u>\$ 1,195,934</u>	<u>\$ 1,191,747</u>	<u>\$ 3,150,337</u>	<u>\$ 1,243,048</u>	<u>\$ 26,217</u>	<u>\$ 19,771</u>	<u>\$ 1,516,301</u>	<u>\$ 262,717</u>	<u>\$ 8,606,072</u>	<u>\$ 9,441,454</u>

see accompanying notes

**THE CORPORATION OF THE TOWN OF ERIN
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Land and land improvements	Buildings	Vehicles	Roads	Furniture and equipment	Bridges and infrastructure	Assets under construction	2009	2008 (restated)
COST									
Balance, beginning of year	\$ 6,104,354	\$ 10,368,113	\$ 4,612,450	\$ 37,374,839	\$ 1,077,349	\$ 13,764,165	\$ 412,338	\$ 73,713,608	\$ 71,882,748
Additions during the year	309,946	147,686	151,412	0	239,970	239,549	2,003,431	3,091,994	1,830,860
Disposals during the year	0	0	(292,131)	0	(67,706)	(8,053)	0	(367,890)	0
Other	0	7,884	0	0	0	98,667	(106,551)	0	0
Balance, end of year	<u>6,414,300</u>	<u>10,523,683</u>	<u>4,471,731</u>	<u>37,374,839</u>	<u>1,249,613</u>	<u>14,094,328</u>	<u>2,309,218</u>	<u>76,437,712</u>	<u>73,713,608</u>
ACCUMULATED AMORTIZATION									
Balance, beginning of year	252,630	5,460,455	2,532,543	13,880,435	514,742	3,622,116	0	26,262,921	24,232,774
Amortization	27,800	271,519	263,425	1,021,793	96,147	229,289	0	1,909,973	2,030,147
Accumulated amortization on disposals	0	0	(292,131)	0	(54,165)	(8,053)	0	(354,349)	0
Balance, end of year	<u>280,430</u>	<u>5,731,974</u>	<u>2,503,837</u>	<u>14,902,228</u>	<u>556,724</u>	<u>3,843,352</u>	<u>0</u>	<u>27,818,545</u>	<u>26,262,921</u>
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 6,133,870</u>	<u>\$ 4,791,709</u>	<u>\$ 1,967,894</u>	<u>\$ 22,472,611</u>	<u>\$ 692,889</u>	<u>\$ 10,250,976</u>	<u>\$ 2,309,218</u>	<u>\$ 48,619,167</u>	<u>\$ 47,450,687</u>

see accompanying notes

**THE CORPORATION OF THE TOWN OF ERIN
SCHEDULE OF ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	2009	2008 (restated)
SURPLUSES		
Invested in tangible capital assets	\$ 46,934,096	\$ 45,821,238
Erin Tennis Club	7,607	5,342
Ballinafad Community Centre	11,821	8,192
Business Improvement Area	7,861	(6,890)
General revenue fund	(220,711)	(584,663)
Unfunded		
Retirement benefits	<u>(114,739)</u>	<u>(114,036)</u>
	<u>46,625,935</u>	<u>45,129,183</u>
RESERVES		
Working Capital Reserves		
Working funds	438,045	458,045
Insurance, sick leave and WSIB	15,365	15,365
Current purposes	<u>238,020</u>	<u>202,402</u>
	<u>691,430</u>	<u>675,812</u>
Capital Reserves		
Capital purposes	<u>1,944,579</u>	<u>2,772,137</u>
	<u>2,636,009</u>	<u>3,447,949</u>
RESERVE FUNDS		
Current purposes	1,045,719	1,154,775
Capital purposes	<u>87,547</u>	<u>89,497</u>
	<u>1,133,266</u>	<u>1,244,272</u>
	<u>\$ 50,395,210</u>	<u>\$ 49,821,404</u>



Chartered Accountants
and Business Advisors

People Count.

AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Erin

We have audited the statement of financial position of the trust funds of The Corporation of the Town of Erin as at December 31, 2009 and the statement of continuity of the trust funds for the year then ended. These financial statements are the responsibility of the Town's management. 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 financial statements present fairly, in all material respects, the financial position of the trust funds of The Corporation of the Town of Erin as at December 31, 2009 and the continuity of the trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'R. B. U.S.'.

Guelph, Ontario
November 8, 2010

Chartered Accountants
Licensed Public Accountants

**THE CORPORATION OF THE TOWN OF ERIN
TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2009**

A S S E T S			
	Total	Duff Pitt	Glenellen Well Program
Cash	\$ 23,621	\$ 20,391	\$ 3,230
Investments (note 2)	<u>55,901</u>	<u>559</u>	<u>55,342</u>
	<u>\$ 79,522</u>	<u>\$ 20,950</u>	<u>\$ 58,572</u>
 F U N D B A L A N C E			
Fund balance	<u>\$ 79,522</u>	<u>\$ 20,950</u>	<u>\$ 58,572</u>

**THE CORPORATION OF THE TOWN OF ERIN
TRUST FUNDS
STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Total	Duff Pitt	Glenellen Well Program
BALANCE, beginning of year	\$ 79,355	\$ 20,806	\$ 58,549
Interest earned	<u>167</u>	<u>144</u>	<u>23</u>
BALANCE, end of year	<u>\$ 79,522</u>	<u>\$ 20,950</u>	<u>\$ 58,572</u>

**THE CORPORATION OF THE TOWN OF ERIN - TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

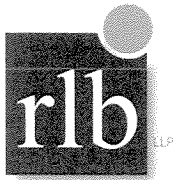
The financial statements of the trust funds of The Corporation of the Town of Erin are the representation of management prepared in accordance with Canadian generally accepted accounting principles. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) **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 periods in which they are paid. The principal and interest charges are not accrued for the periods from the dates of the latest installment 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.

2. INVESTMENTS

Trust fund investments are fixed income securities and are recorded at market value.



Chartered Accountants
and Business Advisors

People Count.

AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Erin -
Business Improvement Area

We have audited the statement of financial position of The Corporation of the Town of Erin - Business Improvement Area as at December 31, 2009 and the statement of financial activities for the year then ended. These financial statements are the responsibility of the Business Improvement Area's management. 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 financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Erin - Business Improvement Area as at December 31, 2009 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

RLB LLP

Guelph, Ontario
November 8, 2010

Chartered Accountants
Licensed Public Accountants

**THE CORPORATION OF THE TOWN OF ERIN
BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2009**

ASSETS

	2009	2008
Due from the Town of Erin	\$ <u>7,861</u>	\$ <u>0</u>

LIABILITIES

Due to the Town of Erin	\$ <u>0</u>	\$ <u>6,890</u>
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MUNICIPAL POSITION

Municipal position	<u>7,861</u>	<u>(6,890)</u>
	\$ <u>7,861</u>	\$ <u>0</u>

**THE CORPORATION OF THE TOWN OF ERIN
BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budget	2009 Actual	2008 Actual
REVENUE			
Grants	\$ 4,500	\$ 4,500	\$ 3,500
Special area rates	16,000	16,800	16,800
Other	<u>22,063</u>	<u>28,060</u>	<u>17,113</u>
	<u>42,563</u>	<u>49,360</u>	<u>37,413</u>
EXPENDITURES			
Advertising	22,278	23,519	25,010
Office and sundry	4,725	2,974	7,705
Streetscape	7,340	6,786	18,068
Transfer to Town reserve funds	<u>1,330</u>	<u>1,330</u>	<u>0</u>
	<u>35,673</u>	<u>34,609</u>	<u>50,783</u>
CHANGE IN FUND BALANCE for the year	6,890	14,751	(13,370)
MUNICIPAL POSITION, beginning of year	<u>(6,890)</u>	<u>(6,890)</u>	<u>6,480</u>
MUNICIPAL POSITION, end of year	<u>\$ 0</u>	<u>\$ 7,861</u>	<u>\$ (6,890)</u>

**THE CORPORATION OF THE TOWN OF ERIN
BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of The Corporation of the Town of Erin - Business Improvement Area are the representation of management prepared in accordance with Canadian generally accepted accounting principles. 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. These have been made using careful judgments.

(a) **BASIS OF CONSOLIDATION**

The Business Improvement Area has been consolidated with the financial statements of The Corporation of the Town of Erin.

(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 periods in which they are paid. The principal and interest charges are not accrued for the periods from the dates of the latest installment 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.