

Consolidated Financial Statements of

**THE CORPORATION OF THE TOWNSHIP
OF FAUQUIER AND STRICKLAND**

Year ended December 31, 2013



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
the Corporation of the Township of Fauquier and Strickland

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

Chartered Professional Accountants, Licensed Public Accountants

July 28, 2014
Sudbury, Canada

Management's Responsibility for the Consolidated Financial Statements

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

Robert Courchesne
Clerk Treasurer Administrator

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

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Year ended December 31, 2013

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THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Consolidated Statement of Financial Position

December 31, 2013, with comparative information for 2012

	2013	2012
Financial assets:		
Cash	\$ 188,638	\$ 731,113
Taxes and user charges receivable (note 4)	40,344	32,918
Accounts receivable (note 5)	456,239	171,128
	685,221	935,159
Financial liabilities:		
Accounts payable and accrued liabilities	315,568	179,920
Deferred revenue (note 7)	249,528	300,484
Accrued post-retirement benefit obligations	63,699	73,069
Landfill closure and post-closure liability (note 8)	38,000	37,000
Long-term debt (note 9)	581,042	709,257
	1,247,837	1,299,730
Net debt	(562,616)	(364,571)
Non-financial assets:		
Tangible capital assets (note 10)	4,619,034	4,284,896
Prepaid expenses	48,902	40,866
	4,667,936	4,325,762
Commitments (note 15)		
Accumulated surplus (note 11)	\$ 4,105,320	\$ 3,961,191

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

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Consolidated Statement of Operations

Year ended December 31, 2013, with comparative information for 2012

	2013 Budget	2013 Actual	2012 Actual
	(note 12)		
Revenues:			
Taxation	\$ 874,168	\$ 872,712	\$ 859,646
User charges	226,398	116,423	115,311
Province of Ontario grants	694,122	572,486	475,051
Government of Canada grants	55,193	44,775	20,074
Investment income	5,400	3,034	11,172
Rental income	21,973	8,685	61,141
Interest and penalties	4,600	2,676	3,277
Other	40,567	69,996	42,771
Total revenues	1,922,421	1,690,787	1,588,443
Expenses:			
General government	204,880	217,247	205,645
Protection to persons and property	155,629	121,903	110,694
Transportation services	485,298	442,504	476,610
Environmental services	324,836	364,118	346,236
Health services	128,074	87,444	99,645
Social and family services	113,467	105,074	118,944
Recreation and cultural services	240,505	181,563	195,685
Planning and development	44,967	26,806	23,100
Total expenses	1,697,656	1,546,659	1,576,559
Annual surplus	224,765	144,128	11,884
Accumulated surplus, beginning of year	3,961,192	3,961,191	3,949,307
Accumulated surplus, end of year	\$ 4,185,957	\$ 4,105,319	\$ 3,961,191

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

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Consolidated Statement of Change in Net Debt

Year ended December 31, 2013, with comparative information for 2012

	2013 Budget (note 12)	2013 Actual	2012 Actual
Annual surplus	\$ 224,765	\$ 144,128	\$ 11,884
Acquisition of tangible capital assets	(633,857)	(561,218)	(238,466)
Amortization of tangible capital assets	227,081	227,080	236,049
	(182,011)	(190,010)	9,467
Use of inventories of supplies	-	-	4,585
Use (acquisition) of prepaid expense	-	(8,035)	(336)
Change in net assets (net debt)	(182,011)	(198,045)	13,716
Net debt, beginning of year	(364,570)	(364,571)	(378,287)
Net debt, end of year	\$ (546,581)	\$ (562,616)	\$ (364,571)

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

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Consolidated Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 144,128	\$ 11,884
Items not involving cash:		
Amortization of tangible capital assets	227,080	236,049
Change in post-retirement benefit obligations	(9,370)	(2,542)
Change in landfill closure and post-closure liabilities	1,000	2,000
	<u>362,838</u>	<u>247,391</u>
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes and user charges receivable	(7,426)	6,795
Decrease (increase) in accounts receivable	(285,111)	312,779
Increase in prepaid expenses	(8,036)	(336)
Decrease in inventories of supplies	-	4,585
Increase (decrease) in accounts payable and accrued liabilities	135,649	(362,595)
Increase (decrease) in obligatory reserve funds	(50,956)	28,936
Net change in cash from operating activities	<u>146,958</u>	<u>237,555</u>
Capital activities:		
Cash used to acquire tangible capital assets	(561,218)	(238,466)
Net change in cash from capital activities	<u>(561,218)</u>	<u>(238,466)</u>
Financing activities:		
Principal repayment of long-term debt	(128,215)	(124,742)
Decrease in cash	<u>(542,475)</u>	<u>(125,653)</u>
Cash, beginning of year	731,113	856,766
Cash, end of year	<u>\$ 188,638</u>	<u>\$ 731,113</u>

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

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2013

The Corporation of the Township of Fauquier and Strickland (the "Municipality") 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 Municipality 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 Municipality are as follows:

(a) Reporting entity:

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality, which includes the Public Library Board.

All inter-departmental and inter-organizational transactions and balances between these organizations are eliminated.

(b) Non-consolidated entities:

The following joint local boards are not consolidated:

The District of Cochrane Social Services Administration Board
Porcupine Health Unit

(c) Basis of accounting:

Sources of financing and expenses are reported on the 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 the receipt of goods or services and the creation of a legal obligation to pay.

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

1. Significant accounting policies (continued):

(d) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development 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
Land improvements	7 - 50
Buildings	20 - 50
Roads	7 - 75
Furniture and fixtures	5 - 10
Vehicles, machinery and equipment	10 - 25
Computer equipment	5
Water and sewer systems	50

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.

(e) Revenue recognition:

The Municipality prepares 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.

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

1. Significant accounting policies (continued):

(f) Reserves 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/or from reserves and reserve funds are an adjustment to the respective fund when approved.

(g) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles for local governments 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowances for taxes and accounts receivable, employee benefit obligations and estimating provisions for accrued liabilities and solid waste management facility liabilities. In addition, the Municipality'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 those estimates.

(h) School Boards:

The Municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.

(i) Solid waste management liabilities:

The liability for closure of operational site and post-closure care has been recognized based on estimated future expenses estimated inflation and the usage of the site's capacity during the year.

(j) Pensions and employee benefits:

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System ("OMERS") a multi-employer public sector pension fund, as a defined contribution plan. Vacation entitlements are accrued for as entitlements are earned.

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

2. Operations of School Boards:

Further to note 1(h), the taxation, other revenues and expenses relating to the school boards are comprised of the following:

	Public	Separate	2013	2012
Revenues raised and transferred to boards:				
Regular tax levy	\$ 104,420	\$ 116,328	\$ 220,748	\$ 254,174
Supplementary tax levy	8	-	8	80
	\$ 104,428	\$ 116,328	\$ 220,756	\$ 254,254

3. Contributions to Non-Consolidated Entities:

Further to note 1(b), the following contributions were made by the Municipality to these boards:

	2013	2012
The District of Cochrane Social Service Administration Board	\$ 128,882	\$ 143,852
Porcupine Health Unit	19,067	19,067
	\$ 147,949	\$ 162,919

The Municipality is contingently liable for its share of any accumulated deficit as at the end of the year for these boards.

4. Taxes and user charges receivable:

	2013	2012
Current year	\$ 27,443	\$ 13,507
Prior years	9,869	13,295
Penalties and interest	3,032	6,116
	\$ 40,344	\$ 32,918

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

5. Accounts receivables:

	2013	2012
Government of Canada	\$ 136,742	\$ 37,992
Province of Ontario	274,545	114,992
Due from local school boards	33,279	-
Other	11,673	18,144
	\$ 456,239	\$ 171,128

6. Credit facilities:

The Municipality has an authorized line of credit of \$350,000 (2012 - \$350,000) bearing interest at prime plus 0.5%. The line of credit is secured by a general assignment of the Municipality assets. As of December 31, 2013, the line of credit was not utilized.

7. Deferred revenue:

Revenues received that have been set aside for specific purposes by legislation, regulation or agreement are included in deferred revenue and reported on the Consolidated Statement of Financial Position. These revenues may only be used in the conduct of certain programs or in the completion of specific work.

A requirement of the public sector accounting standards of the Chartered Professional Accountants of Canada is that the obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation and other agreements restrict how these funds may be used and under certain circumstances these funds may possibly be refunded.

	December 31, 2012	Contributions received	Amounts taken to revenue	December 31, 2013
Deferred revenue:				
Lagoon project	\$ 196,965	\$ -	\$ 62,180	\$ 134,785
Obligatory reserve funds:				
Federal gas tax fund	103,519	34,847	23,623	114,743
	\$ 300,484	\$ 34,847	\$ 85,803	\$ 249,528

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

8. Landfill closure and post-closure liability:

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 expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at Municipality's average long-term borrowing rate of 3.50% (2012 - 3.25%). The estimated total landfill closure and post-closure care expenses are calculated to be \$73,000. The estimated liability for these expenses is recognized as the landfill site's capacity is used. At December 31, 2013 an amount of \$38,000 (2012 - \$37,000) with respect to landfill closure and post-closure liabilities has been accrued.

The estimated remaining capacity of the landfill site is 47.5% of its total estimated capacity and its estimated remaining life is approximately 9 years. The period for post-closure care is estimated to be 15 years.

9. Long-term debt:

	2013	2012
Loan payable to Caisse Populaire de Kapuskasing Limitée, bearing interest at a fixed rate of, 3.50%, payable in blended monthly payments of \$12,500, due February 2018 (Roads)	\$ 581,042	\$ 709,257

The long-term liabilities are to be recovered from general ratepayers as follows:

2014	\$ 131,898
2015	136,555
2016	141,375
2017	146,367
2018	24,847
	<u>\$ 581,042</u>

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

10. Tangible capital assets:

Cost	Balance at December 31, 2012	Transfers	Additions	Disposals	Balance at December 31, 2013
Land	\$ 4,436	\$ -	\$ -	\$ -	\$ 4,436
Land improvements	36,098	760,513	308,914	-	1,105,525
Buildings	1,492,104	-	-	-	1,492,104
Roads	2,727,374	-	-	-	2,727,374
Water and sewer systems	1,792,091	-	16,859	-	1,808,950
Computer equipment	28,583	13,122	18,277	-	59,982
Vehicles, machinery and equipment	1,410,064	-	217,168	(157,880)	1,469,352
Furniture and fixtures	52,038	-	-	-	52,038
Construction in progress	773,635	(773,635)	-	-	-
Total	\$ 8,316,423	\$ -	\$ 561,218	\$ (157,880)	\$ 8,719,761

Accumulated amortization	Balance at December 31, 2012	Disposals	Amortization expense	Balance at December 31, 2013
Land improvements	\$ 24,872	\$ -	\$ 565	\$ 25,437
Buildings	733,492	-	29,598	763,090
Roads	1,496,305	-	68,459	1,564,764
Water and sewer systems	740,528	-	35,454	775,982
Computer equipment	21,328	-	8,305	29,633
Vehicles, machinery and equipment	977,821	157,880	82,674	902,615
Furniture and fixtures	37,181	-	2,025	39,206
Total	\$ 4,031,527	\$ -	\$ 227,080	\$ 4,100,727

	Net book value December 31, 2012	Net book value December 31, 2013
Land	\$ 4,436	\$ 4,436
Land improvements	11,226	1,080,088
Buildings	758,612	729,014
Roads	1,231,069	1,162,610
Water and sewer systems	1,051,563	1,032,968
Computer equipment	7,255	30,349
Vehicles, machinery and equipment	432,243	566,737
Furniture and fixtures	14,857	12,832
Construction in progress	773,635	-
Total	\$ 4,284,896	\$ 4,619,034

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

10. Tangible capital assets (continued):

Cost	Balance at December 31, 2011	Transfers	Additions	Disposals	Balance at December 31, 2012
Land	\$ 4,436	\$ -	\$ -	\$ -	\$ 4,436
Land improvements	36,098	-	-	-	36,098
Buildings	1,448,759	-	43,345	-	1,492,104
Roads	2,727,374	-	-	-	2,727,374
Water and sewer systems	1,792,091	-	-	-	1,792,091
Computer equipment	20,328	-	8,255	-	28,583
Vehicles, machinery and equipment	1,251,027	-	159,037	-	1,410,064
Furniture and fixtures	37,331	-	14,707	-	52,038
Construction in progress	760,513	-	13,122	-	773,635
Total	\$ 8,077,957	\$ -	\$ 238,466	\$ -	\$ 8,316,423

Accumulated amortization	Balance at December 31, 2011	Disposals	Amortization expense	Balance at December 31, 2012
Land improvements	\$ 23,216	\$ -	\$ 1,656	\$ 24,872
Buildings	704,008	-	29,484	733,492
Roads	1,394,397	-	101,908	1,496,305
Water and sewer systems	705,411	-	35,117	740,528
Computer equipment	19,104	-	2,224	21,328
Vehicles, machinery and equipment	914,264	-	63,557	977,821
Furniture and fixtures	35,078	-	2,103	37,181
Total	\$ 3,795,478	\$ -	\$ 235,971	\$ 4,031,527

	Net book value December 31, 2011	Net book value December 31, 2012
Land	\$ 4,436	\$ 4,436
Land improvements	12,882	11,226
Buildings	744,751	758,612
Roads	1,332,977	1,231,069
Water and sewer systems	1,086,680	1,051,563
Computer equipment	1,224	7,255
Vehicles, machinery and equipment	336,763	432,243
Furniture and fixtures	2,253	14,857
Construction in progress	760,513	773,635
Total	\$ 4,282,479	\$ 4,284,896

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

11. Accumulated surplus:

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

	2013	2012
Surplus:		
Invested in tangible capital assets	\$ 4,037,992	\$ 3,575,639
Unfunded capital expenditures	(210,000)	-
General deficit	(470,656)	(600,002)
Unfunded:		
Employee benefit obligations	(63,699)	(73,069)
Landfill closure costs	(38,000)	(37,000)
Total surplus	3,255,637	2,865,568
Reserves set aside for specific purpose by Council:		
General reserve	605,755	856,445
Fire capital	49	60,849
Community hall	25,983	25,383
Economic development	10,900	10,900
Landfill site - Haggart dump	32,500	30,000
Beautification committee	11,368	11,368
Cemetery reserve	12,162	12,162
Transition funding reserve	7,399	7,399
Library reserve	35,000	25,000
Water and sewer reserve	10,000	10,000
Recreation	18,877	6,427
Medical Centre	39,490	39,490
Roads	40,200	200
	849,683	1,095,623
Accumulated surplus	\$ 4,105,320	\$ 3,961,191

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

12. Budget:

The budget data presented in these consolidated financial statements is based upon the 2013 operating and capital budgets approved by Council. The reconciliation of the approved budget to the budget figures reported in these consolidated financial statements is listed below.

Approved budget	
Total expenses per budget	\$ 2,360,720
Less:	
Transfer to/from reserves	(128,288)
Capital	(633,857)
Debt repayment	(128,000)
	<hr/>
	1,470,575
Add: amortization	227,081
	<hr/>
Budget per financial statements	\$ 1,697,656

13. Pension agreements:

The Municipality makes contributions to the Ontario Municipal Employee Retirement Fund (OMERS) (the "Plan"), which is a multi-employer plan, on behalf of 4 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 amount contributed to OMERS for 2013 was \$20,105 (2012 - \$18,916) for current service.

14. Trust Funds:

The Trust Funds administered by the Municipality amounting to \$72,791 (2012 - \$69,594) have not been included on the consolidated statement of financial position nor have their operations been included on the consolidated statement of operations.

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

15. Commitments:

The Municipality has entered into the following long-term agreements:

- (i) The Municipality has entered into an agreement with the Ontario Clean Water Agency to provide to provide supervisions and operation and maintenance services for the water treatment plant and lagoon. The current agreement expired on December 31, 2013 and the Municipality is currently negotiating a new agreement. The total amounts paid to OCWA in 2013 were \$138,346 (2012 - \$122,775).
- (ii) As at December 31, 2013, the Municipality had a contractual obligation in the amount of \$227,210 (2012 - \$227,210), representing the amount outstanding on ongoing contracts which were incomplete relating to the outdoor skating rink project.

16. Public sector salary disclosure:

During 2013, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Municipality.

17. Segmented information:

The Municipality is a municipal government institution that provides a range of services to its citizens. Municipality services are reported by function and their activities are separately disclosed in the Schedule of Segmented Information. The nature of the segments and the activities they encompass are as follows:

General Government

General government consist of the activities of Council and general financial and administrative management of the Municipality and its programs and services.

Protection Services

Protection Services include police and fire services.

Transportation Services

The activities of the transportation function include construction and maintenance of the Municipality roads and bridges, winter control and street lighting.

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2013

17. Segmented information (continued):

Environmental Services

This function is responsible for providing water and sewer services to certain areas within the Municipality. It is also responsible for providing waste collection, waste disposal and recycling services.

Health Services

The health services function consists of the activities of the cemetery activities and other medical services.

Social and Family Services

This function provides general assistance for social and family services.

Recreation and Cultural Services

The recreation and cultural services function provides indoor and outdoor recreational facilities and programs and library services.

Planning and Development

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

The accounting policies used in these segments are the same as those described in note 1. For each reported segment, revenues and expenses represent amounts that are directly attributable to each segment. Tax revenues are reported as part of General Government.

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Schedule to Note 17 - Segmented Information

Year ended December 31, 2013

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services	Planning and Development	2013 Total
Revenues:								
Taxation	\$ 872,712	-	-	-	-	-	-	872,712
User charges	-	-	-	116,423	-	-	-	116,423
Province of Ontario grants	344,616	313	2,318	62,180	-	163,059	-	572,486
Government of Canada grants	4,820	-	23,623	-	-	16,332	-	44,775
Investment income	3,034	-	-	-	-	-	-	3,034
Rental income	-	-	-	-	3,214	2,787	2,684	8,685
Interest and penalties	2,676	-	-	-	-	-	-	2,676
Other	20,698	5,836	1,110	2,653	-	35,841	3,858	69,996
	<u>1,248,556</u>	<u>6,149</u>	<u>27,051</u>	<u>181,256</u>	<u>3,214</u>	<u>218,019</u>	<u>6,542</u>	<u>1,690,787</u>
Expenses:								
Salaries, wages and benefits	99,049	27,870	159,902	43,812	10,277	86,498	23,445	450,853
Materials	66,056	9,317	124,292	63,460	5,379	46,592	3,361	318,457
Contracted services	35,862	33,965	41,134	181,723	6,803	27,643	-	327,130
Rents, financial expenses and other	726	-	21,785	6,651	-	-	-	29,162
External transfers	-	28,095	-	-	165,881	-	-	193,976
Amortization of tangible capital assets	15,554	22,656	95,391	68,472	4,178	20,830	-	227,081
	<u>217,247</u>	<u>121,903</u>	<u>442,504</u>	<u>364,118</u>	<u>192,518</u>	<u>181,563</u>	<u>26,806</u>	<u>1,546,659</u>
Excess (deficiency) of revenues over expenses	\$ 1,031,309	(115,754)	(415,453)	(182,862)	(189,304)	36,456	(20,264)	144,128

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Schedule to Note 17 - Segmented Information (continued)

Year ended December 31, 2012

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Recreation and Cultural Services	Planning and Development	2012 Total
Revenues:								
Taxation	\$ 859,646	-	-	-	-	-	-	859,646
User charges	-	-	-	115,311	-	-	-	115,311
Province of Ontario grants	328,100	-	75,182	63,295	-	17,446	-	484,023
Government of Canada grants	1,170	-	-	-	-	1,232	8,699	11,101
Investment income	11,172	-	-	-	-	-	-	11,172
Rental income	-	-	-	-	57,081	3,185	875	61,141
Interest and penalties	3,278	-	-	-	-	-	-	3,278
Other	10,852	10,517	2,400	1,735	-	15,891	1,376	42,771
	<u>1,214,218</u>	<u>10,517</u>	<u>77,582</u>	<u>180,341</u>	<u>57,081</u>	<u>37,754</u>	<u>10,950</u>	<u>1,588,443</u>
Expenses:								
Salaries, wages and benefits	100,757	26,046	159,460	42,969	19,184	74,195	16,763	439,374
Materials	58,463	8,274	86,732	80,820	4,103	32,930	6,337	277,659
Contracted services	36,279	28,023	76,826	150,525	7,886	68,238	-	367,777
Rents, financial expenses and other	883	-	25,258	10,345	-	-	-	36,486
External transfers	-	38,363	-	-	180,851	-	-	219,214
Amortization of tangible capital assets	9,263	9,988	128,334	61,577	6,565	20,322	-	236,049
	<u>205,645</u>	<u>110,694</u>	<u>476,610</u>	<u>346,236</u>	<u>218,589</u>	<u>195,685</u>	<u>23,100</u>	<u>1,576,559</u>
Excess (deficiency) of revenues over expenses	\$ 1,008,573	(100,177)	(399,028)	(165,895)	(161,508)	(157,931)	(12,150)	11,884