

Consolidated Financial Statements of

**CORPORATION OF THE  
TOWNSHIP OF CHAPLEAU**

Year ended December 31, 2010

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Consolidated Financial Statements Index

Year ended December 31, 2010

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## **Management's Responsibility for the Consolidated Financial Statements**

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

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

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

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

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Chief Administrative Officer

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Chief Financial Officer and Treasurer



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**Chartered Accountants**  
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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of the **Corporation of the Township of Chapleau** which comprise the consolidated statement of financial position as at December 31, 2010, the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



*Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Corporation of the Township of Chapleau as at December 31, 2010 and its results of consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

Chartered Accountants, Licensed Public Accountants

October 3, 2011  
Sudbury, Canada

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Consolidated Statement of Financial Position

December 31, 2010, with comparative figures for 2009

	2010	2009
<b>Financial assets:</b>		
Cash	\$ 581,841	\$ 573,711
Investments (note 3)	2,532,476	2,978,376
Taxes receivable	301,942	203,823
User charges receivable	163,922	119,917
Accounts receivable (note 4)	600,682	552,268
Accrued interest receivable	23,072	23,235
Investments in government business enterprises (note 11)	2,338,179	2,262,860
	<u>6,542,114</u>	<u>6,714,190</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities (note 5)	1,026,151	822,820
Other current liabilities	6,841	3,653
Vested sick leave benefits (note 7)	15,000	15,000
Long-term liabilities (note 8)	1,526,485	1,817,927
Solid waste management liabilities (note 9)	545,000	1,269,000
	<u>3,119,477</u>	<u>3,928,400</u>
Net financial assets	3,422,637	2,785,790
<b>Non-financial assets:</b>		
Tangible capital assets (note 15)	19,789,616	19,742,816
Inventory and prepaids	45,259	47,560
	<u>19,834,875</u>	<u>19,790,376</u>
Commitment (note 10)		
Accumulated surplus (note 14)	\$ 23,257,512	\$ 22,576,166

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

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Consolidated Statement of Operations

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
<b>Revenues:</b>		
Property taxation	\$ 1,957,691	\$ 1,876,491
User charges	1,678,309	1,589,800
Government of Canada grants	24,544	1,092,073
Province of Ontario grants	2,830,092	2,823,747
Investment income	48,343	100,389
Licences and permits	13,055	9,170
Fines and penalties	285	470
Penalties and interest on taxes	60,675	39,477
Government business enterprise (note 11)	75,319	143,644
Other	12,948	15,737
<b>Total revenue</b>	<b>6,701,261</b>	<b>7,690,998</b>
<b>Expenses:</b>		
Current operations:		
General government	646,619	651,176
Protection to persons and property	1,397,634	978,428
Transportation services	1,573,582	1,540,023
Environmental services	806,572	868,682
Health services	279,506	277,850
Social and family services	267,678	252,368
Recreational and cultural services	661,330	710,412
Planning and development	386,994	439,515
<b>Total expenses</b>	<b>6,019,915</b>	<b>5,718,454</b>
<b>Annual surplus</b>	<b>681,346</b>	<b>1,972,544</b>
Accumulated surplus, beginning of the year	22,576,166	20,603,622
<b>Accumulated surplus, end of year</b>	<b>\$ 23,257,512</b>	<b>\$ 22,576,166</b>

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

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Consolidated Statement of Change in Net Financial Assets

December 31, 2010, with comparative figures for 2009

	2010	2009
Annual surplus	\$ 681,346	\$ 1,972,544
Acquisition of tangible capital assets	(725,724)	(2,824,576)
Amortization of tangible capital assets	678,924	563,141
Loss on disposal of tangible capital assets	-	8,834
	634,546	(280,057)
Acquisition of inventory and prepaids	2,301	34,826
<b>Change in net financial assets</b>	636,847	(245,231)
Net financial assets, beginning of the year	2,785,790	3,031,021
<b>Net financial assets, end of the year</b>	<b>\$ 3,422,637</b>	<b>\$ 2,785,790</b>

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

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Consolidated Statement of Cash Flows

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 681,346	\$ 1,972,544
Items not involving cash:		
Amortization of tangible capital assets	678,924	563,141
Loss on disposal of tangible capital assets	-	8,834
	1,360,270	2,544,519
Change in non-cash assets and liabilities:		
Taxes receivable	(98,119)	(55,976)
User charges receivable	(44,005)	(8,918)
Accounts receivable	(48,414)	(363,287)
Accrued interest receivable	163	14,842
Inventory and prepaids	2,301	34,826
Accounts payable and accrued liabilities	203,331	(5,329)
Other current liabilities	3,188	313
Solid waste management liabilities	(724,000)	(78,000)
Net change in cash from operating activities	654,715	2,082,990
Investing activities:		
Increase in investments	445,900	(560,320)
Increase in investments in government business enterprises	(75,319)	(143,644)
Net change in financing activities	370,581	(703,964)
Financing activities:		
Principal repayments on external financing	(291,442)	(125,606)
Debt incurred	-	943,705
Net change in financing activities	(291,442)	818,099
Capital activities:		
Cash used to acquire tangible capital assets	(725,724)	(2,824,576)
Net change in cash from capital activities	(725,724)	(2,824,576)
<b>Net change in cash</b>	<b>8,130</b>	<b>(627,451)</b>
Cash, beginning of year	573,711	1,201,162
<b>Cash, end of year</b>	<b>\$ 581,841</b>	<b>\$ 573,711</b>

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

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2010

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## 1. Significant accounting policies:

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

(a) Reporting entity:

(i) Consolidated entities:

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and fund balances of the reporting entity and include the activities of all committees of Council and the following boards and enterprises which are under the control of Council:

Chapleau Public Library Board

All interfund assets, liabilities, revenues and expenses have been eliminated.

(ii) Investment in government business enterprises:

The investments in the Township's 100% owned government business enterprises, Chapleau Public Utilities Corporation and Chapleau Energy Services Corporation, are accounted for on a modified equity basis, consistent with Canadian generally accepted accounting principles as recommended by PSAB for investments in government business enterprises. Under the modified equity basis, the government business enterprises' accounting policies are not adjusted to conform with those of the Township and inter-organizational transactions and balances are not eliminated. The Township recognizes its equity interest in the annual income or loss of the government business enterprises in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Township may receive from the government business enterprises will be reflected as reductions in the investment asset account.

(iii) Non-consolidated entities:

The following joint local boards are not consolidated:

Sudbury & District Health Unit

Manitoulin-Sudbury District Social Services Administration Board

(iv) 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 the fund balances of these consolidated financial statements. Overlevies (underlevies) are reported on the consolidated statement of financial position as other current liabilities (other current assets).

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2010

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## 1. Significant accounting policies (continued):

### (a) Reporting entity (continued):

#### (v) Trust funds:

Trust funds and their related operations administered by the Township are not consolidated, but are reported separately. These funds amounted to \$168,781 (2009 - \$163,731).

### (b) Basis of accounting:

#### (i) Accrual basis of accounting:

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

#### (ii) Investments:

Investments are carried at cost unless a decline in value is considered to be other than temporary, at which time the investments and deposits are written down to net realizable value. Income on investments and deposits is recognized on an accrual basis.

#### (iii) Reserve 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 an adjustment to the respective fund when approved.

#### (iv) Pensions and employee benefits:

The Township accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a deferred contribution plan. Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits are accrued where they are vested and are subject to pay out when an employee leaves the Township's employment.

#### (v) Solid waste management liabilities:

Solid waste management liabilities are accounted for on the accrual basis as a charge to environmental services expenses (note 9).

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2010

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## 1. Significant accounting policies (continued):

### (b) Basis of accounting (continued):

#### (vi) Revenue recognition:

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

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

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

#### (vii) Use of estimates:

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

In addition, the Township implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

### (c) 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.

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2010

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## 1. Significant accounting policies (continued):

(d) (i) Tangible capital assets:

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

<b>Asset</b>	<b>Useful Life - Years</b>
Vehicles	12 - 35
Bridges and culverts	45 - 80
Buildings	20 - 80
Machinery and equipment	5 - 15
Water and sewer	75 - 85
Roads	25 - 75

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Landfill sites are amortized using the units of production method based upon capacity used during the year.

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.

(ii) Contributions of tangible capital assets:

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

(iii) Natural resources:

Natural resources that have not been purchased are not recognized as assets in the financial statements.

(iv) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(v) Interest capitalization:

The Township does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2010

## 2. Contributions to unconsolidated joint boards:

Further to note 1 (a)(iii), the following contributions were made by the Township to these Boards:

	2010	2009
Sudbury & District Health Unit	\$ 79,140	80,760
Manitoulin-Sudbury District Social Services Administration Board	228,125	260,381
	\$ 307,265	341,141

The Township is contingently liable for its share of the accumulated deficits to the end of the year for these Boards. It is anticipated that no significant deficits will be incurred.

## 3. Investments:

The total investments of \$2,532,476 (2009 - \$2,978,376) reported on the consolidated statement of financial position at cost have a market value of \$2,532,476 (2009 - \$2,920,347).

## 4. Accounts receivable:

Accounts receivable consist of the following:

	2010	2009
Trade and miscellaneous	\$ 149,742	70,679
Government of Canada	261,190	227,617
Province of Ontario	189,750	253,972
	\$ 600,682	552,268

## 5. Accounts payable and accrued liabilities:

Accounts payable consist of the following:

	2010	2009
Trade and miscellaneous	\$ 980,460	671,306
Province of Ontario	11,919	135,416
Government of Canada	(2,876)	16,098
	\$ 989,503	822,820

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2010

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## 6. Pension agreements:

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employee plan, on behalf of all permanent, full-time 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.

The contribution required on account of current service for 2010 of \$61,483 (2009 - \$56,100) is included in the current fund expenses.

## 7. Vested sick leave benefits:

Under the sick leave benefit plan, unionized employees can accumulate unused sick leave and these employees may become entitled to a cash payment when they leave the Township's employment.

The liability for these accumulated sick days, to the extent that they have vested and could be taken in cash by an employee on terminating, amounted to \$15,000 (2009 - \$15,000) at the end of the year. This past service liability has been provided for and is reported on the consolidated statement of financial position.

## 8. Long-term liabilities:

(a) The balance of long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2010	2009
NOHFC (i)	\$ 641,250	712,500
Equipment loans (ii)	125,106	161,722
Infrastructure Ontario debenture (iii)	760,129	943,705
	<u>\$ 1,526,485</u>	<u>1,817,927</u>

(i) Loan bears no interest and is due December, 2019.

(ii) Loan bears interest at prime less 0.5% and is due May, 2014. Loan is secured by the related asset and a general security agreement over the assets of the Township.

(iii) Debenture bears interest at 2.72% and is due December, 2014.

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2010

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## 8. Long-term liabilities (continued):

(b) Of the long-term liabilities reported in (a) of this note, principal payments are payable as follows:

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2011	\$ 291,442
2012	296,469
2013	301,634
2014	285,583
2015	71,250
2016 and thereafter	285,000

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## 9. Solid waste management liabilities:

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill sites based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

The overall closure and post-closure costs are based on a 60 year operating life and a 25 year post-closure period of the landfill site.

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Province of Ontario's average long-term borrowing rate of 5%. The estimated total landfill closure and post-closure care expenses are calculated to be \$545,000 (2009 - 1,269,000). The estimated liability for these expenses is recognized as the landfill site's capacity is used. The period for post-closure care is estimated to be twenty-five years.

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Notes to Consolidated Financial Statements

Year ended December 31, 2010

### 10. Commitment:

The Ontario Clean Water Agency operates the water and sanitary sewer systems on behalf of the Township. The Township is obligated to meet all operating costs related to the systems.

Included in the Consolidated Statement of Financial Activities and Changes in Fund Balances are the charges from the Agency of \$221,969 (2009 - \$219,771) for the water system and \$85,332 (2009 - \$84,487) for the sewer system.

### 11. Investments in government business enterprises:

Chapleau Public Utilities Corporation ("PUC") and Chapleau Energy Services ("ESC") are wholly-owned and controlled by the Township. As these corporations are business enterprises of the Township, they are accounted for on a modified equity basis in these consolidated financial statements.

(a) The following table provides condensed supplementary financial information for the year ended December 31, 2010:

	PUC	ESC	2010 Total	2009 Total
Financial Position:				
Current assets	\$ 1,119,236	533,345	1,652,581	1,650,143
Capital assets	809,669	128,699	938,368	981,769
Regulatory assets	487,582	-	487,582	545,646
Total assets	2,416,487	662,044	3,078,531	3,177,558
Current liabilities	461,224	59,693	520,917	549,138
Loans and mortgages payable to the Township	-	-	-	-
Other long-term liabilities	248,837	-	248,837	394,962
Total liabilities	710,061	59,693	769,754	944,100
Net assets	\$ 1,706,426	602,351	2,308,777	2,233,458
Results of operations:				
Revenues	\$ 2,819,118	123,033	2,942,151	2,969,003
Operating expenses	2,756,483	110,349	2,866,832	2,825,359
Net income (loss)	\$ 62,635	12,684	75,319	143,644

The mortgages payable bear interest at 0% are not due within the next twelve months and are secured by a general security agreement and specified assets of the Township.

The loans payable bear interest at 0%, are unsecured and are not due within the next twelve months.

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2010

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## 11. Investments in government business enterprises (continued):

(b) The investment at December 31, 2010 consists of the following:

	PUC	ESC	2010 Total	2009 Total
Balance, beginning of year	\$ 1,679,706	583,154	2,262,860	2,119,216
Township's share of operating income (loss) for the year (11(a))	62,635	12,684	75,319	143,644
Balance, end of year	\$ 1,742,341	595,838	2,338,179	2,262,860

## 12. Budget figures:

Budgets established for capital funds, reserves and reserve funds are based on a project-oriented basis, the costs of which may be carried out over one or more years. Revenue fund budgets are affected on an ongoing basis as various government programs become available to the Township. As such, the budgets are not directly comparable with current year actual amounts and budgets have therefore not been reflected on the Consolidated Statements of Operations and Changes in Net Financial Assets.

## 13. Public sector salary disclosure:

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

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2010

## 14. Accumulated surplus:

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

	2010	2009
Surplus:		
Invested in tangible capital assets	\$ 18,263,131	\$ 17,924,889
Investments in government business enterprises	2,338,179	2,262,860
Other	223,930	180,891
Unfunded:		
Landfill closure costs	(545,000)	(1,269,000)
Employee benefits	(15,000)	(15,000)
<b>Total surplus</b>	<b>20,265,240</b>	<b>19,084,640</b>
Reserves set aside by Council for:		
- Working funds	327,781	333,276
- Road construction	10,326	10,326
- Annexation study	-	15,755
- Capital	48,979	48,979
- Planning	29,075	48,495
	<b>416,161</b>	<b>456,831</b>
Reserve funds set aside by Council for specific purposes:		
Building maintenance		
- Civic Centre	119,339	111,781
- Water Treatment Plant	176,513	168,787
- Sewage Treatment Plant	142,667	138,431
- Recreation Centre	33,765	15,828
Public Works equipment	444,579	452,220
Capital expenditure		
- fire	158,394	141,902
- sanitary sewers	200,600	173,259
- waterworks	211,123	669,949
- library	32,728	32,728
- airport	62,430	162,906
- transit	173,154	118,587
Landfill site	632,325	706,265
Sick leave	39,662	68,473
G.E. Young Memorial	8,412	8,278
Refuse collection	206,022	163,490
	<b>2,641,713</b>	<b>3,132,884</b>
<b>Less: Reserve funds committed to financing activities</b>	<b>(65,602)</b>	<b>(98,189)</b>
	<b>2,576,111</b>	<b>3,034,695</b>
	<b>\$ 23,257,512</b>	<b>\$ 22,576,166</b>

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2010

## 15. Tangible capital assets:

Cost	Balance			Balance at December 31, 2010
	December 31, 2009	Additions	Disposals	
Land	\$ 113,279	\$ -	\$ -	\$ 113,279
Vehicles	2,765,786	21,064	-	2,786,850
Bridges and culverts	2,707,253	50,181	-	2,757,434
Buildings	4,682,212	27,304	-	4,709,516
Machinery and equipment	410,657	-	-	410,657
Water and sewer	9,277,306	1,451,129	138,903	10,589,532
Roads	10,805,450	1,246,863	83,337	11,968,976
Assets under construction	2,256,428	185,511	2,256,428	185,511
<b>Total</b>	<b>\$ 33,018,371</b>	<b>\$ 2,982,052</b>	<b>\$ 2,478,668</b>	<b>\$ 33,521,755</b>

Accumulated amortization	Balance			Balance at December 31, 2010
	December 31, 2009	Disposals	Amortization expense	
Land	\$ -	\$ -	\$ -	\$ -
Vehicles	1,448,771	-	86,774	1,535,545
Bridges and culverts	1,046,649	-	133,105	1,179,754
Buildings	1,888,372	-	25,788	1,914,160
Machinery and equipment	185,075	-	33,969	219,044
Water and sewer	3,535,034	138,903	177,316	3,573,447
Roads	5,171,654	83,437	221,972	5,310,189
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 13,275,555</b>	<b>\$ 222,340</b>	<b>\$ 678,924</b>	<b>\$ 13,732,139</b>

	Net book value	
	December 31, 2009	December 31, 2010
Land	\$ 113,279	\$ 113,279
Vehicles	1,317,015	1,251,305
Bridges and culverts	1,660,604	1,577,680
Buildings	2,793,840	2,795,356
Machinery and equipment	225,582	191,613
Water and sewer	5,742,272	7,016,085
Roads	5,633,796	6,658,787
Assets under construction	2,256,428	185,511
<b>Total</b>	<b>\$ 19,742,816</b>	<b>\$ 19,789,616</b>

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2010

## 15. Tangible Capital Assets (continued):

Cost	Balance			Balance at December 31, 2009
	December 31, 2008	Additions	Disposals	
Land	\$ 90,848	\$ 22,431	\$ -	\$ 113,279
Vehicles	2,650,487	115,299	-	2,765,786
Bridges and culverts	2,314,081	399,774	(6,602)	2,707,253
Buildings	4,272,339	409,873	-	4,682,212
Machinery and equipment	381,135	35,204	(5,682)	410,657
Water and sewer	8,476,111	820,058	(18,863)	9,277,306
Roads	10,294,883	571,073	(60,506)	10,805,450
Assets under construction	1,805,564	2,238,081	(1,787,217)	2,256,428
<b>Total</b>	<b>\$ 30,285,448</b>	<b>\$ 4,611,793</b>	<b>\$ (1,878,870)</b>	<b>\$ 33,018,371</b>

Accumulated amortization	Balance			Balance at December 31, 2009
	December 31, 2008	Disposals	Amortization expense	
Land	\$ -	\$ -	\$ -	\$ -
Vehicles	1,309,243	-	139,528	1,448,771
Bridges and culverts	1,018,344	(5,106)	33,411	1,046,649
Buildings	1,806,525	-	81,847	1,888,372
Machinery and equipment	179,395	(5,682)	11,362	185,075
Water and sewer	3,440,619	(15,510)	109,925	3,535,034
Roads	5,041,107	(56,521)	187,068	5,171,654
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 12,795,233</b>	<b>\$ (82,819)</b>	<b>\$ 563,141</b>	<b>\$ 13,275,555</b>

	Net book value December 31, 2008	Net book value December 31, 2009
Land	\$ 90,848	\$ 113,279
Vehicles	1,341,244	1,317,015
Bridges and culverts	1,295,737	1,660,604
Buildings	2,465,814	2,793,840
Machinery and equipment	201,740	225,582
Water and sewer	5,035,492	5,742,272
Roads	5,253,776	5,633,796
Assets under construction	1,805,564	2,256,428
<b>Total</b>	<b>\$ 17,490,215</b>	<b>\$ 19,742,816</b>

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2010

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## 15. Tangible capital assets (continued):

### a) Assets under construction:

Assets under construction having a value of \$387,853 (2009 - \$2,256,424) have not been amortized. Amortization of these assets will commence when the asset is put into service.

### b) Contributed Tangible Capital Assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$Nil (2009 - \$Nil).

## 16. Comparative figures:

Certain of the 2009 comparative figures have been reclassified to conform with the 2010 presentation.

## 17. Segmented information:

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

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

- (a) General Government: Includes corporate services and governance of the Township. General Government is responsible for human resource management. Support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status is provided as well as frontline reception and customer service.
- (b) Protection Services: Includes policing, fire protection, protective inspection and control and emergency measures. The mandate of the police services contract is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes detection, extinguishing and suppression services; emergency medical first response; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2010

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## 17. Segmented information (continued):

- (c) **Transportation Services:** Provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts.
- (d) **Environmental Services:** Includes the management and maintenance of the landfill site, transfer stations and waste collection system that serves the municipality.
- (e) **Health Services:** The Township offers a range of public health services through the Sudbury and District Services Health Unit.
- (f) **Social and Family Services:** The services are provided indirectly by the Township through the District Social Services Board and include family and children's services.
- (g) **Parks and Recreation:** Provides recreation and leisure programs and facilities, including community halls, libraries, parks, recreation fields and arena. It also provides building maintenance services to all municipal facilities.
- (h) **Planning and Development:** Manages rural development for business interests, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geographic information services.

For each segment separately reported in the schedule below, the segment revenue and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. These municipal services are funded primarily by taxation such as property tax revenue. Taxation and payments-in-lieu of taxes are apportioned to these services based on the net surplus. Certain government transfers, transfer from other funds, and other revenue have been apportioned based on a percentage of budgeted expenses.

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

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Note 17 - Segmented Information (continued)

Year ended December 31, 2010, with comparative figures for 2009

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Parks and Recreation	Planning and Development	Total 2010	Total 2009
<b>Revenues:</b>										
Property taxation	\$ 210,282	454,514	511,733	262,299	90,896	87,050	215,066	125,851	1,957,691	1,876,491
User charges	86,813	37,933	394,202	1,020,517	-	-	138,544	300	1,678,309	1,589,800
Government of Canada grants	24,544	-	-	-	-	-	-	-	24,544	1,092,073
Province of Ontario grants	378,056	356,286	1,231,491	457,530	71,252	68,237	168,587	98,653	2,830,092	2,823,747
Investment income	5,352	2,045	5,439	34,317	1,059	-	131	-	48,343	100,389
Government business enterprise	75,319	-	-	-	-	-	-	-	75,319	143,644
Licenses and permits	13,055	-	-	-	-	-	-	-	13,055	9,170
Fines and penalties	285	-	-	-	-	-	-	-	285	470
Penalties and interest on taxes	60,675	-	-	-	-	-	-	-	60,675	39,477
Donations	-	-	-	-	-	-	-	-	-	-
Other	12,948	-	-	-	-	-	-	-	12,948	15,737
	867,329	850,778	2,142,865	1,774,663	163,207	155,287	522,328	224,804	6,701,261	7,690,998
<b>Expenses:</b>										
Salaries, wages and benefits	352,992	144,342	408,700	223,662	8,749	57,826	264,360	170,237	1,630,868	1,473,484
Materials	242,794	443,407	895,477	411,412	13,977	93,419	264,949	216,757	2,582,192	2,487,569
Contracted services	-	650,625	-	-	256,194	116,434	-	-	1,023,253	1,055,389
Rents and financial expenses	-	-	-	2,682	-	-	-	-	2,682	3,513
External agencies	11,806	-	825	-	-	-	89,365	-	101,996	126,523
Amortization of tangible capital assets	39,027	159,259	268,580	168,817	586	-	42,655	-	678,924	563,142
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	-	8,834
	646,620	1,397,634	1,573,582	806,573	279,506	267,679	661,329	386,994	6,019,915	5,718,454
<b>Net revenues</b>	\$ 220,709	(546,856)	569,283	968,090	(116,299)	(112,392)	(139,001)	(162,190)	681,346	1,972,544