

**CORPORATION OF THE CITY OF CORNWALL
CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2020

CORPORATION OF THE CITY OF CORNWALL

December 31, 2020

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CORPORATION OF THE CITY OF CORNWALL

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

To the Members of Council, Inhabitants and Ratepayers of the
the Corporation of the City of Cornwall

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Corporation of the City of Cornwall's Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

MNP LLP is appointed by the Corporation of the City of Cornwall's Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 12, 2021



Chief Administrative Officer



General Manager, Financial Services and Treasurer

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Cornwall:

Opinion

We have audited the consolidated financial statements of Corporation of the City of Cornwall and its subsidiaries (the "City"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of financial activities, changes in net financial liabilities, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2020, and the results of its consolidated operations, changes in net financial liabilities and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Emphasis of Matter - Comparative Information

We draw attention to Note 2 in the consolidated financial statements, which indicates that the City has retrospectively restated its comparative figures for the year ended December 31, 2019 to reflect an adjustment in application of the accounting policy relating to future employment benefits. Our opinion is not modified in respect of this matter.

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

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

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

Those charged with governance are responsible for overseeing the City'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 City'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 City'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 City to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the City 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.

Cornwall, Ontario

July 12, 2021

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

CORPORATION OF THE CITY OF CORNWALL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	2020	2019 <i>(restated Note 2)</i>
NET FINANCIAL LIABILITIES		
Assets		
Cash (Note 6)	\$ 26,100,750	\$ 17,731,378
Taxes receivable (Note 7)	3,335,060	2,634,964
Accounts receivable (Note 7)	8,300,704	6,054,240
User charges receivable	1,643,178	1,194,260
Due from other municipalities and school boards	917,361	148,152
Land inventory for resale	5,259,034	5,521,937
Long-term investments (Note 8)	52,237,143	60,424,605
	97,793,230	93,709,536
Liabilities		
Accounts payable	37,188,208	22,414,417
Deferred revenue	3,103,533	2,928,654
Deferred revenue, obligatory reserve funds (Note 9)	4,490,302	6,717,665
Future employment benefits (Note 10)	47,121,439	45,149,244
Accrued landfill closure and post closure costs (Note 12)	17,976,873	16,705,319
Net long-term liabilities (Note 13)	42,745,171	41,212,949
	152,625,526	135,128,248
Net Financial Liabilities	(54,832,296)	(41,418,712)
NON-FINANCIAL ASSETS		
Tangible capital assets	449,078,110	416,749,493
Inventory	455,986	419,583
Prepaid expenses	1,756,003	1,752,849
Non-Financial Assets	451,290,099	418,921,925
ACCUMULATED SURPLUS		
Accumulated Surplus	\$ 396,457,803	\$ 377,503,213

See Accompanying Notes

CORPORATION OF THE CITY OF CORNWALL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2020

	BUDGET 2020 (Note 17)	ACTUAL 2020	ACTUAL 2019 <i>(restated Note 2)</i>
REVENUE			
Taxation and payments in lieu	\$ 76,781,625	\$ 74,110,778	\$ 69,006,130
Government grants and transfers (Note 20)	62,654,978	67,614,181	63,210,039
Revenue from other municipalities	8,957,753	8,607,348	7,792,742
Fees and services	45,795,766	44,702,432	47,057,751
Investment income	2,370,449	1,336,362	1,994,519
Licences and permits	1,245,400	1,477,409	2,226,269
Fines and penalties	564,000	553,623	576,130
Other revenue	10,000	278,065	90,246
	198,379,971	198,680,198	191,953,826
EXPENDITURE			
General government	9,624,519	14,357,131	9,940,798
Protection to persons and property	33,838,881	34,928,599	34,677,071
Transportation services	24,850,290	24,272,090	23,649,021
Environmental services	21,607,828	22,129,098	34,505,712
Health services	15,409,584	15,429,177	14,781,398
Social and family services	48,715,129	43,631,924	48,308,137
Social housing	21,714,197	22,493,046	20,580,240
Recreation and cultural services	16,461,546	13,927,053	16,898,484
Planning and development	3,042,869	3,351,992	3,249,810
	195,264,843	194,520,110	206,590,671
NET SURPLUS (DEFICIT) BEFORE OTHER ITEMS	3,115,128	4,160,088	(14,636,845)
OTHER REVENUE FOR CAPITAL AND OTHER PURPOSES			
Government grants and transfers (Note 20)	11,275,600	6,401,270	4,843,629
Fees, services and other	1,167,082	4,824,772	709,435
Contributions from developers and donations	-	3,963,567	2,237,647
Loss on disposal and write-down of tangible capital assets	-	(395,107)	(581,468)
	12,442,682	14,794,502	7,209,243
ANNUAL SURPLUS (DEFICIT)	15,557,810	18,954,590	(7,427,602)
ACCUMULATED SURPLUS, beginning of year	377,503,213	377,503,213	384,930,815
ACCUMULATED SURPLUS, end of year	\$ 393,061,023	\$ 396,457,803	\$ 377,503,213

See Accompanying Notes

CORPORATION OF THE CITY OF CORNWALL
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL
LIABILITIES

For the year ended December 31, 2020

	BUDGET 2020 (Note 17)	ACTUAL 2020	ACTUAL 2019 <i>(restated Note 2)</i>
Annual surplus (deficit)	\$ 15,557,810	\$ 18,954,590	\$ (7,427,602)
Amortization of tangible capital assets	16,225,549	16,295,134	15,997,745
Acquisition of tangible capital assets	(38,510,977)	(49,018,858)	(27,568,920)
Disposal and write-down of tangible capital assets	-	395,107	581,468
Transfer of tangible capital assets to land inventory held for resale	-	-	250,000
Change in inventory	-	(36,403)	(31,816)
Change in prepaid expenses	-	(3,154)	117,037
Increase in net financial liabilities	(6,727,618)	(13,413,584)	(18,082,088)
Net financial liabilities, beginning of year	(41,418,712)	(41,418,712)	(23,336,624)
Net financial liabilities, end of year	\$(48,146,330)	\$(54,832,296)	\$(41,418,712)

See Accompanying Notes

CORPORATION OF THE CITY OF CORNWALL
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

	2020	2019 <i>(restated Note 2)</i>
CASH FROM OPERATING ACTIVITIES		
Annual surplus (deficit)	\$ 18,954,590	\$ (7,427,602)
Items not affecting cash or equivalent		
Amortization expense	16,295,134	15,997,745
Disposal and write-down of tangible capital assets	395,107	581,468
Transfer of tangible capital assets to land inventory held for resale	-	250,000
Changes in non-cash working capital balances		
Taxes receivable	(700,096)	106,795
Accounts receivable	(2,246,464)	1,321,173
User charges receivable	(448,918)	(57,340)
Due from other municipalities and school boards	(769,209)	877,826
Land inventory for resale	262,903	(145,259)
Inventory	(36,403)	(31,816)
Prepaid expenses	(3,154)	117,037
Accounts payable	14,773,791	(2,421,970)
Deferred revenue	174,879	470,443
Deferred revenue, obligatory reserve funds	(2,227,363)	4,011,719
Future employment benefits	1,972,195	1,638,692
Accrued landfill closure and post closure costs	1,271,554	14,803,601
	47,668,546	30,092,512
CASH FROM (USED IN) FINANCING ACTIVITIES		
Proceeds received from long-term liabilities	6,963,000	3,045,000
Payments on long-term liabilities	(5,430,778)	(4,906,816)
	1,532,222	(1,861,816)
CASH FROM (USED IN) INVESTING ACTIVITIES		
Net change in long-term investments	8,187,462	(3,549,813)
CASH USED IN CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(49,018,858)	(27,568,920)
INCREASE (DECREASE) IN CASH	8,369,372	(2,888,037)
CASH, beginning of year	17,731,378	20,619,415
CASH, end of year	\$ 26,100,750	\$ 17,731,378

See Accompanying Notes

CORPORATION OF THE CITY OF CORNWALL

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2020

	Land	Yard	Buildings	Road Network Infrastructure	Water and Wastewater Infrastructure	Machinery Equipment	Computer Hardware and Software	Vehicles	Office Furniture	Other	2020	2019
Cost												
Balance, beginning of year	\$ 14,075,220	\$ 14,049,630	\$ 180,000,765	\$172,235,651	\$179,558,070	\$ 126,745,653	\$ 5,337,769	\$ 23,881,745	\$ 6,138,001	\$ 2,098,180	\$ 724,120,684	\$ 704,532,013
Additions during the year	641,653	1,006,203	2,691,063	6,936,476	10,568,407	2,557,080	509,446	2,957,029	158,018	192,277	28,217,652	24,393,247
Disposals during the year	-	-	-	1,335,266	233,671	245,181	-	1,279,166	-	198,535	3,291,819	4,804,576
Assets in service, end of year	14,716,873	15,055,833	182,691,828	177,836,861	189,892,806	129,057,552	5,847,215	25,559,608	6,296,019	2,091,922	749,046,517	724,120,684
Assets under construction	-	71,868	9,689,710	2,928,733	12,854,318	2,448,620	799,426	696,585	-	-	29,489,260	8,688,054
Balance, end of year	14,716,873	15,127,701	192,381,538	180,765,594	202,747,124	131,506,172	6,646,641	26,256,193	6,296,019	2,091,922	778,535,777	732,808,738
Accumulated Amortization												
Balance, beginning of year	78,960	6,642,643	78,636,125	73,491,722	45,802,008	88,832,280	3,879,014	13,218,322	4,288,574	1,189,597	316,059,245	304,034,608
Amortization during the year	1,595	386,912	3,858,040	3,803,211	2,000,994	3,099,130	513,284	2,153,000	240,917	238,051	16,295,134	15,997,745
Amortization on disposals	-	-	-	1,177,807	116,249	162,939	-	1,241,182	-	198,535	2,896,712	3,973,108
Balance, end of year	80,555	7,029,555	82,494,165	76,117,126	47,686,753	91,768,471	4,392,298	14,130,140	4,529,491	1,229,113	329,457,667	316,059,245
Net Book Value	\$ 14,636,318	\$ 8,098,146	\$ 109,887,373	\$ 104,648,468	\$ 155,060,371	\$ 39,737,701	\$ 2,254,343	\$ 12,126,053	\$ 1,766,528	\$ 862,809	\$ 449,078,110	\$ 416,749,493

See Accompanying Notes

CORPORATION OF THE CITY OF CORNWALL

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2020

	General Government	Protection and Health	Municipal Works	Environmental Services	Water and Wastewater	Recreation and Cultural	Social and Family Services	2020	2019
Cost									
Balance, beginning of year	\$ 2,694,418	\$ 19,890,776	\$ 216,521,053	\$ 4,878,498	\$ 314,076,492	\$ 74,448,640	\$ 91,610,807	\$ 724,120,684	\$ 704,532,013
Additions during the year	442,853	1,555,181	10,535,258	-	11,639,834	1,701,725	2,342,801	28,217,652	24,393,247
Disposals during the year	-	823,223	2,006,671	-	233,671	220,130	8,124	3,291,819	4,804,576
Assets in service, end of year	3,137,271	20,622,734	225,049,640	4,878,498	325,482,655	75,930,235	93,945,484	749,046,517	724,120,684
Assets under construction	709,425	2,235	4,369,110	360,450	24,007,782	40,258	-	29,489,260	8,688,054
Balance, end of year	3,846,696	20,624,969	229,418,750	5,238,948	349,490,437	75,970,493	93,945,484	778,535,777	732,808,738
Accumulated Amortization									
Balance, beginning of year	2,175,215	11,915,117	95,889,536	1,436,631	117,668,734	33,302,771	53,671,241	316,059,245	304,034,608
Amortization during the year	260,360	1,451,926	5,798,533	148,025	4,407,639	2,102,050	2,126,601	16,295,134	15,997,745
Amortization on disposals	-	819,141	1,733,069	-	116,249	220,130	8,123	2,896,712	3,973,108
Balance, end of year	2,435,575	12,547,902	99,955,000	1,584,656	121,960,124	35,184,691	55,789,719	329,457,667	316,059,245
Net Book Value	\$ 1,411,121	\$ 8,077,067	\$ 129,463,750	\$ 3,654,292	\$ 227,530,313	\$ 40,785,802	\$ 38,155,765	\$ 449,078,110	\$ 416,749,493

See Accompanying Notes

CORPORATION OF THE CITY OF CORNWALL
CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS

For the year ended December 31, 2020

	2020	2019 <i>(restated Note 2)</i>
Operating deficits		
Operating surplus (Note 16)	\$ -	\$ -
Water works and wastewater works surplus (Note 16)	-	-
Le Village Business Improvement Area surplus	39,370	26,007
Downtown Business Improvement Area surplus	41,124	68,322
Cornwall and Area Housing Corporation surplus	386,417	303,999
Cornwall Harbour Development Corporation surplus	378,201	312,605
Tourism Development Corporation of Cornwall	371,441	339,476
Land inventory for resale surplus	5,259,034	5,521,937
	6,475,587	6,572,346
Capital surplus (unfinanced capital outlay)	(9,379,488)	5,633,526
Liabilities to be recovered from future revenues (Note 15)		
Accrued interest on net long-term liabilities	(33,501)	(33,501)
Future employment benefits payable	(47,121,439)	(45,149,244)
Accrued landfill closure and post closure costs	(17,976,873)	(16,705,319)
Net-long term liabilities (Note 13e)	(688,020)	(902,414)
Internal loan for reserves	(2,000,000)	(2,000,000)
	(67,819,833)	(64,790,478)
Total operating deficit	(70,723,734)	(52,584,606)
Reserves and reserve funds		
Reserves (Note 18)	23,390,376	19,434,475
Reserve funds (Note 19)	36,770,202	34,214,386
Total reserves and reserve funds	60,160,578	53,648,861
Invested in tangible capital assets		
Tangible capital assets	449,078,110	416,749,493
Less: net long-term liabilities	(42,057,151)	(40,310,535)
Total invested in tangible capital assets	407,020,959	376,438,958
ACCUMULATED SURPLUS	\$ 396,457,803	\$ 377,503,213

See Accompanying Notes

CORPORATION OF THE CITY OF CORNWALL

CONSOLIDATED SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS

For the year ended December 31, 2020

	Operating Surpluses (Deficits)	Reserves and Reserve Funds	Invested in Tangible Capital Assets	2020	<i>(restated Note 2)</i> 2019
Balance, beginning of year	\$ (52,584,606)	\$ 53,648,861	\$ 376,438,958	\$ 377,503,213	\$ 384,930,815
Annual surplus	18,377,286	577,304	-	18,954,590	(7,427,602)
Current year funds transferred to reserves and reserve funds	(10,538,173)	10,538,173	-	-	-
Reserves and reserve funds used for operating	1,945,551	(1,945,551)	-	-	-
Reserves and reserve funds used for tangible capital assets	-	(2,658,209)	2,658,209	-	-
Current year funds used for tangible capital assets	(31,016,858)	-	31,016,858	-	-
Prior year funds used for tangible capital assets	(15,343,791)	-	15,343,791	-	-
Annual amortization expense	16,295,134	-	(16,295,134)	-	-
Disposal of tangible capital assets	395,107	-	(395,107)	-	-
Proceeds from long-term debt for capital purposes	6,963,000	-	(6,963,000)	-	-
Long-term debt repaid for tangible capital assets	(5,216,384)	-	5,216,384	-	-
Change in accumulated surplus	(18,139,128)	6,511,717	30,582,001	18,954,590	(7,427,602)
Balance, end of year	\$ (70,723,734)	\$ 60,160,578	\$ 407,020,959	\$ 396,457,803	\$ 377,503,213

See Accompanying Notes

CORPORATION OF THE CITY OF CORNWALL
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE

For the year ended December 31, 2020

	General Government	Protection and Health Services	Transportation Services	Environmental Services	Water and Waste- Water Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2020	(restated Note 2) 2019
REVENUE										
Taxation	\$ 8,679,646	\$ 30,866,317	\$ 12,353,933	\$ 2,340,453	\$ -	\$ 8,178,764	\$ 10,267,843	\$ 1,423,822	\$ 74,110,778	\$ 69,006,130
Government grants	7,224,765	9,147,912	1,637,479	570,994	-	47,919,160	217,698	896,173	67,614,181	63,210,039
Revenue from other municipalities	-	4,969,477	18,185	713,468	-	2,906,218	-	-	8,607,348	7,792,742
Fees and service	912,017	649,043	6,591,861	2,373,558	19,459,722	11,792,153	2,303,162	620,916	44,702,432	47,057,751
Investment income	1,251,225	-	-	-	-	-	85,137	-	1,336,362	1,994,519
Licenses and permits	127,036	1,350,373	-	-	-	-	-	-	1,477,409	2,226,269
Fines and penalties	483,105	-	-	-	70,518	-	-	-	553,623	576,130
Other revenue	275,305	-	-	-	-	2,760	-	-	278,065	90,246
	18,953,099	46,983,122	20,601,458	5,998,473	19,530,240	70,799,055	12,873,840	2,940,911	198,680,198	191,953,826
EXPENSES										
Wages, salaries and benefits	6,319,084	42,440,169	9,342,103	403,815	4,145,514	18,701,588	5,721,283	1,183,428	88,256,984	87,358,493
Interest on long-term liabilities	610	64,199	331,670	-	442,928	177,220	290,661	-	1,307,288	1,317,740
Materials and services	2,564,692	2,242,661	4,414,799	132,541	3,476,354	5,392,221	2,708,036	513,394	21,444,698	20,665,926
Contracts and sub-contracts	1,282,579	1,648,879	2,293,405	5,319,026	1,163,351	6,328,498	1,846,940	342,338	20,225,016	18,227,617
Rents and financial expenses	3,799,055	1,121,189	2,006,450	1,395,257	1,069,077	20,025,463	783,889	166,657	30,367,037	43,792,759
Transfers to external parties	132,473	1,361,107	112,778	-	25,569	13,373,376	474,196	1,144,454	16,623,953	19,230,392
Amortization	258,638	1,479,572	5,770,885	148,024	4,407,642	2,126,604	2,102,048	1,721	16,295,134	15,997,744
	14,357,131	50,357,776	24,272,090	7,398,663	14,730,435	66,124,970	13,927,053	3,351,992	194,520,110	206,590,671
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS	4,595,968	(3,374,654)	(3,670,632)	(1,400,190)	4,799,805	4,674,085	(1,053,213)	(411,081)	4,160,088	(14,636,845)
OTHER ITEMS	339,112	23,077	6,855,103	-	3,435,494	110,104	68,045	3,963,567	14,794,502	7,209,243
ANNUAL SURPLUS (DEFICIT) \$	4,935,080	\$ (3,351,577)	\$ 3,184,471	\$ (1,400,190)	\$ 8,235,299	\$ 4,784,189	\$ (985,168)	\$ 3,552,486	\$ 18,954,590	\$ (7,427,602)

See Accompanying Notes

CORPORATION OF THE CITY OF CORNWALL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

DESCRIPTION OF ORGANIZATION

The City of Cornwall is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Corporation of the City of Cornwall (the "City") are prepared by management in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

The basis of accounting under PSAB states that revenue and expenditures are reported on the accrual basis of accounting, which recognizes revenue as they are earned and measurable; expenditures are recognized as they are incurred and measurable, as a result of receipt of goods or services.

Significant aspects of the accounting policies adopted by the City are as follows:

(a) Reporting entity

(i) Consolidated financial statements

These consolidated financial statements reflect the assets, liabilities, revenues, expenditures, and changes in fund balances and in financial position of the reporting entity. The reporting entity is comprised of all organizations, committees, corporations and local boards accountable for the administration of their financial affairs and resources to the City and which are controlled by the City. These financial statements include the following local boards:

The Cornwall Police Commission
The Cornwall Public Library Board
Glen-Stor-Dun Lodge
Association Le Village Business Improvement Area
Cornwall Downtown Business Improvement Area
Cornwall and Area Housing Corporation
Cornwall Regional Airport Commission Inc.
Cornwall Harbour Development Corporation
Tourism Development Corporation of Cornwall

All interfund assets and liabilities and sources of financing and expenditures have been eliminated with the exception of charges to current and capital operations for use of city-owned equipment and facilities by various departments. These equipment charges and related interest charges amounted to approximately \$2,691,324 (2019 - \$2,610,448).

(ii) Non-consolidated entities

The Eastern Ontario Health Unit and the Raisin River Conservation Authority, which are joint boards, are not consolidated.

(iii) School boards

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards, are not reflected in the municipal fund balances of these financial statements.

(iv) Trust funds

Trust funds and their related operations administered by the City are not included in the consolidated financial statements.

CORPORATION OF THE CITY OF CORNWALL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Fund accounting

Funds within the consolidated financial statements consists of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

(c) Taxation and related revenues

Property tax billings are issued by the City based on assessment rolls prepared by the Municipal Property Assessment Corporation ("MPAC") and collects property tax revenue for municipal purposes, provincial education taxes on behalf of the Province of Ontario, payment in lieu of taxation, local improvements and other charges. The authority to levy and collect property taxes is established under the *Municipal Act 2001*, the *Assessment Act*, the *Education Act* and other legislation.

Taxation revenue consists of non-exchange transactions and is recognized in the period to which the assessment relates and a reasonable estimate of the amounts can be made. Annual taxation revenue also includes adjustments related to reassessments and appeals to prior years' assessments. The City is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

(d) Government grants and transfer payments

Government grants and transfer payments, which include legislative grants, are recognized in the financial statements in the period which the events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimated of the amount can be determined. Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when monies are receivable. Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

(e) Fees and services and other revenues

Fees and services and other revenues are recognized when the activity is performed or when the services are rendered. Examples include, but are not limited to, transit fees, water and wastewater charges, solid waste tipping fees, licensing fees, permits, rent for geared-to-income housing and homes for the aged and other fees from various recreation programs and facilities.

(f) Investment income

Investment income earned on surplus funds is reported as revenue in the period earned. Investment income earned on obligatory funds such as parkland allowances and gas tax funds is added to the associated funds and forms part of the respective deferred revenue, obligatory reserve fund balances.

(g) Cash and cash equivalents

Cash consists of balances held at financial institutions and any investments with maturity dates of three months or less and temporary borrowings due within one year.

(h) Land inventory for resale

Land inventory for resale is recorded at the lower of cost or net realizable value. Cost includes improvements to prepare the land for sale or servicing.

(i) Long-term investments

Long-term investments are recorded at cost. Temporary declines in the market value of these investments are not adjusted.

CORPORATION OF THE CITY OF CORNWALL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Deferred revenue

Deferred revenues represent user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

(k) Deferred revenue, obligatory reserve funds

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

(l) Future employment benefits

The City accrues its obligations for employee benefit plans. The cost of 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 period of active employees.

Contributions to the multi-employer defined benefit retirement plan are expensed when due.

(m) Accrued landfill closure and post closure costs

The City accrues landfill closure costs which includes final covering and landscaping of the site, pumping of ground water and leachates from the site and ongoing environmental monitoring, site inspection and maintenance. The reported liabilities have been recognized based on the landfill site's capacity usage, management's best estimate of future expenditures, long-term inflation rates and discount rates. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liabilities, which would be recognized prospectively, as a change in estimates, when applicable.

(n) Reserves and reserve funds

Reserves and reserve funds are comprised of funds set aside for specific purposes by Council and funds set aside for specific purposes by legislation, regulation or agreement. For financial reporting purposes, reserve funds set aside by legislation, regulation or agreement are reported as deferred revenue, obligatory reserve funds on the statement of financial position. Other reserve funds and reserves are presented as part of the City's accumulated surplus.

(o) Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian public sector accounting standards requires administration to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. Significant items subject to such estimates and assumptions include the estimated useful life of tangible capital assets, the valuation of allowances for doubtful taxes and accounts receivable, the valuation of inventories, the estimated future landfill closure and post closure costs, and the estimated liability for remediation of contaminated sites. Actual results could differ from these estimates.

(p) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

CORPORATION OF THE CITY OF CORNWALL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Non-financial assets (Continued)

Non-financial assets consist of the following:

(i) Tangible capital assets

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

Yard improvements	7 to 55 years
Buildings	15 to 60 years
Machinery and equipment	4.5 to 60 years
Office furniture	10 to 20 years
Vehicles	4 to 20 years
Computer hardware and software	3 to 10 years
Water and wastewater plants and networks	
underground networks	50 to 120 years
sewage treatment plants	50 to 75 years
water pumping stations and reservoirs	50 to 75 years
flood stations and other infrastructure	50 to 75 years
Transportation	
road base	100 years
road surface	18 to 22 years
bridges and structures	10 to 75 years
Landfill site	43 years
Leased assets	3 to 8 years

Amortization is charged against operations commencing in the month of acquisition and ceased being charged against operations in the month of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The City has a capitalization threshold of \$5,000 so that individual tangible capital assets of lesser value are expensed, unless they are pooled with a threshold of \$50,000, because collectively they have significant value or for operational reasons. Examples of pooled of assets are desktop computer systems, utility poles and defibrillators.

(ii) Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of the transfer.

(iii) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

CORPORATION OF THE CITY OF CORNWALL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Non-financial assets (Continued)

(iv) Inventory

Inventory held for consumption is recorded at the lower of cost or replacement cost.

(q) Liability for contaminated sites

A liability for contaminated sites arises when contamination is being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds the maximum acceptable concentrations under an environmental standard. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the City is directly responsible, or accepts responsibility to remediate the site;
- iv. the City expects that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites. The liability estimate includes costs that are directly attributable to the remediation activities and includes integral post-remediation operation, maintenance and monitoring costs that are a part of the remediation strategy for the contaminated site. The costs that would be included in a liability are:

- costs directly attributable to remediation activities (for example, payroll and benefits, equipment and facilities, materials, and legal and other professional services); and
- costs of tangible capital assets acquired as part of remediation activities to the extent they have no other alternative use.

The measurement of a liability is based on estimates and professional judgment. The liability is recorded net of any expected recoveries. The carrying amount of a liability is reviewed at each financial reporting date with any revisions to the amount previously recognized accounted for in the period in which revisions are made.

A contingency is disclosed if all of the above criteria are not met.

(r) Future accounting pronouncements

Standards effective beginning on or after April 1, 2022

Financial instruments

PS 3450 established recognition, measurement, and disclosure requirements for derivative and non-derivative financial instruments. The standard required fair value measurement of derivatives and equity instruments that are quoted in an active market; all other financial instruments can be measured at cost/amortized cost or fair value at the election of the government. Unrealized gains and losses are presented in a new statement of remeasurement gains and losses. There is the requirement to disclose the nature and extent of risks arising from financial instruments and clarification is given for the de-recognition of financial liabilities.

This standard is effective for fiscal years beginning on or after April 1, 2022. Early adoption is permitted. The City has not yet determined the impact of this standard on its consolidated financial statements.

CORPORATION OF THE CITY OF CORNWALL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Future accounting pronouncements (Continued)

Asset Retirement Obligations

PS 3280 establishes standards on how to account for and report a liability for asset retirement obligations ("ARO"). As asset retirement obligations associated with landfills are included in the scope of PS 3280, PS 3270 Solid Waste Landfill Closure and Post-Closure Liability will be withdrawn. The main features of this standard are as follows:

- An ARO represents a legal obligation associated with the retirement of a tangible capital asset.
- Asset retirement costs increase the carrying amount of the related tangible capital asset and are expensed in a rational and systematic manner.
- When an asset is no longer in productive use, the associated asset retirement costs are expensed.
- Measurement of the ARO liability should result in the best estimate of the amount required to retire a tangible capital asset at the financial statement date.
- Subsequent measurement of the ARO liability results in either a change in the carrying amount of the related tangible capital asset or an expense. The accounting treatment depends on the nature of the remeasurement and whether the asset remains in productive use.

This standard is effective for fiscal years beginning on or after April 1, 2022. Early adoption is permitted. The City has not yet determined the impact of this standard on its consolidated financial statements.

2. ADJUSTMENT IN ADOPTION OF ACCOUNTING POLICY

The City adjusted its adoption of PSAB section 3250, retirement benefits, and section 3255 for non-vested benefits from previous years. The adoption required that the City's retirement benefits to be recorded and presented on the financial statements using an actuarial valuation of the accrued benefit obligation which was completed in the current year. As a result, the 2019 comparative financial statements were restated as follows:

Consolidated Statement of Financial Position	January 1, 2019 balances, as originally stated	Adjustment	January 1, 2019 balances, as restated
Future employment benefits	\$ 6,540,030	\$ 36,970,523	\$ 43,510,553
Net financial assets (liabilities)	13,633,899	(36,970,523)	(23,336,624)
Accumulated surplus	421,901,338	(36,970,523)	384,930,815
Amounts to be recovered for future employment benefits	6,540,030	36,970,523	43,510,553

Consolidated Statement of Financial Position and Financial Activities	December 31, 2019 balances, as originally stated	Adjustment	December 31, 2019 balances, as restated
Future employment benefits	\$ 7,298,161	\$ 37,851,083	\$ 45,149,244
Net financial liabilities	(3,567,629)	(37,851,083)	(41,418,712)
Accumulated surplus	415,354,296	(37,851,083)	377,503,213
Amounts to be recovered for future employment benefits	7,298,161	37,851,083	45,149,244
Operating expenditures	205,710,111	880,560	206,590,671

CORPORATION OF THE CITY OF CORNWALL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

3. OPERATION OF SCHOOL BOARDS

Further to note 1 (a) (iii), the City is required to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted, net of taxation write-offs and charity rebates, are summarized below:

	2020	2019
Taxation and user charges	\$ 14,661,060	\$ 12,921,584
Payments in lieu of taxes	4,386	4,303
	\$ 14,665,446	\$ 12,925,887

4. CONTRIBUTIONS TO JOINT BOARDS

Further to note 1 (a) (ii), the following contributions were made by the City to these boards:

	2020	2019
Eastern Ontario Health Unit	\$ 707,766	\$ 742,853
Raisin River Conservation Authority	540,368	524,941
	\$ 1,248,134	\$ 1,267,794

5. TRUST FUNDS

Further to note 1 (a) (iv), trust funds administered by the City were \$5,686,876 (2019 - \$5,611,921).

6. CASH

	2020	2019
Unrestricted	\$ 21,909,150	\$ 15,057,218
Restricted reserve funds	4,191,600	2,674,160
	\$ 26,100,750	\$ 17,731,378

7. ALLOWANCES FOR DOUBTFUL TAXES AND ACCOUNTS RECEIVABLE

The taxes receivable on the statement of financial position are net of an allowance for doubtful accounts of \$758,747 (2019 - \$572,399) and the accounts receivable are net of an allowance for doubtful accounts of \$321,820 (2019 - \$305,890).

8. LONG-TERM INVESTMENTS

Long-term investments are recorded at cost. The premium or discount on the purchase price is amortized over the life of the investments. The investments had a market value of \$54,489,468 as at December 31, 2020 (2019 - \$58,931,166).

The progress reserve fund of \$25,742,798 (2019 - \$25,649,612) includes restricted investments and cash that are invested in financial instruments in accordance with the Ontario Municipal Act, Regulation 438/97. The fair market value of the investments held in the progress fund at December 31, 2020 is \$25,321,184 (2019 - \$24,403,272).

CORPORATION OF THE CITY OF CORNWALL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

9. DEFERRED REVENUE, OBLIGATORY RESERVE FUNDS

The balances in the obligatory reserve funds of the City are summarized below:

	Safe Restart	Development Charges	Gas Tax	Parkland	2020	2019
Balance, beginning of year	\$ -	\$ 1,109,916	\$ 5,400,643	\$ 207,106	\$ 6,717,665	\$ 2,705,946
Grants received	9,024,224	-	3,504,233	-	12,528,457	6,494,920
Charges to developers	-	626,683	-	12,200	638,883	855,147
Interest earned	-	23,492	24,084	3,955	51,531	81,339
Transfer from operations	-	1,752,934	-	-	1,752,934	-
Transfer to operations	(7,397,946)	(21,853)	(732,007)	-	(8,151,806)	(671,425)
Transfer for capital acquisitions	-	(4,622,592)	(4,394,770)	(30,000)	(9,047,362)	(2,748,262)
Balance, end of year	\$ 1,626,278	\$ (1,131,420)	\$ 3,802,183	\$ 193,261	\$ 4,490,302	\$ 6,717,665

For the 2021 fiscal year, the expected development charges to be collected is \$1,000,000 and the committed funds to be utilized is \$2,263,900 over the term of the by-law for capital purposes. The expected federal and provincial gas tax funding to be received is \$3,613,281 and the committed funds to be utilized from the gas tax reserve fund is \$7,440,714 for specific projects. The expected contribution to the parkland reserve fund is \$1,000 and the committed funds to be utilized is \$100,000.

10. FUTURE EMPLOYMENT BENEFITS

Future employee benefit obligations of the City as at December 31, are as follows:

	2020	2019 <i>(restated Note 2)</i>
Non-pension retirement benefits (Note 10a)	\$ 33,395,700	\$ 32,335,800
Workplace Safety and Insurance Board benefits (Note 10b)	7,836,601	7,656,951
Accumulated sick leave benefits (Note 10c)	4,245,900	3,881,292
Vacation pay and police banked overtime (Note 10d)	1,643,238	1,275,201
	\$ 47,121,439	\$ 45,149,244

(a) Employee non-pension retirement benefits (Extended health care and dental benefits):

The City provides extended health care, dental and other benefits to its retired employees. Extended health care and dental benefits continue to be available to qualifying early retirees up to the age of 65 and benefits for life for retired police personnel who was hired before April 24, 2010, with the City generally being responsible for paying 100% of the benefit premiums.

An independent actuarial study of the employee non-pension retirement benefits has been undertaken. The most recent valuation of the employee future benefits was completed at December 31, 2020.

The accrued benefit obligation relating to employee non-pension retirement benefits has been actuarially determined using the projected benefit method pro-rated on services.

Actuarial gains and losses are amortized over the expected average remaining service life of the employees, which is estimated to be 11 years.

CORPORATION OF THE CITY OF CORNWALL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

10. FUTURE EMPLOYMENT BENEFITS (Continued)

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

Discount rate	3.00% per annum
Salary escalation	3.00% per annum
Dental benefits escalation	4.00% per annum
Health benefits escalation	5.95% per annum (reducing 0.09% per annum to reach 4.00% in 2041).

Information with respect to the City's non-pension retirement obligations is as follows:

	2020	2019 <i>(restated Note 2)</i>
Accrued benefit liability, beginning of the year	\$ 32,335,800	\$ 31,275,900
Expense recognized for the year	1,178,000	1,090,419
Interest cost	988,800	957,100
Benefits paid for the year	(1,106,900)	(987,619)
Accrued benefit liability, end of year	\$ 33,395,700	\$ 32,335,800

The breakdown of the obligation by employee group is as follows:

	2020	2019 <i>(restated Note 2)</i>
Non-Union	\$ 2,760,200	\$ 2,672,598
CUPE 3251	2,551,900	2,470,909
CUPE 234	1,553,400	1,504,099
CUPE 5734	1,079,300	1,045,046
CUPE 1792	844,600	817,794
ATU 946	480,100	464,863
Fire	2,288,600	2,215,965
Police	21,837,600	21,144,526
Total	\$ 33,395,700	\$ 32,335,800

(b) Workplace Safety & Insurance Board Act:

In common with other Schedule 2 employers, the City funds its obligations to the Workplace Safety and Insurance Board on a "pay-as-you-go" basis for employees under Schedule 2. The most recent valuation of this obligation was completed at December 31, 2020.

The accrued benefit obligation relating to Workplace Safety and Insurance Board has been actuarially determined using the projected benefit method pro-rated on services.

Actuarial gains and losses are amortized over the expected average remaining service life of the employees, which is estimated to be 11 years.

CORPORATION OF THE CITY OF CORNWALL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

10. FUTURE EMPLOYMENT BENEFITS (Continued)

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

Discount rate	3.00% per annum
Inflation rate	2.00% per annum
Loss of earnings	1.00% per annum
Administration costs	25% of benefit costs

Information with respect to the City's Workplace Safety and Insurance Board future payments, as determined by actuarial valuation, is as follows:

	2020	2019
		<i>(restated Note 2)</i>
Accrued benefit liability, beginning of the year	\$ 7,656,951	\$ 7,477,300
Expense recognized for the year	897,950	812,950
Interest cost	198,200	192,000
Benefits paid for the year	(916,500)	(825,299)
Accrued benefit liability, end of year	\$ 7,836,601	\$ 7,656,951

(c) Accumulated sick leave benefits:

An independent actuarial study of the sick leave benefits has been undertaken. The most recent valuation of the employee future benefits was completed at December 31, 2020.

The accrued benefit obligation relating to sick leave benefits has been actuarially determined using the projected benefit method pro-rated on services.

Actuarial gains and losses are amortized over the expected average remaining service life of the employees, which is estimated to be 13 years.

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

Discount rate	3.00% per annum
Salary escalation	3.00% per annum

Information with respect to the City's sick leave obligation, as determined by actuarial valuation, is as follows:

	2020	2019
		<i>(restated Note 2)</i>
Accrued benefit liability, beginning of the year	\$ 3,881,292	\$ 3,570,872
Expense recognized for the year	576,508	353,420
Interest cost	128,600	65,700
Benefits paid for the year	(340,500)	(108,700)
Accrued benefit liability, end of year	\$ 4,245,900	\$ 3,881,292

CORPORATION OF THE CITY OF CORNWALL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

10. FUTURE EMPLOYMENT BENEFITS (Continued)

The breakdown of the obligation by department is as follows:

	2020	2019 <i>(restated Note 2)</i>
Fire	2,408,300	2,201,492
Police	1,837,600	1,679,800
	4,245,900	3,881,292

(d) Vacation payable and police banked overtime

Vacation payable and police banked overtime are owing to employees which was earned during employment and is expected to be utilized by employees or paid to them during next fiscal year. Any unused portion of vacation payable and banked overtime carry forward from one fiscal year to the next is allowed under the respective collective bargaining agreement or was approved by management for non-unionized employees.

11. PENSION AGREEMENTS

The City makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of approximately 600 members of its staff. 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. Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the City does not recognize any share of the OMERS pension deficit of \$3.2 billion (2019 - \$3.4 billion) in these consolidated financial statements.

The City contributed \$5,890,363 (2019 - \$5,613,312) to OMERS during the year and are included as expenditures on the consolidated statement of financial activities:

12. ACCRUED LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The City records and presents future landfill closure and post-closure costs as a liability pursuant to the the public sector accounting standards. This standard states that the costs related to closing of the solid waste landfill sites and post-closure care are to be accrued as the sites' capacities are used.

The City owns and operates one open landfill site and it owns and monitors one closed landfill site. The open site has an estimated remaining life of 12 years, which represents 32% of total estimated remaining capacity. Post-closure care is estimated to be required for 50 years from the date of site closure. The liability for closure of the open site and post-closure care has been recognized based on the usage of the site's capacity during the year. The costs were based upon the 2020 budget and inflation adjusted at 2% per annum to the estimated year of closure. These costs were then discounted to December 31, 2020 using a discount rate of 3.5% after considering the City's borrowing rate of 3% over a term of 15 years.

The liability for closure and post-closure care as at December 31, 2020 is \$17,976,873 (2019 - \$16,705,319) based on the capacity utilized. Estimated expenditures for closure and post-closure care is expected to be \$37,881,362 and the remaining liability to be recognized is \$19,904,489.

A portion of the liability is funded by the landfill reserve fund of \$NIL (2019 - \$NIL). The remaining portion of the liability is expected to be funded through budget allocations over the remaining life of the landfill.

The reported liability is based on estimates and assumptions using the best information available at the end of the reporting period. Future events, such as changes to regulatory requirements, may result in significant changes to the estimated total liability and will be recognized prospectively, as a change in estimate.

CORPORATION OF THE CITY OF CORNWALL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

13. NET LONG-TERM LIABILITIES

(a) The total long-term liabilities reported on the consolidated statement of financial position are those incurred by the City, including municipal enterprises. Net long-term liabilities, issued in the name of the City of Cornwall, include the following amounts:

	2020	2019
Bank loans (Note 13e)	\$ 39,799,134	\$ 37,602,109
Capital lease obligations	-	46,733
Cornwall and Area Housing Corporation (Note 13c)	2,946,037	3,564,107
Internal loans from reserve funds (Note 13d)	3,679,118	3,769,808
	46,424,289	44,982,757
Less: Internal loans from reserve funds	(3,679,118)	(3,769,808)
	\$ 42,745,171	\$ 41,212,949

Repayment of long-term debt, assuming the loans are renewed under the same terms and conditions, is as follows:

	2021	\$ 5,913,000
	2022	5,966,700
	2023	5,181,100
	2024	5,058,237
	2025	3,387,800
	Thereafter	17,238,334
		\$ 42,745,171

(b) Of the net long-term liabilities reported in (a) of this note, principal payments are payable from the following sources:

	2021 to 2025	Thereafter
General taxation revenues	\$ 11,658,508	\$ 4,635,296
User fees	6,225,712	7,656,510
Provincial grant revenues	4,344,783	452,291
Reserves and reserve funds	3,277,834	4,494,237
	\$ 25,506,837	\$ 17,238,334

(c) Net long-term liabilities of Cornwall and Area Housing Corporation pertaining to the amalgamation with Cornwall Non-Profit Housing Corporation is \$2,946,037 as at December 31, 2020. The annual debt payments of the net long-term liabilities are to be funded from the Province of Ontario's Ministry of Municipal Affairs and Housing. Terms and conditions for these liabilities range from 1.12% to 6.13% with maturity dates due between February 2020 and April 2024 and are secured by specific assets.

(d) The City established two internal debt obligations by borrowing from reserve funds which are described as follows:

The City provided a mortgage to Cornwall and Area Housing Corporation in 2010 for \$2,403,333 and created an internal debt obligation from its reserve funds to finance the mortgage for the same amount, terms and conditions. The outstanding debt as at December 31, 2020 is \$1,679,118.

The City established an internal debt obligation from the reserve funds of \$2,000,000 to decrease the land reserve deficit by \$2,000,000 in 2014. The internal loans have been eliminated from these financial statements.

CORPORATION OF THE CITY OF CORNWALL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

13. NET LONG-TERM LIABILITIES (Continued)

(e) The bank loans reported in (a) of this note are as follows:

	2020	2019
Bank loan, Benson Centre, interest at 3.41%, repayable in monthly blended payments of \$59,951, due November 2032, secured by a general security agreement	\$ 7,038,462	\$ 7,509,794
Bank loan, Emergency Medical Service building, interest at 3.09%, repayable in monthly blended payments of \$10,820, due October 2027, secured by a general security agreement	799,082	902,421
Bank loan, post-employment payments, interest at 3.32%, repayable in monthly blended payments of \$20,099, due December 2023, secured by a general security agreement	688,020	902,414
Bank loan, municipal yard redevelopment, interest at 2.375%, repayable in monthly blended payments of \$8,846, due June 2035, secured by a general security agreement	5,058,083	298,884
Capital loans, interest between 1.57% and 4.35%, repayable in blended monthly payments between \$4,571 and \$16,822, due dates between June 2020 and November 2027, secured by general security agreements	16,581,404	17,900,009
Bank loan, Wastewater Treatment Plant, interest at 3.26%, repayable in blended monthly payments of \$64,707, due November 2036, secured by a general security agreement	9,634,083	10,088,587
	\$ 39,799,134	\$ 37,602,109

(f) Subsequent to year end, the City obtained loans totalling \$6,622,000 bearing interest at rates ranging between 2% and 3% with payment terms ranging between \$80,000 and \$307,000 annually over three to fifteen years.

14. CHARGES FOR NET LONG-TERM LIABILITIES

Total charges for the year for net long-term liabilities are as follows:

	2020	2019
Principal payments	\$ 5,430,778	\$ 4,906,816
Interest	1,307,288	1,317,740
	\$ 6,738,066	\$ 6,224,556

CORPORATION OF THE CITY OF CORNWALL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

15. LIABILITIES TO BE RECOVERED FROM FUTURE REVENUES

Liabilities to be recovered from future revenues are as follows:

	2020	2019 <i>(restated Note 2)</i>
Accrued interest on net long-term liabilities	\$ 33,501	\$ 33,501
Future employment benefits payable	47,121,439	45,149,244
Accrued landfill closure and post closure costs	17,976,873	16,705,319
Net long-term liabilities	42,745,171	41,212,949
Internal loans	2,000,000	2,000,000
	\$ 109,876,984	\$ 105,101,013

Sources of future revenues to finance liabilities are as follows:

	2020	2019 <i>(restated Note 2)</i>
General taxation revenues	\$ 79,136,962	\$ 71,731,587
User fees	13,882,222	15,116,743
Proceeds from the sale of land	2,000,000	2,000,000
Reserves and reserve funds	10,060,726	10,492,181
Provincial grant revenues	4,797,074	5,760,502
	\$ 109,876,984	\$ 105,101,013

16. OPERATING AND WATER WORKS AND WASTEWATER WORKS SURPLUSES AND DEFICITS

The operating surplus for the fiscal year ending December 31, 2020 was \$313,427 (2019 - surplus of \$277,075), of which \$48,427 was transferred to the working fund reserve and \$265,000 was transferred to the municipal buildings reserve.

The water works and wastewater works surplus for the fiscal year ending December 31, 2020 was \$542,029 (2019 - surplus of \$671,087), of which \$313,396 (2019 - \$442,737) was transferred to the water works working fund reserve and \$228,633 (2019 - \$228,350) was transferred to the wastewater works working fund reserve.

17. CAPITAL, RESERVE AND RESERVE FUNDS BUDGET FIGURES

Budgets established for capital funds, reserves and reserve funds are based on a project-oriented basis, the costs of which may be carried out over one or more years. Although they are not directly comparable with current year actual amounts, they have been reflected on the consolidated statement of operations. The budget figures have been approved by Council of the Corporation of the City of Cornwall on February 5, 2020.

The charges for long-term liabilities assumed by the non-consolidated entities are not reflected in these statements.

CORPORATION OF THE CITY OF CORNWALL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

18. RESERVES

Reserves set aside for specific purposes by Council and are as follows:

	2020	2019
Operating reserves		
Working funds	\$ 2,865,262	\$ 2,275,221
Tax stabilization	300,000	300,000
Winter control	325,719	325,719
Health and safety awareness	76,022	76,022
Municipal elections	90,000	45,000
Renaissance	118,827	88,827
Medical recruitment	713,522	611,495
	4,489,352	3,722,284
Capital reserves		
Waste management	543,013	487,755
Road infrastructure	(33,321)	320,167
Recreation facilities	163,007	220,082
Fire equipment	74,321	74,321
Land ambulance	685,575	465,545
Land reserve	(1,979,573)	(2,206,666)
Equipment and vehicles	900,736	274,434
Municipal buildings	2,355,888	870,958
Social housing	261,865	249,467
	2,971,511	756,063
Restricted reserves (Municipal funded)		
Water works	4,971,644	4,484,436
Wastewater works	3,757,598	3,781,510
Brownfields	557,914	576,468
Heart of the City	(110,255)	(132,722)
WSIB	2,288,654	2,068,404
Building reserve	972,792	813,353
Waterfront development	240,000	240,000
Downtown and Le Village business improvement areas	33,000	30,000
	12,711,347	11,861,449
Restricted reserves (Externally funded)		
Employment Assistance	641,357	641,357
Social housing providers	2,441,489	2,318,002
Child care	95,393	95,393
Consolidated homelessness	39,927	39,927
	3,218,166	3,094,679
	\$ 23,390,376	\$ 19,434,475

For the 2021 fiscal year, the committed funds to be transferred from reserves are \$7,005,019 and the committed funds to be transferred to reserves are \$5,862,099.

CORPORATION OF THE CITY OF CORNWALL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

19. RESERVE FUNDS

Reserve funds are set aside for specific purposes by Council, regulation or agreement. The activity during the year is as follows:

	January 1, 2020 Balance	Current Year Transactions	December 31, 2020 Balance
Progress Fund			
Balance of proceeds on sale of Cornwall Electric (1998)	\$ 25,000,000	\$ -	\$ 25,000,000
Interest revenue	20,761,088	465,931	21,227,019
Net transfers to current fund, current operations	(9,839,996)	(372,745)	(10,212,741)
Net transfers to capital fund, acquisition of tangible capital assets	(10,271,480)	-	(10,271,480)
	25,649,612	93,186	25,742,798
Other Reserve Funds			
Social Housing	4,526,222	2,207,579	6,733,801
Parking	122,146	6,867	129,013
Library	388,643	260,637	649,280
Cornwall Regional Airport Commission	15,310	-	15,310
Downtown investment	3,512,453	(12,453)	3,500,000
	\$ 34,214,386	\$ 2,555,816	\$ 36,770,202

For the 2021 fiscal year, eighty percent of the expected interest income from the progress fund of \$410,873 is committed to finance the principal and interest payments of the bank loan related to the construction of the Benson Centre. The committed funds to be transferred from the parking reserve fund is \$82,620.

20. GOVERNMENT GRANTS AND TRANSFER PAYMENTS

Government grants and transfer payments comprise of the following

	BUDGET 2020 (Note 17)	ACTUAL 2020	ACTUAL 2019
Operating purposes			
Federal	\$ 3,189,340	\$ 3,241,386	\$ 3,182,534
Provincial	59,465,637	64,372,795	60,027,505
	\$ 62,654,977	\$ 67,614,181	\$ 63,210,039
Capital purposes			
Federal	\$ 6,210,600	\$ 4,780,444	\$ 2,281,408
Provincial	5,065,000	1,620,826	2,562,221
	\$ 11,275,600	\$ 6,401,270	\$ 4,843,629

CORPORATION OF THE CITY OF CORNWALL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

21. EXPENDITURES BY OBJECT

Operating expenditures is summarized as follows:

	BUDGET 2020 (Note 17)	ACTUAL 2020	ACTUAL 2019 <i>(restated Note 2)</i>
Wages, salaries and benefits	\$ 89,560,003	\$ 88,256,984	\$ 87,358,493
Interest on long-term liabilities	1,411,390	1,307,288	1,317,740
Materials and services	21,973,872	21,444,698	20,665,926
Contracts and sub-contracts	16,711,664	20,225,016	18,227,617
Rents and financial expenses	30,948,348	30,367,037	43,792,759
Transfers to external parties	18,333,913	16,623,953	19,230,392
Amortization	16,325,653	16,295,134	15,997,744
	\$195,264,843	\$194,520,110	\$206,590,671

22. BUDGET AND OPERATING SURPLUS

The budget figures presented in these financial statements are based upon the 2020 operating and capital budgets that have been approved by Council of the Corporation of the City of Cornwall. Adjustments to the budgeted amounts were required to provide comparative budget amounts based on the full accrual basis of accounting under PSAB. The following schedule reconciles the budget and actual results presented in these financial statements to the approved operating budget for the year.

	BUDGET 2020 (Note 17)	ACTUAL 2020	ACTUAL 2019 <i>(restated Note 2)</i>
Annual Surplus (Deficit), Statement of Financial Activities	\$ 15,557,810	\$ 18,954,590	\$ (7,427,602)
Change in local board's surpluses for the year	(11,365)	(166,145)	(567,610)
Issuance of external long-term liabilities	14,323,096	6,963,000	3,045,000
Change in land inventory for resale surplus	-	262,903	(145,259)
Net transfers from reserves and reserve funds for capital acquisitions	2,185,500	2,658,209	2,755,767
Net transfer (to) from reserves and reserve funds for operating	(4,848,059)	(7,737,165)	(217,752)
Acquisition of tangible capital assets	(38,510,977)	(49,018,858)	(27,568,920)
Amortization of tangible capital assets	16,225,549	16,295,134	15,997,745
Loss on disposal and write-down of tangible capital assets	-	395,107	581,468
Transfer of tangible capital assets to land inventory for resale	-	-	250,000
Repayment of long-term liabilities	(5,595,114)	(5,430,778)	(4,906,816)
Change in surplus for future capital acquisitions	647,091	15,013,014	3,419,098
Revenue earned in reserves and reserve funds	(1,170,449)	(577,304)	(709,248)
Change in accrued landfill closure and post closure costs	1,196,918	1,271,554	14,803,601
Change in retirement benefits and accrued interest	-	1,972,195	1,638,690
Operating (deficit) surplus for the year	-	855,456	948,162
Transfer of operating surplus to reserves	-	(313,427)	(277,075)
Transfer of water works and wastewater works surplus to reserves	-	(542,029)	(671,087)
Operating surplus for the year	\$ -	\$ -	\$ -

CORPORATION OF THE CITY OF CORNWALL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

23. COMMITMENTS

The corporation has entered into various operating leases for vehicles, equipment and services. Anticipated payments over the next five years for operating lease commitments are:

	2021	\$	3,214,254
	2022	\$	3,197,518
	2023	\$	3,166,900
	2024	\$	3,106,038
	2025	\$	3,106,038
	Thereafter	\$	211,244
			\$ 16,001,992

24. CONTINGENT LIABILITIES

Legal action

The City is involved in various legal actions in the normal course of business. The City and its insurers are defending all actions against the City. In the opinion of management, the aggregate amount of any potential liability is not expected to have a material adverse effect on the City's financial position. Losses, if any, will be accounted for in the period they become determinable.

Contaminated sites

The City's *Municipal Real Property Registrar* identifies 362 roll numbers representing either individual or multiple land parcels owned by the City, of which 62 roll numbers were deemed to be non-productive or partially productive for PS 3260 purposes. On the basis of former land uses, 37 roll numbers were identified as having a possible environmental concern and 1 roll number which includes 4 land parcels known to be environmentally impacted. The estimated potential liability cost that includes undertaking various types of Environmental Site Assessments ("ESA") and remediation of the known impacted land is \$1,721,750. A liability has not been recorded in these financial statements because the City's expectation of future economic benefits being given up to remediate these sites is unlikely and the liability cost of remediation all 38 municipal properties cannot be determined.

Property assessment appeals and tax write-offs

The City prepares tax billings based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized in the period in which taxes are levied, net of any current year settlements and write-offs. The vacancy rebate and tax adjustment program Sections 357 and 364 of the *Municipal Act, 2001* provides tax relief to property owners where a building, or a portion of a building is vacant, is eligible for reclassification within the prescribed commercial and industrial property classes. These rebates and write-offs are recorded in the year the application is made and have been approved by all parties.

Each reassessment cycle and every taxation year, a number of appeals are filed by property owners with respect to the MPAC assigned current value assessment or property classification. Decisions from these appeals are known as Minutes of Settlements. Commercial and industrial appeals involve much higher assessments, require longer time frames to settle, and have a higher degree of complexity and risk. At any time, up to ten per cent of the City's assessment base can be involved in property tax appeals which may represent a significant financial risk. Adjustments made necessary by the determination of such appeals are recognized in the year that the property valuation is determined and the tax liability is agreed upon by all parties. In this same year, the effect is shared with the appropriate school boards.

CORPORATION OF THE CITY OF CORNWALL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

24. CONTINGENT LIABILITIES (Continued)

Actual amounts refunded related to the Minutes of Settlements for property assessment appeals, and vacancies and tax adjustments during the year, which were budgeted at \$1,000,000 (2019 - \$1,500,000) are as follows:

	2020	2019
Tax refunds related to Minutes of Settlements	\$ 3,682,394	\$ 6,854,843
Tax refunds related to vacancies and adjustments	46,117	138,326
	\$ 3,728,511	\$ 6,993,169

These amounts have been recorded against taxation revenue on the statement of financial activities. As a contingency to the exposure of property assessment at risk, the City budgets annually for tax write-offs and has set up a Tax Stabilization Reserve as a means to add consistency to the level of taxation.

25. SIGNIFICANT EVENT

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the City as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

As of the date of these financial statements, the City has experienced impacts from the pandemic but has strived to provide the same level of service to the extent possible. During the initial wave of the pandemic, being March 10 to June 2020, Council opted to provide property tax relief for residents in the form of deferring the due date on interim levy installments by one month and waiving interest and penalties on late property tax payments to June 16.

There were significant decreases in revenues and expenses in the recreation and cultural services and social and family services segments as a result of the outbreak.

Furthermore, the City has received funding as part of the Federal-Provincial Safe Restart Agreement to support COVID-19 operating costs and pressures (Note 9). Administration and Council continue to monitor the COVID-19 matters and their effect on the City on an on-going basis. The full extent of the future impact of COVID-19 on the City remains unknown.

26. SEGMENTED INFORMATION

The City is responsible for providing a range of services to its citizens. For management reporting purposes the City's operations and activities are organized and reported by department. These departments are reported by functional area in the body of the financial statements similar to reporting reflected in the Ontario Financial Information Return. These functional areas represent segments for the City and expended disclosure by object has been reflected in the schedule of segmented disclosure.

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.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1. A brief description of each segment follows:

CORPORATION OF THE CITY OF CORNWALL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

26. SEGMENTED INFORMATION (Continued)

(a) General government

General government includes corporate services and governance of the City. Administration as a segment includes operating and maintaining city-owned buildings, human resource management, legal, communications, information systems and technology, 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

Protection services include police, fire protection, conservation authority, protective inspection and control and emergency measures. 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.

(c) Transportation services

Transportation services include administration and operation of traffic, parking, transit and airport services for the City. In addition, services are provided for the winter and summer road maintenance along with the repair and construction of the City roads system including bridges and culverts, as well as operation and maintenance of a fleet of vehicles and equipment for use in providing services to the City.

(d) Environmental services

Environmental services include solid waste collection, disposal, recycling, and storm sewer services. Environmental services also include the operation of water and wastewater facilities and infrastructure for the collection and distribution of both water and wastewater services within the City.

(e) Health services

Health services provide emergency medical services, land ambulance and funding for local public health organizations.

(f) Social and family services

Social and family services provide a long-term care home at the Glen-Stor-Dun Lodge, and administration of provincial programs such as social assistance and subsidized child care.

(g) Social housing

Social and family services provide housing services for geared to income individuals in the City and for the United Counties of Stormont, Dundas and Glengarry.

(h) Recreation and cultural services

Recreation and cultural services provide services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including parks, recreation programs, recreation facilities, libraries, museums and other cultural services and activities.

(i) Planning and development

Planning and development manages development for business interests, environmental concerns, heritage matters, local neighbourhoods and community development. It also facilitates economic development by providing services for the approval of all land development plans and the application and enforcement of the zoning by-law and official plan.

CORPORATION OF THE CITY OF CORNWALL

FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2020

FINANCIAL ACTIVITIES (000's)

	2020	2019	2018	2017	2016
Revenues					
Taxation	\$ 74,111	\$ 69,006	\$ 72,597	\$ 68,050	\$ 67,714
Government grants and transfers	67,614	63,210	64,298	62,038	60,129
Revenue from other municipalities	8,607	7,793	7,314	7,637	7,312
Fees and service charges	44,702	47,058	44,267	42,783	40,689
Investment income	1,336	1,995	1,712	1,246	1,085
Licenses and permits	1,477	2,226	836	724	1,123
Fines and penalties	554	576	605	634	604
Donations and other revenue	278	90	22	163	61
	198,679	191,954	191,651	183,275	178,717
Expenditures					
General government	14,357	9,941	9,354	8,755	8,628
Protection to persons and property	34,929	34,677	31,735	31,122	30,795
Transportation services	24,272	23,649	22,912	23,003	23,330
Environmental	22,129	34,506	18,741	18,550	18,431
Health services	15,429	14,781	14,105	14,379	13,724
Social and family services	43,632	48,308	48,723	46,430	47,191
Social housing	22,493	20,580	21,530	22,062	21,382
Recreation and cultural services	13,927	16,898	16,194	16,195	16,098
Planning and development	3,352	3,250	2,562	2,535	2,164
	194,520	206,590	185,856	183,031	181,743
Net surplus (deficit) before other items	4,159	(14,636)	5,795	244	(3,026)
Revenue for capital and other purposes	14,795	7,209	12,839	9,669	9,724
Annual surplus (deficit)	\$ 18,954	\$ (7,427)	\$ 18,634	\$ 9,913	\$ 6,698

PROPERTY TAXES BILLED (000's)

	2020	2019	2018	2017	2016
Own purposes	\$ 74,111	\$ 69,006	\$ 72,597	\$ 68,050	\$ 67,714
School boards	14,665	12,926	15,946	15,951	16,694
	\$ 88,776	\$ 81,932	\$ 88,543	\$ 84,001	\$ 84,408

CORPORATION OF THE CITY OF CORNWALL

FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2020

WEIGHTED TAXABLE ASSESSMENT (000's)

	2020	2019	2018	2017	2016
Residential and multi-residential	\$ 3,158,151	\$ 3,093,201	\$ 3,014,971	\$ 2,951,331	\$ 2,872,756
Commercial and industrial	1,963,676	1,965,134	1,931,620	1,848,128	1,981,683
	\$ 5,121,827	\$ 5,058,335	\$ 4,946,591	\$ 4,799,459	\$ 4,854,439
Residential and multi-residential	61.66%	61.15%	60.95%	61.49%	59.18%
Commercial and industrial	38.34%	38.85%	39.05%	38.51%	40.82%
	100.00%	100.00%	100.00%	100.00%	100.00%
Municipal residential tax rate	1.479%	1.467%	1.447%	1.409%	1.438%

FINANCIAL INDICATORS

	2020	2019	2018	2017	2016
Tax arrears					
Percentage of current levy	5 %	4 %	4 %	5 %	5 %
Percentage of total levy	4 %	3 %	3 %	4 %	4 %
Municipal debt	\$42,745,171	\$41,212,949	\$43,074,765	\$44,184,885	\$41,644,916
Municipal debt charges	\$ 6,560,848	\$ 6,025,612	\$ 5,675,544	\$ 5,078,272	\$ 3,531,235
Sustainability					
Financial assets to financial liabilities	0.64	0.69	1.17	1.08	1.05
Financial assets to current liabilities	2.18	2.92	3.17	3.17	2.91
Long-term debt to tangible capital assets	9.52 %	9.89 %	10.61 %	11.19 %	10.70 %
Flexibility					
Debt charges to operating revenue	3.30 %	3.14 %	2.96 %	2.77 %	1.98 %
Total operating revenue to taxable assessment	3.88 %	3.79 %	3.87 %	3.82 %	3.68 %
Vulnerability					
Operating grants and transfers to operating revenue	34.03 %	32.93 %	33.55 %	33.85 %	33.64 %
Total grants and transfers to total revenues	33.52 %	33.56 %	33.17 %	35.39 %	31.49 %
Reserve coverage					
Reserves to operating expenditures	12.02 %	9.41 %	11.22 %	9.64 %	9.41 %
Reserves to working capital	5.60	2.33	1.79	0.90	1.76

CORPORATION OF THE CITY OF CORNWALL

FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2020

SUMMARY OF ACCUMULATED SURPLUS

	2020	2019	2018	2017	2016
Operating surpluses (deficits)					
General operations	\$ -	\$ -	\$ -	\$ -	\$ -
Water and wastewater operations	-	-	-	-	-
Local boards	1,216,553	1,050,409	482,797	318,801	294,597
Land inventory held for resale	5,259,034	5,521,937	5,376,678	5,181,346	5,191,345
Capital surplus (Unfinanced capital outlay)	(9,379,488)	5,633,526	9,052,624	6,899,506	1,022,561
Liabilities to be recovered from future revenues	(67,819,833)	(64,790,478)	(48,555,676)	(11,696,716)	(12,148,838)
	(70,723,734)	(52,584,606)	(33,643,577)	702,937	(5,640,335)
Reserves	23,390,376	19,434,475	20,848,195	17,636,216	17,095,008
Reserve funds	36,770,202	34,214,386	33,681,272	32,948,974	32,693,200
Invested in tangible capital assets	407,020,959	376,438,958	364,044,926	351,979,942	349,206,086
	\$ 396,457,803	\$ 377,503,213	\$ 384,930,816	\$ 403,268,069	\$ 393,353,959