

Consolidated Financial Statements of

**THE CORPORATION OF THE  
TOWNSHIP OF CHAPLEAU**

Year ended December 31, 2013



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

Telephone (705) 675-8500  
Fax (705) 675-7586  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of **The Corporation of the Township of Chapleau** which comprise the consolidated statement of financial position as at December 31, 2013, 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, 2013 and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Professional Accountants, Licensed Public Accountants

June 11, 2014  
Sudbury, Canada

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

The accompanying consolidated financial statements of The Corporation of the Township of Chapleau (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the 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 Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.



Chief Administrative Officer



Chief Financial Officer and Treasurer

# **THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU**

## Consolidated Financial Statements Index

Year ended December 31, 2013

---

### Consolidated Financial Statements

Management's Responsibility for the Consolidated Financial Statements

Independent Auditors' Report

Consolidated Statement of Financial Position 1

Consolidated Statement of Operations 2

Consolidated Statement of Change in Net Financial Assets 3

Consolidated Statement of Cash Flows 4

Notes to Consolidated Financial Statements 5 - 20

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

## Consolidated Statement of Financial Position

December 31, 2013, with comparative information for 2012

	2013	2012
<b>Financial assets:</b>		
Cash	\$ 712,358	\$ 1,124,036
Investments (note 3)	3,778,793	3,000,769
Taxes receivable	361,794	290,487
User charges receivable	205,859	256,121
Accounts receivable (note 4)	578,147	227,251
Accrued interest receivable	29,039	13,247
Investments in government business enterprises (note 11)	2,452,168	2,306,733
	<u>8,118,158</u>	<u>7,218,644</u>
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities (note 5)	722,756	466,480
Other current liabilities	15,366	14,839
Vested sick leave benefits (note 7)	15,000	15,000
Solid waste management liabilities (note 9)	342,000	348,000
Long-term liabilities (note 8)	856,866	1,087,225
	<u>1,951,988</u>	<u>1,931,544</u>
Net financial assets	6,166,170	5,287,100
<b>Non-financial assets:</b>		
Tangible capital assets (note 15)	19,264,372	19,072,416
Inventory and prepaids	42,111	49,553
	<u>19,306,483</u>	<u>19,121,969</u>
Commitment (note 10)		
Accumulated surplus (note 14)	<u>\$ 25,472,653</u>	<u>\$ 24,409,069</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, 2013, with comparative information for 2012

	2013 Budget	2013 Actual	2012 Actual
<b>Revenues:</b>			
Property taxation	\$ 2,153,568	\$ 2,153,157	\$ 2,100,549
User charges	1,557,747	1,636,769	2,028,274
Government of Canada grants	144,418	144,418	144,418
Province of Ontario grants	2,190,133	1,983,768	1,799,495
Investment income	16,000	65,786	69,165
Licences and permits	7,650	13,105	15,736
Fines and penalties	25,000	23,198	42,601
Penalties and interest on taxes and user charges	37,000	106,027	90,723
Government business enterprise	-	145,435	(79,139)
Other	5,000	67,734	34,541
<b>Total revenues</b>	<b>6,136,516</b>	<b>6,339,397</b>	<b>6,246,363</b>
<b>Expenses:</b>			
General government	662,815	751,432	752,661
Protection to persons and property	926,306	882,230	926,848
Transportation services	1,221,055	1,291,011	1,674,287
Environmental services	1,088,649	1,058,630	873,460
Health services	213,171	210,680	304,466
Social and family services	131,697	131,377	134,550
Recreational and cultural services	694,852	728,595	750,345
Planning and development	195,173	221,858	259,241
<b>Total expenses</b>	<b>5,133,718</b>	<b>5,275,813</b>	<b>5,675,858</b>
<b>Annual surplus</b>	<b>1,002,798</b>	<b>1,063,584</b>	<b>570,505</b>
Accumulated surplus, beginning of year	24,409,069	24,409,069	23,838,564
<b>Accumulated surplus, end of year</b>	<b>\$ 25,411,867</b>	<b>\$ 25,472,653</b>	<b>\$ 24,409,069</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, 2013, with comparative information for 2012

	2013 Budget	2013 Actual	2012 Actual
Annual surplus	\$ 1,002,798	\$ 1,063,584	\$ 570,505
Acquisition of tangible capital assets	(1,636,924)	(910,256)	(109,916)
Amortization of tangible capital assets	638,315	648,542	546,321
Gain (loss) on sale of tangible capital assets	-	28,758	(100)
Proceeds on sale of tangible capital assets	-	41,000	100
	4,189	871,628	1,006,910
Acquisition of inventory and prepaids	-	7,442	8,265
<b>Change in net financial assets</b>	<b>4,189</b>	<b>879,070</b>	<b>1,015,175</b>
Net financial assets, beginning of year	5,287,100	5,287,100	4,271,925
<b>Net financial assets, end of year</b>	<b>\$ 5,291,289</b>	<b>\$ 6,166,170</b>	<b>\$ 5,287,100</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, 2013, with comparative information for 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,063,584	\$ 570,505
Items not involving cash:		
Amortization of tangible capital assets	648,542	546,321
Gain (loss) on sale of tangible capital assets	28,758	(100)
Change in solid waste management liabilities	(6,000)	(184,000)
	1,734,884	932,726
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	(71,307)	11,844
Decrease (increase) in user charges receivable	50,263	(49,129)
Decrease (increase) in accounts receivable	(350,896)	134,999
Increase in accrued interest receivable	(15,793)	(4,026)
Decrease in inventory and prepaids	7,442	8,265
Decrease (increase) in accounts payable and accrued liabilities	256,276	(21,068)
Increase (decrease) in other current liabilities	527	(2,410)
Net change in cash from operating activities	1,611,396	1,011,201
Capital activities:		
Proceeds on sale of tangible capital assets	41,000	100
Cash used to acquire tangible capital assets	(910,256)	(109,916)
Net change in cash from capital activities	(869,256)	(109,816)
Financing activities:		
Principal repayment on long-term liabilities	(230,359)	(219,069)
Investing activities:		
Increase in investments	(778,024)	(400,376)
Increase in investments in government business enterprises	(145,435)	79,139
Net change in cash from investing activities	(923,459)	(321,237)
<b>Increase (decrease) in cash</b>	<b>(411,678)</b>	<b>361,079</b>
Cash, beginning of year	1,124,036	762,957
<b>Cash, end of year</b>	<b>\$ 712,358</b>	<b>\$ 1,124,036</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, 2013

---

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, 2013

---

## 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 \$150,690 (2012 - \$184,712).

### (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, 2013

---

## 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 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, 2013

## 1. Significant accounting policies (continued):

### (d) Tangible capital assets:

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

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

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

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

### (i) Contributions of tangible capital assets:

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

### (ii) Natural resources:

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

### (iii) Works of art and cultural and historic assets:

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

### (v) Interest capitalization:

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

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 2. Contributions to unconsolidated joint boards:

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

	2013	2012
Sudbury & District Health Unit	\$ 79,800	\$ 77,616
Manitoulin-Sudbury District Social Services Administration Board	189,616	190,946
Chapleau Economic Development Corporation	160,657	52,500
	<u>\$ 430,073</u>	<u>\$ 321,062</u>

The Township is contingently liable for its share of the accumulated deficits to the end of the year for these Boards. It is anticipated that no significant deficits will be incurred.

## 3. Investments:

The total investments of \$3,778,793 (2012 - \$3,000,769) reported on the consolidated statement of financial position at cost have a market value of \$3,778,793 (2012 - \$3,000,769).

## 4. Accounts receivable:

Accounts receivable consist of the following:

	2013	2012
Trade and miscellaneous	\$ 71,805	\$ 95,395
Government of Canada	95,507	46,809
Province of Ontario	410,835	85,047
	<u>\$ 578,147</u>	<u>\$ 227,251</u>

## 5. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2013	2012
Trade and miscellaneous	\$ 722,595	\$ 459,473
Province of Ontario	-	6,846
Government of Canada	161	161
	<u>\$ 722,756</u>	<u>\$ 466,480</u>

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 6. Pension agreements:

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

The contribution required on account of current service for 2013 of \$71,566 (2012 - \$66,156) is included in expenses.

## 7. Vested sick leave benefits:

Under the sick leave benefit plan, unionized employees can accumulate unused sick leave and these employees may become entitled to a cash payment when they leave the Township's employment.

The liability for these accumulated sick days, to the extent that they have vested and could be taken in cash by an employee on terminating, amounted to \$15,000 (2012 - \$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:

	2013	2012
NOHFC (i)	\$ 641,250	\$ 641,250
Equipment loans (ii)	16,542	53,133
Infrastructure Ontario debenture (iii)	199,074	392,842
	<u>\$ 856,866</u>	<u>\$ 1,087,225</u>

- (i) 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) Loan bears interest at prime less 0.5% and is due May 2014. Loan is secured by the related asset and a general security agreement over the assets of the Township.
- (iii) Debenture bears interest at 2.72% and is due December 2014.

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

---

## 8. Long-term liabilities (continued):

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

---

2014	\$ 215,616
2015	-
2016	71,250
2017	71,250
2018 and thereafter	498,750

---

## 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% (2012 - 5%). The estimated total landfill closure and post-closure care expenditures are calculated to be \$342,000 (2012 - \$348,000). The estimated liability for these expenditures is recognized as the landfill site's capacity is used. The period for post-closure care is estimated to be twenty-five years.

## 10. Commitment:

The Ontario Clean Water Agency operates the water and sanitary sewer systems on behalf of the Township. The Township is obligated to meet all operating costs related to the systems.

Included in the Consolidated Statement of Financial Activities and Changes in Fund Balances are the charges from the Agency of \$236,099 (2012 - \$234,344) for the water system and \$90,719 (2012 - \$90,089) for the sewer system.

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 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, 2013:

	PUC	ESC	2013 Total	2012 Total
<b>Financial Position:</b>				
Current assets	\$ 1,117,795	640,925	1,758,720	\$ 1,562,287
Capital assets	1,099,466	121,892	1,221,358	1,217,573
Regulatory assets	229,386	-	229,386	325,861
<b>Total assets</b>	<b>2,446,647</b>	<b>762,817</b>	<b>3,209,464</b>	<b>3,105,721</b>
Current liabilities	442,524	161,370	603,894	496,670
Other long-term liabilities	153,402	-	153,402	302,318
<b>Total liabilities</b>	<b>595,926</b>	<b>161,370</b>	<b>757,296</b>	<b>798,988</b>
<b>Net assets</b>	<b>\$ 1,850,721</b>	<b>601,447</b>	<b>2,452,168</b>	<b>\$ 2,306,733</b>
<b>Results of operations:</b>				
Revenues	\$ 3,717,247	63,006	3,277,357	\$ 3,277,357
Operating expenses	3,560,316	74,502	3,356,496	3,356,496
<b>Net income (loss)</b>	<b>\$ 156,931</b>	<b>(11,496)</b>	<b>(79,139)</b>	<b>\$ (79,139)</b>

(b) The investment at December 31, 2013 consists of the following:

	PUC	ESC	2013 Total	2012 Total
Balance, beginning of year	\$ 1,693,790	612,943	2,306,733	2,385,572
Township's share of operating income (loss) for the year (11(a))	156,931	(11,496)	145,435	(79,139)
<b>Balance, end of year</b>	<b>\$ 1,850,721</b>	<b>601,447</b>	<b>2,452,168</b>	<b>2,306,433</b>



# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

---

## 12. Budget figures:

The budget data presented in these consolidated financial statements is based upon the 2013 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.

---

Approved budget	
Total expenses per budget	\$ 7,052,822
Less:	
Capital	(1,636,924)
Debt principal repayments	(253,144)
Transfers to/from reserves	(667,351)
	<hr/>
	4,495,403
Add: amortization	638,315
	<hr/>
Budget per financial statements	\$ 5,133,718

## 13. Public sector salary disclosure:

During 2013, 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, 2013

## 14. Accumulated surplus:

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

	2013	2012
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 18,407,506	\$ 17,985,191
Invested in Government business enterprises	2,452,168	2,306,733
Other	562,325	407,948
<b>Unfunded:</b>		
Landfill closure costs	(342,000)	(348,000)
Employee benefit obligations	(15,000)	(15,000)
<b>Total surplus</b>	<b>21,064,999</b>	<b>20,336,872</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	35,390	39,857
Recreation Centre	14,407	14,407
	<b>436,883</b>	<b>441,350</b>
<b>Reserves funds set aside by Council for specific purposes:</b>		
Building maintenance		
- Civic Centre	315,260	261,760
- Water Treatment Plant	181,186	190,014
- Sewage Treatment Plant	149,303	149,482
- Recreation Centre	106,847	111,175
Public Works equipment	322,893	314,020
Capital expenditure		
- fire	248,023	223,727
- sanitary sewers	431,782	388,872
- waterworks	642,212	482,251
- library	32,728	32,728
- airport	203,309	204,668
- transit	170,738	216,697
Landfill site	790,161	724,361
Sick leave	41,568	40,440
G.E. Young Memorial	8,548	8,316
Refuse collection	326,213	282,336
	<b>3,970,771</b>	<b>3,630,847</b>
<b>Less: Reserve funds committed to financing activities</b>	<b>-</b>	<b>-</b>
	<b>3,970,771</b>	<b>3,630,847</b>
	<b>\$ 25,472,653</b>	<b>\$ 24,409,069</b>

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 15. Tangible capital assets:

Cost	Balance at December 31, 2012	Additions	Disposals	Balance at December 31, 2013
Land	\$ 113,279	\$ -	\$ -	\$ 113,279
Buildings	4,656,425	-	-	4,656,425
Bridges and culverts	2,364,262	-	-	2,364,262
Vehicles	1,250,528	84,263	(80,758)	1,254,033
Machinery and equipment	2,012,456	178,394	(107,575)	2,083,275
Water and sewer	11,236,125	54,170	(13,583)	11,276,712
Roads	12,215,787	7,325	-	12,223,112
Construction in progress	-	586,104	-	586,104
<b>Total</b>	<b>\$ 33,848,862</b>	<b>\$ 910,256</b>	<b>\$ (201,916)</b>	<b>\$ 34,557,202</b>

Accumulated amortization	Balance at December 31, 2012	Disposals	Amortization expense	Balance at December 31, 2013
Buildings	\$ 2,140,712	\$ -	\$ 87,164	\$ 2,227,876
Bridges and culverts	1,154,776	-	34,526	1,189,302
Vehicles	702,606	(47,108)	60,801	716,299
Machinery and equipment	1,193,542	(71,696)	97,889	1,219,735
Water and sewer	3,875,236	(13,354)	152,739	4,014,621
Roads	5,709,574	-	215,423	5,924,997
<b>Total</b>	<b>\$ 14,776,446</b>	<b>\$ (132,158)</b>	<b>\$ 648,542</b>	<b>\$ 15,292,830</b>

	Net book value December 31, 2012	Net book value December 31, 2013
Land	\$ 113,279	\$ 113,279
Buildings	2,515,713	2,428,549
Bridges and culverts	1,209,486	1,174,960
Vehicles	547,922	537,734
Machinery and equipment	818,914	863,540
Water and sewer	7,360,889	7,262,091
Roads	6,506,213	6,298,115
Construction in progress	-	586,104
<b>Total</b>	<b>\$ 19,072,416</b>	<b>\$ 19,264,372</b>

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

## 15. Tangible capital assets (continued):

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

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

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

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

---

## 15. Tangible capital assets (continued):

### a) Assets under construction:

Assets under construction having a value of \$586,104 (2012 - \$Nil) have not been amortized. Amortization of these assets will commence when the asset is put into service.

### b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$Nil (2012 - \$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, 2013

---

## 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, 2013

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Total 2013
<b>Revenues:</b>									
Property taxation	\$ 306,674	360,054	526,886	432,047	85,982	53,617	297,353	90,544	2,153,157
User charges	18,513	45,903	301,718	1,138,791	6,677	5,554	119,613	-	1,636,769
Government of Canada grants	-	-	144,418	-	-	-	-	-	144,418
Province of Ontario grants	251,001	244,277	357,463	626,372	58,334	77,030	307,862	61,429	1,983,768
Investment income	65,786	-	-	-	-	-	-	-	65,786
Government business enterprise	145,435	-	-	-	-	-	-	-	145,435
Licences and permits	13,105	-	-	-	-	-	-	-	13,105
Fines and penalties	-	23,198	-	-	-	-	-	-	23,198
Penalties and interest on taxes and user fees	106,027	-	-	-	-	-	-	-	106,027
Other	67,734	-	-	-	-	-	-	-	67,734
	974,275	673,432	1,330,485	2,197,210	150,993	136,201	724,828	151,973	6,339,397
<b>Expenses:</b>									
Salaries, wages and benefits	433,179	141,538	332,350	238,518	4,428	389	357,207	-	1,507,609
Materials	276,751	64,269	617,392	266,374	14,728	49,053	316,957	221,858	1,827,382
Contracted services	-	652,122	-	360,687	-	-	-	-	1,012,809
Rents and financial	-	-	6,667	3,388	-	-	-	-	10,055
External agencies	-	-	-	-	190,992	78,424	-	-	269,416
Amortization of tangible capital assets	41,502	24,301	334,602	189,663	532	3,511	54,431	-	648,542
	751,432	882,230	1,291,011	1,058,630	210,680	131,377	728,595	221,858	5,275,813
<b>Excess (deficiency) of revenues over expenses</b>	\$ 222,843	(208,798)	39,474	1,138,580	(59,687)	4,824	(3,767)	(69,885)	1,063,584

# THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Note 16 - Segmented Information (continued)

Year ended December 31, 2012

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