Corporation of the Township of Edwardsburgh/Cardinal
Consolidated Financial Statements
December 31, 2025

Corporation of the Township of Edwardsburgh/Cardinal
Contents
For the year ended December 31, 2025

Management's Responsibility

To the Members of Council, Inhabitants and Ratepayers of 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 Council is composed entirely of Councillors who are neither management nor employees of the Township. The 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 Members of Council, Inhabitants and Ratepayers 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.

May 25, 2026

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 and its subsidiaries (the "Township"), which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statements of financial activities, 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, 2025, and the results of its consolidated operations, changes in its consolidated 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Township as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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.

MNP LLP

Cornwall, Ontario

Chartered Professional Accountants

May 25, 2026

Licensed Public Accountants

Corporation of the Township of Edwardsburgh/Cardinal
Consolidated Statement of Financial Position
As at December 31, 2025

	2025	*2024*
Financial assets		
Cash	**15,501,489**	16,218,440
Short-term investments	**2,291,980**	3,001,043
Taxes receivable	**729,888**	809,385
Accounts receivable	**2,341,096**	3,011,599
Land held for resale	**159,084**	159,084
Long-term receivable *(Note 2)*	**225,000**	225,000
Investment in Rideau St. Lawrence Holdings Inc. *(Note 3)*	**757,036**	731,372
	22,005,573	24,155,923
Liabilities		
Accounts payable and accruals	**2,815,593**	3,878,592
Accrued interest on municipal debt	**59,248**	59,248
Deferred revenue	**123,166**	123,722
Deferred revenue, obligatory reserve funds *(Note 4)*	**2,938**	11,674
Municipal debt *(Note 6)*	**9,183,012**	9,056,005
Asset retirement obligations *(Note 7)*	**1,353,673**	1,342,391
	13,537,630	14,471,632
Net financial assets	**8,467,943**	9,684,291
Non-financial assets (liabilities)		
Tangible capital assets (Schedule 1 and 2)	**125,352,963**	122,858,348
Deferred capital contributions, Port of Johnstown *(Note 5)*	**(29,001,068)**	(29,570,015)
Inventory	**175,639**	159,677
Prepaid expenses	**288,815**	251,215
	96,816,349	93,699,225
Accumulated surplus	**105,284,292**	103,383,516

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

Corporation of the Township of Edwardsburgh/Cardinal
Consolidated Statement of Financial Activities
For the year ended December 31, 2025

	2025 Budget (Note 9)	**2025**	2024
Revenue			
Property taxes	**7,347,434**	**7,329,405**	7,110,089
Fees and service charges	**3,464,700**	**3,620,420**	3,100,862
Grants	**801,798**	**842,350**	837,601
Investment income	**1,871,043**	**336,625**	628,609
Donations and sale of land	**21,300**	**23,167**	13,534
Port of Johnstown	**11,474,068**	**10,278,758**	11,791,912
	24,980,343	**22,430,725**	23,482,607
Program expenses			
General government	**1,790,892**	**1,817,762**	1,702,261
Protection services	**2,455,203**	**2,425,432**	2,341,810
Transportation	**3,539,378**	**3,215,926**	3,268,088
Environmental	**3,038,418**	**3,068,826**	2,846,816
Recreation and culture	**2,487,169**	**2,785,583**	2,787,038
Planning and development	**458,581**	**330,709**	253,061
Port of Johnstown	**6,446,262**	**8,198,199**	6,548,358
	20,215,903	**21,842,437**	19,747,432
Surplus before other income (expense)	**4,764,440**	**588,288**	3,735,175
Other income (expense)			
Deferred revenue earned *(Note 4)*	**245,790**	**245,790**	558,025
Capital grants	**871,932**	**475,142**	879,795
(Loss) gain on disposal of tangible capital assets	**-**	**(3,055)**	230,556
Equity income from government business enterprises *(Note 3)*	**-**	**25,664**	22,648
Amortization of deferred capital contributions *(Note 5)*	**-**	**568,947**	527,165
	1,117,722	**1,312,488**	2,218,189
Annual surplus	**5,882,162**	**1,900,776**	5,953,364
Accumulated surplus, beginning of year	**103,383,516**	**103,383,516**	97,430,152
Accumulated surplus, end of year	**109,265,678**	**105,284,292**	103,383,516

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

Corporation of the Township of Edwardsburgh/Cardinal
Consolidated Statement of Change in Net Financial Assets
For the year ended December 31, 2025

	2025 Budget (Note 9)	**2025**	2024
Annual surplus	**5,882,162**	**1,900,776**	5,953,364
Acquisition of tangible capital assets	**(9,429,525)**	**(6,337,122)**	(16,641,606)
Amortization	**1,631,563**	**3,839,452**	3,614,513
Loss (gain) on sale of tangible capital assets	**-**	**3,055**	(230,556)
Proceeds on sale of tangible capital assets	**-**	**-**	294,839
Deferred capital contributions received	**-**	**-**	2,000,000
Amortization of deferred capital contributions	**-**	**(568,947)**	(527,165)
Change in inventory	**-**	**(15,962)**	(834)
Change in prepaid expenses	**-**	**(37,600)**	(210,488)
Reclassification of Port of Johnstown's non-financial assets	**-**	**-**	(40,303,362)
Decrease in net financial assets	**(1,915,800)**	**(1,216,348)**	(46,051,295)
Net financial assets, beginning of year	**9,684,291**	**9,684,291**	55,735,586
Net financial assets, end of year	**7,768,491**	**8,467,943**	9,684,291

Corporation of the Township of Edwardsburgh/Cardinal
Consolidated Statement of Cash Flows
For the year ended December 31, 2025

	2025	*2024*
Operating activities		
Annual surplus	**1,900,776**	5,953,364
Non-cash items		
Amortization	**3,839,452**	3,614,513
Accretion	**35,985**	34,937
Amortization of deferred capital contributions	**(568,947)**	(527,165)
Gain (loss) on disposal of tangible capital assets	**3,055**	(230,556)
Equity income from government business enterprises	**(45,928)**	(41,720)
	5,164,393	8,803,373
Changes in working capital accounts		
Taxes receivable	**79,497**	(65,753)
Accounts receivable	**670,503**	(1,502,039)
Inventory	**(15,962)**	(834)
Prepaid expenses	**(37,600)**	(210,488)
Accounts payable	**(367,672)**	1,216,905
Deferred revenue	**(555)**	(171,080)
Deferred revenue, obligatory reserve funds	**(8,736)**	(306,490)
Asset retirement obligations	**(24,703)**	(35,197)
Opening non-cash working capital balances from Port of Johnstown	**-**	698,349
	5,459,165	8,426,746
Financing activities		
Repayment of municipal debt	**(316,519)**	(347,748)
Proceeds from the issue of municipal debt	**443,525**	1,113,871
Capital contributions received	**-**	2,000,000
	127,006	2,766,123
Capital activities		
Proceeds from disposal of tangible capital assets	**-**	294,839
Purchases of tangible capital assets	**(7,032,449)**	(15,941,463)
	(7,032,449)	(15,646,624)
Investing activities		
Dividends received from Rideau St. Lawrence Holdings Inc.	**20,264**	19,072
Change in short-term investments	**709,063**	611,240
Opening cash balance from Port of Johnstown	**-**	10,925,136
	729,327	11,555,448
(Decrease) increase in cash resources	**(716,951)**	7,101,693
Cash, beginning of year	**16,218,440**	9,116,747
Cash, end of year	**15,501,489**	16,218,440

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

Corporation of the Township of Edwardsburgh/Cardinal
Schedule 1 - Consolidated Schedule of Tangible Capital Assets - By Asset Type
For the year ended December 31, 2025

	Land	Buildings	Equipment	Roads and Bridges	Plants and Facilities	Water and Sewer	Annex and Marine Terminal	Assets under Construction	2025	2024
Cost										
Balance, beginning of year	**5,238,428**	**20,566,423**	**38,352,232**	**34,191,913**	**17,382,488**	**13,851,948**	**47,113,663**	**3,282,877**	**179,979,972**	83,174,515
Acquisition of tangible capital assets	**581,124**	**914,994**	**4,459,260**	**2,339,120**	**-**	**593,742**	**-**	**(2,551,118)**	**6,337,122**	16,641,606
Disposal of tangible capital assets	**-**	**-**	**(51,527)**	**(23,000)**	**-**	**-**	**-**	**-**	**(74,527)**	(68,300)
Opening balance, Port of Johnstown	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	80,232,151
Balance, end of year	**5,819,552**	**21,481,417**	**42,759,965**	**36,508,033**	**17,382,488**	**14,445,690**	**47,113,663**	**731,759**	**186,242,567**	179,979,972
Accumulated amortization										
Balance, beginning of year	**273,994**	**6,477,181**	**10,388,604**	**19,050,391**	**8,801,365**	**5,022,177**	**7,107,912**	**-**	**57,121,624**	41,679,519
Annual amortization	**96,306**	**499,914**	**1,340,191**	**645,230**	**146,142**	**350,888**	**760,781**	**-**	**3,839,452**	3,614,513
Accumulated amortization on disposals	**-**	**-**	**(48,472)**	**(23,000)**	**-**	**-**	**-**	**-**	**(71,472)**	(4,017)
Opening balance, Port of Johnstown	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	11,831,609
Balance, end of year	**370,300**	**6,977,095**	**11,680,323**	**19,672,621**	**8,947,507**	**5,373,065**	**7,868,693**	**-**	**60,889,604**	57,121,624
Net book value 2025	**5,449,252**	**14,504,322**	**31,079,642**	**16,835,412**	**8,434,981**	**9,072,625**	**39,244,970**	**731,759**	**125,352,963**	122,858,348
Net book value 2024	4,964,434	14,089,242	27,963,628	15,141,522	8,581,123	8,829,771	40,005,751	3,282,877	122,858,348	

Acquisitions of tangible capital assets include accounts payable of $639,173 as at December 31, 2025 (2024 - $1,344,500); these amounts are treated as non-cash transactions for the purposes of the consolidated statement of cash flows.

Corporation of the Township of Edwardsburgh/Cardinal
Schedule 2 - Consolidated Schedule of Tangible Capital Assets - By Segment
For the year ended December 31, 2025

	General Government	*Protection Services*	*Transportation Services*	*Environmental Services*	*Recreation and Culture*	*Port of Johnstown*	***2025***	*2024*
Cost								
Balance, beginning of year	3,173,388	4,600,098	36,479,725	33,546,172	12,161,510	90,019,079	**179,979,972**	83,089,327
Additions during the year	28,485	23,432	2,718,478	292,987	691,949	1,850,032	**5,605,363**	13,443,917
Disposals during the year	-	-	-	-	-	(74,527)	**(74,527)**	(68,300)
Opening balance, Port of Johnstown	-	-	-	-	-	-	**-**	80,232,151
Assets in service, end of year	3,201,873	4,623,530	39,198,203	33,839,159	12,853,459	91,794,584	**185,510,808**	176,697,095
Assets under construction	-	-	84,789	473,633	19,142	154,195	**731,759**	3,282,877
Balance, end of year	3,201,873	4,623,530	39,282,992	34,312,792	12,872,601	91,948,779	**186,242,567**	179,979,972
Accumulated Amortization								
Balance, beginning of year	563,300	2,824,379	20,872,384	14,532,391	4,743,660	13,585,510	**57,121,624**	41,679,519
Amortization during the year	40,359	162,148	813,579	500,757	269,680	2,052,929	**3,839,452**	3,614,513
Amortization on disposals	-	-	-	-	-	(71,472)	**(71,472)**	(4,017)
Opening balance, Port of Johnstown	-	-	-	-	-	-	**-**	11,831,609
Balance, end of year	603,659	2,986,527	21,685,963	15,033,148	5,013,340	15,566,967	**60,889,604**	57,121,624
Net book value 2025	2,598,214	1,637,003	17,597,029	19,279,644	7,859,261	76,381,812	**125,352,963**	122,858,348
Net book value 2024	2,610,088	1,775,719	15,607,341	19,013,781	7,417,850	76,433,569	122,858,348	

Corporation of the Township of Edwardsburgh/Cardinal
Schedule 3 - Consolidated Schedule of Accumulated Surplus
For the year ended December 31, 2025

	2025	2024
Operating Surpluses (Deficits)		
Operating surplus	**-**	-
Land inventory surplus	**159,084**	159,084
EMS building surplus	**49,500**	49,500
Library board deficit	**(12,593)**	(8,396)
Port of Johnstown	**12,267,771**	13,393,222
Capital fund deficit	**(103,931)**	(258,898)
Investment in Rideau St. Lawrence Holdings Inc.	**757,036**	731,372
Amounts to be recovered from future revenues:		
Accrued interest on long-term debt	**(59,248)**	(59,248)
Total operating surpluses	**13,057,619**	14,006,636
Reserves and reserve funds		
Reserves set aside for specific purposes by Council:		
Working capital	**950,395**	542,610
Tax stabilization	**262,242**	102,242
Election and insurance	**77,779**	67,779
Fire	**956,877**	931,877
Police	**110,715**	110,715
Transportation	**510,957**	605,957
Environmental	**568,859**	643,862
Recreation	**172,986**	154,486
Planning	**99,234**	94,234
Capital expenditures	**102,332**	132,332
Total reserves	**3,812,376**	3,386,094
Reserve funds set aside for specific purpose by legislation, regulation or agreement:		
Water and sewer	**1,218,385**	1,610,945
Johnstown water wells	**62,724**	60,436
Industrial park	**967,548**	(378,282)
Cardinal Hydro	**9,409**	214,564
GIC investment	**-**	1,320,727
Dedicated capital	**300,818**	272,457
Total reserve funds	**2,558,884**	3,100,847
Total reserves and reserve funds	**6,371,260**	6,486,941
Invested in tangible capital assets		
Tangible capital assets	**125,352,963**	122,858,348
Less: Deferred capital contributions, Port of Johnstown	**(29,001,068)**	(29,570,015)
Less: Municipal debt	**(9,142,809)**	(9,056,003)
Less: Asset retirement obligations	**(1,353,673)**	(1,342,391)
Invested in tangible capital assets	**85,855,413**	82,889,939
Accumulated Surplus	**105,284,292**	103,383,516

Corporation of the Township of Edwardsburgh/Cardinal
Schedule 4 - Consolidated Schedule of Changes in Accumulated Surplus
For the year ended December 31, 2025

	Operating Surpluses	*Reserves and Reserve Funds*	*Invested in Tangible Capital Assets*	*2025*	*2024*
Balance, beginning of year	**14,006,636**	**6,486,941**	**82,889,939**	**103,383,516**	97,430,152
Surplus for the year	**1,766,845**	**133,931**	**-**	**1,900,776**	5,953,364
Reserve funds used for operations	**3,147,325**	**(3,147,325)**	**-**	**-**	-
Funds transferred to reserves	**(2,897,713)**	**2,897,713**	**-**	**-**	-
Current year funds used for tangible capital assets	**(6,337,122)**	**-**	**6,337,122**	**-**	-
Amortization of tangible capital assets	**3,839,452**	**-**	**(3,839,452)**	**-**	-
Disposal of tangible capital assets	**3,055**	**-**	**(3,055)**	**-**	-
Amortization of deferred capital contributions	**(568,947)**	**-**	**568,947**	**-**	-
Proceeds received of municipal debt	**403,325**	**-**	**(403,325)**	**-**	-
Repayment of municipal debt	**(316,519)**	**-**	**316,519**	**-**	-
Net change in asset retirement obligations	**11,282**	**-**	**(11,282)**	**-**	-
Change in accumulated surplus	**(949,017)**	**(115,681)**	**2,965,474**	**1,900,776**	5,953,364
Balance, end of year	**13,057,619**	**6,371,260**	**85,855,413**	**105,284,292**	103,383,516

Corporation of the Township of Edwardsburgh/Cardinal
Schedule 5 - Consolidated Schedule of Segmented Disclosure
For the year ended December 31, 2025

	General government	*Protection services*	*Transportation*	*Environmental*	*Recreation and culture*	*Planning and development*	*Port of Johnstown*	*2025*
Revenue								
Property taxes	**(18,029)**	**2,333,653**	**1,575,071**	**598,049**	**2,581,373**	**259,288**	**-**	**7,329,405**
Fees and service charges	**140,463**	**48,462**	**66,078**	**2,053,014**	**737,295**	**575,108**	**-**	**3,620,420**
Grants	**777,800**	**250**	**38,000**	**5,973**	**17,327**	**3,000**	**-**	**842,350**
Investment income	**334,117**	**-**	**-**	**2,039**	**469**	**-**	**-**	**336,625**
Donations and sale of land	**-**	**-**	**-**	**-**	**23,167**	**-**	**-**	**23,167**
Port of Johnstown	**-**	**-**	**-**	**-**	**-**	**-**	**10,278,758**	**10,278,758**
	1,234,351	**2,382,365**	**1,679,149**	**2,659,075**	**3,359,631**	**837,396**	**10,278,758**	**22,430,725**
Expenses								
Wages and benefits	**1,093,728**	**619,690**	**991,851**	**733,532**	**1,469,011**	**125,646**	**4,063,834**	**9,097,292**
Interest on municipal debt	**15,268**	**-**	**-**	**95,262**	**200,330**	**39**	**59,176**	**370,075**
Material and services	**289,331**	**301,850**	**1,322,283**	**1,001,050**	**750,660**	**170,908**	**1,163,642**	**4,999,724**
Contracted services	**351,870**	**1,280,627**	**10,091**	**651,863**	**17,169**	**32,142**	**412,793**	**2,756,555**
Insurance and financial cost	**27,206**	**61,117**	**78,122**	**86,362**	**78,733**	**1,974**	**445,825**	**779,339**
Amortization	**40,359**	**162,148**	**813,579**	**500,757**	**269,680**	**-**	**2,052,929**	**3,839,452**
	1,817,762	**2,425,432**	**3,215,926**	**3,068,826**	**2,785,583**	**330,709**	**8,198,199**	**21,842,437**
Surplus (deficit) before other income (expense)	**(583,411)**	**(43,067)**	**(1,536,777)**	**(409,751)**	**574,048**	**506,687**	**2,080,559**	**588,288**
Other income (expense)								
Deferred revenue earned	**-**	**-**	**245,790**	**-**	**-**	**-**	**-**	**245,790**
Capital grants	**-**	**-**	**-**	**475,142**	**-**	**-**	**-**	**475,142**
Gain (loss) on disposal of tangible capital assets	**-**	**-**	**-**	**-**	**-**	**-**	**(3,055)**	**(3,055)**
Equity income from government business enterprises	**25,664**	**-**	**-**	**-**	**-**	**-**	**-**	**25,664**
Amortization of deferred capital contributions	**-**	**-**	**-**	**-**	**-**	**-**	**568,947**	**568,947**
Annual surplus (deficit)	**(557,747)**	**(43,067)**	**(1,290,987)**	**65,391**	**574,048**	**506,687**	**2,646,451**	**1,900,776**

Corporation of the Township of Edwardsburgh/Cardinal
Schedule 5 - Consolidated Schedule of Segmented Disclosure
For the year ended December 31, 2025

	General government	*Protection services*	*Transportation*	*Environmental*	*Recreation and culture*	*Planning and development*	*Port of Johnstown*	*2024*
Revenue								
Property taxes	44,418	2,278,717	2,398,430	431,303	1,622,143	335,078	-	7,110,089
Fees and service charges	141,670	38,194	43,507	1,944,749	703,783	228,959	-	3,100,862
Grants	742,819	-	-	78,895	15,887	-	-	837,601
Investment income	625,924	-	-	1,676	1,009	-	-	628,609
Donations and sale of land	-	-	-	-	13,534	-	-	13,534
Port of Johnstown	-	-	-	-	-	-	11,791,912	11,791,912
	1,554,831	2,316,911	2,441,937	2,456,623	2,356,356	564,037	11,791,912	23,482,607
Expenses								
Wages and benefits	876,169	608,175	821,480	730,136	1,346,282	101,445	3,068,021	7,551,708
Interest on municipal debt	16,344	299	260	23,592	207,061	6,793	61,863	316,212
Material and services	332,609	238,241	1,480,757	918,917	743,993	102,497	884,347	4,701,361
Contracted services	422,485	1,261,785	12,150	674,704	16,930	40,122	329,311	2,757,487
Insurance and financial cost	24,471	63,192	83,309	97,416	88,661	2,204	446,898	806,151
Amortization	30,183	170,118	870,132	402,051	384,111	-	1,757,918	3,614,513
	1,702,261	2,341,810	3,268,088	2,846,816	2,787,038	253,061	6,548,358	19,747,432
Surplus (deficit) before other income (expense)	(147,430)	(24,899)	(826,151)	(390,193)	(430,682)	310,976	5,243,554	3,735,175
Other income (expenses)								
Deferred revenue earned	-	-	558,025	-	-	-	-	558,025
Capital grants	-	-	879,795	-	-	-	-	879,795
Gain (loss) on disposal of tangible capital assets	230,556	-	-	-	-	-	-	230,556
Equity income from government business enterprises	22,648	-	-	-	-	-	-	22,648
Amortization of deferred capital contributions	-	-	-	-	-	-	527,165	527,165
Annual surplus (deficit)	105,774	(24,899)	611,669	(390,193)	(430,682)	310,976	5,770,719	5,953,364

1. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

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 and government unit:

Township of Edwardsburgh/Cardinal Library Board
Port of Johnstown

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.

(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.

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.

Measurement uncertainty (Use of estimates)

The preparation of consolidated 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 asset retirement obligations. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Revenue recognition

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.

1. Significant accounting policies *(Continued from previous page)*

Revenue recognition *(Continued from previous page)*

Government grants and transfers

Government grants and 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.

Tax 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 legalisation.

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 include 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.

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.

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.

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.

Deferred capital contributions, Port of Johnstown

Deferred capital contributions represent amounts received from the Federal and Provincial governments in aid of purchasing capital assets in the year. The contributions are amortized into revenue in the consolidated statement of financial activities at the same rate as the underlying tangible capital assets are amortized into expenses.

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Township to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at December 31, 2025. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

1. Significant accounting policies *(Continued from previous page)*

Asset retirement obligation *(Continued from previous page)*

At each financial reporting date, the Township reviews the carrying amount of the liability. The Township recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Township continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Township is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2025.

At each financial reporting date, the Township reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Township continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

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 to 100 years
Buildings	5 to 50 years
Machinery and equipment	10 to 60 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
Annex and marine terminal	30 to 100 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.

1. Significant accounting policies *(Continued from previous page)*

Non-financial assets *(Continued from previous page)*

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 capitalized as part of the landfill tangible capital asset cost.

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.

Employee future 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.

Segments

The Township conducts its operations through seven reportable segments: general government, protection services, transportation services, environmental services, recreation and cultural services, planning and development, and the Port of Johnstown. 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.

Financial instruments

The Township recognizes its financial instruments when the Township becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Township may irrevocably elect to subsequently measure any financial instrument at fair value. The Township has not made such an election during the year. The Township subsequently measures all its financial assets and liabilities at amortized cost.

The Township subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. The Township has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains and losses. Interest income is recognized in the consolidated statement of financial activities.

Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

1. Significant accounting policies *(Continued from previous page)*

Financial instruments *(Continued from previous page)*

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized into income. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the consolidated statement of financial activities. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the consolidated statement of remeasurement gains and losses in the fiscal year it occurs.

2. Long-term receivable

The long-term receivable is due from Rideau St. Lawrence Holdings Inc., bears interest at 3.72% (2024 - 3.72%), paid quarterly, has no specific terms of repayment, and is unsecured.

3. Investments in government units and government business enterprises

The Township has investments in the following entities:

	Investment cost	***Share of net income***	***Dividends received***	***2025 Total investment***
Wholly-operated government unit:				
Port of Johnstown	**57,049,427**	**1,646,451**	**(2,200,000)**	**56,495,878**
Significantly Influenced Businesses:				
RSL Holdings Inc. - 11.92%	**731,372**	**45,928**	**(20,264)**	**757,036**
	57,780,799	**1,692,379**	**(2,220,264)**	**57,252,914**

	Investment cost	*Share of net income*	*Dividends received*	*2024 Total investment*
Wholly-operated government unit				
Port of Johnstown	52,278,708	4,770,719	-	57,049,427
Significantly Influenced Businesses:				
RSL Holdings Inc. - 11.92%	708,724	42,912	(20,264)	731,372
	52,987,432	4,813,631	(20,264)	57,780,799

Continued on next page

3. Investments in government units and government business enterprises *(Continued from previous page)*

Summary financial information for each business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

	RSL Holdings Inc. As at December 31, 2025	*RSL Holdings Inc. As at December 31, 2024*
Assets		
Current assets	**6,554,375**	**5,177,864**
Intangible assets	**49,455**	**82,143**
Deferred tax assets	**42,451**	**57,228**
Property, plant and equipment	**13,973,464**	**11,658,990**
Regulatory assets	**877,947**	**1,256,192**
Total assets	**21,497,692**	**18,232,417**
Liabilities		
Current liabilities	**11,953,173**	**6,275,441**
Long-term debt	**-**	**3,109,222**
Contributions in aid of construction	**2,250,708**	**1,883,097**
Customer deposits	**214,757**	**206,312**
Regulatory liabilities	**728,077**	**507,757**
Total liabilities	**15,146,715**	**11,981,829**
	6,350,977	**6,250,588**
Total revenue	**20,723,620**	**18,869,758**
Total expenses	**20,453,231**	**18,394,838**
Net income	**270,389**	**474,920**
Dividends	**(170,000)**	**(170,000)**
Net Income less dividends	**100,389**	**304,920**

Continued on next page

3. Investments in government units and government business enterprises *(Continued from previous page)*

Summary financial information for the wholly operated government unit, accounted for using the consolidation basis, for the respective year-end is as follows:

	Port of Johnstown As at December 31, 2025	Port of Johnstown As at December 31, 2024
Assets		
Cash	**10,176,456**	**10,520,282**
Investments	**2,291,980**	**3,001,043**
Accounts receivable	**787,206**	**1,577,235**
Inventory and prepaid expenses	**237,452**	**183,852**
Tangible capital assets	**76,381,812**	**76,433,569**
Total assets	**89,874,906**	**91,715,981**
Liabilities		
Accounts payable	**1,109,693**	**1,772,730**
Deferred revenue	**115,630**	**116,460**
Long-term debt	**1,916,652**	**2,007,349**
Asset retirement obligations	**1,235,985**	**1,200,000**
Deferred contributions	**29,001,068**	**29,570,015**
Total liabilities	**33,379,028**	**34,666,554**
Accumulated surplus	**56,495,878**	**57,049,427**
Total revenue	**10,847,705**	**12,319,077**
Total expenses	**8,201,254**	**6,548,358**
Surplus before administration fees	**2,646,451**	**5,770,719**
Municipality administration fees	**(1,000,000)**	**(1,000,000)**
Annual surplus	**1,646,451**	**4,770,719**

The Port of Johnstown distributed income of $2,200,000 to the Township during the year, which was eliminated upon consolidation of these financial statements.

4. 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 Canadian Community Building Fund ("Federal gas Tax") for 2025 and 2024 and the COVID 19-restart program in 2024 obligatory reserve funds are summarized as follows:

	2025	*2024*
Balance, beginning of year	**11,674**	318,164
Grants received	**235,790**	239,463
Interest earned	**1,264**	12,072
Deferred revenue earned	**(245,790)**	(558,025)
Balance, end of year	**2,938**	11,674

5. Deferred capital contributions, Port of Johnstown

Deferred revenue represents the unamortizted amount of grants and funding received for the purchase of capital assets at the Port of Johnstown. The transactions in deferred capital contributions are summarized as follows:

	2025	*2024*
Balance, beginning of year	**29,570,015**	28,097,180
Contributions received in the year	**-**	2,000,000
Amortization of deferred capital contributions	**(568,947)**	(527,165)
Balance, end of year	**29,001,068**	29,570,015

6. Municipal debt

	2025	*2024*
Loan payable, interest at 4.59%, payable in blended semi-annual payments of $151,849, due October 2048	**4,286,672**	4,390,040
Mortgage payable, interest at 3.01%, payable in blended monthly payments of $12,489, due February 2042, Port of Johnstown	**1,916,652**	2,007,349
Loan payable, interest at 4.82%, payable in blended monthly payments of $41,627, due August 2043	**994,390**	1,028,478
Loan payable, interest at 4.37%, payable in blended semi-annual payments of $38,890, due February 2044	**979,924**	1,013,768
Loan payable, interest at 2.91%, payable in blended semi-annual payments of $26,523, due July 2036	**496,267**	534,044
Loan payable, interest at 0%, payable in monthly payments of $1,395, due November 2029	**65,582**	82,326
Loan payable, interest at 4.06%, payable in blended monthly payments of $5,524, due December 2032	**403,325**	-
Tile drain loans payable, interest at 6%, payable in blended monthly payments of $5,462, due October 2035	**40,200**	-
	9,183,012	9,056,005

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2026	382,258
2027	396,864
2028	412,075
2029	426,523
2030	427,676
Thereafter	7,137,616
	9,183,012

7. Asset retirement obligations

The Township's asset retirement obligations include one solid waste landfill site's post closure monitoring costs and the Port of Johnstown's future decommission of the salt retention pond and the removal of asbestos from its buildings. The estimated future asset retirement obligations of $1,353,673 (2024 - $1,342,391) of which have been adjusted by applying a discount rate of 3%, based on the Township's borrowing rate.

The landfill site reached its useful life, and capping and monitoring procedures commenced in 2016. The landfill post-closure monitoring period is estimated for nine years. Total closure and post-closure costs were estimated to be $372,880 in 2016. The remaining future asset retirement obligation relating to the landfill site is $117,688 (2024 - $142,391).

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

The change in asset retirement obligations for the year is as follows:

	2025	*2024*
Balance, beginning of year	**1,342,391**	177,588
Liabilities incurred	**-**	1,165,063
Liabilities settled	**(24,703)**	(35,197)
Accretion	**35,985**	34,937
Balance, end of year	**1,353,673**	1,342,391

8. Pension agreements

Defined benefit pension plan

The Township is a member of the Ontario Municipal Employees Retirement System ("OMERS") which is a multi-employer retirement plan. Then 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 of pay. Employers and employees contribute to the plan.

The most recent actuarial valuation was at December 31, 2025. The December 31, 2025 financial statements of OMERS report net assets available for benefits of $145.2 billion and an actuarial funding deficit of $1.3 billion. 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 funding deficit in these consolidated financial statements.

The employer's amount contributed to OMERS for 2025 was $571,798 (2024 - $462,281) for current service and is included as an expense on the consolidated statement of financial activities.

9. Budget information

The disclosed budget information has been approved by the Council of the Corporation of the Township of Edwardsburgh/Cardinal at the meeting held on February 25, 2025. The 2025 budget pertaining to capital and reserve and reserve funds transactions are based on a project-oriented basis, the costs of which may be carried out over one or more years.

10. Operating expenses by object

Municipal operating expenditures are summarized as follows:

	2025 Budget (Note 9)	***2025***	*2024*
Wages and benefits	**8,983,658**	**9,097,292**	7,551,708
Interest on municipal debt	**295,664**	**370,075**	316,212
Material and services	**5,544,713**	**4,999,724**	4,701,361
Contracted services	**2,941,017**	**2,756,555**	2,757,487
Insurance and financial cost	**819,288**	**779,339**	806,151
Amortization	**1,631,563**	**3,839,452**	3,614,513
	20,215,903	**21,842,437**	19,747,432

11. Operating and water and wastewater operations surpluses and deficits

The operating surplus for the fiscal year ended December 31, 2025 was $201,441 (2024 - deficit of $207,391) of which the balance was transferred to the working capital reserve.

The water and wastewater operations' net surplus for the fiscal year ended December 31, 2025 was $141,629 (2024 - deficit of $299,351)

	2025 Budget (Note 9)	***2025***	*2024*
Annual surplus, consolidated statement of financial activities	**5,882,162**	**1,900,776**	5,953,364
Funds transferred to reserves	**(464,390)**	**(2,305,689)**	(1,966,889)
Reserve funds used for operations and tangible capital assets	**2,114,932**	**3,147,321**	4,294,844
Reserve fund interest	**-**	**(133,931)**	(304,467)
Change in asset retirement obligations	**-**	**11,282**	(260)
Acquisition of tangible capital assets	**(9,429,525)**	**(6,337,122)**	(16,641,606)
Annual amortization expense	**1,631,563**	**3,839,452**	3,614,513
Loss (gain) on sale of tangible capital assets	**-**	**3,055**	(230,556)
Proceeds on sale of tangible capital assets	**-**	**-**	294,839
Deferred capital contributions received	**-**	**-**	2,000,000
Amortization of deferred capital contributions	**-**	**(568,947)**	(527,165)
Change in capital surplus or capital deficit	**47,480**	**(154,966)**	405,540
Proceeds from municipal debt	**425,000**	**403,325**	1,113,871
Principal payments on municipal debt	**(207,222)**	**(316,519)**	(341,036)
Equity pick-up of Rideau St. Lawrence Holdings Inc.	**-**	**(25,665)**	(22,648)
Equity change in Port of Johnstown	**-**	**1,125,451**	1,842,547
Library board deficit for the year	**-**	**4,201**	8,367
Operating surplus (deficit) for the year before year-end transfers	**-**	**592,024**	(506,742)
Transfer (to) from waster and waste water reserves	**-**	**(141,629)**	299,351
Transfer (to) from reserves	**-**	**(450,395)**	207,391
Operating surplus (deficit) for the year	**-**	**-**	-

12. Segments

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:

(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 *Ontario 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.

(g) Port of Johnstown

The Port of Johnstown is a government unit which provides multi-modal transportation hub and seasonal river port services for dry bulk products. The Port's main functions include bulk cargo handling and storage, grain cleaning, and marine, rail and truck loading and unloading services.

13. Financial instruments

The Township as part of its operations carries a number of financial instruments. It is management's opinion that the Township is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Financial instruments that potentially subject the Township to concentrations of credit risk consist primarily taxes and accounts receivable. However, credit exposure is limited due to the Township's large customer base.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Port is exposed to interest rate cash flow risk with respect to long-term debt and short-term investments. However, the exposure is limited as long-term debt and short-term investments are at a fixed interest rate.

Liquidity risk

Liquidity risk is the risk that the Township will not be able to meet its financial obligations as they become due.

The Township manages liquidity risk by continually monitoring actual and forecasted cash flows from operations to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

14. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.