



Consolidated Financial Statements of

**THE CORPORATION OF THE
TOWNSHIP OF CHAPLEAU**

Year ended December 31, 2014

Management's Responsibility for the Consolidated Financial Statements

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

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Township. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.



Chief Administrative Officer



Chief Financial Officer and Treasurer



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

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of **The Corporation of the Township of Chapleau** which comprise the consolidated statement of financial position as at December 31, 2014, 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, 2014 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

September 28, 2015
Sudbury, Canada

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Consolidated Financial Statements Index

Year ended December 31, 2014

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, 2014, with comparative information for 2013

	2014	2013
Financial assets:		
Cash	\$ 815,913	\$ 712,358
Investments (note 3)	3,537,933	3,778,793
Taxes receivable	431,318	361,794
User charges receivable	241,974	205,859
Accounts receivable (note 4)	237,648	578,147
Accrued interest receivable	5,023	29,039
Investments in government business enterprises (note 11)	2,588,330	2,452,168
	<u>7,858,139</u>	<u>8,118,158</u>
Financial liabilities:		
Accounts payable and accrued liabilities (note 5)	586,658	722,756
Other current liabilities	19,469	15,366
Vested sick leave benefits (note 7)	15,000	15,000
Solid waste management liabilities (note 9)	332,000	342,000
Long-term liabilities (note 8)	641,250	856,866
	<u>1,594,377</u>	<u>1,951,988</u>
Net financial assets	6,263,762	6,166,170
Non-financial assets:		
Tangible capital assets (note 15)	19,767,898	19,264,372
Inventory and prepaids	44,070	42,112
	<u>19,811,968</u>	<u>19,306,484</u>
Commitment (note 10)		
Accumulated surplus (note 14)	<u>\$ 26,075,730</u>	<u>\$ 25,472,654</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, 2014, with comparative information for 2013

	2014 Budget (note 12)	2014 Actual	2013 Actual
Revenue:			
Property taxation	\$ 2,235,246	\$ 2,239,373	\$ 2,153,157
User charges	1,624,076	1,671,232	1,636,769
Government of Canada grants	122,539	126,398	144,418
Province of Ontario grants	2,217,646	1,917,167	1,983,768
Investment income	15,000	122,416	65,786
Licences and permits	10,412	17,878	13,105
Fines and penalties	23,000	23,636	23,198
Penalties and interest on taxes and user charges	32,000	106,527	106,027
Government business enterprises	-	136,162	145,435
Other	22,700	59,497	67,734
Total revenues	6,302,619	6,420,286	6,339,397
Expenses:			
General government	685,264	799,146	751,432
Protection to persons and property	997,887	975,980	882,230
Transportation services	1,557,962	1,506,745	1,291,010
Environmental services	1,159,583	1,192,211	1,058,630
Health services	204,810	221,920	210,680
Social and family services	125,437	132,283	131,377
Recreational and cultural services	754,586	772,781	728,595
Planning and development	220,781	216,144	221,858
Total expenses	5,706,310	5,817,210	5,275,812
Annual surplus	596,309	603,076	1,063,585
Accumulated surplus, beginning of year	25,472,653	25,472,654	24,409,069
Accumulated surplus, end of year	\$ 26,068,962	\$ 26,075,730	\$ 25,472,654

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, 2014, with comparative information for 2013

	2014 Budget (note 12)	2014 Actual	2013 Actual
Annual surplus	\$ 596,309	\$ 603,076	\$ 1,063,585
Acquisition of tangible capital assets	(1,733,180)	(1,160,379)	(910,256)
Amortization of tangible capital assets	656,852	656,852	648,542
Gain on sale of tangible capital assets	-	-	28,758
Proceeds on sale of tangible capital assets	-	-	41,000
	(480,019)	99,549	871,629
Acquisition of inventory and prepaids	-	(1,957)	7,441
Change in net financial assets	(480,019)	97,592	879,070
Net financial assets, beginning of year	6,166,170	6,166,170	5,287,100
Net financial assets, end of year	\$ 5,686,151	\$ 6,263,762	\$ 6,166,170

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, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 603,076	\$ 1,063,585
Items not involving cash:		
Amortization of tangible capital assets	656,852	648,542
Gain on sale of tangible capital assets	-	28,758
Change in solid waste management liabilities	(10,000)	(6,000)
	1,249,928	1,734,885
Change in non-cash assets and liabilities:		
Increase in taxes receivable	(69,524)	(71,307)
Decrease (increase) in user charges receivable	(36,115)	50,263
Decrease (increase) in accounts receivable	340,499	(350,896)
Decrease (increase) in accrued interest receivable	24,016	(15,793)
Decrease (increase) in inventory and prepaids	(1,958)	7,442
Decrease (increase) in accounts payable and accrued liabilities	(136,097)	256,275
Increase in other current liabilities	4,103	527
Net change in cash from operating activities	1,374,852	1,611,396
Capital activities:		
Proceeds on sale of tangible capital assets	-	41,000
Cash used to acquire tangible capital assets	(1,160,379)	(910,256)
Net change in cash from capital activities	(1,160,379)	(869,256)
Financing activities:		
Principal repayment on long-term liabilities	(215,616)	(230,359)
Investing activities:		
Increase (decrease) in investments	240,860	(778,024)
Increase in investment in government business enterprises	(136,162)	(145,435)
Net change in cash from investing activities	104,698	(923,459)
Increase (decrease) in cash	103,555	(411,678)
Cash, beginning of year	712,358	1,124,036
Cash, end of year	\$ 815,913	\$ 712,358

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, 2014

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, 2014

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 \$158,402 (2013 - \$150,690).

(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, 2014

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, 2014

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, 2014

2. Contributions to unconsolidated joint boards:

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

	2014	2013
Sudbury & District Health Unit	\$ 80,868	\$ 79,800
Manitoulin-Sudbury District Social Services Administration Board	187,952	189,616
Chapleau Economic Development Corporation	160,657	160,657
	<u>\$ 429,477</u>	<u>\$ 430,073</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 \$3,537,933 (2013 - \$3,778,793) reported on the consolidated statement of financial position at cost have a market value of \$3,564,767 (2013 - \$3,778,793).

4. Accounts receivable:

Accounts receivable consist of the following:

	2014	2013
Trade and miscellaneous	\$ 83,182	\$ 71,805
Government of Canada	101,513	95,507
Province of Ontario	52,953	410,835
	<u>\$ 237,648</u>	<u>\$ 578,147</u>

5. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2014	2013
Trade and miscellaneous	\$ 585,726	\$ 722,595
Province of Ontario	932	-
Government of Canada	-	161
	<u>\$ 586,658</u>	<u>\$ 722,756</u>

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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 2014 of \$83,279 (2013 - \$71,566) 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 (2013 - \$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:

	2014	2013
NOHFC (i)	\$ 641,250	\$ 641,250
Equipment loans (ii)	-	16,542
Infrastructure Ontario debenture (iii)	-	199,074
	<u>\$ 641,250</u>	<u>\$ 856,866</u>

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

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

8. Long-term liabilities (continued):

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

2015	\$	-
2016		71,250
2017		71,250
2018		71,250
2019		71,250
2020 and thereafter		356,250

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% (2013 - 5%). The estimated total landfill closure and post-closure care expenditures are calculated to be \$332,000 (2013 - \$342,000). 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 \$244,784 (2013 - \$236,099) for the water system and \$96,239 (2013 - \$90,719) for the sewer system.

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

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, 2014:

	PUC	ESC	2014 Total	2013 Total
Financial Position:				
Current assets	\$ 1,362,328	724,681	2,087,009	\$ 1,758,720
Capital assets	1,070,923	110,125	1,181,048	1,221,358
Regulatory assets	33,643	-	33,643	229,386
Total assets	2,466,894	834,806	3,301,700	3,209,464
Current liabilities	439,054	245,682	684,736	603,894
Other long-term liabilities	28,634	-	28,634	153,402
Total liabilities	467,688	245,682	713,370	757,296
Net assets	\$ 1,999,206	589,124	2,588,330	\$ 2,452,168
Results of operations:				
Revenues	\$ 4,486,318	58,707	4,545,025	\$ 3,277,357
Operating expenses	4,337,833	71,030	4,408,863	3,356,496
Net income (loss)	\$ 148,485	(12,323)	136,162	\$ (79,139)

(b) The investment at December 31, 2014 consists of the following:

	PUC	ESC	2014 Total	2013 Total
Balance, beginning of year	\$ 1,850,721	601,447	2,452,168	2,306,733
Township's share of operating income (loss) for the year (11(a))	148,485	(12,323)	136,162	145,435
Balance, end of year	\$ 1,999,206	589,124	2,588,330	2,452,168

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

12. Budget figures:

The budget data presented in these consolidated financial statements is based upon the 2014 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	\$ 7,738,191
Less:	
Capital	(1,733,180)
Debt principal repayments	(218,837)
Transfers to/from reserves	(736,716)
	<hr/>
	5,049,458
Add: amortization	656,852
	<hr/>
Budget per financial statements	\$ 5,706,310

13. Public sector salary disclosure:

During 2014, 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, 2014

14. Accumulated surplus:

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

	2014	2013
Surplus:		
Invested in tangible capital assets	\$ 19,126,648	\$ 18,407,506
Invested in Government business enterprises	2,306,733	2,452,168
Other	573,209	562,326
Unfunded:		
Landfill closure costs	(332,000)	(342,000)
Employee benefit obligations	(15,000)	(15,000)
Total surplus	21,659,590	21,065,000
Reserves set aside by Council for:		
- Working funds	327,781	327,781
- Road construction	10,326	10,326
- Capital	48,979	48,979
- Planning	35,390	35,390
Recreation Centre	9,407	14,407
	431,883	436,883
Reserves funds set aside by Council for specific purposes:		
Building maintenance		
- Civic Centre	344,983	315,260
- Water Treatment Plant	193,468	181,186
- Sewage Treatment Plant	157,304	149,303
- Recreation Centre	143,882	106,847
Public Works equipment	341,054	322,893
Capital expenditure		
- fire	283,091	248,023
- sanitary sewers	420,320	431,782
- waterworks	780,766	642,212
- library	32,728	32,728
- airport	206,643	203,309
- transit	195,115	170,738
Landfill site	732,904	790,161
Sick leave	43,239	41,568
G.E. Young Memorial	8,242	8,548
Refuse collection	100,518	326,213
	3,984,257	3,970,771
	\$ 26,075,730	\$ 25,472,654

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

15. Tangible capital assets:

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

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

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

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

15. Tangible capital assets (continued):

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	166,751	(107,575)	2,071,632
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
Total	\$ 33,848,862	\$ 898,613	\$ (201,916)	\$ 34,545,559

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	(83,339)	97,889	1,208,092
Water and sewer	3,875,236	(13,354)	152,739	4,014,621
Roads	5,709,574	-	215,423	5,924,997
Total	\$ 14,776,446	\$ (143,801)	\$ 648,542	\$ 15,281,187

	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	7,262,625
Roads	6,506,213	6,297,581
Assets under construction	-	586,104
Total	\$ 19,072,416	\$ 19,264,372

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2014

15. Tangible capital assets (continued):

a) Assets under construction:

Assets under construction having a value of \$1,345,544 (2013 - \$586,104) 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 (2013 - \$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, 2014

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, 2014

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

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
Revenues:									
Property taxation	\$ 306,674	360,054	526,885	432,047	85,982	53,617	297,353	90,544	2,153,156
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	67,735	-	-	-	-	-	-	-	67,735
	974,276	673,432	1,330,484	2,197,210	150,993	136,201	724,828	151,973	6,339,397
Expenses:									
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	-	-	6,666	3,388	-	-	-	-	10,054
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	1,291,010	1,058,630	210,680	131,377	728,595	221,858	5,275,812
	\$ 222,844	(208,798)	39,474	1,138,580	(59,687)	4,824	(3,767)	(69,885)	1,063,585