

Town of Renfrew

Financial Report

For the year ended 31 December 2008

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 statement of financial position of the Corporation of the Town of Renfrew as at 31 December 2008, and the consolidated statements of financial activities 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 2008, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*MacKillican & Associates*

RENFREW, Ontario.

1 April 2009.

**Chartered Accountants,**

Licensed Public Accountants.

## Town of Renfrew

## Consolidated Statement of Financial Position

As at 31 December 2008  
(with 2007 figures for comparison)

	2008	2007
<b>ASSETS</b>		
Cash	\$ 2,117,653	\$ 1,015,317
Taxes receivable	780,034	738,207
User charges receivable	732,740	735,908
Accounts receivable	3,395,623	2,721,366
Other current assets	1,221,622	1,269,957
Investment in government business enterprises (Note 4)	<u>8,964,255</u>	<u>8,925,093</u>
	<u>\$ 17,211,927</u>	<u>\$ 15,405,848</u>
<b>LIABILITIES AND MUNICIPAL POSITION</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 3,789,546	\$ 3,217,273
Temporary loans - current purposes	6,000,000	200,000
Deferred revenue - obligatory reserve funds (Note 5 (a))	1,231,080	891,003
- other (Note 5 (b))	1,254,522	685,751
Net long term liabilities (Note 6)	4,734,337	5,068,673
Landfill closure and post closure costs (Note 8)	1,742,000	1,742,000
Post employment benefits	<u>236,456</u>	<u>99,524</u>
	<u>\$ 18,987,941</u>	<u>\$ 11,904,224</u>
Municipal position:		
Capital fund	\$ (9,357,855)	\$ (3,681,574)
Renfrew Downtown Business Association	21	3,099
Reserves and reserve funds	5,330,358	5,165,203
Equity in government business enterprises (Note 4)	<u>8,964,255</u>	<u>8,925,093</u>
Fund balances	<u>\$ 4,936,779</u>	<u>\$ 10,411,821</u>
Amounts to be recovered in future years:		
Long term liabilities (Note 6)	\$ (4,734,337)	\$ (5,068,673)
Landfill closure and post closure costs (Note 8)	(1,742,000)	(1,742,000)
Post employment benefits	<u>(236,456)</u>	<u>(99,524)</u>
	<u>\$ (6,712,793)</u>	<u>\$ (6,910,197)</u>
Municipal position	<u>\$ (1,776,014)</u>	<u>\$ 3,501,624</u>
	<u>\$ 17,211,927</u>	<u>\$ 15,405,848</u>

(See accompanying notes)

MACKILLICAN &amp; ASSOCIATES

CHARTERED ACCOUNTANTS

## Town of Renfrew

## Consolidated Statement of Financial Activities

For the year ended 31 December 2008  
(with 2008 budget and 2007 actual figures for comparison)

	Budget 2008	Actual 2008	Actual 2007
Revenue:			
Net municipal taxation	\$ 5,562,656	\$ 5,637,038	\$ 5,347,626
Transfer payments:			
Ontario	14,818,756	13,354,555	5,755,670
Canada	472,111	440,172	5,500
Other municipalities	521,955	712,372	613,016
Other	<u>5,475,656</u>	<u>5,377,048</u>	<u>5,250,619</u>
	\$ <u>26,851,134</u>	\$ <u>25,521,185</u>	\$ <u>16,972,431</u>
Expenditure:			
Current:			
General government	\$ 1,513,460	\$ 1,408,549	\$ 1,242,477
Protection to persons and property	3,053,744	3,035,844	2,923,540
Transportation services	1,887,741	2,080,392	2,006,091
Environmental services	3,477,919	2,954,488	2,657,538
Social and family services	546,146	623,532	556,431
Recreation and cultural services	1,860,069	1,828,045	1,803,884
Planning and development	<u>229,434</u>	<u>239,096</u>	<u>194,004</u>
	\$ <u>12,568,513</u>	\$ <u>12,169,946</u>	\$ <u>11,383,965</u>
Capital:			
General government	\$ 100,000	\$ 24,323	\$ 16,569
Protection to persons and property	20,400	14,846	28,491
Transportation services	650,300	276,195	691,445
Environmental services	20,119,211	18,066,062	6,983,095
Recreation and cultural services	<u>203,500</u>	<u>149,681</u>	<u>91,051</u>
	\$ <u>21,093,411</u>	\$ <u>18,531,107</u>	\$ <u>7,810,651</u>
Total expenditure	\$ <u>33,661,924</u>	\$ <u>30,701,053</u>	\$ <u>19,194,616</u>
Net surplus (deficit) for the year	\$ <u>(6,810,790)</u>	\$ <u>(5,179,868)</u>	\$ <u>(2,222,185)</u>
Financing and transfers:			
Debt principal repayments (Note 6)	\$ (394,336)	\$ (334,336)	\$ (234,336)
New debt issued during the year	313,305		1,700,000
Change in investment in government business enterprises		<u>39,162</u>	<u>(117,764)</u>
Total financing and transfers	\$ <u>(81,031)</u>	\$ <u>(295,174)</u>	\$ <u>1,347,900</u>
Change in fund balances during the year	\$ <u>(6,891,821)</u>	\$ <u>(5,475,042)</u>	\$ <u>(874,285)</u>

(See accompanying notes)

MACKILLICAN &amp; ASSOCIATES

CHARTERED ACCOUNTANTS

## Town of Renfrew

## Schedule of Current Fund Operations

For the year ended 31 December 2008  
(with 2008 budget and 2007 actual figures for comparison)

	Budget 2008	Actual 2008	Actual 2007
Revenue:			
Net municipal taxation	\$ 5,502,656	\$ 5,577,038	\$ 5,287,627
Transfer payments:			
Ontario	1,907,584	1,628,986	1,536,500
Canada	78,900	74,845	2,200
Other municipalities	470,425	690,838	591,482
Other	<u>2,220,581</u>	<u>2,388,548</u>	<u>2,343,264</u>
	\$ <u>10,180,146</u>	\$ <u>10,360,255</u>	\$ <u>9,761,073</u>
Expenditure:			
General government	\$ 1,513,460	\$ 1,408,549	\$ 1,242,477
Protection to persons and property	3,053,744	3,035,844	2,923,540
Transportation services	1,858,841	2,080,392	2,006,091
Environmental services	802,880	754,848	765,114
Social and family services	546,146	623,532	556,431
Recreation and cultural services	1,425,169	1,407,769	1,400,375
Planning and development	<u>183,770</u>	<u>179,141</u>	<u>140,393</u>
	\$ <u>9,384,010</u>	\$ <u>9,490,075</u>	\$ <u>9,034,421</u>
Net surplus for the year	\$ <u>796,136</u>	\$ <u>870,180</u>	\$ <u>726,652</u>
Financing and transfers:			
Debt principal repayments			\$ (60,000)
Transfer to capital fund	\$ (269,200)	\$ (128,004)	(153,218)
Transfer to library board	(370,660)	(351,747)	(343,298)
Transfer to reserves and reserve funds	<u>(156,276)</u>	<u>(390,429)</u>	<u>(170,136)</u>
Total financing and transfers	\$ <u>(796,136)</u>	\$ <u>(870,180)</u>	\$ <u>(726,652)</u>
Change in current fund balance during the year	\$ -	\$ -	\$ -
Current fund balance at the beginning of the year	<u>                    </u>	<u>                    </u>	<u>                    </u>
Current fund balance at the end of the year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

(See accompanying notes)

Town of Renfrew

Schedule of Capital Fund Operations

For the year ended 31 December 2008  
(with 2007 figures for comparison)

	2008	2007
Revenue:		
Transfer payments - Ontario	\$ 11,705,186	\$ 4,199,523
- Canada	363,794	
Other revenue	<u>49,983</u>	<u>45,000</u>
	<u>\$ 12,118,963</u>	<u>\$ 4,244,523</u>
Expenditure:		
General government	\$ 24,323	\$ 16,569
Protection to persons and property	14,846	28,491
Transportation services	276,195	691,445
Environmental services	18,066,062	6,983,095
Recreation and cultural services	<u>149,681</u>	<u>91,051</u>
	<u>\$ 18,531,107</u>	<u>\$ 7,810,651</u>
Net deficit for the year	<u>\$ (6,412,144)</u>	<u>\$ (3,566,128)</u>
Financing and transfers:		
Proceeds of long term debt		\$ 1,700,000
Transfer from current fund	\$ 128,004	153,218
Transfer from library board	474	2,626
Transfer from waterworks	175,435	98,104
Transfer from sewer system	56,218	181,313
Transfer from reserves and reserve funds	<u>375,732</u>	<u>300,004</u>
Total financing and transfers	<u>\$ 735,863</u>	<u>\$ 2,435,265</u>
Change in capital fund balance during the year	\$ (5,676,281)	\$ (1,130,863)
Capital fund balance at the beginning of the year	<u>(3,681,574)</u>	<u>(2,550,711)</u>
Capital fund balance at the end of the year	<u>\$ (9,357,855)</u>	<u>\$ (3,681,574)</u>

(See accompanying notes)

Town of Renfrew

Schedule of Reserves and Reserve Funds

For the year ended 31 December 2008  
(with 2007 figures for comparison)

	<u>2008</u>	<u>2007</u>
Transfers from (to) other funds:		
Transfer from operating fund	\$ 390,429	\$ 170,136
Transfer from (to) waterworks	(339,678)	128,639
Transfer from sewer system	490,136	377,871
Transfer to capital fund	<u>(375,732)</u>	<u>(300,004)</u>
Change in reserves and reserve fund balances during the year	\$ 165,155	\$ 376,642
Reserves and reserve fund balances at the beginning of the year	<u>5,165,203</u>	<u>4,788,561</u>
Reserves and reserve fund balances at the end of the year	<u>\$ 5,330,358</u>	<u>\$ 5,165,203</u>
Analyzed as follows:		
Reserves and reserve funds set aside for specific purposes:		
Working funds	\$ 200,000	\$ 200,000
Contingencies	1,824,706	1,792,406
Asset acquisition - revenue fund	975,653	993,256
- waterworks fund	849,529	1,189,207
- sewer system fund	1,480,255	990,119
Parking facilities	<u>215</u>	<u>215</u>
Total reserves and reserve funds	<u>\$ 5,330,358</u>	<u>\$ 5,165,203</u>

(See accompanying notes)

## Town of Renfrew

## Consolidated Statement of Cash Flows

For the year ended 31 December 2008

(with 2007 figures for comparison)

	2008	2007
Cash flows from operating activities:		
Net surplus (deficit) for the year	\$ (5,179,868)	\$ (2,222,185)
Net change in non cash working capital balances related to operations:		
- decrease (increase) in taxes receivable	\$ (41,827)	\$ 300,823
- decrease (increase) in user charges receivable	3,168	(110,358)
- decrease (increase) in accounts receivable	(1,223,341)	(269,262)
- decrease (increase) in other current assets	48,335	(66,744)
- increase (decrease) in accounts payable and accrued liabilities	1,121,357	995,070
- increase (decrease) in deferred revenue - obligatory reserve funds	340,077	217,303
- increase (decrease) in deferred revenue - other	568,771	155,726
- increase (decrease) in government business enterprises	39,162	(117,764)
	<u>\$ 855,702</u>	<u>\$ 1,104,794</u>
Cash flows from (used for) operating activities	\$ (4,324,166)	\$ (1,117,391)
Cash flows from financing activities:		
Repayment of long term liabilities	\$ (334,336)	\$ (234,336)
New debt issued during the year	<u>                    </u>	<u>1,700,000</u>
Cash flows from (used for) financing activities	\$ (334,336)	\$ 1,465,664
Cash flows from investing activities:		
Change in investment in government business enterprises	\$ (39,162)	\$ 117,764
Net increase (decrease) in cash and cash equivalents during the year	\$ (4,697,664)	\$ 466,037
Cash and cash equivalents at the beginning of the year	<u>815,317</u>	<u>349,280</u>
Cash and cash equivalents at the end of the year	<u>\$ (3,882,347)</u>	<u>\$ 815,317</u>
Comprised of:		
Cash	\$ 2,117,653	\$ 1,015,317
Temporary loans - current purposes	<u>(6,000,000)</u>	<u>(200,000)</u>
	<u>\$ (3,882,347)</u>	<u>\$ 815,317</u>

(See accompanying notes)

MACKILLICAN &amp; ASSOCIATES

CHARTERED ACCOUNTANTS

Town of RenfrewNotes to the Consolidated Financial StatementsFor the year ended 31 December 2008

## I. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the Town of Renfrew 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. Significant aspects of the accounting policies adopted by the Town are as follows:

## (a) Reporting Entity

- (i) The consolidated financial statements reflect the assets, liabilities, revenues, expenditures and fund balances of the revenue fund, capital fund and reserve funds 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 interorganizational transactions and balances between these organizations are eliminated.

These consolidated financial statements include:

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

- (ii) Funds within the consolidated financial statements consist of current, capital and reserve funds. Transfers between the funds are recorded as adjustments to the appropriate municipal fund balance.
- (iii) 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.
- (iv) Trust funds and their related operations administered by the Town are not included in these financial statements but are reported separately on the Trust Funds Statement of Continuity and Statement of Financial Position.
- (v) 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 period in which they are paid.

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 receipts of goods or services and the creation of a legal obligation to pay.

## (b) Capital Assets

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

## (c) Government Transfers

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.

Town of RenfrewNotes to the Consolidated Financial StatementsFor the year ended 31 December 2008

(d) Investment Income

Investment income earned on surplus current funds, capital funds, reserves and reserve funds (other than obligatory reserve funds) are 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.

(e) Reserves and Reserve Funds

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

(f) 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.

(g) 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.

(h) Financial Instruments

Financial instruments include cash, taxes receivable, user charges receivable, accounts receivable, other current assets, accounts payable and accrued liabilities, temporary loans and net long term liabilities. Unless otherwise noted, it is management's opinion that the Municipality 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, taxes receivable, user charges receivable, accounts receivable, other current assets, accounts payable and accrued liabilities and temporary loans approximate fair values due to the immediate and short term maturities of these financial instruments.

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

(i) 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from these estimates.

(j) Landfill Closure and Post Closure Liabilities

The Municipality accrues landfill closure and post closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year 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.

Town of Renfrew

Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

(k) Amounts to be Recovered

Amounts to be recovered as reported on the consolidated statement of financial position are comprised of the outstanding principal portion of long term liabilities for municipal expenditures, landfill closure and post closure liabilities and post employment benefits.

2. 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	\$ 2,939,675	\$ 2,713,874
Payments in lieu	<u>                    </u>	<u>125,173</u>
	<u>\$ 2,939,675</u>	<u>\$ 2,839,047</u>

3. TRUST FUNDS

Trust funds administered by the Town amounting to \$ 178,261 (2007 - \$ 164,496) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the Town for the benefit of others, they are not presented as part of the Town's financial position or financial activities.

4. 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 breakdown of the Town of Renfrew's investment and equity in these two Corporations consists of the following:

	<u>Renfrew Hydro Incorporated</u>	<u>Renfrew Power Generation Incorporated</u>	<u>Total</u>
Investments:			
Notes receivable	\$ 2,705,168	\$ 925,554	\$ 3,630,722
Shareholder's equity	<u>3,236,971</u>	<u>2,096,562</u>	<u>5,333,533</u>
Equity in government business enterprises	<u>\$ 5,942,139</u>	<u>\$ 3,022,116</u>	<u>\$ 8,964,255</u>

5. DEFERRED REVENUE

(a) 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 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:

## Town of Renfrew

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2008

	<u>2008</u>	<u>2007</u>
Lot development charges reserve	\$ 494,865	\$ 412,929
Gas tax rebates reserve - Provincial	321,498	198,058
Gas tax rebates reserve - Federal	<u>414,717</u>	<u>280,016</u>
	<u>\$ 1,231,080</u>	<u>\$ 891,003</u>

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

	<u>2008</u>	<u>2007</u>
Balance at the beginning of the year	\$ 891,003	\$ 673,500
Gas tax revenues received	388,157	299,174
Development charges	82,970	91,507
Interest earned	<u>28,195</u>	<u>33,520</u>
	<u>\$ 1,390,325</u>	<u>\$ 1,097,701</u>
Transfer to the capital fund	\$ (15,000)	
Transfer to other enterprises	<u>(144,245)</u>	<u>\$ (206,698)</u>
	<u>\$ (159,245)</u>	<u>\$ (206,698)</u>
Balance at the end of the year	<u>\$ 1,231,080</u>	<u>\$ 891,003</u>

## (b) Other Deferred Revenue

Other deferred revenue consists of advances from the Province of Ontario to complete infrastructure projects within the Municipality and other deposits and receipts which are to be used for specific expenditures in the future.

## 6. NET LONG TERM LIABILITIES

- (a) The balance of net long term liabilities of \$ 4,734,337 (2007 - \$ 5,068,673) is made up of long term liabilities incurred by the Municipality.
- (b) Of the net long term liabilities reported in (a) of this Note \$ 1,614,337 in principal payments are payable from 2009 to 2013, \$ 1,420,000 from 2014 to 2018 and \$ 1,700,000 from 2019 onwards.
- (c) Total charges for the year for net long term liabilities which are reported on the "Consolidated Statement of Financial Activities" are made up of:

	<u>2008</u>	<u>2007</u>
Principal	\$ 334,336	\$ 234,336
Interest	<u>139,589</u>	<u>91,413</u>
	<u>\$ 473,925</u>	<u>\$ 325,749</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 long term liabilities. Had this provision been made, the municipal fund balances as at 31 December 2008 would have decreased by \$ 61,175 (2007 - \$ 65,380).

Town of RenfrewNotes to the Consolidated Financial StatementsFor the year ended 31 December 2008**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. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year 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.

**9. PENSION AGREEMENT**

The Municipality makes contributions to the Ontario Municipal Retirement Fund (OMERS), which is a multi-employer plan, on behalf of sixty 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 2008 was \$ 263,249 (2007 - \$ 226,876) for current service.

**10. 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 litigation proceedings pertaining to the sale of a parcel of land. Because the outcome of this matter cannot yet be determined, no amount has been recorded in the accounts.

**11. BUDGET FIGURES**

Town of Renfrew Council reviews its operating and capital budgets annually. The approved operating budget for 2008 is reflected on the Schedule of Current Fund Operations and is included in the budget figures presented in the Consolidated Statement of Financial Activities.

Budgets established for the Capital Fund and Reserves and Reserve Funds are set on a project-oriented basis, the costs of which may be carried out over one or more fiscal years. The budget reflected in the Consolidated Statement of Financial Activities is an annual budget only as required by the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

**12. TANGIBLE CAPITAL ASSETS**

Commencing with the fiscal year beginning 1 January 2009, the Municipality will be adopting the Canadian Institute of Chartered Accountants' Public Sector Accounting Handbook Section PS 3150, "Tangible Capital Assets". This section establishes standards on how to account for and report tangible capital assets in government financial statements. Tangible capital assets include such items as roads, bridges, lands and buildings, vehicles and equipment and water and wastewater systems.

During the year, the Town continued to work towards compliance with these new recommendations.

As of 31 December 2008, the Municipality does not have relevant information to disclose cost, accumulated amortization and net book values for any specific tangible capital asset category. Tangible capital assets are reported as an expenditure on the "Consolidated Statement of Financial Activities" in the year of acquisition.

**MACKILLICAN & ASSOCIATES**

CHARTERED ACCOUNTANTS