

2005 Financial Report

**THE CORPORATION OF THE
COUNTY OF RENFREW**

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THE CORPORATION OF THE COUNTY OF RENFREW

2005 FINANCIAL REPORT

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SCOTT ROSIEN & DEMPSEY

Chartered Accountants

D.M. Scott, C.A.
D.W. Rosien, C.A.
W.T. Dempsey, C.A.

217 Pembroke Street East
Pembroke, Ontario K8A 3J8

TELEPHONE: (613) 735-3981
FAX: (613) 732-3829

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, 2005 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, 2005 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

May 26, 2006

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Statement of Financial Position

December 31, 2005, with comparative figures for 2004

	2005	2004
ASSETS		
Financial Assets		
Cash	\$ 21,546,273	\$ 17,923,691
Accounts receivable		
Federal Government	626,103	942,394
Other municipalities	1,123,182	374,078
Other	113,886	589,198
Total Financial Assets	23,409,444	19,829,361
Non-Financial Assets		
Inventory and prepaid expenses	845,111	665,186
TOTAL ASSETS	\$ 24,254,555	\$ 20,494,547
LIABILITIES AND MUNICIPAL POSITION		
Liabilities		
Accounts payable and accrued liabilities	\$ 5,489,376	\$ 10,285,401
Payable to Province of Ontario	2,779,021	1,058,851
Payable to Federal Government	10,806	5,363
Deferred revenue	50,332	78,035
Long-term liabilities (note 4)	18,440,177	19,651,486
Accrued interest on long-term liabilities	280,219	293,067
Employee benefit liabilities (note 5)	1,231,579	1,205,293
Total Liabilities	28,281,510	32,577,496
Municipal Position		
Fund Balances		
Current fund	894,888	810,812
Capital fund	745,015	588,565
Reserves	12,592,295	6,108,248
Reserve funds	1,692,822	1,559,272
Total Fund Balances	15,925,020	9,066,897
Less: amounts to be recovered in future years (note 6)	(19,951,975)	(21,149,846)
Total Municipal Position	(4,026,955)	(12,082,949)
TOTAL LIABILITIES AND MUNICIPAL POSITION	\$ 24,254,555	\$ 20,494,547

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, 2005, with comparative figures for 2004

	Budget 2005	Actual 2005	Actual 2004
	(unaudited)		
REVENUES			
Levies on area municipalities	\$ 28,195,178	\$ 28,553,735	\$ 26,483,651
Other municipal revenue	6,246,770	5,934,540	9,072,921
User fees and service charges	16,931,147	12,390,870	11,549,884
Government grants	67,883,730	69,796,399	63,318,776
Investment income	130,000	369,725	374,978
Donation, fines and other	3,660,000	4,359,232	1,800,395
Total Revenues	123,046,825	121,404,501	112,600,605
EXPENDITURES			
Current			
General government	5,342,369	5,054,451	5,580,874
Protection to persons and property	790,178	702,721	778,823
Transportation services	5,225,600	5,061,477	4,549,997
Health services	11,178,387	11,569,844	11,243,563
Social and family services	68,787,725	69,245,943	65,642,765
Social housing	8,585,164	7,797,021	7,617,477
Planning and development	2,429,169	2,298,063	3,626,771
Total Current Expenditures	102,338,592	101,729,520	99,040,270
Capital			
General government	2,798,474	2,667,607	94,721
Transportation services	7,666,200	6,695,138	6,928,083
Health services	930,327	356,200	315,551
Social and family services	1,042,334	1,207,178	20,017,948
Social housing	693,000	692,864	669,406
Total Capital Expenditures	13,130,335	11,618,987	28,025,709
Total Expenditures (note 8)	115,468,927	113,348,507	127,065,979
Net Revenue (Expenditures)	7,577,898	8,055,994	(14,465,374)
Financing			
Principal payments on long-term liabilities	(1,211,309)	(1,211,309)	(329,582)
New long-term debt issued	-	-	18,950,000
Change in employee benefits and interest on long-term liabilities	-	13,438	357,375
Net increase (decrease) in amounts to be recovered	(1,211,309)	(1,197,871)	18,977,793
Increase in Fund Balances	6,366,589	6,858,123	4,512,419
Balance of Funds Beginning of Year	9,066,897	9,066,897	4,554,478
BALANCE OF FUNDS END OF YEAR	\$ 15,433,486	\$ 15,925,020	\$ 9,066,897

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, 2005, with comparative figures for 2004

	2005	2004
OPERATIONS		
Net revenues (expenditures)	\$ 8,055,994	\$ (14,465,374)
Uses:		
Increase in recoverable from Federal Government	-	(60,908)
Increase in recoverable from other municipalities	(749,104)	-
Increase in other accounts receivable	-	(62,744)
Increase in other assets	(179,925)	-
Decrease in accounts payable and accrued liabilities	(4,796,025)	-
Decrease in payable to Provincial Government	-	(1,043,092)
Decrease in payable to Federal Government	-	(20,472)
Decrease in deferred revenue	(27,703)	-
Decrease in accrued interest on long-term liabilities	(12,848)	-
Total Uses	(5,765,605)	(1,187,216)
Sources:		
Decrease in recoverable from Federal Government	316,291	-
Decrease in recoverable from other municipalities	-	2,286,388
Decrease in other accounts receivable	475,312	-
Decrease in other assets	-	80,252
Increase in accounts payable and accrued liabilities	-	1,439,836
Increase in payable to Provincial Government	1,720,170	-
Increase in payable to Federal Government	5,443	-
Increase in deferred revenue	-	32,544
Increase in accrued interest on long-term liabilities	-	282,329
Increase in employee benefits payable	26,286	75,046
Total Sources	2,543,502	4,196,395
Net Increase (Decrease) in Cash from Operations	4,833,891	(11,456,195)
FINANCING		
Long-term liabilities repaid	(1,211,309)	(329,582)
New long-term debt issued	-	18,950,000
	(1,211,309)	18,620,418
Net Increase in Cash	3,622,582	7,164,223
Cash, beginning of year	17,923,691	10,759,468
Cash, end of year	\$ 21,546,273	\$ 17,923,691

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, 2005

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.

Year ended December 31, 2005

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 \$289,554 (2004 – \$367,264) 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 2005 was \$1,214,641 (2004 – \$883,762) for current service and is included as an expenditure on the Consolidated Statement of Financial Activities. At December 31, 2005 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, 2005

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:

	2005	2004
Long-term debt issued by the County at various rates of interest ranging from 2.65% to 5.20%	\$ 10,529,000	\$ 11,500,000
Long-term debt issued by the County bearing interest at 5.656%	7,241,657	7,450,000
Mortgage payable bearing interest at 3.774%	669,520	701,486
	<u>\$ 18,440,177</u>	<u>\$ 19,651,486</u>

Principal repayments relating to long-term liabilities of \$18,440,177 outstanding as a December 31, 2005 are due as follows:

2006	\$ 1,249,476
2007	1,294,377
2008	1,346,050
2009	1,931,546
2010	1,427,355
Thereafter	<u>11,191,373</u>
	<u>\$ 18,440,177</u>

5. Employee Benefit Liabilities

	2005	2004
Employee benefits are summarized as follows:		
Sick leave benefits	\$ 669,651	\$ 649,471
Workplace Safety and Insurance Board obligations	561,928	555,822
	<u>\$1,231,579</u>	<u>\$1,205,293</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 termination, amounted to \$669,651 (2004 - \$649,471) 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 \$245,323 (2004 - \$284,540).

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to the Consolidated Financial Statements, page 4

Year ended December 31, 2005

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 \$561,928 for 2005 has been reported on the Consolidated Statement of Financial Position. An amount of \$841,904 (2004 - \$667,443) 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:

	2005	2004
Long-term liabilities	\$ 18,440,177	\$ 19,651,486
Accrued interest on long-term liabilities	280,219	293,067
Employee benefit liabilities	1,231,579	1,205,293
	<u>\$ 19,951,975</u>	<u>\$ 21,149,846</u>

Of the long-term liabilities totalling \$18,440,177, \$7,241,657 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 five years are as follows:

2006	\$ 468,022
2007	323,079
2008	279,120
2009	279,120
2010	<u>203,636</u>
	<u>\$ 1,552,977</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 two years are as follows:

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, 2005

8. Expenditures by Object

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

	2005	2004
Salaries, wages and benefits	\$ 32,511,874	\$ 24,018,226
Materials	15,184,607	13,359,007
Contracted services	9,300,441	18,849,609
Interest on long-term debt	923,355	591,205
Transfer payments	41,761,058	39,501,438
Rents and financial expense	2,048,185	2,720,785
Capital expenditures	11,618,987	28,025,709
Total expenditures	\$ 113,348,507	\$ 127,065,979

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 expenditure and revenue sources to acquire, construct and maintain County assets. The 2005 capital budget approved by Council included projects requiring financing of \$13,130,335.

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Schedule of Current Fund Operations

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

	Budget 2005	Actual 2005	Actual 2004
	(unaudited)		
Revenues			
Levies on area municipalities	\$ 28,195,178	\$ 28,553,735	\$ 26,483,651
Other municipal revenue	6,246,770	6,017,250	5,745,912
User fees and service charges	16,931,147	12,390,870	11,549,884
Government grants	67,883,730	69,622,737	62,683,697
Investment income	130,000	258,752	267,574
Fines and other	1,460,000	1,282,115	1,450,395
Total Revenues	120,846,825	118,125,459	108,181,113
Expenditures			
General government	5,342,369	5,054,451	5,580,874
Protection to persons and property	790,178	702,721	778,823
Transportation services	5,225,600	5,061,477	4,549,997
Health services	11,178,387	11,569,844	11,243,563
Social and family services	68,787,725	69,245,943	65,642,765
Social housing	8,585,164	7,797,021	7,617,477
Planning and development	2,429,169	2,298,063	3,626,771
Total Expenditures	102,338,592	101,729,520	99,040,270
Net Revenues	18,508,233	16,395,939	9,140,843
Financing and Transfers			
Principal payments on long-term liabilities	(1,211,309)	(1,211,309)	(329,582)
Change in employee benefits and interest on long-term liabilities	-	13,438	357,375
Transfers to Reserves and Reserve Funds	(6,053,329)	(8,832,361)	(2,993,263)
Transfers from Reserves and Reserve Funds	1,202,625	1,786,828	1,511,455
Transfers to Capital Fund	(9,072,927)	(8,068,459)	(8,069,103)
Transfers from Capital Fund	-	-	108,125
Net Financing and Transfers	(15,134,940)	(16,311,863)	(9,414,993)
Change in Current Fund Balance	3,373,293	84,076	(274,150)
Opening Current Fund Balance	810,812	810,812	1,084,962
Closing Current Fund Balance	\$ 4,184,105	\$ 894,888	\$ 810,812

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Schedule of Capital Fund Operations

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

	Budget 2005	Actual 2005	Actual 2004
	(unaudited)		
Revenues			
Other municipal revenue	\$ -	\$ (82,710)	\$ 3,327,009
Government grants	-	173,662	635,079
Investment income	-	92,000	29,246
Proceeds from sale of capital assets	-	653,117	-
Donation	2,200,000	2,424,000	350,000
Total Revenues	2,200,000	3,260,069	4,341,334
Expenditures			
General government	2,798,474	2,667,607	94,721
Transportation services	7,666,200	6,695,138	6,928,083
Health services	930,327	356,200	315,551
Social and family services	1,042,334	1,207,178	20,017,948
Social housing	693,000	692,864	669,406
Total Expenditures	13,130,335	11,618,987	28,025,709
Net Expenditures	(10,930,335)	(8,358,918)	(23,684,375)
Financing and Transfers			
New long-term debt issued	-	-	18,950,000
Transfers from General Fund	9,072,927	8,068,459	8,069,103
Transfers to General Fund	-	-	(108,125)
Transfers from Reserves and Reserve Funds	-	446,909	936,912
Transfers to Reserves and Reserve Funds	-	-	(20,000)
Net Financing and Transfers	9,072,927	8,515,368	27,827,890
Change in Capital Fund Balance	(1,857,408)	156,450	4,143,515
Opening Capital Fund Balance	588,565	588,565	(3,554,950)
Closing Capital Fund Balance	\$ (1,268,843)	\$ 745,015	\$ 588,565

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Schedule of Reserves and Reserve Funds

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

	Budget 2005 (unaudited)	Actual 2005	Actual 2004
Revenue			
Investment income	\$ -	\$ 18,973	\$ 78,158
Total Revenue	-	18,973	78,158
Financing and Transfers			
Transfers to General Fund	(1,202,625)	(1,786,828)	(1,511,455)
Transfers from General Fund	6,053,329	8,832,361	2,993,263
Transfers to Capital Fund	-	(446,909)	(936,912)
Transfers from Capital Fund	-	-	20,000
Net Financing and Transfers	4,850,704	6,598,624	564,896
Change in Reserves and Reserve Funds Balance	4,850,704	6,617,597	643,054
Opening Reserves and Reserve Funds Balance	7,667,520	7,667,520	7,024,466
Closing Reserves and Reserve Funds Balance	\$ 12,518,224	\$ 14,285,117	\$ 7,667,520
Analyzed As Follows:			
Reserves Set Aside For Specific Purposes By Council			
Working Funds	\$ 4,534,770	\$ 5,189,636	\$ 1,040,761
Contingencies	637,718	646,342	587,718
Equipment Replacement	1,619,975	2,670,615	1,619,938
Sick Leave	245,323	245,323	245,323
Workplace Safety Insurance Board	571,045	841,904	667,443
Current – Public Works	408,341	579,240	408,341
Current – Health	831,492	785,242	522,372
Current – Social and Family Services	147,179	128,531	147,179
Current – Housing	456,366	417,314	340,145
Capital – Housing	1,029,028	1,029,028	529,028
Capital – Health	-	59,120	-
	10,481,237	12,592,295	6,108,248
Reserve Funds Set Aside For Specific Purposes			
By Council			
Working Funds	-	-	106,676
Contingencies	207,240	119,462	654,300
Equipment Replacement	-	-	27,018
Sick Leave	-	-	39,217
Capital – General	1,825,171	1,568,669	629,191
Capital – Health	-	-	98,294
Capital – Planning and Development	4,576	4,691	4,576
	2,036,987	1,692,822	1,559,272
TOTAL RESERVES AND RESERVE FUNDS	\$ 12,518,224	\$ 14,285,117	\$ 7,667,520

SCOTT ROSIEN & DEMPSEY

Chartered Accountants

D.M. Scott, C.A.
D.W. Rosien, C.A.
W.T. Dempsey, C.A.

217 Pembroke Street East
Pembroke, Ontario K8A 3J8

TELEPHONE: (613) 735-3981
FAX: (613) 732-3829

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, 2005 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, 2005 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Pembroke, Ontario

May 26, 2006

THE CORPORATION OF THE COUNTY OF RENFREW

Trust Funds Statement of Financial Position

December 31, 2005, with comparative figures for 2004

	2005	2004
Financial Assets		
Cash and short-term investments	\$ 289,554	\$ 367,264
	\$ 289,554	\$ 367,264
Fund Balance		
Residents' equity	\$ 289,554	\$ 367,264
	\$ 289,554	\$ 367,264

Trust Fund Statement of Financial Activities And Changes in Fund Balance

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

	2005	2004
Revenue:		
Deposits from residents	\$ 2,747,244	\$ 2,506,313
Interest	6,923	5,936
	2,754,167	2,512,249
Expenditure:		
Payment for maintenance, withdrawals by residents and estate payments	2,831,877	2,511,099
Change in Financial Assets	(77,710)	1,150
Fund Balance at The Beginning of The Year	367,264	366,114
Fund Balance at The End of The Year	\$ 289,554	\$ 367,264

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, 2005

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.