

Audited Financial Statements
and Other Financial Information of the

**CORPORATION OF THE
TOWNSHIP OF NORTH DUNDAS**

Year ended December 31, 2003

Audited Financial Statements
and Other Financial Information of the

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Year ended December 31, 2003

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

AUDITED FINANCIAL STATEMENTS

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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, 2003 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 as at December 31, 2003 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.

The comparative figures for December 31, 2002 were reported on by another firm of chartered accountants.

KPMG LLP

Chartered Accountants

Kingston, Canada
February 23, 2004

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Statement of Financial Position

December 31, 2003, with comparative figures for 2002

| | 2003 | 2002 |
|------------------------------------------------------------------------------|---------------------|---------------------|
| Assets | | |
| Financial assets: | | |
| Cash and short-term investments | \$ 2,175,863 | \$ 5,505,631 |
| Taxes receivable | 965,854 | 713,460 |
| Accounts receivable | 1,226,733 | 645,780 |
| Investments | 3,339,844 | — |
| | <u>7,708,294</u> | <u>6,864,871</u> |
| Liabilities: | | |
| Accounts payable and accrued liabilities | 979,162 | 573,252 |
| Landfill closure and post-closure liability (note 12) | 961,588 | 961,588 |
| Workplace Safety and Insurance Board future benefit obligations (note 14(b)) | 120,268 | — |
| Deferred revenues – obligatory reserve funds (note 11) | 402,917 | 329,322 |
| Municipal debt (note 4) | 22,010 | 81,233 |
| Deferred revenue | 5,185 | 6,154 |
| Accrued interest on municipal debt | 1,740 | 4,705 |
| | <u>2,492,870</u> | <u>1,956,254</u> |
| Net financial assets | 5,215,424 | 4,908,617 |
| Other non-financial assets: | | |
| Inventory and prepaid expenses | 42,663 | 46,019 |
| Total net assets | \$ 5,258,087 | \$ 4,954,636 |
| Municipal position: | | |
| Current fund (note 2) | \$ (53,998) | \$ (53,998) |
| Capital fund (note 2) | (615,389) | (659,630) |
| Reserves | 2,633,494 | 2,634,624 |
| Reserve funds | 4,399,586 | 4,081,166 |
| | <u>6,363,693</u> | <u>6,002,162</u> |
| Amounts to be recovered from future revenues (note 2(a)) | (786,114) | (843,017) |
| Amounts to be recovered from reserve funds (note 2(a)) | (319,492) | (204,509) |
| | <u>(1,105,606)</u> | <u>(1,047,526)</u> |
| Commitments (note 10) | | |
| Contingent liabilities (note 14) | | |
| Total municipal position | \$ 5,258,087 | \$ 4,954,636 |

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, 2003, with comparative figures for 2002

| | 2003 | 2002 |
|-----------------------------------------------------------------------------|-------------------|---------------------|
| Revenues: | | |
| Property taxation | \$ 3,837,405 | \$ 3,015,620 |
| User charges | 2,407,090 | 2,189,507 |
| Government grants – province | 1,354,017 | 1,430,267 |
| Government grants – federal | 95,371 | – |
| Transfer from deferred revenue – obligatory reserve fund | 43,504 | 412,346 |
| Investment income | 217,478 | 162,548 |
| Penalties and interest on taxes | 125,768 | 106,338 |
| Donations | 73,508 | 51,985 |
| Sale of assets | 70,430 | – |
| Contributions, benefiting landowners | 81,396 | – |
| Other | – | 112,017 |
| Total revenues | 8,305,967 | 7,480,628 |
| Expenditures: | | |
| Current: | | |
| General government | 1,320,545 | 902,793 |
| Protection to persons and property | 450,770 | 434,909 |
| Transportation services | 1,798,453 | 1,682,197 |
| Environmental services | 1,651,599 | 1,487,832 |
| Social and family services | 1,665 | 1,980 |
| Recreation and cultural services | 887,347 | 889,476 |
| Planning and development | 221,241 | 174,571 |
| Total current expenditures | 6,331,620 | 5,573,758 |
| Capital: | | |
| General government | 147,961 | 279,696 |
| Protection to persons and property | 422,263 | 101,772 |
| Transportation services | 460,752 | 252,985 |
| Environmental services | 430,276 | 160,480 |
| Recreation and cultural services | 198,915 | 734,621 |
| Planning and development | 7,373 | 53,363 |
| Total capital expenditures | 1,667,540 | 1,582,917 |
| Total expenditures | 7,999,160 | 7,156,675 |
| Net revenues | 306,807 | 323,953 |
| Indebtedness repayments | (59,223) | (926,881) |
| Increase in landfill closure and post-closure liabilities | – | 20,963 |
| Increase in Workplace Safety and Insurance Board future benefit obligations | 120,268 | – |
| Decrease in accrued interest | (2,965) | (2,529) |
| Increase (decrease) in amounts to be recovered | 58,080 | (908,447) |
| Increase (decrease) in non-financial assets | (3,356) | 24,010 |
| Increase (decrease) in fund balances | \$ 361,531 | \$ (560,484) |

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, 2003, with comparative figures for 2002

| | 2003 | 2002 |
|--------------------------------------------------------------------------------|--------------|--------------|
| Operations: | | |
| Net revenues | \$ 306,807 | \$ 323,953 |
| Sources (uses) of funds: | | |
| Decrease (increase) in taxes receivable | (252,394) | 247,878 |
| Decrease (increase) in accounts receivable | (580,953) | 737,537 |
| Increase in accounts payable and accrued liabilities | 405,910 | 41,860 |
| Increase in landfill closure and post-closure liabilities | - | 20,963 |
| Increase in Workplace Safety and Insurance Board future benefit obligations | 120,268 | - |
| Increase (decrease) in deferred revenues – obligatory reserve funds | 73,595 | (273,021) |
| Decrease in deferred revenue | (969) | - |
| Decrease in accrued interest | (2,965) | (2,529) |
| | (237,508) | 772,688 |
| Net change in cash from operations | 69,299 | 1,096,641 |
| Investments: | | |
| Increase in long-term investments | (3,339,844) | - |
| Financing: | | |
| Indebtedness repaid | (59,223) | (926,881) |
| Increase (decrease) in cash and cash equivalents | (3,329,768) | 169,760 |
| Cash and cash equivalents, beginning of year | 5,505,631 | 5,335,871 |
| Cash and cash equivalents, end of year | \$ 2,175,863 | \$ 5,505,631 |

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, 2003

1. Significant accounting policies:

The consolidated financial statements of the Corporation of the Township of North Dundas 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 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) 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, 2003

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(ii) Workplace safety and insurance compensation:

The municipality bears the cost of certain insurance and pension benefits awarded under workplace safety and insurance legislation and accrues the actuarially determined cost of these obligations.

(iii) Landfill closure and post-closure liabilities:

The municipality 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 twenty-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.

(c) 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.

(d) Amounts to be recovered:

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

(e) 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.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2003

2. Municipal fund balances at the end of the year:

- (a) The balances on the "Consolidated Statement of Financial Position" of municipal equity (or deficit) of \$5,258,087 (2002 - \$4,954,636), at the end of the year are comprised of the following:

| | 2003 | 2002 |
|----------------------------------------------------------|---------------------|---------------------|
| Fund balances at the end of the year, surplus (deficit): | | |
| Current fund – for general increase of user charges | \$ (53,998) | \$ (53,998) |
| Capital fund: | | |
| Unfinanced capital outlay | (615,389) | (659,630) |
| Reserves | 2,633,494 | 2,634,624 |
| Reserve funds | 4,399,586 | 4,081,166 |
| | <u>6,363,693</u> | <u>6,002,162</u> |
| Amounts to be recovered from future revenues: | | |
| Municipal debt | (22,010) | (81,233) |
| Accrued interest on municipal debt | (1,740) | (4,705) |
| Accrued landfill closure and post-closure | (961,588) | (961,588) |
| Accrued future benefit obligation | (120,268) | – |
| | <u>(1,105,606)</u> | <u>(1,047,526)</u> |
| | <u>\$ 5,258,087</u> | <u>\$ 4,954,636</u> |

- (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, 2003 has been reduced by an amount of \$94,510 (2002 - \$407,489) transferred to the Reserves for Working Capital as authorized by Council.

Had this reduction not been made the general purpose balance would have shown a surplus of \$94,510 (2002 - \$407,489).

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2003

3. Restricted assets:

Cash and investments in the amount of \$4,802,503 (2002 - \$4,410,488) have been restricted to support reserve funds.

4. Municipal debt:

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

| | 2003 | 2002 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|------------------|
| Total municipal debt incurred by the municipality including those incurred on behalf of other municipalities and municipal enterprises and outstanding at the end of the year amount to | \$ 964,992 | \$ 1,321,097 |
| 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 | (393,839) | (495,076) |
| Loans from reserve fund eliminated upon consolidation: | | |
| Sewer Ward 3 – repayable in monthly instalments of \$1,128, interest at 4%, matures April 2008 | (53,716) | (64,865) |
| Sewer Ward 4 – repayable in monthly instalments of \$1,915, interest at 4%, matures April 2008 | (91,181) | (110,105) |
| Water Ward 3 – repayable in monthly instalments of \$4,000, interest at 4%, matures August 2004 | (28,375) | (76,375) |
| Sewer Ward 3 – repayable in monthly instalments of \$7,748, interest at 4%, matures November 2007 | (332,750) | (410,721) |
| Sewer Ward 4 – repayable in monthly instalments of \$3,300, interest at 4%, matures February 2005 | (43,121) | (82,722) |
| Municipal debt at the end of the year | \$ 22,010 | \$ 81,233 |

(b) Principal due on total municipal debt from general municipal revenues from 2004 to 2008 amounts to \$22,010.

(c) The long-term liabilities in (a), issued in the name of the municipality, 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.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2003

4. Municipal debt (continued):

- (d) 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 \$393,839 (2002 - \$495,076), which are not reported on the "Consolidated Statement of Financial Position".
- (e) During the fiscal year ending December 31, 2002, the water and sewer departments paid off their long-term debt held by various banks in the total amount of \$744,788. 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 through the current budget process. For the purpose of these financial statements, both the financing and repayment are reflected as interfund transfers and therefore eliminated upon consolidation.

5. Bank demand loan:

On September 8, 2003, as part of its financial arrangements, the municipality 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, 2003, no amount has been drawn against this demand loan.

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

During 2003, 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 | |
|-------------------------------------|---------------|--------------|---------------------------------------------------|--------------|
| | 2003 | 2002 | 2003 | 2002 |
| Amounts requisitioned and collected | \$ 3,786,728 | \$ 3,772,152 | \$ 5,218,680 | \$ 4,380,575 |

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2003

7. Trust funds:

Trust funds administered by the municipality amounting to \$12,693 (2002 - \$14,081) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Financial Activities".

8. Pension agreements:

The municipality 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.

With the contribution premium holiday ending December 31, 2002, the amount contributed to OMERS for current service in 2003 was \$30,169 (2002 - \$Nil).

9. Budget figures:

The approved operating and capital budgets for 2003 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.

10. Commitments:

In 2002, the Township pledged \$700,000 to the Winchester District Memorial Hospital with annual payments of \$70,000 commencing in 2003 and ending in 2013.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2003

11. 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:

| | 2003 | 2002 |
|-------------------------------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 329,322 | \$ 602,343 |
| Development contributions | 99,680 | 109,768 |
| Recreational land | 6,000 | 13,000 |
| Investment income | 11,419 | 16,557 |
| Transfers to revenue fund (development charges) | (4,522) | (412,346) |
| Transfer to capital fund | (38,982) | – |
| Balance, end of year | \$ 402,917 | \$ 329,322 |
| Analyzed as follows: | | |
| Parkland | \$ 81,931 | \$ 73,643 |
| Development charges | 320,986 | 255,679 |
| | \$ 402,917 | \$ 329,322 |

12. Landfill closure and post-closure liability:

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 twenty-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, 2003

12. Landfill closure and post-closure liability (continued):

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Township's average long-term borrowing rate of 8.00%. The estimated total landfill closure and post-closure care expenditures are calculated to be \$2,215,882. 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, 2003 is an amount of \$961,588 (2002 - \$961,588) with respect to landfill closure and post-closure liabilities recognized to date.

The estimated remaining capacity of the Boyne landfill site is 70% of its total estimated capacity and its estimated remaining life is 12 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 67% of its total estimated capacity and its estimated remaining life is 21 years, after which the period for post-closure care is estimated to be 25 years.

13. Supplementary information:

| | 2003 | 2002 |
|---------------------------------------------------|---------------------|---------------------|
| Current fund expenditure by object: | | |
| Salaries, wages and employee benefits | \$ 2,316,233 | \$ 2,037,415 |
| Materials, services, rents and financial expenses | 3,872,200 | 3,440,747 |
| Transfers to others | 143,187 | 71,586 |
| Total | \$ 6,331,620 | \$ 5,549,748 |

14. Contingent liabilities:

(a) 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, 2003, 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.

(b) In common with schedule 2 employers, the municipality funds its obligations to the Workplace Safety and Insurance Board on a "pay-as-you-go" basis for employees. During the year, the municipality was provided an estimate for future benefit costs and administrative loading from the Workplace Safety and Insurance Board in the amount of \$120,268 as at December 31, 2003.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2003

14. Contingent liabilities (continued):

- (c) The municipality is contingently liable for long-term liabilities with respect to the tile drainage and shoreline property assistance loans and for those for which the responsibility for the payment of principal and interest has been assumed by other municipalities, school boards and unconsolidated local boards, municipal enterprises and utilities. The total amount outstanding as at December 31, 2003 is \$393,839 (2002 - \$495,076).

15. Fair value of financial assets and financial liabilities:

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

16. Comparative figures:

Certain 2002 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2003.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Schedule of Current Fund Operations

Year ended December 31, 2003, with comparative figures for 2002

| | Budget 2003 | Actual 2003 | Actual 2002 |
|-----------------------------------------------------------------------------|--------------------|--------------------|--------------------|
| | (unaudited) | | |
| Revenues: | | | |
| Property taxation | \$ 3,754,102 | \$ 3,837,405 | \$ 3,015,620 |
| User charges | 2,322,545 | 2,407,090 | 2,189,507 |
| Government grants - province | 1,804,632 | 1,305,700 | 1,263,053 |
| - federal | - | 46,140 | - |
| Interest | 39,000 | 48,943 | 36,882 |
| Penalties and interest on taxes | 105,000 | 125,768 | 106,338 |
| Sale of assets | - | 56,000 | - |
| Contributions, benefiting landowners | - | 11,973 | - |
| Transfer from obligatory reserve funds | - | 4,522 | 412,346 |
| Total revenues | 8,025,279 | 7,843,541 | 7,023,746 |
| Expenditures: | | | |
| General government | 1,159,387 | 1,320,545 | 902,793 |
| Protection to persons and property | 483,032 | 450,770 | 434,909 |
| Transportation services | 1,851,368 | 1,798,453 | 1,658,187 |
| Environmental services | 1,873,392 | 1,651,599 | 1,487,832 |
| Social and family services | 2,000 | 1,665 | 1,980 |
| Recreation and cultural services | 970,453 | 887,347 | 889,476 |
| Planning and development | 332,720 | 221,241 | 174,571 |
| Total expenditures | 6,672,352 | 6,331,620 | 5,549,748 |
| Net revenue | 1,352,927 | 1,511,921 | 1,473,998 |
| Financing and transfers: | | | |
| Indebtedness repayments | (59,222) | (59,222) | (926,881) |
| Transfers to capital fund | (859,054) | (979,160) | (771,414) |
| Transfers (to) from reserves and reserve funds | (434,651) | (587,486) | 163,460 |
| Increase in landfill closure and post-closure liabilities | - | - | 20,963 |
| Increase in Workplace Safety and Insurance Board future benefit obligations | - | 120,268 | - |
| Accrued interest | - | (2,965) | (2,529) |
| Change in non-financial assets | - | (3,356) | - |
| Net financing and transfers | (1,352,927) | (1,511,921) | (1,516,401) |
| Change in current fund balance | - | - | (42,403) |
| Opening current fund balance | (53,998) | (53,998) | (11,595) |
| Closing current fund balance | \$ (53,998) | \$ (53,998) | \$ (53,998) |

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Schedule of Capital Fund Operations

Year ended December 31, 2003, with comparative figures for 2002

| | Budget 2003 | Actual 2003 | Actual 2002 |
|-------------------------------------------|----------------|----------------|----------------|
| | (unaudited) | | |
| Revenues: | | | |
| Government grants - province | \$ - | \$ 48,316 | \$ 198,359 |
| - federal | - | 49,231 | - |
| Donations | 25,000 | 73,508 | - |
| Contributions, benefiting landowners | - | 69,423 | - |
| Sale of assets | - | 14,430 | - |
| Other | - | - | 94,761 |
| Transfer from obligatory reserve funds | 108,800 | 38,982 | - |
| Total revenues | 133,800 | 293,890 | 293,120 |
| Expenditures: | | | |
| General government | 77,450 | 147,961 | 279,696 |
| Protection to persons and property | 422,150 | 422,263 | 101,772 |
| Transportation services | 544,000 | 460,752 | 252,986 |
| Environmental services | 759,750 | 430,276 | 160,480 |
| Recreation and cultural services | 222,395 | 198,915 | 734,621 |
| Planning and development | 9,000 | 7,373 | 53,363 |
| Total expenditures | 2,034,745 | 1,667,540 | 1,582,918 |
| Net expenditures | (1,900,945) | (1,373,650) | (1,289,798) |
| Financing and transfers: | | | |
| Transfers from current fund | 1,010,458 | 979,160 | 771,414 |
| Transfers from reserves and reserve funds | 890,487 | 438,731 | - |
| Net financing and transfers | 1,900,945 | 1,417,891 | 771,414 |
| Change in capital fund balance | - | 44,241 | (518,384) |
| Opening capital fund balance (note 2) | - | (659,630) | (141,246) |
| Closing capital fund balance | \$ - | \$ (615,389) | \$ (659,630) |

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Schedule of Reserves and Reserve Funds

Year ended December 31, 2003, with comparative figures for 2002

| | 2003 | 2002 |
|-------------------------------------------------------------------------------------------|---------------------|---------------------|
| Revenues: | | |
| Investment income | \$ 168,535 | \$ 125,666 |
| Donations | – | 36,112 |
| Other | – | 1,985 |
| Total revenues | 168,535 | 163,763 |
| Net transfers from (to) other funds: | | |
| Transfers from (to) current fund | 587,486 | (163,460) |
| Transfers to capital fund | (438,731) | – |
| Total net transfers | 148,755 | (163,460) |
| Change in reserves and reserve fund balance | 317,290 | 303 |
| Opening reserves and reserve fund balance | 6,715,790 | 6,715,487 |
| Closing reserves and reserve fund balance | \$ 7,033,080 | \$ 6,715,790 |
| Analyzed as follows: | | |
| Reserves set aside for specific purposes by Council for: | | |
| Working capital | \$ 454,236 | \$ 492,813 |
| Capital | 149,593 | 212,065 |
| Fire | 133,351 | 268,351 |
| Sewer and water | 893,425 | 602,517 |
| Roads | 618,648 | 631,038 |
| Recreation and culture | 379,341 | 218,431 |
| Waste management | – | 204,509 |
| Other | 4,900 | 4,900 |
| Total reserves | 2,633,494 | 2,634,624 |
| Reserve funds set aside for specific purpose by legislation, regulation or agreement for: | | |
| Infrastructure | 4,000,000 | 4,002,517 |
| Recreation | 1,710 | 26,624 |
| Waste management | 319,492 | – |
| Association and events | 78,384 | 52,025 |
| Total reserve funds | 4,399,586 | 4,081,166 |
| Total reserves and reserve funds | \$ 7,033,080 | \$ 6,715,790 |



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AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

Corporation of the Township of North Dundas
Winchester, Ontario

The audited financial statements of the municipality and our report thereon are presented in the preceding section of this report. The following information is presented for purposes of additional analysis and is not required for a fair presentation of the financial position or results of operations of the municipality. Such information has been subjected to the auditing procedures applied in our examination of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

KPMG LLP

Chartered Accountants

Kingston, Canada

February 23, 2004

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Two-Year Financial Review

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

| | 2003 | 2002 |
|------------------------------------------------------------------------------------------|-----------------|-----------------|
| Population at the end of the year (unaudited) | 11,338 | 11,197 |
| Employees - continuous full time (unaudited) | 38 | 34 |
| - part time (unaudited) | 30 | 34 |
| Number of households (unaudited) | 4,133 | 4,086 |
| 1. Assessment | | |
| Taxable assessment upon which the year's rates of taxation were set | | |
| Residential and farm | 554,411 | 518,621 |
| Commercial, multi-residential and industrial | 66,103 | 61,219 |
| Pipeline and managed forests | 43,518 | 40,489 |
| Total | 664,032 | 620,329 |
| Per capita | | |
| Commercial, multi-residential and industrial as a percentage of total taxable assessment | 9.9% | 9.8% |
| Exempt assessment | 31,209 | 30,927 |
| 2. Revenue for general municipal services | | |
| Taxation | \$ 3,758 | \$ 2,943 |
| Payments in lieu of taxes | 79 | 72 |
| Ontario and Federal grants | 1,352 | 1,263 |
| Fees and service charges | 2,407 | 2,190 |
| Other | 276 | 555 |
| Total | \$ 7,872 | \$ 7,023 |
| 3. Tax arrears - per capita | \$ 85.19 | \$ 63.72 |
| - percentage of current levy | 7.7 | 6.5 |
| 4. Expenditure - general municipal | \$ 6,360 | \$ 5,550 |
| 5. Transfers to the region or county | \$ 5,219 | \$ 4,380 |
| 6. Transfers to the school boards | \$ 3,786 | \$ 3,772 |
| 7. Capital financing during the year | | |
| Contributions from own funds | \$ 1,457 | \$ 771 |
| Ontario and Federal grants | 98 | 198 |
| Other | 157 | 95 |
| Total | \$ 1,712 | \$ 1,064 |
| 8. Capital expenditure during the year | \$ 1,668 | \$ 1,583 |
| 9. Capital fund balance | \$ (615) | \$ (660) |
| 10. Current fund balance | \$ (54) | \$ (54) |
| 11. Reserves and reserve funds | \$ 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, 2003 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 as at December 31, 2003 and the continuity of the trust funds for the year then ended in accordance with the accounting policies disclosed in note 1 to the financial statements.

KPMG LLP

Chartered Accountants

Kingston, Canada
February 23, 2004

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Trust Funds

Statement of Financial Position

Year ended December 31, 2003, with comparative figures for 2002

| | 2003 | 2002 |
|--------------------------------------------|------------------|------------------|
| Assets | | |
| Cash | \$ 2,665 | \$ 3,274 |
| Ontario Home Renewal Plan loans receivable | 12,150 | 13,539 |
| | <u>\$ 14,815</u> | <u>\$ 16,813</u> |
| Liabilities and Capital | | |
| Liabilities: | | |
| Accounts payable | \$ 2,122 | \$ 2,732 |
| Fund balance: | | |
| Capital | 12,693 | 14,081 |
| | <u>\$ 14,815</u> | <u>\$ 16,813</u> |

See accompanying notes to financial statements.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Trust Funds

Statement of Continuity

Year ended December 31, 2003, with comparative figures for 2002

| | 2003 | 2002 |
|---------------------------------------------------------------------|-----------|-----------|
| Balance at beginning of year | \$ 14,081 | \$ 15,973 |
| Interest earned | 734 | 840 |
| | 14,815 | 16,813 |
| Ontario Home Renewal Plan: | | |
| - Administration charges | 140 | 169 |
| - Return of capital to Ministry of Municipal Affairs and Housing | 1,982 | 2,563 |
| | 2,122 | 2,732 |
| Balance at end of year | \$ 12,693 | \$ 14,081 |

See accompanying notes to financial statements.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Trust Funds
Notes to Financial Statements

Year ended December 31, 2003

1. Accounting policies:

Basis of accounting:

Sources of financing and expenditures are reported on the cash 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, 2003 are comprised of repayable loans of \$12,150 (2002 - \$13,539) and forgivable loans of \$Nil (2002 - \$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 balance of Ontario Home Renewal trust accounts as of December 31, 2003 to the province by March 1, 2004.