

Consolidated Financial Statements of

**The Corporation of the
Township of West Lincoln**

Year ended December 31, 2018

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Township of West Lincoln and its subsidiaries (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2018, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

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 were audited by another auditor who issued an unmodified opinion on July 23, 2018.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

St. Catharines, Ontario

July 15, 2019

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Town of West Lincoln (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of 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 Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

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



Chief Administrative Officer



Treasurer

July 15, 2019

The Corporation of the Township of West Lincoln

Consolidated Statement of Financial Position

As at December 31

2018

2017

Financial assets

Cash and cash equivalents (Note 2)	\$ 4,200,328	\$ 6,239,232
Portfolio investments (Note 3)	17,181,005	14,995,561
Taxes receivable	1,972,929	2,301,207
User charges receivable	697,551	648,034
Accounts receivable	2,156,138	1,535,841
Long term receivables	3,249	5,953
Investment in subsidiary (Note 4)	<u>7,599,384</u>	<u>7,499,011</u>
	<u>33,810,584</u>	<u>33,224,839</u>

Liabilities

Accounts payable and accrued liabilities	6,160,534	4,542,619
Other liabilities	2,291,007	2,255,701
Due to trust funds	230,212	222,674
Deferred revenue (Note 5)	5,389,267	4,247,127
YMCA obligation (Note 6)	210,000	262,500
Long term debt (Note 7)	15,024,993	-
Liability for contaminated site (Note 8)	281,588	276,500
Employee benefit obligations (Note 9)	<u>772,750</u>	<u>779,780</u>
	<u>30,360,351</u>	<u>12,586,901</u>

Net financial assets

	<u>3,450,233</u>	<u>20,637,938</u>
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Non-financial assets

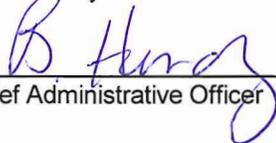
Tangible capital assets (Pages 26 and 27)	83,728,031	62,800,558
Inventory	19,523	17,093
Prepaid expenses	<u>113,411</u>	<u>58,542</u>
	<u>83,860,965</u>	<u>62,876,193</u>

Accumulated surplus (Note 10)

	<u>\$ 87,311,198</u>	<u>\$ 83,514,131</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

The Corporation of the Township of West Lincoln

Consolidated Statement of Operations

For the Year Ended December 31, 2018

	Budget 2018 (Note 22)	Actual 2018	Actual 2017
Revenue			
Taxation (Note 12)	\$ 7,342,400	\$ 7,470,686	\$ 7,015,189
User charges (Note 14)	4,488,500	4,706,947	4,190,088
Government transfers (Note 15)	1,064,310	1,031,107	980,750
Other (Note 16)	940,200	1,393,653	1,311,905
	<u>13,835,410</u>	<u>14,602,393</u>	<u>13,497,932</u>
Expenses			
General government	2,016,305	1,918,945	1,856,113
Protection to persons and property	1,693,032	1,497,698	1,415,224
Transportation services	3,928,377	3,985,410	3,671,716
Environmental services	3,583,742	3,462,622	3,213,581
Health services	74,537	75,088	70,267
Recreation and culture services	2,151,621	2,241,115	1,719,952
Planning and development	743,600	541,924	510,349
	<u>14,191,214</u>	<u>13,722,802</u>	<u>12,457,202</u>
Net revenue (expenses)	<u>(355,804)</u>	<u>879,591</u>	<u>1,040,730</u>
Other			
Revenue related to tangible capital assets			
User charges (Note 14)	301,600	321,874	2,283,128
Government transfers (Note 15)	765,076	584,718	926,288
Other (Note 16)	12,500	395,587	6,121,489
Contributed tangible capital assets	-	1,512,801	38,500
Gain on disposal of tangible capital assets	-	2,123	282,298
Change in equity of subsidiary (Note 4)	-	100,373	27,197
	<u>1,079,176</u>	<u>2,917,476</u>	<u>9,678,900</u>
Annual surplus	723,372	3,797,067	10,719,630
Accumulated surplus (Note 10)			
Beginning of year	<u>83,514,131</u>	<u>83,514,131</u>	<u>72,794,501</u>
End of year	<u>\$ 84,237,503</u>	<u>\$ 87,311,198</u>	<u>\$ 83,514,131</u>

See accompanying notes and schedules to the consolidated financial statements

The Corporation of the Township of West Lincoln

Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2018

	Budget <u>2018</u> (Note 22)	Actual <u>2018</u>	Actual <u>2017</u>
Annual surplus	\$ 723,372	\$ 3,797,067	\$ 10,719,630
Amortization of tangible capital assets	2,433,603	2,433,603	2,308,952
Acquisition of tangible capital assets	(3,472,941)	(25,513,030)	(8,021,768)
Capitalization of prior year construction in process	-	2,085,127	126,318
Gain on disposal of tangible capital assets	-	(2,123)	(282,298)
Proceeds from sale of tangible capital assets	-	<u>68,950</u>	<u>355,242</u>
	(315,966)	(17,130,406)	5,206,076
Acquisition of inventory	-	(2,430)	(6,668)
Increase in prepaid expenses	-	<u>(54,869)</u>	<u>(43,216)</u>
Increase (decrease) in net financial assets	(315,966)	(17,187,705)	5,156,192
Net financial assets			
Beginning of year	<u>20,637,938</u>	<u>20,637,938</u>	<u>15,481,746</u>
End of year	<u>\$ 20,321,972</u>	<u>\$ 3,450,233</u>	<u>\$ 20,637,938</u>

See accompanying notes and schedules to the consolidated financial statements

The Corporation of the Township of West Lincoln

Consolidated Statement of Cash Flows

For the Year Ended December 31

2018

2017

Decrease in cash and cash equivalents

Operating activities		
Annual surplus	\$ 3,797,067	\$ 10,719,630
Non-cash items		
Amortization	2,433,603	2,308,952
Gain on disposal of tangible capital assets	(2,123)	(282,298)
Decrease in taxes receivable	328,278	183,811
Increase in user charges receivable	(49,517)	(69,887)
Increase in accounts receivable	(620,297)	(622,701)
Increase in accounts payable and accrued liabilities	1,617,915	1,810,685
Increase in other liabilities	35,306	301,022
Increase in due to trust funds	7,538	51,443
Increase (decrease) in deferred revenue	1,142,140	(1,274,266)
Decrease in YMCA obligation	(52,500)	(52,500)
Increase in liability for contaminated sites	5,088	7,700
Decrease in employee benefit obligations	(7,030)	(50,881)
Increase in inventory	(2,430)	(6,668)
Increase in prepaid expenses	<u>(54,869)</u>	<u>(43,216)</u>
	<u>8,578,169</u>	<u>12,980,826</u>
Capital activities		
Proceeds from sale of tangible capital assets	68,951	355,242
Capitalization of prior year construction in progress	2,085,127	126,318
Acquisition of tangible capital assets	<u>(25,513,031)</u>	<u>(8,021,768)</u>
	<u>(23,358,953)</u>	<u>(7,540,208)</u>
Investing activities		
Increase in portfolio investments	(2,185,444)	(7,164,237)
Increase in investment in subsidiary	(100,373)	(27,197)
Decrease in long term receivables	<u>2,704</u>	<u>9,906</u>
	<u>(2,283,113)</u>	<u>(7,181,528)</u>
Financing activities		
Issue of long term debt	15,289,466	-
Payment of long term debt	<u>(264,473)</u>	<u>-</u>
	<u>15,024,993</u>	<u>-</u>
Net Decrease in cash and cash equivalents	(2,038,904)	(1,740,910)
Cash and cash equivalents		
Beginning of year	<u>6,239,232</u>	<u>7,980,142</u>
End of year	<u>\$ 4,200,328</u>	<u>\$ 6,239,232</u>

See accompanying notes and schedules to the consolidated financial statements

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

The Corporation of the Township of West Lincoln ("Municipality") was incorporated in 1970 as a municipality under the Province of Ontario and operates under the provision of the Municipal Act, 2001.

1. Significant accounting policies

The consolidated financial statements of the 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 18).

(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.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

1. Significant accounting policies (continued)

(c) Financial instruments

i) Measurement

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

The Municipality subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable and long term receivables.

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

ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write down reflects the difference between the carrying amount and the higher of: the present value of the cash flows expected to be generated by the asset or group of assets; the amount that could be realized by selling the assets or group of assets; and the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the event occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations up to the amount of the previously recognized impairment.

(d) 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.

(e) Portfolio investments

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

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

1. Significant accounting policies (continued)

(f) 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.

(g) 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.

(h) Employee benefit obligations

The Municipality provides certain benefits which will require funding in future periods. These benefits include extended health and dental benefits for retirees.

The costs of extended health and dental benefits are determined using management's best estimate of salary escalation, health care cost trends, long-term inflation rates and discount rates.

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.

(i) 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 the date of acquisition and are also recorded as revenue.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

1. Significant accounting policies (continued)

(i) Tangible capital assets (continued)

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.

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.

Classification	Useful Life
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.

(j) 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.

(k) Reserves for future expenses

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

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

1. Significant accounting policies (continued)

(l) 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.

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.

(m) 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.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

1. Significant accounting policies (continued)

(n) 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.

(o) 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. Estimates are used with accounting for items such as accrued liabilities, liability for contaminated site, employee benefit obligations and tangible capital assets.

2. Cash and cash equivalents

Cash and temporary investments are comprised of:

	<u>2018</u>	<u>2017</u>
Cash on hand	\$ 1,644	\$ 929
Cash held in banks	<u>4,198,684</u>	<u>6,238,303</u>
	<u>\$ 4,200,328</u>	<u>\$ 6,239,232</u>

3. Portfolio investments

	<u>2018</u>	<u>2017</u>
Guaranteed investment certificates	\$14,534,825	\$12,317,432
Debentures and bonds	<u>2,646,180</u>	<u>2,678,129</u>
	<u>\$17,181,005</u>	<u>\$14,995,561</u>

Portfolio investments carry an effective interest rate ranging from 0.52% to 4.9% and maturity dates ranging from January, 2019 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 \$ 17,329,335 (2017 - \$ 15,153,443).

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.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

4. Subsidiary operations (continued)

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

	<u>2018</u>	<u>2017</u>
Financial position		
Current assets	\$ 1,500,087	\$ 1,417,025
Capital assets	97,049	100,798
Investment	<u>35,749,306</u>	<u>35,407,711</u>
Total assets	<u>37,346,442</u>	<u>36,925,534</u>
Current liabilities	34,548	30,160
Deferred tax liabilities	<u>5,647,795</u>	<u>5,649,496</u>
Total liabilities	<u>5,682,343</u>	<u>5,679,656</u>
Net assets	<u>\$ 31,664,099</u>	<u>\$ 31,245,878</u>
Township of West Lincoln's interest – 24%	<u>\$ 7,599,384</u>	<u>\$ 7,499,011</u>
Change in equity investment in subsidiary		
Revenues	\$ 204,375	\$ 185,048
Expenses	<u>(184,428)</u>	<u>(156,023)</u>
Income from operating activities	19,947	29,025
Gain on investment – Niagara Peninsula Energy Inc.	698,595	393,277
Finance income – net	<u>13,373</u>	<u>3,254</u>
Income before income taxes	731,915	425,556
Future payment in lieu of income taxes	<u>(7,875)</u>	<u>(7,841)</u>
Net income and comprehensive income	724,040	417,715
Dividends	<u>(305,819)</u>	<u>(304,394)</u>
Net increase in equity of subsidiary	<u>\$ 418,221</u>	<u>\$ 113,321</u>
Change in equity of subsidiary – 24%	<u>\$ 100,373</u>	<u>\$ 27,197</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

4. Subsidiary operations (continued)

The financial position information is as reported by PWPI at December 31, 2018 and the results of operations are as reported for the year ended December 31, 2018. The comparative financial position and results of operations figures are as reported by PWPI at December 31, 2017.

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>2018</u>	<u>2017</u>
Electricity purchased	\$ 196,124	\$ 242,741
Contracted services	12,598	10,233

5. Deferred revenue	<u>2018</u>	<u>2017</u>
Development Charges Act	\$ 3,630,014	\$ 3,072,877
Recreational land (Planning Act)	388,736	369,043
Gas tax revenue	455,035	96,140
Deferred property tax revenue	705,520	643,335
Other	<u>209,962</u>	<u>65,732</u>
	<u>\$ 5,389,267</u>	<u>\$ 4,247,127</u>

The deferred revenue is made up of the following:

Balance, beginning of year	<u>\$ 4,247,127</u>	<u>\$ 5,521,393</u>
Contributions from		
Development Charges Act	860,638	912,014
Interest earned	69,070	41,465
Federal gas tax grants received	440,722	428,136
Federal gas tax grants adjustment	-	20,253
Deferred property tax revenue	705,520	643,335
Other	<u>147,472</u>	<u>71,853</u>
	<u>2,223,422</u>	<u>2,117,056</u>
Utilized for		
Operations	(670,250)	(626,460)
Tangible capital asset acquisitions	<u>(411,032)</u>	<u>(2,764,862)</u>
	<u>(1,081,282)</u>	<u>(3,391,322)</u>
Balance, end of year	<u>\$ 5,389,267</u>	<u>\$ 4,247,127</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

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.

2019	\$ 52,500
2020	52,500
2021	52,500
2022	<u>52,500</u>
	<u>\$ 210,000</u>

7. Long term debt

2018

2017

The municipality has assumed responsibility for the payment of principal and interest charges on certain long term debt issued by the Region of Niagara. At year end, outstanding principal is:

<u>\$ 15,024,993</u>	<u>-</u>
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The balance of long term debt reported on the consolidated statement of financial position is made up of the following:

<u>By-Law Number</u>	<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2018</u>	<u>2017</u>
2017-83	Recreation Centre	3.53%	2048	\$ 14,750,000	-
2017-83	Bridge 12	3.16%	2028	<u>274,993</u>	<u>-</u>
				<u>\$ 15,024,993</u>	<u>-</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

7. Long term debt (continued)

Principal repayments in each of the next five years and thereafter are due as follows:

2019	\$ 528,947
2020	528,947
2021	528,947
2022	528,947
2023	528,947
Thereafter	12,380,258

The Municipality paid \$ 267,110 (2017 - \$ Nil) interest on long term debt during the year.

8. 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 exceedances of current Ministry of the Environment, Conservation and Parks 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.

A 5 year average 2013-2017 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.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

9. Employee benefit obligations	<u>2018</u>	<u>2017</u>
Accrued vacation pay	\$ 210,112	\$ 202,843
Retirement benefits	<u>562,638</u>	<u>576,937</u>
	772,750	779,780
Less: accrued vacation pay funded	<u>210,112</u>	<u>202,843</u>
Liabilities to be recovered in the future	<u>562,638</u>	<u>576,937</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, 2018 is \$ 562,638 (2017 - \$ 576,937). 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.

10. Accumulated surplus	<u>2018</u>	<u>2017</u>
Operating surplus	\$ (1,044,234)	\$ (1,291,873)
Investment in subsidiary	7,599,384	7,499,011
Unfunded:		
Liability for contaminated sites	(281,588)	(276,500)
Employee benefit obligations	(562,638)	(576,937)
Investment in tangible capital assets (net of long term debt)	68,703,038	62,800,558
Reserves and reserve funds (Note 11)	<u>12,897,236</u>	<u>15,359,872</u>
	<u>\$ 87,311,198</u>	<u>\$ 83,514,131</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

11. Reserves and reserve funds	<u>2018</u>	<u>2017</u>
Reserves set aside for specific purposes by Council		
Corporate and administrative services		
Accessibility	\$ 29,491	\$ 29,491
Working funds	180,159	225,159
Contingencies	717,399	536,842
Technology	172,289	166,148
Hospital	1,250,000	1,250,000
Insurance	187,655	187,655
Rate stabilization	59,000	59,000
Election	14,265	39,634
Recreation	1,004	11,598
Capital	1,810,819	872,948
Wind turbine community fund	<u>557,219</u>	<u>525,719</u>
	<u>4,979,300</u>	<u>3,904,194</u>
Public works and engineering		
Fire trucks and equipment	182,873	(23,153)
Road equipment	283,286	355,592
Industrial park	889,070	889,070
Bridges	385,218	89,131
Sidewalks	130,179	124,196
Facilities	189,242	430,326
Streetlights	53,079	35,983
Sewers	1,109,438	803,111
Water	742,524	523,062
Winter control	356,100	294,800
Cemeteries	30,000	28,000
Settlement road agreement	<u>1,788,354</u>	<u>5,858,072</u>
	<u>6,139,363</u>	<u>9,408,190</u>
Planning and development		
Planning	337,178	275,915
Building revenues	1,266,005	1,161,263
Library	<u>175,390</u>	<u>610,310</u>
	<u>1,778,573</u>	<u>2,047,488</u>
	<u>\$12,897,236</u>	<u>\$15,359,872</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

12. Taxation	Budget <u>2018</u>	Actual <u>2018</u>	Actual <u>2017</u>
Real property	\$ 22,203,339	\$ 22,559,180	\$ 21,482,875
From other governments			
Payments in lieu of taxes	<u>1,092,205</u>	<u>1,111,933</u>	<u>1,111,912</u>
	<u>23,295,544</u>	<u>23,671,113</u>	<u>22,594,787</u>
Less: taxation collected on behalf of (Note 13)			
Region of Niagara	11,753,786	11,931,265	11,390,641
School boards	<u>4,199,358</u>	<u>4,269,162</u>	<u>4,188,957</u>
	<u>15,953,144</u>	<u>16,200,427</u>	<u>15,579,598</u>
Net taxes available for municipal purposes	<u>\$ 7,342,400</u>	<u>\$ 7,470,686</u>	<u>\$ 7,015,189</u>
Residential and farm	\$ 5,777,721	\$ 5,855,525	\$ 5,434,698
Commercial	1,270,153	1,309,412	1,273,578
Industrial	<u>294,526</u>	<u>305,749</u>	<u>306,913</u>
Net taxes available for municipal purposes	<u>\$ 7,342,400</u>	<u>\$ 7,470,686</u>	<u>\$ 7,015,189</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

13. 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>2018</u>	<u>2017</u>
Region of Niagara	\$ 11,931,265	\$ 11,390,641
School boards	<u>4,269,162</u>	<u>4,188,957</u>
	<u>\$ 16,200,427</u>	<u>\$ 15,579,598</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.

14. User charges	Budget <u>2018</u>	Actual <u>2018</u>	Actual <u>2017</u>
Operating			
Direct water and sewer billings	\$ 3,034,900	\$ 3,223,032	\$ 2,857,494
Licences and permits	447,500	572,306	581,880
Lot levies and development charges	199,900	26,802	38,877
Recreation	286,300	311,187	292,604
Rents and concessions	46,900	48,497	49,568
Other	<u>473,000</u>	<u>525,123</u>	<u>369,665</u>
	<u>4,488,500</u>	<u>4,706,947</u>	<u>4,190,088</u>
Capital			
Lot levies and development charges	<u>301,600</u>	<u>321,874</u>	<u>2,283,128</u>
	<u>\$ 4,790,100</u>	<u>\$ 5,028,821</u>	<u>\$ 6,473,216</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

15. Government transfers	Budget <u>2018</u>	Actual <u>2018</u>	Actual <u>2017</u>
Operating			
Province of Ontario	\$ 1,051,910	\$ 1,013,997	\$ 913,189
Government of Canada	-	8,400	10,705
Municipal	<u>12,400</u>	<u>8,710</u>	<u>56,856</u>
	<u>1,064,310</u>	<u>1,031,107</u>	<u>980,750</u>
Capital			
Province of Ontario	220,526	210,115	152,280
Government of Canada	439,550	369,303	697,425
Municipal	<u>105,000</u>	<u>5,300</u>	<u>76,583</u>
	<u>765,076</u>	<u>584,718</u>	<u>926,288</u>
	<u>\$ 1,829,386</u>	<u>\$ 1,615,825</u>	<u>\$ 1,907,038</u>

16. Other revenue	Budget <u>2018</u>	Actual <u>2018</u>	Actual <u>2017</u>
Operating			
Penalties and interest on taxes	\$ 325,000	\$ 331,784	\$ 357,105
Other fines	21,300	32,231	40,417
Interest and dividend income	140,000	509,411	318,601
Interest income – reserves and reserve funds	-	27,253	17,307
Other	33,900	41,474	52,756
Community Fund	<u>420,000</u>	<u>451,500</u>	<u>525,719</u>
	<u>940,200</u>	<u>1,393,653</u>	<u>1,311,905</u>
Capital			
Settlement road agreement	-	-	6,121,102
Other	<u>12,500</u>	<u>395,587</u>	<u>387</u>
	<u>12,500</u>	<u>395,587</u>	<u>6,121,489</u>
	<u>\$ 952,700</u>	<u>\$ 1,789,240</u>	<u>\$ 7,433,394</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

17. 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 \$ 4.19 billion (2017 - \$ 5.4 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 2018 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 2018 current and past service was \$ 345,806 (2017 - \$ 328,861) and were matched by employee contributions in a similar amount.

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

Trust funds administered by the Municipality amounting to \$ 230,212 (2017 - \$ 222,674) have not been included in the consolidated statement of financial position nor have these operations been included in the consolidated statement of operations.

19. 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.

20. 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.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

21. 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.

22. Budget

The budget by-law adopted by Council on March 26, 2018 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 deficit	\$ (1,027,600)
Add: Acquisition of tangible capital assets	3,472,491
YMCA obligation	52,500
Debenture principal repayment	265,000
Transfers to reserves and reserve funds	3,395,700
Less: Transfers from reserves and reserve funds	(3,001,116)
Amortization of tangible capital assets	<u>(2,433,603)</u>
Budgeted surplus reported on the consolidated statement of operations	<u>\$ 723,372</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

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.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

24. Financial instruments and risks

Unless otherwise noted, it is management's opinion that the Municipality is not exposed to significant risks. There have been no changes in the Municipality's risk exposures from the prior year.

Credit risk

The Municipality is exposed to credit risk through its cash and cash equivalents, accounts and other receivables and long-term receivables. There is a possibility of non-collection of its accounts and other receivables. The majority of the Municipality's receivables are from rate payers and government entities. The Municipality mitigates its exposure to credit loss by placing its cash and cash equivalents with major financial institutions.

Liquidity risk

Liquidity risk is the risk that the Municipality will not be able to meet its obligations as they become due. The Municipality manages this risk by establishing budgets and funding plans to fund its expenses and debt payments.

The Corporation of the Township of West Lincoln Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2018

	<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>2018</u>
Cost								
Beginning of year	\$ 4,112,267	\$ 3,111,484	\$ 5,723,877	\$ 5,320,551	\$ 2,743,698	\$ 71,780,314	\$5,306,033	\$ 98,098,224
Add: additions	-	1,160,164	4,775,751	455,876	512,041	6,791,903	11,817,296	25,513,031
Less: disposals	-	(59,073)	-	(169,525)	(222,105)	(1,056,744)	(2,085,127)	(3,592,574)
End of year	<u>4,112,267</u>	<u>4,212,575</u>	<u>10,499,628</u>	<u>5,606,902</u>	<u>3,033,634</u>	<u>77,515,473</u>	<u>15,038,202</u>	<u>120,018,681</u>
Accumulated amortization								
Beginning of year	-	1,768,667	2,511,056	2,479,470	1,051,149	27,487,324	-	35,297,666
Add: amortization	-	87,693	191,449	317,302	245,268	1,591,891	-	2,433,603
Less: amortization on disposals	-	(59,073)	-	(118,878)	(222,105)	(1,040,563)	-	(1,440,619)
End of year	-	<u>1,797,287</u>	<u>2,702,505</u>	<u>2,677,894</u>	<u>1,074,312</u>	<u>28,038,652</u>	-	<u>36,290,650</u>
Net book value	<u>\$ 4,112,267</u>	<u>\$ 2,415,288</u>	<u>\$ 7,797,123</u>	<u>\$ 2,929,008</u>	<u>\$ 1,959,322</u>	<u>\$ 49,476,821</u>	<u>\$15,038,202</u>	<u>\$ 83,728,031</u>

The Corporation of the 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	<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>
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>

The Corporation of the Township of West Lincoln

Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2018

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Culture Services	Planning and Development	Eliminations	Consolidated
Revenues									
Taxation	\$ 1,529,706	\$ 1,147,440	\$ 2,452,045	\$ 90,395	\$ 59,404	\$ 1,593,143	\$ 598,553	\$ -	\$ 7,470,686
User charges	71,595	546,627	197,099	3,312,043	8,754	445,669	447,034	-	5,028,821
Grants	954,800	1,265	258,184	102,267	-	290,603	8,706	-	1,615,825
Other	1,305,223	35,339	11,167	15,818	-	421,693	-	-	1,789,240
Contributed tangible capital assets	-	-	604,049	908,752	-	-	-	-	1,512,801
Gain (loss) on disposal of tangible capital assets	679	-	(1,984)	(350)	-	3,778	-	-	2,123
Change in equity of subsidiary	100,373	-	-	-	-	-	-	-	100,373
	<u>3,962,376</u>	<u>1,730,671</u>	<u>3,520,560</u>	<u>4,428,925</u>	<u>68,158</u>	<u>2,754,866</u>	<u>1,054,293</u>	<u>-</u>	<u>17,519,869</u>
Expenses									
Salaries and benefits	1,523,614	767,649	1,504,621	295,512	-	1,000,224	382,436	-	5,474,056
Interest on long term debt	-	-	7,821	-	-	459,432	-	-	467,253
Operating materials and supplies	291,547	155,641	779,499	789,473	8,536	336,430	12,030	-	2,373,156
Contracted services	236,473	204,721	717,928	1,253,756	55,515	166,428	125,406	-	2,760,227
Rent and financial expenses	45,614	-	2,143	-	-	21,635	-	-	69,392
External transfers to others	16,900	1,255	-	-	10,300	4,300	13,952	-	46,707
Tax write-offs	97,694	-	714	-	-	-	-	-	98,408
Interfunctional adjustments	(408,800)	100,900	(224,993)	444,538	-	80,255	8,100	-	-
Amortization	115,903	267,532	1,197,677	679,343	737	172,411	-	-	2,433,603
	<u>1,918,945</u>	<u>1,497,698</u>	<u>3,985,410</u>	<u>3,462,622</u>	<u>75,088</u>	<u>2,241,115</u>	<u>541,924</u>	<u>-</u>	<u>13,722,802</u>
Annual surplus (deficit)	<u>\$ 2,043,431</u>	<u>\$ 232,973</u>	<u>\$ (464,850)</u>	<u>\$ 966,303</u>	<u>\$ (6,930)</u>	<u>\$ 513,771</u>	<u>\$ 512,369</u>	<u>\$ -</u>	<u>\$ 3,797,067</u>

The Corporation of the 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
Revenues									
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
	3,381,775	1,678,809	9,408,834	2,985,950	108,817	4,732,671	879,976	-	23,176,832
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
	1,856,113	1,415,224	3,671,716	3,213,581	70,267	1,719,952	510,349	-	12,457,202
Annual surplus (deficit)	\$ 1,525,662	\$ 263,585	\$ 5,737,118	\$ (227,631)	\$ 38,550	\$ 3,012,719	\$ 369,627	\$ -	\$ 10,719,630

The Corporation of the Township of West Lincoln

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2018

	Budget <u>2018</u>	Actual <u>2018</u>	Actual <u>2017</u>
General government			
Revenue			
Taxation	\$ 1,541,931	\$ 1,529,706	\$ 1,469,342
User charges	60,200	71,595	10,264
Government transfers	954,800	954,800	872,400
Other	890,000	1,305,223	681,626
Contributed tangible capital assets	-	-	-
Gain on disposal of tangible capital assets	-	679	320,946
Change in equity of subsidiary	-	100,373	27,197
	<u>3,446,931</u>	<u>3,962,376</u>	<u>3,381,775</u>
Expenses			
Salaries and benefits	1,562,900	1,523,614	1,318,111
Operating materials and supplies	312,000	291,547	306,908
Contracted services	310,800	236,473	282,793
Rent and financial expenses	50,100	45,614	55,190
External transfers to others	18,600	16,900	21,100
Tax write-offs	55,000	97,694	132,553
Interfunctional adjustments	(409,000)	(408,800)	(374,500)
Amortization	115,905	115,903	113,958
	<u>2,016,305</u>	<u>1,918,945</u>	<u>1,856,113</u>
Annual surplus	<u>\$ 1,430,626</u>	<u>\$ 2,043,431</u>	<u>\$ 1,525,662</u>
Protection to persons and property			
Revenue			
Taxation	\$ 1,156,610	\$ 1,147,440	\$ 1,099,087
User charges	396,600	546,627	532,322
Government transfers	2,900	1,265	912
Other	7,000	35,339	37,151
Contributed tangible capital assets	-	-	-
Gain on disposal of tangible capital assets	-	-	9,337
	<u>1,563,110</u>	<u>1,730,671</u>	<u>1,678,809</u>
Expenses			
Salaries and benefits	889,700	767,649	750,698
Operating materials and supplies	213,300	155,641	216,764
Contracted services	218,700	204,721	191,301
External transfers to others	2,900	1,255	741
Interfunctional adjustments	100,900	100,900	91,800
Amortization	267,532	267,532	163,920
	<u>1,693,032</u>	<u>1,497,698</u>	<u>1,415,224</u>
Annual surplus (deficit)	<u>\$ (129,922)</u>	<u>\$ 232,973</u>	<u>\$ 263,585</u>

The Corporation of the Township of West Lincoln Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2018

	Budget <u>2018</u>	Actual <u>2018</u>	Actual <u>2017</u>
Transportation services			
Revenue			
Taxation	\$ 2,283,652	\$ 2,452,045	\$ 2,535,423
User charges	321,100	197,099	94,787
Government transfers	612,076	258,184	674,318
Other	9,000	11,167	6,129,914
Contributed tangible capital assets	-	604,049	-
Loss on disposal of tangible capital assets	-	(1,984)	(25,608)
	<u>3,225,828</u>	<u>3,520,560</u>	<u>9,408,834</u>
Expenses			
Salaries and benefits	1,377,200	1,504,621	1,307,504
Interest on long term debt	5,000	7,821	-
Operating materials and supplies	782,400	779,499	902,479
Contracted services	787,500	717,928	492,808
Rent and financial expenses	-	2,143	-
External transfers to others	-	-	20,253
Tax write-offs	500	714	(400)
Interfunctional adjustments	(221,900)	(224,993)	(237,200)
Amortization	<u>1,197,677</u>	<u>1,197,677</u>	<u>1,186,272</u>
	<u>3,928,377</u>	<u>3,985,410</u>	<u>3,671,716</u>
Annual surplus	<u>\$ (702,549)</u>	<u>\$ (464,850)</u>	<u>\$ 5,737,118</u>
Environmental services			
Revenue			
Taxation	\$ 91,117	\$ 90,395	\$ -
User charges	3,130,100	3,312,043	2,893,636
Government transfers	-	102,267	78,183
Other	15,300	15,818	15,256
Contributed tangible capital assets	-	908,752	-
Loss on disposal of tangible capital assets	-	(350)	(1,125)
	<u>3,236,517</u>	<u>4,428,925</u>	<u>2,985,950</u>
Expenses			
Salaries and benefits	368,100	295,512	303,691
Operating materials and supplies	662,100	789,473	668,337
Contracted services	1,430,500	1,253,756	1,139,955
Interfunctional adjustments	443,700	444,538	428,900
Amortization	<u>679,342</u>	<u>679,343</u>	<u>672,698</u>
	<u>3,583,742</u>	<u>3,462,622</u>	<u>3,213,581</u>
Annual surplus (deficit)	<u>\$ (347,225)</u>	<u>\$ 966,303</u>	<u>\$ (227,631)</u>

The Corporation of the Township of West Lincoln Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2018

	Budget <u>2018</u>	Actual <u>2018</u>	Actual <u>2017</u>
Health services			
Revenue			
Taxation	\$ 59,879	\$ 59,404	\$ 62,587
User charges	7,400	8,754	7,358
Other	-	-	372
Contributed tangible capital assets	<u>-</u>	<u>-</u>	<u>38,500</u>
	<u>67,279</u>	<u>68,158</u>	<u>108,817</u>
Expenses			
Operating materials and supplies	10,000	8,536	11,224
Contracted services	53,500	55,515	48,006
External transfers to others	10,300	10,300	10,300
Amortization	<u>737</u>	<u>737</u>	<u>737</u>
	<u>74,537</u>	<u>75,088</u>	<u>70,267</u>
Annual surplus (deficit)	<u>\$ (7,258)</u>	<u>\$ (6,930)</u>	<u>\$ 38,550</u>

Recreation and culture services

Revenue			
Taxation	\$ 1,605,875	\$ 1,593,143	\$ 1,387,443
User charges	371,700	445,669	2,549,287
Government transfers	226,510	290,603	248,118
Other	31,400	421,693	569,075
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>3,778</u>	<u>(21,252)</u>
	<u>2,235,485</u>	<u>2,754,886</u>	<u>4,732,671</u>
Expenses			
Salaries and benefits	999,180	1,000,224	909,779
Interest on long term debt	262,600	459,432	-
Operating materials and supplies	460,500	336,430	468,957
Contracted services	148,930	166,428	74,063
Rent and financial expenses	24,900	21,635	7,686
External transfers to others	4,900	4,300	4,300
Interfunctional adjustments	78,200	80,255	83,800
Amortization	<u>172,411</u>	<u>172,411</u>	<u>171,367</u>
	<u>2,151,621</u>	<u>2,241,115</u>	<u>1,719,952</u>
Annual surplus (deficit)	<u>\$ 83,864</u>	<u>\$ 513,771</u>	<u>\$ 3,012,719</u>

The Corporation of the Township of West Lincoln Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2018

	Budget <u>2018</u>	Actual <u>2018</u>	Actual <u>2017</u>
Planning and development			
Revenue			
Taxation	\$ 603,336	\$ 598,553	\$ 461,307
User charges	503,000	447,034	385,562
Government transfers	<u>33,100</u>	<u>8,706</u>	<u>33,107</u>
	<u>1,139,436</u>	<u>1,054,293</u>	<u>879,976</u>
Expenses			
Salaries and benefits	422,000	382,436	347,505
Operating materials and supplies	20,900	12,030	14,060
Contracted services	292,600	125,406	141,584
External transfers to others	-	13,952	-
Interfunctional adjustments	<u>8,100</u>	<u>8,100</u>	<u>7,200</u>
	<u>743,600</u>	<u>541,924</u>	<u>510,349</u>
Annual surplus	<u>\$ 395,836</u>	<u>\$ 512,369</u>	<u>\$ 369,627</u>

Independent Auditor's Report

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

Opinion

We have audited the financial statements of the trust funds of The Corporation of the Township of West Lincoln (the "Municipality"), which comprise the statement of financial position as at December 31, 2018, and the statement of operations and accumulated surplus for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2018, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The statement of financial position as at December 31, 2017 and the statements of operations, changes in net financial assets and cash flows for the year then ended were audited by another auditor who issued an unmodified opinion on July 23, 2018.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

St. Catharines, Ontario

July 15, 2019

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

The Corporation of the Township of West Lincoln Trust Funds

Statement of Financial Position

As at December 31, 2018

	<u>Bismark United Church Cemetery</u>	<u>Bethel Cemetery Perpetual Care</u>	<u>Cemetery Perpetual Care</u>	<u>Marker Perpetual Care</u>	<u>St. Ann's Cemetery</u>
Financial assets					
Due from Corporation of the Township of West Lincoln (Note 2)	<u>\$46,842</u>	<u>\$ 16,375</u>	<u>\$ 70,859</u>	<u>\$ 16,118</u>	<u>\$ 5,808</u>
Net financial assets and accumulated surplus	<u>\$ 46,842</u>	<u>\$ 16,375</u>	<u>\$ 70,859</u>	<u>\$ 16,118</u>	<u>\$ 5,808</u>

Statement of Operations

For the Year Ended December 31, 2018

Revenue					
Perpetual care agreements	-	\$ -	\$ 2,400	\$ 1,200	\$ -
Other		-	-	-	-
Interest earned	<u>808</u>	<u>282</u>	<u>1,202</u>	<u>267</u>	<u>100</u>
	808	282	3,602	1,467	100
Expenses					
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Annual surplus	808	282	3,602	1,467	100
Accumulated surplus					
Beginning of year	<u>46,034</u>	<u>16,093</u>	<u>67,257</u>	<u>14,651</u>	<u>5,708</u>
End of year	<u>\$46,842</u>	<u>\$ 16,375</u>	<u>\$ 70,859</u>	<u>\$ 16,118</u>	<u>\$ 5,808</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>2018 Total</u>	<u>2017 Total</u>
<u>\$ 6,636</u>	<u>\$ 34,345</u>	<u>\$ 7,242</u>	<u>\$ 17,566</u>	<u>\$ 8,421</u>	<u>\$ 230,212</u>	<u>\$ 222,674</u>
<u>\$ 6,636</u>	<u>\$ 34,345</u>	<u>\$ 7,242</u>	<u>\$ 17,566</u>	<u>\$ 8,421</u>	<u>\$ 230,212</u>	<u>\$ 222,674</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,600	\$ 3,700
-	-	-	-	-	-	46,020
<u>114</u>	<u>592</u>	<u>125</u>	<u>303</u>	<u>145</u>	<u>3,938</u>	<u>1,723</u>
114	592	125	303	145	7,538	51,443
-	-	-	-	-	-	-
114	592	125	303	145	7,538	51,443
<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>\$ 6,636</u>	<u>\$ 34,345</u>	<u>\$ 7,242</u>	<u>\$ 17,566</u>	<u>\$ 8,421</u>	<u>\$ 230,212</u>	<u>\$ 222,674</u>

See accompanying note to the financial statements

The Corporation of the Township of West Lincoln Trust Funds

Note to the Financial Statements

For the Year Ended December 31, 2018

1. Accounting policies

The financial statements of the Trust Funds of the Corporation of the Township of West Lincoln are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. 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 and actual results could differ from those judgements. Significant accounting policies adopted by the Trust Funds are as follows:

(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 as a result of the receipt of goods and services and the creation of a legal obligation to pay.

2. Due from Corporation of the Township of West Lincoln

The amounts due from the Corporation of the Township of West Lincoln are unsecured, interest bearing, with no specific terms of repayment.

3. Statement of cash flows

A statement of cash flows has not been provided as the related information is readily determinable from the financial statements as presented.