Consolidated Financial Statements of

THE CORPORATION OF THE COUNTY OF RENFREW

Year ended December 31, 2023

THE CORPORATION OF THE COUNTY OF RENFREW

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Year ended December 31, 2023

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the County of Renfrew (the "County") are the responsibility of the County's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards.

A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

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

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the County. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the County's consolidated financial statements.

On behalf of the County:

Craig Kelley
Chief Administrative Officer

Daniel Burke, CPA, CA
Treasurer

June 26, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the County of Renfrew

Opinion

We have audited the consolidated financial statements of the Corporation of the County of Renfrew (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2023
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of change in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position the Entity as at December 31, 2023, and its consolidated results of operations, its consolidated changes in net financial assets 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 Financial Statements"*** section of our auditor's report.

We are independent of the Entity 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.

Emphasis of Matter – Comparative Information

We draw attention to Note 2 of the financial statements (“Note 2”) which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 2 explains the reasons for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

As part of our audit of the financial statements for the year ended December 31, 2023, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended December 31, 2022. In our opinion, such adjustments are appropriate and have been properly applied.

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 Entity’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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’s financial reporting process.

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 Entity'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 Entity'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 Entity 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group of the Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

June 26, 2024

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022 (Restated - note 2)
Financial assets:		
Cash	$ 70,027,829	$ 71,741,286
Investments (note 5)	7,378,050	7,375,074
Accounts receivable:		
Federal government	–	2,162,043
Provincial government	–	544,960
Municipalities	883,649	754,826
Other	1,095,987	1,200,286
	79,385,515	83,778,475
Financial liabilities:		
Accounts payable and accrued liabilities	24,771,709	24,416,824
Short-term loan	172,000	–
Deferred revenue – obligatory reserve funds (note 6)	–	–
Deferred revenue	405,279	413,412
Asset retirement obligation (note 15)	17,259,592	17,259,592
Long-term liabilities (note 7)	9,510,312	11,499,977
Accrued interest on long-term liabilities	61,026	76,089
Post-employment benefits (note 8)	13,358,681	12,519,111
	65,538,599	66,185,005
Net financial assets	13,846,916	17,593,470
Non-financial assets:		
Tangible capital assets (note 9)	240,797,424	230,830,823
Tangible capital assets - construction in progress (note 9)	102,468,412	87,019,008
Inventory	882,823	789,968
Prepaid expenses	1,800,419	1,415,903
	345,949,078	320,055,702
Contingent liabilities (note 12)		
Accumulated surplus (note 10)	$ 359,795,994	$ 337,649,172

See accompanying notes to consolidated financial statements.

On behalf of the Board:

__________________________ Director __________________________ Director

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2023, with comparative information for 2022

	Budget 2023	Actual 2023	Actual 2022
	(note 13)		(Restated - note 2)
Revenue:			
Government grants	$ 88,198,087	$ 95,317,056	$ 80,667,181
Levies on area municipalities	49,605,306	49,770,882	46,869,584
User fees and service charges	16,650,509	18,814,018	19,129,019
Payments-in-lieu of taxation	4,032,699	5,305,676	4,727,909
Other municipal revenue	4,499,488	4,639,251	3,982,494
Investment income	889,800	4,133,711	2,201,522
Donations, fines and other	5,013,000	1,158,514	1,446,813
Gain (loss) on disposal of tangible capital assets	–	(59,981)	(113,657)
	168,888,889	179,079,127	158,910,865
Expenses (note 14):			
General government	9,120,102	8,744,384	8,445,693
Protection services	1,085,105	867,267	896,604
Transportation services	20,008,619	21,984,792	19,674,762
Health services	28,429,890	30,910,741	28,058,792
Social and family services	73,409,652	73,412,579	64,214,437
Social housing	14,925,596	15,770,657	15,472,811
Recreation and cultural services	5,270,872	2,697,832	1,123,849
Planning and development	2,941,754	2,544,053	2,558,726
	155,191,590	156,932,305	140,445,674
Annual surplus	13,697,299	22,146,822	18,465,191
Accumulated surplus, beginning of year	337,649,172	337,649,172	319,183,981
Accumulated surplus, end of year	$ 351,346,471	$ 359,795,994	$ 337,649,172

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2023, with comparative information for 2022

	Budget 2023	Actual 2023	Actual 2022
	(note 13)		(Restated - note 2)
Annual surplus	$ 13,697,299	$ 22,146,822	$ 18,465,192
Amortization of tangible capital assets	14,653,200	15,676,470	14,710,772
Acquisition of tangible capital assets	(47,464,929)	(25,840,059)	(29,038,234)
Acquisition of tangible capital assets under construction	–	(15,449,404)	(1,046,236)
Loss on disposal of tangible capital assets	–	59,981	113,657
Proceeds on disposal of tangible capital assets	–	137,007	140,045
Increase in inventory	–	(92,855)	(49,374)
Increase in prepaid expenses	–	(384,516)	(993,856)
	(32,811,729)	(25,893,376)	(16,163,226)
Change in net financial assets	(19,114,430)	(3,746,554)	2,301,966
Net financial assets, beginning of year	17,593,470	17,593,470	15,291,504
Net financial assets, end of year	$ (1,520,960)	$ 13,846,916	$ 17,593,470

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE COUNTY OF RENFREW

Consolidated Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus	$ 22,146,822	$ 18,465,192
Items not involving cash:		
Amortization of tangible capital assets	15,676,470	14,710,772
Loss (gain) on disposal of tangible capital assets	59,981	113,657
Post-employment benefits	839,570	510,544
Change in non-cash assets and liabilities:		
Accounts receivable		
Federal government	2,162,043	(1,046,465)
Provincial government	(2,712,339)	1,153,720
Municipalities	(128,884)	(338,622)
Other	104,299	(395,058)
Inventory	(92,855)	(49,374)
Prepaid expenses	(384,516)	(993,855)
Accounts payable and accrued liabilities	3,612,245	4,586,676
Accrued interest on long-term liabilities	(15,063)	(14,957)
Deferred revenue – obligatory reserve funds	–	(4,642,157)
Deferred revenue	(8,133)	111,900
	41,259,640	32,171,973
Capital activities:		
Acquisition of tangible capital assets	(25,840,059)	(29,038,235)
Proceeds on disposal of tangible capital assets	137,007	140,045
Additions to tangible capital assets under construction	(15,449,404)	(1,046,236)
	(41,152,456)	(29,944,426)
Investing activities:		
Purchase of investments	(2,976)	(3,680)
Financing activities:		
Advance of temporary construction loan	172,000	–
Principal repayments of long-term liabilities	(1,989,665)	(1,983,822)
	(1,817,665)	(1,983,822)
Increase (decrease) in cash	(1,713,457)	240,045
Cash, beginning of year	71,741,286	71,501,241
Cash, end of year	$ 70,027,829	$ 71,741,286

See accompanying notes to consolidated financial statements.

The Corporation of the County of Renfrew (the “County”) is an upper tier municipality in the Province of Ontario, Canada. The provisions of provincial statutes such as the Municipal Act and related legislation guide its operations.

1. Significant accounting policies:

The consolidated financial statements of the County are the representations of management and have been prepared in all material respects in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the County are as follows:

(a) Reporting entity:

The consolidated financial statements reflect the assets, liabilities, operating revenues and expenditures, reserve, reserve funds, and changes in investment in tangible capital assets of the County. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the County and which are owned or controlled by the County. Interdepartmental and interorganizational transactions and balances between these organizations are eliminated. These consolidated financial statements include the Renfrew County Housing Corporation.

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

(b) Basis of accounting:

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.

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

Trust funds and their related operations administered by County are not included in these consolidated financial statements.

1. Significant accounting policies (continued):

(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. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

	Useful Life - Years
Land improvements	20 to 25
Buildings	25 to 60
Machinery and equipment	5 to 25
Vehicles	4 to 20
Linear assets	15 to 99

Leasehold improvements are amortized on a straight-line basis over the current lease term plus one subsequent lease term.

Construction in progress comprises capital assets under construction, not yet placed into service and pre-construction activities related to specific projects expected to be constructed. Amortization is not recorded on assets under construction until the asset is available for productive use, at which time they are capitalized.

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

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset’s net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset’s net book value, is reported on the Consolidated Statement of Operations and Accumulated Surplus in the year of disposal.

When conditions indicate that a tangible capital asset no longer contributes to the County’s ability to provide services, or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset’s remaining service potential. The resulting net adjustment is reported as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

1. Significant accounting policies (continued):

(d) Inventories:

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

(e) Investments:

Investments are recorded at cost plus accrued interest. If the market value of investments become lower than cost and the decline in value is considered to be other than temporary, the investments are written down to market value.

Investment income is recognized as revenue in the period earned. Investment income earned on deferred revenue – obligatory reserve funds is added to the fund balance and forms part of respective deferred revenue balances.

(f) Deferred revenue – obligatory reserve funds:

The County receives restricted contributions under the authority of federal and provincial legislation. These funds are restricted in their use and until applied to applicable costs, are recorded as deferred revenue – obligatory reserve funds in the Consolidated Statement of Financial Position. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended. These amounts are recognized as revenue in the fiscal year the services are performed, or related expenses incurred.

(g) Deferred revenue:

The County receives contributions pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. In addition, certain user fees and service charges are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenses are incurred, or services performed.

(h) Government transfers:

Government transfers are recognized in the consolidated financial statements as revenues in the period in which 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, except when and to the extent that stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recorded as deferred revenue and recognized as revenue as the liability is extinguished.

(i) Post-employment benefits:

The County accounts for its participation in the Ontario Municipal Employees Retirement System (“OMERS”), a multi-employer public sector pension fund, as a defined contribution plan. As a result, the County does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

1. Significant accounting policies (continued):

(j) Post-employment benefits (continued):

The County accrues its obligation for post-employment benefits, including sick leave benefits and benefits under the Workplace Safety and Insurance Board ("WSIB"). The County is a Schedule 2 employer under the WSIB Act, and as such, assumes the responsibility for financings its workplace safety and insurance costs. The costs of the WSIB benefits earned by employees are actuarially determined. Actuarial gains and losses are expensed in the fiscal year they arise.

(k) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

(a) an environmental standard exists;

(b) contamination exceeds the environmental standard;

(c) the County:

(i) is directly responsible; or

(ii) accepts responsibility

(d) it is expected that future economic benefit will be given up; and

(e) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(l) Financial instruments:

On January 1, 2023, the County adopted PS 3450 Financial Instruments which establishes accounting and reporting for all types of financial instruments, including derivatives as disclosed in Note 2. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost.

Management has not elected to record any investments at fair value as they are managed and evaluated on a fair value basis.

1. Significant accounting policies (continued):

(l) Financial instruments (continued):

On application of this standard, unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses which records the remeasurement gains and losses for financial instruments measured at fair value. Unrealized gains and losses are realized upon settlement of the financial instrument when the financial instrument is sold or reaches maturity through the Statement of Operations and Accumulated Surplus. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the Statement of Operations and Accumulated Surplus.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement operations and accumulated surplus and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

Long-term debt is recorded at amortized cost.

Establishing fair value:

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

The following 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 - fair value measurements are those derived from quoted prices (unadjusted)·in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs.

1. Significant accounting policies (continued):

(l) Financial instruments (continued):

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

(m) Foreign currency:

Foreign currency transactions are recorded at the exchange rate at the time of the transaction.

Assets and liabilities denominated in foreign currencies are recorded at fair value using the exchange rate at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the Statement of Remeasurement Gains and Losses. In, the period of settlement, the realized foreign exchange gains and losses are recognized in the Statement of Operations and Accumulated Surplus and the unrealized balances are reversed from the Statement of Remeasurement Gains and Losses.

(n) Statement of Remeasurement Gains and Losses:

A statement of Remeasurement and Gains and Losses has not been provided as there are no significant unrealized gains or losses at December 31, 2023 and 2022.

(o) Asset retirement obligation:

An asset retirement obligation (“ARO”) 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 the removal of asbestos in several of the buildings owned by the County has been recognized based on estimated undiscounted future expenses. Under the modified retroactive method, the assumptions used on initial recognition are those as of the date of adoption in the standard. Assumptions used in the subsequent calculations are revised yearly.

The recognition of the ARO liability resulted in an accompanying increase to the respective tangible capital assets. Building tangible capital assets affected by the asbestos liability are being amortized with the building following the amortization accounting policies.

1. Significant accounting policies (continued):

(p) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses for the year. Significant areas requiring the use of management's estimates include the actuarial assumptions used to develop the post-employment benefits liability. Actual results could differ from these estimates.

2. Change in Accounting Policy – Adoption of new accounting standards:

(a) The County adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments*, and PS 3450 *Financial Instruments*.

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 requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denoted in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

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 distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

2. Change in Accounting Policy – Adoption of new accounting standards (continued):

Establishing fair value:

The fair value of guarantees and letters of credit are based on fees currently charged for similar agreements or on the estimated cost to terminate them or otherwise settle the obligations with the counterparties at the reported borrowing date. In situations in which there is no market for these guarantees, and they were issued without explicit costs, it is not practicable to determine their fair value with sufficient reliability (if applicable).

Fair value hierarchy:

The following 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 - fair value measurements are those derived from quoted prices (unadjusted)·in active markets for identical assets or liabilities;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

In accordance with PS 3450 *Financial Instruments*, the financial statements of prior periods were not restated on transition. Consequently, the accounting policies for recognition, derecognition and measurement of financial instruments applied to the comparative information reflect those disclosed in the 2022 financial statements.

On application of this standard, a new statement, the Statement of Remeasurement Gains and Losses has been included in these financial statements which records the remeasurement gains and losses for financial instruments measured at fair value.

Any difference between the financial instruments' fair values as at January 1, 2023 and previous carrying amounts as at December 31, 2022, excluding previously recognized exchange gains and losses, were recognized as an adjustment to the opening balance of accumulated remeasurement gains and losses. Hence, no comparative amounts are reported in the Statement of Remeasurement Gains and Losses due to prospective application of this standard.

2. Change in Accounting Policy – Adoption of new accounting standards (continued):

(b) PS 3280 *Asset Retirement Obligations (ARO)* establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 on a modified retroactive basis with prior period restatement.

In the past, the County has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded, and replaces Section PS 3270 *Solid Waste Landfill Closure and Post-Closure Liability*. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from County buildings and closure activities. The County reports liabilities related to the legal obligations where the County is obligated to incur costs to retire a tangible capital asset.

The County's ongoing efforts to assess the extent to which designated substances exist in County assets, and new information obtained through regular maintenance and renewal of County assets may result in additional asset retirement obligations from better information on the nature and extent the substance exists or from changes in the estimated cost to fulfil the obligation. The measurement of assets retirement obligations is also impacted by activities that occurred to settle all or part of the obligation, or any changes in the legal obligation. Revisions to the estimated cost of the obligation will result in the carrying amount of the associated assets that are in productive use and amortized as part of the asset on an ongoing basis. When obligations have reliable cash flow projections, the liability may be estimated using the present value of future cash flows. Subsequently, accretion of the discounted liability due to the passage of time is recorded as an in-year expense (if applicable).

2. Change in Accounting Policy – Adoption of new accounting standards (continued):

To estimate the liability for similar buildings that do not have information on asbestos and other designated substances, the County uses buildings with assessments on the extent and nature of the designated substances in the building to measure the liability and those buildings and this information is extrapolated to a group of similar assets that do not have designated substances reports. As more information becomes available on specific assets, the liability is revised to be asset specific. In other situations, where the building might not be part of a large portfolio, other techniques are used such as using industry data, experts or basing the estimate on a specific asset that is similar (if applicable).

As a result of applying this accounting standard, an asset retirement obligation of $17,259,592 (2022 - $17,259,592) was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the County owned buildings and equipment, including tanks, and restoration costs related to leasehold improvements. The County has restated the prior period based on a simplified approach, using the ARO liabilities, ARO assets and the associated ARO accumulated amortization, and amortization expense for the period January 1, 2023 to December 31, 2023 as a proxy for January 1, 2022 to December 31, 2022 information. The associated TCA gross book value, TCA accumulated amortization and TCA amortization expense was restated. The adoption of PS 3280 ARO was applied to the comparative period as follows:

Statement of Financial Position	As previously reported	Adjustments	As restated
Tangible Capital Assets including ARO	$ 228,898,220	$ 1,932,603	$ 230,830,823
Asset retirement obligation liability	-	17,259,592	17,259,592
Accumulated surplus	352,976,161	(15,326,989)	337,649,172

Statement of Change in Net Financial Debt	As previously reported	Adjustments	As restated
Annual surplus	$ 18,757,167	$ (291,975)	$ 18,465,192
Amortization of tangible capital assets (including ARO)	14,418,797	291,975	14,710,772
Change in net financial assets	2,301,966	-	2,301,966

Statement of Operations	As previously reported	Adjustments	As restated
Expenses - Social Housing and Family Services	$ 15,180,836	$ 291,975	$ 15,472,811
Annual surplus	18,757,167	(291,975)	18,465,192

3. Trust funds:

Trust funds administered by the County amounting to $158,886 (2022 - $164,650) are presented in a separate financial statement of trust fund balances and operations. As such balances are held in trust by the County for the benefit of others, they are not presented as part of the County's financial position of financial activities.

4. Pension agreement:

The County makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of participating employees. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. Employers and employees contribute to the plan. Since any surpluses or deficits are a joint responsibility of all members and their employees, the County does not recognize any share of the OMERS pension surplus or deficit in these financial statements.

The latest available report for the OMERS plan was at December 31, 2023. At that time, the plan reported a $7.6 billion (2022 - $6.7 billion) actuarial deficit.

For the year ended December 31, 2023, the amount contributed to OMERS was $4,312,208 (2022 - $3,588,470) for current service and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus.

5. Investments:

Investments are stated at cost plus accrued interest and are comprised of the following:

	2023	2022
2.90% guaranteed investment certificate with Canadian Western Bank, maturing on May 8, 2024	$ 1,018,910	$ 1,018,910
2.63% guaranteed investment certificate with Bank of Montreal, maturing on May 8, 2024	1,017,149	1,017,149
2.31% guaranteed investment certificate with Bank of Montreal, maturing on October 15, 2024	1,004,936	1,004,936
2.11% guaranteed investment certificate with Bank of Montreal, maturing on May 7, 2025	1,013,816	1,013,816
3.51% guaranteed investment certificate with Bank of Montreal, matured on November 6, 2023	–	1,005,385
1.75% guaranteed investment certificate with Manulife Bank, maturing on September 23, 2026	602,887	602,877
4.55% guaranteed investment certificate with Bank of Montreal, maturing on September 23, 2024	506,233	506,233
4.75% guaranteed investment certificate with BMO Trust Company, maturing on December 6, 2027	401,353	401,353
2.15% guaranteed investment certificate with Equitable Bank, maturing on September 23, 2026	100,589	100,589
2.15% guaranteed investment certificate with Equitable Trust, maturing on September 23, 2026	100,589	100,589
2.15% guaranteed investment certificate with Home Equity Bank, maturing on September 23, 2026	100,589	100,589
2.15% guaranteed investment certificate with Home Trust, maturing on September 23, 2026	100,589	100,589
1.95% guaranteed investment certificate with President's Choice Bank, maturing on September 23, 2026	100,534	100,534
5.15% guaranteed investment certificate with Canadian Western Bank, maturing on November 25, 2027	100,509	100,509
5.16% guaranteed investment certificate with Home Equity Bank, maturing on November 25, 2027	100,509	100,509
1.85% guaranteed investment certificate with RFA Bank of Canada, maturing on September 23, 2026	100,509	100,507
5.45% guaranteed investment certificate with Bank of Montreal, maturing on November 6, 2028	1,008,349	–
	$ 7,378,050	$ 7,375,074

The County's investments are all level 1 investments.

6. Deferred revenue – obligatory reserve funds:

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as federal and provincial legislation restricts how these funds may be used. The balance in the obligatory reserve fund is summarized below:

	2023	2022
Canada Community Building Fund (formerly Federal Gas Tax)	$ –	$ –
Balance, end of year	$ –	$ –

The transactions for the year are summarized below:

	2023	2022
Balance, beginning of year	$ –	$ 4,642,157
Revenue:		
Canada Community Building Fund	2,914,661	2,793,217
Ontario Community Infrastructure Fund	–	2,739,384
Interest	–	–
Utilization:		
Transfer for capital	(2,914,661)	(8,228,429)
Transfer for operations	–	(1,946,329)
Balance, end of year	$ –	$ –

7. Long-term liabilities:

	2022	2022
Long-term debt issued by the County bearing interest at 5.656%, payable $313,405 on April 4 and October 4 of each year, including principal and interest, maturing October 4, 2024	$ 601,189	$ 1,169,764
3.01% Debenture, payable $197,926 semi-annually, including principal and interest, maturing February 1, 2032	2,949,360	3,249,641
3.08% Debenture, payable $219,284 semi-annually, including principal and interest, maturing April 16, 2028	1,829,790	2,203,349
2.61% Mortgage, payable $8,274 monthly, including principal and interest, matured November 1, 2023	–	89,839
2.60% Mortgage, payable $10,349 monthly, including principal and interest, maturing June 1, 2028	527,040	636,063
2.52% Mortgage, payable $13,740 monthly, including principal and interest, matured August 1, 2023	–	108,874
2.08% Debenture, payable $260,662 semi-annually, including principal and interest, maturing June 15, 2031	3,602,933	4,042,447
	$ 9,510,312	$ 11,499,977

Interest paid on long-term liabilities is $303,376 (2022 - $372,124).

The 2.61% mortgage is secured by a first charge on the land and building located at 200 Caruso Street, Arnprior with a carrying value of $885,363 (2022 - $810,371).

The 2.60% mortgage is secured by a first charge on the land and building located at 26 Spruce Street, Arnprior with a carrying value of $1,162,567 (2022 - $1,157,799).

The 2.52% mortgage is secured by a first charge on the land and building located at 224 Vimy Boulevard, Renfrew with a carrying value of $428,237 (2022 - $416,471).

7. Long-term liabilities (continued):

Principal repayments relating to long-term liabilities are due as follows:

2024	$	1,856,305
2025		1,288,770
2026		1,323,341
2027		1,358,871
2028		1,113,706
Thereafter		2,569,319
	$	9,510,312

During the year, the County was granted an approved construction mortgage in the amount of $8,850,000, of which, $172,000 was drawn at December 31, 2023.

The rate of interest payable on this advance is variable based on the prime rate of lending. Upon project completion, this loan will be converted into a mortgage at prevailing rates at that time.

8. Post-employment benefits:

Post-employment benefits are summarized as follows:

		2023		2022
Sick leave benefits (note 8(a))	$	847,217	$	828,754
Workplace Safety and Insurance Board (note 8(b))		12,511,464		11,690,357
	$	13,358,681	$	12,519,111

(a) Under the sick leave benefit plan, unused sick leave can accumulate, and employees may become entitled to a cash payment when they leave the County's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to $847,217 (2022 - $828,754).

8. Post-employment benefits (continued):

(b) The County is a Schedule 2 employer under the Workplace Safety and Insurance Board Act ("WSIB") and remits payments to the WSIB as required to fund disability payments. An independent actuarial valuation was undertaken at December 31, 2021 in order to determine the estimated liability reported in the consolidated financial statements and extrapolated to December 31, 2023. As at December 31, 2023, the County's accrued benefit liability relating to future WSIB claims is $12,511,464 (2022 - $11,690,357).

The significant actuarial assumptions adopted in estimating the County's accrued benefit obligation for WSIB claims are as follows:

	2023	2022
Discount rate	3.75% per annum	3.75% per annum
Inflation rate	2.50% per annum	2.50% per annum
Health care escalation	6.00% per annum	6.00% per annum

Information with respect to the County's Workplace Safety and Insurance Board future payments is as follows:

	2023	2022
Accrued benefit liability, beginning of year	$ 11,690,357	$ 11,073,276
Expense recognized for the period	2,451,705	1,593,581
Benefits paid for the period	(1,630,598)	(976,500)
Accrued benefit liability, end of year	$ 12,511,464	$ 11,690,357

The accrued benefit liability at December 31 includes the following components:

	2023	2022
Accrued benefit obligation	$ 12,511,464	$ 11,690,357
Unamortized actuarial losses	–	–
	$ 12,511,464	$ 11,690,357

9. Tangible capital assets:

Cost	Balance at December 31, 2022	Additions	Disposals	Balance at December 31, 2023
	(Restated - note 2)			
Land	$ 6,364,972	$ 71,118	$ –	$ 6,436,090
Land improvements	6,257,136	34,150	–	6,291,286
Buildings	140,680,585	3,836,730	(733,522)	143,783,793
Leasehold improvements	459,273	–	(95,000)	364,273
Machinery and equipment	13,201,760	1,096,785	(727,321)	13,571,224
Vehicles	16,756,605	2,632,822	(1,838,274)	17,551,153
Linear assets	377,466,973	18,168,454	(732,617)	394,902,810
	561,187,304	25,840,059	(4,126,734)	582,900,629
Construction-in-progress	87,019,008	15,449,404	–	102,468,412
	$ 648,206,312	$ 41,289,463	$ (4,126,734)	$ 685,369,041

Accumulated amortization	Balance at December 31, 2022	Amortization	Disposals	Balance at December 31, 2023
Land	$ –	$ –	$ –	$ –
Land improvements	3,115,543	211,707	–	3,327,250
Buildings	71,745,950	3,378,681	(563,374)	74,561,257
Leasehold improvements	120,015	14,562	(95,000)	39,577
Machinery and equipment	9,355,710	696,599	(707,292)	9,345,017
Vehicles	11,772,689	1,439,147	(1,831,465)	11,380,371
Linear assets	234,246,573	9,935,777	(732,617)	243,449,733
	330,356,480	15,676,473	(3,929,748)	342,103,205
Construction-in-progress	–	–	–	–
	$ 330,356,480	$ 15,676,473	$ (3,929,748)	$ 342,103,205

Net book value	Balance at December 31, 2022	Balance at December 31, 2023
	(Restated - note 2)	
Land	$ 6,364,972	$ 6,436,090
Land improvements	3,141,593	2,964,036
Buildings	68,934,635	69,222,536
Leasehold improvements	339,258	324,696
Machinery and equipment	3,846,050	4,226,207
Vehicles	4,983,916	6,170,782
Linear assets	143,220,400	151,453,077
	230,830,824	240,797,424
Construction-in-progress	87,019,008	102,468,412
	$ 317,849,832	$ 343,265,836

9. Tangible capital assets (continued):

On April 28, 2016, the County's Council passed a by-law to enter into a significant Asset Donation Agreement with Canadian Pacific Railway Company. The County and its partners, the County of Lanark and Township of Papineau-Cameron, will be acquiring 296 km of the Canada Pacific Rail Corridor beginning in October 2016. The County will be responsible for a cash payment of $360,300 and a donation tax receipt for $55,624,583. Furthermore, it is anticipated that this transaction will cost a further $164,000 in legal, survey and closing costs.

As at December 31, 2023, the portion of the Canada Pacific Rail Corridor acquired of $50,829,099 (2022 - $50,233,631) is recorded as a tangible capital asset - construction in progress on the Consolidated Statement of Financial Position. It is anticipated that the remaining amount under this commitment will be transferred in 2024.

10. Accumulated surplus:

Accumulated surplus is comprised of:

	2023	2022
Investment in tangible capital assets:		
Tangible capital assets	$ 343,265,836	$ 317,849,831
Long-term liabilities	(9,510,312)	(11,499,977)
Temporary construction loan	(172,000)	–
	333,583,524	306,349,854
Reserves – current (note 11)	8,259,936	8,960,466
Reserves – capital (note 11)	48,570,807	52,117,555
Unfunded:		
Tangible capital assets	–	–
Asset retirement obligation	(17,259,592)	(17,259,592)
Post-employment benefits	(13,358,681)	(12,519,111)
	(30,618,273)	(29,778,703)
Accumulated surplus	$ 359,795,994	$ 337,649,172

11. Reserves:

	2023	2022
Reserves - current:		
Ottawa Valley Ontario Health Team	$ 210,561	$ 65,000
Safe Restart Agreement	1,291,876	1,711,768
Child Care Funding Mitigation	1,617,555	1,534,681
Economic Development Ontario Small Town and Rural Development program	35,000	35,000
General Fund Insurance	150,000	150,000
General Fund Sick Leave	69,458	69,458
Cannabis	149,979	149,979
Housing Non Profit Provider Capital	116,222	116,222
Housing Statutory Severance Entitlement	159,051	150,903
Community Paramedic	626,005	626,005
Paramedic Services Severance	1378,862	1,378,862
Operations Winter Control	250,000	250,000
Social Services Fiscal Pressure	339,942	339,942
Algonquin Trail	54,125	54,125
Ontario Winter Games	304,325	200,000
General Fund WSIB	–	621,546
Miramichi Lodge Sick Leave	186,402	186,402
Miramichi Lodge Case Mix Stabilization	100,614	100,614
Miramichi Lodge WSIB	228,442	228,442
Bonnechere Manor Case Mix Stabilization	248,242	248,242
Bonnechere Manor WSIB	594,792	594,792
Renfrew County Housing Corporation WSIB	148,483	148,483
	$ 8,259,936	$ 8,960,466

	2023	2022
Reserves - capital:		
Reforestation	$ 489,545	$ 237,169
Development	9,500	9,013
General Fund Tangible Capital Asset Renewal	8,919,029	17,940,265
General Fund Working Capital	22,668,005	19,378,285
General Fund Building	1,880,347	3,508,954
OPP Building	877,830	863,037
Paramedic Service Equipment	1,861,139	2,579,908
Miramichi Lodge Equipment	38,782	38,782
Miramichi Lodge Butterfly Model of Care	159,419	159,419
Miramichi Lodge Working Capital	2,043,570	227,835
Bonnechere Manor Equipment	100,000	100,000
Bonnechere Manor Butterfly Model of Care	149,318	149,318
Bonnechere Manor Working Capital	6,148,269	3,140,157
Renfrew County Housing Corporation Working Capital	50,000	50,000
Renfrew County Housing Corporation Capital Renewal	3,176,054	3,735,413
	$ 48,570,807	$ 52,117,555

12. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2023, management believes that the County has valid defences and appropriate revenues and insurance coverages in place.

In the event any claims are successful, the amount of any potential liability is not determinable, therefore, no amount has been accrued in the consolidated financial statements.

13. Budget information:

The 2023 approved budget was prepared on a cash-based approach with a reconciliation to a budget based on Public Sector Accounting Standards. The cash-based approach includes capital expenses, repayment of long-term debt and transfers to and from reserves which are removed in the year end Consolidated Statement of Operations and Accumulated Surplus. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited consolidated financial statements.

	Budget 2023	Actual 2023
Total revenue	$ 168,888,889	$ 179,079,127
Total expenses	(155,191,590)	(156,932,305)
Net revenue	13,697,299	22,146,822
Amortization	14,653,200	15,676,470
Capital purchases	(47,464,929)	(41,289,463)
Principal repayments	(2,048,187)	(1,989,665)
Debt issued	4,490,190	172,000
Net transfers from (to) reserves	16,672,427	13,590,805
Allocation of operating surplus to reserves	–	8,306,970
Increase in operating surplus	$ –	$ –

14. Segmented information:

The County is a municipal government organization that provides a range of services to its residents. The County's 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. Therefore, 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.

(a) General government consists of the activities of Council and general financial and administrative management of the County and its programs and services.

(b) Protection services include emergency measures and provincial offences operation for the County.

(c) Transportation services include the construction and maintenance of the County's roads and bridges.

(d) Health services consists of land ambulance services and contributions to the local Health Unit.

(e) Social and family services consist of general assistance to inhabitants, homes of the aged and childcare services.

(f) Social housing services provide affordable housing to qualified inhabitants of the County.

(g) Recreation services include the trial development activities of the County.

Planning and development services function manages commercial, industrial and residential development within the County.

14. Segmented information (continued):

2023

	General Government	Protection Services	Transportation Services	Health Services	Social and Family Services	Social Housing	Recreation and Culture	Planning and Development	Total
Revenue:									
Government grants	$ 92,872	-	$ 5,736,470	$ 17,075,506	$ 62,407,628	$ 8,336,663	$ 1,291,131	$ 376,786	$ 95,317,056
Levies on area municipalities and payments-in-lieu of taxation	21,364,359	(395,982)	11,138,550	11,468,026	4,741,295	5,284,156	-	1,476,154	55,076,558
User fees and service charges	961,358	-	402,534	1,297,395	9,852,862	5,113,913	314,399	871,557	18,814,018
Other municipal revenue	154,158	462,012		1,552,116	1,808,474	620,963		41,528	4,639,251
Investment income	4,133,711	-	-	-	-	-	-	-	4,133,711
Donations, fines and other	162,124	996,390	-	-	-	-	-	-	1,158,514
Loss on disposal of tangible capital capital assets	(59,981)	-	-	-	-	-	-	-	(59,981)
	26,808,601	1,062,420	17,277,554	31,393,043	78,810,259	19,355,695	1,605,530	2,766,025	179,079,127
Expenses:									
Salaries, wages and benefits	3,970,649	450,006	4,299,201	22,437,780	32,402,788	2,490,518	60,072	2,010,437	68,121,451
Interest on long-term debt	235,770	-	-	-	50,460	17,146	-	-	303,376
Materials	1,622,349	224,912	5,636,377	3,192,671	7,902,063	8,986,556	1,987,914	468,029	30,020,871
Contracted services	1,921,431	188,673	1,236,752	2,576,788	19,755,106	1,962,272	649,846	43,134	28,334,002
Rents and financial expense	122,671	-	98,551	84,840	12,179	702,975	-	-	1,021,216
Transfer payments	-	-	-	1,755,588	11,699,331		-	-	13,454,919
Amortization of tangible capital assets	871,514	3,676	10,713,911	863,074	1,590,652	1,611,190	-	22,453	15,676,470
	8,744,384	867,267	21,984,792	30,910,741	73,412,579	15,770,657	2,697,832	2,544,053	156,932,305
Annual surplus (deficit)	$ 18,064,217	$ 195,153	$ (4,707,238)	$ 482,302	$ 5,397,680	$ 3,585,038	$ (1,092,302)	$ 221,972	$ 22,146,822

THE CORPORATION OF THE COUNTY OF RENFREW

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2023

14. Segmented information (continued):

2022	General Government	Protection Services	Transportation Services	Health Services	Social and Family Services	Social Housing	Recreation and Culture	Planning and Development	Total
Revenue:									
Government grants	$ 2,202,723	$ -	$ 8,228,429	$ 13,174,554	$ 50,903,167	$ 5,857,064	$ 56,600	$ 244,644	$ 80,667,181
Levies on area municipalities and payments-in-lieu of taxation	19,400,020	(364,483)	9,621,255	11,629,147	4,246,260	5,038,383	343,877	1,683,034	51,597,493
User fees and service charges	996,516	-	236,283	2,760,437	9,220,393	5,349,292	28,288	537,810	19,129,019
Other municipal revenue	49,417	115,155	5,039	1,420,014	1,760,936	559,883	-	72,050	3,982,494
Investment income	2,201,522	-	-	-	-	-	-	-	2,201,522
Donations, fines and other	230,125	1,216,688	-	-	-	-	-	-	1,446,813
Loss on disposal of tangible capital capital assets	(113,657)	-	-	-	-	-	-	-	(113,657)
	24,966,666	967,360	18,091,006	28,984,152	66,130,756	16,804,622	428,765	2,537,538	158,910,865
Expenses:									
Salaries, wages and benefits	3,903,492	393,020	3,912,089	20,963,319	31,521,280	2,209,450	89,234	1,978,861	64,970,745
Interest on long-term debt	264,655	-	-	-	81,725	25,744	-	-	372,124
Materials	1,436,388	303,056	5,005,487	3,525,378	7,084,371	9,118,488	980,275	534,294	27,987,737
Contracted services	1,888,529	197,269	903,940	631,367	13,384,036	1,961,735	54,340	23,117	19,044,333
Rents and financial expense	129,423	-	66,790	82,554	32,470	694,524	-	-	1,005,761
Transfer payments	-	-	-	1,733,289	10,620,912	-	-	-	12,354,201
Amortization of tangible capital assets	823,206	3,259	9,786,456	1,122,885	1,489,643	1,462,870	-	22,453	14,710,772
	8,445,693	896,604	19,674,762	28,058,792	64,214,437	15,472,811	1,123,849	2,558,725	140,445,673
Annual surplus (deficit)	$ 16,520,973	$ 70,756	$ (1,583,756)	$ 925,360	$ 1,916,319	$ 1,331,811	$ (695,084)	$ (21,187)	$ 18,465,192

15. Asset retirement obligations:

The County has recorded ARO as of the January 1, 2022 implementation date on a modified retroactive basis, with a simplified restatement of prior year amounts.

The County discounts significant obligations where there is a high degree of confidence on the amount and timing of cash flows and the obligation will not be settled for at least five years from the reporting date. The discount and inflation rate is reflective of the risks specific to the asset retirement liability.

As at December 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

A reconciliation of the beginning and ending aggregate carrying amount of the ARO liability is below:

	2023	2022
Liabilities for asset retirement obligations, beginning of year	$ 17,259,592	$ –
Opening adjustments for PSAB adjustment	–	17,259,592
Liabilities incurred during the year	–	–
Liabilities settled during the year	–	–
Liabilities for asset retirement obligations, end of year	$ 17,259,592	$ 17,259,592

16. Financial risks:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The County is exposed to credit risk with respect to accounts receivable and investments on the Statement of Financial Position.

The County assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the County at December 31, 2023 is the carrying value of these assets. The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the Statement of Operations and Accumulated Surplus. Subsequent recoveries of impairment losses related to accounts receivable are credited to the Statement of Operations and Accumulated Surplus.

The amount in the allowance for double accounts at December 31, 2023 is $117,123 (2022 - $72,429).

The County follows an investment policy approved by its Council. The maximum exposure to credit risk with respect to investments of the County at December 31, 2023 is the carrying value of investment assets.

There have been no significant changes to the credit risk exposure from 2022.

(b) Market risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates, impact the County's income or the value of its holdings of financial instruments. Market factors include three types of risk: currency risk, interest rate risk and equity risk.

The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment.

There have been no significant changes to the market risk exposure from 2022.

(i) Currency risk:

Currency risk arises from the County's operations in different currencies and converting non-Canadian earnings at different points in time at different foreign currency levels when adverse changes in foreign currency rates occur. The County n does not have any material transactions or financial instruments denominated in foreign currencies.

16. Financial risks (continued):

(b) Market risk (continued):

(ii) Interest rate risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. Financial assets and financial liabilities with fixed interest rates expose the County to fair value interest rate risk. The County is exposed to this risk through its interest bearing investments and long-term debt.

The County's management monitors the interest rate fluctuations on a continuous basis and acts accordingly with regards to long-term debt as described in note 7.

Therefore, fluctuations in market interest rates would not impact future cash flows and operations relating to the long-term debt.

The County's investments are disclosed in note 5.

There has been no change to the interest rate risk exposure from 2022.

(iii) Equity risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The County is not exposed to this risk.

(c) Liquidity risk:

Liquidity risk is the risk that the County will not be able to meet all of its cash outflow obligations as they come due. The County mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise.. Accounts payable are all current and the terms of the long-term debt are disclosed in note 7.

There have been no significant changes from the previous year in the County's exposure to liquidity risk or policies, procedures and methods used to measure the risk.

17. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.