

CORPORATION OF THE MUNICIPALITY OF TWEED

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

Draft April 18, 2024

CORPORATION OF THE MUNICIPALITY OF TWEED

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023

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Draft April 18, 2024

CORPORATION OF THE MUNICIPALITY OF TWEED

For The Year Ended December 31, 2023

MANAGEMENT REPORT

The accompanying consolidated financial statements of the Corporation of the Municipality of Tweed are the responsibility of management and have been approved by Council.

The consolidated financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Municipality maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Municipality's assets are appropriately accounted for and adequately safeguarded.

The Municipality's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Municipality's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Municipality of Tweed. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The consolidated financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Municipality. Baker Tilly KDN LLP has full and free access to Council.

Mayor

CAO/Treasurer

April 24, 2024

Draft April 18, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Municipality of Tweed

Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of Tweed and its local board (the Municipality), which comprise the consolidated statement of financial position as at December 31, 2023, the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, change in net financial assets/(net debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2023, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Municipality's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Municipality or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Municipality's financial reporting process.

Draft April 18, 2024

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
April 24, 2024

Draft April 18, 2024

CORPORATION OF THE MUNICIPALITY OF TWEED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2023

	2023 \$	2022 \$
FINANCIAL ASSETS		
Cash	547,500	818,702
Investments (note 2)	1,091,672	2,813,326
Accounts receivable	997,448	912,461
Taxes receivable	719,207	691,922
TOTAL FINANCIAL ASSETS	3,355,827	5,236,411
LIABILITIES		
Accounts payable and accrued liabilities	1,775,540	1,253,633
Deferred revenue - obligatory reserve funds (note 5)	37,511	65,550
Deferred revenue - other (note 6)	29,094	31,329
OILC temporary loan (note 22)	3,494,762	-
Long term debt (note 9)	2,169,360	2,207,429
Asset retirement obligation (note 21)	7,475,261	-
Landfill liability	-	1,540,567
TOTAL LIABILITIES	14,981,528	5,098,508
NET FINANCIAL ASSETS/(NET DEBT)	(11,625,701)	137,903
NON-FINANCIAL ASSETS		
Tangible capital assets (note 11)	43,714,914	34,634,917
Inventories of supplies	267,892	205,957
Prepaid expenses	31,085	54,377
TOTAL NON-FINANCIAL ASSETS	44,013,891	34,895,251
ACCUMULATED SURPLUS	32,388,190	35,033,154
Accumulated surplus is comprised of:		
Accumulated surplus (note 12)	32,494,392	35,033,154
Accumulated remeasurement losses	(106,202)	-
	32,388,190	35,033,154

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TWEED

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
REVENUES			
Property taxation	4,736,293	4,725,168	4,439,489
User charges	1,656,272	1,642,802	1,507,944
Government of Canada	359,109	345,257	124,167
Province of Ontario	2,898,441	3,549,428	2,513,270
Other municipalities	55,000	15,000	90,000
Penalties and interest on taxes	90,000	85,522	87,569
Investment income	67,500	102,986	86,016
Donations	14,000	35,812	98,343
Contributed tangible capital assets	-	168,125	-
Other grants	13,000	23,349	39,015
Parkland fees earned (note 5)	45,000	30,413	-
Canada Community-Building Fund earned (note 5)	390,000	398,818	741,517
Gain/(loss) on disposal of tangible capital assets	200,000	16,342	33,673
TOTAL REVENUES	10,524,615	11,139,022	9,761,003
EXPENSES			
General government	1,343,130	2,196,238	1,474,269
Protection services	1,846,973	1,758,702	1,687,368
Transportation services	3,890,258	5,994,104	4,048,884
Environmental services	2,144,299	1,870,654	1,430,767
Recreation and cultural services	1,522,018	1,569,258	1,237,244
Planning and development	330,336	288,828	337,559
TOTAL EXPENSES	11,077,014	13,677,784	10,216,091
ANNUAL DEFICIT	<u>(552,399)</u>	(2,538,762)	(455,088)
ACCUMULATED SURPLUS - beginning of year		35,033,154	35,488,242
ACCUMULATED SURPLUS - end of year		32,494,392	35,033,154

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TWEED

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the Year Ended December 31, 2023

	Actual 2023 \$	Actual 2022 \$
ACCUMULATED REMEASUREMENT GAINS AND LOSSES - beginning of year	-	-
Adjustment on adoption of the financial instruments standard	(126,248)	-
Unrealized gain/(loss) on portfolio investments during the year	40,281	-
Discount on long term receivable	(10,064)	-
Realized losses, reclassified to the statement of operations	(10,171)	-
ACCUMULATED REMEASUREMENT GAINS AND LOSSES - end of year	(106,202)	-

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
ANNUAL DEFICIT	(552,399)	(2,538,762)	(455,088)
Amortization of tangible capital assets	2,154,413	5,707,168	2,154,920
Purchase of tangible capital assets	(7,811,449)	(7,580,790)	(2,899,243)
Gain on disposal of tangible capital assets	(155,095)	(16,342)	(33,673)
Proceeds on sale of tangible capital assets	350,000	144,482	275,803
Contributed tangible capital assets	-	(168,125)	-
Change in inventories of supplies	-	(61,935)	(86,999)
Change in prepaid expenses	-	23,292	(18,714)
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	(6,014,530)	(4,491,012)	(1,062,994)
NET FINANCIAL ASSETS - beginning of year	137,903	137,903	1,200,897
ADJUSTMENT ON ADOPTION OF THE ASSET RETIREMENT OBLIGATION STANDARD (note 20)	-	(7,166,390)	-
ADJUSTMENT ON ADOPTION OF THE FINANCIAL INSTRUMENTS STANDARD (note 20)	-	(126,248)	-
NET FINANCIAL ASSETS/(NET DEBT) - beginning of year, as restated	137,903	(7,154,735)	1,200,897
INCREASE IN ACCUMULATED REMEASUREMENT GAINS	-	20,046	-
NET FINANCIAL ASSETS/(NET DEBT) - end of year	(5,876,627)	(11,625,701)	137,903

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TWEED

CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended December 31, 2023

	2023 \$	2022 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(2,538,762)	(455,088)
Items not involving cash		
Amortization of tangible capital assets	5,707,168	2,154,920
Gain on disposal of tangible capital assets	(16,342)	(33,673)
Contributed tangible capital assets	(168,125)	-
Accretion expense	308,871	-
Change in landfill closure and post-closure liability	(1,540,567)	(55,426)
Change in non-cash assets and liabilities		
Accounts receivable	(95,051)	672,486
Taxes receivable	(27,285)	(29,795)
Inventories of supplies	(61,935)	(86,999)
Prepaid expenses	23,292	(18,714)
Accounts payable and accrued liabilities	521,907	(225,788)
Deferred revenue - obligatory reserve funds	(28,039)	(354,715)
Deferred revenue - other	(2,235)	11,741
Net change in cash from operating activities	2,082,897	1,578,949
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(7,580,790)	(2,899,243)
Proceeds on disposal of tangible capital assets	144,482	275,803
Net change in cash from capital activities	(7,436,308)	(2,623,440)
INVESTING ACTIVITIES		
Redemption of investments	2,414,997	500,000
Purchase of investments	(789,481)	(1,495,964)
Net change in cash from investing activities	1,625,516	(995,964)
FINANCING ACTIVITIES		
OILC temporary loan received (repayment)	3,494,762	(1,530,000)
Debt principal repayments	(38,069)	(18,432)
Long term debt issued	-	2,225,861
Net change in cash from financing activities	3,456,693	677,429
NET CHANGE IN CASH	(271,202)	(1,363,026)
CASH - beginning of year	818,702	2,181,728
CASH - end of year	547,500	818,702

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

The Municipality of Tweed is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the reporting entity.

The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned and controlled by the Municipality. These consolidated financial statements include:

- Tweed Public Library Board

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Trust Funds

Trust funds and their related operations administered by the Municipality are not included in these consolidated financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	20-25 years
Buildings	40-150 years
Roads	7-50 years
Bridges and other structures	20-75 years
Underground and other networks	50-75years
Vehicles	5-10 years
Machinery and equipment	4-20 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Inventories of Supplies

Inventories of supplies are recorded at the lower of cost, as determined by the first-in, first out method, and market.

(e) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Municipality's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Municipality is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

The Municipality is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Government funding

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

Other revenue

User charges are recognized as revenue in the year the goods and services are provided, with the exception of building permits that are recognized when the permits are issued.

Investment income is recorded when earned.

Canada Community-Building Fund and parkland fees are recognized in the period in which the related expenditures are recorded.

Donations are recognized when received.

(f) Non-Financial Assets

Tangible capital and other non-financial assets are accounted for as assets by the Municipality because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Municipality unless they are sold.

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Reserves and Reserve Funds

Certain amounts, as approved by 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.

(h) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(i) Use of Estimates

Certain items recognized in the consolidated financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Municipality's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements or changes in such estimates in future periods could be significant. The Municipality's significant estimates include:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values; and
- The amount recorded as allowance for doubtful accounts receivable is based on management's estimate of future payments on receivable account balances.

In addition, the Municipality's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets in conjunction with estimates of expected asset retirement costs, as well as the timing and duration of these retirement costs.

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Asset Retirement Obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for closure of operational sites and post-closure care relating to landfill sites has been recognized based on estimated future expenses. An additional liability for the removal of asbestos in several of the buildings and underground networks owned by the Municipality has also been recognized based on estimated future expenses as well as liability for the closure and remediation of the sewage lagoons, gravel pits and storage tanks.

The liability is discounted using a present value calculation, and adjusted yearly for accretion expense. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the amortization accounting policies outlined in the above paragraph (c).

Draft April 18, 2024

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(k) Financial Instruments

Financial instruments are classified as either fair value or amortized cost. The following chart shows the measurement method for each type of financial instrument.

Financial Instrument	Measurement Method
Cash	Amortized Cost
Investments	Fair Value
Accounts receivable	Amortized Cost
Taxes receivable	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost
OILC temporary loan	Amortized Cost
Long term debt	Amortized Cost

Fair value category: The Municipality manages and reports performance for groups of financial assets on a fair-value basis. Investments traded in an active market are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses.

Amortized cost category: Amounts are measured at the initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest rate method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial instrument asset or financial instrument liability.

The following hierarchy provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

2. INVESTMENTS

Investments are recorded at market value and consist of the following:

	2023 \$	2022 \$
Investments held at amortized cost		
ONE funds - bond portfolio	-	1,120,188
ONE funds - high interest savings	645	1,564,245
Guaranteed investment certificates, maturity dates from march 20, 2023 to Oct 5, 2026, interest rates ranging from 0.35% to 0.85% per annum	131,818	128,893
	132,463	2,813,326
Investments held at fair value		
ONE funds - bond portfolio	959,209	-
	1,091,672	2,813,326

Book cost of ONE fund - bond portfolio is \$1,055,346 at December 31, 2023.

3. CREDIT FACILITY AGREEMENT

The Municipality has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$500,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate plus 0.50% per annum. At December 31, 2023 there was no balance outstanding (2022 - \$Nil).

4. PENSION AGREEMENTS

Certain employees of the Municipality are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2023 Annual Report disclosed total actuarial liabilities of \$136,185 million in respect of benefits accrued for service with actuarial assets of \$131,983 million indicating an actuarial deficit of \$4,202 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit.

The Municipality's required contributions to OMERS in 2023 were \$158,415 (2022 - \$138,225).

Some of the employees of the Municipality, who are not members of OMERS, are eligible to be members of a contributory pension plan. Employer contributions to the plan by the Municipality during the year amounted to \$15,392 (2022 - \$23,056). These contributions which match the employees' contribution for current service, are expense during the year in which services are rendered and represent the total pension obligation of the Municipality.

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Municipality are summarized below:

	2023	2022
	\$	\$
Canada Community-Building Fund	251	14,938
Parkland	37,260	50,612
	37,511	65,550

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2023	2022
	\$	\$
Balance - beginning of year	65,550	420,265
Add amounts received:		
Canada Community-Building Fund	383,403	375,039
Parkland	14,500	6,750
Interest	3,289	5,013
	401,192	386,802
Less transfer to operations:		
Canada Community-Building Fund	398,818	741,517
Parkland	30,413	-
	429,231	741,517
Balance - end of year	37,511	65,550

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

6. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2023 \$	2022 \$
Deposits and other	28,094	31,329
Library grants and donations	1,000	-
	29,094	31,329

The continuity of deferred revenue - other is as follows:

	2023 \$	2022 \$
Balance - beginning of year	31,329	19,588
Deposits and other	28,094	31,329
Library grants and donations	1,000	-
	29,094	31,329
Deposits and other	31,329	13,088
Library grants and donations	-	6,500
	31,329	19,588
Balance - end of year	29,094	31,329

7. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$11,474 (2022 - \$11,411) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Municipality for the benefit of others, they are not presented as part of the Municipality's financial position or operations.

8. CONTINGENT LIABILITIES

The Municipality, in the course of its operations, is often named in lawsuits the outcomes of which are indeterminable at this time. No amounts in connection with these items have been reflected in these financial statements.

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

9. LONG TERM DEBT

	2023 \$	2022 \$
Debenture from Ontario Infrastructure and Lands Corporation (OILC). The loan is repayable, by the Municipality, in monthly blended principal and interest installments of \$11,002, with interest at 4.29% per annum maturing on June 15, 2052.	2,169,360	2,207,429

(a) The long term debt in (a) issued in the name of the Municipality has been approved by by-law. The annual principal and interest payments required to service this liability is within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

(b) Interest paid during the year on long term debt amounted to \$93,956 (2022 - \$47,581).

(c) The long term debt reported in (a) of this note is repayable as follows:

	Principal \$	Interest \$	Total \$
2024	39,735	92,290	132,025
2025	41,473	90,552	132,025
2026	43,288	88,737	132,025
2027	45,182	86,843	132,025
2028	47,159	84,866	132,025
2029 and subsequent years	1,952,523	1,150,062	3,102,585
	2,169,360	1,593,350	3,762,710

10. EXPENSES BY OBJECT

The expenses for the year reported on the Consolidated Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
Salaries and benefits	2,784,243	2,744,627	2,653,647
Interest charges	93,956	93,956	47,581
Materials	2,864,314	3,553,308	2,638,334
Contracted services	2,659,857	2,214,054	2,319,903
Rents and financial	70,660	413,302	75,155
External transfers	449,571	491,936	381,977
Amortization	2,154,413	5,707,168	2,154,920
Change in landfill liability	-	(1,540,567)	(55,426)
	11,077,014	13,677,784	10,216,091

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

11. TANGIBLE CAPITAL ASSETS

The net book value of the Municipality's tangible capital assets are:

	2023 \$	2022 \$
General		
Land and land improvements	3,441,470	1,780,090
Buildings	5,417,002	3,365,857
Vehicles	1,033,215	981,381
Machinery and equipment	2,034,248	1,895,413
Infrastructure		
Buildings	911,733	768,273
Roads	11,012,583	9,721,723
Underground and other networks	10,240,262	8,165,031
Bridges and other structures	9,413,183	7,744,533
	43,503,696	34,422,301
Assets under construction	211,218	212,616
	43,714,914	34,634,917

For additional information, see the Consolidated Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2022 - \$Nil) and no interest capitalized (2022 - \$Nil).

Tangible capital assets allocated by segment are as follows:

	2023 \$	2022 \$
General government	4,908,565	1,243,342
Protection services	929,287	847,238
Transportation services	22,106,353	19,300,052
Environmental services	12,068,775	10,174,932
Recreation and cultural services	3,686,776	3,056,318
Planning and development	15,158	13,035
	43,714,914	34,634,917

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

12. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023 \$	2022 \$
Surplus/(Deficit)		
Operating	(370,317)	(344,369)
Unfunded landfill liability	-	(1,540,567)
Library board	(3,394)	10,646
	(373,711)	(1,874,290)
Invested In Capital Assets		
Tangible capital assets - net book value	43,714,914	34,634,917
Long term debt	(2,169,360)	(2,207,429)
Asset retirement obligations	(7,475,261)	-
Unfunded capital (see below)	(4,639,827)	(110,022)
	29,430,466	32,317,466
Surplus	29,056,755	30,443,176
Reserves		
General government	37,601	219,439
Protection services	312,838	351,566
Transportation services	574,126	596,779
Water and sewer	688,575	1,141,811
Recreation services	610,819	632,859
Community improvement plan	10,398	37,654
Total Reserves	2,234,357	2,980,108
Reserve Funds		
Transportation services	187,297	219,193
Landfill	1,015,983	1,390,677
Total Reserve Funds	1,203,280	1,609,870
	32,494,392	35,033,154

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

12. ACCUMULATED SURPLUS, continued

Balance is comprised of;

	2023	2022
	\$	\$
Joe Allore bridge	1,751,421	100,418
McClellan and Pomeroy project	2,354,597	9,604
Publics Works vehicle	138,538	-
Municipal well	132,171	-
Queensborough Hall	263,100	-
	4,639,827	110,022

13. BUILDING SERVICES CONTRACTUAL AGREEMENT

The Municipality of Tweed, the Township of Stirling-Rawdon, the Town of Deseronto, the Township of Tyendinaga, the Township of Madoc and the Municipality of Marmora and Lake have entered into an agreement for joint building services to be provided by the Township of Stirling-Rawdon. The joint building services agreement came into effect April 1, 2005. No revenues or expenses have been included in the Consolidated Statement of Operations and Accumulated Surplus.

14. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2023, requisitions were made by the County of Hastings and School Boards requiring the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes	1,234,751	2,028,925
Taxation from other governments	1,608	8,975
Amounts requisitioned and remitted	1,236,359	2,037,900

These amounts have not been included in the Consolidated Statement of Operations and Accumulated Surplus.

15. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

16. BUDGET FIGURES

The budget, approved by the Municipality, for 2023 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets/(Net Debt). The budget established for capital investment in tangible capital assets are 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 amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

The following is a reconciliation of the Council approved budget amounts to the PSA amounts:

	(Unaudited) Revenue \$	(Unaudited) Expenses \$
Council approved budget:		
Operating	9,391,464	8,384,113
Capital	8,542,805	9,550,156
Total Council approved budget	17,934,269	17,934,269
Less: Tangible capital assets capitalized	-	(7,811,449)
Add: Amortization of tangible capital assets	-	2,154,413
Less: Principal repayment of long term debt	-	(38,069)
Less: Transfers to/from reserves and reserve funds	(3,592,156)	(1,126,202)
Proceeds of long term debt	(3,772,150)	-
Change in asset retirement obligation	-	9,400
Adjustments for presentation purposes	(45,348)	(45,348)
Adjusted budget per Consolidated Statement of Operations	10,524,615	11,077,014

17. FINANCIAL INSTRUMENTS

The Municipality is exposed to the following risks in respect of certain of the financial instruments held:

(a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss.

The Municipality reduces its exposure to credit risk by creating an allowance for bad debts when applicable. The Municipality monitors and assesses the collectibility of accounts and taxes receivable based on past experience to derive a net realizable value.

(b) Market risk

The Municipality is exposed to certain market risks on their investments recorded at fair value. These risks are mitigated by the Municipality's investment policy.

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

18. SEGMENTED INFORMATION

The Municipality of Tweed is a municipal government organization that provides a range of services to its residents. Municipality services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated Schedule of Segment Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the Municipality and its programs and services.

Protection Services

Protection services include police, fire, conservation authority and protective inspection and control. The Municipality of Tweed and the Township of Stirling-Rawdon have entered into an agreement for joint fire services. The joint fire services agreement came into effect January 1, 2016. The Municipality of Tweed also entered into a joint services agreement on February 1, 2021 to provide for the joint enforcement and administration of By-Laws with the Town of Deseronto, Township of Madoc, Township of Stirling-Rawdon and Township of Tyendinaga.

Transportation Services

The activities of the transportation function include construction and maintenance of the Municipality's roads and bridges, winter control and street lighting.

Water and Sewer

This function is responsible for providing water and sewer services to the Municipality.

Other Environmental Services

This function is responsible for providing waste collection, waste disposal and recycling services to ratepayers.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and programs including operations of the Tweed Oil Kings hockey club and library services.

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the Municipality.

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

19. OIL KINGS HOCKEY TEAM INFORMATION

In 2021, the Municipality began operations of the Tweed Oil Kings, a men's hockey team that is a part of the Eastern Ontario Super Hockey League (EOSHL). During November 2023 the team was sold. The amounts presented below are also included in the Consolidated Statement of Operations and Accumulated Surplus. Various revenues and expenses related to the team are as follows:

	2023	2022
	\$	\$
Revenue		
Ticket sales	18,463	22,367
Fundraising	17,004	20,834
Advertising	10,527	14,700
Donations	91	4,081
Miscellaneous	1,942	1,512
	48,027	63,494
Expenses		
Equipment and uniforms	5,383	15,112
Travel	12,517	12,707
Alcohol cost of sales and licence	8,595	7,634
Referees and time keepers	4,490	6,210
Merchandise for sale	1,290	2,883
League fees	2,595	2,472
Supplies	284	1,086
Ice rental	-	566
Logos	1,050	-
	36,204	48,670
Annual surplus	11,823	14,824

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

20. CHANGES IN ACCOUNTING POLICIES

The Municipality has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023:

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Municipality's consolidated financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments.

PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. Financial instruments are included on the statement of financial position and are measured either at fair value or cost or amortized cost based on the characteristics of the instrument and the Municipality's accounting policy choices (see Note 1 - Significant Accounting Policies). The new standard provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments

In accordance with the provisions of standards PS 3041 and PS 3450, the Municipality reflected the following adjustment at January 1, 2023:

- A loss of \$126,248 to the accumulated remeasurement gains/(losses) due to the unrealized loss of the Municipality's investments previously recorded at cost.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability.

In accordance with the provisions of this new standard, the Municipality reflected the following adjustment at January 1, 2023:

Asset Retirement Obligation

- A decrease of \$1,540,567 to Landfill Liability to remove the liability recognized to date under the old standard, and an accompanying increase of \$7,166,390 to opening Asset Retirement Obligation liability

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

21. ASSET RETIREMENT OBLIGATION

The Municipality's asset retirement obligation consists of the following:

(a) Landfill obligation

The Municipality owns and operates a number of landfill sites. The liability for the closure of operational sites and post-closure care has been recognized under PS 3280 – Asset Retirement Obligation. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years post this date. The landfill is expected to reach its capacity in 14 years. Post-closure care is estimated to be required for 25 years from the date of site closure. These costs were discounted to December 31, 2023 using a discount rate of 4.31% per annum. The liability has been estimated based upon the presently known obligations that will exist at the estimated year of closure of the sites and for 25 years after the closure date.

(b) Asbestos obligation

The Municipality owns and operates several buildings and underground networks that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove it. Following the adoption of PS3280 – Asset retirement obligations, the Municipality recognized an obligation relating to the removal and post-removal care of the asbestos in these building as estimated at January 1, 2023. The buildings are expected to reach the end of their useful life between 10-25 years. Post-closure care is estimated to extend for up to a year post the closure of the building, while demolition and construction continues. Estimated costs have been discounted to the present value using a discount rate of 4.31% per annum.

(c) Other

The Municipality owns and operates sewage lagoons, gravel pits, storage tanks and wells. The liability for the closure of these sites and the costs to return the property to original state has been recognized under PS 3280 - Asset Retirement Obligation. The costs were based upon the presently known obligations that will exist at the estimated year of closure of the sites. These costs were discounted to December 31, 2023 using a discount rate of 4.31% per annum.

Changes to the asset retirement obligation in the year are as follows:

Asset Retirement Obligation	Landfills \$	Asbestos removal \$	Other \$	Total \$
Opening balance - January 1, 2023	2,911,105	1,985,720	2,269,565	7,166,390
Accretion expense	125,469	85,585	97,817	308,871
Closing balance	3,036,574	1,985,720	2,269,565	7,166,390

CORPORATION OF THE MUNICIPALITY OF TWEED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2023

21. ASSET RETIREMENT OBLIGATION, continued

The impacts of the implementation of PS 3280 – Asset Retirement Obligations on expenses are the accretion expense that is reported in rents and financial expenses on the schedule of segment disclosure and amortization expense that is added to the amortization of the existing assets. These additional expenses are reported in each segment as follows:

	Accretion \$	Amortization \$
General government	14,886	34,539
Transportation services	100,919	1,718,324
Water and sewer	12,066	30,644
Environmental services	140,691	1,587,058
Recreation and cultural services	40,309	83,677
	308,871	3,454,242

22. TEMPORARY LOAN

In 2023, the Municipality of Tweed entered into a temporary loan with OILC for the financing of the capital works for the Joe Allore bridge, McClellan and Pomeroy project and Queensborough Hall. Maximum aggregate principal amount agreed of \$5,237,602. At December 31, 2023, the Municipality had drawn \$3,494,762 from the loan and received \$3,494,762 of this balance by the year end.

CORPORATION OF THE MUNICIPALITY OF TWEED

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2023

	General				Infrastructure			Assets Under Construction	Totals
	Land and Land Improvements	Buildings	Vehicles	Machinery and Equipment	Buildings	Roads	Underground and Other Networks	Bridges and Other Structures	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
COST									
Balance, beginning of year	2,637,703	5,466,035	3,486,455	3,248,278	2,947,125	22,839,547	10,559,753	10,678,594	62,076,106
Add: additions and AUC transfers during the year	20,705	546,580	320,303	303,784	132,172	2,430,273	2,144,561	1,851,935	7,748,915
Less: disposals during the year	18,293	-	174,765	62,433	14,163	373,872	20,470	1,039	665,035
Asset retirement obligation	5,046,910	1,835,856	-	3,680	123,434	-	156,510	-	7,166,390
Balance, end of year	7,687,025	7,848,471	3,631,993	3,493,309	3,188,568	24,895,948	12,840,354	12,529,490	76,326,376
ACCUMULATED AMORTIZATION									
Balance, beginning of year	857,613	2,100,178	2,505,074	1,352,865	2,178,852	13,117,824	2,394,722	2,934,061	27,441,189
Add: additions during the year	3,387,942	331,291	158,622	168,629	112,146	1,139,413	225,841	183,284	5,707,168
Less: disposals during the year	-	-	64,918	62,433	14,163	373,872	20,471	1,038	536,895
Balance, end of year	4,245,555	2,431,469	2,598,778	1,459,061	2,276,835	13,883,365	2,600,092	3,116,307	32,611,462
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	3,441,470	5,417,002	1,033,215	2,034,248	911,733	11,012,583	10,240,262	9,413,183	43,714,914

CORPORATION OF THE MUNICIPALITY OF TWEED

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2023

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	363,307	1,235,544	1,960,795	-	215,286	761,164	189,072	4,725,168
User charges	96,693	30,261	29,105	916,993	268,958	280,089	20,703	1,642,802
Government transfers - operating	966,519	550,264	860,357	-	66,058	356,398	86,476	2,886,072
Government transfers - capital	-	-	391,660	616,953	-	-	-	1,008,613
Other municipalities	15,000	-	-	-	-	-	-	15,000
Penalties and interest on taxes	85,522	-	-	-	-	-	-	85,522
Investment income	81,167	-	6,064	-	15,755	-	-	102,986
Donations	-	15,945	-	-	-	19,867	-	35,812
Contributed tangible capital assets	-	-	-	-	-	168,125	-	168,125
Other grants	21,947	-	-	-	-	1,402	-	23,349
Parkland fees earned	-	-	-	-	-	30,413	-	30,413
Canada Community-Building Fund	-	-	-	-	-	-	-	-
Gain/(loss) on disposal of tangible capital assets	16,342	-	-	-	-	-	-	398,818
Total revenues	1,646,497	1,832,014	3,646,799	1,533,946	566,057	1,617,458	296,251	11,139,022
Expenses								
Salaries and benefits	640,580	114,557	920,634	95,500	213,092	594,242	166,022	2,744,627
Interest charges	-	-	-	93,956	-	-	-	93,956
Materials	1,205,754	158,409	1,428,100	173,910	26,300	483,380	77,455	3,553,308
Contracted services	208,879	1,066,119	303,455	306,725	261,107	63,490	4,279	2,214,054
Rents and financial	69,422	-	118,001	20,787	143,946	52,380	8,766	413,302
External transfers	8,425	333,236	-	-	118,381	-	31,894	491,936
Amortization	63,178	86,381	3,223,914	370,459	1,587,058	375,766	412	5,707,168
Change in landfill liability	-	-	-	-	(1,540,567)	-	-	(1,540,567)
Total expenses	2,196,238	1,758,702	5,994,104	1,061,337	809,317	1,569,258	288,828	13,677,784
Net surplus/(deficit)	(549,741)	73,312	(2,347,305)	472,609	(243,260)	48,200	7,423	(2,538,762)

Draft April 18, 2024

CORPORATION OF THE MUNICIPALITY OF TWEED

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE

For the Year Ended December 31, 2022

	General Government \$	Protection Services \$	Transportation Services \$	Water and Sewer \$	Other Environmental Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	271,050	1,103,968	1,973,728	-	258,818	654,318	177,607	4,439,489
User charges	105,600	39,278	27,910	881,961	241,962	181,427	29,806	1,507,944
Government transfers - operating	152,315	534,494	940,831	-	96,710	416,237	142,213	2,282,800
Government transfers - capital	-	-	321,327	33,310	-	-	-	354,637
Other municipalities	90,000	-	-	-	-	-	-	90,000
Penalties and interest on taxes	87,569	-	-	-	-	-	-	87,569
Investment income	59,808	-	2,961	-	23,247	-	-	86,016
Donations	2,743	61,242	-	-	-	34,358	-	98,343
Other grants	33,515	-	-	-	-	5,500	-	39,015
Canada Community-Building Fund earned	-	-	741,517	-	-	-	-	741,517
Gain/(loss) on disposal of tangible capital assets	92,070	-	(52,088)	-	-	(6,309)	-	33,673
Total revenues	894,670	1,738,982	3,956,186	915,271	620,737	1,285,531	349,626	9,761,003
Expenses								
Salaries and benefits	634,904	97,822	927,579	95,500	197,038	542,157	158,647	2,653,647
Interest charges	-	-	-	47,581	-	-	-	47,581
Materials	535,487	126,081	1,361,601	172,406	13,943	343,469	85,347	2,638,334
Contracted services	199,125	1,121,026	318,029	304,666	227,821	79,514	69,722	2,319,903
Rents and financial	57,713	-	4,265	1,143	3,068	566	8,400	75,155
External transfers	8,500	264,184	-	-	96,398	-	12,895	381,977
Amortization	38,540	78,255	1,437,410	326,629	-	271,538	2,548	2,154,920
Change in landfill liability	-	-	-	-	(55,426)	-	-	(55,426)
Total expenses	1,474,269	1,687,368	4,048,884	947,925	482,842	1,237,244	337,559	10,216,091
Net surplus/(deficit)	(579,599)	51,614	(92,698)	(32,654)	137,895	48,287	12,067	(455,088)

Draft April 18, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Municipality of Tweed

Opinion

We have audited the financial statements of the Trust Funds of the Corporation of the Municipality of Tweed (the Trust Funds), which comprise the statement of financial position as at December 31, 2023, the statement of continuity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2023, and the continuity of the Trust Funds for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Trust Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds' financial reporting process.

Draft April 18, 2024

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Trust Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
April 24, 2024

Draft April 18, 2024

CORPORATION OF THE MUNICIPALITY OF TWEED

TRUST FUNDS STATEMENT OF FINANCIAL POSITION At December 31, 2023

	Recreation Associations \$	Santa Claus Parade Fund \$	2023 Total \$	2022 Total \$
FINANCIAL ASSETS				
Cash	-	653	653	953
Investments (note 2)	10,821	-	10,821	10,458
	10,821	653	11,474	11,411
FUND BALANCES	10,821	653	11,474	11,411

TRUST FUNDS STATEMENT OF CONTINUITY For the Year Ended December 31, 2023

	Recreation Associations \$	Santa Claus Parade Fund \$	2023 Total \$	2022 Total \$
BALANCES - beginning of year	10,458	953	11,411	11,386
RECEIPTS				
Donations	-	1,250	1,250	1,000
Interest	363	-	363	80
	363	1,250	1,613	1,080
EXPENSES				
Parade costs	-	1,550	1,550	1,050
Bank charges	-	-	-	5
	-	1,550	1,550	1,055
BALANCES - end of year	10,821	653	11,474	11,411

The accompanying notes are an integral part of these financial statements

Draft April 18, 2024

CORPORATION OF THE MUNICIPALITY OF TWEED

TRUST FUNDS NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable; expenses 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.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions 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 revenue and expenses during the period and are based on the Municipality's best information and judgment. Actual results could differ from these estimates.

(c) Revenue Recognition

Donations are recognized when they are received. Interest income is recognized when earned.

2. INVESTMENTS

Investments consist of a GIC with interest rate of 4.25% and maturity of November 14, 2024.

**CORPORATION OF THE MUNICIPALITY OF
TWEED**

TWEED PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2023

Draft April 18, 2024

INDEPENDENT AUDITOR'S REPORT

To the Members of the Tweed Public Library Board, the Members of Council, Inhabitants and Ratepayers of the Municipality of Tweed

Qualified Opinion

We have audited the financial statements of the Tweed Public Library Board of the Corporation of the Municipality of Tweed (the Board), which comprise the statement of financial position as at December 31, 2023, the statements of operations and accumulated surplus, change in net financial assets/(net debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many Public Library Boards, the Board derives revenue from fines, other fees and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Board. Therefore, we were not able to determine whether any adjustments might be necessary to fines, other fees and donations revenue, annual deficit, and cash flows from operations for the years ended December 31, 2023 and 2022 and assets and accumulated surplus as at December 31, 2023 and 2022. Our opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Draft April 18, 2024

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
April 24, 2024

CORPORATION OF THE MUNICIPALITY OF TWEED

TWEED PUBLIC LIBRARY BOARD STATEMENT OF FINANCIAL POSITION At December 31, 2023

	2023 \$	2022 \$
FINANCIAL ASSETS		
Cash	35,455	25,168
Accounts receivable	1,424	1,665
TOTAL FINANCIAL ASSETS	36,879	26,833
LIABILITIES		
Due to Municipality	40,960	17,035
Deferred revenue (note 5)	1,000	-
TOTAL LIABILITIES	41,960	17,035
NET FINANCIAL ASSETS/(NET DEBT)	(5,081)	9,798
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	645,141	672,957
Prepaid expenses	1,687	848
TOTAL NON-FINANCIAL ASSETS	646,828	673,805
(note 4)	641,747	683,603

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TWEED

TWEED PUBLIC LIBRARY BOARD STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
REVENUES			
Municipality of Tweed	163,933	163,933	157,080
Province of Ontario	12,676	12,676	15,373
Government of Canada	6,000	4,167	4,029
Other grants	18,000	1,401	5,500
Donations	12,000	9,843	16,631
Fines and other fees	3,500	4,078	2,859
Other	1,200	-	123
TOTAL REVENUES	217,309	196,098	201,595
EXPENSES			
Salaries and benefits	154,033	162,221	148,996
Electronic and other resources	2,600	3,250	4,834
Internet sustainability	1,500	1,139	1,489
Professional development	2,500	2,506	629
Supplies and maintenance	19,066	10,992	7,634
Office and administration	4,610	4,991	4,569
Specific projects	2,000	227	2,319
Utilities	14,000	10,552	9,829
Amortization	46,068	42,076	46,068
TOTAL EXPENSES	246,377	237,954	226,367
ANNUAL DEFICIT	<u>(29,068)</u>	(41,856)	(24,772)
ACCUMULATED SURPLUS - beginning of year		683,603	708,375
ACCUMULATED SURPLUS - end of year		641,747	683,603

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TWEED

TWEED PUBLIC LIBRARY BOARD

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)

For the Year Ended December 31, 2023

	Budget 2023 \$ (Unaudited)	Actual 2023 \$	Actual 2022 \$
ANNUAL DEFICIT	(29,068)	(41,856)	(24,772)
Amortization of tangible capital assets	46,068	42,076	46,068
Acquisition of tangible capital assets	-	(14,260)	(20,812)
Change in prepaid expenses	-	(839)	-
CHANGE IN NET FINANCIAL ASSETS/(NET DEBT)	17,000	(14,879)	484
NET FINANCIAL ASSETS - beginning of year	9,798	9,798	9,314
NET FINANCIAL ASSETS/(NET DEBT) - end of year	26,798	(5,081)	9,798

The accompanying notes are an integral part of these financial statements

Draft April 18, 2024

CORPORATION OF THE MUNICIPALITY OF TWEED

TWEED PUBLIC LIBRARY BOARD STATEMENT OF CASH FLOWS For the Year Ended December 31, 2023

	2023 \$	2022 \$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual deficit	(41,856)	(24,772)
Items not involving cash		
Amortization of tangible capital assets	42,076	46,068
Change in non-cash assets and liabilities		
Accounts receivable	241	1,503
Prepaid expenses	(839)	-
Due to Municipality	23,925	(23,088)
Deferred revenue	1,000	(6,500)
Net change in cash from operating activities	24,547	(6,789)
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(14,260)	(20,812)
NET CHANGE IN CASH	10,287	(27,601)
CASH - beginning of year	25,168	52,769
CASH - end of year	35,455	25,168

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE MUNICIPALITY OF TWEED

TWEED PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies adopted by the Board are as follows:

(a) Recognition of Revenue and Expenses

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue in the period in which the transactions of events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

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

Fines and other fees are recognized as revenue in the year the goods and services are provided.

Donations and other revenue is recognized when the amounts are received.

Contributions from the Municipality of Tweed are recognized as approved by the Municipality.

(b) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Board's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Board's significant estimates include:

- The amounts recorded for amortization of tangible capital assets are based on estimates of useful life and residual values.

(c) Financial Instruments

The Board's financial instruments consist of cash, accounts receivable and due to Municipality. Unless otherwise noted, it is management's opinion that the carrying value of the financial instruments approximates their fair values and that the Board does not have any significant concentration of credit, currency or interest rate risk.

CORPORATION OF THE MUNICIPALITY OF TWEED

TWEED PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Initial costs for tangible capital assets that were acquired or developed prior to 2009 were obtained using historical cost information or using current fair market values discounted by a relevant inflation factor to the point of acquisition. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Buildings	40 years
Equipment	15 years
Computers	5 years
Books	7 years

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

(e) Deferred Revenue

Deferred revenue represents grants, user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(f) Non-Financial Assets

Tangible capital assets and other non-financial assets are accounted for as assets by the Board because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Board unless they are sold.

(g) Inter-Entity Transactions

The Tweed Public Library Board is a Board of the Municipality of Tweed and is consolidated with the Municipality's financial statements.

Allocated costs and recovery of costs are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Unallocated costs are measured at the carrying amount, which is the amount recorded in the records of the Municipality.

2. BUDGET FIGURES

The operating budget, approved by the Board, for 2023 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets/(Net Debt). The budgets established for capital investment in tangible capital assets are 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. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

CORPORATION OF THE MUNICIPALITY OF TWEED

TWEED PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

3. TANGIBLE CAPITAL ASSETS

The net book value of the Board's tangible capital assets are:

	Buildings \$	Equipment \$	Computers \$	Books \$	2023 Totals \$	2022 Totals \$
COST						
Balance, beginning of year	876,450	149,130	18,626	87,409	1,131,615	1,123,130
Add: additions during the year	-	-	-	14,260	14,260	20,812
Less: disposals during the year	-	-	-	12,186	12,186	12,327
Balance, end of year	876,450	149,130	18,626	89,483	1,133,689	1,131,615
ACCUMULATED AMORTIZATION						
Balance, beginning of year	284,798	124,379	12,549	36,932	458,658	424,917
Add: additions during the year	21,911	7,287	2,132	10,746	42,076	46,068
Less: disposals during the year	-	-	-	12,186	12,186	12,327
Balance, end of year	306,709	131,666	14,681	35,492	488,548	458,658
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	569,741	17,464	3,945	53,991	645,141	672,957

4. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2023 \$	2022 \$
Surplus/(Deficit)		
Operations	(3,394)	10,646
Invested In Capital Assets		
Tangible capital assets - net book value	645,141	672,957
	641,747	683,603

CORPORATION OF THE MUNICIPALITY OF TWEED

TWEED PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

5. DEFERRED REVENUE

Included in deferred revenue are the following amounts:

	2023	2022
	\$	\$
Food for All program	1,000	-

6. INTER-ENTITY TRANSACTIONS

During the year, the Board entered into transactions with the Municipality of Tweed.

As part of the budgeting process, the Municipality approves a contribution to the Board which is identified on the Statement of Operations and Accumulated Surplus.

Details of the inter-entity expense transactions are as follows:

	2023	2022
	\$	\$
Unallocated costs:		
Water and sewer	606	903
	606	903

In addition, the following services are provided to the Board by the Municipality at no cost:

- Payroll services
- Rental of land
- Building insurance
- Cooling system upgrades

All balances with the Municipality of Tweed have been identified on the Statement of Financial Position. Due from (to) balances are unsecured, without interest and have no terms of repayment.

CORPORATION OF THE MUNICIPALITY OF TWEED

TWEED PUBLIC LIBRARY BOARD NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2023

7. CHANGES IN ACCOUNTING POLICIES

The Board has implemented the following sections which are now effective under the PSA Handbook: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments, PS 3450 Financial Instruments and PS 3280 Asset Retirement Obligations were adopted prospectively on January 1, 2023:

PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses. The adoption of this standard did not have an impact on the Board's financial statements.

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard provides comprehensive requirements for the recognition, measurement, presentation and disclosure of foreign currency transactions. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The adoption of this standard did not have an impact on the Board's financial statements.

PS 3280 Asset Retirement Obligations addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability. The adoption of this standard did not have an impact on the Board's financial statements.