

**CORPORATION OF THE
TOWNSHIP OF FARADAY**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2011

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TOWNSHIP OF FARADAY**

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CORPORATION OF THE TOWNSHIP OF FARADAY

For The Year Ended December 31, 2011

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

P. P. [Signature]

Date

April 4/12

Clerk-Treasurer

Brenda Voder

Date

April 4/12

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, 2011, 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, 2011 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 Accountants

Peterborough, Ontario
April 4, 2012

CORPORATION OF THE TOWNSHIP OF FARADAY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2011

	2011	2010
	\$	\$
FINANCIAL ASSETS		
Cash	2,593,896	1,831,414
Taxes receivable	382,093	343,143
Accounts receivable	194,603	340,463
TOTAL FINANCIAL ASSETS	3,170,592	2,515,020
LIABILITIES		
Accounts payable and accrued liabilities	168,322	284,677
Obligatory reserve funds (note 4)	223,178	123,937
Long term debt (note 5)	11,300	22,400
Landfill closure and post-closure liability (note 6)	560,313	244,854
TOTAL LIABILITIES	963,113	675,868
NET FINANCIAL ASSETS	2,207,479	1,839,152
NON-FINANCIAL ASSETS		
Tangible capital assets (note 3)	5,344,219	5,550,772
Other assets	93,012	55,435
TOTAL NON-FINANCIAL ASSETS	5,437,231	5,606,207
ACCUMULATED SURPLUS (note 7)	7,644,710	7,445,359

The accompanying notes are an integral part of these financial statements

CORPORATION OF THE TOWNSHIP OF FARADAY

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended December 31, 2011

	Budget 2011 \$	Actual 2011 \$	Actual 2010 \$
REVENUES			
Property taxation	1,965,682	1,936,750	1,681,234
User charges	59,865	82,228	112,860
Government of Canada	189,005	54,813	115,262
Province of Ontario	585,638	455,405	536,557
Other municipalities	231,531	90,613	174,415
Penalties and interest on taxes	35,000	59,394	54,531
Investment income	10,000	17,075	7,185
Donations	-	-	2,500
Developer contributions earned	-	-	13,333
TOTAL REVENUES	3,076,721	2,696,278	2,697,877
EXPENSES			
General government	384,596	330,181	321,114
Protection services	456,993	432,544	436,623
Transportation services	1,011,175	783,045	847,299
Environmental services	1,067,750	877,689	836,311
Health services	8,700	8,688	8,780
Recreation and cultural services	77,095	64,030	66,480
Planning and development	8,200	750	4,516
TOTAL EXPENSES	3,014,509	2,496,927	2,521,123
ANNUAL SURPLUS	62,212	199,351	176,754
ACCUMULATED SURPLUS - beginning of year	7,445,359	7,445,359	7,268,605
ACCUMULATED SURPLUS - end of year	7,507,571	7,644,710	7,445,359

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, 2011

	Budget 2011 \$	Actual 2011 \$	Actual 2010 \$
ANNUAL SURPLUS	62,212	199,351	176,754
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	485,322	515,321	485,322
ACQUISITION OF TANGIBLE CAPITAL ASSETS	(348,000)	(308,768)	(72,405)
INCREASE IN OTHER ASSETS	-	(37,577)	(49,783)
INCREASE IN NET FINANCIAL ASSETS	199,534	368,327	539,888
NET FINANCIAL ASSETS - beginning of year	1,839,152	1,839,152	1,299,264
NET FINANCIAL ASSETS - end of year	2,038,686	2,207,479	1,839,152

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, 2011

	2011	2010
	\$	\$
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Annual surplus	199,351	176,754
Increase in taxes receivable	(38,950)	(71,101)
Decrease in accounts receivable	145,860	898,173
Increase in other assets	(37,577)	(49,783)
Decrease in accounts payable and accrued liabilities	(116,355)	(252,214)
Increase in obligatory reserve funds	99,241	80,543
Increase in landfill closure and post-closure liability	315,459	18,257
Non-cash charges to operations	515,321	485,322
Amortization of tangible capital assets		
Net increase in cash from operating transactions	1,082,350	1,285,951
CAPITAL		
Acquisition of tangible capital assets	(308,768)	(72,405)
FINANCING		
Debt principal repayments	(11,100)	(11,100)
INCREASE IN CASH	762,482	1,202,446
CASH - beginning of year	1,831,414	628,968
CASH - end of year	2,593,896	1,831,414

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, 2011

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, 2011

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 Township 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, 2011

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF HASTINGS

During 2011, 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	684,977	817,250
Taxation from other governments	10	1,748
Amounts requisitioned and remitted	684,987	818,998

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

3. TANGIBLE CAPITAL ASSETS

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

	2011 \$	2010 \$
General		
Land	203,188	203,188
Buildings	359,010	378,354
Equipment	359,444	399,314
Vehicles	182,134	174,556
Infrastructure		
Roads	2,877,607	2,937,294
Waste	1,362,836	1,458,066
	5,344,219	5,550,772

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

During the year there were no write-downs of assets (2010 - \$Nil) and no interest capitalized (2010 - \$Nil).

CORPORATION OF THE TOWNSHIP OF FARADAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2011

3. TANGIBLE CAPITAL ASSETS, continued

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

	2011	2010
	\$	\$
General government	245,708	226,641
Protection services	97,038	108,357
Transportation services	3,366,922	3,473,115
Environmental services	1,576,997	1,664,471
Recreation and cultural services	57,554	78,188
	5,344,219	5,550,772

4. 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:

	2011	2010
	\$	\$
Parkland	11,982	9,892
Federal gas tax revenues	211,196	114,045
	223,178	123,937

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

	2011	2010
	\$	\$
Balance - beginning of year	123,937	43,394
Add amounts received:		
Parkland	2,090	7,006
Federal gas tax revenues	96,812	86,683
Interest	339	187
	99,241	93,876
Less transfer to operations:		
Parkland	-	13,333
Balance - end of year	223,178	123,937

CORPORATION OF THE TOWNSHIP OF FARADAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2011

5. LONG TERM DEBT

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

	2011	2010
	\$	\$
Bank loan, repayable in monthly installments of \$625, plus interest at prime rate, due 2012	2,500	10,000
Bank loan, repayable in monthly installments of \$300, plus interest at prime rate, due 2014	8,800	12,400
	11,300	22,400

- (b) The long term debt in (a) issued in the name of the Township have 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 \$520 (2010 - \$720).
- (d) The long term debt reported in (a) of this note is repayable as follows:

	Principal	Interest	Total
	\$	\$	\$
2012	6,100	230	6,330
2013	3,600	106	3,706
2014	1,600	13	1,613
2015	-	-	-
	11,300	349	11,649

6. LANDFILL CLOSURE AND POST CLOSURE LIABILITY

The liability for landfill closure and post-closure costs of \$560,313 (2010 - \$244,854) 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. The landfill closure and post-closure liability will be funded from taxation. There are no specific assets designated for settling this liability.

The reported liability is based upon estimated and assumptions with respect to events extending over the remaining life of the landfill. The remaining capacity of the landfill site is estimated at 10,158 cubic meters (2010 - 10,959) which is 10.1% (2010 - 10.9%) of the site's capacity. The total discounted future cash flows for closure and post-closure cost is estimated at \$1,246,628 (2010 - \$549,643) as at December 31, 2011. The landfill is expected to reach its capacity in 2021.

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, 2011

7. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2011	2010
	\$	\$
Surplus/(Deficit)		
Unfunded landfill closure and post-closure liability	(560,313)	(244,854)
Invested In Capital Assets		
Tangible capital assets - net book value	5,344,219	5,550,772
Long term debt	(11,300)	(22,400)
	5,332,919	5,528,372
Surplus	4,772,606	5,283,518
Reserves		
Working capital	570,504	570,504
Capital	1,592,769	1,204,556
Administration equipment	50,000	-
Roads	50,000	50,000
Tandem truck	150,000	50,000
Monck road	120,000	100,000
Fire	136,485	84,435
Fire - special grant	2,346	2,346
Landfill reclamation	100,000	50,000
Landfill closure costs	100,000	50,000
Total Reserves	2,872,104	2,161,841
	7,644,710	7,445,359

CORPORATION OF THE TOWNSHIP OF FARADAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2011

8. EXPENSES BY OBJECT

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

	Budget 2011 \$	Actual 2011 \$	Actual 2010 \$
Salaries and benefits	634,983	535,887	487,980
Interest charges	1,000	520	720
Materials	832,762	578,159	646,801
Contracted services	998,255	806,216	820,772
Rents and financial expenses	2,000	1,988	1,945
External transfers	60,187	58,836	77,583
Amortization	485,322	515,321	485,322
	<u>3,014,509</u>	<u>2,496,927</u>	<u>2,521,123</u>

9. 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 2011 were \$23,463 (2010 - \$16,925).

10. TRUST FUNDS

The trust fund administered by the Township amounting to \$1,102 (2010 - \$1,925) 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.

11. BUDGET FIGURES

The budget, approved by the Township, for 2011 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, 2011

12. 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 1-2011. At December 31, 2011, there was no balance outstanding (2010 - \$NIL).

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.

14. COMMITMENTS

The Township of Faraday has agreed to provide bridge financing to North Hastings Family Health Team in the amount of \$40,848 plus applicable HST for the installation on a new HVAC system.

The Township of Faraday has agreed to commit \$20,000.00 per year over a 5 year period towards the Caring Today for Tomorrow Diagnostic Campaign for the purchase of New X-Ray and Ultra Sound Equipment

The Township of Faraday has agreed to a one time contribution of \$20,000.00 toward the purchase of an Ice Resurfacing Machine for the North Hastings Community Centre.

15. 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.

CORPORATION OF THE TOWNSHIP OF FARADAY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2011

15. SEGMENTED INFORMATION, continued

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.

16. 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, 2011

	General					Infrastructure		Totals \$
	Land \$	Buildings \$	Equipment \$	Vehicles \$	Roads \$	Waste \$	\$	
COST								
Balance, beginning of year	203,188	703,322	585,113	574,134	4,727,857	2,129,505	8,923,119	
Add: additions during the year	-	-	11,051	40,772	256,945	-	308,768	
Balance, end of year	203,188	703,322	596,164	614,906	4,984,802	2,129,505	9,231,887	
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	324,968	185,799	399,578	1,790,563	671,439	3,372,347	
Add: additions during the year	-	19,344	50,921	33,194	316,632	95,230	515,321	
Balance, end of year	-	344,312	236,720	432,772	2,107,195	766,669	3,887,668	
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS								
	203,188	359,010	359,444	182,134	2,877,607	1,362,836	5,344,219	

CORPORATION OF THE TOWNSHIP OF FARADAY

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE 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	25,035	10,943	364,025	112,452	-	2,866	-	515,321
Total expenses	330,181	432,544	783,045	877,689	8,688	64,030	750	2,486,927
Net surplus/(deficit)	601,085	(8,990)	(62,209)	(328,920)	-	(2,865)	1,250	199,351

CORPORATION OF THE TOWNSHIP OF FARADAY

CONSOLIDATED SCHEDULE OF SEGMENT DISCLOSURE For the Year Ended December 31, 2010

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health Services \$	Recreation and Cultural Services \$	Planning and Development \$	Consolidated \$
Revenues								
Property taxation	415,427	337,677	560,794	300,571	8,780	54,719	3,266	1,681,234
User charges	4,342	64,672	4,086	35,730	-	2,780	1,250	112,860
Government transfers - operating	402,900	2,800	-	-	-	5,595	-	411,295
Government transfers - capital	-	-	-	240,524	-	-	-	240,524
Other municipalities	1,731	21,699	4,750	146,099	-	136	-	174,415
Penalties and interest on taxes	54,531	-	-	-	-	-	-	54,531
Investment income	7,185	-	-	-	-	-	-	7,185
Donations	2,500	-	-	-	-	-	-	2,500
Developer contributions earned	-	-	-	-	-	13,333	-	13,333
Total revenues	888,616	426,848	569,630	722,924	8,780	76,563	4,516	2,697,877
Expenses								
Salaries and benefits	161,544	102,324	145,835	66,498	-	11,779	-	487,980
Interest charges	-	-	-	720	-	-	-	720
Materials	123,644	67,554	322,318	108,216	3,780	16,773	4,516	646,801
Contracted services	-	227,027	29,071	564,674	-	-	-	820,772
Rents and financial expenses	1,945	-	-	-	-	-	-	1,945
External transfers	9,130	28,775	-	-	5,000	34,678	-	77,583
Amortization	24,851	10,943	350,075	96,203	-	3,250	-	485,322
Total expenses	321,114	436,623	847,299	836,311	8,780	66,480	4,516	2,521,123
Net surplus/(deficit)	567,502	(9,775)	(277,669)	(113,387)	-	10,083	-	176,754

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, 2011 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, 2011 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 Accountants

Peterborough, Ontario
April 4, 2012

CORPORATION OF THE TOWNSHIP OF FARADAY

TRUST FUND STATEMENT OF FINANCIAL POSITION At December 31, 2011

	2011	2010
	\$	\$
FINANCIAL ASSETS		
Cash	282	3,595
Loans receivable	748	748
Due from Township	231	66
	<u>1,261</u>	<u>4,409</u>
LIABILITIES AND FUND BALANCE		
CURRENT LIABILITIES		
Accounts payable	159	159
Due to Province	-	2,325
	<u>159</u>	<u>2,484</u>
FUND BALANCE		
Capital	1,102	1,925
	<u>1,261</u>	<u>4,409</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, 2011

	2011	2010
	\$	\$
BALANCE - beginning of year	1,925	5,219
RECEIPTS		
Interest earned	-	25
EXPENSES		
Administration	165	165
Transfer to Province	658	3,154
	823	3,319
BALANCE - end of year	1,102	1,925

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, 2011

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.