



Consolidated Financial Statements

The Corporation of the Township of
Manitouwadge

December 31, 2020



Corporation of the Township of Manitouwadge
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Statement of Administrative Responsibility

The management of The Corporation of the Township of Manitouwadge have prepared the accompanying financial statements and are responsible for their accuracy and integrity. These statements consolidate all operations for which the Township has legislative and financial responsibility. The financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board [PSAB] of CPA Canada.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that Municipal assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Municipal Council reviews and approves the financial statements before such statements are submitted to the Ministry of Municipal Affairs and Housing and published for the residents of The Corporation of the Township of Manitouwadge. The external auditors have access to, and meet with Municipal Council to discuss their audit and the results of their examination.

The 2020 Financial Statements have been reported on by The Corporation of the Township of Manitouwadge's external auditors, Grant Thornton LLP, the auditors appointed by Municipal Council. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.



John MacEachern, Mayor



Chris Townes, Treasurer

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Township of Manitouwadge ("the Township"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the 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 Corporation of the Township of Manitouwadge as at December 31, 2020, and its results of consolidated operations, its consolidated changes in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the 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 these 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 Township's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 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 events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Township 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 Township and the organizations it controls 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Thunder Bay, Canada
October 27, 2021

Chartered Professional Accountants
Licensed Public Accountants

The Corporation of the Township of Manitouwadge

Consolidated Statement of Financial Position

As at December 31	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash and temporary investments	8,145,341	9,273,226
Taxes receivable <i>[note 3]</i>	971,243	692,653
Accounts receivable <i>[note 4]</i>	3,914,245	1,228,846
Total financial assets	13,030,829	11,194,725
LIABILITIES		
Accounts payable and accrued liabilities	950,475	1,529,803
Due to trust funds	71,128	66,072
Deferred revenue <i>[note 6]</i>	1,158,453	822,551
Landfill closure and post-closure liability <i>[note 8]</i>	583,005	715,472
Long-term debt <i>[note 9]</i>	-	89,030
Total liabilities	2,763,061	3,222,928
NET FINANCIAL ASSETS	10,267,768	7,971,797
NON-FINANCIAL ASSETS		
Tangible capital assets-net <i>[note 10] [schedule 2]</i>	22,800,411	20,280,404
Inventories	1,018	1,018
Prepaid expenses	17,754	126,391
	22,819,183	20,407,813
Accumulated surplus <i>[schedule 1]</i>	33,086,951	28,379,610

See accompanying notes to the consolidated financial statements.

The Corporation of the Township of Manitouwadge

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31	2020	2020	2019
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 15]</i>		
REVENUES [schedule 3]			
Taxation			
Residential and farm taxation	2,888,868	2,914,542	2,798,525
Commercial and industrial	1,071,283	1,071,283	1,052,913
Taxation from other governments	103,307	103,307	112,408
	4,063,458	4,089,132	3,963,846
User charges			
User fees and service charges	1,518,782	1,421,049	1,281,171
	5,582,240	5,510,181	5,245,017
Government transfers			
Government of Canada	3,436,210	3,112,761	59,518
Province of Ontario	1,901,091	2,006,408	3,320,439
	5,337,301	5,119,169	3,379,957
Other			
Investment income	47,500	427,859	271,000
Other income	1,323,733	1,016,255	927,763
Penalties and interest on taxes	80,000	157,502	149,332
Rents and leases	149,380	132,200	139,215
	1,600,613	1,733,816	1,487,310
Total revenues	12,520,154	12,363,166	10,112,284

	2020	2020	2019
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 15]</i>		
EXPENSES <i>[note 11] [schedule 3]</i>			
General government	2,889,762	1,840,457	1,703,924
Protection to persons and property	950,962	876,870	898,333
Transportation services	2,126,784	1,842,069	1,516,555
Environmental services	1,595,928	1,511,828	1,617,154
Health services	96,973	94,886	90,536
Social and family services	60,516	59,816	60,472
Recreation and cultural services	1,712,114	1,219,500	1,215,867
Planning and development	417,789	210,399	222,811
	9,850,828	7,655,825	7,325,652
NET REVENUES BEFORE UNDERNOTED ITEM	2,669,326	4,707,341	2,786,632
Annual surplus	2,669,326	4,707,341	2,786,632
Accumulated surplus, beginning of year	28,379,610	28,379,610	25,592,978
Accumulated surplus, end of year <i>[schedule 1]</i>	31,048,936	33,086,951	28,379,610

See accompanying notes to the consolidated financial statements.

The Corporation of the Township of Manitouwadge Consolidated Statement of Changes in Net Financial Assets

Year ended December 31	2020	2020	2019
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 15]</i>		
Annual surplus	2,669,326	4,707,341	2,786,632
Acquisition of tangible capital assets	(3,928,505)	(3,902,074)	(2,130,828)
Amortization of tangible capital assets	1,382,067	1,382,067	1,297,166
Acquisition of prepaid expenses	-	(17,754)	(126,391)
Use of prepaid expenses	-	126,391	96,766
Increase in net financial assets	122,888	2,295,971	1,923,345
Net financial assets, beginning of year	7,971,797	7,971,797	6,048,452
Net financial assets, end of year	8,094,685	10,267,768	7,971,797

See accompanying notes to the consolidated financial statements.

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

Year ended December 31	2020	2019
	\$	\$
OPERATIONS		
Annual surplus	4,707,341	2,786,632
Non-cash charges		
Amortization of tangible capital assets	1,382,067	1,297,166
Landfill closure and post-closure costs	(132,467)	(30,155)
	5,956,941	4,053,643
Net change in non-cash working capital balances		
Increase in taxes receivable	(278,590)	(68,497)
Increase in accounts receivable	(2,685,399)	(674,259)
Increase (decrease) in accounts payable and accrued liabilities	(579,328)	1,088,858
Increase in due to trust funds	5,056	3,072
Increase (decrease) in deferred revenue	335,902	(304,035)
Decrease (increase) in prepaid expenses	108,637	(29,625)
Cash provided by operating transactions	2,863,219	4,069,157
CAPITAL		
Acquisition of tangible capital assets	(3,902,074)	(2,130,828)
Repayment on long-term debt	(89,030)	(178,060)
Cash used in capital transactions	(3,991,104)	(2,308,888)
Increase (decrease) in cash and temporary investments	(1,127,885)	1,760,269
Cash and temporary investments, beginning of year	9,273,226	7,512,957
Cash and temporary investments, end of year	8,145,341	9,273,226

See accompanying notes to the consolidated financial statements.

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2020

GENERAL

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

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of The Corporation of the Township of Manitouwadge are prepared by management in accordance with accounting principles generally accepted for local government, as prescribed by the Public Sector Accounting Board ("PSAB") of CPA Canada. The more significant of these accounting policies are as follows:

[a] Basis of consolidation

Reporting entity

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

Manitouwadge Public Library Board

All interfund balances and transactions have been eliminated.

Local boards

The financial activities of certain entities associated with the Township are not consolidated. The Township's contribution to these entities are recorded in the Consolidated Statement of Operations and Accumulated Surplus. The entities that are accounted for in this manner are:

Thunder Bay District Health Unit

The District of Thunder Bay Social Services Administration Board

Trust funds

Certain assets have been conveyed or assigned to the Township to be administered as directed by agreement or statute. The Township holds the assets for the benefit of and stand in fiduciary relationship to the beneficiaries, as a result, the trust funds and assets are excluded from the financial statements.

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2020

Accounting for school board transactions

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

[b] Basis of accounting

Accrual accounting

The Township uses the accrual basis of accounting which recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. It recognizes a liability until the obligation or conditions underlying the liability is partly or wholly satisfied and recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.

Cash and temporary investments

Cash and temporary investments consist of cash on hand, balances in banks and investments in mutual funds.

Pension and employee benefits

The Township accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer defined benefit plan, as a defined contribution plan. Obligations for sick leave under employee benefits payable are accrued as the employees render services necessary to earn the benefits. Vacation pay and other post-employment benefits are charged to operations in the year earned.

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2020

Non-financial assets

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 deficiency of revenues over expenses, provides the change in net financial assets for the year.

[a] Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and write-downs, if any. Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	15 to 40 years
Infrastructure	15 to 50 years
Land improvements	10 years
Library collections	10 years
Machinery and equipment	5 to 20 years
Office equipment	5 to 20 years
Vehicles	10 to 25 years

One-half of the 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, at which time they are transferred to their respective tangible capital asset categories.

[b] Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

[c] Tangible capital assets recognized at nominal value

Certain assets have been assigned a nominal value of one dollar, because of the difficulty of determining a tenable valuation. The most significant of such assets are the Township's road allowances.

[d] Capitalization of interest

The Township has a policy of capitalizing borrowing costs incurred when financing the acquisition of a tangible capital asset, for those interest costs incurred up to the date the asset goes into use.

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2020

[e] Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of the property to the Township are accounted for as the acquisition of a capital asset and the incurrence of an obligation. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

[f] Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost.

Reserves and reserve funds

Council segregates its accumulated surplus into various categories including reserves which are specifically for future operating and capital purposes.

Taxation revenue

Taxes are recognized as assets and revenue when they meet the definition of an asset, are authorized and the taxable event occurs, which for property taxes is the period for which the tax is levied.

At each financial statement date, management evaluates the extent to which its tax receivables are ultimately collectible and valuation allowances are used to reflect tax receivables at their net recoverable amount.

At each financial statement date, management evaluates the likelihood of having to repay taxes collected under tax measures that have been deemed authorized using the concept of legislative convention and recognizes a liability when required. Related refunds are accounted for in the period in which the change in estimate occurs.

Government transfers

Government transfers are transfers of monetary assets or tangible capital assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers made to a recipient by the Township are recorded as an expense when they are authorized and the recipient meets all eligibility criteria.

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2020

The Township receives Gas Tax proceeds from the Federal Government through the Association of Municipalities of Ontario. These funds, by their nature, are restricted in their use and, until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying projects are recorded as revenue in the fiscal period they are expended.

Revenue recognition

User charges and fees are recognized as revenue in the period in which the related services are performed. Amounts collected for which the related services have yet to be performed are recognized as a liability and recognized as revenue when the related services are performed.

Investment income earned on surplus funds is recognized in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balance.

Funds received, other than government transfers and tax revenue, for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the Consolidated Statement of Financial Position. The revenue is recognized in the Consolidated Statement of Operations and Accumulated Surplus in the year in which it is used for the specified purpose.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Township may undertake in the future. Significant accounting estimates include valuation allowance for accounts receivable, estimated useful lives of tangible capital assets, employee benefits payable and solid waste landfill closure and post-closure liabilities. Actual results could differ from these estimates.

Landfill closure and post-closure liability

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

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2020

2. TRUST FUNDS

Trust funds administered by the Township amounting to \$76,169 [2019 - \$71,112] have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

3. TAXES RECEIVABLE

	2020	2019
	\$	\$
Property and business taxes receivable	1,430,519	1,168,244
Allowance for property and business tax arrears	(459,276)	(475,591)
	971,243	692,653

4. ACCOUNTS RECEIVABLE

	2020	2019
	\$	\$
Receivables	608,685	471,091
Grants	3,072,775	506,778
Water receivables	240,657	258,849
Allowance for doubtful receivables	(461)	(461)
Allowance for doubtful water receivables	(7,411)	(7,411)
	3,914,245	1,228,846

5. TEMPORARY LOANS

The Township has available a line of credit of \$1,000,000 [2019 - \$1,000,000] for which the Township has provided a borrowing by-law and signed advisory letter of which \$nil [2019 - \$nil] was borrowed at year-end. Interest on the line of credit is calculated at bank prime [3.95 % at year-end].

The Corporation of the Township of Manitowadge

Notes to the Consolidated Financial Statements

December 31, 2020

6. DEFERRED REVENUE

	2020 \$	2019 \$
Obligatory reserve funds		
Gas Tax revenue	607,197	553,409
Other deferred revenue		
Restricted deposits	3,500	2,500
Grants	547,756	266,642
	1,158,453	822,551

The continuity of deferred revenue is as follows:

	Government Transfer \$	Other \$	Total 2020 \$	Total 2019 \$
Balance, beginning of year	553,409	269,142	822,551	1,126,586
Investment income	29,223	-	29,223	11,619
Gas Tax proceeds	117,523	-	117,523	251,615
Gas Tax revenue earned	(92,958)	-	(92,958)	(59,517)
Other income received in year	-	356,621	356,621	259,930
Other amounts earned during the year	-	(74,507)	(74,507)	(767,682)
Balance, end of year	607,197	551,256	1,158,453	822,551

7. PENSION AGREEMENTS

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

Effective January 1, 2015, contribution rates ranged from 9.0% to 15.9% depending on the proposed retirement age and the level of earnings. As a result, \$172,650 [2019 - \$153,612] was contributed to OMERS in the current year.

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2020

8. LANDFILL CLOSURE AND POST-CLOSURE

The Township operates a landfill site. The obligation to close and maintain solid waste landfill sites is based on the estimated future expenses in current dollars, adjusted for estimated inflation and is charged to expenses as the landfill site's capacity is used. The Township completed an updated engineering study during the year to assist in the computation of the required closure and post-closure liability. The remaining useful life of the site has been determined to be 26 years, with an anticipated closure date of 2046 and an estimated remaining capacity of 1089,494 cubic metres. Post-closure care is estimated to continue for a period of approximately 30 years. The estimated liability is the present value for future cash flows associated with the closure and post-closure care discounted using a rate of 3.9% [2019 - 3.9%] for closure costs and 3.9% [2019 - 3.9%] for post-closure cost discounting. The change in the recorded liability is \$(132,467) [2019 - \$(30,155)] based on a total estimated undiscounted outflow in the future of \$2,352,076 [2019 - \$3,270,594], leaving an amount to be recognized in the future of \$1,769,071 [2019 - \$2,555,122] over the closure and post-closure period. Management's estimated accrued liability for these costs of \$583,005 [2019 - \$715,472] is included as a liability on the Consolidated Statement of Financial Position. The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

An amount of \$421,962 [2019 - \$400,798] has been provided in the landfill closure and post-closure care reserve to fund this liability and future landfill expansion [Schedule 1].

9. LONG-TERM DEBT

[a] The balance of debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2020	2019
	\$	\$
OSIFA		
Repaid in year	-	89,030

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2020

[b] Commencing in December, 2005, the Township applied for and received funding from OSIFA to finance its water and sewer infrastructure upgrade project. The terms of the financing allow for the Township to convert the borrowings into debentures at the conclusion of the capital project. Until such time as the borrowings are converted, there are no fixed repayment terms, but interest will be applied on the outstanding loan balance.

[c] There was interest on long-term debt in the current year of \$1,731 [2019 - \$8,676] reflected in the Consolidated Statement of Operations and Accumulated Surplus as expense in environmental services.

10. TANGIBLE CAPITAL ASSETS

Schedule 2 provides information on the tangible capital assets of the Township by major asset class, as well as accumulated amortization of the assets controlled.

There were no write-downs of assets in 2020 [2019 - \$nil].

Interest capitalized during 2020 was \$nil [2019 - \$nil].

There were no contributed tangible capital assets in 2020 [2018 - \$nil].

Certain assets have been recorded at a nominal value on adoption of tangible capital assets due to the difficulty in determining an appropriate value. Municipal lands along with numerous furnishings are assigned nominal values. The total of assets so valued in 2020 was \$18 [2019 - \$18].

11. SEGMENTED INFORMATION

The Township of Manitouwadge is a diversified municipal government institution that provides a wide range of services to its citizens, including police, fire, health care, ambulance, public transit and water. For management reporting purposes the Government's operations and activities are organized and reported by department. The annual budget is distributed based on department activity and size. The Township has two main reserve funds, operating and capital for their respective purposes.

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

General government

General government segment is comprised of three categories; governance, corporate management and program support. These categories encompass the Clerk / Manager's office, Mayor and Council, Elections, Treasury, budgets and bill collection.

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2020

Protection to persons and property

Township policing is provided under contract by the Ontario Provincial Police. The fire department is responsible for providing fire suppression service; fire prevention programs; training and education related to prevention, and detection or extinguishment of fires. The Protection to persons and property segment also includes activities related to municipal by-law enforcement.

Transportation services

The Transportation department is responsible for providing local public transportation service. Public works is involved with the planning, development and maintenance of municipal roads and streets, street lighting and the municipal airport.

Environmental services

The Water and Waste department consists of three distinct utilities - water, wastewater and solid waste disposal. The department provides drinking water to citizens of Manitouwadge, collecting and treating wastewater, and providing collection disposal and waste minimization programs and facilities for solid waste.

Health services

Health services include ambulance and other public health services as well as management of the Township cemetery. The Township contracts its ambulance services out but maintains the cemetery internally as part of this segment.

Social and family services

This segment includes transfers for funding related to welfare, child care and social assistance. The Township provides assistance to those in need of counseling or in need of funding to help maintain a healthy living standard.

Recreation and cultural services

The Community Services department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as fitness programs, a municipal pool and arena, golf course and ski hill. The department also contributes towards the information needs of the Township's citizens through the provision of library services.

Planning and development

The Planning department provides a diverse bundle of services. It manages urban development for business interests, environmental concerns and heritage matters through Township planning and community development. It ensures an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-law for the protection of occupants. It facilitates economic development by providing services for the approval of all land development plans and the processing of building permits applications.

For additional information see the Consolidated Schedule of Segment Disclosure [Schedule 3].

The Corporation of the Township of Manitowadge

Notes to the Consolidated Financial Statements

December 31, 2020

12. RESERVES AND RESERVE FUNDS

The continuity of reserves and reserve funds which make up a part of accumulated surplus in Schedule 1 is as follows:

	2020 \$	2019 \$
Reserves		
Balance, beginning of year	1,882,922	1,323,688
Increases		
Transfer to reserves	954,686	987,905
Decreases		
Transfer from reserves	434,994	428,671
Balance, end of year	2,402,614	1,882,922
Reserve funds		
Balance, beginning of year	7,020,786	5,835,265
Increases		
Transfer to reserves	1,439,248	1,272,682
Interest earned	102,974	73,969
Unrealized gain(loss) on investment	70,658	9,646
Interfund allocation of interest	197,104	68,611
	1,809,984	1,424,908
Decreases		
Transfers from reserves	363,839	239,387
Balance, end of year	8,466,931	7,020,786

13. DESIGNATED ASSETS

Of the financial assets reported on the Consolidated Statement of Financial Position, the Council has designated \$8,466,931 [2019 - \$7,020,786] to support reserve funds.

14. CONTRACTUAL OBLIGATIONS

Ontario Clean Water Agency

In accordance with a service agreement entered into by the Township with the Ontario Clean Water Agency ("Agency"), the operation of the Township's water and wastewater treatment system is operated by the Agency. Included in the Statement of Operations and Accumulated Surplus are the 2020 charges from the Agency of \$308,550 [2019 - \$320,331]. The estimated operating cost for this water services for 2021 is approximately \$340,000.

The Corporation of the Township of Manitowadge

Notes to the Consolidated Financial Statements

December 31, 2020

15. BUDGET FIGURES

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the Consolidated Statement of Operations and Accumulated Surplus has been adjusted to be presented on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the financial statements.

	Approved Fiscal Plan \$	Adjustments \$	Fiscal Plan per Financial Statements \$
Revenues			
Taxation	4,228,167	(164,709)	4,063,458
User charges	1,518,782	-	1,518,782
Government transfers	5,221,205	116,096	5,337,301
Other	2,492,852	(892,239)	1,600,613
	13,461,006	(940,852)	12,520,154
Expenses			
General government	3,766,666	(876,904)	2,889,762
Protection to persons and property	935,030	15,932	950,962
Transportation services	5,315,571	(3,188,787)	2,126,784
Environmental services	1,158,165	437,763	1,595,928
Health services	96,973	-	96,973
Social and family services	60,516	-	60,516
Recreation and cultural services	1,712,105	9	1,712,114
Planning and development	415,980	1,809	417,789
	13,461,006	(3,610,178)	9,850,828
Annual surplus	-	2,669,326	2,669,326
Interfund transfers	-	33,858	
Capital items	-	3,928,505	
Debt proceeds	-	89,030	
Amortization	-	(1,382,067)	
Approved surplus	-	2,669,326	

The Corporation of the Township of Manitouwadge

Notes to the Consolidated Financial Statements

December 31, 2020

16. COVID 19 IMPACT

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

To date, the Township has taken the following actions in response to the pandemic:

- a) On March 17, 2020, in response to legislated closures of non-essential services, the Township closed all recreational facilities and programs, and the airport to the public. On March 30, 2020, the Township closed all facilities, including the municipal office to the public. The Township expects a reduction in rentals, and user fees as a result of these closures.
- b) On April 2, 2020, the Township passed By-law 2020-02 for deferral of the water / sewer rate increase for the second and third quarter utility billing to assist with relieving financial hardship during the pandemic.
- c) Council approved by resolution the distribution of \$100.00 to every resident in the form of "extreme dollars" which will be funded from the Community Well Being Fund.
- d) The Township has experienced an increase in administrative fees (the requirement to purchase laptops for staff to have the ability to work remotely). The Township has experienced a loss in revenues from the cancellation of programs and events, etc. and all private rentals have been cancelled. The Township had purchased 1000L of hand sanitizer to assist during the shortage to ensure essential businesses could stay open.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Municipality for future periods.

The Corporation of the Township of Manitouwadge

Schedule 1

Consolidated Schedule of Accumulated Surplus

Year ended December 31	2020	2019
	\$	\$
Investment in tangible capital assets	22,800,411	20,280,404
Unfunded		
Long-term debt	-	(89,030)
Landfill closure and post-closure liabilities	(583,005)	(715,472)
Total surpluses	22,217,406	19,475,902
Reserves set aside for specific purposes by Council		
For working capital	134,194	134,194
For recreation programs and facilities	123,600	123,600
For replacement of equipment and capital projects	1,022,723	1,028,537
For other projects	1,122,097	596,591
Total reserves	2,402,614	1,882,922
Reserve funds set aside for specific purposes by Council		
For assessment appeals	3,056,857	2,208,723
For recreation programs and facilities	574,374	517,069
For replacement of equipment and capital projects	1,981,827	1,968,019
For landfill closure and post-closure care	421,962	400,798
For contingencies	2,431,911	1,926,177
Total reserve funds	8,466,931	7,020,786
Accumulated surplus	33,086,951	28,379,610

The Corporation of the Township of Manitouwadge Consolidated Schedule of Tangible Capital Assets

Year ended December 31, 2020

Schedule 2

	General						Infrastructure			Totals	
	Land \$	Improvements \$	Buildings \$	Vehicles \$	Library Collections \$	Assets Under Construction \$	Machinery Equipment \$	Underground and Other Networks \$	Office Equipment \$	2020 \$	2019 \$
COST											
Balance, beginning of year	97,467	1,134,474	12,406,952	2,293,750	80,710	-	5,818,136	34,540,282	136,892	56,508,663	54,377,835
Add											
Additions during the year	-	-	27,438	299,875	-	-	244,420	3,317,028	13,313	3,902,074	2,130,828
Less											
Disposals in the year	-	-	-	-	-	-	68,971	1,516,722	-	1,585,693	-
Balance, end of year	97,467	1,134,474	12,434,390	2,593,625	80,710	-	5,993,585	36,340,588	150,205	58,825,044	56,508,663
ACCUMULATED AMORTIZATION											
Balance, beginning of year	-	852,473	7,897,186	1,302,259	50,494	-	3,703,286	22,287,484	135,077	36,228,259	34,931,093
Add											
Amortization during the year	-	29,882	290,050	76,956	7,054	-	227,132	748,986	2,007	1,382,067	1,297,166
Less											
Disposals in the year	-	-	-	-	-	-	68,971	1,516,722	-	1,585,693	-
Balance, end of year	-	882,355	8,187,236	1,379,215	57,548	-	3,861,447	21,519,748	137,084	36,024,633	36,228,259
Net book value, beginning of year	97,467	282,001	4,509,766	991,491	30,216	-	2,114,850	12,252,798	1,815	20,280,404	19,446,742
Net book value, end of year	97,467	252,119	4,247,154	1,214,410	23,162	-	2,132,138	14,820,840	13,121	22,800,411	20,280,404

The Corporation of the Township of Manitouwadge Consolidated Schedule of Segment Disclosure

Schedule 3

Year ended December 31, 2020

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	4,089,132	3,963,846	-	-	-	-	-	-	-	-
Government transfers	-	-	-	-	3,112,761	59,518	-	-	-	-
Provincial grants	1,965,499	1,718,100	2,900	8,053	-	-	29,331	1,177,653	-	-
User fees and service charges	12,227	13,663	-	-	2,522	120,295	970,782	981,549	-	-
Investment income	427,859	271,000	-	-	-	-	-	-	-	-
Other income	981,825	1,336,163	8,775	-	-	-	-	-	1,820	-
Penalties and interest on taxes	157,502	149,332	-	-	-	-	-	-	-	-
Rents and leases	126,028	135,340	-	-	-	-	-	-	-	-
	7,760,072	7,587,444	11,675	8,053	3,115,283	179,813	1,000,113	2,159,202	1,820	-
Expenses										
Salaries, wages and employee benefits	624,780	574,838	285,264	291,128	772,837	680,341	213,287	256,386	4,396	5,893
Long-term debt charges	-	-	-	-	-	-	231,826	88,186	-	-
Materials	880,714	871,000	67,574	79,550	536,750	372,817	535,528	734,723	85	116
Contracted services	218,497	148,775	458,100	458,796	-	-	-	-	40,041	38,741
Rent and financials	8,661	9,617	-	-	12,764	2,680	4,394	9,339	-	-
External transfers to others	-	-	-	-	-	-	-	-	50,364	45,786
Amortization	107,805	99,694	65,932	68,859	519,718	460,717	526,793	528,520	-	-
	1,840,457	1,703,924	876,870	898,333	1,842,069	1,516,555	1,511,828	1,617,154	94,886	90,536
Net revenue (expenses) before undernoted item	5,919,615	5,883,520	(865,195)	(890,280)	1,273,214	(1,336,742)	(511,715)	542,048	(93,066)	(90,536)
Annual surplus (deficit)	5,919,615	5,883,520	(865,195)	(890,280)	1,273,214	(1,336,742)	(511,715)	542,048	(93,066)	(90,536)

The Corporation of the Township of Manitouwadge Consolidated Schedule of Segment Disclosure

Year ended December 31, 2020

Schedule 3 (continued)

	Social and Family Services		Recreation and Cultural Services		Planning and Development		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues								
Taxation	-	-	-	-	-	-	4,089,132	3,963,846
Government transfers	-	-	-	-	-	-	3,112,761	59,518
Provincial grants	-	-	8,678	8,233	-	-	2,006,408	2,912,039
User fees and service charges	-	-	435,518	165,664	-	-	1,421,049	1,281,171
Investment income	-	-	-	-	-	-	427,859	271,000
Other income	-	-	23,835	-	-	-	1,016,255	1,336,163
Penalties and interest on taxes	-	-	-	-	-	-	157,502	149,332
Rents and leases	-	-	6,172	3,875	-	-	132,200	139,215
	-	-	474,203	177,772	-	-	12,363,166	10,112,284
Expenses								
Salaries, wages and employee benefits	-	-	589,001	586,350	153,914	117,991	2,643,479	2,512,927
Long-term debt charges	-	-	-	-	-	-	231,826	88,186
Materials	-	-	470,489	491,950	54,676	103,011	2,545,816	2,653,167
Contracted services	-	-	-	-	-	-	716,638	646,312
Rent and financials	-	-	-	-	-	-	25,819	21,636
External transfers to others	59,816	60,472	-	-	-	-	110,180	106,258
Amortization	-	-	160,010	137,567	1,809	1,809	1,382,067	1,297,166
	59,816	60,472	1,219,500	1,215,867	210,399	222,811	7,655,825	7,325,652
Net revenue (expenses) before undernoted item	(59,816)	(60,472)	(745,297)	(1,038,095)	(210,399)	(222,811)	4,707,341	2,786,632
Annual surplus (deficit)	-	-	(59,816)	(60,472)	(210,399)	(222,811)	4,707,341	2,786,632

Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Trust Funds of The Corporation of the Township of Manitouwadge ("the Township"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, and cash flows for the year then ended, and notes to the 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 Trust Funds of The Corporation of the Township of Manitouwadge as at December 31, 2020, and its results of operations 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 responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these 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 a going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 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 events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements 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 Township and the organizations it controls to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Thunder Bay, Canada
October 27, 2021

Chartered Professional Accountants
Licensed Public Accountants

**The Corporation of the Township of Manitouwadge
Trust Funds
Statement of Financial Position**

As at December 31	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash	5,041	5,040
Due from The Corporation of the Township of Manitouwadge	71,128	66,072
NET FINANCIAL ASSETS	76,169	71,112
ACCUMULATED SURPLUS	76,169	71,112

See accompanying notes to the financial statements.

**The Corporation of the Township of Manitouwadge
Trust Funds
Statement of Operations and Accumulated Surplus**

Year ended December 31	2020	2019
	\$	\$
REVENUES		
Portion of sales	1,300	1,300
Interest	3,757	1,775
	5,057	3,075
Annual surplus	5,057	3,075
Accumulated surplus, beginning of year	71,112	68,037
Accumulated surplus, end of year	76,169	71,112

See accompanying notes to the financial statements.

**The Corporation of the Township of Manitouwadge
Trust Funds
Statement of Cash Flows**

Year ended December 31	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Annual surplus	5,057	3,075
Net changes in non-cash under capital balance		
Due to The Corporation of the Township of Manitouwadge	(5,056)	(3,072)
Increase in cash during year	1	3
Cash, beginning of year	5,040	5,037
Cash, end of year	5,041	5,040

See accompanying notes to the financial statements.

The Corporation of the Township of Manitouwadge Trust Funds Notes to the Financial Statements

December 31, 2020

1. NATURE OF BUSINESS

The Corporation of the Township of Manitouwadge administers a perpetual care trust fund for the future care of the cemetery. The cemetery provides internment services for the benefit of the citizens of Manitouwadge.

2. ACCOUNTING POLICY

Accrual accounting

The Township uses the accrual basis of accounting which recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. It recognizes a liability until the obligation or conditions underlying the liability is partly or wholly satisfied and recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.