

**THE CORPORATION OF THE TOWN OF ERIN
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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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, 2008 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 Corporation of the Town of Erin as at December 31, 2008 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
March 6, 2009

Chartered Accountants
Licensed Public Accountants

**THE CORPORATION OF THE TOWN OF ERIN
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008**

ASSETS

	2008	2007
UNRESTRICTED		
Cash	\$ 971,497	\$ 808,210
Taxes receivable	2,077,246	2,055,888
Other accounts receivable	422,485	520,290
Investments (market value approximates cost)	<u>1,348,615</u>	<u>1,869,267</u>
	<u>4,819,843</u>	<u>5,253,655</u>
RESTRICTED		
Cash	431,214	373,314
Investments (market value approximates cost)	<u>1,420,905</u>	<u>1,729,528</u>
	<u>1,852,119</u>	<u>2,102,842</u>
	<u>\$ 6,671,962</u>	<u>\$ 7,356,497</u>

LIABILITIES

Accounts payable and accrued liabilities	\$ 873,829	\$ 824,583
Long term debt (note 2)	1,629,449	1,848,810
Retirement benefits (note 12)	<u>114,036</u>	<u>115,520</u>
	<u>2,617,314</u>	<u>2,788,913</u>

MUNICIPAL POSITION

Current fund (note 3, schedule 1)	(367,720)	46,525
Capital fund (schedule 2)	870,985	1,074,726
Reserves and reserve funds (schedule 3)	<u>5,294,868</u>	<u>5,410,663</u>
	5,798,133	6,531,914
Amounts to be recovered (note 4)	<u>(1,743,485)</u>	<u>(1,964,330)</u>
	<u>4,054,648</u>	<u>4,567,584</u>
	<u>\$ 6,671,962</u>	<u>\$ 7,356,497</u>

**THE CORPORATION OF THE TOWN OF ERIN
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	2008 Budget (note 9)	2008 Actual	2007 Actual
REVENUE			
Taxation	\$ 3,898,099	\$ 3,918,257	\$ 3,591,302
Fees and user charges	1,887,682	1,715,032	1,814,026
Canada grants	311,003	193,860	177,414
Ontario grants	1,106,814	1,782,113	1,733,975
Other income (note 5)	950,832	940,705	1,748,858
Development charges	<u>0</u>	<u>179,263</u>	<u>107,800</u>
	<u>8,154,430</u>	<u>8,729,230</u>	<u>9,173,375</u>
EXPENDITURES			
Current (note 6)			
General government	1,070,000	1,067,972	978,069
Protection services	1,131,608	1,097,436	1,014,352
Transportation services	2,124,871	2,308,123	2,039,635
Environmental services	708,837	755,050	691,229
Social services	24,700	26,854	23,730
Rental facility operations	18,400	16,911	14,435
Recreation and cultural services	1,282,856	1,266,282	1,237,513
Planning and development	<u>267,533</u>	<u>205,090</u>	<u>160,604</u>
	<u>6,628,805</u>	<u>6,743,718</u>	<u>6,159,567</u>
Capital			
General government	54,409	68,284	40,071
Protection services	455,200	405,718	52,890
Transportation services	1,894,592	1,780,675	404,741
Environmental services	1,236,308	97,089	149,631
Rental facility operations	0	7,884	0
Recreation and cultural services	189,810	136,625	146,106
Planning and development	<u>5,000</u>	<u>2,174</u>	<u>41,276</u>
	<u>3,835,319</u>	<u>2,498,449</u>	<u>834,715</u>
Total expenditures	<u>10,464,124</u>	<u>9,242,167</u>	<u>6,994,282</u>
NET (EXPENDITURES) REVENUES for the year	<u>(2,309,694)</u>	<u>(512,937)</u>	<u>2,179,093</u>
Change in amounts to be recovered			
Debt principal repayments	(219,361)	(219,360)	(208,141)
Change in retirement benefits	<u>0</u>	<u>(1,484)</u>	<u>(1,151)</u>
	<u>(219,361)</u>	<u>(220,844)</u>	<u>(209,292)</u>
CHANGE IN FUND BALANCES for the year	<u>\$ (2,529,055)</u>	<u>\$ (733,781)</u>	<u>\$ 1,969,801</u>

**THE CORPORATION OF THE TOWN OF ERIN
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2008**

	2008	2007
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net (expenditures) revenues for the year	\$ <u>(512,937)</u>	\$ <u>2,179,093</u>
Net changes in non-cash working capital		
Taxes receivable	(21,358)	(368,236)
Accounts receivable	97,805	(18,820)
Accounts payable and accrued liabilities	50,278	172,046
Retirement benefits liability	(1,484)	(1,151)
Deferred revenue	<u>(1,032)</u>	<u>932</u>
	<u>124,209</u>	<u>(215,229)</u>
	<u>(388,728)</u>	<u>1,963,864</u>
CASH (USED IN) FINANCING ACTIVITIES		
Long term debt	<u>(219,360)</u>	<u>(208,141)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Investments	<u>829,275</u>	<u>(816,309)</u>
NET INCREASE IN CASH	221,187	939,414
NET CASH, beginning of year	<u>1,181,524</u>	<u>242,110</u>
NET CASH, end of year	\$ <u>1,402,711</u>	\$ <u>1,181,524</u>
CASH comprised of the following:		
Unrestricted cash	\$ 971,497	\$ 808,210
Restricted cash	<u>431,214</u>	<u>373,314</u>
	\$ <u>1,402,711</u>	\$ <u>1,181,524</u>

**THE CORPORATION OF THE TOWN OF ERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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 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

- (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 unmaturing 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, 2008**

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:

	2008	2007
Bank loan #1, due October 2015, payable in quarterly instalments of \$34,632 principal and interest, charged at 5.41%	\$ 814,418	\$ 905,656
Bank loan #2, due July 2016, payable in quarterly instalments of \$4,488 principal and interest, charged at prime + 0.5%	92,365	104,892
County of Wellington debenture, due September 2012, repayable in variable annual instalments (\$93,188 in 2008), at variable interest rates from 3.4% to 5.55%	325,000	397,000
OMEIFA loan, due September 2016, repayable in semi-annual instalments of \$16,441 principal and interest, at a rate of approximately 2.44%	237,666	264,262
County of Wellington debenture, due October 2016, repayable in variable annual instalments (\$24,800 in 2008), at variable interest rates from 4.25% to 4.60%	<u>160,000</u>	<u>177,000</u>
	<u>\$ 1,629,449</u>	<u>\$ 1,848,810</u>

Future minimum payments on long term obligations are as follows:

2009	\$ 227,834
2010	239,637
2011	252,804
2012	264,271
2013	185,307
Thereafter	<u>459,596</u>
	<u>\$ 1,629,449</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.

**THE CORPORATION OF THE TOWN OF ERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

3. CURRENT FUND

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

	2008	2007
General area taxation	\$ (374,364)	\$ 27,759
Recreation, community centres and arenas	13,534	12,286
Business improvement area	<u>(6,890)</u>	<u>6,480</u>
	<u>\$ (367,720)</u>	<u>\$ 46,525</u>

4. AMOUNTS TO BE RECOVERED

	2008	2007
Capital outlay financed by long term liabilities and to be recovered in future years	\$ 1,629,449	\$ 1,848,810
Retirement benefits	<u>114,036</u>	<u>115,520</u>
	<u>\$ 1,743,485</u>	<u>\$ 1,964,330</u>

5. OTHER INCOME

	2008	2007
Penalties and interest on taxation	\$ 278,055	\$ 279,205
Licenses, permits and rents	297,104	310,717
Other fines and penalties	340	120
Investment income	301,060	307,241
Rents, concessions and franchises	21,020	66,158
Donations	0	12,669
Sale of land and other assets	0	45,500
Sale of publications and equipment	112	135
Legal settlement	0	675,000
Other	<u>43,014</u>	<u>52,113</u>
	<u>\$ 940,705</u>	<u>\$ 1,748,858</u>

6. EXPENDITURES BY OBJECT

	2008	2007
Salaries, wages and employee benefits	\$ 3,298,502	\$ 3,080,915
Materials	2,929,073	2,645,064
Contracted services	193,926	164,849
Rents and financial expenses	113,822	70,452
Interest on long term debt	92,441	103,583
Contributions to other organizations	<u>115,954</u>	<u>94,704</u>
	<u>\$ 6,743,718</u>	<u>\$ 6,159,567</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 income to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2008 was \$132,592 (2007 - \$125,554).

**THE CORPORATION OF THE TOWN OF ERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

8. PUBLIC SECTOR SALARY DISCLOSURE

During 2008, 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 2008 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:

	2008	2007
School boards	\$ 4,245,244	\$ 4,242,514
County of Wellington	<u>10,143,558</u>	<u>9,678,086</u>
	<u>\$ 14,388,802</u>	<u>\$ 13,920,600</u>

11. TRUST FUNDS

The trust funds administered by the municipality amounting to \$79,355 (2007 - \$76,843) 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, 2008, the trust fund balances are as follows:

	2008	2007
Duff Pit	\$ 20,806	\$ 20,156
Glenellen Well Program	<u>58,549</u>	<u>56,687</u>
	<u>\$ 79,355</u>	<u>\$ 76,843</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.

	2008	2007
Post retirement health care benefits	<u>\$ 114,036</u>	<u>\$ 115,520</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, 2008 amount to \$4,377,254 (2007 - \$5,720,725).

**THE CORPORATION OF THE TOWN OF ERIN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

14. TANGIBLE CAPITAL ASSET DISCLOSURE – PSG-7

As of January 1, 2007, all municipalities in Canada are required to disclose their progress on the implementation of tangible capital asset reporting during the transitional period under PSG-7.

The Corporation of the Town of Erin has completed its tangible capital asset policies and has obtained the approval of council.

To date, no formal reporting under tangible capital asset guidelines has been completed. Management has engaged appropriate specialists for assistance in compiling aspects of capital asset inventory and performing valuation or useful life estimates. This is anticipated to be completed in 2009.

15. 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.

16. 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.

**THE CORPORATION OF THE TOWN OF ERIN
SCHEDULE OF CURRENT FUND OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	2008 Budget (note 9)	2008 Actual	2007 Actual
REVENUE			
Taxation	\$ 3,898,099	\$ 3,918,257	\$ 3,591,302
Fees and user charges	1,887,682	1,715,032	1,814,026
Canada grants	3,500	3,500	3,000
Ontario grants	727,110	1,402,216	706,106
Other income	<u>910,832</u>	<u>775,240</u>	<u>1,561,689</u>
	<u>7,427,223</u>	<u>7,814,245</u>	<u>7,676,123</u>
EXPENDITURES			
General government	1,070,000	1,067,972	978,069
Protection services	1,131,608	1,097,436	1,014,352
Transportation services	2,124,871	2,308,123	2,039,635
Environmental services	708,837	755,050	691,229
Social services	24,700	26,854	23,730
Rental facility operations	18,400	16,911	14,435
Recreation and cultural services	1,282,856	1,266,282	1,237,513
Planning and development	<u>267,533</u>	<u>205,090</u>	<u>160,604</u>
	<u>6,628,805</u>	<u>6,743,718</u>	<u>6,159,567</u>
NET REVENUES for the year	<u>798,418</u>	<u>1,070,527</u>	<u>1,516,556</u>
CHANGE IN AMOUNTS TO BE RECOVERED			
New debt issued	30,400	0	0
Debt principal repayments	(219,361)	(219,360)	(208,141)
Change in retirement benefits	<u>0</u>	<u>(1,484)</u>	<u>(1,151)</u>
	(188,961)	(220,844)	(209,292)
Transfers to capital fund	(920,661)	(733,146)	(444,855)
Transfers from (to) reserves and reserve funds	<u>264,679</u>	<u>(530,782)</u>	<u>(838,979)</u>
	<u>(844,943)</u>	<u>(1,484,772)</u>	<u>(1,493,126)</u>
CHANGE IN FUND BALANCE for the year	(46,525)	(414,245)	23,430
CURRENT FUND, beginning of the year	<u>46,525</u>	<u>46,525</u>	<u>23,095</u>
CURRENT FUND, end of the year	<u>\$ 0</u>	<u>\$ (367,720)</u>	<u>\$ 46,525</u>

**THE CORPORATION OF THE TOWN OF ERIN
SCHEDULE OF CAPITAL FUND OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	2008 Budget (note 9)	2008 Actual	2007 Actual
REVENUE			
Canada grants	\$ 307,503	\$ 190,360	\$ 174,414
Ontario grants	379,704	379,897	1,027,869
Other	<u>40,000</u>	<u>0</u>	<u>45,500</u>
	<u>727,207</u>	<u>570,257</u>	<u>1,247,783</u>
EXPENDITURES			
General government	54,409	68,284	40,071
Protection services	455,200	405,718	52,890
Transportation services	1,894,592	1,780,675	404,741
Environmental services	1,236,308	97,089	149,631
Rental facility operations	0	7,884	0
Recreation and cultural services	189,810	136,625	146,106
Planning and development	<u>5,000</u>	<u>2,174</u>	<u>41,276</u>
	<u>3,835,319</u>	<u>2,498,449</u>	<u>834,715</u>
NET (EXPENDITURES) REVENUE for the year	<u>(3,108,112)</u>	<u>(1,928,192)</u>	<u>413,068</u>
CHANGE IN AMOUNT TO BE RECOVERED			
Transfers from current fund	920,661	733,146	444,855
Transfers from reserves and reserve funds	<u>1,189,843</u>	<u>991,305</u>	<u>101,916</u>
	<u>2,110,504</u>	<u>1,724,451</u>	<u>546,771</u>
CHANGE IN FUND BALANCE for the year	(997,608)	(203,741)	959,839
CAPITAL FUND, beginning of the year	<u>1,074,726</u>	<u>1,074,726</u>	<u>114,887</u>
CAPITAL FUND, end of the year	<u>\$ 77,118</u>	<u>\$ 870,985</u>	<u>\$ 1,074,726</u>

**THE CORPORATION OF THE TOWN OF ERIN
SCHEDULE OF RESERVES AND RESERVE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	2008 Budget (note 9)	2008 Actual	2007 Actual
REVENUE			
Development charges	\$ 0	\$ 179,263	\$ 107,800
Other income	<u>0</u>	<u>165,465</u>	<u>141,669</u>
	<u>0</u>	<u>344,728</u>	<u>249,469</u>
Net transfers from (to) other funds			
Transfer (to) from current fund	(264,679)	530,782	838,979
Transfer to capital fund	<u>(1,189,843)</u>	<u>(991,305)</u>	<u>(101,916)</u>
	<u>(1,454,522)</u>	<u>(460,523)</u>	<u>737,063</u>
CHANGE IN BALANCE for the year	(1,454,522)	(115,795)	986,532
RESERVES AND RESERVE FUNDS, beginning of the year	<u>5,410,663</u>	<u>5,410,663</u>	<u>4,424,131</u>
RESERVES AND RESERVE FUNDS, end of the year	<u>\$ 3,956,141</u>	<u>\$ 5,294,868</u>	<u>\$ 5,410,663</u>
Analyzed as follows:			
Reserves set aside for specific purpose by Council:			
Working funds		\$ 458,045	\$ 478,954
Insurance, sick leave and WSIB		15,365	15,365
Current purposes		202,402	157,109
Capital purposes		<u>2,772,135</u>	<u>2,705,915</u>
		<u>3,447,947</u>	<u>3,357,343</u>
Reserve funds set aside for specific purpose by Council:			
Current purposes		1,154,775	972,878
Capital purposes		<u>692,146</u>	<u>1,080,442</u>
		<u>1,846,921</u>	<u>2,053,320</u>
RESERVES AND RESERVE FUNDS, end of the year		<u>\$ 5,294,868</u>	<u>\$ 5,410,663</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, 2008 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, 2008 and the continuity of the trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Guelph, Ontario
March 6, 2009

A handwritten signature in black ink, appearing to read 'RLB LLP'.

Chartered Accountants
Licensed Public Accountants

**THE CORPORATION OF THE TOWN OF ERIN
TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008**

A S S E T S

	Total	Duff Pitt	Glenellen Well Program
Cash	\$ 23,454	\$ 20,247	\$ 3,207
Investments (note 2)	<u>55,901</u>	<u>559</u>	<u>55,342</u>
	<u>\$ 79,355</u>	<u>\$ 20,806</u>	<u>\$ 58,549</u>

FUND BALANCE

Fund balance	<u>\$ 79,355</u>	<u>\$ 20,806</u>	<u>\$ 58,549</u>
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**THE CORPORATION OF THE TOWN OF ERIN
TRUST FUNDS
STATEMENT OF CONTINUITY
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Total	Duff Pitt	Glenellen Well Program
BALANCE, beginning of year	\$ 76,843	\$ 20,156	\$ 56,687
Interest earned	<u>2,512</u>	<u>650</u>	<u>1,862</u>
BALANCE, end of year	<u>\$ 79,355</u>	<u>\$ 20,806</u>	<u>\$ 58,549</u>

**THE CORPORATION OF THE TOWN OF ERIN - TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

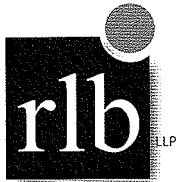
The financial statements of the trust funds of The Corporation of the Town of Erin are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing. Since precise determination of many assets and 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.

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, 2008 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, 2008 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
March 6, 2009

Chartered Accountants
Licensed Public Accountants

**THE CORPORATION OF THE TOWN OF ERIN
BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2008**

	ASSETS	2008	2007
Due from the Town of Erin		\$ <u> 0</u>	\$ <u> 6,480</u>
LIABILITIES			
Due to the Town of Erin		\$ <u> 6,890</u>	\$ <u> 0</u>
MUNICIPAL POSITION			
Municipal position		<u> (6,890)</u>	<u> 6,480</u>
		\$ <u> 0</u>	\$ <u> 6,480</u>

**THE CORPORATION OF THE TOWN OF ERIN
BUSINESS IMPROVEMENT AREA
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	2008 Budget	2008 Actual	2007 Actual
REVENUE			
Grants	\$ 3,500	\$ 3,500	\$ 3,000
Special area rates	16,000	16,800	16,000
Other	<u>22,220</u>	<u>17,113</u>	<u>3,400</u>
	<u>41,720</u>	<u>37,413</u>	<u>22,400</u>
EXPENDITURES			
Advertising	9,395	25,010	10,123
Office and sundry	8,642	7,705	3,275
Streetscape	<u>30,163</u>	<u>18,068</u>	<u>9,481</u>
	<u>48,200</u>	<u>50,783</u>	<u>22,879</u>
CHANGE IN FUND BALANCE for the year	(6,480)	(13,370)	(479)
MUNICIPAL POSITION, beginning of year	<u>6,480</u>	<u>6,480</u>	<u>6,959</u>
MUNICIPAL POSITION, end of year	<u>\$ 0</u>	<u>\$ (6,890)</u>	<u>\$ 6,480</u>

**THE CORPORATION OF THE TOWN OF ERIN
BUSINESS IMPROVEMENT AREA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

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.