

Consolidated Financial Statements of

**THE CORPORATION OF THE
TOWNSHIP OF CHAPLEAU**

Year ended December 31, 2021

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

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Year ended December 31, 2021

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Township of Chapleau (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

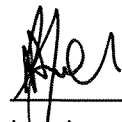
The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely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

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

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



Judith Meyntz
Chief Administrative Officer



Les Jones
Chief Financial Officer and Treasurer



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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of Chapleau

Opinion

We have audited the accompanying consolidated financial statements of The Corporation of the Town of Chapleau (the "Township"), which comprise:

- the consolidated statement of financial position as at December 31, 2021
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2021, and its consolidated results of operations and accumulated surplus, its consolidated changes in 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 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 financial statements in Canada and we have fulfilled our other 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 Financial Statements

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

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- 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 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 financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada
March 22, 2024

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

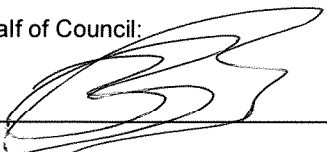
Consolidated Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash	\$ 5,458,028	\$ 3,928,559
Investments (note 3)	5,338,619	5,271,913
Taxes receivable	749,868	796,750
User charges receivable	422,405	418,440
Accounts receivable (note 4)	226,430	239,876
Accrued interest receivable	32,766	37,127
Investments in government business enterprises (note 11)	2,951,761	2,766,370
	<u>15,179,877</u>	<u>13,459,035</u>
Financial liabilities		
Accounts payable and accrued liabilities	688,166	432,036
Deferred revenue - obligatory reserve funds (note 5)	-	62,566
Deferred revenue - other	473,973	874,078
Vested sick leave benefits (note 7)	15,000	15,000
Solid waste management liabilities (note 8)	874,000	854,000
Long-term liabilities (note 9)	1,175,100	1,446,328
	<u>3,226,239</u>	<u>3,684,008</u>
Net financial assets	11,953,638	9,775,027
Non-financial assets		
Tangible capital assets (note 15)	25,576,121	25,197,739
Inventory and prepaids	50,382	44,202
	<u>25,626,503</u>	<u>25,241,941</u>
Commitments (note 10)		
Accumulated surplus (note 14)	\$ 37,580,141	\$ 35,016,968

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

On behalf of Council:



Mayor



Treasurer

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget (note 12)	Actual 2021	Actual 2020
Revenue:			
Property taxation	\$ 2,713,606	\$ 2,730,026	\$ 2,657,218
User charges	2,331,499	2,544,459	2,289,254
Government of Canada grants	462,267	387,928	271,531
Province of Ontario grants	2,403,917	2,135,601	1,555,384
Investment income	16,000	88,278	126,394
Licenses and permits	18,080	19,893	21,880
Fines and penalties	8,300	28,959	14,594
Penalties and interest on taxes and user charges	37,000	139,083	116,943
Share of income in government business enterprises	-	185,391	80,298
Other	43,500	296,946	71,913
Loss on sale of capital assets	-	(139)	(14,467)
Total revenue	8,034,169	8,556,425	7,190,942
Expenses:			
General government	878,345	868,661	830,660
Protection to persons and property	778,516	797,913	737,162
Transportation services	1,429,088	1,570,385	1,423,512
Environmental services	1,391,898	1,558,151	1,901,301
Health services	256,767	255,523	250,444
Social and family services	133,444	162,138	126,232
Recreational and cultural services	637,554	641,528	793,654
Planning and development	137,364	138,953	178,785
Total expenses	5,642,976	5,993,252	6,241,750
Annual surplus	2,391,193	2,563,173	949,192
Accumulated surplus, beginning of year	35,016,968	35,016,968	34,067,776
Accumulated surplus, end of year	\$ 37,408,161	\$ 37,580,141	\$ 35,016,968

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

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2021, with comparative information for 2020

	2021 Budget (note 12)	Actual 2021	Actual 2020
Annual surplus	\$ 2,391,193	\$ 2,563,173	\$ 949,192
Acquisition of tangible capital assets	-	(1,269,543)	(797,202)
Amortization of tangible capital assets	-	891,022	855,901
Loss on disposal of tangible capital assets	-	139	14,467
	2,391,193	2,184,791	1,022,358
Use (acquisition) of inventory and prepaids	-	(6,180)	(15,171)
Change in net financial assets	2,391,193	2,178,611	1,007,187
Net financial assets, beginning of year	9,775,027	9,775,027	8,767,840
Net financial assets, end of year	\$ 12,166,220	\$ 11,953,638	\$ 9,775,027

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

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Consolidated Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 2,563,173	\$ 949,192
Items not involving cash:		
Amortization of tangible capital assets	891,022	855,901
Loss on disposal of tangible capital assets	139	14,467
<u>Change in solid waste management liabilities</u>	<u>20,000</u>	<u>215,000</u>
	3,474,334	2,034,560
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	46,882	(159,480)
Increase in user charges receivable	(3,965)	(44,036)
Decrease in accounts receivable	13,446	161,573
Decrease in accrued interest receivable	4,361	8,493
Increase in inventory and prepaids	(6,180)	(15,171)
Increase in accounts payable and accrued liabilities	256,130	26,298
Increase in investment of government business enterprises	(185,391)	(80,298)
<u>Increase (decrease) in deferred revenue</u>	<u>(462,671)</u>	<u>220,452</u>
Net change in cash from operating activities	3,136,946	2,152,391
Capital activities:		
<u>Acquisition of tangible capital assets</u>	<u>(1,269,543)</u>	<u>(797,202)</u>
Net change in cash from capital activities	(1,269,543)	(797,202)
Financing activities:		
<u>Principal repayment on long-term liabilities</u>	<u>(271,228)</u>	<u>(266,475)</u>
Net change in cash from financing activities	(271,228)	(266,475)
Investing activities:		
<u>Increase in investments</u>	<u>(66,706)</u>	<u>(103,513)</u>
Net change in cash from investing activities	(66,706)	(103,513)
Increase in cash	1,529,469	985,201
Cash, beginning of year	3,928,559	2,943,358
<u>Cash, end of year</u>	<u>\$ 5,458,028</u>	<u>\$ 3,928,559</u>

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

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2021

The Corporation of the Township of Chapleau (the "Township") is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and other related legislation.

1. Significant accounting policies:

The consolidated financial statements of the Township are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Reporting entity:

(i) Consolidated entities:

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the reporting entity and include the activities of all committees of Council and the following boards and enterprises which are under the control of Council:

Chapleau Public Library Board

All interfund assets, liabilities, revenues and expenses have been eliminated.

(ii) Investment in government business enterprises:

The investment in the Township's 100% owned government business enterprise, Chapleau Public Utilities Corporation, is accounted for on a modified equity basis, consistent with Canadian generally accepted accounting principles as recommended by PSAB for investments in government business enterprises. Under the modified equity basis, the government business enterprises' accounting policies are not adjusted to conform with those of the Township and inter-organizational transactions and balances are not eliminated. The Township recognizes its equity interest in the annual income or loss of the government business enterprises in its consolidated statement of operations with a corresponding increase or decrease in its investment in government business enterprise account. Any dividends that the Township may receive from the government business enterprises will be reflected as reductions in the investment asset account.

(iii) Joint Local Boards

These consolidated financial statements reflect contributions to the following joint local boards, which are not under the direct control of council as expense in the consolidated statement of operations and accumulated surplus:

Sudbury & District Health Unit

Manitoulin-Sudbury District Social Services Administration Board

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2021

1. Significant accounting policies (continued):

(a) Reporting equity (continued):

(iv) Accounting for school board transactions:

The Township collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the consolidated financial statements.

(v) Trust funds:

Trust funds and their related operations administered by the Township are not included in the consolidated financial statements but are reported separately.

(b) Basis of accounting:

(i) Accrual basis of accounting:

The accrual basis of accounting recognizes revenues as they become available and measurable; expenses 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.

(ii) Investments:

Investments are carried at cost unless a decline in value is considered to be other than temporary, at which time the investments and deposits are written down to net realizable value. Income on investments and deposits is recognized on an accrual basis.

(iii) Reserve 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.

(iv) Pensions and employee benefits:

The Township accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a deferred contribution plan.

Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits are accrued where they are vested and are subject to pay out when an employee leaves the Township's employment.

(v) Solid waste management liabilities:

Solid waste management liabilities are accounted for on the accrual basis as a charge to environmental services expenses.

(vi) Deferred revenue - obligatory reserve funds:

The Township receives revenues under the authority of federal and provincial legislation and Township by-laws. These funds, by their nature, are restricted in their use and, until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2021

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(vii) Deferred revenue – other:

The Township receives certain amounts pursuant to funding agreements that may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recorded as deferred revenue and are recognized as revenue in the fiscal year the eligibility criteria has been met (i.e. related expenses are incurred, services are performed) except when stipulations are present and to the extent that the transfer give rise to an obligation that meets the definition of a liability.

(viii) Financial instruments:

The Township's financial instruments consist of cash, investments, user charges receivable, taxes receivable, accounts receivable, accrued interest receivable, accounts payable and accrued liabilities, and long-term liabilities. Unless otherwise noted, it is management's opinion that the Township does not have any significant concentration of interest, currency or credit risk.

(ix) Revenue recognition:

The Township prepared tax billings based on assessment rolls issued by Municipal Property Assessment Corporation, in accordance with rates established and approved annually by Council and the Province of Ontario. Taxation revenue is recognized in the period in which the taxes are levied.

Government transfers are recognized in the period in which the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated. Government grants are recognized when approved to the extent the related expenditures have been incurred and collection can be reasonably assured.

Any amount received but restricted is recorded as a defined revenue in accordance with Section 3100 of the Public Sector Accounting Handbook and recognized as revenue in the period the resources are used for the purposes specified.

User fees and other revenues are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2021

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(x) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the valuation allowances for taxes, accounts receivables and solid waste management liabilities. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

In addition, the Township's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

(c) Non-financial assets:

Tangible capital and other non-financial assets are accounted for as assets by the Township because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Township unless they are sold.

(d) Tangible capital assets:

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

Asset	Useful Life - Years
Buildings	20 - 80
Bridges and culverts	45 - 80
Vehicles	12 - 35
Machinery and equipment	5 - 15
Water and sewer	75 - 85
Roads	25 - 75

Landfill sites are amortized using the units of production method based upon capacity used during the year.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2021

1. Significant accounting policies (continued):

(d) Tangible capital assets (continued):

(i) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

(ii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(iv) Interest capitalization:

The Township does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

2. Contributions to unconsolidated joint boards:

Further to note 1 (a)(iii), the following contributions were made by the Township to these Boards:

	2021	2020
Sudbury & District Health Unit	\$ 98,930	\$ 94,219
Manitoulin-Sudbury District Social Services Administration Board	196,921	198,157
	\$ 295,851	\$ 292,376

The Township is contingently liable for its share of the accumulated deficits to the end of the year for these Boards. It is anticipated that no significant deficits will be incurred.

3. Investments:

The total investments of \$5,338,619 (2020 - \$5,271,913) reported on the consolidated statement of financial position at cost have a market value of \$5,321,181 (2020 - \$5,310,589).

4. Accounts receivable:

Accounts receivable consist of the following:

	2021	2020
Trade and miscellaneous	\$ 83,110	\$ 86,152
Government of Canada	127,503	132,461
Province of Ontario	15,817	21,263
	\$ 226,430	\$ 239,876

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2021

5. Deferred revenue – obligatory reserve funds:

A requirement of the Public Sector Accounting Board of the Chartered Professional Accounts of Canada is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balance in the obligatory reserve funds of the Township is summarized below:

	2021	2020
Obligatory reserve	\$ –	\$ 62,566

The continuity of deferred revenue – obligatory reserve funds is as follows:

	2021	2020
Balance, beginning of year	\$ 62,566	\$ 136,039
Add amounts received:		
Federal gas tax	244,336	119,161
Less transfer to operations:		
Federal gas tax revenue earned	(306,902)	(192,634)
Balance, end of year	\$ –	\$ 62,566

6. Pension agreements:

The Township makes contributions to the Ontario Municipal Employee Retirement System (OMERS), which is a multi-employer plan, on behalf of its staff. The Plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employee contributions are matched by the Township.

The amount contributed to OMERS for 2021 was \$103,864 (2020 - \$110,539) for current services and is included as an expense on the consolidated statement of operations and accumulated surplus.

Because OMERS is a multi-employer plan, the Township does not recognize any share of pension plan deficit. This is a joint responsibility of all Ontario municipalities and their employees.

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2021

7. Vested sick leave benefits:

Under the sick leave benefit plan, unionized employees can accumulate unused sick leave and these employees may become entitled to a cash payment when they leave the Township's employment.

The liability for these accumulated sick days, to the extent that they have vested and could be taken in cash by an employee on terminating, amounted to \$15,000 (2020 - \$15,000) at the end of the year. This past service liability has been provided for and is reported on the consolidated statement of financial position.

8. Solid waste management liabilities:

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

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a 25 year period using the best information available to management. Future events may result in significant changes to the estimated total expenditures, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The overall closure and post-closure costs are based on a 60 year operating life and a 25 year post-closure period of the landfill site.

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Province of Ontario's average long-term borrowing rate of 3% (2020 - 3%). The estimated total landfill closure and post-closure care expenses are calculated to be \$3,218,775 (2020 - \$3,224,238). The estimated liability for the active site is recognized as the landfill site's capacity is used. At December 31, 2021, an amount of \$874,000 (2020 - \$854,000) with respect to landfill closure and post-closure liabilities has been accrued.

9. Long-term liabilities:

- (a) The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2021	2020
NOHFC (i)	\$ 213,750	\$ 285,000
Infrastructure Ontario debenture (ii)	961,350	1,161,328
	<u>\$ 1,175,100</u>	<u>\$ 1,446,328</u>

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2021

9. Long-term liabilities (continued):

- (i) NOHFC loan bears no interest and is due December 2024. Principal payments are made annually on the facility in the amount of \$71,250.
 - (ii) The Infrastructure Ontario debenture shall bear interest at a rate of 2.4% per annum and is due on December 31, 2026. The debenture shall be paid in full by February 16, 2026 and is payable in semi-annual blended payments of principal and interest in the amount of \$113,446.
- (b) Of the long-term liabilities reported in (a) of this note, principal payments are payable as follows:

2022	\$ 276,097
2023	281,084
2024	286,193
2025	220,176
2026	111,550

10. Commitments:

- (a) Ontario Clean Water Agency:

The Ontario Clean Water Agency operates the water and sanitary sewer systems on behalf of the Township. The Township is obligated to meet all operating costs related to the systems.

Included in the Consolidated Statement of Operations are the charges from the Agency of \$271,610 (2020 - \$266,464) for the water system and \$90,536 (2020 - \$103,061) for the sewer system.

- (b) Credit facility agreement:

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$500,000 via an operating line. Any balance borrowed will bear interest at prime. As at December 31, 2021, there was a balance owing of \$Nil (2020 - \$Nil).

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2021

11. Investments in government business enterprises:

Chapleau Public Utilities Corporation ("PUC") is wholly-owned and controlled by the Township. As this corporation is a business enterprise of the Township, it is accounted for on a modified equity basis in these consolidated financial statements.

(a) The following table provides condensed supplementary financial information for the year ended December 31, 2021:

	2021	2020
Financial Position:		
Current assets	\$ 1,800,020	\$ 1,741,011
Capital assets	1,676,791	1,599,128
Regulatory assets	381,507	359,071
Total assets	3,858,318	3,699,210
Current liabilities	618,775	699,762
Other long-term liabilities	287,782	233,078
Total liabilities	906,557	932,840
Net assets	\$ 2,951,761	\$ 2,766,370
Results of operations:		
Revenues	\$ 3,890,407	\$ 4,559,901
Operating expenses	3,705,016	4,479,603
Net income	\$ 185,391	\$ 80,298

(b) The investment at December 31, 2021 consists of the following:

	2021	2020
Balance, beginning of year	\$ 2,766,370	\$ 2,686,072
Township's share of operating income for the year (11(a))	185,391	80,298
Balance, end of year	\$ 2,951,761	\$ 2,766,370

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2021

12. Budget figures:

The budget was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). As a result, the budgeted figures presented in the consolidated statement of operations and accumulated surplus requires the following adjustments:

Approved budget:	
Annual surplus per approved budget:	\$ —
Add:	
Principal payments on long term debt	266,476
Purchase of tangible capital assets	1,758,487
Net reserve transfers	366,230
<hr/> Budget surplus per consolidated financial statements	<hr/> \$ 2,391,193

13. Public sector salary disclosure:

During 2021, one employee was paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Township.

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2021

14. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 24,249,144	\$ 23,751,411
Invested in Government business enterprises	2,951,761	2,766,370
Operations	3,675,589	2,420,251
Unfunded:		
Employee benefit obligations	(15,000)	(15,000)
Landfill closure and post-closure costs	(874,000)	(854,000)
Total surplus	29,987,494	28,069,032
Reserves set aside by Council for:		
Working funds	327,781	327,781
Road construction	10,326	10,326
Capital	48,979	48,979
Planning	29,462	29,462
Recreation Centre	9,407	9,407
	425,955	425,955
Reserve funds set aside for specific purpose by Council:		
Building maintenance:		
Civic Centre	555,288	472,565
Water Treatment Plant	236,124	240,498
Sewage Treatment Plant	186,558	182,812
Recreation Centre	99,795	31,934
Public Works equipment	387,315	411,520
Capital expenditures:		
Fire	430,541	398,613
Sanitary sewers	538,852	471,600
Waterworks	2,633,600	2,427,519
Library	33,040	32,728
Airport	218,802	216,695
Transit	342,550	320,818
Landfill site	976,285	878,887
Sick leave	31,245	30,933
G.E. Young Memorial	8,207	8,345
Refuse collection	488,490	396,514
Total reserves	7,166,692	6,521,981
	\$ 37,580,141	\$ 35,016,968

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2021

15. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Transfers	Balance at December 31, 2021
Land	\$ 113,279	-	-	-	113,279
Buildings	6,750,792	40,173	(8,532.00)	-	6,782,433
Bridges and culverts	2,667,990	-	-	-	2,667,990
Vehicles	1,610,424	-	-	-	1,610,424
Machinery and equipment	4,559,398	27,763	(5,324.00)	-	4,581,837
Water and sewer	15,056,558	1,120,182	(126,762.00)	98,673	16,148,651
Roads	13,786,284	53,720	(11,398.00)	-	13,828,606
Construction in progress	642,145	27,705	-	(98,673)	571,177
Total	\$ 45,186,870	1,269,543	(152,016)	-	46,304,397

Accumulated Amortization	Balance at December 31, 2020	Disposals	Amortization	Transfers	Balance at December 31, 2021
Land	\$ -	-	-	-	-
Buildings	2,700,696	(8,532.00)	161,280	-	2,853,444
Bridges and culverts	1,439,342	-	41,927	-	1,481,269
Vehicles	1,135,808	-	70,817	-	1,206,625
Machinery and equipment	1,978,437	(5,324.00)	114,068	-	2,087,181
Water and sewer	5,298,449	(126,623.00)	276,124	-	5,447,950
Roads	7,436,399	(11,398.00)	226,806	-	7,651,807
Construction in progress	-	-	-	-	-
Total	\$ 19,989,131	(151,877)	891,022	-	20,728,276

	Net book value, December 31, 2020	Net book value, December 31, 2021
Land	\$ 113,279	113,279
Buildings	4,050,096	3,928,989
Bridges and culverts	1,228,648	1,186,721
Vehicles	474,616	403,799
Machinery and equipment	2,580,961	2,494,656
Water and sewer	9,758,109	10,700,701
Roads	6,349,885	6,176,799
Construction in progress	642,145	571,177
Total	\$ 25,197,739	25,576,121

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2021

15. Tangible capital assets (continued):

Cost	Balance at December 31, 2019	Additions	Disposals	Transfers	Balance at December 31, 2020
Land	\$ 113,279	-	-	-	113,279
Buildings	6,630,011	18,418	(68,099)	170,462	6,750,792
Bridges and culverts	2,667,990	-	-	-	2,667,990
Vehicles	1,610,424	-	-	-	1,610,424
Machinery and equipment	4,026,144	551,385	(18,131)	-	4,559,398
Water and sewer	14,966,653	110,392	(20,487)	-	15,056,558
Roads	13,786,284	-	-	-	13,786,284
Construction in progress	695,600	117,007	-	(170,462)	642,145
Total	\$ 44,496,385	797,202	(106,717)	-	45,186,870

Accumulated Amortization	Balance at December 31, 2019	Disposals	Amortization	Transfers	Balance at December 31, 2020
Land	\$ -	-	-	-	-
Buildings	2,615,678	(67,223)	152,241	-	2,700,696
Bridges and culverts	1,397,415	-	41,927	-	1,439,342
Vehicles	1,064,115	-	71,693	-	1,135,808
Machinery and equipment	1,883,925	(12,976)	107,488	-	1,978,437
Water and sewer	5,054,141	(12,051)	256,359	-	5,298,449
Roads	7,210,206	-	226,193	-	7,436,399
Construction in progress	-	-	-	-	-
Total	\$ 19,225,480	(92,250)	855,901	-	19,989,131

	Net book value, December 31, 2019	Net book value, December 31, 2020
Land	\$ 113,279	113,279
Buildings	4,014,333	4,050,096
Bridges and culverts	1,270,575	1,228,648
Vehicles	546,309	474,616
Machinery and equipment	2,142,219	2,580,961
Water and sewer	9,912,512	9,758,109
Roads	6,576,078	6,349,885
Construction in progress	695,600	642,145
Total	\$ 25,270,905	25,197,739

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2021

15. Tangible capital assets (continued):

a) Assets under construction:

Assets under construction having a value of \$571,177 (2020 - \$642,145) have not been amortized. Amortization of these assets will commence when the asset is put into service.

b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$Nil (2020 - \$Nil).

16. Trust funds:

Trust Funds administered by the Township amounting to \$196,031 (2020 - \$187,983) have not been included on the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

17. Comparative information:

Certain comparative information have been reclassified to conform to the consolidated financial statement presentation adopted for 2021.

18. Financial instruments:

The Municipality is exposed to various risks through its financial instruments. The following analysis provides information about the Municipality's risk exposure and concentration as of December 31, 2021.

(a) Credit risk:

Credit risk arises from the potential that a counter party will fail to perform its obligations. The municipality is exposed to credit risk from customers and ratepayers. The Township has a significant number of customers and ratepayers which minimizes concentration of credit risk.

There has been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

(b) Liquidity risk:

Liquidity risk is the risk that the Township cannot repay its obligations when they become due to its creditors. The Township is exposed to this risk relating to its accounts payable and accrued liabilities.

The Township reduces its exposure to liquidity risk by monitoring cash activities and expected outflow through extensive budgeting and maintaining enough cash and credit facilities available to repay creditors as they become due. In the opinion of management, the liquidity risk exposure to the Township is low.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2021

18. Financial instruments (continued):

(c) Other risks:

The Township's main sources of revenue are taxation revenue, government grants and user fees. In March 2021, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The Township halted all in-person activity and closed its facilities to staff for a period of time and moved to delivery of essential services in a virtual environment based on recommendations from Public Health Ontario. In the summer of 2021, certain in person services restarted with the Township currently utilizing a hybrid model for the delivery of services in compliance with Public Health regulations.

In response to the adverse impact the pandemic has had on certain revenue streams, the Township has undertaken certain cost cutting measures. The Provincial government has provided financial relief in the form of grants totaling \$Nil (2020 - \$194,230) of which \$5,388 (2020 - \$16,203) was recognized in the year.

The impact of COVID-19 is expected to negatively impact operations for a duration that cannot be reasonably predicted. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers and workforce.

19. Segmented information:

The Township provides a range of services to its citizens, including police, fire, transportation, recreational and environmental. For management reporting purposes the Township's operations and activities are organized and reported by department. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Township services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General Government

The departments within General Government includes corporate services and governance of the Municipality. General Government is responsible for human resource management, 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 is provided as well as frontline reception and customer service.

Protection Services

Protection is comprised of police, fire, protective services and control and emergency measures. The mandate of the police services contract is to ensure the safety of the lives and property of citizens, preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The fire protection includes detection and extinguishment of fires. Inspection and control includes building inspection, by-law enforcement and dog control services.

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2021

19. Segmented information (continued):

Transportation Services

The transportation department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, bridges and culverts as well as winter control and street lighting.

Environmental Services

The environmental department includes the management and maintenance of the landfill site, transfer stations, and the waste collection system that serves the municipality.

Health Services

The Township offers a range of public health services through the Sudbury and District Health Unit.

Social and Family Services

The services are provided indirectly by the Township through the District Social Services Board and include family and children's services.

Recreation and Cultural Services

The Department is responsible for providing, recreation and leisure programs and facilities, including community halls, libraries, parks, recreation fields and arena. IT also provides building maintenance services to all municipal facilities.

Planning and Development

The planning department provides a diverse bundle of services. It manages development for business interests, environmental concerns, heritage matters and neighborhoods through planning and community development activities. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geographic information services.

For each segment revenue and expenditures included both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocations 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 the summary of significant accounting policies.

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Note 19 - Segmented Information (continued)

Year ended December 31, 2021

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total 2021
Revenues:									
Property taxation	\$ 395,689	363,463	715,336	709,764	116,395	73,857	292,227	63,295	2,730,026
User charges	15,342	68,712	409,429	2,006,011	5,275	7,093	32,597	-	2,544,459
Government of Canada grants	-	-	387,928	-	-	-	-	-	387,928
Province of Ontario grants	243,655	180,052	354,363	1,016,870	57,660	91,494	160,152	31,355	2,135,601
Investment income	88,278	-	-	-	-	-	-	-	88,278
Government business enterprise	185,391	-	-	-	-	-	-	-	185,391
Licenses and permits	19,893	-	-	-	-	-	-	-	19,893
Fines and penalties	-	28,959	-	-	-	-	-	-	28,959
Penalties and interest on taxes and user fees	139,083	-	-	-	-	-	-	-	139,083
Other	296,946	-	-	-	-	-	-	-	296,946
Loss on sale of capital assets	(139)	-	-	-	-	-	-	-	(139)
	1,384,138	641,186	1,867,056	3,732,645	179,330	172,444	484,976	94,650	8,556,425
Expenses:									
Salaries, wages and benefits	452,276	190,559	407,435	288,003	22,279	1,900	231,217	91,794	1,685,463
Materials	372,231	112,810	819,046	428,674	8,466	81,737	249,724	47,159	2,119,847
Contracted services	-	469,722	-	504,433	-	-	-	-	974,155
Rents and financial	-	-	14,135	12,779	-	-	-	-	26,914
External agencies	-	-	-	-	224,372	71,479	-	-	295,851
Amortization of tangible capital assets	44,154	24,822	329,769	324,262	406	7,022	160,587	-	891,022
	868,661	797,913	1,570,385	1,558,151	255,523	162,138	641,528	138,953	5,993,252
	\$ 515,477	(156,727)	296,671	2,174,494	(76,193)	10,306	(156,552)	(44,303)	2,563,173

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Note 19 - Segmented Information (continued)

Year ended December 31, 2021

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total 2020
Revenues:									
Property taxation	\$ 353,625	313,822	606,013	809,416	106,618	53,739	337,872	76,113	2,657,218
User charges	15,856	51,595	264,532	1,879,179	7,798	4,120	66,174	-	2,289,254
Government of Canada grants	-	-	271,531	-	-	-	-	-	271,531
Province of Ontario grants	196,865	162,437	313,678	530,332	55,187	73,938	183,551	39,396	1,555,384
Investment income	126,394	-	-	-	-	-	-	-	126,394
Government business enterprise	80,298	-	-	-	-	-	-	-	80,298
Licenses and permits	21,880	-	-	-	-	-	-	-	21,880
Fines and penalties	-	14,594	-	-	-	-	-	-	14,594
Penalties and interest on taxes and user fees	116,943	-	-	-	-	-	-	-	116,943
Other	71,913	-	-	-	-	-	-	-	71,913
Loss on sale of capital assets	(14,467)	-	-	-	-	-	-	-	(14,467)
	969,307	542,448	1,455,754	3,218,927	169,603	131,797	587,597	115,509	7,190,942
Expenses:									
Salaries, wages and benefits	564,238	153,135	431,252	282,168	14,665	186	271,011	85,158	1,801,813
Materials	226,672	85,950	650,013	864,024	14,450	47,566	368,147	93,627	2,350,449
Contracted services	-	474,974	-	434,565	-	-	-	-	909,539
Rents and financial	-	-	16,631	15,036	-	-	-	-	31,667
External agencies	-	-	-	-	220,923	71,458	-	-	292,381
Amortization of tangible capital assets	39,750	23,103	325,616	305,508	406	7,022	154,496	-	855,901
	830,660	737,162	1,423,512	1,901,301	250,444	126,232	793,654	178,785	6,241,750
	\$ 138,647	(194,714)	32,242	1,317,626	(80,841)	5,565	(206,057)	(63,276)	949,192