

**The Corporation of
the Township of Chapple
Consolidated Financial Statements
For the year ended December 31, 2023**

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the Township of Chapple
Consolidated Financial Statements
For the year ended December 31, 2023**

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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



Tel: 807-274-9848
Fax: 807-274-5142
www.bdo.ca

BDO Canada LLP
607 Portage Avenue
Fort Frances ON P9A 0A7 Canada

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, 2023, 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, 2023, 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

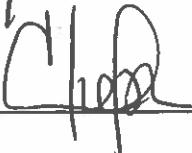
Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
June 12, 2024

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

December 31	2023	2022
		Restated (See Note 1)
Financial assets		
Cash and cash equivalents (Note 2)	\$ 1,639,246	\$ 1,485,725
Taxes receivable	246,848	73,023
Accounts receivable	282,971	132,128
Investments (Note 3)	<u>3,010,239</u>	<u>2,939,316</u>
	<u>5,179,304</u>	<u>4,630,192</u>
Liabilities		
Accounts payable and accrued liabilities	276,426	326,801
Deferred revenue (Note 4)	261,388	411,532
Post-employment benefits	28,145	24,611
Asset retirement obligation - landfill (Note 6)	455,676	428,266
Long-term debt (Note 5)	<u>83,151</u>	<u>164,695</u>
	<u>1,104,786</u>	<u>1,355,905</u>
Net financial assets	<u>4,074,518</u>	<u>3,274,287</u>
Non-financial assets		
Tangible capital assets (Note 8)	8,507,073	8,088,844
Inventories of supplies	72,018	44,253
Tangible capital assets under construction	317,391	228,795
Prepaid expenses	8,264	7,512
Intangible assets	<u>95,356</u>	<u>95,356</u>
	<u>9,000,102</u>	<u>8,464,760</u>
Accumulated surplus	<u>\$ 13,074,620</u>	<u>\$ 11,739,047</u>
Accumulated surplus is comprised of:		
Accumulated surplus (Note 9)	\$ 13,059,267	\$ 11,739,047
Accumulated remeasurement gain	<u>15,353</u>	<u>-</u>
	<u>\$ 13,074,620</u>	<u>\$ 11,739,047</u>

 _____ Reeve

 _____ Treasurer

The Corporation of the Township of Chapple Consolidated Statement of Operations

For the year ended December 31	Budget 2023	2023	2022
			Restated (See Note 1)
Revenue			
Taxation	\$ 2,401,065	\$ 2,201,059	\$ 1,699,405
Government transfers - Federal (Note 10)	114,228	106,447	58,579
Government transfers - Provincial (Note 11)	1,025,674	966,785	701,488
User fees and service charges	298,050	403,278	210,496
Permits, licenses and fines	36,500	40,155	39,547
Investment income	110,000	500,424	70,687
Municipal grants	2,000	-	2,800
Contributions	-	2,067	1,875
Miscellaneous	66,455	68,882	51,799
	<u>4,053,972</u>	<u>4,289,097</u>	<u>2,836,676</u>
Expenses			
General government	508,434	479,037	412,023
Protection services	317,542	413,582	399,171
Transportation services	1,036,390	980,882	1,177,544
Environmental services	360,835	499,334	602,279
Health services	480,088	276,558	263,788
Social and family services	31,727	21,579	27,446
Social housing	-	185,253	162,032
Recreation and cultural services	78,220	93,685	102,627
Planning and development	101,216	18,967	17,341
	<u>2,914,452</u>	<u>2,968,877</u>	<u>3,164,251</u>
Annual surplus (deficit)	<u>1,139,520</u>	<u>1,320,220</u>	<u>(327,575)</u>
Accumulated surplus, beginning of year, as previously stated	11,739,047	11,739,047	12,367,852
Change in accounting policy (Note 1)	-	-	(301,230)
Accumulated surplus, beginning of year, restated	<u>11,739,047</u>	<u>11,739,047</u>	<u>12,066,622</u>
Accumulated surplus, end of year	<u>\$ 12,878,567</u>	<u>\$ 13,059,267</u>	<u>\$ 11,739,047</u>

**The Corporation of the Township of Chapple
Consolidated Statement of Remeasurement Gain**

<u>For the year ended December 31</u>	<u>2023</u>	<u>2022</u>
Accumulated remeasurement gain, beginning of year	\$ -	\$ -
Unrealized gain attributable to:		
Portfolio investments	<u>15,353</u>	-
Accumulated remeasurements gain, end of year	<u>\$ 15,353</u>	<u>\$ -</u>

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

For the year ended December 31	Budget 2023	2023	2022
Annual surplus (deficit)	\$ 1,139,520	\$ 1,320,220	\$ (327,575)
Acquisition of tangible capital assets	(1,408,504)	(905,548)	(202,794)
Amortization of tangible capital assets	459,521	471,422	460,013
Loss on disposal of tangible capital assets	-	15,897	561
Assets under construction	-	(88,596)	(37,090)
	<u>190,537</u>	<u>813,395</u>	<u>(106,885)</u>
Use(acquisition) of inventory of supplies	-	(27,766)	22,246
Prepaid expenses	-	(751)	(7,512)
Net change in net financial assets (Debt) excluding net remeasurement losses	<u>190,537</u>	<u>784,878</u>	<u>(92,151)</u>
Net remeasurement gain Portfolio investments	-	<u>15,353</u>	-
Net change in net financial assets (debt) including net remeasurement gain	<u>190,537</u>	<u>800,231</u>	<u>(92,151)</u>
Net financial assets, beginning of year, as previously stated	<u>3,274,287</u>	<u>3,274,287</u>	<u>3,683,588</u>
Change in accounting policy (Note 1)	-	-	(317,150)
Net financial assets, end of year	<u>\$ 3,464,824</u>	<u>\$ 4,074,518</u>	<u>\$ 3,274,287</u>

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

For the year ended December 31	2023	2022
Operating transactions		
Annual surplus (deficit)	\$ 1,320,220	\$ (327,575)
Remeasurement gain	15,353	-
 Item not involving cash		
Accretion of asset retirement obligations	27,410	25,760
Amortization	471,422	460,013
Loss on disposal of tangible capital assets	15,897	561
 Changes in non-cash operating balances		
Taxes receivable	(173,825)	(38,567)
Accounts receivable	(150,843)	122,305
Prepays	(751)	(7,512)
Inventories of supplies	(27,765)	22,246
Accounts payable and accrued liabilities	(50,375)	(700,705)
Post employment benefits	3,534	(11,284)
Deferred revenue	(150,144)	136,258
	<u>1,300,133</u>	<u>(318,500)</u>
 Capital transactions		
Acquisition of tangible capital assets	(905,548)	(202,794)
Construction in progress	(88,596)	(37,090)
	<u>(994,144)</u>	<u>(239,884)</u>
 Investing transactions		
Proceeds (acquisition) of investments	(70,923)	205,429
 Financing transactions		
Repayment of demand debt	(81,545)	(79,970)
 Net change in cash and cash equivalents	153,521	(432,925)
 Cash and cash equivalents, beginning of year	1,485,725	1,918,650
 Cash and cash equivalents, end of year	\$ 1,639,246	\$ 1,485,725

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

December 31, 2023

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
District of Rainy River Services 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, 2023

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.

Financial Instruments

Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

The Corporation of the Township of Chapple

Summary of Significant Accounting Policies

December 31, 2023

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.

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
Land improvements	50 to 100 years
Sewer and water	10 to 40 years
Other	5 to 10 years

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.

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

December 31, 2023

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.
Asset Retirement Obligations	A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.
Use of Estimates	<p>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.</p> <p>The estimates used in preparation of these consolidated financial statements are the useful lives of property, plant and equipment, the useful life of the landfill sites, retirement costs of the landfills and taxation revenue.</p>

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

December 31, 2023

1. Change in Accounting Policy

Effective January 1, 2023 the Municipality adopted new Public Sector Accounting Handbook Standard, Asset Retirement Obligations. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standard requires recognition of Asset Retirement Obligations when there is a legal obligation to incur retirement costs. This change in accounting policy has been applied retroactively with restatement of prior periods. The impact of adoption of this standard was as follows:

	2022
Increase in tangible capital assets	\$ 15,920
Decrease in landfill liability	85,356
Increase in asset retirement obligations	(402,506)
Decrease in opening accumulated surplus	\$ (301,230)

2. Cash and Cash Equivalents

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

	2023	2022
Unrestricted	\$ 137,413	\$ 148,033
Restricted by Council resolution	1,175,682	1,040,749
Restricted by funding agreement	326,151	296,943
	\$ 1,639,246	\$ 1,485,725

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 9).

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

December 31, 2023

3. Investments

	<u>2023</u>	<u>2022</u>
CIBC guaranteed investment certificate	\$ 900,000	\$ 1,550,000
Equity fund	173,056	176,906
Bond fund	130,299	140,933
Canadian bonds and cash holdings	<u>1,806,884</u>	<u>1,071,477</u>
	<u>\$ 3,010,239</u>	<u>\$ 2,939,316</u>

The income from investments for the year was \$500,424 (2022 - \$70,687).

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 9).

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

December 31, 2023

4. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Canada Community Building Fund	\$ 174,000	\$ 42,228	\$ 9,586	\$ (55,193)	\$ 170,621
OCIF	129,454	115,000	14,262	(167,949)	90,767
NORDS	108,078	61,009	-	(169,087)	-
	<u>\$ 411,532</u>	<u>\$ 218,237</u>	<u>\$ 23,848</u>	<u>\$ (392,229)</u>	<u>\$ 261,388</u>

Canada Community Building Fund

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

OCIF

Funds relate to the Ontario Community Infrastructure Fund (OCIF). These funds are to be spent on approved infrastructure projects, therefore, are deferred until the funds are spent and the projects are completed.

NORDS

Funds relate to the Northern Ontario Resource Development Support Fund (NORDS). These funds are to be spent on approved infrastructure projects and, therefore, are deferred until the funds are spent and the projects are completed.

5. Long-term Debt

	<u>2023</u>	<u>2022</u>
Ontario Infrastructure and Lands Corporation - debenture, 1.96%, blended semi-annual payments of \$42,188, due October 2024	<u>\$ 83,151</u>	<u>\$ 164,695</u>
	<u>Principal Repayments</u>	<u>Interest</u>
2024	<u>\$ 83,151</u>	<u>\$ 1,224</u>
	<u>Total</u>	<u>\$ 84,375</u>

The gross interest paid relating to the above long-term debt was \$2,830 (2022 - \$4,405).

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

December 31, 2023

6. Asset Retirement Obligations

The Municipality's financial statements include an asset retirement obligation for the Richardson Landfill and the Shenston Landfill as well as buildings. The related asset retirement costs are being amortized on a straight line basis.

The liability for the Richardson Landfill has been estimated using a net present value technique with a discount rate of 3.34% (2022 - 3.34%). The estimated total undiscounted future expenditures are \$350,000 (2022 - \$350,000), which are to be incurred over 37 years. The liability is expected to be settled in 40 years.

The liability for the Shenston Landfill has been estimated using a net present value technique with a discount rate of 3.34% (2022 - 3.34%). The estimated total undiscounted future expenditures are \$575,000 (2022 - \$575,000), which are to be incurred over 35 years. The liability is expected to be settled in 41 years.

The liability for the buildings has been estimated using a net present value technique with a discount rate of 3.34% (2022 - 3.34%). The estimated total undiscounted future expenditures are \$125,170 (2022 - \$125,170), which are to be incurred when the buildings are disposed of. The liability is expected to be settled in 21 years.

The carrying amount of the liabilities are as follows:

	Richardson	Shenston	Buildings	Total
Asset retirement obligation as at December 31, 2022	\$ 165,618	\$ 196,248	\$ 66,400	\$ 428,266
Increase due to accretion expense	<u>10,600</u>	<u>12,560</u>	<u>4,250</u>	<u>27,410</u>
Asset retirement obligation as at December 31, 2023	<u>\$ 176,218</u>	<u>\$ 208,808</u>	<u>\$ 70,650</u>	<u>\$ 455,676</u>

7. 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, 2023, the amount of overdraft used is \$NIL (2022 - \$NIL).

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

December 31, 2023

8. Tangible Capital Assets	2023							
	Land	Buildings	Equipment and vehicles	Roads	Culverts and bridges	Sewer and water	Other	Total
Cost, beginning of year	\$ 274,670	\$ 1,623,173	\$ 3,448,616	\$ 2,272,841	\$ 5,116,538	\$ 3,723,913	\$ 41,089	\$ 16,500,840
Additions	-	178,746	263,926	43,095	419,781	-	-	905,548
Disposals	-	-	(40,825)	-	(52,989)	-	(1,402)	(95,216)
Cost, end of year	274,670	1,801,919	3,671,717	2,315,936	5,483,330	3,723,913	39,687	17,311,172
Accumulated amortization, beginning of year	11,654	1,116,048	1,690,666	1,557,776	1,233,177	2,768,647	34,028	8,411,996
Amortization	261	36,369	178,952	84,011	74,319	94,569	2,941	471,422
Disposals	-	-	(40,825)	-	(37,092)	-	(1,402)	(79,319)
Accumulated amortization, end of year	11,915	1,152,417	1,828,793	1,641,787	1,270,404	2,863,216	35,567	8,804,099
Net carrying amount, end of year	\$ 262,755	\$ 649,502	\$ 1,842,924	\$ 674,149	\$ 4,212,926	\$ 860,697	\$ 4,120	\$ 8,507,073

The net book value of tangible capital assets not being amortized because they are under construction is \$317,391 (2022 - \$228,795). These items are recognized separately as tangible capital assets under construction on the consolidated statement of financial position.

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

December 31, 2023

8. Tangible Capital Assets (continued)	2022							
	Land and improvements	Buildings	Equipment and vehicles	Roads	Culverts and bridges	Sewer and water	Other	Total
Cost, beginning of year	\$ 274,670	\$ 1,580,878	\$ 3,360,604	\$ 2,246,534	\$ 5,079,506	\$ 3,723,913	\$ 40,175	\$ 16,306,280
Additions	-	47,725	88,012	26,307	37,032	-	3,718	202,794
Disposals	-	(5,430)	-	-	-	-	(2,804)	(8,234)
Cost, end of year	274,670	1,623,173	3,448,616	2,272,841	5,116,538	3,723,913	41,089	16,500,840
Accumulated amortization, beginning of year	11,393	1,085,958	1,515,203	1,482,942	1,158,932	2,673,452	31,776	7,959,656
Amortization	261	35,520	175,463	74,834	74,245	95,195	4,495	460,013
Disposals	-	(5,430)	-	-	-	-	(2,243)	(7,673)
Accumulated amortization, end of year	11,654	1,116,048	1,690,666	1,557,776	1,233,177	2,768,647	34,028	8,411,996
Net carrying amount, end of year	\$ 263,016	\$ 507,125	\$ 1,757,950	\$ 715,065	\$ 3,883,361	\$ 955,266	\$ 7,061	\$ 8,088,844

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

December 31, 2023

9. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2023	2022
<u>Investment in tangible capital assets</u>		
Tangible capital assets	\$ 8,824,463	\$ 8,317,638
Long-term debt	(83,151)	(164,695)
Total investment in tangible capital assets	8,741,312	8,152,943
<u>Investment in intangible assets</u>		
	95,356	95,356
<u>Current operations</u>		
General operating	133,533	(341,055)
Water	(41,642)	(45,100)
Recreation	44,770	29,878
Museum	31,300	32,003
Total operating surplus (deficit)	167,961	(324,274)
<u>Other allocated deficits</u>		
Asset retirement obligation	(455,676)	(428,266)
Employee future benefits	(28,145)	(24,611)
Total other allocated deficits	(483,821)	(452,877)
<u>Reserve funds</u>		
Replacement of capital assets	3,284,750	3,115,834
Landfill closures	147,892	141,410
Other	341,213	328,406
Sick leave	41,713	48,239
Chapple Community Development Fund	547,097	458,216
Total reserve funds	4,362,665	4,092,105
Working capital reserve	175,794	175,794
Total surplus	\$ 13,059,267	\$ 11,739,047

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, 2023

10. Government Transfers - Federal

	2023	2022
Operating		
Canada Summer Jobs	\$ 2,170	\$ 4,200
Tangible Capital Assets		
Canada Community Building Fund	-	50,234
Industry Canada - FedNor	49,084	-
Clean Water and Wastewater	-	4,145
Total tangible capital assets	104,277	54,379
Total federal transfers	\$ 106,447	\$ 58,579

11. Government Transfers - Provincial

	2023	2022
Operating		
Province of Ontario		
Ontario Municipal Partnership Fund	\$ 399,100	\$ 435,400
Ministry of Tourism Culture and Sport	5,640	1,828
Ministry of Agriculture, Food and Rural Affairs Environmental Management Branch	2,404	83
Ministry of Municipal Affairs and Housing	-	114,063
Other	20,012	20,599
Total operating transfers	427,156	571,973
Tangible Capital Assets		
Province of Ontario		
Ministry of Rural Affairs	370,542	108,472
Ministry of Northern Development, Mines, Natural Resources and Forestry	169,087	21,043
Total tangible capital assets	539,629	129,515
Total provincial transfers	\$ 966,785	\$ 701,488

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

December 31, 2023

12. Expenses by Object

	2023	2022
Salaries, wages and employee benefits	\$ 827,184	\$ 887,477
Materials	508,533	660,135
Contracted services	549,661	608,832
Rent and financial expenses	126,792	94,688
Contributions to other Organizations	482,455	448,701
Amortization	471,422	460,013
Interest on long-term debt	2,830	4,405
	\$ 2,968,877	\$ 3,164,251

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, 2023, was \$48,701 (2022 - \$57,927).

As at December 31, 2023, the OMERS plan was 97% funded (December 31, 2022 - 95%) and reported an actuarial funding deficit of \$4.2 billion (2022 - \$6.7 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, 2023

14. Operations of School Boards

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

	<u>2023</u>	<u>2022</u>
School boards	\$ 456,962	\$ 457,606

15. Trust Fund

The trust fund administered by the Municipality amounting to \$37,985 (2022 - \$35,905) has not been included on the consolidated statement of financial position nor have the operations been included on the consolidated statement of operations.

16. Contributions to Unconsolidated Boards

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

	<u>2023</u>	<u>2022</u>
Northwestern Health Unit	\$ 29,348	\$ 31,451
District of Rainy River Services Board	446,290	407,601
	<u>\$ 475,638</u>	<u>\$ 439,052</u>

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

December 31, 2023

17. Partnership in Joint Fire Chief Services Committee

On June 16, 2021, 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.

Effective March 31, 2023, the Township of Alberton withdrew from the partnership. The remaining partners acquired the Township of Alberton's share of the non-financial asset for \$11,700 (\$3,00 each). For each of the remaining three member communities, the exit resulted in an increase in their proportionate interest of the partnership to 33.33%.

The Municipality's consolidated 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 \$139,425 for the year ended December 31, 2023 (2022 - \$132,686). The Corporation of the Township of Chapple's pro-rata share of these expenses is \$34,434 (2022 - \$31,135).

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

	2023		2022	
	Total	Municipality Portion	Total	Municipality Portion
Vehicles - cost	\$ 55,059	\$ 18,353	\$ 55,059	\$ 13,765
Vehicles - accumulated amortization	(11,012)	(3,671)	(8,259)	(2,064)
Vehicles - net book value	\$ 44,047	\$ 14,682	\$ 46,800	\$ 11,701

18. 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:

The Corporation of the Township of Chapple

Notes to Financial Statements

December 31, 2023

18. Segmented Information (continued)

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.

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, 2023

18. 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		2023 Total
									Cultural Services	Planning and Development	
Revenue	\$ 571,516	\$ 293,362	\$ 534,866	\$ 392,735	\$ 344,603	\$ -	\$ -	\$ 52,157	\$ -	\$ 11,820	\$ 2,201,059
Taxation	-	-	-	-	-	-	-	-	-	-	-
Fees and user charges	-	27,985	2,992	356,975	8,246	-	-	-	17,474	7,080	420,752
Conditional grants	23,482	2,512	319,087	17,949	-	-	-	-	253,505	2,404	618,939
Unconditional grants	64,954	53,193	85,637	50,530	62,485	29,489	50,669	82,427	-	2,143	399,100
Other	105,665	86,533	139,313	82,202	101,648	47,973	-	-	-	3,486	649,247
	765,617	463,585	1,081,895	900,391	516,982	77,462	185,253	270,979	26,933	-	4,289,097
Expenses											
Wages and benefits	192,051	33,578	431,160	136,367	3,335	-	-	-	30,693	-	827,184
Materials	66,287	78,854	251,559	67,493	1,143	-	-	-	28,696	14,501	508,533
Contracted services	86,125	203,818	41,063	196,186	2,936	19,533	-	-	-	-	549,661
Rent and financial	109,142	9,104	-	3,695	-	-	-	-	4,851	-	126,792
External transfers	12,680	223	-	-	268,807	2,046	185,253	-	8,980	4,466	482,455
Interest on long term debt	2,830	-	-	-	-	-	-	-	-	-	2,830
Amortization	9,922	88,005	257,100	95,593	337	-	-	-	20,465	-	471,422
	479,037	413,582	980,882	499,334	276,558	21,579	185,253	177,294	93,685	18,967	2,968,877
Net surplus (deficit)	\$ 286,580	\$ 50,003	\$ 101,013	\$ 401,057	\$ 240,424	\$ 55,883	\$ -	\$ 177,294	\$ 7,966	\$ 1,320,220	

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

December 31, 2023

18. 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		2022 Total
									Cultural Services	Development	
Revenue											
Taxation	\$ 208,467	\$ 212,342	\$ 620,639	\$ 247,559	\$ 192,324	\$ 64,715	\$ 137,383	\$ 6,658	\$ 9,318	\$ 1,699,405	
Fees and user charges	-	19,886	4,490	178,831	5,940	-	-	23,649	1,350	234,146	
Conditional grants	21,700	3,098	28,074	130,365	-	-	-	91,113	83	274,433	
Unconditional grants	53,411	54,403	159,012	63,427	49,275	16,580	35,198	1,706	2,388	435,400	
Municipal grants	-	2,800	-	-	-	-	-	-	-	2,800	
Other	23,368	23,802	69,569	27,750	21,558	7,254	15,400	746	1,045	190,492	
	<u>306,946</u>	<u>316,331</u>	<u>881,784</u>	<u>647,932</u>	<u>269,097</u>	<u>88,549</u>	<u>187,981</u>	<u>123,872</u>	<u>14,184</u>	<u>2,836,676</u>	
Expenses											
Wages and benefits	170,688	33,664	511,151	127,383	3,582	-	-	39,219	1,790	887,477	
Materials	89,233	66,383	392,678	75,443	865	-	-	28,826	6,707	660,135	
Contracted services	55,886	203,126	25,702	291,164	9,429	19,210	-	-	4,315	608,832	
Rent and financial	68,679	8,886	-	12,069	-	-	-	5,054	-	94,688	
External transfers	10,450	223	-	-	249,575	8,236	162,032	13,656	4,529	448,701	
Interest on long term debt	4,405	-	-	-	-	-	-	-	-	4,405	
Amortization	12,682	86,889	248,013	96,220	337	-	-	15,872	-	460,013	
	<u>412,023</u>	<u>399,171</u>	<u>1,177,544</u>	<u>602,279</u>	<u>263,788</u>	<u>27,446</u>	<u>162,032</u>	<u>102,627</u>	<u>17,341</u>	<u>3,164,251</u>	
Net surplus (deficit)	\$ (105,077)	\$ (82,840)	\$ (295,760)	\$ 45,653	\$ 5,309	\$ 61,103	\$ 25,949	\$ 21,245	\$ (3,157)	\$ (327,575)	

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.