

**THE CORPORATION OF THE TOWN OF ERIN  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

# THE CORPORATION OF THE TOWN OF ERIN

## INDEX TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

---

	Page
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 12
Consolidated Schedule of Segmented Disclosure	13
Consolidated Schedule of Tangible Capital Assets	14
Consolidated Schedule of Deferred Revenue - Obligatory Reserve Funds	15
Consolidated Schedule of Accumulated Surplus	16
<b>TRUST FUNDS</b>	
INDEPENDENT AUDITOR'S REPORT	17
FINANCIAL STATEMENTS	
Statement of Financial Position	18
Statement of Continuity	19
Notes to the Financial Statements	20
<b>BUSINESS IMPROVEMENT AREA</b>	
INDEPENDENT AUDITOR'S REPORT	21
FINANCIAL STATEMENTS	
Statement of Financial Position	22
Statement of Financial Activities	23
Notes to the Financial Statements	24

---

## INDEPENDENT AUDITOR'S REPORT

---

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

We have audited the accompanying consolidated financial statements of The Corporation of the Town of Erin, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Town of Erin as at December 31, 2016 and the consolidated results of its operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Guelph, Ontario  
June 20, 2017

Chartered Professional Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE TOWN OF ERIN**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 2,599,334	\$ 2,880,546
Taxes receivable	2,122,111	2,581,254
Accounts receivable	834,811	886,192
Investments	5,371,889	1,850,778
Tile drain loan receivable	<u>11,447</u>	<u>13,362</u>
	<u>10,939,592</u>	<u>8,212,132</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,859,423	1,493,244
Deferred capital funding	0	21,750
Long term debt (note 2)	4,559,746	2,221,510
Retirement benefits liability	135,486	138,796
Deferred revenue - Obligatory reserve funds (schedule 3)	2,405,512	2,198,454
Tile drain loan payable	<u>11,447</u>	<u>13,362</u>
	<u>8,971,614</u>	<u>6,087,116</u>
<b>NET FINANCIAL ASSETS</b> (page 6)	<u>1,967,978</u>	<u>2,125,016</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (schedule 2)	<u>50,340,990</u>	<u>50,123,625</u>
<b>ACCUMULATED SURPLUS</b> (schedule 4)	<u>\$ 52,308,968</u>	<u>\$ 52,248,641</u>

**THE CORPORATION OF THE TOWN OF ERIN  
CONSOLIDATED STATEMENT OF OPERATIONS  
AS AT DECEMBER 31, 2016**

	<b>2016 Budget (note 5)</b>	<b>2016 Actual</b>	<b>2015 Actual</b>
<b>REVENUE</b>			
Taxation revenue	\$ 6,304,344	\$ 6,322,027	\$ 6,025,329
Fees and user charges	2,394,258	2,499,702	2,469,391
Canada grants	12,000	175,752	8,500
Ontario grants	809,961	774,259	773,988
Other income (note 3)	901,662	772,528	2,126,950
Obligatory reserve fund revenue recognized (schedule 3)	<u>509,300</u>	<u>705,067</u>	<u>746,527</u>
	<u>10,931,525</u>	<u>11,249,335</u>	<u>12,150,685</u>
<b>EXPENSES (schedule 1)</b>			
General government	1,599,103	1,828,684	1,608,472
Protection services	1,620,620	1,457,213	1,361,963
Transportation services	4,164,576	4,253,769	4,127,391
Environmental services (note 12)	1,322,099	1,727,828	1,476,738
Social services	36,190	32,629	37,817
Rental facility operations	9,870	2,185	1,873
Recreation services	1,574,780	1,490,022	1,439,020
Planning and development	<u>359,553</u>	<u>396,678</u>	<u>398,748</u>
	<u>10,686,791</u>	<u>11,189,008</u>	<u>10,452,022</u>
<b>ANNUAL SURPLUS</b>	<u>\$ 244,734</u>	60,327	1,698,663
<b>ACCUMULATED SURPLUS at beginning of year</b>		<u>52,248,641</u>	<u>50,549,978</u>
<b>ACCUMULATED SURPLUS at end of year</b>		<u>\$ 52,308,968</u>	<u>\$ 52,248,641</u>

THE CORPORATION OF THE TOWN OF ERIN  
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS  
AS AT DECEMBER 31, 2016

	2016 Budget (note 5)	2016 Actual	2015 Actual
<b>Annual surplus</b>	\$ 244,734	\$ 60,327	\$ 1,698,663
Acquisition of tangible capital assets	(3,994,078)	(2,776,547)	(2,833,365)
Amortization of tangible capital assets	2,328,203	2,404,198	2,328,203
Loss (gain) on disposal of tangible capital assets	0	63,433	(2,479)
Proceeds on sale of tangible capital assets	9,000	91,551	2,479
	<u>(1,656,875)</u>	<u>(217,365)</u>	<u>(505,162)</u>
<b>(DECREASE) INCREASE IN NET FINANCIAL ASSETS</b>	<b>\$ (1,412,141)</b>	<b>(157,038)</b>	<b>1,193,501</b>
<b>NET FINANCIAL ASSETS at beginning of year</b>		<u>2,125,016</u>	<u>931,515</u>
<b>NET FINANCIAL ASSETS at end of year</b>		<b>\$ <u>1,967,978</u></b>	<b>\$ <u>2,125,016</u></b>

**THE CORPORATION OF THE TOWN OF ERIN  
CONSOLIDATED STATEMENT OF CASH FLOWS  
AS AT DECEMBER 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Annual surplus	\$ 60,327	\$ 1,698,663
Items not requiring an outlay of cash		
Amortization of tangible capital assets	2,404,198	2,328,203
Loss (gain) on disposal of tangible capital assets	<u>63,433</u>	<u>(2,479)</u>
	<u>2,527,958</u>	<u>4,024,387</u>
Net changes in non-cash working capital		
Taxes receivable	459,143	440,318
Accounts receivable	51,381	544,004
Accounts payable and accrued liabilities	366,179	(419,726)
Retirement benefits liability	(3,310)	5,075
Deferred capital funding	(21,750)	(6,093)
Deferred revenue - Obligatory reserve funds	<u>207,058</u>	<u>171,078</u>
	<u>1,058,701</u>	<u>734,656</u>
	<u>3,586,659</u>	<u>4,759,043</u>
<b>CASH PROVIDED BY (USED IN) CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(2,776,547)	(2,833,365)
Proceeds on disposal of tangible capital assets	<u>91,551</u>	<u>2,479</u>
	<u>(2,684,996)</u>	<u>(2,830,886)</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Long term debt	<u>2,338,236</u>	<u>(335,222)</u>
<b>CASH (USED IN) INVESTING ACTIVITIES</b>		
Investments	<u>(3,521,111)</u>	<u>(219,538)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	(281,212)	1,373,397
<b>CASH, beginning of year</b>	<u>2,880,546</u>	<u>1,507,149</u>
<b>CASH, end of year</b>	<u>\$ 2,599,334</u>	<u>\$ 2,880,546</u>

**THE CORPORATION OF THE TOWN OF ERIN**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of The Corporation of the Town of Erin are the representation of management prepared in accordance with Canadian generally accepted accounting principles for governments as established by the Public Sector Accounting Board. 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) 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, 2016**

---

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

(c) INVESTMENTS

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

(d) DEFERRED REVENUE AND DEFERRED CAPITAL FUNDING

Revenue restricted by legislation, regulation or agreement and not available for general municipal operations is reported as deferred revenue or deferred capital funding on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations 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) REVENUE RECOGNITION

Taxation revenue is recognized in the period in which the tax is levied. Fines and donations are recognized when received. Other revenues are recorded upon sale of goods or provision of service when collection is reasonably assured.

(g) NON-FINANCIAL ASSETS

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

(i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributed to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over their estimated useful life as follows:

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

Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date received and also are recorded as revenue.

**THE CORPORATION OF THE TOWN OF ERIN**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

---

**2. LONG TERM DEBT**

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

	<b>2016</b>	<b>2015</b>
OMEIFA loan, due September 2016, repayable in semi-annual instalments of \$16,441 principal and interest, at a rate of approximately 2.44%	\$ 0	\$ 32,290
County of Wellington debenture, due October 2016, repayable in variable annual instalments, at variable interest rates from 4.30% to 4.60%	0	23,000
Canada Mortgage and Housing Corporation, due November 1, 2024, repayable in blended payments of \$25,765 at a rate of approximately 3.99%	173,542	191,660
OIPC debenture, due October 1, 2025, repayable in semi-annual payments of \$10,178 plus interest at a rate of 3.86%	183,204	203,560
County of Wellington debenture, due March 6, 2022, repayable in variable annual payments, at variable interest rates from 1.55% to 3.35%	1,657,000	1,771,000
County of Wellington debenture, due November 2036 repayable in variable annual instalments, at variable interest rates from 1.15% to 3.20%	<u>2,546,000</u>	<u>0</u>
	<u>\$ 4,559,746</u>	<u>\$ 2,221,510</u>

Future minimum payments on long term obligations are as follows:

2017	\$ 315,197
2018	319,949
2019	325,730
2020	329,543
2021	337,389
Thereafter	<u>2,931,938</u>
	<u>\$ 4,559,746</u>

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

**3. OTHER INCOME**

	<b>2016</b>	<b>2015</b>
Penalties and interest on taxation	\$ 321,941	\$ 379,338
Licenses, permits and rents	403,035	441,563
Other fines and penalties	0	150
Investment income	45,679	36,796
Rents, concessions and franchises	32,400	28,940
Donations	0	4,750
Contributed tangible capital assets	0	1,195,064
(Loss) gain on disposal of tangible capital assets	(63,433)	2,479
Other	<u>32,906</u>	<u>37,870</u>
	<u>\$ 772,528</u>	<u>\$ 2,126,950</u>

**THE CORPORATION OF THE TOWN OF ERIN  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

---

**4. PENSION AGREEMENTS**

The municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement income to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2016 was \$240,646 (2015 - \$225,334).

**5. BUDGET AMOUNTS**

The budgeted figures are presented for comparison purposes as prepared and approved by Council, and include the 2016 TCA/PSAB Budget Reconciliation Report prepared by staff.

**6. 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>2016</b>	<b>2015</b>
School boards	\$ 4,639,219	\$ 4,700,475
County of Wellington	<u>13,453,109</u>	<u>13,098,380</u>
	<u>\$ 18,092,328</u>	<u>\$ 17,798,855</u>

**7. TRUST FUNDS**

The trust funds administered by the municipality amounting to \$89,649 (2015 - \$89,001) have not been included in the Consolidated Statement of Financial Position, nor have the operations been included in the Consolidated Statement of Operations. At December 31, the trust fund balances are as follows:

	<b>2016</b>	<b>2015</b>
Duff Pit	\$ 22,532	\$ 22,343
Glenellen Well Program	<u>67,117</u>	<u>66,658</u>
	<u>\$ 89,649</u>	<u>\$ 89,001</u>

**8. 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, 2016 amount to \$3,050,159 (2015 - \$3,709,218).

**THE CORPORATION OF THE TOWN OF ERIN  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

---

**9. TANGIBLE CAPITAL ASSETS**

	<b>Net 2016</b>	<b>Net 2015</b>
General		
Land	\$ 7,300,931	\$ 7,225,396
Buildings	7,784,531	8,046,201
Vehicles	2,073,475	2,105,324
Furniture and equipment	1,048,394	607,514
Infrastructure		
Roads	21,190,621	21,050,545
Bridges and infrastructure	10,200,431	10,455,063
Assets under construction	<u>742,607</u>	<u>633,582</u>
	<u>\$ 50,340,990</u>	<u>\$ 50,123,625</u>

**10. CONTINGENT LIABILITIES**

The municipality is, from time to time, subject to various claims. In one such claim, the municipality disputes the other party's claim of the municipality's share of costs under an existing agreement. The municipality has entered into negotiations with the other party to resolve the dispute. The municipality has accrued an estimate of its liability, based on its acknowledgement that it will be liable for some of the associated costs. The difference between the estimated liability and the potential liability is not material. The outcomes of all other claims outstanding at year end are not determinable. Accordingly, no accrual has been recorded for these claims.

**11. SEGMENTED INFORMATION**

The Corporation of the Town of Erin is a diversified municipal government institution that provides a wide range of services to its citizens, including Government and Administration Services, Protective Services (i.e. building inspection, fire and emergency services, bylaw enforcement, school crossing guards, animal control), Transportation Services (i.e. roadways, streetlighting, and sidewalks), Municipal Drinking Water, Environmental Services (i.e. stormwater management and source water protection), Recreation and Parks, and Planning and Community Development Services. For management reporting purposes, the government's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations. Town services are provided by departments and their activities are reported in these funds.

**12. ENVIRONMENTAL SERVICES**

Environmental services expenses include the operation of residential drinking water systems, stormwater management and source water protection activities.

**13. COMPARATIVE FIGURES**

Certain figures presented for comparative purposes have been reclassified to conform to the current year's presentation.

THE CORPORATION OF THE TOWN OF ERIN  
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE  
FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule 1

	General Government	Protection Services	Transportation Services	Environmental Services	Social Services	Rental Facility Operations	Recreation Services	Planning and Development	2016	2015
<b>EXPENSES</b>										
Salaries and benefits	\$ 1,117,093	\$ 668,349	\$ 997,765	\$ 500,474	\$ 0	\$ 0	\$ 638,165	\$ 113,771	\$ 4,035,617	\$ 3,948,777
Materials	208,733	279,101	1,654,313	562,955	32,629	2,185	626,016	176,847	3,542,779	3,186,844
Contracted services	282,626	94,278	13,281	255,279	0	0	16,268	106,060	767,792	621,967
Rents and financial expenses	175,855	0	0	26,288	0	0	0	0	202,143	129,094
Interest on long term debt	0	52,987	7,647	1,650	0	0	7,682	0	69,966	78,182
Amortization	44,377	206,117	1,580,763	381,182	0	0	191,759	0	2,404,198	2,328,203
Other	<u>0</u>	<u>156,381</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,132</u>	<u>0</u>	<u>166,513</u>	<u>158,955</u>
	<u>\$ 1,828,684</u>	<u>\$ 1,457,213</u>	<u>\$ 4,253,769</u>	<u>\$ 1,727,828</u>	<u>\$ 32,629</u>	<u>\$ 2,185</u>	<u>\$ 1,490,022</u>	<u>\$ 396,678</u>	<u>\$11,189,008</u>	<u>\$10,452,022</u>

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWN OF ERIN  
CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule 2

	Land and land improvements	Buildings	Vehicles	Roads	Furniture and equipment	Bridges and infrastructure	Assets under construction	2016	2015
<b>COST</b>									
Balance, beginning of year	\$ 8,204,462	\$ 15,584,691	\$ 5,266,709	\$ 42,361,312	\$ 1,687,662	\$ 15,723,033	\$ 633,582	\$ 89,461,451	\$ 86,739,140
Additions during the year	211,081	93,055	360,317	0	609,448	0	1,502,646	2,776,547	2,833,365
Disposals during the year	0	0	(305,299)	0	(245,346)	(11,914)	0	(562,559)	(111,054)
Other	0	0	0	1,393,621	0	0	(1,393,621)	0	0
Balance, end of year	<u>8,415,543</u>	<u>15,677,746</u>	<u>5,321,727</u>	<u>43,754,933</u>	<u>2,051,764</u>	<u>15,711,119</u>	<u>742,607</u>	<u>91,675,439</u>	<u>89,461,451</u>
<b>ACCUMULATED AMORTIZATION</b>									
Balance, beginning of year	979,066	7,538,490	3,161,385	21,310,767	1,080,148	5,267,970	0	39,337,826	37,120,677
Amortization	135,546	354,725	276,854	1,253,545	128,896	254,632	0	2,404,198	2,328,203
Accumulated amortization on disposals	0	0	(189,987)	0	(205,674)	(11,914)	0	(407,575)	(111,054)
Balance, end of year	<u>1,114,612</u>	<u>7,893,215</u>	<u>3,248,252</u>	<u>22,564,312</u>	<u>1,003,370</u>	<u>5,510,688</u>	<u>0</u>	<u>41,334,449</u>	<u>39,337,826</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>									
	<u>\$ 7,300,931</u>	<u>\$ 7,784,531</u>	<u>\$ 2,073,475</u>	<u>\$ 21,190,621</u>	<u>\$ 1,048,394</u>	<u>\$ 10,200,431</u>	<u>\$ 742,607</u>	<u>\$ 50,340,990</u>	<u>\$ 50,123,625</u>

See notes to the consolidated financial statements

THE CORPORATION OF THE TOWN OF ERIN

CONSOLIDATED SCHEDULE OF DEFERRED REVENUE - OBLIGATORY  
RESERVE FUNDS

Schedule 3

FOR THE YEAR ENDED DECEMBER 31, 2016

	Dec. 31, 2015	Contributions Received	Investment Income	Revenue Recognized	Dec. 31, 2016
<b>Obligatory Reserve Funds</b>					
Development charges	\$ 1,497,487	\$ 415,184	\$ 13,635	\$ (398,307)	\$ 1,527,999
Federal gas tax funding	79,858	327,442	1,049	(267,713)	140,636
Drainage levy	8,307	7,480	86	0	15,873
Recreational land	<u>612,802</u>	<u>142,500</u>	<u>4,749</u>	<u>(39,047)</u>	<u>721,004</u>
	<u>\$ 2,198,454</u>	<u>\$ 892,606</u>	<u>\$ 19,519</u>	<u>\$ (705,067)</u>	<u>\$ 2,405,512</u>

THE CORPORATION OF THE TOWN OF ERIN  
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS  
FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule 4

	2016	2015
<b>SURPLUSES</b>		
Invested in tangible capital assets	\$ 45,781,244	\$ 47,902,115
Erin Tennis Club	16,404	16,506
Ballinafad Community Centre	22,906	19,207
Business Improvement Area	(16,181)	(21,196)
General revenue fund	960,686	(260,539)
<b>Unfunded</b>		
Retirement benefits	(135,486)	(138,796)
	<u>46,629,573</u>	<u>47,517,297</u>
<b>RESERVES</b>		
<b>Working Capital Reserves</b>		
Working funds	339,241	348,554
Insurance, sick leave and WSIB	15,365	15,365
Current purposes	<u>641,049</u>	<u>242,240</u>
	<u>995,655</u>	<u>606,159</u>
<b>Capital Reserves</b>		
Capital purposes	<u>4,112,188</u>	<u>3,513,446</u>
	<u>5,107,843</u>	<u>4,119,605</u>
<b>RESERVE FUNDS</b>		
Current purposes	377,285	336,717
Capital purposes	<u>194,267</u>	<u>275,022</u>
	<u>571,552</u>	<u>611,739</u>
	<u>\$ 52,308,968</u>	<u>\$ 52,248,641</u>





---

## INDEPENDENT AUDITOR'S REPORT

---

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

We have audited the accompanying financial statements of the trust funds of The Corporation of the Town of Erin, which comprise the statement of financial position as at December 31, 2016 and the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

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, 2016 and the consolidated results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'RLB LLP'.

Guelph, Ontario  
June 20, 2017

Chartered Professional Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE TOWN OF ERIN**  
**TRUST FUNDS**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2016**

---

	<b>ASSETS</b>		
	<b>Total</b>	<b>Duff Pitt</b>	<b>Glenellen Well Program</b>
Cash	\$ 25,356	\$ 21,889	\$ 3,467
Investments (note 2)	<u>64,293</u>	<u>643</u>	<u>63,650</u>
	<u>\$ 89,649</u>	<u>\$ 22,532</u>	<u>\$ 67,117</u>
	<b>FUND BALANCE</b>		
Fund balance	<u>\$ 89,649</u>	<u>\$ 22,532</u>	<u>\$ 67,117</u>

**THE CORPORATION OF THE TOWN OF ERIN**  
**TRUST FUNDS**  
**STATEMENT OF CONTINUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

---

	<b>Total</b>	<b>Duff Pitt</b>	<b>Glenellen Well Program</b>
<b>BALANCE, beginning of year</b>	\$ 89,001	\$ 22,343	\$ 66,658
<b>Interest earned</b>	<u>648</u>	<u>189</u>	<u>459</u>
<b>BALANCE, end of year</b>	<u>\$ 89,649</u>	<u>\$ 22,532</u>	<u>\$ 67,117</u>

**THE CORPORATION OF THE TOWN OF ERIN  
TRUST FUNDS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the trust funds of The Corporation of the Town of Erin are the representation of management prepared in accordance with Canadian generally accepted accounting principles for governments as established by the Public Sector Accounting Board. 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.

**2. INVESTMENTS**

Trust fund investments are fixed income securities and are recorded at amortized cost.



Chartered  
Professional  
Accountants

---

## INDEPENDENT AUDITOR'S REPORT

---

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

We have audited the accompanying financial statements of The Corporation of the Town of Erin - Business Improvement Area which comprise the statement of financial position as at December 31, 2016 and the statement of financial activities for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

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, 2016 and the consolidated results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'RLB LLP'.

Guelph, Ontario  
June 20, 2017

Chartered Professional Accountants  
Licensed Public Accountants

**THE CORPORATION OF THE TOWN OF ERIN**  
**BUSINESS IMPROVEMENT AREA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2016**

	2016	2015
<b>LIABILITIES</b>		
Due to the Town of Erin	\$ <u>16,180</u>	\$ <u>21,196</u>
<b>MUNICIPAL POSITION</b>		
Municipal position	\$ <u>(16,180)</u>	\$ <u>(21,196)</u>

THE CORPORATION OF THE TOWN OF ERIN  
 BUSINESS IMPROVEMENT AREA  
 STATEMENT OF FINANCIAL ACTIVITIES  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 Budget	2016 Actual	2015 Actual
<b>REVENUE</b>			
Grants	\$ 12,000	\$ 12,000	\$ 8,500
Special area rates	17,200	17,200	17,200
Special program - fall house tour	0	635	0
Other	<u>1,500</u>	<u>17,308</u>	<u>18,716</u>
	<u>30,700</u>	<u>47,143</u>	<u>44,416</u>
<b>EXPENDITURES</b>			
Advertising	33,775	33,891	34,014
Office and sundry	3,200	254	2,160
Streetscape	<u>11,325</u>	<u>7,982</u>	<u>7,550</u>
	<u>48,300</u>	<u>42,127</u>	<u>43,724</u>
<b>CHANGE IN FUND BALANCE for the year</b>	(17,600)	5,016	692
<b>MUNICIPAL POSITION, beginning of year</b>	<u>(21,196)</u>	<u>(21,196)</u>	<u>(21,888)</u>
<b>MUNICIPAL POSITION, end of year</b>	<u>\$ (38,796)</u>	<u>\$ (16,180)</u>	<u>\$ (21,196)</u>

**THE CORPORATION OF THE TOWN OF ERIN  
BUSINESS IMPROVEMENT AREA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of The Corporation of the Town of Erin - Business Improvement Area are the representation of management prepared in accordance with Canadian generally accepted accounting principles for governments as established by the Public Sector Accounting Board. 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.