

**The Corporation of
the Township of Chapple
Financial Statements
For the year ended
December 31, 2020**

**The Corporation of
the Township of Chapple
Consolidated Financial Statements
For the year ended December 31, 2020**

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The Corporation of the Township of Chapple Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Corporation of the Township of Chapple and all the information in this annual report are the responsibility of management and have been approved by the Reeve and Treasurer on behalf of Council.

The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Municipality maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Municipality's assets are appropriately accounted for and adequately safeguarded.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council reviews the Municipality's consolidated financial statements and meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to the Council.


_____ Reeve


_____ Treasurer

Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Chapple and its subsidiaries (the Group), which comprise the Consolidated Statement of Financial Position as at December 31, 2020, and the Consolidated Statement of Operations, the Consolidated Statement of Change in Net Financial Assets and the Consolidated Statement of Cash Flows for the year then ended, and Notes to Consolidated Financial Statements, including a Summary of Significant Accounting Policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO CANADA LLP

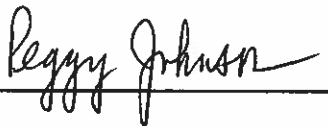
Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
April 13, 2021

The Corporation of the Township of Chapple Consolidated Statement of Financial Position

December 31	2020	2019
Financial assets		
Cash and cash equivalents (Note 1)	\$ 1,653,518	\$ 208,914
Taxes receivable	209,718	93,093
Accounts receivable	124,149	460,603
Investments (Note 2)	<u>3,723,347</u>	<u>4,333,963</u>
	<u>5,710,732</u>	<u>5,096,573</u>
Liabilities		
Accounts payable and accrued liabilities	943,172	472,396
Deferred revenue (Note 3)	128,077	156,753
Post-employment benefits	28,707	38,219
Solid waste closure and post-closure liabilities (Note 5)	73,448	66,197
Long-term debt (Note 4)	<u>323,090</u>	<u>400,000</u>
	<u>1,496,494</u>	<u>1,133,565</u>
Net financial assets	<u>4,214,238</u>	<u>3,963,008</u>
Non-financial assets		
Tangible capital assets (Note 7)	7,796,856	7,955,343
Inventories of supplies	9,773	305
Tangible capital assets under construction	18,536	9,029
Prepaid expenses	<u>-</u>	<u>1,178</u>
	<u>7,825,165</u>	<u>7,965,855</u>
Accumulated surplus (Note 8)	<u>\$ 12,039,403</u>	<u>\$ 11,928,863</u>


 _____ Reeve


 _____ Treasurer

The Corporation of the Township of Chapple Consolidated Statement of Operations

For the year ended December 31	Budget 2020	2020	2019
Revenue			
Taxation	\$ 2,190,556	\$ 1,620,923	\$ 1,359,917
Government transfers - Federal (Note 9)	282,605	69,304	3,493
Government transfers - Provincial (Note 10)	716,513	654,735	1,746,450
User fees and service charges	204,240	229,365	254,960
Permits, licenses and fines	29,925	45,037	137,341
Investment income	25,000	11,202	27,048
Municipal grants	4,500	1,031	5,724
Contributions	-	14,038	30,295
Miscellaneous	85,205	48,812	33,049
	3,538,544	2,694,447	3,598,277
Expenses			
General government	400,485	355,609	369,255
Protection services	291,030	340,781	352,008
Transportation services	977,813	938,450	943,080
Environmental services	383,325	435,540	423,149
Health services	390,714	262,570	258,711
Social and family services	44,944	28,223	27,498
Social housing	-	142,132	143,187
Recreation and cultural services	72,970	63,797	93,266
Planning and development	57,741	16,805	25,322
	2,619,022	2,583,907	2,635,476
Annual surplus	919,522	110,540	962,801
Accumulated surplus, beginning of year	11,928,863	11,928,863	10,966,062
Accumulated surplus, end of year	\$ 12,848,385	\$ 12,039,403	\$ 11,928,863

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

**The Corporation of the Township of Chapple
Consolidated Statement of Change in Net Financial Assets**

For the year ended December 31	Budget 2020	2020	2019
Annual surplus	\$ 919,522	\$ 110,540	\$ 962,801
Acquisition of tangible capital assets	(665,010)	(250,179)	(2,159,220)
Amortization of tangible capital assets	408,666	408,666	398,807
Loss on disposal of tangible capital assets	-	-	13,900
Assets under construction	-	(9,507)	75,716
	663,178	259,520	(707,996)
Use of inventory of supplies	-	(9,468)	2,137
Prepaid expenses	-	1,178	(548)
Net change in net financial assets	663,178	251,230	(706,407)
Net financial assets, beginning of year	3,963,008	3,963,008	4,669,415
Net financial assets, end of year	\$ 4,626,186	\$ 4,214,238	\$ 3,963,008

The Corporation of the Township of Chapple Consolidated Statement of Cash Flows

For the year ended December 31	2020	2019
Operating transactions		
Annual surplus	\$ 110,540	\$ 962,801
Items not involving cash		
Amortization	408,666	398,807
Loss on disposal of tangible capital assets	-	13,900
Changes in non-cash operating balances		
Taxes receivable	(116,625)	(24,011)
Accounts receivable	336,454	(362,249)
Prepays	1,178	(548)
Inventories of supplies	(9,468)	2,137
Accounts payable and accrued liabilities	470,776	389,844
Post employment benefits	(9,512)	3,599
Deferred revenue	(28,676)	(404,577)
Solid waste closure and post-closure liabilities	7,251	6,726
	<u>1,170,584</u>	<u>986,429</u>
Capital transactions		
Acquisition of tangible capital assets	(250,179)	(2,159,220)
Construction in progress	(9,507)	75,716
	<u>(259,686)</u>	<u>(2,083,504)</u>
Investing transactions		
Acquisition of investments	610,616	68,612
Financing transactions		
Proceeds from issuance of long-term debt	-	400,000
Repayment of demand debt	(76,910)	-
	<u>(76,910)</u>	<u>400,000</u>
Net change in cash and cash equivalents	1,444,604	(628,463)
Cash and cash equivalents, beginning of year	<u>208,914</u>	<u>837,377</u>
Cash and cash equivalents, end of year	\$ 1,653,518	\$ 208,914

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

The Corporation of the Township of Chapple Summary of Significant Accounting Policies

December 31, 2020

Management's Responsibility for the Consolidated

Financial Statements The consolidated financial statements of the Corporation of the Township of Chapple are the representations of management. They have been prepared in accordance with Canadian accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Basis of Consolidation The consolidated financial statements reflect the assets, liabilities, revenues and expenditures of all municipal Organizations, committees, and boards which are owned or controlled by Council.

The following boards are not consolidated:

Northwestern Health Unit
Rainy River District Social Services Administration Board

A government partnership exists where the Municipality has shared control over the board or entity. The Municipality's pro-rata share of the assets, liabilities, revenues and expenditures are reflected in the consolidated financial statements using the proportionate consolidation method.

The following government partnership, which the Municipality has a 25% ownership in, has been proportionately consolidated:

Joint Fire Chief Services Committee

Government business enterprises and partnerships are separate legal entities which do not rely on the Municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. No government business enterprises are reflected in the consolidated financial statements.

The Corporation of the Township of Chapple Summary of Significant Accounting Policies

December 31, 2020

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

The consolidated statement of financial position reflects all of the financial assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year. Accumulated surplus represents the financial position of the Municipality, and is the difference between its' assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its' ability to finance activities and meet its' obligations.

**Cash and Cash
Equivalents** The policy of the Municipality is to disclose bank balances under cash and cash equivalents including bank overdrafts and lines of credit with balances that fluctuate frequently from being positive to being overdrawn and temporary investments with a maturity of three months or less from the date of acquisition.

Investments The Municipality accounts for its investments at cost. The carrying value of an investment is written down to its net recoverable amount if a decline in value is judged to be other than temporary.

**Tangible Capital
Assets** Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	20 to 50 years
Roads	10 to 80 years
Machinery and equipment	10 to 20 years
Vehicles	10 to 20 years
Furniture and equipment	10 years
Computer hardware and software	5 to 10 years

The Corporation of the Township of Chapple Summary of Significant Accounting Policies

December 31, 2020

Revenue

Recognition

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts. Taxation revenue is initially recognized based on management's best estimate of the taxes that will be received. However, the total amount of tax revenue recognized may change due to future reassessments such as audits, appeals and court decisions.

User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized on the consolidated statement of operations in the year in which it is used for the specified purpose.

Government Transfers

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

School Boards

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

Trust Fund

Funds held in trust by the Municipality, and their related operations, are not included in these consolidated financial statements. The financial activity and position of the trust fund are reported separately on the trust fund statement of continuity and balance sheet.

Solid Waste Landfills

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

The Corporation of the Township of Chapple Summary of Significant Accounting Policies

December 31, 2020

Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The estimates used in preparation of these consolidated financial statements are the useful lives of property, plant and equipment, the capacity of the landfill site, the useful life of the landfill site, the post-closure costs of the landfill and taxation revenue.

The Corporation of the Township of Chapple Notes to Consolidated Financial Statements

December 31, 2020

1. Cash and Cash Equivalents

The balance of cash reported on the consolidated statement of financial position is made up of the following:

	2020	2019
Unrestricted (indebtedness)	\$ 102,931	\$ (1,533)
Restricted by Council resolution	1,353,207	53,693
Restricted by funding agreement	197,380	156,754
	\$ 1,653,518	\$ 208,914

Certain surplus funds are set aside by by-laws or Council resolution for specific purposes and referred to as reserve funds. Cash and cash equivalents restricted by Council resolution represent assets that are maintained in respect of those reserve funds (Note 8).

2. Investments

	2020	2019
CIBC guaranteed investment certificate	\$ 1,550,000	\$ 1,550,000
Money market fund	-	628,458
Equity fund	205,608	200,000
Bond fund	150,475	146,671
Chapple Community Development Fund - Canadian bond	50,000	50,000
Canadian bonds and cash holdings	1,767,264	1,758,834
	\$ 3,723,347	\$ 4,333,963

The investments are valued at cost. The income from investments for the year was \$11,202 (2019 - \$27,048). The market value of the Municipality's marketable securities was \$3,577,925 (2019 - \$4,192,618).

Certain surplus funds are set aside by by-laws or Council resolution for specific purposes and referred to as reserve funds. Investments restricted by Council resolution represent the assets that are maintained in respect of those reserve funds (Note 8).

The Corporation of the Township of Chapple Notes to Consolidated Financial Statements

December 31, 2020

3. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Federal gas tax	\$ 156,753	\$ 38,709	\$ 1,919	\$ (69,304)	\$ 128,077

Federal Gas Tax

The Federal Government advances the Municipality funding related to gasoline tax. This funding must be spent on approved infrastructure projects. The funding can be deferred for a maximum of 5 years.

4. Long-term Debt

	2020	2019
Ontario Infrastructure and Lands Corporation - debenture, 1.96%, blended semi-annual payments of \$42,188, due October 2024	\$ 323,090	\$ 400,000

	Principal Repayments	Interest	Total
2021	\$ 78,425	\$ 5,950	\$ 84,375
2022	79,970	4,406	84,376
2023	81,545	2,830	84,375
2024	83,150	1,224	84,374
	\$ 323,090	\$ 14,410	\$ 337,500

The gross interest paid relating to the above long-term debt was \$7,465 (2019 - \$NIL).

The Corporation of the Township of Chapple Notes to Consolidated Financial Statements

December 31, 2020

5. Solid Waste Closure and Post-Closure Liabilities

Solid waste closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, removal of ground water and leachates, and ongoing environmental monitoring, site inspection and maintenance. The present value of the Municipality's estimated future liability for this expense is recognized as the landfill site's capacity is used. The liability and annual expense is calculated based on the ratio of utilization to total capacity of the landfill site and the discounted estimated cash flows associated with closure and post-closure activities.

The liability for the Richardson landfill site is recorded at \$1,482 and represents the present value of closure and post-closure costs for 100% of the current site's opened cells, using the average long-term borrowing rate of 5%. The liability is recorded based on the capacity of the landfill used to date. The estimated remaining capacity of the site's opened cells are approximately 125,625 cubic metres, which will be filled in 201 years. Post-closure care is estimated to continue for a period of 37 years.

The liability for the Shenston landfill site is recorded at \$71,966 and represents the present value of closure and post-closure costs for 100% of the current site's opened cells, using the average long-term borrowing rate of 5%. The liability is recorded based on the capacity of the landfill used to date. The estimated remaining capacity of the site's opened cells are approximately 155,394 cubic metres, which will be filled in 50 years. Post-closure care is estimated to continue for a period of 35 years.

The Municipality has \$137,840 (2019 - \$136,234) in an investment which relates to the solid waste closure and post-closure liability. The landfill liability is over funded by \$64,392 (2019 - \$70,037) at year end.

6. Bank Indebtedness

Bank indebtedness is secured by general security agreements covering certain assets of the Municipality. The maximum authorized amount is \$410,000 and bears interest at the prime rate. As of December 31, 2020, the amount of overdraft used is \$NIL (2019 - \$NIL).

**The Corporation of the Township of Chapple
Notes to Consolidated Financial Statements**

December 31, 2020

7. Tangible Capital Assets	2020							
	Land	Buildings	Equipment and vehicles	Roads	Culverts and bridges	Sewer and water	Other	Total
Cost, beginning of year	\$ 252,446	\$ 1,561,631	\$ 2,720,121	\$ 2,052,236	\$ 4,701,387	\$ 3,719,495	\$ 31,149	\$ 15,038,465
Additions	-	9,011	69,101	122,683	35,940	4,418	9,026	250,179
Disposals	-	-	-	-	-	-	-	-
Cost, end of year	252,446	1,570,642	2,789,222	2,174,919	4,737,327	3,723,913	40,175	15,288,644
Accumulated amortization, beginning of year	-	1,007,703	1,197,705	1,347,278	1,023,280	2,483,467	23,689	7,083,122
Amortization	-	36,404	143,465	65,502	64,913	94,790	3,592	408,666
Disposals	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	-	1,044,107	1,341,170	1,412,780	1,088,193	2,578,257	27,281	7,491,788
Net carrying amount, end of year	\$ 252,446	\$ 526,535	\$ 1,448,052	\$ 762,139	\$ 3,649,134	\$ 1,145,656	\$ 12,894	\$ 7,796,856

The net book value of tangible capital assets not being amortized because they are under construction is \$18,536 (2019 - \$9,029). These items are recognized separately as tangible capital assets under construction in the statement of financial position.

**The Corporation of the Township of Chapple
Notes to Consolidated Financial Statements**

December 31, 2020

	2019							
7. Tangible Capital Assets (continued)								
	Land	Buildings	Equipment and vehicles	Roads	Culverts and bridges	Sewer and water	Other	Total
Cost, beginning of year	\$ 237,317	\$ 1,519,617	\$ 2,672,216	\$ 1,932,295	\$ 2,869,793	\$ 3,686,353	\$ 31,149	\$ 12,948,740
Additions	15,129	42,014	47,905	119,941	1,901,089	33,142	-	2,159,220
Disposals	-	-	-	-	(69,495)	-	-	(69,495)
Cost, end of year	252,446	1,561,631	2,720,121	2,052,236	4,701,387	3,719,495	31,149	15,038,465
Accumulated amortization, beginning of year	-	969,444	1,057,435	1,289,273	1,014,046	2,388,713	20,999	6,739,910
Amortization	-	38,259	140,270	58,005	64,829	94,754	2,690	398,807
Disposals	-	-	-	-	(55,595)	-	-	(55,595)
Accumulated amortization, end of year	-	1,007,703	1,197,705	1,347,278	1,023,280	2,483,467	23,689	7,083,122
Net carrying amount, end of year	\$ 252,446	\$ 553,928	\$ 1,522,416	\$ 704,958	\$ 3,678,107	\$ 1,236,028	\$ 7,460	\$ 7,955,343

The Corporation of the Township of Chapple Notes to Consolidated Financial Statements

December 31, 2020

8. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2020	2019
<u>Investment in tangible capital assets</u>		
Tangible capital assets	\$ 7,815,392	\$ 7,964,372
Long-term debt	(323,090)	(400,000)
Total investment in tangible capital assets	7,492,302	7,564,372
<u>Current operations</u>		
General operating	(128,130)	88,485
Water	(29,367)	(33,051)
Recreation	59,926	35,474
Museum	27,322	24,995
Total operating surplus (deficit)	(70,249)	115,903
<u>Other allocated deficits</u>		
Landfill closure	(73,448)	(66,197)
Employee future benefits	(28,707)	(38,219)
Total other allocated deficits	(102,155)	(104,416)
<u>Reserve funds</u>		
Replacement of capital assets	3,672,239	3,458,478
Landfill closures	137,840	136,234
Other	213,723	64,329
Sick leave	47,037	59,335
Chapple Community Development Fund	472,872	458,834
Total reserve funds	4,543,711	4,177,210
Working capital reserve	175,794	175,794
Total surplus	\$ 12,039,403	\$ 11,928,863

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by by-law or Council resolution for specific purposes.

The Corporation of the Township of Chapple Notes to Consolidated Financial Statements

December 31, 2020

9. Government Transfers - Federal

	2020	2019
Operating		
Employment and Social Development Canada	\$ -	\$ 3,493
Tangible Capital Assets		
Association of Municipalities of Ontario Federal Gas Tax Fund	69,304	-
Total federal transfers	\$ 69,304	\$ 3,493

10. Government Transfers - Provincial

	2020	2019
Operating		
Province of Ontario		
Ontario Municipal Partnership Fund	\$ 509,800	\$ 552,600
Ministry of Tourism Culture and Sport	5,486	1,828
Ministry of Agriculture, Food and Rural Affairs Environmental Management Branch	2,641	8,036
Ministry of Municipal Affairs and Housing	69,800	-
Other	6,954	14,722
Total operating transfers	594,681	577,186
Tangible Capital Assets		
Province of Ontario		
Ministry of Rural Affairs	60,054	921,097
Ministry of Municipal Affairs and Housing	-	224,000
Association of Municipalities Ontario	-	24,167
Total tangible capital assets	60,054	1,169,264
Total provincial transfers	\$ 654,735	\$ 1,746,450

The Corporation of the Township of Chapple Notes to Consolidated Financial Statements

December 31, 2020

11. Expenses by Object

	2020	2019
Salaries, wages and employee benefits	\$ 834,747	\$ 842,150
Materials	385,222	464,114
Contracted services	460,171	440,069
Rent and financial expenses	56,706	69,517
Contributions to other Organizations	430,930	420,819
Amortization	408,666	398,807
Interest on long-term debt	7,465	-
	\$ 2,583,907	\$ 2,635,476

12. Measurement Uncertainty Related to Taxation Revenue

Taxation revenue is initially recognized based on management's best estimate of the taxes that will be received. An appeal of property assessment value has been filed by a significant taxpayer. If the taxpayer is fully successful with their appeal, the Township will repay approximately \$540,000 in Municipal tax assessed in the 2019 and 2020 fiscal years. The Township has hired an expert to defend its position on this matter. It is the opinion of the Township and its expert that the current property assessment is appropriate. Consequently, no provision for this assessment has been made in the consolidated financial statements.

13. Pension Agreement

The employees of the Municipality participate in the Ontario Municipal Employees Retirement System (OMERS). The Municipality also makes contributions to the OMERS plan on behalf of its employees. The plan has a defined benefit option at retirement available to some employees, which specifies the amount of the retirement benefit to be received by the employees based on length of service and rates of pay. However, the plan is accounted for as a defined contribution plan as insufficient information is available to account for the plan as a defined benefit plan. The Municipality is only one of a number of employers that participate in the plan and the financial information provided to the Municipality, on the basis of the contractual agreements, is usually insufficient to reliably measure the Municipality's proportionate share in the plan assets and liabilities.

The contributions payable in exchange for services rendered during a period is recognized as an expense during that period. The Municipality's employer portion of amounts paid to OMERS during the year ended December 31, 2020, was \$52,115 (2019 - \$50,655).

As at December 31, 2020, the OMERS plan was 97% funded (December 31, 2019 - 97%) and reported an actuarial funding deficit of \$3.2 billion (2019 - \$3.4 billion). OMERS has a strategy to return the plan to a fully funded position. The Municipality is not able to assess the implications, if any, of this strategy or of the withdrawal of other participating entities from the OMERS plan on its future contributions.

The Corporation of the Township of Chapple Notes to Consolidated Financial Statements

December 31, 2020

14. Operations of School Boards

During the year, the following taxation revenue was raised and remitted:

	<u>2020</u>	<u>2019</u>
School boards	\$ 531,508	\$ 493,515

15. Trust Fund

The trust fund administered by the Municipality amounting to \$31,276 (2019 - \$30,376) has not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations.

16. Contributions to Unconsolidated Boards

The following contributions were made by the Municipality to these boards.

	<u>2020</u>	<u>2019</u>
Northwestern Health Unit	\$ 31,118	\$ 31,118
Rainy River District Social Services Administration Board	390,713	379,763
	<u>\$ 421,831</u>	<u>\$ 410,881</u>

17. Comparatives

Certain prior year balances have been reclassified to reflect changes in current year's presentation.

18. Partnership in Joint Fire Chief Services Committee

On July 15, 2020, the Corporation of the Township of Chapple entered into an agreement with the Corporation of the Township of Alberton, the Corporation of the Township of Emo and the Corporation of the Township of LaVallee in order to provide common administration and oversight of fire chief services and directly related matters. This agreement was executed in an effort to increase delivery efficiency and cost effectiveness of fire chief services and directly related matters for each of the Municipalities. Under the agreement, decisions related to the financial and operating activities of the Joint Fire Chief Services Committee are shared. No partner is in a position to exercise unilateral control.

The Corporation of the Township of Chapple Notes to Consolidated Financial Statements

December 31, 2020

18. Partnership in Joint Fire Chief Services Committee (continued)

The Municipality's financial statements reflect proportionate consolidation, whereby they include the Corporation of the Township of Chapple's pro-rata share of the expenses and jointly controlled assets.

The Joint Fire Chief Services Committee has total expenses of \$43,386 for the year ended December 31, 2020. The Corporation of the Township of Chapple's pro-rata share of these expenses is \$10,029.

The Joint Fire Chief Services Committee has tangible capital assets of:

	2020		2019	
	Total	Municipality Portion	Total	Municipality Portion
Vehicles - cost	\$ 55,059	\$ 13,765	\$ -	\$ -
Vehicles - accumulated amortization	-	-	-	-
Vehicles - net book value	\$ 55,059	\$ 13,765	\$ -	\$ -

19. Uncertainty Due to COVID-19

As the impact of COVID-19 continues, there could be further impact on the Municipality, its citizens, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Municipality's assets and future ability to deliver services and projects. At this time, the full potential impact of COVID-19 on the Municipality is not known. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Municipality's ability to continue delivering non-essential services and employ related staff, will depend on the legislative mandates from the various levels of government. The Municipality will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its citizens.

The Corporation of the Township of Chapple

Notes to Consolidated Financial Statements

December 31, 2020

20. Segmented Information

The Corporation of the Township of Chapple is a diversified municipal government institution that provides a wide range of services to its citizens. The management of the Municipality considers decisions based on separate service areas. These service areas are: general government, protection services, transportation services, environmental services, health services, social and family services, social housing, recreation and cultural services and planning and development.

Descriptions of the services and funds that management bases their decisions on, are as follows:

General Government

General government consists of governance, Corporate management and program support. These categories relate to operations of all of the various programs and services that the Municipality offers to its citizens.

Protection Services

Protection is comprised of police service and fire protection. Police service is contracted out to the Ontario Provincial Police. The fire department is responsible for providing fire suppression service, fire prevention programs, training and education related to prevention, detection or extinguishment of fires. The members of the fire department consist of volunteers.

Transportation Services

The transportation services area provides construction and maintenance of roadways throughout the Municipality.

Environmental Services

Environmental services consist of maintenance of the two waste disposal facilities located within the municipal borders.

Health Services

Health services are comprised of public health services and ambulance service. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

Social and Family Services

Social and family services are comprised of general assistance, childcare and assistance to the aged. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

Social Housing

The Municipality contributes to a local board, which provides social housing if the citizens of the Corporation of the Township of Chapple require the service.

The Corporation of the Township of Chapple Notes to Consolidated Financial Statements

December 31, 2020

20. Segmented Information (continued)

Recreation and Cultural Services

This service area consists of various small recreation programs. Also, the Municipality contributes to the library board of another Municipality in order to ensure a library is available to the citizens of the Municipality.

Planning and Development

This service relates to zoning issues as well as planning of various municipal maintenance projects.

The Corporation of the Township of Chapple

Notes to Consolidated Financial Statements

December 31, 2020

20. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social and Services	Social Housing	Recreation and Cultural Services	Planning and Development	2020
											Total
Revenue											
Taxation	\$ 231,077	\$ 209,045	\$ 611,761	\$ 215,544	\$ 176,893	\$ 29,689	\$ 101,241	\$ 38,925	\$ 8,897	\$ 1,623,072	
Fees and user charges	-	52,290	3,350	168,624	723	-	-	-	4,378	229,365	
Conditional grants	3,658	6,954	60,054	-	-	-	-	1,828	2,641	75,135	
Unconditional grants	81,747	74,650	197,034	101,968	63,169	8,423	35,532	13,900	3,177	579,600	
Municipal grants	-	1,031	-	-	-	-	-	-	-	1,031	
Other	25,368	23,987	63,314	32,765	20,298	3,407	11,617	4,467	1,021	186,244	
	341,850	367,957	935,513	518,901	261,083	41,519	148,390	59,120	20,114	2,694,447	
Expenses											
Wages and benefits	160,135	60,647	472,642	116,215	1,943	-	-	17,654	5,511	834,747	
Materials	56,996	48,558	220,547	39,801	789	-	-	13,998	4,533	385,222	
Contracted services	71,881	170,327	16,501	173,374	8,024	17,769	-	-	2,295	460,171	
Rent and financial	44,235	6,672	-	10,596	-	-	-	-	2,668	64,171	
External transfers	9,700	415	-	-	251,477	10,454	142,132	12,286	4,466	430,930	
Amortization	12,662	54,162	228,760	95,554	337	-	-	17,191	-	408,666	
	355,609	340,781	938,450	435,540	262,570	28,223	142,132	63,797	16,805	2,583,907	
Net surplus (deficit)	\$ (13,759)	\$ 27,176	\$ (2,937)	\$ 83,361	\$ (1,487)	\$ 13,296	\$ 6,258	\$ (4,677)	\$ 3,309	\$ 110,540	

The Corporation of the Township of Chapple

Notes to Consolidated Financial Statements

December 31, 2020

20. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Family Services	Social and Social Housing	Recreation and Cultural Services	Planning and Development	2019 Total
Revenue										
Taxation	\$ 199,033	\$ 173,942	\$ 71,361	\$ 274,547	\$ 259,562	\$ 140,066	\$ 199,856	\$ 34,767	\$ 8,934	\$ 1,362,068
Fees and user charges	-	30,232	5,350	206,335	3,213	-	-	-	9,830	254,960
Conditional grants	3,493	9,722	921,097	-	-	-	-	25,995	8,036	968,343
Unconditional grants	111,274	99,814	6,519	197,712	148,945	78,196	114,063	19,951	5,126	781,600
Municipal grants	-	5,724	-	-	-	-	-	-	-	5,724
Other	31,307	28,808	1,882	57,063	42,988	23,197	33,099	5,758	1,480	225,582
	<u>345,107</u>	<u>348,242</u>	<u>1,006,209</u>	<u>735,657</u>	<u>454,708</u>	<u>241,459</u>	<u>347,018</u>	<u>86,471</u>	<u>33,406</u>	<u>3,598,277</u>
Expenses										
Wages and benefits	173,662	63,752	459,500	113,005	2,793	-	-	27,150	2,288	842,150
Materials	63,515	66,822	249,516	30,913	7,330	-	-	31,123	14,895	464,114
Contracted services	60,847	163,840	12,881	173,590	8,054	17,184	-	-	3,673	440,069
Rent and financial	49,832	6,406	-	10,124	-	-	-	3,155	-	69,517
External transfers	9,790	223	-	-	240,197	10,314	143,187	12,642	4,466	420,819
Amortization	11,609	50,965	221,183	95,517	337	-	-	19,196	-	398,807
	<u>369,255</u>	<u>352,008</u>	<u>943,080</u>	<u>423,149</u>	<u>258,711</u>	<u>27,498</u>	<u>143,187</u>	<u>93,266</u>	<u>25,322</u>	<u>2,635,476</u>
Net surplus (deficit)	\$ (24,148)	\$ (3,766)	\$ 63,129	\$ 312,508	\$ 195,997	\$ 213,961	\$ 203,831	\$ (6,795)	\$ 8,084	\$ 962,801

For each reported segment, revenues and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes, certain government grants and other revenue have been apportioned based on a percentage of budgeted expenditures.

Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Corporation of the Township of Chapple Trust Fund (the Entity), which comprise the Balance Sheet as at December 31, 2020, and the Statement of Continuity for the year then ended, and Notes to Financial Statements, including a Summary of Significant Accounting Policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and the continuity thereof, in accordance with the basis of accounting as described in Note 1.

Basis of 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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Corporation of the Township of Chapple to comply with the reporting requirements of the Bereavement Authority of Ontario. As a result, the financial statements may not be suitable for another purpose.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as described in Note 1, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO CANADA LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario

April 13, 2021

**The Corporation of the Township of Chapple
Trust Fund
Balance Sheet**

Cemetery Perpetual Care

December 31	2020	2019
Assets		
Cash	\$ 7,762	\$ 7,541
Investment	23,514	22,835
	\$ 31,276	\$ 30,376
Liabilities		
Balance - capital	\$ 31,276	\$ 30,376

Statement of Continuity

Cemetery Perpetual Care

For the year ended December 31	2020	2019
Balance, beginning of year	\$ 30,376	\$ 26,226
Receipts	900	4,150
Expenditures	-	-
Balance, end of year	\$ 31,276	\$ 30,376

**The Corporation of the Township of Chapple
Trust Fund
Notes to Financial Statements**

December 31, 2020

1. Summary of Significant Accounting Policies

Management's Responsibility The financial information of the Corporation of the Township of Chapple Trust Fund are the representation of management and have been prepared in accordance with accrual based accounting principles. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgement and review.

Accrual Basis of Accounting Sources of financing and expenditures are reported on the accrual basis of accounting.

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

Basis of Consolidation This trust fund has not been consolidated with the consolidated financial statements of the Municipality.

2. Nature of Trust Fund

The Cemetery Perpetual Care Trust Fund was established in accordance with the Cemeteries Act for the care and maintenance of certain cemetery grounds.