

Town of Renfrew

Financial Statements

For the year ended 31 December 2014



# TOWN OF RENFREW

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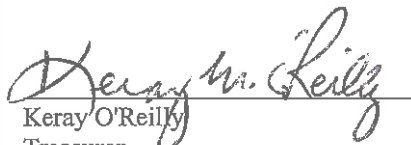
## **Management's Responsibility for the Consolidated Financial Statements**

The accompanying consolidated financial statements of the Corporation of the Town of Renfrew (the "Town") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of the significant accounting policies is contained in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The Council meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by MacKillican & Associates, independent external auditors appointed by the Town. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.

  
Keray O'Reilly  
Treasurer

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**MAC KILLICAN  
& ASSOCIATES**  
CHARTERED PROFESSIONAL  
ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of the Corporation of the Town of Renfrew which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statements of operations, changes in net financial assets (liabilities) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards for local governments, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the Town of Renfrew and its local boards as at 31 December 2014, and the results of their operations, changes in net financial assets (liabilities) and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards for local governments.

*Mack Killigan & Associates*

RENFREW, Ontario.

11 August 2015.

**Chartered Professional Accountants,  
Licensed Public Accountants.**

Town of Renfrew  
Consolidated Statement of Financial Position

As at 31 December 2014  
(with 2013 figures for comparison)

	<u>2014</u>	<u>2013</u>
<b>Financial assets:</b>		
Cash	\$ 5,505,883	\$ 3,974,352
Taxes receivable	962,421	935,778
Accounts receivable	522,624	303,981
User charges receivable	1,093,497	1,198,961
Other assets	4,917	3,910
Investment in government business enterprises (Note 5)	<u>9,279,520</u>	<u>9,128,024</u>
	<u>\$ 17,368,862</u>	<u>\$ 15,545,006</u>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 1,373,566	\$ 1,552,045
Deferred revenue - obligatory reserve funds (Note 7 (a))	1,688,127	1,565,424
- other (Note 7 (b))	1,518,107	431,095
Net long term liabilities (Note 13)	12,133,750	12,701,250
Landfill closure and post closure costs (Note 8)	1,235,369	2,069,052
Employee future benefits	<u>146,942</u>	<u>142,159</u>
	<u>\$ 18,095,861</u>	<u>\$ 18,461,025</u>
<b>Net financial assets (liabilities)</b>	<u>\$ (726,999)</u>	<u>\$ (2,916,019)</u>
<b>Non-financial assets:</b>		
Tangible capital assets (net) (Note 11)	\$ 99,256,544	\$ 103,333,100
Inventory of supplies	176,839	160,826
Prepaid expenses	<u>126,764</u>	<u>111,961</u>
	<u>\$ 99,560,147</u>	<u>\$ 103,605,887</u>
<b>Accumulated surplus</b>	<u>\$ 98,833,148</u>	<u>\$ 100,689,868</u>
<b>Accumulated surplus comprised of:</b>		
Equity in tangible capital assets (Note 15)	\$ 86,582,041	\$ 89,799,098
Reserves	5,222,171	4,844,758
General	(868,920)	(868,920)
Renfrew Downtown Business Association	647	(1,881)
Equity in government business enterprises	9,279,520	9,128,024
Unfunded - employee future benefit costs (Note 3)	(146,942)	(142,159)
Unfunded - landfill closure and post closure costs (Note 3)	<u>(1,235,369)</u>	<u>(2,069,052)</u>
<b>Total accumulated surplus</b>	<u>\$ 98,833,148</u>	<u>\$ 100,689,868</u>

(See accompanying notes)

Town of Renfrew  
Consolidated Statement of Operations  
For the year ended 31 December 2014  
(with 2014 budget and 2013 actual figures for comparison)

	<u>2014</u> <u>Budget</u>	<u>2014</u> <u>Actual</u>	<u>2013</u> <u>Actual</u>
Revenue:			
Taxation	\$ 7,081,030	\$ 7,190,633	\$ 6,837,626
Government transfers:			
Ontario	1,995,258	2,170,583	2,401,944
Canada	205,300	185,970	257,631
Other municipalities	137,280	191,891	150,236
Other	6,802,586	6,709,158	6,263,280
Loss on disposal of capital assets		(275,440)	(15,200)
Landfill closure cost adjustment (Note 8)		<u>833,683</u>	<u>(90,469)</u>
	<u>\$ 16,221,454</u>	<u>\$ 17,006,478</u>	<u>\$ 15,805,048</u>
Expenses:			
General government	\$ 1,647,310	\$ 1,524,788	\$ 1,701,570
Protection to persons and property	4,012,528	4,095,655	3,761,176
Transportation services	4,961,735	5,093,630	5,183,587
Environmental services	5,948,632	5,755,034	5,405,827
Recreation and cultural services	2,073,275	2,171,910	2,011,152
Planning and development	<u>231,950</u>	<u>222,181</u>	<u>264,225</u>
	<u>\$ 18,875,430</u>	<u>\$ 18,863,198</u>	<u>\$ 18,327,537</u>
Shortfall of revenue over expenses	\$ (2,653,976)	\$ (1,856,720)	\$ (2,522,489)
Accumulated surplus at the beginning of the year	<u>100,689,868</u>	<u>100,689,868</u>	<u>103,212,357</u>
Accumulated surplus at the end of the year	<u>\$ 98,035,892</u>	<u>\$ 98,833,148</u>	<u>\$ 100,689,868</u>

(See accompanying notes)

Town of Renfrew  
Consolidated Statement of Changes in Net Financial Assets (Liabilities)  
For the year ended 31 December 2014  
(with 2014 budget and 2013 actual figures for comparison)

	<u>2014</u> <u>Budget</u>	<u>2014</u> <u>Actual</u>	<u>2013</u> <u>Actual</u>
Excess (shortfall) of revenue over expenses	\$ (2,653,976)	\$ (1,856,720)	\$ (2,522,489)
Amortization of tangible capital assets	4,785,590	4,785,590	4,773,815
Acquisition of tangible capital assets and construction in progress	(1,987,409)	(984,474)	(2,527,841)
Loss on disposal of capital assets		275,440	15,200
Use of (acquisition of) prepaid expenses		(14,803)	(11,522)
Use of (acquisition of) inventory		(16,013)	(7,333)
Increase (decrease) in net financial assets	\$ 144,205	\$ 2,189,020	\$ (280,170)
Net financial assets (liabilities) at the beginning of the year	<u>(2,916,019)</u>	<u>(2,916,019)</u>	<u>(2,635,849)</u>
Net financial assets (liabilities) at the end of the year	<u>\$ (2,771,814)</u>	<u>\$ (726,999)</u>	<u>\$ (2,916,019)</u>

(See accompanying notes)

Town of RenfrewConsolidated Statement of Cash FlowsFor the year ended 31 December 2014

(with 2013 figures for comparison)

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Excess (shortfall) of revenue over expenses	\$ (1,856,720)	\$ (2,522,489)
Add non-cash items - amortization	4,785,590	4,773,815
- loss on disposal of assets	<u>275,440</u>	<u>15,200</u>
	<u>\$ 3,204,310</u>	<u>\$ 2,266,526</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in taxes receivable	\$ (26,643)	\$ 153,702
- decrease (increase) in other assets	(1,007)	650
- decrease (increase) in accounts receivable	(218,643)	330,812
- decrease (increase) in prepaid expenses	(14,803)	(11,522)
- decrease (increase) in user charges receivable	105,464	(123,700)
- decrease (increase) in inventory	(16,013)	(7,333)
- increase (decrease) in accounts payable and accrued liabilities	(178,479)	484,561
- increase (decrease) in landfill closure and post closure costs	(833,683)	90,469
- increase (decrease) in employee future benefits	<u>4,783</u>	<u>22,698</u>
	<u>\$ (1,179,024)</u>	<u>\$ 940,337</u>
Cash flows from operating activities	<u>\$ 2,025,286</u>	<u>\$ 3,206,863</u>
Cash flows from financing activities:		
Decrease in long term debt	\$ (567,500)	\$ (567,500)
Increase in deferred revenue - obligatory reserve funds	122,703	32,955
Increase (decrease) in deferred revenue - other	<u>1,087,012</u>	<u>(150,594)</u>
Cash flows from (used for) financing activities	<u>\$ 642,215</u>	<u>\$ (685,139)</u>
Cash flows used for investing activities:		
Additions to tangible capital assets:		
General government	\$ (10,882)	\$ (10,430)
Protection services	(21,633)	(846,987)
Development and works	(703,772)	(1,611,020)
Recreation and culture	(248,187)	(59,404)
Additions to investment in government business enterprises	<u>(151,496)</u>	<u>(134,439)</u>
Cash flows used for investing activities	<u>\$ (1,135,970)</u>	<u>\$ (2,662,280)</u>
Increase (decrease) in cash and cash equivalents during the year	\$ 1,531,531	\$ (140,556)
Cash and cash equivalents at the beginning of the year	<u>3,974,352</u>	<u>4,114,908</u>
Cash and cash equivalents at the end of the year	<u>\$ 5,505,883</u>	<u>\$ 3,974,352</u>

(See accompanying notes)



Town of Renfrew  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2014

## 1. SIGNIFICANT ACCOUNTING POLICIES

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

The focus of PSAB financial statements is on the financial position of the Town and changes thereto. The Consolidated Statement of Financial Position reports financial assets and liabilities. Financial assets are available to provide resources to discharge existing liabilities or finance future operations. Municipal surplus represents the financial position of the Town and is the difference between financial assets and liabilities. This information explains the Town's overall future revenue requirements and its ability to finance activities and meet its obligations.

### (a) Reporting Entity

- (i) The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves, reserve funds, and changes in investment in tangible capital assets of the Town. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Town and which are owned or controlled by the Town. Interdepartmental and organizational transactions and balances between these organizations are eliminated.

These consolidated financial statements include:

- Town of Renfrew Waterworks
- Town of Renfrew Wastewater System
- Renfrew Public Library Board
- Renfrew Downtown Business Association

### (ii) Accounting for County and School Board Transactions

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

- (iii) Trust funds and their related operations administered by the Town are not included in these financial statements but are reported separately.

### (b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenue; expenses are recognized in the period goods or services are acquired and a liability is incurred or transfers are due.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

Town of Renfrew

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

(c) Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

(d) Tangible Capital Assets

(i) Tangible capital assets (TCAs) are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Where the cost was not readily determinable, the assets were valued at their current fair market value and then discounted back to their in-service date using the Consumer Price Index (CPI). Where cost was not readily determinable, the land was given a value of \$ 1.00 per segment. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	20 - 30 years
Facilities	15 - 95 years
Equipment	5 - 30 years
Rolling stock	7 - 25 years
Infrastructure	10 - 100 years

Amortization is calculated commencing the first month of the year following acquisition using the above rates. In the year of disposal, a full year of amortization will be charged against the asset. Capital work in progress is not amortized until it is put into service.

The Town has a capitalization threshold of \$ 5,000, so that individual TCAs of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons.

(ii) Contribution of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(iv) Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost.

(e) Investment Income

Investment income earned on current funds (other than obligatory reserve funds) is reported as revenue in the period earned. Investment income earned on externally restricted funds is added to the fund balance and forms part of the respective deferred revenue balance.

Town of Renfrew

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

(f) Government Transfers

Government transfers are the transfers of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or are the result of a direct financial return.

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

(g) Deferred Revenue

Certain amounts are received pursuant to regulations or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(h) Deferred Revenue - Obligatory Reserve Funds

The Town receives restricted contributions under the authority of provincial and federal legislation and Town by-laws. These funds by their nature are restricted in their use and until applied to applicable costs are recorded as deferred revenue. Amounts applied to qualifying expenditures are recorded as revenue in the fiscal period they are expended.

(i) Use of Estimates

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

(j) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and in bank and investments due no greater than three months from the date of acquisition or that are cashable on demand.

## 2. FINANCIAL INSTRUMENTS

Financial instruments include cash, accounts receivable, user charges receivable, accounts payable and accrued liabilities and net long term liabilities. Unless otherwise noted, it is management's opinion that the Town is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The carrying amounts reported on the statement of financial position for cash, accounts receivable, user charges receivable and accounts payable and accrued liabilities, approximate their fair values, due to the immediate and short term maturities of these financial instruments.

The fair value of long term liabilities, including the current portion, is based on rates currently available to the Town with similar terms and maturities and approximates its carrying amounts as disclosed on the statement of financial position.

## 3. AMOUNTS TO BE RECOVERED

Amounts to be recovered represent the requirement of the Town to raise funds in subsequent periods to finance unfunded liabilities, comprised of the landfill closure and post closure liabilities and employee future benefit costs.

Town of Renfrew

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

4. TRUST FUNDS

Trust funds administered by the Town, totaling \$ 238,670 (2013 - \$ 217,548) are presented in separate financial statements of trust fund financial position and operations. As such, balances held in trust by the Town for the benefit of others have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

Renfrew Hydro Inc. (RHI) (100%) and Renfrew Power Generation Inc. (RPGI) (100%) are government business enterprises in which the Town owns the percentage interest as noted and accounted for on a modified equity basis in these financial statements.

The principal business of RHI is to distribute electric power to the Town of Renfrew and manage the electric distribution system. RPGI's principal business is the generation of electric power for the benefit of the Town of Renfrew's residents.

The following tables provide condensed supplementary financial information setting out the Town's share for the two entities for the year ended 31 December.

Renfrew Hydro Inc. (100%)	<u>2014</u>	<u>2013</u>
Financial position:		
Current and other assets	\$ 3,389,312	\$ 3,605,148
Capital assets	<u>5,031,603</u>	<u>4,885,350</u>
	<u>\$ 8,420,915</u>	<u>\$ 8,490,498</u>
Current liabilities	\$ 1,878,929	\$ 2,013,064
Long term debt	<u>2,897,577</u>	<u>2,893,868</u>
	<u>\$ 4,776,506</u>	<u>\$ 4,906,932</u>
Net assets	<u>\$ 3,644,409</u>	<u>\$ 3,583,566</u>
Results of operations:		
Revenues	\$ 11,617,363	\$ 11,266,005
Operating expenses	<u>11,528,290</u>	<u>11,153,086</u>
Net income	<u>\$ 89,073</u>	<u>\$ 112,919</u>
Renfrew Power Generation Inc. (100%)	<u>2014</u>	<u>2013</u>
Financial position:		
Current and other assets	\$ 724,661	\$ 1,432,650
Capital assets	<u>24,738,959</u>	<u>12,587,092</u>
	<u>\$ 25,463,620</u>	<u>\$ 14,019,742</u>
Current liabilities	\$ 1,668,931	\$ 2,062,904
Long term debt	<u>21,790,300</u>	<u>10,043,102</u>
	<u>\$ 23,459,231</u>	<u>\$ 12,106,006</u>
Net assets	<u>\$ 2,004,389</u>	<u>\$ 1,913,736</u>
Results of operations:		
Revenues	\$ 813,137	\$ 694,040
Operating expenses	<u>722,484</u>	<u>644,060</u>
Net income	<u>\$ 90,653</u>	<u>\$ 49,980</u>

Town of Renfrew  
Notes to the Consolidated Financial Statements  
For the year ended 31 December 2014

6. OPERATIONS OF SCHOOL BOARDS AND COUNTY OF RENFREW

Requisitions were made by the School Boards and County of Renfrew requiring the Town to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	<u>School Boards</u>	<u>County</u>
Property taxes	\$ 2,723,630	\$ 2,741,559
Payments in lieu	<u>                    </u>	<u>124,468</u>
	<u>\$ 2,723,630</u>	<u>\$ 2,866,027</u>

7. DEFERRED REVENUE

a) Obligatory Reserve Funds:

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Professional Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place because federal, provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Town are summarized below:

- (i) The balance of deferred revenue - obligatory reserve funds on the "Consolidated Statement of Financial Position" at the end of the year is comprised of the following externally restricted reserve funds:

	<u>2014</u>	<u>2013</u>
Lot development charges	\$ 903,606	\$ 775,517
Gasoline tax rebates - Provincial	152,699	229,569
Gasoline tax rebates - Federal	<u>631,822</u>	<u>560,338</u>
	<u>\$ 1,688,127</u>	<u>\$ 1,565,424</u>

- (ii) Transactions during the year in the deferred revenue - obligatory reserve funds are as follows:

	<u>2014</u>	<u>2013</u>
Balance at the beginning of the year	\$ 1,565,424	\$ 1,532,469
Gas tax revenues received	360,930	416,553
Development charges	139,300	116,960
Interest earned	<u>20,751</u>	<u>20,184</u>
	<u>\$ 2,086,405</u>	<u>\$ 2,086,166</u>
Used to purchase capital assets	\$ (180,295)	\$ (250,000)
Used in operations	(22,337)	(50,972)
Transferred to other enterprises	<u>(195,646)</u>	<u>(219,770)</u>
	<u>\$ (398,278)</u>	<u>\$ (520,742)</u>
Balance at the end of the year	<u>\$ 1,688,127</u>	<u>\$ 1,565,424</u>

(b) Other Deferred Revenue:

Other deferred revenue consists of advances from the Province of Ontario \$ 1,127,480 (2013 - \$ 17,877) and private developers \$ 390,627 (2013 - \$ 413,218) to complete infrastructure projects within the Town, as well as advances on recreation and other programs which will be completed in 2015.

Town of Renfrew

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

#### 8. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. Some closure costs are incurred on an ongoing basis and are included in the yearly fiscal operating budget. All remaining expected closure and post closure costs have been discounted at the Average Ontario Non-residential Building Construction Price Index. There is currently \$ 90,000 set aside in reserves for either closure or post closure activities.

The reported liability is based on estimates and assumptions with respect to events extending over the useful life and estimated post closure care period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

	<u>2014</u>	<u>2013</u>
Landfill site's estimated remaining capacity in cubic metres	397,579	252,823
Landfill site's remaining useful life in years	24	20
Expected years of post closure care	25	25

#### 9. CONTINGENT LIABILITIES

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. The Town of Renfrew is currently involved in various liability claims. Because the outcome of these matters cannot yet be determined, no amounts have been recorded in the accounts. The Town of Renfrew has agreed to guarantee a loan for Renfrew Power Generation Inc. There were advances of \$ 20,854,274 (2013 - \$ 9,099,313) on the loan.

The Corporation of the Town of Renfrew, the Corporation of the Township of Horton, the Corporation of the Township of Greater Madawaska and the Corporation of the Township of Admaston/Bromley, hereby collectively referred to as the "Municipalities" have entered into an Agreement with the Renfrew and Area Health Service Village Inc. to guarantee in a fair and equitable manner the cost (\$ 2,100,000) to fund the program to recruit doctors for the Renfrew Area.

#### 10. BUDGET FIGURES

The operating budget approved by the Town of Renfrew for 2014 is reflected on the Consolidated Statement of Operations. The budget established for capital investment in tangible capital assets is on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Town does not budget activity within reserves and reserve funds, with the exception being those transactions which affect either operations or capital investments. Budget figures have been reclassified for the purpose of these financial statements to comply with PSAB reporting requirements. The budgeted figures have not been audited.

Town of Renfrew

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

## 11. TANGIBLE CAPITAL ASSETS

The Schedule of Tangible Capital Assets provides information on the tangible capital assets of the Town by major asset class and by function, as well as for accumulated amortization of the assets controlled. The reader should be aware of the following information relating to tangible capital assets:

(i) Contributed Tangible Capital Assets:

The Town records all tangible capital assets contributed by an external party at fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are roadways, water and sewer lines installed by a developer as part of a subdivision agreement. Contributed tangible capital assets amounted to Nil in 2014 (Nil in 2013).

(ii) Tangible Capital Assets Recognized at Nominal Value:

Certain assets have been assigned a nominal value of one dollar, because of the difficulty of determining a tenable valuation. The most significant such assets are the Town's road allowances. The 2014 road network had segments, each of which has been assigned a value of one dollar for the road allowance itself.

## 12. EXPENDITURES BY OBJECT

The Consolidated Statement of Operations presents the consolidated expenditures by function. The following listing classifies the expenditures by object:

	<u>2014</u>	<u>2013</u>
Salaries, wages and employee benefits	\$ 5,212,531	\$ 4,806,709
Interest on long term debt	521,538	543,084
Operating materials and supplies	2,846,744	2,901,591
Contracted services	5,153,203	4,875,098
Rents and financial expense	52,586	205,659
External transfers	291,006	312,050
Amortization	<u>4,785,590</u>	<u>4,773,815</u>
Total expenditures by object	<u>\$ 18,863,198</u>	<u>\$ 18,418,006</u>

Town of Renfrew

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

13. NET LONG TERM LIABILITIES

- (a) The balance of net long term liabilities of \$ 12,133,750 (2013 - \$ 12,701,250) reported on the "Consolidated Statement of Financial Position" is made up of long term liabilities incurred by the Town and includes those incurred on behalf of municipal enterprises.

	<u>2014</u>	<u>2013</u>
(b) Serial debenture loan payable, interest at 4.79%, \$ 123,750 principal plus interest payable semi-annually, maturing April 2051	\$ 9,033,750	\$ 9,281,250
Serial debenture loan payable, interest at 2.38%, \$ 100,000 principal plus interest payable semi-annually, maturing January 2027	2,500,000	2,700,000
Serial debenture loan payable, interest at 4.32%, \$ 60,000 principal plus interest payable semi-annually, maturing January 2017	300,000	420,000
Due to Renfrew Industrial Commission, 0% interest, no set repayment	<u>300,000</u>	<u>300,000</u>
Net long term liabilities at the end of the year	<u>\$ 12,133,750</u>	<u>\$ 12,701,250</u>

- (c) Principal and interest payments required on the long term liabilities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 567,500	\$ 499,739	\$ 1,067,239
2016	567,500	481,524	1,049,024
2017	507,500	455,311	962,811
2018	447,500	437,016	884,516
2019	447,500	421,493	868,993
2020 to 2024	2,237,500	1,860,949	4,098,449
2025 onward	<u>7,358,750</u>	<u>4,261,897</u>	<u>11,620,647</u>
	<u>\$ 12,133,750</u>	<u>\$ 8,417,929</u>	<u>\$ 20,551,679</u>

14. CHARGES FOR NET LONG TERM LIABILITIES

- (a) Total charges for the year for net long term liabilities are as follows:

	<u>2014</u>	<u>2013</u>
Principal	\$ 567,500	\$ 567,500
Interest	<u>521,538</u>	<u>543,084</u>
	<u>\$ 1,089,038</u>	<u>\$ 1,110,584</u>

These payments are within the annual debt repayment limit as prescribed by the Ministry of Municipal Affairs and Housing under Ontario Regulation 403/02.

- (b) The interest charges shown in (a) above are reported on the Consolidated Statement of Operations under the appropriate functional expenditure heading.



Town of Renfrew

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

15. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2014</u>	<u>2013</u>
Tangible capital assets - net	\$ 99,256,543	\$ 103,333,100
Net long term liabilities	(12,133,750)	(12,701,250)
Amounts to be funded in future years	<u>(540,752)</u>	<u>(832,752)</u>
Equity in tangible capital assets	<u>\$ 86,582,041</u>	<u>\$ 89,799,098</u>

16. PENSION CONTRIBUTIONS

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay. During the year ended 31 December 2014, the Municipality contributed \$ 373,252 (2013 - \$ 360,862) to the plan and is included as an expense in the consolidated statement of operations.

17. CONTRACTUAL OBLIGATIONS

In 2011, the Town entered into a five year contract with the Ministry of Community Safety and Correctional Services for the provision of policing services by the Ontario Provincial Police. The contract was to run from 1 May 2011 to 30 April 2016; in December 2013 the Ministry of Community Safety and Correctional Services provided the required one year written notice of its intention to terminate the Agreement effective 31 December 2014. The cost of this contract for 2014 was \$ 2,087,001 (2013 - \$ 1,893,157). In February 2015 the Town entered into a new three year agreement with the Ministry of Community Safety and Correctional Services for the years 2015 to 2017.

In 2011, the Town entered into a five year contract with Beauman Waste Management Systems Limited for the curbside pickup collection and disposal of recyclable materials. The contract is for a period from 1 September 2011 to 31 August 2016. Annual charges are determined by reference to the number of households in the Town. The cost of this contract for 2014 was \$ 187,161 (2013 - \$ 184,074).

In 2011, the Town entered into a five year contract with Canadian Waste Management Inc. for the collection of curbside garbage. The contract is for a period from 1 September 2011 to 31 August 2016. Annual charges are determined by reference to the number of households in the Town. The cost of this contract for 2014 was \$ 1,300,006 (2013 - \$ 1,295,514).

In 2012, the Town entered into a three year contract with Ontario Clean Water Agency for water treatment and wastewater treatment services. The contract price is based on annual operating costs plus a fixed management fee, indexed annually by the change in the Consumer Price Index. The cost of this contract for 2014 was \$ 1,300,006 (2013 - \$ 1,295,514).

In 2013, the Town entered into a three year contract with Municipal Law Enforcement Services for the provision of by-law enforcement services. The fixed price contract is for a period from 1 July 2013 to 30 June 2016. The cost of this contract for 2014 was \$ 87,310 (2013 - \$ 79,373).

In 2013, the Town entered into a five year contract with Beauman Waste Management Systems Limited for the operation of the Renfrew Landfill Site. The fixed price contract is for a period from 2014 to 2018. The cost of this contract for 2014 was \$ 202,670 (2013 - Nil).

Town of Renfrew  
Schedule of General Operations  
For the year ended 31 December 2014  
(with 2014 budget and 2013 actual figures for comparison)

	<u>2014</u> <u>Budget</u>	<u>2014</u> <u>Actual</u>	<u>2013</u> <u>Actual</u>
Revenue:			
Net municipal taxation	\$ 7,016,030	\$ 7,126,810	\$ 6,773,612
Government transfers:			
Ontario	1,978,538	2,153,477	2,383,840
Canada	203,500	184,045	253,750
Other municipalities	137,280	191,891	136,026
Other	2,057,690	2,274,639	1,847,979
Loss on disposal of tangible capital assets	<u>                    </u>	<u>(275,440)</u>	<u>                    </u>
	<u>\$ 11,393,038</u>	<u>\$ 11,655,422</u>	<u>\$ 11,395,207</u>
Expenses:			
General government	\$ 1,647,310	\$ 1,520,005	\$ 1,713,712
Protection to persons and property	4,012,528	4,095,655	3,738,900
Transportation services	4,961,735	5,093,630	5,169,972
Environmental services	1,002,126	851,593	824,111
Recreation and cultural services	1,623,405	1,715,584	1,528,530
Planning and development	<u>166,950</u>	<u>157,311</u>	<u>189,810</u>
	<u>\$ 13,414,054</u>	<u>\$ 13,433,778</u>	<u>\$ 13,165,035</u>
Shortfall of revenue over expenses	<u>\$ (2,021,016)</u>	<u>\$ (1,778,356)</u>	<u>\$ (1,769,828)</u>
Transfers:			
Transfer to Library	\$ (406,850)	\$ (416,813)	\$ (406,581)
Transfer (to) from reserves	993,346	(610,482)	466,145
Transfer from equity in tangible capital assets	<u>1,414,520</u>	<u>2,805,651</u>	<u>1,710,264</u>
Net transfers	<u>\$ 2,001,016</u>	<u>\$ 1,778,356</u>	<u>\$ 1,769,828</u>
Excess (shortfall) of revenue over expenditures	\$ (20,000)	\$ -	\$ -
General surplus (deficit) at the beginning of the year	<u>(868,920)</u>	<u>(868,920)</u>	<u>(868,920)</u>
General surplus (deficit) at the end of the year	<u>\$ (888,920)</u>	<u>\$ (868,920)</u>	<u>\$ (868,920)</u>

(See accompanying notes)

Town of RenfrewConsolidated Schedule of Reserves and Reserve Funds

For the year ended 31 December 2014  
(with 2013 figures for comparison)

	<u>2014</u>	<u>2013</u>
Contributions:		
From general operations	\$ 1,135,810	\$ 778,746
From wastewater operations	95,764	30,426
From water operations	<u>115,600</u>	<u>262,303</u>
	\$ <u>1,347,174</u>	\$ <u>1,071,475</u>
Transfers:		
To general operations	\$ (760,282)	\$ (832,423)
To tangible capital asset acquisitions	<u>(209,479)</u>	<u>(1,420,621)</u>
	\$ <u>(969,761)</u>	\$ <u>(2,253,044)</u>
Change in reserves and reserve funds balance	\$ 377,413	\$ (1,181,569)
Reserves and reserve funds at the beginning of the year	<u>4,844,758</u>	<u>6,026,327</u>
Reserves and reserve funds at the end of the year	\$ <u><u>5,222,171</u></u>	\$ <u><u>4,844,758</u></u>
Reserves:		
Working funds	\$ 200,000	\$ 200,000
Contingencies	2,124,505	1,801,365
Asset acquisitions - general operations	1,267,852	980,510
- waterworks system	815,884	841,290
- wastewater system	<u>813,930</u>	<u>1,021,593</u>
Total reserves	\$ <u><u>5,222,171</u></u>	\$ <u><u>4,844,758</u></u>

(See accompanying notes)

Town of Renfrew

Consolidated Schedule of Tangible Capital Assets

As at 31 December 2014  
(with 2013 figures for comparison)

Segmented by asset class: <u>Cost</u>	Balance at 31 December 2013	<u>Additions</u>	Disposals, write-offs and adjustments	Balance at 31 December 2014
Land	\$ 245,330			\$ 245,330
Land improvements	2,180,718	\$ 40,974	\$ (19,079)	2,202,613
Equipment	1,477,651	57,615	(93,000)	1,442,266
Rolling stock (vehicles)	3,418,292	456,149	(211,503)	3,662,938
Facilities	52,174,062	46,680		52,220,742
Infrastructure	102,570,920	291,439	390,953	103,253,312
Capital work in progress	<u>1,074,731</u>	<u>91,617</u>	<u>(1,074,731)</u>	<u>91,617</u>
<b>Total</b>	<b>\$ <u>163,141,704</u></b>	<b>\$ <u>984,474</u></b>	<b>\$ <u>(1,007,360)</u></b>	<b>\$ <u>163,118,818</u></b>

<u>Accumulated amortization</u>	Balance at 31 December 2013	<u>Amortization</u>	Disposals, write-offs and adjustments	Balance at 31 December 2014
Land improvements	\$ 1,746,934	\$ 39,365	\$ (19,079)	\$ 1,767,220
Equipment	915,527	95,381	(93,000)	917,908
Rolling stock (vehicles)	1,592,423	171,173	(154,792)	1,608,804
Facilities	13,734,679	1,434,909		15,169,588
Infrastructure	<u>41,819,041</u>	<u>3,044,762</u>	<u>(465,049)</u>	<u>44,398,754</u>
<b>Total</b>	<b>\$ <u>59,808,604</u></b>	<b>\$ <u>4,785,590</u></b>	<b>\$ <u>(731,920)</u></b>	<b>\$ <u>63,862,274</u></b>

<u>Net book value</u>	Balance at 31 December 2013	Balance at 31 December 2014
Land	\$ 245,330	\$ 245,330
Land improvements	433,784	435,393
Equipment	562,124	524,358
Rolling stock (vehicles)	1,825,869	2,054,134
Facilities	38,439,383	37,051,154
Infrastructure	60,751,879	58,854,558
Capital work in progress	<u>1,074,731</u>	<u>91,617</u>
<b>Total</b>	<b>\$ <u>103,333,100</u></b>	<b>\$ <u>99,256,544</u></b>

(See accompanying notes)

## Town of Renfrew

Consolidated Schedule of Tangible Capital Assets

As at 31 December 2014  
(with 2013 figures for comparison)

Segmented by function:	Balance at 31 December 2013	Additions	Disposals, write-offs and adjustments	Balance at 31 December 2014
<u>Cost</u>				
General government	\$ 2,821,856	\$ 10,882	\$ (75,000)	\$ 2,757,738
Protection services	1,938,943	21,633	(18,000)	1,942,576
Recreation and culture	8,858,625	248,187	(75,869)	9,030,943
Development and works	<u>149,522,280</u>	<u>703,772</u>	<u>(838,491)</u>	<u>149,387,561</u>
Total	<u>\$ 163,141,704</u>	<u>\$ 984,474</u>	<u>\$ (1,007,360)</u>	<u>\$ 163,118,818</u>
<u>Accumulated amortization</u>	Balance at 31 December 2013	Amortization	Disposals, write-offs and adjustments	Balance at 31 December 2014
General government	\$ 1,798,369	\$ 59,044	\$ (75,000)	\$ 1,782,413
Protection services	808,994	68,350	(18,000)	859,344
Recreation and culture	6,856,368	260,075	(62,437)	7,054,006
Development and works	<u>50,344,873</u>	<u>4,398,121</u>	<u>(576,483)</u>	<u>54,166,511</u>
Total	<u>\$ 59,808,604</u>	<u>\$ 4,785,590</u>	<u>\$ (731,920)</u>	<u>\$ 63,862,274</u>
<u>Net book value</u>			Balance at 31 December 2013	Balance at 31 December 2014
General government			\$ 1,023,487	\$ 975,325
Protection services			1,129,949	1,083,232
Recreation and culture			2,002,257	1,976,937
Development and works			<u>99,177,407</u>	<u>95,221,050</u>
Total			<u>\$ 103,333,100</u>	<u>\$ 99,256,544</u>

(See accompanying notes)