

**THE CORPORATION OF THE TOWN OF ERIN  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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ROBINSON LOTT & BROHMAN

*Chartered Accountants & Business Advisors*

**PARTNERS**

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K.W. EDWARDS, C.A.  
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J.W. WRIGHT, C.A.

**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, 2005 and the consolidated statements of financial activities and changes in financial position 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 The Corporation of the Town of Erin as at December 31, 2005 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.

Guelph, Ontario  
April 6, 2006

Chartered Accountants

**THE CORPORATION OF THE TOWN OF ERIN  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2005**

**A S S E T S**

	2005	2004
<b>UNRESTRICTED</b>		
Cash	\$ 0	\$ 67,394
Taxes receivable	1,625,265	1,272,600
Other accounts receivable	1,276,490	1,206,689
Investments (market value approximates cost)	<u>770,738</u>	<u>754,802</u>
	<u>3,672,493</u>	<u>3,301,485</u>
<b>RESTRICTED</b>		
Cash	463,306	1,048,634
Investments (market value approximates cost)	<u>1,201,262</u>	<u>130,065</u>
	<u>1,664,568</u>	<u>1,178,699</u>
	<u>\$ 5,337,061</u>	<u>\$ 4,480,184</u>

**L I A B I L I T I E S**

Bank overdraft	\$ 161,446	\$ 0
Accounts payable and accrued liabilities	931,009	1,127,361
Deferred revenue	300	275
Long term debt (note 2)	2,022,521	2,170,888
Retirement benefits (note 12)	<u>113,714</u>	<u>111,237</u>
	<u>3,228,990</u>	<u>3,409,761</u>

**M U N I C I P A L P O S I T I O N**

Current fund (note 3, schedule 1)	217,082	96,678
Capital fund (schedule 2)	(129,040)	0
Reserves and reserve funds (schedule 3)	<u>4,156,264</u>	<u>3,255,870</u>
	4,244,306	3,352,548
Amounts to be recovered (note 4)	<u>(2,136,235)</u>	<u>(2,282,125)</u>
	<u>2,108,071</u>	<u>1,070,423</u>
	<u>\$ 5,337,061</u>	<u>\$ 4,480,184</u>

**THE CORPORATION OF THE TOWN OF ERIN  
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	2005 Budget (note 9)	2005 Actual	2004 Actual
<b>REVENUE</b>			
Taxation	\$ 3,402,090	\$ 3,419,596	\$ 3,339,018
Fees and user charges	1,659,838	1,653,856	1,496,492
Canada grants	581,526	474,677	350,628
Ontario grants	1,305,211	1,440,903	737,602
Developer contributions	5,000	0	222,902
Other income (note 5)	690,516	780,903	737,104
Development charges	<u>0</u>	<u>532,298</u>	<u>420,851</u>
	<u>7,644,181</u>	<u>8,302,233</u>	<u>7,304,597</u>
<b>EXPENDITURES</b>			
<b>Current (note 6)</b>			
General government	852,761	810,903	852,996
Protection services	935,651	820,599	765,767
Transportation services	1,510,140	1,516,069	1,456,563
Environmental services	528,166	563,645	565,308
Social services	18,960	19,283	17,503
Rental facility operations	9,861	12,734	23,963
Recreation and cultural services	1,134,523	1,133,928	1,167,550
Planning and development	<u>75,000</u>	<u>125,552</u>	<u>51,088</u>
	<u>5,065,062</u>	<u>5,002,713</u>	<u>4,900,738</u>
<b>Capital</b>			
General government	72,273	104,248	47,638
Protection services	48,900	57,850	65,213
Transportation services	1,670,997	1,295,961	472,391
Environmental services	820,780	574,059	1,213,167
Health services	7,000	7,000	1,712
Social and family services	22,710	13,180	0
Recreation and cultural services	179,566	114,504	263,356
Planning and development	<u>310,571</u>	<u>95,070</u>	<u>170,179</u>
	<u>3,132,797</u>	<u>2,261,872</u>	<u>2,233,656</u>
<b>Total expenditures</b>	<u>8,197,859</u>	<u>7,264,585</u>	<u>7,134,394</u>
<b>NET (EXPENDITURES) REVENUES for the year</b>	<u>(553,678)</u>	<u>1,037,648</u>	<u>170,203</u>
<b>Change in amounts to be recovered</b>			
New debt issued	225,860	0	290,220
Debt principal repayments	(272,409)	(148,367)	(140,991)
Change in retirement benefits	<u>0</u>	<u>2,477</u>	<u>976</u>
	<u>(46,549)</u>	<u>(145,890)</u>	<u>150,205</u>
<b>CHANGE IN FUND BALANCES for the year</b>	<u>\$ (600,227)</u>	<u>\$ 891,758</u>	<u>\$ 320,408</u>

**THE CORPORATION OF THE TOWN OF ERIN  
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	2005	2004
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Net revenues for the year	\$ <u>1,037,648</u>	\$ <u>170,203</u>
Net changes in non-cash working capital		
Taxes receivable	(352,665)	46,275
Accounts receivable	(69,801)	(770,051)
Accounts payable and accrued liabilities	(196,352)	447,168
Retirement benefit liability	2,477	976
Deferred revenue	<u>25</u>	<u>(230,766)</u>
	<u>(616,316)</u>	<u>(506,398)</u>
	<u>421,332</u>	<u>(336,195)</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Long term liabilities	<u>(148,367)</u>	<u>149,229</u>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Investments	<u>(1,087,133)</u>	<u>341,503</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(814,168)	154,537
<b>NET CASH, beginning of year</b>	<u>1,116,028</u>	<u>961,491</u>
<b>NET CASH, end of year</b>	\$ <u>301,860</u>	\$ <u>1,116,028</u>
<b>Cash comprised of the following:</b>		
Unrestricted cash	\$ 0	\$ 67,394
Restricted cash	463,306	1,048,634
Bank overdraft	<u>(161,446)</u>	<u>0</u>
	\$ <u>301,860</u>	\$ <u>1,116,028</u>

**THE CORPORATION OF THE TOWN OF ERIN  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**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 accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. 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 instalment payments to the end of the financial year.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
- (iii) 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, 2005**

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

(c) INVESTMENTS

Investments are valued at the lower of cost and 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.

**2. LONG TERM DEBT**

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

	<b>2005</b>	<b>2004</b>
Bank loan #1, due October 2015, payable in quarterly instalments of \$36,327 principal and interest, 6.39%	\$ 1,074,447	\$ 1,148,337
Bank loan #2, due July 2016, payable in quarterly instalments of \$4,488 principal and interest, charged at prime + 0.5%	125,854	137,331
County of Wellington debenture, due September 2012, repayable in variable annual instalments (\$93,188 in 2004), at variable interest rates from 3.4 to 5.55%	532,000	595,000
OMEIFA loan, due November 2013, repayable in estimated annual instalments of \$32,006 principal and interest, at a rate of approximately 2.35%	<u>290,220</u>	<u>290,220</u>
	<b><u>\$ 2,022,521</u></b>	<b><u>\$ 2,170,888</u></b>

Future minimum payments on long term obligations are as follows:

2006	\$ 187,825
2007	190,772
2008	201,046
2009	211,459
2010	223,149
Thereafter	<u>1,008,270</u>
	<b><u>\$ 2,022,521</u></b>

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.



**THE CORPORATION OF THE TOWN OF ERIN  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**3. CURRENT FUND**

Available to offset future revenue requirements (required to be financed from future revenues):

	<b>2005</b>	<b>2004</b>
General area taxation	\$ 206,370	\$ 78,412
Recreation, community centres and arenas	11,108	17,116
Business improvement area	<u>(396)</u>	<u>1,150</u>
	<u>\$ 217,082</u>	<u>\$ 96,678</u>

**4. AMOUNTS TO BE RECOVERED**

	<b>2005</b>	<b>2004</b>
Capital outlay financed by long term liabilities and to be recovered in future years	\$ 2,022,521	\$ 2,170,888
Retirement benefits	<u>113,714</u>	<u>111,237</u>
	<u>\$ 2,136,235</u>	<u>\$ 2,282,125</u>

**5. OTHER INCOME**

	<b>2005</b>	<b>2004</b>
Penalties and interest on taxation	\$ 212,908	\$ 195,811
Licenses, permits and rents	359,045	253,236
Other fines and penalties	0	4,130
Investment income	117,040	92,942
Rents, concessions and franchises	5,765	26,673
Donations	0	12,047
Sale of land and other assets	0	20,250
Sale of publications and equipment	1,283	1,228
Other	<u>84,862</u>	<u>130,787</u>
	<u>\$ 780,903</u>	<u>\$ 737,104</u>

**6. EXPENDITURES BY OBJECT**

	<b>2005</b>	<b>2004</b>
Salaries, wages and employee benefits	\$ 2,517,927	\$ 2,407,365
Materials	2,216,495	2,200,205
Contracted services	58,486	55,800
Rents and financial expenses	4,690	4,911
Interest on long term debt	116,578	120,426
Contributions to other organizations	<u>88,537</u>	<u>112,031</u>
	<u>\$ 5,002,713</u>	<u>\$ 4,900,738</u>

**7. 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 to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2005 was \$92,709 (2004 - \$88,108).

**THE CORPORATION OF THE TOWN OF ERIN  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**8. PUBLIC SECTOR SALARY DISCLOSURE**

During 2005, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by The Corporation of the Town of Erin.

**9. BUDGET AMOUNTS**

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2005 budget amounts for The Corporation of the Town of Erin approved by Council have been restated to conform to the basis of preparation of the revenues and expenditures on the consolidated statement of financial activities. The budget information, however, has not been audited.

**10. 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:

	<b>2005</b>	<b>2004</b>
School boards	\$ 4,201,129	\$ 4,170,562
County of Wellington	<u>8,685,418</u>	<u>8,219,741</u>
	<u>\$ 12,886,547</u>	<u>\$ 12,390,303</u>

**11. TRUST FUNDS**

The trust funds administered by the municipality amounting to \$71,117 (2004 - \$68,874) 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, 2005, the trust fund balances are as follows:

	<b>2005</b>	<b>2004</b>
Duff Pit	\$ 18,598	\$ 18,158
Glenellen Well Program	<u>52,519</u>	<u>50,716</u>
	<u>\$ 71,117</u>	<u>\$ 68,874</u>

**12. RETIREMENT BENEFITS**

The municipality has adopted the new Canadian generally accepted accounting principles for post retirement employee future benefits. An actuarial valuation has been performed.

	<b>2005</b>	<b>2004</b>
Post retirement health care benefits	\$ <u>113,714</u>	\$ <u>111,237</u>

**13. 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, 2005 amount to \$6,237,834 (2004 - \$6,731,036).

**THE CORPORATION OF THE TOWN OF ERIN  
SCHEDULE OF CURRENT FUND OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>2005 Budget (note 9)</b>	<b>2005 Actual</b>	<b>2004 Actual</b>
<b>REVENUE</b>			
Taxation	\$ 3,402,090	\$ 3,419,596	\$ 3,339,018
Fees and user charges	1,659,838	1,653,856	1,496,492
Ontario grants	723,685	906,276	404,780
Other income	<u>659,462</u>	<u>738,143</u>	<u>684,017</u>
	<u>6,445,075</u>	<u>6,717,871</u>	<u>5,924,307</u>
<b>EXPENDITURES</b>			
General government	852,761	810,903	852,996
Protection services	935,651	820,599	765,767
Transportation services	1,510,140	1,516,069	1,456,563
Environmental services	528,166	563,645	565,308
Social services	18,960	19,283	17,503
Rental facility operations	9,861	12,734	23,963
Recreation and cultural services	1,134,523	1,133,928	1,167,550
Planning and development	<u>75,000</u>	<u>125,552</u>	<u>51,088</u>
	<u>5,065,062</u>	<u>5,002,713</u>	<u>4,900,738</u>
<b>NET REVENUES for the year</b>	<u>1,380,013</u>	<u>1,715,158</u>	<u>1,023,569</u>
<b>CHANGE IN AMOUNTS TO BE RECOVERED</b>			
Debt principal repayments	(272,409)	(148,367)	(140,991)
Change in retirement benefits	<u>0</u>	<u>2,477</u>	<u>976</u>
	(272,409)	(145,890)	(140,015)
<b>Transfers to capital fund operations</b>	(965,923)	(710,298)	(713,355)
<b>Transfers to reserves and reserve funds</b>	<u>(185,216)</u>	<u>(738,566)</u>	<u>(235,030)</u>
	<u>(1,423,548)</u>	<u>(1,594,754)</u>	<u>(1,088,400)</u>
<b>CHANGE IN FUND BALANCE for the year</b>	(43,535)	120,404	(64,831)
<b>CURRENT FUND, beginning of the year</b>	<u>96,678</u>	<u>96,678</u>	<u>161,509</u>
<b>CURRENT FUND, end of the year</b>	<u>\$ 53,143</u>	<u>\$ 217,082</u>	<u>\$ 96,678</u>

**THE CORPORATION OF THE TOWN OF ERIN  
SCHEDULE OF CAPITAL FUND OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	2005 Budget (note 9)	2005 Actual	2004 Actual
<b>REVENUE</b>			
Canada grants	\$ 581,526	\$ 474,677	\$ 332,822
Ontario grants	581,526	534,627	350,628
Developer contributions	5,000	0	222,902
Other	<u>31,054</u>	<u>0</u>	<u>32,296</u>
	<u>1,199,106</u>	<u>1,009,304</u>	<u>938,648</u>
<b>EXPENDITURES</b>			
General government	72,273	104,248	47,638
Protection services	48,900	57,850	65,213
Transportation services	1,670,997	1,295,961	472,391
Environmental services	820,780	574,059	1,213,167
Health services	7,000	7,000	1,712
Social and family services	22,710	13,180	0
Recreation and cultural services	179,566	114,504	263,356
Planning and development	<u>310,571</u>	<u>95,070</u>	<u>170,179</u>
	<u>3,132,797</u>	<u>2,261,872</u>	<u>2,233,656</u>
<b>NET EXPENDITURES for the year</b>	<u>(1,933,691)</u>	<u>(1,252,568)</u>	<u>(1,295,008)</u>
<b>CHANGE IN AMOUNT TO BE RECOVERED</b>			
New debt issued	225,860	0	290,220
Transfers from current fund operations	965,923	710,298	713,355
Transfers from reserves and reserve funds	<u>741,908</u>	<u>413,230</u>	<u>563,126</u>
	<u>1,933,691</u>	<u>1,123,528</u>	<u>1,566,701</u>
<b>CHANGE IN FUND BALANCE for the year</b>	0	(129,040)	271,693
<b>CAPITAL FUND, beginning of the year</b>	<u>0</u>	<u>0</u>	<u>(271,693)</u>
<b>CAPITAL FUND, end of the year</b>	<u>\$ 0</u>	<u>\$ (129,040)</u>	<u>\$ 0</u>

**THE CORPORATION OF THE TOWN OF ERIN  
SCHEDULE OF RESERVES AND RESERVE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	2005 Budget (note 9)	2005 Actual	2004 Actual
<b>REVENUE</b>			
Development charges	\$ 0	\$ 532,298	\$ 420,851
Other income	<u>0</u>	<u>42,760</u>	<u>20,791</u>
	<u>0</u>	<u>575,058</u>	<u>441,642</u>
<b>Net transfers from (to) other funds</b>			
Transfer from current fund operations	185,216	738,566	235,030
Transfer to capital fund operations	<u>(741,908)</u>	<u>(413,230)</u>	<u>(563,126)</u>
	<u>(556,692)</u>	<u>325,336</u>	<u>(328,096)</u>
<b>CHANGE IN BALANCE for the year</b>	(556,692)	900,394	113,546
<b>RESERVES AND RESERVE FUNDS, beginning of the year</b>	<u>3,255,870</u>	<u>3,255,870</u>	<u>3,142,324</u>
<b>RESERVES AND RESERVE FUNDS, end of the year</b>	<u>\$ 2,699,178</u>	<u>\$ 4,156,264</u>	<u>\$ 3,255,870</u>
<b>Analyzed as follows:</b>			
<b>Reserves set aside for specific purpose by Council:</b>			
Working funds		\$ 474,803	\$ 409,803
Insurance, sick leave and WSIB		15,365	15,365
Current purposes		161,062	58,097
Capital purposes		<u>2,200,004</u>	<u>1,675,899</u>
		<u>2,851,234</u>	<u>2,159,164</u>
<b>Reserve funds set aside for specific purpose by Council:</b>			
Current purposes		377,581	377,157
Capital purposes		<u>927,449</u>	<u>719,549</u>
		<u>1,305,030</u>	<u>1,096,706</u>
<b>RESERVES AND RESERVE FUNDS, end of the year</b>		<u>\$ 4,156,264</u>	<u>\$ 3,255,870</u>



ROBINSON LOTT & BROHMAN

*Chartered Accountants & Business Advisors*

**PARTNERS**

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**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, 2005 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, 2005 and the continuity of the trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Guelph, Ontario  
April 6, 2006

Chartered Accountants

**THE CORPORATION OF THE TOWN OF ERIN  
TRUST FUNDS  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2005**

**ASSETS**

	Total	Duff Pitt	Glenelien Well Program
Cash	\$ 20,963	\$ 18,096	\$ 2,867
Investments	<u>50,154</u>	<u>502</u>	<u>49,652</u>
	<u>\$ 71,117</u>	<u>\$ 18,598</u>	<u>\$ 52,519</u>

**FUND BALANCE**

Fund balance	<u>\$ 71,117</u>	<u>\$ 18,598</u>	<u>\$ 52,519</u>
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THE CORPORATION OF THE TOWN OF ERIN  
TRUST FUNDS  
STATEMENT OF CONTINUITY  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Total	Duff Pitt	Glenellen Well Program
BALANCE, beginning of year	\$ 68,874	\$ 18,158	\$ 50,716
Interest earned	<u>2,243</u>	<u>440</u>	<u>1,803</u>
BALANCE, end of year	<u>\$ 71,117</u>	<u>\$ 18,598</u>	<u>\$ 52,519</u>



**THE CORPORATION OF THE TOWN OF ERIN - TRUST FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**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 accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing. 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 instalment payments to the end of the financial year.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
- (iii) The historical cost and accumulated amortization for capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the statement of continuity in the year of acquisition.



ROBINSON LOTT & BROHMAN

*Chartered Accountants & Business Advisors*

**PARTNERS**

M.A. MANERA, F.C.A.  
M.B. ROBINSON, C.A.

G.J. BARR, C.A.  
D.R. McELLISTRUM, C.A.

W.A. MARTIN, C.A.  
WM. E. KOORNSTRA, C.A.

T.J. GASKELL, C.A.

**ASSOCIATED**

A. PERROTTA, C.A.  
K.W. EDWARDS, C.A.  
R.E. WIGHTMAN, C.A.  
J.W. WRIGHT, C.A.

**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, 2005 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 The Corporation of the Town of Erin Business Improvement Area as at December 31, 2005 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.

Guelph, Ontario  
April 6, 2006

*Robinson Lott Brohman*  
Chartered Accountants

**THE CORPORATION OF THE TOWN OF ERIN  
BUSINESS IMPROVEMENT AREA  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2005**

<b>ASSETS</b>		
	<b>2005</b>	<b>2004</b>
Due from the Town of Erin	\$ <u>          0</u>	\$ <u>      1,150</u>
 <b>LIABILITIES</b>		
Due to the Town of Erin	\$ <u>      396</u>	\$ <u>          0</u>
 <b>MUNICIPAL POSITION</b>		
Municipal position	<u>          (396)</u>	<u>      1,150</u>
	\$ <u>          0</u>	\$ <u>      1,150</u>

**THE CORPORATION OF THE TOWN OF ERIN  
BUSINESS IMPROVEMENT AREA  
STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>2005 Budget</b>	<b>2005 Actual</b>	<b>2004 Actual</b>
<b>REVENUE</b>			
Special area rates	\$ 12,650	\$ 12,653	\$ 12,653
Donations	0	0	500
Other	<u>1,500</u>	<u>8,728</u>	<u>5,294</u>
	<u>14,150</u>	<u>21,381</u>	<u>18,447</u>
<b>EXPENDITURES</b>			
Advertising	3,414	9,404	6,664
Office and sundry	4,588	5,491	2,926
Streetscape	7,298	8,032	5,844
Transfer to Town reserve funds	<u>0</u>	<u>0</u>	<u>2,000</u>
	<u>15,300</u>	<u>22,927</u>	<u>17,434</u>
<b>CHANGE IN FUND BALANCE for the year</b>	(1,150)	(1,546)	1,013
<b>BOARD POSITION, beginning of year</b>	<u>1,150</u>	<u>1,150</u>	<u>137</u>
<b>BOARD POSITION, end of year</b>	<u>\$ 0</u>	<u>\$ (396)</u>	<u>\$ 1,150</u>

**THE CORPORATION OF THE TOWN OF ERIN  
BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**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 accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing. 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 instalment payments to the end of the financial year.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
- (iii) 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 operations in the year of acquisition.