

Consolidated Financial Statements of

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

Year ended December 31, 2020

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

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Year ended December 31, 2020

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Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

Nathalie Vachon
Director of Municipal Services
Deputy Clerk



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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

Opinion

We have audited the consolidated financial statements of The Corporation of the Township of Fauquier and Strickland (the "Township"), which comprise:

- the consolidated statement of financial position as at December 31, 2020
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and the notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements")

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2020, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibility under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to the events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Township's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

April 13, 2021

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Consolidated Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash	\$ 149,847	\$ 38,877
Investments (note 4)	472,010	767,136
Taxes and user charges receivable (note 5)	134,759	107,031
Accounts receivable (note 6)	129,982	72,492
	886,598	985,536
Financial liabilities		
Accounts payable and accrued liabilities	184,865	110,359
Deferred revenue (note 8)	473,953	422,076
Landfill closure and post-closure liability (note 9)	103,000	86,000
Capital lease obligation (note 10)	106,820	139,940
Long-term debt (note 11)	459,608	515,934
	1,328,246	1,274,309
Net financial debt	(441,648)	(288,773)
Non-financial assets		
Tangible capital assets (note 12)	7,049,479	6,613,881
Prepaid expenses	78,302	65,721
	7,127,781	6,679,602
Commitments (note 16)		
Effects of COVID-19 (note 19)		
Accumulated surplus (note 13)	\$ 6,686,133	\$ 6,390,829

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

On behalf of Council:

_____ Mayor

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget (note 14)	Actual 2020	Actual 2019
Revenue:			
Taxation	\$ 1,199,661	\$ 1,187,871	\$ 1,162,920
User charges	155,507	154,746	152,670
Province of Ontario grants	442,200	647,949	791,148
Government of Canada grants	57,502	88,380	74,788
Investment income	10,000	3,573	9,232
Rental income	35,128	30,746	35,874
Interest and penalties	13,000	8,399	9,421
Other	61,639	84,680	65,923
Total revenue	1,974,637	2,206,344	2,301,976
Expenses:			
General government	279,919	268,179	245,049
Protection to persons and property	207,838	226,445	230,238
Transportation services	395,493	462,596	493,029
Environmental services	376,032	485,977	600,312
Health services	105,085	107,658	118,688
Social and family services	129,302	125,859	122,586
Recreational and culture	194,404	213,853	247,674
Planning and development	17,583	20,473	22,917
Total expenses	1,705,656	1,911,040	2,080,493
Annual surplus	268,981	295,304	221,483
Accumulated surplus, beginning of year	6,390,829	6,390,829	6,169,346
Accumulated surplus, end of year	\$ 6,659,810	\$ 6,686,133	\$ 6,390,829

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 Financial Debt

Year ended December 31, 2020, with comparative information for 2019

	2020 Budget (note 14)	Actual 2020	Actual 2019
Annual surplus	\$ 268,981	\$ 295,304	\$ 221,483
Acquisition of tangible capital assets	(1,749,640)	(766,271)	(207,311)
Amortization of tangible capital assets	-	330,673	306,821
Use of prepaid expenses	-	(12,581)	(12,516)
	(1,749,640)	(448,179)	86,994
Change in net financial assets (debt)	(1,480,659)	(152,875)	308,477
Net financial debt, beginning of year	(288,773)	(288,773)	(597,250)
Net financial debt, end of year	\$ (1,769,432)	\$ (441,648)	\$ (288,773)

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, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 295,304	\$ 221,483
Items not involving cash:		
Amortization of tangible capital assets	330,673	306,821
Change in landfill closure and post-closure liability	17,000	32,000
	642,977	560,304
Change in non-cash assets and liabilities:		
Increase in taxes and user charges receivable	(27,728)	(30,661)
Increase in accounts receivable	(57,490)	(18,914)
Increase in prepaid expenses	(12,581)	(12,516)
Increase (decrease) in accounts payable and accrued liabilities	74,506	(9,656)
Increase (decrease) in deferred revenue	51,877	(37,302)
Net change in cash from operating activities	671,561	451,255
Capital activities:		
Cash used to acquire tangible capital assets	(766,271)	(207,311)
Investing activities:		
Purchase of investments	295,126	(241,782)
Financing activities:		
Capital lease repayment	(33,120)	(30,899)
Principal repayment of long-term debt	(56,326)	(54,711)
Net change in cash from financing activities	(89,446)	(85,610)
Net change in cash	110,970	(83,448)
Cash, beginning of year	38,877	122,325
Cash, end of year	\$ 149,847	\$ 38,877

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, 2020

The Corporation of the Township of Fauquier and Strickland (the "Township") is a Municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and other related legislation.

1. Significant accounting policies:

The consolidated financial statements of the Township are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Reporting entity:

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 Township and which are owned or controlled by the Township, 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 within these financial statements:

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

Year ended December 31, 2020

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
Assets under capital lease	Over the lease term

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 Township 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

Year ended December 31, 2020

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) School Boards:

The Township 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 consolidated financial statements.

(h) Landfill closure and post-closure 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.

(i) Pensions and employee benefits:

The Township is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Authority has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Authority records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for the past employee service.

Payroll liabilities include vacation entitlements which are accrued as the entitlements are earned.

(j) Deferred revenue – obligatory funds:

The Township receives certain contributions under the authority of federal and provincial legislation. These contributions are restricted in their use and, until spent on qualifying projects or expenses, are recorded as deferred revenue.

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2020

1. Significant accounting policies (continued):

(k) Financial instruments:

The Township initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Township subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market or financial assets or liabilities designated to the fair value category, which are subsequently measured at fair value. Unrealized changes in fair value are recognized in the consolidated statement of operations.

Financial assets measured at amortized cost include cash, taxes and user charges receivables and account receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

2. Operations of School Boards:

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

	Public	Separate	2020	2019
Revenues raised and transferred to boards	\$ 121,873	\$ 125,896	\$ 247,769	\$ 252,873

3. Contributions to Non-Consolidated Entities:

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

	2020	2019
The District of Cochrane Social Service Administration Board	\$ 161,557	\$ 163,451
Porcupine Health Unit	20,265	20,265
	\$ 181,822	\$ 183,716

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2020

4. Investments:

The investments are made up of term deposits and are accounted for at amortized cost:

	Cost Plus Accrued Interest	Interest Rate	Maturity Date
Term deposit #1 - Library	\$ 13,475	2.10%	June 24, 2021
Term deposit #2 – Library	10,149	0.75%	March 21, 2023
Term deposit #1 - Town	103,655	1.40%	February 16, 2021
Term deposit #2 - Town	344,731	0.25%	December 15, 2021
	\$ 472,010		

5. Taxes and user charges receivable:

	2020	2019
Current year	\$ 85,178	\$ 69,983
Prior years	56,195	34,290
Penalties and interest	13,386	12,758
Allowance for uncollectable taxes	(20,000)	(10,000)
	\$ 134,759	\$ 107,031

6. Accounts receivable:

	2020	2019
Government of Canada	\$ 83,304	\$ 58,315
Province of Ontario	41,532	6,528
Due from local school boards	–	3,052
Other	5,146	4,597
	\$ 129,982	\$ 72,492

7. Credit facilities:

The Township has an authorized line of credit of \$350,000 (2019 - \$350,000) bearing interest at prime plus 0.5%. The line of credit is secured by a general assignment of the Township assets. As of December 31, 2020, there is no amount drawn on this credit facility.

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2020

8. 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.

	Balance at December 31, 2019	Contributions received	Amounts taken to revenue	Balance at December 31, 2020
Deferred revenue:				
Boat Launch Relocation	\$ 65,385	\$ –	\$ –	\$ 65,385
Medical Centre	106,681	–	–	106,681
Accessibility funding	–	100,000	7,475	92,525
OCIF	–	52,401	50,000	2,401
Other	550	719	957	312
	172,616	153,120	58,432	267,304
Obligatory reserve funds:				
Federal gas tax fund	249,460	34,071	76,882	206,649
	\$ 422,076	\$ 187,191	\$ 135,314	\$ 473,953

9. 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 Township's average long-term borrowing rate of 0.01% (2019 – 0.74%). The estimated total landfill closure and post-closure care expenses including monitoring costs are calculated to be \$125,000. The estimated liability for these expenses is recognized as the landfill site's capacity is used. At December 31, 2020 an amount of \$103,000 (2019 - \$86,000) with respect to landfill closure and post-closure liabilities has been accrued.

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2020

9. Landfill closure and post-closure liability (continued):

The estimated remaining capacity of the landfill site is 82.5% of its total estimated capacity and its estimated remaining life is approximately 14 years. The period for post-closure care is estimated to be 25 years.

10. Capital lease obligations:

The capital lease obligation has a maturity date of December 20, 2023, and is secured by a specific equipment security agreement.

2021	\$	38,274
2022		38,274
2023		38,300
Total minimum lease payments		114,848
Less amount representing interest at a rate of 4.75%		(8,028)
Present value of net minimum capital lease payments		106,820
Less current portion of obligations under capital lease		(33,940)
		\$ 72,880

11. Long-term debt:

	2020	2019
Unsecured loan payable to Infrastructure Ontario bearing interest at a fixed rate of 3.09%, payable in blended monthly payments of \$5,965, due February 2028	\$ 459,608	\$ 515,934

Principal repayments on long-term debt are as follows:

2021	\$	58,290
2022		60,106
2023		61,977
2024		63,907
2025		65,897
Thereafter		149,431
		\$ 459,608

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2020

12. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Land	\$ 5,669	100,000	-	105,669
Land improvements	36,098	-	-	36,098
Buildings	2,679,499	277,505	-	2,957,004
Roads	2,784,088	-	-	2,784,088
Water and sewer systems	4,400,654	-	-	4,400,654
Computer equipment	68,783	-	-	68,783
Vehicles, machinery and equipment	1,997,998	89,468	-	2,087,466
Assets under capital lease	239,122	-	-	239,122
Furniture and fixtures	72,170	-	-	72,170
Construction in progress	83,199	299,298	-	382,497
Total	\$ 12,367,280	766,271	-	13,133,551

Accumulated Amortization	Balance at December 31, 2019	Disposals /Transfers	Amortization	Balance at December 31, 2020
Land improvements	28,617	-	523	29,140
Buildings	1,076,382	-	65,960	1,142,342
Roads	1,885,761	-	58,193	1,943,954
Water and sewer systems	1,187,368	-	87,454	1,274,822
Computer equipment	67,581	-	706	68,287
Vehicles, machinery and equipment	1,415,509	-	116,139	1,531,648
Assets under capital lease	28,695	-	-	28,695
Furniture and fixtures	63,486	-	1,698	65,184
Construction in progress	-	-	-	-
Total	\$ 5,753,399	-	330,673	6,084,072

	Net book value, December 31, 2019	Net book value, December 31, 2020
Land	\$ 5,669	105,669
Land improvements	7,481	6,958
Buildings	1,603,117	1,814,662
Roads	898,327	840,134
Water and sewer systems	3,213,286	3,125,832
Computer equipment	1,202	496
Vehicles, machinery and equipment	582,489	555,818
Assets under capital lease	210,427	210,427
Furniture and fixtures	8,684	6,986
Construction in progress	83,199	382,497
Total	\$ 6,613,881	7,049,479

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2020

12. Tangible capital assets (continued):

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Land	\$ 5,669	-	-	5,669
Land improvements	36,098	-	-	36,098
Buildings	2,679,499	-	-	2,679,499
Roads	2,727,374	56,714	-	2,784,088
Water and sewer systems	4,400,654	-	-	4,400,654
Computer equipment	68,783	-	-	68,783
Vehicles, machinery and equipment	1,920,058	77,940	-	1,997,998
Assets under capital lease	239,122	-	-	239,122
Furniture and fixtures	70,950	1,220	-	72,170
Construction in progress	11,762	71,437	-	83,199
Total	\$ 12,159,969	207,311	-	12,367,280

Accumulated Amortization	Balance at December 31, 2018	Disposals /Transfers	Amortization	Balance at December 31, 2019
Land improvements	28,094	-	523	28,617
Buildings	1,023,036	-	53,346	1,076,382
Roads	1,831,453	-	54,308	1,885,761
Water and sewer systems	1,099,914	-	87,454	1,187,368
Computer equipment	65,821	-	1,760	67,581
Vehicles, machinery and equipment	1,317,895	-	97,614	1,415,509
Assets under capital lease	19,130	-	9,565	28,695
Furniture and fixtures	61,235	-	2,251	63,486
Construction in progress	-	-	-	-
Total	\$ 5,446,578	-	306,821	5,753,399

	Net book value, December 31, 2018	Net book value, December 31, 2019
Land	\$ 5,669	5,669
Land improvements	8,004	7,481
Buildings	1,656,463	1,603,117
Roads	895,921	898,327
Water and sewer systems	3,300,740	3,213,286
Computer equipment	2,962	1,202
Vehicles, machinery and equipment	602,163	582,489
Assets under capital lease	219,992	210,427
Furniture and fixtures	9,715	8,684
Construction in progress	11,762	83,199
Total	\$ 6,713,391	6,613,881

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2020

13. Accumulated surplus:

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

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 6,483,051	\$ 5,958,007
General deficit	(987,467)	(701,480)
Unfunded:		
Employee benefit obligations	(21,683)	(18,062)
Landfill closure and post-closure costs	(103,000)	(86,000)
Total surplus	5,370,901	5,152,465
Reserves set aside for specific purpose by Council:		
General reserve	801,103	936,278
OCIF reserve	201,982	–
Fire capital	49,106	36,549
Community hall	38,954	28,954
Economic Development	2,000	–
Landfill site – Haggart dump	65,000	55,000
Beautification committee	11,368	11,368
Cemetery reserve	13,412	12,162
Library reserve	65,000	65,000
Water and sewer reserve	45,449	43,695
Recreation	19,358	19,357
Roads	2,500	30,001
Total reserves	1,315,232	1,238,364
	\$ 6,686,133	\$ 6,390,829

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2020

14. Budget:

The budget data presented in these consolidated financial statements is based upon the 2020 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 surplus (deficit) per financial plan	\$	-
Less:		
Proceeds from issuance of long-term debt		(1,200,000)
Net reserve transfers and other items		(192,101)
Allocation of prior year surplus		(144,983)
Add:		
Capital acquisitions		1,749,640
Principal payments on long-term debt		56,425
Budgeted surplus per financial statements	\$	268,981

15. Pension agreements:

OMERS provides pension services to more than 500,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2020. The results of this valuation disclosed total going concern actuarial liabilities of \$113,055 million (2019 - \$107,687 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$109,844 million (2019 - \$104,290 million) indicating a going concern actuarial deficit of \$3,211 million (2019 - \$3,397 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees and the Authority's share is not determinable. As a result, the Authority does not recognize any share of the OMERS pension surplus or deficit.

The amount contributed to OMERS for 2019 was \$24,590 (2019 - \$22,413) and is included as an expense in the consolidated statement of operations and accumulated surplus.

16. Commitments:

The Township has entered into the following long-term agreement:

- (i) The Township has entered into an agreement with the Ontario Clean Water Agency from January 1, 2018 to December 31, 2022 to provide to provide supervision, operation and maintenance services for the water treatment plant and lagoon. The total amounts paid to OCWA in 2020 were \$165,310 (2019 - \$165,310).

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2020

17. Public sector salary disclosure:

During 2020, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Township.

18. Trust funds:

Trust funds administered by the Township amounting to \$55,471 (2019 - \$51,218) have not been included on the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

19. Effects of COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provides additional evidence relating to conditions that existed as at year end. At the time of approval of these financial statements, the Township has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- The closure of a number of indoor and outdoor facilities to the general public;
- Revisions to the delivery of a number of municipal services in order to contribute toward physical distancing;
- Enhanced protocols implemented in line with Public Health guidelines;
- Put in place measures to limit and control access to the premises by staff and the general public; and
- In certain instances, the Township has deferred payment timeframes and reduced penalty and interest charges.

20. Segmented information:

The Township is a municipal government institution that provides a range of services to its citizens. Township 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:

(a) General Government:

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

(b) Protection Services:

Protection Services include police and fire services.

(c) Transportation Services:

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

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2020

20. Segmented information (continued):

(d) Environmental Services:

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

(e) Health Services:

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

(f) Social and Family Services:

This function provides general assistance for social and family services.

(g) Recreation and Cultural Services:

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

(h) Planning and Development:

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

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

Notes to Consolidated Financial Statements

Year ended December 31, 2020

20. Segmented information (continued):

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2020 Total
Revenues:									
Taxation	\$ 1,187,871	-	-	-	-	-	-	-	1,187,871
User charges	-	-	-	154,746	-	-	-	-	154,746
Province of Ontario grants	592,795	-	-	50,000	-	-	5,154	-	647,949
Government of Canada grants	88,380	-	-	-	-	-	-	-	88,380
Investment income	3,573	-	-	-	-	-	-	-	3,573
Rental income	-	-	-	-	30,746	-	-	-	30,746
Interest and penalties	8,399	-	-	-	-	-	-	-	8,399
Other	58,086	13,793	2,053	7,614	2,450	-	684	-	84,680
	1,939,104	13,793	2,053	212,360	33,196	-	5,838	-	2,206,344
Expenses:									
Salaries, wages and benefits	125,381	34,460	186,352	42,226	10,837	-	73,331	9,361	481,948
Materials	81,658	160,241	181,588	66,596	87,877	125,859	81,909	11,112	796,840
Contracted services	-	2,894	3,823	229,979	-	-	9,105	-	245,801
Rents, financial expenses and other	40,104	-	-	10,401	-	-	4,848	-	55,353
External transfers	425	-	-	-	-	-	-	-	425
Amortization of tangible capital assets	20,611	28,850	90,833	136,775	8,944	-	44,660	-	330,673
	268,179	226,445	462,596	485,977	107,658	125,859	213,853	20,473	1,911,040
Excess (deficiency) of revenues over expenses	\$ 1,670,925	(212,652)	(460,543)	(273,617)	(74,462)	(125,859)	(208,015)	(20,473)	295,304

THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2020

20. Segmented information (continued):

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2019 Total
Revenues:									
Taxation	\$ 1,162,920	-	-	-	-	-	-	-	1,162,920
User charges	-	-	-	152,670	-	-	-	-	152,670
Province of Ontario grants	724,042	-	-	62,157	-	-	4,949	-	791,148
Government of Canada grants	73,108	-	-	1,680	-	-	-	-	74,788
Investment income	9,232	-	-	-	-	-	-	-	9,232
Rental income	-	-	-	-	35,874	-	-	-	35,874
Interest and penalties	9,421	-	-	-	-	-	-	-	9,421
Other	20,757	15,705	2,277	7,077	9,950	-	10,157	-	65,923
	1,999,480	15,705	2,277	223,584	45,824	-	15,106	-	2,301,976
Expenses:									
Salaries, wages and benefits	125,514	44,810	202,169	57,561	13,982	-	83,720	12,514	540,270
Materials	91,027	154,530	198,007	64,054	95,762	122,586	100,794	10,403	837,163
Contracted services	-	2,639	12,652	331,626	-	-	11,945	-	358,862
Rents, financial expenses and other	19,351	-	-	11,469	-	-	5,397	-	36,217
External transfers	1,160	-	-	-	-	-	-	-	1,160
Amortization of tangible capital assets	7,997	28,259	80,201	135,602	8,944	-	45,818	-	306,821
	245,049	230,238	493,029	600,312	118,688	122,586	247,674	22,917	2,080,493
Excess (deficiency) of revenues over expenses	\$ 1,754,431	(214,533)	(490,752)	(376,728)	(72,864)	(122,586)	(232,568)	(22,917)	221,483