

**The Corporation of the
Town of Erin
Financial Statements
For the year ended December 31, 2003**

**The Corporation of the Town of Erin
Financial Statements
For the year ended December 31, 2003**

Contents

The Corporation of the Town of Erin

Auditors' Report	{T#}
Consolidated Statement of Financial Position	2
Consolidated Statement of Financial Activities	3
Consolidated Statement of Changes in Financial Position	4
Summary of Significant Accounting Policies	5
Notes to Financial Statements	7 - 12
Schedule of Deferred Revenue	13
Schedule of Current Fund Operations	14
Schedule of Capital Fund Operations	15
Schedule of Reserves and Reserve Funds	16

The Corporation of the Town of Erin Trust Funds

Auditors' Report	18
Balance Sheet and Statement of Continuity	19
Summary of Significant Accounting Policies	20

The Corporation of the Town of Erin Business Improvement Area

Auditors' Report	23
Statement of Financial Position	24
Statement of Financial Activities	25
Summary of Significant Accounting Policies	26



BDO Dunwoody LLP
Chartered Accountants
and Advisors

Driving growth

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, 2003 and the consolidated statement of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Municipality'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 consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Erin as at December 31, 2003 and the results of its financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Chartered Accountants

Orangeville, Ontario
March 10, 2004

BDO Dunwoody LLP is a Limited Liability Partnership registered in Ontario

The Corporation of the Town of Erin Consolidated Statement of Financial Position

December 31	2003	2002
Assets		
Financial assets		
Cash (Note 1)	\$ 961,450	\$ 151,076
Taxes receivable	1,318,875	1,237,492
Trade and other receivables	436,593	327,193
Investments (Note 2)	1,226,412	3,089,839
	\$ 3,943,330	\$ 4,805,600
Liabilities and Municipal Position		
Liabilities		
Accounts payable and accrued liabilities	\$ 680,195	\$ 1,190,922
Deferred revenue (Page 13)	653,027	530,597
Net long-term liabilities (Note 3)	2,021,659	2,159,636
Post-employment benefits (Note 14)	110,261	127,568
	3,465,142	4,008,723
Municipal position		
Current fund (Page 14)(Note 4)	161,509	255,614
Capital fund (Page 15)	(271,693)	(8,252)
Reserves and reserve funds (Page 16)	2,720,292	2,836,719
	2,610,108	3,084,081
Amounts to be recovered (Note 5)	(2,131,920)	(2,287,204)
	478,188	796,877
	\$ 3,943,330	\$ 4,805,600

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Town of Erin Consolidated Statement of Financial Activities

For the year ended December 31	2003 Budget (Unaudited)	2003 Actual	2002 Actual
Revenue			
Taxation	\$ 3,236,038	\$ 3,216,696	\$ 3,174,856
Fees and user charges	1,350,444	1,289,607	1,110,989
Canada grants	428,854	130,400	63,225
Ontario grants	828,720	537,205	485,512
Municipal grants	73,700	64,324	77,363
Developer contributions	-	-	1,368
Other income (Note 6)	602,129	668,781	660,573
Obligatory reserve fund revenue recognized	61,171	51,608	36,390
	<u>6,581,056</u>	<u>5,958,621</u>	<u>5,610,276</u>
Expenditures			
Current (Note 7)			
General government	807,645	743,888	738,112
Protection services	748,013	702,960	648,973
Transportation services	1,422,587	1,431,083	1,266,654
Environmental services	546,896	519,030	375,999
Health services	16,000	16,676	15,517
Social and family services	12,000	12,000	12,000
Recreation and cultural services	1,173,370	1,103,695	1,058,169
Planning and development	98,414	48,136	46,768
Hydro operations	7,875	7,908	19,752
	<u>4,832,800</u>	<u>4,585,376</u>	<u>4,181,944</u>
Capital			
General government	25,400	24,346	55,499
Protection services	205,240	207,161	342,309
Transportation services	950,144	637,242	643,446
Environmental services	1,292,860	594,953	1,269,861
Recreational and cultural services	157,070	124,532	210,857
Planning and development	816,899	103,701	124,392
	<u>3,447,613</u>	<u>1,691,935</u>	<u>2,646,364</u>
Total expenditures	<u>8,280,413</u>	<u>6,277,311</u>	<u>6,828,308</u>
Net revenues (expenditures) for the year	<u>(1,699,357)</u>	<u>(318,690)</u>	<u>(1,218,032)</u>
Change in amounts to be recovered			
New debt issued	(290,220)	-	715,000
Debt principal repayments	(131,564)	(137,976)	(90,333)
Change in post-employment benefits	-	(17,307)	33,518
	<u>(421,784)</u>	<u>(155,283)</u>	<u>658,185</u>
Change in fund balances for the year	<u>\$ (2,121,141)</u>	<u>\$ (473,973)</u>	<u>\$ (559,847)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Town of Erin Consolidated Statement of Changes in Financial Position

For the year ended December 31	2003	2002
Cash provided by (used in)		
Operating activities		
Net revenue for the year	\$ (318,690)	\$ (1,218,032)
Increase in taxes receivable	(81,383)	(45,424)
Decrease (increase) in accounts receivable	(109,400)	507,084
Increase (decrease) in accounts payable	(510,727)	296,888
Increase (decrease) in post employment benefit liability	(17,307)	33,518
Increase in deferred revenue	122,430	213,611
	<u>(596,387)</u>	<u>1,005,677</u>
	<u>(915,077)</u>	<u>(212,355)</u>
Investing activities		
Acquisition of investments	-	(1,430,391)
Proceeds on sale of investments	1,863,427	-
	<u>1,863,427</u>	<u>(1,430,391)</u>
Financing activities		
Additions to long-term liabilities	-	715,000
Repayment of long-term liabilities	(137,976)	(90,333)
	<u>(137,976)</u>	<u>624,667</u>
Net change in cash and cash equivalents	810,374	(1,018,079)
Cash and cash equivalents, beginning of year	151,076	1,169,155
Cash and cash equivalents, end of year	\$ 961,450	\$ 151,076

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

The Corporation of the Town of Erin

Summary of Significant Accounting Policies

December 31, 2003

Management Responsibility

The consolidated financial statements of the Corporation of the Town of Erin are the representations of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Basis of Consolidation

The consolidated statements reflect the assets, liabilities, revenues and expenditures of the current fund, capital fund, reserves and reserve funds of all municipal organizations, committees, and boards which are owned or controlled by Council. All interfund assets and liabilities and revenues and expenditures have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Town of Erin Business Improvement Area

Ballinafad Community Centre

Town of Erin Tennis Club

Basis of Accounting

Revenues and expenditures are reported on the accrual basis of accounting. 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.

The consolidated statement of financial position reflects all of the financial assets and liabilities of the municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the municipality, and is the difference between its assets and liabilities. This provides information about the municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

Temporary Investments

Temporary investments are recorded at the lower of cost and market value.

The Corporation of the Town of Erin Summary of Significant Accounting Policies

December 31, 2003

Inventory	Inventory of goods held for resale is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.
Capital Assets	The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the consolidated statement of financial activities.
Deferred Revenue	Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of financial activities in the year in which it is used for the specified purpose.
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.
County and School Board	The municipality collects taxation revenue on behalf of the school boards and the County of Wellington. 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 these financial statements.
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 balance sheet.

The Corporation of the Town of Erin Notes to Financial Statements

December 31, 2003

1. Cash

	<u>2003</u>	<u>2002</u>
Unrestricted	\$ 961,450	\$ 150,575
Restricted	-	501
	<u>\$ 961,450</u>	<u>\$ 151,076</u>

2. Investments

	<u>2003</u>	<u>2002</u>
Ontario Savings Bonds	\$ -	\$ 88,754
Investment accounts	1,226,412	3,001,085
	<u>\$ 1,226,412</u>	<u>\$ 3,089,839</u>

The Corporation of the Town of Erin Notes to Financial Statements

December 31, 2003

3. Long-Term Liabilities

The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2003	2002
Term loan payable, 5.3%, payable \$1,661 principal and interest monthly, due March 2003	\$ -	\$ 4,162
The Municipality has assumed responsibility for the payment of principal and interest charges on certain long term debt facilities issued by the County of Wellington with variable interest rates from 3.4% to 5.55% over a ten year term. At the end of the year, the outstanding principal amount of the liability is	656,000	715,000
Loan payable, 6.39%, payable \$36,327 principal and interest quarterly, due November 2005	1,216,904	1,281,846
Loan payable, prime + 0.5%, payable \$4,448 principal and interest quarterly, due on demand	148,755	158,628
	\$ 2,021,659	\$ 2,159,636

Principal payments for the next 5 fiscal years are as follows:

2004	\$ 138,074
2005	145,374
2006	153,776
2007	162,531
2008	171,482
Thereafter	1,250,422

The annual principal and interest payments required to service the long-term liabilities 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 Financial Statements

December 31, 2003

4. Current Fund

	2003	2002
Available to offset future revenue requirements (required to be financed from future revenues):		
General area taxation	\$ 155,227	\$ 291,597
Loan repayments to be recovered	-	(33,698)
Recreation, community centres and arenas	6,145	(4,446)
Business improvement area	137	2,161
	\$ 161,509	\$ 255,614

5. Amounts to be recovered

	2003	2002
Capital outlay financed by long-term liabilities and to be recovered in future years	\$ 2,021,659	\$ 2,159,636
Post-employment benefits	110,261	127,568
	\$ 2,131,920	\$ 2,287,204

6. Other Income

	2003	2003	2002
	Budget (Unaudited)	Actual	Actual
Penalties and interest on taxation	\$ 162,000	\$ 187,555	\$ 175,410
Licences, permits and rents	216,115	210,115	154,985
Other fines and penalties	1,500	175	2,870
Investment income	34,584	107,007	116,689
Rents, concessions and franchises	66,500	4,000	4,500
Donations	-	7,463	37,385
Sale of land and other assets	-	71,804	11,351
Sale of publications and equipment	8,500	975	649
Gain (loss) on sale of Erin Hydro	-	-	63,875
Other	112,930	79,687	92,859
	\$ 602,129	\$ 668,781	\$ 660,573

The Corporation of the Town of Erin Notes to Financial Statements

December 31, 2003

7. Expenditures by Object

Total operating expenditures for the year reported on the consolidated statement of financial activities are as follows:

	<u>2003</u>	<u>2002</u>
Salaries, wages and employee benefits	\$ 2,094,898	\$ 1,916,187
Materials	2,194,525	2,025,928
Contracted services	54,500	41,924
Rents and financial expenses	5,788	3,838
Interest on long-term debt	131,173	102,354
Contributions to other organizations	104,492	91,713
	<u>\$ 4,585,376</u>	<u>\$ 4,181,944</u>

8. Government Business Enterprises

The Ontario Government enacted the Energy Competition Act, 1998 to introduce competition to the Ontario electricity market by the year 2000. Under the terms of this legislation, the Ontario Energy Board (the "OEB") will regulate industry participants by issuing licenses for the right to generate, transmit, distribute or retail electricity. These licenses will require compliance with established market rules and codes.

Pursuant to this legislation, the Corporation of the Town of Erin, as owners of the Erin Hydro-Electric Commission, authorized the incorporation of a company created for the purpose of continuing the current distributing and retailing activities of the Commission. A By-law enacted on November 2, 2000 authorized the transfer of all assets and liabilities of the Commission to the appropriate newly created corporation.

On November 2, 2000, Council passed a By-Law authorizing the sale of Erin Hydro Corporation to Hydro One Networks Inc for \$2,710,000. The sale closed on September 25, 2001 with a resulting working capital adjustment of \$85,048 resulting in a loss on sale of \$1,311. The Town of Erin recorded an additional gain on sale in 2002 of \$63,875 as a result of the final purchase price adjustment.

The Corporation of the Town of Erin Notes to Financial Statements

December 31, 2003

9. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (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 2003 was \$25,099 (2002 - \$nil).

10. Public Sector Salary Disclosure

During 2003, 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.

11. 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 2003 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.

12. Operations of 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:

	<u>2003</u>	<u>2002</u>
School boards	\$ 4,137,644	\$ 4,025,842
County of Wellington	7,102,068	6,537,400
	<u>\$ 11,239,712</u>	<u>\$ 10,563,242</u>

The Corporation of the Town of Erin Notes to Financial Statements

December 31, 2003

13. Trust Funds

The trust funds administered by the municipality amounting to \$67,075 (2002 - \$64,918) 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, 2003, the trusts fund balances are as follows:

	<u>2003</u>	<u>2002</u>
Duff Pit	\$ 17,764	\$ 17,263
Glenellen Well Program	49,311	47,655
	<u>\$ 67,075</u>	<u>\$ 64,918</u>

14. Post Retirement Employment Benefits

The municipality has adopted the new Canadian generally accepted principles for post retirement employee future benefits. An actuarial valuation has been performed. Management has estimated the post retirement employee future benefit for 2002.

	<u>2003</u>	<u>2002</u>
Post retirement health care benefits	\$ 110,261	\$ 127,568

15. 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, 2003 amount to \$1,910,497 (2002 - \$209,062).

**The Corporation of the Town of Erin
Schedule of Deferred Revenue**

For the year ended December 31, 2003

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Development charges	\$ 142,219	\$ 225,929	\$ 7,040	\$ (51,608)	\$ 323,580
Lot levies	20,012	1,430	531	-	21,973
Recreational land	7,537	67,081	1,863	-	76,481
Subdivider contributions	501	(506)	5	-	-
	170,269	293,934	9,439	(51,608)	422,034
Other					
Other	650	-	-	-	650
Drinking water protection regulations	359,678	-	-	(129,335)	230,343
	360,328	-	-	(129,335)	230,993
	\$ 530,597	\$ 293,934	\$ 9,439	\$ (180,943)	\$ 653,027

The Corporation of the Town of Erin Schedule of Current Fund Operations

For the year ended December 31	2003 Budget (Unaudited)	2003 Actual	2002 Actual
Revenue			
Taxation	\$ 3,236,038	\$ 3,216,696	\$ 3,174,856
Fees and user charges	1,350,444	1,289,607	1,110,989
Canada grants	14,734	1,065	14,167
Ontario grants	414,600	407,870	424,982
Municipal grants	67,700	64,324	68,300
Other	602,129	585,157	613,860
	<u>5,685,645</u>	<u>5,564,719</u>	<u>5,407,154</u>
Expenditures			
General government	807,645	743,888	738,112
Protection services	748,013	702,960	648,973
Transportation services	1,422,587	1,431,083	1,266,654
Environmental services	546,896	519,030	375,999
Health services	16,000	16,676	15,517
Social and family services	12,000	12,000	12,000
Recreation and cultural services	1,173,370	1,103,695	1,058,169
Planning and development	98,414	48,136	46,768
Hydro operations	7,875	7,908	19,752
	<u>4,832,800</u>	<u>4,585,376</u>	<u>4,181,944</u>
Net revenues for the year	<u>852,845</u>	<u>979,343</u>	<u>1,225,210</u>
Change in amounts to be recovered			
Debt principal repayments	(131,564)	(137,975)	(90,333)
Change in post-employment benefits	-	(17,307)	33,518
	<u>(131,564)</u>	<u>(155,282)</u>	<u>(56,815)</u>
Transfers to capital fund operations	(987,545)	(721,464)	(658,600)
Transfers to reserves and reserve funds	31,395	(196,702)	(1,958,219)
	<u>(1,087,714)</u>	<u>(1,073,448)</u>	<u>(2,673,634)</u>
Change in fund balance for the year	(234,869)	(94,105)	(1,448,424)
Current Fund, beginning of the year	<u>255,614</u>	<u>255,614</u>	<u>1,704,038</u>
Current Fund, end of the year	\$ 20,745	\$ 161,509	\$ 255,614

The Corporation of the Town of Erin Schedule of Capital Fund Operations

For the year ended December 31	2003 Budget (Unaudited)	2003 Actual	2002 Actual
Revenue			
Canada grants	\$ 414,120	\$ 129,335	\$ 49,058
Ontario grants	414,120	129,335	60,530
Municipal grants	6,000	-	9,063
Developer contributions	-	-	1,368
Other	-	77,481	43,384
Obligatory reserve fund revenue recognized	61,171	51,608	36,390
	<u>895,411</u>	<u>387,759</u>	<u>199,793</u>
Expenditures			
General government	25,400	24,346	55,499
Protection services	205,240	207,161	342,309
Transportation services	950,144	637,242	643,446
Environmental services	1,292,860	594,953	1,269,861
Recreation and cultural services	157,070	124,532	210,857
Planning and development	816,899	103,701	124,392
	<u>3,447,613</u>	<u>1,691,935</u>	<u>2,646,364</u>
Net revenues (expenditures) for the year	<u>(2,552,202)</u>	<u>(1,304,176)</u>	<u>(2,446,571)</u>
Change in amounts to be recovered			
New debt issued	290,220	-	715,000
Transfers from current fund operations	987,545	721,464	658,600
Transfers from reserves and reserve funds	1,274,437	319,271	1,069,857
	<u>2,552,202</u>	<u>1,040,735</u>	<u>2,443,457</u>
Change in fund balance for the year	-	(263,441)	(3,114)
Capital Fund, beginning of the year	<u>(8,252)</u>	<u>(8,252)</u>	<u>(5,138)</u>
Capital Fund, end of the year	<u>\$ (8,252)</u>	<u>\$ (271,693)</u>	<u>\$ (8,252)</u>

The Corporation of the Town of Erin Schedule of Reserves and Reserve Funds

For the year ended December 31	2003 Budget (Unaudited)	2003 Actual	2002 Actual
Revenue (Expenditure)			
Other revenue	\$ -	\$ 6,142	\$ 3,329
Net Transfers from (to) other funds			
Transfer from current fund operations	(31,395)	196,702	1,958,219
Transfer from (to) capital fund operations	(1,274,439)	(319,271)	(1,069,857)
	<u>(1,305,834)</u>	<u>(122,569)</u>	888,362
Change in balance for the year	(1,305,834)	(116,427)	891,691
Reserves and Reserve Funds, beginning of the year	<u>2,836,719</u>	<u>2,836,719</u>	1,945,028
Reserves and Reserve Funds, end of the year	\$ 1,530,885	\$ 2,720,292	\$ 2,836,719
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		73,134	93,132
Capital purposes		1,996,207	2,233,210
		<u>2,494,509</u>	<u>2,751,510</u>
Reserve funds set aside for specific purpose by Council:			
Contingencies		1,077	1,056
Current purposes		179,278	353
Capital purposes		45,428	83,800
		<u>225,783</u>	<u>85,209</u>
Reserves and Reserve Funds, end of the year		\$ 2,720,292	\$ 2,836,719

**The Corporation of the
Town of Erin
Trust Funds
Financial Statements
For the year ended December 31, 2003**

Auditors' Report

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

We have audited the balance sheet of the trust funds of the Corporation of the Town of Erin as at December 31, 2003 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, 2003 and the continuity of the trust funds for the year then ended in accordance with the accounting principles disclosed in the summary of significant accounting policies accompanying the financial statements.

Chartered Accountants

Orangeville, Ontario
March 10, 2004

**The Corporation of the Town of Erin
Trust Funds
Balance Sheet**

December 31, 2003

Assets	Total	Duff Pit	Glenellen Well Program
Cash	\$ 20,008	\$ 17,272	\$ 2,736
Investments	47,067	492	46,575
	\$ 67,075	\$ 17,764	\$ 49,311
Fund Balance	\$ 67,075	\$ 17,764	\$ 49,311

Statement of Continuity

For the year ended December 31, 2003

	Total	Duff Pit	Glenellen Well Program
Balance , beginning of the year	\$ 64,918	\$ 17,263	\$ 47,655
Receipts			
Interest earned	2,157	501	1,656
Balance , end of the year	\$ 67,075	\$ 17,764	\$ 49,311

The Corporation of the Town of Erin Trust Funds

Summary of Significant Accounting Policies

December 31, 2003

Management Responsibility

The consolidated financial statements of the Corporation of the Town of Erin Trust Funds are the representation of management prepared in accordance with accounting principles prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgment and review.

Accrual Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of principal and interest charges on long-term liabilities which are charged against operations in the periods in which they are paid.

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.

Capital Assets

The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are recorded as an expenditure on the statement of continuity in the year of acquisition.
