

Financial Statements

**THE CORPORATION OF THE
TOWNSHIP OF OPASATIKA**

And Independent Auditors' Report thereon

Year ended December 31, 2021

Management's Responsibility for the Financial Statements

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

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

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

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

Alain Tremblay
Clerk-Treasurer



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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of The Corporation of the Township of Opasatika (the "Township"), which comprise:

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

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2021, and its results of operations its changes in net financial assets, and its 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 responsibility under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

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

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

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

Auditors' 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 auditors' report that includes our opinion.

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

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

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

We also:

- Identify and assess the risk 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.



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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, internal 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 purposes of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Township's 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

May 5, 2022

THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

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Year ended December 31, 2021

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THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Financial assets		
Cash	\$ 803,568	\$ 758,668
Due from Government of Canada	27,083	110,697
Taxes and user charges receivable (note 4)	115,858	114,065
Accounts receivable (note 5)	89,891	29,758
Investments (note 6)	22,394	22,394
	<u>1,058,794</u>	<u>1,035,582</u>
Financial liabilities		
Accounts payable and accrued liabilities	60,618	52,097
Deferred revenue (note 7)	161,188	163,644
Deferred revenue - obligatory reserve (note 7)	42,095	13,767
Employee benefit obligations (note 9)	32,556	32,278
	<u>296,457</u>	<u>261,786</u>
Net financial assets	762,337	773,796
Non-financial assets		
Tangible capital assets (note 11)	4,157,843	3,851,729
Inventory	2,337	2,000
	<u>4,160,180</u>	<u>3,853,729</u>
Commitments (note 15)		
Financial instruments (note 17)		
Accumulated surplus (note 12)	<u>\$ 4,922,517</u>	<u>\$ 4,627,525</u>

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

On behalf of Council:

_____ Mayor

_____ Treasurer

THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

Statement of Operations and Accumulated Surplus

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

	Budget 2021 (note 13)	Actual 2021	Actual 2020
Revenue:			
Taxation and user charges	\$ 870,028	\$ 877,706	\$ 839,911
Province of Ontario grants	523,252	518,725	312,406
Government of Canada grants	167,825	86,133	15,305
Fines and penalties	2,675	3,414	3,979
Other	55,207	64,621	55,382
Total revenue	1,618,987	1,550,599	1,226,983
Expenses:			
General government	251,112	244,806	254,797
Protection to persons and property	164,267	158,334	129,780
Transportation services	237,781	285,273	254,988
Environmental services	297,840	305,469	300,020
Health services	61,836	68,953	55,684
Social and family services	63,974	65,312	71,324
Recreation and cultural services	69,271	100,864	70,453
Planning and development	25,984	26,596	15,798
Total expenses	1,172,065	1,255,607	1,152,844
Annual surplus	446,922	294,992	74,139
Accumulated surplus, beginning of year	4,627,525	4,627,525	4,553,386
Accumulated surplus, end of year	\$ 5,074,447	\$ 4,922,517	\$ 4,627,525

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

THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

Statement of Change in Net Financial Assets

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

	Budget 2021 (note 13)	Actual 2021	Actual 2020
Annual surplus	\$ 446,922	\$ 294,992	\$ 74,139
Acquisition of tangible capital assets	(549,477)	(494,291)	(192,930)
Amortization of tangible capital assets	185,445	188,177	175,121
Change in inventory	-	(337)	(2,000)
Change in net financial assets	82,889	(11,459)	54,330
Net financial assets, beginning of year	773,796	773,796	719,466
Net financial assets, end of year	\$ 856,685	\$ 762,337	\$ 773,796

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

THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

Statement of Cash Flows

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

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 294,992	\$ 74,139
Items not involving cash:		
Amortization of tangible capital assets	188,177	175,121
Change in employee benefit obligations	278	(2,350)
	483,447	246,910
Change in non-cash assets and liabilities:		
Decrease in due from Government of Canada	83,614	50,270
Increase in taxes and user charges receivable	(1,793)	(10,923)
Decrease (increase) in accounts receivable	(60,133)	282,053
Increase in inventory	(337)	-
Increase (decrease) in deferred revenue	(2,456)	157,893
Increase in deferred revenue - obligatory reserve	28,328	13,767
Increase (decrease) in accounts payable and accrued liabilities	8,521	(110,358)
Net change in cash from operating activities	539,191	629,612
Capital activities:		
Cash used to acquire tangible capital assets	(494,291)	(192,930)
Net change in cash from capital activities	(494,291)	(192,930)
Increase in cash	44,900	436,682
Cash, beginning of year	760,668	323,986
Cash, end of year	\$ 805,568	\$ 760,668

The accompanying notes are an integral part of these financial statements

THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

Notes to Financial Statements

Year ended December 31, 2021

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

1. Significant accounting policies:

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

(a) Reporting entity:

These financial statements reflect the assets, liabilities, revenues, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township.

All inter-departmental and inter-organizational transactions and balances between these organizations are eliminated.

The following joint local boards are not consolidated:

The District of Cochrane Social Services Administration Board
Porcupine Health Unit

(b) Basis of accounting:

Sources of financing and expenses are reported on the accrual basis of accounting.

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

(c) School boards:

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

(d) Trust funds:

Trust funds and their related operations administered by the Township are not consolidated, but are reported separately on the Trust Fund's financial statements.

THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(e) Tangible capital assets:

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

Asset	Useful Life - Years
Land improvements	20 - 75
Buildings	50
Roads	7 - 50
Water and sewer systems	50
Computer equipment	5
Vehicles, machinery and equipment	10 - 25
Furniture and fixtures	10

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

(f) Revenue recognition:

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

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the accounts in the period the interest and penalties are levied.

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

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

THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(g) Deferred revenue:

Grants, contributions, and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain projects or the completion of specific work. In addition, certain fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, or the services are performed.

A requirement for local governments is that the obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation and other agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. Given the restriction in use until spent on qualifying projects or expenses these amounts are deferred.

(h) Reserves and reserve funds:

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(i) Financial instruments:

The Township initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Township subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market or financial assets liabilities designated to the fair value category, which are subsequently measured at fair value. Unrealized changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, taxes receivable and user charges receivable, due from Government of Canada, account receivables and long-term investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, employee benefit obligations and long-term liabilities.

THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

(j) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for local governments requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowances for taxes and accounts receivable, employee benefit obligations and estimating provisions for accrued liabilities. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

2. Operations of school boards:

Further to note 1 (c), the property taxes collected on behalf of the school boards are comprised of the following:

	Public	Separate	2021 Total	2020 Total
Revenue raised and transferred to boards:				
Regular tax levy	\$ 121,919	\$ 128,799	\$ 250,718	\$ 253,735

3. Contributions to non-consolidated entities:

Further to note 1(a), the following contributions were made by the Township to these boards and included as current year expenses within the statement of operations:

	2021	2020
The District of Cochrane Social Service Administration Board	\$ 88,191	\$ 96,934
Porcupine Health Unit	7,394	7,392
	\$ 95,585	\$ 104,326

THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Taxes and user charges receivable:

	2021	2020
Current year	\$ 50,284	\$ 50,506
Prior years	99,533	97,933
Penalties and interest	21,295	22,459
Allowance for doubtful accounts	(55,254)	(56,833)
	\$ 115,858	\$ 114,065

5. Accounts receivable:

	2021	2020
Trade receivables	\$ 89,891	\$ 38,127
Allowance for doubtful accounts	–	(8,369)
	\$ 89,891	\$ 29,758

6. Investment:

The investment consists of a \$20,000 term deposit that matures in June 2022. The term deposit earns interest at a rate of 1.5%.

7. Deferred revenue:

(a) Obligatory reserve funds:

	2021	2020
Federal gas tax	\$ 42,095	\$ 13,767

(b) Other:

	2021	2020
Ontario Community Infrastructure Fund	\$ 100,874	\$ 50,000
Accessibility Fund	53,990	–
Taxation	6,324	3,890
COVID-19 Funding	–	19,430
Ministry of Culture – Housing Project	–	47,358
Ministry of Employment and Social Development	–	16,323
CDSSAB – Housing Project	–	26,643
	\$ 161,188	\$ 163,644

THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Credit facilities:

The Township has available a \$150,000 (2020 - \$150,000) demand line of credit through a variable credit contract. This line of credit bears interest at the bank's prime rate plus 1%. At December 31, 2021, \$ NIL (2020 - \$Nil) has been drawn against this facility.

9. Employee benefits obligations:

The Township provides certain employee benefits which will require funding in future periods.

Under the Accumulated Sick Leave Benefit Plan, employees can accumulate unused sick leave credits and may become entitled to a cash payment when they leave the Township's employment. The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amounted to approximately \$32,556 (2020 - \$32,278).

10. Public sector salary disclosure:

During 2021, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Township.

THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

Notes to Financial Statements

Year ended December 31, 2021

11. Tangible capital assets:

Cost	Balance at December 31, 2020	Additions	Disposals	Transfers in (out)	Balance at December 31, 2021
Land	\$ 6,006	\$ -	\$ -	-	\$ 6,006
Land improvements	108,460	-	-	-	108,460
Buildings	2,709,864	472,673	-	133,920	3,316,457
Roads	1,988,739	12,691	-	-	2,001,430
Water and sewer systems	2,794,042	736	-	-	2,794,778
Computer equipment	43,027	-	-	-	43,027
Vehicles, machinery and equipment	982,177	1,883	-	-	984,060
Furniture and fixtures	21,423	6,308	-	-	27,731
Construction in progress	133,920	-	-	(133,920)	-
Total	\$ 8,787,658	\$ 494,291	\$ -	-	\$ 9,281,949

Accumulated Amortization	Balance at December 31, 2020	Disposals	Amortization expense	Balance at December 31, 2021
Land improvements	\$ 93,159	\$ -	\$ 273	\$ 93,432
Buildings	1,377,631	-	74,643	1,452,274
Roads	1,078,461	-	33,367	1,111,828
Water and sewer systems	1,543,787	-	54,286	1,598,073
Computer equipment	35,245	-	251	35,496
Vehicles, machinery and equipment	788,370	-	24,297	812,667
Furniture and fixtures	19,276	-	1,060	20,336
Total	\$ 4,935,929	\$ -	\$ 188,177	\$ 5,124,106

	Net book value, December 31, 2020	Net book value, December 31, 2021
Land	\$ 6,006	\$ 6,006
Land improvements	15,301	15,028
Buildings	1,332,233	1,864,183
Roads	910,278	889,602
Water and sewer systems	1,250,255	1,196,705
Computer equipment	7,782	7,531
Vehicles, machinery and equipment	193,807	171,393
Furniture and fixtures	2,147	7,395
Construction in progress	133,920	-
Total	\$ 3,851,729	\$ 4,157,843

THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

Notes to Financial Statements

Year ended December 31, 2020

11. Tangible capital assets (continued):

Cost	Balance at December 31, 2019	Additions	Disposals	Transfers in (out)	Balance at December 31, 2020
Land	\$ 6,006	\$ -	\$ -	-	\$ 6,006
Land improvements	108,460	-	-	-	108,460
Buildings	2,704,109	5,755	-	-	2,709,864
Roads	1,975,923	12,816	-	-	1,988,739
Water and sewer systems	2,794,042	-	-	-	2,794,042
Computer equipment	43,027	-	-	-	43,027
Vehicles, machinery and equipment	941,738	40,439	-	-	982,177
Furniture and fixtures	21,423	-	-	-	21,423
Construction in progress	-	133,920	-	-	133,920
Total	\$ 8,594,728	\$ 192,930	\$ -	-	\$ 8,787,658

Accumulated Amortization	Balance at December 31, 2019	Disposals	Amortization expense	Balance at December 31, 2020
Land improvements	\$ 92,886	\$ -	\$ 273	\$ 93,159
Buildings	1,317,723	-	59,908	1,377,631
Roads	1,046,907	-	31,554	1,078,461
Water and sewer systems	1,489,501	-	54,286	1,543,787
Computer equipment	33,869	-	1,376	35,245
Vehicles, machinery and equipment	761,076	-	27,294	788,370
Furniture and fixtures	18,846	-	430	19,276
Total	\$ 4,760,808	\$ -	\$ 175,121	\$ 4,935,929

	Net book value, December 31, 2019	Net book value, December 31, 2020
Land	\$ 6,006	\$ 6,006
Land improvements	15,574	15,301
Buildings	1,386,386	1,332,233
Roads	929,016	910,278
Water and sewer systems	1,304,541	1,250,255
Computer equipment	9,158	7,782
Vehicles, machinery and equipment	180,662	193,807
Furniture and fixtures	2,577	2,147
Construction in progress	-	133,920
Total	\$ 3,833,920	\$ 3,851,729

THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

Notes to Financial Statements (continued)

Year ended December 31, 2021

12. Accumulated surplus:

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

	2021	2020
Surplus:		
Invested in tangible capital assets	\$ 4,157,843	\$ 3,851,729
General surplus	439,964	467,576
Unfunded:		
Employee benefit obligations	(32,556)	(32,278)
Total surplus	4,565,251	4,287,027
Reserves set aside for specific purpose by Council:		
General purpose	4,371	4,371
Capital	60,892	60,892
Capital – Water	20,500	20,500
Capital – Sewer	6,170	6,171
Landfill closure	34,000	32,000
Infrastructure	68,470	54,137
COVID-19	12,074	–
Former School	16,525	38,163
Fire truck	60,000	50,000
Service Delivery	74,264	74,264
	357,266	340,498
Accumulated surplus	\$ 4,922,517	\$ 4,627,525

13. Budget information:

The budget adopted by Council on June 7, 2021 was not prepared on a basis consistent with that used to report actual results according to Public Sector Accounting Standards. As a result, the budget figures presented in the statement of operations and accumulated surplus and change in net financial assets represent the financial plan adopted by Council with adjustment as follows:

Budgeted surplus per financial statements	\$ 446,922
Add (Deduct):	
Transfers to reserves	102,555
Investment in tangible capital asset	(549,477)
Budgeted surplus approved by Council	\$ –

THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

Notes to Financial Statements (continued)

Year ended December 31, 2021

14. Trust funds:

The Trust Funds administered by the Township amounting to \$19,431 (2020 - \$19,270) have not been included on the statement of financial position nor have their operations been included on the statement of operations

15. Commitments:

The Township has entered into the following long-term agreements:

- (i) Ontario Clean Water Agency (OCWA) - Agreement starting on January 1, 2021 and ending on December 31, 2030, to provide supervision and operation and maintenance services for the water treatment plant and lagoon at an annual cost of \$124,500 in the first year and indexed to inflation in subsequent years.
- (ii) Ministry of Natural Resources (MNR) - Agreement starting on April 1, 2017 and ending on March 31, 2022 to provide forest fire protection at an annual cost of \$3,709.

16. Comparative information:

Certain 2020 comparative information have been reclassified to conform with the financial statement presentation adopted for the current year.

17. Financial instruments:

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

(a) Credit risk:

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Township is exposed to credit risk from customers and ratepayers. The Township has a significant number of customers and ratepayers which minimizes concentration of credit risk. Further, the Township has available to it a tax registration process to recover unpaid municipal taxes by way of forced transfer of properties with multi-year arrears.

(b) Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Township manages exposure through its normal operating and financing activities. The Township is exposed to various risks through its financial instruments.

THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

Notes to Financial Statements (continued)

Year ended December 31, 2021

17. Financial instruments (continued):

(c) Other risk:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus.

The impact of COVID-19 is expected to have some negative effects on operations. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the Township is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time.

18. Segmented information:

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

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

(a) General Government:

Includes corporate services and governance of the Township. General Government is responsible for human resource management, support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status is provided as well as frontline reception and customer service.

(b) Protection Services:

Includes policing, fire protection, protective inspection and control and emergency measures. The mandate of the police services contract is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes detection, extinguishing and suppression services; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.

THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

Notes to Financial Statements (continued)

Year ended December 31, 2021

18. Segmented information (continued):

(c) Transportation Services:

Includes construction and maintenance of the Township's roads and bridges, winter control, and street lighting.

(d) Environmental Services:

Provides water and wastewater services to certain areas within the Township. It is also responsible for providing waste collection, waste disposal and recycling services.

(e) Health Services:

The Township provides ambulance services through the District Social Services Board, Cemetery Services and a range of public health services through the Porcupine Health Unit.

(f) Social and Family Services:

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

(g) Recreation and Cultural Services:

Provides indoor and outdoor recreational facilities and programs and library services. It also provides building maintenance services to all municipal facilities.

(h) Planning and Development:

Manages rural development for business interest, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geographic information services.

For each segment separately reported in the schedule below, the segment revenue 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. These municipal services are funded primarily by taxation such as property tax revenue. Taxation and payments-in-lieu of taxes are apportioned to these services based on the net surplus. Certain government transfers, transfer from other funds, and other revenue have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in note 1.

THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

Note 18 - Segmented Information (continued)

Year ended December 31, 2021

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2021 Total
Revenue:									
Taxation and user charges	\$ 724,455	-	-	153,251	-	-	-	-	\$ 877,706
Province of Ontario grants	499,493	-	-	-	-	-	19,232	-	518,725
Government of Canada grants	85,654	-	-	-	-	-	479	-	86,133
Fines and penalties	3,414	-	-	-	-	-	-	-	3,414
Other	57,028	4,600	-	-	-	-	2,993	-	64,621
	1,370,044	4,600	-	153,251	-	-	22,704	-	1,550,599
Expenses:									
Salaries and benefits	172,897	16,200	126,238	14,706	2,155	-	33,521	20,390	386,107
Materials	52,046	93,583	106,091	67,685	22,513	-	51,763	6,206	399,887
Contracted services	7,466	-	-	124,500	-	-	-	-	131,966
External transfers	-	45,153	-	-	39,005	65,312	-	-	149,470
Amortization of tangible capital assets	12,397	3,398	52,944	98,578	5,280	-	15,580	-	188,177
	244,806	158,334	285,273	305,469	68,953	65,312	100,864	26,596	1,255,607
Excess (deficiency) of revenue over expenses	\$ 1,125,238	(153,734)	(285,273)	(152,218)	(68,953)	(65,312)	(78,160)	(26,596)	\$ 294,992

THE CORPORATION OF THE TOWNSHIP OF OPASATIKA

Note 18 - Segmented Information (continued)

Year ended December 31, 2021

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2020 Total
Revenue:									
Taxation and user charges	\$ 714,380	-	-	125,531	-	-	-	-	\$ 839,911
Province of Ontario grants	310,363	-	-	-	-	-	2,043	-	312,406
Government of Canada grants	15,305	-	-	-	-	-	-	-	15,305
Fines and penalties	3,979	-	-	-	-	-	-	-	3,979
Other	38,290	8,180	-	7,820	-	-	1,092	-	55,382
	1,082,317	8,180	-	133,351	-	-	3,135	-	1,226,983
Expenses:									
Salaries and benefits	168,355	16,221	126,280	18,145	815	-	24,694	11,924	366,434
Materials	66,646	69,742	77,702	53,972	13,034	-	39,085	3,874	324,055
Contracted services	7,546	-	-	123,667	-	-	-	-	131,213
External transfers	-	43,135	-	-	41,562	71,324	-	-	156,021
Amortization of tangible capital assets	12,250	682	51,006	104,236	273	-	6,674	-	175,121
	254,797	129,780	254,988	300,020	55,684	71,324	70,453	15,798	1,152,844
Excess (deficiency) of revenue over expenses	\$ 827,520	(121,600)	(254,988)	(166,669)	(55,684)	(71,324)	(67,318)	(15,798)	\$ 74,139