



# **ORDRE DU JOUR / AGENDA**

## **Réunion extraordinaire du Conseil / Special Council meeting**

**Canton de Fauquier-Strickland / Township of Fauquier-Strickland**

**13 h - vendredi 01 mai 2020 / 1:00 PM - Friday, May 1, 2020**  
via Video Conference

Page

### **1. APPEL À L'ORDRE / CALL TO ORDER**

### **2. MOMENT DE RÉFLEXION / MOMENT OF REFLECTION**

### **3. RECONSIDÉRATION / RECONSIDERATION**

### **4. ADOPTION DE L'ORDRE DU JOUR / ADOPTION OF THE ORDER OF BUSINESS**

4.1. Motion...Adoption de l'ordre du jour / Adoption of the Order of Business

### **5. DÉCLARATION D'INTÉRÊT PÉCUNIÈRES / DECLARATION OF PECUNIARY INTEREST**

### **6. SUJET(S) REPORTÉ(S) DE LA RÉUNION PRÉCÉDENTE / UNFINISHED BUSINESS FROM PREVIOUS MEETING**

### **7. ORDRE DU JOUR DE CONSENTEMENT / CONSENT AGENDA**

### **8. RÉUNION À HUIS CLOS / CLOSED SESSION (SI NÉCESSAIRE / IF NECESSARY)**

8.1. Motion...pour se rencontrer à huis clos sous l'autorité de la section 239(2)(b) et (j) de la *Loi sur les Municipalités* / to go into closed session under the authority of Section 239(2)(b) and (j) of the *Municipal Act*.

## **9. ARTICLES SORTANT DE LA SÉANCE À HUIS CLOS / ITEMS COMING OUT OF CLOSED SESSION**

## **10. PRESENTATIONS**

- 4 - 29      10.1. Motion...Présentation de KPMG concernant les états financiers de la municipalité / Presentation by KPMG in regards to the municipality's Financial Statements  
[2019 -Fauquier- FS Presentation](#)

## **11. AFFAIRES NOUVELLES / NEW BUSINESS**

### **11.1. TRAVAUX PUBLICS / PUBLIC WORKS**

### **11.2. PROTECTION À LA PERSONNE ET PROPRIÉTÉ / PROTECTION TO PERSONS AND PROPERTY**

### **11.3. ENVIRONNEMENT / ENVIRONMENT**

- 30 - 31      11.3.1. Motion...Ménage du printemps / Spring Clean-up  
[ADM.2020.12 Spring Clean up](#)

### **11.4. PARCS, RÉCRÉATION ET CULTURE / PARKS, RECREATION AND CULTURE**

### **11.5. ADMINISTRATION**

- 32 - 34      11.5.1. Motion...Programme de livraison / Delivery service program  
[staff report - delivery service 2020.13](#)

- 35 - 61      11.5.2. Motion...Ébauche des états financiers / Draft Financial Statements  
[Agenda Item Report - AIR-20-016 - Pdf](#)

- 62      11.5.3. Motion...Recommandation de renoncer aux intérêts et pénalités pour le mois d'avril 2020 / Recommendation to waive the interest and penalties for the month April 2020  
[Agenda Item Report - AIR-20-019 - Administration - Pdf](#)

**11.6. SANTÉ ET BIEN-ÊTRE SOCIAL / HEALTH AND SOCIAL WELFARE**

**11.7. PLANIFICATION ET DÉVELOPPEMENT ÉCONOMIQUE / PLANNING AND ECONOMIC DEVELOPMENT**

**11.8. CONTRÔLE DES JEUX / GAMES CONTROL**

**11.9. EAU ET EAUX USÉES / WATER AND WASTE WATER**

**12. AVIS DE MOTION / NOTICE OF MOTION**

**13. ARRÊTÉS / BY-LAWS**

63

13.1. Motion...Arrêté numéro 2020-18 / By-law number 2020-18...Affirmation / Confirmation  
[Council Proceedings May 1st](#)

**14. LEVÉE DE LA SESSION / ADJOURNMENT**



# Corporation of the Township of Fauquier-Strickland

**Financial Statement Review and Year-End Audit Report  
For the year ended December 31, 2019**

**May 1, 2020**



# Auditor's Report

## 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, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of 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, 2019, 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.

# Auditors' Report

- 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.

Unqualified or clean audit opinion

Highest level of financial assurance available under the Canadian Auditing Standards

Materiality for the engagement was set at \$57,300 with a posting threshold of \$2,800

Statements are in draft pending Council approval

Chartered Professional Accountants, Licensed Public Accountants

Page 6 of 6  
KPMG  
Audbury, Canada

Date



# Statement of Management's Responsibility

### 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.

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Nathalie Vachon  
Deputy Clerk Treasurer

# Audit Procedures

## **Systems documentation**

- Revenues
- Disbursements
- Payroll
- Capital

## **Internal control testing**

- Disbursements
- Payroll

## **Substantive testing**

- Sampling
- Analytical review
- Management estimates





# Composition of Taxes and User Fees Receivable

	2019	2018
Current	\$69,078	\$57,392
Previous taxation year	\$24,486	\$8,793
Prior taxation years	\$9,804	\$9,460
Interest and penalties	\$13,662	\$10,724
Allowance for doubtful accounts	(\$10,000)	(\$10,000)
<b>Total</b>	<b>\$107,031</b>	<b>\$76,370</b>
As a percentage of levy	9.20%	7.01%

# Statement of Financial Position

## THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Consolidated Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial assets</b>		
Cash	\$ 38,877	\$ 122,325
Investments (note 4)	767,136	525,354
Taxes and user charges receivable (note 5)	107,031	76,370
Accounts receivable (note 6)	72,492	53,578
	<u>985,536</u>	<u>777,627</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	110,359	120,015
Deferred revenue (note 8)	422,076	459,378
Landfill closure and post-closure liability (note 9)	86,000	54,000
Capital lease obligation (note 10)	139,940	170,839
Long-term debt (note 11)	515,934	570,645
	<u>1,274,309</u>	<u>1,374,877</u>
<b>Net financial debt</b>	<b>(288,773)</b>	<b>(597,250)</b>
<b>Non-financial assets</b>		
Tangible capital assets (note 12)	6,613,881	6,713,391
Prepaid expenses	65,721	53,205
	<u>6,679,602</u>	<u>6,766,596</u>
<b>Commitments (note 16)</b>		
<b>Accumulated surplus (note 13)</b>	<b>\$ 6,390,829</b>	<b>\$ 6,169,346</b>

### Highlights

- Change in tangible capital assets from various capital projects totaling \$207K (\$197K for the Township and \$10K for the library) offset by the annual depreciation on the tangible capital assets (\$306K).

# Significant Tangible Capital Asset Additions

• LED streetlight Project	\$57,000
• Pump replacements (various)	\$20,000
• Water treatment plant	\$55,000
• Engineering fees for multi-use building	\$16,000
• John Deere and tires	\$22,000
• Other miscellaneous additions (all immaterial amounts)	\$37,000



# Statement of Operations

## THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2019, with comparative information for 2018

	2019 Budget (note 14)	Actual 2019	Actual 2018
<b>Revenue:</b>			
Taxation	\$ 1,141,490	\$ 1,162,920	\$ 1,089,743
User charges	302,854	152,670	143,879
Province of Ontario grants	443,700	791,148	506,396
Government of Canada grants	74,560	74,788	18,570
Investment income	5,000	9,232	5,416
Rental income	33,800	35,874	22,881
Interest and penalties	12,928	9,421	8,527
Other	67,696	65,923	133,092
<b>Total revenue</b>	<b>2,082,028</b>	<b>2,301,976</b>	<b>1,928,504</b>
<b>Expenses:</b>			
General government	288,796	245,049	253,621
Protection to persons and property	256,655	230,238	212,808
Transportation services	467,791	493,029	516,830
Environmental services	384,580	600,312	412,150
Health services	114,724	118,688	129,336
Social and family services	128,476	122,586	118,782
Recreational and culture	314,914	247,674	238,666
Planning and development	20,248	22,917	27,581
<b>Total expenses</b>	<b>1,976,184</b>	<b>2,080,493</b>	<b>1,909,774</b>
<b>Annual surplus</b>	<b>105,844</b>	<b>221,483</b>	<b>18,730</b>
<b>Accumulated surplus, beginning of year</b>	<b>6,169,346</b>	<b>6,169,346</b>	<b>6,150,616</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 6,275,190</b>	<b>\$ 6,390,829</b>	<b>\$ 6,169,346</b>

### Highlights

- Increase in tax rates and assessment values for FY2019 resulting in increased taxation revenue (2% increase in rates and 5% increase in assessment values)
- User charges have remained relatively consistent year over year
- Province of Ontario grants have increased given the modernization funding in 2019 (\$248K) and the use of the Main Street revitalization funding (\$39K) for the LED streetlight project
- Government of Canada grant revenue has increased given the increased use of federal gas tax dollars
- Other revenues have decreased from 2018 as the prior year included an insurance recovery for a fire (\$28K), sales of lots (\$15K) and a reimbursement of social services costs (\$19K). No similar amounts of revenue included in 2019.

# Statement of Operations

## THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Consolidated Statement of Operations and Accumulated Surplus

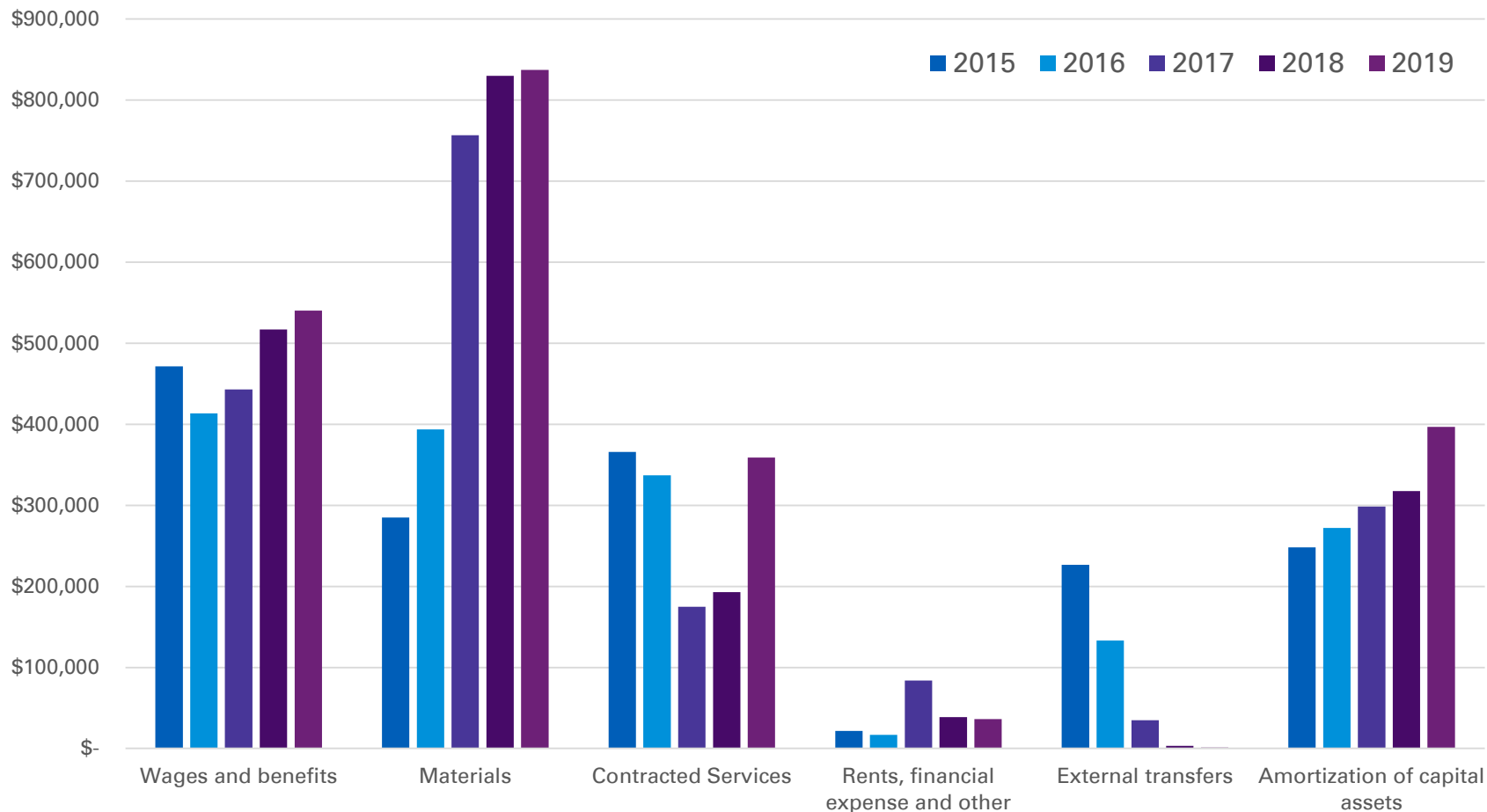
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<b>Accumulated surplus, end of year</b>	<b>\$ 6,275,190</b>	<b>\$ 6,390,829</b>	<b>\$ 6,169,346</b>

### Highlights

- On an overall basis expenditures for the Township increased \$170K on a year over year basis as a result of the following:
  - Increased costs associated with environmental services associated with recycling fees which were charged for 2017 to 2019 within the 2019 year end totaling \$144K.
  - The increase in the landfill liability in the current year resulted in an increase of \$35K given the use of the landfill in 2019 along with changes in the discount rate and inflation rate in 2019.

# Operating Expenses



# Reconciliation of Surplus

	2019
Surplus per financial statements	\$221,283
Add: Amortization of TCA	\$306,621
Less: TCA additions (not debt funded)	(\$297,311)
Less: Principal payments on debt	(\$85,610)
<b>Total Surplus</b>	<b>\$144,983</b>

- Differences exist between Municipal budgeting and Public Sector Accounting Standards
- Modernization funding has been transferred to the restricted general reserve (modernization funding was \$248K in 2019)
- Remaining surplus was included in the general deficit (reduction of the general deficit)



# Statement of Changes in Net Financial Assets

## THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Consolidated Statement of Change In Net Financial Debt

Year ended December 31, 2019, with comparative information for 2018

	2018 Budget (note 14)	Actual 2019	Actual 2018
Annual surplus	\$ 105,844	\$ 221,483	\$ 18,730
Acquisition of tangible capital assets	(429,070)	(207,311)	(232,493)
Amortization of tangible capital assets	-	306,821	317,640
Use of prepaid expenses	-	(12,516)	2,743
	(429,070)	86,994	87,890
Change in net financial debt	(323,226)	308,477	106,620
Net financial debt, beginning of year	(597,250)	(597,250)	(703,870)
Net financial debt, end of year	\$ (920,476)	\$ (288,773)	\$ (597,250)

### Highlights

- The Township's net financial debt has decreased by \$308K mainly as a result of the current year surplus

# Accumulated Surplus

## 13. Accumulated surplus:

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

	2019	2018
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 5,958,007	\$ 5,971,907
General deficit	(701,480)	(750,162)
<b>Unfunded:</b>		
Employee benefit obligations	(18,062)	(40,544)
Landfill closure and post-closure costs	(86,000)	(54,000)
<b>Total surplus</b>	<b>5,152,465</b>	<b>5,126,201</b>
<b>Reserves set aside for specific purpose by Council:</b>		
General reserve	936,278	758,418
Fire capital	36,549	26,549
Community hall	28,954	28,954
Landfill site – Haggart dump	55,000	45,000
Beautification committee	11,368	11,368
Cemetery reserve	12,162	12,162
Library reserve	65,000	65,000
Water and sewer reserve	43,695	42,824
Recreation	19,357	19,357
Roads	30,001	32,513
<b>Total reserves</b>	<b>1,238,364</b>	<b>1,042,145</b>
	<b>\$ 6,390,829</b>	<b>\$ 6,168,346</b>

## Highlights

- The Town's total accumulated surplus amounted to \$6.4 million, consisting of:
  - \$5.9 million which has been spent and invested in the tangible capital assets
  - General deficit has decreased to \$701K given the current year surplus
  - \$1.2 million in reserves (main increase relates to the transfer of the modernization funding as it was not spent in 2019)
  - \$104K in unfunded liabilities relating to the landfill and employee benefits (associated with sick leave)

# Matters for Communication

## **Audit is complete pending:**

- Council approval of financial statements
- Receipt of signed representation letter

## **No significant difficulties encountered during the course of our audit procedures:**

- No changes to our initial audit planned audit approach
- No disagreements or difficulties with management

## **All audit adjustments have been recorded within the financial statements and no unadjusted audit differences above our posting threshold to note**

## **No significant internal control weaknesses noted**



# Corporation of the Township of Fauquier-Strickland

**Comparative Analysis**





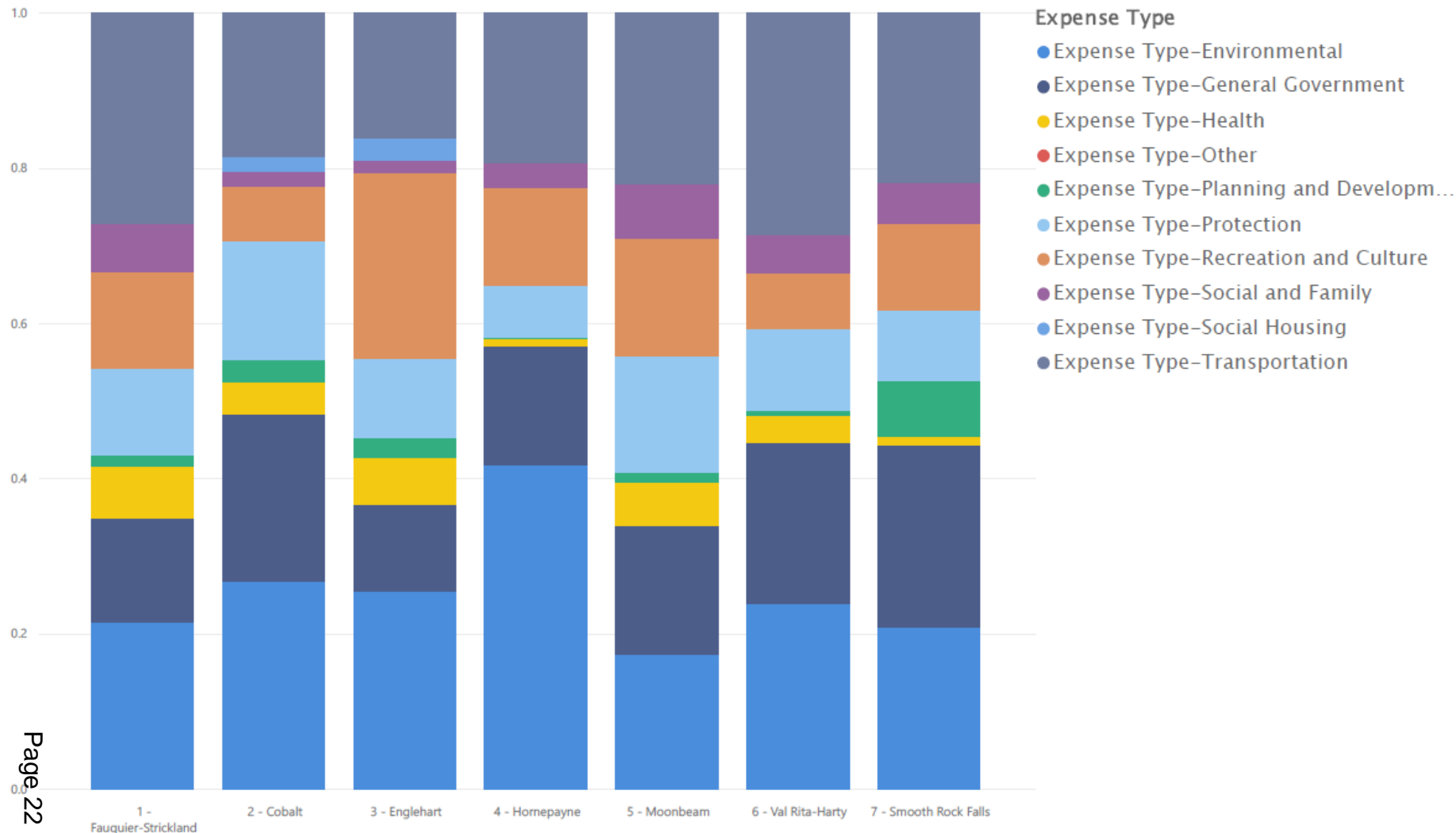
# Selecting Comparators

Municipality	Households
Fauquier-Strickland	387
Cobalt	624
Englehart	752
Hornepayne	514
Moonbeam	993
Val Rita-Harty	357
Smooth Rock Falls	693

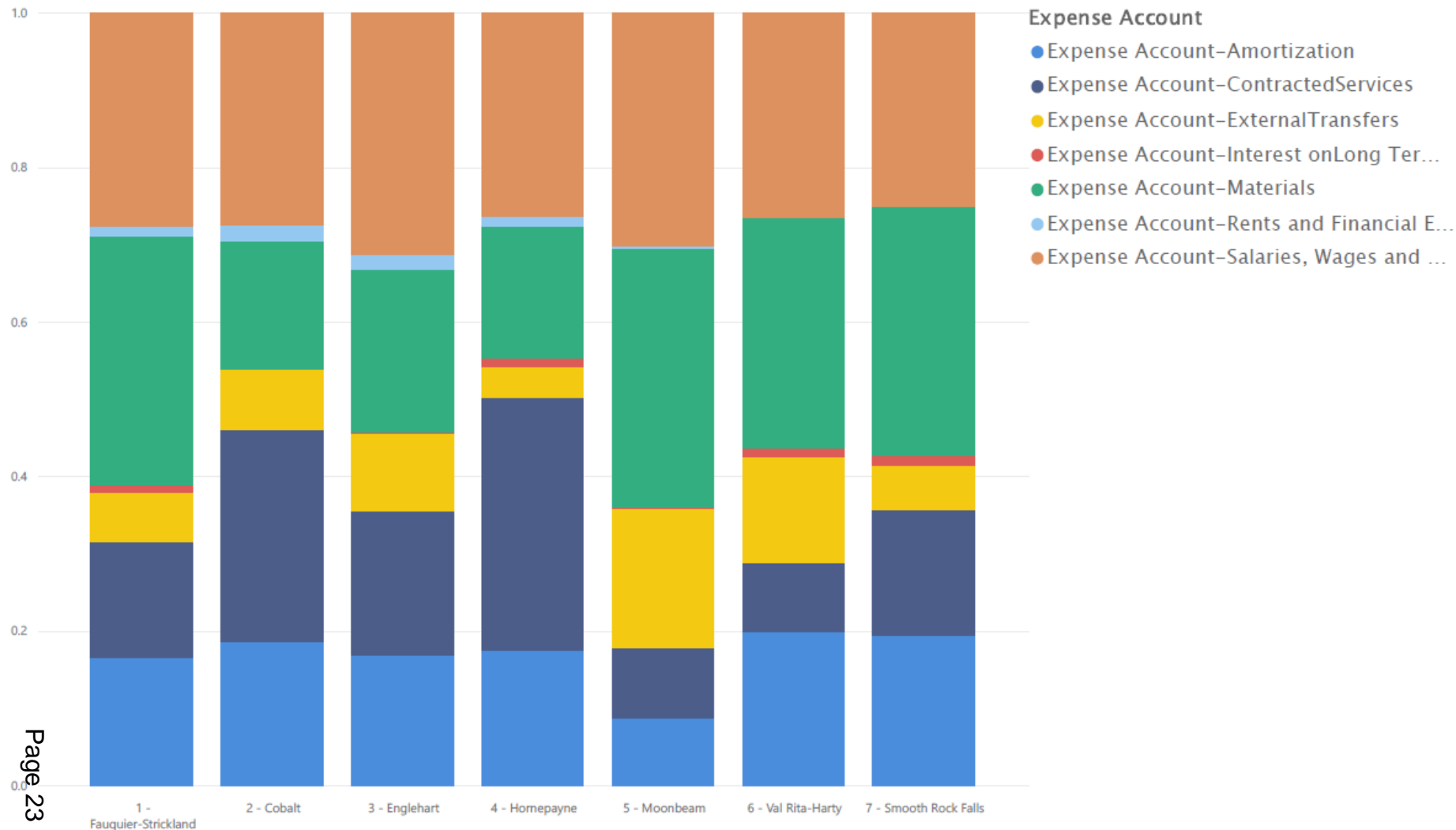
## Criteria

- Single tier
- Northern Ontario
- Similar number of households
- communities on the Highway 11 corridor

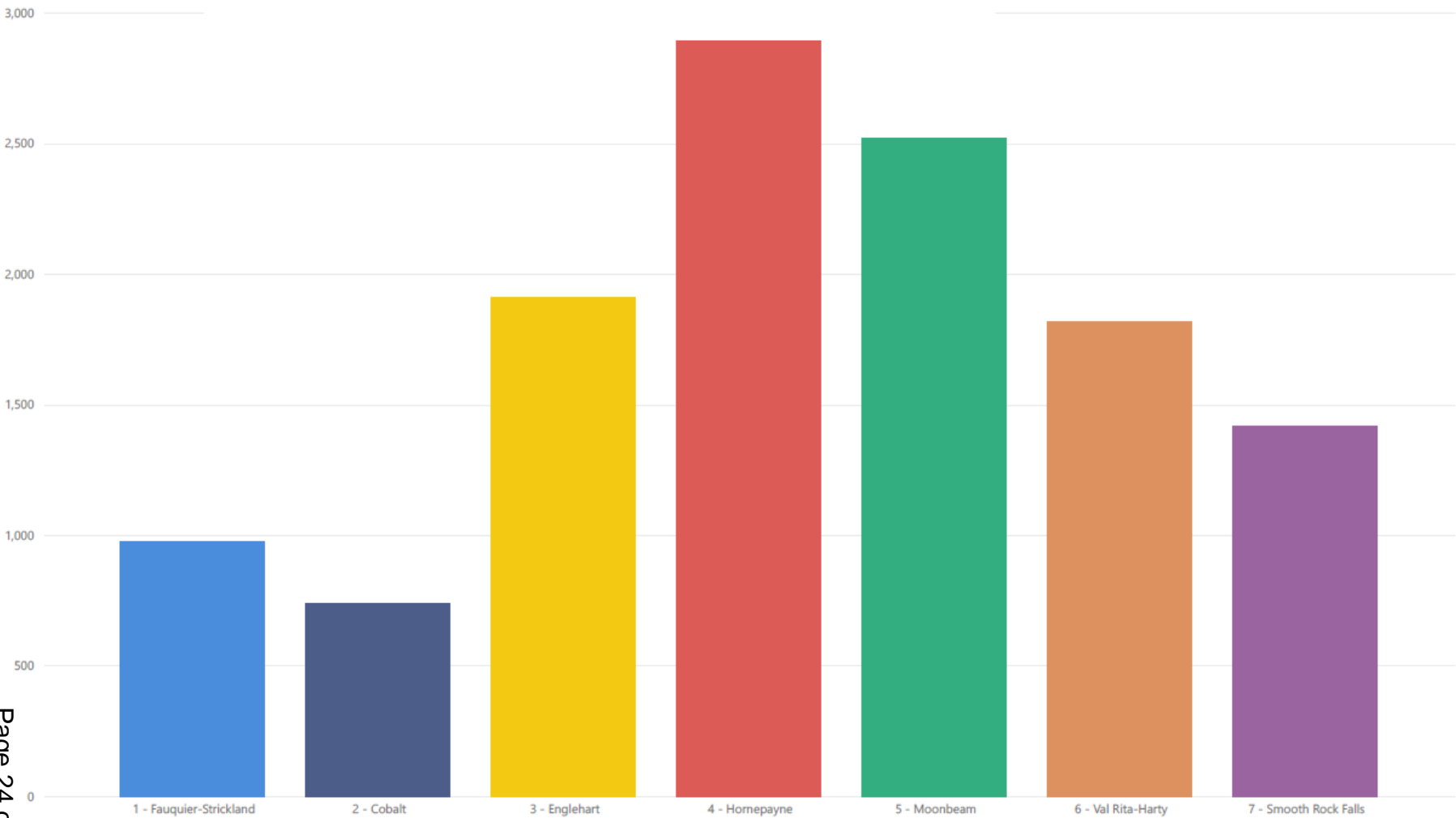
# Expenses by Segment



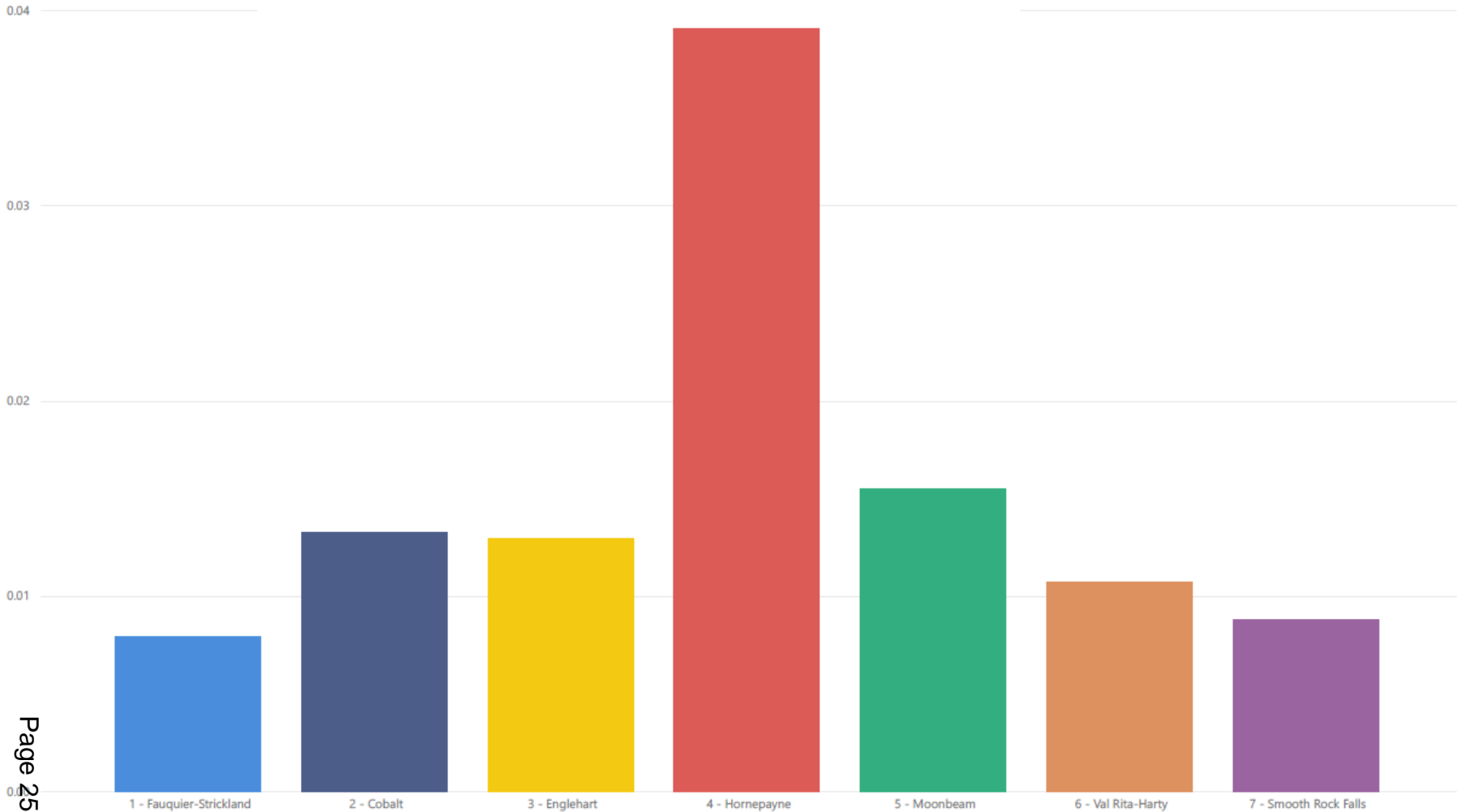
# Expenses by Type



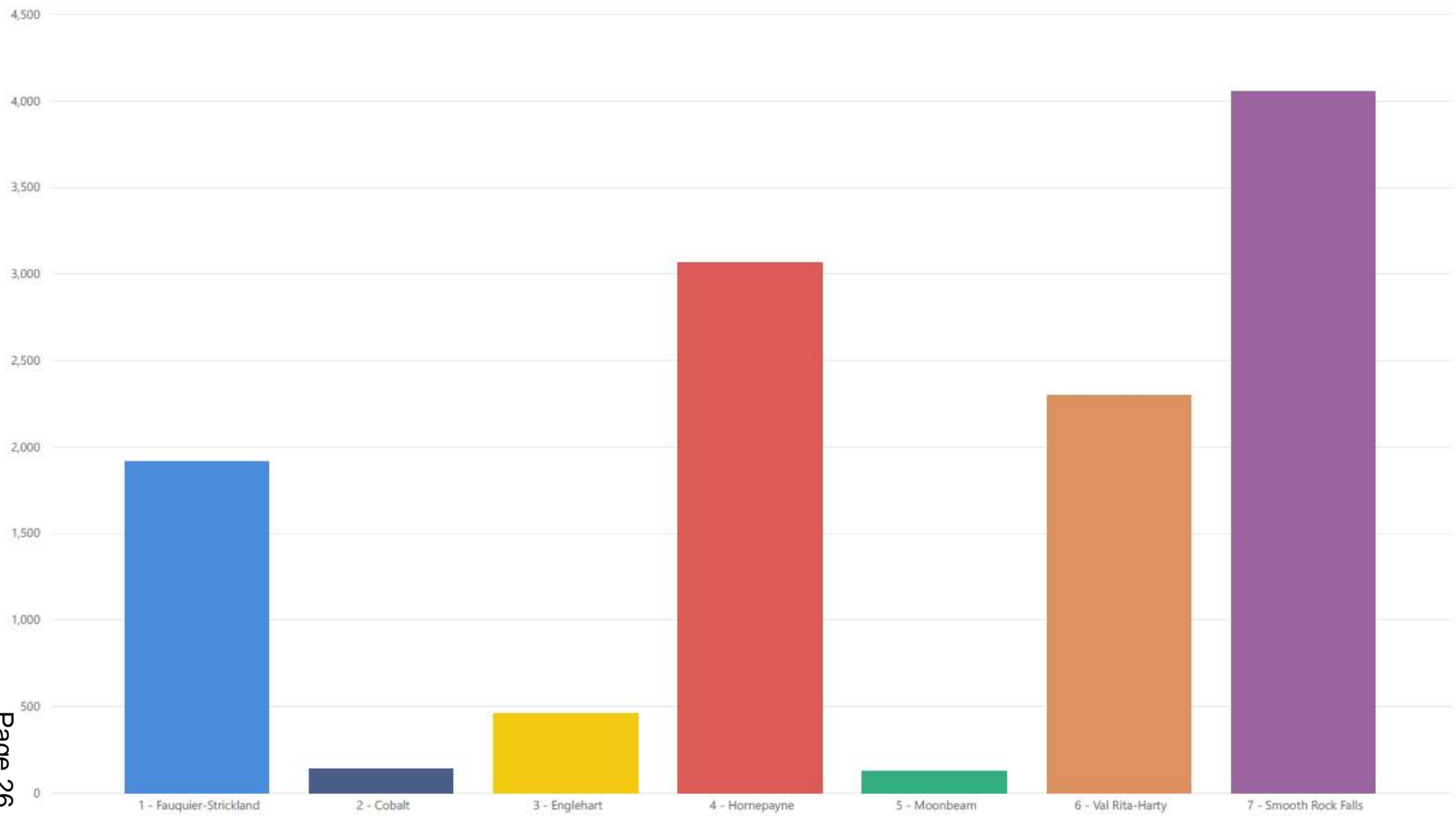
# Taxation per Household



# Taxation as a Percentage of Assessed Values

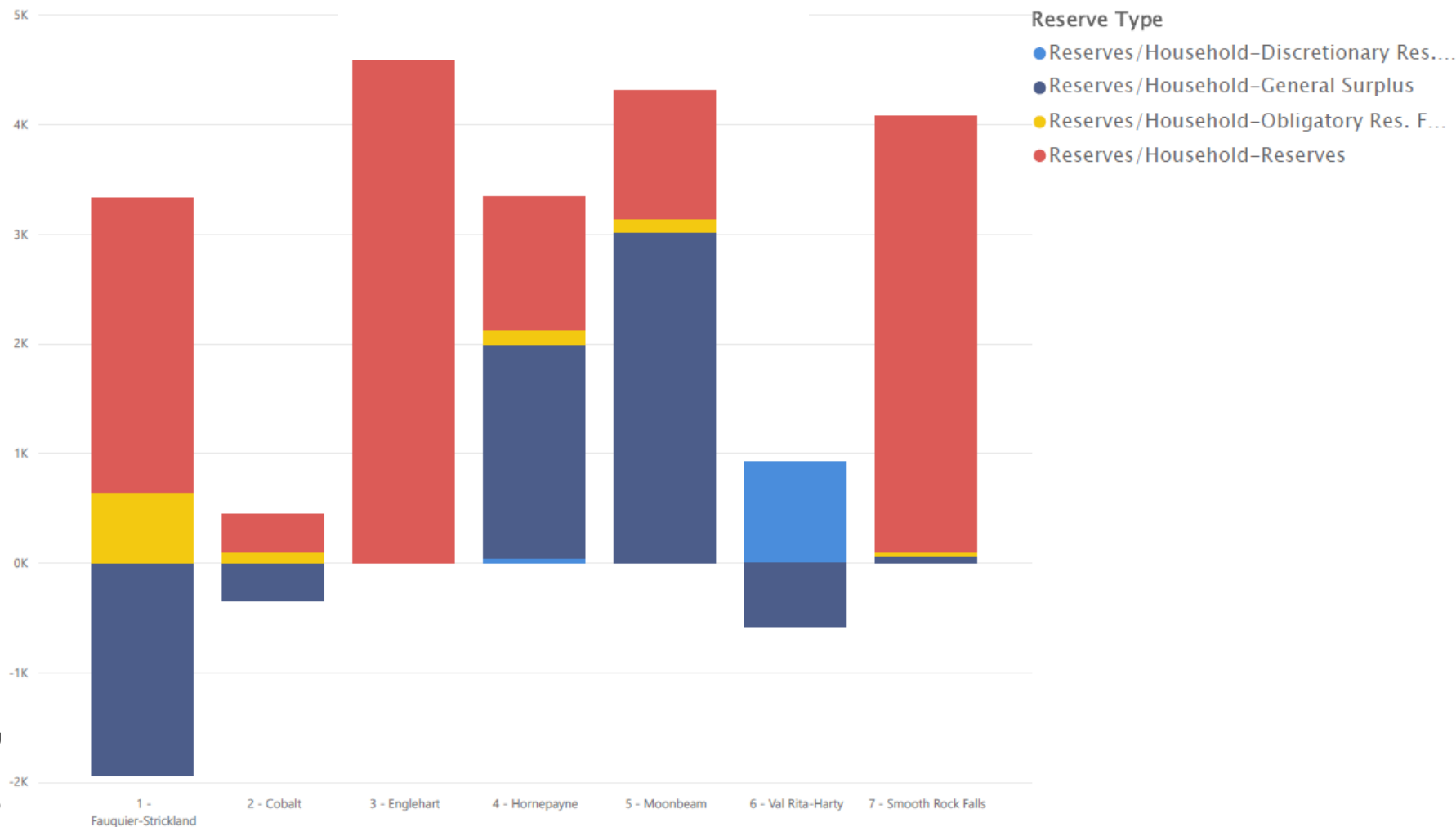


# Debt Per Household





# Reserve Fund Comparison





# Thank you



[kpmg.ca](http://kpmg.ca)



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# Staff Report

## Administration

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**Meeting Date :** May 1, 2020  
**Report Number :** ADM.2020.12  
**Subject:** Spring Clean-up  
**Prepared by:** Pascale Tremblay, Office Assistant

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### A. Recommendations

We recommend that the spring cleanup, scheduled for May 2020 be cancelled because of the health and safety risks related to the COVID-19 pandemic.

### B. Overview

The Fauquier-Strickland spring cleanup is usually an annual event in the community. Unfortunately, this year, the circumstances surrounding this COVID-19 pandemic have made us question whether or not it would be safe to go ahead with this spring cleaning.

### C. Background

Last year the cleanup occurred throughout the week of May 21st to May 24th. This task usually requires two workers from our public work department, as well as another worker, if additional help is needed.

### D. Analysis

The spring cleanup has been cancelled in many surrounding municipalities for health and safety reasons: The Municipality of Moonbeam announced the cancellation on April 8th; The town council of Kapuskasing postponed the event until Fall 2020; Smooth Rock Falls and Val Rita have not yet spoken of their decisions regarding this event, but they will likely follow suit. Many other municipalities around Ontario have decided to cancel their cleanup (such as the town of Barrie, London, Toronto, Pembroke, and many more) to protect their workers.

There are two options regarding this year's spring cleanup:

1. Report the spring cleanup to a later date, once the threat of COVID-19 has lessened: This option would prevent any possible contamination from happening. The workers would not have to come into contact with any objects possibly contaminated.
2. Go ahead with the cleanup: This option would involve many precautions to prevent contamination. The workers would have to wear both gloves and masks and would have to disinfect any surfaces they have had contact. They would also have to follow the

protocol regarding health and safety measures during COVID-19 (following the social distancing rules, regularly washing their hands, and periodically sanitizing).

There is a risk of contamination with this option. According to the World Health Organisation, a surface can easily be contaminated by someone who has COVID-19. The virus can then be spread if someone comes in contact with the contaminated surface. The virus can stay on cardboard for 24h; on copper for up to 4 hours; on plastic to up to 72 hours; and on stainless steel up to 72 hours. This information suggests that the objects picked up by the workers during the cleanup could be contaminated, which could cause a potential infection of the workers. The risks that come with this option seem to outweigh the possible benefits of this cleanup.

#### **E. Financial Impact**

There will be no economic impact if we cancel this event.



# Staff Report

## Administration

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**Meeting Date :** May 1<sup>st</sup>, 2020  
**Report Number :** ADM.2020.13  
**Subject:** Delivery Service for residents  
**Prepared by:** Tracy Gagnon, Interim Deputy Clerk / Deputy Treasurer

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### A. Recommendations

THAT Council examine Staff Report ADM.2020.13 concerning a delivery service for our residents due to COVID-19.

AND THAT Council discuss and approve Option # 1 as to how the service will be provided.

### B. Overview

The Corporation of the Township of Fauquier-Strickland would like to offer a grocery and prescription drug delivery service to all Fauquier-Strickland residents during the COVID-19 crisis.

The municipality was to implement this service with the help of volunteers. While further researching information to properly create policies for volunteers, staff and residents as well as proper instructions for them, it became quite apparent that it was much more complex than previously anticipated. It would be best to consider other options.

Establishing and adopting policies is time consuming, time is of the essence in the situation.

### C. Background

Due to the COVID-19 pandemic and the declared State of Emergency by the Province of Ontario, Public Health agencies are highly recommending restricting non-essential outings for all individuals. The Corporation of the Township of Fauquier- Strickland deems it desirable to offer a delivery service to its residents for groceries and prescription drugs with the help of volunteers. At the Special Council Meeting held on April 16<sup>th</sup>, 2020 Staff Report ADM.2020.11 was brought to Council. Council approved option #1 as recommended by staff that read "That residents place their order with the respective store (Kapuskasing, Moonbeam or Smooth Rock Falls) and volunteers will pick up and



deliver. Delivery coordination would be managed by the administrative support assistant. Our residents do not have to pay the \$10 delivery fee for groceries.”

Further research was needed to prepare policies and proper instructions for volunteers. During these researches it became apparent that involvement from the municipality may not be the best course of action to take because of the complex nature of the involvement. So many constants that are uncontrollable could possibly render the municipality liable. Examples of these would be ensuring: Proper use of PPE, that all steps are taken to ensure the virus isn't spread, that the proper food safety standards are being met, the proper training is provided to volunteers, that there is no chance of someone possibility of having the virus without knowing and transmitting it to others and so much more.

#### **D. Analysis**

During further research to create policies and an instruction guide it was concluded that having the municipality sponsor the delivery service was not the best course of action to take. This is also a lengthy process. Without the involvement of the municipality, residents of Fauquier-Strickland could benefit of delivery services much sooner.

##### **1. option # 1**

That Génération Plus manage the Delivery Service project. It will be up to Génération Plus to decide how they will manage the program and evaluate the needs of residents. As per Génération Plus, the delivery service would run every Wednesday. Residents are to place their order ahead of time with their respective Pharmacy and their groceries with Épicerie Coop Grocery store in Moonbeam and ensure the orders are ready for pick up on the Wednesday. That the Municipality make a monetary donation to cover the travel expenses incurred by the volunteers. That the Municipality also donate hand sanitizer, gloves and wipes.

##### **2. option #2**

That residents use the services already provided by the Épicerie Coop Grocery store in Moonbeam and the Aging at Home program in Smooth Rock Falls. The Aging at Home program can deliver groceries to the Fauquier-Strickland residents every Wednesday. That the municipality pay the delivery fees incurred. The Épicerie Coop Grocery store in Moonbeam and Aging at home program would keep a record of the deliveries they make, and the municipality would reimburse the travel costs. No services provided for prescription drug pickup and delivery.

##### **3. option # 3**

That no delivery services be provided and that the residents use external services already offered on their own.

**E. Financial Impact**

The Municipality could make a donation to Génération Plus to pay for the gas used by volunteers for the pickup and delivery of prescriptions and/or groceries. The standard reimbursement rate is \$0.45/km. Gloves, hand sanitizer and wipes would also be at the expense of the municipality.

The Aging at Home program could deliver groceries to Fauquier-Strickland residents for a flat fee of \$20.00. No limit as to how many households will be delivered to.

The Épicerie Coop Grocery store has a delivery program in place. The cost to have groceries delivered to Fauquier is \$10.00.

The fee for a taxi delivery from Kapuskasing is \$50.00 plus and additional \$15.00 to pick up items from a store. They are not currently offering this service.

Regular Council meeting  
**AGENDA ITEM REPORT**  
AIR-20-016



**Meeting:** Special Council meeting - 01 May 2020  
**Subject:** 2019 Draft Financial Statements prepared by KPMG  
**Prepared by:** Nathalie Vachon, Acting CAO Clerk Treasurer

**RECOMMENDATION:**

That Council approve the 2019 draft Financial Statements

**OVERVIEW:**

This report presents the 2019 Draft Consolidated Financial Statements of the Municipality.

**BACKGROUND:**

The 2019 Draft Financial Statements were prepared by KPMG following an audit review held during the first week of April 2020. The financial statements are prepared in compliance with legislation and in accordance with the Public Sector Accounting Board of the Professional Accountants of Canada.

**ANALYSIS:**

Further to Council's approval of the draft financial statements, KPMG will finalize and send forth the 2019 Final Financial Statements for Council's adoption.

**FINANCIAL IMPACT:**

The following is a summary of some financial highlights from the 2019 draft financial statements:

**Operating Surplus / Deficit**

The operating surplus at December 31, 2019 as shown on the draft financial statement is \$221,483. Staff is recommending to Council that at least \$150,000 of this surplus be transferred to the general reserve.

**Reserve and Reserve Funds**

The Township of Fauquier-Strickland manages its resources to ensure current needs of its citizens are met without jeopardizing the ability for future generations to meet their own needs. Reserve and Reserve Fund management allows the Township to avoid issuance of debt for repair, rehabilitation, and replacement of existing assets where possible, build up funding for future liabilities and contingency funding for unexpected events. At the end of 2019, the Township's Reserve and Reserve Funds increased by \$404,203 over 2018.

**General Surplus / Deficit**

Although the municipality is experiencing an operating surplus for the year 2019, we are finding ourselves with a general deficit of \$701,480.

The general deficit is calculated based on operating surplus transferred to reserves and any surplus/deficit relating to capital (such as amortization expense and surplus dollars which were spent on capital asset purchase). After all the reserve transfers and the capital items identified above, the calculated amount is transferred to the general deficit to reduce or increase the Township's general deficit.

Effectively, to bring this deficit down to nil, there would have to be a number of years of operating surplus that is being transferred to reserves. This proves to be a difficult task seing as the municipality's operating revenues are much lower than its operating expenses.

On the bright side, the total reserves amounts to \$1,238,364, which covers the general deficit of the municipality. On the other hand, the municipality has to carefully maintain their reserves to ensure the general deficit remains covered by these reserves.

The general deficit results of years of accumulated deficit. In 2019, we managed to bring the general deficit down by \$48,682.

#### **ATTACHMENTS:**

[2019-12-31 Township of Fauquier-Dec19 DRAFT FS \(003\)](#)

Reviewed by:

Nathalie Vachon, Acting CAO  
Clerk Treasurer

None

Consolidated Financial Statements of

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

Year ended December 31, 2019

# THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Consolidated Financial Statements Index

Year ended December 31, 2019

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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.

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Nathalie Vachon  
Deputy Clerk Treasurer



KPMG LLP  
Claridge Executive Centre  
144 Pine Street  
Sudbury Ontario P3C 1X3  
Canada  
Telephone (705) 675-8500  
Fax (705) 675-7586

## 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, 2019
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of 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, 2019, 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.

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada

Date

# THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

## Consolidated Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
<b>Financial assets</b>		
Cash	\$ 38,877	\$ 122,325
Investments (note 4)	767,136	525,354
Taxes and user charges receivable (note 5)	107,031	76,370
Accounts receivable (note 6)	72,492	53,578
	<u>985,536</u>	<u>777,627</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	110,359	120,015
Deferred revenue (note 8)	422,076	459,378
Landfill closure and post-closure liability (note 9)	86,000	54,000
Capital lease obligation (note 10)	139,940	170,839
Long-term debt (note 11)	515,934	570,645
	<u>1,274,309</u>	<u>1,374,877</u>
Net financial debt	(288,773)	(597,250)
<b>Non-financial assets</b>		
Tangible capital assets (note 12)	6,613,881	6,713,391
Prepaid expenses	65,721	53,205
	<u>6,679,602</u>	<u>6,766,596</u>
Commitments (note 16)		
Accumulated surplus (note 13)	\$ 6,390,829	\$ 6,169,346

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, 2019, with comparative information for 2018

	2019 Budget (note 14)	Actual 2019	Actual 2018
Revenue:			
Taxation	\$ 1,141,490	\$ 1,162,920	\$ 1,089,743
User charges	302,854	152,670	143,879
Province of Ontario grants	443,700	791,148	506,396
Government of Canada grants	74,560	74,788	18,570
Investment income	5,000	9,232	5,416
Rental income	33,800	35,874	22,881
Interest and penalties	12,928	9,421	8,527
Other	67,696	65,923	133,092
Total revenue	2,082,028	2,301,976	1,928,504
Expenses:			
General government	288,796	245,049	253,621
Protection to persons and property	256,655	230,238	212,808
Transportation services	467,791	493,029	516,830
Environmental services	384,580	600,312	412,150
Health services	114,724	118,688	129,336
Social and family services	128,476	122,586	118,782
Recreational and culture	314,914	247,674	238,666
Planning and development	20,248	22,917	27,581
Total expenses	1,976,184	2,080,493	1,909,774
Annual surplus	105,844	221,483	18,730
Accumulated surplus, beginning of year	6,169,346	6,169,346	6,150,616
Accumulated surplus, end of year	\$ 6,275,190	\$ 6,390,829	\$ 6,169,346

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, 2019, with comparative information for 2018

	2018 Budget (note 14)	Actual 2019	Actual 2018
Annual surplus	\$ 105,844	\$ 221,483	\$ 18,730
Acquisition of tangible capital assets	(429,070)	(207,311)	(232,493)
Amortization of tangible capital assets	-	306,821	317,640
Use of prepaid expenses	-	(12,516)	2,743
	(429,070)	86,994	87,890
Change in net financial debt	(323,226)	308,477	106,620
Net financial debt, beginning of year	(597,250)	(597,250)	(703,870)
Net financial debt, end of year	\$ (920,476)	\$ (288,773)	\$ (597,250)

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, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 221,483	\$ 18,730
Items not involving cash:		
Amortization of tangible capital assets	306,821	317,640
Change in landfill closure and post-closure liability	32,000	3,000
	560,304	339,370
Change in non-cash assets and liabilities:		
Decrease in taxes and user charges receivable	(30,661)	(25,790)
Decrease (increase) in accounts receivable	(18,914)	77,328
Decrease (increase) in prepaid expenses	(12,516)	2,743
Decrease in accounts payable and accrued liabilities	(9,656)	(25,696)
Increase (decrease) in deferred revenue	(37,302)	251,509
Net change in cash from operating activities	451,255	619,464
Capital activities:		
Cash used to acquire tangible capital assets	(207,311)	(232,493)
Investing activities:		
Purchase of investments	(241,782)	(262,230)
Financing activities:		
Capital lease repayment	(30,899)	(28,639)
Issuance of long-term debt	-	(44,419)
Principal repayment of long-term debt	(54,711)	(24,847)
Net change in cash from financing activities	(85,610)	(97,905)
Net change in cash	(83,448)	26,836
Cash, beginning of year	122,325	95,489
Cash, end of year	\$ 38,877	\$ 122,325

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, 2019

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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, 2019

## 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, 2019

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## 1. Significant accounting policies (continued):

### (f) Reserves and reserve funds:

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

### (g) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles for local governments requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include valuation allowances for taxes and accounts receivable, post-retirement benefit obligations and estimating provisions for accrued liabilities and landfill closure and post-closure liabilities. In addition, the Township's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from those estimates.

### (h) School Boards:

The 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.

### (i) 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.

### (j) 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.

# THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## 1. Significant accounting policies (continued):

### (k) 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.

### (l) 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.

### (m) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant items subject to such estimates and assumptions include estimated useful lives of tangible capital assets, estimate of landfill obligation and estimated amounts for uncollectible accounts receivable and reassessment of taxes receivable. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

## 2. Operations of School Boards:

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

	Public	Separate	2019	2018
Revenues raised and transferred to boards	\$ 124,947	\$ 127,926	\$ 252,873	\$ 247,981

# THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2019

## 3. Contributions to Non-Consolidated Entities:

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

	2019	2018
The District of Cochrane Social Service Administration Board	\$ 163,451	\$ 157,561
Porcupine Health Unit	20,265	19,710
	<b>\$ 183,716</b>	<b>\$ 177,271</b>

## 4. Investments:

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

	Cost	Interest Rate	Maturity Date
Term deposit #1 - Library	\$ 4,504	1.15%	March 21, 2020
Term deposit #1 – Library	10,047	0.90%	June 24, 2020
Term deposit #3 – Library	9,247	1.80%	March 21, 2020
Term deposit #1 - Town	102,220	1.40%	February 16, 2020
Term deposit #3 - Town	641,118	0.90%	December 15, 2020
	<b>\$ 767,136</b>		

## 5. Taxes and user charges receivable:

	2019	2018
Current year	\$ 69,983	\$ 58,297
Prior years	34,290	18,254
Penalties and interest	12,758	9,819
Allowance for uncollectable taxes	(10,000)	(10,000)
	<b>\$ 107,031</b>	<b>\$ 76,370</b>



# THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2019

## 6. Accounts receivable:

	2019	2018
Government of Canada	\$ 58,315	\$ 42,617
Province of Ontario	6,528	–
Due from local school boards	3,052	3,052
Other	4,597	7,909
	<u>\$ 72,492</u>	<u>\$ 53,578</u>

## 7. Credit facilities:

The Township has an authorized line of credit of \$350,000 (2018 - \$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, 2019, there is no amount drawn on this credit facility.

## 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, 2018	Contributions received	Amounts taken to revenue	Balance at December 31, 2019
Deferred revenue:				
Boat Launch Relocation	\$ 65,385	–	–	65,385
Medical Centre	106,681	–	–	106,681
Association of Municipalities of Ont.	38,119	–	(38,119)	–
Other	–	550	–	550
	<u>210,185</u>	<u>550</u>	<u>(38,119)</u>	<u>172,616</u>
Obligatory reserve funds:				
Federal gas tax fund	249,193	69,455	(69,188)	249,460
	<u>\$ 459,378</u>	<u>70,005</u>	<u>(107,307)</u>	<u>422,076</u>

# THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2019

## 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 0.74% (2018 – 2.77%). The estimated total landfill closure and post-closure care expenses are calculated to be \$50,000. The estimated liability for these expenses is recognized as the landfill site's capacity is used. At December 31, 2019 an amount of \$86,000 (2018 - \$54,000) with respect to landfill closure and post-closure liabilities has been accrued.

The estimated remaining capacity of the landfill site is 81% of its total estimated capacity and its estimated remaining life is approximately 15 years. The period for post-closure care is estimated to be 15 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.

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2020	\$	38,274
2021		38,274
2022		38,274
2023		39,037
Total minimum lease payments		153,859
Less amount representing interest at a rate of 4.75%		(13,919)
Present value of net minimum capital lease payments		139,940
Less current portion of obligations under capital lease		(38,274)
		\$ 101,666

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# THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2019

## 11. Long-term debt:

	2019	2018
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	\$ 515,934	\$ 570,645
	\$ 515,934	\$ 570,645
Principal repayments on long-term debt are as follows:		
2020	\$ 56,530	
2021	58,290	
2022	60,105	
2023	61,977	
2024	63,907	
Thereafter	215,125	
	\$ 515,934	

# THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2019

## 12. Tangible capital assets:

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
<b>Total</b>	<b>\$ 12,159,969</b>	<b>207,311</b>	<b>-</b>	<b>12,367,280</b>

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	-	-	-	-
<b>Total</b>	<b>\$ 5,446,578</b>	<b>-</b>	<b>306,821</b>	<b>5,753,399</b>

	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
<b>Total</b>	<b>\$ 6,713,391</b>	<b>6,613,881</b>

# THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2019

## 12. Tangible capital assets (continued):

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Land	\$ 4,436	1,233	-	5,669
Land improvements	36,098	-	-	36,098
Buildings	2,650,809	28,690	-	2,679,499
Roads	2,727,374	-	-	2,727,374
Water and sewer systems	4,387,100	13,554	-	4,400,654
Computer equipment	68,783	-	-	68,783
Vehicles, machinery and equipment	1,770,870	176,082	(26,894)	1,920,058
Assets under capital lease	239,122	-	-	239,122
Furniture and fixtures	69,778	1,172	-	70,950
Construction in progress	-	11,762	-	11,762
<b>Total</b>	<b>\$ 11,954,370</b>	<b>232,493</b>	<b>(26,894)</b>	<b>12,159,969</b>

Accumulated Amortization	Balance at December 31, 2017	Disposals	Amortization	Balance at December 31, 2018
Land improvements	27,572	-	522	28,094
Buildings	969,693	-	53,343	1,023,036
Roads	1,775,528	-	55,925	1,831,453
Water and sewer systems	1,012,460	-	87,454	1,099,914
Computer equipment	65,322	-	499	65,821
Vehicles, machinery and equipment	1,236,545	(26,894)	108,244	1,317,895
Assets under capital lease	9,565	-	9,565	19,130
Furniture and fixtures	59,147	-	2,088	61,235
Construction in progress	-	-	-	-
<b>Total</b>	<b>\$ 5,155,832</b>	<b>(26,894)</b>	<b>317,640</b>	<b>5,446,578</b>

	Net book value, December 31, 2017	Net book value, December 31, 2018
Land	\$ 4,436	5,669
Land improvements	8,526	8,004
Buildings	1,681,116	1,656,463
Roads	951,846	895,921
Water and sewer systems	3,374,640	3,300,740
Computer equipment	3,461	2,962
Vehicles, machinery and equipment	534,325	602,163
Assets under capital lease	229,557	219,992
Furniture and fixtures	10,631	9,715
Construction in progress	-	11,762
<b>Total</b>	<b>\$ 6,798,538</b>	<b>6,713,391</b>

# THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2019

## 13. Accumulated surplus:

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

	2019	2018
Surplus:		
Invested in tangible capital assets	\$ 5,958,007	\$ 5,971,907
General deficit	(701,480)	(750,162)
Unfunded:		
Employee benefit obligations	(18,062)	(40,544)
Landfill closure and post-closure costs	(86,000)	(54,000)
Total surplus	5,152,465	5,126,201
Reserves set aside for specific purpose by Council:		
General reserve	936,278	758,418
Fire capital	36,549	26,549
Community hall	28,954	28,954
Landfill site – Haggart dump	55,000	45,000
Beautification committee	11,368	11,368
Cemetery reserve	12,162	12,162
Library reserve	65,000	65,000
Water and sewer reserve	43,695	42,824
Recreation	19,357	19,357
Roads	30,001	32,513
Total reserves	1,238,364	1,042,145
	\$ 6,390,829	\$ 6,168,346

# THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2019

## 14. Budget:

The budget data presented in these consolidated financial statements is based upon the 2019 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 deficit per financial plan	\$ (18,730)
Less:	
Proceeds from issuance of long-term debt	(126,335)
Net reserve transfers and other items	(276,713)
Add:	
Capital acquisitions	472,912
Principal payments on long-term debt	54,710
Budgeted surplus per financial statements	\$ 105,844

## 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, 2019. The results of this valuation disclosed total going concern actuarial liabilities of \$107,687 million (2018 - 100,081 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$104,290 million (2018 - \$95,890 million) indicating a going concern actuarial deficit of \$3,397 million (2018 - \$4,191 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 2018 was \$22,413 (2018 - \$23,899) 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 2019 were \$165,310 (2018 - \$159,048).

## 17. Public sector salary disclosure:

During 2019, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Township.

# THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

Notes to Consolidated Financial Statements

Year ended December 31, 2019

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## 18. Trust funds:

Trust funds administered by the Township amounting to \$51,218 (2018 - \$50,722) 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. 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.

### (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

## Schedule to Note 19 - Segmented Information

Year ended December 31, 2019

	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
<b>Revenues:</b>									
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
<b>Expenses:</b>									
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
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ 1,754,431</b>	<b>(214,533)</b>	<b>(490,752)</b>	<b>(376,728)</b>	<b>(72,864)</b>	<b>(122,586)</b>	<b>(232,568)</b>	<b>(22,917)</b>	<b>221,483</b>

# THE CORPORATION OF THE TOWNSHIP OF FAUQUIER AND STRICKLAND

## Schedule to Note 19 - Segmented Information (continued)

Year ended December 31, 2019

	General Government	Protection Services	Transportation Services	Environmental Services	Health and Social Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2018 Total
Revenues:									
Taxation	\$ 1,089,743	-	-	-	-	-	-	-	1,089,743
User charges	-	-	-	143,879	-	-	-	-	143,879
Province of Ontario grants	424,176	-	-	51,660	-	-	30,560	-	506,396
Government of Canada grants	16,050	-	-	2,520	-	-	-	-	18,570
Investment income	5,416	-	-	-	-	-	-	-	5,416
Rental income	-	-	-	-	22,881	-	-	-	22,881
Interest and penalties	8,527	-	-	-	-	-	-	-	8,527
Other	78,101	13,260	1,700	3,565	8,549	18,800	9,117	-	133,092
	1,622,013	13,260	1,700	201,624	31,430	18,800	39,677	-	1,928,504
Expenses:									
Salaries, wages and benefits	136,862	36,694	215,965	39,207	12,344	-	73,238	12,809	527,119
Materials	85,195	148,076	218,054	48,248	108,051	118,782	88,915	14,772	830,093
Contracted services	-	2,009	2,077	180,418	-	-	8,404	-	192,908
Rents, financial expenses and other	20,177	-	602	12,135	-	-	5,711	-	38,625
External transfers	3,389	-	-	-	-	-	-	-	3,389
Amortization of tangible capital assets	7,998	26,029	80,132	132,142	8,941	-	62,398	-	317,640
	253,621	212,808	516,830	412,150	129,336	118,782	238,666	27,581	1,909,774
Excess (deficiency) of revenues over expenses	\$ 1,368,392	(199,548)	(515,130)	(210,526)	(97,906)	(99,982)	(198,989)	(27,581)	18,730

Regular Council meeting  
**AGENDA ITEM REPORT**  
AIR-20-019



**Meeting:** Special Council meeting - 01 May 2020  
**Subject:** Recommendation to waive the penalties and interest on Property Taxes and Utility billing for April 2020.  
**Prepared by:** Nathalie Vachon, Acting CAO Clerk Treasurer

**OVERVIEW:**

That Council waive the penalties and interest that would have been applied on May 1, 2020 on all utility billing and property tax bills.

**BACKGROUND:**

On April 7, 2020, Council passed a resolution to waive the penalties and interest on all utility billing and property taxes for the month of March 2020.

**ANALYSIS:**

The Province of Ontario, to this date, remains in a State of Emergency, with many individuals being out of work or experiencing reduced hours.

The waiving of interest and penalties is a proactive measure to provide assistance and financial relief to ratepayers that have been negatively impacted by COVID-19.

We will however continue to process all Pre-Authorized Payment plans for property taxes as well as utility bills, unless otherwise advised by the property owner.

The COVID-19 pandemic situation is a daily changing situation, therefore, Staff will continue to monitor the situation as it evolves and keep Council informed if further measures are necessary.

**FINANCIAL IMPACT:**

This represents an approximate loss of revenue in interest pertaining to utility bills of \$136.00 and \$1078.00 pertaining to property taxes.

Reviewed by:  
Nathalie Vachon, Acting CAO      None  
Clerk Treasurer

**CORPORATION OF THE TOWNSHIP OF FAUQUIER-STRICKLAND**

**BY-LAW 2020-18**

**BEING A BY-LAW TO CONFIRM CERTAIN PROCEEDINGS OF COUNCIL OF THE CORPORATION OF THE TOWNSHIP OF FAUQUIER-STRICKLAND FOR ITS MEETING OF MAY 1<sup>ST</sup>, 2020.**

**WHEREAS** it is the desire of the Council of the Township of Fauquier-Strickland to confirm certain proceedings and By-laws;

**NOW THEREFORE**, Council of the Corporation of the Township of Fauquier-Strickland, enacts as follows:

- 1. That the action of the Council at its regular meeting held May 1<sup>st</sup>, 2020 in respect to each by-law and resolution and other actions passed and taken or directions given by Council at its said meeting, except where prior approval of the Ontario Municipal Board is required, is hereby adopted, ratified and confirmed.
- 2. That the Mayor or in his absence the presiding officer of Council and the proper officials of the municipality are hereby authorized and directed to do all things necessary to give effect to the said actions or to obtain approvals where required, and except where otherwise provided, the Mayor or in his absence the presiding officer and the Clerk are hereby directed to execute all documents required by statutes to be executed by them, as may be necessary in that behalf and to affix the corporate seal of the municipality to all such documents, and the Mayor or in his absence the presiding officer and the Treasurer are hereby directed to execute all other documents necessary in that behalf and to affix the corporate seal of the municipality to all such documents.

**READ** a first and second time and considered read a third time and passed, this 1<sup>st</sup> day of May, 2020.

\_\_\_\_\_  
**MAYOR – Madeleine Tremblay**

\_\_\_\_\_  
**ACTING CLERK – Nathalie Vachon**