

Financial Report

Township of West Lincoln

2017

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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, 2017, 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, 2017, 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 23, 2018

Chartered Professional Accountants
Licensed Public Accountants

Township of West Lincoln

Consolidated Statement of Financial Position

As at December 31

2017

2016

Financial assets

Cash and cash equivalents (Note 2)	\$ 6,239,232	\$ 7,980,142
Portfolio investments (Note 3)	14,995,561	7,831,324
Taxes receivable	2,301,207	2,485,018
User charges receivable	648,034	578,147
Accounts receivable	1,535,841	913,140
Long term receivables	5,953	15,859
Investment in subsidiary (Note 4)	<u>7,499,011</u>	<u>7,471,814</u>
	<u>33,224,839</u>	<u>27,275,444</u>

Liabilities

Accounts payable and accrued liabilities	4,542,619	2,731,934
Other liabilities	2,255,701	1,954,679
Due to trust funds	222,674	171,231
Deferred revenue (Note 5)	4,247,127	5,521,393
YMCA obligation (Note 6)	262,500	315,000
Liability for contaminated site (Note 7)	276,500	268,800
Employee benefit obligations (Note 8)	<u>779,780</u>	<u>830,661</u>
	<u>12,586,901</u>	<u>11,793,698</u>

Net financial assets

	<u>20,637,938</u>	<u>15,481,746</u>
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Non-financial assets

Tangible capital assets (Pages 23 and 24)	62,800,558	57,287,004
Inventory	17,093	10,425
Prepaid expenses	<u>58,542</u>	<u>15,326</u>
	<u>62,876,193</u>	<u>57,312,755</u>

Accumulated surplus (Note 9)

	<u>\$ 83,514,131</u>	<u>\$ 72,794,501</u>
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Contingencies and commitment (Notes 18 and 19)

Approved by

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, 2017

	Budget <u>2017</u> (Note 21)	Actual <u>2017</u>	Actual <u>2016</u>
Revenue			
Taxation (Note 11)	\$ 6,503,200	\$ 7,015,189	\$ 6,246,497
User charges (Note 13)	3,956,250	4,190,088	4,169,668
Government transfers (Note 14)	950,520	980,750	919,496
Other (Note 15)	<u>690,419</u>	<u>1,311,905</u>	<u>748,727</u>
	<u>12,100,389</u>	<u>13,497,932</u>	<u>12,084,388</u>
Expenses			
General government	1,846,536	1,856,113	1,797,879
Protection to persons and property	1,459,909	1,415,224	1,443,734
Transportation services	3,933,728	3,671,716	3,681,888
Environmental services	3,278,398	3,213,581	3,158,284
Health services	74,537	70,267	66,488
Recreation and culture services	1,807,371	1,719,952	1,749,376
Planning and development	<u>543,950</u>	<u>510,349</u>	<u>607,689</u>
	<u>12,944,429</u>	<u>12,457,202</u>	<u>12,505,338</u>
Net revenue (expenses)	<u>(844,040)</u>	<u>1,040,730</u>	<u>(420,950)</u>
Other			
Revenue related to tangible capital assets			
User charges (Note 13)	484,600	2,283,128	239,268
Government transfers (Note 14)	2,257,110	926,288	784,068
Other (Note 15)	6,121,103	6,121,489	75,321
Contributed tangible capital assets	-	38,500	1,659,229
Gain on disposal of tangible capital assets	-	282,298	205,407
Change in equity of subsidiary (Note 4)	<u>-</u>	<u>27,197</u>	<u>55,865</u>
	<u>8,862,813</u>	<u>9,678,900</u>	<u>3,019,158</u>
Annual surplus	8,018,773	10,719,630	2,598,208
Accumulated surplus (Note 9)			
Beginning of year	<u>72,794,501</u>	<u>72,794,501</u>	<u>70,196,293</u>
End of year	<u>\$ 80,813,274</u>	<u>\$ 83,514,131</u>	<u>\$ 72,794,501</u>

See accompanying notes and schedules to the consolidated financial statements

Township of West Lincoln

Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2017

	Budget <u>2017</u> (Note 21)	Actual <u>2017</u>	Actual <u>2016</u>
Annual surplus	\$ 8,018,773	\$ 10,719,630	\$ 2,598,208
Amortization of tangible capital assets	2,308,952	2,308,952	2,184,054
Acquisition of tangible capital assets	(21,790,003)	(8,021,768)	(5,311,365)
Capitalization of prior year construction in process	-	126,318	335,533
Gain on sale of tangible capital assets	-	(282,298)	(205,407)
Proceeds from sale of tangible capital assets	<u>-</u>	<u>355,242</u>	<u>335,669</u>
	(11,462,278)	5,206,076	(63,308)
Acquisition of inventory	-	(6,668)	(10,425)
Increase in prepaid expenses	<u>-</u>	<u>(43,216)</u>	<u>(11,132)</u>
Increase (decrease) in net financial assets	(11,462,278)	5,156,192	(84,865)
Net financial assets			
Beginning of year	<u>15,481,746</u>	<u>15,481,746</u>	<u>15,566,611</u>
End of year	<u>\$ 4,019,468</u>	<u>\$ 20,637,938</u>	<u>\$ 15,481,746</u>

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

2017

2016

Decrease in cash and cash equivalents

Operating activities		
Annual surplus	\$ 10,719,630	\$ 2,598,208
Non-cash items		
Amortization	2,308,952	2,184,054
Gain on sale of tangible capital assets	(282,298)	(205,407)
Decrease in taxes receivable	183,811	387,304
Increase in user charges receivable	(69,887)	(64,337)
Increase in accounts receivable	(622,701)	(521,038)
Increase (decrease) in accounts payable and accrued liabilities	1,810,685	(1,171,084)
Increase in other liabilities	301,022	487,940
Increase in due to trust funds	51,443	13,150
(Decrease) increase in deferred revenue	(1,274,266)	1,181,365
Decrease in YMCA obligation	(52,500)	(52,500)
Increase in liability for contaminated sites	7,700	5,950
Decrease in employee benefit obligations	(50,881)	(1,465)
Increase in inventory	(6,668)	(10,425)
Increase in prepaid expenses	(43,216)	(11,132)
	<u>12,980,826</u>	<u>4,820,583</u>
Capital activities		
Proceeds from sale of tangible capital assets	355,242	335,669
Capitalization of prior year construction in progress	126,318	335,533
Acquisition of tangible capital assets	(8,021,768)	(5,311,365)
	<u>(7,540,208)</u>	<u>(4,640,163)</u>
Investing activities		
Increase in portfolio investments	(7,164,237)	(2,083,506)
Increase in investment in subsidiary	(27,197)	(55,865)
Decrease in long term receivables	9,906	133,410
	<u>(7,181,528)</u>	<u>(2,005,961)</u>
Net decrease in cash and cash equivalents	(1,740,910)	(1,825,541)
Cash and cash equivalents		
Beginning of year	<u>7,980,142</u>	<u>9,805,683</u>
End of year	<u>\$ 6,239,232</u>	<u>\$ 7,980,142</u>

See accompanying notes and schedules to the consolidated financial statements

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

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.

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

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.

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

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.

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

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.

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

2. Cash and cash equivalents 2017 2016

Cash and temporary investments are comprised of:

Cash on hand	\$ 929	\$ 811
Cash held in banks	<u>6,238,303</u>	<u>7,979,331</u>
	<u>\$ 6,239,232</u>	<u>\$ 7,980,142</u>

3. Portfolio investments 2017 2016

Guaranteed investment certificates	\$ 12,317,432	\$ 5,272,265
Debentures and bonds	<u>2,678,129</u>	<u>2,559,059</u>
	<u>\$ 14,995,561</u>	<u>\$ 7,831,324</u>

Portfolio investments carry an effective interest rate ranging from 0.52% to 4.9% and maturity dates ranging from January, 2018 to May, 2033. Interest is receivable on an annual basis. Portfolio investments reported on the consolidated statement of financial position have a market value of \$ 15,153,443 (2016 - \$ 7,981,160).

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, 2017

4. Subsidiary operations (continued)

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

	<u>2017</u>	<u>2016</u>
Financial position		
Current assets	\$ 1,417,025	\$ 1,334,468
Capital assets	100,798	106,030
Investment	<u>35,407,711</u>	<u>35,371,434</u>
 Total assets	 <u>36,925,534</u>	 <u>36,811,932</u>
 Current liabilities	 30,160	 27,382
Deferred tax liabilities, net	<u>5,649,496</u>	<u>5,651,993</u>
 Total liabilities	 <u>5,679,656</u>	 <u>5,679,375</u>
 Net assets	 <u>\$ 31,245,878</u>	 <u>\$ 31,132,557</u>
 Township of West Lincoln's interest – 24%	 <u>\$ 7,499,011</u>	 <u>\$ 7,471,814</u>
Change in equity investment in subsidiary		
Revenues	\$ 185,048	\$ 193,116
Expenses	<u>(156,023)</u>	<u>(158,545)</u>
 Income from operating activities	 29,025	 34,571
Gain on investment – Niagara Peninsula Energy Inc.	393,277	1,038,620
Finance income – net	<u>3,254</u>	<u>2,224</u>
 Income before income taxes	 425,556	 1,075,415
 Future payment in lieu of income taxes	 <u>(7,841)</u>	 <u>(539,145)</u>
 Net income and comprehensive income	 417,715	 536,270
 Dividends	 <u>(304,394)</u>	 <u>(303,500)</u>
 Net increase in equity of subsidiary	 <u>\$ 113,321</u>	 <u>\$ 232,770</u>
 Change in equity of subsidiary – 24%	 <u>\$ 27,197</u>	 <u>\$ 55,865</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

4. Subsidiary operations (continued)

The financial position information is as reported by PWPI at December 31, 2017 and the results of operations are as reported for the year ended December 31, 2017. The comparative financial position and results of operations figures are as reported by PWPI at December 31, 2016.

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>2017</u>	<u>2016</u>
Electricity purchased	\$ 242,741	\$ 263,691
Contracted services	10,233	3,239

5. Deferred revenue

	<u>2017</u>	<u>2016</u>
Development Charges Act	\$ 3,072,877	\$ 4,529,174
Recreational land (Planning Act)	369,043	282,188
Gas tax revenue	96,140	123,136
Deferred property tax revenue	643,335	586,895
Other	<u>65,732</u>	<u>-</u>
	<u>\$ 4,247,127</u>	<u>\$ 5,521,393</u>

The deferred revenue is made up of the following:

Balance, beginning of year	\$ <u>5,521,393</u>	\$ <u>4,340,028</u>
Contributions from		
Development Charges Act	912,014	1,005,391
Interest earned	41,465	36,657
Federal gas tax grants received	428,136	420,689
Federal gas tax grants adjustment	20,253	-
Collection of subsequent year property taxes	643,335	586,895
Other	<u>71,853</u>	<u>-</u>
	<u>2,117,056</u>	<u>2,049,632</u>
Utilized for		
Operations	(626,460)	(125,257)
Tangible capital asset acquisitions	<u>(2,764,862)</u>	<u>(743,010)</u>
	<u>(3,391,322)</u>	<u>(868,267)</u>
Balance, end of year	<u>\$ 4,247,127</u>	<u>\$ 5,521,393</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

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.

2018	\$ 52,500
2019	52,500
2020	52,500
2021	52,500
2022	<u>52,500</u>
	<u>\$ 262,500</u>

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 2017 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.

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

8. Employee benefit obligations	<u>2017</u>	<u>2016</u>
Accrued vacation pay	\$ 202,843	\$ 179,200
Retirement benefits	<u>576,937</u>	<u>651,461</u>
	779,780	830,661
Less: accrued vacation pay funded	<u>202,843</u>	<u>179,200</u>
Liabilities to be recovered in the future	<u>\$ 576,937</u>	<u>\$ 651,461</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, 2017 is \$ 576,937 (2016 - \$ 651,461). 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 5.215%. Medical costs were assumed to increase 7.65% decreasing 0.175% per year until the rate of increase is 4.5%. Dental costs were assumed to increase 5.625% decreasing 0.1875% per year until the rate of increase is 4.5%. 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.

9. Accumulated surplus	<u>2017</u>	<u>2016</u>
Operating (deficit) surplus	\$ (1,291,873)	\$ 62,565
Investment in subsidiary	7,499,011	7,471,814
Unfunded:		
Liability for contaminated sites	(276,500)	(268,800)
Employee benefit obligations	(576,937)	(651,461)
Investment in tangible capital assets	62,800,558	57,287,004
Reserves and reserve funds (Note 10)	<u>15,359,872</u>	<u>8,893,379</u>
	<u>\$ 83,514,131</u>	<u>\$ 72,794,501</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

10. Reserves and reserve funds	<u>2017</u>	<u>2016</u>
Reserves set aside for specific purposes by Council		
Corporate and administrative services		
Accessibility	\$ 29,491	\$ 34,764
Working funds	225,159	270,159
Contingencies	536,842	412,413
Technology	166,148	265,245
Hospital	1,250,000	1,250,000
Insurance	187,655	187,655
Rate stabilization	59,000	59,000
Election	39,634	27,391
Recreation	11,598	11,598
Capital	872,948	856,755
Wind turbine community fund	<u>525,719</u>	<u>-</u>
	<u>3,904,194</u>	<u>3,374,980</u>
Public works and engineering		
Fire trucks and equipment	(23,153)	204,542
Road equipment	355,592	302,380
Industrial park	889,070	813,059
Bridges	89,131	94,986
Sidewalks	124,196	100,753
Facilities	430,326	106,674
Streetlights	35,983	35,983
Sewers	803,111	768,943
Water	523,062	480,742
Winter control	294,800	228,400
Cemeteries	28,000	23,000
Settlement road agreement	<u>5,858,072</u>	<u>-</u>
	<u>9,408,190</u>	<u>3,159,462</u>
Planning and development		
Planning	275,915	275,806
Building revenues	1,161,263	1,062,305
Arena building	-	131,518
Library	<u>610,310</u>	<u>889,308</u>
	<u>2,047,488</u>	<u>2,358,937</u>
	<u>\$ 15,359,872</u>	<u>\$ 8,893,379</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

11. Taxation	Budget <u>2017</u>	Actual <u>2017</u>	Actual <u>2016</u>
Real property	\$ 20,766,423	\$ 21,482,875	\$ 20,236,698
From other governments			
Payments in lieu of taxes	<u>774,203</u>	<u>1,111,912</u>	<u>1,085,462</u>
	<u>21,540,626</u>	<u>22,594,787</u>	<u>21,322,160</u>
Less: taxation collected on behalf of (Note 12)			
Region of Niagara	11,014,484	11,390,641	10,993,590
School boards	<u>4,022,942</u>	<u>4,188,957</u>	<u>4,082,073</u>
	<u>15,037,426</u>	<u>15,579,598</u>	<u>15,075,663</u>
Net taxes available for municipal purposes	<u>\$ 6,503,200</u>	<u>\$ 7,015,189</u>	<u>\$ 6,246,497</u>
Residential and farm	\$ 5,350,408	\$ 5,434,698	\$ 5,078,024
Commercial	934,177	1,273,578	946,199
Industrial	<u>218,615</u>	<u>306,913</u>	<u>222,274</u>
Net taxes available for municipal purposes	<u>\$ 6,503,200</u>	<u>\$ 7,015,189</u>	<u>\$ 6,246,497</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

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>2017</u>	<u>2016</u>
Region of Niagara	\$ 11,390,641	\$ 10,993,590
School boards	<u>4,188,957</u>	<u>4,082,073</u>
	<u>\$ 15,579,598</u>	<u>\$ 15,075,663</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.

13. User charges	Budget <u>2017</u>	Actual <u>2017</u>	Actual <u>2016</u>
Operating			
Direct water and sewer billings	\$ 2,978,300	\$ 2,857,494	\$ 2,894,215
Licences and permits	324,700	581,880	477,388
Lot levies and development charges	62,950	38,877	116,217
Recreation	283,900	292,604	270,339
Rents and concessions	48,900	49,568	73,664
Other	<u>257,500</u>	<u>369,665</u>	<u>337,845</u>
	<u>3,956,250</u>	<u>4,190,088</u>	<u>4,169,668</u>
Capital			
Lot levies and development charges	<u>484,600</u>	<u>2,283,128</u>	<u>239,268</u>
	<u>\$ 4,440,850</u>	<u>\$ 6,473,216</u>	<u>\$ 4,408,936</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

14. Government transfers	Budget <u>2017</u>	Actual <u>2017</u>	Actual <u>2016</u>
Operating			
Province of Ontario	\$ 914,820	\$ 913,189	\$ 860,575
Government of Canada	-	10,705	7,821
Municipal	<u>35,700</u>	<u>56,856</u>	<u>51,100</u>
	<u>950,520</u>	<u>980,750</u>	<u>919,496</u>
Capital			
Province of Ontario	933,790	152,280	64,013
Government of Canada	1,033,870	697,425	496,430
Municipal	<u>289,450</u>	<u>76,583</u>	<u>223,625</u>
	<u>2,257,110</u>	<u>926,288</u>	<u>784,068</u>
	<u>\$ 3,207,630</u>	<u>\$ 1,907,038</u>	<u>\$ 1,703,564</u>

15. Other revenue	Budget <u>2017</u>	Actual <u>2017</u>	Actual <u>2016</u>
Operating			
Penalties and interest on taxes	\$ 380,000	\$ 357,105	\$ 400,674
Other fines	44,000	40,417	26,425
Interest and dividend income	165,000	318,601	245,684
Interest income – reserves and reserve funds	-	17,307	14,748
Other	27,200	52,756	61,196
Community fund	<u>74,219</u>	<u>525,719</u>	<u>-</u>
	<u>690,419</u>	<u>1,311,905</u>	<u>748,727</u>
Capital			
Settlement road agreement	6,121,103	6,121,102	-
Other	<u>-</u>	<u>387</u>	<u>75,321</u>
	<u>6,121,103</u>	<u>6,121,489</u>	<u>75,321</u>
	<u>\$ 6,811,522</u>	<u>\$ 7,433,394</u>	<u>\$ 824,048</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

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 surplus (deficit) of \$ 605 million (2016 - \$ (2.3) 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 2017 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 2017 current and past service was \$ 328,861 (2016 - \$ 323,438) and were matched by employee contributions in a similar amount.

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

Trust funds administered by the Municipality amounting to \$ 222,674 (2016 - \$ 171,231) have not been included in the consolidated statement of financial position nor have these operations been included in the consolidated statement of operations.

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.

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.

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

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.

21. Budget

The budget by-law adopted by Council on December 5, 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)	\$ (245,865)
Add: Acquisition of tangible capital assets	21,790,003
YMCA obligation	52,500
Debenture principle repayment	32,000
Transfers to reserves and reserve funds	3,399,027
Less: Transfers from reserves and reserve funds	(2,635,240)
Amortization of tangible capital assets	(2,308,952)
Debenture proceeds	<u>(12,064,700)</u>
Budgeted surplus reported on the consolidated statement of operations	<u>\$ 8,018,773</u>

22. Comparative figures

Certain prior year amounts have been reclassified to conform with current year consolidated financial statement presentation.

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2017

23. 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, 2017

	<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>2017</u>
Cost								
Beginning of year	\$ 4,092,886	\$ 2,850,668	\$ 5,637,140	\$ 5,253,589	\$ 2,272,309	\$ 70,649,642	\$ 102,511	\$ 90,858,745
Add additions	38,500	260,816	86,737	284,616	693,000	1,328,259	5,329,840	8,021,768
Less disposals	<u>(19,119)</u>	<u>-</u>	<u>-</u>	<u>(217,654)</u>	<u>(221,611)</u>	<u>(197,587)</u>	<u>(126,318)</u>	<u>(782,289)</u>
End of year	<u>4,112,267</u>	<u>3,111,484</u>	<u>5,723,877</u>	<u>5,320,551</u>	<u>2,743,698</u>	<u>71,780,314</u>	<u>5,306,033</u>	<u>98,098,224</u>
Accumulated amortization								
Beginning of year	-	1,691,406	2,381,841	2,367,694	1,063,944	26,066,856	-	33,571,741
Add amortization	-	77,261	129,215	299,750	202,978	1,599,748	-	2,308,952
Less amortization on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(187,974)</u>	<u>(215,773)</u>	<u>(179,280)</u>	<u>-</u>	<u>(583,027)</u>
End of year	<u>-</u>	<u>1,768,667</u>	<u>2,511,056</u>	<u>2,479,470</u>	<u>1,051,149</u>	<u>27,487,324</u>	<u>-</u>	<u>35,297,666</u>
Net book value	<u>\$ 4,112,267</u>	<u>\$ 1,342,817</u>	<u>\$ 3,212,821</u>	<u>\$ 2,841,081</u>	<u>\$ 1,692,549</u>	<u>\$ 44,292,990</u>	<u>\$ 5,306,033</u>	<u>\$ 62,800,558</u>

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>
Cost								
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>
Accumulated amortization								
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>
Net book value	<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 Segment Disclosure

For the year ended December 31, 2017

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Culture Services	Planning and Development	Eliminations	Consolidated
Revenue									
Taxation	\$ 1,469,342	\$ 1,099,087	\$ 2,535,423	\$ -	\$ 62,587	\$ 1,387,443	\$ 461,307	\$ -	\$ 7,015,189
User charges	10,264	532,322	94,787	2,893,636	7,358	2,549,287	385,562	-	6,473,216
Grants	872,400	912	674,318	78,183	-	248,118	33,107	-	1,907,038
Other	681,626	37,151	6,129,914	15,256	372	569,075	-	-	7,433,394
Contributed tangible capital assets	-	-	-	-	38,500	-	-	-	38,500
Gain (loss) on disposal of tangible capital assets	320,946	9,337	(25,608)	(1,125)	-	(21,252)	-	-	282,298
Change in equity of subsidiary	27,197	-	-	-	-	-	-	-	27,197
	<u>3,381,775</u>	<u>1,678,809</u>	<u>9,408,834</u>	<u>2,985,950</u>	<u>108,817</u>	<u>4,732,671</u>	<u>879,976</u>	<u>-</u>	<u>23,176,832</u>
Expenses									
Salaries and benefits	1,318,111	750,698	1,307,504	303,691	-	909,779	347,505	-	4,937,288
Operating materials and supplies	306,908	216,764	902,479	668,337	11,224	468,957	14,060	-	2,588,729
Contracted services	282,793	191,301	492,808	1,139,955	48,006	74,063	141,584	-	2,370,510
Rent and financial expenses	55,190	-	-	-	-	7,686	-	-	62,876
External transfers to others	21,100	741	20,253	-	10,300	4,300	-	-	56,694
Tax write-offs	132,553	-	(400)	-	-	-	-	-	132,153
Interfunctional adjustments	(374,500)	91,800	(237,200)	428,900	-	83,800	7,200	-	-
Amortization	113,958	163,920	1,186,272	672,698	737	171,367	-	-	2,308,952
	<u>1,856,113</u>	<u>1,415,224</u>	<u>3,671,716</u>	<u>3,213,581</u>	<u>70,267</u>	<u>1,719,952</u>	<u>510,349</u>	<u>-</u>	<u>12,457,202</u>
Annual surplus (deficit)	<u>\$ 1,525,662</u>	<u>\$ 263,585</u>	<u>\$ 5,737,118</u>	<u>\$ (227,631)</u>	<u>\$ 38,550</u>	<u>\$ 3,012,719</u>	<u>\$ 369,627</u>	<u>\$ -</u>	<u>\$ 10,719,630</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
Revenue									
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
	<u>3,128,868</u>	<u>1,488,157</u>	<u>4,462,063</u>	<u>3,736,548</u>	<u>71,731</u>	<u>1,426,910</u>	<u>789,269</u>	<u>-</u>	<u>15,103,546</u>
Expenses									
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
	<u>1,797,879</u>	<u>1,443,734</u>	<u>3,681,888</u>	<u>3,158,284</u>	<u>66,488</u>	<u>1,749,376</u>	<u>607,689</u>	<u>-</u>	<u>12,505,338</u>
Annual surplus (deficit)	<u>\$ 1,330,989</u>	<u>\$ 44,423</u>	<u>\$ 780,175</u>	<u>\$ 578,264</u>	<u>\$ 5,243</u>	<u>\$ (322,466)</u>	<u>\$ 181,580</u>	<u>\$ -</u>	<u>\$ 2,598,208</u>

Township of West Lincoln

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2017

	Budget <u>2017</u>	Actual <u>2017</u>	Actual <u>2016</u>
General government			
Revenue			
Taxation	\$ 1,396,279	\$ 1,469,342	\$ 1,368,785
User charges	27,300	10,264	15,717
Government transfers	872,400	872,400	800,014
Other	550,100	681,626	679,743
Gain on disposal of tangible capital assets	-	320,946	208,744
Change in equity of subsidiary	<u>-</u>	<u>27,197</u>	<u>55,865</u>
	<u>2,846,079</u>	<u>3,381,775</u>	<u>3,128,868</u>
Expenses			
Salaries and benefits	1,381,700	1,318,111	1,301,160
Operating materials and supplies	338,400	306,908	338,814
Contracted services	214,300	282,793	306,295
Rent and financial expenses	48,000	55,190	43,814
External transfers to others	16,700	21,100	16,150
Tax write-offs	107,978	132,553	56,662
Interfunctional adjustments	(374,500)	(374,500)	(364,600)
Amortization	<u>113,958</u>	<u>113,958</u>	<u>99,584</u>
	<u>1,846,536</u>	<u>1,856,113</u>	<u>1,797,879</u>
Annual surplus	<u>\$ 999,543</u>	<u>\$ 1,525,662</u>	<u>\$ 1,330,989</u>
Protection to persons and property			
Revenue			
Taxation	\$ 1,044,434	\$ 1,099,087	\$ 942,754
User charges	340,700	532,322	499,222
Government transfers	2,900	912	-
Other	28,000	37,151	15,276
Contributed tangible capital assets	-	-	21,622
Gain on disposal of tangible capital assets	<u>-</u>	<u>9,337</u>	<u>9,283</u>
	<u>1,416,034</u>	<u>1,678,809</u>	<u>1,488,157</u>
Expenses			
Salaries and benefits	807,900	750,698	766,049
Operating materials and supplies	222,850	216,764	246,827
Contracted services	169,439	191,301	183,014
External transfers to others	4,000	741	-
Interfunctional adjustments	91,800	91,800	90,700
Amortization	<u>163,920</u>	<u>163,920</u>	<u>157,144</u>
	<u>1,459,909</u>	<u>1,415,224</u>	<u>1,443,734</u>
Annual surplus (deficit)	<u>\$ (43,875)</u>	<u>\$ 263,585</u>	<u>\$ 44,423</u>

Township of West Lincoln

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2017

	Budget <u>2017</u>	Actual <u>2017</u>	Actual <u>2016</u>
Transportation services			
Revenue			
Taxation	\$ 2,246,193	\$ 2,535,423	\$ 2,573,913
User charges	69,600	94,787	227,878
Government transfers	1,464,900	674,318	743,748
Other	6,130,403	6,129,914	93,551
Contributed tangible capital assets	-	-	835,593
Loss on disposal of tangible capital assets	-	(25,608)	(12,620)
	<u>9,911,096</u>	<u>9,408,834</u>	<u>4,462,063</u>
Expenses			
Salaries and benefits	1,364,150	1,307,504	1,316,849
Interest on long term debt	8,000	-	-
Operating materials and supplies	1,013,550	902,479	976,623
Contracted services	577,700	492,808	522,348
External transfers to others	20,256	20,253	-
Tax write-offs	1,000	(400)	745
Interfunctional adjustments	(237,200)	(237,200)	(237,100)
Amortization	<u>1,186,272</u>	<u>1,186,272</u>	<u>1,102,423</u>
	<u>3,933,728</u>	<u>3,671,716</u>	<u>3,681,888</u>
Annual surplus	<u>\$ 5,977,368</u>	<u>\$ 5,737,118</u>	<u>\$ 780,175</u>
Environmental services			
Revenue			
User charges	\$ 2,978,300	\$ 2,893,636	\$ 2,894,214
Government transfers	198,300	78,183	40,320
Other	17,000	15,256	-
Contributed tangible capital assets	-	-	802,014
Loss on disposal of tangible capital assets	-	(1,125)	-
	<u>3,193,600</u>	<u>2,985,950</u>	<u>3,736,548</u>
Expenses			
Salaries and benefits	239,400	303,691	230,098
Operating materials and supplies	727,100	668,337	67,782
Contracted services	1,210,300	1,139,955	1,789,528
Interfunctional adjustments	428,900	428,900	421,600
Amortization	<u>672,698</u>	<u>672,698</u>	<u>649,276</u>
	<u>3,278,398</u>	<u>3,213,581</u>	<u>3,158,284</u>
Annual (deficit) surplus	<u>\$ (84,798)</u>	<u>\$ (227,631)</u>	<u>\$ 578,264</u>

Township of West Lincoln

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2017

	Budget <u>2017</u>	Actual <u>2017</u>	Actual <u>2016</u>
Health services			
Revenue			
Taxation	\$ 59,475	\$ 62,587	\$ 65,647
User charges	5,000	7,358	6,084
Other	-	372	-
Contributed tangible capital assets	<u>-</u>	<u>38,500</u>	<u>-</u>
	<u>64,475</u>	<u>108,817</u>	<u>71,731</u>
Expenses			
Operating materials and supplies	10,000	11,224	5,938
Contracted services	53,500	48,006	49,737
External transfers to others	10,300	10,300	10,300
Amortization	<u>737</u>	<u>737</u>	<u>513</u>
	<u>74,537</u>	<u>70,267</u>	<u>66,488</u>
Annual surplus (deficit)	<u>\$ (10,062)</u>	<u>\$ 38,550</u>	<u>\$ 5,243</u>

Recreation and culture services

Revenue			
Taxation	\$ 1,318,451	\$ 1,387,443	\$ 1,030,655
User charges	725,000	2,549,287	309,219
Government transfers	640,030	248,118	51,558
Other	86,019	569,075	35,478
Loss on disposal of tangible capital assets	<u>-</u>	<u>(21,252)</u>	<u>-</u>
	<u>2,769,500</u>	<u>4,732,671</u>	<u>1,426,910</u>
Expenses			
Salaries and benefits	985,630	909,779	985,216
Operating materials and supplies	505,490	468,957	447,318
Contracted services	51,184	74,063	49,928
Rent and financial expenses	5,000	7,686	5,000
External transfers to others	4,900	4,300	4,300
Interfunctional adjustments	83,800	83,800	82,500
Amortization	<u>171,367</u>	<u>171,367</u>	<u>175,114</u>
	<u>1,807,371</u>	<u>1,719,952</u>	<u>1,749,376</u>
Annual surplus (deficit)	<u>\$ 962,129</u>	<u>\$ 3,012,719</u>	<u>\$ (322,466)</u>

Township of West Lincoln

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2017

	Budget <u>2017</u>	Actual <u>2017</u>	Actual <u>2016</u>
Planning and development			
Revenue			
Taxation	\$ 438,368	\$ 461,307	\$ 264,743
User charges	294,950	385,562	456,602
Government transfers	<u>29,100</u>	<u>33,107</u>	<u>67,924</u>
	<u>762,418</u>	<u>879,976</u>	<u>789,269</u>
Expenses			
Salaries and benefits	344,300	347,505	320,763
Operating materials and supplies	19,100	14,060	12,077
Contracted services	173,350	141,584	267,949
Interfunctional adjustments	<u>7,200</u>	<u>7,200</u>	<u>6,900</u>
	<u>543,950</u>	<u>510,349</u>	<u>607,689</u>
Annual surplus	<u>\$ 218,468</u>	<u>\$ 369,627</u>	<u>\$ 181,580</u>

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 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, 2017, 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, 2017, 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.



Port Colborne, Canada
July 23, 2018

Chartered Professional Accountants
Licensed Public Accountants

Township of West Lincoln Trust Funds

Statement of Financial Position

As at December 31, 2017

	Bismark United Church Cemetery	Bethel Cemetery Perpetual Care	Cemetery Perpetual Care	Marker Perpetual Care	St. Ann's Cemetery
Financial assets					
Due from Corporation of the Township of West Lincoln	\$ <u>46,034</u>	\$ <u>16,093</u>	\$ <u>67,257</u>	\$ <u>14,651</u>	\$ <u>5,708</u>
Net financial assets and accumulated surplus	\$ <u>46,034</u>	\$ <u>16,093</u>	\$ <u>67,257</u>	\$ <u>14,651</u>	\$ <u>5,708</u>

Statement of Operations

For the Year Ended December 31, 2017

Revenue					
Perpetual care agreements	\$ -	\$ -	\$ 3,000	\$ 700	\$ -
Other	46,020	-	-	-	-
Interest earned	<u>14</u>	<u>157</u>	<u>643</u>	<u>140</u>	<u>56</u>
	46,034	157	3,643	840	56
Expenses					
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Annual surplus	46,034	157	3,643	840	56
Accumulated surplus					
Beginning of year	<u>-</u>	<u>15,936</u>	<u>63,614</u>	<u>13,811</u>	<u>5,652</u>
End of year	\$ <u>46,034</u>	\$ <u>16,093</u>	\$ <u>67,257</u>	\$ <u>14,651</u>	\$ <u>5,708</u>

<u>Waite Cemetery Trust</u>	<u>Union Cemetery Trust</u>	<u>Union Cemetery Monuments</u>	<u>Union Cemetery Care & Maintenance</u>	<u>Caistor Baptist Cemetery</u>	<u>2017 Total</u>	<u>2016 Total</u>
<u>\$ 6,522</u>	<u>\$ 33,753</u>	<u>\$ 7,117</u>	<u>\$ 17,263</u>	<u>\$ 8,276</u>	<u>\$ 222,674</u>	<u>\$ 171,231</u>
<u>\$ 6,522</u>	<u>\$ 33,753</u>	<u>\$ 7,117</u>	<u>\$ 17,263</u>	<u>\$ 8,276</u>	<u>\$ 222,674</u>	<u>\$ 171,231</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,700	\$ 3,700
-	-	-	-	-	46,020	8,196
<u>64</u>	<u>330</u>	<u>70</u>	<u>169</u>	<u>80</u>	<u>1,723</u>	<u>1,254</u>
64	330	70	169	80	51,443	13,150
-	-	-	-	-	-	-
64	330	70	169	80	51,443	13,150
<u>6,458</u>	<u>33,423</u>	<u>7,047</u>	<u>17,094</u>	<u>8,196</u>	<u>171,231</u>	<u>158,081</u>
<u>\$ 6,522</u>	<u>\$ 33,753</u>	<u>\$ 7,117</u>	<u>\$ 17,263</u>	<u>\$ 8,276</u>	<u>\$ 222,674</u>	<u>\$ 171,231</u>

See accompanying note to the financial statements

Township of West Lincoln Trust Funds Note to the Financial Statements

For the Year Ended December 31, 2017

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.