

Consolidated Financial Statements of

**THE CORPORATION OF THE  
TOWNSHIP OF CHAPLEAU**

Year ended December 31, 2017

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

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Year ended December 31, 2017

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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.



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Chelsea Swearingen  
Chief Administrative Officer



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Les Jones  
Chief Financial Officer and Treasurer



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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, 2017, the consolidated statements of operations and accumulated surplus, 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.



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*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, 2017 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

Sudbury, Canada  
November 26, 2018

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Consolidated Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
<b>Financial assets</b>		
Cash	\$ 978,906	\$ 362,768
Investments (note 3)	4,108,317	4,599,581
Taxes receivable	513,989	436,268
User charges receivable	295,650	247,332
Accounts receivable (note 4)	1,066,811	704,992
Accrued interest receivable	33,215	17,708
Investments in government business enterprises (note 10)	2,607,033	2,556,244
	<u>9,603,921</u>	<u>8,924,893</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	634,721	959,394
Deferred revenue	63,551	190,042
Vested sick leave benefits (note 6)	15,000	15,000
Solid waste management liabilities (note 8)	282,000	318,000
Long-term liabilities (note 7)	2,231,942	2,484,825
	<u>3,227,214</u>	<u>3,967,261</u>
Net financial assets	6,376,707	4,957,632
<b>Non-financial assets</b>		
Tangible capital assets (note 14)	24,256,290	22,425,316
Inventory and prepaids	29,196	26,961
	<u>24,285,486</u>	<u>22,452,277</u>
Commitment (note 9)		
Accumulated surplus (note 13)	\$ 30,662,193	\$ 27,409,909

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

On behalf of Council:

  
\_\_\_\_\_  
Mayor

  
\_\_\_\_\_  
Treasurer

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2017, with comparative information for 2016

	2017 Budget (note 11)	Actual 2017	Actual 2016
<b>Revenue:</b>			
Property taxation	\$ 2,468,807	\$ 2,479,221	\$ 2,392,953
User charges	1,942,490	1,976,196	1,904,541
Government of Canada grants	365,807	518,651	531,540
Province of Ontario grants	3,412,639	3,832,526	2,314,505
Investment income	16,000	72,120	21,201
Licenses and permits	13,690	23,361	26,148
Fines and penalties	20,000	30,524	26,383
Penalties and interest on taxes and user charges	37,000	139,364	129,921
Share of income (loss) in Government business enterprises	-	50,789	(50,424)
Other	18,000	106,958	71,584
<b>Total revenue</b>	<b>8,294,433</b>	<b>9,229,710</b>	<b>7,368,352</b>
<b>Expenses:</b>			
General government	741,298	882,500	750,296
Protection to persons and property	906,943	930,118	869,704
Transportation services	1,392,834	1,401,362	1,473,895
Environmental services	876,240	1,489,685	1,776,471
Health services	224,419	234,051	222,950
Social and family services	128,041	132,668	127,337
Recreational and cultural services	858,332	827,374	853,894
Planning and development	25,886	79,668	312,736
<b>Total expenses</b>	<b>5,153,993</b>	<b>5,977,426</b>	<b>6,387,283</b>
<b>Annual surplus</b>	<b>3,140,440</b>	<b>3,252,284</b>	<b>981,069</b>
<b>Accumulated surplus, beginning of year</b>	<b>27,409,909</b>	<b>27,409,909</b>	<b>26,428,840</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 30,550,349</b>	<b>\$ 30,662,193</b>	<b>\$ 27,409,909</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, 2017, with comparative information for 2016

	2017 Budget (note 11)	Actual 2017	Actual 2016
Annual surplus	\$ 3,140,440	\$ 3,252,284	\$ 981,069
Acquisition of tangible capital assets	-	(2,685,347)	(1,695,076)
Amortization of tangible capital assets	-	837,007	811,214
Loss on disposal of tangible capital assets	-	17,366	21,201
	3,140,440	1,421,310	118,408
Acquisition of inventory and prepaids	-	(2,235)	25,506
Change in net financial assets	3,140,440	1,419,075	143,914
Net financial assets, beginning of year	4,957,632	4,957,632	4,813,718
Net financial assets, end of year	\$ 8,098,072	\$ 6,376,707	\$ 4,957,632

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, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 3,252,284	\$ 981,069
Items not involving cash:		
Amortization of tangible capital assets	837,007	811,214
Loss on disposal of tangible capital assets	17,366	21,201
Change in solid waste management liabilities	(36,000)	(7,000)
	4,070,657	1,806,484
Change in non-cash assets and liabilities:		
Increase in taxes receivable	(77,721)	(21,664)
Decrease (increase) in user charges receivable	(48,318)	9,438
Increase in accounts receivable	(361,819)	(264,247)
Increase in accrued interest receivable	(15,507)	(1,405)
Decrease (increase) in inventory and prepaids	(2,235)	25,506
Increase (decrease) in accounts payable and accrued liabilities	(324,673)	91,491
Decrease (increase) in investment of government business enterprises	(50,789)	50,424
Increase (decrease) in deferred revenue	(126,491)	57,433
Net change in cash from operating activities	3,063,104	1,753,460
Capital activities:		
Acquisition of tangible capital assets	(2,685,347)	(1,695,076)
Net change in cash from capital activities	(2,685,347)	(1,695,076)
Financing activities:		
Principal repayment on long-term liabilities	(252,883)	(160,981)
Net change in cash from financing activities	(252,883)	(160,981)
Investing activities:		
Decrease (increase) in investments	491,264	(495,592)
Net change in cash from investing activities	491,264	(495,592)
Increase (decrease) in cash	616,138	(598,189)
Cash, beginning of year	362,768	960,957
Cash, end of year	\$ 978,906	\$ 362,768

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, 2017

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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 in government business enterprise account. Any dividends that the Township may receive from the government business enterprises will be reflected as reductions in the investment asset account.

(iii) Joint Local Boards

These consolidated financial statements reflect contributions to the following joint local boards, which are not under the direct control of council as expense in the consolidated statement of operations and accumulated surplus:

Sudbury & District Health Unit

Manitoulin-Sudbury District Social Services Administration Board

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Notes to Consolidated Financial Statements

Year ended December 31, 2017

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### 1. Significant accounting policies (continued):

(a) Reporting equity (continued):

(iv) Accounting for school board transactions:

The Township collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the consolidated financial statements.

(v) Trust funds:

Trust funds and their related operations administered by the Township are not included in the consolidated financial statements but are reported separately.

(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.

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Notes to Consolidated Financial Statements

Year ended December 31, 2017

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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.

Any amount received but restricted is recorded as a defined revenue in accordance with Section 3100 of the Public Sector Accounting Handbook and recognized as revenue in the period the resources are used for the purposes specified.

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 taxes, accounts 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:

Tangible capital and other non-financial assets are accounted for as assets by the Township because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Township unless they are sold.

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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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

Year ended December 31, 2017

### 2. Contributions to unconsolidated joint boards:

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

	2017	2016
Sudbury & District Health Unit	\$ 82,958	\$ 83,120
Manitoulin-Sudbury District Social Services Administration Board	185,224	179,881
Chapleau Economic Development Corporation	–	101,500
	<u>\$ 268,182</u>	<u>\$ 364,501</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 \$4,108,317 (2016 - \$4,599,581) reported on the consolidated statement of financial position at cost have a market value of \$4,121,973 (2016 - \$4,587,667).

### 4. Accounts receivable:

Accounts receivable consist of the following:

	2017	2016
Trade and miscellaneous	\$ 115,219	\$ 79,405
Government of Canada	302,048	370,410
Province of Ontario	649,544	255,177
	<u>\$ 1,066,811</u>	<u>\$ 704,992</u>

### 5. 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 \$107,266 (2016 - \$101,256).

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Notes to Consolidated Financial Statements

Year ended December 31, 2017

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### 6. 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 (2016 - \$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.

### 7. Long-term liabilities:

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

	2017	2016
NOHFC (i)	\$ 498,750	\$ 570,000
Infrastructure Ontario debenture (ii)	1,733,192	1,914,825
	<u>\$ 2,231,942</u>	<u>\$ 2,484,825</u>

- (i) NOHFC loan bears no interest and is due December, 2020. Principal payments are made annually on the facility in the amount of \$71,250.
- (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 semi-annual blended payments of principal and interest in the amount of \$113,446.
- (b) Of the long-term liabilities reported in (a) of this note, principal payments are payable as follows:

2018	\$ 257,305
2019	261,835
2020	266,475
2021	271,228
2022	276,097
Thereafter	899,002

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# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Notes to Consolidated Financial Statements

Year ended December 31, 2017

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### **8. 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 3% (2016 - 3%). The estimated total landfill closure and post-closure care expenditures are calculated to be \$282,000 (2016 - \$318,000). 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.

### **9. 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 \$252,085 (2016 - \$247,627) for the water system and \$97,714 (2016 - \$95,987) for the sewer system.



# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Notes to Consolidated Financial Statements

Year ended December 31, 2017

### 10. 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, 2017:

	PUC	ESC	2017 Total	2016 Total
Financial Position:				
Current assets	\$ 1,387,443	611,583	1,999,026	1,967,116
Capital assets	1,079,634	104,610	1,184,244	1,223,983
Regulatory assets	1,352,488	–	1,352,488	1,287,797
<b>Total assets</b>	<b>3,819,565</b>	<b>716,193</b>	<b>4,535,758</b>	<b>4,478,896</b>
Current liabilities	515,974	193,399	709,373	671,047
Other long-term liabilities	–	–	–	–
<b>Total liabilities</b>	<b>515,974</b>	<b>193,399</b>	<b>709,373</b>	<b>671,047</b>
<b>Net assets</b>	<b>\$ 3,303,591</b>	<b>522,794</b>	<b>3,826,385</b>	<b>3,807,849</b>
Results of operations:				
Revenues	\$ 3,470,294	99,585	3,569,879	4,135,648
Operating expenses	3,445,158	73,932	3,519,090	4,186,072
<b>Net income (loss)</b>	<b>\$ 25,136</b>	<b>25,653</b>	<b>50,789</b>	<b>(50,424)</b>

(b) The investment at December 31, 2017 consists of the following:

	PUC	ESC	2017 Total	2016 Total
Balance, beginning of year	\$ 2,059,104	497,140	2,556,244	2,606,668
Township's share of operating income (loss) for the year (10(a))	25,136	25,653	50,789	(50,424)
<b>Balance, end of year</b>	<b>\$ 2,084,240</b>	<b>522,793</b>	<b>2,607,033</b>	<b>2,556,244</b>

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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## 11. Budget figures:

The budget was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). As a result the budgeted figures presented in the consolidated statement of operations and accumulated surplus requires the following adjustments:

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Approved budget:	
Annual deficit per approved budget:	\$ 896,309
Add:	
Principal payments on long term debt	250,711
Purchase of tangible capital assets	3,086,534
Less:	
Amortization	(827,359)
Net reserve transfers	(265,755)
<hr/>	
Budget surplus per consolidated financial statements	<hr/> \$ 3,140,440 <hr/>

## 12. Public sector salary disclosure:

During 2017, 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

Year ended December 31, 2017

### 13. Accumulated surplus:

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

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 22,624,347	\$ 19,940,491
Invested in Government business enterprises	2,607,033	2,556,244
Operations	646,743	657,395
Unfunded:		
Employee benefit obligations	(15,000)	(15,000)
Landfill closure and post-closure costs	(282,000)	(318,000)
Total surplus	25,581,123	22,821,130
Reserves set aside by Council for:		
Working funds	327,781	327,781
Road construction	10,326	10,326
Capital	48,979	48,979
Planning	29,462	29,462
Recreation Centre	9,407	9,407
	425,955	425,955
Reserve funds set aside for specific purpose by Council:		
Building maintenance:		
Civic Centre	387,779	432,018
Water Treatment Plant	220,176	211,096
Sewage Treatment Plant	172,706	167,469
Recreation Centre	91,667	90,437
Public Works equipment	270,929	153,103
Capital expenditures:		
Fire	377,800	354,276
Sanitary sewers	137,641	107,954
Waterworks	1,301,217	1,133,812
Library	32,728	32,728
Airport	156,921	144,135
Transit	260,454	237,897
Landfill site	998,109	893,157
Sick leave	30,226	29,653
G.E. Young Memorial	8,356	8,198
Refuse collection	208,406	166,891
Total reserves	4,655,115	4,162,824
	\$ 30,662,193	\$ 27,409,909

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2017

## 14. Tangible capital assets:

Cost	Balance at December 31, 2016	Additions	Disposals	Transfers	Balance at December 31, 2017
Land	\$ 113,279	-	-	-	113,279
Buildings	4,814,529	89,059	(10,549)	66,381	4,959,420
Bridges and culverts	2,646,465	-	-	-	2,646,465
Vehicles	1,598,507	-	-	-	1,598,507
Machinery and equipment	2,211,266	930,126	-	789,735	3,931,127
Water and sewer	13,802,319	643,136	(22,907)	541,439	14,963,987
Roads	12,969,330	906,210	(89,256)	-	13,786,284
Construction in progress	1,526,140	116,816	-	(1,397,555)	245,401
<b>Total</b>	<b>\$ 39,681,835</b>	<b>2,685,347</b>	<b>(122,712)</b>	<b>-</b>	<b>42,244,470</b>

  

Accumulated Amortization	Balance at December 31, 2016	Disposals	Amortization	Balance at December 31, 2017
Land	\$ -	-	-	-
Buildings	2,452,886	(7,416)	92,525	2,537,995
Bridges and culverts	1,268,901	-	41,272	1,310,173
Vehicles	865,748	-	73,681	939,429
Machinery and equipment	1,538,344	-	118,823	1,657,167
Water and sewer	4,635,480	(97,930)	267,020	4,804,570
Roads	6,495,160	-	243,686	6,738,846
Construction in progress	-	-	-	-
<b>Total</b>	<b>\$ 17,256,519</b>	<b>(105,346)</b>	<b>837,007</b>	<b>17,988,180</b>

  

	Net book value, December 31, 2016	Net book value, December 31, 2017
Land	\$ 113,279	113,279
Buildings	2,361,643	2,421,425
Bridges and culverts	1,377,564	1,336,292
Vehicles	732,759	659,078
Machinery and equipment	672,922	2,273,960
Water and sewer	9,166,839	10,159,417
Roads	6,474,170	7,047,438
Construction in progress	1,526,140	245,401
<b>Total</b>	<b>\$ 22,425,316</b>	<b>24,256,290</b>

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2017

## 14. Tangible capital assets (continued):

Cost	Balance at December 31, 2015	Additions	Disposals	Transfers	Balance at December 31, 2016
Land	\$ 113,279	-	-	-	113,279
Buildings	4,813,417	9,862	(8,750)	-	4,814,529
Bridges and culverts	2,364,262	317,783	(47,953)	12,373	2,646,465
Vehicles	1,598,507	-	-	-	1,598,507
Machinery and equipment	2,139,968	71,298	-	-	2,211,266
Water and sewer	13,773,888	31,613	(3,182)	-	13,802,319
Roads	12,969,330	-	-	-	12,969,330
Construction in progress	273,994	1,264,519	-	(12,373)	1,526,140
<b>Total</b>	<b>\$ 38,046,645</b>	<b>1,695,075</b>	<b>(59,885)</b>	<b>-</b>	<b>39,681,835</b>

Accumulated Amortization	Balance at December 31, 2015	Disposals	Amortization	Balance at December 31, 2016
Land	\$ -	-	-	-
Buildings	2,366,599	(8,750)	95,037	2,452,886
Bridges and culverts	1,258,354	(26,753)	37,300	1,268,901
Vehicles	778,064	-	87,684	865,748
Machinery and equipment	1,439,757	-	98,587	1,538,344
Water and sewer	4,380,863	(3,182)	257,799	4,635,480
Roads	6,260,353	-	234,807	6,495,160
Construction in progress	-	-	-	-
<b>Total</b>	<b>\$ 16,483,990</b>	<b>(38,685)</b>	<b>811,214</b>	<b>17,256,519</b>

	Net book value, December 31, 2015	Net book value, December 31, 2016
Land	\$ 113,279	113,279
Buildings	2,446,818	2,361,643
Bridges and culverts	1,105,908	1,377,564
Vehicles	820,443	732,759
Machinery and equipment	700,211	672,922
Water and sewer	9,393,025	9,166,839
Roads	6,708,977	6,474,170
Construction in progress	273,994	1,526,140
<b>Total</b>	<b>\$ 21,562,655</b>	<b>22,425,316</b>

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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## 14. Tangible capital assets (continued):

### a) Assets under construction:

Assets under construction having a value of \$245,401 (2016 - \$1,526,141) 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 (2016 - \$Nil).

## 15. Segmented information:

The Township 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:

### General Government

The departments within 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.

### Protection Services

Protection is comprised of police, fire, protective services 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. The fire protection includes detection and extinguishment of fires. Inspection and control includes building inspection, by-law enforcement and dog control services.

### Transportation Services

The transportation department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, bridges and culverts as well as winter control and street lighting.

### Environmental Services

The environmental department includes the management and maintenance of the landfill site, transfer stations, and the waste collection system that serves the municipality.

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2017

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## 15. Segmented information (continued):

### Health Services

The Township offers a range of public health services through the Sudbury and District Health Unit.

### 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.

### Recreation and Cultural Services

The Department is responsible for providing, 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.

### Planning and Development

The planning department provides a diverse bundle of services. It manages development for business interests, environmental concerns, heritage matters and neighborhoods through planning and community development activities. 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 revenue and expenditures included both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocations methodologies are employed in the preparation of segmented financial information.

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

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Note 15 - Segmented Information (continued)

Year ended December 31, 2017

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total 2017
Revenues:									
Property taxation	\$ 366,030	385,779	581,234	617,868	97,076	55,026	343,165	33,043	2,479,221
User charges	15,638	43,033	268,161	1,514,895	15,388	9,820	109,261	-	1,976,196
Government of Canada grants	-	-	518,651	-	-	-	-	-	518,651
Province of Ontario grants	315,157	217,464	327,643	2,616,908	54,722	62,337	219,668	18,627	3,832,526
Investment income	72,120	-	-	-	-	-	-	-	72,120
Government business enterprise	50,789	-	-	-	-	-	-	-	50,789
Licenses and permits	23,361	-	-	-	-	-	-	-	23,361
Fines and penalties	-	30,524	-	-	-	-	-	-	30,524
Penalties and interest on taxes and user fees	139,364	-	-	-	-	-	-	-	139,364
Other	106,958	-	-	-	-	-	-	-	106,958
	1,089,417	676,800	1,695,689	4,749,671	167,186	127,183	672,094	51,670	9,229,710
Expenses:									
Salaries, wages and benefits	531,665	191,708	440,009	301,792	19,672	1,625	352,797	26,817	1,866,085
Materials	316,345	183,021	569,583	482,287	15,816	53,897	396,528	52,851	2,070,328
Contracted services	-	530,435	-	379,576	-	-	-	-	910,011
External agencies	-	-	25,666	9,797	198,056	70,124	-	-	303,643
Amortization of tangible capital assets	34,490	24,954	366,104	316,233	507	7,022	78,049	-	827,359
	882,500	930,118	1,401,362	1,489,685	234,051	132,668	827,374	79,668	5,977,426
	\$ 206,917	(253,318)	294,327	3,259,986	(66,865)	(5,485)	(155,280)	(27,998)	3,252,284



# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Note 15 - Segmented Information (continued)

Year ended December 31, 2017

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total 2016
Revenues:									
Property taxation	\$ 281,092	325,829	552,185	665,543	83,527	47,706	319,906	117,165	2,392,953
User charges	15,753	36,309	302,037	1,409,298	14,370	10,662	116,112	-	1,904,541
Government of Canada grants	-	-	531,540	-	-	-	-	-	531,540
Province of Ontario grants	255,866	186,024	315,257	1,172,218	47,688	71,585	198,975	66,892	2,314,505
Investment income	21,201	-	-	-	-	-	-	-	21,201
Government business enterprise	(50,424)	-	-	-	-	-	-	-	(50,424)
Licenses and permits	26,148	-	-	-	-	-	-	-	26,148
Fines and penalties	-	26,383	-	-	-	-	-	-	26,383
Penalties and interest on taxes and user fees	129,921	-	-	-	-	-	-	-	129,921
Other	71,584	-	-	-	-	-	-	-	71,584
	751,141	574,545	1,701,019	3,247,059	145,585	129,953	634,993	184,057	7,368,352
Expenses:									
Salaries, wages and benefits	467,857	172,981	443,618	282,204	16,881	1,381	359,070	91,674	1,835,666
Materials	240,181	68,680	664,108	720,109	11,424	50,043	432,494	221,062	2,408,101
Contracted services	-	603,089	-	442,494	-	-	-	-	1,045,583
External agencies	-	-	13,448	10,266	194,113	68,892	-	-	286,719
Amortization of tangible capital assets	42,258	24,954	352,721	321,398	532	7,021	62,330	-	811,214
	750,296	869,704	1,473,895	1,776,471	222,950	127,337	853,894	312,736	6,387,283
	\$ 845	(295,159)	227,124	1,470,588	(77,365)	2,616	(218,901)	(128,679)	981,069