

TOWNSHIP OF FARADAY

FINANCIAL STATEMENTS

DECEMBER 31, 2019

TOWNSHIP OF FARADAY

FINANCIAL STATEMENTS

DECEMBER 31, 2019

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TOWNSHIP OF FARADAY

For The Year Ended December 31, 2019

MANAGEMENT REPORT

The accompanying financial statements of the Township of Faraday are the responsibility of management and have been approved by Council.

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Township maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted for and adequately safeguarded.

The Township's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving financial statements.

Council reviews and approves the Township's financial statements for issuance to the members of Council, inhabitants and ratepayers of the Township of Faraday. Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities and to review the financial statements and the independent auditor's report.

The financial statements have been audited by Baker Tilly KDN LLP in accordance with Canadian generally accepted auditing standards on behalf of the Township. Baker Tilly KDN LLP has full and free access to Council.

Reeve

Clerk-Treasurer

June 3, 2020

INDEPENDENT AUDITOR'S REPORT**To the Members of Council, Inhabitants and Ratepayers
of the Township of Faraday****T: (705) 742-3418**
F: (705) 742-9775**www.bakertilly.ca***Opinion*

We have audited the financial statements of the Township of Faraday (the Township), which comprise the statement of financial position as at December 31, 2019, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Township's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
June 3, 2020

TOWNSHIP OF FARADAY



STATEMENT OF FINANCIAL POSITION At December 31, 2019

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash (note 3)	5,909,720	4,609,003
Taxes receivable	240,176	302,710
Accounts receivable	197,072	342,009
Investments (note 4)	1,119,182	1,095,121
TOTAL FINANCIAL ASSETS	7,466,150	6,348,843
LIABILITIES		
Accounts payable and accrued liabilities	503,820	376,301
Landfill closure and post-closure liability (note 5)	2,880,600	2,125,000
Deferred revenue - other (note 9)	13,390	38,885
Deferred revenue - obligatory reserve funds (note 8)	315,397	130,818
TOTAL LIABILITIES	3,713,207	2,671,004
NET FINANCIAL ASSETS	3,752,943	3,677,839
NON-FINANCIAL ASSETS		
Tangible capital assets (note 10)	8,862,941	8,538,116
Prepaid expenses	68,091	58,394
Inventory	15,801	15,801
TOTAL NON-FINANCIAL ASSETS	8,946,833	8,612,311
ACCUMULATED SURPLUS (note 14)	12,699,776	12,290,150

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF FARADAY



STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
REVENUES			
Property taxation	2,508,255	2,519,509	2,452,659
User charges	106,600	118,260	104,041
Government of Canada	5,000	1,610	-
Province of Ontario	779,079	1,161,559	725,495
Other municipalities	180,700	208,984	277,627
Penalties and interest on taxes	45,000	45,934	47,880
Investment income	57,500	117,092	87,128
Gain on disposal of tangible capital assets	-	-	7,831
Other grants	40,000	-	25,681
Other	40,000	56,764	42,117
Federal gas tax earned	-	-	104,703
TOTAL REVENUES	3,762,134	4,229,712	3,875,162
EXPENSES			
General government	581,658	509,462	457,413
Protection services	815,296	787,442	759,214
Transportation services	959,057	920,615	907,287
Environmental services	679,787	682,677	858,717
Health services	22,500	20,500	20,766
Recreation and cultural services	212,228	133,912	73,363
Planning and development	17,000	9,878	767
Change in landfill closure and post-closure liability	-	755,600	(325,000)
TOTAL EXPENSES	3,287,526	3,820,086	2,752,527
ANNUAL SURPLUS	<u>474,608</u>	409,626	1,122,635
ACCUMULATED SURPLUS - beginning of year		12,290,150	11,167,515
ACCUMULATED SURPLUS - end of year		12,699,776	12,290,150

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF FARADAY



STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2019

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
ANNUAL SURPLUS	474,608	409,626	1,122,635
Amortization of tangible capital assets	576,392	665,949	576,392
Acquisition of tangible capital assets	(1,346,000)	(990,774)	(1,824,605)
Gain on disposal of tangible capital assets	-	-	(7,831)
Proceeds on sale of tangible capital assets	-	-	61,010
Change in prepaid expenses	-	(9,697)	869
Change in inventory	-	-	24,136
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(295,000)	75,104	(47,394)
NET FINANCIAL ASSETS - beginning of year	3,677,839	3,677,839	3,725,233
NET FINANCIAL ASSETS - end of year	3,382,839	3,752,943	3,677,839

The accompanying notes are an integral part of these financial statements

TOWNSHIP OF FARADAY



STATEMENT OF CASH FLOWS For the Year Ended December 31, 2019

	2019	2018
	\$	\$
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Annual surplus	409,626	1,122,635
Items not involving cash		
Amortization of tangible capital assets	665,949	576,392
Gain on disposal of tangible capital assets	-	(7,831)
Change in landfill closure and post-closure liability	755,600	(325,000)
Change in non-cash assets and liabilities		
Taxes receivable	62,534	8,416
Accounts receivable	144,937	(178,191)
Prepaid expenses	(9,697)	869
Inventory	-	24,136
Accounts payable and accrued liabilities	127,519	121,561
Deferred revenue - obligatory reserve funds	184,579	(12,450)
Deferred revenue - other	(25,495)	38,885
Net change in cash from operating activities	2,315,552	1,369,422
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	(990,774)	(1,824,605)
Proceeds on disposal of tangible capital assets	-	61,010
Net change in cash from capital activities	(990,774)	(1,763,595)
INVESTING ACTIVITIES		
Purchase of investments	(24,061)	(23,313)
NET CHANGE IN CASH	1,300,717	(417,486)
CASH - beginning of year	4,609,003	5,026,489
CASH - end of year	5,909,720	4,609,003

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2019

The Township of Faraday is a lower tier municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the standards in the Chartered Professional Accountants Canada Public Sector Accounting (PSA) Handbook. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These financial statements reflect the assets, liabilities, revenues and expenses and accumulated surplus of the Township of Faraday.

All interfund assets and liabilities and revenues and expenses are eliminated.

(b) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of tangible capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Land improvements	15 - 27 years
Buildings	20 - 50 years
Roads	5 - 100 years
Equipment	4 - 20 years
Vehicles	5 - 10 years

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

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(c) Non-financial Assets

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

(d) Reserves

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

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Recognition of Revenues and Expenses

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired and a legal liability is incurred or transfers are due.

Taxation

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act, 2001. The Township's Council establishes the tax rates annually, incorporating amounts to be raised for local services, and amounts the Township is required to collect on behalf of the County and School Boards. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessment can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are reported in the financial statements when amounts can be reasonably determined.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

Government Funding

Government funding is recognized in the financial statements as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Other revenue

User charges are recognized as revenue in the year the goods and services are provided, with the exception of building permits that are recognized when the permits are issued.

Investment income is recorded in the year in which it is earned.

(f) Use of Estimates

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Township's best information and judgment. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. The Township's significant estimates are:

- The amounts recorded for landfill closure and post-closure care depend on estimates of costs for closure, post-closure, usage, remaining life and capacity. The provision for future closure and post-closure costs also depends on estimates of such costs; and
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates.

TOWNSHIP OF FARADAY



NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2019

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2019, requisitions were made by the County of Hastings and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes	596,671	948,030
Taxation from other governments	12	1,268
Amounts requisitioned and remitted	596,683	949,298

These amounts have not been included in the Statement of Operations and Accumulated Surplus.

3. CASH

The cash balance consists of the following:

	2019 \$	2018 \$
Unrestricted	5,594,323	4,478,185
Restricted - Federal gas tax	291,180	108,823
Restricted - Parkland	24,217	21,995
	5,909,720	4,609,003

4. INVESTMENTS

Investments consist of a Money Market and Bond Fund with The One Investment Program. All investments are recorded at cost.

	Market Value 2019 \$	2019 \$	2018 \$
One Fund - bond fund	1,067,724	1,118,070	1,094,028
One Fund - money market fund	1,110	1,112	1,093
	1,068,834	1,119,182	1,095,121

5. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The estimated liability for landfill closure and post-closure costs for the landfill site is \$2,880,600 (2018 - \$2,125,000). The closure costs include final cover, vegetation and additional monitoring wells. Post-closure costs include monitoring, maintenance of control systems and consulting fees for 25 years after the site is closed. A reserve of \$325,400 (2018 - \$275,400) has been provided for this liability with the remaining costs to be funded from taxation. There are no specific assets designated for settling this liability. The Township also has a reserve of \$100,000 (2018 - \$50,000) for the reclamation of the landfill.

The reported liability is based upon estimates and assumptions with respect to events extending over the remaining life of the landfill. The remaining capacity of the landfill site is estimated at 12,303 cubic meters (2018 - 13,352) which is 12.2% (2018 - 13.3%) of the site's capacity. The remaining capacity has decreased due to additional waste material generated during the 2018 reclamation work. The total discounted future cash flows for closure and post-closure cost is estimated at \$6,565,010 (2018 - \$4,901,489) as at December 31, 2019. The landfill is expected to reach its capacity in 2026. The total discounted future cash flows for closure and post-closure costs were calculated using a discounted factor of 2.79% and an inflation rate of 1.94%.

In accordance with an agreement between the Township and the Town of Bancroft, the Township is responsible for 50% of the liability for closure and post-closure costs. Only the Township's share of the liability is recorded in these financial statements.

6. PENSION AGREEMENTS

Certain employees of the Township are eligible members of the Ontario Municipal Employees Retirement System (OMERS), a multi-employer pension plan.

The Actuarial Opinion contained in the 2019 Annual Report disclosed total actuarial liabilities of \$107,687 million in respect of benefits accrued for service with actuarial assets of \$104,290 million indicating an actuarial deficit of \$3,397 million. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

The Township's required contributions to OMERS in 2019 were \$40,656 (2018 - \$39,449).

7. CREDIT FACILITY AGREEMENT

The Township has a revolving credit facility agreement with its main financial institution. The amount available at any time is limited to \$500,000 via an operating loan. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 01-2019. At December 31, 2019 there was no balance outstanding (2018 - \$Nil).

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

8. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Chartered Professional Accountants Canada Public Sector Accounting Handbook, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as legislation and external agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are summarized below:

	2019	2018
	\$	\$
Parkland	24,217	21,995
Federal gas tax revenues	291,180	108,823
	315,397	130,818

The continuity of deferred revenue - obligatory reserve funds is as follows:

	2019	2018
	\$	\$
Balance - beginning of year	130,818	143,268
Add amounts received:		
Parkland	2,222	1,200
Federal gas tax funding received	90,129	46,757
County of Hastings share of Federal gas tax funding received	90,129	42,507
Interest	2,099	1,789
	184,579	92,253
Less transfer to operations:		
Federal gas tax funding earned	-	104,703
Balance - end of year	315,397	130,818

9. DEFERRED REVENUE - OTHER

Included in deferred revenue - other are the following amounts:

	2019	2018
	\$	\$
AMO Main Street Revitalization grant	-	38,885
Ontario Cannabis Legalization Implementation fund	13,390	-
	13,390	38,885

TOWNSHIP OF FARADAY



NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2019

9. DEFERRED REVENUE - OTHER, continued

The continuity of deferred revenue - other is as follows:

	2019	2018
	\$	\$
Balance - beginning of year	38,885	-
Add amounts received:		
AMO Main Street Revitalization grant	-	38,885
Ontario Cannabis Legalization Implementation fund	15,000	-
	15,000	38,885
Less transfer to operations:		
AMO Main Street Revitalization grant	38,885	-
Ontario Cannabis Legalization Implementation fund	1,610	-
	40,495	-
Balance - end of year	13,390	38,885

10. TANGIBLE CAPITAL ASSETS

The net book value of the Township's tangible capital assets are:

	2019	2018
	\$	\$
General		
Land	206,183	206,183
Land improvements	1,347,601	1,498,593
Buildings	325,262	346,405
Equipment	675,048	715,122
Vehicles	515,952	591,854
Infrastructure		
Roads	5,465,531	4,990,612
	8,535,577	8,348,769
Assets under construction	327,364	189,347
	8,862,941	8,538,116

For additional information, see the Schedule of Tangible Capital Assets.

During the year there were no write-downs of assets (2018 - \$Nil) and no interest capitalized (2018 - \$Nil).

TOWNSHIP OF FARADAY



NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2019

10. TANGIBLE CAPITAL ASSETS, continued

The allocation of tangible capital assets by segment is as follows:

	2019	2018
	\$	\$
General government	440,724	462,937
Protection services	320,434	363,631
Transportation services	6,461,271	5,911,136
Environmental services	1,546,976	1,698,743
Recreation and cultural services	93,536	101,669
	8,862,941	8,538,116

11. EXPENSES BY OBJECT

The expenses for the year reported on the Statement of Operations and Accumulated Surplus by object are as follows:

	Budget 2019 \$ (Unaudited)	Actual 2019 \$	Actual 2018 \$
Salaries and benefits	856,500	837,983	796,114
Materials	825,456	565,807	545,999
Contracted services	923,232	890,301	1,057,510
Rents and financial	3,950	2,753	123
External transfers	101,996	101,693	101,389
Amortization	576,392	665,949	576,392
Change in landfill closure and post-closure liability	-	755,600	(325,000)
	3,287,526	3,820,086	2,752,527

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

12. BUDGET FIGURES

The budget, approved by the Township, for 2019 is reflected on the Statement of Operations and Accumulated Surplus and the Statement of Change in Net Financial Assets. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. Budget figures have been reclassified for the purposes of these financial statements to comply with PSA reporting requirements. Budget figures are not subject to audit.

The following is a reconciliation of the Council approved budget amounts to the PSA amounts:

	(Unaudited) Revenue \$	(Unaudited) Expenses \$
Council approved budget:		
Operating and capital	4,465,234	4,465,234
Less: Tangible capital assets capitalized	-	(1,346,000)
Add: Amortization of tangible capital assets	-	576,392
Less: Transfers to/from reserves	(700,000)	(405,000)
Less: Reclassification for financial statement purposes	(3,100)	(3,100)
Adjusted budget per Statement of Operations	3,762,134	3,287,526

13. CONTINGENT LIABILITIES

The Township in the course of its operations is subject to claims, lawsuits and contingencies. The Township records settlements as liabilities in the period they are reasonably determined. Although it is possible that liabilities may arise in other instances for which no accruals have been made, the Township does not believe that such an outcome will significantly impair its operations or have a material effect on its financial position.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

14. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2019	2018
	\$	\$
Surplus/(Deficit)		
Unfunded landfill closure and post-closure liability	(2,880,600)	(2,125,000)
Invested In Capital Assets		
Tangible capital assets - net book value	8,862,941	8,538,116
Surplus	5,982,341	6,413,116
Reserves		
Working capital	570,502	570,504
Capital	4,725,766	4,040,363
Administration equipment	13,366	13,366
Roads	43,905	143,905
Tandem truck	67,100	37,100
Monck road	370,000	320,000
Fire	151,396	126,396
Landfill reclamation	100,000	50,000
Landfill closure costs	325,400	275,400
Asset management plan - roads	225,000	200,000
Asset management plan - structures	125,000	100,000
Total Reserves	6,717,435	5,877,034
	12,699,776	12,290,150

15. SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Township's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the Township's operations. The extent of the impact of this outbreak and related containment measures on the Township's operations cannot be reliably estimated at this time.

16. SEGMENTED INFORMATION

The Township of Faraday is a municipal government organization that provides a range of services to its residents. Township services are reported by function and their activities are separately disclosed in the segmented information.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes and certain unconditional government transfers are apportioned based on each segment's net requirements.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. For additional information see the Schedule of Segment Disclosure.

General Government

General government consists of the activities of Council and general financial and administrative management of the Township and its programs and services.

Protection Services

Protection services include police, fire, conservation authority and protective inspection and control.

Transportation Services

The activities of the transportation function include construction and maintenance of the Township's roads and bridges and winter control.

Environmental Services

This function is responsible for waste collection, waste disposal, and recycling.

Health Services

The health services function consists of external transfers for physician recruitment costs.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and external transfer for library services.

Planning and Development

The planning and development services function manages commercial, industrial and residential development within the Township.

TOWNSHIP OF FARADAY



SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2019

	General					Infrastructure	Assets Under Construction	Totals
	Land	Land Improvements	Buildings	Equipment	Vehicles	Roads		
	\$	\$	\$	\$	\$	\$	\$	\$
COST								
Balance, beginning of year	206,183	2,947,875	841,765	801,476	1,120,540	8,597,962	189,347	14,705,148
Add: additions during the year	-	-	-	-	-	682,605	308,169	990,774
Less: disposals during the year	-	-	-	-	-	-	-	-
Internal transfers	-	-	-	-	-	170,152	(170,152)	-
Balance, end of year	206,183	2,947,875	841,765	801,476	1,120,540	9,450,719	327,364	15,695,922
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	1,449,282	495,360	86,354	528,686	3,607,350	-	6,167,032
Add: additions during the year	-	150,992	21,143	40,074	75,902	377,838	-	665,949
Less: disposals during the year	-	-	-	-	-	-	-	-
Balance, end of year	-	1,600,274	516,503	126,428	604,588	3,985,188	-	6,832,981
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	206,183	1,347,601	325,262	675,048	515,952	5,465,531	327,364	8,862,941

TOWNSHIP OF FARADAY



SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2019

	General Government \$	Protection Services \$	Transportation Services \$	Other Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Change in landfill closure and post- closure liability \$	Consolidated \$
Revenues									
Property taxation	11,254	712,096	1,089,281	480,445	22,500	188,933	15,000	-	2,519,509
User charges	11,469	72,518	6,150	21,913	-	3,510	2,700	-	118,260
Government transfers - operating	1,067,079	-	-	-	-	5,595	-	-	1,072,674
Government transfers - capital	-	1,610	88,885	-	-	-	-	-	90,495
Other municipalities	30	51,501	8,125	149,328	-	-	-	-	208,984
Penalties and interest on taxes	45,934	-	-	-	-	-	-	-	45,934
Investment income	117,092	-	-	-	-	-	-	-	117,092
Other grants	-	-	-	56,764	-	-	-	-	56,764
Total revenues	1,252,858	837,725	1,192,441	708,450	22,500	198,038	17,700	-	4,229,712
Expenses									
Salaries and benefits	283,580	192,586	253,153	96,153	-	12,511	-	-	837,983
Materials	148,856	98,241	167,982	56,100	-	84,750	9,878	-	565,807
Contracted services	50,935	401,868	58,841	378,657	-	-	-	-	890,301
Rents and financial	2,753	-	-	-	-	-	-	-	2,753
External transfers	1,125	43,473	-	-	20,500	36,595	-	-	101,693
Amortization	22,213	51,274	440,639	151,767	-	56	-	-	665,949
Change in landfill closure and post-closure liability	-	-	-	-	-	-	-	755,600	755,600
Total expenses	509,462	787,442	920,615	682,677	20,500	133,912	9,878	755,600	3,820,086
Net surplus/(deficit)	743,396	50,283	271,826	25,773	2,000	64,126	7,822	(755,600)	409,626

TOWNSHIP OF FARADAY



SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2018

	General Government \$	Protection Services \$	Transportation Services \$	Other Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Change in landfill closure and post- closure liability \$	Consolidated \$
Revenues									
Property taxation	33,495	448,375	1,106,640	735,816	22,500	105,533	300	-	2,452,659
User charges	11,988	69,622	4,549	11,007	-	2,675	4,200	-	104,041
Government transfers - operating	441,869	228,031	-	-	-	5,595	-	-	675,495
Government transfers - capital	-	-	50,000	-	-	-	-	-	50,000
Other municipalities	-	40,565	5,000	232,062	-	-	-	-	277,627
Penalties and interest on taxes	47,880	-	-	-	-	-	-	-	47,880
Investment income	87,128	-	-	-	-	-	-	-	87,128
Gain/(loss) on disposal of TCA	-	1,010	(13,179)	20,000	-	-	-	-	7,831
Other grants	25,681	-	-	-	-	-	-	-	25,681
Other	-	-	-	42,117	-	-	-	-	42,117
Federal gas tax earned	-	-	104,703	-	-	-	-	-	104,703
Total revenues	648,041	787,603	1,257,713	1,041,002	22,500	113,803	4,500	-	3,875,162
Expenses									
Salaries and benefits	289,810	172,644	216,996	102,733	-	13,931	-	-	796,114
Materials	115,344	87,919	215,466	105,033	266	21,204	767	-	545,999
Contracted services	40,628	406,512	69,468	540,902	-	-	-	-	1,057,510
Rents and financial	123	-	-	-	-	-	-	-	123
External transfers	1,125	49,669	-	-	20,500	30,095	-	-	101,389
Amortization	10,383	42,470	405,357	110,049	-	8,133	-	-	576,392
Change in landfill closure and post-closure liability	-	-	-	-	-	-	-	(325,000)	(325,000)
Total expenses	457,413	759,214	907,287	858,717	20,766	73,363	767	(325,000)	2,752,527
Net surplus	190,628	28,389	350,426	182,285	1,734	40,440	3,733	325,000	1,122,635