

Consolidated Financial Statements of

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

Year ended December 31, 2019

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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:

### **Opinion**

We have audited the consolidated financial statements of The Corporation of the Township of West Lincoln (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2019, 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, 2019, 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.

### **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.

Burlington, Ontario

July 27, 2020

*MNP LLP*

Chartered Professional Accountants

Licensed Public Accountants

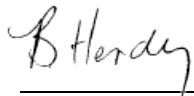
## **Management's Responsibility for the Consolidated Financial Statements**

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



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Treasurer

July 27, 2020

# The Corporation of the Township of West Lincoln

## Consolidated Statement of Financial Position

As at December 31, 2019

2019

2018

### Financial assets

Cash and cash equivalents (Note 2)	\$ 11,231,215	\$ 4,690,685
Portfolio investments (Note 3)	12,425,777	16,690,648
Taxes receivable	1,843,260	1,972,929
User charges receivable	779,441	697,551
Accounts receivable	1,825,432	2,156,138
Long term receivables	516	3,249
Investment in subsidiary (Note 4)	<u>7,613,259</u>	<u>7,599,384</u>
	<u>35,718,900</u>	<u>33,810,584</u>

### Liabilities

Accounts payable and accrued liabilities	3,467,259	6,160,534
Other liabilities	2,068,065	2,291,007
Due to trust funds (Note 18)	239,487	230,212
Deferred revenue (Note 5)	6,658,423	5,389,267
YMCA obligation (Note 6)	157,500	210,000
Long term debt (Note 7)	18,496,046	15,024,993
Liability for contaminated site (Note 8)	287,615	281,588
Employee benefit obligations (Note 9)	<u>802,957</u>	<u>772,750</u>
	<u>32,177,352</u>	<u>30,360,351</u>

### Net financial assets

	<u>3,541,548</u>	<u>3,450,233</u>
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### Non-financial assets

Tangible capital assets (Pages 27 and 28)	88,833,234	83,728,031
Inventory	17,866	19,523
Prepaid expenses	<u>144,014</u>	<u>113,411</u>
	<u>88,995,114</u>	<u>83,860,965</u>

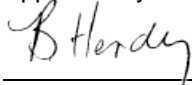
### Accumulated surplus (Note 10)

	<u>\$ 92,536,662</u>	<u>\$ 87,311,198</u>
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Contingencies and commitment (Notes 19 and 20)

Subsequent event (Note 26)

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, 2019

	Budget 2019 (Note 22)	Actual 2019	Actual 2018
<b>Revenue</b>			
Taxation (Note 12)	\$ 7,887,870	\$ 7,993,602	\$ 7,470,686
User charges (Note 14)	5,075,300	4,774,051	4,706,947
Government transfers (Note 15)	1,080,100	1,727,576	1,031,107
Other (Note 16)	917,100	2,049,739	1,393,653
	<u>14,960,370</u>	<u>16,544,968</u>	<u>14,602,393</u>
<b>Expenses</b>			
General government	2,103,755	2,010,807	1,918,945
Protection to persons and property	1,743,388	1,591,272	1,497,698
Transportation services	4,346,175	4,204,781	3,985,410
Environmental services	3,934,165	3,792,438	3,462,622
Health services	70,837	70,291	75,088
Recreation and culture services	2,982,849	2,616,154	2,241,115
Planning and development	915,400	649,504	541,924
	<u>16,096,569</u>	<u>14,935,247</u>	<u>13,722,802</u>
<b>Net revenue (expenses)</b>	<u>(1,136,199)</u>	<u>1,609,521</u>	<u>879,591</u>
<b>Other</b>			
Revenue related to tangible capital assets			
User charges (Note 14)	1,484,070	136,288	321,874
Government transfers (Note 15)	892,800	435,269	584,718
Other (Note 16)	88,000	190,630	395,587
Contributed tangible capital assets	-	3,022,995	1,512,801
(Loss) gain on disposal of tangible capital assets	-	(183,314)	2,123
Change in equity of subsidiary (Note 4)	-	13,875	100,373
	<u>2,464,870</u>	<u>3,615,743</u>	<u>2,917,476</u>
<b>Annual surplus</b>	1,328,671	5,225,464	3,797,067
<b>Accumulated surplus (Note 10)</b>			
Beginning of year	<u>87,311,198</u>	<u>87,311,198</u>	<u>83,514,131</u>
End of year	<u>\$ 88,639,869</u>	<u>\$ 92,536,662</u>	<u>\$ 87,311,198</u>

See accompanying notes and schedules to the consolidated financial statements

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## The Corporation of the Township of West Lincoln

### Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2019

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	Budget <u>2019</u> (Note 22)	Actual <u>2019</u>	Actual <u>2018</u>
Annual surplus	\$ 1,328,671	\$ 5,225,464	\$ 3,797,067
Amortization of tangible capital assets	2,688,801	2,688,801	2,433,603
Acquisition of tangible capital assets	(7,249,273)	(25,781,618)	(25,513,030)
Capitalization of prior year construction in process	-	17,751,467	2,085,127
Loss (gain) on disposal of tangible capital assets	-	183,314	(2,123)
Proceeds from sale of tangible capital assets	-	<u>52,833</u>	<u>68,950</u>
	(3,231,801)	120,261	(17,130,406)
Use (acquisition) of inventory	-	1,657	(2,430)
Increase in prepaid expenses	-	<u>(30,603)</u>	<u>(54,869)</u>
<b>Change in net financial assets</b>	(3,231,801)	91,315	(17,187,705)
<b>Net financial assets</b>			
Beginning of year	<u>3,450,233</u>	<u>3,450,233</u>	<u>20,637,938</u>
End of year	<u>\$ 218,432</u>	<u>\$ 3,541,548</u>	<u>\$ 3,450,233</u>

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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, 2019

2019

2018

<b>Operating activities</b>		
Annual surplus	\$ 5,225,464	\$ 3,797,067
Non-cash items		
Amortization	2,688,801	2,433,603
Loss (gain) on disposal of tangible capital assets	183,314	(2,123)
Decrease in taxes receivable	129,669	328,278
Increase in user charges receivable	(81,890)	(49,517)
Decrease (increase) in accounts receivable	330,706	(620,297)
(Decrease) increase in accounts payable and accrued liabilities	(2,693,275)	1,617,915
(Decrease) increase in other liabilities	(222,942)	35,306
Increase in due to trust funds	9,275	7,538
Increase in deferred revenue	1,269,156	1,142,140
Decrease in YMCA obligation	(52,500)	(52,500)
Increase in liability for contaminated sites	6,027	5,088
Increase (decrease) in employee benefit obligations	30,207	(7,030)
Decrease (increase) in inventory	1,657	(2,430)
Increase in prepaid expenses	(30,603)	(54,869)
	<u>6,793,066</u>	<u>8,578,169</u>
<b>Capital activities</b>		
Proceeds from sale of tangible capital assets	52,833	68,951
Capitalization of prior year construction in progress	17,751,467	2,085,127
Acquisition of tangible capital assets	(25,781,618)	(25,513,031)
	<u>(7,977,318)</u>	<u>(23,358,953)</u>
<b>Investing activities</b>		
Decrease (increase) in portfolio investments	4,264,871	(1,695,087)
Increase in investment in subsidiary	(13,875)	(100,373)
Decrease in long term receivables	2,733	2,704
	<u>4,253,729</u>	<u>(1,792,756)</u>
<b>Financing activities</b>		
Issuance of long term debt	4,000,000	15,289,466
Payment of long term debt	(528,947)	(264,473)
	<u>3,471,053</u>	<u>15,024,993</u>
<b>Net change in cash and cash equivalents</b>	<b>6,540,530</b>	<b>(1,548,547)</b>
<b>Cash and cash equivalents</b>		
Beginning of year	<u>4,690,685</u>	<u>6,239,232</u>
End of year	<u>\$ 11,231,215</u>	<u>\$ 4,690,685</u>

See accompanying notes and schedules to the consolidated financial statements

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# The Corporation of the Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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The Corporation of the Township of West Lincoln ("Municipality") was amalgamated/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.

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# The Corporation of the Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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### 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.

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# The Corporation of the Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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### 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 certain retirees.

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

For self-insured retirement benefits that vest or accumulate over the periods of service provided by employees, the cost is actuarially determined using the projected accrued benefit cost method pro-rated on service. Under this method, the benefit costs are recognized over the expected average service life of the employee group. Any actuarial gain or loss related to the past service of employees are amortized over the expected average remaining service life to the expected retirement age of the employee group.

#### (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.

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# The Corporation of the Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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### 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.

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# The Corporation of the Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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### 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.

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# The Corporation of the Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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### 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.

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### 2. Cash and cash equivalents

2019

2018

Cash and temporary investments are comprised of:

Cash on hand	\$ 1,093	\$ 1,644
Cash held in banks	10,790,200	4,198,684
Investments maturing within three months	<u>439,922</u>	<u>490,357</u>
	<u>\$11,231,215</u>	<u>\$ 4,690,685</u>

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### 3. Portfolio investments

2019

2018

Guaranteed investment certificates	\$10,624,411	\$14,044,468
Debentures and bonds	<u>1,801,366</u>	<u>2,646,180</u>
	<u>\$12,425,777</u>	<u>\$16,690,648</u>

Portfolio investments carry an effective interest rate ranging from 1.15% to 3.65% and maturity dates ranging from May, 2020 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 \$ 12,566,229 (2018 - \$ 16,838,977).

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### 4. Subsidiary operations

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

# The Corporation of the Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

### 4. Subsidiary operations (continued)

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

	<u>2019</u>	<u>2018</u>
<b>Financial position</b>		
Current assets	\$ 1,578,890	\$ 1,500,087
Capital assets	96,428	97,049
Investment	<u>35,733,453</u>	<u>35,749,306</u>
Total assets	<u>37,408,771</u>	<u>37,346,442</u>
Current liabilities	39,091	34,548
Deferred tax liabilities	<u>5,647,768</u>	<u>5,647,795</u>
Total liabilities	<u>5,686,859</u>	<u>5,682,343</u>
Net assets	<u>\$ 31,721,912</u>	<u>\$ 31,664,099</u>
Township of West Lincoln's interest – 24%	<u>\$ 7,613,259</u>	<u>\$ 7,599,384</u>
<b>Change in equity investment in subsidiary</b>		
Revenues	\$ 205,386	\$ 204,375
Expenses	<u>(191,848)</u>	<u>(184,428)</u>
Income from operating activities	13,538	19,947
Gain on investment – Niagara Peninsula Energy Inc.	337,676	698,595
Finance income – net	<u>24,752</u>	<u>13,373</u>
Income before income taxes	375,966	731,915
Future payment in lieu of income taxes	<u>(5,032)</u>	<u>(7,875)</u>
Net income and comprehensive income	370,934	724,040
Dividends	<u>(313,121)</u>	<u>(305,819)</u>
Net increase in equity of subsidiary	<u>\$ 57,813</u>	<u>\$ 418,221</u>
Change in equity of subsidiary – 24%	<u>\$ 13,875</u>	<u>\$ 100,373</u>



# The Corporation of the Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

### 4. Subsidiary operations (continued)

The financial position information is as reported by PWPI at December 31, 2019 and the results of operations are as reported for the year ended December 31, 2019. The comparative financial position and results of operations figures are as reported by PWPI at December 31, 2018.

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>2019</u>	<u>2018</u>
Electricity purchased	\$ 256,420	\$ 196,124
Contracted services	11,877	12,598

5. Deferred revenue	<u>2019</u>	<u>2018</u>
Development Charges Act	\$ 3,984,522	\$ 3,630,014
Recreational land (Planning Act)	415,173	388,736
Gas tax revenue	1,125,296	455,035
Deferred property tax revenue	751,244	705,520
Other	<u>382,188</u>	<u>209,962</u>
	<u>\$ 6,658,423</u>	<u>\$ 5,389,267</u>

The deferred revenue is made up of the following:

Balance, beginning of year	<u>\$ 5,389,267</u>	<u>\$ 4,247,127</u>
Contributions from		
Development Charges Act	538,254	860,638
Interest earned	103,082	69,070
Federal gas tax grants received	888,805	440,722
Federal gas tax grants adjustment	18,820	-
Deferred property tax revenue	751,244	705,520
Other	<u>245,146</u>	<u>147,472</u>
	<u>2,545,351</u>	<u>2,223,422</u>
Utilized for		
Operations	(724,909)	(670,250)
Tangible capital asset acquisitions	<u>(551,286)</u>	<u>(411,032)</u>
	<u>(1,276,195)</u>	<u>(1,081,282)</u>
Balance, end of year	<u>\$ 6,658,423</u>	<u>\$ 5,389,267</u>

# The Corporation of the Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

### 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.

2020	52,500
2021	52,500
2022	<u>52,500</u>
	<u>\$ 157,500</u>

### 7. Long term debt

2019

2018

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:

\$ 18,496,046

\$ 15,024,993

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>2019</u>	<u>2018</u>
2017-83	Recreation Centre	3.53%	2048	<b>\$ 14,250,000</b>	\$ 14,750,000
2017-83	Bridge 12	3.16%	2028	<b>246,046</b>	274,993
2019-101	Recreation Centre	2.80%	2049	<u><b>4,000,000</b></u>	-
				<u><b>\$ 18,496,046</b></u>	<u><b>\$ 15,024,993</b></u>

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# The Corporation of the Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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### 7. Long term debt (continued)

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

2020	\$ 662,280
2021	662,280
2022	662,280
2023	662,280
2024	662,280
Thereafter	15,184,646

The Municipality paid \$ 524,762 (2018 - \$ 267,110) interest on long term debt during the year.

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### 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 three-year average 2017-2019 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, 2019

<b>9. Employee benefit obligations</b>	<u>2019</u>	<u>2018</u>
Accrued vacation pay	\$ 228,757	\$ 210,112
Retirement benefits	<u>574,200</u>	<u>562,638</u>
	<b>802,957</b>	772,750
Less: accrued vacation pay funded	<u>228,757</u>	<u>210,112</u>
Liabilities to be recovered in the future	<u>574,200</u>	<u>562,638</u>

### Retirement benefits

	<u>2019</u>	<u>2018</u>
Accrued benefit obligation:		
Balance, beginning of year	\$ 562,638	\$ 576,937
Current benefit cost	38,500	-
Interest	16,062	15,901
Benefits paid	(42,500)	(30,200)
Actuarial gain	<u>(5,100)</u>	<u>-</u>
Balance, end of year	569,600	562,638
Unamortized actuarial gain	<u>4,600</u>	<u>-</u>
Accrued benefit liability, end of year	<u>\$ 574,200</u>	<u>\$ 562,638</u>

Included in expenses is \$ 500 (2018 - \$ nil) for amortization of the actuarial gain. The unamortized actuarial gain is amortized over the expected average remaining service life of 11 years.

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 accrued benefit obligation was determined by actuarial valuation using a discount rate of 2.80% (2018 - 5.215%). Medical costs were assumed to increase in 2019 at 5.59%, decreasing by 0.076% per year until the rate of increase is 4.00%. Dental costs were assumed to increase 4.00% per year.

In order to qualify for retirement benefits, CUPE employees must be employed by the Municipality for at least twenty-five years and be a part of OMERS for at least twenty-five years, non-CUPE employees must be employed by the Municipality for at least fifteen years, and be a part of OMERS for at least twenty years.

<b>10. Accumulated surplus</b>	<u>2019</u>	<u>2018</u>
Operating surplus (deficit)	\$ 587,088	\$ (1,044,234)
Investment in subsidiary	7,613,259	7,599,384
Unfunded:		
Liability for contaminated sites	(287,615)	(281,588)
Employee benefit obligations	(574,200)	(562,638)
Investment in tangible capital assets (net of long term debt)	70,337,188	68,703,038
Reserves and reserve funds (Note 11)	<u>14,860,942</u>	<u>12,897,236</u>
	<u>\$ 92,536,662</u>	<u>\$ 87,311,198</u>

# The Corporation of the Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

<b>11. Reserves and reserve funds</b>	<u><b>2019</b></u>	<u><b>2018</b></u>
Reserves set aside for specific purposes by Council		
Corporate and administrative services		
Accessibility	\$ 29,491	\$ 29,491
Working funds	135,159	180,159
Contingencies	1,490,899	717,399
Technology	89,953	172,289
Hospital	1,250,000	1,250,000
Insurance	187,655	187,655
Rate stabilization	59,000	59,000
Election	48,920	14,265
Recreation	1,004	1,004
Capital	1,871,110	1,810,819
Wind turbine community fund	<u>791,887</u>	<u>557,219</u>
	<u><b>5,955,078</b></u>	<u><b>4,979,300</b></u>
Public works and engineering		
Fire trucks and equipment	648,030	182,873
Road equipment	891,027	283,286
Industrial park	876,868	889,070
Bridges	227,791	385,218
Sidewalks	124,651	130,179
Facilities	197,082	189,242
Streetlights	64,752	53,079
Sewers	1,246,533	1,109,438
Water	892,764	742,524
Winter control	412,100	356,100
Cemeteries	33,119	30,000
Settlement road agreement	<u>1,755,133</u>	<u>1,788,354</u>
	<u><b>7,369,850</b></u>	<u><b>6,139,363</b></u>
Planning and development		
Planning	313,760	337,178
Building revenues	1,034,805	1,266,005
Arena building	12,555	-
Library	<u>174,894</u>	<u>175,390</u>
	<u><b>1,536,014</b></u>	<u><b>1,778,573</b></u>
	<u><b>\$14,860,942</b></u>	<u><b>\$12,897,236</b></u>

# The Corporation of the Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

12. Taxation	Budget <u>2019</u>	Actual <u>2019</u>	Actual <u>2018</u>
Real property	\$ 23,700,867	\$ <b>23,986,987</b>	\$ 22,559,180
From other governments			
Payments in lieu of taxes	<u>1,094,577</u>	<u><b>1,111,481</b></u>	<u>1,111,933</u>
	<u>24,795,444</u>	<u><b>25,098,468</b></u>	<u>23,671,113</u>
Less: taxation collected on behalf of (Note 13)			
Region of Niagara	12,602,942	<b>12,739,449</b>	11,931,265
School boards	<u>4,304,632</u>	<u><b>4,365,417</b></u>	<u>4,269,162</u>
	<u>16,907,574</u>	<u><b>17,104,866</b></u>	<u>16,200,427</u>
Net taxes available for municipal purposes	<u>\$ 7,887,870</u>	<u><b>\$ 7,993,602</b></u>	<u>\$ 7,470,686</u>
Residential and farm	\$ 6,279,980	\$ <b>6,295,421</b>	\$ 5,855,525
Commercial	1,138,630	<b>1,360,590</b>	1,309,412
Industrial	<u>469,260</u>	<u><b>337,591</b></u>	<u>305,749</u>
Net taxes available for municipal purposes	<u>\$ 7,887,870</u>	<u><b>\$ 7,993,602</b></u>	<u>\$ 7,470,686</u>

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# The Corporation of the Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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### 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>2019</u>	<u>2018</u>
Region of Niagara	\$ 12,739,449	\$ 11,931,265
School boards	<u>4,365,417</u>	<u>4,269,162</u>
	<u>\$ 17,104,866</u>	<u>\$ 16,200,427</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 Niagara Catholic District School Board. Development charges collected in excess of those paid to the Region of Niagara and the Niagara Catholic District School Board are recorded as accounts payable.

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14. User charges	Budget <u>2019</u>	Actual <u>2019</u>	Actual <u>2018</u>
<b>Operating</b>			
Direct water and sewer billings	\$ 3,458,500	\$ 3,421,173	\$ 3,223,032
Licences and permits	445,600	339,186	572,306
Lot levies and development charges	326,000	124,471	26,802
Recreation	340,600	377,262	311,187
Rents and concessions	48,100	47,819	48,497
Other	<u>456,000</u>	<u>464,140</u>	<u>525,123</u>
	<u>5,075,300</u>	<u>4,774,051</u>	<u>4,706,947</u>
<b>Capital</b>			
Lot levies and development charges	<u>1,484,070</u>	<u>136,288</u>	<u>321,874</u>
	<u>\$ 6,559,370</u>	<u>\$ 4,910,339</u>	<u>\$ 5,028,821</u>

# The Corporation of the Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

15. Government transfers	Budget 2019	Actual 2019	Actual 2018
<b>Operating</b>			
Province of Ontario	\$ 954,900	\$ 1,689,964	\$ 1,013,997
Government of Canada	-	25,384	8,400
Municipal	<u>125,200</u>	<u>12,228</u>	<u>8,710</u>
	<u>1,080,100</u>	<u>1,727,576</u>	<u>1,031,107</u>
<b>Capital</b>			
Province of Ontario	669,300	101,389	210,115
Government of Canada	-	233,880	369,303
Municipal	<u>223,500</u>	<u>100,000</u>	<u>5,300</u>
	<u>892,800</u>	<u>435,269</u>	<u>584,718</u>
	<u>\$ 1,972,900</u>	<u>\$ 2,162,845</u>	<u>\$ 1,615,825</u>

16. Other revenue	Budget 2019	Actual 2019	Actual 2018
<b>Operating</b>			
Penalties and interest on taxes	\$ 320,000	\$ 322,501	\$ 331,784
Other fines	13,500	24,036	32,231
Interest and dividend income	140,000	508,256	509,411
Interest income – reserves and reserve funds	-	26,836	27,253
Other	23,600	716,610	41,474
Community Fund	<u>420,000</u>	<u>451,500</u>	<u>451,500</u>
	<u>917,100</u>	<u>2,049,739</u>	<u>1,393,653</u>
<b>Capital</b>			
Developer contribution	69,000	-	-
Other	<u>19,000</u>	<u>190,360</u>	<u>395,587</u>
	<u>88,000</u>	<u>190,360</u>	<u>395,587</u>
	<u>\$ 1,005,100</u>	<u>\$ 2,240,369</u>	<u>\$ 1,789,240</u>



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# The Corporation of the Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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### 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 \$ 3.40 billion (2018 - \$ 4.19 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 2019 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 2019 current and past service was \$ 358,248 (2018 - \$ 345,806) and were matched by employee contributions in a similar amount.

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

Trust funds administered by the Municipality amounting to \$ 239,487 (2018 - \$ 230,212) have not been included in the consolidated statement of financial position nor have these operations been included in the consolidated statement of operations.

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### 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.

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### 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.

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# The Corporation of the Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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### 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.

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### 22. Budget

The budget by-law adopted by Council on March 25, 2019 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 Council approved budget and subsequent budget amendments, with the following adjustments:

Approved budgeted annual deficit	\$ (1,077,000)
Add: Acquisition of tangible capital assets	7,249,273
YMCA obligation	52,500
Debenture principal repayment	673,500
Transfers to reserves and reserve funds	2,633,080
Less: Transfers from reserves and reserve funds	(5,513,881)
Amortization of tangible capital assets	<u>(2,688,801)</u>
Budgeted surplus reported on the consolidated statement of operations	<u>\$ 1,328,671</u>

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# The Corporation of the Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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### 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.

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# The Corporation of the Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2019

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### 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.

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### 25. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

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### 26. Subsequent event

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in a significant and negative impact to the global financial markets, due to businesses being forced to cease or limit operations for long or indefinite periods of time.

The Township has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. It is difficult to reliably measure the duration and severity of these consequences on future financial results. In order to mitigate risk, the Township continues to actively monitor and assess the impact of the pandemic on its operating activities and services.

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

For the Year Ended December 31, 2019

	<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>2019</u>
<b>Cost</b>								
Beginning of year	\$ 4,112,267	\$ 4,212,575	\$10,499,628	\$ 5,606,902	\$ 3,033,634	\$ 77,515,473	\$ 15,038,202	<b>\$120,018,681</b>
Add: additions	-	1,338,829	15,532,406	80,307	1,452,185	4,485,986	2,891,905	<b>25,781,618</b>
Less: disposals	-	<u>(257,957)</u>	<u>(925,260)</u>	<u>(146,345)</u>	<u>(264,978)</u>	<u>(260,269)</u>	<u>(17,751,467)</u>	<b><u>(19,206,276)</u></b>
End of year	<u>4,112,267</u>	<u>5,293,447</u>	<u>25,106,774</u>	<u>5,540,864</u>	<u>4,220,841</u>	<u>81,741,190</u>	<u>178,640</u>	<b><u>126,194,023</u></b>
<b>Accumulated amortization</b>								
Beginning of year	-	1,797,287	2,702,505	2,677,894	1,074,312	28,038,652	-	<b>36,290,650</b>
Add: amortization	-	132,393	272,004	334,592	255,456	1,694,356	-	<b>2,688,801</b>
Less: amortization on disposals	-	<u>(210,736)</u>	<u>(794,232)</u>	<u>(146,345)</u>	<u>(208,904)</u>	<u>(258,445)</u>	-	<b><u>(1,618,662)</u></b>
End of year	-	<u>1,718,944</u>	<u>2,180,277</u>	<u>2,866,141</u>	<u>1,120,864</u>	<u>29,474,563</u>	-	<b><u>37,360,789</u></b>
<b>Net book value</b>	<u>\$ 4,112,267</u>	<u>\$ 3,574,503</u>	<u>\$22,926,497</u>	<u>\$ 2,674,723</u>	<u>\$ 3,099,977</u>	<u>\$ 52,266,627</u>	<u>\$ 178,640</u>	<b><u>\$ 88,833,234</u></b>

## 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>
<b>Cost</b>								
Beginning of year	\$ 4,112,267	\$ 3,111,484	\$ 5,723,877	\$ 5,320,551	\$ 2,743,698	\$ 71,780,314	\$ 5,306,033	<b>\$ 98,098,224</b>
Add: additions	-	1,160,164	4,775,751	455,876	512,041	6,791,903	11,817,296	<b>25,513,031</b>
Less: disposals	-	(59,073)	-	(169,525)	(222,105)	(1,056,744)	(2,085,127)	<b>(3,592,574)</b>
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>	<b><u>120,018,681</u></b>
<b>Accumulated amortization</b>								
Beginning of year	-	1,768,667	2,511,056	2,479,470	1,051,149	27,487,324	-	<b>35,297,666</b>
Add: amortization	-	87,693	191,449	317,302	245,268	1,591,891	-	<b>2,433,603</b>
Less: amortization on disposals	-	(59,073)	-	(118,878)	(222,105)	(1,040,563)	-	<b>(1,440,619)</b>
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>	-	<b><u>36,290,650</u></b>
<b>Net book value</b>	<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>	<b><u>\$ 83,728,031</u></b>

# The Corporation of the Township of West Lincoln

## Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2019

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Culture Services	Planning and Development	Consolidated
<b>Revenues</b>								
Taxation	\$ 1,410,363	\$ 1,147,307	\$ 2,556,847	\$ 112,892	\$ 52,235	\$ 2,031,841	\$ 682,117	\$ 7,993,602
User charges	184,900	319,028	122,915	3,421,943	9,134	473,511	378,908	4,910,339
Government transfers	1,645,900	13,295	287,280	-	-	197,497	18,873	2,162,845
Other	1,915,953	50,467	9,798	18,398	-	210,138	35,615	2,240,369
Contributed tangible capital assets	-	-	1,298,202	1,724,793	-	-	-	3,022,995
Gain (loss) on disposal of tangible capital assets	-	-	44,067	(382)	-	(226,999)	-	(183,314)
Change in equity of subsidiary	13,875	-	-	-	-	-	-	13,875
	5,170,991	1,530,097	4,319,109	5,277,644	61,369	2,685,988	1,115,513	20,160,711
<b>Expenses</b>								
Salaries and benefits	1,522,210	801,036	1,581,555	346,625	-	1,135,442	473,018	5,859,886
Interest on long term debt	-	-	8,117	-	-	513,308	-	521,425
Operating materials and supplies	280,101	184,396	818,888	839,302	3,244	448,512	14,708	2,589,151
Contracted services	336,780	253,332	732,073	1,419,866	56,010	162,652	152,778	3,113,491
Rent and financial expenses	39,494	-	2,583	-	-	16,572	-	58,649
External transfers to others	18,668	1,400	-	-	10,300	4,300	-	34,668
Tax write-offs	68,099	-	1,077	-	-	-	-	69,176
Interfunctional adjustments	(465,600)	147,400	(241,639)	471,600	-	79,239	9,000	-
Amortization	211,055	203,708	1,302,127	715,045	737	256,129	-	2,688,801
	2,010,807	1,591,272	4,204,781	3,792,438	70,291	2,616,154	649,504	14,935,247
<b>Annual surplus (deficit)</b>	\$ 3,160,184	\$ (61,175)	\$ 114,328	\$ 1,485,206	\$ (8,922)	\$ 69,834	\$ 466,009	\$ 5,225,464

# 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	Consolidated
<b>Revenues</b>								
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
	3,962,376	1,730,671	3,520,560	4,428,925	68,158	2,754,866	1,054,293	17,519,869
<b>Expenses</b>								
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
	1,918,945	1,497,698	3,985,410	3,462,622	75,088	2,241,115	541,924	13,722,802
<b>Annual surplus (deficit)</b>	<b>\$ 2,043,431</b>	<b>\$ 232,973</b>	<b>\$ (464,850)</b>	<b>\$ 966,303</b>	<b>\$ (6,930)</b>	<b>\$ 513,771</b>	<b>\$ 512,369</b>	<b>\$ 3,797,067</b>



# The Corporation of the Township of West Lincoln

## Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2019

	Budget <u>2019</u>	Actual <u>2019</u>	Actual <u>2018</u>
<b>General government</b>			
<b>Revenue</b>			
Taxation	\$ 1,428,416	\$ 1,410,363	\$ 1,529,706
User charges	187,900	184,900	71,595
Government transfers	915,900	1,645,900	954,800
Other	882,000	1,915,953	1,305,223
Gain on disposal of tangible capital assets	-	-	679
Change in equity of subsidiary	-	13,875	100,373
	<u>3,414,216</u>	<u>5,170,991</u>	<u>3,962,376</u>
<b>Expenses</b>			
Salaries and benefits	1,615,400	1,522,210	1,523,614
Operating materials and supplies	300,200	280,101	291,547
Contracted services	316,200	336,780	236,473
Rent and financial expenses	50,100	39,494	45,614
External transfers to others	18,600	18,668	16,900
Tax write-offs	57,800	68,099	97,694
Interfunctional adjustments	(465,600)	(465,600)	(408,800)
Amortization	211,055	211,055	115,903
	<u>2,103,755</u>	<u>2,010,807</u>	<u>1,918,945</u>
<b>Annual surplus</b>	<u>\$ 1,310,461</u>	<u>\$ 3,160,184</u>	<u>\$ 2,043,431</u>
<b>Protection to persons and property</b>			
<b>Revenue</b>			
Taxation	\$ 1,161,993	\$ 1,147,307	\$ 1,147,440
User charges	590,000	319,028	546,627
Government transfers	2,900	13,295	1,265
Other	23,500	50,467	35,339
	<u>1,778,393</u>	<u>1,530,097</u>	<u>1,730,671</u>
<b>Expenses</b>			
Salaries and benefits	920,000	801,036	767,649
Operating materials and supplies	238,780	184,396	155,641
Contracted services	230,400	253,332	204,721
External transfers to others	2,900	1,400	1,255
Interfunctional adjustments	147,400	147,400	100,900
Amortization	203,708	203,708	267,532
	<u>1,743,388</u>	<u>1,591,272</u>	<u>1,497,698</u>
<b>Annual surplus (deficit)</b>	<u>\$ 35,005</u>	<u>\$ (61,175)</u>	<u>\$ 232,973</u>

# The Corporation of the Township of West Lincoln

## Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2019

	Budget <u>2019</u>	Actual <u>2019</u>	Actual <u>2018</u>
<b>Transportation services</b>			
<b>Revenue</b>			
Taxation	\$ 2,381,521	\$ 2,556,847	\$ 2,452,045
User charges	376,800	122,915	197,099
Government transfers	892,800	287,280	258,184
Other	75,000	9,798	11,167
Contributed tangible capital assets	-	1,298,202	604,049
Gain (loss) on disposal of tangible capital assets	-	44,067	(1,984)
	<u>3,726,121</u>	<u>4,319,109</u>	<u>3,520,560</u>
<b>Expenses</b>			
Salaries and benefits	1,580,500	1,581,555	1,504,621
Interest on long term debt	8,500	8,117	7,821
Operating materials and supplies	817,250	818,888	779,499
Contracted services	876,900	732,073	717,928
Rent and financial expenses	2,300	2,583	2,143
Tax write-offs	-	1,077	714
Interfunctional adjustments	(241,400)	(241,639)	(224,993)
Amortization	1,302,125	1,302,127	1,197,677
	<u>4,346,175</u>	<u>4,204,781</u>	<u>3,985,410</u>
<b>Annual surplus (deficit)</b>	<u>\$ (620,054)</u>	<u>\$ 114,328</u>	<u>\$ (464,850)</u>
<b>Environmental services</b>			
<b>Revenue</b>			
Taxation	\$ 114,337	\$ 112,892	\$ 90,395
User charges	4,346,500	3,421,943	3,312,043
Government transfers	-	-	102,267
Other	-	18,398	15,818
Contributed tangible capital assets	-	1,724,793	908,752
Loss on disposal of tangible capital assets	-	(382)	(350)
	<u>4,460,837</u>	<u>5,277,644</u>	<u>4,428,925</u>
<b>Expenses</b>			
Salaries and benefits	338,500	346,625	295,512
Operating materials and supplies	852,540	839,302	789,473
Contracted services	1,556,480	1,419,866	1,253,756
Interfunctional adjustments	471,600	471,600	444,538
Amortization	715,045	715,045	679,343
	<u>3,934,165</u>	<u>3,792,438</u>	<u>3,462,622</u>
<b>Annual surplus</b>	<u>\$ 526,672</u>	<u>\$ 1,485,206</u>	<u>\$ 966,303</u>

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

For the Year Ended December 31, 2019

	Budget <u>2019</u>	Actual <u>2019</u>	Actual <u>2018</u>
<b>Health services</b>			
<b>Revenue</b>			
Taxation	\$ 52,904	\$ 52,235	\$ 59,404
User charges	<u>5,000</u>	<u>9,134</u>	<u>8,754</u>
	<u>57,904</u>	<u>61,369</u>	<u>68,158</u>
<b>Expenses</b>			
Operating materials and supplies	12,000	3,244	8,536
Contracted services	47,800	56,010	55,515
External transfers to others	10,300	10,300	10,300
Amortization	<u>737</u>	<u>737</u>	<u>737</u>
	<u>70,837</u>	<u>70,291</u>	<u>75,088</u>
<b>Annual deficit</b>	<u>\$ (12,933)</u>	<u>\$ (8,922)</u>	<u>\$ (6,930)</u>
<b>Recreation and culture services</b>			
<b>Revenue</b>			
Taxation	\$ 2,057,849	\$ 2,031,841	\$ 1,593,143
User charges	570,870	473,511	445,669
Government transfers	40,700	197,497	290,603
Other	24,600	210,138	421,693
Gain (loss) on disposal of tangible capital assets	<u>-</u>	<u>(226,999)</u>	<u>3,778</u>
	<u>2,694,019</u>	<u>2,685,988</u>	<u>2,754,886</u>
<b>Expenses</b>			
Salaries and benefits	1,156,120	1,135,442	1,000,224
Interest on long term debt	671,400	513,308	459,432
Operating materials and supplies	484,850	448,512	336,430
Contracted services	311,550	162,652	166,428
Rent and financial expenses	18,900	16,572	21,635
External transfers to others	4,900	4,300	4,300
Interfunctional adjustments	79,000	79,239	80,255
Amortization	<u>256,129</u>	<u>256,129</u>	<u>172,411</u>
	<u>2,982,849</u>	<u>2,616,154</u>	<u>2,241,115</u>
<b>Annual surplus (deficit)</b>	<u>\$ (288,830)</u>	<u>\$ 69,834</u>	<u>\$ 513,771</u>

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

For the Year Ended December 31, 2019

	Budget <u>2019</u>	Actual <u>2019</u>	Actual <u>2018</u>
<b>Planning and development</b>			
<b>Revenue</b>			
Taxation	\$ 690,850	\$ <b>682,117</b>	\$ 598,553
User charges	482,300	<b>378,908</b>	447,034
Government transfers	120,600	<b>18,873</b>	8,706
Other	<u>-</u>	<u><b>35,615</b></u>	<u>-</u>
	<u>1,293,750</u>	<u><b>1,115,513</b></u>	<u>1,054,293</u>
<b>Expenses</b>			
Salaries and benefits	456,200	<b>473,018</b>	382,436
Operating materials and supplies	23,700	<b>14,708</b>	12,030
Contracted services	426,500	<b>152,778</b>	125,406
External transfers to others	-	-	13,952
Interfunctional adjustments	<u>9,000</u>	<u><b>9,000</b></u>	<u>8,100</u>
	<u>915,400</u>	<u><b>649,504</b></u>	<u>541,924</u>
<b>Annual surplus</b>	<u>\$ 378,350</u>	<u><b>\$ 466,009</b></u>	<u>\$ 512,369</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:

### 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, 2019, 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, 2019, 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.

### 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.

Burlington, Ontario

July 27, 2020

*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, 2019

	Bismark United Church Cemetery	Bethel Cemetery Perpetual Care	Cemetery Perpetual Care	Marker Perpetual Care	St. Ann's Cemetery	Waite Cemetery Trust	Union Cemetery Trust	Union Cemetery Monuments	Union Cemetery Care & Maintenance	Caistor Baptist Cemetery	2019 Total	2018 Total
<b>Financial assets</b>												
Due from Corporation of the Township of West Lincoln (Note 2)	\$ 47,804	\$ 16,711	\$ 75,952	\$ 17,358	\$ 5,927	\$ 6,772	\$ 35,051	\$ 7,391	\$ 17,927	\$ 8,594	\$ 239,487	\$ 230,212
<b>Net financial assets and accumulated surplus</b>	<u>\$ 47,804</u>	<u>\$ 16,711</u>	<u>\$ 75,952</u>	<u>\$ 17,358</u>	<u>\$ 5,927</u>	<u>\$ 6,772</u>	<u>\$ 35,051</u>	<u>\$ 7,391</u>	<u>\$ 17,927</u>	<u>\$ 8,594</u>	<u>\$ 239,487</u>	<u>\$ 230,212</u>

### Statement of Operations

For the Year Ended December 31, 2019

<b>Revenue</b>												
Perpetual care agreements	\$ -	\$ -	\$ 3,600	\$ 900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,500	\$ 3,600
Interest earned	962	336	1,493	340	119	136	706	149	361	173	4,775	3,938
	962	336	5,093	1,240	119	136	706	149	361	173	9,275	7,538
<b>Expenses</b>												
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Annual surplus</b>	962	336	5,093	1,240	119	136	706	149	361	173	9,275	7,538
<b>Accumulated surplus</b>												
Beginning of year	46,842	16,375	70,859	16,118	5,808	6,636	34,345	7,242	17,566	8,421	230,212	222,674
End of year	<u>\$ 47,804</u>	<u>\$ 16,711</u>	<u>\$ 75,952</u>	<u>\$ 17,358</u>	<u>\$ 5,927</u>	<u>\$ 6,772</u>	<u>\$ 35,051</u>	<u>\$ 7,391</u>	<u>\$ 17,927</u>	<u>\$ 8,594</u>	<u>\$ 239,487</u>	<u>\$ 230,212</u>

See accompanying notes to the financial statements

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# The Corporation of the Township of West Lincoln Trust Funds

## Notes to the Financial Statements

For the Year Ended December 31, 2019

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### 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.