

Consolidated Financial Statements of

**THE CORPORATION OF THE
TOWNSHIP OF CHAPLEAU**

Year ended December 31, 2012



KPMG LLP
Chartered Accountants
Claridge Executive Centre
144 Pine Street
Sudbury Ontario P3C 1X3
Canada

Telephone (705) 675-8500
Fax (705) 675-7586
Internet www.kpmg.ca

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, 2012, 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 Consolidated Financial Statements

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

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, 2012 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

October 7, 2013
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

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THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Consolidated Statement of Financial Position

December 31, 2012, with comparative figures for 2011

	2012	2011
Financial assets:		
Cash	\$ 1,124,036	\$ 762,957
Investments (note 3)	3,000,769	2,600,391
Taxes receivable	290,487	302,331
User charges receivable	256,121	206,993
Accounts receivable (note 4)	227,251	362,250
Accrued interest receivable	13,247	9,221
Investments in government business enterprises (note 11)	2,306,733	2,385,872
	<u>7,218,644</u>	<u>6,630,015</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 5)	466,480	487,548
Other current liabilities	14,839	17,249
Vested sick leave benefits (note 7)	15,000	15,000
Solid waste management liabilities (note 9)	348,000	532,000
Long-term liabilities (note 8)	1,087,225	1,306,293
	<u>1,931,544</u>	<u>2,358,090</u>
Net financial assets	5,287,100	4,271,925
Non-financial assets:		
Tangible capital assets (note 15)	19,072,416	19,508,821
Inventory and prepaids	49,553	57,818
	<u>19,121,969</u>	<u>19,566,639</u>
Commitment (note 10)		
Accumulated surplus (note 14)	\$ 24,409,069	\$ 23,838,564

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, 2012, with comparative figures for 2011

	2012	2011
Revenues:		
Property taxation	\$ 2,100,549	\$ 1,991,996
User charges	2,028,274	1,690,584
Government of Canada grants	-	151,913
Province of Ontario grants	1,943,913	1,730,401
Investment income	69,165	70,867
Licences and permits	15,736	10,861
Fines and penalties	42,601	26,429
Penalties and interest on taxes and user charges	90,723	77,211
Government business enterprise	(79,139)	77,095
Other	34,541	200,939
Total revenues	6,246,363	6,028,296
Expenses:		
General government	752,661	702,621
Protection to persons and property	926,848	876,477
Transportation services	1,674,287	1,318,290
Environmental services	873,460	1,128,523
Health services	304,466	276,193
Social and family services	134,550	134,505
Recreational and cultural services	750,345	706,867
Planning and development	259,241	303,768
Total expenses	5,675,858	5,447,244
Annual surplus	570,505	581,052
Accumulated surplus, beginning of year	23,838,564	23,257,512
Accumulated surplus, end of year	\$ 24,409,069	\$ 23,838,564

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, 2012, with comparative figures for 2011

	2012	2011
Annual surplus	\$ 570,505	\$ 581,052
Acquisition of tangible capital assets	(109,916)	(371,640)
Amortization of tangible capital assets	546,321	643,971
Gain on sale of tangible capital assets	(100)	(61,776)
Proceeds on sale of tangible capital assets	100	70,240
	1,006,910	861,847
Acquisition of inventory and prepaids	8,265	(12,559)
Change in net financial assets	1,015,175	849,288
Net financial assets, beginning of year	4,271,925	3,422,637
Net financial assets, end of year	\$ 5,287,100	\$ 4,271,925

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, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 570,505	\$ 581,052
Items not involving cash:		
Amortization of tangible capital assets	546,321	643,971
Gain on sale of tangible capital assets	(100)	(61,776)
Change in solid waste management liabilities	(184,000)	(13,000)
	932,726	1,150,247
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	11,844	(389)
Increase in user charges receivable	(49,129)	(43,071)
Decrease in accounts receivable	134,999	238,432
Decrease (increase) in accrued interest receivable	(4,026)	13,851
Decrease (increase) in inventory and prepaids	8,265	(12,559)
Increase in accounts payable and accrued liabilities	(21,068)	(538,603)
Increase (decrease) in other current liabilities	(2,410)	10,408
Net change in cash from operating activities	1,011,201	818,316
Capital activities:		
Proceeds on sale of tangible capital assets	100	70,240
Cash used to acquire tangible capital assets	(109,916)	(371,640)
Net change in cash from capital activities	(109,816)	(301,400)
Financing activities:		
Principal repayment on long-term liabilities	(219,069)	(220,192)
Investing activities:		
Increase in investments	(400,376)	(67,915)
Increase in investments in government business enterprises	79,139	(47,693)
Net change in cash from investing activities	(321,237)	(115,608)
Increase in cash	361,079	181,116
Cash, beginning of year	762,957	581,841
Cash, end of year	\$ 1,124,036	\$ 762,957

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, 2012

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, 2012

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 \$184,712 (2011 - \$174,740).

(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 10).

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

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 public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the 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, 2012

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

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, 2012

2. Contributions to unconsolidated joint boards:

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

	2012	2011
Sudbury & District Health Unit	\$ 77,616	\$ 80,868
Manitoulin-Sudbury District Social Services Administration Board	190,946	196,839
Chapleau Economic Development Corporation	52,500	-
	<u>\$ 321,062</u>	<u>\$ 277,707</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 \$3,000,769 (2011 - \$2,600,391) reported on the consolidated statement of financial position at cost have a market value of \$3,000,769 (2011 - \$2,600,391).

4. Accounts receivable:

Accounts receivable consist of the following:

	2012	2011
Trade and miscellaneous	\$ 95,395	\$ 156,937
Government of Canada	46,809	80,270
Province of Ontario	85,047	125,043
	<u>\$ 227,251</u>	<u>\$ 362,250</u>

5. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2012	2011
Trade and miscellaneous	\$ 459,473	\$ 466,776
Province of Ontario	6,846	6,846
Government of Canada	161	13,926
	<u>\$ 466,480</u>	<u>\$ 487,548</u>

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

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 2012 of \$66,156 (2011 - \$68,334) 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 (2011 - \$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:

	2012	2011
NOHFC (i)	\$ 641,250	\$ 641,250
Equipment loans (ii)	53,133	88,490
Infrastructure Ontario debenture (iii)	392,842	576,553
	<u>\$ 1,087,225</u>	<u>\$ 1,306,293</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.

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

8. Long-term liabilities (continued):

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

2013	\$ 225,220
2014	220,755
2015	-
2016	71,250
2017 and thereafter	570,000

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% (2011 - 5%). The estimated total landfill closure and post-closure care expenditures are calculated to be \$348,000 (2011 - \$532,000). 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 \$234,344 (2011 - \$228,628) for the water system and \$90,089 (2011 - \$87,892) for the sewer system.

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

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, 2012:

	PUC	ESC	2012 Total	2011 Total
Financial Position:				
Current assets	\$ 977,888	584,399	1,562,287	\$ 1,539,868
Capital assets	1,083,265	134,308	1,217,573	853,760
Regulatory assets	325,861	-	325,861	741,270
Total assets	2,387,014	718,707	3,105,721	3,134,898
Current liabilities	390,906	105,764	496,670	534,840
Other long-term liabilities	302,318	-	302,318	214,186
Total liabilities	693,224	105,764	798,988	749,026
Net assets	\$ 1,693,790	612,943	2,306,733	\$ 2,385,872
Results of operations:				
Revenues	\$ 3,177,221	100,136	3,277,357	\$ 3,186,330
Operating expenses	3,263,431	93,065	3,356,496	3,109,235
Net income (loss)	\$ (86,210)	7,071	(79,139)	\$ 77,095

(b) The investment at December 31, 2012 consists of the following:

	PUC	ESC	2012 Total	2011 Total
Balance, beginning of year	\$ 1,780,000	605,872	2,385,872	2,308,777
Township's share of operating income (loss) for the year (11(a))	(86,210)	7,071	(79,139)	77,095
Balance, end of year	\$ 1,693,790	612,943	2,306,733	2,385,872

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

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 2012, 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, 2012

14. Accumulated surplus:

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

	2012	2011
Surplus:		
Invested in tangible capital assets	\$ 17,985,191	\$ 18,202,529
Invested in Government business enterprises	2,306,733	2,385,872
Other	407,948	453,511
Unfunded:		
Landfill closure costs	(348,000)	(532,000)
Employee benefit obligations	(15,000)	(15,000)
Total surplus	20,336,872	20,494,912
Reserves set aside by Council for:		
- Working funds	327,781	327,781
- Road construction	10,326	10,326
- Capital	48,979	48,979
- Planning	54,264	72,083
	441,350	459,169
Reserves funds set aside by Council for specific purposes:		
Building maintenance		
- Civic Centre	261,760	209,627
- Water Treatment Plant	190,014	183,690
- Sewage Treatment Plant	149,482	146,426
- Recreation Centre	111,175	71,335
Public Works equipment	314,020	271,645
Capital expenditure		
- fire	223,727	195,911
- sanitary sewers	388,872	284,752
- waterworks	482,251	289,033
- library	32,728	32,728
- airport	204,668	65,615
- transit	216,697	195,289
Landfill site	724,361	675,543
Sick leave	40,440	40,151
G.E. Young Memorial	8,316	8,256
Refuse collection	282,336	244,568
	3,630,847	2,914,569
Less: Reserve funds committed to financing activities	-	(30,086)
	3,630,847	2,884,483
	\$ 24,409,069	\$ 23,838,564

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

15. Tangible capital assets:

Cost	Balance at December 31, 2011	Additions	Disposals	Balance at December 31, 2012
Land	\$ 113,279	\$ -	\$ -	\$ 113,279
Buildings	4,656,425	-	-	4,656,425
Bridges and culverts	2,364,262	-	-	2,364,262
Vehicles	1,273,515	-	(22,987)	1,250,528
Machinery and equipment	1,967,116	45,340	-	2,012,456
Water and sewer	11,176,117	64,576	(4,568)	11,236,125
Roads	12,215,787	-	-	12,215,787
Total	\$ 33,766,501	\$ 109,916	\$ (27,555)	\$ 33,848,862

Accumulated amortization	Balance at December 31, 2011	Disposals	Amortization expense	Balance at December 31, 2012
Buildings	\$ 2,067,769	\$ -	\$ 72,943	\$ 2,140,712
Bridges and culverts	1,125,860	-	28,916	1,154,776
Vehicles	669,481	(22,987)	56,112	702,606
Machinery and equipment	1,112,608	-	80,934	1,193,542
Water and sewer	3,753,464	(4,568)	126,340	3,875,236
Roads	5,528,498	-	181,076	5,709,574
Total	\$ 14,257,680	\$ (27,555)	\$ 546,321	\$ 14,776,446

	Net book value December 31, 2011	Net book value December 31, 2012
Land	\$ 113,279	\$ 113,279
Buildings	2,588,656	2,515,713
Bridges and culverts	1,238,402	1,209,486
Vehicles	604,034	547,922
Machinery and equipment	854,508	818,914
Water and sewer	7,422,653	7,360,889
Roads	6,687,289	6,506,213
Total	\$ 19,508,821	\$ 19,072,416

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

15. Tangible capital assets (continued):

Cost	Balance at December 31, 2010	Transfers	Additions	Disposals	Balance at December 31, 2011
Land	\$ 113,279	\$ -	\$ -	\$ -	\$ 113,279
Buildings	4,671,503	-	-	(15,078)	4,656,425
Bridges and culverts	2,364,262	-	-	-	2,364,262
Vehicles	1,229,550	-	189,054	(145,089)	1,273,515
Machinery and equipment	1,891,006	-	76,110	-	1,967,116
Water and sewer	11,162,835	-	18,967	(5,685)	11,176,117
Roads	11,966,791	185,511	87,509	(24,024)	12,215,787
Construction in progress	185,511	(185,511)	-	-	-
Total	\$ 33,584,737	\$ -	\$ 371,640	\$ (189,876)	\$ 33,766,501

Accumulated amortization	Balance at December 31, 2010	Disposals	Amortization expense	Balance at December 31, 2011
Buildings	\$ 1,987,550	(7,114)	\$ 87,333	\$ 2,067,769
Bridges and culverts	1,091,334	-	34,526	1,125,860
Vehicles	752,891	(144,589)	61,179	669,481
Machinery and equipment	1,007,872	-	104,736	1,112,608
Water and sewer	3,612,853	(5,685)	146,296	3,753,464
Roads	5,342,621	(24,024)	209,901	5,528,498
Total	\$ 13,795,121	\$ (181,412)	\$ 643,971	\$ 14,257,680

	Net book value December 31, 2010	Net book value December 31, 2011
Land	\$ 113,279	\$ 113,279
Buildings	2,683,953	2,588,656
Bridges and culverts	1,272,928	1,238,402
Vehicles	476,659	604,034
Machinery and equipment	883,134	854,508
Water and sewer	7,549,982	7,422,653
Roads	6,624,170	6,687,289
Assets under construction	185,511	-
Total	\$ 19,789,616	\$ 19,508,821

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2012

15. Tangible capital assets (continued):

a) Assets under construction:

Assets under construction having a value of \$Nil (2011 - \$Nil) 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 (2011 - \$Nil).

16. Comparative figures:

Certain 2011 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, 2012

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) **Recreation and Cultural Services:** 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, 2012

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total 2012
Revenues:									
Property taxation	\$ 278,551	343,012	619,628	323,254	112,678	49,795	277,691	95,940	2,100,549
User charges	38,153	48,639	679,538	1,086,215	6,442	-	168,987	300	2,028,274
Province of Ontario grants	599,756	239,376	479,279	225,588	78,634	34,750	219,577	66,953	1,943,913
Investment income	69,165	-	-	-	-	-	-	-	69,165
Government business enterprise	(79,139)	-	-	-	-	-	-	-	(79,139)
Licences and permits	15,736	-	-	-	-	-	-	-	15,736
Fines and penalties	-	42,601	-	-	-	-	-	-	42,601
Penalties and interest on taxes and user fees	90,723	-	-	-	-	-	-	-	90,723
Other	34,541	-	-	-	-	-	-	-	34,541
	1,047,486	673,628	1,778,445	1,635,057	197,754	84,545	666,255	163,193	6,246,363
Expenses:									
Salaries, wages and benefits	425,118	76,937	372,451	209,803	83,389	1,269	349,136	81,731	1,599,834
Materials	283,070	60,175	1,055,254	158,908	112,843	50,037	354,081	177,510	2,251,878
Contracted services	-	740,841	-	346,038	107,702	83,244	-	-	1,277,825
Amortization of tangible capital assets	44,473	48,895	246,582	158,711	532	-	47,128	-	546,321
	752,661	926,848	1,674,287	873,460	304,466	134,550	750,345	259,241	5,675,858
Excess (deficiency) of revenue over expenses	\$ 294,825	(253,220)	104,158	761,597	(106,712)	(50,005)	(84,090)	(96,048)	570,505

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Note 17 - Segmented Information (continued)

Year ended December 31, 2011

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total 2011
Revenues:									
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
Expenses:									
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
Excess (deficiency) of revenue over expenses	\$ 316,921	(238,366)	142,138	685,453	(85,789)	(47,788)	(83,890)	(107,627)	581,052