

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

**December 31, 2021**

# CORPORATION OF THE CITY OF CORNWALL

December 31, 2021

## CONTENTS

	Page
<b>MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS</b>	
<b>INDEPENDENT AUDITOR'S REPORT</b>	
<b>FINANCIAL STATEMENTS</b>	
Consolidated Statement of Financial Position	1
Consolidated Statement of Financial Activities	2
Consolidated Statement of Change in Net Financial Liabilities	3
Consolidated Statement of Cash Flows	4
Consolidated Schedule of Tangible Capital Assets	5-6
Consolidated Schedule of Accumulated Surplus	7
Consolidated Schedule of Change in Accumulated Surplus	8
Consolidated Schedule of Segmented Disclosure	9
Notes to the Consolidated Financial Statements	10-30

# 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, 2022



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, 2021, and the consolidated statements of operations, changes in net financial liabilities 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the City as at December 31, 2021, and the results of its consolidated operations, 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 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.

## 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, 2022

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

**CORPORATION OF THE CITY OF CORNWALL**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at December 31, 2021

2021                      2020

**NET FINANCIAL LIABILITIES**

**Assets**

Cash (Note 5)	\$ 45,313,419	\$ 26,100,750
Taxes receivable (Note 6)	2,578,256	3,335,060
Accounts receivable (Note 6)	12,904,163	8,300,704
User charges receivable	1,474,456	1,643,178
Due from other municipalities and school boards	474,836	917,361
Land inventory for resale	4,951,000	5,259,034
Long-term investments (Note 7)	48,608,789	52,237,143
	<b>116,304,919</b>	<b>97,793,230</b>

**Liabilities**

Accounts payable	34,278,583	37,188,208
Deferred revenue	3,693,988	3,103,533
Deferred revenue, obligatory reserve funds (Note 8)	5,524,942	4,490,302
Future employment benefits (Note 9)	48,508,814	47,121,439
Accrued landfill closure and post closure costs (Note 11)	21,211,576	17,976,873
Net long-term liabilities (Note 12)	50,449,307	42,745,171
	<b>163,667,210</b>	<b>152,625,526</b>

<b>Net Financial Liabilities</b>	<b>(47,362,291)</b>	<b>(54,832,296)</b>
----------------------------------	---------------------	---------------------

**NON-FINANCIAL ASSETS**

Tangible capital assets	465,978,969	449,078,110
Inventory	460,891	455,986
Prepaid expenses	1,565,337	1,756,003
<b>Non-Financial Assets</b>	<b>468,005,197</b>	<b>451,290,099</b>

**ACCUMULATED SURPLUS**

<b>Accumulated Surplus</b>	<b>\$ 420,642,906</b>	<b>\$ 396,457,803</b>
----------------------------	-----------------------	-----------------------

**CORPORATION OF THE CITY OF CORNWALL**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

For the year ended December 31, 2021

	BUDGET 2021 (Note 16)	ACTUAL 2021	ACTUAL 2020
<b>REVENUE</b>			
Taxation and payments in lieu	\$ 78,647,495	\$ 78,514,736	\$ 74,110,778
Government grants and transfers (Note 19)	63,843,718	67,758,354	67,614,181
Revenue from other municipalities	9,497,229	9,355,756	8,607,348
Fees and services	46,685,812	48,353,169	44,702,432
Investment income	993,445	995,666	1,336,362
Licences and permits	1,326,900	1,994,056	1,477,409
Fines and penalties	575,000	700,880	553,623
Other revenue	7,500	84,863	278,065
	<b>201,577,099</b>	<b>207,757,480</b>	198,680,198
<b>EXPENDITURE</b>			
General government	9,551,119	14,222,410	14,357,131
Protection to persons and property	34,371,452	36,352,619	34,928,599
Transportation services	26,095,348	23,946,067	24,113,724
Environmental services	21,254,159	24,489,287	22,287,464
Health services	16,335,460	16,977,890	15,429,177
Social and family services	49,513,034	43,442,226	43,631,924
Social housing	21,679,205	24,610,312	22,493,046
Recreation and cultural services	16,583,723	15,222,050	13,927,053
Planning and development	2,941,306	2,352,071	3,351,992
	<b>198,324,806</b>	<b>201,614,932</b>	194,520,110
<b>NET SURPLUS BEFORE OTHER ITEMS</b>	<b>3,252,293</b>	<b>6,142,548</b>	4,160,088
<b>OTHER REVENUE FOR CAPITAL AND OTHER PURPOSES</b>			
Government grants and transfers (Note 19)	8,060,340	11,316,969	6,401,270
Fees, services and other	2,328,130	3,867,071	4,824,772
Contributions from developers and donations	-	3,300,492	3,963,567
Loss on disposal and write-down of tangible capital assets	-	(441,977)	(395,107)
	<b>10,388,470</b>	<b>18,042,555</b>	14,794,502
<b>ANNUAL SURPLUS</b>	<b>13,640,763</b>	<b>24,185,103</b>	18,954,590
<b>ACCUMULATED SURPLUS, beginning of year</b>	<b>396,457,803</b>	<b>396,457,803</b>	377,503,213
<b>ACCUMULATED SURPLUS, end of year</b>	<b>\$ 410,098,566</b>	<b>\$ 420,642,906</b>	\$ 396,457,803

See Accompanying Notes

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

For the year ended December 31, 2021

	BUDGET 2021 (Note 16)	ACTUAL 2021	ACTUAL 2020
Annual surplus	\$ 13,640,763	<b>\$ 24,185,103</b>	\$ 18,954,590
Amortization of tangible capital assets	16,831,993	<b>17,824,535</b>	16,295,134
Acquisition of tangible capital assets	(47,959,159)	<b>(35,167,371)</b>	(49,018,858)
Disposal and write-down of tangible capital assets	-	<b>441,977</b>	395,107
Change in inventory	-	<b>(4,905)</b>	(36,403)
Change in prepaid expenses	-	<b>190,666</b>	(3,154)
Decrease (increase) in net financial liabilities	(17,486,403)	<b>7,470,005</b>	(13,413,584)
Net financial liabilities, beginning of year	(54,832,296)	<b>(54,832,296)</b>	(41,418,712)
Net financial liabilities, end of year	\$(72,318,699)	<b>\$(47,362,291)</b>	\$(54,832,296)

See Accompanying Notes



**CORPORATION OF THE CITY OF CORNWALL**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended December 31, 2021

	2021	2020
<b>CASH FROM OPERATING ACTIVITIES</b>		
Annual surplus	\$ 24,185,103	\$ 18,954,590
Items not affecting cash or equivalent		
Amortization expense	17,824,535	16,295,134
Disposal and write-down of tangible capital assets	441,977	395,107
Changes in non-cash working capital balances		
Taxes receivable	756,804	(700,096)
Accounts receivable	(4,603,459)	(2,246,464)
User charges receivable	168,722	(448,918)
Due from other municipalities and school boards	442,525	(769,209)
Land inventory for resale	308,034	262,903
Inventory	(4,905)	(36,403)
Prepaid expenses	190,666	(3,154)
Accounts payable	(2,909,625)	14,773,791
Deferred revenue	590,455	174,879
Deferred revenue, obligatory reserve funds	1,034,640	(2,227,363)
Future employment benefits	1,387,375	1,972,195
Accrued landfill closure and post closure costs	3,234,703	1,271,554
	<b>43,047,550</b>	<b>47,668,546</b>
<b>CASH FROM FINANCING ACTIVITIES</b>		
Proceeds received from long-term liabilities	16,239,000	6,963,000
Payments on long-term liabilities	(8,534,864)	(5,430,778)
	<b>7,704,136</b>	<b>1,532,222</b>
<b>CASH FROM INVESTING ACTIVITIES</b>		
Net change in long-term investments	3,628,354	8,187,462
<b>CASH USED IN CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(35,167,371)	(49,018,858)
<b>INCREASE IN CASH</b>	<b>19,212,669</b>	<b>8,369,372</b>
<b>CASH, beginning of year</b>	<b>26,100,750</b>	<b>17,731,378</b>
<b>CASH, end of year</b>	<b>\$ 45,313,419</b>	<b>\$ 26,100,750</b>

See Accompanying Notes

**CORPORATION OF THE CITY OF CORNWALL**

**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**

For the year ended December 31, 2021

	Land	Yard	Buildings	Road Network Infrastructure	Water and Wastewater Infrastructure	Machinery Equipment	Computer Hardware and Software	Vehicles	Office Furniture	Other	2021	2020
<b>Cost</b>												
Balance, beginning 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
Additions during the year	406,983	464,226	5,967,972	12,149,443	13,776,529	8,883,368	610,313	5,386,088	205,327	253,881	48,104,130	28,217,652
Disposals during the year	-	-	61,084	1,778,639	201,268	128,406	-	618,952	-	195,663	2,984,012	3,291,819
Assets in service, end of year	15,123,856	15,520,059	188,598,716	188,207,665	203,468,067	137,812,514	6,457,528	30,326,744	6,501,346	2,150,140	794,166,635	749,046,517
Assets under construction	-	37,039	6,737,557	1,668,710	5,578,917	1,473,639	890,367	166,272	-	-	16,552,501	29,489,260
Balance, end of year	15,123,856	15,557,098	195,336,273	189,876,375	209,046,984	139,286,153	7,347,895	30,493,016	6,501,346	2,150,140	810,719,136	778,535,777
<b>Accumulated Amortization</b>												
Balance, beginning 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
Amortization during the year	1,595	398,352	3,934,579	4,785,748	2,153,868	3,273,940	444,611	2,368,473	225,824	237,545	17,824,535	16,295,134
Amortization on disposals	-	-	57,513	1,460,270	81,231	128,406	-	618,952	-	195,663	2,542,035	2,896,712
Balance, end of year	82,150	7,427,907	86,371,231	79,442,604	49,759,390	94,914,005	4,836,909	15,879,661	4,755,315	1,270,995	344,740,167	329,457,667
<b>Net Book Value</b>	<b>\$ 15,041,706</b>	<b>\$ 8,129,191</b>	<b>\$ 108,965,042</b>	<b>\$ 110,433,771</b>	<b>\$ 159,287,594</b>	<b>\$ 44,372,148</b>	<b>\$ 2,510,986</b>	<b>\$ 14,613,355</b>	<b>\$ 1,746,031</b>	<b>\$ 879,145</b>	<b>\$ 465,978,969</b>	<b>\$ 449,078,110</b>

See Accompanying Notes

**CORPORATION OF THE CITY OF CORNWALL**

**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**

For the year ended December 31, 2021

	<b>General Government</b>	<b>Protection and Health</b>	<b>Municipal Works</b>	<b>Environmental Services</b>	<b>Water and Wastewater</b>	<b>Recreation and Cultural</b>	<b>Social and Family Services</b>	<b>2021</b>	<b>2020</b>
<b>Cost</b>									
Balance, beginning 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
Additions during the year	258,350	1,296,747	24,110,712	1,598,840	17,576,924	1,740,571	1,521,986	48,104,130	28,217,652
Disposals during the year	-	453,236	2,073,548	-	209,679	247,549	-	2,984,012	3,291,819
<b>Assets in service, end of year</b>	<b>3,395,621</b>	<b>21,466,245</b>	<b>247,086,804</b>	<b>6,477,338</b>	<b>342,849,900</b>	<b>77,423,257</b>	<b>95,467,470</b>	<b>794,166,635</b>	<b>749,046,517</b>
Assets under construction	890,367	467,038	7,016,683	296,404	5,578,917	1,610,249	692,843	16,552,501	29,489,260
<b>Balance, end of year</b>	<b>4,285,988</b>	<b>21,933,283</b>	<b>254,103,487</b>	<b>6,773,742</b>	<b>348,428,817</b>	<b>79,033,506</b>	<b>96,160,313</b>	<b>810,719,136</b>	<b>778,535,777</b>
<b>Accumulated Amortization</b>									
Balance, beginning 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
Amortization during the year	197,459	1,479,826	7,064,454	173,878	4,645,349	2,132,887	2,130,682	17,824,535	16,295,134
Amortization on disposals	-	453,236	1,756,846	-	86,909	245,044	-	2,542,035	2,896,712
<b>Balance, end of year</b>	<b>2,633,034</b>	<b>13,574,492</b>	<b>105,262,608</b>	<b>1,758,534</b>	<b>126,518,564</b>	<b>37,072,534</b>	<b>57,920,402</b>	<b>344,740,167</b>	<b>329,457,667</b>
<b>Net Book Value</b>	<b>\$ 1,652,954</b>	<b>\$ 8,358,791</b>	<b>\$ 148,840,879</b>	<b>\$ 5,015,208</b>	<b>\$ 221,910,253</b>	<b>\$ 41,960,972</b>	<b>\$ 38,239,911</b>	<b>\$ 465,978,969</b>	<b>\$ 449,078,110</b>

See Accompanying Notes

**CORPORATION OF THE CITY OF CORNWALL**  
**CONSOLIDATED SCHEDULE OF ACCUMULATED SURPLUS**

For the year ended December 31, 2021

	2021	2020
<b>Operating surpluses (deficits)</b>		
Operating surplus (Note 15)	\$ -	\$ -
Water works and wastewater works surplus (Note 15)	-	-
Le Village Business Improvement Area surplus	9,224	39,370
Downtown Business Improvement Area surplus	78,311	41,124
Cornwall and Area Housing Corporation surplus	468,451	386,417
Cornwall Harbour Development Corporation surplus	444,292	378,201
Tourism Development Corporation of Cornwall	517,374	371,441
Land inventory for resale surplus	4,951,000	5,259,034
	<b>6,468,652</b>	<b>6,475,587</b>
Capital surplus (unfinanced capital outlay)	<b>3,860,543</b>	<b>(9,379,488)</b>
Liabilities to be recovered from future revenues (Note 14)		
Accrued interest on net long-term liabilities	<b>(33,501)</b>	(33,501)
Future employment benefits payable	<b>(48,508,814)</b>	(47,121,439)
Accrued landfill closure and post closure costs	<b>(21,211,576)</b>	(17,976,873)
Net-long term liabilities (Note 12d)	<b>(466,400)</b>	(688,020)
Internal loan for reserves	<b>(2,000,000)</b>	(2,000,000)
	<b>(72,220,291)</b>	<b>(67,819,833)</b>
<b>Net operating deficit</b>	<b>(61,891,096)</b>	<b>(70,723,734)</b>
<b>Reserves and reserve funds</b>		
Reserves (Note 17)	<b>28,341,649</b>	23,390,376
Reserve funds (Note 18)	<b>38,196,291</b>	36,770,202
<b>Total reserves and reserve funds</b>	<b>66,537,940</b>	<b>60,160,578</b>
<b>Invested in tangible capital assets</b>		
Tangible capital assets	<b>465,978,969</b>	449,078,110
Less: net long-term liabilities (Note 12d, 14)	<b>(49,982,907)</b>	(42,057,151)
<b>Total invested in tangible capital assets</b>	<b>415,996,062</b>	<b>407,020,959</b>
<b>ACCUMULATED SURPLUS</b>	<b>\$ 420,642,906</b>	<b>\$ 396,457,803</b>

See Accompanying Notes

**CORPORATION OF THE CITY OF CORNWALL**

**CONSOLIDATED SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS**

For the year ended December 31, 2021

	Operating Surpluses (Deficits)	Reserves and Reserve Funds	Invested in Tangible Capital Assets	2021	2020
<b>Balance, beginning of year</b>	<b>\$ (70,723,734)</b>	<b>\$ 60,160,578</b>	<b>\$ 407,020,959</b>	<b>\$ 396,457,803</b>	<b>\$ 377,503,213</b>
Annual surplus	23,715,094	470,009	-	24,185,103	18,954,590
Current year funds transferred to reserves and reserve funds	(12,447,242)	12,447,242	-	-	-
Reserves and reserve funds used for operating	1,457,230	(1,457,230)	-	-	-
Reserves and reserve funds used for tangible capital assets	-	(5,082,659)	5,082,659	-	-
Current year funds used for tangible capital assets	(43,324,739)	-	43,324,739	-	-
Prior year funds used for tangible capital assets	13,240,020	-	(13,240,020)	-	-
Annual amortization expense	17,824,535	-	(17,824,535)	-	-
Disposal of tangible capital assets	441,977	-	(441,977)	-	-
Proceeds from long-term debt for capital purposes	16,239,000	-	(16,239,000)	-	-
Long-term debt repaid for tangible capital assets	(8,313,237)	-	8,313,237	-	-
<b>Change in accumulated surplus</b>	<b>8,832,638</b>	<b>6,377,362</b>	<b>8,975,103</b>	<b>24,185,103</b>	<b>18,954,590</b>
<b>Balance, end of year</b>	<b>\$ (61,891,096)</b>	<b>\$ 66,537,940</b>	<b>\$ 415,996,062</b>	<b>\$ 420,642,906</b>	<b>\$ 396,457,803</b>

See Accompanying Notes

**CORPORATION OF THE CITY OF CORNWALL**  
**CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE**

For the year ended December 31, 2021

	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	2021	2020
<b>REVENUE</b>										
Taxation	\$ 4,659,200	\$ 34,658,337	\$ 14,052,799	\$ 2,880,746	\$ -	\$ 9,135,619	\$ 11,692,037	\$ 1,435,998	\$ 78,514,736	\$ 74,110,778
Government grants	7,058,765	9,472,045	1,679,580	629,940	-	48,036,616	632,057	249,351	67,758,354	67,614,181
Revenue from other municipalities	-	5,366,825	22,206	736,384	-	3,230,341	-	-	9,355,756	8,607,348
Fees and service	2,123,656	768,516	6,937,981	3,696,321	19,879,145	11,460,848	2,547,856	938,846	48,353,169	44,702,432
Investment income	857,913	-	-	-	-	-	137,753	-	995,666	1,336,362
Licenses and permits	109,213	1,884,843	-	-	-	-	-	-	1,994,056	1,477,409
Fines and penalties	605,208	-	-	-	95,672	-	-	-	700,880	553,623
Other revenue	64,237	7,500	-	-	-	-	13,126	-	84,863	278,065
	15,478,192	52,158,066	22,692,566	7,943,391	19,974,817	71,863,424	15,022,829	2,624,195	207,757,480	198,680,198
<b>EXPENSES</b>										
Wages, salaries and benefits	6,980,767	45,089,061	9,605,371	574,471	4,207,131	19,029,020	6,254,758	1,211,739	92,952,318	88,256,984
Interest on long-term liabilities	-	46,653	404,692	-	420,694	309,164	272,708	-	1,453,911	1,307,288
Materials and services	2,691,767	2,672,502	2,244,029	230,953	3,063,667	4,993,361	3,120,862	136,215	19,153,356	21,444,698
Contracts and sub-contracts	1,599,640	1,476,120	2,497,310	5,104,573	1,048,646	9,339,764	2,181,289	556,615	23,803,957	20,225,016
Rents and financial expenses	2,623,149	1,170,593	2,129,589	3,386,853	1,107,910	17,150,646	822,518	248,977	28,640,235	30,367,037
Transfers to external parties	131,619	1,395,755	-	502,923	22,243	15,099,900	437,653	196,527	17,786,620	16,623,953
Amortization	195,468	1,479,825	7,065,076	173,879	4,645,344	2,130,683	2,132,262	1,998	17,824,535	16,295,134
	14,222,410	53,330,509	23,946,067	9,973,652	14,515,635	68,052,538	15,222,050	2,352,071	201,614,932	194,520,110
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS</b>	1,255,782	(1,172,443)	(1,253,501)	(2,030,261)	5,459,182	3,810,886	(199,221)	272,124	6,142,548	4,160,088
<b>OTHER ITEMS</b>	-	31,703	9,776,859	5,361	2,598,067	1,895,970	434,103	3,300,492	18,042,555	14,794,502
<b>ANNUAL SURPLUS (DEFICIT) \$</b>	<b>1,255,782</b>	<b>\$ (1,140,740)</b>	<b>\$ 8,523,358</b>	<b>\$ (2,024,900)</b>	<b>\$ 8,057,249</b>	<b>\$ 5,706,856</b>	<b>\$ 234,882</b>	<b>\$ 3,572,616</b>	<b>\$ 24,185,103</b>	<b>\$ 18,954,590</b>

See Accompanying Notes

# **CORPORATION OF THE CITY OF CORNWALL**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended December 31, 2021

### **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 \$2,628,365 (2020 - \$2,691,324).

(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, 2021

### 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, 2021

### 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.

Development charges, collected under the authority of Sections 33 to 35 of the Development Charges Act, 1997, are reported as deferred revenue, obligatory reserve funds in the consolidated statement of financial position in accordance with PSAS. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period in which the funds are expended on qualifying capital projects. Development charges will also be applied to cover costs for servicing debt including interest on borrowings and contributions to sinking funds to retire debt.

(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.

# CORPORATION OF THE CITY OF CORNWALL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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, 2021

### 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) Segment disclosure

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The City has provided definitions of the segments used and presented financial information in segmented format in Note 25.

##### (s) Future accounting pronouncements

Significant new and amended 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 const/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, 2021

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) 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.

#### *Revenues*

PS 3400 Revenues establishes standards on how to account for and report on revenue by distinguishing between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. The main features of this Section are as follows:

- Performance obligations are enforceable promises to provide specific goods or services to a specific payor;
- Performance obligations can be satisfied at a point in time or over a period of time;
- The new standard outlines five indicators to determine if the revenue would be recognized over a period of time;
- Revenue from a transaction with a performance obligation(s) is recognized when, or as, the entity has satisfied the performance obligation(s); and
- Revenue from transactions with no performance obligation is recognized when a public sector entity has the authority to claim or retain an inflow of economic resources and a past event that gives rise to a claim of economic resources has occurred.

This standard is effective for annual financial statements relating to fiscal years beginning on or after April 1, 2023. Early application continues to be permitted. The City has not yet determined the impact of this standard on its consolidated financial statements.

#### *Public Private Partnerships*

PS 3160 Public Private Partnerships, which contains requirements for recognizing, measuring, and classifying infrastructure procured through a public private partnership PS 3160 applies when public private partnership infrastructure is procured by the public sector entity using a private sector partner that is obligated to:

- Design, build, acquire or better new or existing infrastructure;
- Finance the transaction past the point where the infrastructure is ready for use; and
- Operate and/or maintain the infrastructure.

Public private partnership infrastructure should be recognized as an asset when the public sector entity acquires control of the infrastructure. A liability, which could be in the form of a financial liability, a performance obligation, or a combination of both, should be recognized when the public private partnership recognizes an asset.

This new Section is effective for fiscal years beginning on or after April 1, 2023. Earlier application 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, 2021

**2. 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:

	<b>2021</b>	<b>2020</b>
Taxation and user charges	\$ 12,371,962	\$ 14,661,060
Payments in lieu of taxes	4,387	4,386
	<b>\$ 12,376,349</b>	<b>\$ 14,665,446</b>

**3. CONTRIBUTIONS TO JOINT BOARDS**

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

	<b>2021</b>	<b>2020</b>
Eastern Ontario Health Unit	\$ 725,525	\$ 707,766
Raisin River Conservation Authority	533,257	540,368
	<b>\$ 1,258,782</b>	<b>\$ 1,248,134</b>

**4. TRUST FUNDS**

Further to note 1 (a) (iv), trust funds administered by the City were \$5,449,794 (2020 - \$5,686,876).

**5. CASH**

	<b>2021</b>	<b>2020</b>
Unrestricted	\$ 41,159,155	\$ 21,909,150
Restricted reserve funds	4,154,264	4,191,600
	<b>\$ 45,313,419</b>	<b>\$ 26,100,750</b>

**6. 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 \$1,178,162 (2020 - \$758,747) and the accounts receivable are net of an allowance for doubtful accounts of \$179,769 (2020 - \$321,820).

**7. 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 \$48,679,903 as at December 31, 2021 (2020 - \$54,489,468).

The progress reserve fund of \$25,822,103 (2020 - \$25,742,798) 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, 2021 is \$25,070,374 (2020 - \$25,321,184).

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

For the year ended December 31, 2021

**8. 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	2021	2020
Balance, beginning of year	\$ 1,626,278	\$ (1,131,420)	\$ 3,802,182	\$ 193,262	\$ 4,490,302	\$ 6,717,665
Grants received	3,207,141	-	6,476,867	-	9,684,008	12,528,457
Development charges	-	990,196	-	-	990,196	638,883
Interest earned	2,466	-	30,870	990	34,326	51,531
Transfer from operations	-	520,814	-	-	520,814	1,752,934
Transfer to operations	(414,308)	-	(683,917)	-	(1,098,225)	(8,151,806)
Transfer for capital acquisitions	(2,603,138)	(3,421,545)	(2,971,796)	(100,000)	(9,096,479)	(9,047,362)
<b>Balance, end of year</b>	<b>\$ 1,818,439</b>	<b>\$ (3,041,955)</b>	<b>\$ 6,654,206</b>	<b>\$ 94,252</b>	<b>\$ 5,524,942</b>	<b>\$ 4,490,302</b>

As a means of funding capital projects, developer contributions were allocated as the funding source for the projects as approved by Council. There were not enough funds in developer contributions to fund these projects, so general City funds were used to temporarily finance these projects. Municipalities require most growth infrastructure to be constructed prior to the development occurring and therefore development charges are collected post expenditures resulting in the development charges obligatory reserve fund to be in a negative balance.

For the 2022 fiscal year, the expected development charges to be collected is \$1,100,000 and the committed funds to be utilized is 5,192,494 over the term of the by-law for capital purposes. The expected federal and provincial gas tax funding to be received is \$3,637,054 and the committed funds to be utilized from the gas tax reserve fund is \$9,234,526 for specific projects. The expected contribution to the parkland reserve fund is \$1,000 and the committed funds to be utilized is \$30,000.

**9. FUTURE EMPLOYMENT BENEFITS**

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

	2021	2020
Non-pension retirement benefits (Note 9a)	\$ 34,447,400	\$ 33,395,700
Workplace Safety and Insurance Board benefits (Note 9b)	8,018,900	7,836,601
Accumulated sick leave benefits (Note 9c)	4,325,100	4,245,900
Vacation pay and police banked overtime (Note 9d)	1,717,414	1,643,238
	<b>\$ 48,508,814</b>	<b>\$ 47,121,439</b>

(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 were 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, 2021.

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, 2021

**9. 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:

	2021	2020
Accrued benefit liability, beginning of the year	\$ 33,395,700	\$ 32,335,800
Expense recognized for the year	1,204,400	1,178,000
Interest cost	1,020,500	988,800
Benefits paid for the year	(1,173,200)	(1,106,900)
<b>Accrued benefit liability, end of year</b>	<b>\$ 34,447,400</b>	<b>\$ 33,395,700</b>

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

	2021	2020
Non-Union	\$ 2,776,000	\$ 2,760,200
CUPE 3251	2,608,800	2,551,900
CUPE 234	1,583,200	1,553,400
CUPE 5734	1,152,100	1,079,300
CUPE 1792	863,600	844,600
ATU 946	479,000	480,100
Fire	2,375,800	2,288,600
Police	22,608,900	21,837,600
<b>Total</b>	<b>\$ 34,447,400</b>	<b>\$ 33,395,700</b>

(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, 2021.

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, 2021

**9. 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:

	<b>2021</b>	2020
Accrued benefit liability, beginning of the year	\$ 7,836,601	\$ 7,656,951
Expense recognized for the year	841,900	897,950
Interest cost	246,700	198,200
Benefits paid for the year	(906,301)	(916,500)
<b>Accrued benefit liability, end of year</b>	<b>\$ 8,018,900</b>	<b>\$ 7,836,601</b>

(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, 2021.

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:

	<b>2021</b>	2020
Accrued benefit liability, beginning of the year	\$ 4,245,900	\$ 3,881,292
Expense recognized for the year	298,800	576,508
Interest cost	131,000	128,600
Benefits paid for the year	(350,600)	(340,500)
<b>Accrued benefit liability, end of year</b>	<b>\$ 4,325,100</b>	<b>\$ 4,245,900</b>



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

For the year ended December 31, 2021

**9. FUTURE EMPLOYMENT BENEFITS (Continued)**

The breakdown of the obligation by department is as follows:

	2021	2020
Fire	\$ 2,415,600	\$ 2,408,300
Police	1,909,500	1,837,600
	<b>\$ 4,325,100</b>	<b>\$ 4,245,900</b>

(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.

**10. 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 (2020 - \$3.4 billion) in these consolidated financial statements.

The City contributed \$6,076,227 (2020 - \$5,890,363) to OMERS during the year and are included as expenditures on the consolidated statement of financial activities:

**11. 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 2021 budget and inflation adjusted at 2% per annum to the estimated year of closure. These costs were then discounted to December 31, 2021 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, 2021 is \$21,211,576 (2020 - \$17,976,873) 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 \$16,669,786.

A portion of the liability is funded by the landfill reserve fund of \$100,000 (2020 - \$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, 2021

**12. 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:

	<b>2021</b>	<b>2020</b>
Bank loans (Note 12d)	<b>\$ 50,449,307</b>	\$ 42,745,171
Internal loans from reserve funds (Note 12c)	<b>3,580,378</b>	3,679,118
	<b>54,029,685</b>	46,424,289
Less: Internal loans from reserve funds	<b>(3,580,378)</b>	(3,679,118)
	<b>\$ 50,449,307</b>	\$ 42,745,171

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

	2022	\$ 7,078,200
	2023	6,368,100
	2024	5,635,800
	2025	4,782,600
	2026	3,960,500
	Thereafter	22,624,107
		<b>\$ 50,449,307</b>

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

	2022 to 2026	Thereafter
General taxation revenues	\$ 12,409,700	\$ 7,982,382
User fees	7,650,025	10,218,493
Provincial grant revenues	4,516,120	573,609
Reserves and reserve funds	3,249,355	3,849,623
	<b>\$ 27,825,200</b>	<b>\$ 22,624,107</b>

(c) 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, 2021 is \$1,580,378.

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, 2021

**12. NET LONG-TERM LIABILITIES (Continued)**

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

	2021	2020
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	\$ 6,551,544	\$ 7,038,462
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	692,429	799,082
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	466,400	688,020
Bank loans, municipal yard redevelopment, interest between 2.18% and 2.74%, repayable, in monthly blended payments between \$8,846 and \$32,590, due June 2036, secured by a general security agreement	8,559,035	5,058,083
Capital loans, interest between 1.10% and 3.30%, repayable in blended monthly payments between \$4,571 and \$22,765, due dates between September 2022 and December 2036, secured by general security agreements	22,543,355	16,581,404
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	9,164,544	9,634,083
Cornwall and Area Housing Corporation, interest between 1.57% to 2.28%, with maturity dates due between December 2023 and December 2027, secured by a general security agreement	2,472,000	2,946,037
	<b>\$ 50,449,307</b>	<b>\$ 42,745,171</b>

**13. CHARGES FOR NET LONG-TERM LIABILITIES**

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

	2021	2020
Principal payments	\$ 8,534,864	\$ 5,430,778
Interest	1,453,911	1,307,288
	<b>\$ 9,988,775</b>	<b>\$ 6,738,066</b>

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

For the year ended December 31, 2021

**14. LIABILITIES TO BE RECOVERED FROM FUTURE REVENUES**

Liabilities to be recovered from future revenues are as follows:

	<b>2021</b>	<b>2020</b>
Accrued interest on net long-term liabilities	\$ 33,501	\$ 33,501
Future employment benefits payable	48,508,814	47,121,439
Accrued landfill closure and post closure costs	21,211,576	17,976,873
Net long-term liabilities	50,449,307	42,745,171
Internal loans	2,000,000	2,000,000
	<b>\$ 122,203,198</b>	<b>\$ 109,876,984</b>

Sources of future revenues to finance liabilities are as follows:

	<b>2021</b>	<b>2020</b>
General taxation revenues	\$ 89,816,957	\$ 77,451,745
User fees	13,412,683	14,662,239
Proceeds from the sale of land	2,000,000	2,000,000
Reserves and reserve funds	11,883,829	10,620,568
Provincial grant revenues	5,089,729	5,142,432
	<b>\$ 122,203,198</b>	<b>\$ 109,876,984</b>

**15. OPERATING AND WATER WORKS AND WASTEWATER WORKS SURPLUSES AND DEFICITS**

The operating surplus for the fiscal year ending December 31, 2021 was \$2,173,254 (2020 - surplus of \$313,427), of which \$34,543 (2020 - \$48,427) was transferred to the working fund reserve; \$538,711 (2020 - \$265,000) was transferred to the municipal buildings reserve; \$800,000 (2020 - \$nil) was transferred to the recreation facilities reserve and \$800,000 (2020 - \$nil) was transferred to the waste management reserve.

The water works and wastewater works surplus for the fiscal year ending December 31, 2021 was \$1,145,332 (2020 - surplus of \$542,029), of which \$685,694 (2020 - \$313,396) was transferred to the water works working fund reserve and \$459,638 (2020 - \$228,633) was transferred to the wastewater works working fund reserve.

**16. 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, 2021.

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, 2021

**17. RESERVES**

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

	2021	2020
<b>Operating reserves</b>		
Working funds	\$ 3,328,664	\$ 2,865,262
Tax stabilization	300,000	300,000
Winter control	325,719	325,719
Health and safety awareness	76,022	76,022
Municipal elections	135,000	90,000
Renaissance	118,827	118,827
Medical recruitment	751,549	713,522
	<b>5,035,781</b>	<b>4,489,352</b>
<b>Capital reserves</b>		
Waste management	1,417,068	543,013
Road infrastructure	135,021	(33,321)
Recreation facilities	1,051,556	163,007
Fire equipment	93,474	74,321
Land ambulance	1,017,280	685,575
Land reserve	(1,974,997)	(1,979,573)
Equipment and vehicles	856,319	900,736
Municipal buildings	2,775,367	2,355,888
Social housing	261,865	261,865
	<b>5,632,953</b>	<b>2,971,511</b>
<b>Restricted reserves (Municipal funded)</b>		
Water works	5,075,349	4,971,644
Wastewater works	4,204,694	3,757,598
Brownfields	672,351	557,914
Heart of the City	(19,502)	(110,255)
WSIB	2,502,585	2,288,654
Building surplus (permits)	1,712,420	972,792
Waterfront development	240,000	240,000
Downtown and Le Village business improvement areas	67,200	33,000
	<b>14,455,097</b>	<b>12,711,347</b>
<b>Restricted reserves (Externally funded)</b>		
Employment Assistance	641,357	641,357
Social housing providers	2,441,141	2,441,489
Child care	95,393	95,393
Consolidated homelessness	39,927	39,927
	<b>3,217,818</b>	<b>3,218,166</b>
	<b>\$ 28,341,649</b>	<b>\$ 23,390,376</b>

For the 2022 fiscal year, the committed funds to be transferred from reserves are \$12,775,108 and the committed funds to be transferred to reserves are \$12,535,637.

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

For the year ended December 31, 2021

**18. 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, 2021 Balance	Current Year Transactions	December 31, 2021 Balance
<b>Progress Fund</b>			
Balance of proceeds on sale of Cornwall Electric (1998)	\$ 25,000,000	\$ -	\$ 25,000,000
Interest revenue	21,227,019	396,521	21,623,540
Net transfers to current fund, current operations	(10,212,741)	(317,216)	(10,529,957)
Net transfers to capital fund, acquisition of tangible capital assets	(10,271,480)	-	(10,271,480)
	25,742,798	79,305	25,822,103
<b>Other Reserve Funds</b>			
Social Housing	6,733,801	1,500,356	8,234,157
Parking	129,013	(19,470)	109,543
Library	649,280	(234,102)	415,178
Landfill	-	100,000	100,000
Cornwall Regional Airport Commission	15,310	-	15,310
Downtown investment	3,500,000	-	3,500,000
	\$ 36,770,202	\$ 1,426,089	\$ 38,196,291

For the 2022 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.

**19. GOVERNMENT GRANTS AND TRANSFER PAYMENTS**

Government grants and transfer payments comprise of the following

	BUDGET 2021 (Note 16)	ACTUAL 2021	ACTUAL 2020
<b>Operating purposes</b>			
Federal	\$ 2,925,772	\$ 2,926,771	\$ 3,241,386
Provincial	60,917,945	64,831,583	64,372,795
	\$ 63,843,717	\$ 67,758,354	\$ 67,614,181
<b>Capital purposes</b>			
Federal	\$ 6,038,440	\$ 4,891,120	\$ 4,780,444
Provincial	2,021,900	6,425,849	1,620,826
	\$ 8,060,340	\$ 11,316,969	\$ 6,401,270

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

For the year ended December 31, 2021

**20. EXPENDITURES BY OBJECT**

Operating expenditures is summarized as follows:

	BUDGET 2021 (Note 16)	ACTUAL 2021	ACTUAL 2020
Wages, salaries and benefits	\$ 91,434,782	\$ 92,952,318	\$ 88,256,984
Interest on long-term liabilities	1,443,120	1,453,911	1,307,288
Materials and services	21,917,626	19,153,356	21,444,698
Contracts and sub-contracts	18,088,650	23,803,957	20,225,016
Rents and financial expenses	31,000,775	28,640,235	30,367,037
Transfers to external parties	17,607,860	17,786,620	16,623,953
Amortization	16,831,993	17,824,535	16,295,134
	<b>\$198,324,806</b>	<b>\$201,614,932</b>	<b>\$194,520,110</b>

**21. BUDGET AND OPERATING SURPLUS**

The budget figures presented in these financial statements are based upon the 2021 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 2021 (Note 16)	ACTUAL 2021	ACTUAL 2020
<b>Annual Surplus (Deficit), Statement of Financial Activities</b>	\$ 13,640,763	\$ 24,185,103	\$ 18,954,590
Change in local board's surpluses for the year	20,572	(301,092)	(166,145)
Issuance of external long-term liabilities	23,141,160	16,239,000	6,963,000
Change in land inventory for resale surplus	-	308,034	262,903
Net transfers from reserves and reserve funds for capital acquisitions	5,439,800	5,082,659	2,658,209
Net transfer (to) from reserves and reserve funds for operating	(4,408,002)	(7,671,426)	(7,737,165)
Acquisition of tangible capital assets	(47,959,159)	(35,167,371)	(49,018,858)
Amortization of tangible capital assets	16,831,993	17,824,535	16,295,134
Loss on disposal and write-down of tangible capital assets	-	441,977	395,107
Repayment of Cornwall and Area Housing Corporation loans	-	(2,472,000)	-
Repayment of long-term liabilities	(6,714,965)	(6,062,874)	(5,430,778)
Change in surplus for future capital acquisitions	561,283	(13,240,031)	15,013,014
Revenue earned in reserves and reserve funds	(553,445)	(470,009)	(577,304)
Change in accrued landfill closure and post closure costs	-	3,234,702	1,271,554
Change in retirement benefits and accrued interest	-	1,387,379	1,972,195
Operating (deficit) surplus for the year	-	3,318,586	855,456
Transfer of operating surplus to reserves	-	(2,173,254)	(313,427)
Transfer of water works and wastewater works surplus to reserves	-	(1,145,332)	(542,029)
<b>Operating surplus for the year after year-end transfers</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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

For the year ended December 31, 2021

**22. 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:

	2022	\$ 3,214,254
	2023	\$ 3,197,518
	2024	\$ 3,166,900
	2025	\$ 3,106,038
	2026	\$ 3,106,038
	Thereafter	\$ 211,244
		\$ 16,001,992

**23. 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, 2021

**23. 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 (2020 - \$1,000,000) are as follows:

	2021	2020
Tax refunds related to Minutes of Settlements	<b>\$ 2,270,020</b>	\$ 3,682,394
Tax refunds related to vacancies and adjustments	<b>80,428</b>	46,117
	<b>\$ 2,350,448</b>	\$ 3,728,511

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.

**24. SIGNIFICANT EVENT**

During the current and prior 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.

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 8). 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.

**25. 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, 2021

### 25. 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, 2021

### FINANCIAL ACTIVITIES (000's)

	2021	2020	2019	2018	2017
<b>Revenues</b>					
Taxation	\$ 78,515	\$ 74,111	\$ 69,006	\$ 72,597	\$ 68,050
Government grants and transfers	67,758	67,614	63,210	64,298	62,038
Revenue from other municipalities	9,356	8,607	7,793	7,314	7,637
Fees and service charges	48,353	44,702	47,058	44,267	42,783
Investment income	996	1,336	1,995	1,712	1,246
Licenses and permits	1,994	1,477	2,226	836	724
Fines and penalties	701	554	576	605	634
Donations and other revenue	85	278	90	22	163
	207,758	198,679	191,954	191,651	183,275
<b>Expenditures</b>					
General government	14,222	14,357	9,941	9,354	8,755
Protection to persons and property	36,353	34,929	34,677	31,735	31,122
Transportation services	23,946	24,114	23,649	22,912	23,003
Environmental	24,489	22,287	34,506	18,741	18,550
Health services	16,978	15,429	14,781	14,105	14,379
Social and family services	43,442	43,632	48,308	48,723	46,430
Social housing	24,610	22,493	20,580	21,530	22,062
Recreation and cultural services	15,222	13,927	16,898	16,194	16,195
Planning and development	2,352	3,352	3,250	2,562	2,535
	201,614	194,520	206,590	185,856	183,031
<b>Net surplus (deficit) before other items</b>	6,144	4,159	(14,636)	5,795	244
<b>Revenue for capital and other purposes</b>	18,043	14,795	7,209	12,839	9,669
<b>Annual surplus (deficit)</b>	\$ 24,187	\$ 18,954	\$ (7,427)	\$ 18,634	\$ 9,913

### PROPERTY TAXES BILLED (000's)

	2021	2020	2019	2018	2017
Own purposes	\$ 78,515	\$ 74,111	\$ 69,006	\$ 72,597	\$ 68,050
School boards	12,977	14,665	12,926	15,946	15,951
	\$ 91,492	\$ 88,776	\$ 81,932	\$ 88,543	\$ 84,001

# CORPORATION OF THE CITY OF CORNWALL

## FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2021

### WEIGHTED TAXABLE ASSESSMENT (000's)

	2021	2020	2019	2018	2017
Residential and multi-residential	\$ 3,177,868	\$ 3,158,151	\$ 3,093,201	\$ 3,014,971	\$ 2,951,331
Commercial and industrial	1,951,576	1,963,676	1,965,134	1,931,620	1,848,128
	<b>\$ 5,129,444</b>	<b>\$ 5,121,827</b>	<b>\$ 5,058,335</b>	<b>\$ 4,946,591</b>	<b>\$ 4,799,459</b>
Residential and multi-residential	61.95%	61.66%	61.15%	60.95%	61.49%
Commercial and industrial	38.05%	38.34%	38.85%	39.05%	38.51%
	100.00%	100.00%	100.00%	100.00%	100.00%
Municipal residential tax rate	1.521%	1.479%	1.467%	1.447%	1.409%

### FINANCIAL INDICATORS

	2021	2020	2019	2018	2017
<b>Tax arrears</b>					
Percentage of current levy	3 %	5 %	4 %	4 %	5 %
Percentage of total levy	3 %	4 %	3 %	3 %	4 %
<b>Municipal debt</b>	\$50,449,307	\$42,745,171	\$41,212,949	\$43,074,765	\$44,184,885
<b>Municipal debt charges</b>	\$ 7,207,622	\$ 6,560,848	\$ 6,025,612	\$ 5,675,544	\$ 5,078,272
<b>Sustainability</b>					
Financial assets to financial liabilities	0.71	0.64	0.69	1.19	1.08
Financial assets to current liabilities	2.67	2.18	2.92	3.17	3.17
Long-term debt to tangible capital assets	10.83 %	9.52 %	9.89 %	10.61 %	11.19 %
<b>Flexibility</b>					
Debt charges to operating revenue	3.47 %	3.30 %	3.14 %	2.96 %	2.77 %
Total operating revenue to taxable assessment	4.05 %	3.88 %	3.79 %	3.87 %	3.82 %
<b>Vulnerability</b>					
Operating grants and transfers to operating revenue	32.61 %	34.03 %	32.93 %	33.55 %	33.85 %
Total grants and transfers to total revenues	30.91 %	31.35 %	32.43 %	31.42 %	32.76 %
<b>Reserve coverage</b>					
Reserves to operating expenditures	14.06 %	12.02 %	9.41 %	11.22 %	9.64 %
Reserves to working capital	0.97	5.60	2.33	1.79	0.90

# CORPORATION OF THE CITY OF CORNWALL

## FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2021

### SUMMARY OF ACCUMULATED SURPLUS

	2021	2020	2019	2018	2017
<b>Operating surpluses (deficits)</b>					
General operations	\$ -	\$ -	\$ -	\$ -	\$ -
Water and wastewater operations	-	-	-	-	-
Local boards	1,517,652	1,216,553	1,050,409	482,797	318,801
Land inventory held for resale	4,951,000	5,259,034	5,521,937	5,376,678	5,181,346
Capital surplus (Unfinanced capital outlay)	3,860,543	(9,379,488)	5,633,526	9,052,624	6,899,506
Liabilities to be recovered from future revenues	(72,220,291)	(67,819,833)	(64,790,478)	(48,555,676)	(11,696,716)
	(61,891,096)	(70,723,734)	(52,584,606)	(33,643,577)	702,937
<b>Reserves</b>	28,341,649	23,390,376	19,434,475	20,848,195	17,636,216
<b>Reserve funds</b>	38,196,291	36,770,202	34,214,386	33,681,272	32,948,974
<b>Invested in tangible capital assets</b>	415,996,062	407,020,959	376,438,958	364,044,926	351,979,942
	\$ 420,642,906	\$ 396,457,803	\$ 377,503,213	\$ 384,930,816	\$ 403,268,069