

2004 Financial Report

**THE CORPORATION OF THE
COUNTY OF RENFREW**

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THE CORPORATION OF THE COUNTY OF RENFREW

2004 FINANCIAL REPORT

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SCOTT ROSIEN & DEMPSEY

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AUDITORS' REPORT

To the Members of Council,
Inhabitants and Ratepayers of
The Corporation of the County of Renfrew

We have audited the consolidated statement of financial position of The Corporation of the County of Renfrew as at December 31, 2004 and the consolidated statements of financial activities and cash flows for the year then ended. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the County of Renfrew as at December 31, 2004 and the results of its financial activities and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Pembroke, Ontario

June 20, 2005

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Statement of Financial Position

December 31, 2004, with comparative figures for 2003

	2004	2003
Financial Assets		
Cash	\$ 17,923,691	\$ 10,759,468
Accounts receivable		
Federal Government	942,394	881,486
Other municipalities	374,078	2,660,466
Other	589,198	526,454
Total Financial Assets	19,829,361	14,827,874
Liabilities		
Accounts payable and accrued liabilities	10,285,401	8,845,565
Payable to Province of Ontario	1,058,851	2,101,943
Payable to Federal Government	5,363	25,835
Deferred revenue	78,035	45,491
Long-term liabilities (note 4)	19,651,486	1,031,068
Accrued interest on long-term liabilities	293,067	10,738
Employee benefit liabilities (note 5)	1,205,293	1,130,247
Total Liabilities	32,577,496	13,190,887
Net Financial Assets (Liabilities)	(12,748,135)	1,636,987
Non-Financial Assets		
Inventory and prepaid expenses	665,186	745,438
TOTAL NET ASSETS (LIABILITIES)	\$ (12,082,949)	\$ 2,382,425
MUNICIPAL POSITION		
Fund Balances		
Current fund	\$810,812	1,084,962
Capital fund	588,565	(3,554,950)
Reserves	6,108,248	5,442,717
Reserve funds	1,559,272	1,581,749
Total Fund Balances	9,066,897	4,554,478
Less: amounts to be recovered in future years (note 6)	(21,149,846)	(2,172,053)
TOTAL MUNICIPAL POSITION	\$ (12,082,949)	\$ 2,382,425

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

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Statement of Financial Activities

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

	Budget 2004	Actual 2004	Actual 2003
	(unaudited)		
REVENUES			
Levies on area municipalities	\$ 26,334,015	\$ 26,483,651	\$ 24,646,606
Other municipal revenue	9,495,896	9,072,921	9,444,727
User fees and service charges	11,734,725	11,549,884	11,207,569
Government grants	61,938,071	63,318,776	58,537,414
Investment income	150,000	374,978	433,349
Donation, fines and other	2,110,000	1,800,395	1,218,371
Total Revenues	111,762,707	112,600,605	105,488,036
EXPENDITURES			
Current			
General government	5,310,060	5,580,874	4,156,522
Protection to persons and property	746,368	778,823	708,134
Transportation services	5,040,200	4,549,997	4,533,064
Health services	10,833,253	11,243,563	9,727,948
Social and family services	64,525,274	65,642,765	62,681,209
Social housing	8,571,989	7,617,477	7,477,914
Planning and development	4,808,783	3,626,771	2,357,162
Total Current Expenditures	99,835,927	99,040,270	91,641,953
Capital			
General government	133,482	94,721	506,800
Protection to persons and property	38,500	-	32,227
Transportation services	6,597,200	6,928,083	8,140,347
Health services	368,000	315,551	706,774
Social and family services	21,225,659	20,017,948	13,261,890
Social housing	693,000	669,406	614,070
Total Capital Expenditures	29,055,841	28,025,709	23,262,108
Total Expenditures (note 8)	128,891,768	127,065,979	114,904,061
Net Expenditures	(17,129,061)	(14,465,374)	(9,416,025)
Financing			
Principal payments on long-term liabilities	(329,582)	(329,582)	(308,131)
New long-term debt issued	19,100,000	18,950,000	-
Change in employee benefits and interest on long-term liabilities	-	357,375	441,686
Net increase in amounts to be recovered	18,770,418	18,977,793	133,555
Increase (Decrease) in Fund Balances	1,641,357	4,512,419	(9,282,470)
Balance of Funds Beginning of Year	4,554,478	4,554,478	13,836,948
BALANCE OF FUNDS END OF YEAR	\$ 6,195,835	\$ 9,066,897	\$ 4,554,478

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

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Statement of Cash Flows

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

	2004	2003
OPERATIONS		
Net expenditures	\$ (14,465,374)	\$ (9,416,025)
Uses:		
Increase in recoverable from Federal Government	(60,908)	(656,771)
Increase in recoverable from other municipalities	-	(1,647,579)
Increase in other accounts receivable	(62,744)	-
Increase in other assets	-	(149,280)
Decrease in payable to Provincial Government	(1,043,092)	-
Decrease in payable to Federal Government	(20,472)	-
Decrease in deferred revenue	-	(4,347)
Decrease in accrued interest on long-term liabilities	-	(12,947)
Total Uses	(1,187,216)	(2,470,924)
Sources:		
Decrease in recoverable from other municipalities	2,286,388	-
Increase in payable to Provincial Government	-	91,004
Decrease in other accounts receivable	-	1,192,122
Increase in accounts payable and accrued liabilities	1,439,836	3,501,946
Increase in payable to Federal Government	-	18,651
Increase in deferred revenue	32,544	-
Increase in interest on long-term liabilities	282,329	-
Increase in employee benefits payable	75,046	454,633
Decrease in other assets	80,252	-
Total Sources	4,196,395	5,258,356
Net Decrease in Cash from Operations	(11,456,195)	(6,628,593)
FINANCING		
Long-term liabilities repaid	(329,582)	(308,131)
New long-term debt issued	18,950,000	-
	18,620,418	(308,131)
Net Increase (Decrease) in Cash	7,164,223	(6,936,724)
Cash, beginning of year	10,759,468	17,696,192
Cash, end of year	\$ 17,923,691	\$ 10,759,468

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

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements

Year ended December 31, 2004

The Corporation of the County of Renfrew is an upper tier municipality in the Province of Ontario, Canada. The provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation guide its operations.

1. Accounting Policies

The consolidated financial statements of the Corporation of the County of Renfrew are the representation of management and are prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) (i) Basis of Consolidation

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the current fund, capital fund, reserves and reserve funds and include the activities of all committees of Council.

The Renfrew County and District Health Unit has been proportionately consolidated.

The Renfrew County Housing Corporation has been consolidated.

All inter-fund assets and liabilities and sources of revenues and expenditures have been eliminated with the exception of loans or advances between reserve funds and any other fund of the municipality and the resulting interest income and expenditures.

(ii) Fund Accounting

Funds within the consolidated financial statements consist of current, capital, reserves and reserve funds. Transfers between funds are recorded as adjustments to the appropriate municipal fund balance.

(iii) Trust Funds

Trust funds and their related operations administered by the Corporation of the County of Renfrew are not consolidated, but are reported separately on the "Trust Funds Statements of Financial Position, Financial Activities and Changes in Fund Balance".

(b) Basis of Accounting

(i) Revenue and Expenditure Recognition

Sources of revenue and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Accounts Receivable

Accounts receivable are reported net of any allowance for doubtful accounts.

(iii) Inventory

Inventory is valued at the lower of cost or replacement value.

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, page 2

Year ended December 31, 2004

1. Accounting Policies (continued)

(b) Basis of Accounting (cont'd)

(iv) Capital Assets

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

(v) Deferred Revenue

Deferred revenues represents user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the related expenditures are incurred or services performed.

(vi) Reserves and Reserve Funds

Certain amounts, as approved by County Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(vii) Employee Benefit Plan

The contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due.

The costs of post-employment benefits are recognized when the event that obligates the County occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis.

(viii) Use of Estimates

The preparation of these consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures for the year. These estimates and assumptions, including such areas as employee benefits, are based on the County's best information and judgement and may differ significantly based on actual results.

2. Trust Funds

Trust funds administered by the County amounting to \$367,264 (2003 – \$366,114) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Financial Activities".

3. Pension Agreement

The County of Renfrew, on behalf of its eligible employees, is a participant in the Ontario Municipal Employees Retirement System (OMERS). OMERS is a defined benefit pension plan, fully funded by equal contributions from participating employers and employees, and by the investment earnings of the OMERS Fund. OMERS pensions are calculated using a defined benefit formula, taking into account length of service and average annual wage, that is designed to integrate with the pension payable from the Canada Pension Plan. The amount contributed to OMERS for 2004 was \$883,762, (2003 – \$280,311) for current service and is included as an expenditure on the Consolidated Statement of Financial Activities. At December 31, 2004 there is no liability for past service under this agreement.

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, page 3

Year ended December 31, 2004

4. Long-Term Liabilities

The balance of the long-term liabilities reported on the Consolidated Statement of Financial Position is made up of long-term liabilities incurred by the municipality and are outstanding at the end of the year:

	2004	2003
Long-term debt issued by the County at various rates of interest ranging from 2.65% to 5.20%	\$ 11,500,000	\$ -
Long-term debt issued by the County bearing interest at 5.656%	7,450,000	-
Mortgage payable bearing interest at 3.774%	701,486	736,068
Long-term debt issued by the County at various rates of interest ranging from 8.25% to 10.50%	-	295,000
	<u>\$ 19,651,486</u>	<u>\$ 1,031,068</u>

Principal repayments relating to net long-term liabilities of \$19,651,486 outstanding as a December 31, 2004 are due as follows:

2005	\$ 1,211,309
2006	1,249,476
2007	1,294,377
2008	1,346,050
2009	1,931,546
Thereafter	<u>12,618,728</u>
	<u>\$ 19,651,486</u>

5. Employee Benefit Liabilities

	2004	2003
Employee benefits are summarized as follows:		
Sick leave benefits	\$ 649,471	\$ 615,227
Workplace Safety and Insurance Board obligations	555,822	515,020
	<u>\$1,205,293</u>	<u>\$1,130,247</u>

(a) Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they leave the municipality's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on terminating, amounted to \$649,471 (2003 - \$615,227) at the end of the year. A Reserve and Reserve Fund have been established to provide for a portion of this past service liability and are reported on the "Consolidated Statement of Financial Position". The balance at the end of the year is \$284,540 (2003 - \$283,688).

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, page 4

Year ended December 31, 2004

5. Employee Benefit Liabilities (cont'd):

(b) The County of Renfrew is a Schedule 2 employer under the Workplace Safety and Insurance Board Act and, as such, has assumed the liability for any costs awarded under the Workplace Safety and Insurance Board Act. An actuarial evaluation undertaken in 2003 determined that the liability for present and future awards was \$515,020 as at December 31, 2003. An estimate of \$555,822 for 2004 has been reported on the Consolidated Statement of Financial Position. An amount of \$667,443 (2003 - \$617,197) has been provided for current and future pension awards and is reported as a reserve on the Consolidated Schedule of Reserves and Reserve Funds.

6. Amounts To Be Recovered In Future Years:

Amounts to be recovered in future years comprise the gross amounts of the following liabilities as at December 31, some of which have been partially funded through reserve funds:

	2004	2003
Long-term liabilities	\$ 19,651,486	\$ 1,031,068
Accrued interest on long-term liabilities	293,067	10,738
Employee benefit liabilities	1,205,293	1,130,247
	<u>\$ 21,149,846</u>	<u>\$ 2,172,053</u>

Of the long-term liabilities totalling \$19,651,486, \$7,450,000 will be funded by the Ministry of Health and Long-Term Care over the next twenty years.

7. Commitments:

(a) Under the terms of various operating lease agreements, future minimum payments over the next three years are as follows:

2005	\$ 415,301
2006	345,704
2007	<u>200,761</u>
	<u>\$ 961,766</u>

(b) The Renfrew County Housing Corporation has entered into a long-term service agreement with the Ontario Clean Water Agency that ends February 2007.

Future minimum payments over the next three years are as follows:

2005	\$ 36,444
2006	\$ 36,444
2007	\$ 6,074

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, page 5

Year ended December 31, 2004

8. Expenditures by Object

The total expenditures on the consolidated statement of financial activities are summarized by the object as follows:

	2004	2003
Salaries, wages and benefits	\$ 24,018,226	\$ 22,215,726
Materials	13,359,007	12,780,036
Contracted services	18,849,609	16,568,028
Interest on long-term debt	591,205	103,013
Transfer payments	39,501,438	37,921,178
Rents and financial expense	2,720,785	2,053,972
Capital expenditures	28,025,709	23,262,108
Total expenditures	\$ 127,065,979	\$ 114,904,061

9. Budget figures

The County of Renfrew's budget process includes the preparation of an annual current and capital budget. The current budget includes the expenditures and revenues approved by County Council for the period January 1 to December 31 each year. The current budget appears on the schedule of current fund operations. The capital budget includes the expenditures and revenues sources to acquire, construct and maintain County assets. The 2004 capital budget approved by Council included projects requiring financing of \$29,055,841.

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Schedule of Current Fund Operations

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

	Budget 2004	Actual 2004	Actual 2003
	(unaudited)		
Revenues			
Levies on area municipalities	\$ 26,334,015	\$ 26,483,651	\$ 24,646,606
Other municipal revenue	5,939,837	5,745,912	5,609,892
User fees and service charges	11,734,725	11,549,884	11,207,569
Government grants	61,374,609	62,683,697	58,537,414
Investment income	150,000	267,574	295,329
Fines and other	1,460,000	1,450,395	1,218,371
Total Revenues	106,993,186	108,181,113	101,515,181
Expenditures			
General government	5,310,060	5,580,874	4,156,522
Protection to persons and property	746,368	778,823	708,134
Transportation services	5,040,200	4,549,997	4,533,064
Health services	10,833,253	11,243,563	9,727,948
Social and family services	64,525,274	65,642,765	62,681,209
Social housing	8,571,989	7,617,477	7,477,914
Planning and development	4,808,783	3,626,771	2,357,162
Total Expenditures	99,835,927	99,040,270	91,641,953
Net Revenues	7,157,259	9,140,843	9,873,228
Financing and Transfers			
Principal repayments on long-term liabilities	(329,582)	(329,582)	(308,131)
Change in employee benefits and interest on long-term liabilities	-	357,375	441,686
Transfers to Reserves and Reserve Funds	(1,758,758)	(2,993,263)	(2,824,778)
Transfers from Reserves and Reserve Funds	1,676,678	1,511,455	2,931,508
Transfers to Capital Fund	(7,938,285)	(8,069,103)	(9,668,016)
Transfers from Capital Fund	108,125	108,125	117,775
Net Financing and Transfers	(8,241,822)	(9,414,993)	(9,309,956)
Change in Current Fund Balance	(1,084,563)	(274,150)	563,272
Opening Current Fund Balance	1,084,962	1,084,962	521,690
Closing Current Fund Balance	\$ 399	\$ 810,812	\$ 1,084,962

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Schedule of Capital Fund Operations

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

	Budget 2004 (unaudited)	Actual 2004	Actual 2003
Revenues			
Other municipal revenue	\$ 3,556,059	\$ 3,327,009	\$ 3,834,835
Government grants	563,462	635,079	-
Investment income	-	29,246	37,900
Donation	650,000	350,000	-
Total Revenues	4,769,521	4,341,334	3,872,735
Expenditures			
General government	133,482	94,721	506,800
Protection to persons and property	38,500	-	32,227
Transportation services	6,597,200	6,928,083	8,140,347
Health services	368,000	315,551	706,774
Social and family services	21,225,659	20,017,948	13,261,890
Social housing	693,000	669,406	614,070
Total Expenditures	29,055,841	28,025,709	23,262,108
Net Expenditures	(24,286,320)	(23,684,375)	(19,389,373)
Financing and Transfers			
New long-term debt issued	19,100,000	18,950,000	-
Transfers from General Fund	7,938,285	8,069,103	9,668,016
Transfers to General Fund	(108,125)	(108,125)	(117,775)
Transfers from Reserves and Reserve Funds	816,100	936,912	5,946,110
Transfers to Reserves and Reserve Funds	-	(20,000)	-
Net Financing and Transfers	27,746,260	27,827,890	15,496,351
Change in Capital Fund Balance	3,459,940	4,143,515	(3,893,022)
Opening Capital Fund Balance	(3,554,950)	(3,554,950)	338,072
Closing Capital Fund Balance	\$ (95,010)	\$ 588,565	\$ (3,554,950)

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Schedule of Reserves and Reserve Funds

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

	Budget 2004 (unaudited)	Actual 2004	Actual 2003
Revenue			
Investment income	\$ -	\$ 78,158	\$ 100,120
Total Revenues	-	78,158	100,120
Financing and Transfers			
Transfers to General Fund	(1,676,678)	(1,511,455)	(2,931,508)
Transfers from General Fund	1,758,758	2,993,263	2,824,778
Transfers to Capital Fund	(816,100)	(936,912)	(5,946,110)
Transfers from Capital Fund	-	20,000	-
Net Financing and Transfers	(734,020)	564,896	(6,052,840)
Change in Reserves and Reserve Funds Balance	(734,020)	643,054	(5,952,720)
Opening Reserves and Reserve Funds Balance	7,024,466	7,024,466	12,977,186
Closing Reserves and Reserve Funds Balance	\$ 6,290,446	\$ 7,667,520	\$ 7,024,466
Analyzed As Follows:			
Reserves Set Aside For Specific Purposes By Council			
Working Funds	\$ 598,135	\$ 1,040,761	\$ 985,071
Contingencies	634,280	637,718	580,158
Equipment Replacement	898,011	1,619,938	1,552,959
Sick Leave	245,323	245,323	245,323
Workplace Safety Insurance Board	515,318	667,443	617,197
Statutory Entitlement Reserve	796,987	812,517	691,367
Capital – Housing	529,028	529,028	279,028
Inventory	491,614	555,520	491,614
	4,708,696	6,108,248	5,442,717
Reserve Funds Set Aside For Specific Purposes			
By Council			
Working Funds	73,112	106,676	104,362
Contingencies	654,230	654,300	640,082
Equipment Replacement	27,018	27,018	26,431
Sick Leave	39,217	39,217	38,365
Capital – General	685,309	629,191	671,871
Capital – Health	98,294	98,294	96,158
Capital – Planning and Development	4,570	4,576	4,480
	1,581,750	1,559,272	1,581,749
TOTAL RESERVES AND RESERVE FUNDS	\$ 6,290,446	\$ 7,667,520	\$ 7,024,466

SCOTT ROSIEN & DEMPSEY

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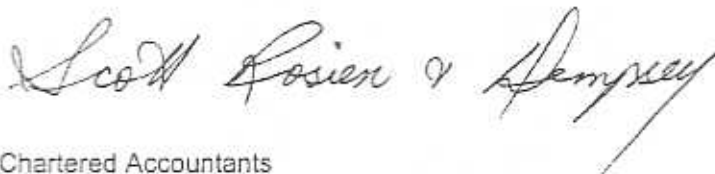
AUDITORS' REPORT

To the Members of Council, Inhabitants
and Ratepayers of the Corporation of the County of Renfrew

We have audited the trust funds' statement of financial position of the Corporation of the County of Renfrew as at December 31, 2004 and the trust funds statements of financial activities and changes in fund balances for the year then ended. These financial statements are the responsibility of the County'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 funds held in trust by the Corporation of the County of Renfrew as at December 31, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Pembroke, Ontario

June 20, 2005

THE CORPORATION OF THE COUNTY OF RENFREW

Trust Funds Statement of Financial Position

December 31, 2004, with comparative figures for 2003

	2004	2003
Financial Assets		
Cash and short-term investments	\$ 367,264	\$ 366,114
	\$ 367,264	\$ 366,114
Fund Balance		
Residents' equity	\$ 367,264	\$ 366,114
	\$ 367,264	\$ 366,114

Trust Fund Statement of Financial Activities And Changes in Fund Balance

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

	2004	2003
Revenue:		
Deposits from residents	\$ 2,506,313	\$ 2,468,255
Interest	5,936	8,674
	2,512,249	2,476,929
Expenditure:		
Payment for maintenance, withdrawals by residents and estate payments	2,511,099	2,521,474
Change in Financial Assets	1,150	(44,545)
Fund Balance at The Beginning of The Year	366,114	410,659
Fund Balance at The End of The Year	\$ 367,264	\$ 366,114

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

THE CORPORATION OF THE COUNTY OF RENFREW

Trust Funds

Note to Financial Statements

Year ended December 31, 2004

These financial statements reflect the financial activity and financial position of funds held in trust by The Corporation of The County of Renfrew for residents of Bonnechere Manor and Miramichi Lodge.

Basis of Accounting

Cash and short-term investments are recorded at cost.