

Consolidated Financial Statements of

**CORPORATION OF THE
TOWNSHIP OF NORTH DUNDAS**

Year ended December 31, 2005

Consolidated Financial Statements of

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Year ended December 31, 2005

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

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AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of North Dundas

We have audited the consolidated statement of financial position of the Corporation of the Township of North Dundas as at December 31, 2005 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Township'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 Township of North Dundas as at December 31, 2005 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Kingston, Canada
August 10, 2006

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Statement of Financial Position

December 31, 2005, with comparative figures for 2004

	2005	2004
Assets		
Financial assets:		
Cash and short-term investments (note 3)	\$ 3,807,413	\$ 2,786,686
Taxes receivable	1,152,813	993,116
Accounts receivable	1,224,807	1,259,475
Note receivable (note 4)	200,000	-
Long-term investments (note 3)	3,578,071	3,448,900
	9,963,104	8,488,177
Liabilities:		
Accounts payable and accrued liabilities	939,305	938,905
Landfill closure and post-closure liabilities (note 13)	1,007,430	973,512
Deferred revenues – obligatory reserve funds (note 12)	538,266	321,702
Deferred revenue	3,814	22,940
	2,488,815	2,257,059
Net financial assets	7,474,289	6,231,118
Other non-financial assets:		
Inventory and prepaid expenses	93,857	82,384
Total net assets	\$ 7,568,146	\$ 6,313,502
Municipal position (note 2):		
Current fund	\$ 724	\$ (53,998)
Capital fund	(891,365)	(399,492)
Reserves	4,737,991	3,056,719
Reserve funds	4,728,226	4,683,785
	8,575,576	7,287,014
Amounts to be recovered from future revenues	(423,128)	(406,626)
Amounts to be recovered from reserve funds	(584,302)	(566,886)
	(1,007,430)	(973,512)
Commitments (note 11)		
Contingent liabilities (note 5(c), 16)		
Total municipal position	\$ 7,568,146	\$ 6,313,502

The accompanying notes are an integral part of these consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Statement of Financial Activities

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004
Revenues:		
Property taxation	\$ 4,212,900	\$ 4,146,155
User charges	2,653,073	2,499,000
Government grants – province	1,623,961	1,213,544
Government grants – federal	131,088	75,646
Transfer from deferred revenue – obligatory reserve fund	42,127	187,942
Investment income	270,271	218,504
Penalties and interest on taxes	170,295	143,599
Donations	163,111	156,933
Sale of assets	274,667	58,422
Contributions, benefiting landowners	148,165	32,700
Other	45,507	40,684
Revenue from other municipalities	26,082	–
Total revenues	9,761,247	8,773,129
Expenditures:		
Current:		
General government	976,835	834,178
Protection to persons and property	561,445	526,560
Transportation services	1,866,277	1,922,380
Environmental services	1,565,417	1,822,987
Social and family services	634	2,753
Recreation and cultural services	1,055,909	1,010,662
Planning and development	208,098	302,735
Total current expenditures	6,234,615	6,422,255
Capital:		
General government	301,597	6,724
Protection to persons and property	148,419	209,565
Transportation services	354,792	545,179
Environmental services	1,283,583	235,841
Recreation and cultural services	193,430	335,466
Planning and development	1,640	2,405
Total capital expenditures	2,283,461	1,335,180
Total expenditures	8,518,076	7,757,435
Net revenues	1,243,171	1,015,694
Change in amounts to be recovered:		
Debt principal repayments	–	(22,010)
Change in Workplace Safety and Insurance Board future benefit obligations	–	(120,268)
Change in landfill closure and post closure liability	33,918	11,924
Change in accrued interest on municipal debt	–	(1,740)
Increase (decrease) in amounts to be recovered	33,918	(132,094)
Increase in non-financial assets	11,473	39,721
Increase in fund balances	\$ 1,288,562	\$ 923,321

The accompanying notes are an integral part of these consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Statement of Changes in Financial Position

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004
Operations:		
Net revenues	\$ 1,243,171	\$ 1,015,694
Sources (uses) of funds:		
Increase in taxes receivable	(159,697)	(27,262)
Decrease (increase) in accounts receivable	34,668	(32,742)
Increase in mortgage receivable	(200,000)	-
Increase (decrease) in accounts payable and accrued liabilities	400	(40,257)
Increase in landfill closure and post-closure liabilities	33,918	11,924
Decrease in Workplace Safety and Insurance Board future benefit obligations	-	(120,268)
Increase (decrease) in deferred revenues – obligatory reserve funds	216,564	(81,215)
Increase (decrease) in deferred revenue	(19,126)	17,755
Decrease in accrued interest on municipal debt	-	(1,740)
	(93,273)	(273,805)
Net change in cash from operations	1,149,898	741,889
Investments:		
Increase in long-term investments	(129,171)	(109,056)
Financing:		
Indebtedness repaid	-	(22,010)
Increase in cash and cash equivalents	1,020,727	610,823
Cash and cash equivalents, beginning of year	2,786,686	2,175,863
Cash and cash equivalents, end of year	\$ 3,807,413	\$ 2,786,686

The Township considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

The accompanying notes are an integral part of these consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements

Year ended December 31, 2005

1. Significant accounting policies:

The consolidated financial statements of the Corporation of the Township of North Dundas (the "Township") are the representation of management prepared in accordance with Canadian generally accepted accounting principles prescribed for local government as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

These consolidated statements reflect the assets, liabilities, revenues, expenditures and fund balances of the revenue fund, capital fund, reserve funds and reserves of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

(ii) Non-consolidated entities:

There are no non-consolidated entities.

(iii) Accounting for County and school board transactions:

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards and the United Counties of Stormont, Dundas and Glengarry are not reflected in the municipal fund balances of these consolidated financial statements.

(iv) Trust funds and their related operations administered by the Township are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity and Statement of Financial Position".

(b) Basis of accounting:

(i) Capital assets:

The historical cost and accumulated amortization of capital assets are not reported for municipal purposes. Capital assets are reported as an expenditure on the "Consolidated Statement of Financial Activities" in the year of acquisition.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2005

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(ii) Workplace Safety and Insurance Board ("WSIB") obligations:

The Township bears the cost of certain insurance and pension benefits awarded under workplace safety and insurance legislation and accrues an estimate of the future cost of these obligations based on amounts actuarially determined by WSIB.

Actuarial gains or losses arising from changes in the annual estimate are recognized immediately in the year that they arise.

(iii) Landfill closure and post-closure liabilities:

The Township accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a forty-five year period using the best information available to management.

Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

(iv) The charges for long-term liabilities assumed by individuals in case of the drainage and shoreline property assistance loans are not reflected in the financial statements.

(c) Long-term investments:

Long-term investments are recorded at cost plus accrued interest which approximates market value.

(d) Deferred revenues – obligatory reserve funds:

The Township receives restricted contributions under the authority of provincial and federal legislation and Township by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

(e) Amounts to be recovered:

Amounts to be recovered are comprised of municipal debt, accrued interest on municipal debt, landfill closure and post-closure liabilities and Workplace Safety and Insurance Board future benefit obligations.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2005

1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

2. Municipal position at the end of the year:

(a) The balances on the "Consolidated Statement of Financial Position" of municipal position of \$7,568,146 (2004 - \$6,313,502), at the end of the year are comprised of the following:

	2005	2004
Fund balances at the end of the year, surplus (deficit):		
Current fund	\$ 724	\$ (53,998)
Capital fund:		
Capital expenditures to be financed from taxation or user charges	(891,365)	(399,492)
Reserves	4,737,991	3,056,719
Reserve funds	4,728,226	4,683,785
	<u>8,575,576</u>	<u>7,287,014</u>
Amounts to be recovered from future revenues and reserve funds:		
Landfill closure and post-closure liabilities	(1,007,430)	(973,512)
	<u>\$ 7,568,146</u>	<u>\$ 6,313,502</u>

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2005

2. Municipal position at the end of the year (continued):

- (b) Approval of the Ontario Municipal Board has been obtained for those pending issues of long-term liabilities and commitments to be financed by revenues extending beyond the term of Council and approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The principal and interest payments required to service these pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs & Housing.
- (c) The balance available for the general reduction of taxation at December 31, 2005 has been reduced by an amount of \$610,906 (2004 - \$741,905) transferred to the reserves and reserve funds as authorized by Council.

Had this reduction not been made, the current fund - general purpose balance would have shown a surplus of \$611,630 (2004 - \$687,907).

3. Restricted assets:

Cash and investments in the amount of \$5,266,490 (2004 - \$5,005,487) have been restricted to support reserve funds.

4. Note receivable:

The note receivable is due September 15, 2008 and bears interest at an annual rate of 4% and is secured by land. Interest is due until September 15, 2008 or until the note is received in full and will be received semi-annually starting March 15, 2006.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2005

5. Municipal debt:

- (a) The municipal debt reported on the "Consolidated Statement of Financial Position" is made up of the following:

	2005	2004
Total municipal debt incurred by the Township including those incurred on behalf of other municipalities and municipal enterprises and outstanding at the end of the year amount to	\$ 478,142	\$ 665,975
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage and shore-line property assistance loans has been assumed by individuals. At the end of the year, the outstanding principal amount of the liability is	(229,971)	(297,254)
Loans from reserve fund eliminated upon consolidation:		
Sewer Ward 3 – repayable in monthly instalments of \$1,128, interest at 4%, matures April 2008	(30,037)	(42,113)
Sewer Ward 4 – repayable in monthly instalments of \$1,915, interest at 4%, matures April 2008	(50,987)	(71,485)
Sewer Ward 3 – repayable in monthly instalments of \$7,748, interest at 4%, matures November 2007	(167,147)	(251,601)
Sewer Ward 4 – repayable in monthly instalments of \$3,300, interest at 4%, matures February 2005	–	(3,522)
Municipal debt at the end of the year	\$ –	\$ –

- (b) The long-term liabilities in (a), issued in the name of the Township, have been approved by either the Ontario Municipal Board or by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs & Housing.
- (c) As issuer, the Township is contingently liable for payment of the long-term liabilities with respect to tile drainage and shore-line property assistance loans in the amount of \$229,971 (2004 - \$297,254), which are not reported on the "Consolidated Statement of Financial Position".

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2005

5. Municipal debt (continued):

(d) During the fiscal year ended December 31, 2002, the Township paid off long-term debt held by various banking institutions in the total amount of \$744,788 with respect to water and sewer capital projects. As a means of funding these repayments, the Operating Fund borrowed these amounts from the Infrastructure Reserve Fund. This interfund debt is secured by promissory notes and is to be repaid over a predetermined period of time. Council approved the financing arrangements and ultimate repayment of these amounts through the current budget process. For the purpose of these financial statements, this interfund debt is reflected as interfund transfers and therefore eliminated upon consolidation. The related capital projects are reported as unfinanced capital at December 31, 2005 in the amount of \$248,171 (2004 - \$368,721) to be financed from taxation and user charges as the interfund debt is repaid.

6. Bank demand loan:

As part of its financial arrangements, the Township entered into an agreement with its banker to provide for a credit facility in the amount of \$1,000,000 with interest to be charged at the bank's prime lending rate. As at December 31, 2005, no amount has been drawn against this demand loan.

7. Operations of school boards and the United Counties of Stormont, Dundas and Glengarry:

During 2005, requisitions were made by the school boards and the United Counties of Stormont, Dundas and Glengarry requesting the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	School Boards		United Counties of Stormont, Dundas and Glengarry	
	2005	2004	2005	2004
Amounts requisitioned	\$ 3,737,119	\$ 3,674,232	\$ 5,457,773	\$ 5,391,653

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2005

8. Trust funds:

Trust funds administered by the Township amounting to \$9,919 (2004 - \$11,086) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Financial Activities".

9. Pension agreements:

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 38 members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 2005 was \$97,460 (2004 - \$89,040) for current service and is included as an expenditure on the "Consolidated Statement of Financial Activities".

10. Budget figures:

The approved operating and capital budgets for 2005 are reflected on the "Schedule of Current Fund Operations" and "Schedule of Capital Fund Operations". These numbers have not been audited but are presented for information purposes only.

11. Commitments:

In 2002, the Township pledged a total of \$700,000 to the Winchester District Memorial Hospital to be paid by annual instalments of \$70,000 commencing in 2003 through to 2012.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2005

12. Deferred revenue – obligatory reserve funds:

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as federal, provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Township are summarized below:

	2005	2004
Balance, beginning of year	\$ 321,702	\$ 402,917
Development contributions	131,466	89,700
Recreational land	9,000	7,000
Investment income	10,842	10,027
Grants – Federal Gas Tax	107,383	–
Transfers to revenue fund (Development charges)	(7,508)	(2,418)
Transfer to capital fund	(34,619)	(185,524)
Balance, end of year	\$ 538,266	\$ 321,702
Analyzed as follows:		
Parkland	\$ 102,350	\$ 90,860
Development charges	328,308	230,842
Federal Gas Tax	107,608	–
	\$ 538,266	\$ 321,702

13. Landfill closure and post-closure liabilities:

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a forty-five year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2005

13. Landfill closure and post-closure liabilities (continued):

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities using an estimated inflation rate of 2% and discounted at the Township's average long-term borrowing rate of 6.0%. The estimated total landfill closure and post-closure care expenditures are calculated to be \$1,562,875. The estimated liability for these expenditures is recognized as the landfill site's capacity is used. Included on the "Consolidated Statement of Financial Position" at December 31, 2005 is an amount of \$1,007,430 (2004 - \$973,512) with respect to landfill closure and post-closure liabilities recognized to date.

The estimated remaining capacity of the Boyne landfill site is 42% of its total estimated capacity and its estimated remaining life is 14 years, after which the period for post-closure care is estimated to be 25 years.

The estimated remaining capacity of the Mountain landfill site is 24% of its total estimated capacity and its estimated remaining life is 19 years, after which the period for post-closure care is estimated to be 25 years.

14. Workplace Safety and Insurance Board future benefit obligations:

In common with schedule 2 employers, the Township funds its obligations to the Workplace Safety and Insurance Board on a "pay-as-you-go" basis for employees. During the year, the Township was provided with an estimate for future benefit costs and administrative loading, as actuarially determined by the Workplace Safety and Insurance Board as at December 31, 2005, in the amount of \$Nil (2004 - \$ Nil).

Actuarial gains or losses arising from changes in the annual estimate are recognized immediately in the year that they arise.

15. Supplementary information:

	2005	2004
Current fund expenditure by object:		
Salaries, wages and employee benefits	\$ 2,366,990	\$ 2,247,843
Materials, services, rents and financial expenses	3,703,849	4,020,930
Transfers to others	163,776	153,482
Total	\$ 6,234,615	\$ 6,422,255

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2005

16. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2005, management believes that the Township has valid defences and appropriate insurance coverage in place. In the opinion of management, the aggregate amount of any potential liability is not expected to have a material effect on the Township's financial position.

17. Fair value of financial assets and financial liabilities:

The carrying values of cash and short-term investments, taxes receivable, accounts receivable, investments and accounts payable and other liabilities approximate their fair values due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

18. Subsequent event:

Subsequent to year-end, the Township sold a parcel of land in the approximate area of twenty-five acres for cash consideration of \$92,500.

19. Comparative figures:

Certain 2004 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2005.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Schedule of Current Fund Operations

Year ended December 31, 2005, with comparative figures for 2004

	Budget 2005 (unaudited)	Actual 2005	Actual 2004
Revenues:			
Property taxation	\$ 4,097,838	\$ 4,212,900	\$ 4,146,155
User charges	2,515,490	2,673,073	2,499,000
Government grants - province	1,499,802	1,478,347	1,205,165
- federal	1,340	5,474	67,267
Revenue from other municipalities	52,500	26,082	-
Interest	27,500	93,925	55,138
Penalties and interest on taxes	145,000	170,295	143,599
Sale of assets	76,200	74,667	58,422
Donations	95,000	122,380	95,229
Contributions, benefiting landowners	-	-	32,700
Transfer from obligatory reserve funds	500	7,508	2,418
Total revenues	8,511,170	8,864,651	8,305,093
Expenditures:			
General government	1,069,621	976,835	834,178
Protection to persons and property	563,621	561,445	526,560
Transportation services	1,888,821	1,866,277	1,922,380
Environmental services	1,684,396	1,565,417	1,822,987
Social and family services	3,000	634	2,753
Recreation and cultural services	1,076,706	1,055,909	1,010,662
Planning and development	259,325	208,098	302,735
Total expenditures	6,545,490	6,234,615	6,422,255
Net revenue	1,965,680	2,630,036	1,882,838
Financing and transfers:			
Debt principal repayments	-	-	(22,010)
Transfers to capital fund	(966,822)	(912,774)	(853,835)
Transfers to reserves and reserve funds	(998,858)	(1,707,931)	(936,630)
Change in Workplace Safety and Insurance Board future benefit obligations	-	-	(120,268)
Change in landfill closure and post closure liability	-	33,918	11,924
Change in accrued interest on municipal debt	-	-	(1,740)
Change in non-financial assets	-	11,473	39,721
Net financing and transfers	(1,965,680)	(2,575,314)	(1,882,838)
Change in current fund balance	-	54,722	-
Opening current fund balance	-	(53,998)	(53,998)
Closing current fund balance	\$ -	\$ 724	\$ (53,998)

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Schedule of Capital Fund Operations

Year ended December 31, 2005, with comparative figures for 2004

	Budget 2005 (unaudited)	Actual 2005	Actual 2004
Revenues:			
Government grants - province	\$ 131,514	\$ 125,614	\$ 8,379
- COMRIF	273,000	-	-
- federal	131,515	125,615	8,379
Donations	64,691	40,730	61,704
Sale of assets	-	200,000	-
Waste Diversion Organization	22,600	30,771	-
Contributing landowners	143,652	148,165	-
Insurance recoveries	-	14,736	-
Transfer from obligatory reserve funds	11,893	34,619	185,524
Total revenues	778,865	720,250	304,670
Expenditures:			
General government	203,000	301,597	6,724
Protection to persons and property	118,124	148,419	209,565
Transportation services	865,200	354,792	545,179
Environmental services	1,144,500	1,283,583	235,841
Recreation and cultural services	194,521	193,430	335,466
Planning and development	6,700	1,640	2,405
Total expenditures	2,532,045	2,283,461	1,335,180
Net expenditures	(1,753,180)	(1,563,211)	(1,030,510)
Financing and transfers:			
Transfers from current fund	966,822	912,775	853,835
Transfers from reserves and reserve funds	786,358	158,563	392,572
Net financing and transfers	1,753,180	1,071,338	1,246,407
Change in capital fund balance	-	(491,873)	215,897
Opening capital fund balance	-	(399,492)	(615,389)
Closing capital fund balance	\$ -	\$ (891,365)	\$ (399,492)

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Schedule of Reserves and Reserve Funds

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004
Revenues:		
Investment income	\$ 176,346	\$ 163,366
Net transfers from (to) other funds:		
Transfers from current fund	1,707,931	936,630
Transfers to capital fund	(158,564)	(392,572)
Total net transfers	1,549,367	544,058
Change in reserves and reserve fund balance	1,725,713	707,424
Opening reserves and reserve fund balance	7,740,504	7,033,080
Closing reserves and reserve fund balance	\$ 9,466,217	\$ 7,740,504

Analyzed as follows:

Reserves set aside for specific purposes by Council for:

Working capital	\$ 1,658,707	\$ 732,558
Fire	432,996	249,496
Sewer and water	1,220,516	1,009,292
Roads	993,998	685,203
Recreation and culture	359,404	322,669
Waste management	67,470	52,601
Other	4,900	4,900
Total reserves	4,737,991	3,056,719

Reserve funds set aside for specific purpose by legislation,
regulation or agreement for:

Infrastructure	4,000,000	4,000,000
Recreation	7,605	7,553
Waste management	584,302	566,886
Association and events	136,319	109,346
Total reserve funds	4,728,226	4,683,785

Total reserves and reserve funds	\$ 9,466,217	\$ 7,740,504
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CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Four-Year Financial Review
(Unaudited)

(All dollar amounts are in thousands of dollars, except per capita figures.)

	2005	2004	2003	2002
Population at the end of the year	11,644	11,488	11,338	11,197
Employees - continuous full time	38	38	38	34
- part time	32	32	30	34
Number of households	4,235	4,307	4,133	4,086
1. Assessment				
Taxable assessment upon which the year's rates of taxation were set:				
Residential and farm	\$ 681,419	\$ 673,266	\$ 554,411	\$ 518,621
Commercial, multi-residential and industrial	63,089	63,501	66,103	61,219
Pipeline and managed forests	43,972	43,937	43,518	40,489
Total	\$ 788,480	\$ 780,704	\$ 664,032	\$ 620,329
Per capita	\$ 67,716	\$ 67,958	\$ 58,567	\$ 55,401
Commercial, multi-residential and industrial as a percentage of total taxable assessment	8.0%	8.1%	9.9%	9.8%
Exempt assessment	\$ 30,864	\$ 30,972	\$ 31,209	\$ 30,927
2. Revenue for general municipal services				
Taxation	\$ 4,128	\$ 4,062	\$ 3,665	\$ 2,943
Payments in lieu of taxes	84	84	79	72
Ontario and Federal grants	1,493	1,272	1,352	1,263
Fees and service charges	2,684	2,499	2,325	2,190
Other	496	388	329	555
Total	\$ 8,885	\$ 8,305	\$ 7,750	\$ 7,023
3. Tax arrears - per capita	\$ 99.00	\$ 86.45	\$ 85.19	\$ 63.72
- percentage of current levy	8.7	7.5	7.7	6.5
4. Expenditure - general municipal	\$ 6,235	\$ 6,422	\$ 6,238	\$ 5,550
5. Transfers to the region or county	\$ 5,349	\$ 5,392	\$ 5,219	\$ 4,380
6. Transfers to the school boards	\$ 3,657	\$ 3,874	\$ 3,786	\$ 3,772
7. Capital financing during the year				
Contributions from own funds	\$ 1,106	\$ 1,433	\$ 1,457	\$ 771
Ontario and Federal grants	252	17	98	198
Other	435	101	157	95
Total	\$ 1,793	\$ 1,551	\$ 1,712	\$ 1,064
8. Capital expenditure during the year	\$ 2,283	\$ 1,335	\$ 1,668	\$ 1,583
9. Capital fund balance	\$ 891	\$ (399)	\$ (615)	\$ (660)
10. Current fund balance	\$ 1	\$ (54)	\$ (54)	\$ (54)
11. Reserves and reserve funds	\$ 9,466	\$ 7,741	\$ 7,033	\$ 6,715



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AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the
Corporation of the Township of North Dundas

We have audited the statement of financial position of the trust funds of the Corporation of the Township of North Dundas as at December 31, 2005 and the statement of continuity of the trust funds for the year then ended. These financial statements are the responsibility of the Township'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 Township of North Dundas as at December 31, 2005 and the continuity of the trust funds for the year then ended in accordance with Canadian generally accounting principles.

KPMG_{LLP}

Chartered Accountants

Kingston, Canada
August 10, 2006

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Trust Funds

Statement of Financial Position

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004
Assets		
Cash	\$ 1,671	\$ 1,685
Ontario Home Renewal Plan loans receivable	9,919	11,086
	<hr/>	<hr/>
	\$ 11,590	\$ 12,771
Liabilities and Capital		
Liabilities:		
Accounts payable	\$ 1,671	\$ 1,685
Fund balance:		
Capital	9,919	11,086
	<hr/>	<hr/>
	\$ 11,590	\$ 12,771

See accompanying notes to financial statements.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Trust Funds

Statement of Continuity

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004
Balance at beginning of year	\$ 11,086	\$ 12,693
Interest earned	504	622
	<u>11,590</u>	<u>13,315</u>
Expenditures:		
Ontario Home Renewal Plan:		
- Administration charges	89	104
- Return of capital to Ministry of Municipal Affairs and Housing	1,582	1,582
	<u>1,671</u>	<u>1,686</u>
Donations	-	543
	<u>1,671</u>	<u>2,229</u>
Balance at end of year	<u>\$ 9,919</u>	<u>\$ 11,086</u>

See accompanying notes to financial statements.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Trust Funds
Notes to Financial Statements

Year ended December 31, 2005

1. Accounting policies:

Basis of accounting:

Sources of financing and expenditures are reported on the accrual basis of accounting.

2. Ontario Home Renewal Program:

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable portion is \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2005 are comprised of repayable loans of \$9,919 (2004 - \$11,086) and forgivable loans of \$Nil (2004 - \$Nil). Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continued ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

The Ontario Home Renewal Program was cancelled on July 16, 1993 and municipalities were prohibited from issuing further Ontario Home Renewal Program loans effective on that date. Municipalities are required to remit the cash balance in the Ontario Home Renewal Trust as of December 31, 2005 to the province by March 1, 2006.