

Consolidated Financial Statements of

**THE CORPORATION OF THE  
TOWNSHIP OF CHAPLEAU**

Year ended December 31, 2015

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Consolidated Financial Statements Index

Year ended December 31, 2015

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### Consolidated Financial Statements

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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 generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

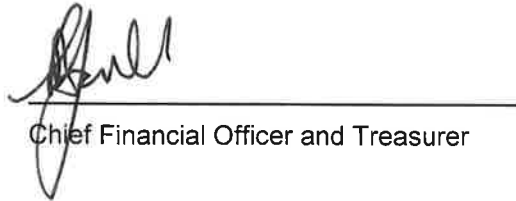
The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely 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 Independent 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



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Claridge Executive Centre  
144 Pine Street  
Sudbury Ontario P3C 1X3  
Canada  
Telephone (705) 675-8500  
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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, 2015, 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, 2015 and its consolidated results of operations, its change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

August 8, 2016

Sudbury, Canada

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Consolidated Statement of Financial Position

December 31, 2015, with comparative information for 2014

	2015	2014
<b>Financial assets:</b>		
Cash	\$ 960,957	\$ 815,913
Investments (note 3)	4,103,989	3,537,933
Taxes receivable	414,604	431,318
User charges receivable	256,770	241,974
Accounts receivable (note 4)	440,745	237,648
Accrued interest receivable	16,303	5,023
Investments in government business enterprises (note 11)	2,606,668	2,588,330
	<u>8,800,036</u>	<u>7,858,139</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities (note 5)	867,903	586,658
Other current liabilities	132,609	19,469
Vested sick leave benefits (note 7)	15,000	15,000
Solid waste management liabilities (note 9)	325,000	332,000
Long-term liabilities (note 8)	2,645,806	641,250
	<u>3,986,318</u>	<u>1,594,377</u>
Net financial assets	4,813,718	6,263,762
<b>Non-financial assets:</b>		
Tangible capital assets (note 15)	21,562,655	19,767,898
Inventory and prepaids	52,467	44,070
	<u>21,615,122</u>	<u>19,811,968</u>
Commitment (note 10)		
Accumulated surplus (note 14)	<u>\$ 26,428,840</u>	<u>\$ 26,075,730</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, 2015, with comparative information for 2014

	2015 Budget (note 12)	2015 Actual	2014 Actual
<b>Revenue:</b>			
Property taxation	\$ 2,309,525	\$ 2,313,129	\$ 2,239,373
User charges	1,813,339	1,861,937	1,671,232
Government of Canada grants	148,170	234,449	126,398
Province of Ontario grants	1,736,365	1,578,061	1,917,167
Investment income	16,000	91,931	122,415
Licences and permits	12,790	16,085	17,878
Fines and penalties	23,000	19,607	23,636
Penalties and interest on taxes and user charges	37,000	119,957	106,527
Government business enterprises	-	18,338	136,162
Other	12,000	13,579	59,498
<b>Total revenue</b>	<b>6,108,189</b>	<b>6,267,073</b>	<b>6,420,286</b>
<b>Expenses:</b>			
General government	745,469	737,581	799,146
Protection to persons and property	1,009,777	923,147	975,980
Transportation services	1,529,958	1,550,575	1,506,745
Environmental services	1,190,890	1,371,171	1,192,211
Health services	210,618	210,087	221,920
Social and family services	119,240	132,811	132,283
Recreational and cultural services	849,226	845,554	772,781
Planning and development	181,316	143,037	216,144
<b>Total expenses</b>	<b>5,836,494</b>	<b>5,913,963</b>	<b>5,817,210</b>
<b>Annual surplus</b>	<b>271,695</b>	<b>353,110</b>	<b>603,076</b>
Accumulated surplus, beginning of year	26,075,730	26,075,730	25,472,654
<b>Accumulated surplus, end of year</b>	<b>\$ 26,347,425</b>	<b>\$ 26,428,840</b>	<b>\$ 26,075,730</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, 2015, with comparative information for 2014

	2015 Budget (note 12)	2015 Actual	2014 Actual
Annual surplus	\$ 271,695	\$ 353,110	\$ 603,076
Acquisition of tangible capital assets	(1,115,780)	(2,597,356)	(1,160,379)
Amortization of tangible capital assets	765,660	765,660	656,852
Gain on sale of tangible capital assets	-	36,939	-
	(78,425)	(1,441,647)	99,549
Acquisition of inventory and prepaids	-	(8,397)	(1,957)
<b>Change in net financial assets</b>	<b>(78,425)</b>	<b>(1,450,044)</b>	<b>97,592</b>
Net financial assets, beginning of year	6,263,762	6,263,762	6,166,170
<b>Net financial assets, end of year</b>	<b>\$ 6,185,337</b>	<b>\$ 4,813,718</b>	<b>\$ 6,263,762</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, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 353,110	\$ 603,076
Items not involving cash:		
Amortization of tangible capital assets	765,660	656,852
Loss on sale of tangible capital assets	36,939	-
Change in solid waste management liabilities	(7,000)	(10,000)
	<u>1,148,709</u>	<u>1,249,928</u>
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	16,714	(69,524)
Increase in user charges receivable	(14,796)	(36,115)
Decrease (increase) in accounts receivable	(203,097)	340,499
Decrease (increase) in accrued interest receivable	(11,280)	24,016
Increase in inventory and prepaids	(8,397)	(1,958)
Increase (decrease) in accounts payable and accrued liabilities	281,245	(136,097)
Increase in other current liabilities	113,140	4,103
Net change in cash from operating activities	<u>1,322,238</u>	<u>1,374,852</u>
Capital activities:		
Cash used to acquire tangible capital assets	<u>(2,597,356)</u>	<u>(1,160,379)</u>
Net change in cash from capital activities	<u>(2,597,356)</u>	<u>(1,160,379)</u>
Financing activities:		
Principal repayment on long-term liabilities	-	(215,616)
Issue of long-term debt	2,004,556	-
Net change in cash from financing activities	<u>2,004,556</u>	<u>(215,616)</u>
Investing activities:		
Decrease (increase) in investments	(566,056)	240,860
Increase in investment in government business enterprises	(18,338)	(136,162)
Net change in cash from investing activities	<u>(584,394)</u>	<u>104,698</u>
<b>Increase in cash</b>	<b>145,044</b>	<b>103,555</b>
Cash, beginning of year	815,913	712,358
<b>Cash, end of year</b>	<b>\$ 960,957</b>	<b>\$ 815,913</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, 2015

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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 Chartered Professional Accountants of Canada. 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  
Chapleau Economic Development Corporation

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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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 \$161,613 (2014 - \$154,613).

### (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, 2015

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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 consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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's 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, 2015

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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.

### (iv) 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, 2015

## 2. Contributions to unconsolidated joint boards:

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

	2015	2014
Sudbury & District Health Unit	\$ 81,516	\$ 80,868
Manitoulin-Sudbury District Social Services Administration Board	178,646	187,952
Chapleau Economic Development Corporation	43,227	160,657
	\$ 303,389	\$ 429,477

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 \$4,103,989 (2014 - \$3,537,933) reported on the consolidated statement of financial position at cost have a market value of \$4,068,810 (2014 - \$3,564,767).

## 4. Accounts receivable:

Accounts receivable consist of the following:

	2015	2014
Trade and miscellaneous	\$ 102,328	\$ 83,182
Government of Canada	191,074	101,513
Province of Ontario	147,343	52,953
	\$ 440,745	\$ 237,648

## 5. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2015	2014
Trade and miscellaneous	\$ 842,009	\$ 585,726
Province of Ontario	25,894	932
	\$ 867,903	\$ 586,658

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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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 is \$92,228 (2014 - \$83,279).

## 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 (2014 - \$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:

	2015	2014
NOHFC (i)	\$ 641,250	\$ 641,250
Infrastructure Ontario debenture (ii)	2,004,556	-
	<u>\$ 2,645,806</u>	<u>\$ 641,250</u>

(i) NOHFC loan bears no interest and is due December, 2024. Effective December 31, 2011, the Township's obligation to make annual payments is deferred for 5 years. The remaining 9 annual principal payments in the amount of \$71,250 will commence December 31, 2016.

(ii) The Infrastructure Ontario debenture shall bear interest at a rate of 2.4% per annum and is due on December 31, 2026. The debenture shall be paid in full by February 16, 2026 and is payable in equal semi-annual instalments of combined principal and interest for a total payments of \$ 113,446.

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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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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2015	\$ -
2016	156,894
2017	254,531
2018	258,994
2019	263,564
2020 and thereafter	1,711,823

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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% (2014 - 5%). The estimated total landfill closure and post-closure care expenditures are calculated to be \$325,000 (2014 - \$332,000). 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 Operations are the charges from the Agency of \$247,627 (2014 - \$244,784) for the water system and \$95,987 (2014 - \$96,239) for the sewer system.



# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 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, 2015:

	PUC	ESC	2015 Total	2014 Total
<b>Financial Position:</b>				
Current assets	\$ 1,391,125	620,924	2,012,049	\$ 2,087,009
Capital assets	1,121,271	132,532	1,253,803	1,181,048
Regulatory assets	1,207,050	-	1,207,050	33,643
<b>Total assets</b>	<b>3,719,446</b>	<b>753,456</b>	<b>4,472,902</b>	<b>3,301,700</b>
Current liabilities	447,972	181,857	629,829	684,736
Other long-term liabilities	25,054	-	25,054	28,634
<b>Total liabilities</b>	<b>473,026</b>	<b>181,857</b>	<b>654,883</b>	<b>713,370</b>
<b>Net assets</b>	<b>\$ 3,246,420</b>	<b>571,599</b>	<b>3,818,019</b>	<b>\$ 2,588,330</b>
<b>Results of operations:</b>				
Revenues	\$ 3,944,277	87,472	4,031,749	\$ 4,545,025
Operating expenses	3,908,413	104,998	4,013,411	4,408,863
<b>Net income (loss)</b>	<b>\$ 35,864</b>	<b>(17,526)</b>	<b>18,338</b>	<b>\$ 136,162</b>

(b) The investment at December 31, 2015 consists of the following:

	PUC	ESC	2015 Total	2014 Total
Balance, beginning of year	\$ 1,999,206	589,124	2,588,330	2,452,168
Township's share of operating income (loss) for the year (11(a))	35,864	(17,526)	18,338	136,162
<b>Balance, end of year</b>	<b>\$ 2,035,070</b>	<b>571,598</b>	<b>2,606,668</b>	<b>2,588,330</b>

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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## 12. Budget figures:

The budget data presented in these consolidated financial statements is based upon the 2015 operating and capital budgets approved by Council. The reconciliation of the approved budget to the budget figures reported in these consolidated financial statements is listed below.

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Approved budget	
Total expenses per budget	\$ 7,810,205
Less:	
Capital	(1,115,780)
Debt principal repayments	(198,774)
Transfers to/from reserves	(659,157)
	<hr/>
	5,836,494
	<hr/>
Budget per financial statements	\$ 5,836,494

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## 13. Public sector salary disclosure:

During 2015, 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, 2015

## 14. Accumulated surplus:

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

	2015	2014
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 18,916,847	\$ 19,126,648
Invested in Government business enterprises	2,606,668	2,588,330
Operations	629,089	291,612
<b>Unfunded:</b>		
Landfill closure costs	(325,000)	(332,000)
Employee benefit obligations	(15,000)	(15,000)
<b>Total surplus</b>	<b>21,812,604</b>	<b>21,659,590</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	29,462	35,390
- Recreation Centre	9,407	9,407
	<b>425,955</b>	<b>431,883</b>
<b>Reserves funds set aside by Council for specific purposes:</b>		
<b>Building maintenance</b>		
- Civic Centre	397,549	344,983
- Water Treatment Plant	202,440	193,468
- Sewage Treatment Plant	162,534	157,304
- Recreation Centre	128,511	143,882
Public Works equipment	348,874	341,054
<b>Capital expenditure</b>		
- fire	317,345	283,091
- sanitary sewers	279,833	420,320
- waterworks	937,867	780,766
- library	32,728	32,728
- airport	195,151	206,643
- transit	216,637	195,115
Landfill site	804,892	732,904
Sick leave	29,127	43,239
G.E. Young Memorial	8,229	8,242
Refuse collection	128,564	100,518
	<b>4,190,281</b>	<b>3,984,257</b>
	<b>\$ 26,428,840</b>	<b>\$ 26,075,730</b>

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 15. Tangible capital assets:

Cost	Balance at December 31, 2014	Additions	Disposals	Transfers	Balance at December 31, 2015
Land	113,279	-	-	-	113,279
Buildings	4,679,346	180,907	(46,836)	-	4,813,417
Bridges and culverts	2,364,262	-	-	-	2,364,262
Vehicles	1,598,507	-	-	-	1,598,507
Machinery and equipment	2,113,565	26,403	-	-	2,139,968
Water and sewer	11,207,854	2,442,384	(19,460)	143,110	13,773,888
Roads	12,223,112	876,102	(129,884)	-	12,969,330
Construction in progress	1,345,544	156,627	-	(1,228,177)	273,994
<b>Total</b>	<b>\$ 35,645,469</b>	<b>\$ 3,682,423</b>	<b>\$ (196,180)</b>	<b>\$ (1,085,067)</b>	<b>\$ 38,046,645</b>

Accumulated amortization	Balance at December 31, 2014	Disposals	Amortization expense	Balance at December 31, 2015
Buildings	\$ 2,313,714	\$ (37,903)	\$ 90,788	\$ 2,366,599
Bridges and culverts	1,223,828	-	34,526	1,258,354
Vehicles	726,107	-	51,957	778,064
Machinery and equipment	1,305,077	-	134,680	1,439,757
Water and sewer	4,168,356	(17,158)	229,665	4,380,863
Roads	6,140,489	(104,180)	224,044	6,260,353
<b>Total</b>	<b>\$ 15,877,571</b>	<b>\$ (159,241)</b>	<b>\$ 765,660</b>	<b>\$ 16,483,990</b>

	Net book value December 31, 2014	Net book value December 31, 2015
Land	\$ -	\$ 113,279
Buildings	(2,132,807)	2,446,818
Bridges and culverts	(1,223,828)	1,105,908
Vehicles	(726,107)	820,443
Machinery and equipment	(1,278,674)	700,211
Water and sewer	(1,725,972)	9,393,025
Roads	(5,264,387)	6,708,977
Construction in progress	1,345,544	273,994
<b>Total</b>	<b>\$ (11,006,231)</b>	<b>\$ 21,562,655</b>

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

## 15. Tangible capital assets (continued):

Cost	Balance at December 31, 2013	Additions	Disposals	Balance at December 31, 2014
Land	\$ 113,279	\$ -	\$ -	\$ 113,279
Buildings	4,656,425	24,815	(1,894)	4,679,346
Bridges and culverts	2,364,262	-	-	2,364,262
Vehicles	1,254,033	344,474	-	1,598,507
Machinery and equipment	2,071,632	43,990	(2,057)	2,113,565
Water and sewer	11,276,712	-	(68,858)	11,207,854
Roads	12,223,112	-	-	12,223,112
Construction in progress	586,104	759,440	-	1,345,544
<b>Total</b>	<b>\$ 34,545,559</b>	<b>\$ 1,172,719</b>	<b>\$ (72,809)</b>	<b>\$ 35,645,469</b>

Accumulated amortization	Balance at December 31, 2013	Disposals	Amortization expense	Balance at December 31, 2014
Buildings	\$ 2,227,876	(1,642)	\$ 87,480	\$ 2,313,714
Bridges and culverts	1,189,302	-	34,526	1,223,828
Vehicles	716,299	(66,533)	76,341	726,107
Machinery and equipment	1,208,092	-	96,985	1,305,077
Water and sewer	4,014,087	(2,057)	156,326	4,168,356
Roads	5,925,531	-	214,958	6,140,489
<b>Total</b>	<b>\$ 15,281,187</b>	<b>\$ (70,232)</b>	<b>\$ 666,616</b>	<b>\$ 15,877,571</b>

	Net book value December 31, 2013	Net book value December 31, 2014
Land	\$ 113,279	\$ 113,279
Buildings	2,428,549	2,365,632
Bridges and culverts	1,174,960	1,140,434
Vehicles	537,734	872,400
Machinery and equipment	863,540	808,488
Water and sewer	7,262,625	7,039,498
Roads	6,297,581	6,082,623
Assets under construction	586,104	1,345,544
<b>Total</b>	<b>\$ 19,264,372</b>	<b>\$ 19,767,898</b>

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2015

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## 15. Tangible capital assets (continued):

### a) Assets under construction:

Assets under construction having a value of \$273,994 (2014 - \$1,345,544) 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 (2014 - \$Nil).

## 16. 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, 2015

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## 16. 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 16 - Segmented Information (continued)

Year ended December 31, 2015

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total 2015
<b>Revenues:</b>									
Property taxation	\$ 288,490	361,071	606,477	536,306	82,171	51,946	330,722	55,946	2,313,129
User charges	15,455	35,697	370,972	1,300,889	10,018	8,697	120,209	-	1,861,937
Government of Canada grants	-	-	234,449	-	-	-	-	-	234,449
Province of Ontario grants	201,160	216,911	364,338	420,540	49,364	75,673	216,466	33,609	1,578,061
Investment income	91,931	-	-	-	-	-	-	-	91,931
Government business enterprise	18,338	-	-	-	-	-	-	-	18,338
Licences and permits	16,085	-	-	-	-	-	-	-	16,085
Fines and penalties	-	19,607	-	-	-	-	-	-	19,607
Penalties and interest on taxes and user fees	119,957	-	-	-	-	-	-	-	119,957
Other	13,579	-	-	-	-	-	-	-	13,579
	764,995	633,286	1,576,236	2,257,735	141,553	136,316	667,397	89,555	6,267,073
<b>Expenses:</b>									
Salaries, wages and benefits	441,244	167,852	441,047	315,570	9,291	863	378,090	39,033	1,792,990
Materials	254,079	69,047	769,611	379,924	9,361	55,668	409,404	104,004	2,051,098
Contracted services	-	661,294	-	382,759	-	-	-	-	1,044,053
External agencies	-	-	-	-	190,903	69,259	-	-	260,162
Amortization of tangible capital assets	42,258	24,954	339,917	292,918	532	7,021	58,060	-	765,660
	737,581	923,147	1,550,575	1,371,171	210,087	132,811	845,554	143,037	5,913,963
	\$ 27,414	(289,861)	25,661	886,564	(68,534)	3,505	(178,157)	(53,482)	353,110



# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Note 16 - Segmented Information (continued)

Year ended December 31, 2014

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total 2014
<b>Revenues:</b>									
Property taxation	\$ 307,636	375,710	580,031	458,950	85,430	50,923	297,487	83,206	2,239,373
User charges	16,497	34,280	263,548	1,222,286	10,425	8,411	115,785	-	1,671,232
Government of Canada grants	-	-	126,398	-	-	-	-	-	126,398
Province of Ontario grants	203,006	238,978	368,941	720,986	54,339	76,906	201,086	52,925	1,917,167
Investment income	122,416	-	-	-	-	-	-	-	122,416
Government business enterprise	136,162	-	-	-	-	-	-	-	136,162
Licences and permits	17,878	-	-	-	-	-	-	-	17,878
Fines and penalties	-	23,636	-	-	-	-	-	-	23,636
Penalties and interest on taxes and user fees	106,527	-	-	-	-	-	-	-	106,527
Other	59,497	-	-	-	-	-	-	-	59,497
	969,619	672,604	1,338,918	2,402,222	150,194	136,240	614,358	136,131	6,420,286
<b>Expenses:</b>									
Salaries, wages and benefits	449,663	171,117	417,034	291,035	8,030	607	364,975	-	1,702,461
Materials	307,225	62,132	754,344	325,353	20,765	48,427	352,729	216,144	2,087,119
Contracted services	-	717,980	-	370,044	-	-	-	-	1,088,024
Rents and financial	-	-	2,455	1,715	-	-	-	-	4,170
External agencies	-	-	-	-	192,593	76,227	-	-	268,820
Amortization of tangible capital assets	42,258	24,751	332,912	204,064	532	7,022	55,077	-	666,616
	799,146	975,980	1,506,745	1,192,211	221,920	132,283	772,781	216,144	5,817,210
	\$ 170,473	(303,376)	(167,827)	1,210,011	(71,726)	3,957	(158,423)	(80,013)	603,076