

Financial Report

Township of West Lincoln

2016

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# Independent auditor's report

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To the Members of Council, Inhabitants and Taxpayers of the  
**Corporation of the Township of West Lincoln**

We have audited the accompanying consolidated financial statements of the Corporation of the Township of West Lincoln, which comprise the consolidated statement of financial position as at December 31, 2016, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal 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.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Township of West Lincoln as at December 31, 2016, and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Grant Thornton LLP*

Port Colborne, Canada  
July 24, 2017

Chartered Professional Accountants  
Licensed Public Accountants

# Township of West Lincoln

## Consolidated Statement of Financial Position

As at December 31

2016

2015

**Financial assets**

Cash and cash equivalents (Note 2)	\$ 7,980,142	\$ 9,805,683
Portfolio investments (Note 3)	7,831,324	5,747,818
Taxes receivable	1,898,123	2,872,322
User charges receivable	578,147	513,810
Accounts receivable	913,140	392,102
Long term receivables	15,859	149,269
Investment in subsidiary (Note 4)	<u>7,471,814</u>	<u>7,415,949</u>
	<b><u>26,688,549</u></b>	<b><u>26,896,953</u></b>

**Liabilities**

Accounts payable and accrued liabilities	2,731,934	3,903,018
Other liabilities	1,954,679	1,466,739
Due to trust funds	171,231	158,081
Deferred revenue (Note 5)	4,934,498	4,340,028
YMCA obligation (Note 6)	315,000	367,500
Liability for contaminated site (Note 7)	268,800	262,850
Employee benefit obligations (Note 8)	<u>830,661</u>	<u>832,126</u>
	<b><u>11,206,803</u></b>	<b><u>11,330,342</u></b>

**Net financial assets**

	<b><u>15,481,746</u></b>	<b><u>15,566,611</u></b>
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**Non-financial assets**

Tangible capital assets (Pages 23 and 24)	57,287,004	54,625,488
Inventory	10,425	-
Prepaid expenses	<u>15,326</u>	<u>4,194</u>
	<b><u>57,312,755</u></b>	<b><u>54,629,682</u></b>

**Accumulated surplus** (Note 9)

	<b><u>\$ 72,794,501</u></b>	<b><u>\$ 70,196,293</u></b>
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Contingencies and commitment (Notes 18 and 19)

Approved by

\_\_\_\_\_  
Acting Chief Administrative Officer

\_\_\_\_\_  
Treasurer

See accompanying notes and schedules to the consolidated financial statements

# Township of West Lincoln

## Consolidated Statement of Operations

For the Year Ended December 31, 2016

	Budget 2016 (Note 21)	Actual 2016	Actual 2015
<b>Revenue</b>			
Taxation (Note 11)	\$ 6,127,330	\$ 6,246,497	\$ 5,780,508
User charges (Note 13)	3,661,500	4,169,668	4,199,715
Government transfers (Note 14)	946,190	919,496	849,917
Other (Note 15)	587,500	748,727	781,931
	<u>11,322,520</u>	<u>12,084,388</u>	<u>11,612,071</u>
<b>Expenses</b>			
General government	1,915,284	1,797,879	1,698,881
Protection to persons and property	1,406,394	1,443,734	1,278,674
Transportation services	3,842,023	3,681,888	3,633,725
Environmental services	3,223,326	3,158,284	3,158,972
Health services	74,813	66,488	66,937
Recreation and culture services	1,777,104	1,749,376	1,538,121
Planning and development	587,600	607,689	699,912
	<u>12,826,544</u>	<u>12,505,338</u>	<u>12,075,222</u>
<b>Net expenses</b>	<u>(1,504,024)</u>	<u>(420,950)</u>	<u>(463,151)</u>
<b>Other</b>			
Revenue related to tangible capital assets			
User charges (Note 13)	376,950	239,268	151,883
Government transfers (Note 14)	761,400	784,068	407,674
Other (Note 15)	315,000	75,321	4,934
Contributed tangible capital assets	-	1,659,229	187,629
Gain (loss) on disposal of tangible capital assets	-	205,407	(273,974)
Change in equity of subsidiary (Note 4)	-	55,865	163,482
	<u>1,453,350</u>	<u>3,019,158</u>	<u>641,628</u>
<b>Annual surplus (deficit)</b>	(50,674)	2,598,208	178,477
<b>Accumulated surplus (Note 9)</b>			
Beginning of year	<u>70,196,293</u>	<u>70,196,293</u>	<u>70,017,816</u>
End of year	<u>\$ 70,145,619</u>	<u>\$ 72,794,501</u>	<u>\$ 70,196,293</u>

See accompanying notes and schedules to the consolidated financial statements

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## Township of West Lincoln

### Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2016

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	Budget <u>2016</u> (Note 21)	<b>Actual <u>2016</u></b>	Actual <u>2015</u>
Annual surplus (deficit)	\$ (50,674)	\$ <b>2,598,208</b>	\$ 178,477
Amortization of tangible capital assets	2,184,054	<b>2,184,054</b>	2,116,242
Acquisition of tangible capital assets	(4,159,755)	<b>(5,311,365)</b>	(3,138,021)
Capitalization of prior year construction in process	-	<b>335,533</b>	997
(Gain) loss on sale of tangible capital assets	-	<b>(205,407)</b>	273,974
Proceeds from sale of tangible capital assets	<u>-</u>	<u><b>335,669</b></u>	<u>27,780</u>
	(2,026,375)	<b>(63,308)</b>	(540,551)
Acquisition of inventory	-	<b>(10,425)</b>	-
Increase in prepaid expenses	<u>-</u>	<u><b>(11,132)</b></u>	<u>(2,720)</u>
<b>Decrease in net financial assets</b>	(2,026,375)	<b>(84,865)</b>	(543,271)
<b>Net financial assets</b>			
Beginning of year	<u>15,566,611</u>	<u><b>15,566,611</b></u>	<u>16,109,882</u>
End of year	<u>\$ 13,540,236</u>	<u><b>\$ 15,481,746</b></u>	<u>\$ 15,566,611</u>

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See accompanying notes and schedules to the consolidated financial statements

# Township of West Lincoln

## Consolidated Statement of Cash Flows

For the Year Ended December 31

2016

2015

### Increase (decrease) in cash and cash equivalents

<b>Operating activities</b>		
Annual surplus	\$ 2,598,208	\$ 178,477
Non-cash items		
Amortization	2,184,054	2,116,242
(Gain) loss on sale of tangible capital assets	(205,407)	273,974
Decrease in taxes receivable	974,199	163,159
(Increase) decrease in user charges receivable	(64,337)	37,961
(Increase) decrease in accounts receivable	(521,038)	289,997
(Decrease) increase in accounts payable and accrued liabilities	(1,171,084)	781,301
Increase in other liabilities	487,940	23,535
Increase in due to trust funds	13,150	4,207
Increase in deferred revenue	594,470	742,161
Decrease in YMCA obligation	(52,500)	(52,500)
Increase in liability for contaminated sites	5,950	5,250
(Decrease) increase in employee benefit obligations	(1,465)	115,199
Increase in inventory	(10,425)	-
Increase in prepaid expenses	(11,132)	(2,720)
	<u>4,820,583</u>	<u>4,676,243</u>
<b>Capital activities</b>		
Proceeds from sale of tangible capital assets	335,669	27,780
Capitalization of prior year construction in progress	335,533	997
Acquisition of tangible capital assets	(5,311,365)	(3,138,021)
	<u>(4,640,163)</u>	<u>(3,109,244)</u>
<b>Investing activities</b>		
Increase in portfolio investments	(2,083,506)	(139,462)
Increase in investment in subsidiary	(55,865)	(163,482)
Decrease in long term receivables	133,410	108,807
	<u>(2,005,961)</u>	<u>(194,137)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(1,825,541)</b>	<b>1,372,862</b>
<b>Cash and cash equivalents</b>		
Beginning of year	<u>9,805,683</u>	<u>8,432,821</u>
End of year	<u>\$ 7,980,142</u>	<u>\$ 9,805,683</u>

See accompanying notes and schedules to the consolidated financial statements



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# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2016

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### 1. Significant accounting policies

The consolidated financial statements of the Township of West Lincoln ("Municipality") are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. The preparation of the 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 significant accounting policies used are as follows:

#### (a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality. In addition to general government tax-supported operations, they include the following:

West Lincoln Public Library Board

Interdepartmental and organizational transactions and balances are eliminated.

Niagara Peninsula Energy Inc. is a subsidiary corporation of the Municipality and is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises (Note 4). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Municipality, and inter-organizational transactions and balances are not eliminated.

The statements exclude trust assets that are administered for the benefit of external parties (Note 17).

#### (b) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred.

#### (c) Cash and cash equivalents

Cash and cash equivalents are represented by cash on hand, cash on deposit in chartered banks and investments that mature within three months.

#### (d) Portfolio investments

Portfolio investments are valued at the lower of cost and market value. Interest income is reported as revenue in the period earned.

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# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2016

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### 1. Significant accounting policies (continued)

#### (e) Deferred revenue

Receipts that are restricted by legislation of senior governments or by agreement with external parties are deferred and reported as restricted revenues. When qualifying expenses are incurred, restricted revenues are brought into revenue at equal amounts. Revenues received in advance of expenses that will be incurred in a later period are deferred until they are earned by being matched against those expenses.

#### (f) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the municipality:
  - is directly responsible; or
  - accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

#### (g) Employee future benefits

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements through service. Vacation entitlements are accrued for as entitlements are earned.

#### (h) Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable expenses in the acquisition, construction, development and/or betterment of the asset required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible capital assets are capitalized at their estimated fair value upon acquisition.

The Municipality does not capitalize interest as part of the costs of its capital assets.

Works of art for display in municipal property are not included as capital assets. The works of art are held for exhibition, educational and historical interest. Such assets are deemed worthy of preservation because of the social rather than financial benefits they provide to the community. The cost of art is not determinable or relevant to their significance. No valuation of the collection has been conducted or disclosed in the consolidated financial statements.

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# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2016

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**1. Significant accounting policies** (continued)

**(h) Tangible capital assets** (continued)

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the consolidated statement of operations.

<u>Classification</u>	<u>Useful Life</u>
Land improvements	15 to 40 years
Facilities	20 to 50 years
Rolling stock	5 to 20 years
Equipment	5 to 20 years
Infrastructure – transportation	10 to 75 years
Infrastructure – environmental	15 to 80 years

No amortization is charged in the year of acquisition and a full year amortization is taken in year of disposal. Assets under construction are not amortized until the asset is available for productive use.

**(i) Subdivision infrastructure**

Subdivision streets, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion they are turned over to the Municipality. The Municipality is not involved in the construction and does not budget for either the contribution from the developer or the capital expense.

**(j) Reserves for future expenses**

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital expenses.

**(k) Revenue recognition**

**i) Taxation**

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Region of Niagara and the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued.

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# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2016

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**1. Significant accounting policies** (continued)

**(k) Revenue recognition** (continued)

**i) Taxation** (continued)

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments of the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the Region of Niagara and school boards, as appropriate.

**ii) User charges**

User charges are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

**iii) Government transfers**

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

**iv) Other**

Other revenue is recorded when it is earned and collection is reasonably assured.

**v) Investment income**

Investment income earned on operating surplus funds and reserves and reserve funds (other than obligatory reserve funds) are recorded as revenue in the period earned. Investment income earned on obligatory reserve funds are recorded directly to each respective fund balance and forms part of the deferred revenue – obligatory reserve funds balance.

**(l) Local improvements**

The Municipality records capital expenses funded by local improvement agreements as they are incurred. Revenues are recognized in the year they become payable.

**(m) Region of Niagara and school board transactions**

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Region of Niagara are not reflected in the accumulated surplus of these financial statements.

**(n) Use of estimates and measurement uncertainty**

The preparation of the 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 financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

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# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2016

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### 2. Cash and cash equivalents 2016 2015

Cash and temporary investments are comprised of:

Cash on hand	\$ 811	\$ 1,835
Cash held in banks	<u>7,979,331</u>	<u>9,803,848</u>
	<u>\$ 7,980,142</u>	<u>\$ 9,805,683</u>

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### 3. Portfolio investments 2016 2015

Guaranteed investment certificates	\$ 5,272,265	\$ 2,328,206
Debentures and bonds	<u>2,559,059</u>	<u>3,419,612</u>
	<u>\$ 7,831,324</u>	<u>\$ 5,747,818</u>

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Portfolio investments carry an effective interest rate ranging from 0.52% to 5.18% and maturity dates ranging from January, 2017 to December, 2042. Interest is receivable on an annual basis. Portfolio investments reported on the consolidated statement of financial position have a market value of \$ 7,981,160 (2015 - \$ 5,947,531).

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### 4. Subsidiary operations

Peninsula West Power Inc. (PWPI), established by Municipal Council under Municipal By-law 2004-45, is an amalgamation of hydro-electric commissions from the municipalities of Lincoln, West Lincoln and Pelham. PWPI wholly-owns Peninsula West Services Ltd. (PWSL), which provides water heater, sentinel lights and related services and owns a 25.5% share of Niagara Peninsula Energy Inc., which provides electric distribution services. The Corporation of the Township of West Lincoln has a 24% interest in PWPI.

# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2016

### 4. Subsidiary operations (continued)

The following table provides condensed supplementary financial information for Peninsula West Power Inc. (PWPI):

	<u>2016</u>	<u>2015</u>
<b>Financial position</b>		
Current assets	\$ 1,334,468	\$ 1,290,164
Capital assets	106,030	101,953
Investment	<u>35,371,434</u>	<u>34,689,814</u>
Total assets	<u>36,811,932</u>	<u>36,081,931</u>
Current liabilities	27,382	59,061
Deferred tax liabilities	<u>5,651,993</u>	<u>5,123,083</u>
Total liabilities	<u>5,679,375</u>	<u>5,182,144</u>
Net assets	<u>\$ 31,132,557</u>	<u>\$ 30,899,787</u>
Township of West Lincoln's interest – 24%	<u>\$ 7,471,814</u>	<u>\$ 7,415,949</u>
<b>Change in equity investment in subsidiary</b>		
Revenues	\$ 193,116	\$ 240,498
Expenses	<u>(158,545)</u>	<u>(204,371)</u>
Income from operating activities	34,571	36,127
Gain on investment – Niagara Peninsula Energy Inc.	1,038,620	1,080,518
Finance income – net	<u>2,224</u>	<u>3,302</u>
Income before income taxes	1,075,415	1,119,947
Future payment in lieu of income taxes	<u>(539,145)</u>	<u>(184,947)</u>
Net income and comprehensive income	536,270	935,000
Dividends	<u>(303,500)</u>	<u>(248,417)</u>
Net increase in equity of subsidiary	<u>\$ 232,770</u>	<u>\$ 686,583</u>
Change in equity of subsidiary – 24%	\$ 55,865	\$ 164,780
Less effect of IFRS adoption	<u>-</u>	<u>(1,298)</u>
Change in equity	<u>\$ 55,865</u>	<u>\$ 163,482</u>

**Township of West Lincoln**

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## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2016

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### 4. Subsidiary operations (continued)

The financial position information is as reported by PWPI at December 31, 2016 and the results of operations are as reported for the year ended December 31, 2016. The comparative financial position and results of operations figures are as reported by PWPI at December 31, 2015.

The following summarizes the Municipality's related party transactions with Niagara Peninsula Energy Inc. for the year. All transactions are in the normal course of operations, and are recorded at the exchange value based on normal commercial rates, or as agreed to by the parties.

	<u>2016</u>	<u>2015</u>
Electricity purchased	\$ 263,691	\$ 249,484
Contracted services	3,239	16,511

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### 5. Deferred revenue

	<u>2016</u>	<u>2015</u>
Development Charges Act	\$ 4,529,174	\$ 3,890,047
Recreational land (Planning Act)	282,188	236,503
Gas tax revenue	123,136	197,127
Grants	<u>-</u>	<u>16,351</u>
	<u>\$ 4,934,498</u>	<u>\$ 4,340,028</u>

The deferred revenue is made up of the following:

Balance, beginning of year	<u>\$ 4,340,028</u>	<u>\$ 3,597,867</u>
Contributions from		
Development Charges Act	1,005,391	856,766
Interest earned	36,657	32,593
Federal gas tax grants received	420,689	400,656
Other	<u>-</u>	<u>19,040</u>
	<u>1,462,737</u>	<u>1,309,055</u>
Utilized for		
Operations	(125,257)	(72,317)
Tangible capital asset acquisitions	<u>(743,010)</u>	<u>(494,577)</u>
	<u>(868,267)</u>	<u>(566,894)</u>
Balance, end of year	<u>\$ 4,934,498</u>	<u>\$ 4,340,028</u>

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# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2016

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### 6. YMCA obligation

In 2010, Council received and supported a request for a capital contribution of \$ 420,000 to the West Niagara YMCA over a five year period in equal instalments commencing on a date to be established by the Municipality. In 2015, as part of the budget process, the following payment schedule was approved, over an eight year period, with the first contribution to be distributed before August, 2015.

2017	\$ 52,500
2018	52,500
2019	52,500
2020	52,500
2021	52,500
2022	<u>52,500</u>
	<u>\$ 315,000</u>

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### 7. Liability for contaminated site

In 2002, a Consulting Geotechnical and Environmental Engineering firm was hired by the Township to complete an Environmental Site Assessment at 5490 Vaughn Road, the former public works yard owned by the Township of West Lincoln.

The assessment indicated that soil and groundwater quality exceedences of current MOEE industrial/commercial land use standards due to the long term effects of salt storage. The estimated remediation cost to employ a stratified depth clean-up approach would be in the range of \$ 150,000 to \$ 175,000.

The 2016 Statistics Canada Construction Price index for the Toronto Census Metropolitan Area has been applied to \$ 175,000 to reflect the present value of this estimated remediation cost.



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## Township of West Lincoln

### Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2016

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<b>8. Employee benefit obligations</b>	<u>2016</u>	<u>2015</u>
Accrued vacation pay	\$ 179,200	\$ 193,746
Retirement benefits	<u>651,461</u>	<u>638,380</u>
	<b>830,661</b>	832,126
Less: accrued vacation pay funded	<u>179,200</u>	<u>193,746</u>
Liabilities to be recovered in the future	<u>\$ 651,461</u>	<u>\$ 638,380</u>

#### Retirement benefits

The Municipality provides employees with health and dental benefits between the time an employee retires under the OMERS retirement provisions to the age of sixty-five. The estimated liability at December 31, 2016 is \$ 651,461 (2015 - \$ 638,380). This liability is reported on the consolidated statement of financial position and the unfunded liability is reported as liabilities to be recovered in the future. The liability was determined using a discount rate of 5.5%. Medical costs were assumed to increase at a rate of 10% per year and dental costs were assumed to increase at 5% per year. In order to qualify for retirement benefits, CUPE employees must be employed by the Municipality for at least twenty-five years and be a part of OMERS for at least twenty-five years, non-CUPE employees must be employed by the Municipality for at least fifteen years, and be a part of OMERS for at least twenty years.

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<b>9. Accumulated surplus</b>	<u>2016</u>	<u>2015</u>
Operating surplus	\$ 62,565	\$ 381,901
Investment in tangible capital assets	57,287,004	54,625,488
Investment in subsidiary	7,471,814	7,415,949
Unfunded:		
Employee benefit obligations	(651,461)	(638,380)
Liability for contaminated sites	(268,800)	(262,850)
Reserves and reserve funds (Note 10)	<u>8,893,379</u>	<u>8,674,185</u>
	<u>\$ 72,794,501</u>	<u>\$ 70,196,293</u>

# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2016

<b>10. Reserves and reserve funds</b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Reserves set aside for specific purposes by Council		
Corporate and administrative services		
Accessibility	\$ 34,764	\$ 34,764
Working funds	270,159	315,159
Contingencies	412,413	588,521
Technology	265,245	187,795
Hospital	1,250,000	1,250,000
Insurance	187,655	187,655
Rate stabilization	59,000	59,000
Election	27,391	14,021
Recreation	11,598	11,598
Capital	<u>856,755</u>	<u>875,532</u>
	<b><u>3,374,980</u></b>	<b><u>3,524,045</u></b>
Public works and engineering		
Fire trucks and equipment	204,542	186,352
Road equipment	302,380	826,499
Industrial park	813,059	456,498
Bridges	94,986	70,986
Sidewalks	100,753	97,867
Facilities	106,674	94,674
Streetlights	35,983	31,903
Sewers	768,943	666,045
Water	480,742	411,731
Winter control	228,400	160,500
Cemeteries	<u>23,000</u>	<u>23,575</u>
	<b><u>3,159,462</u></b>	<b><u>3,026,630</u></b>
Planning and development		
Planning	275,806	185,394
Building revenues	1,062,305	962,759
Arena building	131,518	123,188
Library	<u>889,308</u>	<u>847,446</u>
	<b><u>2,358,937</u></b>	<b><u>2,118,787</u></b>
	<b>8,893,379</b>	<b>8,669,462</b>
Reserve funds set aside for specific purposes by Council		
Subdivision	<u>-</u>	<u>4,723</u>
	<b><u>\$ 8,893,379</u></b>	<b><u>\$ 8,674,185</u></b>

# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2016

11. Taxation	Budget 2016	Actual <b>2016</b>	Actual 2015
Real property	\$ 19,764,881	<b>\$ 20,236,698</b>	\$ 19,400,231
From other governments			
Payments in lieu of taxes	<u>1,061,513</u>	<u><b>1,085,462</b></u>	<u>1,083,128</u>
	<u>20,826,394</u>	<u><b>21,322,160</b></u>	<u>20,483,359</u>
Less: taxation collected on behalf of (Note 12)			
Region of Niagara	10,714,021	<b>10,993,590</b>	10,704,977
School boards	<u>3,985,043</u>	<u><b>4,082,073</b></u>	<u>3,997,874</u>
	<u>14,699,064</u>	<u><b>15,075,663</b></u>	<u>14,702,851</u>
Net taxes available for municipal purposes	<u>\$ 6,127,330</u>	<u><b>\$ 6,246,497</b></u>	<u>\$ 5,780,508</u>
Residential and farm	\$ 4,993,325	<b>\$ 5,078,024</b>	\$ 4,675,564
Commercial	1,115,120	<b>946,199</b>	896,206
Industrial	<u>18,885</u>	<u><b>222,274</b></u>	<u>208,738</u>
Net taxes available for municipal purposes	<u>\$ 6,127,330</u>	<u><b>\$ 6,246,497</b></u>	<u>\$ 5,780,508</u>

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## Township of West Lincoln

### Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2016

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#### 12. Collections for the Region of Niagara and school boards

Total taxation and development charges received or receivable on behalf of the Region of Niagara and the school boards were as follows:

	<u>2016</u>	<u>2015</u>
Region of Niagara	\$ 10,993,590	\$ 10,704,977
School boards	<u>4,082,073</u>	<u>3,997,874</u>
	<u>\$ 15,075,663</u>	<u>\$ 14,702,851</u>

The Municipality is required to levy and collect taxes on behalf of the Region of Niagara and the school boards. These taxes are recorded as revenue at the amounts levied. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

The Municipality collects development charges on behalf of the Region of Niagara and the Public Catholic School Board. Development charges collected in excess of those paid to the Region and the Public Catholic School Board are recorded as accounts payable.

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<b>13. User charges</b>	Budget <u>2016</u>	<b>Actual <u>2016</u></b>	Actual <u>2015</u>
<b>Operating</b>			
Direct water and sewer billings	\$ 2,671,400	\$ 2,894,215	\$ 2,594,705
Licences and permits	300,700	477,388	881,956
Lot levies and development charges	75,700	116,217	37,527
Recreation	282,500	270,339	277,291
Rents and concessions	62,300	73,664	61,080
Other	<u>268,900</u>	<u>337,845</u>	<u>347,156</u>
	<u>3,661,500</u>	<u>4,169,668</u>	<u>4,199,715</u>
<b>Capital</b>			
Lot levies and development charges	<u>376,950</u>	<u>239,268</u>	<u>151,883</u>
	<u>\$ 4,038,450</u>	<u>\$ 4,408,936</u>	<u>\$ 4,351,598</u>

# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2016

<b>14. Government transfers</b>	Budget <u>2016</u>	<b>Actual <u>2016</u></b>	Actual <u>2015</u>
<b>Operating</b>			
Province of Ontario	\$ 872,190	\$ 860,575	\$ 781,360
Government of Canada	-	7,821	33,883
Municipal	<u>74,000</u>	<u>51,100</u>	<u>34,674</u>
	<u>946,190</u>	<u>919,496</u>	<u>849,917</u>
<b>Capital</b>			
Province of Ontario	64,000	64,013	64,226
Government of Canada	617,600	496,430	340,005
Municipal	<u>79,800</u>	<u>223,625</u>	<u>3,443</u>
	<u>761,400</u>	<u>784,068</u>	<u>407,674</u>
	<u>\$ 1,707,590</u>	<u>\$ 1,703,564</u>	<u>\$ 1,257,591</u>

<b>15. Other revenue</b>	Budget <u>2016</u>	<b>Actual <u>2016</u></b>	Actual <u>2015</u>
<b>Operating</b>			
Penalties and interest on taxes	\$ 380,000	\$ 400,674	\$ 454,534
Other fines	30,000	26,425	33,401
Interest and dividend income	155,000	245,684	252,478
Interest income – reserves and reserve funds	-	14,748	6,125
Other	<u>22,500</u>	<u>61,196</u>	<u>35,393</u>
	<u>587,500</u>	<u>748,727</u>	<u>781,931</u>
<b>Capital</b>			
Contribution from developer	315,000	-	-
Other	<u>-</u>	<u>75,321</u>	<u>4,934</u>
	<u>315,000</u>	<u>75,321</u>	<u>4,934</u>
	<u>\$ 902,500</u>	<u>\$ 824,048</u>	<u>\$ 786,865</u>

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# **Township of West Lincoln**

## **Notes to the Consolidated Financial Statements**

For the Year Ended December 31, 2016

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### **16. Pension agreements**

The Municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of the members of its staff. The plan is a defined benefit plan that specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Since OMERS is a multi-employer pension plan, the Municipality does not recognize any share of the pension plan deficit of \$ 2.3 billion (2015 - \$ 5.3 billion) based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2016 calendar year at rates ranging from 9.0% to 15.8% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the consolidated statement of operations. Employer contributions to OMERS for 2016 current and past service was \$ 323,438 (2015 - \$ 310,840) and were matched by employee contributions in a similar amount.

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### **17. Corporation of the Township of West Lincoln - Trust Funds**

Trust funds administered by the Municipality amounting to \$ 171,231 (2015 - \$ 158,081) have not been included in the consolidated statement of financial position nor have these operations been included in the consolidated statement of operations.

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### **18. Contingencies**

The Municipality is involved from time to time in litigation, which arises in the normal course of business. In respect to any outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the financial statements.

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### **19. Commitment**

In 2002, Council entered into a five year agreement to provide funds in the amount of \$ 1,250,000 to the West Lincoln Memorial Hospital Foundation for construction of a new hospital. A reserve has been established, and any funds accumulated will be released after construction has commenced.

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# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2016

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### 20. Measurement uncertainty

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. All assessed property values in the Municipality were reviewed and new values established based on a common valuation date that was used by the Municipality in computing the property tax bills. However, the property tax revenue and tax receivables of the Municipality are subject to measurement uncertainty as a number of appeals submitted by taxpayers have yet to be heard. Any adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the Region of Niagara and school boards, as appropriate.

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### 21. Budget

The budget by-law adopted by Council on March 29, 2016 was not prepared on a basis consistent with that used to report actual results in accordance with Canadian public sector accounting standards. The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. As a result, the budget figures presented in the consolidated statements of operations and changes in net financial assets represent the budget approved by Council with the following adjustments:

Approved budgeted annual surplus (deficit)	\$ (756,705)
Add: Acquisition of tangible capital assets	4,274,755
YMCA obligation	52,500
Less: Transfers to/from reserves and reserve funds - net	(857,170)
Amortization of tangible capital assets	(2,184,054)
Debenture proceeds	<u>(580,000)</u>
Budgeted deficit reported on the consolidated statement of operations	<u>\$ (50,674)</u>

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# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2016

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### **22. Segmented information**

The Municipality provides a wide range of services to its citizens. Municipal services are provided by departments and their activities are reported in the consolidated statement of operations. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

#### **General government**

General government is comprised of Municipal Council, administrative and clerks departments.

#### **Protection to persons and property**

Protection to persons and property is comprised of the fire, building, by-law enforcement and animal control departments.

#### **Transportation services**

The transportation services department is responsible for the delivery of public works services related to maintenance of roadway systems, maintenance of parks and open spaces, winter control, street lighting, air transportation and maintenance of Municipal buildings.

#### **Environmental services**

The environmental services department consists of water, wastewater and solid waste disposal utilities. The department provides drinking water, collecting and treating wastewater, and providing collection disposal and waste minimization programs and facilities.

#### **Health services**

Health services department is responsible for cemetery operations.

#### **Recreation and culture services**

Recreation and culture services department is responsible for the delivery and upkeep of all recreation programs and facilities including arena, recreation complex, parks and library.

#### **Planning and development**

Planning and development is responsible for providing planning and zoning advice to the residents of the Municipality and construction and maintenance of Municipal drains.

For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Taxation revenue is allocated to segments based on budgeted amounts with any supplementary tax revenue being allocated to the general government segment.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1. The consolidated schedule of segment disclosure and the consolidated schedules of segment disclosure with budget information follow the notes.



## Township of West Lincoln

### Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2016

	<u>Land</u>	<u>Land Improvements</u>	<u>Facilities</u>	<u>Rolling Stock</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction in Process</u>	<u>2016</u>
<b>Cost</b>								
Beginning of year	\$ 4,028,017	\$ 2,688,074	\$ 5,637,140	\$ 4,592,395	\$ 2,132,837	\$ 67,864,044	\$ 335,533	\$ 87,278,040
Add additions	116,000	162,594	-	1,402,547	345,110	3,182,603	102,511	5,311,365
Less disposals	<u>(51,131)</u>	<u>-</u>	<u>-</u>	<u>(741,353)</u>	<u>(205,638)</u>	<u>(397,005)</u>	<u>(335,533)</u>	<u>(1,730,660)</u>
End of year	<u>4,092,886</u>	<u>2,850,668</u>	<u>5,637,140</u>	<u>5,253,589</u>	<u>2,272,309</u>	<u>70,649,642</u>	<u>102,511</u>	<u>90,858,745</u>
<b>Accumulated amortization</b>								
Beginning of year	-	1,619,999	2,252,626	2,822,276	1,063,444	24,894,207	-	32,652,552
Add amortization	-	71,407	129,215	267,633	196,792	1,519,007	-	2,184,054
Less amortization on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(722,215)</u>	<u>(196,292)</u>	<u>(346,358)</u>	<u>-</u>	<u>(1,264,865)</u>
End of year	<u>-</u>	<u>1,691,406</u>	<u>2,381,841</u>	<u>2,367,694</u>	<u>1,063,944</u>	<u>26,066,856</u>	<u>-</u>	<u>33,571,741</u>
<b>Net book value</b>	<u>\$ 4,092,886</u>	<u>\$ 1,159,262</u>	<u>\$ 3,255,299</u>	<u>\$ 2,885,895</u>	<u>\$ 1,208,365</u>	<u>\$ 44,582,786</u>	<u>\$ 102,511</u>	<u>\$ 57,287,004</u>

## Township of West Lincoln

### Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2015

	<u>Land</u>	<u>Land Improvements</u>	<u>Facilities</u>	<u>Rolling Stock</u>	<u>Equipment</u>	<u>Infrastructure</u>	<u>Construction in Process</u>	<u>2015</u>
<b>Cost</b>								
Beginning of year	\$ 4,091,918	\$ 2,520,228	\$ 5,577,416	\$ 4,585,102	\$ 2,094,555	\$ 66,529,163	\$ 54,770	\$ 85,453,152
Add additions	-	167,846	97,208	151,778	201,238	2,184,417	335,534	3,138,021
Less disposals	<u>(63,901)</u>	<u>-</u>	<u>(37,484)</u>	<u>(144,485)</u>	<u>(162,956)</u>	<u>(849,536)</u>	<u>(54,771)</u>	<u>(1,313,133)</u>
End of year	<u>4,028,017</u>	<u>2,688,074</u>	<u>5,637,140</u>	<u>4,592,395</u>	<u>2,132,837</u>	<u>67,864,044</u>	<u>335,533</u>	<u>87,278,040</u>
<b>Accumulated amortization</b>								
Beginning of year	-	1,550,076	2,182,590	2,692,276	1,028,920	24,092,830	-	31,546,692
Add amortization	-	69,923	107,520	273,773	197,480	1,467,546	-	2,116,242
Less amortization on disposals	<u>-</u>	<u>-</u>	<u>(37,484)</u>	<u>(143,773)</u>	<u>(162,956)</u>	<u>(666,169)</u>	<u>-</u>	<u>(1,010,382)</u>
End of year	<u>-</u>	<u>1,619,999</u>	<u>2,252,626</u>	<u>2,822,276</u>	<u>1,063,444</u>	<u>24,894,207</u>	<u>-</u>	<u>32,652,552</u>
<b>Net book value</b>	<u>\$ 4,028,017</u>	<u>\$ 1,068,075</u>	<u>\$ 3,384,514</u>	<u>\$ 1,770,119</u>	<u>\$ 1,069,393</u>	<u>\$ 42,969,837</u>	<u>\$ 335,533</u>	<u>\$ 54,625,488</u>

# Township of West Lincoln

## Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2016

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Culture Services	Planning and Development	Eliminations	Consolidated
<b>Revenues</b>									
Taxation	\$ 1,368,785	\$ 942,754	\$ 2,573,913	\$ -	\$ 65,647	\$ 1,030,655	\$ 264,743	\$ -	\$ 6,246,497
User charges	15,717	499,222	227,878	2,894,214	6,084	309,219	456,602	-	4,408,936
Grants	800,014	-	743,748	40,320	-	51,558	67,924	-	1,703,564
Other	679,743	15,276	93,551	-	-	35,478	-	-	824,048
Contributed tangible capital assets	-	21,622	835,593	802,014	-	-	-	-	1,659,229
Gain (loss) on disposal of tangible capital assets	208,744	9,283	(12,620)	-	-	-	-	-	205,407
Change in equity of subsidiary	55,865	-	-	-	-	-	-	-	55,865
	3,128,868	1,488,157	4,462,063	3,736,548	71,731	1,426,910	789,269	-	15,103,546
<b>Expenses</b>									
Salaries and benefits	1,301,160	766,049	1,316,849	230,098	-	985,216	320,763	-	4,920,135
Operating materials and supplies	338,814	246,827	976,623	67,782	5,938	447,318	12,077	-	2,095,379
Contracted services	306,295	183,014	522,348	1,789,528	49,737	49,928	267,949	-	3,168,799
Rent and financial expenses	43,814	-	-	-	-	5,000	-	-	48,814
External transfers to others	16,150	-	-	-	10,300	4,300	-	-	30,750
Tax write-offs	56,662	-	745	-	-	-	-	-	57,407
Interfunctional adjustments	(364,600)	90,700	(237,100)	421,600	-	82,500	6,900	-	-
Amortization	99,584	157,144	1,102,423	649,276	513	175,114	-	-	2,184,054
	1,797,879	1,443,734	3,681,888	3,158,284	66,488	1,749,376	607,689	-	12,505,338
<b>Annual surplus (deficit)</b>	\$ 1,330,989	\$ 44,423	\$ 780,175	\$ 578,264	\$ 5,243	\$ (322,466)	\$ 181,580	\$ -	\$ 2,598,208

# Township of West Lincoln

## Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2015

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Culture Services	Planning and Development	Eliminations	Consolidated
<b>Revenues</b>									
Taxation	\$ 1,336,099	\$ 850,969	\$ 2,389,090	\$ -	\$ 46,795	\$ 962,956	\$ 194,599	\$ -	\$ 5,780,508
User charges	13,955	887,081	89,307	2,631,150	6,328	337,708	386,069	-	4,351,598
Grants	785,826	-	372,568	3,443	-	53,400	42,354	-	1,257,591
Other	745,856	-	14,054	-	-	26,955	-	-	786,865
Contributed tangible capital assets	-	-	100,479	21,150	-	66,000	-	-	187,629
Loss on disposal of tangible capital assets	(63,901)	-	(202,381)	(7,692)	-	-	-	-	(273,974)
Change in equity of subsidiary	163,482	-	-	-	-	-	-	-	163,482
	2,981,317	1,738,050	2,763,117	2,648,051	53,123	1,447,019	623,022	-	12,253,699
<b>Expenses</b>									
Salaries and benefits	1,311,822	732,643	1,344,904	223,293	-	831,091	330,413	-	4,774,166
Operating materials and supplies	286,825	229,097	902,105	69,723	13,303	412,062	10,102	-	1,923,217
Contracted services	189,695	138,964	517,411	1,799,941	42,821	46,669	355,317	-	3,090,818
Rent and financial expenses	39,251	-	-	-	-	5,000	-	-	44,251
External transfers to others	12,532	-	20,680	-	10,300	4,900	-	-	48,412
Tax write-offs	77,722	-	394	-	-	-	-	-	78,116
Interfunctional adjustments	(321,800)	33,800	(220,100)	425,200	-	79,900	3,000	-	-
Amortization	102,834	144,170	1,068,331	640,815	513	158,499	1,080	-	2,116,242
	1,698,881	1,278,674	3,633,725	3,158,972	66,937	1,538,121	699,912	-	12,075,222
<b>Annual surplus (deficit)</b>	\$ 1,282,436	\$ 459,376	\$ (870,608)	\$ (510,921)	\$ (13,814)	\$ (91,102)	\$ (76,890)	\$ -	\$ 178,477

# Township of West Lincoln

## Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2016

	Budget 2016	Actual 2016	Actual 2015
<b>General government</b>			
<b>Revenue</b>			
Taxation	\$ 1,342,671	\$ 1,368,785	\$ 1,336,099
User charges	14,100	15,717	13,955
Government transfers	801,600	800,014	785,826
Other	566,000	679,743	745,856
Contributed tangible capital assets	-	-	-
Gain (loss) on disposal of tangible capital assets	-	208,744	(63,901)
Change in equity of subsidiary	-	55,865	163,482
	<u>2,724,371</u>	<u>3,128,868</u>	<u>2,981,317</u>
<b>Expenses</b>			
Salaries and benefits	1,325,900	1,301,160	1,311,822
Operating materials and supplies	304,400	338,814	286,825
Contracted services	432,200	306,295	189,695
Rent and financial expenses	46,500	43,814	39,251
External transfers to others	16,300	16,150	12,532
Tax write-offs	55,000	56,662	77,722
Interfunctional adjustments	(364,600)	(364,600)	(321,800)
Amortization	99,584	99,584	102,834
	<u>1,915,284</u>	<u>1,797,879</u>	<u>1,698,881</u>
<b>Annual surplus</b>	<u>\$ 809,087</u>	<u>\$ 1,330,989</u>	<u>\$ 1,282,436</u>
<b>Protection to persons and property</b>			
<b>Revenue</b>			
Taxation	\$ 924,769	\$ 942,754	\$ 850,969
User charges	334,700	499,222	887,081
Other	-	15,276	-
Contributed tangible capital assets	-	21,622	-
Gain on disposal of tangible capital assets	-	9,283	-
	<u>1,259,469</u>	<u>1,488,157</u>	<u>1,738,050</u>
<b>Expenses</b>			
Salaries and benefits	773,200	766,049	732,643
Operating materials and supplies	276,450	246,827	229,097
Contracted services	108,900	183,014	138,964
Interfunctional adjustments	90,700	90,700	33,800
Amortization	157,144	157,144	144,170
	<u>1,406,394</u>	<u>1,443,734</u>	<u>1,278,674</u>
<b>Annual surplus (deficit)</b>	<u>\$ (146,925)</u>	<u>\$ 44,423</u>	<u>\$ 459,376</u>

# Township of West Lincoln

## Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2016

	Budget <u>2016</u>	Actual <u>2016</u>	Actual <u>2015</u>
<b>Transportation services</b>			
<b>Revenue</b>			
Taxation	\$ 2,524,809	\$ 2,573,913	\$ 2,389,090
User charges	325,920	227,878	89,307
Government transfers	681,600	743,748	372,568
Other	321,300	93,551	14,054
Contributed tangible capital assets	-	835,593	100,479
Loss on disposal of tangible capital assets	-	(12,620)	(202,381)
	<u>3,853,629</u>	<u>4,462,063</u>	<u>2,763,117</u>
<b>Expenses</b>			
Salaries and benefits	1,325,400	1,316,849	1,344,904
Operating materials and supplies	1,025,600	976,623	902,105
Contracted services	624,700	522,348	517,411
External transfers to others			20,680
Tax write-offs	1,000	745	394
Interfunctional adjustments	(237,100)	(237,100)	(220,100)
Amortization	<u>1,102,423</u>	<u>1,102,423</u>	<u>1,068,331</u>
	<u>3,842,023</u>	<u>3,681,888</u>	<u>3,633,725</u>
<b>Annual surplus (deficit)</b>	<u>\$ 11,606</u>	<u>\$ 780,175</u>	<u>\$ (870,608)</u>
<b>Environmental services</b>			
<b>Revenue</b>			
User charges	\$ 2,721,530	\$ 2,894,214	\$ 2,631,150
Government transfers	129,800	40,320	3,443
Contributed tangible capital assets	-	802,014	21,150
Loss on disposal of tangible capital assets	-	-	(7,692)
	<u>2,851,330</u>	<u>3,736,548</u>	<u>2,648,051</u>
<b>Expenses</b>			
Salaries and benefits	233,500	230,098	223,293
Operating materials and supplies	96,750	67,782	69,723
Contracted services	1,822,200	1,789,528	1,799,941
Tax write-offs	-	-	-
Interfunctional adjustments	421,600	421,600	425,200
Amortization	<u>649,276</u>	<u>649,276</u>	<u>640,815</u>
	<u>3,223,326</u>	<u>3,158,284</u>	<u>3,158,972</u>
<b>Annual surplus (deficit)</b>	<u>\$ (371,996)</u>	<u>\$ 578,264</u>	<u>\$ (510,921)</u>

# Township of West Lincoln

## Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2016

	Budget <u>2016</u>	Actual <u>2016</u>	Actual <u>2015</u>
<b>Health services</b>			
<b>Revenue</b>			
Taxation	\$ 64,395	\$ 65,647	\$ 46,795
User charges	5,000	6,084	6,328
Other	<u>-</u>	<u>-</u>	<u>-</u>
	<u>69,395</u>	<u>71,731</u>	<u>53,123</u>
<b>Expenses</b>			
Operating materials and supplies	10,000	5,938	13,303
Contracted services	54,000	49,737	42,821
External transfers to others	10,300	10,300	10,300
Amortization	<u>513</u>	<u>513</u>	<u>513</u>
	<u>74,813</u>	<u>66,488</u>	<u>66,937</u>
<b>Annual surplus (deficit)</b>	<b>\$ (5,418)</b>	<b>\$ 5,243</b>	<b>\$ (13,814)</b>

### Recreation and culture services

<b>Revenue</b>			
Taxation	\$ 1,010,993	\$ 1,030,655	\$ 962,956
User charges	325,200	309,219	337,708
Government transfers	72,990	51,558	53,400
Other	15,200	35,478	26,955
Contributed tangible capital assets	<u>-</u>	<u>-</u>	<u>66,000</u>
	<u>1,424,383</u>	<u>1,426,910</u>	<u>1,447,019</u>
<b>Expenses</b>			
Salaries and benefits	966,800	985,216	831,091
Operating materials and supplies	502,790	447,318	412,062
Contracted services	40,000	49,928	46,669
Rent and financial expenses	5,000	5,000	5,000
External transfers to others	4,900	4,300	4,900
Interfunctional adjustments	82,500	82,500	79,900
Amortization	<u>175,114</u>	<u>175,114</u>	<u>158,499</u>
	<u>1,777,104</u>	<u>1,749,376</u>	<u>1,538,121</u>
<b>Annual deficit</b>	<b>\$ (352,721)</b>	<b>\$ (322,466)</b>	<b>\$ (91,102)</b>

# Township of West Lincoln

## Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2016

	Budget <u>2016</u>	Actual <u>2016</u>	Actual <u>2015</u>
<b>Planning and development</b>			
<b>Revenue</b>			
Taxation	\$ 259,693	\$ 264,743	\$ 194,599
User charges	312,000	456,602	386,069
Government transfers	<u>21,600</u>	<u>67,924</u>	<u>42,354</u>
	<u>593,293</u>	<u>789,269</u>	<u>623,022</u>
<b>Expenses</b>			
Salaries and benefits	342,400	320,763	330,413
Operating materials and supplies	20,400	12,077	10,102
Contracted services	217,900	267,949	355,317
Interfunctional adjustments	6,900	6,900	3,000
Amortization	<u>-</u>	<u>-</u>	<u>1,080</u>
	<u>587,600</u>	<u>607,689</u>	<u>699,912</u>
<b>Annual surplus (deficit)</b>	<u>\$ 5,693</u>	<u>\$ 181,580</u>	<u>\$ (76,890)</u>



# Independent auditor's report

Grant Thornton LLP  
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To the Members of Council, Inhabitants and Taxpayers of the  
**Corporation of the Township of West Lincoln**

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Township of West Lincoln, which comprise the statement of financial position as at December 31, 2016, and the statement of operations for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management based on the financial reporting provisions prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing.

## **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal 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.

## **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Township of West Lincoln as at December 31, 2016, and the results of its operations for the year then ended in accordance with the financial reporting provisions of the Ministry of Municipal Affairs and Housing.

### **Basis of accounting and restriction on use**

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Trust Funds of the Corporation of the Township of West Lincoln to comply with the reporting provisions of the Ministry of Municipal Affairs and Housing. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Township of West Lincoln and should not be used by parties other than the Township.

*Grant Thornton LLP*

Port Colborne, Canada  
July 24, 2017

Chartered Professional Accountants  
Licensed Public Accountants

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## Township of West Lincoln Trust Funds

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### Statement of Financial Position

As at December 31, 2016

	Bethel Cemetery Perpetual Care	Cemetery Perpetual Care	Marker Perpetual Care	St. Ann's Cemetery
<b>Financial assets</b>				
Due from Corporation of the Township of West Lincoln	\$ 15,936	\$ 63,614	\$ 13,811	\$ 5,652
<b>Net financial assets and accumulated surplus</b>	<u>\$ 15,936</u>	<u>\$ 63,614</u>	<u>\$ 13,811</u>	<u>\$ 5,652</u>

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### Statement of Operations

For the Year Ended December 31, 2016

<b>Revenue</b>				
Perpetual care agreements	\$ -	\$ 3,000	\$ 700	\$ -
Other	-	-	-	-
Interest earned	<u>124</u>	<u>483</u>	<u>105</u>	<u>44</u>
	124	3,483	805	44
<b>Expenses</b>				
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Annual surplus</b>	124	3,483	805	44
<b>Accumulated surplus</b>				
Beginning of year	<u>15,812</u>	<u>60,131</u>	<u>13,006</u>	<u>5,608</u>
End of year	<u>\$ 15,936</u>	<u>\$ 63,614</u>	<u>\$ 13,811</u>	<u>\$ 5,652</u>

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<u>Waite Cemetery Trust</u>	<u>Union Cemetery Trust</u>	<u>Union Cemetery Monuments</u>	<u>Union Cemetery Care &amp; Maintenance</u>	<u>Caistor Baptist Cemetery</u>	<b><u>2016 Total</u></b>	<u>2015 Total</u>
<u>\$ 6,458</u>	<u>\$ 33,423</u>	<u>\$ 7,047</u>	<u>\$ 17,094</u>	<u>\$ 8,196</u>	<b><u>\$ 171,231</u></b>	<u>\$ 158,081</u>
<u>\$ 6,458</u>	<u>\$ 33,423</u>	<u>\$ 7,047</u>	<u>\$ 17,094</u>	<u>\$ 8,196</u>	<b><u>\$ 171,231</u></b>	<u>\$ 158,081</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<b><u>\$ 3,700</u></b>	<u>\$ 2,950</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,196</u>	<b><u>8,196</u></b>	<u>-</u>
<u>50</u>	<u>260</u>	<u>55</u>	<u>133</u>	<u>-</u>	<b><u>1,254</u></b>	<u>1,257</u>
<u>50</u>	<u>260</u>	<u>55</u>	<u>133</u>	<u>8,196</u>	<b><u>13,150</u></b>	<u>4,207</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>-</u></b>	<u>-</u>
<u>50</u>	<u>260</u>	<u>55</u>	<u>133</u>	<u>8,196</u>	<b><u>13,150</u></b>	<u>4,207</u>
<u>6,408</u>	<u>33,163</u>	<u>6,992</u>	<u>16,961</u>	<u>-</u>	<b><u>158,081</u></b>	<u>153,874</u>
<u>\$ 6,458</u>	<u>\$ 33,423</u>	<u>\$ 7,047</u>	<u>\$ 17,094</u>	<u>\$ 8,196</u>	<b><u>\$ 171,231</u></b>	<u>\$ 158,081</u>

See accompanying note to the financial statements

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# **Township of West Lincoln Trust Funds Note to the Financial Statements**

For the Year Ended December 31, 2016

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## **1. Accounting policies**

The financial statements of the Trust Funds of the Corporation of the Township of West Lincoln are prepared by management in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

### **(a) Basis of accounting**

Sources of revenue 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.