

Consolidated Financial Statements of

**THE CORPORATION OF THE  
TOWNSHIP OF CHAPLEAU**

Year ended December 31, 2022

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

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Year ended December 31, 2022

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## Consolidated Financial Statements

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## **Management's Responsibility for the Consolidated Financial Statements**

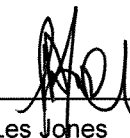
The accompanying consolidated financial statements of The Corporation of the Township of Chapleau (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments 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



**KPMG LLP**  
Times Square  
1760 Regent Street, Unit 4  
Sudbury, ON P3E 3Z8  
Canada  
Telephone 705 675 8500  
Fax 705 675 7586

## **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, 2022
- 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, 2022, 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 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 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 28, 2024

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

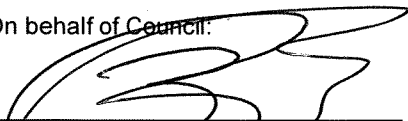
## Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
<b>Financial assets</b>		
Cash	\$ 6,589,250	\$ 5,458,028
Investments (note 3)	5,410,635	5,338,619
Taxes receivable	745,262	749,868
User charges receivable	413,772	422,405
Accounts receivable (note 4)	244,547	226,430
Accrued interest receivable	41,350	32,766
Investments in government business enterprises (note 11)	3,084,370	2,951,761
	<u>16,529,186</u>	<u>15,179,877</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	625,194	688,166
Deferred revenue - other	337,258	473,973
Vested sick leave benefits (note 7)	15,000	15,000
Solid waste management liabilities (note 8)	894,000	874,000
Long-term liabilities (note 9)	970,792	1,175,100
	<u>2,842,244</u>	<u>3,226,239</u>
Net financial assets	13,686,942	11,953,638
<b>Non-financial assets</b>		
Tangible capital assets (note 15)	25,599,867	25,576,121
Inventory and prepaids	45,664	50,382
	<u>25,645,531</u>	<u>25,626,503</u>
Commitments (note 10)		
Accumulated surplus (note 14)	\$ 39,332,473	\$ 37,580,141

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, 2022, with comparative information for 2021

	2022 Budget (note 12)	Actual 2022	Actual 2021
<b>Revenue:</b>			
Property taxation	\$ 2,823,541	\$ 2,831,317	\$ 2,730,026
User charges	2,414,319	2,719,744	2,544,459
Government of Canada grants	169,577	167,151	387,928
Province of Ontario grants	1,817,275	1,807,816	2,135,601
Investment income	16,000	219,286	88,278
Licenses and permits	15,280	18,638	19,893
Fines and penalties	9,000	11,634	28,959
Penalties and interest on taxes and user charges	37,000	128,375	139,083
Share of income in government business enterprises	-	132,609	185,391
Other	30,000	67,472	296,946
Loss on sale of capital assets	-	(23,679)	(139)
<b>Total revenue</b>	<b>7,331,992</b>	<b>8,080,363</b>	<b>8,556,425</b>
<b>Expenses:</b>			
General government	911,984	926,756	868,661
Protection to persons and property	758,816	771,649	797,913
Transportation services	1,289,945	1,646,909	1,570,385
Environmental services	1,562,440	1,639,358	1,558,151
Health services	270,624	261,060	255,523
Social and family services	153,170	158,185	162,138
Recreational and cultural services	681,740	778,512	641,528
Planning and development	153,122	145,602	138,953
<b>Total expenses</b>	<b>5,781,841</b>	<b>6,328,031</b>	<b>5,993,252</b>
<b>Annual surplus</b>	<b>1,550,151</b>	<b>1,752,332</b>	<b>2,563,173</b>
<b>Accumulated surplus, beginning of year</b>	<b>37,580,141</b>	<b>37,580,141</b>	<b>35,016,968</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 39,130,292</b>	<b>\$ 39,332,473</b>	<b>\$ 37,580,141</b>

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



# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Consolidated Statement of Changes in Net Financial Assets

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

	2022 Budget (note 12)	Actual 2022	Actual 2021
Annual surplus	\$ 1,550,151	\$ 1,752,332	\$ 2,563,173
Acquisition of tangible capital assets	-	(966,602)	(1,269,543)
Amortization of tangible capital assets	-	919,177	891,022
Loss on disposal of tangible capital assets	-	23,679	139
	1,550,151	1,728,586	2,184,791
Use (acquisition) of inventory and prepaids	-	4,718	(6,180)
Change in net financial assets	1,550,151	1,733,304	2,178,611
Net financial assets, beginning of year	11,953,638	11,953,638	9,775,027
Net financial assets, end of year	\$ 13,503,789	\$ 13,686,942	\$ 11,953,638

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, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,752,332	\$ 2,563,173
Items not involving cash:		
Amortization of tangible capital assets	919,177	891,022
Loss on disposal of tangible capital assets	23,679	139
Change in solid waste management liabilities	20,000	20,000
	2,715,188	3,474,334
Change in non-cash assets and liabilities:		
Decrease in taxes receivable	4,606	46,882
Decrease (increase) in user charges receivable	8,633	(3,965)
Decrease (increase) in accounts receivable	(18,117)	13,446
Decrease (increase) in accrued interest receivable	(8,584)	4,361
Decrease (increase) in inventory and prepaids	4,718	(6,180)
Increase (decrease) in accounts payable and accrued liabilities	(62,972)	256,130
Increase in investment of government business enterprises	(132,609)	(185,391)
Decrease in deferred revenue	(136,715)	(462,671)
Net change in cash from operating activities	2,374,148	3,136,946
Capital activities:		
Acquisition of tangible capital assets	(966,602)	(1,269,543)
Net change in cash from capital activities	(966,602)	(1,269,543)
Financing activities:		
Principal repayment on long-term liabilities	(204,308)	(271,228)
Net change in cash from financing activities	(204,308)	(271,228)
Investing activities:		
Increase in investments	(72,016)	(66,706)
Net change in cash from investing activities	(72,016)	(66,706)
Increase in cash	1,131,222	1,529,469
Cash, beginning of year	5,458,028	3,928,559
Cash, end of year	\$ 6,589,250	\$ 5,458,028

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, 2022

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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, 2022

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### 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, 2022

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## 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, 2022

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## 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

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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, 2022

### 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:

	2022	2021
Sudbury & District Health Unit	\$ 105,852	\$ 98,930
Manitoulin-Sudbury District Social Services Administration Board	201,148	196,921
	<u>\$ 307,000</u>	<u>\$ 295,851</u>

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 \$5,410,635 (2021 - \$5,338,619) reported on the consolidated statement of financial position at cost have a market value of \$5,258,102 (2021 - \$5,321,181).

### 4. Accounts receivable:

Accounts receivable consist of the following:

	2022	2021
Trade and miscellaneous	\$ 105,163	\$ 83,110
Government of Canada	97,333	127,503
Province of Ontario	42,051	15,817
	<u>\$ 244,547</u>	<u>\$ 226,430</u>

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Notes to Consolidated Financial Statements

Year ended December 31, 2022

### 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 included in deferred revenue – other and summarized below:

	2022	2021
Obligatory reserve	\$ –	\$ –

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

	2022	2021
Balance, beginning of year	\$ –	\$ 136,039
Add amounts received:		
Federal gas tax	124,577	119,161
Less transfer to operations:		
Federal gas tax revenue earned	(124,577)	(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.

OMERS provides pension services to more than 500,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2022. The results of this valuation disclosed total going concern actuarial liabilities of \$130,306 million (2021 - \$120,796 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$123,628 million (2021 - \$117,665 million) indicating a going concern actuarial deficit of \$6,678 million (2021 - \$3,131 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees and the Municipality's share is not determinable. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit.



# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Notes to Consolidated Financial Statements

Year ended December 31, 2022

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### 6. Pension agreements (continued):

The amount contributed to OMERS for 2022 was \$112,661 (2021 - \$103,864) 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.

### 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 (2021 - \$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% (2021 - 3%). The estimated total landfill closure and post-closure care expenses are calculated to be \$3,175,655 (2021 - \$3,218,775). The estimated liability for the active site is recognized as the landfill site's capacity is used. At December 31, 2022, an amount of \$894,000 (2021 - \$874,000) with respect to landfill closure and post-closure liabilities has been accrued. The estimated remaining capacity of the landfill site is 5.72 hectares and its estimated remaining life is 46 years, after which the period for post-closure care is estimated to be 25 years.

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2022

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## 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:

	2022	2021
NOHFC (i)	\$ 213,750	\$ 213,750
Infrastructure Ontario debenture (ii)	757,042	961,350
	<u>\$ 970,792</u>	<u>\$ 1,175,100</u>

- (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 matures on February 16, 2026. The debenture shall be paid in full by August 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:

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2023	\$ 352,333
2024	286,193
2025	220,176
2026	112,090

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# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2022

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## 10. Commitments:

### (a) Ontario Clean Water Agency:

On January 1, 2021, the Township entered into an agreement with The Ontario Clean Water Agency ("OCWA") to operate the water and sanitary sewer systems on behalf of the Township. The agreement is for a 10-year term, ending on December 31, 2030, and then may be renewed for successive 5-year terms upon agreement between the Township and OCWA. The Township is obligated to meet all operating costs related to the systems.

The Township has committed to annual charges as follows:

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2023	\$ 390,146
2024	404,146
2025	414,146
2026	424,146
2027	434,146
2028	440,146
2029	446,146
2039	452,146

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Included in the Consolidated Statement of Operations and Accumulated Surplus are the charges from the Agency of \$282,110 (2021 - \$271,610) for the water system and \$94,036 (2021 - \$90,536) 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, 2022, there was a balance owing of \$Nil (2021 - \$Nil).

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Notes to Consolidated Financial Statements

Year ended December 31, 2022

### 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, 2022:

	2022	2021
Financial Position:		
Current assets	\$ 1,848,425	\$ 1,800,020
Capital assets	1,608,013	1,676,791
Regulatory assets	449,190	381,507
Total assets	3,905,628	3,858,318
Current liabilities	506,828	618,775
Other long-term liabilities	314,730	280,982
Total liabilities	821,558	899,757
Net assets	\$ 3,084,070	\$ 2,951,761
Results of operations:		
Revenues	\$ 3,915,329	\$ 3,915,433
Operating expenses	3,782,720	3,730,042
Net income	\$ 132,609	\$ 185,391

(b) The investment at December 31, 2022 consists of the following:

	2022	2021
Balance, beginning of year	\$ 2,951,761	\$ 2,766,370
Township's share of operating income for the year	132,609	185,391
Refundable taxes paid	(300)	-
Balance, end of year	\$ 3,084,070	\$ 2,951,761

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2022

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## 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:

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Approved budget:	
Annual surplus per approved budget:	\$ —
Add:	
Principal payments on long term debt	276,097
Purchase of tangible capital assets	1,480,780
Net reserve transfers	(206,726)
<hr/> Budget surplus per consolidated financial statements	<hr/> \$ 1,550,151

## 13. Public sector salary disclosure:

During 2022, 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, 2022

## 14. Accumulated surplus:

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

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 24,477,198	\$ 24,249,144
Invested in Government business enterprises	3,084,370	2,951,761
Operations	4,612,901	3,675,589
Unfunded:		
Employee benefit obligations	(15,000)	(15,000)
Landfill closure and post-closure costs	(894,000)	(874,000)
<b>Total surplus</b>	<b>31,265,469</b>	<b>29,987,494</b>
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
	<b>425,955</b>	<b>425,955</b>
Reserve funds set aside for specific purpose by Council:		
Building maintenance:		
Civic Centre	614,175	555,288
Water Treatment Plant	238,784	236,124
Sewage Treatment Plant	188,654	186,558
Recreation Centre	36,224	99,796
Public Works equipment	404,221	387,315
Capital expenditures:		
Fire	456,640	430,541
Sanitary sewers	738,226	538,852
Waterworks	2,743,083	2,633,600
Library	33,443	33,040
Airport	231,301	218,802
Transit	365,031	342,550
Landfill site	1,002,857	976,285
Sick leave	31,567	31,244
G.E. Young Memorial	8,288	8,207
Refuse collection	548,555	488,490
<b>Total reserves</b>	<b>7,641,049</b>	<b>7,166,692</b>
	<b>\$ 39,332,473</b>	<b>\$ 37,580,141</b>

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2022

## 15. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals	Transfers	Balance at December 31, 2022
Land	\$ 113,279	-	-	-	113,279
Buildings	6,782,433	189,616	(33,508)	20,188	6,958,729
Bridges and culverts	2,667,990	-	-	-	2,667,990
Vehicles	1,610,424	172,875	(129,403)	-	1,653,896
Machinery and equipment	4,581,837	31,429	(17,209)	-	4,596,057
Water and sewer	16,148,651	273,087	(30,760)	-	16,390,978
Roads	13,828,606	260,086	(17,364)	-	14,071,328
Construction in progress	571,177	39,509	-	(20,188)	590,498
<b>Total</b>	<b>\$ 46,304,397</b>	<b>966,602</b>	<b>(228,244)</b>	<b>-</b>	<b>47,042,755</b>

Accumulated Amortization	Balance at December 31, 2021	Disposals	Amortization	Transfers	Balance at December 31, 2022
Land	\$ -	-	-	-	-
Buildings	2,853,444	(25,711)	164,534	-	2,992,267
Bridges and culverts	1,481,269	-	41,927	-	1,523,196
Vehicles	1,206,625	(119,072)	70,004	-	1,157,557
Machinery and equipment	2,087,181	(14,354)	114,012	-	2,186,839
Water and sewer	5,447,950	(28,064)	297,636	-	5,717,522
Roads	7,651,807	(17,364)	231,064	-	7,865,507
Construction in progress	-	-	-	-	-
<b>Total</b>	<b>\$ 20,728,276</b>	<b>(204,565)</b>	<b>919,177</b>	<b>-</b>	<b>21,442,888</b>

	Net book value, December 31, 2021	Net book value, December 31, 2022
Land	\$ 113,279	113,279
Buildings	3,928,989	3,966,462
Bridges and culverts	1,186,721	1,144,794
Vehicles	403,799	496,339
Machinery and equipment	2,494,656	2,409,218
Water and sewer	10,700,701	10,673,456
Roads	6,176,799	6,205,821
Construction in progress	571,177	590,498
<b>Total</b>	<b>\$ 25,576,121</b>	<b>25,599,867</b>

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2022

## 15. Tangible capital assets (continued):

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
<b>Total</b>	<b>\$ 45,186,870</b>	<b>1,269,543</b>	<b>(152,016)</b>	<b>-</b>	<b>46,304,397</b>

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	-	-	-	-	-
<b>Total</b>	<b>\$ 19,989,131</b>	<b>(151,877)</b>	<b>891,022</b>	<b>-</b>	<b>20,728,276</b>

	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
<b>Total</b>	<b>\$ 25,197,739</b>	<b>25,576,121</b>



# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2022

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## 15. Tangible capital assets (continued):

### a) Assets under construction:

Assets under construction having a value of \$590,494 (2021 - \$571,177) 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 (2021 - \$Nil).

## 16. Trust funds:

Trust Funds administered by the Township amounting to \$202,765 (2021 - \$196,031) 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 2022.

## 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, 2022.

### (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. There have been no significant changes in liquidity risk from 2021.

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2022

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## 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.

### 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.

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2022

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## 19. Segmented information (continued):

### 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, 2022

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total 2022
<b>Revenues:</b>									
Property taxation	\$ 414,653	345,255	736,868	733,489	116,805	70,776	348,325	65,146	2,831,317
User charges	17,958	57,162	474,451	2,069,699	8,376	12,628	79,470	-	2,719,744
Government of Canada grants	-	-	167,151	-	-	-	-	-	167,151
Province of Ontario grants	224,004	161,719	345,152	734,529	54,712	82,563	174,622	30,515	1,807,816
Investment income	219,286	-	-	-	-	-	-	-	219,286
Government business enterprise	132,609	-	-	-	-	-	-	-	132,609
Licenses and permits	18,638	-	-	-	-	-	-	-	18,638
Fines and penalties	-	11,634	-	-	-	-	-	-	11,634
Penalties and interest on taxes and user fees	128,375	-	-	-	-	-	-	-	128,375
Other	67,472	-	-	-	-	-	-	-	67,472
Loss on sale of capital assets	(23,679)	-	-	-	-	-	-	-	(23,679)
	1,199,316	575,770	1,723,622	3,537,717	179,893	165,967	602,417	95,661	8,080,363
<b>Expenses:</b>									
Salaries, wages and benefits	494,686	193,477	427,792	282,128	18,161	23,722	311,826	96,400	1,848,192
Materials	387,585	78,679	870,528	515,704	7,872	57,704	303,293	49,202	2,270,567
Contracted services	-	475,226	-	485,284	-	-	-	-	960,510
Rents and financial	-	-	12,117	10,468	-	-	-	-	22,585
External agencies	-	-	-	-	234,621	72,379	-	-	307,000
Amortization of tangible capital assets	44,485	24,267	336,472	345,774	406	4,380	163,393	-	919,177
	926,756	771,649	1,646,909	1,639,358	261,060	158,185	778,512	145,602	6,328,031
	\$ 272,560	(195,879)	76,713	1,898,359	(81,167)	7,782	(176,095)	(49,941)	1,752,332

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Note 19 - Segmented Information (continued)

Year ended December 31, 2022

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total 2021
<b>Revenues:</b>									
Property taxation	\$ 362,509	368,629	725,506	719,852	118,049	74,906	296,380	64,195	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	227,218	182,611	359,400	1,021,868	58,479	92,014	162,210	31,801	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)
	1,334,521	648,911	1,882,263	3,747,731	181,803	174,013	491,187	95,996	8,556,425
<b>Expenses:</b>									
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
	\$ 465,860	(149,002)	311,878	2,189,580	(73,720)	11,875	(150,341)	(42,957)	2,563,173