Consolidated Financial Statements

THE CORPORATION OF THE TOWN OF COBOURG

An independent Auditor's Report thereon

Year ended December 31, 2023

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Financial Statements

Year Ended December 31, 2023

Management's Responsiblity for the Consolidated Financial Statements

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THE CORPORATION OF THE TOWN OF COBOURG

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Management's Responsbility for the Consolidated Financial Statement

The accompanying consolidated financial statements of The Corporation of the Town of Cobourg (the "Town") are the responsbility of the Town'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 of the consolidated financial statements. The preparation of the consolidated financial statements necssarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current account period cannot be finalized with certainty until future periods.

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

The Audit 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 Town. The accompanying Independent Auditor's Report outlines their responsibilties, the scope of their examination and their opinion on the Town's consolidated financial statements.

Tracey Vaughan
Chief Administrative Officer

Adam Giddings
Treasurer

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Cobourg (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 changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended; and
- 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 of the Entity as at December 31, 2023, and its consolidated results of opeartions 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 responsbilitities 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 19 and Note 20 to the financial statements ("Note 19 and 20") which explains that certain comparative information presented for the year ended December 31, 2022 has been restated.

Note 19 and 20 explains the reasons for the restatement and also explains the adjustments that were applied to restate 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.

Responsbilities 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 opnion.

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 the financial statements.

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

- Identify and assess the risks of material misstament 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 conrol.

- 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 expresing 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 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 cuase the Entity to case to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including 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 signficant 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 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
May 27, 2026

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
		Restated (note 19)
Financial assets:		
Cash	$ 14,198,434	$ 10,632,402
Investments (note 2)	8,946,704	9,656,003
Taxes receivable	2,772,188	2,075,378
Receivables - grant	794,573	828,695
Receivables - other	7,966,435	6,588,229
Other financial assets	510,382	659,482
Note receivable (note 4(c))	6,600,000	7,000,000
Investment in Town of Cobourg Holdings Inc. (note 4(a))	14,428,752	14,141,372
	56,217,468	51,581,561
Financial liabilities:		
Accounts payable and accrued liabilities	12,783,256	10,180,295
Special holdings	6,555,675	7,025,117
Asset retirement obligation (note 5)	429,259	429,259
Deferred revenue	805,266	279,661
Deferred revenue - obligatory reserve funds (note 7)	22,095,177	11,924,088
Employee future benefit liability (note 8(d))	3,227,827	3,128,412
Promissory note payable (note 4(d))	270,000	315,000
Net long-term liabilities (note 9(a))	3,150,508	3,710,331
	49,316,968	36,992,163
Net financial assets	6,900,500	14,589,398
Non-financial assets:		
Tangible capital assets (note 13)	222,901,630	209,654,145
Other assets (note 13(d))	3,805,524	3,595,750
	226,707,154	213,249,895
Contingent liabilities (note 15)		
Accumulated surplus (note 10)	$ 233,607,654	$ 227,839,293

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Operations and Accumulated Surplus

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

	Budget 2023	Actual 2023	Actual 2022
	(note 14)		restated (note 19)
Revenue:			
Taxation:			
Property taxation	27,525,001	$ 28,510,206	$ 26,530,301
Payments in lieu of taxation	44,600	197,221	186,026
User charges	22,110,001	24,561,423	23,023,330
Development charges	30,000	1,024,799	1,159,794
Contributed tangible capital assets	-	358,066	993,849
Grants:			
Government of Canada	11,700	90,766	1,095,881
Province of Ontario	395,055	1,875,201	3,426,073
Other municipalities	1,019,584	1,150,168	1,083,639
Other:			
Rental income	4,873,143	5,068,342	4,685,248
Penalty and interest	350,000	339,935	358,400
Other income	1,271,036	1,772,718	991,713
Donations	40,100	27,596	52,424
Interest income (note 4(c))	244,300	244,296	244,300
Interest and dividend income	94,561	59,744	59,664
Gain (loss) on sale of tangible capital assets	-	101,822	(121,084)
Net equity increase in investment in Town of Cobourg Holdings Inc. (note 4(b))	-	287,380	1,041,067
Total revenue	58,009,081	65,669,683	64,810,625
Expenses (note 11)			
General government	5,277,798	5,406,968	4,582,119
Protection to persons and property	17,305,875	20,466,139	18,275,209
Transportation services	5,192,398	7,004,382	6,786,805
Environmental services	9,739,521	11,512,498	10,880,547
Industrial property	1,801,818	2,513,495	2,379,663
Social and family services	30,000	15,423	77,711
Recreation and cultural services	10,326,622	11,232,476	10,527,081
Planning and development	1,749,818	1,749,941	1,552,117
Total expenses	51,423,850	59,901,322	55,061,252
Annual surplus	6,585,231	5,768,361	9,749,373
Accumulated surplus, beginning of year	218,454,012	227,839,293	218,454,012
Adjustment on adoption of asset retirement obligation standard (note 19)	-	-	(364,092)
Accumulated surplus, beginning of year, as restated	218,454,012	227,839,293	218,089,920
Accumulated surplus, end of year (note 10)	225,039,243	$ 233,607,654	$ 227,839,293

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Changes in Net Financial Assets

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

	Budget 2023	Actual 2023	Actual 2022
	(note 14)		(restated note 19)
Annual surplus	6,585,231	5,768,361	9,749,373
Acquisition of tangible capital assets	(19,750,973)	(22,549,309)	(9,250,515)
Decrease/(increase) in construction-in-progress	-	615,439	(5,231,361)
Amortization of capital assets	7,401,122	8,640,678	8,413,373
Loss/(gain) on disposal of tangible capital assets	-	(101,822)	121,084
Proceeds on disposals of tangible capital assets	-	147,529	42,940
Increase in other assets	-	(209,774)	(1,842,515)
Change in net financial assets	(5,764,620)	(7,688,898)	2,002,379
Net financial assets, beginning of year, as previously stated	13,016,278	14,589,398	13,016,278
Adjustment on adoption of asset retirement obligation standard (note 19)	-	-	(429,259)
Net financial assets, beginning of year, as restated	13,016,278	14,589,398	12,587,019
Net financial assets, end of year	7,251,658	6,900,500	14,589,398

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Cash Flows

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

	2023	2022
Operations:		
Annual surplus	$ 5,768,361	$ 9,749,373
Items not involving cash:		
Amortization of tangible capital assets	8,640,678	8,413,373
Loss on disposal of tangible capital assets	(101,822)	121,084
Increase in employee future benefit liability	99,415	224,900
Changes in non-cash working capital balances		
Taxes receivable	(696,810)	448,180
Receivables - grant	34,122	(422,976)
Receivables - other	(1,378,206)	332,756
Other financial assets	149,100	(75,665)
Other assets	(209,774)	(1,842,515)
Note receivable	400,000	-
Accounts payable and accrued liabilities	2,602,961	3,303,043
Special holdings	(469,442)	-
Deferred revenue	525,605	103,602
Deferred revenue - obligatory reserve funds	10,171,089	35,933
Net change in cash from operations	25,535,277	20,391,088
Capital activities:		
Acquisition of tangible capital assets	(22,549,309)	(9,250,515)
Decrease (increase) in construction-in-progress	615,439	(5,231,361)
Proceeds on disposal of tangible capital assets	147,529	42,940
Net change in cash from capital activities	(21,786,341)	(14,438,936)
Investing activities:		
Increase in investment in Town of Cobourg Holdings Inc.	(287,380)	(1,041,067)
Decrease (increase) in investments	709,299	(4,736,445)
Net change in cash from investing activities	421,919	(5,777,512)
Financing activities:		
Repayment of long-term liabilities	(559,823)	(1,488,549)
Repayment of promissory note	(45,000)	(45,000)
Net change in cash from financing activities	(604,823)	(1,533,549)
Increase (decrease) in cash	3,566,032	(1,358,909)
Cash, beginning of year	10,632,402	11,991,311
Cash, end of year	$ 14,198,434	$ 10,632,402

See accompanying notes to consolidated financial statement

1. Significant accounting policies:

The consolidated financial statements of The Corporation of the Town of Cobourg (the "Town") are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

(a) Basis of consolidation

(i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenue, expenses and fund balances of the current, capital and reserves of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards which are owned or controlled by the Town.

Interdepartmental and interoganizational transactions and balances between these organizations are eliminated. These consolidated financial statements include:

Downtown Business Improvement Area of Cobourg
The Corporation of the Town of Cobourg Public Library Board
Waterworks of the Town of Cobourg

These consolidated financial statements also include the assets, liabilities, revenue and expenses of the industrial property, which is 100% owned by the Town.

(ii) Investment in Town of Cobourg Holdings Inc:

Town of Cobourg Holdings Inc. ("TCHI") and its subsidiaries are accounted for on a modified equity basis, consistent with Canadian public sector accounting standards. Under the modified equity basis of accounting, the business enterprise's accounting principles are not adjusted to conform to those of the Town, and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of TCHI in its Consolidated Statement of Operations and Accumulated Surplus with a corresponding increase or decrease in its investment asset account. Any dividends that the Town may receive from TCHI will be reflected as reductions in the investment asset account.

(iii) Accounting for school board and County transactions:

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards, and the Corporation of the County of Northumberland (the "County of Northumberland") are not reflected in the municipal fund balances of these consolidated financial statements. Overlevies (underlevies) are reported on the Consolidated Statement of Financial Position.

(b) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as they become earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

1. Significant accounting policies (continued):

(c) Deferred revenue - obligatory reserve funds:

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

(d) Employee future benefit liability:

The Town accrues its obligations for employee benefit plans which require funding in future periods. The cost of post-retirement and post-employment benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

Actuarial gains (losses), which can arise from changes in actuarial assumptions used to determine the accrued benefit obligation, are amortized over the average remaining service life of the related employee groups, which is estimated to be 13 years (2022 - 13 years).

(e) Deferred revenue:

The Town 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 charges and fees 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.

(f) Investments:

Investements are recorded at cost plus accrued interest and amortization of purchase premiums and discounts. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

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

(g) Asset retirement obligations:

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

Under the modified retroactive method, the discount rate and 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.

1. Significant accounting policies (continued):

(g) Asset retirement obligations (continued)

The liability for the removal of asbestos in several of the buildings owned by the Town 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. The related tangible capital assets are being amortized with the building following the amortization accounting policies.

(h) 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.

A liability for remediation of contaminated sites is recognized when a site is not in productive use and all of the following criteria are met:

(a) an environmental standard exists.

(b) contamination exceeds the environmental standard.

(c) the Town:

(i) is directly responsible; or

(ii) accepts responsbility

(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.

(i) Workplace safety and insurance compensation:

The Town bears the cost of certain insurance and prension benefits awarded under workplace safety and insurance legislation and accrues the actuarially determined cost of these obligations.

Actuarial gains (losses), which can arise from changes in actuarial assumptions used to determine the accrued obligation, are amortized over the mean term of the liabilities which is estimated to be 9 years (2022 - 9 years).

(j) Government transfers:

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized, any eligibility crieteria are met and a reasonable estimate of the amount 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 recognized as revenue as the liability is extinguished.

1. Significant accounting policies (continued):

(k) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that 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 revenue and expenses during the period. Actual results could differ from those estimates.

Significant areas requiring the use of management's estimates include management's estimates used to develop actuarial assumptions with respect to employee future benefit liabilities and asset retirement obligation.

(l) Land held for resale:

Land held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvment to prepare the land for sale or servicing.

(m) Property taxation:

The Town recognizes property tax revenue using the approved tax rate and the anticipated assessment. Taxes receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. The standard requires that property tax revenue be reported net of tax concessions. Tax transfers are reported as an expense and taxes levied on behalf of others in a flow through arrangement are not reported in the Consolidated Statement of Operations and Accumulated Surplus.

(n) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized using the following methods and annual rates:

Asset	Method	Years and Rates
Land improvements	Straight-line	20 to 80
Buildings and building improvements	Straight-line	15 to 95
Roads, sewer, water infrastructure	Straight-line	20 to 80
Machinery and equipment	Straight-line	3 to 30
Vehicles	Straight-line	6 to 20
Books and periodicals	Straight-line	7
Industrial property - land improvements and buildings	Declining-balance	5%

The Town utilitzes the straight line method with no amortizaiton charged in the year of acquisition. Assets under construction are not amortized until the asset is avaiable for productive use.

1. Significant accounting policies (continued):

(n) Non-financial assets (continued):

When conditions indicate that a tangible capital asset no longer contributes to the Town'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.

(ii) Contributions of tangible capital assets:

Contributions of tangible capital assets are recorded at their fair value at the date of receipt and also are recorded as revenue.

(iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

(iv) Inventories of supplies:

Inventories of supplies held for consumption are stated at the lower of cost and replacement cost.

(v) Interest capitalization:

The Town capitalizes interest costs associated with the acquisition or construction of a tangible capital asset up to the period of substantial completion.

(o) Financial instruments:

On January 1, 2023, the Town adopted PS 3450 Financial Instruments which establishes accounting and reporting all types of financial instruments, including derivatives, as disclosed in Note 19. 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.

On application of this standard, a new statement, the Consolidated Statement of Remeasurement Gains and Losses 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 Consolidated 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 Consolidated Operations and Accumulated Surplus.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

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).

(o) Financial instruments (continued):

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 identitical 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.

All financial assets are assessed for impairment on an annual basis. Where a decline is determined to be other than temporary, the amount of the loss is reported in tech Statement of Operations and Accumulated Surplus and any unrealized gain is adjusted through the Statement of Remeasurement Gains and Losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the Statement of Operations and Accumulated Surplus.

(p) Statement of remeasurement gains and losses:

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

2. Investments:

Investments, which consist of guaranteed investment certificates earning rates of interest ranging from 0.90% to 4.50% per annum (2022 - 0.70% to 4.08% per annum) which mature between January 2023 to September 2025 (2022 - January 2023 and September 2025), are recorded on the Consolidated Statement of Financial Position at cost plus accrued interest which approximates market value. Of these investments, $3,462,155 are being held in trust from a developer and all investement income earned is payable to the developer (2022 - $4,573,811). Investments which have matured subsequent to December 31, 2023 have been reinvested.

The investments are level 1 in the fair value hierarchy. During the year there were no transfers between fair value hierarchy levels.

3. Operations of school boards and the County of Northumberland:

Requisitions were made by the school boards and the County of Northumberland requiring the Town to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

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	School Boards		County of Northumberland	
	2023	2022	2023	2022
Amounts requisitioned and collected	$ 7,209,796	$ 7,068,321	$ 16,455,519	$ 15,105,839

4. Investment in Town of Cobourg Holdings Inc.:

In compliance with provincial legilslation enacted to restructure the electricity industry in Ontario, Council approved the incorporation of the electricity distribution business of the former Public Utilities Commission - Electric Department of Cobourg (the "Commission") in April 2000. Through its 99.9% interest in Town of Cobourg Holdings Inc. ("TCHI"), the Town retains its interest in the electricity business conducted by TCHI.

As part of electricity restructuring, incorporated distribution utilities have been allowed to take on commercial debt structures and have the ability to earn a regulated commercial rate of return. Effective May 1, 2000, the electricity distribution business formerly conducted by the Commission was transferred to TCHI. The Corporation's consolidated financial statements as a result of the transaction are comprised of the following:

	2023	2022
9,999,999 common shares of TCHI	$ 7,002,145	$ 7,002,145
Retained earnings, beginning of year	7,139,227	6,098,160
Pro-rata share of net income during the year (note 4	337,728	889,790
Pro-rata share of accumulated other comprehensive income	(50,348)	151,277
Total investment in Town of Cobourg Holdings Inc.	$ 14,428,752	$ 14,141,372

4. Investment in Town of Cobourg Holdings Inc.:

The following tables provide condensed supplementary financial information with respect to the Town's investment in TCH as at December 31, 2023 and December 31, 2022 and its results of operations for both years:

(a) Financial Position:

	2023	2022
Current assets	$ 9,023,772	$ 10,315,282
Capital assets	31,532,212	27,532,323
Other assets	2,753,509	3,076,310
Total assets	43,309,493	40,923,915
Current liabilities	8,620,650	9,255,213
Long-term liabilities	18,067,884	16,521,485
Regulatory deferral account credit balances	2,192,207	1,005,845
Total liabilities	28,880,741	26,782,543
Net assets	$ 14,428,752	$ 14,141,372

(b) Results of operations:

	2023	2022
Revenue	$ 36,010,944	$ 34,585,761
Expenses	(35,673,216)	(33,695,971)
Net earnings for the period	$ 337,728	$ 889,790

(c) The note recievable bears interest at 3.49% (2022 - 3.49%) per annum. The Town does not intend to demand repayment from LUI, a wholly-owned subsidiary of TCHI. Interest earned on this note amount to $244,300 (2022 - $244,300). Fair value of the note receivable is indeterminable as it is a non-arm's length loan.

(d) The promissory note payable to LUI bears interest at 3.22% and is due in annual repayments of $45,000 plus interest with the total balance due on January 1, 2029. Interest paid in 2023 was $10,143 (2022 - $11,592).

5. Asset retirement obligation:

The Town's asset retirement obligations (AROs) consist of obligations as follows:

(a) Asbestos and other obligations:

The Town owns several buildings that are known to have asbestos, which represents a health hazard upon demolition/decommission and there is a legal obligation to remove it. The Town recognized an obligation relating to the removal and post-removal care of the asbestos as estimated at December 31, 2022. These costs were not discounted due to uncertainty surrounding the expected timing of cash outflows.

The transition and recognition of AROs involved an accompanying increase to the buildings tangible capital assets and the restatement of prior year balances (see note 19).

	Asbestos and other removal	Total
Balance, January 1, 2022, as previously stated	$ -	$ -
Adjustment on adoption of PS 3280 asset retirement obligations (note 19)	429,259	429,259
Balance January 1, 2022, as restated	429,259	429,259
Remeasurement	-	-
Balance, December 31, 2022, as restated	429,259	429,259
Remeasurement	-	-
Balance, December 31, 2023	$ 429,259	$ 429,259

No remediation work occurred during the year ended December 31, 2023 or December 31, 2022.

6. Industrial property:

Non-financial assets of the Industrial property represent the unamortized cost of the land, land improvements and buildings purchased by the Town and rented out. The Industrial property is included in tangible capital assets on the Consolidated Statement of Financial Position.

	Cost	Accumulated Amortization	Net book value 2023	Net book value 2022
Land	$ 3,125,000	$ -	$ 3,125,000	$ 3,125,000
Land improvements	1,046,029	436,465	609,564	413,495
Buildings	31,344,495	13,667,501	17,676,994	13,066,380
	$ 35,515,524	$ 14,103,966	$ 21,411,558	$ 16,604,875

Cost and accumulated amortization of industrial property at December 31, 2022 amounted to $29,896,629 and $13,291,754, respectively.

(a) Financial position:

Included in the Consolidated Statement of Financial Position are the following assets and liabilities pertaining to the industrial property operations:

	2023	2022
Cash	$ 428,087	$ 1,971,192
Investments	5,343,544	5,082,192
Accounts receivable	195,963	6,929
Prepaid expenses	61,807	56,255
Industrial property	21,411,558	16,604,875
Total assets	27,440,959	23,721,443
Accounts payable and accrued liabilities	3,496,879	228,309
Deferred revenue	183,890	87,417
Total liabilities	3,680,769	315,726
Net equity in industrial property	$ 23,760,190	$ 23,405,717

6. Industrial property:

(b) Results of operations and change in net equity:

The following table provides condensed financial information for the industrial property operations:

	2023	2022
Gross rental income	$ 3,854,753	$ 3,498,519
Operating expenses	(1,456,168)	(1,352,708)
Operating expenses recovery	1,039,671	992,772
Administrative expenses	(245,115)	(323,783)
Amortization	(812,212)	(703,172)
Net earnings for the year	$ 2,380,929	$ 2,111,628
Equity, beginning of the year	$ 23,405,716	$ 19,243,618
Net earnings for the period	2,380,929	2,111,628
Transfer to reserves	(2,026,455)	(1,507,064)
Capital reserve	-	3,557,534
Equity, end of year	$ 23,760,190	$ 23,405,716

The industrial property is managed by an independent management company under a year-to-year contract. Rental income is recognized on a straight-line basis over the term of the tenants' respective lease agreements.

7. Deferred revenue - obligatory reserve funds:

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

	2023	2022
Balance, begining of year	$ 11,924,088	$ 11,888,155
Recreational land	-	149,568
Federal grant - Canada Community-Building Fund	643,349	616,543
Provincial grant - gasoline tax transit	199,710	216,330
Development contributions	7,865,824	1,790,472
Building code	509,258	10,000
Ontario Community Infrastructure Fund	1,393,174	1,395,417
Cannabis Fund	-	-
SRA - Transit	-	-
Investment income	772,450	278,059
Utilization - capital	(956,857)	(3,497,198)
Utilization - operating	(255,819)	(923,258)
Balance, end of year	$ 22,095,177	$ 11,924,088
Analyzed as follows:		
Sub-divider contributions	$ 337,956	$ 335,566
Recreational land	907,598	395,434
Ontario Community Infrastructure Fund	1,591,948	193,967
SRA - Transit	-	96,376
Cannabis Funds	27,430	27,430
Development charges	15,372,209	8,154,296
Building code	1,936,557	1,417,299
Provincial grant - gasoline tax transit	65,831	68,608
Federal grant - Canada Community-Building Fund	1,855,648	1,235,112
	$ 22,095,177	$ 11,924,088

8. Employee future benefit liability:

(a) Extended health care and dental benefits:

(i) The Corporation of the Town of Cobourg:

The Town provides extended health care and dental benefits to its employees. The most recent independent actuarial valuation was undertaken as of December 31, 2022.

At December 31, 2023, the Town's accrued benefit liability relating to post-retirement and post-employment benefit plans is $2,863,235 (2022 - $2,806,754).

The signficant actuarial assumptions adopted in estimating the Town's accrued benefit obligation are as follows:

Discount rate	5.00% per annum
Inflation rate	2.00% per annum
Salary escalation	3.00% per annum
Dental benefits escalation	4.00% per annum
Health benefits escalation	6.00% in 2022 reducing by 0.33% per year to 4.00% in 2029

Information with respect to the Town's post-retirement and post-employment obligations is as follows:

	2023	2022
Accrued benefit, January 1	$ 2,806,754	$ 2,566,732
Plan amendment	-	96,677
Service cost	105,443	142,359
Benefits paid for the period	(219,836)	(178,838)
Interest cost	135,279	108,511
Amorization of actuarial loss	35,595	71,313
Accrued benefit liability, December 31	$ 2,863,235	$ 2,806,754

8. Employee future benefit liability (continued):

(a) Extended health care and dental benefits (continued):

The accrued benefit liability at December 31, 2023, includes the following compontents:

		2023		2022
Accrued benefit obligation	$	2,783,672	$	2,762,786
Unamortized actuarial gain		79,363		43,968
Accrued benefit liability, end of year	$	2,863,035	$	2,806,754

(ii) Waterworks of the Town of Cobourg:

The Waterworks of the Town of Cobourg (the "Waterworks") provides extended health, dental and life insurance benefits for retired employees. The most recent independent actuarial valuation was undertaken as of December 31, 2023.

At December 31, 2023, the accrued benefit liability relating to post-retirement benefit plans is $305,400 (2022 - $254,524).

The significant actuarial assumptions adopted in estimating the Waterworks' accrued benefit obligation are as follows:

Discount rate	4.65% per annum
Inflation rate	3.30% per annum
Salary escalation	3.30% per annum
Dental benefits escalation	5.40% in 2022 increasing by 0.20% per annum in 2025
Health benefits escalation	5.10% in 2022 increasing by 0.20% per annum until 2029

Information with respect to the Waterworks' post-retirement and post-employment obligations is as follows:

		2023		2022
Accrued benefit liability, January 1	$	254,524	$	267,747
Service cost		9,000		15,304
Benefits paid for the period		(42,724)		(44,329)
Amortization of actuarial loss		75,900		6,615
Interest cost		8,700		9,187
Accrued benefit liability, December 31	$	305,400	$	254,524

8. Employee future benefit liability (continued):

(b) Workplace safety and insurance:

In common with other Schedule 2 employers, the Town funded its obligations to the Workplace Safety and Insurance Board on a "pay-as-you-go" basis for employees under Schedule 2. An independent actuarial study of the Workplace Safety and Insurance Board liabilities was undertaken as at December 31, 2022.

Effective March 31, 2010, the Town is included in Workplace Safety and Insurance Board Schedule 1 and there has no additional liabilty for Workplace Safety and Insurance Board claims on or after that date.

At December 31, 2023, the Town's accrued benefit liability relating to future payments on Workplace Safety and Insurance Board claims is $59,392 (2022 - $67,134).

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

	2023	2022
Accrued benefit liability, beginning of year	$ 67,134	$ 69,033
Benefits paid for the period	(1,082)	(7,027)
Interest cost	397	3,165
Amortization of actuarial loss/(gain)	(7,057)	1,963
Accrued benefit liability, end of year	$ 59,392	$ 67,134

The accrued benefit liability at December 31, 2023, includes the following components:

	2023	2022
Accrued benefit obligation	$ 8,215	$ 90,080
Unamortized actuarial gain/(loss)	51,177	(22,946)
Accrued benefit liability	$ 59,392	$ 67,134

(c) Liability for vacation credits:

Compensated vacation expense is accrued for employees as entitlement to these payments is earned in accordance with the Town's benefit plans for vacation time. Vacation credits earned as at December 31, 2023 amount to $1,226,945 (2022 - $1,134,704) and are included in the accounts payable and accrued liabilities on the +Consolidated Statement of Financial Position.

8. Employee future benefit liability (continued):

(d) Employee future benefit liability:

	2023	2022
Employee future benefit liability is comprised of:		
Health and dental benefits - Town	$ 2,863,035	$ 2,806,754
Workplace safety and insurance	59,392	67,134
	2,922,427	2,873,888
Health, dental and life insurance benefits - Waterworks	305,400	254,524
	$ 3,227,827	$ 3,128,412

9. Net long-term liabilities:

(a) The balance of the net long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2023	2022
Total long-term liabilities incurred by the Town and oustanding at the end of the year	$ 3,150,508	$ 3,710,331

(b) Of the net long-term liabilities reported in note 9(a) of this note, principal payments for the next five years and thereafter are payable from general municipal revenues as follows:

2024	$ 401,485
2025	413,905
2026	426,713
2027	439,920
2028	324,272
Thereafter	1,144,213
	$ 3,150,508

9. Net long-term liabilities: (continued):

(c) Approval of the Ontario Municipal Board or by-law as required has been obtained for the long-term liabilities in note 9(a) issued in the name of the Town.

(d) Total interest on long-term liabilities that are reported on the Consolidated Statement of Operations and Accumulated Surplus amount to $118,457 (2022 - $148,232). The long-term liabilities bear interest at rates ranging from 2.70% to 3.35% (2022 - 2.93% to 3.35%) with term renewals to take place in 2023 through 2033 (2022 - 2023 through 2033). Long-term liabilities which have matured subsequent to December 31, 2023 have been renewed.

10. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2023	2022 (restated - note 19)
Surplus (deficit):		
Operations	$ (5,055,122)	$ (822,006)
Promissory note payable to Town of Cobourg Holdings Inc.	(270,000)	(315,000)
Waterworks	3,252,485	3,424,971
Downtown Business Improvement Area	142,351	220,910
Town of Cobourg Public Library Board	169,236	165,908
Note receivable from Town of Cobourg Holdings Inc.	6,600,000	7,000,000
Investment in Town of Cobourg Holdings Inc.	14,428,752	14,141,372
Total Surplus	19,267,702	23,816,155
Investment in tangible capital assets:		
Tangible capital assets	222,901,630	209,654,145
Asset retirement obligation	(429,259)	(429,259)
Long-term debt	(3,150,508)	(3,710,331)
Total investment in tangible capital assets	219,321,863	205,514,555
Unfinanced capital	(11,603,189)	(9,975,260)
Unfunded:		
Employee future benefits	(3,227,827)	(3,128,412)
Reserves:		
Contingencies	1,854,099	424,644
Parking	829,757	474,430
Current:		
General	231,663	840,001
Social and Health Services	686,185	701,608
Library	216,829	200,212
Capital:		
General Government	1,439,167	980,269
Protection services	3,055,143	3,745,338
Transportation services	1,420,736	1,114,656
Environmental services	(1,615,533)	1,422,754
Recreation and cultural services	799,990	594,587
Planning and development	931,069	1,113,756
Total reserves	9,849,105	11,612,255
Total accumulated surplus	$ 233,607,654	$ 227,839,293

11. Classification of expenses by object:

The Consolidated Statement of Operations presents the expenses by function, whereas the following classifies those same expenses by object:

	2023	2022
Salary, wages and employee benefits	$ 28,818,692	$ 26,669,589
Operating materials and supplies	8,530,133	8,295,096
Contracted services	11,992,025	10,386,768
Rents and financial expenses	322,737	626,913
External transfers to other	1,478,599	521,281
Interest on long-term debt	118,458	148,232
Amortization of tangible capital assets	8,640,678	8,413,373
	$ 59,901,322	$ 55,061,252

12. Pension agreements:

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. As a result, the Town does not recognize any share of the OMERS pension plan, on behalf of its staff. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2023. At that time, the plan reported a $4.202 million actuarial deficit (2022 - $6.678 million actuarial deficit). The plan is a defined benefit plan which specifies the amount of the retirment benefit to be received by the employees based on the length of service and rates of pay.

For the ended December 31, 2023, the amount contributed for and included as current service pension cost expenses on the Consolidated Statement of Operations and Accumulated Surplus is $2,234,625 (2022 - $1,957,259).

13. Tangible capital assets:

Cost	Balance at December 31, 2022 (restated note 19)	Additions	Disposals/ transfers/ write-offs	Balance at December 31, 2023
Land	$ 15,347,882	$ -	$ -	$ 15,347,882
Land improvements	12,638,216	496,836	-	13,135,052
Buildings and building improvements	81,767,112	5,975,160	-	87,742,272
Machinery and equipment	17,611,343	2,077,346	(5,410)	19,683,279
Vehicles	11,396,855	1,187,372	(506,201)	13,090,428
Roads infrastructure	42,551,718	1,147,722	-	43,699,440
Sewer infrastructure	98,311,436	1,602,046	-	99,913,482
Water infrastructure	48,136,490	889,658	-	49,026,148
Books and periodicals	504,589	67,318	(84,853)	487,054
Construction-in-progress	19,372,695	7,478,010	-	26,850,705
	$ 347,638,336	$ 20,921,468	$ (596,464)	$ 368,975,742

Accumulated Amortization	Balance at December 31, 2022 (restated note 19)	Amortization expense	Disposals/ transfers/ write-offs	Balance at December 31, 2023
Land	$ -	$ -	$ -	$ -
Land improvements	5,563,195	370,553	-	5,933,748
Buildings and building improvements	31,941,027	2,257,491	-	34,198,518
Machinery and equipment	10,998,864	965,760	5,410	11,959,214
Vehicles	6,659,894	780,938	460,494	6,980,338
Roads infrastructure	18,816,887	951,734	-	19,768,621
Sewer infrastructure	42,543,265	2,007,000	-	44,550,265
Water infrastructure	21,149,711	1,247,400	-	22,397,111
Books and periodicals	311,348	59,802	84,853	286,297
Construction-in-progress	-	-	-	-
	$ 137,984,191	$ 8,640,678	$ 550,757	$ 146,074,112

13. Tangible capital assets (continued):

	Net book value December 31, 2022 (restated - note 19)	Net book value December 31, 2023
Land	$ 15,347,882	$ 15,347,882
Land improvements	7,075,021	7,201,304
Buildings and building improvements	49,826,085	53,543,754
Machinery and equipment	6,612,479	7,724,065
Vehicles	4,736,961	6,110,090
Roads infrastructure	23,734,831	23,930,819
Sewer infrastructure	55,768,171	55,363,217
Water infrastructure	26,986,779	26,629,037
Books and periodicals	193,241	200,757
Construction-in-progress	19,372,695	26,850,705
	$ 209,654,145	$ 222,901,630

(a) Construction-in-progress:

Construction-in-progress having a value of $26,850,705 (2022 - $19,372,695) has not been amortized. Amortization of this asset will commence when the aset is put into service.

(b) Tangible capital assets disclosed at nominal value:

Where an estimate of fair value could not be made, the tangible asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

(c) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year amounted to $Nil (2022 - $Nil).

(d) Assets held for sale in the amount of $2,395,528 (2022 - $2,389,070) are included in other assets on the Consolidated Statement of Financial Position.

14. Budget figures:

The budget figures reported on the Consolidated Statement of Operations are based on the 2023 municipal and other local board operating and capital budgets as approved by Council on January 31, 2024.

Approved budget figures also include council approved budget estimates for Public Sector Accounting Board (PSAB) reporting requirements. 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 amounts. The chart below reconciles the approved Town operating budges and PSAB budget estimates to the total consolidated budget figures as reported on the Consolidated Statement of Operations and Accumulated Surplus.

14. Budget figures (continued):

	Budget 2023
Total revenue as reported on the consolidated statement of opeartions:	
Operating budget	40,140,307
Water budget	6,532,529
Wastewater budget	6,641,443
Northam Industrial Park budget	4,694,802
	58,009,081
Total expenses as reported on the consolidated statement of operations:	
Operating budget	39,935,010
Water budget	5,022,242
Wastewater budget	4,717,279
Northam Industrial Park budget	1,749,319
	51,423,850
Annual operating surplus	6,585,231
Budget not reported on consolidated financial statements:	
Operating net transfer to (from) reserves	(29,704)
Principal debt repayments	235,000
Operating transfer to reserves - water	1,510,287
Operating transfer to reserves - wastewater	1,924,164
Operating transfer to reserves - Northam Industrial Park	2,945,484
Total budgeted surplus not reported on consolidated financial statements	6,585,231

15. Contingent liabilities:

(a) The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims at December 31, 2023, management believes that the Town has valid defenses and appropriate and adequate 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 inthe consolidated financial statements.

(b) In 2014, the Town assumed ownership of property that was identified as being contaminated. In accordance with the site management plan established by the Town, regular monitoring and sampling of ground water is performed. To date, this monitoring has indicated that certain levels of contaminants have decreased. Until the Town is required to complete a zoning amendment that would identify the need for another Phase II environmental assessment, the estimates for remediation, if any, remains uncertain and unmeasurable.

(c) In 2019, the Town entered into two letters of guarantee with its financial institution as required by the Ministry of Fisheries and Oceans as a requirement for the ongoing midtown creek capital project to address flooding. The letters of guarantee amount to $935,000 (2022 - $935,000) and will automatically renew until the project is complete.

16. Segmented information:

The Town is a municipal government institution that provides a range of services to its citizens, including police, fire, transportation, recreational, and environmental. For management reporting purposes the Town's operations and activities are organized and reported by department. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General Government Administration: Includes administration, corporate services and governance of the Town. Administration as a segment includes human resource management, support to Council for policy development, by-law development in complliance with the Municipal Act, tax billing and collection responsbilities, financial management reporting, monitoring and overal budget status as well as frontline reception and customer service.

(b) Protection Services: Includes policing, fire protection, conservation authority, protective inspection and control and emergency measures. The mandate of the police services is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes inspection, extinguishing and suppression services; emergency medical first reponse; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.

16. Segmented information (continued):

(c) Transportation Services: This department provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts.

(d) Environmental Services: Includes the management and maintenance of the wastewater plant and sanitary sewer distribution services.

(e) Industrial Property: Includes the management and maintenance of the Industrial Park.

(f) Water Services: Includes the management and maintenance of water treatment and distribution.

(g) Health and Social Services: Provides resources to assist with community physician recruitment and retention and assistance with one specific housing project.

(h) Planning and Development: Manages development for business interests, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geomatics services.

(i) Parks, Recreation and Culture: Provides services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks, recreation fields, arena and marina.

For each segment separately reported, the segment revenue 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. These municipal services are funded primarily by property tax revenue.

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.

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Schedule of Segment Information
Year ended December 31, 2023

	General Government Administration	Protection Services	Transportation Services	Environmental Services	Industrial Property	Water Services	Health and Social Services	Planning and Development	Parks, Recreation, and Culture	Total
Revenue:										
Taxation										
Property in lieu of taxation revenue distributed	$4,684,337	$11,716,608	$4,857,760	($1,321,736)	-	-	$15,423	$1,593,876	$6,963,938	$28,510,206
Payments in lieu of taxation revenue distributed	10,645	18,586	44,386	68,025	-	-	-	1,020	54,559	197,221
User charges	287,100	5,926,159	1,526,581	7,073,889	-	6,260,414	-	-	3,487,280	24,561,423
Development charges	-	4,425	34,782	-	-	815,034	-	-	170,558	1,024,799
Contributed tangible capital assets	-	-	177,305	180,761	-	-	-	-	-	358,066
Grants:										
Government of Canada	-	-	-	72,751	-	-	-	-	18,015	90,766
Province of Ontario	31,183	943,416	240,819	554,640	-	-	-	-	105,143	1,875,201
Other Municipalities	-	727,304	-	-	-	-	-	-	422,864	1,150,168
Other:					-					
Rental income	1,122	-	-		4,894,422	-	-	156,298	16,500	5,068,342
Penalty and interest	18,348	32,035	76,506	117,249	-	-	-	1,759	94,040	339,937
Other income	19,403	1,153,972	162,943	21,205	-	415,195	-	-	-	1,772,718
Donations	-	-	-	-	-	-	-	-	27,596	27,596
Interest income - Town of Cobourg Holdings Inc.	244,296	-	-	-	-	-	-	-	-	244,296
Interest and dividend income	(145,218)	-	-	-	-	198,959	-	-	6,003	59,744
Gain (loss) on sale of tangible capital assets	-	(952)	15,436	60,000	-	-	-	-	27,338	101,822
Net equity increase in investment in Town of Cobourg Holdings Inc.	287,380	-	-	-	-	-	-	-	-	287,380
	5,438,596	20,521,553	7,136,518	6,826,784	4,894,422	7,689,602	15,423	1,752,953	11,393,834	65,669,685
Expenses:										
Salaries, wages, and employee benefits	3,283,918	15,437,145	2,546,747	2,035,737	-	-	-	1,031,154	4,483,992	28,818,693
Long-term debt charges (interest)	-	-	10,143	1,298	-	28,373	-	-	78,643	118,457
Materials	461,964	2,095,971	995,677	1,716,775	-	-	-	356,937	2,902,809	8,530,133
Contracted services	1,241,300	2,050,371	1,925,617	644,635	1,701,283	3,228,432	-	311,909	888,479	11,992,026
Rents and financial expenses	79,097	11,663	72,795	121,927	-	-	-	20,000	17,255	322,737
External transfers	0	251,353	-	-	-	-	15,423	-	1,211,823	1,478,599
Amortization	340,689	619,636	1,453,404	2,104,856	812,212	1,630,464	0	29,942	1,649,475	8,640,678
	5,406,968	20,466,139	7,004,383	6,625,228	2,513,495	4,887,269	15,423	1,749,942	11,232,476	59,901,323
Annual surplus/(deficit)	$31,628	$55,414	$132,135	$201,556	$2,380,927	$2,802,333	$0	$3,011	$161,358	$5,768,362

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Schedule of Segment Information
Year ended December 31, 2022

	General Government Administration	Protection Services	Transportation Services	Environmental Services	Industrial Property	Water Services	Health and Social Services	Planning and Development	Parks, Recreation, and Culture	Total
Revenue:										
Taxation										
Property in lieu of taxation revenue distributed	$3,116,356	$10,543,896	$2,166,755	$1,549,930	-	-	$77,711	$1,290,716	$7,784,937	$26,530,301
Payments in lieu of taxation revenue distributed	10,041	17,531	41,867	64,163	-	-	-	962	51,462	186,026
User charges	273,860	6,137,890	815,896	6,383,246	-	6,154,178	-	221,157	3,035,569	23,021,796
Development charges	45,511	100,782	-	321,377	-	188,124	-	-	504,000	1,159,794
Contributed tangible capital assets	-	-	993,849	-	-	-	-	-	-	993,849
Grants:										
Government of Canada	4,551	-	1,071,830	-	-	-	-	-	19,500	1,095,881
Province of Ontario	108,476	869,409	2,310,065	34,894	-	-	-	-	103,229	3,426,073
Other Municipalities	-	729,328		-	-	-	-	-	354,311	1,083,639
Other:										
Rental income	588	-	-	60,000	4,548,826	-	-	58,654	17,180	4,685,248
Penalty and interest	19,344	33,775	80,661	123,618	-	-	-	1,854	99,148	358,400
Other income	(474)	333,321	403,300	-	-	228,157	-	-	27,409	991,713
Donations	5,000	-	-	-	-	-	-	-	47,424	52,424
Interest income - Town of Cobourg Holdings Inc.	244,300	-	-	-	-	-	-	-	-	244,300
Interest and dividend income	9,937	-	-	-	-	48,356	-	-	1,371	59,664
Gain (loss) on sale of tangible capital assets	-	2,320	(124,344)	-	-	-	-	-	940	(121,084)
Net equity increase in investment in Town of Cobourg Holdings Inc.	1,041,067	-	-	-	-	-	-	-	-	1,041,067
	4,878,557	18,768,252	7,759,879	8,537,228	4,548,826	6,618,815	77,711	1,573,343	12,046,480	64,809,091
Expenses:										
Salaries, wages, and employee benefits	2,324,438	14,543,305	2,422,220	1,712,936	-	-	-	849,171	4,817,519	26,669,589
Long-term debt charges (interest)	-	-	18,627	6,253	-	33,635	-	-	89,717	148,232
Materials	471,039	1,773,071	1,108,151	1,614,993	-	-	-	439,016	2,888,826	8,295,096
Contracted services	1,075,954	1,144,381	1,816,996	663,361	1,676,491	2,978,327	-	218,043	857,500	10,431,053
Rents and financial expenses	388,427	7,118	77,047	116,440	-	-	-	15,000	22,881	626,913
External transfers	-	244,671	-	-	-	-	77,711	-	198,899	521,281
Amortization	322,261	562,663	1,343,764	2,059,393	703,172	1,739,494	-	30,887	1,651,739	8,413,373
	4,582,119	18,275,209	6,786,805	6,173,376	2,379,663	4,751,456	77,711	1,552,117	10,527,081	55,105,537
Annual surplus	$296,438	$493,043	$973,074	$2,363,852	$2,169,163	$1,867,359	$0	$21,226	$1,519,399	$9,703,554

17. Comparative information:

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

18. Financial instruments and risk management:

a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Town of Cobourg is exposed to credit risk with respect to accounts receivable and taxes (collectively its "receivables") on the Consolidated Statement of Financial Position.

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

	Current	Past Due	Gross receivables	Allowances	Net Receivables
Accounts receivables	$5,760,097	$3,048,595	$8,808,692	($47,684)	$8,761,008
Taxes receivable	567,414	2,260,774	$2,828,188	(56,000)	2,772,188
	$6,327,511	$5,309,369	$11,636,880	($103,684)	$11,533,196

Amounts pas due but not allowed for are deemed by management to be collective based on historical experience regarding collections.

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

b) Market risk:

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and other price risks, will affect the Town's net results of operations or the fair value of its holdings of financial instruments. Market risk includes three types of risk: currency risk, interest rate risk, and other price risk.

(i) Currency risk:

Currency risk arises from the Town'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 Town does not have any material transactions or financial instruments denominated in foreign currencies.

(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 variable interest rates expose the Town to this risk.

18. Financial instruments and risk management:

The Town is exposed to this risk through its interest-bearing investments, including fixed income securities. As at December 31, 2023, had prevailing interest rates increased or decreased by 1% assuming a parallel shift in the yield curve with all other variables held constant, the estimated impact on the market value of investments would be approximately $34,622 (2022 - $44,717). This risk is mitigated by the Town's intention to hold these investments to maturity.

In addition to the above, the Town is exposed to interest rate risk as it has municipal debt bearing interest at a fixed rate as described in note 9. As prevailing interest rates fluctuate, the market value of these debts will fluctuate. This risk is mitigated by the Town's intention to hold the debt to maturity.

(iii) Other price risk:

Other price risk arises when the fair value of equity funds changes due to a decrease in a stock market index or other risk variables. The Town is not exposed to this risk based on the composition of the current investment portfolio.

c) Liquidity risk:

Liquidity risk is the risk that the Town will not be able to meet all of its cash outflow obligations as they come due. The Town mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current and the terms of municipal debt is disclosed in note 9).

There have been no significant changes in these risk exposures from 2022.

19. Changes in accounting policies:

The Town 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 standards introduces the Consolidated Statement of Remeasurement Gains and Losses separate from the Consolidated Statement of Operations and Accumulated Surplus. 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.

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 new Consolidated Statement of Remeasurement Gains and Losses.

19. Changes in accounting policies:

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.

PS 3280 Asset Retirement Obligations:

On January 1, 2022, the Town adopted Canadian public sector accounting standard PS 3280 Asset Retirement Obligations. The new accounting standard 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 accounting standard PS 3270 Solid Waste Landfill Closure and Post-Closure Liability. The standard was adopted on the modified retroactive basis at the date of adoption. Under the modified retroactive method of adoption, the assumptions used to estimate the Town's asset retirement obligations are applied as of the date of adoption of the standard.

On January 1, 2022, the Town recognized an asset retirement obligation relating to several buildings owned by the Town that contain asbestos. The Town did not reassess the useful life of the assets as it was deemed impractical to do so.

In accordance with the provisions of this new standard, the Town reflected the following adjustments as at December 31, 2022.

	As previously reported	Adjustments	As restated
Consolidated Statement of Financial Position:			
Tangible capital assets	206,690,586	65,169	206,755,755
Asset retirement obligations	-	429,259	429,259
Accumulated surplus	225,304,993	(364,092)	224,940,901
Consolidated Statement of Changes in Net Financial Assets:			
Annual Surplus	9,778,165	-	9,778,165
Amortization of tangible capital assets	8,054,257	-	8,054,257
Changes in net financial assets	2,002,379	-	2,002,379
Consolidated Statement of Operations and Accumulated Surplus:			
Amortization of tangible capital assets	8,054,257	-	8,054,257
Annual surplus	9,778,165	-	9,778,165

20. Restatement of comparative information:

During the year, management reviewed the accounting for government transfers in a compontent, which was previously included as a contra component of tangible capital assets. Management identified transfers in prior years without eligiblity criteria or stipulations that should have been recognized as revenue when the transfer was authorized, as required by the Canadian public sector accounting standards.

The impact of this correction has been recorded retroactively in the December 31, 2022 comparative information, as follows:

	As previously reported	Adjustments	As adjusted
Statement of Financial Position as at January 1, 2022:			
Capital assets	200,757,315	2,927,184	203,684,499
Total non-financial assets	202,510,550	2,927,184	205,437,734
Accumulated surplus, December 31, 2022	215,526,828	2,927,184	218,454,012
Statement of Financial Position as at December 31, 2022:			
Capital assets	206,690,586	2,898,392	209,588,978
Total non-financial assets	210,286,336	2,898,392	213,184,728
Accumulated surplus, December 31, 2022	225,304,993	2,898,392	228,203,385
Statement of Operations for the year ended December 31, 2022:			
Government grants	1,027,898	67,983	1,095,881
Total revenue	64,742,642	67,983	64,810,625
Amortization expense	8,054,257	96,775	8,151,032
Total expenses	54,964,477	96,775	55,061,252
Annual surplus	9,778,165	(28,792)	9,749,373
Statement of Changes in Net Financial Assets for the year ended December 31, 2022:			
Annual surplus	9,778,165	(28,792)	9,749,373
Acquisition of tangible capital assets	(8,920,191)	(67,983)	(8,988,174)
Amortization of tangible capital assets	8,054,257	96,775	8,151,032
Change in net financial assets	2,002,379	-	2,002,379
Net financial assets, beginning of year	13,016,278	-	13,016,278
Net financial assets, end of year	15,018,657	-	15,018,657
Statement of Cash Flows for the year ended December 31, 2022:			
Annual surplus	9,778,165	(28,792)	9,749,373
Amortization of tangible capital assets	8,054,257	96,775	8,151,032
Cash flow from operating activitie	20,060,764	67,983	20,128,747
Acquisition of tangible capital assets	(8,920,191)	(67,983)	(8,988,174)
Cash flow from capital activities	14,108,612	(67,983)	14,040,629