

**THE CORPORATION OF THE TOWN OF ERIN  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

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ROBINSON LOTT & BROHMAN LLP

*Chartered Accountants & Business Advisors*

**PARTNERS**

D.H. MacKENZIE, C.A.  
W.A. MARTIN, C.A.  
WM. E. KOORNSTRA, C.A.

J.W. WRIGHT, C.A.  
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**ASSOCIATED**

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L.E. BAILEY, 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 balance sheet of The Corporation of the Town of Erin as at December 31, 2004 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, 2004 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.

*Robinson Lott & Brohman*

Guelph, Ontario  
March 11, 2005

Chartered Accountants

**THE CORPORATION OF THE TOWN OF ERIN  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2004**

**A S S E T S**

	<b>2004</b>	<b>2003</b> (note 14)
<b>UNRESTRICTED</b>		
Cash	\$ 67,394	\$ 468,052
Taxes receivable	1,272,600	1,318,875
Other accounts receivable	1,206,689	436,638
Investments (market value approximates cost)	<u>754,802</u>	<u>1,069,169</u>
	<u>3,301,485</u>	<u>3,292,734</u>
<b>RESTRICTED</b>		
Cash	1,048,634	493,439
Investments (market value approximates cost)	<u>130,065</u>	<u>157,201</u>
	<u>1,178,699</u>	<u>650,640</u>
	<u>\$ 4,480,184</u>	<u>\$ 3,943,374</u>

**LIABILITIES**

Accounts payable and accrued liabilities	\$ 1,127,361	\$ 680,193
Deferred revenue	275	231,041
Long term debt (note 2)	2,170,888	2,021,659
Post-employment benefits	<u>111,237</u>	<u>110,261</u>
	<u>3,409,761</u>	<u>3,043,154</u>

**MUNICIPAL POSITION**

Current fund (note 3, schedule 1)	96,678	161,509
Capital fund (schedule 2)	0	(271,693)
Reserves and reserve funds (schedule 3)	<u>3,255,870</u>	<u>3,142,324</u>
	3,352,548	3,032,140
Amounts to be recovered (note 4)	<u>(2,282,125)</u>	<u>(2,131,920)</u>
	<u>1,070,423</u>	<u>900,220</u>
	<u>\$ 4,480,184</u>	<u>\$ 3,943,374</u>

**THE CORPORATION OF THE TOWN OF ERIN  
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	2004 Budget (note 9)	2004 Actual	2003 Actual (note 14)
<b>REVENUE</b>			
Taxation	\$ 3,333,426	\$ 3,339,018	\$ 3,216,696
Fees and user charges	1,590,968	1,496,492	1,353,931
Canada grants	421,173	350,628	130,400
Ontario grants	836,958	737,602	537,205
Developer contributions	144,910	222,902	0
Other income (note 5)	709,786	737,104	668,781
Development charges	<u>0</u>	<u>420,851</u>	<u>294,440</u>
	<u>7,037,221</u>	<u>7,304,597</u>	<u>6,201,453</u>
<b>EXPENDITURES</b>			
<b>Current (note 6)</b>			
General government	835,391	852,996	743,888
Protection services	792,712	765,767	702,960
Transportation services	1,462,177	1,456,563	1,434,658
Environmental services	501,783	565,308	515,455
Social services	17,176	17,503	16,676
Rental facility operations	74,604	23,963	19,908
Recreation and cultural services	1,088,047	1,167,550	1,103,695
Planning and development	<u>57,087</u>	<u>51,088</u>	<u>48,136</u>
	<u>4,828,977</u>	<u>4,900,738</u>	<u>4,585,376</u>
<b>Capital</b>			
General government	69,573	47,638	24,346
Protection services	92,090	65,213	207,161
Transportation services	798,281	472,391	637,242
Environmental services	1,572,771	1,213,167	594,953
Health services	1,000	1,712	0
Recreation and cultural services	274,124	263,356	124,532
Planning and development	<u>820,215</u>	<u>170,179</u>	<u>103,701</u>
	<u>3,628,054</u>	<u>2,233,656</u>	<u>1,691,935</u>
<b>Total expenditures</b>	<u>8,457,031</u>	<u>7,134,394</u>	<u>6,277,311</u>
<b>NET (EXPENDITURES) REVENUES for the year</b>	<u>(1,419,810)</u>	<u>170,203</u>	<u>(75,858)</u>
<b>Change in amounts to be recovered</b>			
New debt issued	290,220	290,220	0
Debt principal repayments	(125,692)	(140,991)	(137,976)
Change in post-employment benefits	<u>0</u>	<u>976</u>	<u>(17,307)</u>
	<u>164,528</u>	<u>150,205</u>	<u>(155,283)</u>
<b>CHANGE IN FUND BALANCES for the year</b>	<u>\$ (1,255,282)</u>	<u>\$ 320,408</u>	<u>\$ (231,141)</u>

**THE CORPORATION OF THE TOWN OF ERIN  
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>2004</b>	<b>2003</b> (note 14)
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Net revenues (expenditures) for the year	\$ <u>170,203</u>	\$ <u>(75,858)</u>
Net changes in non-cash working capital		
Taxes receivable	46,275	(81,383)
Accounts receivable	(770,051)	(109,400)
Accounts payable and accrued liabilities	447,168	(510,727)
Post employment benefit liability	976	(17,307)
Deferred revenue	<u>(230,766)</u>	<u>(120,402)</u>
	<u>(506,398)</u>	<u>(839,219)</u>
	<u>(336,195)</u>	<u>(915,077)</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Long term liabilities	<u>149,229</u>	<u>(137,976)</u>
<b>CASH PROVIDED BY INVESTING ACTIVITIES</b>		
Decrease in investments	<u>341,503</u>	<u>1,863,468</u>
<b>NET INCREASE IN CASH</b>	154,537	810,415
<b>NET CASH, beginning of year</b>	<u>961,491</u>	<u>151,076</u>
<b>NET CASH, end of year</b>	\$ <u>1,116,028</u>	\$ <u>961,491</u>
<b>Cash comprised of the following:</b>		
Unrestricted cash	\$ 67,394	\$ 468,052
Restricted cash	<u>1,048,634</u>	<u>493,439</u>
	\$ <u>1,116,028</u>	\$ <u>961,491</u>

**THE CORPORATION OF THE TOWN OF ERIN  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**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 operations 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, 2004**

**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>2004</b>	<b>2003</b> (note 14)
Bank loan #1, due October 2015, payable in quarterly instalments of \$36,327 principal and interest, 6.39%	\$ 1,148,337	\$ 1,216,904
Bank loan #2, due July 2016, payable in quarterly instalments of \$4,488 principal and interest, charged at prime + 0.5%	137,331	148,755
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%	595,000	656,000
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>0</u>
	<b><u>\$ 2,170,888</u></b>	<b><u>\$ 2,021,659</u></b>

Future minimum payments on long term obligations are as follows:

2005	\$ 174,399
2006	183,394
2007	192,745
2008	202,477
2009	212,611
Thereafter	<u>1,205,262</u>
	<b><u>\$ 2,170,888</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, 2004**

**3. CURRENT FUND**

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

	<b>2004</b>	<b>2003</b> (note 14)
General area taxation	\$ 78,412	\$ 155,227
Recreation, community centres and arenas	17,116	6,145
Business improvement area	<u>1,150</u>	<u>137</u>
	<u>\$ 96,678</u>	<u>\$ 161,509</u>

**4. AMOUNTS TO BE RECOVERED**

	<b>2004</b>	<b>2003</b> (note 14)
Capital outlay financed by long term liabilities and to be recovered in future years	\$ 2,170,888	\$ 2,021,659
Post-employment benefits	<u>111,237</u>	<u>110,261</u>
	<u>\$ 2,282,125</u>	<u>\$ 2,131,920</u>

**5. OTHER INCOME**

	<b>2004</b>	<b>2003</b> (note 14)
Penalties and interest on taxation	\$ 195,811	\$ 187,555
Licenses, permits and rents	253,236	210,115
Other fines and penalties	4,130	175
Investment income	92,942	107,007
Rents, concessions and franchises	26,673	4,000
Donations	12,047	7,463
Sale of land and other assets	20,250	71,804
Sale of publications and equipment	1,228	975
Other	<u>130,787</u>	<u>79,687</u>
	<u>\$ 737,104</u>	<u>\$ 668,781</u>

**6. EXPENDITURES BY OBJECT**

	<b>2004</b>	<b>2003</b> (note 14)
Salaries, wages and employee benefits	\$ 2,407,365	\$ 2,094,897
Materials	2,200,205	2,194,525
Contracted services	55,800	54,501
Rents and financial expenses	4,911	5,788
Interest on long term debt	120,426	131,173
Contributions to other organizations	<u>112,031</u>	<u>104,492</u>
	<u>\$ 4,900,738</u>	<u>\$ 4,585,376</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 2004 was \$88,108 (2003 - \$25,099).

**THE CORPORATION OF THE TOWN OF ERIN  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**8. PUBLIC SECTOR SALARY DISCLOSURE**

During 2004, 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 2004 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>2004</b>	<b>2003</b> (note 14)
School boards	\$ 4,170,562	\$ 4,137,644
County of Wellington	<u>8,219,741</u>	<u>7,102,068</u>
	<u>\$ 12,390,303</u>	<u>\$ 11,239,712</u>

**11. TRUST FUNDS**

The trust funds administered by the municipality amounting to \$68,874 (2003 - \$67,075) 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, 2004, the trust fund balances are as follows:

	<b>2004</b>	<b>2003</b> (note 14)
Duff Pit	\$ 18,158	\$ 17,764
Glenellen Well Program	<u>50,716</u>	<u>49,311</u>
	<u>\$ 68,874</u>	<u>\$ 67,075</u>

**12. POST RETIREMENT EMPLOYMENT 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>2004</b>	<b>2003</b> (note 14)
Post retirement health care benefits	\$ <u>111,237</u>	\$ <u>110,261</u>

**13. SUBDIVISION AGREEMENTS**

As part of various subdivision agreements, the municipality has received letters of credit to cover developers' responsibilities in completing the projects as well as covering unpaid municipal levies. Letters of credit held by the municipality at December 31, 2004 amount to \$439,113 (2003 - \$224,380).

**14. COMPARATIVE FIGURES**

The comparative figures have been audited by another firm of chartered accountants. Certain comparative figures have been reclassified to conform with the current year's presentation.

**THE CORPORATION OF THE TOWN OF ERIN  
SCHEDULE OF CURRENT FUND OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	2004 Budget	2004 Actual	2003 Actual (note 14)
<b>REVENUE</b>			
Taxation	\$ 3,333,426	\$ 3,339,018	\$ 3,216,696
Fees and user charges	1,590,968	1,496,492	1,353,931
Canada grants	0	0	1,065
Ontario grants	415,785	404,780	407,870
Other income	<u>680,786</u>	<u>684,017</u>	<u>585,158</u>
	<u>6,020,965</u>	<u>5,924,307</u>	<u>5,564,720</u>
<b>EXPENDITURES</b>			
General government	835,391	852,996	743,888
Protection services	792,712	765,767	702,960
Transportation services	1,462,177	1,456,563	1,434,658
Environmental services	501,783	565,308	515,455
Social services	17,176	17,503	16,676
Rental facility operations	74,604	23,963	19,908
Recreation and cultural services	1,088,047	1,167,550	1,103,695
Planning and development	<u>57,087</u>	<u>51,088</u>	<u>48,136</u>
	<u>4,828,977</u>	<u>4,900,738</u>	<u>4,585,376</u>
<b>NET REVENUES for the year</b>	<u>1,191,988</u>	<u>1,023,569</u>	<u>979,344</u>
<b>CHANGE IN AMOUNTS TO BE RECOVERED</b>			
Debt principal repayments	(125,692)	(140,991)	(137,976)
Change in post-employment benefits	<u>0</u>	<u>976</u>	<u>(17,307)</u>
	(125,692)	(140,015)	(155,283)
Transfers to capital fund operations	(1,011,040)	(713,355)	(721,464)
Transfers to reserves and reserve funds	<u>(242,081)</u>	<u>(235,030)</u>	<u>(196,702)</u>
	<u>(1,378,813)</u>	<u>(1,088,400)</u>	<u>(1,073,449)</u>
<b>CHANGE IN FUND BALANCE for the year</b>	(186,825)	(64,831)	(94,105)
<b>CURRENT FUND, beginning of the year</b>	<u>161,509</u>	<u>161,509</u>	<u>255,614</u>
<b>CURRENT FUND, end of the year</b>	<u>\$ (25,316)</u>	<u>\$ 96,678</u>	<u>\$ 161,509</u>

**THE CORPORATION OF THE TOWN OF ERIN  
SCHEDULE OF CAPITAL FUND OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	2004 Budget	2004 Actual	2003 Actual (note 14)
<b>REVENUE</b>			
Canada grants	\$ 421,173	\$ 350,628	\$ 129,335
Ontario grants	421,173	332,822	129,335
Developer contributions	144,910	222,902	0
Other	<u>29,000</u>	<u>32,296</u>	<u>77,481</u>
	<u>1,016,256</u>	<u>938,648</u>	<u>336,151</u>
<b>EXPENDITURES</b>			
General government	69,573	47,638	24,346
Protection services	92,090	65,213	207,161
Transportation services	798,281	472,391	637,242
Environmental services	1,572,771	1,213,167	594,953
Health services	1,000	1,712	0
Recreation and cultural services	274,124	263,356	124,532
Planning and development	<u>820,215</u>	<u>170,179</u>	<u>103,701</u>
	<u>3,628,054</u>	<u>2,233,656</u>	<u>1,691,935</u>
<b>NET EXPENDITURES for the year</b>	<u>(2,611,798)</u>	<u>(1,295,008)</u>	<u>(1,355,784)</u>
<b>CHANGE IN AMOUNT TO BE RECOVERED</b>			
New debt issued	290,220	290,220	0
Transfers from current fund operations	1,011,040	713,355	721,464
Transfers from reserves and reserve funds	<u>1,582,231</u>	<u>563,126</u>	<u>370,879</u>
	<u>2,883,491</u>	<u>1,566,701</u>	<u>1,092,343</u>
<b>CHANGE IN FUND BALANCE for the year</b>	271,693	271,693	(263,441)
<b>CAPITAL FUND, beginning of the year</b>	<u>(271,693)</u>	<u>(271,693)</u>	<u>(8,252)</u>
<b>CAPITAL FUND, end of the year</b>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>(271,693)</u>

**THE CORPORATION OF THE TOWN OF ERIN  
SCHEDULE OF RESERVES AND RESERVE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	2004 Budget	2004 Actual	2003 Actual (note 14)
<b>REVENUE</b>			
Development charges	\$ 0	\$ 420,851	\$ 294,440
Investment income	<u>0</u>	<u>20,791</u>	<u>15,075</u>
Other revenue	<u>0</u>	<u>441,642</u>	<u>309,515</u>
<b>Net transfers from (to) other funds</b>			
Transfer from current fund operations	242,081	235,030	196,702
Transfer to capital fund operations	<u>(1,582,231)</u>	<u>(563,126)</u>	<u>(370,879)</u>
	<u>(1,340,150)</u>	<u>(328,096)</u>	<u>(174,177)</u>
<b>CHANGE IN BALANCE for the year</b>	(1,340,150)	113,546	135,338
<b>RESERVES AND RESERVE FUNDS, beginning of the year</b>	<u>3,142,324</u>	<u>3,142,324</u>	<u>3,006,986</u>
<b>RESERVES AND RESERVE FUNDS, end of the year</b>	<u>\$ 1,802,174</u>	<u>\$ 3,255,870</u>	<u>\$ 3,142,324</u>

**Analyzed as follows:**

**Reserves set aside for specific purpose by Council:**

Working funds	\$ 409,803	\$ 409,803
Insurance, sick leave and WSIB	15,365	15,365
Current purposes	58,097	73,134
Capital purposes	<u>1,675,899</u>	<u>1,996,207</u>
	<u>2,159,164</u>	<u>2,494,509</u>

**Reserve funds set aside for specific purpose by Council:**

Contingencies	0	1,077
Current purposes	377,157	179,278
Capital purposes	<u>719,549</u>	<u>467,460</u>
	<u>1,096,706</u>	<u>647,815</u>

<b>RESERVES AND RESERVE FUNDS, end of the year</b>	<u>\$ 3,255,870</u>	<u>\$ 3,142,324</u>
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ROBINSON LOTT & BROHMAN LLP

*Chartered Accountants & Business Advisors*

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L.E. BAILEY, C.A.

**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, 2004 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, 2004 and the continuity of the trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Guelph, Ontario  
March 11, 2005

Chartered Accountants

**THE CORPORATION OF THE TOWN OF ERIN**  
**TRUST FUNDS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2004**

**ASSETS**

	Total	Duff Pitt	Glenellen Well Program
Cash	\$ 20,449	\$ 17,653	\$ 2,796
Investments	<u>48,425</u>	<u>505</u>	<u>47,920</u>
	<u>\$ 68,874</u>	<u>\$ 18,158</u>	<u>\$ 50,716</u>

**FUND BALANCE**

Fund balance	\$ <u>68,874</u>	\$ <u>18,158</u>	\$ <u>50,716</u>
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**THE CORPORATION OF THE TOWN OF ERIN**  
**TRUST FUNDS**  
**STATEMENT OF CONTINUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	Total	Duff Pitt	Glenellen Well Program
<b>BALANCE, beginning of year</b>	\$ 67,075	\$ 17,764	\$ 49,311
<b>Interest earned</b>	<u>1,799</u>	<u>394</u>	<u>1,405</u>
<b>BALANCE, end of year</b>	\$ <u>68,874</u>	\$ <u>18,158</u>	\$ <u>50,716</u>



**THE CORPORATION OF THE TOWN OF ERIN - TRUST FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**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 LLP

*Chartered Accountants & Business Advisors*

**PARTNERS**

D.H. MacKENZIE, C.A.  
W.A. MARTIN, C.A.  
WM. E. KOORNSTRA, C.A.

J.W. WRIGHT, C.A.  
T.J. GASKELL, C.A.

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

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

**ASSOCIATED**

A. PERROTTA, C.A.  
K.W. EDWARDS, C.A.  
R.E. WIGHTMAN, C.A.  
L.E. BAILEY, 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, 2004 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, 2004 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.

*Robinson Lott & Brohman*

Guelph, Ontario  
March 11, 2005

Chartered Accountants

**THE CORPORATION OF THE TOWN OF ERIN  
BUSINESS IMPROVEMENT AREA  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2004**

**ASSETS**

	<b>2004</b>	<b>2003 (note 2)</b>
Due from the Town of Erin	\$ <u>1,150</u>	\$ <u>137</u>

**MUNICIPAL POSITION**

Municipal position	\$ <u>1,150</u>	\$ <u>137</u>
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**THE CORPORATION OF THE TOWN OF ERIN  
BUSINESS IMPROVEMENT AREA  
STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	2004 Budget	2004 Actual	2003 Actual (note 2)
<b>REVENUE</b>			
Federal grants	\$ 0	\$ 0	\$ 1,065
Special area rates	12,650	12,653	12,631
Donations	0	500	1,225
Transfers from Town reserves	0	0	29,182
Other	<u>650</u>	<u>5,294</u>	<u>6,899</u>
	<u>13,300</u>	<u>18,447</u>	<u>51,002</u>
<b>EXPENDITURES</b>			
Salaries and benefits	0	0	2,832
Advertising	3,527	6,664	7,670
Office and sundry	3,160	2,926	2,913
Streetscape	4,750	5,844	2,310
Capital expenditure	0	0	35,839
Transfer to Town reserve funds	<u>2,000</u>	<u>2,000</u>	<u>1,462</u>
	<u>13,437</u>	<u>17,434</u>	<u>53,026</u>
<b>CHANGE IN FUND BALANCE for the year</b>	(137)	1,013	(2,024)
<b>BOARD POSITION, beginning of year</b>	<u>137</u>	<u>137</u>	<u>2,161</u>
<b>BOARD POSITION, end of year</b>	\$ <u>0</u>	\$ <u>1,150</u>	\$ <u>137</u>

**THE CORPORATION OF THE TOWN OF ERIN  
BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

**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. 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.

**2. COMPARATIVE FIGURES**

The comparative figures were audited by another firm of chartered accountants.

