

Consolidated Financial Statements of

**THE CORPORATION OF THE
CITY OF CORNWALL**

Year ended December 31, 2022

THE CORPORATION OF THE CITY OF CORNWALL

Consolidated Financial Statements

Year ended December 31, 2022

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Independent Auditor's Report

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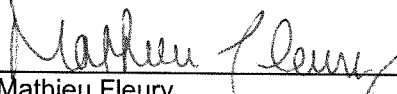
Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the City of Cornwall (the "City") are the responsibility of the City's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of significant accounting policies are described in note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.


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

Management meets with the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to Council approval of the consolidated financial statements.

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



Mathieu Fleury
Chief Administrative Officer



Tracey Bailey
General Manager, Financial Services
and Treasurer



KPMG LLP
863 Princess Street, Suite 400
Kingston, ON K7L 5N4
Canada
Telephone 613 549 1550
Fax 613 549 6349

INDEPENDENT AUDITOR'S REPORT

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 the Corporation of the City of Cornwall (the Entity), which comprise:

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

(Hereinafter referred to as the “financial statements”).

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

Basis for Opinion

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

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

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

Other Matter – Comparative Information

The financial statements as at and for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on July 12, 2022.



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.



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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. A horizontal line is drawn underneath the signature, extending from the left side of the 'K' towards the right.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

March 26, 2024

THE CORPORATION OF THE CITY OF CORNWALL

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash (note 5)	\$ 16,041,552	\$ 45,313,419
Taxes receivable (note 6)	3,466,196	2,578,256
Accounts receivable (note 6)	18,494,774	12,904,163
User charges receivable	1,595,431	1,474,456
Due from school boards	–	474,836
Inventories for resale	2,764,981	4,951,000
Investments (note 7)	87,181,185	48,608,789
	<u>129,544,119</u>	<u>116,304,919</u>
Financial liabilities:		
Accounts payable and accrued liabilities	44,826,558	33,563,884
Deferred revenue	7,745,016	4,745,982
Deferred revenue, obligatory reserve funds (note 8)	10,090,914	5,187,647
Future employment benefits (note 9)	49,885,379	48,508,814
Accrued landfill closure and post closure costs (note 11)	21,195,230	21,211,576
Net long-term liabilities (note 12)	47,146,944	50,449,307
	<u>180,890,041</u>	<u>163,667,210</u>
Net debt	(51,345,922)	(47,362,291)
Non-financial assets:		
Tangible capital assets (note 13)	486,018,289	465,978,969
Inventories for consumption	559,769	460,891
Prepaid expenses	1,897,999	1,565,337
Total non-financial assets	<u>488,476,057</u>	<u>468,005,197</u>
Commitments (note 16)		
Contingent liabilities (note 17)		
Accumulated surplus (Schedule 2)	<u>\$ 437,130,135</u>	<u>\$ 420,642,906</u>

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

THE CORPORATION OF THE CITY OF CORNWALL

Consolidated Statement of Operations and Accumulated Surplus

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

	Budget 2022	Actual 2022	Actual 2021
	(note 15)		
Revenue:			
Taxation and payments in lieu	\$ 82,871,981	\$ 83,999,257	\$ 78,514,736
Government grants and transfers (note 14)	66,673,435	68,660,740	67,758,354
Revenue from other municipalities	10,328,322	10,142,867	9,355,756
Fees and services	49,048,335	55,723,093	48,353,169
Investment income	528,000	2,597,771	995,666
Licenses and permits	1,520,337	1,696,143	1,994,056
Fines and penalties	615,000	697,628	700,880
Other	5,000	3,073,712	84,863
	211,590,410	226,591,211	207,757,480
Expenses (note 18):			
General government	10,906,413	13,047,298	14,222,410
Protection to persons and property	35,720,318	37,662,710	36,352,619
Transportation services	26,676,087	27,755,523	23,946,067
Environmental services	22,776,227	28,411,134	24,489,287
Health services	18,788,738	18,906,628	16,977,890
Social and family services	51,473,840	51,217,866	43,442,226
Social housing	21,008,650	22,781,832	24,610,312
Recreation and culture services	17,452,242	18,342,123	15,222,050
Planning and development	2,759,816	2,903,129	2,352,071
	207,562,331	221,028,243	201,614,932
Annual surplus before the undernoted	4,028,079	5,562,968	6,142,548
Other revenue (expenses) for capital purposes:			
Government grants and transfers (note 14)	12,426,030	8,703,205	11,316,969
Fees, services and other	308,370	559,471	3,867,071
Contributions from developers and donations	–	1,963,350	3,300,492
Loss on disposal and write-down of tangible capital assets	–	(301,765)	(441,977)
	12,734,400	10,924,261	18,042,555
Annual surplus	16,762,479	16,487,229	24,185,103
Accumulated surplus, beginning of year	420,642,906	420,642,906	396,457,803
Accumulated surplus, end of year	\$ 437,405,385	\$ 437,130,135	\$ 420,642,906

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

THE CORPORATION OF THE CITY OF CORNWALL

Consolidated Statement of Changes in Net Debt

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

	Budget 2022	Actual 2022	Actual 2021
	(note 15)		
Annual surplus	\$ 16,762,479	\$ 16,487,229	\$ 24,185,103
Amortization of tangible capital assets	16,105,802	17,327,848	17,824,535
Acquisition of tangible capital assets	(31,047,860)	(35,705,583)	(31,866,879)
Contributed tangible capital assets	–	(1,963,350)	(3,300,492)
Loss on disposal and write-down of tangible capital assets	–	301,765	441,977
Change in inventories for consumption	–	(98,878)	(4,905)
Change in prepaid expenses	–	(332,662)	190,666
Change in net debt	1,820,421	(3,983,631)	7,470,005
Net debt, beginning of year	(47,362,291)	(47,362,291)	(54,832,296)
Net debt, end of year	\$ (45,541,870)	\$ (51,345,922)	\$ (47,362,291)

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

THE CORPORATION OF THE CITY OF CORNWALL

Consolidated Statement of Cash Flows

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

	2022	2021
Operating activities:		
Annual surplus	\$ 16,487,229	\$ 24,185,103
Item not involving cash:		
Amortization of tangible capital assets	17,327,848	17,824,535
Loss on disposal and write-down of tangible capital assets	301,765	441,977
Contributed tangible capital assets	(1,963,350)	(3,300,492)
Future employment benefits	1,376,565	1,387,375
Accrued landfill closure and post-closure costs	(16,346)	3,234,703
Change in non-cash operating working capital:		
Taxes receivable	(887,940)	756,804
Accounts receivable	(5,590,611)	(4,603,459)
User charges receivable	(120,975)	168,722
Due from school boards	474,836	442,525
Inventories for resale	2,186,019	308,034
Inventories for consumption	(98,878)	(4,905)
Prepaid expenses	(332,662)	190,666
Accounts payable and accrued liabilities	11,262,674	(3,624,324)
Deferred revenue	2,999,034	1,642,449
Deferred revenue, obligatory reserve funds	4,903,267	697,345
	48,308,475	39,747,058
Financing activities:		
Proceeds received from long-term liabilities	3,776,000	16,239,000
Payments on long-term liabilities	(7,078,363)	(8,534,864)
	(3,302,363)	7,704,136
Investing activities:		
Net change in investments	(38,572,396)	3,628,354
Capital activities:		
Acquisition of tangible capital assets	(35,705,583)	(31,866,879)
Increase (decrease) in cash	(29,271,867)	19,212,669
Cash, beginning of year	45,313,419	26,100,750
Cash, end of year	\$ 16,041,552	\$ 45,313,419

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

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements

Year ended December 31, 2022

The Corporation of the City of Cornwall (the “City”) 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. Significant accounting policies:

The consolidated financial statements of the City are the representations of management and have been prepared in all material respects in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the City are as follows:

(a) Basis of presentation:

(i) Reporting entity:

These consolidated financial statements reflect the assets, liabilities, revenues, expenses, reserves and reserve funds and changes in investment in tangible capital assets 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:

- Cornwall Public Library Board
- 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

Effective January 1, 2022, the Cornwall and Area Housing Corporation amalgamated with the City.

- (ii) The Eastern Ontario Health Unit and the Raisin River Conservation Authority, which are joint boards, are not consolidated.
- (iii) The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these consolidated financial statements.
- (iv) Trust funds and their related operations administered by the City are not included in these consolidated financial statements.

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(b) Basis of accounting:

- (i) The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based on receipt of goods and services and/or the creation of a legal obligation to pay.
- (ii) 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.

(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"). Tax rates are established by the City Council, incorporating amounts to be raised for local services and amounts the City is required to collect on behalf of the Province of Ontario in respect of education taxes.

Taxation revenues are recorded at the time tax billings are issued. Adjustments to taxation revenues can occur during the year related to the issuance of supplementary tax billings and/or assessment appeals. These adjustments are recorded when the amount of the adjustments can be quantified. The City is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period in which the interest and penalties are applied.

(d) Government grants and transfer payments:

Government grants and transfer payments are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recorded as deferred revenue and recognized as revenue as the liability is extinguished.

(e) Deferred revenue:

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

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(e) Deferred revenue (continued):

The City also receives restricted contributions under the authority of Federal and Provincial legislation and City by-laws. Government transfers of Canada Community Building Fund (formerly Federal Gas Tax), Provincial Gas Tax, development charges collected under the Development Charges Act, 1997, and parkland collected under the Planning Act are restricted in their use, and until applied to applicable costs, are recorded as deferred revenue, obligatory reserve funds on the Consolidated Statement of Financial Position. These amounts are recognized as revenue in the fiscal year the services are performed, or related expenses incurred.

(f) Tangible capital assets:

Tangible capital assets are recorded at historical cost, which include 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:

Asset	Useful Life - Years
Land improvements	7 to 55 years
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
Other	5 to 25 years
Water and wastewater infrastructure:	
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
Road network and transportation infrastructure:	
Road base	100 years
Road surface	18 to 22 years
Bridges and structures	10 to 75 years

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

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.

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(f) Tangible capital assets (continued):

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the Consolidated Statement of Operations and Accumulated Surplus in the year of disposal.

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

(g) 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.

(h) Inventories:

Inventories are recorded at the lower of cost and replacement cost.

(i) Investments:

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

Investment income is recognized as revenue in the period earned. Investment income earned on deferred revenue, obligatory reserve funds is added to the fund balance and forms part of respective deferred revenue balances.

(j) 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.

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(k) Future employment benefits:

The City accounts for its participation in the Ontario Municipal Employees Retirement System (“OMERS”), a multi-employer public sector pension fund, as a defined contribution plan. As a result, the City does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements.

The City accrues its obligations for employee benefit plans, including post-employment extended health care and dental benefits, accumulated sick leave benefits and benefits under the Workplace Safety and Insurance Board (“WSIB”).

The cost of post-employment benefits earned by employees, including accumulated sick-leave benefits, 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.

The City is a Schedule 2 employer under the WSIB Act, and as such, assumes the responsibility for financing its workplace safety and insurance costs. The costs of the WSIB benefits earned by employees are actuarially determined.

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.

(l) Accrued landfill closure and post closure costs:

The City accrues landfill closure and post-closure care requirements that have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a fifty-year period from the date of closure using the best information available to management.

Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(m) Liability for contaminated sites:

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

A liability for remediation of contaminated sites is recognized when all of the following criteria are met.

- (a) an environmental standard exists;
- (b) contamination exceeds the environmental standard;
- (c) the City:
 - (i) is directly responsible; or
 - (ii) accepts responsibility
- (d) it is expected that future economic benefit will be given up; and
- (e) a reasonable estimate of the amount can be made.

(n) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Significant areas requiring the use of management's estimates include the actuarial assumptions used to develop the future employment benefits liability and the accrued landfill closure and post-closure costs liability. Actual results could differ from these estimates.

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

2. Operations of school boards:

The City collects and makes property tax transfers, including payments in lieu of taxes, to the school boards. The amounts collected and remitted are summarized below:

	2022	2021
Taxation and user charges	\$ 13,428,525	\$ 12,371,962
Payments in lieu of taxes	4,105	4,387
	<u>\$ 13,432,630</u>	<u>\$ 12,376,349</u>

3. Contributions to joint boards:

The City makes contributions to joint boards that are not consolidated, as follows:

	2022	2021
Eastern Ontario Health Unit	\$ 743,033	\$ 725,525
Raisin River Conservation Authority	552,064	533,257
	<u>\$ 1,295,097</u>	<u>\$ 1,258,782</u>

4. Trust funds:

Trust funds administered by the City amounting to \$5,309,306 (2021 - \$5,533,076) are presented in a separate statement of trust fund balances and operations. As such balances are held in trust by the City for the benefit of others, they are not presented as part of the City's financial position or financial activities.

5. Cash:

	2022	2021
Unappropriated cash	\$ 8,894,686	\$ 41,159,155
Restricted reserve funds	7,146,866	4,154,264
	<u>\$ 16,041,552</u>	<u>\$ 45,313,419</u>

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

6. Allowances for doubtful taxes and accounts receivable:

The taxes receivable on the Consolidated Statement of Financial Position are net of an allowance for doubtful accounts of \$845,742 (2021 - \$1,178,162) and the accounts receivable on the Consolidated Statement of Financial Position are net of an allowance for doubtful accounts of \$218,675 (2021 - \$179,769).

7. Investments:

Investments consist of:

	2022	2021
Cash	\$ 273,929	\$ 3,246,316
Deposit notes	28,967,712	25,203,550
Fixed income securities	39,069,961	–
Bonds	18,869,583	18,578,545
Other	–	1,580,378
	<u>\$ 87,181,185</u>	<u>\$ 48,608,789</u>

The fixed income securities are comprised of guaranteed investment certificates with interest rates ranging between 4.00% to 6.05% and maturity dates between January 2023 and November 2023.

The progress reserve fund of \$25,926,899 (2021 - \$25,822,103) 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, 2022 is \$23,658,598 (2021 - \$25,070,374).

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

8. Deferred revenue, obligatory reserve funds:

A requirement of public sector accounting is that obligatory reserve funds be reported as deferred revenues. This requirement is in place as Provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded.

The transactions for the year are summarized below:

	Safe Restart	Development Charges	Canada Community Building Fund	Provincial Gas Tax	Parkland	2022 Total	2021 Total
Balance, beginning of year	\$ 1,481,144	\$ (3,041,955)	\$ 6,588,028	\$ 66,178	\$ 94,252	\$ 5,187,647	\$ 4,490,302
Grants received	–	–	2,955,155	692,418	–	3,647,573	9,346,713
Development charges collected	–	1,990,476	–	–	–	1,990,476	1,421,010
Development charges replenished	–	4,485,769	–	–	–	4,485,769	–
Interest earned	–	35,072	89,510	–	1,450	126,032	34,326
Parkland collections	–	–	–	–	76,425	76,425	–
Transfer to operations	(1,481,144)	–	–	–	–	(1,481,144)	(1,098,225)
Transfer for capital acquisitions	–	(394,282)	(2,869,432)	(648,150)	(30,000)	(3,941,864)	(9,006,479)
Balance, end of year	\$ –	\$ 3,075,080	\$ 6,763,261	\$ 110,446	\$ 142,127	\$ 10,090,914	\$ 5,187,647

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

9. Future employment benefits:

Future employee benefit obligations of the City are as follows:

	2022	2021
Non-pension retirement benefits (note 9(a))	\$ 35,515,500	\$ 34,447,400
Workplace Safety and Insurance Board benefits (note 9(b))	8,195,900	8,018,900
Accumulated sick leave benefits (note 9(c))	4,410,500	4,325,100
Vacation pay and police banked overtime (note 9(d))	1,763,479	1,717,414
	<u>\$ 49,885,379</u>	<u>\$ 48,508,814</u>

(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.

The accrued benefit obligation relating to employee non-pension retirement benefits has been actuarially determined using the projected benefit method pro-rated on services. The most recent valuation of the employee future benefits was completed at December 31, 2020.

Actuarial gains and losses are amortized over the expected average remaining service life of the employees, which is estimated to be 11 years (2021 - 11 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
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)

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

9. Future employment benefits (continued):

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

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

	2022	2021
Accrued benefit liability, beginning of year	\$ 34,447,400	\$ 33,395,700
Expense recognized for the year	1,240,400	1,204,400
Interest cost	1,052,200	1,020,500
Benefits paid for the year	(1,224,500)	(1,173,200)
Accrued benefit liability, end of year	\$ 35,515,500	\$ 34,447,400

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

	2022	2021
Non-union	\$ 2,791,300	\$ 2,776,000
CUPE 3251	2,666,400	2,608,800
CUPE 234	1,624,200	583,200
CUPE 5734	1,224,300	1,152,100
CUPE 1792	879,100	863,600
ATU 946	480,700	479,000
Fire	2,450,100	2,375,800
Police	23,399,400	22,608,900
	\$ 35,515,500	\$ 33,447,400

- (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 accrued benefit obligation relating to Workplace Safety and Insurance Board has been actuarially determined using the projected benefit method pro-rated on services. The most recent valuation of this obligation was completed at December 31, 2020.

Actuarial gains and losses are amortized over the expected average remaining service life of the employees, which is estimated to be 11 years (2021 - 11 years).

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

9. Future employment benefits (continued):

(b) Workplace Safety & Insurance Board Act (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 is as follows:

	2022	2021
Accrued benefit liability, beginning of year	\$ 8,018,900	\$ 7,836,601
Expense recognized for the year	867,100	841,900
Interest cost	252,400	246,700
Benefits paid for the year	(942,500)	(906,301)
Accrued benefit liability, end of year	\$ 8,195,900	\$ 8,018,900

(c) Accumulated sick leave benefits:

The accrued benefit obligation relating to sick leave benefits has been actuarially determined using the projected benefit method pro-rated on services. The most recent valuation of the employee future benefits was completed at December 31, 2021.

Actuarial gains and losses are amortized over the expected average remaining service life of the employees, which is estimated to be 13 years (2021 - 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

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

9. Future employment benefits (continued):

(c) Accumulated sick leave benefits (continued):

Information with respect to the City's sick leave obligation is as follows:

	2022	2021
Accrued benefit liability, beginning of year	\$ 4,325,100	\$ 4,245,900
Expense recognized for the year	307,800	298,800
Interest cost	133,600	131,000
Benefits paid for the year	(356,000)	(350,600)
Accrued benefit liability, end of year	\$ 4,410,500	\$ 4,325,100

The breakdown of the obligation by department is as follows:

	2022	2021
Fire	\$ 2,428,800	\$ 2,415,600
Police	1,981,700	1,909,500
	\$ 4,410,500	\$ 4,325,100

(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 OMERS, which is a multi-employer plan, on behalf of all permanent 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. Employers and employees contribute to the plan. 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 surplus or deficit in these consolidated financial statements.

The latest available report for the OMERS plan was at December 31, 2022. At that time, the plan reported a \$6.7 billion actuarial deficit (2021 - \$3.1 billion actuarial deficit).

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

10. Pension agreements (continued):

The amount contributed to OMERS was \$6,172,184 (2021 - \$6,076,227) for current services and is included as an expense on the Consolidated Statement of Operations and Accumulated Surplus classified under the appropriate functional expenditure.

11. Accrued landfill closure and post-closure liability:

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, treatment and monitoring of leachate, monitoring ground water and surface water, gas monitoring and recovery, and ongoing maintenance of various control systems, drainage systems and final cover.

The estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure monitoring activities using an assumed rate of 2% for inflation of operating costs (2021 - 2%), 5% for inflation of capital costs (2021 - 5%) and a discount factor of 3.5% (2021 - 3.5%).

The City owns and operates one active landfill site and one closed landfill site. The estimated liability for the active site is recognized as the landfill capacity is used. The active site has an estimated remaining life of 11 years and an estimated remaining capacity of 15%. Post-closure care is estimated to be required for 50 years from the date of site closure.

The liability for closure and post-closure care as at December 31, 2022 is \$21,195,230 (2021 - \$21,211,576). The total landfill closure and post-closure expenses are estimated to be \$36,771,608 (2021 - \$37,881,362).

A portion of the liability is funded by the landfill reserve fund of \$306,394 (2021 - \$100,000). 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, estimated total expenses, capacity used or total capacity, may result in significant changes to the estimated total liability and will be recognized prospectively, as a change in estimate.

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

12. Net long-term liabilities:

- (a) The total long-term liabilities reported on the Non-Consolidated Statement of Financial Position are those incurred by the City and include the following amounts:

	2022	2021
Bank loans (note 12(b))	\$ 47,146,944	\$ 50,449,307
Internal loans from reserve funds (note 12(c))	–	3,580,378
	47,146,944	54,029,685
Less: internal loans from reserve funds (note 12(c))	–	(3,580,378)
	\$ 47,146,944	\$ 50,449,307

- (b) The bank loans are as follows:

	2022	2021
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	\$ 6,047,744	\$ 6,551,544
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	582,436	692,429
Bank loan, post-employment payments, interest at 3.32%, repayable in monthly blended payments of \$20,100, due December 2023, secured by a general security agreement	237,157	466,400
Bank loans, municipal yard redevelopment, interest between 2.18% and 2.74%, repayable, in monthly blended payments between \$27,125 and \$32,590, due June 2036, secured by a general security agreement	7,946,535	8,559,035
Capital loans, interest between 1.10% and 3.30%, repayable in blended monthly payments between \$4,571 and \$22,765, due dates between April 2023 and December 2036, secured by general security agreements	21,810,159	22,543,355
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	8,679,482	9,164,544
Bank loans, Housing Services, interest between 1.57% to 2.28%, repayable in blended monthly payments between \$16,427 and \$21,984 with maturity dates due between December 2023 and December 2027, secured by a general security agreement	1,843,431	2,472,000
	\$ 47,146,944	\$ 50,449,307

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

12. Net long-term liabilities (continued):

- (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, 2022 is \$Nil (2021 - \$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 loan was repaid during the year and has been eliminated from these financial statements.

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

2023	\$ 6,884,515
2024	6,177,163
2025	5,349,899
2026	4,555,263
2027	3,868,008
Thereafter	20,312,096
	<hr/>
	\$ 47,146,944

- (e) Interest expense on long-term liabilities amounted to \$1,297,321 (2021 - \$1,453,911).

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

13. Tangible capital assets:

Cost	Balance, January 1, 2022	Additions	Disposals	Balance, December 31, 2022
Land and land improvements	\$ 15,000,031	\$ 203,391	\$ –	\$ 15,203,422
Yard improvements	17,892,420	750,740	–	18,643,160
Buildings	188,598,709	5,819,806	–	194,418,515
Road network and transportation infrastructure	185,957,665	6,501,987	(804,915)	191,654,737
Water and wastewater infrastructure	203,468,067	4,799,902	(153,903)	208,114,066
Machinery and equipment	143,786,112	1,526,178	–	145,312,290
Computer hardware and software	6,457,528	259,494	–	6,717,022
Vehicles	30,326,744	3,802,462	(724,976)	33,404,230
Office furniture	527,747	355,919	–	883,666
Other	2,150,140	192,706	–	2,342,846
Assets under construction	16,552,501	13,456,348	–	30,008,849
	\$ 810,717,664	\$ 37,668,933	\$ (1,683,794)	\$ 846,702,803

Accumulated amortization	Balance, January 1, 2022	Amortization	Disposals	Balance, December 31, 2022
Land and land improvements	\$ 82,150	\$ 1,595	\$ –	\$ 83,745
Yard improvements	9,574,478	416,695	–	9,991,173
Buildings	86,444,622	3,791,897	–	90,236,519
Road network and transportation infrastructure	77,221,175	4,034,764	(696,623)	80,559,316
Water and wastewater infrastructure	49,759,390	2,206,735	(75,493)	51,890,632
Machinery and equipment	99,387,947	3,700,641	–	103,088,588
Computer hardware and software	4,836,909	465,570	–	5,302,479
Vehicles	15,879,661	2,407,424	(609,913)	17,677,172
Office furniture	281,368	54,401	–	335,769
Other	1,270,995	248,126	–	1,519,121
Assets under construction	–	–	–	–
	\$ 344,738,695	\$ 17,327,848	\$ (1,382,029)	\$ 360,684,514

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

13. Tangible capital assets (continued):

Net book value	2022	2021
Land and land improvements	\$ 15,119,677	\$ 14,958,416
Yard improvements	8,651,987	8,281,501
Buildings	104,181,996	102,684,109
Road network and transportation infrastructure	111,095,421	108,736,490
Water and wastewater infrastructure	156,223,434	153,708,677
Machinery and equipment	42,223,702	43,848,178
Computer hardware and software	1,414,543	1,621,806
Vehicles	15,727,058	14,447,083
Office furniture	547,897	261,063
Other	823,725	879,145
Assets under construction	30,008,849	16,552,501
	<u>\$ 486,018,289</u>	<u>\$ 465,978,969</u>

14 Government grants and transfers:

Government grants and transfers are comprised of the following:

	2022	2021
Operating purposes:		
Federal	\$ 3,024,332	\$ 2,926,771
Provincial	65,636,408	64,831,583
	<u>\$ 68,660,740</u>	<u>\$ 67,758,354</u>

	2022	2021
Capital purposes:		
Federal	\$ 4,009,433	\$ 4,891,120
Provincial	4,693,772	6,425,849
	<u>\$ 8,703,205</u>	<u>\$ 11,316,969</u>

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

15. Budget and operating surplus:

The budget figures presented in these consolidated financial statements are based upon the 2022 operating and capital budgets that were approved by City Council on February 1, 2022. 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 Non-Consolidated Statement of Operations and Accumulated Surplus and the Non-Consolidated Statement of Changes in Net Debt.

The 2022 budget figures were not prepared on a basis consistent with that used to report actual results. The following analysis is provided to assist readers in their understanding of differences between the approved budget and the audited financial statements:

	Budget 2022	Actual 2022	Actual 2021
Annual surplus	\$ 16,762,479	\$ 16,487,229	\$ 24,185,103
Issuance of external long-term liabilities	5,861,400	3,776,000	16,239,000
Change in land inventory for resale surplus	–	2,186,019	308,033
Net transfers (to) from reserves and reserve funds for capital acquisitions	11,615,370	13,171,491	4,982,659
Net transfer (to) from reserves and reserve funds for operating	(10,649,166)	(19,090,966)	(8,912,262)
Acquisition of tangible capital assets	(31,047,860)	(35,705,583)	(31,866,879)
Contributed tangible capital assets	–	(1,963,350)	(3,300,492)
Amortization of tangible capital assets	16,105,802	17,327,848	17,824,535
Loss on disposal and write-down of tangible capital assets	–	301,765	441,977
Repayment of long-term liabilities	(7,771,740)	(7,078,363)	(8,534,864)
Change in surplus for future capital acquisitions	–	10,836,235	(12,200,293)
Revenue earned in reserves and reserve funds	(530,078)	(1,083,875)	(470,009)
Change in accrued landfill closure and post closure costs	(3,234,702)	(16,346)	3,234,703
Change in future employment benefits and accrued interest	(1,404,479)	1,376,565	1,387,375
Operating surplus (deficit) for the year	(4,292,974)	524,669	3,318,586
Transfer of operating surplus to reserves	–	(3,671,437)	(2,173,254)
Transfer of water works and wastewater works surplus to reserves	–	(931,955)	(1,145,332)
Operating surplus for the year after year-end transfers	\$ (4,292,974)	\$ (4,078,723)	\$ –

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

16. Commitments:

- (a) The City has entered into various capital contracts. The outstanding commitment at December 31, 2022 is as follows:

Value of contracts awarded	\$ 64,961,584
Costs incurred to date	(27,571,514)
Remaining commitment	<u>\$ 37,390,070</u>

Subsequent to year-end, the City awarded capital contracts with a value of \$42,817,005.

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

2023	\$ 423,363
2024	416,445
2025	386,791
2026	294,637
2027	214,605
Thereafter	414,606
	<u>\$ 2,150,447</u>

17. Contingent liabilities:

- (a) Litigations and claims:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims as at December 31, 2022, management believes that the City has valid defences and appropriate reserves and insurance coverages in place. In the event any claims are successful, the amount of any potential liability is not determinable, therefore, no amount has been accrued in the financial statements.

- (b) Contaminated sites:

The City's Municipal Real Property Registrar identifies 341 roll numbers representing either individual or multiple land parcels owned by the City, of which 68 roll numbers were deemed to be non-productive or partially productive. Of these, 40 roll numbers were identified as having a possible environmental concern and 1 roll number which includes 4 land parcels is known to be environmentally impacted. The estimated potential liability for potential future remediation of the known impacted land is \$2,020,750 (2021 - \$1,721,750).

A present obligation does not exist as it is not expected that future economic benefits will be given up to remediate these sites. Accordingly, a liability has not been recorded in these consolidated financial statements.

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

18. Segmented information:

The City is responsible for providing a wide range of services to its citizens. The services are provided by departments and their activities are reported in the Consolidated Statement of Operations and Accumulated Surplus.

Departments have been separately disclosed in the segmented information, along with the service they provide, are set out in the schedules that follow.

For each reported segment, 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:

(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.

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

18 Segmented information (continued):

(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.

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

18. Segmented information (continued):

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Culture Services	Planning and Development	2022 Total	2021 Total
Revenue:											
Taxation and payments in lieu	\$ 4,572,309	\$ 36,602,581	\$ 15,352,666	\$ 3,271,891	\$ -	\$ 9,823,669	\$ -	\$ 12,900,350	\$ 1,475,791	\$ 83,999,257	\$ 78,514,736
Government grants and transfers	7,103,252	1,549,522	1,421,302	665,592	9,145,622	42,563,966	5,492,600	295,806	423,078	68,660,740	67,758,354
Revenue from other municipalities	-	205,800	19,434	740,941	5,962,826	1,475,818	1,738,048	-	-	10,142,867	9,355,756
Fees and services	1,078,367	1,034,613	7,978,867	24,419,344	67,504	8,187,558	7,228,885	4,219,283	1,508,672	55,723,093	48,353,169
Investment income	2,597,399	-	-	-	-	-	-	-	372	2,597,771	995,666
Licenses and permits	126,175	1,569,968	-	-	-	-	-	-	-	1,696,143	1,994,056
Fines and penalties	589,595	-	-	108,033	-	-	-	-	-	697,628	700,880
Other revenue	3,193,607	-	(120,395)	-	-	-	-	500	-	3,073,712	84,863
	19,260,704	40,962,484	24,651,874	29,205,801	15,175,952	62,051,011	14,459,533	17,415,939	3,407,913	226,591,211	207,757,480
Expenses:											
Salaries, wages and benefits	6,534,268	32,640,732	9,591,209	5,165,014	14,865,528	16,775,565	3,365,414	7,376,084	1,309,517	97,623,331	92,952,318
Interest on long-term liabilities	-	27,274	489,259	498,998	1,723	-	35,032	245,035	-	1,297,321	1,453,911
Materials and services	1,545,943	1,694,182	5,245,182	8,945,727	1,220,816	1,832,834	2,329,769	3,474,117	73,212	26,361,782	19,153,356
Contracts and sub-contracts	2,704,937	1,400,462	3,583,642	6,908,722	441,583	8,964,235	3,175,354	3,417,211	915,563	31,511,709	23,803,957
Rents and financial expenses	1,870,347	457,805	2,476,750	1,370,120	817,937	949,774	4,674,517	882,295	341,828	13,841,373	28,640,235
Transfers to external parties	173,214	586,084	-	457,870	860,535	21,982,955	8,054,666	688,538	261,017	33,064,879	17,786,620
Amortization	218,589	856,171	6,369,481	5,064,683	698,506	712,503	1,147,080	2,258,843	1,992	17,327,848	17,824,535
	13,047,298	37,662,710	27,755,523	28,411,134	18,906,628	51,217,866	22,781,832	18,342,123	2,903,129	221,028,243	201,614,932
Annual surplus (deficit) before the undernoted	6,213,406	3,299,774	(3,103,649)	794,667	(3,730,676)	10,833,145	(8,322,299)	(926,184)	504,784	5,562,968	6,142,548
Other revenue for capital purposes	291,548	96,493	6,531,617	1,109,321	-	83,937	1,834,693	976,652	-	10,924,261	18,042,555
Annual surplus (deficit)	\$ 6,504,954	\$ 3,396,267	\$ 3,427,968	\$ 1,903,988	(\$3,730,676)	\$ 10,917,082	(\$6,487,606)	\$ 50,468	\$ 504,784	\$ 16,487,229	\$ 24,185,103

THE CORPORATION OF THE CITY OF CORNWALL

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

19. Comparative information:

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

THE CORPORATION OF THE CITY OF CORNWALL

Schedule 1 - Continuity of Reserves and Reserve Funds

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

	2022	2021
Net transfers from (to) other funds		
Transfers from operations	\$ 23,694,358	\$ 12,230,848
Transfers to capital acquisitions	(13,171,491)	(4,982,659)
Total net transfers	10,522,867	7,248,189
Investment income	1,083,875	470,009
Reserves and reserve fund balances, change in year	11,606,742	7,718,198
Reserves and reserve fund balances, beginning of year	66,537,940	58,819,742
Reserves and reserve fund balances, end of year	\$ 78,144,682	\$ 66,537,940

THE CORPORATION OF THE CITY OF CORNWALL

Schedule 1 - Continuity of Reserves and Reserve Funds (continued)

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

Composition of Reserves and Reserve Funds

	2022	2021
Reserves set aside for specific purposes by Council:		
For operating purposes:		
Working funds	\$ 5,878,932	\$ 3,328,664
Tax stabilization	300,000	300,000
Winter control	500,000	325,719
Health and safety awareness	76,022	76,022
Municipal elections	—	135,000
Renaissance	118,827	118,827
Medical recruitment	734,047	751,549
	<u>7,607,828</u>	<u>5,035,781</u>
For capital purposes:		
Waste management	2,159,330	1,417,068
Road infrastructure	1,094,885	135,021
Recreation facilities	1,605,560	1,051,556
Fire equipment	40,461	93,474
Land ambulance	757,613	1,017,280
Land reserve	1,239,256	(1,974,997)
Equipment and vehicles	880,445	856,319
Social housing providers	2,791,327	2,441,141
Municipal buildings	2,742,509	3,037,232
	<u>13,311,386</u>	<u>8,074,094</u>
Restricted reserves:		
Waterworks	4,876,410	5,075,349
Wastewater works	4,660,927	4,204,694
Brownfields	1,480,666	672,351
Heart of the City	139,336	(19,502)
WSIB	2,771,709	2,502,585
Building surplus (permits)	2,097,466	1,712,420
Waterfront development	240,000	240,000
Downtown and Le Village business improvement areas	67,200	67,200
Employment assistance	641,357	641,357
Child care	95,393	95,393
Consolidated homelessness	39,927	39,927
	<u>17,110,391</u>	<u>15,231,774</u>
Total reserves	\$ 38,029,605	\$ 28,341,649

THE CORPORATION OF THE CITY OF CORNWALL

Schedule 1 - Continuity of Reserves and Reserve Funds (continued)

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

Composition of Reserves and Reserve Funds (continued)

	2022	2021
Reserves set aside for specific purposes by Council:		
Progress fund:		
Balance of proceeds on sale of Cornwall		
Electric (1998)	\$ 25,000,000	\$ 25,000,000
Interest revenue	22,147,525	21,623,540
Net transfers to current fund, current operations	(10,949,146)	(10,529,957)
Net transfers to capital fund, acquisition of tangible capital assets	(10,271,480)	(10,271,480)
	25,926,899	25,822,103
Other reserve funds:		
Social Housing	9,922,810	8,234,157
Parking	122,091	109,543
Library	298,467	415,178
Landfill	306,394	100,000
Cornwall Regional Airport Commission	-	15,310
Downtown investment	3,538,416	3,500,000
	14,188,178	12,374,188
Total reserve funds	\$ 40,115,077	\$ 38,196,291

The total balance of reserves and reserve funds is as follows:

	2022	2021
Reserves	\$ 38,029,605	\$ 28,341,649
Reserve funds	40,115,077	38,196,291
Total reserve and reserve funds	\$ 78,144,682	\$ 66,537,940

THE CORPORATION OF THE CITY OF CORNWALL

Schedule 2 - Accumulated Surplus

December 31, 2022, with comparative information for 2021

	2022	2021
Operating surpluses (deficits):		
Operating deficit	\$ (4,078,723)	\$ -
Le Village Business Improvement Area surplus	21,957	9,224
Downtown Business Improvement Area surplus	93,050	78,311
Cornwall and Area Housing Corporation surplus	-	468,451
Cornwall Harbour Development Corporation surplus	574,975	444,292
Tourism Development Corporation of Cornwall	550,159	517,374
Total surplus (deficit)	(2,838,582)	1,517,652
Land inventory for resale surplus	2,717,636	4,951,000
Capital surplus (unfinanced capital outlay)	(8,650,836)	3,860,543
Unfunded liabilities:		
Accrued interest on net long-term liabilities	(33,501)	(33,501)
Future employment benefits payable	(49,885,379)	(48,508,814)
Accrued landfill closure and post closure costs	(21,195,230)	(21,211,576)
Net-long term liabilities	(237,157)	(466,400)
Internal loan for reserves	-	(2,000,000)
Total unfunded liabilities	(71,351,267)	(72,220,291)
Reserves and reserve funds:		
Reserves (Schedule 1)	38,029,605	28,341,649
Reserve funds (Schedule 1)	40,115,077	38,196,291
Total reserves and reserve funds	78,144,682	66,537,940
Investment in tangible capital assets:		
Tangible capital assets	486,018,289	465,978,969
Long-term liabilities	(46,909,787)	(49,982,907)
Total investment in tangible capital assets	439,108,502	415,996,062
Accumulated surplus	\$ 437,130,135	\$ 420,642,906