

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

December 31, 2021

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CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

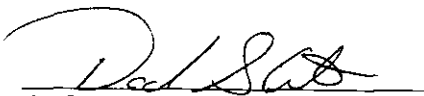
To the Members of Council, Inhabitants and Ratepayer of the
Corporation of the Township of Edwardsburgh/Cardinal

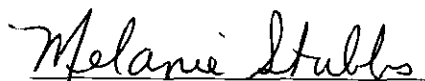
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate 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 Township of Edwardsburgh/Cardinal'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 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.


CAO


Treasurer

To the Members of Council, Inhabitants and Ratepayers of Corporation of the Township of Edwardsburgh/Cardinal:

Opinion

We have audited the consolidated financial statements of Corporation of the Township of Edwardsburgh/Cardinal (the "Township"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of financial activities, accumulated surplus, changes in net financial assets, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Township 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 Township 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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township'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 Township'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 Township'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 Township 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 Township 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

June 13, 2022

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

| | 2021 | 2020 |
|--|----------------------|----------------------|
| NET FINANCIAL ASSETS | | |
| Assets | | |
| Cash | \$ 9,354,239 | \$ 7,812,029 |
| Taxes receivable | 535,142 | 595,842 |
| Accounts receivable | 1,003,111 | 939,388 |
| Land held for resale | 159,084 | 160,326 |
| Long-term receivable (Note 2) | 225,000 | 225,000 |
| Investment in Rideau St. Lawrence Holdings Inc. (Note 3) | 666,249 | 664,845 |
| Investment in Port of Johnstown (Note 4) | 44,617,062 | 41,157,470 |
| | 56,559,887 | 51,554,900 |
| Liabilities | | |
| Accounts payable | 1,287,719 | 1,173,445 |
| Accrued interest on municipal debt | 62,533 | 64,453 |
| Deferred revenue - obligatory reserve funds (Note 5) | 120,852 | 120,723 |
| Deferred revenue - grants | 61,336 | 110,403 |
| Municipal debt (Note 6) | 5,672,919 | 5,600,810 |
| Capital leases (Note 7) | 6,102 | 42,715 |
| Accrued landfill closure and post-closure costs (Note 8) | 238,678 | 254,728 |
| | 7,450,139 | 7,367,277 |
| Net Financial Assets | 49,109,748 | 44,187,623 |
| Non-Financial Assets | | |
| Tangible capital assets | 35,659,854 | 35,854,817 |
| Inventory | 86,421 | 118,560 |
| | 35,746,275 | 35,973,377 |
| Accumulated Surplus | \$ 84,856,023 | \$ 80,161,000 |

See Accompanying Notes

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended December 31, 2021

| | 2021 BUDGET (Note 13) | 2021 ACTUAL | 2020 ACTUAL |
|--|-----------------------------|----------------------|----------------------|
| REVENUE | | | |
| Taxation | \$ 6,206,769 | \$ 6,172,350 | \$ 6,072,361 |
| Fees and service charges | 3,639,496 | 3,607,455 | 3,514,573 |
| Grants | 1,548,201 | 957,729 | 920,247 |
| Investment income | 148,200 | 182,683 | 209,163 |
| Proceeds from land held for resale | - | - | 6,298 |
| Donations | 24,000 | 22,895 | 33,334 |
| | 11,566,666 | 10,943,112 | 10,755,976 |
| EXPENSES | | | |
| General government | 1,294,150 | 1,407,675 | 1,268,215 |
| Protection to persons and property | 2,139,483 | 2,091,403 | 2,063,867 |
| Transportation services | 2,830,531 | 2,611,576 | 2,631,167 |
| Environmental services | 2,381,484 | 2,161,917 | 2,305,252 |
| Recreation and cultural services | 2,025,497 | 1,873,225 | 1,845,385 |
| Planning and development | 264,409 | 225,845 | 291,078 |
| | 10,935,554 | 10,371,641 | 10,404,964 |
| OTHER REVENUE | | | |
| Deferred revenue earned (Note 5) | 230,000 | 442,429 | 260,000 |
| Capital grants | (230,000) | 182,453 | 273,058 |
| Gain on disposal of tangible capital assets | - | 37,675 | 22,400 |
| Equity income from government business enterprises | 3,032,000 | 3,460,995 | 3,631,549 |
| | 3,032,000 | 4,123,552 | 4,187,007 |
| SURPLUS FOR THE YEAR | 3,663,112 | 4,695,023 | 4,538,019 |
| ACCUMULATED SURPLUS, beginning of year | 80,161,000 | 80,161,000 | 75,622,981 |
| ACCUMULATED SURPLUS, end of year | \$ 83,824,112 | \$ 84,856,023 | \$ 80,161,000 |

See Accompanying Notes

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31, 2021

| | 2021 BUDGET (Note 13) | 2021 ACTUAL | 2020 ACTUAL |
|---|-----------------------------|----------------------|----------------|
| Surplus for the year | \$ 3,663,112 | \$ 4,695,023 | \$ 4,538,019 |
| Amortization of tangible capital assets | 1,806,146 | 1,747,823 | 1,806,146 |
| Acquisition of tangible capital assets | (1,906,232) | (1,552,860) | (1,779,154) |
| Proceeds on sale of tangible capital assets | - | 37,675 | 22,400 |
| Gain on disposal of tangible capital assets | - | (37,675) | (22,400) |
| Change in inventory | - | 32,139 | (34,169) |
| Increase in net financial assets | 3,563,026 | 4,922,125 | 4,530,842 |
| Net financial assets, beginning of year | 44,187,623 | 44,187,623 | 39,656,781 |
| Net financial assets, end of year | \$ 47,750,649 | \$ 49,109,748 | \$ 44,187,623 |

See Accompanying Notes

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

| | 2021 | 2020 |
|---|---------------------|---------------------|
| CASH FROM OPERATING ACTIVITIES | | |
| Surplus for the year | \$ 4,695,023 | \$ 4,538,019 |
| Items not affecting cash | | |
| Amortization expense | 1,747,823 | 1,806,146 |
| Gain on disposal of tangible capital assets | (37,675) | (22,400) |
| Equity income from government business enterprises | (3,480,073) | (3,631,549) |
| Changes in non-cash working capital balances | | |
| Taxes receivable | 60,700 | 12,237 |
| Accounts receivable | (63,723) | (23,713) |
| Land held for resale | 1,242 | 33,183 |
| Accounts payable | 114,274 | (181,420) |
| Accrued interest on municipal debt | (1,920) | (1,751) |
| Deferred revenue - grants | (49,067) | (79,734) |
| Deferred revenue - obligatory reserve funds | 129 | 73,395 |
| Accrued landfill closure and post-closure costs | (16,050) | (22,383) |
| Inventory | 32,139 | (34,169) |
| | 3,002,822 | 2,465,861 |
| CASH FROM (USED IN) FINANCING ACTIVITIES | | |
| Repayment of municipal debt | (228,083) | (122,374) |
| Proceeds from the issue of municipal debt | 300,192 | - |
| | 72,109 | (122,374) |
| CASH FROM INVESTING ACTIVITIES | | |
| Dividends received from Rideau St. Lawrence Holdings Inc. | 19,077 | - |
| CASH USED IN CAPITAL ACTIVITIES | | |
| Proceeds on disposal of tangible capital assets | 37,675 | 22,400 |
| Acquisition of tangible capital assets | (1,552,860) | (1,779,154) |
| Repayments of capital leases | (36,613) | (36,613) |
| | (1,551,798) | (1,793,367) |
| INCREASE IN CASH | 1,542,210 | 550,120 |
| CASH, beginning of year | 7,812,029 | 7,261,909 |
| CASH, end of year | \$ 9,354,239 | \$ 7,812,029 |

See Accompanying Notes

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2021

| | Land | Buildings | Vehicles and Equipment | Plants and Facilities | Roads | Water and Sewer | Bridges | 2021 | 2020 |
|---------------------------------|-------------------|---------------------|---------------------------|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Cost | | | | | | | | | |
| Balance, beginning of year | \$ 757,874 | \$12,072,412 | \$ 7,626,810 | \$17,353,487 | \$21,835,012 | \$10,035,821 | \$ 3,300,634 | \$72,982,050 | \$71,653,460 |
| Additions during the year | - | 203,886 | 550,482 | 29,002 | 686,022 | 83,468 | - | 1,552,860 | 1,779,154 |
| Disposals during the year | - | - | 390,782 | - | - | - | - | 390,782 | 450,564 |
| Balance, end of year | 757,874 | 12,276,298 | 7,786,510 | 17,382,489 | 22,521,034 | 10,119,289 | 3,300,634 | 74,144,128 | 72,982,050 |
| Accumulated Amortization | | | | | | | | | |
| Balance, beginning of year | - | 4,129,460 | 4,741,623 | 8,193,656 | 14,316,954 | 4,115,812 | 1,629,728 | 37,127,233 | 35,771,651 |
| Amortization during the year | - | 280,042 | 344,399 | 151,491 | 685,101 | 217,780 | 69,010 | 1,747,823 | 1,806,146 |
| Amortization on disposals | - | - | 390,782 | - | - | - | - | 390,782 | 450,564 |
| Balance, end of year | - | 4,409,502 | 4,695,240 | 8,345,147 | 15,002,055 | 4,333,592 | 1,698,738 | 38,484,274 | 37,127,233 |
| Net book value 2021 | \$ 757,874 | \$ 7,866,796 | \$ 3,091,270 | \$ 9,037,342 | \$ 7,518,979 | \$ 5,785,697 | \$ 1,601,896 | \$35,659,854 | \$35,854,817 |
| Net book value 2020 | \$ 757,874 | \$ 7,942,952 | \$ 2,885,187 | \$ 9,159,831 | \$ 7,518,058 | \$ 5,920,009 | \$ 1,670,906 | \$35,854,817 | |

See Accompanying Notes

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the year ended December 31, 2021

| | General Government | Protection Services | Transportation Services | Environmental Services | Health, and Recreation | 2021 | 2020 |
|---------------------------------|-----------------------|------------------------|----------------------------|---------------------------|---------------------------|----------------------|----------------------|
| Cost | | | | | | | |
| Balance, beginning of year | \$ 1,044,638 | \$ 4,388,416 | \$ 28,384,653 | \$ 28,801,531 | \$ 10,362,812 | \$ 72,982,050 | \$ 71,653,460 |
| Additions during the year | 11,064 | 44,779 | 831,479 | 176,957 | 411,687 | 1,475,966 | 1,723,356 |
| Disposals during the year | 6,135 | - | 366,026 | - | 18,621 | 390,782 | 450,564 |
| Assets in service, end of year | 1,049,567 | 4,433,195 | 28,850,106 | 28,978,488 | 10,755,878 | 74,067,234 | 72,926,252 |
| Assets under construction | - | - | 20,301 | 56,593 | - | 76,894 | 55,798 |
| Balance, end of year | 1,049,567 | 4,433,195 | 28,870,407 | 29,035,081 | 10,755,878 | 74,144,128 | 72,982,050 |
| Accumulated Amortization | | | | | | | |
| Balance, beginning of year | 416,330 | 2,406,953 | 17,708,622 | 12,986,982 | 3,608,346 | 37,127,233 | 35,771,651 |
| Amortization during the year | 31,323 | 161,493 | 925,340 | 379,919 | 249,748 | 1,747,823 | 1,806,146 |
| Amortization on disposals | 6,135 | - | 366,026 | - | 18,621 | 390,782 | 450,564 |
| Balance, end of year | 441,518 | 2,568,446 | 18,267,936 | 13,366,901 | 3,839,473 | 38,484,274 | 37,127,233 |
| Net book value 2021 | \$ 608,049 | \$ 1,864,749 | \$ 10,602,471 | \$ 15,668,180 | \$ 6,916,405 | \$ 35,659,854 | \$ 35,854,817 |
| Net book value 2020 | \$ 628,308 | \$ 1,981,463 | \$ 10,676,031 | \$ 15,814,549 | \$ 6,754,466 | \$ 35,854,817 | |

See Accompanying Notes

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL
SCHEDULE OF ACCUMULATED SURPLUS

For the year ended December 31, 2021

| | 2021 | 2020 |
|--|----------------------|----------------------|
| Surpluses | | |
| Operating surplus | \$ - | \$ - |
| Land inventory surplus | 159,084 | 160,326 |
| EMS building surplus | 49,500 | 49,500 |
| Library board surplus | 46,107 | 43,179 |
| Capital surplus | 404,252 | 196,214 |
| Investment in Port of Johnstown | 44,617,062 | 41,157,470 |
| Investment in Rideau St. Lawrence Holdings Inc. | 666,249 | 664,845 |
| Unfunded liabilities to be recovered from future revenues | | |
| Accrued interest on municipal debt | (62,533) | (64,453) |
| Accrued landfill closure and post-closure | (238,678) | (254,728) |
| Total surplus | 45,641,043 | 41,952,353 |
| Reserves and reserve funds | | |
| Reserves set aside for specific purposes by Council: | | |
| Working capital | 750,000 | 750,000 |
| Capital expenditures | 195,466 | 191,466 |
| Tax stabilization | 92,242 | 165,000 |
| Election | 19,100 | 13,100 |
| Fire | 548,364 | 448,364 |
| Police | 110,715 | 110,715 |
| Transportation | 846,515 | 537,481 |
| Environmental | 663,862 | 273,821 |
| Recreation | 293,524 | 235,024 |
| Planning | 79,234 | (21) |
| Total reserves | 3,599,022 | 2,724,950 |
| Reserve funds set aside for specific purpose by legislation, regulation or agreement: | | |
| Ontario modernization fund | 302,616 | 409,536 |
| Water and sewer | 1,840,179 | 1,565,616 |
| Subdivision | 376,094 | 334,908 |
| Industrial park | 2,846,050 | 580,691 |
| Johnstown | 36,345 | 31,135 |
| Endowment | 160,221 | 129,765 |
| Industrial park | 244 | 2,147,717 |
| Dedicated capital | 34,488 | 11,441 |
| Total reserve funds | 5,596,237 | 5,210,809 |
| Total reserves and reserve funds | 9,195,259 | 7,935,759 |
| Invested in tangible capital assets | | |
| Tangible capital assets | 35,659,854 | 35,854,817 |
| Less: related debt | (5,640,133) | (5,581,929) |
| Invested in tangible capital assets | 30,019,721 | 30,272,888 |
| ACCUMULATED SURPLUS | \$ 84,856,023 | \$ 80,161,000 |

See Accompanying Notes

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

SCHEDULE OF CHANGE IN ACCUMULATED SURPLUS

For the year ended December 31, 2021

| | Surpluses | Reserves and Reserve Funds | Invested in Tangible Capital Assets | 2021 | 2020 |
|---|------------------|---------------------------------------|--|---------------|---------------|
| Balance, beginning of year | \$ 41,952,353 | \$ 7,935,759 | \$ 30,272,888 | \$ 80,161,000 | \$ 75,622,981 |
| Surplus (deficit) for the year | 4,695,023 | - | - | 4,695,023 | 4,538,019 |
| Reserve funds used for operations | (459,538) | 459,538 | - | - | - |
| Funds transferred to reserves | (799,962) | 799,962 | - | - | - |
| Current year funds used for tangible capital assets | (1,552,860) | - | 1,552,860 | - | - |
| Amortization of tangible capital assets | 1,747,823 | - | (1,747,823) | - | - |
| Repayment of capital leases | (36,613) | - | 36,613 | - | - |
| Repayment of municipal debt related to capital | 94,817 | - | (94,817) | - | - |
| Change in accumulated surplus | 3,688,690 | 1,259,500 | (253,167) | 4,695,023 | 4,538,019 |
| Balance, end of year | \$ 45,641,043 | \$ 9,195,259 | \$ 30,019,721 | \$ 84,856,023 | \$ 80,161,000 |

See Accompanying Notes

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

SCHEDULE OF SEGMENTED DISCLOSURE

For the year ended December 31, 2021

| | General Government | Protection Services | Transportation Services | Environmental Services | Recreation and Cultural Services | Planning and Development | 2021 | 2020 |
|--|-----------------------|------------------------|----------------------------|---------------------------|-------------------------------------|-----------------------------|--------------|--------------|
| REVENUE | | | | | | | | |
| Taxation | \$ 317,566 | \$ 2,266,766 | \$ 1,934,913 | \$ 292,327 | \$ 1,242,638 | \$ 118,140 | \$ 6,172,350 | \$ 6,072,361 |
| Fees and service charges | 903,692 | 72,331 | 49,091 | 1,961,542 | 448,416 | 172,383 | 3,607,455 | 3,514,573 |
| Grants | 126,697 | - | 646,800 | 54,934 | 18,567 | 110,731 | 957,729 | 920,247 |
| Investment income | 181,463 | - | - | 951 | 269 | - | 182,683 | 209,163 |
| Donations | - | - | - | - | 22,895 | - | 22,895 | 33,334 |
| Proceeds from land held for resale | - | - | - | - | - | - | - | 6,298 |
| | 1,529,418 | 2,339,097 | 2,630,804 | 2,309,754 | 1,732,785 | 401,254 | 10,943,112 | 10,755,976 |
| EXPENSES | | | | | | | | |
| Wages and benefits | 856,821 | 372,157 | 695,979 | 549,389 | 852,929 | 47,181 | 3,374,456 | 3,204,634 |
| Interest on municipal debt | 18,937 | 1,357 | 6,133 | - | 215,070 | 8,718 | 250,215 | 250,713 |
| Materials and services | 176,835 | 236,282 | 910,479 | 570,282 | 472,538 | 145,620 | 2,512,036 | 2,770,315 |
| Contracted services | 299,819 | 1,271,626 | 2,181 | 583,763 | 13,102 | 22,377 | 2,192,868 | 2,087,368 |
| Insurance and financial costs | 23,940 | 48,488 | 71,464 | 78,564 | 69,838 | 1,949 | 294,243 | 285,788 |
| Amortization | 31,323 | 161,493 | 925,340 | 379,919 | 249,748 | - | 1,747,823 | 1,806,146 |
| | 1,407,675 | 2,091,403 | 2,611,576 | 2,161,917 | 1,873,225 | 225,845 | 10,371,641 | 10,404,964 |
| OTHER REVENUE | | | | | | | | |
| Deferred revenue earned | 58,849 | - | 383,580 | - | - | - | 442,429 | 260,000 |
| Capital grants | - | - | 182,453 | - | - | - | 182,453 | 273,058 |
| Gain on disposal of tangible capital assets | 37,675 | - | - | - | - | - | 37,675 | 22,400 |
| Equity income from government business enterprises | 3,460,995 | - | - | - | - | - | 3,460,995 | 3,631,549 |
| | 3,557,519 | - | 566,033 | - | - | - | 4,123,552 | 4,187,007 |
| SURPLUS (DEFICIT) FOR THE YEAR | | | | | | | | |
| | \$ 3,679,262 | \$ 247,694 | \$ 585,261 | \$ 147,837 | \$ (140,440) | \$ 175,409 | \$ 4,695,023 | \$ 4,538,019 |

See Accompanying Notes

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements are prepared by management in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

(a) Basis of consolidation

(i) Consolidated entities

These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures and include the activities of all committees of Council and the following local board:

Township of Edwardsburgh/Cardinal Library Board

These consolidated financial statements reflect the investment in any government business enterprises and are consolidated using the modified equity method. Under the modified equity basis, the enterprises accounting principles are not adjusted to conform with those of the Township and intergovernmental transactions and balances are not eliminated. The following government business enterprises are consolidated based on the Township's share of ownership.

Rideau St. Lawrence Holdings Inc.

Port of Johnstown

(ii) Non-consolidated entities

There are no non-consolidated entities.

(iii) Accounting for United Counties of Leeds and Grenville and school board transactions

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

(b) Accrual basis of accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(c) Taxation and related revenue

Property tax billings are issued by the Township based on assessment rolls prepared by the Municipal Property Assessment Corporation ("MPAC") and collects property tax revenue for municipal purposes, county taxes on behalf of the United Counties of Leeds and Grenville, 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 Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Government grants and transfers

Government grants transfers are the transfer of assets from other levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return. The Township recognizes a government grant or transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government grant or transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Township recognizes revenue as the liability is settled.

(e) Fees and service charges

Fees and service charges are recognized when the activity is performed or when the services are rendered. Examples include, but are not limited to, water and waste water charges, solid waste tipping fees, licensing fees, permits, 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 and cash equivalents is defined as cash on hand, cash on deposit and short term investments, which includes guaranteed investment certificates with maturities of three months or less.

(h) Reserves and reserve funds

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and from reserves and reserve funds are an adjustment to the respective fund when approved.

(i) Deferred revenue

Deferred revenue represents government transfers that have been received for specific purposes, but the respective expenditures have not been incurred to date. These amounts will be recognized as revenues in the year the expenditures are incurred.

(j) Landfill closure costs

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

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee benefits

Employee benefits include vacation entitlement and sick leave benefits. Vacation and sick leave benefits are accrued in accordance with the Township's policy. The Township accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), as a defined contribution plan.

(l) Non-financial assets

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

(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:

| | |
|---|-----------------|
| Land improvements | 15 years |
| Buildings | 10 to 50 years |
| Machinery and equipment | 10 years |
| Vehicles | 5 to 10 years |
| Computer hardware and software | 5 to 10 years |
| Water and waste plants and networks | |
| underground networks | 50 to 100 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 | |
| roads | 10 to 50 years |
| bridges and structures | 25 to 75 years |
| Leased assets | 5 to 40 years |

Full amortization is charged in the year of acquisition and none in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

Active landfills are amortized annually based on the remaining estimated useful life. The estimated costs to close and maintain currently active landfill sites are based on estimated future expenses in current dollars, adjusted for estimated inflation, and are charged to expense as the landfill sites capacity is used.

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Non-financial assets (Continued)

The Township has a capitalization threshold of \$25,000 so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Examples of pooled assets are desktop computer systems, bunker gear and furniture.

(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.

(iv) Inventory

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

(m) Liability for contaminated sites

A liability for contaminated sites arises when contamination is being introduced into the 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 Township is directly responsible, or accepts responsibility to remediate the site;
- (iv) The Township 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.

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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 consolidated 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, and the estimated landfill closure and post-closure costs. Actual results could differ from these estimates.

(o) Segments

The Township conducts its operations through seven reportable segments: General government, Protection to persons and property, Transportation services, Environmental services, Water and Sewer services, Recreation and cultural services, and Planning and development. These segments are established by senior management to facilitate the achievement of the Township's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

(p) Future accounting pronouncements

Standards effective beginning on or after April 1, 2022

Financial instruments

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

This standard is effective for fiscal years beginning on or after April 1, 2022. Early adoption is permitted.

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.

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

2. LONG-TERM RECEIVABLE

The long-term receivable is due from Rideau St. Lawrence Holdings Inc., bears interest at 3.72%, paid quarterly, has no specific terms of repayment, and is unsecured.

3. INVESTMENT IN RIDEAU ST. LAWRENCE HOLDINGS INC.

| | 2021 | 2020 |
|----------------------------------|-------------------|-------------------|
| Investment, beginning of year | \$ 664,845 | \$ 637,824 |
| Share of net income for the year | 20,481 | 27,021 |
| Dividends received | (19,077) | - |
| Investment, end of year | \$ 666,249 | \$ 664,845 |

The Township of Edwardsburgh/Cardinal owns 11.92 % of the outstanding share capital of Rideau St. Lawrence Holdings Inc.

The following table provides condensed supplementary financial information for Rideau St. Lawrence Holdings Inc.:

Financial Position

| | 2021 | 2020 |
|--------------------------|---------------------|---------------------|
| Current assets | \$ 3,717,388 | \$ 3,522,303 |
| Capital | 9,058,080 | 8,315,108 |
| Regulatory assets | 728,708 | 603,670 |
| Total Assets | 13,504,176 | 12,441,081 |
| Current liabilities | 5,824,461 | 5,590,261 |
| Customer deposits | 216,020 | 242,271 |
| Regulatory liabilities | 220,122 | 483,015 |
| Long-term debt | 1,476,034 | 374,205 |
| Total Liabilities | 7,736,637 | 6,689,752 |
| Net Assets | \$ 5,767,539 | \$ 5,751,329 |

Financial Activities

| | 2021 | 2020 |
|--|-------------------|-------------------|
| Total Revenue | \$ 16,492,905 | \$ 18,414,422 |
| Total Expenses | 16,321,085 | 18,187,732 |
| Net Income | \$ 171,820 | \$ 226,690 |
| Township share of net income (11.92%) | \$ 20,481 | \$ 27,021 |

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

4. INVESTMENT IN PORT OF JOHNSTOWN

| | 2021 | 2020 |
|----------------------------------|----------------------|----------------------|
| Investment, beginning of year | \$ 41,157,470 | \$ 37,552,942 |
| Share of net income for the year | 3,459,592 | 3,604,528 |
| Investment, end of year | \$ 44,617,062 | \$ 41,157,470 |

The Township of Edwardsburgh/Cardinal owns 100% of the Port of Johnstown.

(a) The following table provides condensed supplementary financial information for Port of Johnstown:

Financial Position

| | 2021 | 2020 |
|--------------------------|----------------------|----------------------|
| Cash | \$ 6,941,096 | \$ 7,750,242 |
| Investments | 2,764,622 | 5,653,599 |
| Accounts receivable | 2,034,014 | 1,785,250 |
| Other assets | 59,010 | 65,304 |
| Capital | 62,865,260 | 56,834,396 |
| Total Assets | 74,664,002 | 72,088,791 |
| Current liabilities | 976,521 | 4,273,628 |
| Deferred contributions | 29,070,417 | 26,657,693 |
| Total Liabilities | 30,046,938 | 30,931,321 |
| Net Assets | \$ 44,617,064 | \$ 41,157,470 |

Financial Activities

| | 2021 | 2020 |
|-------------------|---------------------|---------------------|
| Total Revenue | \$ 9,459,619 | \$ 9,206,642 |
| Total Expenses | 6,000,027 | 5,602,114 |
| Net Income | \$ 3,459,592 | \$ 3,604,528 |

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

5. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of Canadian public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The transactions in the federal gas tax obligatory reserve fund are summarized as follows:

| | 2021 | 2020 |
|-----------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 120,723 | \$ 47,328 |
| Grants received | 441,211 | 332,050 |
| Interest and other | 1,347 | 1,345 |
| Deferred revenue earned | (442,429) | (260,000) |
| Balance, end of year | \$ 120,852 | \$ 120,723 |

6. MUNICIPAL DEBT

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Loan payable, interest at 4.59%, payable in blended semi-annual payments of \$151,849, due October 2043 | \$ 4,673,432 | \$ 4,759,640 |
| Loan payable, interest at 2.88%, payable in blended monthly payments of \$7,052, due October 2024 | 40,258 | 52,928 |
| Loan payable, interest at 2.91%, payable in blended semi-annual payments of \$26,523, due July 2036 | 641,043 | 674,697 |
| Loan payable, interest at 3.25%, payable in blended monthly payments of \$1,469, due May 2023 | 20,728 | 35,634 |
| Loan payable, 0%, payable in monthly payments of \$955, due January 2022 | 954 | 12,403 |
| Loan payable, 0%, payable in bi-weekly payments of \$476, due March 2024 | 27,146 | 39,546 |
| Loan payable, 1.73%, payable in blended monthly payments of \$8,563, due June 2024 | 251,199 | - |
| Tile drainage loans, interest at 6%, repayable over a ten year period in blended payments ranging between \$2,568 and \$6,793, maturity dates ranging from 2024 to 2026 | 18,159 | 25,962 |
| | \$ 5,672,919 | \$ 5,600,810 |

Principal payments, assuming the loans are renewed under the same terms and conditions, are as follows:

| | | |
|------------|--|---------------------|
| 2022 | | \$ 274,971 |
| 2023 | | 262,828 |
| 2024 | | 209,199 |
| 2025 | | 141,145 |
| 2026 | | 147,051 |
| Thereafter | | 4,637,725 |
| | | \$ 5,672,919 |

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

6. MUNICIPAL DEBT (Continued)

(b) Of the municipal debt reported, principal payments are payable from the following sources as follows:

| | 2022 - 2026 | Thereafter |
|-----------------------|--------------|--------------|
| Taxation revenues | \$ 811,316 | \$ 4,153,573 |
| Other revenues | 183,660 | 485,483 |
| Benefiting landowners | 38,887 | - |
| | \$ 1,033,863 | \$ 4,639,056 |

7. CAPITAL LEASES

| | 2021 | 2020 |
|---|--------------|--------|
| Capital lease obligation on equipment, interest at 0%, payable in monthly payments of \$3,051, due March 2022 | 6,102 | 42,715 |

Lease payments due in the next year is as follows:

| | | |
|--|------|----------|
| | 2022 | \$ 6,102 |
|--|------|----------|

8. ACCRUED LANDFILL CLOSURE AND POST-CLOSURE COSTS

The Township operates one solid waste landfill site. The landfill site has reached its useful life and capping procedures have commenced in 2016. The estimate associated with closure and post-closure include costs such as clay, topsoil, hydro seed, site preparation, equipment, ditching, drainage, fencing and post-closure monitoring estimated for ten years. Total closure and post-closure costs were estimated to be \$372,880. During the year closing costs of \$16,050 (2020 - \$22,383) were incurred and were charged to the accrued liability. The remaining estimated costs of \$238,678 (2020 - \$254,728) are to be recovered from future taxation revenue and reserves.

9. PENSION AGREEMENTS

The Township is a member of the Ontario Municipal Employees Retirement System (OMERS) which is a multi-employer retirement plan. The plan is a contributory defined benefit plan that specifies the amount of retirement benefit to be received by the employees based on the length of service and rates 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 Township does not recognize any share of the OMERS pension deficit of \$3.1 billion (2020 - \$3.2 billion) in these consolidated financial statements.

The employer amount contributed to OMERS for 2021 was \$348,781 (2020 - \$364,649) for current service and is included as an expenditure on the statement of financial activities.

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

10. OPERATING EXPENDITURES BY OBJECT

Municipal operating expenditures are summarized as follows:

| | BUDGET 2021 (Note 13) | ACTUAL 2021 | ACTUAL 2020 |
|----------------------------------|-----------------------------|----------------------|----------------------|
| Wages and benefits | \$ 3,412,422 | \$ 3,374,456 | \$ 3,204,634 |
| Interest on long-term debt | 240,520 | 250,215 | 250,713 |
| Materials and services | 3,049,360 | 2,512,036 | 2,770,315 |
| Contracted services | 2,122,044 | 2,192,868 | 2,087,368 |
| Insurance and financial expenses | 305,062 | 294,243 | 285,788 |
| Amortization | 1,806,146 | 1,747,823 | 1,806,146 |
| | \$ 10,935,554 | \$ 10,371,641 | \$ 10,404,964 |

11. OPERATING AND WATERWORKS AND SEWER OPERATIONS SURPLUSES AND DEFICITS

The operating surplus for the fiscal year ending December 31, 2021 was \$427,968 of which \$74,254 was transferred to building department reserve, \$8,713 was transferred to the public works capital reserve and \$345,000 was transferred to the storm sewer reserve.

The waterworks and sewer operations surplus for the fiscal year ending December 31, 2021 was \$300,044, of which a surplus of \$39,047 was transferred to the Spencerville wastewater reserve, \$16,748 was transferred to the low lift reserve, \$24,089 was transferred to the Industrial Park water reserve, \$3,215 was transferred to the Industrial Park wastewater reserve, \$126,943 was transferred to the Cardinal water reserve and \$90,001 was transferred to the Cardinal Wastewater reserve.

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

11. OPERATING AND WATERWORKS AND SEWER OPERATIONS SURPLUSES AND DEFICITS (Continued)

| | (Note 13) BUDGET 2021 | ACTUAL 2021 | ACTUAL 2020 |
|--|-----------------------------|----------------|----------------|
| Surplus for the year | \$ 3,663,112 | \$ 4,695,023 | \$ 4,538,019 |
| Funds transferred to reserves | (563,340) | (682,493) | (647,234) |
| Reserve funds used for operations | 227,082 | 214,666 | 323,940 |
| Reserve fund interest | - | (63,657) | (71,255) |
| Change in accrued landfill costs | - | (16,050) | (22,383) |
| Acquisition of tangible capital assets | (1,906,232) | (1,552,860) | (1,779,154) |
| Annual amortization expense | 1,806,146 | 1,747,823 | 1,806,146 |
| Gain on sale of tangible capital assets | - | (37,675) | (22,400) |
| Proceeds on sale of tangible capital assets | - | 37,675 | 22,400 |
| Change in accrued interest on municipal debt | - | (1,919) | (1,750) |
| Port of Johnstown | (3,005,000) | (3,459,592) | (3,604,528) |
| Rideau St. Lawrence Holdings Inc. | (27,000) | (1,404) | (27,021) |
| Change in capital surplus | - | (208,038) | (140,014) |
| Principal payments on municipal debt | (202,503) | (241,994) | (185,457) |
| Proceeds from municipal debt | - | 300,192 | 49,551 |
| Change in land inventory surplus | - | 1,242 | 33,183 |
| Operating (deficit) surplus for the year | (7,735) | 730,939 | 272,043 |
| Library board surplus | 7,735 | (2,927) | 9,148 |
| Transfer to water and sewer reserves | - | (300,044) | (167,291) |
| Transfer from reserves | - | (427,968) | (113,900) |
| | \$ - | \$ - | \$ - |

12. SEGMENTED INFORMATION

The Township is responsible for providing a range of services to its citizens. For management reporting purposes the Township's operations and activities are organized and reported by department. These departments are reported by functional area in the body of the consolidated financial statements similar to reporting reflected in the Ontario Financial Information Return. These functional areas represent segments for the Township of Edwardsburgh/Cardinal 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 consolidated financial statements as disclosed in Note 1.

A brief description of each segment follows:

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

12. SEGMENTED INFORMATION (Continued)

(a) General government

General government includes corporate services and governance of the Township. Administration as a segment includes operating and maintaining municipal 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 includes 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 includes administration and operation of traffic and parking services for the Township. In addition, services are provided for the winter and summer road maintenance along with the repair and construction of the municipal 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 Township.

(d) Environmental services

Environmental services includes waste collection, disposal, recycling services and water and sewer services. Water and sewer services includes the operation of water and waste water facilities and infrastructure for the collection and distribution of both water and sewer services within the Township.

(e) Recreation and cultural services

Recreation and cultural services provides services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks, recreation fields, and arenas.

(f) 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.

13. BUDGET FIGURES

The 2021 budget amounts that were approved on March 22, 2021 were established for Capital, Reserves and Reserve Funds and are based on a project-oriented basis, the costs of which may be carried out over one or more years.

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2021

14. SIGNIFICANT EVENT

During the year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Township received a provincial grant of \$58,025 (2020 - \$192,800) of which Nil (2020 - \$75,925) was used to cover additional operating costs resulting from the pandemic and the remaining \$58,025 (2020 - \$116,875) has been included in deferred revenues - obligatory reserve funds (Note 5).

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Township 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. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Township's financial condition.

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2021

FINANCIAL ACTIVITIES (000's)

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenues | | | | | |
| Taxation | \$ 6,172 | \$ 6,072 | \$ 5,789 | \$ 5,548 | \$ 4,714 |
| Fees and service charges | 3,607 | 3,515 | 3,769 | 3,844 | 4,085 |
| Grants | 958 | 920 | 1,597 | 1,109 | 941 |
| Investment income | 183 | 209 | 329 | 317 | 249 |
| Donations and other | 23 | 40 | 68 | 224 | 100 |
| | 10,943 | 10,756 | 11,552 | 11,042 | 10,089 |
| Expenses | | | | | |
| General government | 1,408 | 1,268 | 1,120 | 1,050 | 898 |
| Protection to persons and property | 2,091 | 2,064 | 2,054 | 2,096 | 2,010 |
| Transportation services | 2,612 | 2,631 | 2,755 | 2,433 | 2,861 |
| Environmental | 2,162 | 2,305 | 2,227 | 2,316 | 1,897 |
| Recreation and cultural services | 1,873 | 1,845 | 2,147 | 2,108 | 2,088 |
| Planning and development | 226 | 291 | 178 | 317 | 178 |
| | 10,372 | 10,404 | 10,481 | 10,320 | 9,932 |
| Other Revenue | | | | | |
| Deferred revenue earned | 442 | 260 | 442 | 310 | 300 |
| Capital grants | 182 | 273 | - | 180 | 297 |
| Gain on disposal of tangible capital assets | 38 | 22 | - | 31 | - |
| Equity income | 3,461 | 3,632 | 3,292 | 2,540 | 2,345 |
| | 4,123 | 4,187 | 3,734 | 3,061 | 2,942 |
| Surplus for the year | \$ 4,694 | \$ 4,539 | \$ 4,805 | \$ 3,783 | \$ 3,099 |

PROPERTY TAXES BILLED (000's)

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|-------------------------|------------------|------------------|------------------|------------------|-----------------|
| Own purposes | \$ 6,172 | \$ 6,072 | \$ 5,789 | \$ 5,548 | \$ 4,714 |
| Upper-tier municipality | 3,388 | 3,301 | 3,213 | 2,846 | 2,735 |
| School boards | 2,234 | 2,443 | 2,467 | 1,941 | 1,944 |
| | \$ 11,794 | \$ 11,816 | \$ 11,469 | \$ 10,335 | \$ 9,393 |

TAXABLE ASSESSMENT (000's)

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Residential and farm | \$ 783,785 | \$ 779,682 | \$ 746,000 | \$ 712,539 | \$ 679,026 |
| Commercial and industrial | 139,421 | 139,024 | 134,908 | 80,570 | 76,415 |
| | 923,206 | 918,706 | 880,908 | 793,109 | 755,441 |
| Exempt | 37,934 | 38,205 | 37,010 | 34,078 | 33,273 |
| | \$ 961,140 | \$ 956,911 | \$ 917,918 | \$ 827,187 | \$ 788,714 |
| Commercial and industrial | 15.10% | 15.13% | 15.31% | 10.16% | 10.12% |

CORPORATION OF THE TOWNSHIP OF EDWARDSBURGH/CARDINAL

FIVE YEAR FINANCIAL REVIEW

For the year ended December 31, 2021

FINANCIAL INDICATORS

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|--------------|--------------|--------------|--------------|--------------|
| Tax arrears | | | | | |
| Percentage of own levy | 9 % | 10 % | 11 % | 11 % | 23 % |
| Percentage of total levy | 5 % | 5 % | 5 % | 6 % | 11 % |
| Municipal debt | \$ 5,672,917 | \$ 5,600,811 | \$ 5,723,185 | \$ 5,991,166 | \$ 6,403,357 |
| Municipal debt charges | \$ 478,298 | \$ 373,087 | \$ 528,427 | \$ 683,120 | \$ 728,373 |
| Sustainability | | | | | |
| Financial assets to liabilities | 7.59 | 7.00 | 6.12 | 5.39 | 4.79 |
| Financial assets to liabilities excluding municipal debt | 6.50 | 5.93 | 5.16 | 4.67 | 4.47 |
| Municipal debt to tangible capital assets | 15.93 % | 15.84 % | 16.17 % | 16.87 % | 18.47 % |
| Flexibility | | | | | |
| Debt charges to total operating revenue | 4.37 % | 3.47 % | 4.57 % | 6.19 % | 7.22 % |
| Total operating revenue to taxable assessment | 1.14 % | 1.12 % | 1.26 % | 1.33 % | 1.28 % |
| Vulnerability | | | | | |
| Operating grants to operating revenue | 8.75 % | 8.56 % | 13.82 % | 10.04 % | 9.33 % |
| Total grants to total revenues | 7.57 % | 7.99 % | 10.45 % | 9.14 % | 9.50 % |
| Reserve coverage | | | | | |
| Reserves and reserve funds | \$ 9,195,259 | \$ 7,935,759 | \$ 7,260,022 | \$ 6,536,718 | \$ 6,547,699 |
| Reserves to operating expenses | 89 % | 76 % | 69 % | 63 % | 66 % |
| Reserves to working capital | 2.16 | 3.04 | 3.89 | 3.44 | 3.18 |