

Consolidated Financial Statements of

**THE CORPORATION OF THE
TOWNSHIP OF CHAPLEAU**

Year ended December 31, 2016

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

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Management's Responsibility for the Consolidated Financial Statements

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

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

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

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



Chief Administrative Officer



Chief Financial Officer and Treasurer



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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, 2016, 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, 2016 and its consolidated results of operations, its change in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

July 18, 2017

Sudbury, Canada

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Consolidated Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
Financial assets		
Cash	\$ 362,768	\$ 960,957
Investments (note 3)	4,599,581	4,103,989
Taxes receivable	436,268	414,604
User charges receivable	247,332	256,770
Accounts receivable (note 4)	704,992	440,745
Accrued interest receivable	17,708	16,303
Investments in government business enterprises (note 11)	2,556,244	2,606,668
	<u>8,924,893</u>	<u>8,800,036</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 5)	959,394	867,903
Deferred revenue	190,042	132,609
Vested sick leave benefits (note 7)	15,000	15,000
Solid waste management liabilities (note 9)	318,000	325,000
Long-term liabilities (note 8)	2,484,825	2,645,806
	<u>3,967,261</u>	<u>3,986,318</u>
Net financial assets	4,957,632	4,813,718
Non-financial assets		
Tangible capital assets (note 15)	22,425,316	21,562,655
Inventory and prepaids	26,961	52,467
	<u>22,452,277</u>	<u>21,615,122</u>
Commitment (note 10)		
Accumulated surplus (note 14)	\$ 27,409,909	\$ 26,428,840

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

On behalf of Council:

_____ Mayor

_____ Treasurer

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2016, with comparative information for 2015

	2016 Budget (note 12)	Actual 2016	Actual 2015
Revenue:			
Property taxation	\$ 2,385,683	\$ 2,392,953	\$ 2,313,129
User charges	1,819,970	1,904,541	1,861,937
Government of Canada grants	214,166	531,540	234,449
Province of Ontario grants	1,590,102	2,314,505	1,578,061
Investment income	16,000	21,201	91,931
Licenses and permits	12,790	26,148	16,085
Fines and penalties	20,000	26,383	19,607
Penalties and interest on taxes and user charges	37,000	129,921	119,957
Government business enterprises	-	(50,424)	18,338
Other	12,000	71,584	13,579
Total revenue	6,107,711	7,368,352	6,267,073
Expenses:			
General government	649,828	750,296	737,581
Protection to persons and property	1,005,028	869,704	923,147
Transportation services	1,133,430	1,473,895	1,550,575
Environmental services	1,149,165	1,776,471	1,371,171
Health services	214,413	222,950	210,087
Social and family services	119,288	127,337	132,811
Recreational and cultural services	857,213	853,894	845,554
Planning and development	334,910	312,736	143,037
Total expenses	5,463,275	6,387,283	5,913,963
Annual surplus	644,436	981,069	353,110
Accumulated surplus, beginning of year	26,428,840	26,428,840	26,075,730
Accumulated surplus, end of year	\$ 27,073,276	\$ 27,409,909	\$ 26,428,840

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, 2016, with comparative information for 2015

	2016 Budget (note 12)	Actual 2016	Actual 2015
Annual surplus	\$ 644,436	\$ 981,069	\$ 353,110
Acquisition of tangible capital assets	-	(1,695,076)	(2,597,356)
Amortization of tangible capital assets	-	811,214	765,660
Loss on disposal of tangible capital assets	-	21,201	36,939
	644,436	118,408	(1,441,647)
Acquisition of inventory and prepaids	-	25,506	(8,397)
Change in net financial assets	644,436	143,914	(1,450,044)
Net financial assets, beginning of year	4,813,718	4,813,718	6,263,762
Net financial assets, end of year	\$ 5,458,154	\$ 4,957,632	\$ 4,813,718

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, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 981,069	\$ 353,110
Items not involving cash:		
Amortization of tangible capital assets	811,214	765,660
Loss on sale of tangible capital assets	21,201	36,939
Change in solid waste management liabilities	(7,000)	(7,000)
	1,806,484	1,148,709
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	(21,664)	16,714
Decrease (increase) in user charges receivable	9,438	(14,796)
Increase in accounts receivable	(264,247)	(203,097)
Increase in accrued interest receivable	(1,405)	(11,280)
Decrease (increase) in inventory and prepaids	25,506	(8,397)
Increase in accounts payable and accrued liabilities	91,491	281,245
Decrease (increase) in investment of government business enterprises	50,424	(18,338)
Increase in deferred revenue	57,433	113,140
Net change in cash from operating activities	1,753,460	1,303,900
Capital activities:		
Cash used to acquire tangible capital assets	(1,695,076)	(2,597,356)
Net change in cash from capital activities	(1,695,076)	(2,597,356)
Financing activities:		
Principal repayment on long-term liabilities	(160,981)	-
Issuance of long-term debt	-	2,004,556
Net change in cash from financing activities	(160,981)	2,004,556
Investing activities:		
Increase in investments	(495,592)	(566,056)
Net change in cash from investing activities	(495,592)	(566,056)
Increase (decrease) in cash	(598,189)	145,044
Cash, beginning of year	960,957	815,913
Cash, end of year	\$ 362,768	\$ 960,957

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, 2016

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

Year ended December 31, 2016

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. Over levies (under levies) 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 \$169,163 (2015 - \$161,613).

(b) Basis of accounting:

(i) Accrual basis of accounting:

The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(ii) Investments:

Investments are carried at cost unless a decline in value is considered to be other than temporary, at which time the investments and deposits are written down to net realizable value. Income on investments and deposits is recognized on an accrual basis.

(iii) Reserve and Reserve Funds:

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and from reserves and reserve funds are an adjustment to the respective fund when approved.

(iv) Pensions and employee benefits:

The Township accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS"), a multi-employer public sector pension fund, as a deferred contribution plan. Vacation entitlements are accrued for as entitlements are earned. Sick leave benefits are accrued where they are vested and are subject to pay out when an employee leaves the Township's employment.

(v) Solid waste management liabilities:

Solid waste management liabilities are accounted for on the accrual basis as a charge to environmental services expenses (note 10).

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2016

1. Significant accounting policies (continued):

(b) Basis of accounting (continued):

(vi) Revenue recognition:

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

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

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

(vii) Use of estimates:

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

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

Actual results could differ from these estimates.

(c) Non-financial assets:

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

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2016

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.

(iv) Interest capitalization:

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

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2016

2. Contributions to unconsolidated joint boards:

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

	2016	2015
Sudbury & District Health Unit	\$ 83,120	\$ 81,516
Manitoulin-Sudbury District Social Services Administration Board	179,881	178,646
Chapleau Economic Development Corporation	101,500	43,227
	<u>\$ 364,501</u>	<u>\$ 303,389</u>

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

3. Investments:

The total investments of \$4,599,581 (2015 - \$4,103,989) reported on the consolidated statement of financial position at cost have a market value of \$4,587,667 (2015 - \$4,068,810).

4. Accounts receivable:

Accounts receivable consist of the following:

	2016	2015
Trade and miscellaneous	\$ 79,405	\$ 102,328
Government of Canada	370,410	191,074
Province of Ontario	255,177	147,343
	<u>\$ 704,992</u>	<u>\$ 440,745</u>

5. Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities consist of the following:

	2016	2015
Trade and miscellaneous	\$ 946,697	\$ 842,009
Province of Ontario	12,697	25,894
	<u>\$ 959,394</u>	<u>\$ 867,903</u>

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2016

6. Pension agreements:

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

The contribution required on account of current service is \$101,256 (2015 - \$92,228).

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 (2015 - \$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:

	2016	2015
NOHFC (i)	\$ 570,000	\$ 641,250
Infrastructure Ontario debenture (ii)	1,914,825	2,004,556
	<u>\$ 2,484,825</u>	<u>\$ 2,645,806</u>

- (i) NOHFC loan bears no interest and is due December, 2024. Effective December 31, 2011, the Township's obligation to make annual payments is deferred for 5 years. The remaining 9 annual principal payments in the amount of \$71,250 will commence December 31, 2016.
- (ii) The Infrastructure Ontario debenture shall bear interest at a rate of 2.4% per annum and is due on December 31, 2026. The debenture shall be paid in full by February 16, 2026 and is payable in equal semi-annual instalments of combined principal and interest for total payments of \$113,446.

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2016

8. Long-term liabilities:

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

2017	\$ 254,531
2018	258,994
2019	263,564
2020	268,247
2021	273,043
thereafter	1,166,446

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 3% (2015 - 5%). The estimated total landfill closure and post-closure care expenditures are calculated to be \$318,000 (2015 - \$325,000). The estimated liability for these expenditures is recognized as the landfill site's capacity is used. The period for post-closure care is estimated to be twenty-five years.

10. Commitment:

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

Included in the Consolidated Statement of Operations are the charges from the Agency of \$247,627 (2015 - \$247,627) for the water system and \$95,987 (2015 - \$95,987) for the sewer system.

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2016

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, 2016:

	PUC	ESC	2016 Total	2015 Total
Financial Position:				
Current assets	\$ 1,415,026	552,090	1,967,116	2,012,049
Capital assets	1,104,691	119,292	1,223,983	1,253,803
Regulatory assets	1,287,797	–	1,287,797	1,207,050
Total assets	3,807,514	671,382	4,478,896	4,472,902
Current liabilities	496,806	174,241	671,047	629,829
Other long-term liabilities	–	–	–	25,054
Total liabilities	496,806	174,241	671,047	654,883
Net assets	\$ 3,310,708	497,141	3,807,849	3,818,019
Results of operations:				
Revenues	\$ 4,093,177	42,471	4,135,648	4,031,749
Operating expenses	4,069,143	116,929	4,186,072	4,013,411
Net income (loss)	\$ 24,034	(74,458)	(50,424)	18,338

(b) The investment at December 31, 2016 consists of the following:

	PUC	ESC	2016 Total	2015 Total
Balance, beginning of year	\$ 2,035,070	571,598	2,606,668	2,588,330
Township's share of operating income (loss) for the year (11(a))	24,034	(74,458)	(50,424)	18,338
Balance, end of year	\$ 2,059,104	497,140	2,556,244	2,606,668

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2016

12. Budget figures:

The budget data presented in these consolidated financial statements is based upon the 2016 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	\$ 9,131,073
Less:	
Capital	(2,659,073)
Debt principal repayments	(211,865)
Transfers to/from reserves	(796,860)
	<hr/>
	(3,667,798)
	<hr/>
Budget per financial statements	\$ 5,463,275
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13. Public sector salary disclosure:

During 2016, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Township.

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2016

14. Accumulated surplus:

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

	2016	2015
Surplus:		
Invested in tangible capital assets	\$ 19,940,491	\$ 18,916,847
Invested in Government business enterprises	2,556,244	2,606,668
Operations	657,395	629,089
Unfunded:		
Employee benefit obligations	(318,000)	(325,000)
Landfill closure and post-closure costs	(15,000)	(15,000)
Total surplus	22,821,130	21,812,604
Reserves set aside by Council for:		
Working funds	327,781	327,781
Road construction	10,326	10,326
Capital	48,979	48,979
Planning	29,462	29,462
Recreation Centre	9,407	9,407
	425,955	425,955
Reserve funds set aside for specific purpose by Council:		
Building maintenance:		
Civic Centre	432,018	397,549
Water Treatment Plant	211,096	202,440
Sewage Treatment Plant	167,469	162,534
Recreation Centre	90,437	128,511
Public Works equipment	153,103	348,874
Capital expenditures:		
Fire	354,276	317,345
Sanitary sewers	107,954	279,833
Waterworks	1,133,812	937,867
Library	32,728	32,728
Airport	144,135	195,151
Transit	237,897	216,637
Landfill site	893,157	804,892
Sick leave	29,653	29,127
G.E. Young Memorial	8,198	8,229
Refuse collection	166,891	128,564
Total reserves	4,162,824	4,190,281
	\$ 27,409,909	\$ 26,428,840

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2016

15. Tangible capital assets:

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

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

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

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2016

15. Tangible capital assets (continued):

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

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

	Net book value, December 31, 2014	Net book value, December 31, 2015
Land	\$ 113,279	113,279
Buildings	2,365,632	2,446,818
Bridges and culverts	1,140,434	1,105,908
Vehicles	872,400	820,443
Machinery and equipment	808,488	700,211
Water and sewer	7,039,498	9,393,025
Roads	6,082,623	6,708,977
Construction in progress	1,345,544	273,994
Total	\$ 19,767,898	21,562,655

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Notes to Consolidated Financial Statements

Year ended December 31, 2016

15. Tangible capital assets (continued):

a) Assets under construction:

Assets under construction having a value of \$1,526,141 (2015 - \$273,994) 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 (2015 - \$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

Note 16 - Segmented Information (continued)

Year ended December 31, 2016

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

THE CORPORATION OF THE TOWNSHIP OF CHAPLEAU

Note 16 - Segmented Information (continued)

Year ended December 31, 2016

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