

Consolidated Financial Statements of

**CORPORATION OF THE  
TOWNSHIP OF CHAPLEAU**

Year ended December 31, 2009

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Consolidated Financial Statements Index

Year ended December 31, 2009

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## AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of the **Corporation of the Township of Chapleau** as at December 31, 2009 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended. These financial statements are the responsibility of the Township's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2009 and the results of its operations and changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Sudbury, Canada

April 9, 2010

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Consolidated Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008
		(Restated - note 2)
<b>Financial assets:</b>		
Cash	\$ 573,711	\$ 1,201,162
Investments (note 4)	2,978,376	2,418,056
Taxes receivable	203,823	147,847
User charges receivable	119,917	110,999
Accounts receivable (note 5)	552,268	188,981
Accrued interest receivable	23,235	38,077
Investments in government business enterprises (note 12)	2,262,860	2,119,216
	<u>6,714,190</u>	<u>6,224,338</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities (note 6)	822,820	828,149
Other current liabilities	3,653	3,340
Vested sick leave benefits (note 8)	15,000	15,000
Long-term liabilities (note 9)	1,817,927	999,828
Solid waste management liabilities (note 10)	1,269,000	1,347,000
	<u>3,928,400</u>	<u>3,193,317</u>
Net financial assets	2,785,790	3,031,021
<b>Non-financial assets:</b>		
Tangible capital assets (note 16)	19,742,816	17,490,215
Inventory and prepaids	47,560	82,386
	<u>19,790,376</u>	<u>17,572,601</u>
Commitment (note 11)		
Accumulated surplus (note 15)	\$ 22,576,166	\$ 20,603,622

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

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Consolidated Statement of Operations

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008 (Restated - note 2)
<b>Revenues:</b>		
Property taxation	\$ 1,876,491	\$ 1,837,862
User charges	1,589,800	1,453,955
Government of Canada grants	1,092,073	113,503
Province of Ontario grants	2,823,747	3,415,160
Investment income	100,389	180,593
Licences and permits	9,170	13,047
Fines and penalties	470	325
Penalties and interest on taxes	39,477	66,480
Government business enterprise (note 12)	143,644	39,663
Donations	-	157,000
Other	15,737	17,916
<b>Total revenue</b>	<b>7,690,998</b>	<b>7,295,504</b>
<b>Expenses:</b>		
Current operations:		
General government	651,176	654,343
Protection to persons and property	978,428	924,559
Transportation services	1,540,023	1,407,572
Environmental services	868,682	716,689
Health services	277,850	287,860
Social and family services	252,368	214,943
Recreational and cultural services	710,412	609,955
Planning and development	439,515	199,294
<b>Total expenses</b>	<b>5,718,454</b>	<b>5,015,215</b>
<b>Annual surplus</b>	<b>1,972,544</b>	<b>2,280,289</b>
Accumulated surplus, beginning of the year	20,603,622	18,323,333
<b>Accumulated surplus, end of year (note 15)</b>	<b>\$ 22,576,166</b>	<b>\$ 20,603,622</b>

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

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Consolidated Statement of Change in Net Financial Assets

December 31, 2009, with comparative figures for 2008

	2009	2008
Annual surplus	\$ 1,972,544	\$ 2,280,289
Acquisition of tangible capital assets	(2,824,576)	(1,954,792)
Amortization of tangible capital assets	563,141	547,934
Loss on disposal of tangible capital assets	8,834	-
	(280,057)	873,431
Acquisition of inventory and prepaids	34,826	(23,537)
<b>Change in net financial assets</b>	<b>(245,231)</b>	<b>849,894</b>
Net financial assets, beginning of the year	3,031,021	2,181,127
<b>Net financial assets, end of the year</b>	<b>\$ 2,785,790</b>	<b>\$ 3,031,021</b>

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

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Consolidated Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008 (Restated - note 2)
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,972,544	\$ 2,280,289
Items not involving cash:		
Amortization of tangible capital assets	563,141	547,934
Loss on disposal of tangible capital assets	8,834	-
	<u>2,544,519</u>	<u>2,828,223</u>
Change in non-cash assets and liabilities:		
Taxes receivable	(55,976)	(34,133)
User charges receivable	(8,918)	52,935
Accounts receivable	(363,287)	179,102
Accrued interest receivable	14,842	(7,573)
Inventory and prepaids	34,826	(23,537)
Accounts payable and accrued liabilities	(5,329)	273,064
Other current liabilities	313	(7,257)
Solid waste management liabilities	(78,000)	(314,000)
Net change in cash from operating activities	<u>2,082,990</u>	<u>2,946,824</u>
Investing activities:		
Increase in investments	(560,320)	(349,999)
Increase in investments in government business enterprises	(143,644)	(39,663)
Net change in financing activities	<u>(703,964)</u>	<u>(389,662)</u>
Financing activities:		
Principal repayments on external financing	(125,606)	(150,441)
Debt incurred	943,705	-
Net change in financing activities	<u>818,099</u>	<u>(150,441)</u>
Capital activities:		
Cash used to acquire tangible capital assets	(2,824,576)	(1,954,792)
Net change in cash from capital activities	<u>(2,824,576)</u>	<u>(1,954,792)</u>
<b>Net change in cash</b>	<b>(627,451)</b>	<b>451,929</b>
Cash, beginning of year	1,201,162	749,233
<b>Cash, end of year</b>	<b>\$ 573,711</b>	<b>\$ 1,201,162</b>

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

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2009

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## 1. Significant accounting policies:

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

(a) Reporting entity:

(i) Consolidated entities:

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

Chapleau Public Library Board

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

(ii) Investment in government business enterprises:

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

(iii) Non-consolidated entities:

The following joint local boards are not consolidated:

Sudbury & District Health Unit

Manitoulin-Sudbury District Social Services Administration Board

(iv) Accounting for school board transactions:

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the fund balances of these consolidated financial statements. Overlevies (underlevies) are reported on the Consolidated Statement of Financial Position as other current liabilities (other current assets).



# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2009

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## 1. Significant accounting policies (continued):

(v) Trust funds:

Trust funds and their related operations administered by the Township are not consolidated, but are reported separately. These funds amounted to \$163,731 (2008 - \$155,840).

(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).

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2009

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## 1. Significant accounting policies (continued):

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

#### (vi) Revenue recognition:

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

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

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

#### (vii) Use of estimates:

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

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

Actual results could differ from these estimates.

### (c) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2009

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## 1. Significant accounting policies (continued):

(d) (i) Tangible capital assets:

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

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

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

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

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

(iii) Natural resources:

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

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

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

(v) Interest capitalization:

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

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2009

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## 2. Change in accounting policies:

The Township has implemented Public Sector Accounting Board ("PSAB") sections 1200 Financial Statement Presentation and 3150 Tangible Capital Assets. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The Township applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, the appropriate indices, Non-Residential Building Construction Pricing Index (NRBCPI) or Consumer Price Index (CPI) were used as a resource in order to deflate the replacement or reproduction cost to an estimated historical cost at the year of acquisition.

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

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### Accumulated surplus at January 1, 2008:

Operating fund balance	\$ 189,454
Capital fund balance	-
Reserves	449,713
Reserve funds	2,347,526
Investments in government business enterprises	2,079,553
Amounts to be recovered	(2,826,270)
Accumulated surplus, as previously reported	2,239,976
Net book value of tangible capital assets recorded	16,083,357
Accumulated surplus, as restated	\$ 18,323,333

### Annual surplus for 2008:

Net revenues, as previously reported	\$ 871,254
Assets capitalized but previously expensed	1,954,792
Amortization expense not previously recorded	(547,934)
Other transfers	2,177
Annual surplus, as restated	\$ 2,280,289

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# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2009

### 3. Contributions to unconsolidated joint boards:

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

	2009	2008
Sudbury & District Health Unit	\$ 80,760	78,072
Manitoulin-Sudbury District Social Services Administration Board	260,381	307,930
	\$ 341,141	386,002

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.

### 4. Investments:

The total investments of \$2,978,376 (2008 - \$2,418,056) reported on the Consolidated Statement of Financial Position at cost have a market value of \$2,920,347 (2008 - \$2,416,965).

### 5. Accounts receivable:

Accounts receivable consist of the following:

	2009	2008
Trade and miscellaneous	\$ 70,679	89,468
Government of Canada	227,617	66,580
Province of Ontario	253,972	32,933
	\$ 552,268	188,981

### 6. Accounts payable and accrued liabilities:

Accounts payable consist of the following:

	2009	2008
Trade and miscellaneous	\$ 671,306	590,096
Province of Ontario	135,416	238,053
Government of Canada	16,098	-
	\$ 822,820	828,149

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2009

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## 7. Pension agreements:

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employee plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The contribution required on account of current service for 2009 of \$56,100 (2008 - \$64,011) is included in the current fund expenses.

## 8. 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 (2008 - \$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.

## 9. Long-term liabilities:

(a) The balance of long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2009	2008
NOHFC (i)	\$ 712,500	783,750
Equipment loans (ii)	161,722	216,078
Infrastructure Ontario debenture (iii)	943,705	-
	<u>\$ 1,817,927</u>	<u>999,828</u>

- (i) Loan bears no interest and is due December, 2019.
- (ii) Loan bears interest at prime less 0.5% and is due May, 2014. Loan is secured by the related asset and a general security agreement over the assets of the Township.
- (iii) Debenture bears interest at 2.72% and is due December, 2014.

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2009

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## 9. 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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2010	\$ 286,549
2011	291,442
2012	296,469
2013	301,634
2014	285,583
2015 and thereafter	356,250

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## 10. Solid waste management liabilities:

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

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

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

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the Province of Ontario's average long-term borrowing rate of 5%. The estimated total landfill closure and post-closure care expenses are calculated to be \$1,269,000 (2008 - 1,347,000). The estimated liability for these expenses is recognized as the landfill site's capacity is used. The period for post-closure care is estimated to be twenty-five years.

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Notes to Consolidated Financial Statements

Year ended December 31, 2009

### 11. 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 \$219,771 (2008 - \$215,251) for the water system and \$84,487 (2008 - \$82,749) for the sewer system.

### 12. 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, 2009:

	PUC	ESC	2009 Total	2008 Total
Financial Position:				
Current assets	\$ 1,110,324	539,819	1,650,143	1,915,849
Capital assets	840,520	141,249	981,769	1,028,844
Regulatory assets	545,646	-	545,646	220,249
Total assets	1,950,844	681,068	3,177,558	3,164,942
Current liabilities	457,737	91,401	549,138	587,041
Loans and mortgages payable to the Township	-	-	-	1,442,442
Other long-term liabilities	394,962	-	394,962	488,087
Total liabilities	852,699	91,401	944,100	2,517,570
Net assets	\$ 1,098,145	589,667	2,233,458	647,372
Results of operations:				
Revenues	\$ 2,868,850	100,153	2,969,003	2,775,968
Operating expenses	2,727,071	98,288	2,825,359	2,736,305
Net income (loss)	\$ 141,779	1,865	143,644	39,663

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

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



# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2009

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

(b) The investment at December 31, 2008 consists of the following:

	PUC	ESC	2009 Total	2008 Total
Balance, beginning of year	\$ 1,537,927	581,289	2,119,216	2,079,553
Township's share of operating income (loss) for the year (11(a))	141,779	1,865	143,644	39,663
Balance, end of year	\$ 1,679,706	583,154	2,262,860	2,119,216

## 13. Budget figures:

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

## 14. Public sector salary disclosure:

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

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2009

## 15. Accumulated surplus:

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

	2009	2008
Surplus:		
Invested in tangible capital assets	\$ 17,924,889	\$ 16,490,387
Investments in government business enterprises	2,262,860	2,119,216
Other	82,702	173,786
Unfunded:		
Landfill closure costs	(1,269,000)	(1,347,000)
Employee benefits	(15,000)	(15,000)
Total surplus	18,986,451	17,421,389
Reserves set aside by Council for:		
- Working funds	333,276	333,276
- Road construction	10,326	10,326
- Annexation study	15,755	15,755
- Capital	48,979	48,979
- Planning	48,495	73,086
	456,831	481,422
Reserve funds set aside by Council for specific purposes:		
Building maintenance		
- Civic Centre	111,781	75,899
- Water Treatment Plant	168,787	158,568
- Sewage Treatment Plant	138,431	132,114
- Recreation Centre	15,828	31,147
Public Works equipment	452,220	351,236
Capital expenditure		
- fire	141,902	127,880
- sanitary sewers	173,259	155,731
- waterworks	669,949	574,515
- library	32,728	32,728
- airport	162,906	248,363
- transit	118,587	91,925
Landfill site	706,265	648,120
Sick leave	68,473	66,315
G.E. Young Memorial	8,278	8,018
Refuse collection	163,490	127,321
	3,132,884	2,829,880
Less: Reserve funds committed to financing activities	(98,189)	(129,069)
	3,034,695	2,700,811
	\$ 22,576,166	\$ 20,603,622

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2009

## 16. Tangible capital assets:

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

Accumulated amortization	Balance			Balance at
	December 31, 2008	Disposals	Amortization expense	
	(note 2)			
Land	\$ -	\$ -	\$ -	\$ -
Vehicles	1,309,243	-	139,528	1,448,771
Bridges and culverts	1,018,344	(5,106)	33,411	1,046,649
Buildings	1,806,525	-	81,847	1,888,372
Machinery and equipment	179,395	(5,682)	11,362	185,075
Water and sewer	3,440,619	(15,510)	109,925	3,535,034
Roads	5,041,107	(56,521)	187,068	5,171,654
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 12,795,233</b>	<b>\$ (82,819)</b>	<b>\$ 563,141</b>	<b>\$ 13,275,555</b>

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

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2009

## 16. Tangible Capital Assets (continued):

Cost	Balance December 31, 2007	Additions	Disposals	Balance at December 31, 2008 (note 2)
Land	\$ 72,848	\$ 18 000	\$ -	\$ 90,848
Vehicles	2,629,457	21 030	-	2,650,487
Bridges and culverts	2,314,081	-	-	2,314,081
Buildings	4,228,561	57 134	(13,356)	4,272,339
Machinery and equipment	360,639	20 496	-	381,135
Water and sewer	8,453,090	32 568	(9,547)	8,476,111
Roads	10,294,883	-	-	10,294,883
Assets under construction	-	1805 564	-	1,805,564
<b>Total</b>	<b>\$ 28,353,559</b>	<b>\$ 1,954,792</b>	<b>\$ (22,903)</b>	<b>\$ 30,285,448</b>

Accumulated amortization	Balance December 31, 2007	Disposals	Amortization expense	Balance at December 31, 2008 (note 2)
Land	\$ -	\$ -	\$ -	\$ -
Vehicles	1166 206	-	143 037	1,309,243
Bridges and culverts	984 933	-	33 411	1,018,344
Buildings	1743 849	(13,356)	76 032	1,806,525
Machinery and equipment	165 656	-	13 739	179,395
Water and sewer	3348 436	(9,547)	101 730	3,440,619
Roads	4861 122	-	179 985	5,041,107
Assets under construction	-	-	-	-
<b>Total</b>	<b>\$ 12,270,202</b>	<b>\$ (22,903)</b>	<b>\$ 547,934</b>	<b>\$ 12,795,233</b>

	Net book value December 31, 2007	Net book value December 31, 2008 (note 2)
Land	\$ 72,848	\$ 90,848
Vehicles	1,463,251	1,341,244
Bridges and culverts	1,329,148	1,295,737
Buildings	2,484,712	2,465,814
Machinery and equipment	194,983	201,740
Water and sewer	5,104,654	5,035,492
Roads	5,433,761	5,253,776
Assets under construction	-	1,805,564
<b>Total</b>	<b>\$ 16,083,357</b>	<b>\$ 17,490,215</b>

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2009

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## 16. Tangible capital assets (continued):

### a) Assets under construction:

Assets under construction having a value of \$2,256,424 (2008 - \$1,805,564) 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 (2008 - \$157,000).

## 17. Segmented information:

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

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

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

# CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2009

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## 17. Segmented information (continued):

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

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

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

## 18. Comparative figures:

Certain of the 2008 comparative figures have been reclassified to conform with the 2009 presentation.

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Note 17 - Segmented Information (continued)

Year ended December 31, 2009, with comparative figures for 2008

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Parks and Recreation	Planning and Development	Total 2009	Total 2008
<b>Revenues:</b>										
Property taxation	\$ 213,681	321,068	505,353	285,055	91,176	82,814	233,119	144,225	1,876,491	1,837,862
User charges	35,513	43,349	262,550	1,052,113	10,427	-	177,692	8,156	1,589,800	1,453,955
Government of Canada grants	63,982	-	830,429	-	-	-	-	197,662	1,092,073	113,503
Province of Ontario grants	230,420	296,157	1,382,194	171,041	84,101	76,388	215,032	368,414	2,823,747	3,415,160
Investment income	11,113	4,246	11,294	71,266	2,199	-	271	-	100,389	180,593
Government business enterprise	143,644	-	-	-	-	-	-	-	143,644	39,663
Licenses and permits	9,170	-	-	-	-	-	-	-	9,170	13,047
Fines and penalties	470	-	-	-	-	-	-	-	470	325
Penalties and interest on taxes	39,477	-	-	-	-	-	-	-	39,477	66,480
Donations	-	-	-	-	-	-	-	-	-	157,000
Other	15,737	-	-	-	-	-	-	-	15,737	17,916
	763,207	664,820	2,991,820	1,579,475	187,903	159,202	626,114	718,457	7,690,998	7,295,504
<b>Expenses:</b>										
Salaries, wages and benefits	383,254	127,445	333,590	205,003	6,408	50,286	304,312	63,185	1,473,483	1,391,049
Materials	218,221	60,454	957,678	542,521	11,572	51,988	271,805	373,330	2,487,569	1,833,058
Contracted services	-	645,957	-	-	259,338	150,094	-	-	1,055,389	1,056,468
Rents and financial expenses	-	-	-	3,513	-	-	-	-	3,513	11,049
External agencies	14,274	-	13,675	-	-	-	95,574	3,000	126,523	175,657
Amortization of tangible capital assets	35,426	144,571	229,599	114,292	532	-	38,721	-	563,141	547,934
Loss on disposal of tangible capital assets	-	-	5,481	3,353	-	-	-	-	8,834	-
	651,176	978,428	1,540,023	868,682	277,850	252,368	710,412	439,515	5,718,454	5,015,215
<b>Net revenues</b>	\$ 112,031	(313,608)	1,451,797	710,793	(89,947)	(93,166)	(84,298)	278,942	1,972,544	2,280,289