



*Clarington*  
Annual  
Financial  
Review **2021**

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## Introduction

### About Clarington

The Municipality of Clarington is a beautiful community that forms the eastern boundary of the Greater Toronto Area.

Clarington is one of eight municipalities located in the Region of Durham. With a population of over 101,000 and growing, Clarington offers residents a blend of city living and rural charm.

Clarington is a geographically large municipality, covering an area of approximately 611 square kilometres of four major urban centres and 15 hamlets.

Residents enjoy waterfront trails alongside Lake Ontario, farmlands and the natural beauty of the Oak Ridges Moraine.

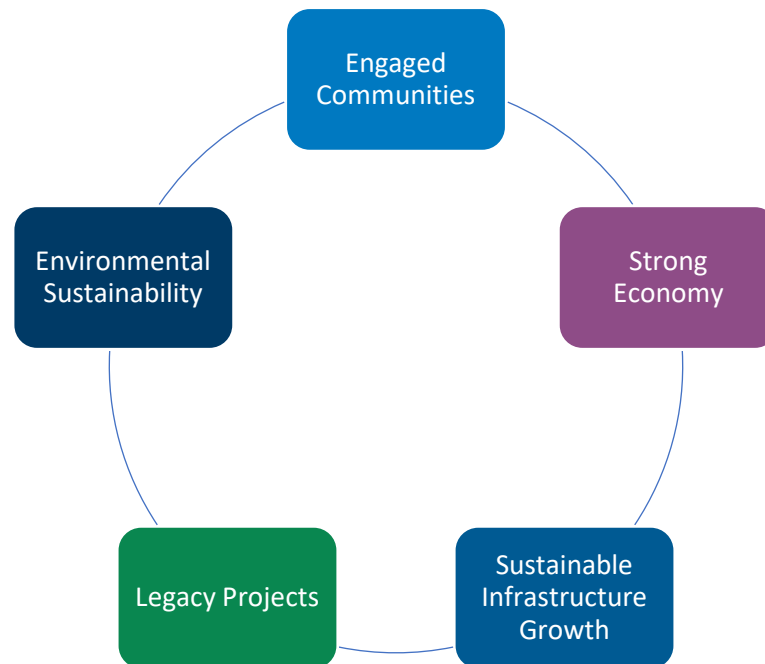
In 1974, the Regional Municipality of Durham Act brought together 21 municipalities, creating a two-tier government structure with regional government and eight individual municipalities, including the Municipality of Clarington

Clarington was formed by the amalgamation of the former Town of Bowmanville, the Village of Newcastle and the Townships of Clarke and Darlington. In 1993, the Municipality was renamed Clarington: a blend of the original Townships of Clarke and Darlington.

Today, the four urban centres of Courtice, Bowmanville, Newcastle and Orono, and 15 hamlets form the Clarington.

## The Municipality's Strategic Plan 2019 to 2022

Council for the Municipality of Clarington passed the following Strategic Priorities and Goals for the 2019 to 2022 term:



### Engaged Communities

- Enhance two-way communication with the community
- Establish and develop a unique Clarington brand for promoting our community

### Strong Economy

- Complete the implementation of the Downtown Plans
- Create partnerships in broadband expansion, working toward 100 percent connectivity
- Create partnerships to promote investment in infrastructure to make natural gas more accessible
- Expand our transportation network into commercial and industrial areas
- Explore an economic development strategy/framework in collaboration with the business community and other stakeholders

## Sustainable Infrastructure Growth

- Develop an affordable housing policy
- Develop strategies for infrastructure investments, including employment lands

## Legacy Projects

- Clearly articulate our plans for Courtice and Port Darlington waterfronts
- Pursue a final decision from Atomic Energy of Canada Limited (AECL) and Canadian Nuclear Laboratories (CNL) respecting the disposition of lands for the Port Granby Nature Reserve
- Develop the concept, financing, project plan and potential construction schedule for the South Bowmanville Recreation Centre for Council in 2019 for consideration in the 2020 budget, with a design to follow
- Articulate a vision of a performing arts space
- Make a decision on Camp 30

## Environmental Sustainability

- Advance waste reduction initiatives by promoting the four Rs: Refuse, Reduce, Reuse and Recycle

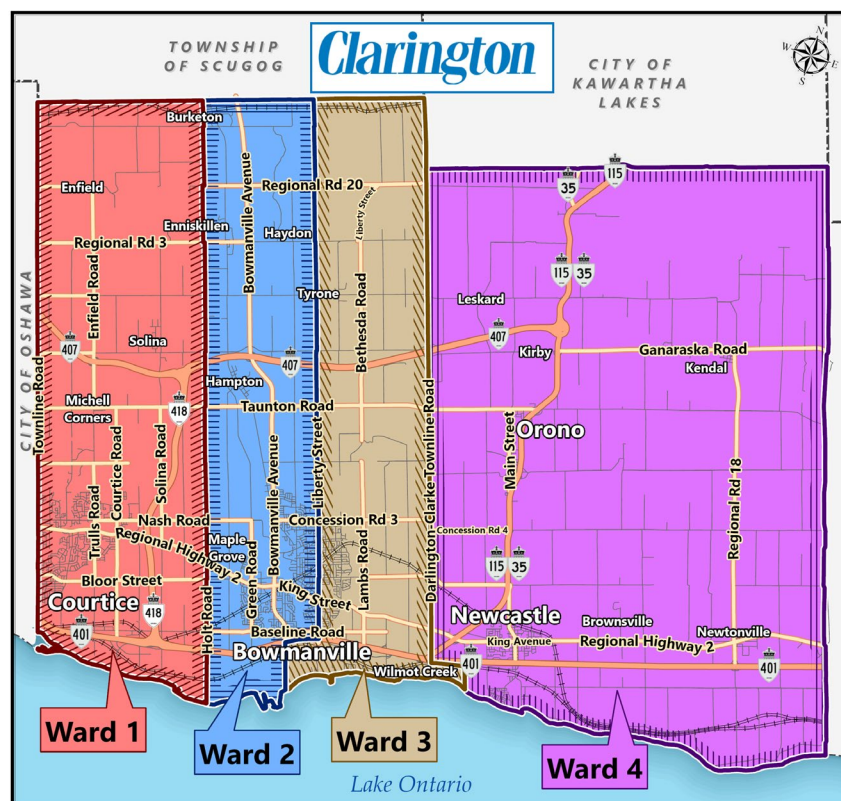
## Governance

### Mayor and Council

Clarington's Council comprises the mayor, two regional and four local councillors elected for four-year terms. Members of Council are the governing body of the Municipality and have the following responsibilities:

1. Represent the public and consider the well-being and interests of the Municipality.
2. Evaluate and approve policies and programs of the Municipality.
3. Determine which services the Municipality provides.
4. Ensure the administrative and controllership policies, practices, and procedures are in place to implement the decisions of Council.
5. Maintain the financial integrity of the Municipality.

Four wards separate the Municipality for electoral purposes. Each Regional Councillor represents two wards locally, and they also represent Clarington residents at Regional Council. Each local councillor represents one ward.



The Council for the Municipality of Clarington consists of:

- Mayor Adrian Foster
- Regional Councillors Joe Neal (Wards 1 and 2) and Granville Anderson (Ward 3 and 4)
- Local Councillors Janice Jones (Ward 1), Ron Hooper (Ward 2), Corinna Traill (Ward 3) and Margaret Zwart (Ward 4)

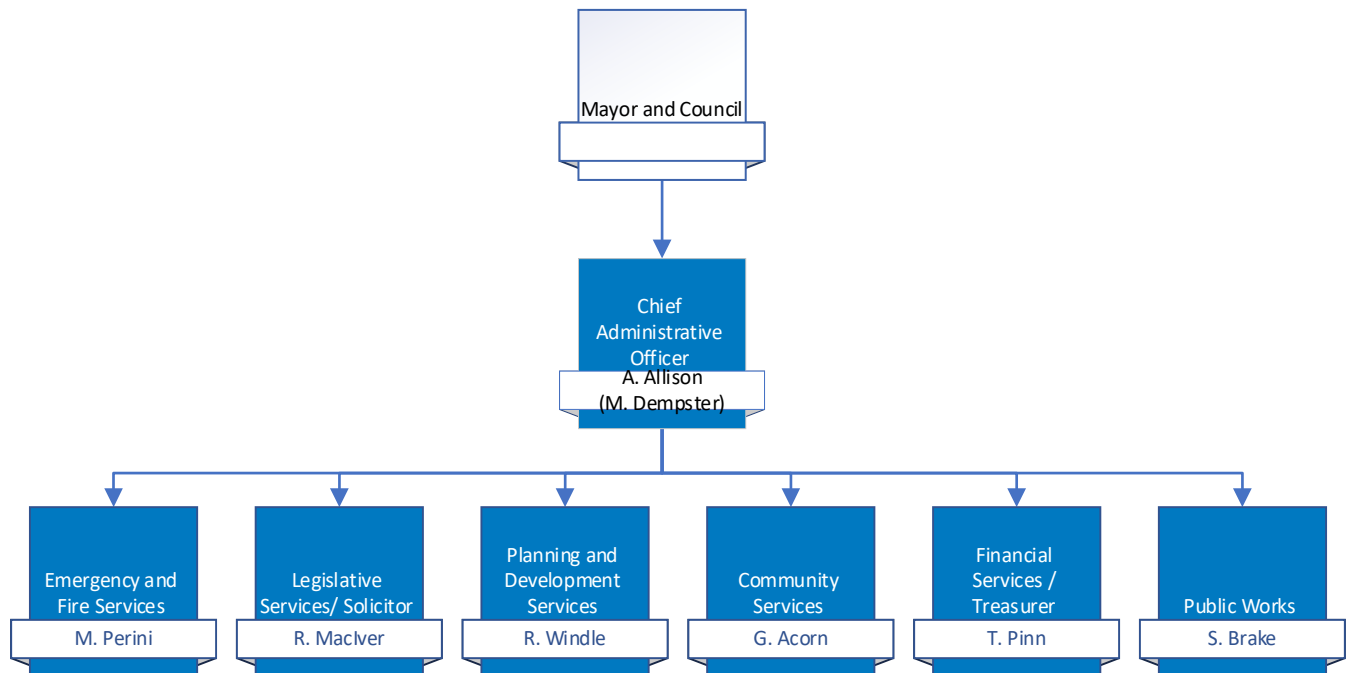


Back row: Janice Jones, Margaret Zwart, Ron Hooper, Corinna Traill

Front row: Joe Neal, Adrian Foster, Granville Anderson

## Senior Leadership Team

The senior leadership team consists of the Office of the Chief Administrative Officer (CAO) and the Directors of various departments. The senior leadership team works closely with Council to implement the critical strategic and operational initiatives outlined in the Strategic Plan, master plans and budgets. The Municipality is committed to responsible leadership through sound fiscal management and the delivery of quality programs and services to the stakeholders of the Municipality of Clarington.





## Message from the Treasurer

The Municipality of Clarington is proud to present its Annual Financial Report, which details the Municipality's financial performance and highlights key accomplishments through the 2021 fiscal year. The financial statements have been prepared in accordance with the *Municipal Act, 2001* and the reporting standards set by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Managing growth continues to be a priority for the Municipality. In 2021, Council approved the Brookhill Secondary Plan and the Southwest Courtice Secondary Plan. Building permits and development charges significantly decreased in 2021 (591 new residential units) compared to 2020 (1,023). Conversely, there was a significant increase in government, commercial, institutional and agricultural construction (\$95.8 million vs \$59.9 million in 2020) in Clarington.

The Municipality continues to adapt to the impact of COVID-19 on our operations. Financially, the pandemic impacted our ability to generate user fee revenue from recreation facilities and programs during lockdown periods. The Municipality mitigated these lost revenues through expense reduction and closures.

During the 2020 fiscal year, the Municipality implemented the corporate reorganization plan that was received in December 2019. As a result of this implementation, the Municipality has combined departments, transferred functions between departments, and ultimately improved administrative efficiency through a tighter organizational structure. The 2021 fiscal year was the first complete year under the new administrative structure; however, as the Municipality reports expenses based on service function, there is no reporting impact due to these changes. The second phase of this reorganization includes implementing an enterprise software system to centralize customer service processes, allowing stakeholders more significant access to online services; this project occurred throughout 2021 and will go live in 2022.

Growth, infrastructure renewal and a changing legislative landscape will continue to be common narratives in the Municipality's financial planning. As such, the continuation of long-term fiscal impact studies, service delivery reviews and budget processes focused on balancing service levels, sustainability and affordability will be essential to ensure informed decision-making and the management of these pressures.



Trevor Pinn, CPA, CA  
Deputy CAO/Treasurer  
August 03, 2022

## Financial Statement Discussion and Analysis

The accompanying financial statements are prepared following the Canadian public sector accounting standards published by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants Canada. The Financial Report is published to provide the Municipality's Council, citizens, staff and other stakeholders with detailed information concerning the financial position and activities of the Corporation of the Municipality of Clarington (the "Municipality") for the fiscal year ended December 31, 2021.

There are four required financial statements:

1. Statement of Financial Position
2. Statement of Operations
3. Statement of Changes in Net Financial Assets
4. Statement of Cash Flows.

These financial statements are supported by added disclosure and information in the notes and schedules to the financial statements. Overall, the financial statements and accompanying notes provide information on the cost of the Municipality's activities, how they were financed, investing activities, and the Municipality's assets and liabilities at December 31, 2021.

### Municipality of Clarington Mandate

The Municipality of Clarington is a lower-tier municipality within the Regional Municipality of Durham in the Province of Ontario. As outlined in the notes to the consolidated financial statements, the Municipality conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, the Municipal Affairs Act and related legislation.

The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenses and changes in investment in tangible capital assets of the Municipality of Clarington. The reporting entity comprises all organizations, local boards and committees controlled by the Municipality, including:

- Board of Management for the Historic Downtown Bowmanville Business Improvement Area
- Board of Management for the Newcastle Central Business District Improvement Area
- Board of Management for the Orono Central Business District Improvement Area
- Clarington Public Library Board and Clarington Museums and Archives
- Newcastle Arena Board
- Newcastle Community Hall Board
- Solina Hall Board
- Tyrone Community Hall Board

- Clarington Heritage Committee
- Bowmanville Santa Claus Parade Committee
- Orono Cemetery Board

The Municipality holds a 9.248 percent share of ownership of Elexicon Corporation. The Municipality's investment in Elexicon Corporation and its subsidiaries is accounted for on a modified equity basis, consistent with generally accepted accounting principles as recommended by PSAS for investments in government-business partnerships.

The Municipality collects taxes and other revenues on behalf of the Region of Durham (the upper-tier municipal government) and the school boards within Clarington. The taxation, other revenues, expenses, assets and liabilities for the operations of the Region of Durham and the school boards are not reflected in these statements.

The Municipality of Clarington provides a wide range of services to its taxpayers. The Consolidated Financial Statements use the following segmented groups of services:

- **General Government Services** – comprises all departments supporting the Municipality's corporate governance, management and program support.
- **Protection Services** – includes protection to persons and property and comprises Emergency and Fire services, Municipal Law Enforcement, Animal Services, and Building Inspection / Enforcement services. Emergency and Fire Services is responsible for emergency management, fire prevention and public education, fire suppression, communication, and training.
- **Transportation Services** – comprises the Public Works Department. The primary responsibilities include the inspection, planning and maintenance of the roads, bridges, sidewalks, streetlights, roadsides, winter snow clearing, subdivision planning, traffic engineering, development and municipal servicing reviews. Other services include fleet maintenance, parking and school crossing guards.
- **Environmental Services** – includes storm-water management, erosion control and resale of waste diversion goods. These activities are primarily the responsibility of Public Works.
- **Health Services** – includes the maintenance and operation of the Municipality's active and abandoned cemeteries and crematorium, cemetery records management and the sale of cemetery plots, permits and headstones. Public Works Department provides maintenance with administrative support by the Legislative Services Department for sales and record keeping.
- **Recreation and Cultural Services** – includes the administration, operation and maintenance of all recreational, aquatic, arena, community recreational facilities, parks and trails. Community Services is responsible for indoor recreation facilities and programming. The Public Works Department maintains outdoor facilities and

amenities. Clarington Libraries and Museums, and other external cultural agencies are also included in this segment.

- **Planning and Development Services** – comprises the Planning and Development Services Department. Services include the development of planning policies, urban design, development approvals, heritage preservation, real estate services and geomatics. Tourism activities and business improvement area activities are included in this segment.

## Management Responsibility

The Municipality's management is responsible for both the presented data's accuracy and the presentation's completeness and fairness, including all disclosures.

The Municipality's management monitors and 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 the preparation of the consolidated financial statements.

Council, through the Audit and Accountability Committee, meets with management and the external auditors to review the consolidated financial statements and to discuss any significant financial reporting or internal control matters before approving the consolidated financial statements.

BDO Canada LLP, an independent external auditor, appointed by the Municipality, audited the consolidated financial statements. The Independent Auditor's Report, which is included in the statements, provides an unqualified "clean" opinion on the Municipality's consolidated financial statements for the year ended December 31, 2021. The report also outlines the auditor's responsibilities and the scope of their examination.

An audit is conducted following Canadian generally accepted auditing standards. These standards require that the auditors comply with the ethical requirements necessary to plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement.

An audit involves performing specific procedures chosen by the auditors to obtain audit evidence to verify the amounts and disclosures in the consolidated financial statements and assess the risk of material misstatements. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management, and the overall presentation of the consolidated financial statements.

The budget is an important strategic planning and resource allocation process required by legislation and serves as the foundation for the Municipality's financial planning and control. Section 290 of the *Municipal Act, 2001* requires a municipality to adopt a budget including estimates of all sums required during the year for the Municipality. The budget

compilation process commences early in the year to ensure that the Municipality has an approved budget in place for the start of the new fiscal year. The Municipality's management prepares a proposed budget that is submitted to Council for review and approval in February of each year. Citizens are involved in the budget process through surveys and public meetings.

## Risk Management and Significant Financial Management Plan

The financial management and control of the Municipality are largely governed through by-laws and Council resolutions that prescribe purchasing, accounting, investment, budgeting, risk management, debt and reserve policies. Council has sole authority to allocate funds through the annual approval of the operating and capital budgets.

The annual operating budget is balanced with revenues equaling expenditures for the calendar year. The operating budget must include estimates of all sums required by the Municipality, including any debt payments and all forms and sources of revenue.

The Municipality strives to leverage non-tax sources of revenue to sustain its level of services to its citizens. The Municipality charges user fees to recover costs of services where it is appropriate to do so. There is also an annual update to ensure that the user fees are increasing at a reasonable yearly inflation rate. The annual fee schedule is reviewed and approved by Council.

The Municipality's financial management policies regarding tangible capital assets ("TCAs") stipulate that said assets are recorded at cost and include all amounts directly attributable to acquisition, construction, development or betterment of the asset. The TCAs' costs, less residual value, are amortized on a straight-line basis over their estimated useful lives. Works in progress are not amortized until the asset is available for productive use, at which time they are capitalized. The Municipality has a capitalization threshold for each asset class, so individual TCAs of lesser value are expensed unless they are pooled because collectively, they have significant value or could not be operated separately.

The Municipality's key financial policies establish guidelines for debt, revenue sources and utilization of reserves and reserve funds, budget variance reporting, and the procurement by-law that sets authorization limits. Each of these policies is intended to mitigate risk, safeguard the Municipality's assets and ensure that proper internal controls are in place.

## 2021 Significant Events Affecting Financial Statements

The COVID-19 pandemic started in March 2020 and had lasting impacts into 2021. For the second consecutive year, the Municipality's recreational programming and facilities were closed due to the Province of Ontario's emergency orders. Revenue typically earned from lessons, rentals, drop-in programs, and the fitness centre were drastically reduced while the fixed maintenance and operational costs were still incurred. The Municipality continued to mitigate the lost revenue by eliminating part-time staff hours,

reducing utilities and keeping staffing to a minimum within each building to maintain facility readiness. The Municipality created a tax deferral program to allow those impacted by COVID-19 to delay payment of their interim tax payments by 60 days while changing administrative processes to allow easier access to pre-authorized payment plans and payment arrangements. These steps provided taxpayers with additional cash flow flexibility while minimizing risks to the Municipality's ability to conduct business.

The summer and fall of 2021 saw a slow resumption of recreational facilities and programming at reduced capacity. The Municipality took steps to provide services in Community Services and throughout the organization using electronic means. The Municipality continued its governance operations (Council and committees) through virtual meetings allowing public participation through video or audio options. Provincial screening and vaccine certificate requirements were managed through increased staffing or external service providers.

## Developer Contributed Assets

Contributed assets, excluding land, are recorded when the Municipality assumes responsibility for the maintenance of the municipal services such as roads, sidewalks, stormwater sewers and parks. Assumption of development usually occurs three to five years from the registration of the subdivision, although it may be longer depending on the speed of development. Fluctuations in the value of contributed assets occur from year to year based on the plans registered, the timing of the assumption of the subdivision and the infrastructure included in each subdivision.

## Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position is the public sector accounting equivalent of a balance sheet. The Statement of Financial Position provides a snapshot of the assets, liabilities and accumulated surplus (an indicator of service capacity) as at December 31, 2021.

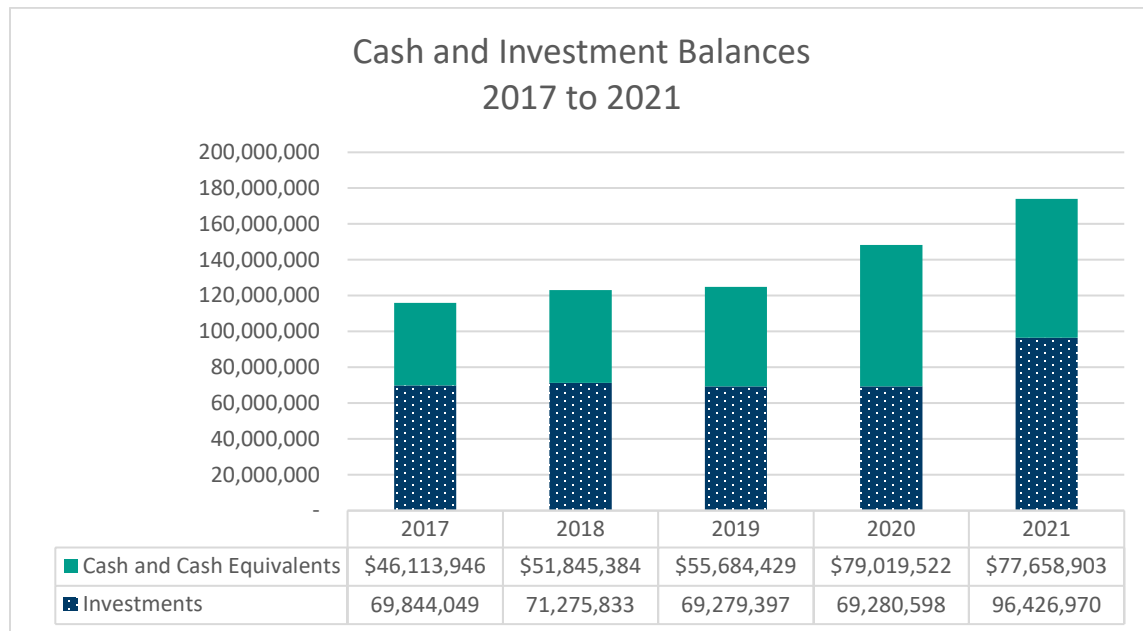
## Financial Assets

Cash and cash equivalents consist of cash on hand, demand deposits and other investments that can be converted to cash within 90 days. The Municipality saw a decrease in cash of approximately \$1.4 million. The Statement of Cash Flows highlights how the change in cash occurred. A significant reason for the reduction of cash is related to the increase in investments between 2020 and 2021. The Municipality increased investments by over \$27.1 million; this follows last year's cash increase due to deferred revenue (including obligatory funds), which saw an increase in cash. In 2021, the funds received were converted into investments for future needs and increased investment income potential.

Investments are made according to the Municipality's adopted investment policy and the legislated standards. Most investments are guaranteed investment certificates and

government bonds. There continues to be a shift from GICs to bonds and other deposit notes as a form of investment due to the relatively better return on investment that these instruments have had during the year. The Municipality also invested approximately \$2.5 in eligible corporate debt (Hydro One) during the year.

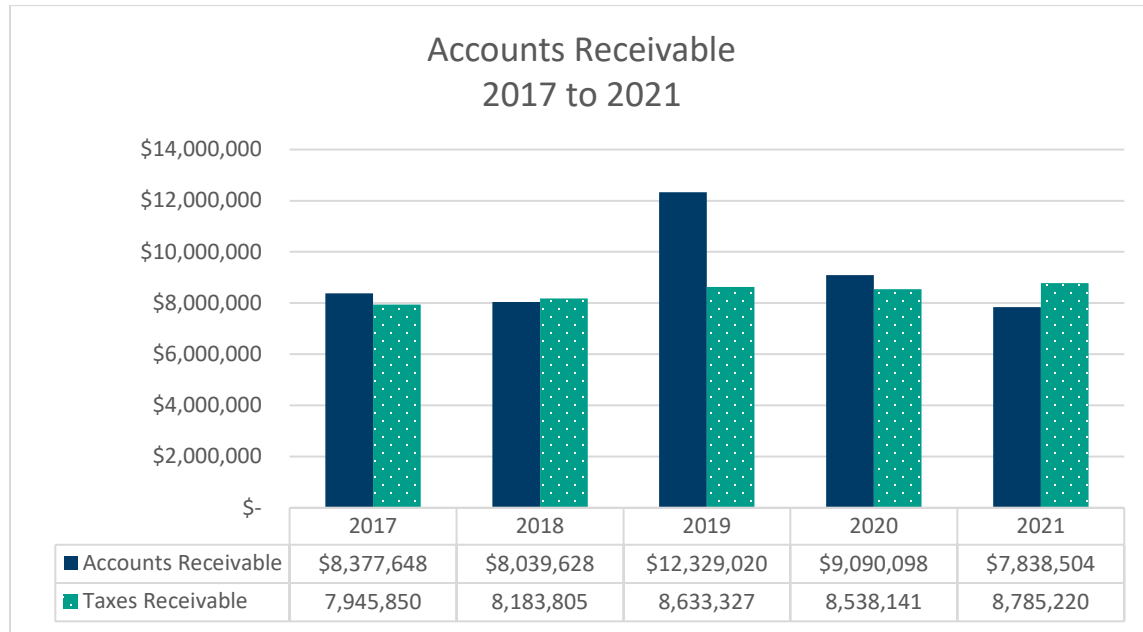
The following chart shows the balance of cash and cash equivalents as well as the Municipality's investments for the period 2017 to 2021:



Accounts receivable represent funds owed to the Municipality. A decrease of \$1.3 million in accounts receivable recognizes the improved collection of outstanding balances during the year; this is the second year in which accounts receivable decreased year over year. These amounts typically include work done on behalf of third parties billed back to the party, grants earned and awaiting payment, collectible rental fees, and other miscellaneous amounts.

Taxes receivable represent unpaid property taxes, net of any allowance for uncollectible taxes or anticipated appeals. Despite the COVID-19 pandemic, the taxes receivable remained relatively consistent, which indicates that the Municipality has been able to collect on these funds. The increase of \$247,100 represents approximately 2.9 percent which is in line with the overall tax increase during the year.

The following chart shows the balances for accounts receivable and taxes receivable at December 31 of each year from 2017 to 2021.



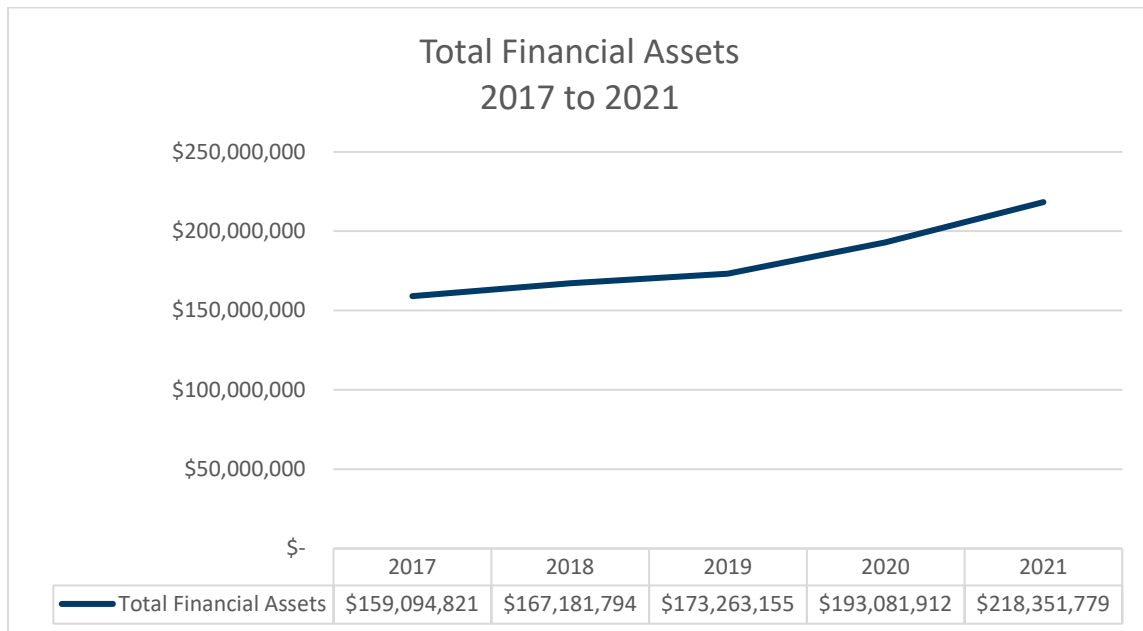
Land for resale consists of the historical cost of property that the Municipality has declared surplus and is actively marketing; it is not representative of the fair market value of that land. At December 31, 2021, land for resale consisted of property on Baseline Road at Spry Avenue.

Promissory note receivable and the investment in Elexicon Corporation relates to the Municipality's investment in the local electric company. The promissory note receivable is unchanged from 2020 and is an on-demand note. The investment in Elexicon Corporation is relatively consistent with 2020, indicating no impairment in the investment. Clarington reports its investment in Elexicon using a modified consolidation basis; this amount shown in the financial statements is not liquid and cannot easily be converted to cash. Summarized in note 7 of the financial statements are the financial results of Elexicon. The investment in the Government Business Enterprise (Veridian and Elexicon) over the past five years is shown in the following chart:





Overall, the Municipality's financial assets have increased by approximately \$25.3 million; this compares to only an increase of \$7.1 million in liabilities. The Municipality's financial position has therefore improved, and it continues its strong financial position.



## Liabilities

Liabilities represent financial obligations of the Municipality resulting from events and decisions which occurred on or before December 31, 2021.

Accounts payable and accrued liabilities are short-term liabilities expected to be paid in the following fiscal year. They would consist of amounts owing to vendors for services rendered during 2021, accruals for unbilled amounts and other liabilities. Accounts payable and accrued liabilities decreased by \$2.2 million in 2021, primarily due to the timing of payments due for significant construction projects and the payment to the Region for development charges. This year's decrease follows an increase in 2020 of \$3.2; the balance at any given year will fluctuate based on timing.

Employee future benefits include the present value of the cost of providing employees with future benefit programs. These benefits are expensed as they are earned through the employee's service. The employee future benefits include sick leave accumulation plans for firefighters \$1,096,690 (2020 - \$1,009,061), other employees \$17,154 (2020 - \$21,196), and the cost to provide qualifying employees health, dental and life benefits to the age of 65. The Municipality engages a third-party actuary to estimate the liability for employee future benefits.

Debenture debt represents the outstanding debenture obligations with the Region of Durham for capital asset investments. There are currently six (2020 – seven) outstanding debts with maturities between 2022 and 2032, ranging in interest rates from 1.70 percent to 4.75 percent (maturing 2022). During the 2021 fiscal year, the Municipality did not take on any new long-term debt and repaid \$1.9 million (2020 - \$2.3 million) in debt principal.

Guidelines established through the *Municipal Act, 2001* allow for a maximum debt payment ratio of 25 percent of own-source revenues, which in 2021 equaled \$22.2 million, leaving approximately \$19.4 million in the debt servicing room. The Municipality does not expect to utilize the maximum debt capacity in the near future.

The following chart shows the accounts payable, employee future benefit liability and debenture debt balances for the period 2017 to 2021:

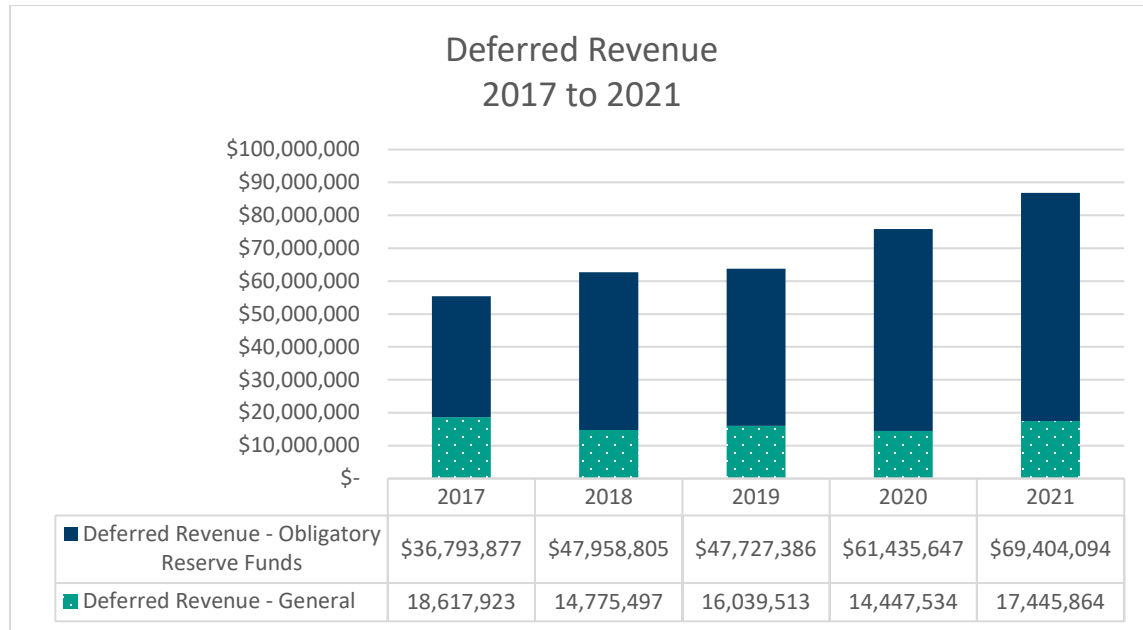


Deferred revenue represents funds that have been received by the Municipality where the associated revenue has not yet been recognized. The main items included in deferred revenue – general are taxes paid for future years \$6,793,967 (2020 - \$6,338,385), subdivision deposits held \$8,326,502 (2020 - \$5,872,393), deposits held for other construction-related projects \$724,742 (2020 - \$925,037) and Community Services related deposits \$1,420,142 (2020 - \$705,615).

Deferred revenue – obligatory funds represent funds received by the Municipality where there are legislative or contractual restrictions on the use of the funds. Provincial Infrastructure funds, Canada Community Building Fund (formerly Federal Gas Tax Funds), Parkland-cash-in-lieu, building permit revenue, and development charges represent the balance of these funds.

The vast majority of this balance, approximately \$56.0 million (2020 - \$50.0 million), consists of development charges paid by developers towards the future capital cost of growth-related infrastructure costs and certain studies. In 2021, the Municipality collected \$11.9 million (2020 - \$15.1 million) from developers, earned investment income of \$788,000 (2020 - \$1.2 million) and utilized \$12.3 million (2020 - \$7.1 million). The Municipality approved its updated Development Charges Study in January 2021, which includes the growth-related capital needs for 2021 to 2031.

The following chart shows the five-year history for deferred revenue from 2017 to 2021; note the majority of the increase relates to the collection of development charges.



The increase in liabilities is primarily the result of the increase in deferred revenue, both general and obligatory reserve funds. These funds were collected in 2021 and form an obligation on the Municipality to utilize as allowed under appropriate legislation in future years. The increase in deferred revenue is related to the in cash and investments, as shown in the financial statements.

### Non-Financial Assets

Non-financial assets primarily consist of tangible capital assets used to deliver programs and services to stakeholders actively. The decrease of \$2.8 million (2020 - \$3.4 million) is reflective of the \$21.6 million (2020 - \$21.6 million) in amortization, representing the utilization of assets, being higher than the investment in tangible assets of \$16.7 million (2020 - \$15.7 million). A prolonged period of excess amortization over investment could deteriorate the Municipality's infrastructure network. The decrease is also reflective of the fact that in 2021 the Municipality benefited from the contribution of \$2.4 million in tangible assets, compared to \$5.1 million in 2020. The variance from year-to-year is due to the timing of the completion of subdivisions and their acceptance by the Municipality. The following chart shows the five-year balance for tangible capital assets:

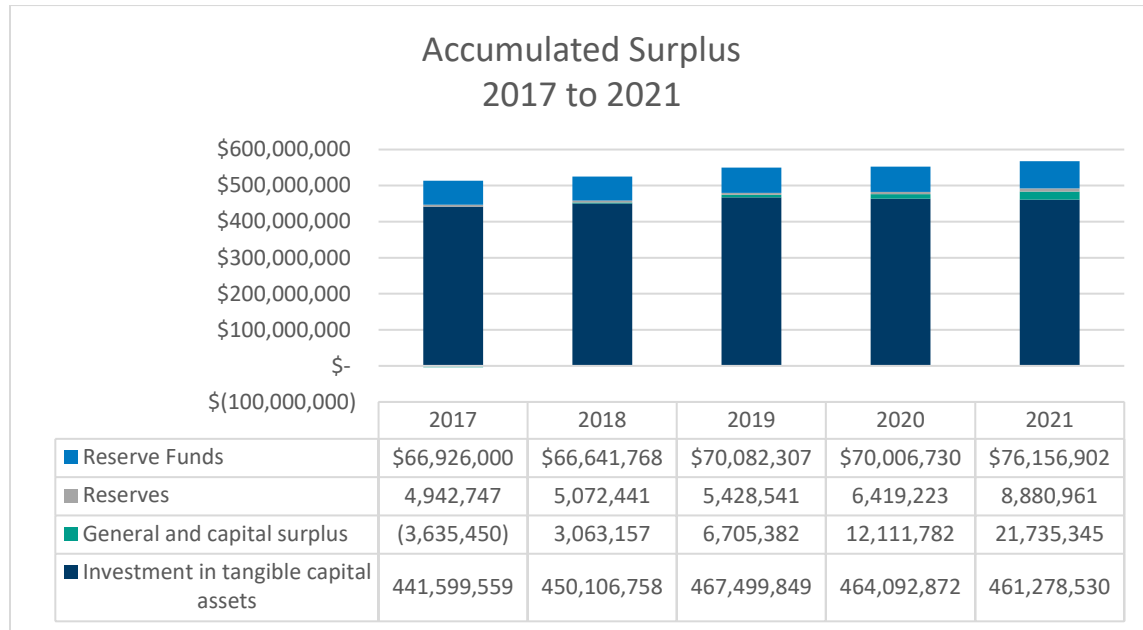


Prepaid expenses and inventory supplies, which are items already paid for but will be utilized in future years, have remained relatively stable, and variations are mainly a result of timing differences.

### Accumulated Surplus

It is critical for users of the financial statements to understand that the term “accumulated surplus” does not mean and cannot be implied to suggest that “cash or funds” are available for spending. The Municipality saw an increase of approximately \$15.1 million, which represents an increase in the future serviceability of the Municipality.

Note 19 “Accumulated Surplus” of the Consolidated Financial Statements presents a detailed breakdown of the accumulated surplus. The vast majority, 81.2 percent, of the value in accumulated surplus represents the Municipality’s investment in the tangible capital assets (infrastructure) required to deliver the programs and services that stakeholders expect. The five-year summary breakdown of the accumulated surplus is presented below:



Overall, the Municipality has a solid financial position with a positive financial asset to financial liability ratio of 1.9:1.0 (2020 - 1.8:1.0), representing an improving financial position. The Municipality's reserves and reserve funds of \$57.6 million is over seven times the long-term liabilities of \$7.7 million, indicating that there are sufficient funds available to meet the Municipality's long-term and short-term liabilities.

## Consolidated Statement of Operations

The Consolidated Statement of Operations is the public sector accounting equivalent of an income statement. The Statement of Operations summarizes revenue and expenses for the year. The annual surplus reported on this statement represents the difference between the cost of providing the Municipality's services and the revenues recognized during the year on an accrual basis. The Municipality's expenses are shown based on service segments that align with the Province of Ontario's financial information return definitions and are not based on the administrative structure of the Municipality.

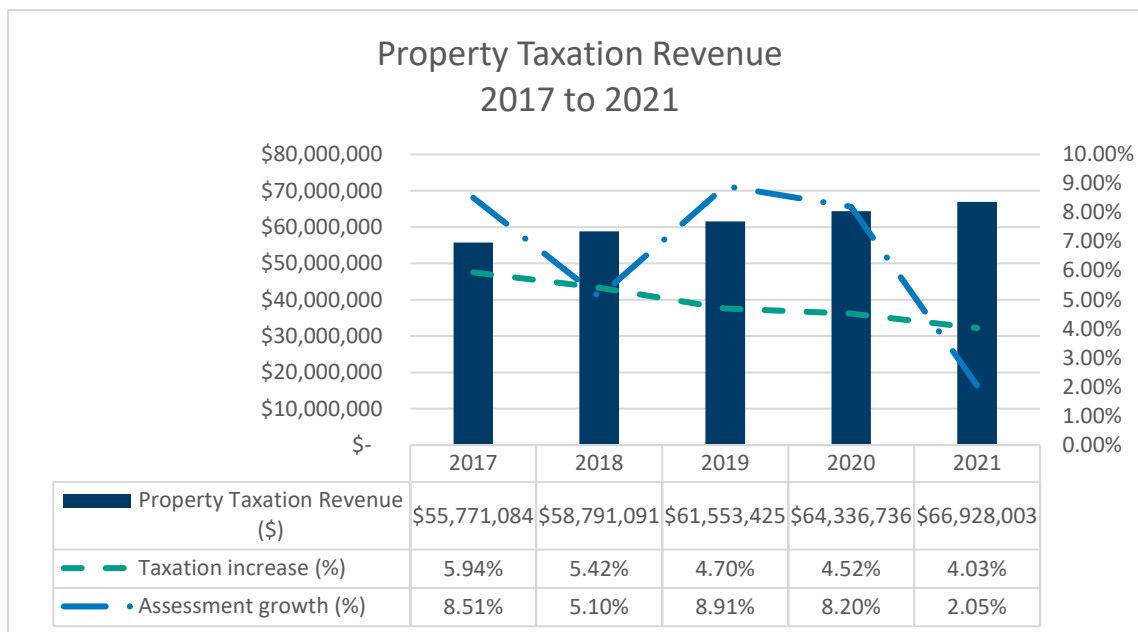
As Public Sector Accounting Standards requires, the Statement of Operations groups expenses by functional segment. Expenses are broken down in Schedule 2, showing each segment and the expenses by accounting object (e.g. salaries, materials, services).

Starting in 2020, the Municipality added Schedule 3, which shows the budgeted breakdown by segment for each accounting object in revenues and expenses. It is hoped that this additional schedule provides helpful information to users of the financial statements on how funds were budgeted and how that compares to the actual results of the Municipality.

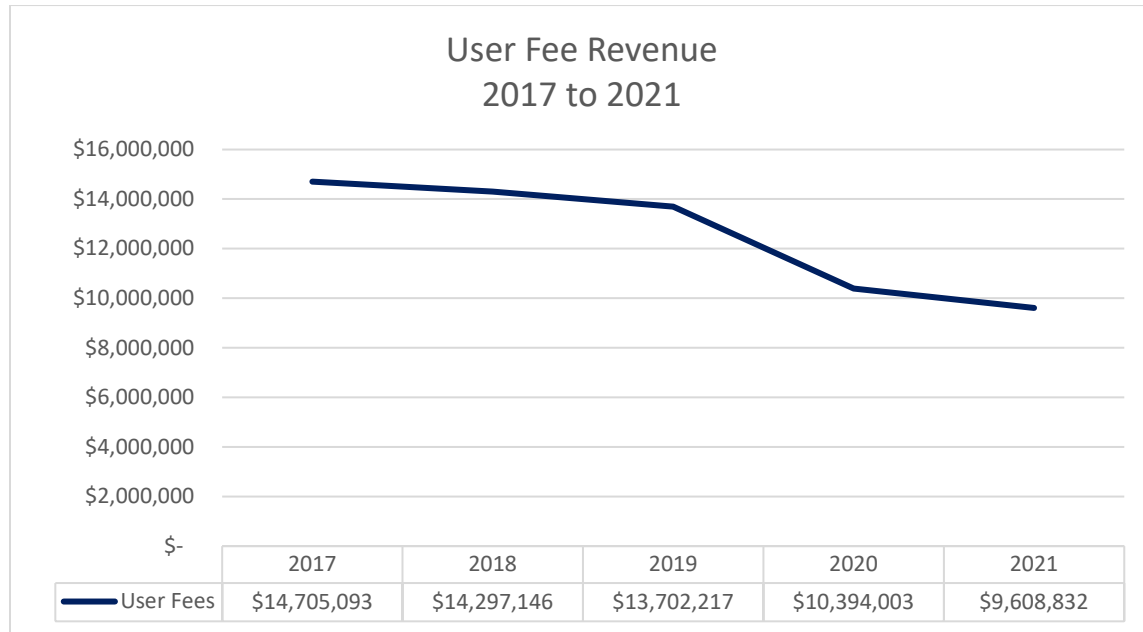
## Revenues

The Municipality follows accrual accounting which recognizes revenue when earned rather than when received. The Statement of Operations shows revenues based on revenue stream. Property taxation includes the Municipality's portion of the tax bill only; taxes that the Municipality collects on behalf of other parties are not shown within the financial statements of the Municipality. Taxation and user charges were in line with the 2021 budget.

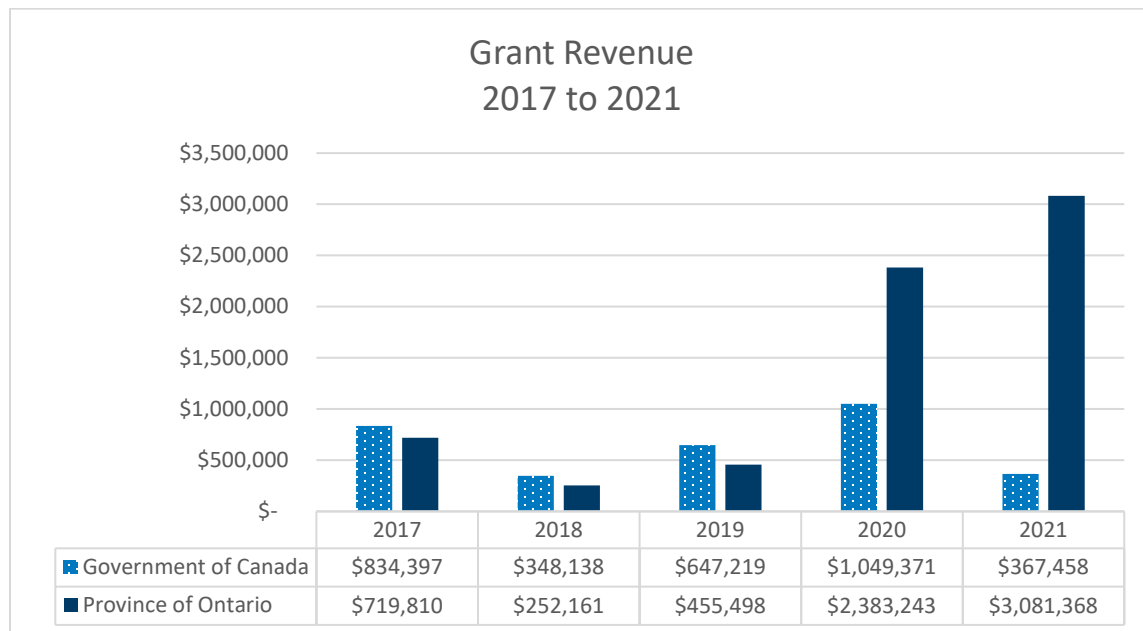
The following chart shows the past five years' taxation revenue, the annual increase in taxation and the assessment growth for the Municipality. The Province delayed the reassessment cycle that would typically occur every four years due to the COVID-19 pandemic. The market values of properties in 2021 remained the same, except if the property was altered, as in 2020 and are based on the property's fair market value on January 1, 2016. The increase in assessment relates to new properties or improvements to existing properties. The Province has announced that the assessments in 2022 and 2023 will follow the 2020 assessments; therefore, assessment growth will be purely growth-related until at least 2024.



User charges in 2021 are approximately \$0.8 million lower than in 2020 which is reflective of the whole year of 2021 being impacted by COVID-19. The 2020 fiscal year similarly was \$3.3 million lower than in 2019, and this is related to recreation and cultural services, which were impacted by the COVID-19 pandemic closures. Overall user fees are approximately \$4.1 million lower than pre-pandemic levels. These fees are primarily in the Community Services Department and relate to lessons, programs, and fitness centre services restricted by public health measures. The following chart shows the drastic decline in user fee revenue in 2020 and 2021 compared to pre-pandemic levels.



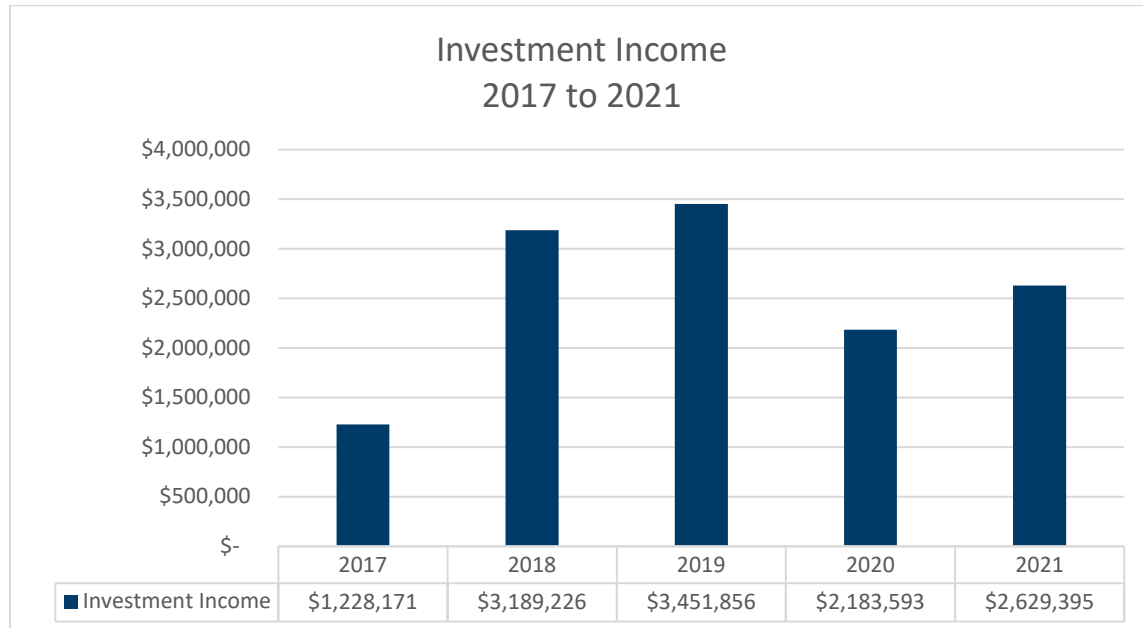
The Grant from the Province of Ontario includes funds received through the Safe Restart Program, which provided funding for the Municipality to offset lost revenue and increased operating expenses incurred due to the COVID-19 pandemic. Government of Canada grants include funds related to specific capital projects earned in 2021. These are one-time grants and not a recurring source of income for the Municipality. Grant revenue is not a consistent form of revenue for the Municipality and is volatile from year to year, as summarized below:



Deferred revenue earned increased yearly by more than \$5.4 million, primarily due to increased capital infrastructure project activities supported by obligatory reserve funds.



Investment income includes dividends from Elexicon, which are not budgeted for as they are discretionary, and there is no guarantee of receipt. The investment income is above budget due to the Elexicon dividend and up slightly over 2020 values. The increase is mainly due to interest earned on transferring an additional \$27.1 million into investments during the year. The interest rates earned on investments and the Municipality's bank accounts continued to be lower in 2021 due to the COVID-19 pandemic. The Municipality shifted the types of investments away from Guaranteed Investment Certificates (GICs) to other eligible fixed income instruments such as bonds to maximize earnings potential while protecting the investment principal.

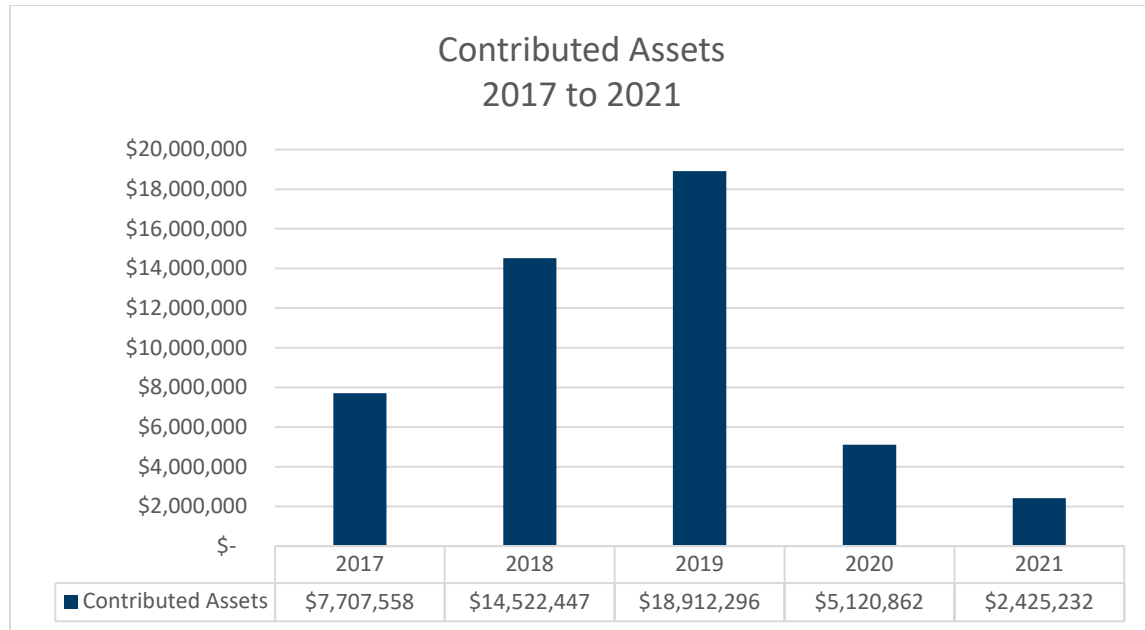


Penalties and interest on property tax are slightly higher in 2021 than in 2020, driven by a decision in 2020 to provide two months of relief from interest and penalties due to the COVID-19 pandemic. This relief was approximately \$200,000 to \$250,000 in lost revenue to the Municipality.



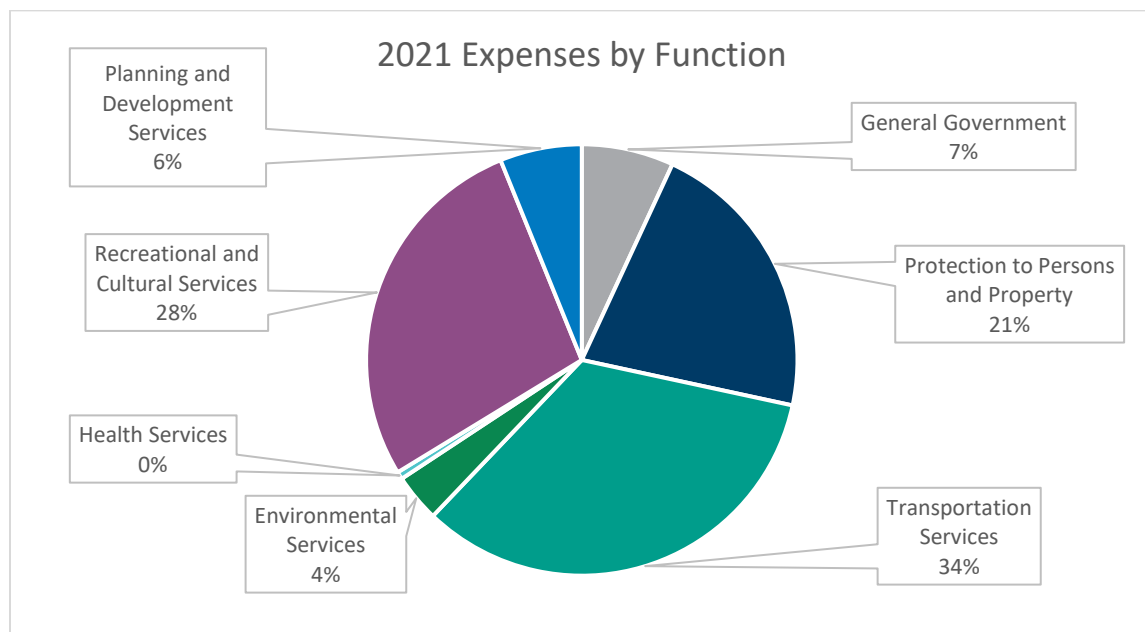
Fines were approximately \$55,800 lower in 2021 versus 2020, following an approximate \$200,000 decrease in 2020 from 2019. In 2021 and 2020, the Municipality's By-law Enforcement department shifted focus away from parking tickets and municipal law enforcement fines toward COVID-19 priorities. A further reduction came from a change in policy at the Municipal Libraries, which eliminated past due fines on loaned materials.

During the year, the Municipality received tangible capital assets with a fair market value of \$2.4 million (2020 - \$5.1 million); this relates to subdivisions assumed by the Municipality. The value is the fair market value of the assets built by the developer (e.g. roads, parks, stormwater management), which are now assets of the Municipality. This amount will fluctuate yearly and is based on the timing of development and acceptance by the Municipality. The budget amount shown on the statement has been set, as is past practice, to agree to the actual amount. The following chart highlights the past five years of contributed asset revenue and shows the volatility of this revenue source.



## Expenses

Expenses are presented by service function and are in line with the Financial Information Report mandated by the Province of Ontario. The Municipality's 2021 expenses by service function are summarized below:



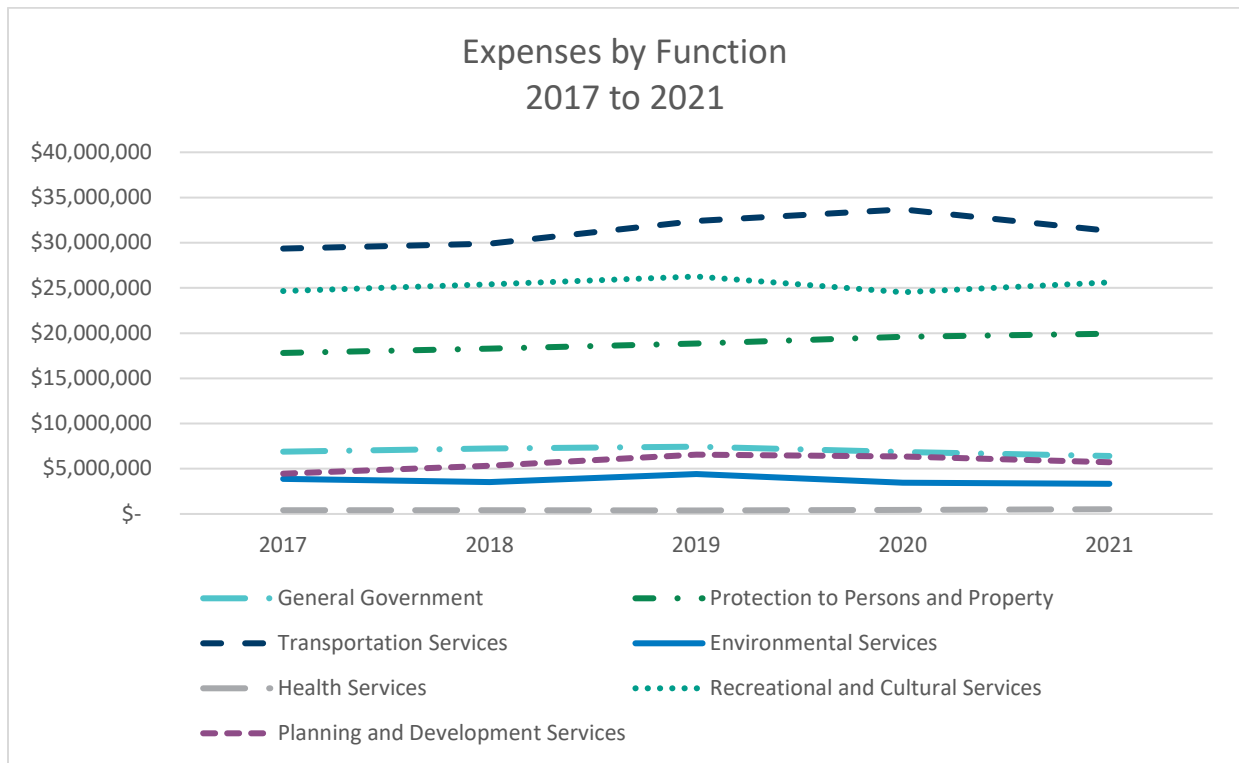
In most areas of the Municipality, expenses continue to be below the pre-pandemic levels as COVID-19 impacted service delivery. The Municipality saw increased costs from COVID-19 through added cleaning, protective equipment, staff time for municipal law enforcement, and other items. Savings were also recognized through reduced

staffing in certain areas, reduced travel costs for training and meetings, and reductions in office supplies and utilities.

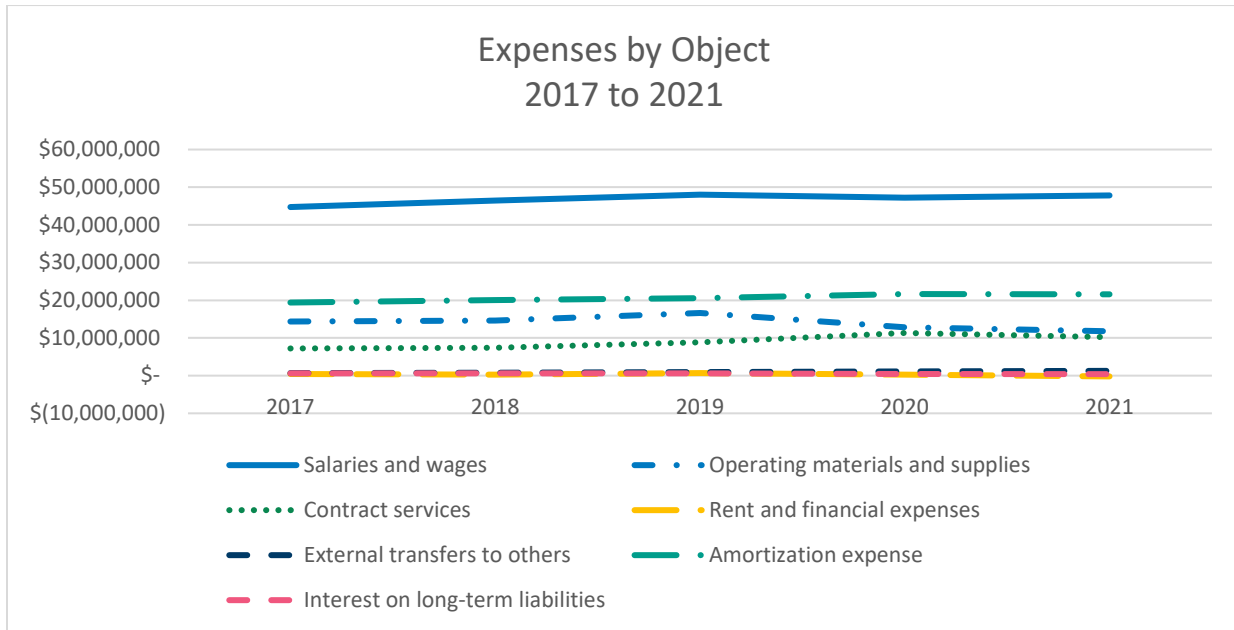
While the Municipality took steps to reduce expenses in 2020 and 2021 due to COVID-19, there are fixed costs that cannot be reduced. Regular repairs and maintenance of buildings, including those closed to the public, must occur to ensure the integrity of the building and the systems within it. Amortization expense is a non-cash expense which allocates the capital cost of assets across the useful life of the asset and is not impacted by the pandemic.

Overall, the expenses for the Municipality were lower in 2021. The savings contribute to the surplus recognized for the year. During the year, the Municipality received funding from the Province of Ontario, the Government of Canada’s Safe Restart Program, and the COVID-19 Recovery Fund; these funds were recognized as revenue in 2021. It should be noted that the surplus and budget shown on the statements are in accordance with PSAB and are shown on the same basis that the Municipality budgets annually (which uses a modified cash basis).

The following charts show the past five years operating expenses by function:



The following chart shows the past five years operating expenses by accounting object:



## Consolidated Statement of Change in Net Financial Assets

The purpose of the Statement of Change in Net Financial Assets is to provide financial statement users with additional information on the Municipality's financial activities during the year. The statement backs out all the non-financial activity from the statement of operations, such as amortization, accounting gains/losses, and the purchase and sale of assets. The statement shows that the financial impact on the surplus attributable to change in financial assets is an increase of \$17.8 million (2020 - \$7.8 million). While the annual surplus in 2021 was higher than in 2020, this was mainly a result of the recognition in revenue of previously deferred revenue. Amortization expense in 2021 is similar to the prior years, while the Municipality acquired slightly less in tangible capital assets. In 2021, there was an approximate \$2.2 decrease in the net adjustment for capital asset disposals; in 2020, the Municipality reviewed its road inventory and adjusted the tangible capital assets to reflect the in-use assets.

## Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows explains how the Municipality financed its activities and met its cash obligations. It details items that do not involve cash, such as annual amortization and developer-contributed assets. This statement reconciles the change in cash and cash equivalents from year to year. The consolidated cash position of the Municipality decreased from \$79.0 million in 2020 to \$77.7 million in 2021.

Operating activities contributed to an increase of \$43.3 million (2020 - \$40.3 million) in cash during the year. These would include the collection of outstanding receivables, the payment of accounts payable, and the receipt of funds which were not recognized as revenue during the year (mainly development charges).

The change in cash from capital activities of \$16.7 million (2020 - \$15.7 million) in cash outflows was due to the acquisition of tangible capital assets during the year.

Investing activities included dividends from Elexicon Group of \$1.1 million (2020 - \$1.0 million) were contributors to the increase in cash in 2021. The Municipality also transferred a net increase of \$27.1 million (2020 - \$1,200) to investments during the year. The increase in investments related to the general fund, non-development charges reserve funds and development charges obligatory reserve funds.

During the 2021 fiscal year, the Municipality repaid \$1.9 million (2020 - \$2.3 million) of its long-term debt, which is considered a financing activity. During the 2021 fiscal year, there was no new debt issued.

## Conclusion

The Municipality of Clarington continues to be in a solid financial position, as indicated by the favourable net financial asset position, growth in accumulated surplus and liquidity ratios. The Municipality continues to monitor the impacts of COVID-19 and current economic factors and adjusts accordingly.

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**All financial information contained within the 2021 Financial Report have been reviewed and approved by the Treasurer, with the final approval of Council.**

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August 3, 2022

If this information is required in an alternate format, please contact the Accessibility Co-ordinator at 905-623-3379 ext. 2131

# **The Corporation of the Municipality of Clarington**

Consolidated Financial Statements

December 31, 2021

## The Corporation of the Municipality of Clarington

December 31, 2021

### Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Municipality of Clarington are the responsibility of the Municipality's management and have been prepared in accordance with Canadian public sector accounting standards. The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation maintains a system of internal controls designed to provide reasonable assurance that the financial information is relevant, reliable, and accurate, that transactions are properly authorized, and the Corporation's assets are properly accounted for and adequately safeguarded.

The financial statements have been examined by BDO Canada LLP, Chartered Professional Accountants, the external auditors for the Corporation. The responsibility of the external auditor is to express an opinion on whether the financial statements are fairly presented, in all material respects, in accordance with Canadian public sector accounting standards.

Council, through the Audit and Accountability Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Audit and Accountability Committee meets periodically with management, as well as the external auditors to satisfy itself that each party is properly discharging its responsibilities with respect to internal controls and financial reporting.

The Audit and Accountability Committee meets with management and the external auditor 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.



Trevor Pinn, CPA, CA  
Deputy CAO / Treasurer  
August 03, 2022



Michelle Pick, CPA, CGA  
Accounting Services Manager / Deputy Treasurer  
August 03, 2022



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## Independent Auditor's Report

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To the Members of Council of the Corporation of the Municipality of Clarington

### Opinion

We have audited the consolidated financial statements of the Corporation of the Municipality of Clarington and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of operations, the consolidated statement of change in net assets and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated results of operations, its consolidated change in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario  
August 3, 2022

**The Corporation of the Municipality of Clarington  
Consolidated Statement of Financial Position  
As at December 31, 2021**

	2021	2020
<b>Financial assets</b>		
Cash and cash equivalents	\$ 77,658,903	\$ 79,019,522
Investments (Note 4)	96,426,970	69,280,598
Accounts receivable	7,838,504	9,090,098
Taxes receivable (Note 5)	8,785,220	8,538,141
Inventories for resale	29,707	30,206
Inventory - surplus land	146,349	221,349
Promissory notes receivable (Note 6)	8,321,000	8,321,000
Investment in Elexicon Corporation (Note 7)	19,145,126	18,580,998
<b>Total financial assets</b>	<b>218,351,779</b>	<b>193,081,912</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	9,298,615	11,486,061
Employee future benefits liabilities (Note 8)	9,542,139	9,063,957
Debenture debt (Note 10)	7,686,715	9,545,557
Deferred revenue - general	17,445,864	14,447,534
Deferred revenue - obligatory reserve funds (Note 12)	69,404,094	61,435,647
<b>Total liabilities</b>	<b>113,377,427</b>	<b>105,978,756</b>
<b>Net financial assets</b>	<b>104,974,352</b>	<b>87,103,156</b>
<b>Non-financial assets</b>		
Investment in tangible capital assets (Note 18) (Schedule 1)	461,278,530	464,092,872
Prepaid expenses	908,604	972,271
Inventory supplies	582,214	462,308
<b>Total non-financial assets</b>	<b>462,769,348</b>	<b>465,527,451</b>
<b>Accumulated surplus (Note 19)</b>	<b>\$567,743,700</b>	<b>\$552,630,607</b>
Contingencies (Note 14), contractual commitments (Note 15) and Impact of COVID-19 (Note 23)		

The accompanying notes are an integral part of these consolidated financial statements.

**The Corporation of the Municipality of Clarington  
Consolidated Statement of Operations  
For the year ended December 31, 2021**

	2021 Budget (Note 21)	2021 Actual	2020 Actual
<b>Revenues</b>			
Taxation and user charges			
Property taxation	\$ 66,615,061	\$ 66,928,003	\$ 64,336,736
Taxation from other governments	4,681,820	4,683,341	4,638,683
User charges	9,438,080	9,608,832	10,394,003
Grants			
Government of Canada	697,000	367,458	1,049,371
Province of Ontario	1,037,481	3,081,368	2,383,243
Other			
Deferred revenue earned	13,730,133	12,296,143	6,866,016
Investment income	710,038	2,629,395	2,183,593
Penalty and interest on taxes	1,400,000	1,582,534	1,269,120
Fines	318,125	312,578	368,411
Donations and contribution from others	21,700	1,566,684	2,120,311
Elexicon Corporation			
Equity share of net income	-	1,617,475	1,063,520
Contributed tangible capital assets	2,425,232	2,425,232	5,120,862
Other income	-	1,004,257	6,272
Loss on disposal of tangible capital assets	-	(352,699)	(2,543,605)
<b>Total revenue</b>	<b>101,074,670</b>	<b>107,750,601</b>	<b>99,256,536</b>
<b>Expenses</b>			
General government services	7,216,844	6,411,011	6,845,738
Protection services	20,220,154	19,933,461	19,604,062
Transportation services	33,805,487	31,321,742	33,682,585
Environmental services	3,328,509	3,334,134	3,470,674
Health services	522,908	520,247	429,164
Recreation and cultural services	27,954,909	25,413,530	24,522,968
Planning and development services	6,844,804	5,703,383	6,359,988
<b>Total expenses</b>	<b>99,893,615</b>	<b>92,637,508</b>	<b>94,915,179</b>
<b>Annual surplus</b>	<b>1,181,055</b>	<b>15,113,093</b>	<b>4,341,357</b>
<b>Accumulated surplus, beginning of year</b>	<b>552,630,607</b>	<b>552,630,607</b>	<b>548,289,250</b>
<b>Accumulated surplus, end of year</b>	<b>\$553,811,662</b>	<b>\$567,743,700</b>	<b>\$552,630,607</b>

The accompanying notes are an integral part of these consolidated financial statements.

**The Corporation of the Municipality of Clarington  
Consolidated Statement of Change in Net Financial Assets  
For the year ended December 31, 2021**

	2021	2021	2020
	Budget	Actual	Actual
<b>Annual surplus</b>	<b>\$ 1,181,055</b>	<b>\$ 15,113,093</b>	<b>\$ 4,341,357</b>
Amortization of tangible capital assets	20,677,662	21,567,993	21,654,409
Acquisition of tangible capital assets	(27,618,376)	(16,232,109)	(23,945,375)
Investment in assets under construction	-	(9,843,572)	(10,451,338)
Assets under construction transferred to tangible capital assets	-	6,931,129	13,565,125
Net book value of tangible capital assets disposals / adjustments	-	390,901	2,584,155
Increase (Decrease) in prepaid expenses	-	63,667	(29,143)
(Decrease) Increase in inventory supplies	-	(119,906)	75,642
Increase(decrease) in net financial assets	<b>(5,759,659)</b>	<b>17,871,196</b>	<b>7,794,832</b>
Net financial assets, beginning of year	<b>87,103,156</b>	<b>87,103,156</b>	<b>79,308,324</b>
Net financial assets, end of year	<b>\$ 81,343,497</b>	<b>\$104,974,352</b>	<b>\$ 87,103,156</b>

The accompanying notes are an integral part of these consolidated financial statements.

**The Corporation of the Municipality of Clarington  
Consolidated Statement of Cash Flows  
For the year ended December 31, 2021**

	2021	2020
<b>Operating activities</b>		
Annual surplus	\$ 15,113,093	\$ 4,341,357
Non cash items		
Amortization of tangible capital assets	21,567,993	21,654,409
Loss on disposal of tangible capital assets	352,699	2,543,605
Equity share of Elexicon Corporation net income	(1,617,475)	(1,063,520)
Contributed tangible capital assets recorded in revenue	(2,425,232)	(5,120,862)
Change in non-cash operating items		
Accounts receivable	1,251,594	1,652,212
Taxes receivable	(247,079)	95,186
Inventories for resale	499	(2,549)
Inventory of land for resale	75,000	203,549
Accounts payable and accrued liabilities	(2,187,446)	3,242,686
Employee future benefits liabilities	478,182	425,819
Deferred revenue - general	2,998,330	(1,591,979)
Deferred revenue - obligatory reserve funds	7,968,447	13,868,142
Prepaid expenses	63,667	(29,143)
Inventory supplies	(119,906)	75,642
	<b>43,272,366</b>	<b>40,294,554</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets (net of contributed)	(16,719,320)	(15,710,726)
Proceeds on disposal of tangible capital assets	38,202	40,550
	<b>(16,681,118)</b>	<b>(15,670,176)</b>
<b>Investing activities</b>		
Increase in investments	(27,146,372)	(1,201)
Dividends received from Elexicon Corporation	1,053,347	1,045,949
	<b>(26,093,025)</b>	<b>1,044,748</b>
<b>Financing activities</b>		
Repayment of long term liabilities	(1,858,842)	(2,334,033)
	<b>(1,858,842)</b>	<b>(2,334,033)</b>
Net increase(decrease), of cash and cash equivalents	(1,360,619)	23,335,093
Cash and cash equivalents, beginning of year	79,019,522	55,684,429
<b>Cash and cash equivalents, end of year</b>	<b>\$ 77,658,903</b>	<b>\$ 79,019,522</b>

The accompanying notes are an integral part of these consolidated financial statements.

# The Corporation of the Municipality of Clarington

## Notes to the Consolidated Financial Statements

### December 31, 2021

The Municipality of Clarington (the “Municipality”) is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, the Municipal Affairs Act and related legislation.

#### 1. Significant accounting policies

The consolidated financial statements of the Municipality are the representations of management prepared in accordance with Canadian Public Sector Accounting Standards (“PSAS”).

##### a. Significant accounting policies adopted are as follows:

##### i. Reporting entity

These consolidated financial statements reflect financial assets, liabilities, operating revenues and expenses, and the changes in investment in tangible capital assets of the Municipality of Clarington. The reporting entity is comprised of all organizations, local boards and committees controlled by the Municipality, including the following:

- Board of Management for the Historic Downtown Bowmanville Business Improvement Area
- Board of Management for the Newcastle Central Business District Improvement Area
- Board of Management for the Orono Central Business District Improvement Area
- Clarington Public Library Board and Clarington Museums and Archives
- Bowmanville Santa Claus Parade Committee
- Orono Cemetery Board\*
- Newcastle Arena Board
- Newcastle Community Hall Board
- Solina Hall Board
- Tyrone Community Hall Board
- Clarington Heritage Committee

All material inter-entity transactions and balances are eliminated on consolidation.

\*As of June 10, 2019, the Municipality assumed operations of the Orono Cemetery Board. As of the reporting date, the Municipality was working in conjunction with the Bereavement Authority of Ontario (BAO) to complete the transfer of the license to the Municipality. The BAO confirmed the transfer was complete on March 25, 2022.

##### ii. Investment in Elexicon Corporation

The Municipality of Clarington, along with the City of Pickering, the Town of Ajax, and the City of Belleville own 68% of Elexicon Corporation. The Town of Whitby owns the remaining 32% of Elexicon Corporation. The Municipality of Clarington holds a 9.248% share of ownership.

The Municipality’s investment in Elexicon Corporation and its subsidiaries is accounted for on a modified equity basis, consistent with generally accepted accounting principles as recommended by PSAS for investments in government business partnerships.

**The Corporation of the Municipality of Clarington  
Notes to the Consolidated Financial Statements  
December 31, 2021**

**1. Significant accounting policies (continued)**

**a. Significant accounting policies adopted are as follows: (continued)**

**ii. Investment in Elexicon Corporation (continued)**

Under the modified equity basis of accounting, the business partnership's accounting principles are not adjusted to conform to those of the Municipality and inter-organizational transactions and balances are not eliminated. The Municipality recognizes its equity interest in the annual income or loss of Elexicon Corporation in its "Consolidated Statement of Operations" with a corresponding increase or decrease in its investment asset account. Any dividends that the Municipality may receive from Elexicon Corporation and other capital transactions will be reflected as adjustments in the investment asset account.

**iii. Accounting for region and school board transactions**

The taxation and other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Regional Municipality of Durham are not reflected in these financial statements.

**iv. Accounting for phase-in/capping provisions**

Increases/decreases in property taxes levied as a result of the application of phase-in/capping legislation are not reflected in the Consolidated Statement of Operations but are reported on the Consolidated Statement of Financial Position.

**v. Trust funds**

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

**b. Basis of accounting**

**i. Accrual basis of accounting**

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

**ii. Cash and cash equivalents**

Cash and cash equivalents are comprised of cash on hand, demand deposits and bankers acceptances, all of which are highly liquid, subject to insignificant risk of changes in value and have a short-term maturity of less than 90 days.



**The Corporation of the Municipality of Clarington  
Notes to the Consolidated Financial Statements  
December 31, 2021**

**1. Significant accounting policies (continued)**

**b. Basis of accounting (continued)**

**iii. Investments**

Portfolio investments are carried at cost, net of accumulated amortization on premiums and discounts. Premiums and discounts are amortized on a straight line basis over the term to maturity. Interest income is recorded as it accrues. When the value of any portfolio investment is impaired, the carrying amount is adjusted to the estimated realizable amount and any adjustments are included in investment income in the period the impairment is recognized.

**iv. 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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Changes in Net Financial Assets for the year.

**(a) Tangible capital assets (“TCA”)**

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	20-75 years
Buildings	5-75 years
Vehicles	7-20 years
Equipment	3-25 years
Linear road and related	7-75 years
Linear storm sewers	40-75 years

**Amortization**

The Municipality uses the straight line method of amortization. For pooled assets and networks such as roads and storm sewers, one half of the annual amortization is charged in the year of acquisition or in-service date and in the year of disposal. For individual assets, if acquired (or in-service) in the first half of the year, the full year of the amortization is charged. If acquired (or in-service) in the second half of the year, one half of the annual amortization is charged. Similarly in the year of disposal, if the asset is disposed of in the first half of the year, one half of the amortization is charged but if disposed of in the second half of the year the full

**The Corporation of the Municipality of Clarington  
Notes to the Consolidated Financial Statements  
December 31, 2021**

**1. Significant accounting policies (continued)**

**b. Basis of accounting (continued)**

**iv. Non-financial assets (continued)**

annual amortization is charged. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

**Contribution of tangible capital assets**

Tangible capital assets received as contributions are recorded at their fair value at the date received/assumed and that fair value is also recorded as revenue.

**(b) Inventories**

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

**v. Reserves and reserve funds**

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved. Reserves and reserve funds form part of the Municipality's accumulated surplus.

**vi. Deferred revenues**

Deferred Revenues, which include advance payments for tickets, building permits and program registration fees; contributions from developers according to Section 37 of the Planning Act; and revenues set aside for specific purposes (obligatory reserve funds), represent fees which have been collected, but for which the related services have not yet been provided. Revenue is recognized when the related activity occurs or the service is performed.

**vii. Employee future benefits**

The present value of the cost of providing employees with future benefits programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care and dental costs. Actuarial gains or losses are amortized on a straight-line basis over the expected average remaining service life of all employees covered.

**viii. Contaminated sites**

Contaminated sites are the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceed an environmental standard. A liability for remediation of contaminated sites is

**The Corporation of the Municipality of Clarington  
Notes to the Consolidated Financial Statements  
December 31, 2021**

**1. Significant accounting policies (continued)**

**b. Basis of accounting (continued)**

**viii. Contaminated sites (continued)**

recognized, net of any expected recoveries, when all of the following criteria are met: a) an environmental standard exists; b) contamination exceeds the environmental standard; c) the organization is directly responsible or accepts responsibility for the liability; d) future economic benefits will be given up; and e) a reasonable estimate of the liability can be made. Changes in this estimate are recorded in the Municipality's statement of operations. As of December 31, 2021, there was no liability recorded on the statement.

**ix. Revenue Recognition**

**Taxation**

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Regional Municipality of Durham and the Province of Ontario in respect of education taxes.

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts.

A normal part of the assessment process is the issuance of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments of the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the Region of Durham and school boards, as appropriate.

**Government transfers**

Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

**The Corporation of the Municipality of Clarington  
Notes to the Consolidated Financial Statements  
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**1. Significant accounting policies (continued)**

**b. Basis of accounting (continued)**

**ix. Revenue Recognition (continued)**

Government transfers and developer contributions-in-kind related to capital acquisitions are required to be recognized as revenue in the consolidated financial statements in the period in which the tangible capital assets are acquired.

**User fees and service charges**

User charges are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

**Other**

Other revenue is recorded when it is earned and collection is reasonably assured.

**Investment income**

Investment income earned on operating surplus funds and reserve funds (other than obligatory reserve funds) are recorded as revenue in the period earned. Investment income earned on obligatory reserve funds are recorded directly to each respective fund balance and forms part of the deferred revenue – obligatory reserve funds balance.

**x. Inventory for resale**

Inventory for resale is valued at the lower of cost or net realizable value on an average cost basis.

**xi. Use of estimates**

Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment. Actual results could differ from these estimates.

**2. Trust funds**

Trust funds administered by the Municipality amounting to \$2,006,827 (2020 – \$1,933,011) have not been included in the “Consolidated Statement of Financial Position” nor have their financial activities been included in the “Consolidated Statement of Operations”.

**3. Operations of school boards and The Regional Municipality of Durham**

Further to Note 1(a)(iii), requisitions were made by the Regional Municipality of Durham and School Boards requiring the Municipality of Clarington to collect property taxes and payments in

**The Corporation of the Municipality of Clarington  
Notes to the Consolidated Financial Statements  
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**3. Operations of school boards and The Regional Municipality of Durham (continued)**

lieu of property taxes on their behalf. The amounts levied and remitted are summarized below:

	<b>School Boards</b>	<b>Regional Municipality of Durham</b>
<b>2021</b>		
Property taxes	\$ 32,531,062	\$ 96,914,320
Taxation from other governments	83,839	2,951,157
<b>Total</b>	<b>\$ 32,614,901</b>	<b>\$ 99,865,477</b>
<b>2020</b>		
Property taxes	\$ 33,327,860	\$ 93,206,600
Taxation from other governments	90,735	2,889,931
<b>Total</b>	<b>\$ 33,418,595</b>	<b>\$ 96,096,531</b>

**4. Investments**

Total investments of \$96,426,970 (2020 - \$69,280,598) reported on the Consolidated Statement of Financial Position at cost plus accrued interest, have a market value of \$99,985,087 (2020 - \$73,104,547 ) at the end of the year. The investments consist of investments pursuant to provisions of the Municipality's investment policy and comprise government bonds and guaranteed investment certificates (GICs) issued by various financial institutions. It is the Municipality's intention to hold these investments until maturity.

	<b>2021 Cost</b>	<b>2021 Market Value</b>	<b>2020 Cost</b>	<b>2020 Market Value</b>
GICs	\$ 46,840,154	\$ 49,755,193	\$ 38,838,412	\$ 40,174,373
Bonds	42,362,106	41,990,209	23,536,521	25,262,800
Pooled Funds Equity	2,835,624	4,143,342	2,588,679	3,492,447
Pooled Funds Bonds	4,389,086	4,096,343	4,316,986	4,174,927
<b>Total</b>	<b>\$ 96,426,970</b>	<b>\$ 99,985,087</b>	<b>\$ 69,280,598</b>	<b>\$ 73,104,547</b>

The Municipality holds investments with a maturity of less than 90 days, in a High Interest Savings Account. This value is reported within cash and cash equivalents, due to the highly liquid nature of these investments. Total investments, with a maturity of less than 90 days, have a value

**The Corporation of the Municipality of Clarington**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2021**

**4. Investments (continued)**

of \$35,168,036 (2020 - \$24,453,346) on the Consolidated Statement of Financial Position.

**5. Taxes receivable**

The balance in taxes receivable, including penalties and interest, is comprised of the following:

	<b>2021</b>	<b>2020</b>
Current year taxes	<b>\$ 6,660,373</b>	\$ 6,830,452
Previous year taxes	<b>2,274,847</b>	2,457,689
	<b>8,935,220</b>	9,288,141
Allowance for uncollectible taxes	<b>(150,000)</b>	(750,000)
	<b>\$ 8,785,220</b>	\$ 8,538,141

**6. Promissory notes receivable**

	<b>2021</b>	<b>2020</b>
Promissory note receivable from Elexicon Corporation due on demand and bearing interest at the Ontario Energy Board deemed long-term debt rate on an annual basis to maturity (4.13% for the current year).	<b>\$ 2,355,000</b>	\$ 2,355,000
Promissory note receivable from Elexicon Energy Inc. maturing November 1, 2039 and bearing interest at the Ontario Energy Board deemed long-term debt rate on an annual basis to maturity (4.13% for the current year).	<b>5,966,000</b>	5,966,000
	<b>\$ 8,321,000</b>	\$ 8,321,000

Interest revenue earned from these notes receivable totalled \$343,657 (2020 - \$343,657). The Municipality has waived its right to demand repayment of any portion of the principal of the promissory notes payable before the date of January 1, 2023.

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**7. Investment in Elexicon Corporation**

**a. Investment in Elexicon Corporation**

The Municipality of Clarington, along with the City of Pickering, the Town of Ajax, and the City of Belleville own 68% of Elexicon Corporation. The Town of Whitby owns the remaining 32% of Elexicon Corporation. The Municipality of Clarington holds a 9.248% share of ownership. The Municipality is accounting for this investment using a modified equity basis in these financial statements. The financial impact to the Municipality of Clarington's investment and equity are reported below.

The following table provides condensed supplementary financial information of Elexicon Corporation and its subsidiaries for the year ended December 31:

	2021	2020
<b>Financial position</b>		
Assets		
Current	<b>\$ 104,266,000</b>	\$ 98,525,000
Capital and intangibles	<b>584,949,000</b>	535,400,000
Other	<b>341,000</b>	162,000
Regulatory balances	<b>39,164,000</b>	26,912,000
<b>Total assets and regulatory balances</b>	<b>728,720,000</b>	660,999,000
Liabilities		
Current	<b>85,153,000</b>	88,743,000
Long-term debt	<b>258,526,000</b>	214,502,000
Other	<b>132,520,000</b>	110,913,000
<b>Total liabilities</b>	<b>476,199,000</b>	414,158,000
Shareholders' equity		
Share capital	<b>97,692,000</b>	97,692,000
Contributed capital	<b>25,000</b>	25,000
Retained earnings	<b>153,398,000</b>	147,288,000
Regulatory balances	<b>1,406,000</b>	1,836,000
<b>Total shareholders' equity and regulatory balances</b>	<b>252,521,000</b>	246,841,000
<b>Total liabilities, equity and regulatory balances</b>	<b>728,720,000</b>	660,999,000

**The Corporation of the Municipality of Clarington  
Notes to the Consolidated Financial Statements  
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**7. Investment in Elexicon Corporation (continued)**

**a. Investment in Elexicon Corporation (continued)**

	2021	2020
<b>Financial activities</b>		
Revenues	<b>501,355,000</b>	553,366,000
Other income	<b>9,978,000</b>	6,482,000
Expenses	<b>(507,085,000)</b>	(559,888,000)
Net movements in regulatory balances, net of tax	<b>13,242,000</b>	11,540,000
Net income for the year	<b>\$ 17,490,000</b>	\$ 11,500,000

**b. Municipality's equity is represented by:**

	2021	2020
Promissory notes receivable (Note 6)	<b>\$ 8,321,000</b>	\$ 8,321,000
Initial investment in shares of the Corporation	<b>10,146,495</b>	10,146,495
Accumulated net income	<b>21,732,048</b>	20,114,574
Net increase in value of investment	<b>400,126</b>	400,126
Accumulated dividends received	<b>(13,133,543)</b>	(12,080,197)
Total equity	<b>27,466,126</b>	26,901,998
Municipality of Clarington's investment represented by:		
Investment in Corporation	<b>19,145,126</b>	18,580,998
Promissory notes receivable	<b>8,321,000</b>	8,321,000
	<b>\$ 27,466,126</b>	\$ 26,901,998

**c. Contingencies and guarantees of Elexicon Corporation (the "Corporation") as disclosed in their financial statements are as follows:**

**(i) Insurance claims**

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE") which was created on January 1, 1987. A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE provides general liability insurance to member electric utilities. MEARIE also provides vehicle and property insurance to the Corporation.



**The Corporation of the Municipality of Clarington  
Notes to the Consolidated Financial Statements  
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**7. Investment in Elexicon Corporation (continued)**

**c. Contingencies and guarantees of Elexicon Corporation (the “Corporation”) as disclosed in their financial statements are as follows: (continued)**

Insurance premiums charged to each member electric utility consist of a levy per \$1,000 of service revenue subject to a credit or surcharge based on each electric utility’s claims experience. The maximum coverage is \$40,000,000 per occurrence, for liability insurance, \$21,000,000 for vehicle insurance and \$198,798,000 for property insurance and \$12,000,000 for privacy, cyber, and network security insurance.

**(ii) Contractual obligation - Hydro One Networks Inc.**

The Corporation's subsidiary, Elexicon Energy Inc. (EEI), is party to a connection and cost recovery agreement with Hydro One related to the construction by Hydro One of a transformer station designated to meet EEI's anticipated electricity load growth. Construction of the project was completed during 2007 and EEI connected to the transformer station during 2008.

To the extent that the cost of the project is not recoverable from future transformation connection revenues, EEI is obliged to pay a capital contribution equal to the difference between these revenues and the construction costs allocated to EEI. The construction costs allocated to EEI for the project are \$19,950,000.

Hydro One has performed a true-up based on actual load at the end of the tenth anniversary of the in-service date and the Corporation has paid \$0 in 2021 (2020 -\$2,135,000) to Hydro One and recognized the same as an intangible asset. Hydro One is expected to perform a true-up based on actual load at the end of the fifteenth anniversary of the in-service date.

**d. Lease commitments - Elexicon Corporation**

Future minimum lease payment obligations under operating leases are as follows:

2022	<b>\$ 217,000</b>
2023	<b>177,000</b>
2024	<b>124,000</b>
2025	<b>95,000</b>
2026	<b>71,000</b>
Thereafter	<b>44,000</b>
	<hr/> <b>\$ 728,000</b> <hr/>

**The Corporation of the Municipality of Clarington  
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**8. Employee future benefits liabilities**

**a. Accumulated sick leave entitlement**

**(i) Firefighters**

The Municipality provides two sick leave accumulation plans for firefighters. Plan A accumulates at the rate of one day per month of completed years of service to a maximum of 182 days. These employees may become entitled to a cash payment on retirement, early retirement, termination or death, at the rate of 50% of the accumulated credit, to a maximum of one-half a year's salary. Plan B accumulates at the rate of one day per month once the employees complete five years of service. The estimated liability at December 31, 2021 was \$1,096,690 (2020 - \$1,009,061).

**(ii) Other**

During the 1993 fiscal year, the Municipality negotiated an agreement with all employees (except firefighters) to terminate the sick leave benefit plan which had been in effect for many years. The Municipality agreed to pay to those employees covered by the plan and who had at least five-years' service with the Municipality a cash equivalent of 50% of sick leave days accumulated to July 1, 1993 to a maximum of 120 days of salary.

Remuneration for the buying out of sick days identified will be available to the employee at any time up to the time that the employee either leaves the Corporation or retires, at the rate of remuneration in effect at July 31, 1993. The estimated liability at December 31, 2021 amounted to \$17,154 (2020 - \$21,196).

**b. Post-employment benefits - other**

The Municipality makes available to qualifying employees who retire before the age of 65 (firefighters - age 60) the opportunity of continuing their coverage for benefits such as medical (extended health), dental, and life insurance benefits. Coverage ceases at age 65.

Dependent upon the eligibility, the cost of this coverage may be a shared responsibility between the Municipality and the retired employees.

An actuarial valuation was performed as at December 31, 2021 based on data as at the valuation date and plan provisions. The accrued benefit obligation and net benefit costs (i.e. the expense) for the 2021 fiscal year end was determined by this valuation.

The significant actuarial assumptions employed for the valuation are as follows:

- (i) Discount rate will be 1.90% per annum.
- (ii) Future inflation rates will be 2.00%.
- (iii) Dental cost trend rates will escalate at 3.00% in fiscal 2021 and remain stable at that level until 2024.
- (iv) Extended health care trend rates will be 5.37% in fiscal 2021; and remain stable at that level until 2024.

**The Corporation of the Municipality of Clarington  
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**8. Employee future benefits liabilities (continued)**

c. Information about the Municipality's employee future benefits liabilities is as follows:

	<u>2021</u>	<u>2020</u>
<b>Accrued benefit obligation</b>		
Balance, beginning of year	\$ 10,714,959	\$ 9,898,089
Employer current service cost	604,985	541,249
Interest cost	208,588	252,516
Benefits paid	(496,608)	(493,252)
Actuarial (gain) loss	(831,365)	516,357
Balance, end of year	<b>10,200,559</b>	10,714,959
Unamortized net actuarial gains	<b>(658,420)</b>	(1,651,002)
<b>Employee future benefits liabilities, end of year</b>	<b>\$ 9,542,139</b>	<b>\$ 9,063,957</b>

**9. Pension agreements**

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"). OMERS is a multi-employer defined benefit pension plan which provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The pension plan is financed by equal contributions from participating employers and employees, and by the investment earnings of the fund. The most recent actuarial valuation of the Plan was conducted at December 31, 2021. The results of this valuation disclosed total actuarial liabilities of \$120,796 million with respect to benefits accrued for service with actuarial assets at that date of \$117,665 million indicating an actuarial deficit of \$3,131 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are the joint responsibility of Ontario municipal organizations and their employees. As a result the Municipality does not recognize any share of the Plan surplus or deficit.

The Municipality recognizes the expense related to this plan as contributions are made. The contribution rates and year's maximum pensionable earnings (YMPE) are outlined in the table below.

Year	YMPE	NRA 65 up to YMPE	NRA 65 up to YMPE	NRA 60 up to YMPE	NRA 60 over YMPE
<b>2021</b>	<b>\$ 61,600</b>	<b>9.00 %</b>	<b>14.60 %</b>	<b>9.20 %</b>	<b>15.80 %</b>
2020	\$ 58,700	9.00 %	14.60 %	9.20 %	15.80 %

The amount contributed to OMERS for 2021 was \$3,364,678 (2020 – \$3,308,521) for current services and is included as an expense on the statement of operations.

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**10. Debenture Debt**

The debenture debt consists of several debentures that mature in the years 2022 to 2032.

**a. Debenture debt details**

At the end of the year, the outstanding principal amount of this liability is \$7,686,715 (2020 - \$9,545,557).

Maturity Date	Interest Rate % <sup>1</sup>	Regional By-law #	2021	2020
July 12, 2021	<b>5.12</b>	<b>52-2006</b>	\$ -	\$ 103,099
August 21, 2022	<b>4.60 to 4.75</b>	<b>07-2007</b>	<b>1,000,000</b>	2,000,000
July 2, 2024	<b>1.95 to 3.35</b>	<b>38-2014</b>	<b>464,000</b>	611,000
July 2, 2029	<b>1.95 to 3.80</b>	<b>38-2014</b>	<b>3,766,600</b>	4,176,600
October 17, 2031	<b>1.25 to 2.80</b>	<b>48-2016</b>	<b>688,000</b>	750,000
April 13, 2032	<b>1.70 to 3.30</b>	<b>56-2017</b>	<b>774,413</b>	834,305
April 13, 2032	<b>1.70 to 3.30</b>	<b>56-2017</b>	<b>993,702</b>	1,070,553
			<b>\$ 7,686,715</b>	<b>\$ 9,545,557</b>

<sup>1</sup> Interest rates gradually increase to the upper limits noted in the table.

**b. Principal repayments**

Of the municipal debt reported in (a) of this note, principal payments are payable from general municipal revenues follows:

2022	\$ 1,775,923
2023	797,103
2024	818,737
2025	679,826
2026	699,915
Thereafter	2,915,211
<hr/>	
	<b>\$ 7,686,715</b>

**c. Principal and interest**

The annual principal and interest payments required to service these liabilities are within the

**The Corporation of the Municipality of Clarington  
Notes to the Consolidated Financial Statements  
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**10. Debenture Debt (continued)**

**c. Principal and interest (continued)**

annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

**d. Interest expense**

Total interest expense related to the net long-term liabilities amounted to \$280,509 (2020 - \$354,362) and is reported on the Consolidated Statement of Operations.

**11. Internal Loans**

As a means of funding various capital acquisitions, funds are borrowed from the Municipal Capital Reserve Fund. These funds are secured by promissory notes with interest rates ranging from 2.20% to 3.30% and payment terms of 15 years. The financing arrangements and ultimate repayment are approved by Council through the budget process.

**a. The following is a summary of the individual loans:**

Major Parking Lot Rehabilitation	\$ 1,460,384
LED Street lighting Conversion	2,170,616
	<hr/> <b>\$ 3,631,000</b>

**b. Of the internal loans reported in (a) of this note, principal payments are as follows:**

2022	\$ 257,000
2023	263,000
2024	271,000
2025	279,000
2026	287,000
Thereafter	2,274,000
	<hr/> <b>\$ 3,631,000</b>

**The Corporation of the Municipality of Clarington  
Notes to the Consolidated Financial Statements  
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**12. Deferred revenue - obligatory reserve funds**

The continuity of “deferred revenue - obligatory reserve funds” of the Municipality is summarized as follows:

	<b>2021</b>	2020
Balance, beginning of year	<b>\$ 61,435,647</b>	\$ 47,567,505
Contributions:		
Contributions from developers	<b>11,868,622</b>	15,080,110
Investment Income	<b>787,978</b>	1,195,007
Canada community-building	<b>5,723,561</b>	2,791,328
Provincial infrastructure	<b>1,893,429</b>	1,882,464
	<b>20,273,590</b>	20,948,909
Utilization:		
Transfer to operating	<b>634,085</b>	1,700,073
Acquisition of TCA - construction	<b>11,671,058</b>	5,380,694
	<b>12,305,143</b>	7,080,767
Change in deferred revenue during the year	<b>7,968,447</b>	13,868,142
Balance, end of year	<b>69,404,094</b>	61,435,647
Balance, end of year - analyzed as follows:		
Parkland cash-in-lieu	<b>5,183,960</b>	3,678,240
Canada community-building	<b>4,181,454</b>	2,456,571
Building code act	<b>2,847,931</b>	2,780,177
Provincial infrastructure	<b>1,204,275</b>	2,505,444
Development charges (Note 13)	<b>55,986,474</b>	50,015,215
Total deferred revenue – obligatory reserve funds	<b>\$ 69,404,094</b>	\$ 61,435,647

**The Corporation of the Municipality of Clarington  
Notes to the Consolidated Financial Statements  
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**13. Continuity of development charges reserve funds**

	<b>2021</b>	2020
Balance at the beginning of the year	<b>\$ 50,015,215</b>	\$ 38,324,298
Development charges collections	<b>10,640,407</b>	15,858,733
Investment income	<b>625,190</b>	923,855
Tangible capital assets acquisitions and construction	<b>(3,587,431)</b>	(2,117,686)
Operating expenses	<b>(1,706,907)</b>	(2,973,985)
Balance at the end of the year	<b>\$ 55,986,474</b>	\$ 50,015,215

**14. Contingencies**

Various legal actions and claims have been initiated by and against the Municipality, the outcomes of which cannot be determined at the time of reporting. Accordingly, no provision has been made in these consolidated financial statements for any liability which may result. Should any gain or loss occur as a result of the above legal actions the Municipality will account for the gain/loss when it is likely that such a gain/loss will occur and the amount is measurable.

**15. Contractual commitments**

During the year the Municipality had work done on several major projects with contract values totalling approximately \$36,339,591 (2020 - \$42,939,583). These contracts relate to the construction and expansion of certain permanent facilities. As at December 31, 2021, \$7,722,307 (2020 - \$7,740,569) relating to these contracts had not been expended.

**16. Related party transactions and balances - Elexicon Corporation**

	<b>2021</b>	2020
<b>Transactions</b>		
Dividends received	<b>\$ 1,053,347</b>	\$ 1,045,949
Interest earned on promissory notes	<b>343,657</b>	343,658
Property taxes	<b>33,929</b>	33,533
Energy and services purchases	<b>485,981</b>	628,746
<b>Balances</b>		
Promissory notes receivable	<b>8,321,000</b>	8,321,000
Accounts payable and accrued liabilities	<b>78,193</b>	86,139

# The Corporation of the Municipality of Clarington

## Notes to the Consolidated Financial Statements

### December 31, 2021

#### 17. Guarantees

In the normal course of business, the Municipality enters into agreements which contain guarantees. The Municipality's primary guarantees are as follows:

- (i) The Municipality has provided indemnities under lease agreements for the use of various facilities or land. Under the terms of these agreements the Municipality agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, losses, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- (ii) The Municipality indemnifies employees and elected officials for various items including, but not limited to, all costs to settle suits or actions due to association with the Municipality, subject to certain restrictions. The Municipality has purchased liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as an employee or elected official of the Municipality. The maximum amount of any potential future payment cannot be reasonably estimated.
- (iii) The Municipality has entered into agreements that may include indemnities in favour of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the Municipality to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Municipality from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Municipality has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in these consolidated financial statements with respect to these agreements.

#### 18. Tangible capital assets

The continuity of the historical cost and accumulated amortization for various categories of tangible capital assets can be found in Schedule 1.

Further information relating to tangible capital assets is as follows:

##### a. Contributed tangible capital assets

The Municipality of Clarington records all tangible assets contributed by an external party at



**The Corporation of the Municipality of Clarington  
Notes to the Consolidated Financial Statements  
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**18. Tangible capital assets (continued)**

**a. Contributed tangible capital assets (continued)**

fair value on the earlier of the date received or of the transfer of risk and responsibility. Typical examples are roadways, parks, land, and storm sewer lines installed by a developer as part of a subdivision agreement. For subdivision assets, the recorded date is considered to be the date of acceptance with the exclusion of streetlights with the recorded date as the date of completion. In 2021, there were contributed assets of \$2,425,232 (2020 - \$5,120,862).

**b. Works of Art and Historical Treasures**

The Municipality has one historical collection. The Clarington Museums and Archives collection is currently insured for \$238,500. Also included in historical treasures are the cenotaphs located in Bowmanville, Newcastle, Orono and Newtonville. Due to the rural history, there are several abandoned cemeteries located throughout the Municipality. All associated physical items, including historical signs and cairns, or concrete structures build for old headstones, are considered a historical treasure.

**19. Accumulated surplus**

Accumulated surplus is comprised of the following:

	2021	2020
Investment in tangible capital assets	<b>\$461,278,530</b>	\$464,092,872
General surplus	<b>6,954,091</b>	5,718,505
Capital Surplus	<b>24,336,869</b>	18,517,314
Inventory - surplus land	<b>146,349</b>	221,349
Debenture debt	<b>(7,686,715)</b>	(9,545,557)
Unfunded employee benefits and post-employment liabilities	<b>(2,323,287)</b>	(2,799,829)
<b>Reserves set aside for specific purposes by Council:</b>		
Acquisition of capital assets	<b>5,825,242</b>	4,238,932
Legal / consulting	<b>2,261,174</b>	1,524,135
Election expenses	<b>347,338</b>	222,338
Fire prevention	<b>304,552</b>	284,552
Burketon park improvements	<b>7,569</b>	7,569
Samuel Wilmot nature area	<b>595</b>	1,592
Secondary plans	<b>128,340</b>	133,054
Clarington Heritage committee board	<b>6,151</b>	7,051

**The Corporation of the Municipality of Clarington  
Notes to the Consolidated Financial Statements  
December 31, 2021**

**19. Accumulated surplus (continued)**

	2021	2020
<b>Reserve funds set aside for specific purposes by Council:</b>		
General municipal purposes	7,597,010	6,857,815
Rate stabilization	9,376,171	7,325,184
Strategic capital	10,351,048	9,964,744
Recreation programs and facilities	883,425	394,764
Debenture repayment	651,771	568,975
Industrial development	614,607	556,028
Other cultural	149,301	132,720
Acquisition of capital assets	8,634,885	8,171,365
Newcastle Waterfront study	45,127	44,603
Municipal capital works	4,854,567	3,550,192
Other capital - unspecified	982,334	970,237
Road contributions	3,138,028	3,379,286
Westside Bridge/Bowmanville Marsh	-	(2,199)
Port Granby LLRW	315,420	306,129
Community improvement plan	152,622	137,941
Business improvement areas	137,919	161,766
Hampton Union Cemetery	115,065	113,642
Community emergency management	691,476	471,540
Equity in Elexicon Corporation	27,466,126	26,901,998
<b>Accumulated surplus</b>	<b>\$567,743,700</b>	<b>\$552,630,607</b>

**20. Segmented information**

The Municipality provides a wide range of services to its residents. Distinguishable functional segments have been separately reported on Schedule 2. For each segment, revenues and expenses represent amounts that are directly attributable to each segment. Tax revenues are reported as part of general government.

The nature of the segments and the activities they encompass are as follows:

**a. General government services**

General government is comprised of all departments that support the corporate governance, management and program support for the Municipality.

**The Corporation of the Municipality of Clarington  
Notes to the Consolidated Financial Statements  
December 31, 2021**

**20. Segmented information (continued)**

**b. Protection services**

Protection services includes protection to persons and property and is comprised of Emergency and Fire Services, Municipal Law Enforcement, Animal Services and Building Inspection / Enforcement services. Emergency and Fire Services includes responsibility for emergency management, fire prevention and public education, fire suppression, communication, and training.

**c. Transportation services**

Transportation services includes services provided by the Public Works department. The primary responsibilities include the inspection, planning and maintenance of the roads, bridges, sidewalks, streetlights, roadsides, winter snow clearing, subdivision planning, traffic engineering, development, and municipal servicing reviews. Other services include fleet maintenance, parking and school crossing guards.

**d. Environmental services**

Environmental services includes storm-water management, erosion control and resale of waste diversion goods.

**e. Health services**

Health services includes the maintenance and operation of the Municipality's active and abandoned cemeteries and crematorium, cemetery records management and the sale of cemetery plots, permits and headstones.

**f. Recreation and cultural services**

Recreation and cultural services includes the administration, operation and maintenance of all recreational, aquatic, arena, community recreational facilities, parks and trails. Clarington Libraries, Museums and other external cultural agencies are also included in this segment.

**g. Planning and development services**

Planning and development services includes the development of planning policies, urban design, development approvals, heritage preservation, real estate services and geomatics. This segment further includes business improvement areas and tourism activities.

**21. Budget amounts**

The budget figures reflected in these consolidated statements are those approved by Council on February 5, 2021. Budget figures have been translated to reflect Public Sector Accounting Board standards (PSAS).

# The Corporation of the Municipality of Clarington

## Notes to the Consolidated Financial Statements

### December 31, 2021

#### 22. Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.

#### 23. Impact of COVID-19

In 2021, the COVID-19 pandemic continued to severely impacted many local economies around the globe. In many countries, including Canada, organizations and businesses were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The COVID-19 pandemic had significant impacts on the activities of the Municipality in 2021. The stay-at-home order was still in effect and the Province of Ontario continued with the implementation of the mass vaccination plan. The closure of all recreation programs and facilities, outdoor amenities and parks, libraries, museums, and non-essential business remained in effect. Throughout 2021, the Municipality manoeuvred between various states of lockdown and capacity limitation, and took steps to mitigate lost revenues by focusing on expense reduction and facility closures. In support of the community, the Municipality created a tax deferral program to assist residential taxpayers and offered community improvement plan grants to small businesses to assist with adapting their businesses to address public health measures for reopening purposes.

The ultimate duration and magnitude of the impact the pandemic will have on the economy and the Municipality are not known at this time. These impacts potentially include an impact on the Municipality's ability to access and obtain capital financing, impairment of investments, reduction to operational cash flow as a result of the inability of the Municipality to fully recover on its customer accounts and potential future decreases in revenue or the profitability of the Municipality's ongoing operations.

**The Corporation of the Municipality of Clarington  
Consolidated Schedule of Tangible Capital Assets - Schedule 1  
For the Year Ended December 31, 2021**

	General					Infrastructure						2021	
	Land Land Improvements	Buildings	Vehicles	Equipment	Land	Linear Road & Related	Linear Storm Sewers	Buildings	Vehicles	Equipment	Assets under construction	Total	
<b>Cost</b>													
Balance, beginning of year	\$ 72,613,814	\$ 41,359,390	\$108,167,018	\$ 9,318,854	\$ 14,617,085	\$ 6,007,350	\$411,072,716	\$ 98,614,861	\$ 2,260,968	\$ 14,575,223	\$ 56,191	\$ 12,379,100	<b>\$791,042,570</b>
Add: additions during the year	-	2,152,344	961,454	-	1,151,572	1,992,480	7,582,341	1,239,755	-	1,063,551	88,611	9,843,572	<b>26,075,680</b>
Less: disposals during the year	(75,000)	(372,319)	(130,445)	(170,497)	(744,903)	-	(2,378,128)	(1,528)	-	(104,208)	-	(6,931,130)	<b>(10,908,158)</b>
Balance, end of year	72,538,814	43,139,415	108,998,027	9,148,357	15,023,754	7,999,830	416,276,929	99,853,088	2,260,968	15,534,566	144,802	15,291,542	<b>806,210,092</b>
<b>Accumulated amortization</b>													
Balance, beginning of year	-	15,439,682	52,946,077	6,621,609	8,760,163	-	211,151,194	21,648,700	1,536,911	8,835,079	10,283	-	<b>326,949,698</b>
Add: amortization during the year	-	1,275,651	3,202,830	531,424	1,297,645	-	12,915,586	1,327,178	82,773	923,542	11,364	-	<b>21,567,993</b>
Less: accumulated amortization on disposals	-	(284,005)	(99,443)	(170,497)	(737,802)	-	(2,188,646)	(1,528)	-	(104,208)	-	-	<b>(3,586,129)</b>
Balance, end of year	-	16,431,328	56,049,464	6,982,536	9,320,006	-	221,878,134	22,974,350	1,619,684	9,654,413	21,647	-	<b>344,931,562</b>
<b>Net book value of tangible capital assets</b>	<b>\$ 72,538,814</b>	<b>\$ 26,708,087</b>	<b>\$ 52,948,563</b>	<b>\$ 2,165,821</b>	<b>\$ 5,703,748</b>	<b>\$ 7,999,830</b>	<b>\$194,398,795</b>	<b>\$ 76,878,738</b>	<b>\$ 641,284</b>	<b>\$ 5,880,153</b>	<b>\$ 123,155</b>	<b>\$ 15,291,542</b>	<b>\$461,278,530</b>

**The Corporation of the Municipality of Clarington  
Consolidated Schedule of Tangible Capital Assets - Schedule 1  
For the Year Ended December 31, 2021**

2020

	General					Infrastructure							Total
	Land Land Improvements	Buildings	Vehicles	Equipment	Land	Linear Road & Related	Linear Storm Sewers	Buildings	Vehicles	Equipment	Assets under construction		
<b>Cost</b>													
Balance, beginning of year	\$ 70,247,117	\$ 39,544,967	\$107,436,329	\$ 9,653,798	\$ 14,090,194	\$ 6,007,350	\$405,641,185	\$ 96,087,711	\$ 2,360,968	\$ 13,944,053	\$ 62,506	\$ 15,492,887	<b>\$780,569,065</b>
Add: additions during the year	2,366,698	2,066,650	960,229	41,142	1,323,419	-	13,279,880	3,020,831	-	865,987	20,539	10,451,338	<b>34,396,713</b>
Less: disposals during the year	(1)	(252,227)	(229,540)	(376,086)	(796,528)	-	(7,848,349)	(493,681)	(100,000)	(234,817)	(26,854)	(13,565,125)	<b>(23,923,208)</b>
Balance, end of year	72,613,814	41,359,390	108,167,018	9,318,854	14,617,085	6,007,350	411,072,716	98,614,861	2,260,968	14,575,223	56,191	12,379,100	<b>791,042,570</b>
<b>Accumulated amortization</b>													
Balance, beginning of year	-	14,454,357	49,964,192	6,455,806	8,244,923	-	204,095,858	20,091,808	1,552,127	8,185,380	24,764	-	<b>313,069,215</b>
Add: amortization during the year	-	1,226,193	3,178,263	541,889	1,304,689	-	12,749,153	1,679,094	84,784	884,515	5,829	-	<b>21,654,409</b>
Less: accumulated amortization on disposals	-	(240,868)	(196,378)	(376,086)	(789,449)	-	(5,693,817)	(122,202)	(100,000)	(234,816)	(20,310)	-	<b>(7,773,926)</b>
Balance, end of year	-	15,439,682	52,946,077	6,621,609	8,760,163	-	211,151,194	21,648,700	1,536,911	8,835,079	10,283	-	<b>326,949,698</b>
<b>Net book value of tangible capital assets</b>	\$ 72,613,814	\$ 25,919,708	\$ 55,220,941	\$ 2,697,245	\$ 5,856,922	\$ 6,007,350	\$199,921,522	\$ 76,966,161	\$ 724,057	\$ 5,740,144	\$ 45,908	\$ 12,379,100	<b>\$464,092,872</b>

**The Corporation of the Municipality of Clarington  
Consolidated Schedule of Segmented Information - Schedule 2  
For the Year Ended December 31, 2021**

2021

	General government services	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Consolidated
<b>Operating revenue</b>								
Taxation and user charges	\$ 72,211,175	\$ 3,577,400	\$ 1,135,785	\$ 232,299	\$ 420,075	\$ 2,295,093	\$ 1,348,349	\$ <b>81,220,176</b>
Grants	2,832,310	57,239	173,918	-	-	348,338	37,021	<b>3,448,826</b>
Other	4,726,193	(463,810)	10,451,331	357,768	55,770	3,252,599	7,483	<b>18,387,334</b>
Elexicon Corporation	1,617,475	-	-	-	-	-	-	<b>1,617,475</b>
Contributed tangible capital assets	-	-	1,132,016	757,216	-	536,000	-	<b>2,425,232</b>
Other income	68	-	1,800	-	-	-	1,002,389	<b>1,004,257</b>
Loss on disposal of tangible capital assets	-	10,576	(171,341)	-	-	(116,934)	(75,000)	<b>(352,699)</b>
<b>Total operating revenue</b>	<b>81,387,221</b>	<b>3,181,405</b>	<b>12,723,509</b>	<b>1,347,283</b>	<b>475,845</b>	<b>6,315,096</b>	<b>2,320,242</b>	<b>107,750,601</b>
<b>Operating expenses</b>								
Salaries and wages	4,506,014	16,839,769	8,680,540	487,152	314,515	12,861,762	4,154,528	<b>47,844,280</b>
Operating materials and supplies	695,541	825,376	4,407,537	430,849	201,776	4,885,505	327,757	<b>11,774,341</b>
Contract services	499,808	1,192,052	4,144,215	723,571	-	2,391,147	1,218,235	<b>10,169,028</b>
Rent and financial expenses	(363,106)	-	11,414	-	-	144,236	-	<b>(207,456)</b>
External transfers to others	-	7,750	-	-	-	1,083,600	-	<b>1,091,350</b>
Amortization expense	1,041,888	1,068,514	13,823,949	1,692,562	3,956	3,934,261	2,863	<b>21,567,993</b>
Interest on long-term liabilities	30,866	-	254,087	-	-	113,019	-	<b>397,972</b>
<b>Total operating expenses</b>	<b>6,411,011</b>	<b>19,933,461</b>	<b>31,321,742</b>	<b>3,334,134</b>	<b>520,247</b>	<b>25,413,530</b>	<b>5,703,383</b>	<b>92,637,508</b>
<b>Annual surplus (deficit)</b>	<b>\$ 74,976,210</b>	<b>\$ (16,752,056)</b>	<b>\$ (18,598,233)</b>	<b>\$ (1,986,851)</b>	<b>\$ (44,402)</b>	<b>\$ (19,098,434)</b>	<b>\$ (3,383,141)</b>	<b>\$ 15,113,093</b>

**The Corporation of the Municipality of Clarington  
Consolidated Schedule of Segmented Information - Schedule 2  
For the Year Ended December 31, 2021**

2020

	General government services	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Consolidated
<b>Operating revenue</b>								
Taxation and user charges	\$ 70,129,807	\$ 3,048,731	\$ 1,570,532	\$ 116,180	\$ 329,013	\$ 2,525,646	\$ 1,649,513	<b>79,369,422</b>
Grants	2,268,424	27,553	842,727	820	-	217,811	75,279	<b>3,432,614</b>
Other	3,604,055	(302,640)	7,635,014	-	63,576	1,792,409	15,037	<b>12,807,451</b>
Elexicon Corporation	1,063,520	-	-	-	-	-	-	<b>1,063,520</b>
Contributed tangible capital assets	-	-	439,268	2,314,896	-	2,366,698	-	<b>5,120,862</b>
Other income	3,296	-	-	-	-	2,976	-	<b>6,272</b>
Loss on disposal of tangible capital assets	-	-	(2,120,526)	(371,478)	(1,887)	(49,714)	-	<b>(2,543,605)</b>
<b>Total operating revenue</b>	<b>77,069,102</b>	<b>2,773,644</b>	<b>8,367,015</b>	<b>2,060,418</b>	<b>390,702</b>	<b>6,855,826</b>	<b>1,739,829</b>	<b>99,256,536</b>
<b>Operating expenses</b>								
Salaries and wages	4,456,815	16,681,472	9,112,487	475,506	228,772	12,329,261	3,969,784	<b>47,254,097</b>
Operating materials and supplies	643,995	852,352	5,665,111	475,785	197,462	4,600,453	420,759	<b>12,855,917</b>
Contract services	531,120	1,014,387	4,988,905	496,737	-	2,327,739	1,963,083	<b>11,321,971</b>
Rent and financial expenses	159,907	-	-	-	-	102,285	3,499	<b>265,691</b>
External transfers to others	-	6,250	-	-	-	1,078,868	-	<b>1,085,118</b>
Amortization expense	1,021,421	1,049,601	13,645,050	2,022,646	2,930	3,909,898	2,863	<b>21,654,409</b>
Interest on long-term liabilities	32,480	-	271,032	-	-	174,464	-	<b>477,976</b>
<b>Total operating expenses</b>	<b>6,845,738</b>	<b>19,604,062</b>	<b>33,682,585</b>	<b>3,470,674</b>	<b>429,164</b>	<b>24,522,968</b>	<b>6,359,988</b>	<b>94,915,179</b>
<b>Annual surplus (deficit)</b>	<b>\$ 70,223,364</b>	<b>\$ (16,830,418)</b>	<b>\$ (25,315,570)</b>	<b>\$ (1,410,256)</b>	<b>\$ (38,462)</b>	<b>\$ (17,667,142)</b>	<b>\$ (4,620,159)</b>	<b>4,341,357</b>



**The Corporation of the Municipality of Clarington  
Consolidated Schedule of Segmented Information - Schedule 3  
For the Year Ended December 31, 2021**

2021 - Budget

	General government services	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Consolidated
<b>Operating revenue</b>								
Taxation and user charges	\$ 71,692,681	\$ 2,054,800	\$ 1,025,800	\$ 168,300	\$ 351,100	\$ 4,327,289	\$ 1,114,991	\$ <b>80,734,961</b>
Grants	903,000	22,000	697,000	-	-	112,481	-	<b>1,734,481</b>
Other	3,265,000	415,500	8,621,240	-	-	3,862,756	15,500	<b>16,179,996</b>
Contributed tangible capital assets	-	-	1,132,016	757,216	-	536,000	-	<b>2,425,232</b>
<b>Total operating revenue</b>	<b>75,860,681</b>	<b>2,492,300</b>	<b>11,476,056</b>	<b>925,516</b>	<b>351,100</b>	<b>8,838,526</b>	<b>1,130,491</b>	<b>101,074,670</b>
<b>Operating expenses</b>								
Salaries and wages	4,781,266	16,706,911	9,785,520	487,563	395,131	14,138,084	4,589,673	<b>50,884,148</b>
Operating materials and supplies	844,230	1,067,066	5,611,193	464,506	125,335	5,999,426	609,521	<b>14,721,277</b>
Contract services	351,825	1,196,073	4,666,643	768,048	-	2,587,341	1,642,747	<b>11,212,677</b>
Rent and financial expenses	205,000	-	11,472	-	-	56,984	-	<b>273,456</b>
External transfers to others	-	10,000	-	-	-	1,236,223	-	<b>1,246,223</b>
Amortization expense	1,003,657	1,240,104	13,523,816	1,608,392	2,442	3,823,832	2,863	<b>21,205,106</b>
Interest on long-term liabilities	30,866	-	206,843	-	-	113,019	-	<b>350,728</b>
<b>Total operating expense</b>	<b>7,216,844</b>	<b>20,220,154</b>	<b>33,805,487</b>	<b>3,328,509</b>	<b>522,908</b>	<b>27,954,909</b>	<b>6,844,804</b>	<b>99,893,615</b>
<b>Annual surplus (deficit)</b>	<b>\$ 68,643,837</b>	<b>\$ (17,727,854)</b>	<b>\$ (22,329,431)</b>	<b>\$ (2,402,993)</b>	<b>\$ (171,808)</b>	<b>\$ (19,116,383)</b>	<b>\$ (5,714,313)</b>	<b>\$ 1,181,055</b>

**The Corporation of the Municipality of Clarington  
Consolidated Schedule of Segmented Information - Schedule 3  
For the Year Ended December 31, 2021**

2020 - Budget

	General government services	Protection services	Transportation services	Environmental services	Health services	Recreation and cultural services	Planning and development	Consolidated
<b>Operating revenue</b>								
Taxation and user charges	\$ 69,019,227	\$ 1,829,832	\$ 1,015,900	\$ 108,300	\$ 401,100	\$ 5,909,010	\$ 862,300	<b>79,145,669</b>
Grants	-	22,000	118,900	-	-	136,181	-	<b>277,081</b>
Other	2,496,000	249,500	11,917,558	4,961,004	18,500	3,423,747	17,500	<b>23,083,809</b>
Contributed tangible capital assets	-	-	439,268	2,314,896	-	2,366,698	-	<b>5,120,862</b>
<b>Total operating revenue</b>	<b>71,515,227</b>	<b>2,101,332</b>	<b>13,491,626</b>	<b>7,384,200</b>	<b>419,600</b>	<b>11,835,636</b>	<b>879,800</b>	<b>107,627,421</b>
<b>Operating expenses</b>								
Salaries and wages	4,666,423	16,863,735	9,981,905	487,838	268,358	15,016,932	4,099,722	<b>51,384,913</b>
Operating materials and supplies	1,066,047	1,361,502	5,183,476	427,574	119,494	5,725,069	698,760	<b>14,581,922</b>
Contracted services	296,600	943,982	5,720,794	490,786	-	2,322,995	717,511	<b>10,492,668</b>
Rent and financial expenses	205,000	-	-	-	-	51,919	11,000	<b>267,919</b>
External transfers to others	-	10,000	-	207,195	-	1,180,304	(6,761)	<b>1,390,738</b>
Amortization expense	1,013,395	960,103	13,525,271	1,403,146	2,442	3,728,041	2,863	<b>20,635,261</b>
Interest on long-term liabilities	32,480	-	147,417	-	-	174,464	-	<b>354,361</b>
<b>Total operating expense</b>	<b>7,279,945</b>	<b>20,139,322</b>	<b>34,558,863</b>	<b>3,016,539</b>	<b>390,294</b>	<b>28,199,724</b>	<b>5,523,095</b>	<b>99,107,782</b>
<b>Annual surplus (deficit)</b>	<b>\$ 64,235,282</b>	<b>\$ (18,037,990)</b>	<b>\$ (21,067,237)</b>	<b>\$ 4,367,661</b>	<b>\$ 29,306</b>	<b>\$ (16,364,088)</b>	<b>\$ (4,643,295)</b>	<b>8,519,639</b>

If this information is required in an alternate format, please contact the Accessibility  
Co-ordinator at 905-623-3379 ext. 2131

Financial statements of

**The Corporation of the  
Municipality of Clarington  
Public Library Board and the  
Clarington Museums and  
Archives**

December 31, 2021



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## Independent Auditor's Report

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To the Members of the Board of Directors of the Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

### Opinion

We have audited the accompanying financial statements of the Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives (the Entity), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our 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 audit opinion.

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

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

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

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

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

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

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

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

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

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario  
June 15, 2022

**The Corporation of the Municipality of Clarington Public Library Board  
and the Clarington Museums and Archives  
Statement of Financial Position  
as at December 31, 2021**

	2021	2020
	\$	\$
<b>Financial assets</b>		
Cash	2,156,397	1,871,644
Accounts receivable	929	11,721
Inventory	9,723	9,623
Due from Government of Canada	80,273	48,872
<b>Total financial assets</b>	<b>2,247,322</b>	1,941,860
<b>Liabilities</b>		
Accounts payable and accrued liabilities	169,769	213,841
Payable to Municipality of Clarington	257,654	422,789
Employee future benefits liabilities (Note 5)	189,761	170,538
Deferred revenue	154,449	92,499
<b>Total liabilities</b>	<b>771,633</b>	899,667
<b>Net financial assets</b>	<b>1,475,689</b>	1,042,193
<b>Non-financial assets</b>		
Tangible capital assets – net (Note 7)	1,838,808	1,773,345
Prepaid expenses	76,618	86,249
<b>Total non-financial assets</b>	<b>1,915,426</b>	1,859,594
<b>Accumulated surplus</b>	<b>3,391,115</b>	2,901,787

Assumption of Clarington Museums and Archives (Note 2), and Impact of COVID-19 (Note 10)

See accompanying notes to the financial statements

**The Corporation of the Municipality of Clarington Public Library Board  
and the Clarington Museums and Archives  
Statement of Operations  
year ended December 31, 2021**

	(Note 9)	2021	2020
	Budget	Actual	Actual
	\$	\$	\$
<b>Revenues</b>			
Municipal tax levy	3,515,599	3,515,599	3,515,599
Contribution from Reserves – Municipality of Clarington	63,280	423,075	391,765
Province of Ontario grant	112,481	110,551	103,481
Government of Canada grant	-	30,203	46,417
Fines, fees, sales, discards	30,125	16,343	38,304
Donations & bequests	-	2,401	2,846
Interest	8,500	16,630	15,949
Miscellaneous	-	35	3,060
<b>Total revenues</b>	<b>3,729,985</b>	<b>4,114,837</b>	<b>4,117,421</b>
<b>Expenses</b>			
Personnel costs	2,811,316	2,573,872	2,479,531
Operating and materials	350,155	8,857	-
Facility support	213,197	185,004	197,067
Products & supplies	32,393	33,812	144,480
Public programs	35,950	14,553	23,846
Contracted services	170,284	161,522	146,642
Computer expenses	84,277	56,973	83,420
Staff development	32,413	19,852	22,935
Amortization expense	526,559	526,559	541,205
Transfer to Reserve Fund - Municipality of Clarington	-	44,505	44,205
<b>Total expenses</b>	<b>4,256,544</b>	<b>3,625,509</b>	<b>3,683,331</b>
<b>Annual surplus (deficit)</b>	<b>(526,559)</b>	<b>489,328</b>	<b>434,090</b>
<b>Accumulated surplus, beginning of year</b>	<b>2,901,787</b>	<b>2,901,787</b>	<b>2,467,697</b>
<b>Accumulated surplus, end of year</b>	<b>2,375,228</b>	<b>3,391,115</b>	<b>2,901,787</b>

Assumption of Clarington Museum and Archives (Note 2) and Impact of COVID-19 (Note 10)

See accompanying notes to the financial statements.

**The Corporation of the Municipality of Clarington Public Library Board  
and the Clarington Museums and Archives  
Statement of Change in Net Financial Assets  
for the year ended December 31, 2021**

		2021	2020
	Budget	Actual	Actual
	\$	\$	\$
Annual (deficit) surplus	<b>(526,559)</b>	<b>489,328</b>	434,379
Acquisition of tangible capital assets	<b>(592,023)</b>	<b>(592,023)</b>	(541,682)
Acquisition of net financial assets from restructuring (Note 2)	-	-	(12,217)
Amortization of tangible capital assets	<b>526,559</b>	<b>526,559</b>	541,205
Decrease (increase) in prepaid expenses	-	<b>9,632</b>	9,305
Increase (decrease) in net financial assets	<b>(592,023)</b>	<b>433,496</b>	430,990
Net financial assets, beginning of year	<b>1,042,193</b>	<b>1,042,193</b>	611,203
Net financial assets, end of year	<b>450,170</b>	<b>1,475,689</b>	1,042,193

See accompanying notes to the financial statements



**The Corporation of the Municipality of Clarington Public Library Board  
and the Clarington Museums and Archives  
Statement of Cash Flows  
for the year ended December 31, 2021**

	2021	2020
	\$	\$
<b>Operating activities</b>		
Annual surplus	489,328	434,379
Non-cash items		
Amortization of tangible capital assets	526,559	541,205
Change in non-cash operating items		
Accounts receivable	10,792	(2,119)
Due from Government of Canada	(31,401)	9,468
Inventory for resale	(100)	(9,623)
Deferred revenue	61,950	86,499
Accounts payable and accrued liabilities	(44,073)	(20,293)
Payable to Municipality of Clarington	(165,135)	36,253
Employee future benefits liability	19,223	16,013
Prepaid expenses	9,633	9,305
	<b>876,776</b>	<b>1,101,087</b>
<b>Capital activities</b>		
Acquisition of tangible capital assets	(592,023)	(541,682)
Assets acquired on restructuring	-	(12,217)
Net increase in cash	<b>284,753</b>	<b>547,188</b>
<b>Cash, beginning of year</b>	<b>1,871,644</b>	<b>1,324,456</b>
<b>Cash, end of year</b>	<b>2,156,397</b>	<b>1,871,644</b>

See accompanying notes to the financial statement

# The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the financial statements

December 31, 2021

The Corporation of the Municipality of Clarington Public Library Board and Clarington

## 1. Significant accounting policies

The financial statements of the Board are the representations of management prepared in accordance with Canadian public sector accounting standards ("PSAS").

Significant accounting policies adopted by the Board are as follows:

(i) *Accrual basis of accounting*

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(ii) *Cash and cash equivalents*

Cash and cash equivalents are comprised of cash on hand, demand deposits and bankers' acceptances, all of which are highly liquid, subject to insignificant risk of changes in value and have a short-term maturity of less than 90 days.

(iii) *Investment income*

Investment income earned (other than on restricted funds) is reported as revenue in the period earned.

(iv) *Government transfers*

Government transfers are recognized in the financial statements as revenue in the financial period in which the events giving rise to the transfer occur, eligibility criteria are met, and reasonable estimates of the amount can be determined.

(v) *Revenue Recognition*

Revenues attributable to grants and contributions received for operating expenses and tangible capital assets are recognized as revenue in the year in which the related expenses are incurred.

# The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the financial statements

December 31, 2021

## 1. Significant accounting policies (continued)

### (v) Revenue Recognition (continued)

Revenues from donations, fundraising events, fines, and fees are recognized when the cash is collected.

### (vi) *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.

### (vii) *Tangible capital assets*

Tangible capital assets are recorded at historical cost, which includes all amounts that are directly attributable to acquisition, construction, development, or betterment of the tangible capital asset. The cost, less residual value, of the tangible capital asset is amortized on a straight-line basis over the estimated useful life as follows:

Collections	–	7 years
Computer hardware	–	4 years
Computer software	–	5 to 10 years
Furniture and Fixtures (major projects)	–	15 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal.

### (viii) *Employee future benefits liabilities*

The present value of the cost of providing employees with future benefits programs is expensed as employees earn these entitlements through service. The cost of the benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care and dental costs.

### (ix) *Use of estimates*

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of financial assets, tangible capital assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Accounts involving significant estimates include the recording of accrued liabilities and estimates

# The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the financial statements

December 31, 2021

## 1. Significant accounting policies (continued)

(x) *Use of estimates (continued)*

relating to the useful life of tangible capital assets. Actual results could differ from these estimates.

## 2. Assumption of Clarington Museums and Archives

On January 1, 2020, the Clarington Public Library Board assumed control of the Clarington Museums and Archives.

## 3. Pension agreements

The Board makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS). OMERS is a multi-employer defined benefit pension plan which provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The pension plan is financed by equal contributions from participating employers and employees, and by the investment earnings of the fund. The most recent actuarial valuation of the Plan was conducted at December 31, 2021. The results of this valuation disclosed total going concern actuarial liabilities of \$120,796 million in respect of benefits accrued for service (comprising \$119,342 million with respect to the defined benefit component and \$1,454 million with respect to the AVC component), with actuarial assets at that date of \$117,665 million (comprising \$116,211 million with respect to the defined benefit component and \$1,454 million with respect to the AVC component), indicating an actuarial deficit of \$3,131 million. Because OMERS is a multi-employer plan, any Plan surpluses or deficits are joint responsibility of Ontario municipal organizations and their employees. As a result, the Library does not recognize any share of the Plan surplus or deficit.

The Board recognizes the expense related to this plan as contributions are made. The contribution rate was 9% for wages up to \$61,600 (2020 - 9%, \$58,700) and 14.6% for wages in excess of CPP earning limit \$61,600 (2020 – 14.6%, \$58,700). The amount contributed to OMERS for 2021 was \$161,501 (2020 - \$160,788) for current services and is included as an expense on the statement of operations.

## 4. Transfers to Municipality of Clarington

During the year, the Board transferred \$44,505 (2020 - \$44,205) to the Municipality of Clarington for Library Reserve Funds and Museum Reserve Funds.

# The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the financial statements

December 31, 2021

## 5. Employee future benefits liabilities

The Board makes available to Library employees who retire before the age of 65, the opportunity of continuing their coverage for such benefits as medical (extended health), dental and life insurance benefits. Coverage ceases at age 65. Dependent upon the eligibility, the cost of this coverage may be a shared financial responsibility between the Municipality and the retired employees. Currently these benefits are not extended to Museum employees.

An actuarial valuation was performed as at December 31, 2021 based on data as at the valuation date and plan provisions. The accrued benefit obligation and net benefit costs (i.e., the expense) for the 2021 fiscal year end was determined by the valuation.

The significant actuarial assumptions employed for the valuation are as follows:

- (i) Discount rate will be 1.90% per annum for net benefit cost.
- (ii) Future inflation rates will be 2.00%.
- (iii) Dental cost trend rates are 3.00% in fiscal 2021 and remain stable at that level until 2024.
- (iv) Extended health care trend rates are 5.37% in fiscal 2021 and remain stable at that level until 2024.

Information about the Library Board's employee future benefits liabilities is as follows:

	2021	2020
<b>Accrued benefit obligation</b>	<b>\$</b>	<b>\$</b>
Balance, beginning of year	244,535	209,256
Employer current service cost	15,802	13,993
Interest cost	4,738	5,525
Benefits paid	(7,415)	(7,912)
Actuarial (gain) loss	(35,245)	23,673
Balance, end of year	222,415	244,535
Unamortized net actuarial gains (losses)	(32,654)	(73,997)
Employee future benefits liabilities, end of year	189,761	170,538

# The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the financial statements

December 31, 2021

## 6. Related party transactions

The Municipality of Clarington provides contributions to the operations and capital projects of the Board through municipal contributions as noted on the statement of operations.

The Statement of Operations reflects the fair value of the contribution from the Municipality for maintenance, utility and supply charges which are provided for nil consideration.

## 7. Tangible capital assets (TCA)

The continuity of the historical cost and accumulated amortization for various categories of tangible capital assets are outlined in the below table.

	<b>2021</b>				
	Collections	Computer Software	Computer Hardware	Furniture and Fixtures	Total
Cost:	\$	\$	\$	\$	\$
Balance, beginning of year	3,459,524	285,610	357,950	16,660	4,119,744
Add: additions during the year	543,672	-	48,351	-	592,023
Less: disposals during the year	(349,083)	-	(87,408)	-	(436,491)
Balance, end of year	3,654,113	285,610	318,893	16,660	4,275,276
Accumulated amortization:					
Balance, beginning of year	1,880,494	241,509	218,842	5,554	2,346,399
Add: amortization during the year	452,702	21,264	51,482	1,111	526,559
Less: accumulated amortization on disposals	(349,082)	-	(87,408)	-	(436,490)
Balance, end of year	1,984,114	262,773	182,916	6,665	2,436,468
Net book value of TCA	1,669,999	22,837	135,977	9,995	1,838,808
					<b>2020</b>
	Collections	Computer Software	Computer Hardware	Furniture and Fixtures	Total
Cost:	\$	\$	\$	\$	\$
Balance, beginning of year	3,294,664	285,610	319,291	16,660	3,916,225
Add: additions during the year	428,453	-	113,229	-	541,682
Less: disposals during the year	(263,593)	-	(74,570)	-	(338,163)
Balance, end of year	3,459,524	285,610	357,950	16,660	4,119,744
Accumulated amortization:					
Balance, beginning of year	1,705,408	215,428	218,078	4,443	2,143,357
Add: amortization during the year	438,679	26,081	75,334	1,111	541,205
Less: accumulated amortization on disposals	(263,593)	-	(74,570)	-	(338,163)
Balance, end of year	1,880,494	241,509	218,842	5,554	2,346,399
Net book value of TCA	1,579,030	44,101	139,107	11,106	1,773,345

# The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the financial statements

December 31, 2021

## 7. Tangible capital assets (TCA) (continued)

### (i) Works of Art and Historical Treasures

The Municipality has one historical collection. The Board collection is currently insured for \$238,500.

## 8. Accumulated surplus

Accumulated surplus consists of the following:

	2021	2020
Invested in tangible capital assets	1,838,808	1,773,345
General revenue fund	1,256,202	1,007,801
Capital fund – internal	296,105	120,641
<b>Accumulated surplus</b>	<b>3,391,115</b>	<b>2,901,787</b>

## 9. Budget figures

The 2021 budget figures were approved by the Board on October 28, 2020 and revised by Council during 2021 budget deliberations. The budget was prepared on a modified accrual basis in accordance with Canadian Public Sector Accounting Standards (PSAS). PSAS require the budget to be prepared on a full accrual basis. As a result, the budget figures presented in the Statements of Operations and Changes in Net Financial Assets represent the budget approved by the Board with the following adjustments:

An amount for amortization expense has been added and is based on management's best estimate of amortization expense determined at the beginning of the year. Amortization expense was not included in the original Board approved budget.

Amounts for the cost of contributed tangible capital assets and the related revenue have been added and are based on management's best estimate of the value of contributed tangible capital assets determined at the beginning of the year. Neither the cost of the contributed tangible capital assets nor the revenue was included in the original Board approved budget.

Amounts included in the original Board approved capital budget which are not recognized as tangible capital assets are included in the Statement of Operations under the appropriate functional expenses' category, whereas those recognized as tangible capital assets are included in the Statement of Change in Net Financial Assets.

# The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the financial statements

December 31, 2021

## 9. Budget figures (continued)

Approved operating budget revenues	<b>(3,729,985)</b>
Operating budget expenses	<b>3,729,985</b>
Transfers to Reserve Funds – Municipality of Clarington	-
Approved operating budget expenses	<b>3,729,985</b>
PSAB reporting adjustments:	
Amortization of tangible capital assets	<b>526,559</b>
Net operating budget expenses	<b>4,256,544</b>
Net deficit before capital investment	<b>526,559</b>

## 10. Impact of COVID-19

In 2021, the COVID-19 pandemic continued to severely impact many local economies around the globe. In many countries, including Canada, organizations and businesses were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, included travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The COVID-19 pandemic continued to disrupt regular operations during the 2021 calendar year as service levels expanded and contracted to meet Provincial directives.

During the month of January, in response to the province-wide shutdown, the Library had shifted back to contactless curbside pick-ups and suspended public computer access. The Museum discontinued in-person research and exhibit services and focused on providing virtual research services and exhibits. Later that same month, the Library and Museum pivoted to adhere to the Provincial directives, which were introduced by the Enhanced Provincewide Shutdown measures.

In February 2021, the Province lifted the shutdown. In response, the Library re-introduced its limited Grab & Go service and the Museum re-opened for research appointments and self-directed exhibit tours. In April, as a result of additional regulations, the Library further suspended computer services and temporarily discontinued Grab and Go service (in branch services) and reinstated curbside



# The Corporation of the Municipality of Clarington Public Library Board and the Clarington Museums and Archives

Notes to the financial statements

December 31, 2021

## 10. Impact of COVID-19 (continued)

Take-Out services. The Museum discontinued in-person research and exhibit services

In June the branches re-opened for Grab & Go services and in July, the Library was able to resume full public access to the branches while the Museum re-introduced in-person appointments for research and exhibit tours.

Throughout the entire year, despite the mandated changes around in-person services, the Library was able to provide enhanced digital access via virtual programs and electronic collections. The Museum offered access to virtual research service and online programs. Both Library and Museum revenue streams were impacted by the Provincial restrictions, which limited in-person services.

Although the Board cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Library's and the Museum's results of future operations, financial position, and liquidity in the fiscal year 2022.

## 11. Comparative Figures

The comparative figures have been restated to conform with the current year presentation.

**The Corporation of the Municipality of Clarington Public Library Board  
and the Clarington Museums and Archives  
Supplementary Schedule - Statement of Operations - Library  
year ended December 31, 2021**

	<b>2021</b>	2020
	<b>Actual</b>	Actual
	\$	\$
<b>Revenues</b>		
Municipal tax levy	<b>3,201,357</b>	3,201,357
Municipality of Clarington – capital grant	<b>423,075</b>	141,765
Contribution from reserve funds	-	250,000
Province of Ontario grant	<b>85,390</b>	78,320
Government of Canada grant	<b>20,383</b>	17,387
Fines, fees, sales, discards, programming, events, sponsorships	<b>16,157</b>	34,394
Donations and bequests	<b>2,006</b>	2,241
Interest	<b>14,329</b>	13,515
Miscellaneous	<b>35</b>	828
<b>Total revenues</b>	<b>3,762,732</b>	3,739,807
<b>Expenses</b>		
Personnel costs	<b>2,412,006</b>	2,318,580
Operating and materials	<b>5,705</b>	-
Facility support	<b>161,900</b>	173,008
Products & supplies	<b>33,812</b>	135,841
Public programs, exhibits, collections, events, gift shop purchases	<b>14,302</b>	16,784
Contracted services	<b>119,235</b>	116,453
Computer expenses	<b>48,349</b>	76,728
Staff development	<b>19,035</b>	21,495
Amortization expense	<b>525,448</b>	540,094
Transfer to reserve fund - Municipality of Clarington	<b>36,200</b>	35,900
<b>Total expenses</b>	<b>3,375,992</b>	3,434,883
<b>Annual surplus (deficit)</b>	<b>386,740</b>	304,924
<b>Accumulated surplus (deficit), beginning of year</b>	<b>2,772,332</b>	2,467,408
<b>Accumulated surplus (deficit), end of year</b>	<b>3,159,072</b>	2,772,332

Impact of COVID-19 (Note 10)

See accompanying notes to the financial statements.

**The Corporation of the Municipality of Clarington Public Library Board  
and the Clarington Museums and Archives  
Supplementary Schedule - Statement of Operations - Museum  
year ended December 31, 2021**

	<b>2021</b>	2020
	<b>Actual</b>	Actual
	\$	\$
<b>Revenues</b>		
Municipal tax levy	<b>314,242</b>	314,242
Province of Ontario grant	<b>25,161</b>	25,161
Government of Canada grant	<b>9,820</b>	29,030
Fines, fees, sales, discards, programming, events, sponsorships	<b>186</b>	3,910
Donations and bequests	<b>395</b>	605
Interest	<b>2,301</b>	2,434
Miscellaneous	<b>-</b>	2,232
<b>Total revenues</b>	<b>352,105</b>	377,614
<b>Expenses</b>		
Personnel costs	<b>161,866</b>	160,951
Facility support	<b>23,104</b>	24,059
Products & supplies	<b>3,152</b>	8,639
Public programs, exhibits, collections, events, gift shop purchases	<b>251</b>	7,062
Contracted services	<b>42,287</b>	30,189
Computer expenses	<b>8,624</b>	6,692
Staff development	<b>817</b>	1,440
Amortization expense	<b>1,111</b>	1,111
Transfer to reserve fund - Municipality of Clarington	<b>8,305</b>	8,305
<b>Total expenses</b>	<b>249,517</b>	248,448
<b>Annual surplus (deficit)</b>	<b>102,588</b>	129,166
<b>Accumulated surplus (deficit), beginning of year</b>	<b>129,455</b>	289
<b>Accumulated surplus (deficit), end of year</b>	<b>232,043</b>	129,455

Impact of COVID-19 (Note 10)

See accompanying notes to the financial statements.

If this information is required in an alternate format, please contact the Accessibility Coordinator at (905) 623-3379 ext. 2131.

Financial statements of

**The Corporation of the  
Municipality of Clarington  
Board of Management for  
Historic Downtown Bowmanville  
Business Improvement Area**

December 31, 2021

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## Independent Auditor's Report

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To the Members of the Corporation of the Municipality of Clarington Board of Management for Historic Downtown Bowmanville Business Improvement Area, Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Clarington

### Qualified Opinion

We have audited the accompanying financial statements of the Historic Downtown Bowmanville Business Improvement Area of the Corporation of the Municipality of Clarington (the Entity), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Qualified Opinion

The Entity derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to event and donation revenue, annual surplus, and cash flows from operations for the years ended December 31, 2021 and 2020, net financial assets as at December 31, 2021 and 2020, and accumulated surplus as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 qualified audit opinion.

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

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

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

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

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

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

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

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

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

*BDO Canada LLP*

**The Corporation of the Municipality of Clarington  
Board of Management for Historic Downtown  
Bowmanville Business Improvement Area**

**Statement of Financial Position**

**as at December 31, 2021**

	2021	2020
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	51,262	64,732
Accounts receivable	-	-
HST receivable	5,141	5,529
<b>Total financial assets</b>	<b>56,403</b>	<b>70,261</b>
<b>Liabilities</b>		
Accounts payable	5,997	18
<b>Total liabilities</b>	<b>5,997</b>	<b>18</b>
 Net financial assets	 <b>50,406</b>	 <b>70,243</b>
 <b>Accumulated surplus (deficit)</b>	 <b>50,406</b>	 <b>70,243</b>

Impact of COVID-19 (Note 2)

The accompanying notes are an integral part of these financial statements.

# The Corporation of the Municipality of Clarington Board of Management for Historic Downtown Bowmanville Business Improvement Area

## Statement of Operations as at December 31, 2021

	Budget	2021	2020
	\$	\$	\$
<b>Revenues</b>			
Taxation - Municipality of Clarington	167,439	167,439	167,439
Grant - Municipality of Clarington		13,948	-
Interest		198	666
Fundraising		3,545	1,570
<b>Total revenues</b>	<b>167,439</b>	<b>185,130</b>	169,675
<b>Expenses</b>			
Administration	33,000	4,743	3,481
Events and promotion	72,951	114,305	50,278
Salaries and wages	78,200	61,400	56,750
Streetscape	27,700	24,519	17,065
Capital works	20,300	-	-
<b>Total expenses</b>	<b>232,151</b>	<b>204,967</b>	127,574
Annual surplus (deficit)	(64,712)	(19,837)	42,101
Accumulated surplus, beginning of year	70,243	70,243	28,142
<b>Accumulated surplus (deficit), end of year</b>	<b>5,531</b>	<b>50,406</b>	70,243

Impact of COVID-19 (Note 2)

The accompanying notes are an integral part of these financial statements.



**The Corporation of the Municipality of Clarington  
Board of Management for Historic Downtown  
Bowmanville Business Improvement Area**

**Statement of Change in Net Financial Assets  
as at December 31, 2021**

	<b>Budget</b>	<b>2021</b>	2020
	\$	\$	\$
<b>Annual surplus (deficit)</b>	<b>(64,712)</b>	<b>(19,837)</b>	42,101
Change in prepaid expenses	-	-	-
Change in net financial assets	<b>(64,712)</b>	<b>(19,837)</b>	42,101
Net financial assets, beginning of year	<b>70,243</b>	<b>70,243</b>	28,142
<b>Net financial assets (liabilities), end of yea</b>	<b>5,531</b>	<b>50,406</b>	70,243

The accompanying notes are an integral part of these financial statements.

# The Corporation of the Municipality of Clarington Board of Management for Historic Downtown Bowmanville Business Improvement Area

## Statement of Cash Flows

for the year ended December 31, 2021

	2021	2020
	\$	\$
<b>Operating activities</b>		
<b>Annual surplus</b>	<b>(19,837)</b>	42,101
Changes in non-cash operating items		
Decrease (increase) due from Government of Canada	388	2,721
Increase (decrease) in accounts payable and accrued liabilities	5,979	(4,574)
	<b>(13,470)</b>	40,248
<b>Net increase in cash</b>	<b>(13,470)</b>	40,248
<b>Cash, beginning of year</b>	<b>64,732</b>	24,484
<b>Cash, end of year</b>	<b>51,262</b>	64,732

The accompanying notes are an integral part of these financial statements.

# The Corporation of the Municipality of Clarington Board of Management for the Historic Downtown Bowmanville Business District Improvement Area

Notes to the financial statements  
December 31, 2021

The Corporation of the Municipality of Clarington Board of Management for Historic Downtown Bowmanville Business Improvement Area is a Municipal Local Board (the "Board") in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation.

## 1. Significant accounting policies

The financial statements of the Board are the representations of management prepared in accordance with Canadian public sector accounting standards ("PSAS").

The focus of the financial statements is on the financial position of the Board and the changes thereto. The Statement of Financial Position includes the assets and liabilities of the Board.

Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations.

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.

Accumulated surplus represents the difference between assets and liabilities of the Board. This provides information about the Board's overall future revenue requirements and its ability to finance operations and meet its obligations.

### a) Revenue recognition

Taxation revenue is recorded when earned and is based on a special assessment. Other revenues are recorded in the period in which transactions or events occurred that gave rise to the revenues.

### b) Use of estimates

The preparation of financial statements in conformity with PSAS 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 financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

### c) Cash and cash equivalents

Cash and cash equivalents are made up of cash held in financial institutions as well as temporary investments with maturities of 90 days or less.

# The Corporation of the Municipality of Clarington Board of Management for the Historic Downtown Bowmanville Business District Improvement Area

Notes to the financial statements  
December 31, 2021

## 2. Impact of COVID-19

In 2021, the COVID-19 pandemic continued to severely impact many local economies around the globe. In many countries, including Canada, organizations and businesses were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, included travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The COVID-19 pandemic had significant impacts on the activities of the Bowmanville BIA. All in-person community events were cancelled up to November of 2021 or modified to be a virtual offering. Moonlight magic and Christmas events were held. The Bowmanville BIA continued to focus on the marketing, décor and on-line promotion of the BIA area.

Although the Bowmanville BIA cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Bowmanville BIA's results of future operations, financial position, and liquidity in the fiscal year 2022.

If this information is required in an alternate format, please contact the Accessibility Coordinator at (905) 623-3379 ext. 2131

Financial statements of

**The Corporation of the  
Municipality of Clarington  
Board of Management for the  
Newcastle Central Business  
District Improvement Area**

December 31, 2021



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BDO Canada LLP  
165 Kent Street West  
PO Box 358  
Lindsay ON K9V 4S3 Canada

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## Independent Auditor's Report

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To the Members of the Corporation of the Municipality of Clarington Board of Management for the Newcastle Central Business District Improvement Area, Members of Council, Inhabitants and Ratepayers of the Municipality of Clarington

### Qualified Opinion

We have audited the accompanying financial statements of the Newcastle Central Business District Improvement Area of the Corporation of the Municipality of Clarington (the Entity), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Qualified Opinion

The Entity derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to event and donation revenue, annual surplus, and cash flows from operations for the years ended December 31, 2021 and 2020, net financial assets as at December 31, 2021 and 2020, and accumulated surplus as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 qualified audit opinion.

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario  
June 15, 2022

# The Corporation of the Municipality of Clarington Board of Management for the Newcastle Central Business District Improvement Area

## Statement of financial position

as at December 31, 2021

	2021	2020
	\$	\$
<b>Financial assets</b>		
Cash	63,226	33,775
Accounts receivable	70	1,202
<b>Total financial assets</b>	<b>63,296</b>	<b>34,977</b>
<b>Liabilities</b>		
Accounts payable	1,130	-
Deferred revenue	-	2,000
<b>Total liabilities</b>	<b>1,130</b>	<b>2,000</b>
<b>Net financial assets (liabilities)</b>	<b>62,166</b>	<b>32,977</b>
<b>Accumulated surplus (deficit)</b>	<b>62,166</b>	<b>32,977</b>

The accompanying notes are an integral part of these financial statements.



# The Corporation of the Municipality of Clarington Board of Management for the Newcastle Central Business District Improvement Area

## Statement of operations

year ended December 31, 2021

		2021	2020
	Budget	Actual	Actual
	\$	\$	\$
<b>Revenues</b>			
Taxation - Municipality of Clarington	40,000	40,000	40,000
Grant - Municipality of Clarington		16,548	
Grant - Government of Canada			
Fundraising		70	1,202
Transfer from Municipality of Clarington		25,000	
Miscellaneous			
<b>Total revenues</b>	<b>40,000</b>	<b>81,618</b>	41,202
<b>Expenses</b>			
Administration	2,000	4,689	1,461
Advertising	10,000	4,996	10,768
Events	5,000	9,091	1,434
Downtown safety and décor	23,000	33,653	12,815
<b>Total expenses</b>	<b>40,000</b>	<b>52,429</b>	26,478
Annual surplus (deficit)	-	29,189	14,724
Accumulated surplus, beginning of year	32,977	32,977	18,253
<b>Accumulated surplus, end of year</b>	<b>32,977</b>	<b>62,166</b>	32,977

The accompanying notes are an integral part of these financial statements.

**The Corporation of the Municipality of Clarington  
Board of Management for Newcastle Central  
Business District Improvement Area**

**Statement of change in net financial assets  
as at December 31, 2021**

	Budget	2021	2020
	\$	\$	\$
<b>Annual surplus (deficit)</b>	-	<b>29,189</b>	14,724
Change in net financial assets	-	<b>29,189</b>	14,724
Net financial assets, beginning of year	<b>32,977</b>	<b>32,977</b>	18,253
<b>Net financial assets (liabilities), end of year</b>	<b>32,977</b>	<b>62,166</b>	32,977

The accompanying notes are an integral part of these financial statements.

# The Corporation of the Municipality of Clarington Board of Management for the Newcastle Central Business District Improvement Area

## Statement of cash flows

for the year ended December 31, 2021

	2021	2020
	\$	\$
<b>Operating activities</b>		
<b>Annual surplus</b>	<b>29,189</b>	14,724
Non cash items		
Amortization of tangible capital assets	-	-
Changes in non-cash operating items		
Decrease (increase) in accounts receivable	<b>1,132</b>	6,579
Increase (decrease) in accounts payable and accrued liabilities	<b>1,130</b>	(2,562)
Increase (decrease) in deferred revenue	<b>(2,000)</b>	2,000
	<b>29,451</b>	20,741
<b>Capital activity</b>		
Acquisition of tangible capital assets	-	-
<b>Net increase in cash</b>	<b>29,451</b>	20,741
<b>Cash, beginning of year</b>	<b>33,775</b>	13,034
<b>Cash, end of year</b>	<b>63,226</b>	33,775

The accompanying notes are an integral part of these financial statements.

# The Corporation of the Municipality of Clarington Board of Management for the Newcastle Central Business District Improvement Area

Notes to the financial statements

December 31, 2021

The Corporation of the Municipality of Clarington Board of Management for the Newcastle Central Business District Improvement Area is a Municipal Local Board in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation.

## 1. Significant accounting policies

The financial statements of the Board are the representations of management prepared in accordance with Canadian public sector accounting standards ("PSAS").

The focus of the financial statements is on the financial position of the Board and the changes thereto. The Statement of Financial Position includes the assets and liabilities of the Board.

Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations.

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.

Accumulated surplus represents the difference between assets and liabilities of the Board. This provides information about the Board's overall future revenue requirements and its ability to finance operations and meet its obligations.

### a) Revenue recognition

Taxation revenue is recorded when earned and is based on a special assessment. Other revenues are recorded in the period in which transactions or events occurred that gave rise to the revenues.

### b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

### c) Cash and cash equivalents

Cash and cash equivalents are made up of cash held in financial institutions as well as temporary investments with maturities of 90 days or less.

# The Corporation of the Municipality of Clarington Board of Management for the Newcastle Central Business District Improvement Area

Notes to the financial statements

December 31, 2021

## 2. Impact of COVID-19

In 2021, the COVID-19 pandemic continued to severely impact many local economies around the globe. In many countries, including Canada, organizations and businesses were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, included travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The COVID-19 pandemic had significant impacts on the activities of the Newcastle BIA. Most community events had to be cancelled or modified to be a virtual offering. The Newcastle BIA continued to focus on the marketing, décor and on-line promotion of the BIA area.

Although the Newcastle BIA cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Newcastle BIA's results of future operations, financial position, and liquidity in the fiscal year 2022.

If this information is required in an alternate format, please contact the Accessibility Coordinator at (905) 623-3379 ext. 2131.

Financial statements of

**The Corporation of the  
Municipality of Clarington  
Board of Management for the  
Orono Central Business  
District Improvement Area**

December 31, 2021

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## Independent Auditor's Report

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To the Members of the Corporation of the Municipality of Clarington Board of Management for Orono Central Business District Improvement Area, Members of Council, Inhabitants and Ratepayers of the Municipality of Clarington

### Qualified Opinion

We have audited the accompanying financial statements of the Orono Central Business District Improvement Area of the Corporation of the Municipality of Clarington (the Entity), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Qualified Opinion

The Entity derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity. Therefore, we were not able to determine whether any adjustments might be necessary to event and donation revenue, annual surplus, and cash flows from operations for the years ended December 31, 2021 and 2020, net financial assets as at December 31, 2021 and 2020, and accumulated surplus as at January 1 and December 31 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended December 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 qualified audit opinion.

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario  
June 15, 2022



# The Corporation of the Municipality of Clarington Board of Management for the Orono Central Business District Improvement Area

## Statement of Financial Position as at December 31, 2021

	2021	2020
	\$	\$
<b>Financial assets</b>		
Cash and cash equivalents	13,601	23,202
Accounts receivable	-	-
<b>Total financial assets</b>	<b>13,601</b>	<b>23,202</b>
<b>Liabilities</b>		
Accounts payable	964	80
<b>Total liabilities</b>	<b>964</b>	<b>80</b>
<b>Net financial assets</b>	<b>12,637</b>	<b>23,122</b>
<b>Accumulated surplus (deficit)</b>	<b>12,637</b>	<b>23,122</b>

The accompanying notes are an integral part of these financial statements.

# The Corporation of the Municipality of Clarington Board of Management for the Orono Central Business District Improvement Area

## Statement of Operations

year ended December 31, 2021

	Budget	2021	2020
	\$	\$	\$
<b>Revenues</b>			
Taxation - Municipality of Clarington (Note 1)	6,000	6,000	6,000
Grants - Municipality of Clarington	-	1,504	-
Grants - Other	-	3,670	10,830
Donations/fundraising/miscellaneous	15,500	-	769
<b>Total revenues</b>	<b>21,500</b>	<b>11,174</b>	<b>17,599</b>
<b>Expenses</b>			
Advertising and promotion	16,745	1,601	5,440
Landscaping	11,500	18,531	24,569
Miscellaneous	1,400	1,527	962
<b>Total expenses</b>	<b>29,645</b>	<b>21,659</b>	<b>30,971</b>
Annual surplus (deficit)	(8,145)	(10,485)	(13,372)
Accumulated surplus, beginning of year	23,122	23,122	36,494
<b>Accumulated surplus, end of year</b>	<b>14,977</b>	<b>12,637</b>	<b>23,122</b>

The accompanying notes are an integral part of these financial statements.

**The Corporation of the Municipality of Clarington  
Board of Management for Orono Central  
Business District Improvement Area  
Statement of Change in Net Financial Assets  
as at December 31, 2021**

	<b>Budget</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Annual surplus (deficit)</b>	<b>(8,145)</b>	<b>(10,485)</b>	<b>(13,372)</b>
Net financial assets, beginning of year	<b>23,122</b>	<b>23,122</b>	36,494
<b>Net financial assets (liabilities), end of year</b>	<b>14,977</b>	<b>12,637</b>	<b>23,122</b>

The accompanying notes are an integral part of these financial statements.

# The Corporation of the Municipality of Clarington Board of Management for the Orono Central Business District Improvement Area

## Statement of Cash Flows year ended December 31, 2021

	2021	2020
	\$	\$
<b>Operating activities</b>		
<b>Annual surplus</b>	<b>(10,485)</b>	<b>(13,372)</b>
Non cash items		
Amortization of tangible capital assets	-	-
Changes in non-cash operating items		
Decrease (increase) in accounts receivable	-	401
Increase (decrease) in accounts payable and accrued liabilities	<b>884</b>	<b>(328)</b>
	<b>(9,601)</b>	<b>(13,299)</b>
<b>Capital activity</b>		
Acquisition of tangible capital assets	-	-
<b>Net increase in cash</b>	<b>(9,601)</b>	<b>(13,299)</b>
<b>Cash, beginning of year</b>	<b>23,202</b>	<b>36,501</b>
<b>Cash, end of year</b>	<b>13,601</b>	<b>23,202</b>

The accompanying notes are an integral part of these financial statements.

# The Corporation of the Municipality of Clarington Board of Management for the Orono Central Business District Improvement Area

Notes to the financial statements

December 31, 2021

The Corporation of the Municipality of Clarington Board of Management for the Orono Central Business District Improvement Area is a Municipal Local Board in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation.

## 1. Significant accounting policies

The financial statements of the Board are the representations of management prepared in accordance with Canadian public sector accounting standards ("PSAS").

The focus of the financial statements is on the financial position of the Board and the changes thereto. The Statement of Financial Position includes the assets and liabilities of the Board.

Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations.

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.

Accumulated surplus represents the difference between assets and liabilities of the Board. This provides information about the Board's overall future revenue requirements and its ability to finance operations and meet its obligations.

### a) Revenue recognition

Taxation revenue is recorded when earned and is based on a special assessment. Other revenues are recorded in the period in which transactions or events occurred that gave rise to the revenues.

### b) Use of estimates

The preparation of financial statements in conformity with PSAS 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 financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

### c) Cash and cash equivalents

Cash and cash equivalents are made up of cash held in financial institutions as well as temporary investments with maturities of 90 days or less.

# The Corporation of the Municipality of Clarington Board of Management for the Orono Central Business District Improvement Area

Notes to the financial statements

December 31, 2021

## 2. Impact of COVID-19

In 2021, the COVID-19 pandemic continued to severely impact many local economies around the globe. In many countries, including Canada, organizations and businesses were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, included travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The COVID-19 pandemic had significant impacts on the activities of the Orono BIA. All in-person community events were cancelled for 2021 or modified to be a virtual offering. The Orono BIA continued to focus on marketing, décor and on-line promotion of the BIA area.

Although the Orono BIA cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Orono BIA's results of future operations, financial position, and liquidity in the fiscal year 2022.

If this information is required in an alternate format, please contact the Accessibility Co-Ordinator at (905) 623-3379 ext. 2131

Financial statements of

**The Corporation of the  
Municipality of Clarington  
Trust Funds**

December 31, 2021

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## Independent Auditor's Report

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To the Members of Council of the Corporation of the Municipality of Clarington

### Opinion

We have audited the financial statements of the Corporation of the Municipality of Clarington Trust Funds (the Entity), which comprise the statement of financial position as at December 31, 2021, and the statement of operations and accumulated surplus for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its operations for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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.

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

Management is responsible for the preparation and fair presentation of these 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 Consolidated Financial Statements

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

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

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

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

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Lindsay, Ontario  
August 3, 2022

**The Corporation of the Municipality of Clarington**  
**Trust Funds**  
**Statement of financial position**  
**as at December 31, 2021**

	Cash	Investments (Note 3)	Interest revenue receivable	Due (to) from Municipality of Clarington	Net Financial Assets and Accumulated Surplus
Advent Cemetery	-	918	-	(22)	896
Bondhead Cemetery	-	211,985	3,017	5,413	220,415
Bowmanville Cemetery	-	1,254,935	(2,408)	(12,934)	1,239,593
Hampton Cemetery	-	47,870	19	2,997	50,886
Lovekin Cemetery	-	10,000	4	(44)	9,960
Orono Cemetery	-	286,273	5,622	(21,859)	270,036
St. George's Cemetery	-	46,993	20	(539)	46,474
Trulls Cemetery	-	1,774	1	(16)	1,759
Vanderveer Legacy Trust	-	1,000	-	(24)	976
	-	1,861,748	6,275	(27,028)	1,840,995
Montague Trust	-	10,775	664	2,006	13,445
Estate of Irene Rinch/Newcastle Community Hall	-	147,925	8,629	(4,167)	152,387
<b>Total - 2021</b>	-	<b>2,020,448</b>	<b>15,568</b>	<b>(29,189)</b>	<b>2,006,827</b>
Total - 2020	1,440	1,924,801	21,255	(14,485)	1,933,011

Impact of COVID-19 (Note 5)

The accompanying notes are an integral part of these financial statements.

**The Corporation of the Municipality of Clarington  
Trust Funds  
Statement of operations and accumulated surplus  
as at December 31, 2021**

	Balance beginning of year	Revenues			Less: Contribution to cemeteries	Investments in Capital	Excess (shortfall) of revenues over expenses	Accumulated surplus, end of year
		Care and maintenance receipts (Note 4)	Interest earned	Total				
Advent Cemetery	918	-	6	6	27	-	(21)	897
Bondhead Cemetery	205,878	15,893	1,924	17,817	3,280	-	14,537	220,415
Bowmanville Cemetery	1,192,058	54,447	9,479	63,926	16,391	-	47,535	1,239,593
Hampton Cemetery	48,510	2,478	282	2,760	384	-	2,376	50,886
Lovekin Cemetery	9,962	-	59	59	61	-	(2)	9,960
Orono Cemetery	263,251	5,467	1,957	7,424	639	-	6,785	270,036
St. George's Cemetery	45,438	1,132	326	1,458	422	-	1,036	46,474
Trulls Cemetery	1,800	-	11	11	53	-	(42)	1,758
Vanderveer Legacy Trust	976	-	4	4	4	-	-	976
	1,768,791	79,417	14,048	93,465	21,261	-	72,204	1,840,995
Montague Trust	12,437	-	1,008	1,008	-	-	1,008	13,445
Estate of Irene Rinch	151,783	-	604	604	-	-	604	152,387
<b>Total - 2021</b>	<b>1,933,011</b>	<b>79,417</b>	<b>15,660</b>	<b>95,077</b>	<b>21,261</b>	<b>-</b>	<b>73,816</b>	<b>2,006,827</b>
Total - 2020	1,915,328	57,395	23,864	81,259	63,576	-	17,683	1,933,011

The accompanying notes are an integral part of these financial statements

# The Corporation of the Municipality of Clarington Trust Funds

Notes to the financial statements  
December 31, 2021

The Corporation of the Municipality of Clarington Trust Funds consist of various trust funds administered by the Municipality of Clarington. The funds include holdings related to the care and maintenance of cemeteries and funds bequest to the Newcastle Community Hall.

## 1. Significant accounting policies

The financial statements of the Corporation of Municipality of Clarington Trust Funds are the representations of management prepared in accordance with Canadian public sector accounting standards and reflect the following policies:

### *Basis of accounting*

Revenues are recorded in the period in which the transactions or events occurred that gave rise to the revenue.

Expenditures are recorded in the period the goods and services are acquired and a liability is incurred. Refunds are reported in the period issued.

### *Investments*

Investments are recorded at cost which approximates fair value.

### *Use of estimates*

The preparation of the financial statements in conformity with Canadian public sector accounting standards, 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 financial statements and the reported amount of revenues and expenditures during the year. Actual results could differ from these estimates.

## 2. Statement of cash flows

A statement of cash flows has not been included in these financial statements as the information is readily determinable from the financial statements presented.

## 3. Investments

The total investments held by the trust funds of \$2,020,448 (2020 – \$1,924,802) reported on the Statement of Financial Position at cost have a fair value of \$2,024,124 (2020 - \$1,944,406) at the end of the year. The investments consist of holdings pursuant to the provisions of the Municipality's investment policy and comprise government bonds and guaranteed investment certificates (GICs) issued by various financial institutions. It is the Municipality's intention to hold these investments until maturity.

# The Corporation of the Municipality of Clarington Trust Funds

Notes to the financial statements  
December 31, 2021

## **4. Care and maintenance funds**

The Care and Maintenance Funds administered by the Municipality are funded by the sale of cemetery plots. These funds are invested, and the interest earned is used to perform care and maintenance to the Municipality's cemeteries. The operations and investments of the Funds are undertaken by the Municipality in accordance with the regulations of the Cemeteries Act.

## **5. Impact of COVID-19**

In 2021, the COVID-19 pandemic continued to severely impact many local economies around the globe. In many countries, including Canada, organizations and businesses were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The main impact on the Trusts stemming from the COVID-19 pandemic were lower levels of interest earned on investments.

The ultimate duration and magnitude of the impact the pandemic will have on the economy and the Trusts are not known at this time. These impacts potentially include a further impairment of investments and a reduction to the transfers to the Municipality for the operational maintenance of the cemeteries.