

Consolidated Financial Statements of

**THE CORPORATION OF THE  
TOWNSHIP OF CHAPLEAU**

Year ended December 31, 2011



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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, 2011, 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 disclosure 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 The Corporation of the Township of Chapleau as at December 31, 2011 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountants, Licensed Public Accountants

May 28, 2012  
Sudbury, Canada

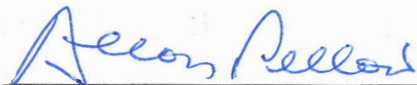
## **Management's Responsibility for the Consolidated Financial Statements**

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 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.

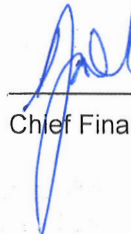
The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely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

Council 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.



Chief Administrative Officer



Chief Financial Officer and Treasurer

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Consolidated Financial Statements

Year ended December 31, 2011

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## Consolidated Financial Statements

Management's Responsibility for the Consolidated Financial Statements

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# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Consolidated Statement of Financial Position

December 31, 2011, with comparative figures for 2010

	2011	2010
<b>Financial assets:</b>		
Cash	\$ 762,957	\$ 581,841
Investments (note 3)	2,600,391	2,532,476
Taxes receivable	302,331	301,942
User charges receivable	206,993	163,922
Accounts receivable (note 4)	362,250	600,682
Accrued interest receivable	9,221	23,072
Investments in government business enterprises (note 11)	2,385,872	2,338,179
	<u>6,630,015</u>	<u>6,542,114</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities (note 5)	487,548	1,026,151
Other current liabilities	17,249	6,841
Vested sick leave benefits (note 7)	15,000	15,000
Solid waste management liabilities (note 9)	532,000	545,000
Long-term liabilities (note 8)	1,306,293	1,526,485
	<u>2,358,090</u>	<u>3,119,477</u>
Net financial assets	4,271,925	3,422,637
<b>Non-financial assets:</b>		
Tangible capital assets (note 15)	19,508,821	19,789,616
Inventory and prepaids	57,818	45,259
	<u>19,566,639</u>	<u>19,834,875</u>
Commitment (note 10)		
Accumulated surplus (note 14)	<u>\$ 23,838,564</u>	<u>\$ 23,257,512</u>

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

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Consolidated Statement of Operations

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
<b>Revenues:</b>		
Property taxation	\$ 1,991,996	\$ 1,957,691
User charges	1,690,584	1,613,398
Government of Canada grants	151,913	24,544
Province of Ontario grants	1,730,401	2,830,092
Investment income	70,867	48,343
Licences and permits	10,861	13,055
Fines and penalties	26,429	285
Penalties and interest on taxes and user charges	77,211	60,675
Government business enterprise	77,095	75,319
Other	200,939	77,859
<b>Total revenues</b>	<b>6,028,296</b>	<b>6,701,261</b>
<b>Expenses:</b>		
General government	702,621	646,619
Protection to persons and property	876,477	1,397,634
Transportation services	1,318,290	1,573,582
Environmental services	1,128,523	806,572
Health services	276,193	279,506
Social and family services	134,505	267,678
Recreational and cultural services	706,867	661,330
Planning and development	303,768	386,994
<b>Total expenses</b>	<b>5,447,244</b>	<b>6,019,915</b>
<b>Annual surplus</b>	<b>581,052</b>	<b>681,346</b>
Accumulated surplus, beginning of year	23,257,512	22,576,166
<b>Accumulated surplus, end of year</b>	<b>\$ 23,838,564</b>	<b>\$ 23,257,512</b>

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

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Annual surplus	\$ 581,052	\$ 681,346
Acquisition of tangible capital assets	(371,640)	(725,724)
Amortization of tangible capital assets	643,971	678,924
Gain on sale of tangible capital assets	(61,776)	-
Proceeds on sale of tangible capital assets	70,240	-
	861,847	634,546
Acquisition of inventory and prepaids	(12,559)	2,301
<b>Change in net financial assets</b>	<b>849,288</b>	<b>636,847</b>
Net financial assets, beginning of year	3,422,637	2,785,790
<b>Net financial assets, end of year</b>	<b>\$ 4,271,925</b>	<b>\$ 3,422,637</b>

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

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Consolidated Statement of Cash Flows

Year ended December 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 581,052	\$ 681,346
Items not involving cash:		
Amortization of tangible capital assets	643,971	678,924
Gain on sale of tangible capital assets	(61,776)	-
Change in solid waste management liabilities	(13,000)	(724,000)
	1,150,247	636,270
Change in non-cash assets and liabilities:		
Increase in taxes receivable	(389)	(98,119)
Increase in user charges receivable	(43,071)	(44,005)
Decrease (increase) in accounts receivable	238,432	(48,414)
Decrease in accrued interest receivable	13,851	163
Decrease (increase) in inventory and prepaids	(12,559)	2,301
Decrease (increase) in accounts payable and accrued liabilities	(538,603)	203,331
Increase in other current liabilities	10,408	3,188
Net change in cash from operating activities	818,316	654,715
Capital activities:		
Proceeds on sale of tangible capital assets	70,240	-
Cash used to acquire tangible capital assets	(371,640)	(725,724)
Net change in cash from capital activities	(301,400)	(725,724)
Financing activities:		
Principal repayment on long-term liabilities	(220,192)	(291,442)
Investing activities:		
Increase in investments	(67,915)	445,900
Increase in investments in government business enterprises	(47,693)	(75,319)
Net change in cash from investing activities	(115,608)	370,581
<b>Increase in cash</b>	<b>181,116</b>	<b>8,130</b>
Cash, beginning of year	581,841	573,711
<b>Cash, end of year</b>	<b>\$ 762,957</b>	<b>\$ 581,841</b>

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



# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Notes to Consolidated Financial Statements

Year ended December 31, 2011

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

### 1. Significant accounting policies:

The consolidated financial statements of the Township are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the 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, 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

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

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## 1. Significant accounting policies (continued):

### (a) Reporting equity (continued):

#### (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).

#### (v) Trust funds:

Trust funds and their related operations administered by the Township are not consolidated, but are reported separately. These funds amounted to \$174,740 (2010 - \$168,781).

### (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).

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

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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.

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

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## 1. Significant accounting policies (continued):

### (d) 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, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
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.

### (i) 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.

### (ii) Natural resources:

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

### (iii) 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.

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

## 2. Contributions to unconsolidated joint boards:

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

	2011	2010
Sudbury & District Health Unit	\$ 80,868	\$ 79,140
Manitoulin-Sudbury District Social Services Administration Board	196,839	228,125
	<u>\$ 277,707</u>	<u>\$ 307,265</u>

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 \$2,600,391 (2010 - \$2,532,476) reported on the consolidated statement of financial position at cost have a market value of \$2,600,391 (2010 - \$2,532,476).

## 4. Accounts receivable:

Accounts receivable consist of the following:

	2011	2010
Trade and miscellaneous	\$ 156,937	\$ 149,742
Government of Canada	80,270	261,190
Province of Ontario	125,043	189,750
	<u>\$ 362,250</u>	<u>\$ 600,682</u>

## 5. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2011	2010
Trade and miscellaneous	\$ 466,776	\$ 1,014,232
Province of Ontario	6,846	11,919
Government of Canada	13,926	-
	<u>\$ 487,548</u>	<u>\$ 1,026,151</u>

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

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## **6. Pension agreements:**

The Township makes contributions to the Ontario Municipal Employee Retirement System (OMERS) (the "Plan"), which is a multi-employer 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 2011 of \$68,334 (2010 - \$61,483) is included in 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 (2010 - \$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.

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

## 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:

	2011	2010
NOHFC (i)	\$ 641,250	\$ 641,250
Equipment loans (ii)	88,490	125,106
Infrastructure Ontario debenture (iii)	576,553	760,129
	<u>\$ 1,306,293</u>	<u>\$ 1,526,485</u>

- (i) Loan bears no interest and is due December, 2024. Effective December 31, 2011, the Township's obligation to make annual payments (i) deferred for 5 years. the remaining 9 annual principal payments in the amount of \$71,250 will commence December 31, 2016.
- (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.
- (b) Of the long-term liabilities reported in (a) of this note, principal payments are payable as follows:

2012	\$ 225,219
2013	230,384
2014	209,440
2016 and thereafter	641,250

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

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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 site 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, 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 expenditures, 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% (2010 - 5%). The estimated total landfill closure and post-closure care expenditures are calculated to be \$532,000 (2010 - \$545,000). The estimated liability for these expenditures is recognized as the landfill site's capacity is used. The period for post-closure care is estimated to be twenty-five years.

## 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 \$228,628 (2010 - \$221,969) for the water system and \$87,892 (2010 - \$85,332) for the sewer system.



# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

## 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, 2011:

	PUC	ESC	2011 Total	2010 Total
Financial Position:				
Current assets	\$ 943,699	596,169	1,539,868	\$ 1,652,581
Capital assets	735,119	118,641	853,760	938,368
Regulatory assets	741,270	-	741,270	487,582
<b>Total assets</b>	<b>2,420,088</b>	<b>714,810</b>	<b>3,134,898</b>	<b>3,078,531</b>
Current liabilities	425,902	108,938	534,840	520,917
Other long-term liabilities	214,186	-	214,186	248,837
<b>Total liabilities</b>	<b>640,088</b>	<b>108,938</b>	<b>749,026</b>	<b>769,754</b>
<b>Net assets</b>	<b>\$ 1,780,000</b>	<b>605,872</b>	<b>2,385,872</b>	<b>2,308,777</b>
Results of operations:				
Revenues	\$ 3,059,937	126,393	3,186,330	2,942,151
Operating expenses	2,986,363	122,872	3,109,235	2,866,832
<b>Net income (loss)</b>	<b>\$ 73,574</b>	<b>3,521</b>	<b>77,095</b>	<b>75,319</b>

(b) The investment at December 31, 2011 consists of the following:

	PUC	ESC	2011 Total	2010 Total
Balance, beginning of year	\$ 1,706,426	602,351	2,308,777	2,233,458
Township's share of operating income (loss) for the year (11(a))	73,574	3,521	77,095	75,319
<b>Balance, end of year</b>	<b>\$ 1,780,000</b>	<b>605,872</b>	<b>2,385,872</b>	<b>2,308,777</b>

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

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## **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 Change in Net Financial Assets.

## **13. Public sector salary disclosure:**

During 2011, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Township.

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

## 14. Accumulated surplus:

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

	2011	2010
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 18,202,529	\$ 18,263,131
Invested in Government business enterprises	2,385,872	2,338,179
Other	453,511	223,930
<b>Unfunded:</b>		
Landfill closure costs	(532,000)	(545,000)
Employee benefit obligations	(15,000)	(15,000)
<b>Total surplus</b>	<b>20,494,912</b>	<b>20,265,240</b>
<b>Reserves set aside by Council for:</b>		
- Working funds	327,781	327,781
- Road construction	10,326	10,326
- Capital	48,979	48,979
- Planning	72,083	29,075
	<b>459,169</b>	<b>416,161</b>
<b>Reserves funds set aside by Council for specific purposes:</b>		
<b>Building maintenance</b>		
- Civic Centre	209,627	119,339
- Water Treatment Plant	183,690	176,513
- Sewage Treatment Plant	146,426	142,667
- Recreation Centre	71,335	33,765
Public Works equipment	271,645	444,579
<b>Capital expenditure</b>		
- fire	195,911	158,394
- sanitary sewers	284,752	200,600
- waterworks	289,033	211,123
- library	32,728	32,728
- airport	65,615	62,430
- transit	195,289	173,154
Landfill site	675,543	632,325
Sick leave	40,151	39,662
G.E. Young Memorial	8,256	8,412
Refuse collection	244,568	206,022
	<b>2,914,569</b>	<b>2,641,713</b>
<b>Less: Reserve funds committed to financing activities</b>	<b>(30,086)</b>	<b>(65,602)</b>
	<b>2,884,483</b>	<b>2,576,111</b>
	<b>\$ 23,838,564</b>	<b>\$ 23,257,512</b>

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

## 15. Tangible capital assets:

Cost	Balance at December 31, 2010	Transfers	Additions	Disposals	Balance at December 31, 2011
Land	\$ 113,279	\$ -	\$ -	\$ -	\$ 113,279
Buildings	4,709,516	-	-	(15,078)	4,694,438
Bridges and culverts	2,757,434	-	-	-	2,757,434
Vehicles	2,786,850	-	189,054	(145,089)	2,830,815
Machinery and equipment	410,657	-	76,110	-	486,767
Water and sewer	10,589,532	-	18,967	(5,685)	10,602,814
Roads	11,968,976	185,511	87,509	(24,024)	12,217,972
Construction in progress	185,511	(185,511)	-	-	-
<b>Total</b>	<b>\$ 33,521,755</b>	<b>\$ -</b>	<b>\$ 371,640</b>	<b>\$ (189,876)</b>	<b>\$ 33,703,519</b>

Accumulated amortization	Balance at December 31, 2010	Disposals	Amortization expense	Balance at December 31, 2011
Buildings	\$ 1,914,160	\$ (7,114)	\$ 87,333	\$ 1,994,379
Bridges and culverts	1,179,754	-	34,526	1,214,280
Vehicles	1,535,545	(144,589)	61,179	1,452,135
Machinery and equipment	219,044	-	104,736	323,780
Water and sewer	3,573,447	(5,685)	146,296	3,714,058
Roads	5,310,189	(24,024)	209,901	5,496,066
<b>Total</b>	<b>\$ 13,732,139</b>	<b>\$ (42,509)</b>	<b>\$ 643,971</b>	<b>\$ 14,194,698</b>

	Net book value December 31, 2010	Net book value December 31, 2011
Land	\$ 113,279	\$ 113,279
Buildings	2,795,356	2,700,059
Bridges and culverts	1,577,680	1,543,154
Vehicles	1,251,305	1,378,680
Machinery and equipment	191,613	162,987
Water and sewer	7,016,085	6,888,756
Roads	6,658,787	6,721,906
Construction in progress	185,511	-
<b>Total</b>	<b>\$ 19,789,616</b>	<b>\$ 19,508,821</b>

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

## 15. Tangible capital assets (continued):

Cost	Balance at December 31, 2009	Transfers	Additions	Disposals	Balance at December 31, 2010
Land	\$ 113,279	\$ -	\$ -	\$ -	\$ 113,279
Buildings	2,765,786	-	21,064	-	2,786,850
Bridges and culverts	2,707,253	-	50,181	-	2,757,434
Vehicles	4,682,212	-	27,304	-	4,709,516
Machinery and equipment	410,657	-	-	-	410,657
Water and sewer	9,277,306	1,317,006	134,223	139,003	10,589,532
Roads	10,805,450	939,422	307,441	83,337	11,968,976
Construction in progress	2,256,428	(2,256,428)	185,511	-	185,511
<b>Total</b>	<b>\$ 33,018,371</b>	<b>\$ -</b>	<b>\$ 725,724</b>	<b>\$ 222,340</b>	<b>\$ 33,521,755</b>

Accumulated amortization	Balance at December 31, 2009	Disposals	Amortization expense	Balance at December 31, 2010
Buildings	\$ 1,448,771	\$ -	\$ 86,774	\$ 1,535,545
Bridges and culverts	1,046,649	-	133,105	1,179,754
Vehicles	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	3,851,253
Roads	5,171,654	(83,437)	221,972	5,310,189
<b>Total</b>	<b>\$ 13,275,555</b>	<b>\$ 55,466</b>	<b>\$ 678,924</b>	<b>\$ 14,009,945</b>

	Net book value December 31, 2009	Net book value December 31, 2010
Land	\$ 113,279	\$ 113,279
Buildings	1,317,015	1,251,305
Bridges and culverts	1,660,604	1,577,680
Vehicles	2,793,840	2,795,356
Machinery and equipment	225,582	191,613
Water and sewer	5,742,272	6,738,279
Roads	5,633,796	6,658,787
Assets under construction	2,256,428	185,511
<b>Total</b>	<b>\$ 19,742,816</b>	<b>\$ 19,511,810</b>

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

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## 15. Tangible capital assets (continued):

### a) Assets under construction:

Assets under construction having a value of \$Nil (2010 - \$185,511) 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 (2010 - \$Nil).

## 16. Comparative figures:

Certain 2010 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

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

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2011

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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 the waste collection system that serves the municipality.
- (e) Health Services: The Township offers a range of public health services through the Sudbury and District 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, 2011, with comparative figures for 2010

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Parks and Recreation	Planning and Development	Total 2011
<b>Revenues :</b>									
Property taxation	\$ 256,941	320,518	482,084	412,688	101,001	49,187	258,493	111,084	1,991,996
User charges	36,575	46,823	414,072	1,058,654	12,339	-	121,821	300	1,690,584
Government of Canada grants	3,500	-	144,418	-	-	-	3,995	-	151,913
Province of Ontario grants	285,338	244,556	419,854	342,634	77,064	37,530	238,668	84,757	1,730,401
Investment income	70,867	-	-	-	-	-	-	-	70,867
Government business enterprise	77,095	-	-	-	-	-	-	-	77,095
Licences and permits	10,861	-	-	-	-	-	-	-	10,861
Fines and penalties	215	26,214	-	-	-	-	-	-	26,429
Penalties and interest on taxes and user fees	77,211	-	-	-	-	-	-	-	77,211
Other	200,939	-	-	-	-	-	-	-	200,939
	1,019,542	638,111	1,460,428	1,813,976	190,404	86,717	622,977	196,141	6,028,296
<b>Expenses:</b>									
Salaries, wages and benefits	415,661	143,937	294,967	266,332	9,087	824	363,605	132,767	1,627,180
Materials	208,374	75,060	731,634	659,609	79,001	43,546	287,884	171,001	2,256,109
Contracted services	-	598,872	-	-	187,573	90,135	-	-	876,580
Rents and financial	-	-	-	17,546	-	-	-	-	17,546
External agencies	25,858	-	-	-	-	-	-	-	25,858
Amortization of tangible capital assets	52,728	58,608	291,689	185,036	532	-	55,378	-	643,971
	702,621	876,477	1,318,290	1,128,523	276,193	134,505	706,867	303,768	5,447,244
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 316,921</b>	<b>(238,366)</b>	<b>142,138</b>	<b>685,453</b>	<b>(85,789)</b>	<b>(47,788)</b>	<b>(83,890)</b>	<b>(107,627)</b>	<b>581,052</b>



# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Note 17 - Segmented Information (continued)

Year ended December 31, 2011, with comparative figures for 2010

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Parks and Recreation	Planning and Development	Total 2010
<b>Revenues:</b>									
Property taxation	\$ 210,282	454,514	511,733	262,299	90,896	87,050	215,066	125,851	1,957,691
User charges	86,813	37,933	394,202	1,020,517	-	-	138,544	300	1,678,309
Government of Canada grants	24,544	-	-	-	-	-	-	-	24,544
Province of Ontario grants	378,056	356,286	1,231,491	457,530	71,252	68,237	168,587	98,653	2,830,092
Investment income	5,352	2,045	5,439	34,317	1,059	-	131	-	48,343
Government business enterprise	75,319	-	-	-	-	-	-	-	75,319
Licences and permits	13,055	-	-	-	-	-	-	-	13,055
Fines and penalties	285	-	-	-	-	-	-	-	285
Penalties and interest on taxes and user fees	60,675	-	-	-	-	-	-	-	60,675
Other	12,948	-	-	-	-	-	-	-	12,948
	867,329	850,778	2,142,865	1,774,663	163,207	155,287	522,328	224,804	6,701,261
<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
Materials	229,196	443,407	896,302	411,412	13,977	93,419	354,314	216,757	2,658,784
Contracted services	-	650,625	-	-	256,194	116,434	-	-	1,023,253
Rents and financial	-	-	-	2,682	-	-	-	-	2,682
External agencies	25,404	-	-	-	-	-	-	-	25,404
Amortization of tangible capital assets	39,027	159,259	268,580	168,817	586	-	42,655	-	678,924
	646,619	1,397,633	1,573,582	806,573	279,506	267,679	661,329	386,994	6,019,915
<b>Excess (deficiency) of revenue over expenses</b>	\$ 220,710	(546,855)	569,283	968,090	(116,299)	(112,392)	(139,001)	(162,190)	681,346