

Consolidated Financial Statements

**THE CORPORATION OF THE
TOWN OF COBOURG**

And Independent Auditor's Report thereon

Year ended December 31, 2022

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Financial Statements

Year ended December 31, 2022

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THE CORPORATION OF THE TOWN OF COBOURG

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Town of Cobourg (the "Town") are the responsibility of the Town's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

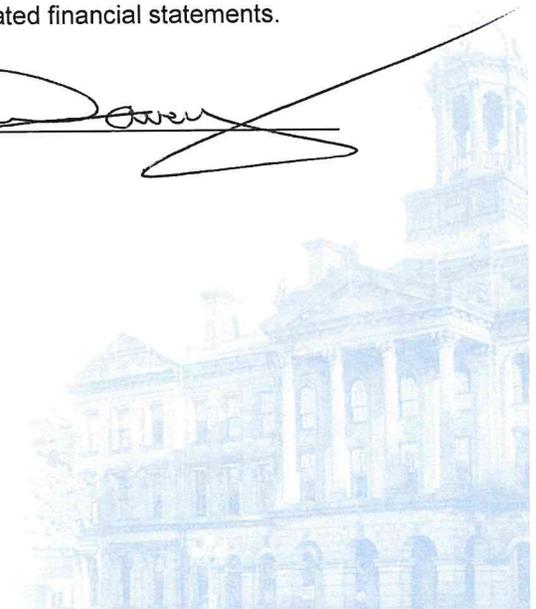
The Town's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely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

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

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

Tracey Vaughan
Chief Administrative Officer

Ian Davey
Treasurer





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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Cobourg (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2022, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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.



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- 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.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

September 11, 2023

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash	\$ 10,632,402	\$ 11,991,311
Investments (note 2)	9,656,003	4,919,558
Taxes receivable	2,075,378	2,523,558
Receivables – grant	828,695	405,719
Receivables – other	6,588,229	6,920,985
Other financial assets	659,482	583,817
Note receivable (note 4(c))	7,000,000	7,000,000
Investment in Town of Cobourg Holdings Inc. (note 4(a))	14,141,372	13,100,305
	<u>51,581,561</u>	<u>47,445,253</u>
Financial liabilities:		
Accounts payable and accrued liabilities	17,205,412	13,902,369
Deferred revenue	279,661	176,059
Deferred revenue – obligatory reserve funds (note 6)	11,924,088	11,888,155
Employee future benefit liability (note 7(d))	3,128,412	2,903,512
Promissory note payable (note 4(d))	315,000	360,000
Net long-term liabilities (note 8(a))	3,710,331	5,198,880
	<u>36,562,904</u>	<u>34,428,975</u>
Net financial assets	15,018,657	13,016,278
Non-financial assets:		
Tangible capital assets (note 12)	206,690,586	200,757,315
Other assets (note 12(d))	3,595,750	1,753,235
	<u>210,286,336</u>	<u>202,510,550</u>
Contingent liabilities (note 14)		
Subsequent event (note 17)		
Accumulated surplus (note 9)	\$ 225,304,993	\$ 215,526,828

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
	(note 13)		
Revenue:			
Taxation:			
Property taxation	\$ 26,327,155	\$ 26,530,301	\$ 25,199,141
Payments in lieu of taxation	44,050	186,026	180,668
User charges	17,368,013	22,757,090	20,425,190
Development charges	738,467	1,159,794	564,623
Contributed tangible capital assets	–	993,849	–
Grants:			
Government of Canada	1,550,085	1,027,898	1,869,596
Province of Ontario	2,901,475	3,426,073	1,455,546
Other municipalities	1,011,843	1,083,639	930,067
Other:			
Rental income	4,611,004	4,648,891	4,425,174
Penalty and interest	360,000	358,400	382,696
Other income	796,273	1,016,251	1,223,691
Donations	–	52,424	30,757
Interest income - Town of Cobourg Holdings Inc. (note 4(c))	244,300	244,300	260,400
Interest and dividend income	147,740	337,723	83,220
Gain (loss) on sale of tangible capital assets	–	(121,084)	9,266
Net equity increase in investment in Town of Cobourg Holdings Inc. (note 4(b))	–	1,041,067	365,219
Total revenue	56,100,405	64,742,642	57,405,254
Expenses (note 10):			
General government	5,410,128	4,860,175	4,541,119
Protection to persons and property	17,052,717	18,275,209	16,634,918
Transportation services	7,348,962	6,777,173	6,548,847
Environmental services	10,878,247	10,570,716	10,388,818
Industrial property	2,707,962	2,379,663	2,241,253
Social and family services	212,100	77,711	101,734
Recreation and cultural services	10,984,685	10,527,081	9,176,232
Planning and development	1,291,003	1,496,749	1,166,136
Total expenses	55,885,804	54,964,477	50,799,057
Annual surplus	214,601	9,778,165	6,606,197
Accumulated surplus, beginning of year	215,526,828	215,526,828	208,920,631
Accumulated surplus, end of year (note 9)	\$ 215,741,429	\$ 225,304,993	\$ 215,526,828

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022	Actual 2022	Actual 2021
	(note 13)		
Annual surplus	\$ 214,601	\$ 9,778,165	\$ 6,606,197
Acquisition of tangible capital assets	(19,750,973)	(8,920,191)	(5,461,537)
Increase in construction-in-progress	–	(5,231,361)	(2,577,724)
Amortization of tangible capital assets	7,401,122	8,054,257	8,240,402
Loss on disposal of tangible capital assets	–	121,084	7,234
Proceeds on disposals of tangible capital assets	–	42,940	16,500
Increase in other assets	–	(1,842,515)	(301,209)
Change in net financial assets	(12,135,250)	2,002,379	6,529,863
Net financial assets, beginning of year	13,016,278	13,016,278	6,486,415
Net financial assets (net debt), end of year	\$ 881,028	\$ 15,018,657	\$ 13,016,278

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Operations:		
Annual surplus	\$ 9,778,165	\$ 6,606,197
Items not involving cash:		
Amortization of tangible capital assets	8,054,257	8,240,402
Loss on disposal of tangible capital assets	121,084	7,234
Increase in employee future benefit liability	224,900	147,309
Changes in non-cash working capital balances:		
Taxes receivable	448,180	151,535
Receivables - grant	(422,976)	375,331
Receivables - other	332,756	(61,506)
Other financial assets	(75,665)	43,499
Other assets	(1,842,515)	(301,209)
Accounts payable and accrued liabilities	3,303,043	870,177
Deferred revenue	103,602	(30,957)
Deferred revenue – obligatory reserve funds	35,933	1,636,493
Net change in cash from operations	20,060,764	17,684,505
Capital activities:		
Acquisition of tangible capital assets	(8,920,191)	(5,461,537)
Increase in construction-in-progress	(5,231,361)	(2,577,724)
Proceeds on disposal of tangible capital assets	42,940	16,500
Net change in cash from capital activities	(14,108,612)	(8,022,761)
Investing activities:		
Increase in investment in Town of Cobourg Holdings Inc.	(1,041,067)	(365,219)
Increase in investments	(4,736,445)	(1,037,056)
Net change in cash from investing activities	(5,777,512)	(1,402,275)
Financing activities:		
Repayment of long-term liabilities	(1,488,549)	(1,372,172)
Proceeds from long-term liabilities	–	1,406,694
Repayment of promissory note	(45,000)	(45,000)
Net change in cash from financing activities	(1,533,549)	(10,478)
Increase (decrease) in cash	(1,358,909)	8,248,991
Cash, beginning of year	11,991,311	3,742,320
Cash, end of year	\$ 10,632,402	\$ 11,991,311

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements

Year ended December 31, 2022

1. Significant accounting policies:

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

(a) Basis of consolidation:

(i) Consolidated entities:

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

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

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

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

(ii) Investment in Town of Cobourg Holdings Inc.:

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

(iii) Accounting for school board and County transactions:

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

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(b) Basis of accounting:

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

(c) Deferred revenue - obligatory reserve funds:

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

(d) Employee future benefit liability:

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

Actuarial gains (losses), which can arise from changes in actuarial assumptions used to determine the accrued benefit obligation, are amortized over the average remaining service life of the related employee groups, which is estimated to be 13 years (2021 - 12 years).

(e) Deferred revenue:

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

(f) Investments:

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

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

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(g) Workplace safety and insurance compensation:

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

Actuarial gains (losses), which can arise from changes in actuarial assumptions used to determine the accrued obligation, are amortized over the mean term of the liabilities which is estimated to be 9 years (2021 - 11 years).

(h) Government transfers:

Government transfers are recognized as revenue in the consolidated financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made except, when and to the extent that, stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

(i) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

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

(j) Land held for resale:

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

(k) Property taxation:

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

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(l) Non-financial assets:

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

(i) Tangible capital assets:

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

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

Annual amortization is charged for months in use. Assets under construction are not amortized until the asset is available for productive use.

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

(ii) Contributions of tangible capital assets:

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

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

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

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(l) Non-financial assets (continued):

(iv) Inventories of supplies:

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

(v) Interest capitalization:

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

2. Investments:

Investments, which consist of guaranteed investment certificates earning rates of interest ranging from 0.70% to 4.80% per annum (2021 - 0.70% to 2.06% per annum) which mature between January 2023 to September 2025 (2021 - September 2022 and July 2024), are recorded on the Consolidated Statement of Financial Position at cost plus accrued interest which approximates market value. Of these investments, \$4,573,811 are being held in trust from a developer and all investment income earned is payable to the developer (2021 - \$4,919,558). Investments which have matured subsequent to December 31, 2022 have been reinvested.

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

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

	School Boards		County of Northumberland	
	2022	2021	2022	2021
Amounts requisitioned and collected	\$ 7,068,321	\$ 6,946,537	\$ 15,105,839	\$ 14,328,676

4. Investment in Town of Cobourg Holdings Inc.:

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

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

4. Investment in Town of Cobourg Holdings Inc. (continued):

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

	2022	2021
9,999,999 common shares of TCHI	\$ 7,002,145	\$ 7,002,145
Retained earnings, beginning of year	6,098,160	5,732,941
Pro-rata share of net income during the year (note 4(b))	889,790	365,219
Pro-rata share of accumulated other comprehensive income	151,277	–
Total investment in Town of Cobourg Holdings Inc.	\$ 14,141,372	\$ 13,100,305

The following tables provide condensed supplementary financial information with respect to the Town's investment in TCHI as at December 31, 2022 and December 31, 2021 and its results of operations for both years:

(a) Financial position:

	2022	2021
Current assets	\$ 10,315,282	\$ 9,183,174
Capital assets	27,532,323	25,195,983
Other assets	3,076,310	4,886,184
Total assets	40,923,915	39,265,341
Current liabilities	9,255,213	6,674,071
Long-term liabilities	16,521,485	16,666,983
Regulatory deferral account credit balances	1,005,845	2,823,982
Total liabilities	26,782,543	26,165,036
Net assets	\$ 14,141,372	\$ 13,100,305

(b) Results of operations:

	2022	2021
Revenue	\$ 34,585,761	\$ 33,643,801
Expenses	(33,695,971)	(33,278,582)
Net earnings for the period	\$ 889,790	\$ 365,219

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

4. Investment in Town of Cobourg Holdings Inc. (continued):

- (c) The note receivable bears interest at 3.49% (2021 - 3.72%) per annum. The Town does not intend to demand repayment from LUI, a wholly-owned subsidiary of TCHI. Interest earned on this note amounted to \$244,300 (2021 - \$260,400). Fair value of the note receivable is indeterminable as it is a non-arm's length loan.
- (d) The promissory note payable to LUI bears interest at 5.4% and is due in annual repayments of \$45,000 plus interest with the total balance due on January 1, 2029. Interest paid in 2022 was \$11,592 (2021 - \$21,870).

5. Industrial property:

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

	Cost	Accumulated amortization	2022	2021
Land	\$ 3,125,000	\$ –	\$ 3,125,000	\$ 3,125,000
Land improvements	967,348	553,853	413,495	475,769
Buildings	25,804,281	12,737,901	13,066,380	13,562,580
	<u>\$ 29,896,629</u>	<u>\$ 13,291,754</u>	<u>\$ 16,604,875</u>	<u>\$ 17,163,349</u>

Cost and accumulated amortization of industrial property at December 31, 2021 amounted to \$29,751,930 and \$12,588,581, respectively.

(a) Financial position:

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

	2022	2021
Cash	\$ 1,971,192	\$ 5,832,513
Investments	5,082,192	–
Accounts receivable	6,929	333,841
Prepaid expenses	56,255	56,134
Industrial property	16,604,875	17,163,349
Total assets	<u>23,721,443</u>	<u>23,385,837</u>
Accounts payable and accrued liabilities	228,309	522,420
Deferred revenue	87,417	119,799
Total liabilities	<u>315,726</u>	<u>642,219</u>
Net equity in industrial property	<u>\$ 23,405,717</u>	<u>\$ 22,743,618</u>

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

5. Industrial property:

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

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

	2022	2021
Gross rental income	\$ 3,498,519	\$ 3,391,677
Operating expenses	(1,352,708)	(1,262,341)
Operating expenses recovery	992,772	960,791
Administrative expenses	(323,783)	(257,057)
Amortization	(703,172)	(721,855)
Net earnings for the year	\$ 2,111,628	\$ 2,111,215
Equity, beginning of the year	\$ 19,243,619	\$ 19,402,703
Net income for the period	2,111,628	2,111,215
Transfer to reserves	(1,507,064)	(1,270,300)
Capital reserve	3,557,534	2,500,000
Equity, end of year	\$ 23,405,717	\$ 22,743,618

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

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

6. Deferred revenue - obligatory reserve funds:

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

	2022	2021
Balance, beginning of year	\$ 11,888,155	\$ 10,251,662
Recreational land	149,568	264,197
Federal grant – Canada Community-Building Fund	616,543	1,209,242
Provincial grant – gasoline tax transit	216,330	161,142
Development contributions	1,790,472	1,313,764
Building code	10,000	266,847
Ontario Community Infrastructure Fund	1,395,417	638,141
Cannabis Fund	–	5,000
SRA-Transit	–	82,629
Investment income	278,059	73,053
Utilization – capital	(3,497,198)	(1,719,022)
Utilization – operating	(923,258)	(658,500)
Balance, end of year	\$ 11,924,088	\$ 11,888,155
Analyzed as follows:		
Sub-divider contributions	\$ 335,566	\$ 311,696
Recreational land	395,434	312,630
Ontario Community Infrastructure Fund	193,967	729,606
SRA-Transit	96,376	181,669
Cannabis Fund	27,430	27,430
Development charges	8,154,296	7,073,385
Building code	1,417,299	1,607,504
Provincial grant – gasoline tax transit	68,608	53,685
Federal grant – Canada Community-Building Fund	1,235,112	1,590,550
	\$ 11,924,088	\$ 11,888,155

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

7. Employee future benefit liability:

(a) Extended health care and dental benefits:

(i) The Corporation of the Town of Cobourg:

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

At December 31, 2022, the Town's accrued benefit liability relating to post-retirement and post-employment benefit plans is \$2,806,754 (2021 - \$2,566,732).

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

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

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

	2022	2021
Accrued benefit liability, January 1	\$ 2,566,732	\$ 2,434,156
Plan amendment	96,677	–
Service cost	142,359	134,848
Benefits paid for the period	(178,838)	(179,804)
Interest cost	108,511	106,218
Amortization of actuarial loss	71,313	71,314
Accrued benefit liability, December 31	\$ 2,806,754	\$ 2,566,732

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

	2022	2021
Accrued benefit obligation	\$ 2,762,786	\$ 3,118,542
Unamortized actuarial gain (loss)	43,968	(551,810)
Accrued benefit liability, end of year	\$ 2,806,754	\$ 2,566,732

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

7. Employee future benefit liability (continued):

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

(ii) Waterworks of the Town of Cobourg:

The Waterworks of the Town of Cobourg (the "Waterworks") provides extended health, dental and life insurance benefits for retired employees. The most recent independent actuarial valuation was undertaken as of December 31, 2022.

At December 31, 2022, the accrued benefit liability relating to post-retirement benefit plans is \$254,524 (2021 - \$267,747).

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

Discount rate	5.05% per annum
Inflation rate	2.0% per annum
Salary escalation	2.0% per annum
Dental benefits escalation	5.10% in 2022, increasing by 0.20% per annum to 2025
Health benefits escalation	5.10% in 2022 increasing by 0.30% per annum until 2025

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

	2022	2021
Accrued benefit liability, January 1	\$ 267,747	\$ 250,675
Service cost	15,304	15,010
Benefits paid for the period	(44,329)	(13,861)
Amortization of actuarial loss	6,615	6,615
Interest cost	9,187	9,308
Accrued benefit liability, December 31	\$ 254,524	\$ 267,747

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

7. Employee future benefit liability (continued):

(b) Workplace safety and insurance:

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

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

At December 31, 2022, the Town's accrued benefit liability relating to future payments on Workplace Safety and Insurance Board claims is \$67,134 (2021 - \$69,033).

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

	2022	2021
Accrued benefit liability, beginning of year	\$ 69,033	\$ 71,372
Benefits paid for the period	(7,027)	(7,607)
Interest cost	3,165	3,305
Amortization of actuarial loss	1,963	1,963
Accrued benefit liability, end of year	\$ 67,134	\$ 69,033

The accrued benefit liability at December 31, 2022, includes the following components:

	2022	2021
Accrued benefit obligation	\$ 90,080	\$ 93,942
Unamortized actuarial loss	(22,946)	(24,909)
Accrued benefit liability	\$ 67,134	\$ 69,033

(c) Liability for vacation credits:

Compensated vacation expense is accrued for employees as entitlement to these payments is earned in accordance with the Town's benefit plans for vacation time. Vacation credits earned as at December 31, 2022 amount to \$1,134,704 (2021 - \$1,092,976) and are included in accounts payable and accrued liabilities on the Consolidated Statement of Financial Position.

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

7. Employee future benefit liability (continued):

(d) Employee future benefit liability:

	2022	2021
Employee future benefit liability is comprised of:		
Health and dental benefits - Town	\$ 2,806,754	\$ 2,566,732
Workplace safety and insurance	67,134	69,033
	2,873,888	2,635,765
Health, dental and life insurance benefits – Waterworks	254,524	267,747
	\$ 3,128,412	\$ 2,903,512

8. Net long-term liabilities:

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

	2022	2021
Total long-term liabilities incurred by the Town and outstanding at the end of the year	\$ 3,710,331	\$ 5,198,880

(b) Of the net long-term liabilities reported in note 8(a) of this note, principal payments for the next five years and thereafter are payable from general municipal revenues as follows:

2023	\$ 559,823
2024	401,485
2025	413,905
2026	426,713
2027	439,920
Thereafter	1,468,485
	\$ 3,710,331

(c) Approval of the Ontario Municipal Board or by-law as required has been obtained for the long-term liabilities in note 8(a) issued in the name of the Town.

(d) Total interest on long-term liabilities that are reported on the Consolidated Statement of Operations and Accumulated Surplus amount to \$148,232 (2021 - \$180,666). The long-term liabilities bear interest at rates ranging from 2.93% to 3.35% (2021 - 2.49% to 3.47%) with term renewals to take place in 2023 through 2033 (2021 - 2022 through 2033). Long-term liabilities which have matured subsequent to December 31, 2022 have been renewed.

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

9. Accumulated surplus:

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

	2022	2021
Surplus (deficit):		
Operations	\$ (1,261,064)	\$ 1,407,098
Promissory note payable to Town of Cobourg Holdings Inc.	(315,000)	(360,000)
Waterworks	3,864,029	3,094,698
Downtown Business Improvement Area	220,910	219,094
Town of Cobourg Public Library Board	165,908	95,309
Note receivable from Town of Cobourg Holdings Inc.	7,000,000	7,000,000
Investment in Town of Cobourg Holdings Inc.	14,141,372	13,100,305
Total surplus	23,816,155	24,556,504
Investment in tangible capital assets:		
Tangible capital assets	206,690,586	200,757,315
Long-term debt	(3,710,331)	(5,198,880)
Total investment in tangible capital assets	202,980,255	195,558,435
Unfinanced capital	(9,975,260)	(13,366,970)
Unfunded:		
Employee future benefits	(3,128,412)	(2,903,512)
Reserves:		
Contingencies	424,644	456,673
Parking	474,430	527,911
Current:		
General	840,001	240,002
Social & Health services	701,608	577,219
Library	200,212	234,675
Capital:		
General government	980,269	769,277
Protection services	3,745,338	2,960,865
Transportation services	1,114,656	823,288
Environmental services	1,422,754	3,710,579
Recreation and cultural services	594,587	450,910
Planning and development	1,113,756	930,972
Total reserves	11,612,255	11,682,371
Total accumulated surplus	\$ 225,304,993	\$ 215,526,828

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

10. Classification of expenses by object:

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

	2022	2021
Salary, wages and employee benefits	\$ 26,887,645	\$ 24,313,116
Operating materials and supplies	8,295,096	7,267,570
Contracted services	10,431,053	9,895,665
Rents and financial expenses	626,913	348,594
External transfers to other	521,281	553,044
Interest on long-term debt	148,232	180,666
Amortization of tangible capital assets	8,054,257	8,240,402
	<u>\$ 54,964,477</u>	<u>\$ 50,799,057</u>

11. Pension agreements:

The Town makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. As a result, the Town does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2022. At that time, the plan reported a \$6.678 million actuarial deficit (2021 - \$3.131 million actuarial deficit). The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

For the year ended December 31, 2022, the amount contributed for and included as current service pension cost expenses on the Consolidated Statement of Operations and Accumulated Surplus is \$1,957,259 (2021 - \$1,812,230).

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

12. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals/ transfers/ write-offs	Balance at December 31, 2022
Land	\$ 15,347,882	\$ –	\$ –	\$ 15,347,882
Land improvements	12,101,154	556,737	–	12,657,891
Buildings and building improvements	81,475,062	207,203	–	81,682,265
Machinery and equipment	17,465,933	615,580	(470,169)	17,611,344
Vehicles	12,170,926	764,047	(1,538,118)	11,396,855
Roads infrastructure	39,915,743	2,739,160	(103,186)	42,551,717
Sewer infrastructure	96,871,071	2,056,807	–	98,927,878
Water infrastructure	43,317,945	1,920,156	–	45,238,101
Books and periodicals	551,472	60,501	(107,384)	504,589
Construction-in-progress	13,525,894	6,710,556	(1,479,195)	18,757,255
	\$ 332,743,082	\$ 15,630,747	\$ (3,698,052)	\$ 344,675,777

Accumulated amortization	Balance at December 31, 2021	Amortization expense	Disposals/ transfers/ write-offs	Balance at December 31, 2022
Land improvements	\$ 5,324,200	\$ 383,394	\$ –	\$ 5,707,594
Buildings and building improvements	29,689,200	2,107,427	–	31,796,627
Machinery and equipment	10,506,350	918,371	(425,857)	10,998,864
Vehicles	7,329,697	749,604	(1,419,407)	6,659,894
Roads infrastructure	18,048,583	871,490	(103,186)	18,816,887
Sewer infrastructure	40,591,387	1,951,878	–	42,543,265
Water infrastructure	20,139,329	1,011,383	–	21,150,712
Books and periodicals	357,021	61,711	(107,384)	311,348
	\$ 131,985,767	\$ 8,055,258	\$ (2,055,834)	\$ 137,985,191

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

12. Tangible capital assets (continued):

	Net book value December 31, 2021	Net book value December 31, 2022
Land	\$ 15,347,882	\$ 15,347,882
Land improvements	6,776,954	6,950,297
Buildings and building improvements	51,785,862	49,885,638
Machinery and equipment	6,959,583	6,612,480
Vehicles	4,841,229	4,736,961
Roads infrastructure	21,867,160	23,734,830
Sewer infrastructure	56,279,684	56,384,613
Water infrastructure	23,178,616	24,087,389
Books and periodicals	194,451	193,241
Construction-in-progress	13,525,894	18,757,255
	<u>\$ 200,757,315</u>	<u>\$ 206,690,586</u>

(a) Construction-in-progress:

Construction-in-progress having a value of \$18,757,255 (2021 - \$13,525,894) has not been amortized. Amortization of this asset will commence when the asset is put into service.

(b) Tangible capital assets disclosed at nominal value:

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

(c) Write-down of tangible capital assets

The write-down of tangible capital assets during the year amounted to \$Nil (2021 - \$Nil).

(d) Assets held for sale in the amount of \$2,389,070 (2021 - \$331,333) are included in other assets on the Consolidated Statement of Financial Position.

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

13. Budget figures:

The budget figures reported on the Consolidated Statement of Operations are based on the 2022 municipal and other local board operating and capital budgets as approved by Council on December 13, 2021.

Approved budget figures also include council approved budget estimates for Public Sector Accounting Board (PSAB) reporting requirements. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and therefore may not be comparable with current year's actual amounts. The chart below reconciles the approved Town operating budgets and PSAB budget estimates to the total consolidated budget figures as reported on the Consolidated Statement of Operations and Accumulated Surplus.

	Budget 2022
Total revenue as reported on the consolidated statement of operations:	
Operating budget	\$ 34,757,281
Capital budget	4,134,429
Water budget	6,188,131
Wastewater budget	6,543,750
Northam Industrial Park budget	4,476,814
	<u>56,100,405</u>
Total expenses as reported on the consolidated statement of operations:	
Operating budget	43,725,531
Water budget	4,609,622
Wastewater budget	4,092,689
Northam Industrial Park budget	3,457,962
	<u>55,885,804</u>
Annual operating surplus	214,601
Budget not reported on consolidated financial statements:	
Operating net transfer to (from) reserves	(6,849,332)
Principal debt repayments	2,015,511
Operating transfer to reserves – water	1,578,509
Operating transfer to reserves – wastewater	2,451,061
Operating transfer to reserves – Northam Industrial Park	1,018,852
Total budgeted deficit not reported on consolidated financial statements	<u>\$ 214,601</u>

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

14. Contingent liabilities:

- (a) The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims at December 31, 2022, management believes that the Town has valid defenses and appropriate and adequate insurance coverages in place. In the event any claims are successful, the amount of any potential liability is not determinable, therefore no amount has been accrued in the consolidated financial statements.
- (b) In 2014, the Town assumed ownership of property that was identified as being contaminated. In accordance with the site management plan established by the Town, regular monitoring and sampling of ground water is performed. To date, this monitoring has indicated that certain levels of contaminants have decreased. Until the Town is required to complete a zoning amendment that would identify the need for another Phase II environmental assessment, the estimates for remediation, if any, remains uncertain and unmeasurable.
- (c) In 2019, the Town entered into two letters of guarantee with its financial institution as required by the Ministry of Fisheries and Oceans as a requirement for the ongoing midtown creek capital project to address flooding. The letters of guarantee amount to \$935,000 (2021 - \$935,000) and will automatically renew until the project is complete.

15. Segmented information:

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

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

- (a) General Government Administration: Includes administration, corporate services and governance of the Town. Administration as a segment includes human resource management, support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status as well as frontline reception and customer service.
- (b) Protection Services: Includes policing, fire protection, conservation authority, protective inspection and control and emergency measures. The mandate of the police services is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes inspection, extinguishing and suppression services; emergency medical first response; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

15. Segmented information (continued):

- (c) Transportation Services: This department provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts.
- (d) Environmental Services: Includes the management and maintenance of the wastewater plant and sanitary sewer distribution services.
- (e) Industrial property: Includes the management and maintenance of the Industrial Park.
- (f) Water Services: Includes the management and maintenance of water treatment and distribution.
- (g) Health and Social Services: Provides resources to assist with community physician recruitment and retention and assistance with one specific housing project.
- (h) Planning and Development: Manages development for business interests, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geomatics services.
- (i) Parks, Recreation and Culture: Provides services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks, recreation fields, arena and marina.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. These municipal services are funded primarily by property tax revenue.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Schedule of Segment Information

Year ended December 31, 2022

	General Government Administration	Protection Services	Transportation Services	Environmental Services	Industrial Property	Water Services	Health and social Services	Planning and Development	Parks Recreation and Culture	Total
Revenue:										
Taxation:										
Property taxation revenue distributed	\$ 3,116,356	\$ 10,543,896	\$ 2,166,755	\$ 1,549,930	\$ -	\$ -	\$ 77,711	\$ 1,290,716	\$ 7,784,937	\$ 26,530,301
Payments in lieu of taxation revenue distributed	10,041	17,531	41,867	64,163	-	-	-	962	51,462	186,026
User charges	273,860	6,137,890	815,896	6,276,518	-	6,044,382	-	172,975	3,035,569	22,757,090
Development charges	45,511	100,782	-	-	-	188,124	-	-	504,000	838,417
Contributed tangible capital assets	-	-	993,849	-	-	-	-	-	-	993,849
Grants:										
Government of Canada	4,551	\$ -	1,003,847	-	-	-	-	-	19,500	1,027,898
Province of Ontario	108,476	869,409	2,631,441	34,894	-	-	-	-	103,229	3,747,449
Other municipalities	-	729,328	-	-	-	-	-	-	354,311	1,083,639
Other:										
Rental income	588	-	-	23,643	4,548,826	-	-	58,654	17,180	4,648,891
Penalty and interest	19,344	33,775	80,661	123,618	-	-	-	1,854	99,148	358,400
Other income	(474)	357,860	403,300	-	-	228,157	-	-	27,409	1,016,252
Donations	5,000	-	-	-	-	-	-	-	47,424	52,424
Interest income - Town of Cobourg Holdings Inc.	244,300	-	-	-	-	-	-	-	-	244,300
Interest and dividend income	287,996	-	-	-	-	48,356	-	-	1,371	337,723
Gain (loss) on sale of tangible capital assets	-	2,320	(124,344)	-	-	-	-	-	940	(121,084)
Net equity increase in investment in Town of Cobourg Holdings Inc.	1,041,067	-	-	-	-	-	-	-	-	1,041,067
	5,156,616	18,792,791	8,013,272	8,072,766	4,548,826	6,509,019	77,711	1,525,161	12,046,480	64,742,642
Expenses:										
Salaries, wages and employee benefits	2,602,494	14,543,305	2,412,588	1,717,936	-	-	-	793,803	4,817,519	26,887,645
Logn-term debt charges (interest)	-	-	18,627	6,253	-	33,635	-	-	89,717	148,232
Materials	471,039	1,773,071	1,108,151	1,614,993	-	-	-	439,016	2,888,826	8,295,096
Contracted services	1,075,954	1,144,381	1,816,996	663,361	1,676,491	2,978,327	-	218,043	857,500	10,431,053
Rents and financial expenses	388,427	7,118	77,047	116,440	-	-	-	15,000	22,881	626,913
External transfers	-	244,671	-	-	-	-	77,711	-	198,899	521,281
Amortization	322,261	562,663	1,343,764	2,059,393	703,172	1,380,378	-	30,887	1,651,739	8,054,257
	4,860,175	18,275,209	6,777,173	6,178,376	2,379,663	4,392,340	77,711	1,496,749	10,527,081	54,964,477
Annual surplus	\$ 296,441	\$ 517,582	\$ 1,236,099	\$ 1,894,390	\$ 2,169,163	\$ 2,116,679	\$ -	\$ 28,412	\$ 1,519,399	\$ 9,778,165

THE CORPORATION OF THE TOWN OF COBOURG

Consolidated Schedule of Segment Information (continued)

Year ended December 31, 2021

	General Government Administration	Protection Services	Transportation Services	Environmental Services	Industrial Property	Water Services	Health and Social Services	Planning and Development	Parks Recreation and Culture	Total
Revenue:										
Taxation:										
Tax revenue distributed	\$ 3,446,021	\$ 9,295,269	\$ 4,521,555	\$ 524,319	\$ -	\$ -	\$ 101,734	\$ 808,435	\$ 6,501,808	\$ 25,199,141
Payments in lieu of taxation revenue distributed	9,368	16,603	47,162	58,794	-	-	-	955	47,786	180,668
User fees charges	207,478	5,463,105	520,589	6,247,741	-	5,608,233	-	249,547	2,128,497	20,425,190
Development charges	-	-	26,123	-	-	-	-	-	538,500	564,623
Grants:										
Government of Canada	100,000	-	1,636,699	11,022	-	-	-	2,886	118,989	1,869,596
Province of Ontario	92,347	841,282	331,356	-	-	-	-	61,168	129,393	1,455,546
Other municipalities	-	581,527	-	-	-	-	-	-	348,540	930,067
Other:										
Rental income	158	-	-	28,873	4,352,468	-	-	43,080	595	4,425,174
Penalty and interest	19,840	35,170	99,901	124,539	-	-	-	2,024	101,222	382,696
Other income	126,714	685,860	158,722	-	-	210,537	-	14,071	27,787	1,223,691
Donations	-	-	-	-	-	-	-	-	30,757	30,757
Interest income - Town of Cobourg Holdings Inc.	260,400	-	-	-	-	-	-	-	-	260,400
Interest and dividend income	70,739	-	-	-	-	8,321	-	-	4,160	83,220
Gain (loss) on sale of tangible capital assets	-	(5,312)	(1,922)	-	-	16,500	-	-	-	9,266
Net equity increase in investment in Town of Cobourg Holdings Inc.	365,219	-	-	-	-	-	-	-	-	365,219
	4,698,284	16,913,504	7,340,185	6,995,288	4,352,468	5,843,591	101,734	1,182,166	9,978,034	57,405,254
Expenses:										
Salaries, wages and employee benefits	2,717,202	12,825,323	2,132,370	1,746,271	-	-	-	698,411	4,193,539	24,313,116
Long-term debt charges (interest)	-	-	42,758	11,066	-	21,648	-	-	105,194	180,666
Materials	343,687	1,975,739	877,184	1,449,298	-	-	-	272,762	2,348,900	7,267,570
Contracted services	1,043,998	1,014,553	1,809,012	676,593	1,519,398	3,020,651	-	147,278	664,182	9,895,665
Rents and financial expenses	115,786	8,441	74,052	114,162	-	-	-	15,000	21,153	348,594
External transfers	-	242,849	-	-	-	-	101,734	-	208,461	553,044
Amortization	320,446	568,013	1,613,471	2,011,395	721,855	1,337,734	-	32,685	1,634,803	8,240,402
	4,541,119	16,634,918	6,548,847	6,008,785	2,241,253	4,380,033	101,734	1,166,136	9,176,232	50,799,057
Annual surplus	\$ 157,165	\$ 278,586	\$ 791,338	\$ 986,503	\$ 2,111,215	\$ 1,463,558	\$ -	\$ 16,030	\$ 801,802	\$ 6,606,197

THE CORPORATION OF THE TOWN OF COBOURG

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

16. Comparative information:

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

17. Subsequent event:

Subsequent to year-end, the Town entered into certain capital contracts. The total commitment under these contracts amounts to \$1,947,145.