

**Corporation of the City of Clarence-Rockland**

Consolidated Financial Statements

For the year ended December 31, 2021

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# Corporation of the City of Clarence-Rockland

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## Management's Responsibility for the Consolidated Financial Statements

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The consolidated financial statements are the responsibility of management and have been approved by the municipal council.

To assess certain facts and operations, management has made estimates based on its best judgment of the situation and by taking into account materiality.

Management is responsible for maintaining appropriate internal control and accounting systems that provide reasonable assurance that the Corporation's policies are adopted, that its operations are carried out in accordance with the appropriate laws and authorizations, that its assets are adequately safeguarded, and that the consolidated financial statements are based on reliable accounting records.

The Corporation's power and responsibilities are exercised by the municipal council.

The responsibilities of the municipal council include overseeing financial reporting and presentation procedures, which includes reviewing and approving the consolidated financial statements.

The independent auditor, BDO Canada LLP, has audited the consolidated financial statements and presented the following report.

Rockland, Ontario  
May 16, 2022

Helen Collier  
Signed with ConsignO Cloud (2022/05/17)  
Verify with [verifio.com](https://www.verifio.com) or Adobe Reader.



Helen Collier  
Chief Administrative Officer

  
Signé par Frédéric Desnoyers (24/05/2022)  
Vérifiez avec [verifio.com](https://www.verifio.com) ou Adobe Reader.



Frédéric Desnoyers, CPA auditeur (Québec)  
Treasurer



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## Independent Auditor's Report

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To the members of municipal council, inhabitants and ratepayers of the Corporation of the City of Clarence-Rockland

### Qualified Opinion

We have audited the accompanying consolidated financial statements of Corporation of the City of Clarence-Rockland (the Corporation), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of operations, changes in net debt and cash flows for the year then ended, and notes to the consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2021, and the consolidated results of its operations, consolidated changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Qualified Opinion

The Significant Accounting Policies describe the tangible capital asset policy with respect to the Corporation's tangible capital assets. For fiscal years commencing on or after January 1, 2009, Section 3150, Tangible Capital Assets, of the Public Sector Accounting Board Handbook requires that contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. The Corporation has not fully adopted these recommendations. Although the Corporation has been recording transfer payments for the purchase of tangible capital assets, donated assets have not been recorded as revenue and tangible capital assets by the Corporation. As a result, we have been unable to determine the necessary adjustments to the tangible capital assets, the amortization expense, the other revenues and the accumulated surplus for the years ended December 31, 2021, and 2020. Our prior audit opinion on the financial statements for the year ended December 31, 2020, was modified accordingly due to the unrecorded capital assets.

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 Corporation 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 Qualified 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 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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 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 of the Corporation 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.

#### **Supplementary Financial Information**

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedule on page 27 of the Corporation's consolidated financial statements.

*BDO Canada LLP*

Ottawa, Ontario  
May 16, 2022

**Corporation of the City of Clarence-Rockland  
Consolidated Statement of Financial Position**

**December 31**

	2021	2020
<b>Financial assets</b>		
Cash	\$22,823,594	\$ 19,272,200
Temporary investment (Note 1)	5,400,424	5,326,565
Taxes receivable	3,337,115	3,161,308
User charges receivable	1,801,133	1,590,624
Accounts receivable	1,802,968	1,591,989
Long-term receivables (Note 2)	4,510,460	4,945,748
	39,675,694	35,888,434
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 3)	9,270,990	9,318,775
Deposits	2,825,532	2,435,213
Deferred revenue (Note 4)	14,019,593	10,512,235
Net long-term liabilities (Note 5)	30,863,605	28,766,144
	56,979,720	51,032,367
<b>Net debt</b>	(17,304,026)	(15,143,933)
<b>Non-financial assets</b>		
Tangible capital assets (Note 7)	168,645,982	160,067,435
Prepaid expenses	159,708	151,631
Inventory	187,431	117,115
	168,993,121	160,336,181
<b>Accumulated surplus</b> (Note 11)	\$151,689,05	\$ 145,192,248
Contractual obligations (Note 13)		

**Corporation of the City of Clarence-Rockland  
Consolidated Statement of Operations**

**For the year ended December 31**

	2021 Budget	2021 Actual	2020 Actual
	(Note 12)		
<b>Revenues</b>			
Taxes	\$22,470,988	<b>\$22,772,013</b>	\$21,408,173
User charges	13,871,486	<b>13,110,818</b>	12,096,632
Government transfers			
Government of Canada	9,300	<b>125,987</b>	302,248
Province of Ontario	1,086,826	<b>1,713,433</b>	1,720,865
Other municipalities	2,010,517	<b>2,579,869</b>	2,338,932
Other revenues (Note 6)	1,737,946	<b>1,732,695</b>	1,910,829
	<u>41,187,063</u>	<u><b>42,034,815</b></u>	<u>39,777,679</u>
<b>Expenses (Note 8)</b>			
General government	4,076,848	<b>3,874,349</b>	3,643,682
Protection services	7,510,161	<b>7,796,838</b>	6,948,842
Transportation services	8,213,402	<b>7,899,574</b>	8,202,111
Environmental services	9,306,264	<b>9,466,884</b>	8,639,834
Recreation and cultural services	5,693,998	<b>5,291,172</b>	5,099,486
Social and family services	5,877,448	<b>4,233,592</b>	4,325,276
Planning and development	1,004,797	<b>1,092,606</b>	964,484
	<u>41,682,918</u>	<u><b>39,655,015</b></u>	<u>37,823,715</u>
<b>Others</b>			
Government transfers related to tangible capital assets			
Government of Canada	789,249	<b>746,333</b>	351,128
Province of Ontario	591,090	<b>931,303</b>	790,251
Other municipalities	445,835	<b>619,791</b>	228,424
Other revenues (Note 6)	664,498	<b>1,819,620</b>	2,070,972
	<u>2,490,672</u>	<u><b>4,117,047</b></u>	<u>3,440,775</u>
<b>Annual surplus</b>	<u>1,994,817</u>	<u><b>6,496,847</b></u>	<u>5,394,739</u>
<b>Accumulated surplus, beginning of year</b>	145,192,248	<b>145,192,248</b>	139,797,509
<b>Accumulated surplus, end of year</b>	\$147,187,065	<b>\$151,689,095</b>	\$145,192,248

**Corporation of the City of Clarence-Rockland  
Consolidated Statement of Changes in Net Debt**

**For the year ended December 31**

	2021 Budget	<b>2021 Actual</b>	2020 Actual
	(Note 12)		
<b>Annual surplus</b>	\$ 1,994,817	<b>\$ 6,496,847</b>	\$ 5,394,739
Acquisition of tangible capital assets	(11,735,293)	<b>(16,065,368)</b>	(10,242,065)
Amortization of tangible capital assets	7,462,387	<b>7,462,387</b>	7,251,800
Loss on disposal of tangible capital assets	-	<b>16,349</b>	12,516
Proceeds on disposal of tangible capital assets	-	<b>8,085</b>	67,165
	(2,278,089)	<b>(2,081,700)</b>	2,484,155
Decrease (increase) in prepaid expenses	-	<b>(8,077)</b>	25,046
Increase in inventory	-	<b>(70,316)</b>	(10,249)
	-	<b>(78,393)</b>	14,797
<b>Net change in net debt</b>	(2,278,089)	<b>(2,160,093)</b>	2,498,952
<b>Net debt, beginning of year</b>	(15,143,933)	<b>(15,143,933)</b>	(17,642,885)
<b>Net debt, end of year</b>	\$(17,422,022)	<b>\$(17,304,026)</b>	\$(15,143,933)



**Corporation of the City of Clarence-Rockland  
Consolidated Statement of Cash Flows**

**For the year ended December 31**

<b>Cash provided by (used by)</b>	<b>2021</b>	<b>2020</b>
<b>Operating transactions</b>		
Annual surplus	\$ 6,496,847	\$ 5,394,739
Non-cash items		
Amortization of tangible capital assets	7,462,387	7,251,800
Loss on disposal of tangible capital assets	16,349	12,516
	<u>13,975,583</u>	<u>12,659,055</u>
<b>Changes in non-cash operating balances</b>		
Increase in taxes receivable	(175,807)	(122,819)
Increase in user charges receivable	(210,509)	(122,850)
(Increase) decrease in accounts receivable	(210,979)	1,172,956
Increase in inventory	(70,316)	(10,249)
Decrease in long-term receivables	435,288	360,354
(Increase) decrease in prepaid expenses	(8,077)	25,046
(Decrease) increase in accounts payable and accrued liabilities	(47,785)	641,977
Increase in other current liabilities	390,319	330,597
Increase in deferred revenue	3,507,358	2,820,195
	<u>3,609,492</u>	<u>5,095,207</u>
	<u>17,585,075</u>	<u>17,754,262</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(16,065,368)	(10,242,065)
Proceeds on disposal of tangible capital assets	8,085	67,165
	<u>(16,057,283)</u>	<u>(10,174,900)</u>
<b>Investing activities</b>		
Increase in temporary investment	(73,859)	(108,487)
<b>Financing transactions</b>		
Net increase (repayment) of long-term liabilities	2,097,461	(1,996,108)
<b>Net increase in cash</b>	<b>3,551,394</b>	<b>5,474,767</b>
<b>Cash, beginning of year</b>	<b>19,272,200</b>	<b>13,797,433</b>
<b>Cash, end of year</b>	<b>\$22,823,594</b>	<b>\$19,272,200</b>

**December 31, 2021**

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**Nature and Purposes of the Entity**

The Corporation of the City of Clarence-Rockland ("the Corporation") was created through provincial legislation and commenced operations on January 1, 1998. The Corporation is responsible for providing municipal services such as community services and libraries, social services, emergency and protective services including police and fire and public works including roads, sewers and wastewater, drinking water, garbage and recycling.

**Basis of Accounting**

The financial statements have been prepared in accordance with Canadian public sector accounting standards.

**Basis of Consolidation**

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees, and boards which are owned or controlled by municipal Council. All interfund assets, liabilities, revenues and expenses have been eliminated on consolidation.

The following entity has been consolidated:

- Clarence-Rockland Public Library

**Inventory**

Inventory of goods not held for resale are recorded at cost. Cost is determined using the first in, first out method.

**Landfill**

The estimated costs to close and maintain the landfill site are based on estimated future expenses in current dollars, discounted, adjusted for estimated inflation, and are recognized and charged to expense as the landfill site's capacity is used.

**December 31, 2021**

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**Tangible Capital Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated useful life of the tangible capital asset commencing once the asset is available for use as follows:

Land improvements	15 to 40 years
Buildings	20 to 60 years
Roads, sidewalks and bridges	15 to 99 years
Equipment, furniture and machinery	5 to 20 years
Water infrastructure	15 to 60 years
Sewer infrastructure	15 to 60 years
Storm sewer infrastructure	15 to 60 years
Vehicles	5 to 15 years

**Leases**

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

**Deferred Revenue**

Revenues restricted by legislation, regulation or agreement and not available for general municipal purposes are reported as deferred revenue on the consolidated statement of financial position. The revenue is reported on the consolidated statement of operations in the year in which it is used for the specified purpose.

**December 31, 2021**

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### **Counties and School Boards**

The Corporation collects taxation revenue on behalf of the school boards and the United Counties of Prescott and Russell. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the United Counties of Prescott and Russell are not reflected in these consolidated financial statements.

### **Revenue Recognition**

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 year for which the tax is levied. Taxes receivables are recognized net of an allowance for anticipated uncollectable amounts.

User charges are recorded when the services are rendered. Connection charges for sewer and water are included in user charges and are recognized when the connection has been established.

Government transfers are recognized as revenue in the consolidated 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 consolidated statement of operations as the stipulation liabilities are settled.

Sales of services and other revenues are accounted for when the significant risks and rewards of ownership have been completed and there are no significant obligations remaining, the price is fixed or determinable, persuasive evidence that an arrangement exists, and collectability is reasonably assured. This usually occurs at the time of shipment/time the services are provided/the goods have been received by the client.

### **Use of Estimates**

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated statement of financial position, and the reported amounts of revenues and expenses during the reporting period. The amounts that include estimates are those relating to tangible capital assets as well as those relating to the landfill closure and post-closure care.

**Corporation of the City of Clarence-Rockland  
Notes to the Consolidated Financial Statements**

December 31, 2021

**1. Temporary Investment**

	2021	2020
Guaranteed investment certificate, 1.18%, maturing in May 2022.	<b>\$5,400,424</b>	\$ -
Guaranteed investment certificate, 1.80%, matured during the year.	-	5,326,565
	<b>\$ 5,400,424</b>	<b>\$ 5,326,565</b>

**2. Long-Term Receivables**

	2021	2020
Loans to landowners, financed by the Corporation's long-term liabilities, interest rates varying from 2.02% to 3.95%, payable by annual instalments from \$8,249 to \$246,791, principal and interest, due from 2023 to 2040.	<b>\$ 4,510,460</b>	<b>\$ 4,945,748</b>

Principal repayments for the next five years and thereafter are as follows:

2022	\$ 878,179
2023	\$ 470,238
2024	\$ 237,886
2025	\$ 245,458
2026	\$ 253,293
Thereafter	\$ 2,425,406

**3. Accounts Payable and Accrued Liabilities**

Included in accounts payable and accrued liabilities is \$313,397 (2020 - \$290,577) of the estimated total landfill closure and post-closure care expenses of \$2,006,000. The estimated liability for these expenses is recognized as the landfill site's capacity is used and the reported liability represents the portion of the estimated total expenses recognized as at December 31, 2021, based on the cumulative capacity used at that date, compared to the total estimated landfill capacity.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, the monitoring of well development, groundwater and surface water sampling and analysis, groundwater level monitoring and reporting to the Ministry.

**December 31, 2021**

**3. Accounts Payable and Accrued Liabilities (continued)**

The reported liability is based on estimates and assumptions with respect to events extending over a 35 year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The estimated remaining capacity of the landfill site is 66% of its total estimated capacity. The period for post-closure care is estimated to be 20 years.

**4. Deferred Revenue**

	2021	2020
Obligatory Reserve Funds		
Development charges	\$ 12,024,478	\$ 8,965,840
Recreational land	152,492	97,142
Other		
Parking	29,676	29,386
Transfer payments	402,124	708,302
Gas tax refund	1,147,530	481,023
Deposits	53,034	47,680
Donations	25,697	-
Construction	12,500	12,500
Water and sewer charges	172,062	170,362
	<b>\$ 14,019,593</b>	<b>\$ 10,512,235</b>

The net change during the year in the restricted deferred revenue balance is made up of the following:

	Development charges	Recreational land	Gas tax refund
Deferred revenue, beginning of year	\$ 8,965,840	\$ 97,142	\$ 481,023
Restricted funds received during the year	5,368,356	56,290	1,524,740
Interest earned	104,430	560	8,100
Revenues recognized during the year	(2,414,148)	(1,500)	(866,333)
	<b>\$ 12,024,478</b>	<b>\$ 152,492</b>	<b>\$ 1,147,530</b>

**December 31, 2021**

**5. Net Long-Term Liabilities**

The balance of the long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	<b>2021</b>	2020
<b>Infrastructure Ontario</b>		
Loan, 2.95%, payable by semi-annual instalments of \$199,649, principal and interest, maturing in 2024. (Regional water supply system)	<b>\$ 1,138,404</b>	\$ 1,496,183
Loan, 3.04%, payable by semi-annual instalments of \$243,190, principal and interest, maturing in 2036. (Sewers and roads)	<b>5,823,891</b>	6,126,312
Loan, 2.29%, payable by semi-annual instalments of \$263,820, principal and interest, maturing in 2026. (Sewers and roads)	<b>2,479,390</b>	2,942,286
Loan, 3.06%, payable by semi-annual instalments of \$36,510, principal and interest, maturing in 2028. (Grader and bridge))	<b>427,462</b>	486,054
Loan, 3.37%, payable by semi-annual instalments of \$82,352, principal and interest, maturing in 2038. (Sewers and roads)	<b>2,071,587</b>	2,164,132
Loan, 2.50%, payable by semi-annual instalments of \$57,248, principal and interest, maturing in 2034. (Roads)	<b>1,264,105</b>	1,345,469
Loan, 2.62%, payable by semi-annual instalments of \$65,091, principal and interest, maturing in 2039. (Sewers)	<b>1,858,745</b>	1,938,655
Loan, 2.12%, payable by semi-annual instalments of \$209,136, principal and interest, maturing in 2041. (Fire halls)	<b>6,652,149</b>	-

December 31, 2021

**5. Net Long-Term Liabilities (continued)**

**TD Canada Trust**

Loan, 2.03%, payable by semi-annual instalments of \$132,772, principal and interest, renewable in 2038, secured by the Arena and training centre with a net carrying amount of \$16,988,287.	<b>\$ 1,879,890</b>	\$ 4,555,483
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Loan, 3.20%, payable by monthly instalments of \$9,374, principal and interest, renewable in 2023, secured by the Recreation Complex with a net carrying amount of \$9,939,074.	<b>1,451,658</b>	1,516,432
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**National Bank**

Loan, 3.83%, payable by monthly instalments of \$14,965, principal and interest, renewable in 2028, secured by the Recreation Complex with a net carrying amount of \$9,939,074.	<b>2,242,387</b>	2,334,171
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**Canada Mortgage and Housing Corporation**

Loan, 3.95%, payable by annual instalments of \$439,538, principal and interest, maturing in 2031. (Water system upgrade)

	<b>3,573,937</b>	3,860,967
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	<b>\$30,863,605</b>	\$28,766,144
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Principal payments for the next five years and thereafter are as follows:

2022	\$ 2,310,205
2023	\$ 3,692,371
2024	\$ 2,373,346
2025	\$ 2,039,674
2026	\$ 2,097,605
Thereafter	\$18,350,404

The loans from Infrastructure Ontario and the Canada Mortgage and Housing Corporation are guaranteed by the tangible capital assets.



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**Corporation of the City of Clarence-Rockland**  
**Notes to the Consolidated Financial Statements**

**December 31, 2021**

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**6. Other Revenues**

	2021 Budget	2021 Actual	2020 Actual
<b>General</b>			
Other Income	\$ 173,273	\$ 186,795	\$ 156,853
Donations	3,500	4,840	277,763
Licenses	137,902	140,350	119,259
Interest and penalties on taxes	461,727	434,968	506,210
Interest income	298,242	290,101	422,385
Development charges	660,552	674,619	427,680
Sale of publication and other items	2,750	1,022	679
	<hr/> 1,737,946	<hr/> 1,732,695	<hr/> 1,910,829
<b>Related to tangible capital assets</b>			
Other Income	282,172	39,741	468,768
Development charges	372,326	1,739,529	1,575,794
Interest income on reserve funds	10,000	38,850	26,410
Recreational lands	-	1,500	-
	<hr/> 664,498	<hr/> 1,819,620	<hr/> 2,070,972
	<hr/> \$ 2,402,444	<hr/> \$ 3,552,315	<hr/> \$ 3,981,801

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Corporation of the City of Clarence-Rockland  
Notes to the Consolidated Financial Statements

December 31, 2021

7. Tangible Capital Assets

	2021				
	Land and land improvements	Buildings	Roads, sidewalks and bridges	Storm sewers	Equipment, furniture and machinery
beginning of year	\$11,474,263	\$81,098,488	\$89,832,564	\$16,075,650	\$ 8,927,780
Acquisitions	945,777	247,400	2,463,514	78,940	578,143
Disposals	-	-	(745,204)	-	(321,905)
Reclassification	367,512	307,377	-	-	221,195
Cost, end of year	12,787,552	81,653,265	91,550,874	16,154,590	9,405,213
Accumulated amortization, beginning of year	3,182,453	29,365,146	48,334,353	5,336,084	6,124,874
Amortization	346,597	1,876,853	3,040,487	299,651	414,002
Disposals	-	-	(724,440)	-	(318,235)
Accumulated amortization, end of year	3,529,050	31,241,999	50,650,400	5,635,735	6,220,641
Net carrying amount, end of year	\$ 9,258,502	\$50,411,266	\$40,900,474	\$10,518,855	\$ 3,184,572
	Water infrastructure	Sewer infrastructure	Vehicles	Assets under construction	Total
Cost, beginning of year	\$39,954,889	\$ 8,994,573	\$ 8,755,405	\$ 7,391,002	\$272,504,614
Acquisition	-	-	1,387,113	10,364,481	16,065,368
Disposals	-	-	-	-	(1,067,109)
Reclassification	-	-	-	(896,084)	-
Cost, end of year	39,954,889	8,994,573	10,142,518	16,859,399	287,502,873
Accumulated amortization, beginning of year	12,110,687	3,553,413	4,430,169	-	112,437,179
Amortization	801,283	161,258	522,256	-	7,462,387
Disposals	-	-	-	-	(1,042,675)
Accumulated amortization, end of year	12,911,970	3,714,671	4,952,425	-	118,856,891
Net carrying amount, end of year	\$27,042,919	\$ 5,279,902	\$ 5,190,093	\$16,859,399	\$168,645,982

**Corporation of the City of Clarence-Rockland**  
**Notes to the Consolidated Financial Statements**

**December 31, 2021**

**7. Tangible Capital Assets** (continued)

	2020				
	Land and land improvements	Buildings	Roads, sidewalks and bridges	Storm sewers	Equipment, furniture and machinery
Cost, beginning of year	\$ 11,294,642	\$ 75,090,572	\$ 88,033,473	\$ 16,052,515	\$ 8,732,320
Acquisition	179,621	899,161	1,630,724	23,135	211,804
Disposals	-	-	(112,486)	-	(16,344)
Reclassification	-	5,108,755	280,853	-	-
Cost, end of year	11,474,263	81,098,488	89,832,564	16,075,650	8,927,780
Accumulated amortization, beginning of year	2,858,251	27,605,503	45,473,362	5,037,584	5,693,490
Amortization	324,202	1,759,643	2,962,859	298,500	447,728
Disposals	-	-	(101,868)	-	(16,344)
Accumulated amortization, end of year	3,182,453	29,365,146	48,334,353	5,336,084	6,124,874
Net carrying amount, end of year	\$ 8,291,810	\$ 51,733,342	\$ 41,498,211	\$ 10,739,566	\$ 2,802,906
	Water infrastructure	Sewer infrastructure	Vehicles	Assets under construction	Total
Cost, beginning of year	\$ 39,656,347	\$ 8,994,573	\$ 8,420,711	\$ 6,483,509	\$ 262,758,662
Acquisition	269,034	-	701,977	6,326,609	10,242,065
Disposals	-	-	(367,283)	-	(496,113)
Reclassification	29,508	-	-	(5,419,116)	-
Cost, end of year	39,954,889	8,994,573	8,755,405	7,391,002	272,504,614
Accumulated amortization, beginning of year	11,310,099	3,391,715	4,231,807	-	105,601,811
Amortization	800,588	161,698	496,583	-	7,251,801
Disposals	-	-	(298,221)	-	(416,433)
Accumulated amortization, end of year	12,110,687	3,553,413	4,430,169	-	112,437,179
Net carrying amount, end of year	\$ 27,844,202	\$ 5,441,160	\$ 4,325,236	\$ 7,391,002	\$ 160,067,435

**December 31, 202**

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**8. Expenses by Object**

Total expenses for the year reported on the consolidated statement of operations are as follows:

	2021	2020
Salaries, wages and benefits	<b>\$14,874,519</b>	\$14,178,126
Materials	<b>5,788,268</b>	5,510,059
Contracted services	<b>10,207,901</b>	9,658,411
Amortization of tangible capital assets	<b>7,462,387</b>	7,251,800
Interest on long-term debt	<b>952,358</b>	907,277
Contributions to other organizations	<b>353,233</b>	305,526
Loss on disposal of tangible capital assets	<b>16,349</b>	12,516
	<b>\$39,655,015</b>	\$37,823,715

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**9. Pension Agreement**

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer pension plan, on behalf of full-time members of staff. The plan is a defined benefit plan which specifies the amount of the retirement benefits to be received by the employees based on the length of service and rates of pay. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to more than 500,000 active and retired members and 1,000 employers.

Each year an independent actuary determines the funding status of the OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. 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 in respect of 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 pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Corporation does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Corporation to OMERS for 2021 were \$918,072 (2020 - \$905,498).

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**Corporation of the City of Clarence-Rockland  
Notes to the Consolidated Financial Statements**

**December 31, 2021**

**10. Operations of School Boards and the United Counties of Prescott and Russell**

During the year, the following taxation revenues were raised and remitted to the school boards and the United Counties of Prescott and Russell:

	<b>2021</b>	2020
School boards	<b>\$ 6,229,685</b>	\$ 6,191,619
Counties	<b>\$13,595,446</b>	\$13,079,891

**11. Accumulated Surplus**

	<b>2021</b>	2020
Reserves		
Waterworks	<b>\$ 5,014,077</b>	\$ 4,553,883
Sewer	<b>2,118,428</b>	2,348,315
Landfill	<b>1,365,186</b>	1,337,415
Tax rate stabilization	<b>2,033,327</b>	2,505,183
Future expenses	<b>4,027,343</b>	4,004,109
	<b>14,558,361</b>	14,748,905
Reserve funds		
Building inspection services	<b>1,126,935</b>	842,393
Roads	<b>3,204,908</b>	2,624,567
	<b>4,331,843</b>	3,466,960
	<b>18,890,204</b>	18,215,865
Surplus operating		
General taxation	<b>1,458,904</b>	1,221,800
Library	<b>149,336</b>	119,538
Waterworks	<b>676,959</b>	785,844
Sewer	<b>290,204</b>	306,699
Waste management (deficit)	<b>152,203</b>	(63,411)
	<b>2,727,606</b>	2,370,470
Invested in tangible capital assets	<b>168,645,982</b>	160,067,435
Unfinanced tangible capital assets	<b>(7,719,355)</b>	(9,387,731)
Unfinanced future employee benefits	<b>(911,110)</b>	(874,722)
Long-term liabilities	<b>(30,863,605)</b>	(28,766,144)
Long-term receivables financed by long-term liabilities	<b>4,510,460</b>	4,945,748
Unfinanced operations	<b>(126,442)</b>	(123,680)
Unfinanced internal debt	<b>(3,464,645)</b>	(1,254,993)
	<b>130,071,285</b>	124,605,913
	<b>\$151,689,095</b>	\$145,192,248

**December 31, 2021**

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**12. Budget**

The Financial Plan (Budget) By-Law adopted by municipal Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Board). The budget was prepared on a modified accrual basis while Public Sector Accounting Board requires a full accrual basis. In addition, the budget expensed all tangible capital assets rather than including amortization of tangible capital assets expense. As a result, the budget figures presented in the consolidated statements of operations and changes in net financial assets represents the Financial Plan adopted by municipal Council with adjustments as follows:

	<b>2021</b>
Budget for the year	\$ -
Add:	
Capital expenses	11,735,293
Transfers to reserve funds	4,385,633
Repayment of long-term liabilities	3,169,319
Less:	
New long-term liabilities	(681,658)
Transfers from reserve funds	(8,770,009)
Reimbursement of long-term receivables	(381,374)
Amortization of tangible capital assets	<u>(7,462,387)</u>
Budget surplus per consolidated statement of operations	<u>\$ 1,994,817</u>

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**13. Contractual Obligations**

The Corporation has signed a two-year contract extension for operation and maintenance services for water and waste facilities which expires in October 2023. The Corporation has committed to pay an amount of \$1,629,747 per year adjusted on the consumer price index to reflect for inflation.

The Corporation has signed a two-year contract extension for collection of garbage and recycling which now expires in March 2023. The Corporation has committed to pay an amount of \$1,615,654 per year, adjusted annually by the Ontario Consumer Price Index to reflect inflation.

**December 31, 2021**

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**13. Contractual Obligations (continued)**

The Corporation has signed an agreement with Louis W. Bray Construction Ltd. for the revitalisation of their water and sewer treatment plant. The Corporation has committed to pay a total amount of \$3,255,307 in the next year.

The Corporation has signed an agreement with Robert Excavating Division 56861 Ontario Ltd. for works relating to the paving of Laurier Street. The Corporation has committed to pay a total amount of \$2,153,884 in the next year.

The Corporation has signed an agreement with the local YMCA, which expires February 2023. The Corporation has committed to pay an amount of \$10,000 per month to cover administration costs and will reimburse operational deficits incurred during the length of the contract. It is currently not possible to reasonably estimate any future reimbursements of operating deficits. During the year, the Corporation paid \$120,000 (2020 - \$120,000) to cover administration costs and \$395,999 (2020 - \$Nil) to cover the operating deficit.

The minimum annual payments for all contracts over the next two years are as follows:

2022	\$10,457,210
2023	\$1,857,359

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**14. Segmented Information**

The Corporation is a diversified municipal government institution that provides a wide range of services to its citizens such as transit, police, fire, water and sewer. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

**Recreation and Cultural Services**

This service area provides services meant to improve the health and development of the municipality's citizens. Recreational programs and cultural programs like hockey, bowling and skating lessons are provided at arenas and community centres. Also, the Corporation provides library services to assist with its citizens' informational needs.

**December 31, 2021**

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**14. Segmented Information** (continued)

**Environmental Services**

Environmental services consist of providing waste disposal as well as garbage and recycling collection to citizens.

**Planning and Development**

This department provides a number of services including city planning, maintenance and enforcement of building and construction codes and review of all property development plans through its application process. It also provides maintenance of municipal drains, which ensures proper drainage for agricultural properties and tile drainage, whereas the Corporation acts an intermediate between the landowners and the province.

**Protection to Persons and Property**

Protection is comprised of police services and fire protection. The police services work to ensure the safety and protection of the citizens and their property. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education. The members of the fire department consist of volunteers.

**Transportation Services**

Transportation is responsible for providing the Corporation's transit services.

**Social Services**

Social services provide daycare services.

**Water and Sewer**

This service provides the Corporation's drinking water. The Corporation processes and cleans sewage and ensures the water and sewer system meets all Provincial standards.

**General Government**

This item relates to the revenues and expenses that relate to the operations of the Corporation itself and cannot be directly attributed to a specific segment.



Corporation of the City of Clarence-Rockland  
Notes to the Consolidated Financial Statements

December 31, 2021

14. Segmented Information (continued)

For the year ended December 31	Recreation and Cultural Services	Environmental services	Planning and Development	Protection to Persons and Property	Transportation Services	Social Services	Water and Sewer	General Government	2021 Total
<b>Revenues</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$22,772,013	\$22,772,013
User charges	415,722	2,831,356	344,259	1,274,421	26,220	1,722,141	6,396,533	100,166	13,110,818
Government transfers - Federal	58,113	-	-	120,000	694,207	-	-	-	872,320
Government transfers - Provincial	534,230	387,863	20,833	194,422	863,833	-	-	643,555	2,644,736
Government transfers - other	74,126	1,146	-	567,665	88,093	2,378,930	-	89,700	3,199,660
Licenses	-	-	-	27,356	14,154	-	-	98,840	140,350
Interest income	236	-	-	9,093	-	-	105,172	649,418	763,919
Other	174,601	-	215,752	365,927	314,709	-	1,533,678	43,379	2,648,046
	<b>1,257,028</b>	<b>3,220,365</b>	<b>580,844</b>	<b>2,558,884</b>	<b>2,001,216</b>	<b>4,101,071</b>	<b>8,035,383</b>	<b>24,397,071</b>	<b>46,151,862</b>
<b>Expenses</b>									
Salaries, wages and benefits	1,539,153	571,973	695,130	2,441,697	1,891,632	3,747,470	733,763	3,253,701	14,874,519
Materials	1,123,477	580,512	365,461	1,286,296	1,574,950	461,652	640,276	(244,356)	5,788,268
Interest on long-term debt	211,885	-	-	130,695	389,968	-	219,810	-	952,358
Contracted services	894,503	2,090,135	32,015	3,440,045	597,989	2,500	2,596,429	554,285	10,207,901
Contributions to other organizations	237,330	16,821	-	-	-	-	72,047	27,035	353,233
Amortization of tangible capital assets	1,285,564	424,271	-	498,158	3,424,271	21,970	1,520,847	287,306	7,462,387
Loss on disposal of tangible capital assets	(740)	-	-	(53)	20,764	-	-	(3,622)	16,349
	<b>5,291,172</b>	<b>3,683,712</b>	<b>1,092,606</b>	<b>7,796,838</b>	<b>7,899,574</b>	<b>4,233,592</b>	<b>5,783,172</b>	<b>3,874,349</b>	<b>39,655,015</b>
<b>Net surplus (deficit)</b>	<b>\$(4,034,144)</b>	<b>\$ (463,347)</b>	<b>\$(511,762)</b>	<b>\$(5,237,954)</b>	<b>\$(5,898,358)</b>	<b>\$(132,521)</b>	<b>\$2,252,211</b>	<b>\$20,522,722</b>	<b>\$6,496,847</b>

December 31, 2021

14. Segmented Information (continued)

For the year ended December 31	Recreation and Cultural Services	Environmental services	Planning and Development	Protection to Persons and Property	Transportation Services	Social Services	Water and Sewer	General Government	2020 Total
<b>Revenues</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$21,408,173	\$21,408,173
User charges	481,682	2,521,769	290,746	1,167,207	25,750	1,514,728	6,011,265	83,485	12,096,632
Government transfers - Federal	141,386	23,135	-	-	488,855	-	-	-	653,376
Government transfers - Provincial	52,700	348,394	39,126	-	434,216	-	356,035	1,280,645	2,511,116
Government transfers - other	20,350	262	-	205,987	107,964	2,030,325	96,907	105,561	2,567,356
Licenses	-	-	-	36,380	12,909	-	-	69,970	119,259
Interest income	172	-	6,310	7,814	-	-	146,435	794,274	955,005
Other	789,371	-	193,906	393,169	230,457	-	1,245,556	55,078	2,907,537
	<u>1,485,661</u>	<u>2,893,560</u>	<u>530,088</u>	<u>1,810,557</u>	<u>1,300,151</u>	<u>3,545,053</u>	<u>7,856,198</u>	<u>23,797,186</u>	<u>43,218,454</u>
<b>Expenses</b>									
Salaries, wages and benefits	1,576,413	542,289	653,691	2,053,586	1,841,183	3,727,259	715,101	3,068,604	14,178,126
Materials	1,057,371	488,637	289,421	1,046,869	1,661,399	571,340	540,367	(145,345)	5,510,059
Interest on long-term debt	248,224	-	-	-	416,198	-	242,855	-	907,277
Contracted services	783,829	1,854,012	21,372	3,485,632	941,948	2,500	2,199,702	369,416	9,658,411
Contributions to other organizations	190,190	16,712	-	-	-	-	71,194	27,430	305,526
Amortization of tangible capital assets	1,252,519	423,121	-	368,860	3,341,383	24,177	1,518,163	323,577	7,251,800
Loss on disposal of tangible capital assets	(9,060)	-	-	(6,105)	-	-	27,681	-	12,516
	<u>5,099,486</u>	<u>3,324,771</u>	<u>964,484</u>	<u>6,948,842</u>	<u>8,202,111</u>	<u>4,325,276</u>	<u>5,315,063</u>	<u>3,643,682</u>	<u>37,823,715</u>
<b>Net surplus (deficit)</b>	<u>\$(3,613,825)</u>	<u>\$ (431,211)</u>	<u>\$(434,396)</u>	<u>\$(5,138,285)</u>	<u>\$(6,901,960)</u>	<u>\$(780,223)</u>	<u>\$2,541,135</u>	<u>\$20,153,504</u>	<u>\$5,394,739</u>

**Corporation of the City of Clarence-Rockland  
Schedule of Statement of Operations of the Library Board (Unaudited)**

**December 31, 2021**

	2021 Budget	2021 Actual	2020 Actual
<b>Revenues</b>			
User charges	\$ 107,000	\$ 95,590	\$ 94,468
Government transfers			
Province of Ontario	50,644	57,238	52,700
Municipality contributions	-	781,514	815,705
Interest income	250	236	172
	<u>157,894</u>	<u>934,578</u>	<u>963,045</u>
<b>Expenses</b>			
Salaries, wages and benefits	627,850	637,494	582,748
Materials	158,600	126,070	126,547
Contracted services	143,274	135,132	120,230
Amortization of tangible capital assets	11,516	11,516	17,174
Rent	7,836	8,000	7,836
Bank charges (recovery)	500	(652)	(10)
	<u>949,576</u>	<u>917,560</u>	<u>854,525</u>
<b>Other revenues related to tangible capital assets</b>			
Transfer related to capital assets	-	-	38,453
Development charges	18,652	18,211	18,562
Transfer related to reserve and reserve funds	-	(16,947)	(46,096)
	<u>(773,030)</u>	<u>18,282</u>	<u>119,439</u>
<b>Annual surplus (deficit)</b>	<b>(773,030)</b>	<b>18,282</b>	<b>119,439</b>
<b>Accumulated surplus, beginning of year</b>	<b>184,012</b>	<b>184,012</b>	<b>64,573</b>
	<u>(589,018)</u>	<u>202,294</u>	<u>184,012</u>
<b>Accumulated surplus, end of year</b>	<b>(589,018)</b>	<b>202,294</b>	<b>184,012</b>
<b>Consist of:</b>			
Invested in tangible capital assets	17,389	52,958	64,474
Operating	(606,407)	149,336	119,538
	<u>\$ (589,018)</u>	<u>\$ 202,294</u>	<u>\$ 184,012</u>