

**CORPORATION OF THE  
CITY OF PEMBROKE**

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CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

# CORPORATION OF THE CITY OF PEMBROKE

## CONSOLIDATED FINANCIAL STATEMENTS

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# AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the  
**CORPORATION OF THE CITY OF PEMBROKE**

We have audited the consolidated statement of financial position of the **CORPORATION OF THE CITY OF PEMBROKE** as at December 31, 2005 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the City'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 City of Pembroke as at December 31, 2005 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Pembroke, Ontario  
March 17, 2006

# CORPORATION OF THE CITY OF PEMBROKE

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2005

	2005	2004
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and temporary investments	1,270,443	2,371,665
Taxes receivable	2,664,901	2,784,863
Water and sewer receivables	317,257	419,221
Trade and other receivables	11,332,648	4,686,744
Inventories (Note 1(c))	24,599	33,841
	<u>15,609,848</u>	<u>10,296,334</u>
Investment in municipal electric utilities (Notes 1(a) and 2)	<u>10,701,708</u>	<u>10,613,383</u>
<b>Total Assets</b>	<u><u>26,311,556</u></u>	<u><u>20,909,717</u></u>
<b>LIABILITIES</b>		
Temporary loans (Note 3)	19,199,861	10,738,326
Accounts payable and accrued liabilities	4,990,097	3,498,246
Deferred revenue	36,851	23,589
Deferred revenue - obligatory reserve funds (Note 7)	229,169	51,266
Long term liabilities (Note 4)	4,473,100	5,310,400
Employee benefits payable (Note 5)	1,741,677	1,735,675
Landfill closure and post closure liabilities (Note 6)	367,080	302,778
	<u>31,037,835</u>	<u>21,660,280</u>
<b>MUNICIPAL POSITION</b>		
Current fund (Note 8)	398,140	(3,961)
Capital fund	(17,217,944)	(13,569,653)
Reserves and reserve funds	7,973,674	9,558,521
Equity in municipal electric utilities	<u>10,701,708</u>	<u>10,613,383</u>
	1,855,578	6,598,290
Amounts to be recovered	<u>(6,581,857)</u>	<u>(7,348,853)</u>
<b>Municipal position</b>	<u>(4,726,279)</u>	<u>(750,563)</u>
<b>Total Liabilities and Municipal Position</b>	<u><u>26,311,556</u></u>	<u><u>20,909,717</u></u>

The accompanying notes are an integral part of this financial statement.

# CORPORATION OF THE CITY OF PEMBROKE

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGET 2005 \$	ACTUAL 2005 \$	ACTUAL 2004 \$
<b>REVENUES</b> (Note 9)			
Taxation	14,593,877	14,457,238	13,981,586
User charges	5,686,303	6,497,582	5,824,215
Government transfers	4,869,817	15,800,179	7,566,050
Other	1,163,232	1,438,815	1,792,043
Investment in municipal electric utilities	-	88,325	290,878
	<u>26,313,229</u>	<u>38,282,139</u>	<u>29,454,772</u>
<b>EXPENDITURES</b>			
<b>Current operations</b>			
General government	1,841,180	1,939,279	1,611,233
Protection to persons and property	5,702,125	5,579,267	5,539,185
Transportation services	2,574,776	2,334,127	2,410,608
Environmental services	4,911,585	4,724,496	4,556,151
Health services	926,804	949,041	974,372
Social and family services	4,874,765	4,698,390	4,272,044
Recreation and cultural services	2,197,319	2,183,464	2,268,471
Planning and development	411,796	388,170	428,244
	<u>23,440,350</u>	<u>22,796,234</u>	<u>22,060,308</u>
<b>Capital</b>			
General government	310,200	109,365	260,477
Protection to persons and property	270,700	227,445	133,702
Transportation services	1,914,395	1,558,339	971,859
Environmental services	986,920	17,076,768	7,691,742
Social and family services	-	185,472	3,659,850
Recreation and cultural services	310,600	298,002	207,740
Planning and development	20,000	6,230	50,966
	<u>3,812,815</u>	<u>19,461,621</u>	<u>12,976,336</u>
<b>Total expenditures</b>	<u>27,253,165</u>	<u>42,257,855</u>	<u>35,036,644</u>
<b>NET (EXPENDITURES)</b>	<u>(939,936)</u>	<u>(3,975,716)</u>	<u>(5,581,872)</u>

The accompanying notes are an integral part of this financial statement.

New debt issued	449,185	-	1,400,000
Debt principal repayments	(837,300)	(837,300)	(804,300)
Employment benefits	-	6,002	161,286
Landfill closure and post closure costs	-	64,302	2,800
<b>Change in amounts to be recovered</b>	<u>(388,115)</u>	<u>(766,996)</u>	<u>759,786</u>
<b>CHANGE IN FUND BALANCES</b>	<u>(1,328,051)</u>	<u>(4,742,712)</u>	<u>(4,822,086)</u>

**CORPORATION OF THE CITY OF PEMBROKE**  
 CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION  
 FOR THE YEAR ENDED DECEMBER 31, 2005

	2005	2004
	\$	\$
<b>CASH FROM OPERATING ACTIVITIES</b>		
Net (expenditures)	(3,975,716)	(5,581,872)
Changes in non-cash working capital		
Taxes receivable	119,962	145,670
Water and sewer receivables	101,964	35,125
Trade and other receivables	(6,645,904)	(3,215,178)
Inventories	9,242	(5,335)
Accounts payable and accrued liabilities	1,491,851	998,366
Employment benefits payable	6,002	161,286
Landfill closure and post closure liabilities	64,302	2,800
Deferred revenue	13,262	(7,818)
Deferred revenue - obligatory reserve funds	<u>177,903</u>	<u>35,260</u>
Net cash (used in) operating activities	<u>(8,637,132)</u>	<u>(7,431,696)</u>
<b>CASH FROM FINANCING ACTIVITIES</b>		
Promissory note advances	-	1,400,000
Payments on long term liabilities	<u>(837,300)</u>	<u>(804,300)</u>
Net cash from (used in) financing activities	<u>(837,300)</u>	<u>595,700</u>
<b>CASH FROM INVESTING ACTIVITIES</b>		
Investment in municipal electric utilities	<u>(88,325)</u>	<u>(290,878)</u>
Net cash (used in) investing activities	<u>(88,325)</u>	<u>(290,878)</u>
<b>(DECREASE) IN CASH POSITION</b>	(9,562,757)	(7,126,874)
<b>CASH POSITION, beginning of year</b>	<u>(8,366,661)</u>	<u>(1,239,787)</u>
<b>CASH POSITION, end of year</b>	<u>(17,929,418)</u>	<u>(8,366,661)</u>
Comprised of:		
Cash and temporary investments	1,270,443	2,371,665
Temporary loans	<u>(19,199,861)</u>	<u>(10,738,326)</u>
	<u>(17,929,418)</u>	<u>(8,366,661)</u>

The accompanying notes are an integral part of this financial statement.

# CORPORATION OF THE CITY OF PEMBROKE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

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The **CITY OF PEMBROKE** is an incorporated municipality in the Province of Ontario. Its operations are guided by the provisions of provincial statutes such as the *Municipal Act*, *Municipal Affairs Act* and related legislation.

### 1. **SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Corporation of the City of Pembroke are the representation of management 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) **BASIS OF CONSOLIDATION**

- (i) These consolidated 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 and the following boards which are under the control of Council:

- Pembroke Public Library Board
- Pembroke Downtown Development Commission
- The Parking Authority of the City of Pembroke

The municipality is also a member of two non-controlled joint local boards which are accounted for using the proportionate consolidation method whereby the municipality's proportionate share of revenues, expenditures, assets and liabilities are included in the accounts after elimination of the proportionate share of inter-entity transactions:

	Proportionate Share
• Pembroke and Area Airport Commission	24.785%
• Ottawa Valley Waste Management Board	31.920%

The City accounts for its ownership interest in municipal electric utilities by the modified equity method.

#### (ii) **Accounting for School Board Transactions**

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.

**(iii) Trust Funds**

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.

# CORPORATION OF THE CITY OF PEMBROKE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

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### 1. **SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

#### (b) **REVENUE RECOGNITION**

Property tax billings are prepared by the Municipality based on an assessment roll prepared by Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. Any supplementary billing adjustment made necessary by assessment appeals submitted by the ratepayers and changes to assessed value reflecting new construction are recognized in the year they are determined.

User charges and fees are recognized as revenue in the year the goods and services are provided.

Investment income is recognized as it is earned. Investment income earned on federal gas tax reserve funds is recorded as deferred revenue and included in Municipal revenues in the year that they are applied to qualifying capital expenditures.

Government transfers are recognized as revenue in the year in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligible criteria have been met, and reasonable estimates of the amounts can be made.

#### (c) **INVENTORIES**

Inventories are stated at the lower of cost and net realizable value with cost determined on a first-in, first-out basis.

#### (d) **CAPITAL ASSETS**

The historical cost and accumulated depreciation 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.

#### (e) **DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS**

Revenue restricted by legislation, regulation or agreement and not available for general municipal purposes is reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of financial activities in the year in which it is used for the specified purpose.

(f) **AMOUNTS TO BE RECOVERED**

Amounts to be recovered are reported in the municipal position on the consolidated statement of financial position. The balance represents the outstanding principal portion of unmatured long-term liabilities not yet due, and other future expenditures not yet levied on the ratepayers.

## **CORPORATION OF THE CITY OF PEMBROKE**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

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1. **SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

(g) **PENSION AND OTHER POST-RETIREMENT BENEFITS**

The City accounts for its participation in the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer public sector pension fund, as a defined contribution plan.

The City determines the cost of other employment and post-retirement benefits offered to employees using the projected benefit method prorated on services and based on management's best estimate assumptions. Under this method, an equal portion of the total estimated future benefit is attributed to each year of service in the attribution period.

(h) **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 reporting period. Actual results could vary from those estimates.

(i) **FINANCIAL INSTRUMENTS**

The City's financial instruments consist of cash, accounts receivable, accounts payable, temporary loans and long term liabilities. The fair value of these financial instruments is approximately equal to their carrying value. It is management's opinion that the City is not exposed to significant interest, currency or credit risks arising from these financial instruments.

## 2. **INVESTMENT IN MUNICIPAL ELECTRIC UTILITIES**

In November 1998, the Energy Competition Act, 1998 (Bill 35) was enacted to restructure the Ontario electricity industry and introduce competition in the electricity market. As a result of changes set out in the Act, the City has acquired shares and debt of Ottawa River Power Corporation and Ottawa River Energy Solutions Inc. which are the successors to Pembroke Hydro Electric Commission, Beachburg Hydro System, Township of Killaloe, Hagarty & Richards Hydro Electric Commission and the Town of Mississippi Mills Public Utilities Commission.

# CORPORATION OF THE CITY OF PEMBROKE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

### 2. INVESTMENT IN MUNICIPAL ELECTRIC UTILITIES (cont' d)

The City's investment is comprised of the following:

	Ottawa River Power Corporation \$	Ottawa River Energy Solutions Inc. \$	Total 2005 \$	2004 \$
7.25% promissory notes, Ottawa River Power Corporation note due May 1, 2022, Ottawa River Energy Solutions Inc. note due October 31, 2023	4,364,000	233,287	4,597,287	4,597,287
78.38% share of equity as at December 31, 2005.	6,005,563	98,858	6,104,421	6,016,096
	<u>10,369,563</u>	<u>332,145</u>	<u>10,701,708</u>	<u>10,613,383</u>

During the year the City of Pembroke received promissory note interest of \$316,390 (2004 - \$316,390) from Ottawa River Power Corporation and \$16,913 (2004 - \$16,913) from Ottawa River Energy Solutions Inc. and a dividend payment of \$218,200 (2004 - \$218,200) from Ottawa River Power Corporation.

Additional information in regard to the City's investment in municipal electrical utilities is presented below. The City owns 78.38% of the issued shares of both corporations.

#### OTTAWA RIVER POWER CORPORATION

	2005 \$	2004 \$
<b>Financial Position</b>		
Current assets		9,256,327
7,975,358		
Restricted cash and cash equivalents	1,125,402	858,650
Property, plant and equipment	8,368,297	8,491,453
Total assets	<u>18,750,026</u>	<u>17,325,461</u>
Current liabilities	4,411,916	3,685,800
Regulatory liability	780,638	508,702
Long term liabilities	5,895,360	5,903,309
Total liabilities	<u>11,087,914</u>	<u>10,097,811</u>
Net assets		<u>7,662,112</u>
	<u>7,227,650</u>	

**Financial Activities**

Service revenues (net of cost of sales)	4,029,877	3,858,626
Operating expenses	3,099,643	3,182,150
Taxes	<u>217,372</u>	<u>168,599</u>
Net revenue for the year	<u>712,862</u>	<u>507,877</u>

# CORPORATION OF THE CITY OF PEMBROKE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

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## 2. INVESTMENT IN MUNICIPAL ELECTRIC UTILITIES (cont' d)

### OTTAWA RIVER ENERGY SOLUTIONS INC.

	2005	2004
	\$	\$
<b>Financial Position</b>		
Current assets		23,122
	4,879	
Net investment in lease	38,334	-
Equipment	829,951	849,580
Total assets	<u>891,407</u>	<u>854,459</u>
Current liabilities	491,104	520,035
Long term liabilities	274,177	274,177
Total liabilities	<u>765,281</u>	<u>794,212</u>
Net assets		<u>126,126</u>
	<u>60,247</u>	

### Financial Activities

Revenues		418,454
	411,144	
Expenses	349,775	366,498
Taxes	<u>2,800</u>	<u>1,717</u>
Net revenue for the year	<u>65,879</u>	<u>42,929</u>

## 3. TEMPORARY LOANS

	2005	2004
	\$	\$
Demand note payable to Bank of Montreal, bearing interest at the prime rate less 0.5%	1,300,000	2,500,000
Bank of Montreal overdraft borrowing, bearing interest at the prime rate less 1.5%	99,861	738,326
3.28% fixed rate operating loan payable to Bank of Montreal	6,500,000	6,500,000

3.44% fixed rate operating loan payable to Bank of Montreal	7,700,000	-
Demand note payable to Bank of Montreal bearing interest at prime rate less 0.5%	3,600,000	-
Demand note payable to Bank of Montreal, bearing interest at the prime rate less 1.5%	-	1,000,000
	<u>19,199,861</u>	<u>10,738,326</u>

## CORPORATION OF THE CITY OF PEMBROKE

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

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#### 4. LONG TERM LIABILITIES

- (a) The balance of long term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2005	2004
	\$	\$
Promissory note payable to Bank of Montreal, payable in annual instalments of \$280,000 plus interest at the prime rate less 0.5%	1,680,000	1,960,000
City of Pembroke share of debentures issued by the Corporation of the Township of Laurentian Valley for capital costs of the Ottawa Valley Waste Management Board, maturing in 2022, payable in annual instalments of \$164,300 and with interest payable semi-annually at 7.23% per annum	2,793,100	2,957,400
Debentures payable, maturing in 2005 with interest payable at 9.25%	-	393,000
	<u>4,473,100</u>	<u>5,310,400</u>

- (b) The long term liabilities in (a) issued in the name of the municipality have received approval of the Ontario Municipal Board for those liabilities approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved 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 and Housing.

#### 5. EMPLOYEE BENEFITS PAYABLE

	2005	2004
	\$	\$
Post-retirement extended health and dental benefits	1,272,168	1,200,159
Accrued vacation pay	261,811	314,091
Accumulated sick leave	<u>207,698</u>	<u>221,425</u>
	<u>1,741,677</u>	<u>1,735,675</u>

- (a) The liability and expense for post-retirement extended health and dental benefits were determined by an actuarial valuation performed in 2004 and extrapolated to compute expected accrued benefit obligations as at December 31, 2005.

# CORPORATION OF THE CITY OF PEMBROKE

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

### 5. EMPLOYEE BENEFITS PAYABLE (cont' d)

Information about the City's benefit plan is as follows:

	2005	2004
	\$	\$
Accrued benefit obligation, beginning of year	1,200,159	1,124,466
Service cost	43,805	41,040
Interest cost	76,210	71,441
Benefits paid	(48,006)	(44,897)
Actuarial loss	-	8,109
Accrued benefits obligation, end of year	<u>1,272,168</u>	<u>1,200,159</u>
Discount rate	6%	6%
Assumed health care trend rate	8%	8%
Assumed dental trend rate	3%	3%

- (b) A reserve fund has been established to provide for the accumulated sick leave liability and is reported on the Consolidated Statement of Financial Position. The balance at the end of the year was \$145,114 (2004 - \$139,886).

### 6. SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The Ottawa Valley Waste Management Board has assumed liability for closure and post closure costs of a landfill site. These financial statements recognize a liability for the City of Pembroke's estimated proportionate share of these costs to the extent that the site has been used to date. Usage is measured as cumulative capacity used versus total estimated capacity available. Since costs are expected to be incurred in the future, they have been discounted at 5.23% which is the Board's average long-term borrowing rate, net of 2% inflation. Estimated closure and post closure costs and related information as at December 31, 2005 are summarized as follows:

	2005		2004	
	Total	City of Pembroke Share	Total	City of Pembroke Share
	\$	\$	\$	\$
Expected total expenditures	1,722,900	549,950	1,498,000	479,959
Amount remaining to be recognized	<u>(572,900)</u>	<u>(182,870)</u>	<u>(553,000)</u>	<u>(177,181)</u>

Liability to date	<u>1,150,000</u>	<u>367,080</u>	<u>945,000</u>	<u>302,778</u>
Remaining capacity of site in cubic metres	<u>101,300</u>		<u>162,000</u>	
Remaining useful life of site in years	<u>2.5</u>		<u>4</u>	
Years of post closure care	<u>25</u>		<u>25</u>	

## **CORPORATION OF THE CITY OF PEMBROKE**

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2005

#### 7. 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 provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the City are summarized below:

	2005	2004
	\$	\$
Balance, beginning of year	51,266	16,006
Investment income	4,658	1,618
Cash in lieu of parkland	11,030	7,412
Gasoline tax - Ontario	78,691	26,230
Gasoline tax - Federal	263,044	-
Transfers to capital fund	<u>(179,520)</u>	<u>-</u>
Balance, end of year	<u>229,169</u>	<u>51,266</u>
Analyzed as follows:		
Cash in lieu of parkland	38,840	24,181
Gasoline tax - Ontario	27,206	27,085
Gasoline tax - Federal	<u>163,123</u>	<u>-</u>
	<u>229,169</u>	<u>51,266</u>

#### 8. CURRENT FUND BALANCES

Current fund balances consist of the following:

	2005	2004
	\$	\$
To be used to offset (recovered from) taxation or user charges:		
• City of Pembroke	264,511	(121,314)
• Airport Commission	61,990	60,217
• Waste Management Board	<u>71,639</u>	<u>57,136</u>

398,140    (3,961)

# CORPORATION OF THE CITY OF PEMBROKE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

## 9. REVENUES

Revenues reported on the Consolidated Statement of Financial Activities are comprised of the following:

	BUDGET 2005 \$	ACTUAL 2005 \$	ACTUAL 2004 \$
<b>Taxation</b>			
Residential and farm taxation	11,190,579	11,298,884	10,840,323
Commercial and industrial taxation	7,436,290	7,071,894	7,132,083
Taxation from other governments	<u>380,000</u>	<u>388,052</u>	<u>377,349</u>
	19,006,869	18,758,830	18,349,755
Deduct: Amounts received or receivable for school boards	<u>(4,412,992)</u>	<u>(4,301,592)</u>	
<u>(4,368,169)</u>			
	<u>14,593,877</u>	<u>14,457,238</u>	<u>13,981,586</u>
<b>User Charges</b>	<u>5,686,303</u>	<u>6,497,582</u>	<u>5,824,215</u>
<b>Government Transfers</b>			
Government of Canada	1,000	5,497,907	1,676,623
Province of Ontario	4,777,547	10,204,307	5,798,159
Other municipalities	<u>91,270</u>	<u>97,965</u>	<u>91,268</u>
	<u>4,869,817</u>	<u>15,800,179</u>	<u>7,566,050</u>
<b>Other</b>			
Investment income	651,500	874,367	767,487
Penalties and interest on taxes	300,000	180,385	343,335
Disposal of property and other assets	-	1,187	5,652
Donations and contributions for capital projects	22,000		9,810
44,597			
Lot levies	-	11,030	7,412
GST revenues	-	13,478	320,800
New development tax	-	13,712	73,537
Gasoline tax - Province of Ontario	-	78,691	26,230
Other	<u>189,732</u>	<u>256,155</u>	<u>202,993</u>
	<u>1,163,232</u>	<u>1,438,815</u>	<u>1,792,043</u>
<b>Investment in Municipal Electric Utilities</b>			<u>-88,325</u>
<u>290,878</u>			
		<u>26,313,229</u>	<u>28,213,929</u>
		<u>29,454,772</u>	

## 10. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$2,054

(2004 - \$3,452) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Financial Activities.

## **CORPORATION OF THE CITY OF PEMBROKE**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

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### **11 PENSION AGREEMENTS**

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 135 members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS during the year for current service was \$457,747 (2004 - \$477,871).

The Municipality has no obligations under any past service provisions of the OMERS agreement.

Contributions are included as an expenditure on the Consolidated Statement of Financial Activities.

### **12. COMMITMENTS AND CONTINGENCIES**

(a) The City has entered into a contract for the collection and transportation of source-separated solid waste. The contract is for a six-year period ending December 31, 2007 at an annual estimated cost of approximately \$990,000.

(b) The City has entered into an agreement for local fibre network services. The agreement is for a five-year period commencing November 1, 2002 at an annual cost of \$30,240.

(c) The City has provided a letter of credit in the amount of \$488,000 to the Township of Laurentian Valley as security for a site plan agreement related to a capital project.

(d) The City has entered into a lease agreement where, in the event of default by the current or a replacement tenant, the City will lease certain property at a declining monthly rate during the period commencing June 1, 2005 and expiring May 31, 2010. As at December 31, 2005 the potential obligation was \$315,333 declining by \$6,667 each month over the term of the lease.

(e) The nature of municipal activities is such that there may be litigation pending or in prospect at any time. Management believes that the City has valid defences and appropriate

insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the City's financial position. Any adjustments, arising from these matters, will be recorded in future years.

13. **BUDGET FIGURES**

Budget figures established for capital funds, reserves and reserve funds are based on a project-oriented basis, the costs of which may be incurred over one or more years. Although they may not be directly comparable with current year actual amounts, they have been reflected on the Consolidated Statement of Financial Activities.

**CORPORATION OF THE CITY OF PEMBROKE**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005

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14. **PUBLIC SECTOR SALARY DISCLOSURE ACT, 1996**

The City of Pembroke is an employer subject to the Public Sector Salary Disclosure Act. In 2005, the following employees were paid a salary and reported taxable benefits in excess of \$100,000, as defined in the Public Sector Salary Disclosure Act:

	Salary	Taxable Benefits
	\$	\$
Mr. Blair MacIsaac, Chief of Police	104,001	3,899

15. **COMPARATIVE FIGURES**

Certain of the 2004 comparative figures have been adjusted to confirm with the presentation adopted for the current year.

# CORPORATION OF THE CITY OF PEMBROKE

## CONSOLIDATED SCHEDULE OF CURRENT FUND OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGET 2005 \$	ACTUAL 2005 \$	ACTUAL 2004 \$
<b>REVENUES</b>			
Taxation	14,593,877	14,457,238	13,981,586
User charges	5,686,303	6,497,582	5,824,215
Government transfers	4,869,817	4,892,261	3,966,732
Other		<u>1,141,232</u>	<u>1,270,183</u>
<u>1,559,182</u>		<u>26,291,229</u>	<u>27,117,264</u>
		<u>25,331,715</u>	
<b>EXPENDITURES</b>			
General government	1,841,180	1,939,279	1,611,233
Protection to persons and property	5,702,125	5,579,267	5,539,185
Transportation services	2,574,776	2,334,127	2,410,608
Environmental services	4,911,585	4,724,496	4,556,151
Health services	926,804	949,041	974,372
Social and family services	4,874,765	4,698,390	4,272,044
Recreation and cultural services	2,197,319	2,183,464	2,268,471
Planning and development	411,796	388,170	428,244
		<u>23,440,350</u>	<u>22,796,234</u>
		<u>22,060,308</u>	
<b>NET REVENUES</b>	<u>2,850,879</u>	<u>4,321,030</u>	<u>3,271,407</u>
<b>FINANCING AND TRANSFERS</b>			
Landfill closure and post closure costs	-	64,302	2,800
Debt principal	(837,300)	(837,300)	(804,300)
Employment benefits	-	6,002	161,286
Transfers to capital	(1,616,190)	(1,732,422)	
(1,277,443)			
Transfers to reserves and reserve funds	<u>(393,428)</u>	<u>(1,419,511)</u>	
<u>(1,258,729)</u>			
<b>Net financing and transfers</b>	<u>(2,846,918)</u>	<u>(3,918,929)</u>	
<u>(3,176,386)</u>			
<b>CHANGE IN CURRENT FUND</b>	3,961	402,101	95,021
<b>OPENING CURRENT FUND BALANCE</b>	<u>(3,961)</u>	<u>(3,961)</u>	<u>(98,982)</u>
<b>CLOSING CURRENT FUND BALANCE</b>	<u>-</u>	<u>398,140</u>	<u>(3,961)</u>

# CORPORATION OF THE CITY OF PEMBROKE

## CONSOLIDATED SCHEDULE OF CAPITAL FUND OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGET 2005 \$	ACTUAL 2005 \$	ACTUAL 2004 \$
<b>REVENUES</b>			
Canada grants	-	5,492,898	1,657,360
Ontario grants	-	5,415,020	1,941,958
Donations and fundraising	22,000	9,810	44,597
	<u>22,000</u>	<u>10,917,728</u>	<u>3,643,915</u>
<b>EXPENDITURES</b>			
General government	310,200	109,365	260,477
Protection to persons and property	270,700	227,445	133,702
Social and family services	-	185,472	3,659,850
Transportation services	1,914,395	1,558,339	971,859
Environmental services	986,920	17,076,768	7,691,742
Recreation and cultural services	310,600	298,002	207,740
Planning and development	20,000	6,230	50,966
	<u>3,812,815</u>	<u>19,461,621</u>	<u>12,976,336</u>
<b>NET (EXPENDITURES)</b>		<u>(3,790,815)</u>	<u>(8,543,893)</u>
<u>(9,332,421)</u>			
<b>FINANCING AND TRANSFERS</b>			
Proceeds of long-term debt	449,185	-	1,400,000
Transfers from operating fund	1,616,190	1,732,422	1,277,443
Transfers from reserves and reserve funds	<u>451,237</u>	<u>1,020,970</u>	<u>3,163,180</u>
		<u>3,086,345</u>	<u>4,895,602</u>
<b>CHANGE IN CAPITAL FUND BALANCE</b>		(704,470)	(3,648,291)
(6,203,741)			
<b>OPENING CAPITAL FUND BALANCE</b>		<u>(13,569,653)</u>	<u>(13,569,653)</u>
<u>(7,365,912)</u>			
<b>CLOSING CAPITAL FUND BALANCE</b>		<u>(14,274,123)</u>	<u>(17,217,944)</u>
<u>(13,569,653)</u>			

# CORPORATION OF THE CITY OF PEMBROKE

## CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2005

	2005	2004
	\$	\$
<b>REVENUES</b>		
Investment income	<u>158,822</u>	<u>188,264</u>
<b>NET TRANSFERS FROM (TO) OTHER FUNDS</b>		
Transfers from operating fund	1,419,511	1,258,729
Transfers from capital fund	<u>(3,163,180)</u>	<u>(451,237)</u>
	<u>(1,743,669)</u>	<u>807,492</u>
<b>CHANGE IN BALANCES</b>	(1,584,847)	995,756
<b>OPENING BALANCES</b>	<u>9,558,521</u>	<u>8,562,765</u>
<b>ENDING BALANCES</b>	<u>7,973,674</u>	<u>9,558,521</u>
<b>Analysed as follows:</b>		
Reserves set aside for specific purposes by Council		
Replacement of equipment and other capital	166,246	375,527
Waterworks	1,211,982	1,028,966
Pollution control projects	795,670	791,651
Working funds	452,166	452,166
Waste management	<u>1,118,512</u>	<u>925,138</u>
Total reserves	<u>3,744,576</u>	<u>3,573,448</u>
Reserve funds set aside for specific purposes by Council		
Roadway development	73,367	70,593
Sick leave, disability and early retirement	145,114	139,886
Parking revenues	245,956	290,468
Water purification	1,808,041	3,814,672
Airport capital and contingencies	49,431	39,471
Other current purposes	7,116	6,847
Other capital purposes	<u>1,900,073</u>	<u>1,623,136</u>
Total reserve funds	<u>4,229,098</u>	<u>5,985,073</u>
<b>Total reserves and reserve funds</b>	<u>7,973,674</u>	<u>9,558,521</u>

# CORPORATION OF THE CITY OF PEMBROKE

## CONSOLIDATED SCHEDULE OF CURRENT FUND EXPENDITURES BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2005

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	2005	2004
	\$	\$
Salaries, wages and employee benefits	10,158,792	10,027,484
Interest on long term liabilities	301,843	318,231
Transfers to external organizations	5,743,398	5,334,647
Materials, contracted services, rents and financial expenses	<u>6,592,201</u>	<u>6,379,946</u>
	<u>22,796,234</u>	<u>22,060,308</u>