

Town of Renfrew

Financial Report

For the year ended 31 December 2003

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

252 Raglan Street S.

Renfrew, Ontario

AUDITORS' REPORT

To the Members of Council,  
Inhabitants and Ratepayers of the  
Corporation of the Town of Renfrew.

We have audited the consolidated balance sheet of the Corporation of the Town of Renfrew as at 31 December 2003, and the consolidated statements of operations and cash flows and the schedules of current fund operations, capital fund operations, and reserves and reserve funds for the year then ended. These financial statements are the responsibility of the Town'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 Town of Renfrew as at 31 December 2003, and the results of its operations and cash flows for the year then ended in accordance with the accounting principles disclosed in Note 1 to the financial statements.

RENFREW, Ontario.

27 February 2004.

Chartered Accountants.

Town of Renfrew

Consolidated Balance Sheet

As at 31 December 2003  
(with 2002 figures for comparison)

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
Cash	\$ 214,149	\$ 163,500
Taxes receivable	630,585	624,246
User charges receivable	478,328	405,917
Accounts receivable	3,776,627	1,122,496
Other current assets	1,201,844	1,185,968
Investment in government business enterprises (Note 6)	<u>8,569,428</u>	<u>8,536,526</u>
	<u>\$ 14,870,961</u>	<u>\$ 12,038,653</u>
<u>LIABILITIES AND MUNICIPAL POSITION</u>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,446,367	\$ 1,513,085
Temporary loans - current purposes	2,003,340	339,491
Deferred revenue (Note 8)	406,572	158,286
Net long term liabilities (Note 4)	1,526,016	590,354
Landfill closure and post closure costs (Note 10)	1,431,000	1,741,395
Post employment benefits	<u>165,639</u>	<u>188,503</u>
	<u>\$ 7,978,934</u>	<u>\$ 4,531,114</u>
Municipal position:		
Current fund (Note 5)	\$ (58,807)	\$ (231,591)
Capital fund	(1,050,445)	(204,820)
Waterworks fund	239,830	452,114
Parks and Recreation fund	26,979	72,190
Renfrew Downtown Business Association	1,599	(537)
Reserves and reserve funds	2,286,098	1,403,909
Equity in government business enterprises (Note 6)	<u>8,569,428</u>	<u>8,536,526</u>
Fund balances	<u>\$ 10,014,682</u>	<u>\$ 10,027,791</u>
Amounts to be recovered in future years:		
Long term liabilities (Note 4)	\$ (1,526,016)	\$ (590,354)
Landfill closure and post closure costs (Note 10)	(1,431,000)	(1,741,395)
Post employment benefits	<u>(165,639)</u>	<u>(188,503)</u>
	<u>\$ (3,122,655)</u>	<u>\$ (2,520,252)</u>
Municipal position	<u>\$ 6,892,027</u>	<u>\$ 7,507,539</u>
	<u>\$ 14,870,961</u>	<u>\$ 12,038,653</u>

(See accompanying notes)

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

Town of Renfrew

Consolidated Statement of Operations

For the year ended 31 December 2003

(with 2003 budget and 2002 actual figures for comparison)

	Budget <u>2003</u>	Actual <u>2003</u>	Actual <u>2002</u>
Revenue:			
Net municipal taxation	\$ 4,510,900	\$ 4,519,049	\$ 4,120,085
Transfer payments:			
Ontario	4,920,554	5,712,229	2,249,319
Canada	2,800	5,641	8,540
Other municipalities	371,743	598,694	424,702
Other	<u>3,686,353</u>	<u>3,567,548</u>	<u>2,666,720</u>
	<u>\$ 13,492,350</u>	<u>\$ 14,403,161</u>	<u>\$ 9,469,366</u>
Expenditure:			
Current:			
General government	\$ 1,336,288	\$ 1,148,125	\$ 888,657
Protection to persons and property	2,138,200	2,139,567	2,093,456
Transportation services	1,366,352	1,418,837	1,050,880
Environmental services	1,794,887	1,601,426	1,474,802
Social and family services	477,700	468,576	420,042
Recreation and cultural services	1,541,892	1,527,747	1,538,571
Planning and development	<u>251,703</u>	<u>262,902</u>	<u>301,261</u>
	<u>\$ 8,907,022</u>	<u>\$ 8,567,180</u>	<u>\$ 7,767,669</u>
Capital:			
General government	\$ 15,000		\$ 35,367
Protection to persons and property	26,000	\$ 26,751	20,485
Transportation services	2,276,000	2,214,397	917,471
Environmental services	3,853,300	4,492,364	835,384
Recreation and cultural services	128,500	84,144	40,641
Planning and development			<u>6,037</u>
	<u>\$ 6,298,800</u>	<u>\$ 6,817,656</u>	<u>\$ 1,855,385</u>
Total expenditure	<u>\$ 15,205,822</u>	<u>\$ 15,384,836</u>	<u>\$ 9,623,054</u>
Net deficit for the year	<u>\$ (1,713,472)</u>	<u>\$ (981,675)</u>	<u>\$ (153,688)</u>
Financing and transfers:			
Debt principal repayments (Note 4)	\$ -	\$ (164,336)	\$ (94,336)
New debt issued during the year (Note 4)		1,100,000	300,000
Change in investment in government business enterprises		<u>32,902</u>	<u>113,921</u>
Total financing and transfers	<u>\$ -</u>	<u>\$ 968,566</u>	<u>\$ 319,585</u>
Change in fund balances during the year	<u>\$ (1,713,472)</u>	<u>\$ (13,109)</u>	<u>\$ 165,897</u>

(See accompanying notes)

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

Town of Renfrew

Schedule of Current Fund Operations

For the year ended 31 December 2003  
(with 2003 budget and 2002 actual figures for comparison)

	Budget <u>2003</u>	Actual <u>2003</u>	Actual <u>2002</u>
Revenue:			
Net municipal taxation	\$ 4,450,900	\$ 4,460,857	\$ 4,059,114
Transfer payments:			
Ontario	1,106,700	1,122,907	1,077,175
Canada	2,800	1,700	5,800
Other municipalities	362,743	589,694	424,702
Other	<u>1,852,303</u>	<u>1,927,549</u>	<u>1,565,839</u>
	\$ <u>7,775,446</u>	\$ <u>8,102,707</u>	\$ <u>7,132,630</u>
Expenditure:			
General government	\$ 1,174,588	\$ 1,148,125	\$ 888,658
Protection to persons and property	2,138,200	2,139,567	2,072,967
Transportation services	1,239,402	1,382,215	998,663
Environmental services	397,065	461,282	720,160
Social and family services	477,700	468,576	420,042
Recreation and cultural services	1,103,212	1,094,577	1,167,505
Planning and development	<u>191,703</u>	<u>218,442</u>	<u>246,701</u>
	\$ <u>6,721,870</u>	\$ <u>6,912,784</u>	\$ <u>6,514,696</u>
Net surplus for the year	\$ <u>1,053,576</u>	\$ <u>1,189,923</u>	\$ <u>617,934</u>
Financing and transfers:			
Debt principal repayments	\$ (150,000)	\$ (150,000)	\$ (80,000)
Transfer to capital fund	(221,000)	(180,706)	(180,352)
Transfer to library board	(330,100)	(318,913)	(300,636)
Transfer to sewer system	(72,600)	(72,600)	
Transfer to reserves and reserve funds	<u>(172,050)</u>	<u>(294,920)</u>	<u>(14,717)</u>
Net financing and transfers	\$ <u>(945,750)</u>	\$ <u>(1,017,139)</u>	\$ <u>(575,705)</u>
Change in current fund balance during the year	\$ 107,826	\$ 172,784	\$ 42,229
Current fund balance at the beginning of the year	<u>(231,591)</u>	<u>(231,591)</u>	<u>(273,820)</u>
Current fund balance at the end of the year (Note 5)	\$ <u><u>(123,765)</u></u>	\$ <u><u>(58,807)</u></u>	\$ <u><u>(231,591)</u></u>

(See accompanying notes)

**MACKILLICAN & ASSOCIATES**  
CHARTERED ACCOUNTANTS

Town of Renfrew

Schedule of Capital Fund Operations

For the year ended 31 December 2003  
(with 2002 figures for comparison)

	<u>2003</u>	<u>2002</u>
Revenue:		
Transfer payments - Ontario	\$ 4,568,519	\$ 1,155,007
Other revenue	<u>52,558</u>	<u>64,178</u>
	<u>\$ 4,621,077</u>	<u>\$ 1,219,185</u>
Expenditure:		
General government		\$ 35,367
Protection to persons and property	\$ 26,751	20,485
Transportation services	2,214,397	917,471
Environmental services	4,492,364	835,384
Recreation and cultural services	84,144	40,641
Planning and development		<u>6,037</u>
	<u>\$ 6,817,656</u>	<u>\$ 1,855,385</u>
Net deficit for the year	<u>\$ (2,196,579)</u>	<u>\$ (636,200)</u>
Financing and transfers:		
Transfer from current fund	\$ 180,706	\$ 180,352
Transfer from library board	25,089	6,159
Transfer from Renfrew Downtown Business Association		6,037
Transfer from waterworks	27,049	257,380
Transfer from sewer system	18,110	
Transfer from reserves and reserve funds		11,360
Long term financing (Note 4)	<u>1,100,000</u>	<u>300,000</u>
Total financing and transfers	<u>\$ 1,350,954</u>	<u>\$ 761,288</u>
Change in capital fund balance during the year	\$ (845,625)	\$ 125,088
Capital fund balance at the beginning of the year	<u>(204,820)</u>	<u>(329,908)</u>
Capital fund balance at the end of the year	<u>\$ (1,050,445)</u>	<u>\$ (204,820)</u>

(See accompanying notes)

Town of RenfrewSchedule of Reserves and Reserve FundsFor the year ended 31 December 2003

(with 2002 figures for comparison)

	<u>2003</u>	<u>2002</u>
Revenue:		
Investment income	\$ 573	\$ 2,629
Net parking fund transactions	<u>12,527</u>	<u>          </u>
	<u>\$ 13,100</u>	<u>\$ 2,629</u>
Transfers from (to) other funds:		
Transfer from operating fund	\$ 294,920	\$ 14,717
Transfer from waterworks	367,951	
Transfer from sewer system	209,218	
Transfer to library board	(3,000)	
Transfer to capital fund	<u>          </u>	<u>(11,360)</u>
	<u>\$ 869,089</u>	<u>\$ 3,357</u>
Changes in reserves and reserve fund balances during the year	\$ 882,189	\$ 5,986
Reserves and reserve fund balances at the beginning of the year	<u>1,403,909</u>	<u>1,397,923</u>
Reserves and reserve fund balances at the end of the year	<u>\$ 2,286,098</u>	<u>\$ 1,403,909</u>
Analyzed as follows:		
Reserves and reserve funds set aside for specific purposes:		
Working funds	\$ 200,000	\$ 203,000
Contingencies	851,317	718,124
Asset acquisition - revenue fund	632,368	470,068
- waterworks fund	367,951	
- sewer system fund	209,218	
Parking facilities	<u>25,244</u>	<u>12,717</u>
Total reserves and reserve funds	<u>\$ 2,286,098</u>	<u>\$ 1,403,909</u>

(See accompanying notes)

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

Town of Renfrew

Consolidated Statement of Cash Flows

For the year ended 31 December 2003  
(with 2002 figures for comparison)

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Net deficit for the year	\$ (981,675)	\$ (153,688)
Net change in non cash working capital balances related to operations (Note 11)	<u>(1,534,287)</u>	<u>924,873</u>
Cash flows from (used for) operating activities	\$ (2,515,962)	\$ 771,185
Cash flows from financing activities:		
Net change in long term liabilities	935,664	205,664
Cash flows from investing activities:		
Change in investment in government business enterprises	<u>(32,902)</u>	<u>(113,921)</u>
Net increase (decrease) in cash and cash equivalents during the year	\$ (1,613,200)	\$ 862,928
Cash and cash equivalents at the beginning of the year	<u>(175,991)</u>	<u>(1,038,919)</u>
Cash and cash equivalents at the end of the year	\$ <u><u>(1,789,191)</u></u>	\$ <u><u>(175,991)</u></u>
Comprised of:		
Cash in bank	\$ 214,149	\$ 163,500
Temporary loans - current purposes	<u>(2,003,340)</u>	<u>(339,491)</u>
	\$ <u><u>(1,789,191)</u></u>	\$ <u><u>(175,991)</u></u>

(See accompanying notes)

Town of Renfrew

Notes to the Financial Statements

For the year ended 31 December 2003

1. ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Town of Renfrew are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments.

(a) (i) Basis of Consolidation

These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund, reserve funds and reserves and include the activities of all committees of Council and the following boards and municipal enterprises which are under the control of Council:

Town of Renfrew Waterworks  
Town of Renfrew Sewer System  
Renfrew Parks and Recreation Fund Raising Committee  
Renfrew Public Library Board  
Renfrew Downtown Business Association

All interfund assets and liabilities and sources of financing and expenditures have been eliminated .

(ii) Non-Consolidated Entities

The "Consolidated Balance Sheet" does not reflect the assets or liabilities of Renfrew Hydro Incorporated, Renfrew Power Generation Incorporated or the Renfrew Industrial Commission except to the extent of amounts due to or from these entities. The "Consolidated Statement of Operations" does not reflect the revenues and expenditures of these entities.

(iii) Accounting for County and School Board Transactions

The taxation, other revenues and requisitions with respect to the operations of the school boards and the County of Renfrew are not reflected in the municipal fund balances of these financial statements.

(iv) Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the "Trust Funds Statements of Continuity and Balance Sheet".

(b) Basis of Accounting

(i) Sources of financing and expenditures are reported on the accrual basis of accounting with the exception of interest charges on long term liabilities which are charged against operations in the periods in which they are paid. The interest charges are not accrued for the periods from the dates of the latest installment payments to the end of the financial year.

(ii) The accrual basis of accounting recognizes revenues as they become available 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.

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

Town of RenfrewNotes to the Financial StatementsFor the year ended 31 December 2003

## (iii) Fixed Assets

The historical cost and accumulated amortization of fixed assets are not recorded for municipal purposes. Fixed assets are reported as an expenditure on the "Consolidated Statement of Operations" in the year of acquisition.

## (iv) Amounts to be Recovered in Future Years

The "Amounts to be recovered in future years" as reported on the consolidated balance sheet represents the outstanding principal portion of long term liabilities for municipal expenditures, landfill closure and post closure costs and amounts to be paid out for benefits in the future because of early retirements.

## 2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF RENFREW

Further to Note 1 (a) (iii), the taxation, other revenues and requisitions of the school boards and the County of Renfrew are comprised of the following:

	<u>School Boards</u>	<u>County</u>
Taxation and user charges	\$ 2,413,917	\$ 1,960,316
Share of payments in lieu of taxes	<u>                    </u>	<u>108,535</u>
Total requisitions	<u>\$ 2,413,917</u>	<u>\$ 2,068,851</u>

## 3. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$ 88,287 (2002 - \$ 89,086) have not been included in the "Consolidated Balance Sheet" nor have their operations been included in the "Consolidated Statement of Operations".

## 4. NET LONG TERM LIABILITIES

	<u>2003</u>	<u>2002</u>
a) The balance of net long term liabilities reported on the "Consolidated Balance Sheet" is made up of the following:		
Town of Renfrew - recreation debenture	\$ 100,000	\$ 190,000
- development and works loan	240,000	300,000
- water treatment plant upgrade	1,100,000	
Renfrew Downtown Business Association	<u>86,016</u>	<u>100,354</u>
	<u>\$ 1,526,016</u>	<u>\$ 590,354</u>

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

Town of Renfrew

Notes to the Financial Statements

For the year ended 31 December 2003

- b) Of the net long term liabilities reported in (a) of this Note, \$ 891,680 in principal payments are payable from 2004 to 2008 and \$ 634,336 in years 2009 onwards.
- c) Total charges for the year for net long term liabilities which are reported on the "Consolidated Statement of Operations" are as follows:

	<u>2003</u>	<u>2002</u>
Principal payments	\$ 164,336	\$ 94,336
Interest	<u>21,158</u>	<u>12,600</u>
	<u>\$ 185,494</u>	<u>\$ 106,936</u>

- d) The new debt issued during the year was for the water treatment plant upgrade. The \$ 1,100,000 is the first advance by the Ontario Municipal Economic Infrastructure Financing Authority (OMEIFA) from their total committed amount of \$ 6,914,914. The interest rate on this loan is currently 1%. Repayment of this loan is to begin in 2005 and will be amortized over twenty years.

#### 5. CURRENT FUND

In 1999, the Town of Renfrew accepted a proposal from the Ontario Provincial Police regarding the delivery of policing services to the Town of Renfrew. The change to the new service provider resulted in the payout of severance packages, legal fees and other costs which were not totally budgeted for in prior years. Financing for these expenditures will be provided for in future years. Analysis of the current fund is as follows:

	<u>2003</u>	<u>2002</u>
General revenue	\$ 91,751	\$ 18,967
Severance package payouts	<u>(150,558)</u>	<u>(250,558)</u>
	<u>\$ (58,807)</u>	<u>\$ (231,591)</u>

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

Town of RenfrewNotes to the Financial StatementsFor the year ended 31 December 2003

## 6. GOVERNMENT BUSINESS ENTERPRISES

The Energy Competition Act, 1998, required municipalities choosing to continue providing hydro-electric services beyond 7 November 2000, to do so through an entity incorporated under the Ontario Business Corporations Act. The Renfrew Hydro Electric Commission was divided into two new corporations, Renfrew Hydro Incorporated and Renfrew Power Generation Incorporated. The Town of Renfrew owns one hundred percent of these two Corporations. The breakdown of the Town of Renfrew's investment and equity in these two Corporations consists of the following:

	Renfrew Hydro <u>Incorporated</u>	Renfrew Power Generation <u>Incorporated</u>	<u>Total</u>
Investments:			
Notes receivable	\$ 2,705,168	\$ 925,554	\$ 3,630,722
Shareholders' equity	<u>2,744,961</u>	<u>2,193,745</u>	<u>4,938,706</u>
Equity in government business enterprises	<u>\$ 5,450,129</u>	<u>\$ 3,119,299</u>	<u>\$ 8,569,428</u>

## 7. NON ACCRUAL OF INTEREST ON LONG TERM LIABILITIES

No provision has been made in these financial statements for the accrual of interest on the net long term liabilities. Had this provision been made, the municipal fund balances as at 31 December 2003 would have decreased by \$ 1,241 (2002 - \$ 1,674).

## 8. DEFERRED REVENUE

The balance of deferred revenue on the "Consolidated Balance Sheet" at the end of the year is comprised of the following:

	<u>2003</u>	<u>2002</u>
- lot development charges	\$ 94,385	\$ 101,414
- current revenue fund expenditures	<u>312,187</u>	<u>56,872</u>
	<u>\$ 406,572</u>	<u>\$ 158,286</u>

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS

Town of RenfrewNotes to the Financial StatementsFor the year ended 31 December 2003

## 9. PENSION AGREEMENT

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of sixty-two 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 for 2003 was \$ 119,764 (2002 - \$ Nil) for current service. The Ontario Municipal Employees Retirement Fund declared a premium holiday after 1 August 1998 which ceased 1 January 2003.

## 10. LANDFILL CLOSURE AND POST CLOSURE COSTS

The landfill closure and post closure costs are the Town of Renfrew's estimate of the future costs of closing and monitoring the Town's landfill site.

11. The net change in non cash working capital balances related to operations consists of changes in taxes receivable, user charges receivable, accounts receivable, other current assets, accounts payable and accrued liabilities, deferred revenue and post employment benefits.