

Consolidated Financial Statements of

**CORPORATION OF THE
TOWNSHIP OF NORTH DUNDAS**

Year ended December 31, 2004

Consolidated Financial Statements of

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Year ended December 31, 2004

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, 2004 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the 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, 2004 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
June 3, 2005

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Statement of Financial Position

December 31, 2004, with comparative figures for 2003

	2004	2003
Assets		
Financial assets:		
Cash and short-term investments (note 3)	\$ 2,786,686	\$ 2,175,863
Taxes receivable	993,116	965,854
Accounts receivable	1,259,475	1,226,733
Long-term investments (note 3)	3,448,900	3,339,844
	8,488,177	7,708,294
Liabilities:		
Accounts payable and accrued liabilities	938,905	979,162
Landfill closure and post-closure liabilities (note 12)	973,512	961,588
Workplace Safety and Insurance Board future benefit obligations (note 13)	-	120,268
Deferred revenues – obligatory reserve funds (note 11)	321,702	402,917
Municipal debt (note 4)	-	22,010
Deferred revenue	22,940	5,185
Accrued interest on municipal debt	-	1,740
	2,257,059	2,492,870
Net financial assets	6,231,118	5,215,424
Other non-financial assets:		
Inventory and prepaid expenses	82,384	42,663
Total net assets	\$ 6,313,502	\$ 5,258,087
Municipal position (note 2):		
Current fund	\$ (53,998)	\$ (53,998)
Capital fund	(399,492)	(615,389)
Reserves	3,056,719	2,633,494
Reserve funds	4,683,785	4,399,586
	7,287,014	6,363,693
Amounts to be recovered from future revenues	(406,626)	(786,114)
Amounts to be recovered from reserve funds	(566,886)	(319,492)
	(973,512)	(1,105,606)
Commitments (note 10)		
Contingent liabilities (note 4(c), 15)		
Total municipal position	\$ 6,313,502	\$ 5,258,087

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, 2004, with comparative figures for 2003

	2004	2003
Revenues:		
Property taxation	\$ 4,146,155	\$ 3,744,009
User charges	2,499,000	2,323,447
Government grants – province	1,213,544	1,356,047
Government grants – federal	75,646	95,371
Transfer from deferred revenue – obligatory reserve fund	187,942	43,504
Investment income	218,504	217,478
Penalties and interest on taxes	143,599	125,768
Donations	156,933	155,121
Sale of assets	58,422	70,430
Contributions, benefiting landowners	32,700	81,396
Other	40,684	–
Total revenues	8,773,129	8,212,571
Expenditures:		
Current:		
General government	834,178	1,213,235
Protection to persons and property	526,560	464,684
Transportation services	1,922,380	1,798,453
Environmental services	1,822,987	1,651,599
Social and family services	2,753	1,665
Recreation and cultural services	1,010,662	887,347
Planning and development	302,735	221,241
Total current expenditures	6,422,255	6,238,224
Capital:		
General government	6,724	147,961
Protection to persons and property	209,565	422,263
Transportation services	545,179	460,752
Environmental services	235,841	430,276
Recreation and cultural services	335,466	198,915
Planning and development	2,405	7,373
Total capital expenditures	1,335,180	1,667,540
Total expenditures	7,757,435	7,905,764
Net revenues	1,015,694	306,807
Change in amounts to be recovered:		
Debt principal repayments	(22,010)	(59,223)
Change in Workplace Safety and Insurance Board future benefit obligations	(120,268)	120,268
Change in landfill closure and post closure liability	11,924	–
Change in accrued interest on municipal debt	(1,740)	(2,965)
Increase (decrease) in amounts to be recovered	(132,094)	58,080
Increase (decrease) in non-financial assets	39,721	(3,356)
Increase in fund balances	\$ 923,321	\$ 361,531

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, 2004, with comparative figures for 2003

	2004	2003
Operations:		
Net revenues	\$ 1,015,694	\$ 306,807
Sources (uses) of funds:		
Increase in taxes receivable	(27,262)	(252,394)
Increase in accounts receivable	(32,742)	(580,953)
Increase (decrease) in accounts payable and accrued liabilities	(40,257)	405,910
Increase in landfill closure and post-closure liabilities	11,924	-
Increase (decrease) in Workplace Safety and Insurance Board future benefit obligations	(120,268)	120,268
Increase (decrease) in deferred revenues – obligatory reserve funds	(81,215)	73,595
Increase (decrease) in deferred revenue	17,755	(969)
Decrease in accrued interest on municipal debt	(1,740)	(2,965)
	(273,805)	(237,508)
Net change in cash from operations	741,889	69,299
Investments:		
Increase in long-term investments	(109,056)	(3,339,844)
Financing:		
Indebtedness repaid	(22,010)	(59,223)
Increase (decrease) in cash and cash equivalents	610,823	(3,329,768)
Cash and cash equivalents, beginning of year	2,175,863	5,505,631
Cash and cash equivalents, end of year	\$ 2,786,686	\$ 2,175,863

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, 2004

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, 2004

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

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

The municipality 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 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 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

(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, 2004

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 \$6,313,502 (2003 - \$5,258,087), at the end of the year are comprised of the following:

	2004	2003
Fund balances at the end of the year, surplus (deficit):		
Current fund – to be recovered from user charges	\$ (53,998)	\$ (53,998)
Capital fund:		
Capital expenditures to be financed from taxation or user charges	(399,492)	(615,389)
Reserves	3,056,719	2,633,494
Reserve funds	4,683,785	4,399,586
	<u>7,287,014</u>	<u>6,363,693</u>
Amounts to be recovered from future revenues and reserve funds:		
Municipal debt	–	(22,010)
Accrued interest on municipal debt	–	(1,740)
Landfill closure and post-closure liabilities	(973,512)	(961,588)
WSIB future benefit obligations	–	(120,268)
	<u>(973,512)</u>	<u>(1,105,606)</u>
	<u>\$ 6,313,502</u>	<u>\$ 5,258,087</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.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2004

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

(c) The balance available for the general reduction of taxation at December 31, 2004 has been reduced by an amount of \$741,905 (2003 - \$94,510) 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 \$741,905 (2003 - \$94,510)

3. Restricted assets:

Cash and investments in the amount of \$5,005,487 (2003 - \$4,802,503) 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:

	2004	2003
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	\$ 663,019	\$ 945,072
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	(294,298)	(373,919)
Loans from reserve fund eliminated upon consolidation:		
Sewer Ward 3 – repayable in monthly instalments of \$1,128, interest at 4%, matures April 2008	(42,113)	(53,716)
Sewer Ward 4 – repayable in monthly instalments of \$1,915, interest at 4%, matures April 2008	(71,485)	(91,181)
Water Ward 3 – repayable in monthly instalments of \$4,000, interest at 4%, matures August 2004	–	(28,375)
Sewer Ward 3 – repayable in monthly instalments of \$7,748, interest at 4%, matures November 2007	(251,601)	(332,750)
Sewer Ward 4 – repayable in monthly instalments of \$3,300, interest at 4%, matures February 2005	(3,522)	(43,121)
Municipal debt at the end of the year	\$ –	\$ 22,010

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2004

4. Municipal debt (continued):

- (b) 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.
- (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 \$294,298 (2003 - \$373,919), which are not reported on the "Consolidated Statement of Financial Position"
- (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, 2004 in the amount of \$368,721 (2003 - \$549,143) to be financed from taxation and user charges as the interfund debt is repaid.

5. Bank demand loan:

On December 13, 2004, 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, 2004, no amount has been drawn against this demand loan.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2004

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

During 2004, 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	
	2004	2003	2004	2003
Amounts requisitioned	\$ 3,674,232	\$ 3,786,728	\$ 5,391,653	\$ 5,218,680

7. Trust funds:

Trust funds administered by the municipality amounting to \$11,086 (2003 - \$12,693) 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 2004 was \$89,040 (2003 - \$30,169).

9. Budget figures:

The approved operating and capital budgets for 2004 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.

10. 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, 2004

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:

	2004	2003
Balance, beginning of year	\$ 402,917	\$ 329,322
Development contributions	89,700	99,680
Recreational land	7,000	6,000
Investment income	10,027	11,419
Transfers to revenue fund (Development charges)	(2,418)	(4,522)
Transfer to capital fund	(185,524)	(38,982)
Balance, end of year	\$ 321,702	\$ 402,917
Analyzed as follows:		
Parkland	\$ 90,860	\$ 81,931
Development charges	230,842	320,986
	\$ 321,702	\$ 402,917

12. 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, 2004

12. 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 \$1,570,000. 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, 2004 is an amount of \$973,512 (2003 - \$961,588) with respect to landfill closure and post-closure liabilities recognized to date.

The estimated remaining capacity of the Boyne landfill site is 52% of its total estimated capacity and its estimated remaining life is 15 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 15% of its total estimated capacity and its estimated remaining life is 20 years, after which the period for post-closure care is estimated to be 25 years.

13. Workplace Safety and Insurance Board future benefit obligations:

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 with an estimate for future benefit costs and administrative loading, as actuarially determined by the Workplace Safety and Insurance Board as at December 31, 2004, in the amount of \$Nil (2003 - \$120,268)

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

14. Supplementary information:

	2004	2003
Current fund expenditure by object:		
Salaries, wages and employee benefits	\$ 2,247,843	\$ 2,316,233
Materials, services, rents and financial expenses	4,020,930	3,778,804
Transfers to others	153,482	143,187
Total	\$ 6,422,255	\$ 6,238,224

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2004

15. 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, 2004, 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.

16. 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.

17. Comparative figures:

Certain 2003 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2004.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Schedule of Current Fund Operations

Year ended December 31, 2004, with comparative figures for 2003

	Budget 2004 (unaudited)	Actual 2004	Actual 2003
Revenues:			
Property taxation	\$ 4,067,355	\$ 4,146,155	\$ 3,744,008
User charges	2,416,443	2,499,000	2,323,447
Government grants - province	1,264,548	1,205,165	1,307,731
- federal	72,846	67,267	46,140
Interest	27,500	55,138	48,943
Penalties and interest on taxes	125,000	143,599	125,768
Sale of assets	70,000	58,422	56,000
Donations	97,000	95,229	81,613
Contributions, benefiting landowners	32,700	32,700	11,973
Transfer from obligatory reserve funds	1,200	2,418	4,522
Total revenues	8,174,592	8,305,093	7,750,145
Expenditures:			
General government	1,007,128	834,178	1,213,235
Protection to persons and property	551,123	526,560	464,684
Transportation services	1,983,238	1,922,380	1,798,453
Environmental services	1,902,934	1,822,987	1,651,599
Social and family services	2,000	2,753	1,665
Recreation and cultural services	1,089,388	1,010,662	887,347
Planning and development	397,413	302,735	221,241
Total expenditures	6,933,224	6,422,255	6,238,224
Net revenue	1,241,368	1,882,838	1,511,921
Financing and transfers:			
Debt principal repayments	(22,010)	(22,010)	(59,222)
Transfers to capital fund	(884,692)	(853,835)	(979,160)
Transfers to reserves and reserve funds	(334,666)	(936,630)	(587,486)
Change in Workplace Safety and Insurance Board future benefit obligations	-	(120,268)	120,268
Change in landfill closure and post closure liability	-	11,924	-
Change in accrued interest on municipal debt	-	(1,740)	(2,965)
Change in non-financial assets	-	39,721	(3,356)
Net financing and transfers	(1,241,368)	(1,882,838)	(1,511,921)
Change in current fund balance	-	-	-
Opening current fund balance	-	(53,998)	(53,998)
Closing current fund balance	\$ -	\$ (53,998)	\$ (53,998)

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Schedule of Capital Fund Operations

Year ended December 31, 2004, with comparative figures for 2003

	Budget 2004	Actual 2004	Actual 2003
	(unaudited)		
Revenues:			
Government grants - province	\$ 125,730	\$ 8,379	\$ 48,316
- federal	125,730	8,379	49,231
Donations	105,000	61,704	73,508
Contributions, benefiting landowners	-	-	69,423
Sale of assets	-	-	14,430
Other	65,000	40,684	-
Transfer from obligatory reserve funds	185,500	185,524	38,982
Total revenues	606,960	304,670	293,890
Expenditures:			
General government	135,000	6,724	147,961
Protection to persons and property	217,600	209,565	422,263
Transportation services	611,000	545,179	460,752
Environmental services	743,800	235,841	430,276
Recreation and cultural services	475,300	335,466	198,915
Planning and development	5,900	2,405	7,373
Total expenditures	2,188,600	1,335,180	1,667,540
Net expenditures	(1,581,640)	(1,030,510)	(1,373,650)
Financing and transfers:			
Transfers from current fund	848,288	853,835	979,160
Transfers from reserves and reserve funds	733,352	392,572	438,731
Net financing and transfers	1,581,640	1,246,407	1,417,891
Change in capital fund balance	-	215,897	44,241
Opening capital fund balance	-	(615,389)	(659,630)
Closing capital fund balance	\$ -	\$ (399,492)	\$ (615,389)

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Consolidated Schedule of Reserves and Reserve Funds

Year ended December 31, 2004, with comparative figures for 2003

	2004	2003
Revenues:		
Investment income	\$ 163,366	\$ 168,535
Net transfers from (to) other funds:		
Transfers from current fund	936,630	587,486
Transfers to capital fund	(392,572)	(438,731)
Total net transfers	544,058	148,755
Change in reserves and reserve fund balance	707,424	317,290
Opening reserves and reserve fund balance	7,033,080	6,715,790
Closing reserves and reserve fund balance	\$ 7,740,504	\$ 7,033,080

Analyzed as follows:

Reserves set aside for specific purposes by Council for:

Working capital	\$ 689,675	\$ 454,236
Capital	42,883	149,593
Fire	249,496	133,351
Sewer and water	1,009,292	893,425
Roads	685,203	618,648
Recreation and culture	322,669	379,341
Waste management	52,601	-
Other	4,900	4,900
Total reserves	3,056,719	2,633,494

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

Infrastructure	4,000,000	4,000,000
Recreation	7,553	1,710
Waste management	566,886	319,492
Association and events	109,346	78,384
Total reserve funds	4,683,785	4,399,586

Total reserves and reserve funds	\$ 7,740,504	\$ 7,033,080
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CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Three-Year Financial Review
(Unaudited)

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

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

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Trust Funds

Statement of Financial Position

Year ended December 31, 2004, with comparative figures for 2003

	2004	2003
Assets		
Cash	\$ 1,685	\$ 2,665
Ontario Home Renewal Plan loans receivable	11,086	12,150
	<u>\$ 12,771</u>	<u>\$ 14,815</u>
Liabilities and Capital		
Liabilities:		
Accounts payable	\$ 1,685	\$ 2,122
Fund balance:		
Capital	11,086	12,693
	<u>\$ 12,771</u>	<u>\$ 14,815</u>

See accompanying notes to financial statements.

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Trust Funds

Statement of Continuity

Year ended December 31, 2004 with comparative figures for 2003

	2004	2003
Balance at beginning of year	\$ 12,693	\$ 14,081
Interest earned	622	734
	13,315	14,815
Expenditures:		
Ontario Home Renewal Plan:		
- Administration charges	104	140
- Return of capital to Ministry of Municipal Affairs and Housing	1,582	1,982
	1,686	2,122
Donations	543	-
	2,229	2,122
Balance at end of year	\$ 11,086	\$ 12,693

See accompanying notes to financial statements

CORPORATION OF THE TOWNSHIP OF NORTH DUNDAS

Trust Funds
Notes to Financial Statements

Year ended December 31, 2004

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, 2004 are comprised of repayable loans of \$11,086 (2003 - \$12,150) and forgivable loans of \$Nil (2003 - \$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, 2004 to the province by March 1, 2005.