

**CORPORATION OF THE TOWN  
OF KAPUSKASING**

**INDEPENDENT AUDITOR'S REPORT AND  
CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

# **CORPORATION OF THE TOWN OF KAPUSKASING**

## **MANAGEMENT'S REPORT**

**DECEMBER 31, 2020**

The accompanying consolidated financial statements of the Corporation of the Town of Kapuskasing are the responsibility of the management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in the notes to the consolidated financial statements. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgments, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

Council meets with management to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval.

The consolidated financial statements have been audited by Baker Tilly HKC, independent external auditors appointed by Council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the consolidated financial statements.

  

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Kapuskasing, Ontario  
September 28, 2021

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Council, Inhabitants and Ratepayers of  
the Corporation of the Town of Kapuskasing

### *Opinion*

We have audited the accompanying consolidated financial statements of the Corporation of the Town of Kapuskasing, 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 debt 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 financial position of the organization as at December 31, 2020, and the results of its operations and accumulated surplus, its changes in net debt 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 organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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## INDEPENDENT AUDITOR'S REPORT, (CONT'D)

### *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 organization'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 organization'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 organization 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.

*Baker Tilly HKC*

Chartered Professional Accountants  
Licenced Public Accountants  
September 28, 2021

# **CORPORATION OF THE TOWN OF KAPUSKASING**

## **CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

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**CORPORATION OF THE TOWN OF KAPUSKASING**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
<b>FINANCIAL ASSETS</b>		
Cash and equivalents	\$ 11,398,177	\$ 2,050,074
Taxes receivable (note 5)	316,979	373,910
Trade and other receivables (note 6)	2,859,351	9,917,485
Inventories for resale	24,188	48,678
Due from related parties (note 7)	13,718,719	12,852,246
Long-term receivables (note 8)	406,250	1,925,000
Investments (note 9)	-	325,000
	<u>28,723,664</u>	<u>27,492,393</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	3,789,163	3,655,255
Landfill closure and post closure liabilities (note 17)	2,615,872	2,517,872
Liability for losses in government business enterprises (note 11)	5,558,612	4,627,187
Deferred revenues - obligatory reserve funds (note 12)	3,679,080	3,576,831
Long-term debt (note 13)	<u>26,252,888</u>	<u>28,171,098</u>
	<u>41,895,615</u>	<u>42,548,243</u>
<b>NET DEBT</b>	<u>(13,171,951)</u>	<u>(15,055,850)</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net book value (note 14)	95,306,269	96,466,381
Inventories held for consumption or use	161,135	150,193
Prepaid expenses	<u>275,730</u>	<u>28,991</u>
	<u>95,743,134</u>	<u>96,625,565</u>
<b>ACCUMULATED SURPLUS (note 15)</b>	<u>\$ 82,571,183</u>	<u>\$ 81,569,715</u>

CONTINGENCIES - notes 17, 20 and 22  
 CONTRACTUAL OBLIGATIONS - note 18  
 COMMITMENT - note 19

On behalf of Council:

Dave plourde

Martin Cudger

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

# CORPORATION OF THE TOWN OF KAPUSKASING

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED DECEMBER 31, 2020

	Budget (note 23)	2020 Actual	2019 Actual
<b>REVENUES</b>			
Residential taxation	\$ 7,255,999	\$ 7,261,027	\$ 7,228,537
Commercial and business taxation	3,866,988	3,874,132	3,806,288
Payments in lieu of taxation	200,196	200,243	199,199
Ontario Municipal Partnership Fund	4,666,200	4,666,200	4,666,200
Provincial offences	136,905	113,584	161,978
User fees and service charges	6,945,277	6,408,007	8,037,426
Interest and penalties	619,040	578,103	651,117
Government transfers for operating - Provincial	963,644	699,591	927,931
Other revenues	814,696	644,491	702,218
Solar energy revenues	288,660	291,290	290,679
	<u>25,757,605</u>	<u>24,736,668</u>	<u>26,671,573</u>
<b>EXPENSES</b>			
General government	2,264,297	2,018,104	2,348,039
Protection to persons and property	4,212,627	4,379,675	4,408,908
Transportation services	4,231,964	5,749,956	5,920,052
Environmental services	4,958,562	6,410,168	6,693,254
Health services	494,445	472,975	450,357
Social and family services	1,608,020	1,603,794	1,593,246
Recreation and cultural services	2,933,792	3,082,584	3,075,803
Planning and development	458,298	727,756	643,530
Solar energy expenses	95,306	215,028	243,722
Loss on disposition of investments (note 9)	-	325,000	-
Government business enterprises - net loss (note 11)	-	931,425	1,026,123
	<u>21,257,311</u>	<u>25,916,465</u>	<u>26,403,034</u>
<b>EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)</b>	<u>4,500,294</u>	<u>(1,179,797)</u>	<u>268,539</u>
<b>OTHER REVENUES</b>			
Government transfers for capital - Provincial	3,229,362	774,820	1,138,133
Government transfers for capital - Federal	5,285,822	1,406,445	2,600,750
	<u>8,515,184</u>	<u>2,181,265</u>	<u>3,738,883</u>
<b>ANNUAL SURPLUS</b>	13,015,478	1,001,468	4,007,422
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>81,569,715</u>	<u>81,569,715</u>	<u>77,562,293</u>
<b>ACCUMULATED SURPLUS, END OF YEAR (note 15)</b>	<u>\$ 94,585,193</u>	<u>\$ 82,571,183</u>	<u>\$ 81,569,715</u>

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

**CORPORATION OF THE TOWN OF KAPUSKASING**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT**  
**YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
	<b>Actual</b>	<b>Actual</b>
<b>ANNUAL SURPLUS</b>	\$ 1,001,468	\$ 4,007,422
<b>NON-FINANCIAL ASSET ACTIVITIES</b>		
Acquisition of tangible capital assets	(3,044,956)	(6,572,736)
Amortization of tangible capital assets	4,185,068	3,975,191
Change in inventories held for consumption use	(10,942)	(44,445)
Change in prepaid expenses	<u>(246,739)</u>	<u>(17,906)</u>
<b>DECREASE IN NET DEBT</b>	1,883,899	1,347,526
<b>NET DEBT, BEGINNING OF YEAR</b>	<u>(15,055,850)</u>	<u>(16,403,376)</u>
<b>NET DEBT, END OF YEAR</b>	<b>\$ (13,171,951)</b>	<b>\$ (15,055,850)</b>

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



**CORPORATION OF THE TOWN OF KAPUSKASING**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 1,001,468	\$ 4,007,422
Items not involving cash:		
Amortization of tangible capital assets	4,185,068	3,975,191
Government business enterprises - net loss	931,425	1,026,123
Provision for landfill closure and post-closure cost	98,000	100,385
Loss on disposition of investments	325,000	-
	<u>6,540,961</u>	<u>9,109,121</u>
Changes in:		
Taxes receivable	56,931	71,925
Trade and other receivables	7,058,134	(4,996,789)
Inventories for resale	24,490	12,402
Account payable and accrued liabilities	133,908	247,754
Deferred revenues - obligatory reserve funds	102,249	637,427
Inventories held for consumption or use	(10,942)	(44,445)
Prepaid expenses	(246,739)	(17,906)
	<u>13,658,992</u>	<u>5,019,489</u>
<b>FINANCING ACTIVITY</b>		
Principal payments on long-term debt	<u>(1,918,210)</u>	<u>(1,883,020)</u>
<b>CAPITAL ACTIVITY</b>		
Acquisition of tangible capital assets	<u>(3,044,956)</u>	<u>(6,572,736)</u>
<b>INVESTING ACTIVITIES</b>		
Net advances to related parties	(866,473)	(218,193)
Net advances from long-term receivables	<u>1,518,750</u>	<u>525,000</u>
	<u>652,277</u>	<u>306,807</u>
<b>CHANGE IN CASH POSITION</b>	9,348,103	(3,129,460)
<b>CASH POSITION, BEGINNING OF YEAR</b>	<u>2,050,074</u>	<u>5,179,534</u>
<b>CASH POSITION, END OF YEAR</b>	<u>\$ 11,398,177</u>	<u>\$ 2,050,074</u>

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

# CORPORATION OF THE TOWN OF KAPUSKASING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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The Corporation of the Town of Kapuskasing (the municipality) is a single-tier municipal corporation located in Northern Ontario.

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

#### BASIS OF CONSOLIDATION

These consolidated financial statements reflect the assets, liabilities, revenues, expenses, reserve funds and reserves of the municipality and include the activities of all committees of Council and the following boards, municipal business enterprises and utilities which are under the control of Council:

Museum Board  
 Planning Board  
 Kapuskasing Public Library Board  
 Downtown Business Improvement Area Board  
 Kapuskasing Economic Development Corporation  
 Kapuskasing-Moonbeam Landfill Site Management Board

All interfund assets and liabilities and sources of financing and expenses have been eliminated.

#### NON-CONSOLIDATED ENTITIES

The following local boards, joint local boards and municipal business enterprises are not consolidated.

##### Non-consolidated entities:

Kapuskasing Golden Age Club  
 Kapuskasing Municipal Non-Profit  
 Housing Corporation  
 North Centennial Manor Inc.  
 North East Recycling Association  
 Kapuskasing Volunteer Firefighters

##### Non-consolidated joint local boards:

Porcupine Health Unit  
 Cochrane District Social Services Administration  
 Board (CDSSAB)

##### *Government Business Enterprises*

Government business enterprises are not consolidated, but are accounted for using the modified equity method in these consolidated financial statements. Under the modified equity method of accounting, only the municipality's investment in the government business enterprise and the enterprises' net income or loss and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the municipality, except that any other comprehensive income of the business enterprise is accounted for as an adjustment to the accumulated surplus or deficit. Inter-organizational transactions and balances are not eliminated, except for any profit or loss on the sale between entities of assets that remain within the reporting entity.

# CORPORATION OF THE TOWN OF KAPUSKASING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 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. Note 2 provides details of amounts raised and transferred to the school boards.

#### TRUST FUNDS

The Cemetery Care and Maintenance Fund trust funds administered by the municipality are not consolidated but are outlined in note 4 to the financial statements.

#### ACCRUAL ACCOUNTING

Revenues and expenses are reported on the accrual basis of accounting which recognizes revenues as they become earned and measurable. Revenues from taxation, grants and all other sources are recognized when the amount is fixed or reasonably determinable and collectability is reasonably assured. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

#### GOVERNMENT TRANSFERS

Government transfers are the transfer of assets from senior levels of Government that are not the result of an exchange transaction, are not expected to be repaid in the future or the result of a direct financial return. Government transfers are recognized in the financial statements in the period in which events giving rise to transfer occur, providing the transfers are authorized, eligibility criteria are met, and reasonable estimates of the amounts can be made. Government grants are recognized when approved to the extent the related expenses have been incurred and collection is reasonably assured.

The municipality also transfers assets to other level of Government and/or other organizations. These transfers are recorded as an expense when they are authorized and eligibility criteria is met, if any.

#### TAXATION

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Municipal Council establishes the tax rates annually, incorporating amounts to be raised for local services and on behalf of the School Boards in respect of education taxes. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessments can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are processed by the Municipality upon receipt and recognized in the fiscal year they are determined. All property taxes are secured by the land and pose minimal collection risk.

#### USER FEES AND SERVICE CHARGES

User fees and services charges are recognized when the activity is performed or when the services are rendered.

# CORPORATION OF THE TOWN OF KAPUSKASING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### CASH AND CASH EQUIVALENTS

Cash consists of balances held at financial institutions and all cash equivalents consist of highly liquid financial instruments with maturity of three months or less at acquisition.

#### INVENTORIES

Inventories for resale are recorded at the lower of cost and net realizable value. Inventories held for consumption or use are recorded at the lower of cost and replacement cost.

#### LONG-TERM RECEIVABLES

Long-term receivable are recorded at cost. Valuation of the receivable is assessed annually by management. Any write-downs are recorded in the period in which the change in value occurred. The interest is recorded when earned.

#### MULTI-EMPLOYER DEFINED BENEFIT PENSION

Substantially all of the employees of the municipality are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit, final average earnings, contributory pension plan. Defined contribution plan accounting is applied to OMERS, whereby contributions are expensed when due, as the municipality has insufficient information to apply defined benefit accounting.

#### DEFERRED REVENUES - OBLIGATORY RESERVE FUNDS

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 of the Canadian Public Sector Accounting Standards 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.

Funds from external sources and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue - obligatory reserve funds until used for the purpose specified.

#### NON-FINANCIAL ASSETS

Non-financial assets are not available to discharge existing liabilities and are held for 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 combined with the annual surplus provides the change in net financial assets (net debt) for the year.

# CORPORATION OF THE TOWN OF KAPUSKASING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### 1. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of the tangible capital assets are amortized on a straight-line basis, over the expected useful life of the assets, as follows:

Buildings	15 to 40 years
Vehicles, machinery and equipment	5 to 25 years
Street lights and hydrants	50 years
Roads	5 to 70 years
Water and sewer systems	50 years
Solar panels	20 years

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at their fair market value at the date of receipt.

#### BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying tangible capital asset are capitalized during the period of time that is necessary to complete and prepare the asset for its intended use. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that the municipality incurs in connection with the borrowing of funds.

#### 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 from reserves and reserve funds are recorded as an adjustment to the respective fund when approved.

#### MEASUREMENT UNCERTAINTY

The preparation of consolidated financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the period in which they become known. Significant estimates are used when accounting for the allowance for uncollectible taxes and other receivables, determining the useful lives of tangible capital assets, accrued liabilities and contingencies. Actual results could differ from those estimates.

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# CORPORATION OF THE TOWN OF KAPUSKASING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

### 2. OPERATIONS OF SCHOOL BOARDS

Tax collected and transferred to school boards are comprised of the following:

	Public	Separate	Total 2020	Total 2019
Regular tax levy	\$ 799,689	\$ 854,535	\$ 1,654,224	\$ 1,671,886
Supplementary tax levy	7,801	5,821	13,622	20,879
Write-offs and adjustments	(24,202)	(25,451)	(49,653)	(54,403)
	\$ 783,288	\$ 834,905	\$ 1,618,193	\$ 1,638,362

### 3. CONTRIBUTIONS TO NON-CONSOLIDATED ENTITIES

The following contributions were made by the municipality to these local boards and joint boards and are included in expenses on the consolidated statement of operations.

	Budget (note 23)	2020 Actual	2019 Actual
Kapuskasing Golden Age Club	\$ 42,700	\$ 4,328	\$ 12,155
Cochrane District Social Services Administration Board	1,248,240	1,248,240	1,231,689
Porcupine Health Unit	279,350	279,350	279,350
North Centennial Manor Inc.	314,080	314,080	314,080
Kapuskasing Volunteer Firefighters	117,835	104,646	100,045
	\$ 2,002,205	\$ 1,950,644	\$ 1,937,319

### 4. TRUST FUNDS

Details of these funds are presented on page 26. The year-end balances of these trust funds are as follows:

	2020	2019
Cemetery Care and Maintenance Fund	\$ 526,636	\$ 498,487

# CORPORATION OF THE TOWN OF KAPUSKASING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

### 5. TAXES RECEIVABLE

	2020	2019
Current year	\$ 255,517	\$ 273,387
Prior years	50,543	49,691
Penalties and interest	10,977	10,859
Due on property under registration	22,942	115,973
Allowance for doubtful taxes receivable	(23,000)	(76,000)
	\$ 316,979	\$ 373,910

### 6. TRADE AND OTHER RECEIVABLES

	2020	2019
Government of Canada	\$ 1,159,293	\$ 7,276,479
Province of Ontario	485,263	1,176,166
Other	1,214,795	1,464,840
	\$ 2,859,351	\$ 9,917,485

### 7. DUE FROM RELATED PARTIES

	2020	2019
Énergie Kapuskasing Energy Inc.	\$ 6,444,996	\$ 6,215,314
Solaire Kapuskasing Solar Inc.	7,273,723	6,636,932
	\$ 13,718,719	\$ 12,852,246

Notes receivable with no set terms of repayment, unsecured and bearing interest at 4%. During the year, a total of \$440,052 (2019 - \$440,052) of interest was charged to these government business enterprises.

### 8. LONG-TERM RECEIVABLES

	2020	2019
Physician recruitment incentives, interest free, unsecured, due between 2021 and 2024	\$ 406,250	\$ 425,000
Advance to Énergie Kapuskasing Energy Inc. from the Kapuskasing-Moonbeam Landfill Site Management Board, amount received during the year	-	1,500,000
	\$ 406,250	\$ 1,925,000

# CORPORATION OF THE TOWN OF KAPUSKASING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### 9. INVESTMENTS

a) The municipality sold its shares of CannAssist Canada Inc. in return for land which had originally been exchanged at an estimated value of \$325,000, resulting in a loss of the same amount.

b) The municipality is also a majority shareholder in 7 corporations and owns a limited partnership interest in two partnerships that are all operating solar generation projects. The municipality is expected to generate investment income such as dividends and partnership allocations from these investments. In addition, the municipality has agreements in place that indemnifies them for all costs, losses and liabilities related to these investments and projects. The fair market value of these investments are currently not determinable.

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### 10. LINE OF CREDIT

The municipality has an authorized line of credit of \$15,124,149 from January 1<sup>st</sup> to September 30<sup>th</sup> and reducing to \$7,562,074 from October 1<sup>st</sup> to December 31<sup>st</sup>, bearing interest at prime, secured by a Borrowing By-Law approved by Council. As at December 31, 2020, the line of credit is not utilized.

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### 11. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

Capital deficiency in government business enterprises is as follows:

	<b>Énergie Kapusksing Energy Inc.</b>	<b>Solaire Kapusksing Solar Inc.</b>	<b>Hydro Kapusksing Hydro Inc.</b>	<b>2020 Total</b>	<b>2019 Total</b>
Capital deficiency, beginning of year	\$ (1,250,632)	\$ (3,203,796)	\$ (172,759)	\$ (4,627,187)	\$ (3,601,064)
Net income (loss)	(580,395)	(523,889)	172,859	(931,425)	(1,026,123)
Capital deficiency end of year	<u>\$ (1,831,027)</u>	<u>\$ (3,727,685)</u>	<u>\$ 100</u>	<u>\$ (5,558,612)</u>	<u>\$ (4,627,187)</u>

The corporations are in a deficit position as of December 31, 2020. The municipality, as the sole owner of the corporations, is responsible for this excess of liabilities over assets (capital deficiency).

Additional information is available in note 22 and on the Schedule of Government Business Enterprises Consolidated Statement of Financial Position (page 23).

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# CORPORATION OF THE TOWN OF KAPUSKASING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

### 12. DEFERRED REVENUES - OBLIGATORY RESERVE FUNDS

	2020	2019
DEFERRED REVENUE		
Tenant deposits	\$ 1,331,971	\$ 758,470
Other	83,789	96,954
	<u>1,415,760</u>	<u>855,424</u>
OBLIGATORY RESERVE FUNDS		
Federal Gas Tax	2,076,452	2,711,604
MMAH - COVID-19	177,065	-
Other	9,803	9,803
	<u>2,263,320</u>	<u>2,721,407</u>
	<u>\$ 3,679,080</u>	<u>\$ 3,576,831</u>

The continuity of deferred revenues and obligatory reserve funds is as follows:

	2020	2019
BALANCE, BEGINNING OF YEAR	\$ 3,576,831	\$ 2,939,404
FUNDS RECEIVED DURING THE YEAR		
Federal Gas Tax	503,096	1,034,921
Interest earned on Federal Gas Tax funds	21,470	45,637
Tenant deposits	638,476	50,485
MMAH - COVID-19	490,500	-
Other	14,718	17,977
	<u>1,668,260</u>	<u>1,149,020</u>
FUNDS RECOGNIZED AS REVENUE DURING THE YEAR		
Federal Gas Tax	(1,159,718)	(462,410)
Tenants deposits	(66,924)	-
MMAH - COVID-19	(313,435)	-
Other	(25,934)	(49,183)
	<u>(1,566,011)</u>	<u>(511,593)</u>
BALANCE, END OF YEAR	<u>\$ 3,679,080</u>	<u>\$ 3,576,831</u>

# CORPORATION OF THE TOWN OF KAPUSKASING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

### 13. LONG-TERM DEBT

	2020	2019
2.64% debenture payable in blended semi-annual instalments of \$20,559, due in 2046, recoverable from local improvement levies	\$ 759,571	\$ 780,227
5.24% loan payable in blended monthly instalments of \$7,413, due in 2029	594,797	650,977
4.80% loan payable in blended monthly instalments of \$5,769, due in 2029	501,392	545,404
3.59% debenture payable in blended annual instalments of \$174,618, due in 2025	786,403	927,716
3.79% debenture payable in blended semi-annual instalments of \$131,504, due in 2021	129,059	380,020
4.28% debenture payable in blended semi-annual instalments of \$6,895, due in 2026	66,950	77,534
2.00% debenture payable in blended semi-annual instalments of \$70,585, due in 2031	1,387,743	1,499,481
4.00% loan payable in blended monthly instalments of \$15,755, due in 2032	1,730,492	1,847,787
2.69% debenture payable in blended monthly instalments of \$6,989, due in 2022	140,930	208,605
3.41% debenture payable in blended monthly instalments of \$5,733, due in 2032	676,722	721,606
2.92% debenture payable in blended semi-annual instalments of \$46,993, due in 2024	310,553	393,648
3.71% debenture payable in blended semi-annual instalments of \$22,092, due in 2034	465,898	492,067
2.77% debenture payable in blended monthly instalments of \$21,267, due in 2040	3,791,968	3,939,911
2.59% debenture payable in blended monthly instalments of \$1,099, due in 2031	121,943	131,832
2.91% debenture payable in blended monthly instalments of \$28,515, due in 2036	4,282,799	4,496,947

# CORPORATION OF THE TOWN OF KAPUSKASING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

### 13. LONG-TERM DEBT (CONT'D)

	2020	2019
1.58% debenture payable in blended monthly instalments of \$1,873, due in 2021	13,043	35,126
2.13% debenture payable in blended monthly instalments of \$6,991, due in 2026	441,252	514,893
4.26% debenture payable in blended monthly instalments of \$23,693, due in 2022	3,043,550	3,194,696
3.35% loan payable in blended monthly instalments of \$42,670, due in 2022	6,489,865	6,779,212
2.69% debenture payable in blended monthly instalments of \$951, due in 2022	22,205	32,868
2.69% debenture payable in blended monthly instalments of \$3,300, due in 2036	495,753	520,541
	<u>\$ 26,252,888</u>	<u>\$ 28,171,098</u>

Principal payments and interest required on this debt during the next 5 fiscal years are as follows:

	Principal	Interest	Total
2021	\$ 1,842,110	\$ 841,710	\$ 2,683,820
2022	10,359,361	636,965	10,996,326
2023	1,239,033	419,952	1,658,985
2024	1,232,234	379,082	1,611,316
2025	1,224,762	340,236	1,564,998
2026 and subsequent years	10,355,388	1,749,957	12,105,345
	<u>\$ 26,252,888</u>	<u>\$ 4,367,902</u>	<u>\$ 30,620,790</u>

Interest paid during they year on long-term debt amounted to \$912,651 (2019 - \$969,376).

The loans and debentures are secured by Capital Expenditure Borrowing By-Laws.

The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

# CORPORATION OF THE TOWN OF KAPUSKASING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

### 14. TANGIBLE CAPITAL ASSETS

	2020	2019
Land	\$ 639,873	\$ 639,873
Buildings	24,334,590	24,940,930
Vehicles, machinery and equipment	14,918,403	15,770,676
Street lights and hydrants	754,345	796,361
Roads	28,512,686	28,651,207
Water system	10,552,551	9,583,726
Sewer system	14,128,434	14,472,708
Solar panels	1,465,387	1,590,900
	<u>\$ 95,306,269</u>	<u>\$ 96,446,381</u>

For additional information, see the Schedule of Tangible Capital Assets (page 22).

The distribution by segment is as follows:

	2020	2019
General government	\$ 1,377,212	\$ 1,422,960
Protection to persons and property	2,247,773	2,386,674
Transportation services	33,543,649	33,200,599
Environmental services	42,859,996	43,536,308
Health services	169,870	185,873
Recreation and cultural services	6,338,140	6,519,623
Planning and development	7,304,242	7,603,444
Solar panels	1,465,387	1,590,900
	<u>\$ 95,306,269</u>	<u>\$ 96,446,381</u>

# CORPORATION OF THE TOWN OF KAPUSKASING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

### 15. ACCUMULATED SURPLUS

The accumulated surplus consists of the following:

	2020	2019
<b>RESERVES SET ASIDE BY COUNCIL</b>		
Capital projects	\$ 2,820,067	\$ 2,718,983
Other	1,612,301	1,585,470
PUC reserve	3,004,653	3,004,653
Sewage system	1,013,426	649,257
Water system	2,895,584	2,411,557
Working capital	6,487,004	5,596,171
	<u>17,833,035</u>	<u>15,966,091</u>
<b>INVESTED IN CAPITAL ASSETS</b>		
Tangible capital assets - net book value	95,306,269	96,446,381
Long-term debt related to tangible capital assets	<u>(26,252,888)</u>	<u>(28,171,098)</u>
	<u>69,053,381</u>	<u>68,275,283</u>
<b>GENERAL OPERATING SURPLUS (DEFICIT)</b>		
Corporation of the Town of Kapuskasing	1,506,019	2,528,587
Kapuskasing Public Library Board	78,804	72,491
Downtown Business Improvement Area Board	88,964	67,431
Kapuskasing Economic Development Corporation	(140,006)	(404,089)
Kapuskasing-Moonbeam Landfill Site Management Board	(290,402)	(308,892)
Government Business Enterprises	<u>(5,558,612)</u>	<u>(4,627,187)</u>
	<u>(4,315,233)</u>	<u>(2,671,659)</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 82,571,183</u>	<u>\$ 81,569,715</u>

# CORPORATION OF THE TOWN OF KAPUSKASING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

### 16. EXPENSES BY OBJECT

	<b>Budget</b>		<b>2020</b>		<b>2019</b>
	<b>(note 23)</b>		<b>Actual</b>		<b>Actual</b>
Salary, wages and employee benefits	\$ 8,810,961	\$	8,140,349	\$	8,633,524
Debt interest charges	897,392		912,651		969,376
Materials and supplies	2,702,962		2,342,986		2,463,796
Contracted services	6,295,811		6,632,465		6,645,323
Rents and financial expenses	547,980		820,877		752,382
External transfers (note 3)	2,002,205		1,950,644		1,937,319
Amortization of tangible capital assets	-		4,185,068		3,975,191
Government business enterprises - net loss	-		931,425		1,026,123
	<b>\$ 21,257,311</b>	<b>\$</b>	<b>25,916,465</b>	<b>\$</b>	<b>26,403,034</b>

### 17. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The municipality along with the Township of Moonbeam manages and operates the Kapuskasing-Moonbeam Landfill Site Management Board (the Board).

Canadian Public Sector accounting Standards and guidelines provided by the Ministry of Municipal Affairs requires that landfill operators accrue for the future costs of landfill closure and post-closure on an annual basis. The municipality is liable for the closing of this landfill site and post-closure costs for monitoring, reporting and maintenance on an annual basis for an estimated period of 25 years following the closure of the site. Closure and post-closure costs include final covering and landscaping, testing of ground water, environmental monitoring, site inspections and site maintenance. The annual charge should be calculated by dividing the estimated closure costs by the estimated life of the landfill (volumetric capacity or years of service remaining) and charging that amount to operations.

The expected remaining life of the landfill is 12 years and the total estimated capacity of the landfill site is approximately 960,000 metric tons. Cumulative metric tons to date amount to approximately 550,000.

The latest estimate provides for a liability of \$2,615,872 (2019 - \$2,517,872) and a current charge of \$98,000 (2019 - \$ 100,385). The estimated total liability is based on the sum of discounted cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 3.4% (2019 - 3.0%) which is the municipality's average borrowing rate.

# CORPORATION OF THE TOWN OF KAPUSKASING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### 18. CONTRACTUAL OBLIGATIONS

a) During the year, the municipality negotiated a three-year renewal of a joint policing contract with the Minister of Community Safety and Correctional Services of Ontario (MCSCS) for the provision of police services by the Ontario Provincial Police (OPP). The term of this contract runs from January 1, 2020 until December 31, 2021, with the cost determined annually through a budget process. Either party to the agreement may terminate the contract upon one year's written notice. The annual statements are provided on or before October 1<sup>st</sup> each year for the municipality to review and approve. During the year ended December 31, 2020, the municipality's total expense for police services was \$2,052,013 (2019 - \$1,985,632). The estimated cost for 2021 is \$2,077,141.

b) During the year, the municipality awarded a construction contract for a total cost of \$4,934,550. Total costs incurred as at December 31, 2020 was \$1,486,335 leaving a total remaining obligation of \$3,448,215.

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### 19. COMMITMENT

The municipality has committed to donate \$18,750 for 4 years to support the Sensenbrenner Hospital CT Scan campaign. As at December 31, 2020, two payments are remaining for a total commitment of \$37,500.

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### 20. OTHER CONTINGENCIES

The municipality is involved in a number of claims and possible claims which are the result of normal on-going operations. Management feels that these claims are either without merit or will be covered by insurance. No provision has been made in these financial statements to reflect any of these claims. Any settlements which may arise will be reflected in the financial statements in the year the amount is determined.

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### 21. RETIREMENT BENEFITS

Substantially all of the Town of Kapuskasing employees are members of the Ontario Municipal Employee's Retirement System Plan ("OMERS"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members of the Ontario Municipalities and their employees. Contributions to the plan made during the year by the municipality on behalf of its employees amounted to \$562,996 (2019 - \$553,754) and are included in the statement of operations. As this is a multi-employer pension plan, these contributions are the municipality's pension benefit expenses. Any pension plan surpluses or deficits are a joint responsibility of member organizations and their employees. As a result, the organization does not recognize any share of the Plan's surplus or deficit. No contributing employer or employee has any liability, directly or indirectly, to provide the benefits established by this plan beyond the obligation to make contributions pursuant to the Plan policies.

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# CORPORATION OF THE TOWN OF KAPUSKASING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

### 22. GOVERNMENT BUSINESS ENTERPRISES

The municipality is the 100% owner of all of the issued capital of the corporation Énergie Kapuskasing Energy Inc. (EKE) which is the sole shareholder of both Hydro Kapuskasing Hydro Inc. (HKH) and Solaire Kapuskasing Solar Inc. (SKS). The financial activities are not consolidated with the municipality but are accounted for using the modified equity method. The municipality is contingently liable for the share of the accumulated operating losses of the government business enterprises. These losses amount to \$5,558,612 as of December 31, 2020 (2019 - \$4,627,187). The details of the financial position of the government business enterprises can be found on the Schedule of Government Business Enterprises Condensed Supplementary Financial Information (page 23). The following is a summary of the activities of these corporations:

#### Énergie Kapuskasing Energy Inc.

EKE is a shareholder in 16 corporations owned in part by municipalities across Northern Ontario. Each of these corporations have been established to own and operate solar panel electricity generation projects in their respective municipalities. EKE is responsible for the construction, administration and management of these solar projects and has applied with Ontario Power Authority (OPA) and/or the Independent Electricity System Operator (IESO) on behalf of these corporations to proceed with the solar projects.

The corporations are Englehart Solar Inc., Solaire Cobalt Solar Inc., Solaire McGarry Solar Inc., Énergie Matachewan Energy Inc. and The Town of Kirkland Lake Solar Inc. which own and operate solar projects. The balance of the shares issued are held by the respective municipalities named in the corporation.

#### Solaire Kapuskasing Solar Inc.

SKS is a participant in two solar projects: Owens and Williamson projects and ASI SPE projects.

#### Hydro Kapuskasing Hydro Inc.

HKH is currently inactive and is expected to be dissolved.

Additionally, the municipality has guaranteed the following advance and loans held directly and indirectly by its government business enterprises:

	<b>2020</b>	<b>2019</b>
Loan to Énergie Kapuskasing Energy Inc. from la Caisse populaire Alliance limitée, term ending in 2023	1,188,701	1,252,298
Loan to Solaire Kapuskasing Solar Inc. from Concentra Bank, due in 2027	7,139,713	7,475,507
Loan to Solaire Kapuskasing Solar Inc. from TD Equipment Finance, due in 2027	7,539,312	7,910,294
	<u>\$ 15,867,726</u>	<u>\$ 16,638,099</u>



# CORPORATION OF THE TOWN OF KAPUSKASING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### 23. BUDGET FIGURES (UNAUDITED)

The 2020 budget approved by Council was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Canadian Public Sector Accounting Standards require a full accrual basis. The budget figures treated all tangible capital purchases as expenses and did not include amortization expense on tangible capital assets. The budget also includes loan proceeds as revenues and principal payments on long term debt as expenses. Transfers to and from reserves are also budgeted as revenues and expenses while they should be reported as appropriations to and from the accumulated surplus. The budget figures presented on the statement of operations and accumulated surplus have been adjusted to exclude these amounts.

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### 24. COVID-19 PANDEMIC AND IMPACT ON OPERATIONS

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the municipality's environment and in the global markets, possible disruption in supply chains, and measures being introduced by the government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the municipality's operations. The extent of the impact of this ongoing outbreak and related containment measures on the municipality's operations cannot be reliably estimated at this time.

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### 25. SUBSEQUENT EVENTS

- a) Subsequent to year end, the municipality awarded a construction contract for a total cost of \$3,681,094 for the rehabilitation of bridges.
  - b) Subsequent to year end, the municipality purchased land for \$120,000.
- 

### 26. FUTURE CHANGES IN ACCOUNTING STANDARDS

Pronouncements for 2020 are: Financial Statement Presentation, PS 1201, Foreign Currency Translation, PS 2601, Portfolio Investments, PS 3041, Asset Retirement Obligations, PS 3280 and Financial Instruments, PS 3450 . They are effective for fiscal years beginning on or after April 1, 2021. PS 1201 Financial Statement Presentation includes the addition of a new statement outlining re-measurement gains and losses. PS 2601, Foreign Currency Translation includes guidance on deferral and amortization of unrealized gains and losses, hedge accounting and separation of realized and unrealized foreign exchange gains and losses. PS 3041 establishes details relating to investments in organizations that do not form part of the government reporting entity. PS 3280 establishes uniform criteria for recognition and measurement of asset retirement obligations. PS 3450 provides guidance derivative instruments.

Other pronouncements for 2020 also includes Revenue, PS 3400 and is effective for fiscal year beginning on or after April 1, 2022.

The municipality has not yet adopted these standards and is currently assessing the impact of these standards on its financial statements.

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# CORPORATION OF THE TOWN OF KAPUSKASING

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### 27. SEGMENTED INFORMATION

The municipality is a municipal government institution that provides a range of services to its residents. The nature of the segments and the activities they encompass are as follows:

#### *General Government*

General government consists of the activities of Council and general financial and administrative management of the municipality and its programs and services.

#### *Protection Services*

Protection services include fire, police services and other protection services.

#### *Transportation Services*

The activities of the transportation function include construction and maintenance of the municipality's roads and bridges, winter control, street lighting, air transportation and transit services.

#### *Environmental*

This function is responsible for providing water and sewer services to certain areas within the municipality. It is also responsible for providing waste collection, waste disposal and recycling services.

#### *Health Services*

The health services function consists of the activities of the cemetery and other medical services.

#### *Social and Family Services*

This function provides general assistance for social and family services.

#### *Recreation and Cultural Services*

The recreation and cultural services function provides indoor and outdoor recreational facilities and programs and library services.

#### *Planning and Development*

The planning and development services function manages commercial, industrial and residential development within the municipality.

The accounting policies used in these segments are the same as those described in note 1.

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**CORPORATION OF THE TOWNSHIP OF KAPUSKASING**  
**CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**YEAR ENDED DECEMBER 31, 2020**

	Land	Buildings	Vehicles, machinery, equipment	Street lights / hydrants	Roads	Water system	Sewer system	Solar panels	Total 2020	Total 2019
<b>COST</b>										
Beginning of year	\$ 639,873	\$ 37,748,358	\$ 31,756,467	\$ 1,352,159	\$ 40,270,297	\$ 14,469,905	\$ 20,856,654	\$ 2,510,261	\$ 149,603,974	\$ 143,077,248
Additions	-	440,049	775,254	7,114	589,891	1,232,648	-	-	3,044,956	6,572,736
Disposals	-	(5,000)	(145,290)	-	-	-	-	-	(150,290)	(46,010)
End of year	639,873	38,183,407	32,386,431	1,359,273	40,860,188	15,702,553	20,856,654	2,510,261	152,498,640	149,603,974
<b>ACCUMULATED AMORTIZATION</b>										
Beginning of year	-	12,807,428	15,985,791	555,798	11,619,090	4,886,179	6,383,946	919,361	53,157,593	49,228,412
Amortization	-	1,046,389	1,627,527	49,130	728,412	263,823	344,274	125,513	4,185,068	3,975,191
Disposals	-	(5,000)	(145,290)	-	-	-	-	-	(150,290)	(46,010)
End of year	-	13,848,817	17,468,028	604,928	12,347,502	5,150,002	6,728,220	1,044,874	57,192,371	53,157,593
<b>NET BOOK VALUE</b>	\$ 639,873	\$ 24,334,590	\$ 14,918,403	\$ 754,345	\$ 28,512,686	\$ 10,552,551	\$ 14,128,434	\$ 1,465,387	\$ 95,306,269	\$ 96,446,381

## CORPORATION OF THE TOWN OF KAPUSKASING

### SCHEDULE OF GOVERNMENT BUSINESS ENTERPRISES CONSOLIDATED STATEMENT OF FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 2020

The consolidated financial statements of Énergie Kapuskasing Energy Inc., has been prepared in accordance with International Financial Reporting Standards and include the accounts of its wholly-owned subsidiaries Solaire Kapuskasing Solar Inc. and Hydro Kapuskasing Hydro Inc. Below is a summary of the consolidated statement of financial position of Énergie Kapuskasing Energy Inc. as at December 31, 2020:

	2020	2019
<b>ASSETS</b>		
Current assets	\$ 1,369,733	\$ 1,338,439
Due from municipal solar corporations	12,111,464	13,595,596
	13,481,197	14,934,035
LONG-TERM ASSETS	551,956	475,174
PROPERTY AND EQUIPMENT	11,651,514	12,393,795
	\$ 25,684,667	\$ 27,803,004
<b>LIABILITIES</b>		
Current liabilities	\$ 68,719	\$ 397,335
Due to the Corporation of the Town of Kapuskasing	13,718,719	12,852,246
Advances due on demand	-	1,500,000
Current portion of long-term debt	809,873	770,370
	14,597,311	15,519,951
LONG-TERM DEBT	15,057,853	15,867,729
LIABILITY FOR LOSSES IN MUNICIPAL SOLAR CORPORATIONS	1,588,115	1,042,511
	31,243,279	32,430,191
<b>CAPITAL DEFICIENCY</b>		
CAPITAL STOCK	100	100
ACCUMULATED DEFICIT	(5,558,712)	(4,627,287)
	(5,558,612)	(4,627,187)
	\$ 25,864,667	\$ 27,803,004

This summary statement does not contain all the disclosure required by the International Financial Reporting Standards. The complete set of financial statements can be obtained from management.

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Council, Inhabitants and Ratepayers of  
the Corporation of the Town of Kapuskasing

### *Opinion*

We have audited the accompanying financial statements of the trust funds of the Corporation of the Town of Kapuskasing, which comprise the statement of financial position as at December 31, 2020, and the statements of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the trust funds of the organization as at December 31, 2020, and its continuity 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 organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

**INDEPENDENT AUDITOR'S REPORT, (CONT'D)***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 organization'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 organization'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 organization 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.

*Baker Tilly HKC*

Chartered Professional Accountants  
Licenced Public Accountants  
September 28, 2021

**CORPORATION OF THE TOWN OF KAPUSKASING**

**TRUST FUNDS**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
<b>FINANCIAL ASSETS</b>		
Short-term investments (note 2)	\$ 521,967	\$ 493,818
Interfund receivable	4,669	4,669
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 526,636</b>	<b>\$ 498,487</b>

**TRUST FUNDS**

**STATEMENT OF CONTINUITY**

**YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>\$ 498,487</b>	<b>\$ 467,749</b>
<b>REVENUES</b>		
Sale of plots	8,381	8,632
Marker installation	1,850	1,600
Investment income	17,918	20,506
	28,149	30,738
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 526,636</b>	<b>\$ 498,487</b>

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

**CORPORATION OF THE TOWN OF KAPUSKASING****TRUST FUNDS****NOTES TO FINANCIAL STATEMENTS****DECEMBER 31, 2020**

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**1. ACCOUNTING POLICIES****BASIS OF ACCOUNTING**

Capital receipts and income are reported on the cash basis of accounting.

Expenses are reported on the accrual basis of accounting, which recognizes expenses 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.

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**2. INVESTMENTS**

The fair market value of the investments on December 31, 2020 is \$544,982 (2019 - \$496,521).

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