

**CORPORATION OF THE
TOWNSHIP OF FARADAY**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2012

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TOWNSHIP OF FARADAY**

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CORPORATION OF THE TOWNSHIP OF FARADAY

For The Year Ended December 31, 2012

MANAGEMENT REPORT

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

The consolidated 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 assets are appropriately accounted for and adequately safeguarded.

The Township 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 financial statements for issuance to the members of Council, inhabitants and ratepayers of the Corporation of the Township of Faraday. Council meets periodically with management, as well as the external auditors, 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 auditors' report.

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

Reeve

C. D. Simpson

Date

April 3/13

Clerk-Treasurer

Brenda Vaden

Date

April 3, 2013

INDEPENDENT AUDITORS' REPORT**To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Faraday***Report on the Financial Statements*

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Faraday, which comprise the consolidated statement of financial position as at December 31, 2012, the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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 controls as management determines are necessary to enable the preparation of 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the 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 controls. 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 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 Township of Faraday as at December 31, 2012 and the results of its operations and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Accountants
Licensed Public AccountantsPeterborough, Ontario
April 3, 2013

CORPORATION OF THE TOWNSHIP OF FARADAY

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the Year Ended December 31, 2012

	Budget 2012 \$	Actual 2012 \$	Restated Actual 2011 \$ (Note 2)
REVENUES			
Property taxation	2,118,522	2,131,199	1,936,750
User charges	74,800	139,804	82,228
Government of Canada	148,233	99,747	54,813
Province of Ontario	485,140	438,662	455,405
Other municipalities	252,266	192,533	90,613
Penalties and interest on taxes	35,000	61,091	59,394
Investment income	15,000	22,096	17,075
Federal gas tax revenue earned	200,000	200,000	-
Other	-	31,543	-
TOTAL REVENUES	3,328,961	3,316,675	2,696,278
EXPENSES			
General government	481,912	432,667	350,468
Protection services	524,742	473,609	431,716
Transportation services	924,760	782,402	748,780
Environmental services	995,462	936,808	887,401
Health services	69,043	63,554	8,688
Recreation and cultural services	93,839	67,339	64,558
Planning and development	6,400	6,147	750
TOTAL EXPENSES	3,096,158	2,762,526	2,492,361
ANNUAL SURPLUS	232,803	554,149	203,917
ACCUMULATED SURPLUS - beginning of year	7,693,318	7,693,318	7,489,401
ACCUMULATED SURPLUS - end of year	7,926,121	8,247,467	7,693,318

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF FARADAY

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the Year Ended December 31, 2012

	Budget 2012 \$	Actual 2012 \$	Restated Actual 2011 \$ (Note 2)
ANNUAL SURPLUS	232,803	554,149	203,917
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	510,755	479,458	510,755
ACQUISITION OF TANGIBLE CAPITAL ASSETS	(380,000)	(451,865)	(308,768)
(INCREASE)/DECREASE IN OTHER ASSETS	-	19,079	(37,577)
INCREASE IN NET FINANCIAL ASSETS	363,558	600,821	368,327
NET FINANCIAL ASSETS - beginning of year	2,207,479	2,207,479	1,839,152
NET FINANCIAL ASSETS - end of year	2,571,037	2,808,300	2,207,479

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF FARADAY

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2012

	2012	Restated 2011
	\$	\$
		(Note 2)
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	554,149	203,917
(Increase)/decrease in taxes receivable	15,506	(38,950)
(Increase)/decrease in accounts receivable	(106,667)	145,860
(Increase)/decrease in other assets	19,079	(37,577)
Increase/(decrease) in accounts payable and accrued liabilities	18,228	(116,355)
Increase/(decrease) in obligatory reserve funds	(94,355)	99,241
Non-cash charges to operations		
Amortization of tangible capital assets	479,458	510,755
Increase in landfill closure and post-closure liability	248,998	315,459
Net increase in cash from operating transactions	1,134,396	1,082,350
CAPITAL		
Acquisition of tangible capital assets	(451,865)	(308,768)
FINANCING		
Debt principal repayments	(6,100)	(11,100)
INCREASE IN CASH	676,431	762,482
CASH - beginning of year	2,593,896	1,831,414
CASH - end of year	3,270,327	2,593,896

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF FARADAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

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 consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies are as follows:

(a) Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses and fund balances of the reporting entity and include all committees of Council. There are no local boards.

(b) Trust Funds

The trust fund and its related operations administered by the Township are not included in these consolidated financial statements but are reported on separately on the Trust Fund Statement of Continuity and Statement of Financial Position.

(c) 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:

Buildings	40 - 50 years
Roads	5 - 25 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.

(d) 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.

(e) 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 government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Township unless they are sold.

CORPORATION OF THE TOWNSHIP OF FARADAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Reserves and Reserve Funds

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

(g) 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 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 processed by the Township upon receipt and recognized in the fiscal year they are determined. All property taxes are secured by the land and pose no significant collection risk.

(h) 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.

(i) 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 management's best information and judgment. Such amounts are not expected to change materially in the near term.

- 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.
- The amounts recorded for amortization and opening costs of tangible capital assets are based on estimates of useful life, residual values and valuation rates. 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.

(j) Financial Instruments

The Township financial instruments consist of cash, taxes receivable, accounts receivable, accounts payable and accrued liabilities and long term debt. The Township's long term debt has outstanding obligations with a variable rate of interest. As such, it represents a risk to the Township should interest rates fluctuate. It is management's opinion the Township is not exposed to significant currency, credit or other interest rate risks.

CORPORATION OF THE TOWNSHIP OF FARADAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2012

2. PRIOR PERIOD ADJUSTMENT

The Township has restated its financial statements to account for an error in the calculation of amortization expense related to the tangible capital assets and to record capital assets that had not been previously recognized. Adjustments necessary to the 2011 financial information as a result are as follows:

Adjustment to 2011 Tangible Capital Assets

Cost, as previously recorded	\$ 9,231,887
Accumulated amortization, as previously recorded	(3,887,668)
Reduction of amortization expense	4,566
Addition to costs	<u>44,042</u>
Closing 2011 and opening 2012 net book value of tangible capital assets as restated	<u>\$ 5,392,827</u>

Adjustment to Opening 2011 Accumulated Surplus

Accumulated surplus as previously stated	\$ 7,445,359
Addition to 2011 costs	<u>44,042</u>
Opening 2011 accumulated surplus as restated	<u>\$ 7,489,401</u>

Adjustment to 2011 Annual Surplus

2011 annual surplus as previously stated	\$ 199,351
Add: 2011 Amortization expense previously recorded	<u>4,566</u>
2011 annual surplus as restated	<u>\$ 203,917</u>

3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2012, 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	714,737	855,501
Taxation from other governments	10	3,290
Amounts requisitioned and remitted	<u>714,747</u>	<u>858,791</u>

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

CORPORATION OF THE TOWNSHIP OF FARADAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2012

4. CASH

The cash balance consists of the following:

	2012	2011
	\$	\$
Unrestricted	3,154,685	2,382,700
Restricted - Gas tax	115,642	211,196
	<u>3,270,327</u>	<u>2,593,896</u>

5. TANGIBLE CAPITAL ASSETS

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

	2012	Restated 2011 (Note 2)
	\$	\$
General		
Land	203,186	203,186
Buildings	331,577	352,077
Equipment	357,527	391,853
Vehicles	145,399	181,457
Infrastructure		
Roads	3,061,205	2,902,546
Waste	1,266,340	1,361,708
	<u>5,365,234</u>	<u>5,392,827</u>

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

During the year there were no write-downs of assets (2011 - \$Nil) and no interest capitalized (2011 - \$Nil).

CORPORATION OF THE TOWNSHIP OF FARADAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2012

5. TANGIBLE CAPITAL ASSETS, continued

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

	2012	Restated 2011 (Note 2)
	\$	\$
General government	189,412	214,368
Protection services	86,929	97,864
Transportation services	3,563,649	3,456,284
Environmental services	1,471,141	1,567,284
Recreation and cultural services	54,103	57,027
	5,365,234	5,392,827

6. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The liability for landfill closure and post-closure costs of \$809,311 (2011 - \$560,313) has been estimated using discounted future cash flows associated with closure and post-closure care activities for the landfill site. 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 \$150,000 (2011 - \$100,000) 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 \$150,000 (2011 - \$100,000) 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 9,359 cubic meters (2011 - 10,158) which is 9.3% (2011 - 10.1%) of the site's capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$1,784,833 (2011 - \$1,246,628) as at December 31, 2012. The landfill is expected to reach its capacity in 2019.

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.

CORPORATION OF THE TOWNSHIP OF FARADAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2012

7. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS

A requirement of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, 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:

	2012	2011
	\$	\$
Parkland	13,181	11,982
Federal gas tax revenues	115,642	211,196
	128,823	223,178

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

	2012	2011
	\$	\$
Balance - beginning of year	223,178	123,937
Add amounts received:		
Parkland	1,200	2,090
Federal gas tax revenues	103,925	96,812
Interest	520	339
	105,645	99,241
Less: Federal gas tax revenues earned	200,000	-
Balance - end of year	128,823	223,178

CORPORATION OF THE TOWNSHIP OF FARADAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2012

8. LONG TERM DEBT

- (a) The balance of long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2012	2011
	\$	\$
Bank loan, repayable in monthly installments of \$300, plus interest at prime rate, due 2014	5,200	8,800
Bank loan, repayable in monthly installments of \$625, plus interest at prime rate, due 2012	-	2,500
	5,200	11,300

- (b) The long term debt in (a) issued in the name of the Township has been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

- (c) Interest paid during the year on long term debt amounted to \$229 (2011 - \$520).

- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2013	3,600	106	3,706
2014	1,600	13	1,613
	5,200	119	5,319

CORPORATION OF THE TOWNSHIP OF FARADAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2012

9. EXPENSES BY OBJECT

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

	Budget 2012	Actual 2012	Restated 2011 (Note 2)
	\$	\$	\$
Salaries and benefits	677,590	697,337	535,887
Interest charges	500	229	520
Materials	872,793	591,511	578,159
Contracted services	921,822	897,831	806,216
Rents and financial expenses	2,000	1,767	1,988
External transfers	110,698	94,393	58,836
Amortization	510,755	479,458	510,755
	3,096,158	2,762,526	2,492,361

10. PENSION AGREEMENTS

The Township makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), 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.

Contributions required on account of current service in 2012 were \$36,400 (2011 - \$23,463).

11. TRUST FUNDS

The trust fund administered by the Township amounting to \$Nil (2011 - \$1,102) has not been included in the Consolidated Statement of Financial Position nor has its operations been included in the Consolidated Statement of Operations and Accumulated Surplus. As such balances are held in trust by the Township for the benefit of others, they are not presented as part of the Township financial position or operations.

CORPORATION OF THE TOWNSHIP OF FARADAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2012

12. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2012	2011
	\$	\$
Surplus/(Deficit)		
Unfunded landfill closure and post-closure liability	(809,311)	(560,313)
Invested In Capital Assets		
Tangible capital assets - net book value	5,365,234	5,392,827
Long term debt	(5,200)	(11,300)
	5,360,034	5,381,527
Surplus	4,550,723	4,821,214
Reserves		
Working capital	570,504	570,504
Capital	2,136,179	1,592,769
Administration equipment	50,000	50,000
Roads	150,000	50,000
Tandem truck	150,000	150,000
Monck road	150,000	120,000
Fire	187,715	136,485
Fire - special grant	2,346	2,346
Landfill reclamation	150,000	100,000
Landfill closure costs	150,000	100,000
Total Reserves	3,696,744	2,872,104
	8,247,467	7,693,318

13. BUDGET FIGURES

The budget, approved by the Township, for 2012 is reflected on the Consolidated Statement of Operations and Accumulated Surplus and the Consolidated Statement of Change in Net Financial Assets. The budgets 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 PSAB reporting requirements. Budget figures are not subject to audit.

CORPORATION OF THE TOWNSHIP OF FARADAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

14. 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 overdraft or demand note. Any balance borrowed will accrue interest at the bank's prime lending rate. Council authorized the temporary borrowing limit by By-law 1-2012. At December 31, 2012, there was no balance outstanding (2011 - \$NIL).

15. 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.

16. COMMITMENTS

The Township of Faraday has agreed to commit \$20,000 per year over a 5-year period commencing in 2012 towards the Caring Today for Tomorrow Diagnostic Campaign for the purchase of New X-Ray and Ultra Sound Equipment at Quinte Health Care, North Hastings.

The Township of Faraday has agreed to purchase a new fire truck in 2013 for \$27,208 (net of HST rebate).

17. 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 consolidated financial statements as disclosed in Note 1. For additional information see the Consolidated 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.

CORPORATION OF THE TOWNSHIP OF FARADAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2012

17. SEGMENTED INFORMATION, continued

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, as well as expenses to upgrade the HVAC system at the North Hastings Family Health Care Centre.

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.

18. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.

CORPORATION OF THE TOWNSHIP OF FARADAY

CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS For the Year Ended December 31, 2012

	General				Infrastructure		Totals \$
	Land \$	Buildings \$	Equipment \$	Vehicles \$	Roads \$	Waste \$	
COST							
Balance, beginning of year (restated - Note 2)	203,186	698,749	585,112	614,906	4,934,589	2,129,506	9,166,048
Add: additions during the year	-	-	-	-	451,865	-	451,865
Balance, end of year	203,186	698,749	585,112	614,906	5,386,454	2,129,506	9,617,913
ACCUMULATED AMORTIZATION							
Balance, beginning of year (restated - Note 2)	-	346,672	193,259	433,449	2,032,043	767,798	3,773,221
Add: additions during the year	-	20,500	34,326	36,058	293,206	95,368	479,458
Balance, end of year	-	367,172	227,585	469,507	2,325,249	863,166	4,252,679
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	203,186	331,577	357,527	145,399	3,061,205	1,266,340	5,365,234

CORPORATION OF THE TOWNSHIP OF FARADAY

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2012

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	585,518	317,161	681,618	469,320	17,038	56,497	4,047	2,131,199
User charges	6,088	76,886	4,149	48,258	-	2,323	2,100	139,804
Government transfers - operating	343,900	1,700	-	-	4,973	5,595	-	356,168
Government transfers - capital	-	-	-	182,241	-	-	-	182,241
Other municipalities	2,413	66,103	4,000	110,017	10,000	-	-	192,533
Penalties and interest on taxes	61,091	-	-	-	-	-	-	61,091
Investment income	22,096	-	-	-	-	-	-	22,096
Federal gas tax revenue earned	-	-	200,000	-	-	-	-	200,000
Other	-	-	-	-	31,543	-	-	31,543
Total revenues	1,021,106	461,850	889,767	809,836	63,554	64,415	6,147	3,316,675
Expenses								
Salaries and benefits	215,313	139,905	234,561	94,360	-	13,198	-	697,337
Interest charges	-	-	-	229	-	-	-	229
Materials	187,881	69,527	151,256	123,679	38,554	14,467	6,147	591,511
Contracted services	-	223,349	52,085	622,397	-	-	-	897,831
Rents and financial expenses	1,767	-	-	-	-	-	-	1,767
External transfers	2,750	29,893	-	-	25,000	36,750	-	94,393
Amortization	24,956	10,935	344,500	96,143	-	2,924	-	479,458
Total expenses	432,667	473,609	782,402	936,808	63,554	67,339	6,147	2,762,526
Net surplus/(deficit)	588,439	(11,759)	107,365	(126,972)	-	(2,924)	-	554,149

CORPORATION OF THE TOWNSHIP OF FARADAY

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE- RESTATED (NOTE 2) For the Year Ended December 31, 2011

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	466,289	344,631	714,012	351,347	8,688	51,783	-	1,936,750
User charges	4,914	41,883	3,824	25,821	-	3,786	2,000	82,228
Government transfers - operating	383,504	17,900	-	-	-	5,596	-	407,000
Government transfers - capital	-	-	-	103,218	-	-	-	103,218
Other municipalities	90	19,140	3,000	68,383	-	-	-	90,613
Penalties and interest on taxes	59,394	-	-	-	-	-	-	59,394
Investment income	17,075	-	-	-	-	-	-	17,075
Total revenues	931,266	423,554	720,836	548,769	8,688	61,165	2,000	2,696,278
Expenses								
Salaries and benefits	171,079	123,196	147,735	80,656	-	13,221	-	535,887
Interest charges	-	-	-	520	-	-	-	520
Materials	129,729	66,387	235,645	116,362	3,688	25,598	750	578,159
Contracted services	-	202,877	35,640	567,699	-	-	-	806,216
Rents and financial expenses	1,988	-	-	-	-	-	-	1,988
External transfers	2,350	29,141	-	-	5,000	22,345	-	58,836
Amortization	45,322	10,115	329,760	122,164	-	3,394	-	510,755
Total expenses	350,468	431,716	748,780	887,401	8,688	64,558	750	2,492,361
Net surplus/(deficit)	580,798	(8,162)	(27,944)	(338,632)	-	(3,393)	1,250	203,917

INDEPENDENT AUDITORS' REPORT**To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Faraday***Report on the Financial Statements*

We have audited the accompanying financial statements of the Trust Fund of the Corporation of the Township of Faraday, which comprise the statement of financial position as at December 31, 2012 and the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal controls as management determines are necessary to enable the preparation of 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the 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 controls. 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 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 financial statements present fairly, in all material respects, the financial position of the Trust Fund of the Township as at December 31, 2012 and the continuity of the Trust Fund for the year then ended in accordance with Canadian Public Sector Accounting Standards.

*Collins Barrow Kawarthas LLP*Chartered Accountants
Licensed Public AccountantsPeterborough, Ontario
April 03, 2013

CORPORATION OF THE TOWNSHIP OF FARADAY

TRUST FUND STATEMENT OF FINANCIAL POSITION At December 31, 2012

	2012	2011
	\$	\$
FINANCIAL ASSETS		
Cash	875	282
Loans receivable	-	748
Due from Township	-	231
	<u>875</u>	<u>1,261</u>
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES		
Accounts payable	-	159
Due to Province	715	-
Due to Township	160	-
	<u>875</u>	<u>159</u>
FUND BALANCE		
Capital	-	1,102
	<u>875</u>	<u>1,261</u>

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF FARADAY

TRUST FUND STATEMENT OF CONTINUITY For the Year Ended December 31, 2012

	2012	2011
	\$	\$
BALANCE - beginning of year	1,102	1,925
RECEIPTS		
Interest earned	4	-
EXPENSES		
Administration	37	165
Transfer to Province	715	658
Transfer to Township	354	-
	1,106	823
BALANCE - end of year	-	1,102

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF FARADAY

TRUST FUND NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local governments and their boards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting which 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.

(b) Financial Instruments

The Trust Fund's financial instruments consist of cash, loans receivable, due to Township, accounts payable and due to Province. It is management's opinion that the fair value of the financial instruments are not materially different from their carrying value unless otherwise noted. The Trust Fund does not have any significant concentration of credit, currency or interest rate risk.

(c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period and are based on the Township best information and judgment. Actual results could differ from these estimates.

2. ONTARIO HOME RENEWAL PROGRAM LOANS

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable is \$4,000. Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continued ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.