



# Town of Cobourg 2021 Financial Statements

# Financial Statement Preparation

- Town of Cobourg's management team is responsible for all information contained in the Annual Financial Statements. These financial statements and accompanying notes have been prepared using reasonable limits of materiality and within the framework of the accounting principles and disclosure requirements of the Canadian Institute of Chartered Accountants guidelines included in the Public Sector Accounting and Auditing Standards Manual.



## External Audit

- The role of the external auditor, KPMG LLP (Kingston), is to express an independent opinion on the fair presentation of the Town's financial position and operating results as contained in the Financial Statements, confirming that the statements are free from material misstatements. It is the responsibility of the auditor to advise management and the Finance Department Coordinators of any control or operational issues that may be identified during the execution of their audit procedures.



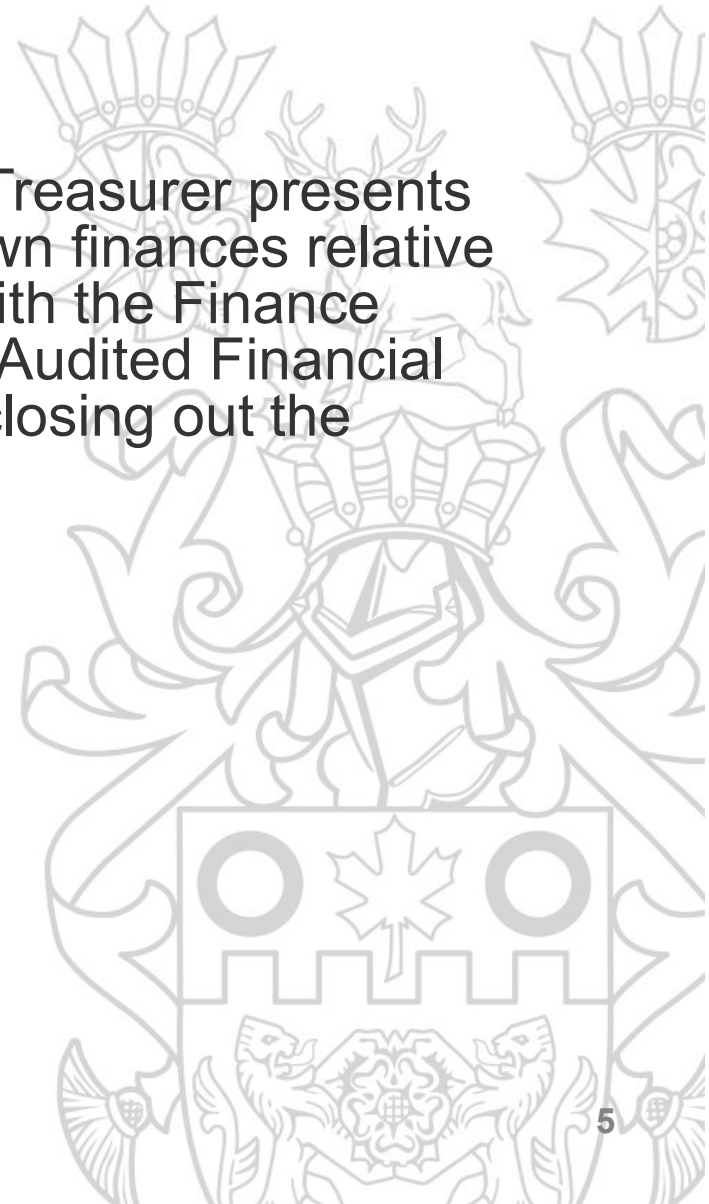
# Audit Committee

- Council:
  - Lucas Cleveland (Mayor)
  - Nicole Beatty (Deputy Mayor)
  - Brian Darling (Councillor)
- Staff:
  - Tracey Vaughan (CAO)
  - Ian Davey (Treasurer/ Director of Corporate Services)
  - Jen Heslinga (Senior Financial Analyst)
- KPMG Rep:
  - Lori Huber (KPMG Partner)



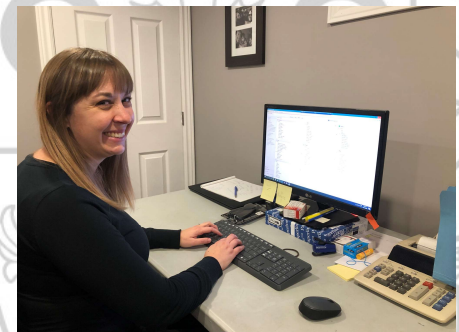
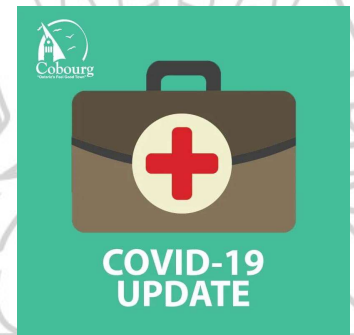
# Financial Reporting

- To ensure accountability and transparency, the Treasurer presents quarterly updates to Council on the status of Town finances relative to the current budget. Town auditors, together with the Finance Department, present to Council the final annual Audited Financial Statements for the Town, for Council approval, closing out the previous fiscal year.
- The Consolidated Financial Statements include:
  - Town department operations
  - Northam Industrial Park
  - Waterworks of the Town of Cobourg
  - Holdco (modified equity basis)
  - Downtown Business Improvement Area
  - Cobourg Public Library



# COVID-19 Impacts & Uncertainties

- Council approved the 2021 operating and capital budgets on January 21, 2021
- WHO categorized COVID-19 as a pandemic on March 11, 2020
- Impacts to 2021 budgets:
  - Service reductions
  - Declined user fee revenues
  - Reduced operating expenses
  - Additional costs relating to cleaning, signage, PPE etc
  - Delayed hiring and redeployed staff to other departments
  - Deferred some capital and special projects
  - IT efficiencies & work-from-home infrastructure
  - Increased reporting to council





## THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets:		
Cash	\$ 11,991,311	\$ 3,742,320
Investments (note 2)	4,919,558	3,882,502
Taxes receivable	2,523,558	2,675,093
Receivables – grant	405,719	781,050
Receivables – other	6,920,985	6,859,479
Other financial assets	583,817	627,316
Note receivable (note 4©)	7,000,000	7,000,000
Investment in Town of Cobourg Holdings Inc. (note 4(a))	13,100,305	12,735,086
	47,445,253	38,302,846
Liabilities:		
Accounts payable and accrued liabilities	13,332,862	13,032,192
Deferred revenue	745,566	207,016
Deferred revenue – obligatory reserve funds (note 6)	11,888,155	10,251,662
Employee future benefit liability (note 7(d))	2,903,512	2,756,203
Promissory note payable (note 4(d))	360,000	405,000
Net long-term liabilities (note 8 (a))	5,198,880	5,164,358
	34,428,975	31,816,431
Total net financial assets	13,016,278	6,486,415
Non-financial assets:		
Tangible capital assets (note 12)	200,757,315	200,982,190
Other assets (note 12(d))	1,753,235	1,452,026
	202,510,550	202,434,216
Contingent liabilities (note 14)		
Accumulated surplus (note 9)	\$ 215,526,828	\$ 208,920,631

See accompanying notes to consolidated financial statements.

## Financial Position (Balance Sheet)

→ Cash Flow Statement



## THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
<b>Operations:</b>		
Annual surplus	\$ 6,606,197	\$ 11,856,847
Items not involving cash:		
Amortization of tangible capital assets	8,240,402	7,836,762
Loss on disposal of tangible capital assets	7,234	2,761
Increase in employee future benefit liability	147,309	22,595
Changes in non-cash working capital balances:		
Taxes receivable	151,535	(71,929)
Receivables - grant	375,331	(517,954)
Receivables - other	(61,506)	(3,194,882)
Other financial assets	43,499	1,840
Other assets	(301,209)	(232,213)
Accounts payable and accrued liabilities	300,670	1,470,215
Deferred revenue	538,550	(449,732)
Deferred revenue – obligatory reserve funds	1,636,493	(2,781,868)
Net change in cash from operations	17,684,505	13,942,442
<b>Capital activities:</b>		
Cash used to acquire tangible capital assets	(5,460,537)	(11,122,663)
Decrease (increase) in construction-in-progress	(2,577,724)	(4,721,403)
Proceeds on disposal of tangible capital assets	16,500	-
Net change in cash from capital activities	(8,022,761)	(15,844,066)
<b>Investing activities:</b>		
Increase in investment in Town of Cobourg Holdings Inc.	(365,219)	(286,570)
Decrease (increase) in investments	(1,037,056)	1,076,179
Net change in cash from investing activities	(1,402,275)	789,609
<b>Financing activities:</b>		
Repayment of long-term liabilities	(1,372,172)	(1,320,785)
Proceeds from long-term liabilities	1,406,694	-
Repayment of promissory note	(45,000)	(45,000)
Net change in cash from financing activities	(10,478)	(1,365,785)
Increase (decrease) in cash	8,248,991	(2,477,800)
Cash, beginning of year	3,742,320	6,220,120
Cash, end of year	\$ 11,991,311	\$ 3,742,320

↑ \$8.2M

## Statement of Cash Flows

- Cash Flow Statement depicts how cash was used during the year to leave us at a balance at December 31, 2021
- The balances represent the change (increase or decrease) of accounts from 2021 to 2020 - extracted from the balance sheet
- Broken down by: operations, capital, investing and financing activities.



## THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
<b>Operations:</b>		
Annual surplus	\$ 6,606,197	\$ 11,856,847
Items not involving cash:		
Amortization of tangible capital assets	8,240,402	7,836,762
Loss on disposal of tangible capital assets	7,234	2,761
Increase in employee future benefit liability	147,309	22,595
Changes in non-cash working capital balances:		
Taxes receivable	151,535	(71,929)
Receivables - grant	375,331	(517,954)
Receivables - other	(61,506)	(3,194,882)
Other financial assets	43,499	1,840
Other assets	(301,209)	(232,213)
Accounts payable and accrued liabilities	300,670	1,470,215
Deferred revenue	538,550	(449,732)
Deferred revenue – obligatory reserve funds	1,636,493	(2,781,868)
Net change in cash from operations	17,684,505	13,942,442
<b>Capital activities:</b>		
Cash used to acquire tangible capital assets	(5,460,537)	(11,122,663)
Decrease (increase) in construction-in-progress	(2,577,724)	(4,721,403)
Proceeds on disposal of tangible capital assets	16,500	-
Net change in cash from capital activities	(8,022,761)	(15,844,066)
<b>Investing activities:</b>		
Increase in investment in Town of Cobourg Holdings Inc.	(365,219)	(286,570)
Decrease (increase) in investments	(1,037,056)	1,076,179
Net change in cash from investing activities	(1,402,275)	789,609
<b>Financing activities:</b>		
Repayment of long-term liabilities	(1,372,172)	(1,320,785)
Proceeds from long-term liabilities	1,406,694	-
Repayment of promissory note	(45,000)	(45,000)
Net change in cash from financing activities	(10,478)	(1,365,785)
Increase (decrease) in cash	8,248,991	(2,477,800)
Cash, beginning of year	3,742,320	6,220,120
Cash, end of year	\$ 11,991,311	\$ 3,742,320

See accompanying notes to consolidated financial statements.

## Statement of Cash Flows

- Deferred Revenue increased mainly from Obligatory Reserves: DCs, Gas Tax, OCIF, Tree Levy.
- This increase is evident in the decline of revenue recognition in annual surplus generated from the Income Statement.
- Recognizing income from large reserves like DCs, OCIF or Gas Tax is also tied to the decline in cash used for capital activities during the year.

## THE CORPORATION OF THE TOWN OF COBOURG

### Consolidated Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
<b>Operations:</b>		
Annual surplus	\$ 6,606,197	\$ 11,856,847
Items not involving cash:		
Amortization of tangible capital assets	8,240,402	7,836,762
Loss on disposal of tangible capital assets	7,234	2,761
Increase in employee future benefit liability	147,309	22,595
Changes in non-cash working capital balances:		
Taxes receivable	151,535	(71,929)
Receivables - grant	375,331	(517,954)
Receivables - other	(61,506)	(3,194,882)
Other financial assets	43,499	1,840
Other assets	(301,209)	(232,213)
Accounts payable and accrued liabilities	300,670	1,470,215
Deferred revenue	538,550	(449,732)
Deferred revenue – obligatory reserve funds	1,636,493	(2,781,868)
Net change in cash from operations	17,684,505	13,942,442
<b>Capital activities:</b>		
Cash used to acquire tangible capital assets	(5,460,537)	(11,122,663)
Decrease (increase) in construction-in-progress	(2,577,724)	(4,721,403)
Proceeds on disposal of tangible capital assets	16,500	-
Net change in cash from capital activities	(8,022,761)	(15,844,066)
<b>Investing activities:</b>		
Increase in investment in Town of Cobourg Holdings Inc.	(365,219)	(286,570)
Decrease (increase) in investments	(1,037,056)	1,076,179
Net change in cash from investing activities	(1,402,275)	789,609
<b>Financing activities:</b>		
Repayment of long-term liabilities	(1,372,172)	(1,320,785)
Proceeds from long-term liabilities	1,406,694	-
Repayment of promissory note	(45,000)	(45,000)
Net change in cash from financing activities	(10,478)	(1,365,785)
Increase (decrease) in cash	8,248,991	(2,477,800)
Cash, beginning of year	3,742,320	6,220,120
Cash, end of year	\$ 11,991,311	\$ 3,742,320

See accompanying notes to consolidated financial statements.

## Statement of Cash Flows

- Investing activities: mainly relates to the Town's net equity in Holdco, and the GIC that is held as a security for a developer.
- Financing activities: shows the principle payments made during the year on long term debt.
- Waterworks obtained funds from issuing new debt

## THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets:</b>		
Cash	\$ 11,991,311	\$ 3,742,320
Investments (note 2)	4,919,558	3,882,502
Taxes receivable	2,523,558	2,675,093
Receivables – grant	405,719	781,050
Receivables – other	6,920,985	6,859,479
Other financial assets	583,817	627,316
Note receivable (note 4©)	7,000,000	7,000,000
Investment in Town of Cobourg Holdings Inc. (note 4(a))	13,100,305	12,735,086
	47,445,253	38,302,846
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	13,332,862	13,032,192
Deferred revenue	745,566	207,016
Deferred revenue – obligatory reserve funds (note 6)	11,888,155	10,251,662
Employee future benefit liability (note 7(d))	2,903,512	2,756,203
Promissory note payable (note 4(d))	360,000	405,000
Net long-term liabilities (note 8 (a))	5,198,880	5,164,358
	34,428,975	31,816,431
<b>Total net financial assets</b>	13,016,278	6,486,415
<b>Non-financial assets:</b>		
Tangible capital assets (note 12)	200,757,315	200,982,190
Other assets (note 12(d))	1,753,235	1,452,026
	202,510,550	202,434,216
Contingent liabilities (note 14)		
<b>Accumulated surplus (note 9)</b>	\$ 215,526,828	\$ 208,920,631

## Financial Position (Balance Sheet)

✓ Financial Assets ↑ by 23%

✓ Liabilities ↑ by 8%

✓ Non-financial Assets remained comparable

✓ Total Surplus ↑ by 3%

See accompanying notes to consolidated financial statements.



## THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets:</b>		
Cash	\$ 11,991,311	\$ 3,742,320
Investments (note 2)	4,919,558	3,882,502
Taxes receivable	2,523,558	2,675,093
Receivables – grant	405,719	781,050
Receivables – other	6,920,985	6,859,479
Other financial assets	583,817	627,316
Note receivable (note 4©)	7,000,000	7,000,000
Investment in Town of Cobourg Holdings Inc. (note 4(a))	13,100,305	12,735,086
	<u>47,445,253</u>	<u>38,302,846</u>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	13,332,862	13,032,192
Deferred revenue	745,566	207,016
Deferred revenue – obligatory reserve funds (note 6)	11,888,155	10,251,662
Employee future benefit liability (note 7(d))	2,903,512	2,756,203
Promissory note payable (note 4(d))	360,000	405,000
Net long-term liabilities (note 8 (a))	<u>5,198,880</u>	<u>5,164,358</u>
	<u>34,428,975</u>	<u>31,816,431</u>
<b>Total net financial assets</b>	<b>13,016,278</b>	<b>6,486,415</b>
<b>Non-financial assets:</b>		
Tangible capital assets (note 12)	200,757,315	200,982,190
Other assets (note 12(d))	1,753,235	1,452,026
	<u>202,510,550</u>	<u>202,434,216</u>
<b>Contingent liabilities (note 14)</b>		
<b>Accumulated surplus (note 9)</b>	<b>\$ 215,526,828</b>	<b>\$ 208,920,631</b>

See accompanying notes to consolidated financial statements.

## Financial Position (Balance Sheet)

### Long Term Debt:

- WPCP Digester Roof: \$170K (July 2023)
- Building 7: parks/roads debts \$945K (Dec. 2022)
- CCC: \$2.61M (2033)
- Waterworks: \$1.3M (2028)

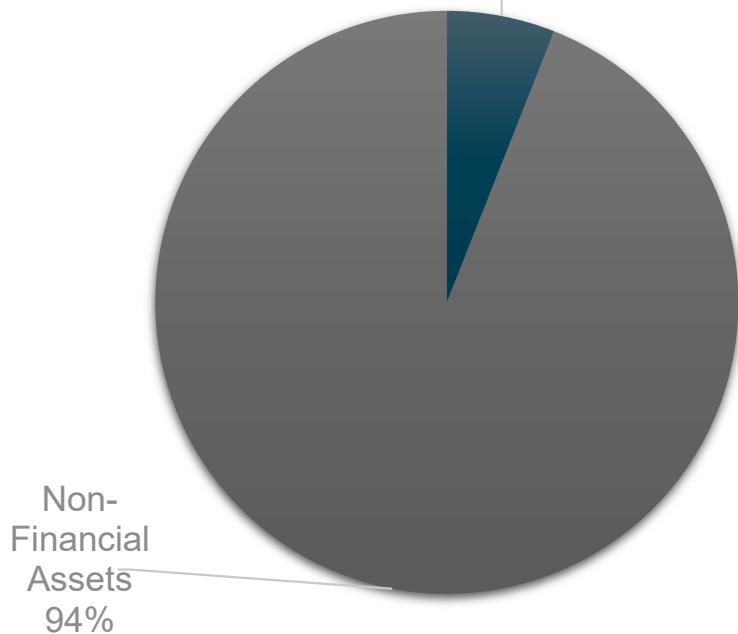
### Interest:

Rates: 2.49%-3.47%

Interest paid on LTD = \$180K  
(\$171K in 2020)

# Financial Position (Balance Sheet)

Financial Assets 22% - Financial Liabilities -16%  
= Net Financial Assets 6%



	2021	2020
<b>Financial assets:</b>		
Cash	\$ 11,991,311	\$ 3,742,320
Investments (note 2)	4,919,558	3,882,502
Taxes receivable	2,523,558	2,675,093
Receivables – grant	405,719	781,050
Receivables – other	6,920,985	6,859,479
Other financial assets	583,817	627,316
Note receivable (note 4©)	7,000,000	7,000,000
Investment in Town of Cobourg Holdings Inc. (note 4(a))	13,100,305	12,735,086
	<u>47,445,253</u>	<u>38,302,846</u>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	13,332,862	13,032,192
Deferred revenue	745,566	207,016
Deferred revenue – obligatory reserve funds (note 6)	11,888,155	10,251,662
Employee future benefit liability (note 7(d))	2,903,512	2,756,203
Promissory note payable (note 4(d))	360,000	405,000
Net long-term liabilities (note 8 (a))	5,198,880	5,164,358
	<u>34,428,975</u>	<u>31,816,431</u>
<b>Total net financial assets</b>	<u>13,016,278</u>	<u>6,486,415</u>
<b>Non-financial assets:</b>		
Tangible capital assets (note 12)	200,757,315	200,982,190
Other assets (note 12(d))	1,753,235	1,452,026
	<u>202,510,550</u>	<u>202,434,216</u>
<b>Contingent liabilities (note 14)</b>		
<b>Accumulated surplus (note 9)</b>	<u>\$ 215,526,828</u>	<u>\$ 208,920,631</u>

See accompanying notes to consolidated financial statements.

# Tangible Capital Assets (note 12)

## 12. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals/ transfers/ write-offs	Balance at December 31, 2021
Land	\$ 15,347,882	\$ -	\$ -	\$ 15,347,882
Land improvements	12,073,001	28,153		12,101,154
Buildings and building improvements	79,637,798	1,887,736	50,472	81,475,062
Machinery and equipment	17,329,098	325,271	188,436	17,465,933
Vehicles	11,829,195	428,659	86,928	12,170,926
Roads infrastructure	39,662,600	400,058	146,915	39,915,743
Sewer infrastructure	96,177,705	693,531	165	96,871,071
Water infrastructure	41,659,148	1,658,797		43,317,945
Books and periodicals	626,535	38,333	113,396	551,472
Construction-in-progress	10,948,170	5,712,596	3,134,872	13,525,894
	<b>\$ 325,291,132</b>	<b>\$ 11,173,134</b>	<b>\$ 3,721,184</b>	<b>\$ 332,743,082</b>

Accumulated amortization	Balance at December 31, 2020	Amortization expense	Disposals/ transfers/ write-offs	Balance at December 31, 2021
Land improvements	\$ 4,937,620	\$ 386,580	\$	\$ 5,324,200
Buildings and building improvements	27,653,457	2,086,215	50,472	29,689,200
Machinery and equipment	9,705,293	984,181	183,124	10,506,350
Vehicles	6,425,809	988,894	85,006	7,329,697
Roads infrastructure	17,312,652	882,846	146,915	18,048,583
Sewer infrastructure	38,699,294	1,892,258	165	40,591,387
Water infrastructure	19,172,783	966,546		20,139,329
Books and periodicals	402,034	68,383	113,396	357,021
	<b>\$ 124,308,942</b>	<b>\$ 8,255,903</b>	<b>\$ 579,078</b>	<b>\$ 131,985,767</b>

## 12. Tangible capital assets (continued):

	Net book value December 31, 2020	Net book value December 31, 2021
Land	\$ 15,347,882	\$ 15,347,882
Land improvements	7,135,381	6,776,954
Buildings and building improvements	51,984,341	51,785,862
Machinery and equipment	7,623,805	6,959,583
Vehicles	5,403,386	4,841,229
Roads infrastructure	22,349,948	21,867,160
Sewer infrastructure	57,478,411	56,279,684
Water infrastructure	22,486,365	23,178,616
Books and periodicals	224,501	194,451
Construction-in-progress	10,948,170	13,525,894
	<b>\$ 200,982,190</b>	<b>\$ 200,757,315</b>

## Tangible Capital Assets (note 12)

- Capital Projects that were completed and capitalized in 2021 (Town):
  - General Government
    - Victoria Hall exterior sandstone repair
    - Victoria Hall Main Sewer Line Replacement
    - Market Building Roof Replacement
    - Dressler House- Roof & Furnace
  - Protection
    - RDC Fortuna Boat
    - Police- Vehicles, building renovations, IT infrastructure, Weapons Storage
  - Public Works
    - Sidewalk Replacement Program
    - Streetlight Replacement Program
    - Roads: replace ½ Pick-up Trucks
    - Pay & Display Machines
    - Wheels Bus

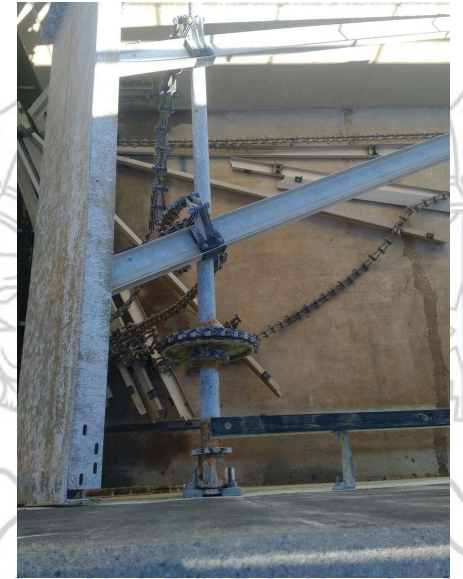
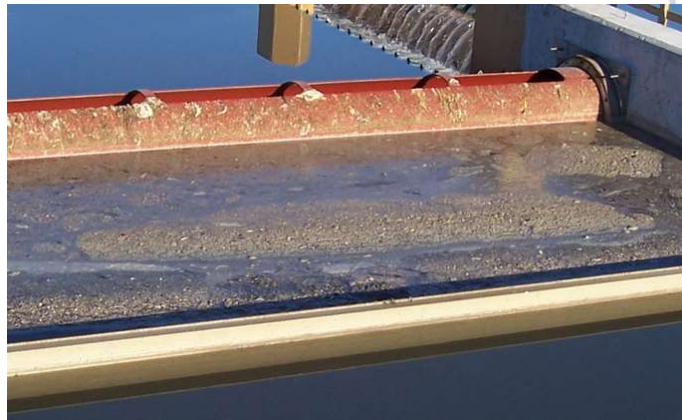


## Tangible Capital Assets (note 12)

- Capital Projects that were completed and capitalized in 2021 (Town):

### Environmental:

- Chain & Flight Replacement PL2
- Sanitary Sewer Line Scum
- Standby Return Pump PL2
- Headworks Ventilation PL2
- Backflow Preventers PL2
- Auto Sampler PL1
- Digestion Cleanout PL1
- Lunchroom Renovations





## Tangible Capital Assets (note 12)

- Capital Projects that were completed and capitalized in 2021 (Town):

### Parks:

- F350 Crew Cab
- Adult Fitness Park

### Waterfront:

- Hot Water Recirculation System
- Marina Furnace Replacement
- Dredge improvements

### CCC:

- Compressor
- Ice Painting Cart
- Northeast Stairway Steel Repair



Marina: hot water system



Marina: furnace



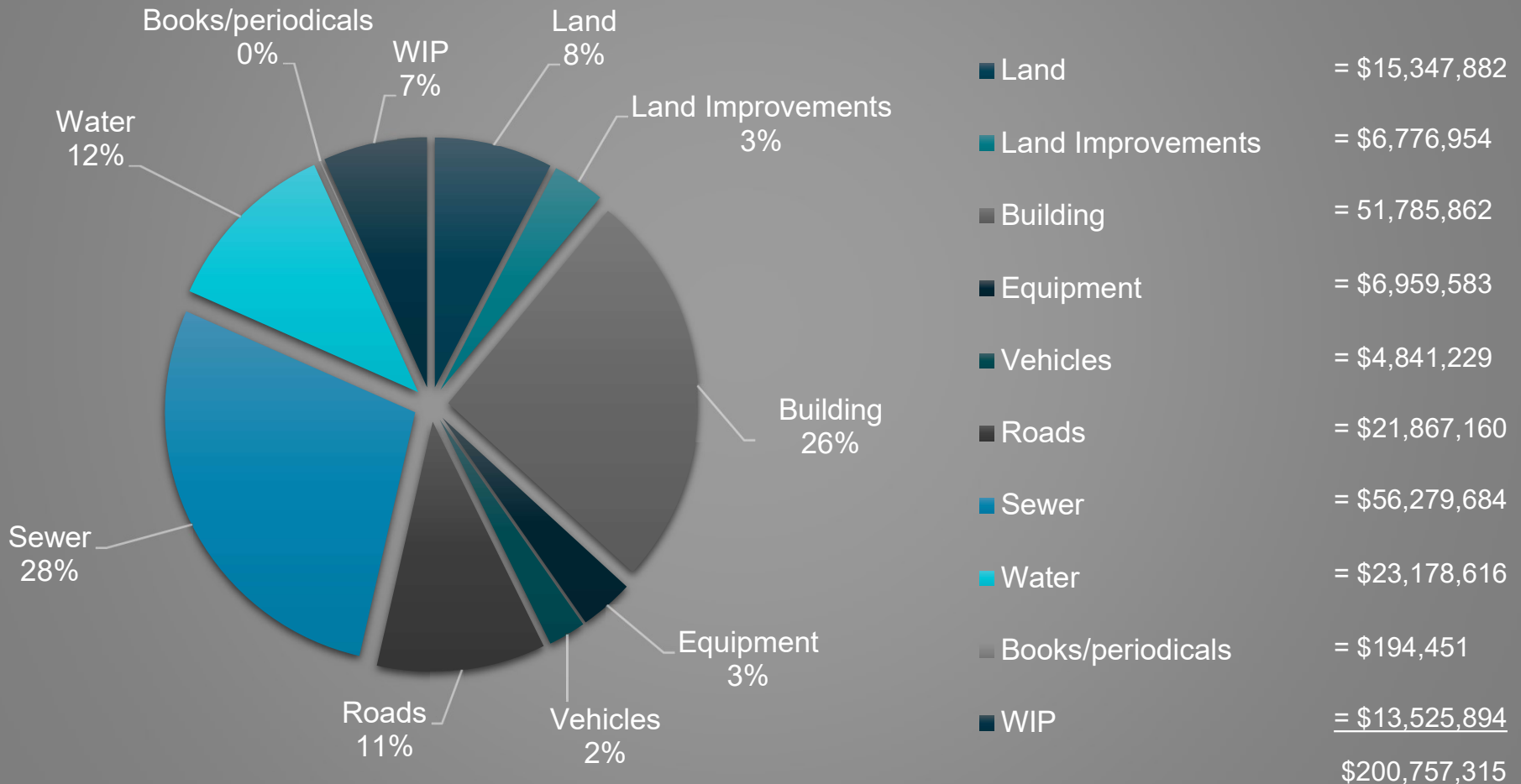
# Tangible Capital Assets (note 12)

- Capital Projects in Work-in-Progress (Town):
  - Fire Station Renovations
  - Sanitary Sewer Rehab
  - Albert St Reconstruction
  - Matthew St Reconstruction
  - Bridge & Culvert Improvements
  - Terry Fox Stormwater
  - Wood Boardwalk replacement
  - Harden St Sinclair
  - Burke, Blake, Victoria St Reconstruction
  - King St W Reconstruction
  - Active Transportation
  - Traffic Signal Intersection
  - Transit Shelters
  - Ozone Disinfection System
  - SBR PL2
  - SCADA PL1
  - Women's Locker Room
  - Contact Building- Disinfection Sampling PL2
  - Alum Room HVAC PL2
  - Sludge Recirculation Valves PL2
  - Harbour Seawall Breakwater, East Pier Waterfront Plan



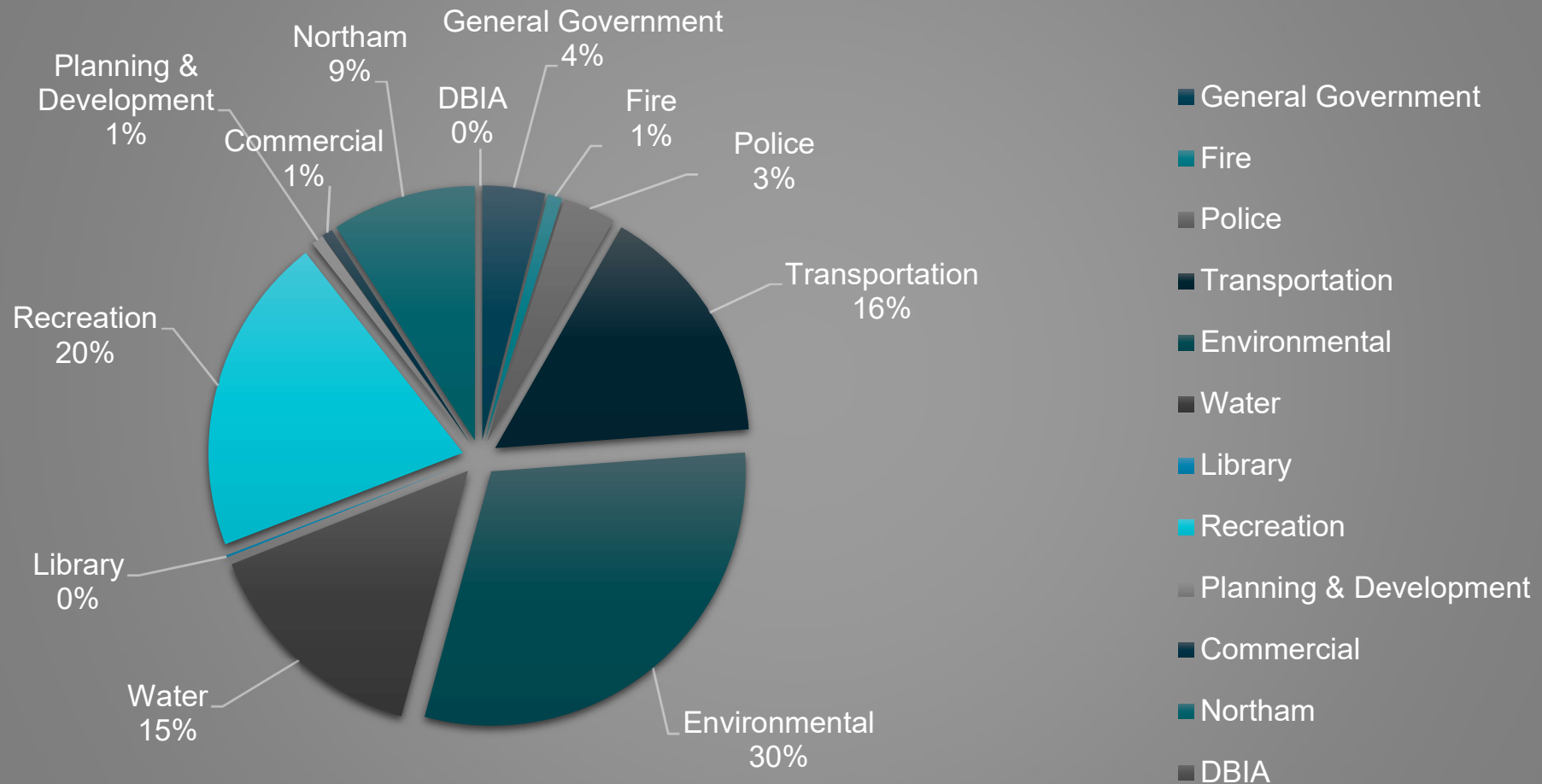
# Tangible Capital Assets (note 12)

## Net Book Value of TCA's



# Tangible Capital Assets (note 12)

## NBV by Service Level



## THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2021, with comparative information for 2020

	Budget 2021 (note 13)	Actual 2021	Actual 2020
<b>Revenue:</b>			
<b>Taxation:</b>			
Property taxation	\$ 24,793,569	\$ 25,199,141	\$ 24,459,450
Payments in lieu of taxation	44,030	180,668	190,201
User charges	15,744,690	20,425,190	16,822,025
Development charges	52,000	564,623	4,244,793
Contributed tangible capital assets			2,137,478
<b>Grants:</b>			
Government of Canada	2,723,420	1,869,596	1,567,946
Province of Ontario	1,347,356	1,455,546	3,177,287
Other municipalities	995,797	930,067	932,758
<b>Other:</b>			
Rental income	4,502,521	4,425,174	4,606,031
Penalty and interest	360,000	382,696	315,532
Other income	825,757	1,223,691	1,436,741
Donations	6,000	30,757	156,001
Interest income - Town of Cobourg			
Holdings Inc. (note 4(c))	260,400	260,400	260,400
Interest and dividend income	152,024	83,220	74,739
Loss on sale of assets		9,266	(2,761)
Net equity increase in investment in Town of Cobourg Holdings Inc. (note 4)		365,219	286,570
<b>Total revenue</b>	<b>51,807,564</b>	<b>57,405,254</b>	<b>60,665,191</b>
<b>Expenses (note 10):</b>			
General government	4,923,679	4,541,119	4,358,656
Protection to persons and property	16,224,938	16,634,918	16,079,016
Transportation services	7,013,942	6,548,847	6,184,162
Environmental services	10,406,266	10,388,818	9,803,864
Industrial property	1,812,874	2,241,253	2,313,520
Social and family services	327,100	101,734	140,758
Recreation and cultural services	9,820,466	9,176,232	8,794,073
Planning and development	1,361,568	1,166,136	1,134,295
<b>Total expenses</b>	<b>51,890,833</b>	<b>50,799,057</b>	<b>48,808,344</b>
<b>Annual surplus</b>	<b>83,269</b>	<b>6,606,197</b>	<b>11,856,847</b>
Accumulated surplus, beginning of year		208,920,631	197,063,784
Accumulated surplus, end of year (note 9)		\$ 215,526,828	\$ 208,920,631

See accompanying notes to consolidated financial statements.

## Statement of Operations (Income Statement)

### Prior Year Comparison

- ✓ Revenue ↓ by 5.4% / \$3.3M
- ✓ Expenses ↑ by 4% / \$2M
- ✓ Annual Surplus ↓ by 44% / \$5.3M

## THE CORPORATION OF THE TOWN OF COBOURG




Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2021, with comparative information for 2020

	Budget 2021 (note 13)	Actual 2021	Actual 2020
<b>Revenue:</b>			
Taxation:			
Property taxation	\$ 24,793,569	\$ 25,199,141	\$ 24,459,450
Payments in lieu of taxation	44,030	180,668	190,201
User charges	15,744,690	20,425,190	16,822,025
Development charges	52,000	564,623	4,244,793
Contributed tangible capital assets			2,137,478
Grants:			
Government of Canada	2,723,420	1,869,596	1,567,946
Province of Ontario	1,347,356	1,455,546	3,177,287
Other municipalities	995,797	930,067	932,758
Other:			
Rental income	4,502,521	4,425,174	4,606,031
Penalty and interest	360,000	382,696	315,532
Other income	825,757	1,223,691	1,436,741
Donations	6,000	30,757	156,001
Interest income - Town of Cobourg			
Holdings Inc. (note 4(c))	260,400	260,400	260,400
Interest and dividend income	152,024	83,220	74,739
Loss on sale of assets		9,266	(2,761)
Net equity <u>increase</u> in investment in Town of Cobourg Holdings Inc. (note 4)		365,219	286,570
<b>Total revenue</b>	<b>51,807,564</b>	<b>57,405,254</b>	<b>60,665,191</b>
<b>Expenses (note 10):</b>			
General government	4,923,679	4,541,119	4,358,656
Protection to persons and property	16,224,938	16,634,918	16,079,016
Transportation services	7,013,942	6,548,847	6,184,162
Environmental services	10,406,266	10,388,818	9,803,864
Industrial property	1,812,874	2,241,253	2,313,520
Social and family services	327,100	101,734	140,758
Recreation and cultural services	9,820,466	9,176,232	8,794,073
Planning and development	1,361,568	1,166,136	1,134,295
<b>Total expenses</b>	<b>51,890,833</b>	<b>50,799,057</b>	<b>48,808,344</b>
<b>Annual surplus</b>	<b>83,269</b>	<b>6,606,197</b>	<b>11,856,847</b>
Accumulated surplus, beginning of year		208,920,631	197,063,784
Accumulated surplus, end of year (note 9)		\$ 215,526,828	\$ 208,920,631

## Statement of Operations (Income Statement)

### Budget Comparison

- ✓ Revenue  by 10% / \$5.6M
- ✓ Expenses  by 2% / \$1.1M
- ✓ Annual Surplus  by \$6.5M

## THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2021, with comparative information for 2020

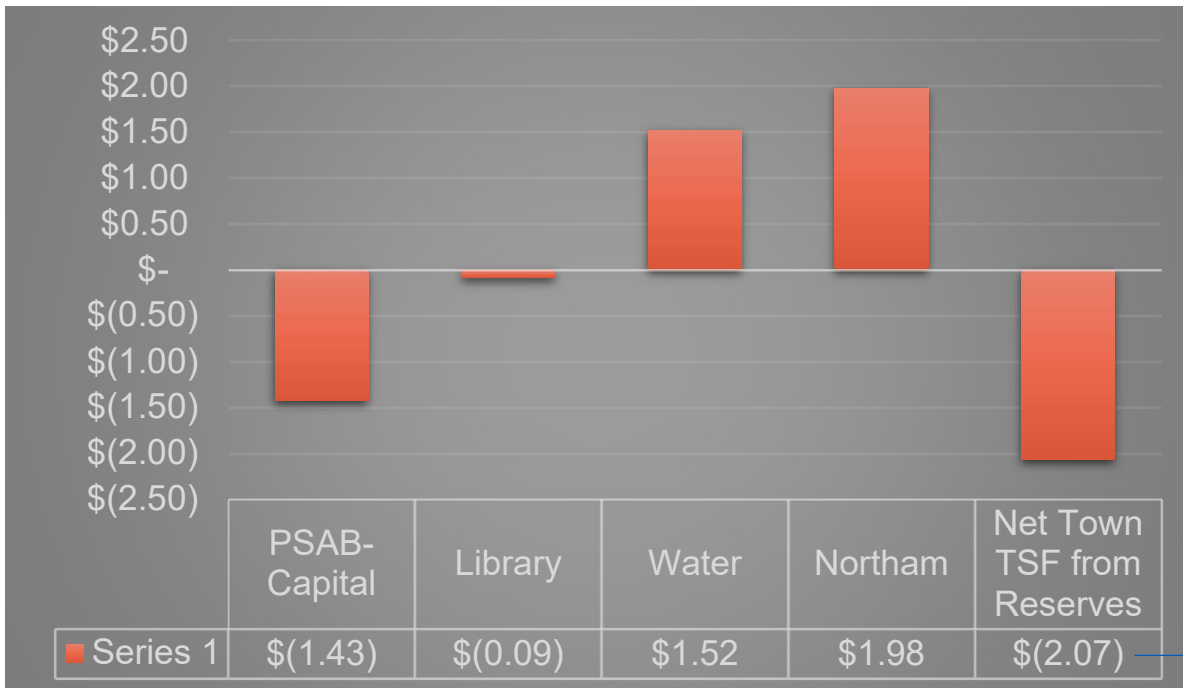
	Budget 2021 (note 13)	Actual 2021	Actual 2020
<b>Revenue:</b>			
<b>Taxation:</b>			
Property taxation	\$ 24,793,569	\$ 25,199,141	\$ 24,459,450
Payments in lieu of taxation	44,030	180,668	190,201
User charges	15,744,690	20,425,190	16,822,025
Development charges	52,000	564,623	4,244,793
Contributed tangible capital assets			2,137,478
<b>Grants:</b>			
Government of Canada	2,723,420	1,869,596	1,567,946
Province of Ontario	1,347,356	1,455,546	3,177,287
Other municipalities	995,797	930,067	932,758
<b>Other:</b>			
Rental income	4,502,521	4,425,174	4,606,031
Penalty and interest	360,000	382,696	315,532
Other income	825,757	1,223,691	1,436,741
Donations	6,000	30,757	156,001
Interest income - Town of Cobourg Holdings Inc. (note 4(c))	260,400	260,400	260,400
Interest and dividend income	152,024	83,220	74,739
Loss on sale of assets		9,266	(2,761)
Net equity increase in investment in Town of Cobourg Holdings Inc. (note 4(b))	-	365,219	286,570
<b>Total revenue</b>	<b>51,807,564</b>	<b>57,405,254</b>	<b>60,665,191</b>
<b>Expenses (note 10):</b>			
General government	4,923,679	4,541,119	4,358,656
Protection to persons and property	16,224,938	16,634,918	16,079,016
Transportation services	7,013,942	6,548,847	6,184,162
Environmental services	10,406,266	10,388,818	9,803,864
Industrial property	1,812,874	2,241,253	2,313,520
Social and family services	327,100	101,734	140,758
Recreation and cultural services	9,820,466	9,176,232	8,794,073
Planning and development	1,361,568	1,166,136	1,134,295
<b>Total expenses</b>	<b>51,890,833</b>	<b>50,799,057</b>	<b>48,808,344</b>
<b>Annual surplus (deficit)</b>	<b>(83,269)</b>	<b>6,606,197</b>	<b>11,856,847</b>
Accumulated surplus, beginning of year	208,920,631	208,920,631	197,063,784
<b>Accumulated surplus, end of year (note 9)</b>	<b>\$ 208,837,362</b>	<b>\$ 215,526,828</b>	<b>\$ 208,920,631</b>

## Statement of Operations (Income Statement)

### Budgeted Annual Surplus

- ✓ The Municipal Act, Section 290 spells out the so-called “balanced budget” requirement that is a prime directive for all Ontario municipalities. In short, the municipality must estimate all revenues and expenses, and the difference relates to a transfer to/ or from reserves.
- ✓ **Revenues > Expenses = Net transfer into Reserves**
- X **Revenues < Expenses = Net transfer out of Reserves**

# Net Transfers to/from Reserves



## Budgeted Annual Surplus

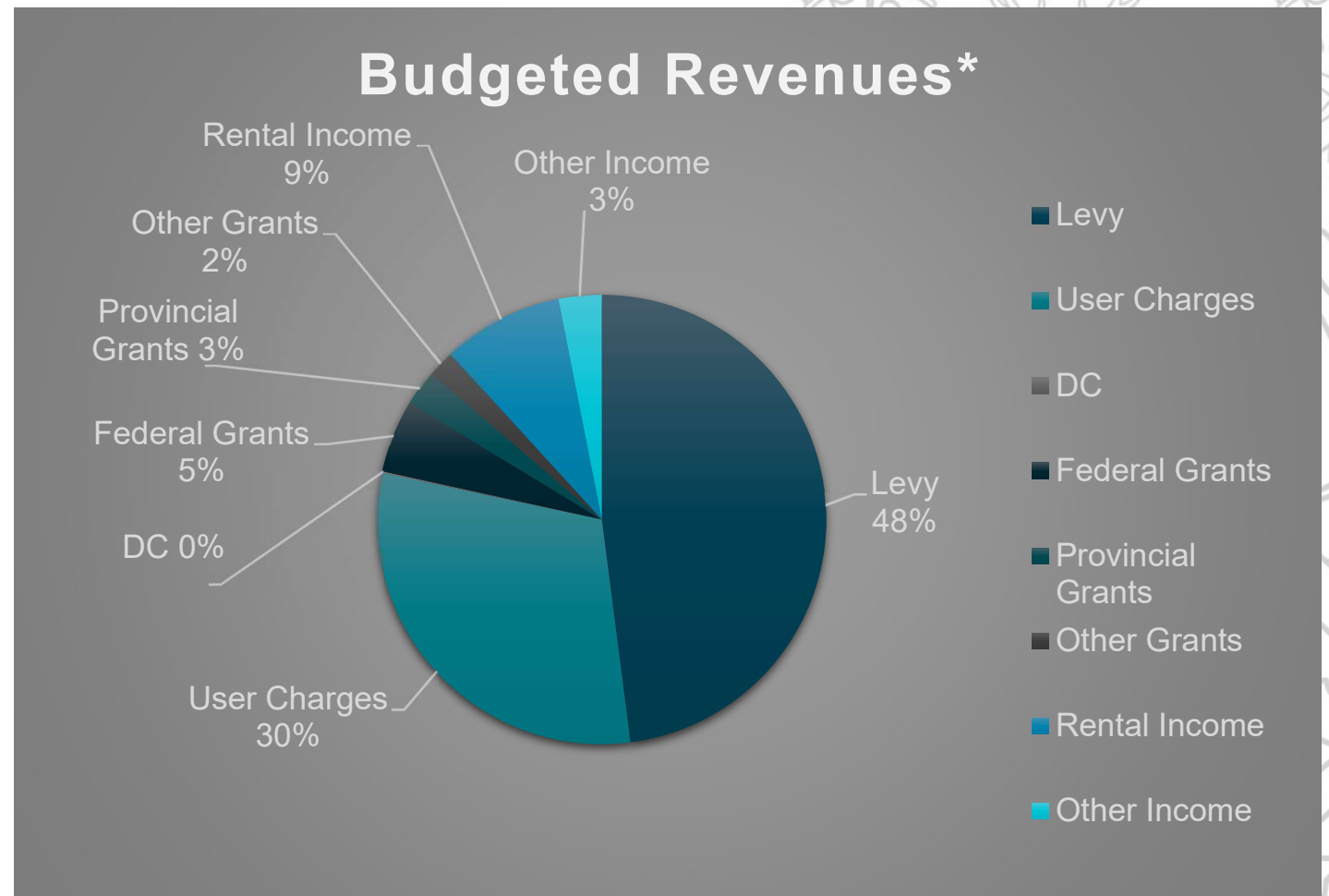
General Government	-\$ 128,127.00
Fire	\$ 111,600.00
Police Admin	-\$ 1,011,252.00
Police Bus Serv	-\$ 2,586,694.00
Building	-\$ 55,773.00
Transportation	\$ 203,753.00
Sewer	\$ 2,002,986.00
Social	-\$ 202,100.00
Rec & Culture	-\$ 318,747.00
Planning & Development	-\$ 241,000.00
Capital Levy	\$ 158,000.00
<b>Total Net Transfers from Reserves</b>	<b>-\$ 2,067,354.00</b>

-\$3.5M of the above represents police transfers



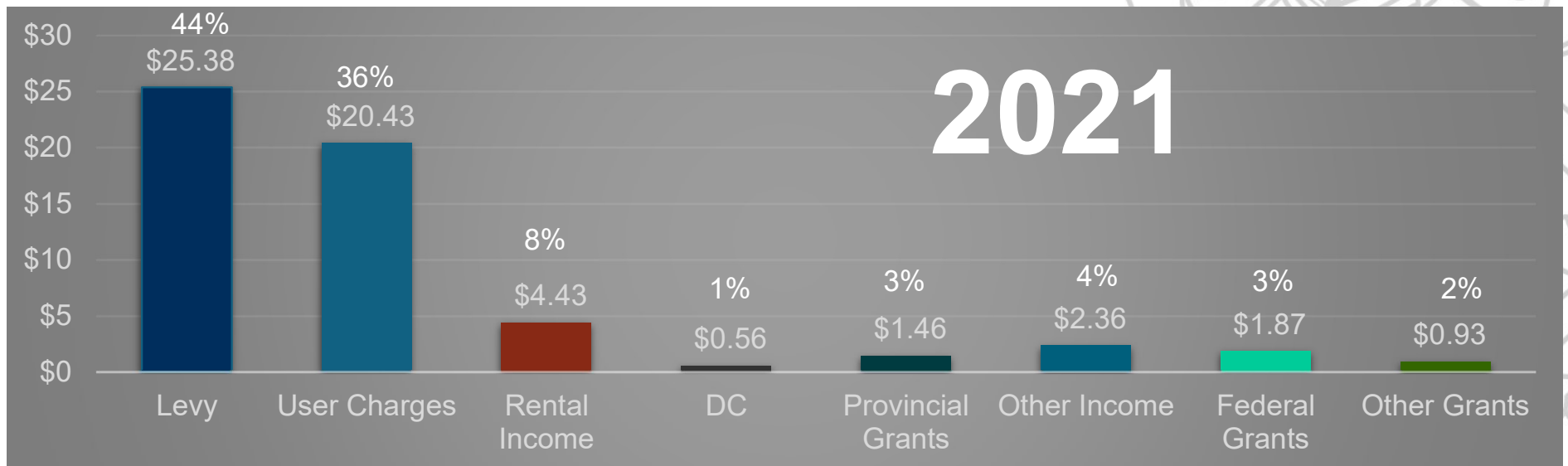
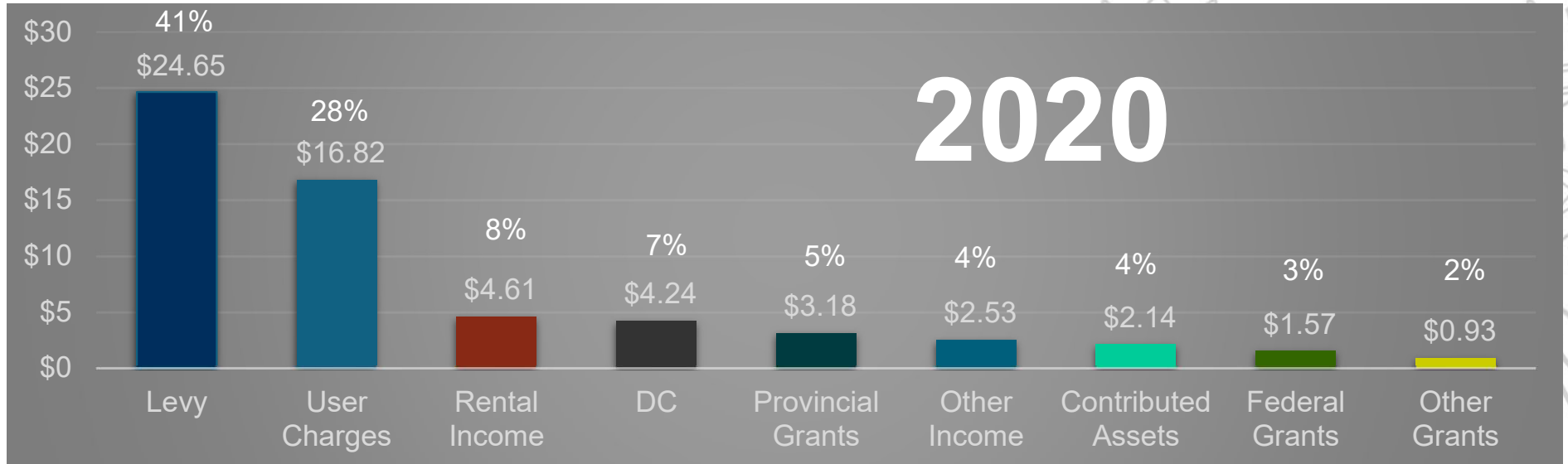
## Budget Summary: Revenue

\* Budget figures presented on the Statement of Operations have been adjusted to include capital grant revenue, amortization and post employment benefit expenses, and excludes debt repayment (applied against the liability on the Balance Sheet). Adjusted Budget is consistent Ont. Reg 284/09. (PSAB excluded expenses)





## Revenue (million)

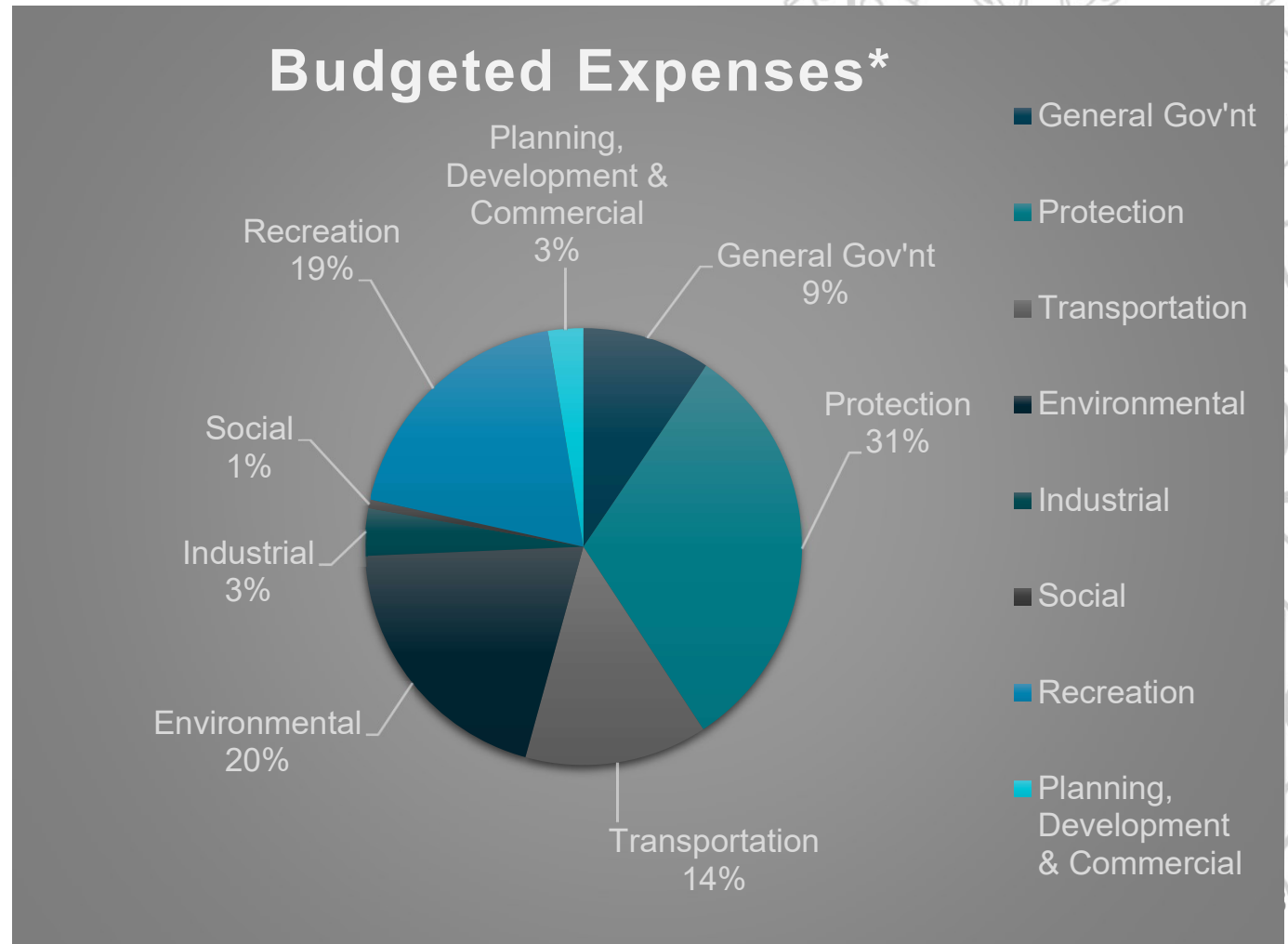


## Revenue: Prior Year Comparison

- User Fees: increased by 21% or \$3.60M
  - Increase: Waterworks \$580K, Police CRC \$1.66M, Parking \$226K, Sewer \$387K, Transit \$20K, Marina \$369K, Campground \$151K, CCC \$15K, Planning \$95K
- Development Charges: decreased by 651% or \$3.68M
  - 2020: \$3.5M Kerr St, \$316K LTD, \$150K Densmore Recon, \$120K CCC
  - 2021: \$26K Nagle Rd, \$316K LTD, \$120K CCC
- Federal Grants: increased by 19% or \$301K
  - 2020: (Fed Gas Tax: \$661K Kerr St, \$526K Asphalt Resurfacing, \$100K Matthew St, \$50K Paver Stones, \$60K Culvert) \$61K Summer Student
  - 2021: (Fed Gas Tax: \$200K Sidewalks, \$50K Harden Sinclair, \$55K Burke Blake Victoria, \$72K Traffic Signal, \$385K Bridge & Culvert, \$705K Albert St)
- Provincial Grants: decreased 54% or \$1.72M
  - 2020: (SCF/OCIF: \$638K Matthew St, \$635K Kerr St, \$509K Midtown), \$571K SRA, \$213K Transit (Prov. Gas Tax)
  - 2021: \$205K Prov Gas Tax, \$287K SRA general, \$516K Police, \$101K Seniors grant
- Contributed Assets:
  - 2020: West Park Phase 4A, B, C (McMurdo Dr, Robinson, Fisher, Henderson, Leslie, Charles Wilson Parkway)

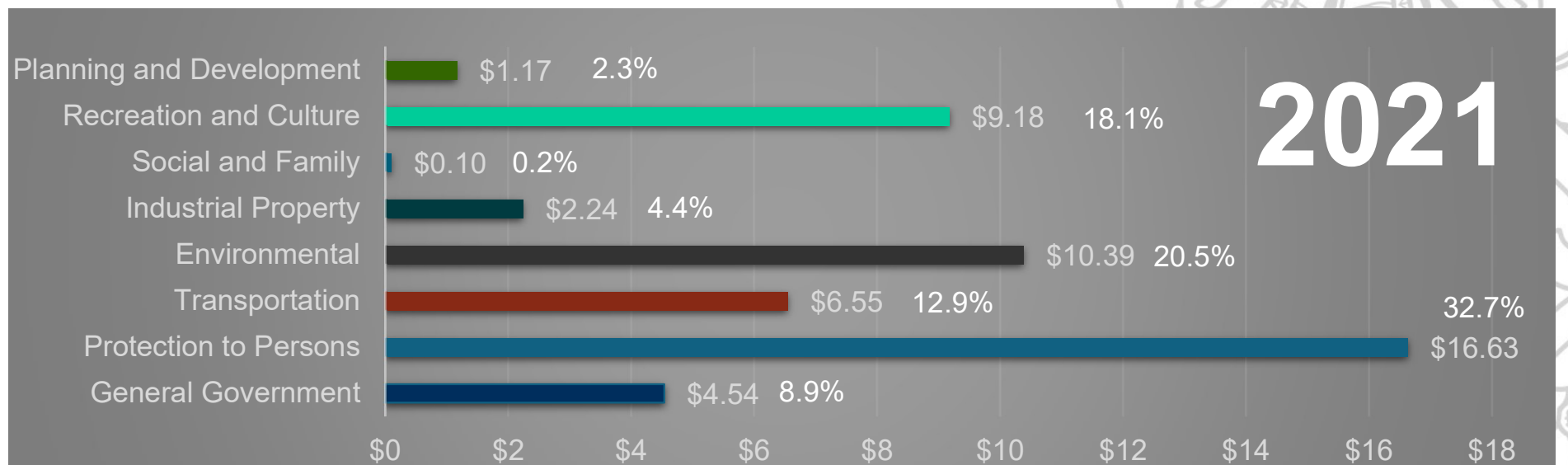
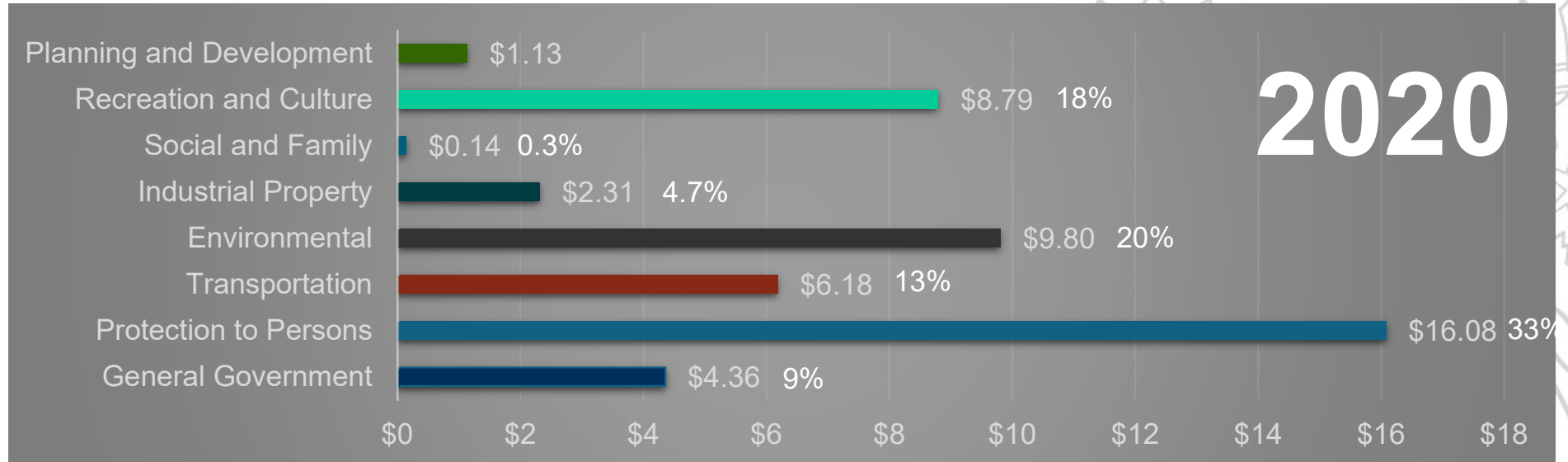
## Budget Summary: Expenses

\* Budget figures presented on the Statement of Operations have been adjusted to include capital grant revenue, amortization and post employment benefit expenses, and excludes debt repayment (applied against the liability on the Balance Sheet). Adjusted Budget is consistent with Ont. Reg 284/09. (PSAB excluded expenses)



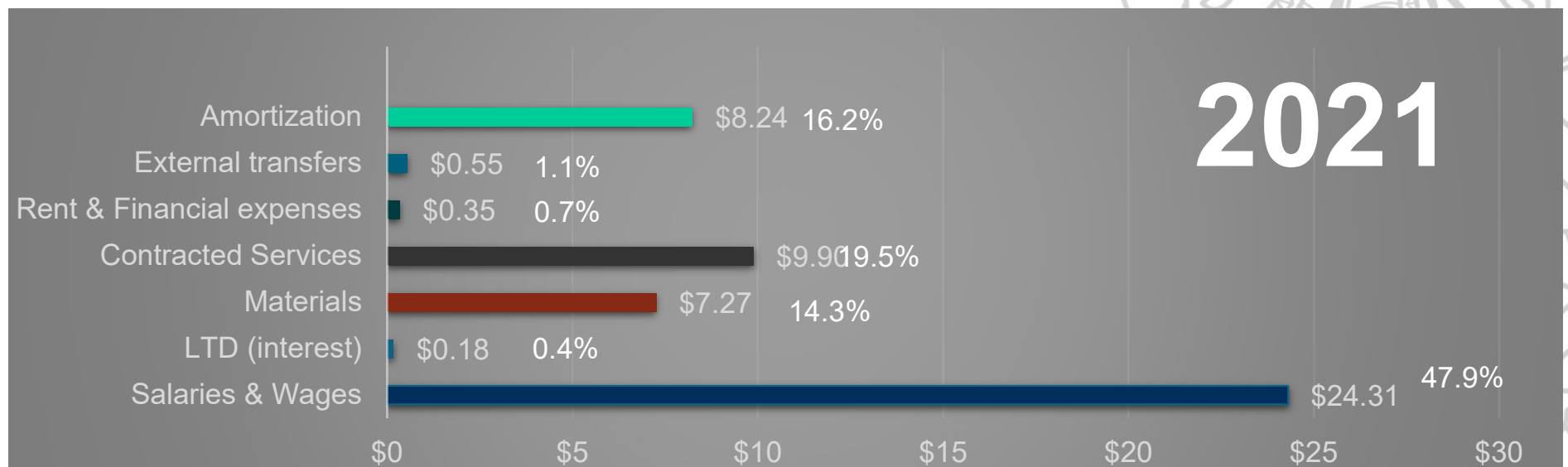
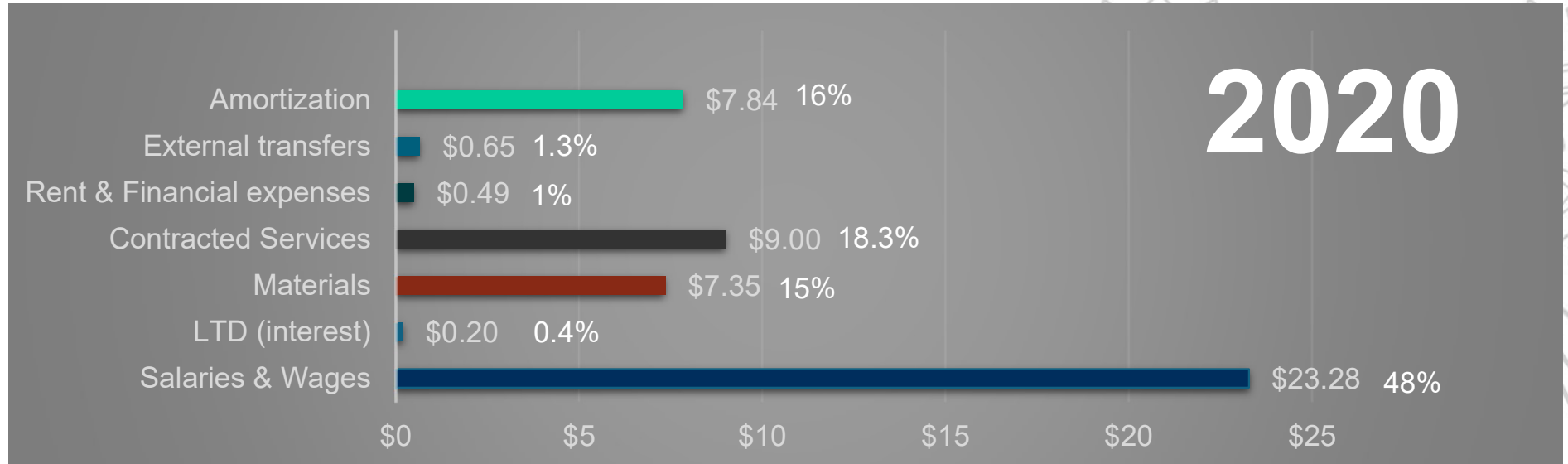


## Expenses by Service (million)





## Expenses by Type (million)



## Expenses

- ▣ Expenses increased by 4% or \$1.99M compared to prior year
  - ▣ Departments/directors cut or reduced spending in 2020 as there were a lot of uncertainties around the pandemic (special projects)
  - ▣ COVID costs were consistent with 2020 (offset by Safe Restart/Recovery Funding)
  - ▣ Salaries increase over prior year by \$1M
    - ▣ Delayed hiring in 2020 so some full year salaries now included in 2021
- ▣ Expenses were 2% or \$1.09M lower compared to budget
  - ▣ Facility costs were lower in 2021 some buildings had reduced operating hours
  - ▣ Rec & Culture saw the biggest decline compared to budget: \$644K
  - ▣ Increase in Court Security/Court Admin costs
  - ▣ Some hiring still delayed in 2021
  - ▣ Unspent levy for dedicated funds were set aside in reserves (affordable housing)

## Discretionary VS. Obligatory Reserves

- **"Discretionary Reserve Funds"** shall mean established in cases where Council wishes to earmark funds to finance a future expenditure for which it has the authority to spend money and physically set aside for such purpose. The funds may be used for a number of different purposes, such as known or unknown contingencies (e.g. building repairs).
- **"Obligatory Reserve Funds"** shall mean reserve funds that must be created by statute whereby special funds are received or obligated for specific purposes and must be segregated from the general revenues of the municipality (e.g. development charges), These funds must be used solely for the purpose prescribed for them by statute.





# Obligatory Reserves

- Federal Gas Tax
- Provincial Gas Tax
- OCIF
- Transit SRA
- Cannabis Funding
- Development Charges
- Tree Levy
- Parkland-in-Lieu
- Building

## THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Financial Position

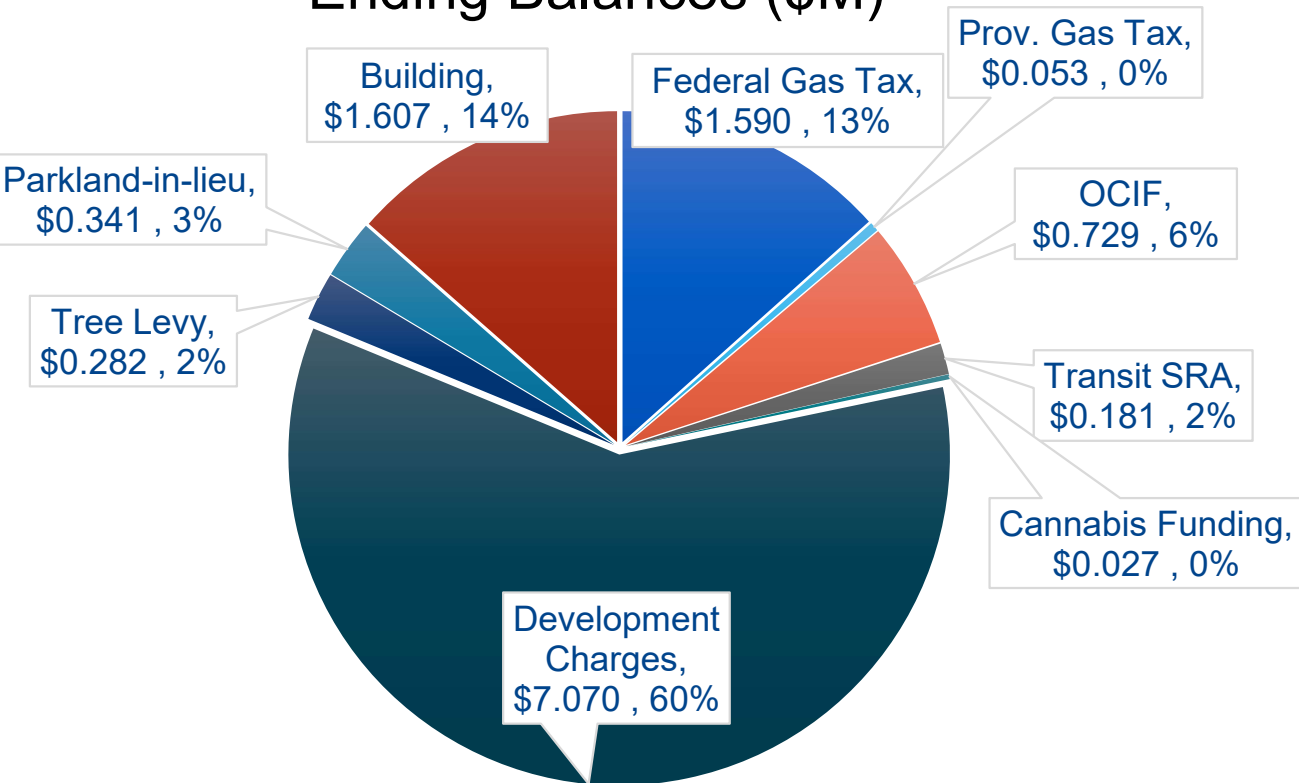
December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets:</b>		
Cash	\$ 11,991,311	\$ 3,742,320
Investments (note 2)	4,919,558	3,882,502
Taxes receivable	2,523,558	2,675,093
Receivables – grant	405,719	781,050
Receivables – other	6,920,985	6,859,479
Other financial assets	583,817	627,316
Note receivable (note 4)(c))	7,000,000	7,000,000
Investment in Town of Cobourg Holdings Inc. (note 4(a))	13,100,305	12,735,086
	<u>47,445,253</u>	<u>38,302,846</u>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	13,332,862	13,032,192
Deferred revenue	745,566	207,016
Deferred revenue – obligatory reserve funds (note 6)	11,888,155	10,251,662
Employee future benefit liability (note 7(d))	2,903,512	2,756,203
Promissory note payable (note 4(d))	360,000	405,000
Net long-term liabilities (note 8 (a))	5,198,880	5,164,358
	<u>34,428,975</u>	<u>31,816,431</u>
Net financial assets	13,016,278	6,486,415
<b>Non-financial assets:</b>		
Tangible capital assets (note 12)	200,757,315	200,982,190
Other assets (note 12(d))	1,753,235	1,452,026
	<u>202,510,550</u>	<u>202,434,216</u>
<b>Contingent liabilities (note 14)</b>		
Accumulated surplus (note 9)	\$ 215,526,828	\$ 208,920,631

See accompanying notes to consolidated financial statements.

# Obligatory Reserves

Ending Balances (\$M)

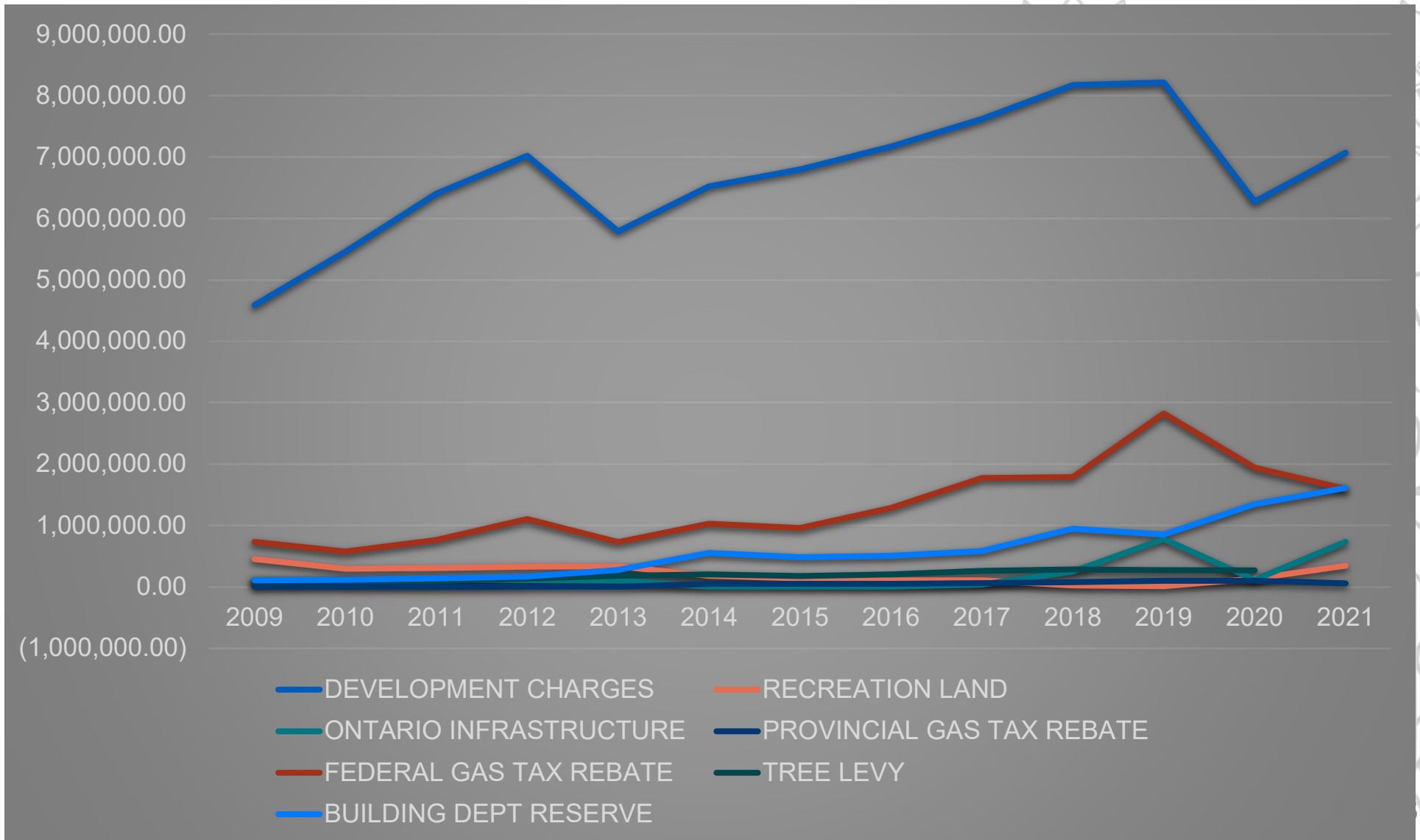


	2020	2021
<b>Beginning Balance</b>	<b>\$13.03M</b>	<b>\$10.25M</b>
Funds Received	\$4.59M	\$3.94M
Interest Earned	\$93K	\$73K
Capital Spending	(\$6.81M)	(\$1.72)
Operating Spending	(\$650K)	(\$658K)
<b>Ending Balance</b>	<b>\$10.25M</b>	<b>\$11.88M</b>





# Obligatory Reserves



# Discretionary Reserves

## Examples:

- Capital Vehicles
- Election Expenses
- Library IT / building
- Building Efficiencies
- Safe Restart Fund
- Affordable Housing
- Fire Capital Vehicles
- Planning Studies and Reviews
- Police: Future Investment, operating emergency, Business Services
- Parking
- Marina
- Trailer Park
- Sewer Rates
- Holdco
- Northam

Surplus/ equity	\$203,844,457
Discretionary Reserves:	\$11,682,371
<b>Total Surplus</b>	<b>\$215,526,828</b>

## THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
<b>Financial assets:</b>		
Cash	\$ 11,991,311	\$ 3,742,320
Investments (note 2)	4,919,558	3,882,502
Taxes receivable	2,523,558	2,675,093
Receivables – grant	405,719	781,050
Receivables – other	6,920,985	6,859,479
Other financial assets	583,817	627,316
Note receivable (note 4)(c))	7,000,000	7,000,000
Investment in Town of Cobourg Holdings Inc. (note 4(a))	13,100,305	12,735,086
	<b>47,445,253</b>	<b>38,302,846</b>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	13,332,862	13,032,192
Deferred revenue	745,566	207,016
Deferred revenue – obligatory reserve funds (note 6)	11,888,155	10,251,662
Employee future benefit liability (note 7(d))	2,903,512	2,756,203
Promissory note payable (note 4(d))	360,000	405,000
Net long-term liabilities (note 8 (a))	5,198,880	5,164,358
	<b>34,428,975</b>	<b>31,816,431</b>
<b>Net financial assets</b>	<b>13,016,278</b>	<b>6,486,415</b>
<b>Non-financial assets:</b>		
Tangible capital assets (note 12)	200,757,315	200,982,190
Other assets (note 12(d))	1,753,235	1,452,026
	<b>202,510,550</b>	<b>202,434,216</b>
<b>Contingent liabilities (note 14)</b>		
<b>Accumulated surplus (note 9)</b>	<b>\$ 215,526,828</b>	<b>\$ 208,920,631</b>

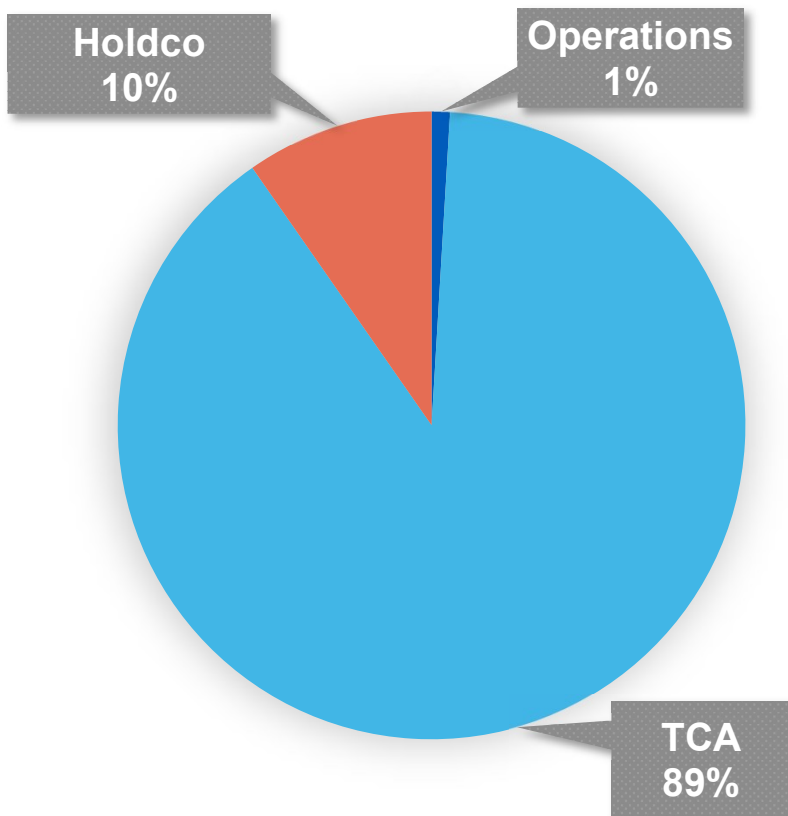
See accompanying notes to consolidated financial statements.



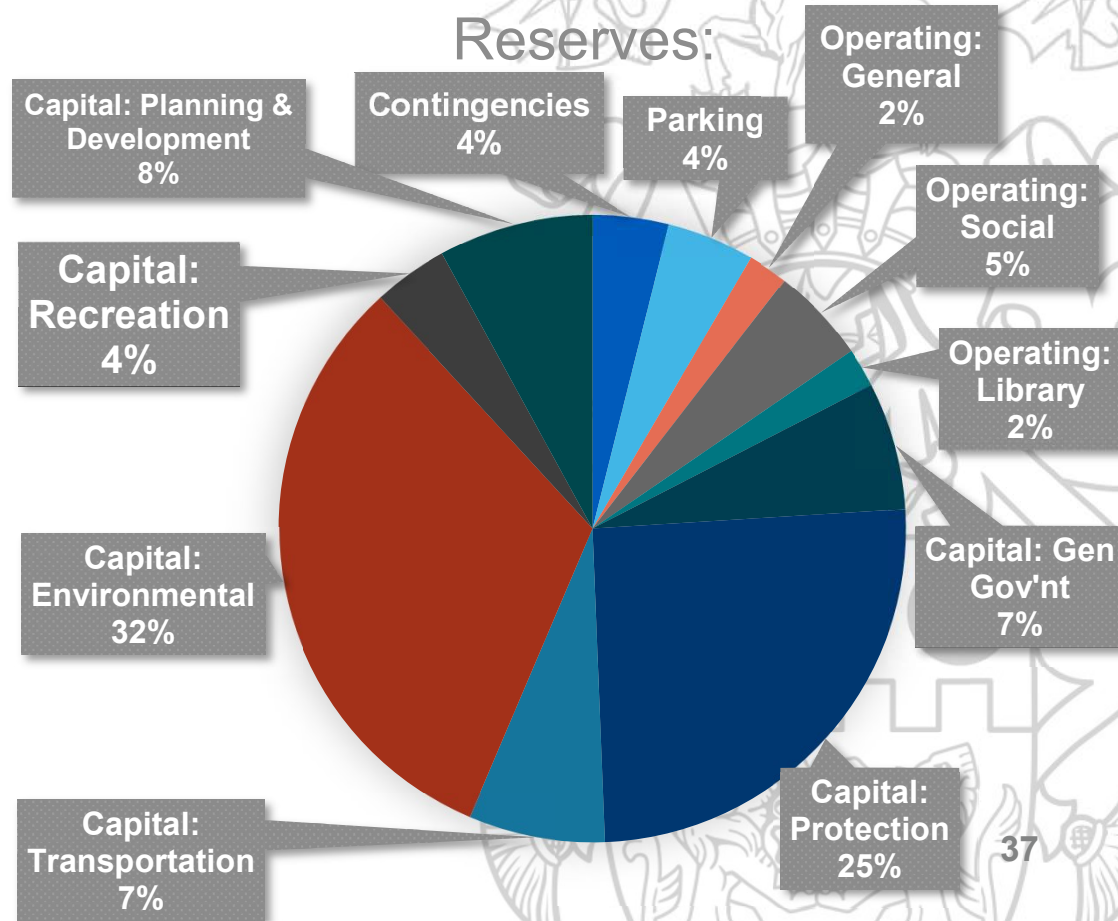
# Discretionary Reserves

Surplus/ Equity:	\$203,844,457
Self Directed Reserves:	\$11,682,371
<b>Total Surplus</b>	<b>\$215,526,828</b>

Surplus/Equity:



Reserves:



## Comments or Questions?

A circular graphic with a green-to-blue gradient. Inside the circle is a white icon of a document with a dollar sign and a laptop screen displaying the Cobourg logo.

Cobourg  
Town of Cobourg  
**Financial Statements**  
 [cobourg.ca/finance](http://cobourg.ca/finance)