

Financial Report

Township of West Lincoln

2012

Contents

	Page
Township of West Lincoln	
Independent Auditor's Report	1-2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations	4
Consolidated Statement of Changes in Net Financial Assets	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7-21
Consolidated Schedule of Tangible Capital Assets	22-23
Consolidated Schedule of Segment Disclosure	24-25
Consolidated Schedule of Segment Disclosure with Budget Information	26-29
Township of West Lincoln – Trust Funds	
Independent Auditor's Report	30-31
Statement of Financial Position	32
Statement of Operations	32
Note to the Financial Statements	33



Independent auditor's report

Grant Thornton LLP
Suite B
222 Catharine Street, PO Box 336
Port Colborne, ON
L3K 5W1

T +1 905 834 3651
F +1 905 834 5096
E PortColborne@ca.gt.com
www.GrantThornton.ca

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

We have audited the accompanying consolidated financial statements of the Corporation of the Township of West Lincoln, which comprise the consolidated statement of financial position as at December 31, 2012, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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



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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Township of West Lincoln as at December 31, 2012, and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Port Colborne, Canada
September 16, 2013

Chartered Accountants
Licensed Public Accountants

Township of West Lincoln

Consolidated Statement of Financial Position

As at December 31

2012

2011

Financial assets

Cash and cash equivalents (Note 2)	\$ 8,275,614	\$ 6,630,755
Portfolio investments (Note 3)	4,425,442	4,079,602
Taxes receivable	2,692,907	2,452,190
User charges receivable	471,023	518,695
Accounts receivable	474,327	433,060
Long term receivables	122,125	100,720
Investment in subsidiary (Note 4)	<u>7,372,854</u>	<u>7,109,147</u>
	<u>23,834,292</u>	<u>21,324,169</u>

Liabilities

Accounts payable and accrued liabilities	1,687,174	1,535,876
Other liabilities	1,337,571	1,278,021
Due to trust funds	142,139	134,639
Deferred revenue (Note 5)	3,058,775	2,814,148
Employee benefit obligations (Note 6)	<u>623,059</u>	<u>601,031</u>
	<u>6,848,718</u>	<u>6,363,715</u>

Net financial assets

	<u>16,985,574</u>	<u>14,960,454</u>
--	-------------------	-------------------

Non-financial assets

Tangible capital assets (Pages 22 and 23)	54,486,646	54,866,248
Prepaid expenses	<u>10,496</u>	<u>48,452</u>
	<u>54,497,142</u>	<u>54,914,700</u>

Accumulated surplus (Note 7)

	<u>\$ 71,482,716</u>	<u>\$ 69,875,154</u>
--	----------------------	----------------------

Contingencies and commitment (Notes 16 and 17)

Approved by

Stephanie Mayel
 Interim Chief Administrative Officer

Donna DeFolippis
 Deputy Treasurer

See accompanying notes and schedules to the consolidated financial statements

Township of West Lincoln

Consolidated Statement of Operations

For the Year Ended December 31, 2012

	Budget <u>2012</u>	Actual <u>2012</u>	Actual <u>2011</u>
Revenue			
Taxation (Note 9)	\$ 5,015,700	\$ 5,066,351	\$ 4,986,208
User charges (Note 11)	3,407,150	3,370,493	3,484,963
Grants (Note 12)	868,200	900,071	1,037,743
Other (Note 13)	<u>705,000</u>	<u>1,140,476</u>	<u>977,521</u>
	<u>9,996,050</u>	<u>10,477,391</u>	<u>10,486,435</u>
Expenses			
General government	1,460,920	1,491,577	1,389,414
Protection to persons and property	1,146,797	1,107,772	1,109,151
Transportation services	3,554,427	3,385,514	3,292,030
Environmental services	2,881,328	2,840,879	2,672,244
Health services	62,201	64,290	73,085
Recreation and culture services	1,386,417	1,409,989	1,445,959
Planning and development	<u>452,807</u>	<u>593,447</u>	<u>617,121</u>
	<u>10,944,897</u>	<u>10,893,468</u>	<u>10,599,004</u>
Net expenses	<u>(948,847)</u>	<u>(416,077)</u>	<u>(112,569)</u>
Other			
Revenue related to tangible capital assets			
User charges (Note 11)	362,000	242,932	134,821
Grants (Note 12)	409,000	357,279	293,093
Other (Note 13)	-	449	22,994
Contributed tangible capital assets	-	743,913	1,810
Vested capital assets	-	156,700	-
Gain (loss) on disposal of tangible capital assets	-	258,659	(17,964)
Change in equity of subsidiary (Note 4)	<u>-</u>	<u>263,707</u>	<u>61,933</u>
	<u>771,000</u>	<u>2,023,639</u>	<u>496,687</u>
Annual surplus (deficit)	(177,847)	1,607,562	384,118
Accumulated surplus (Note 7)			
Beginning of year	<u>69,875,154</u>	<u>69,875,154</u>	<u>69,491,036</u>
End of year	<u>\$ 69,697,307</u>	<u>\$ 71,482,716</u>	<u>\$ 69,875,154</u>

See accompanying notes and schedules to the consolidated financial statements

Township of West Lincoln
Consolidated Statement of Changes in Net Financial Assets
For the Year Ended December 31, 2012

	Budget <u>2012</u>	Actual <u>2012</u>	Actual <u>2011</u>
Annual surplus (deficit)	\$ (177,847)	\$ 1,607,562	\$ 384,118
Amortization of tangible capital assets	2,106,397	2,106,397	2,088,200
Acquisition of tangible capital assets	(1,729,400)	(2,186,130)	(1,436,179)
Capitalization of prior year construction in process	-	114,758	263,263
Loss (gain) on sale of tangible capital assets	-	(258,659)	17,964
Proceeds from sale of tangible capital assets	<u>-</u>	<u>603,236</u>	<u>20,470</u>
	199,150	1,987,164	1,337,836
Usage (acquisition) of prepaid expenses	<u>-</u>	<u>37,956</u>	<u>(45,460)</u>
Increase in net financial assets	199,150	2,025,120	1,292,376
Net financial assets			
Beginning of year	<u>14,960,454</u>	<u>14,960,454</u>	<u>13,668,078</u>
End of year	<u>\$ 15,159,604</u>	<u>\$ 16,985,574</u>	<u>\$ 14,960,454</u>

See accompanying notes and schedules to the consolidated financial statements

Township of West Lincoln

Consolidated Statement of Cash Flows

For the Year Ended December 31

2012

2011

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual surplus	\$ 1,607,562	\$ 384,118
Non-cash items		
Amortization	2,106,397	2,088,200
Loss (gain) on sale of tangible capital assets	(258,659)	17,964
Decrease (increase) in taxes receivable	(240,717)	239,010
Decrease (increase) in user charges receivable	47,672	(147,322)
Decrease (increase) in accounts receivable	(41,267)	559,338
Increase (decrease) in accounts payable and accrued liabilities	151,298	(1,381,878)
Increase in other liabilities	59,550	8,670
Increase in due to trust fund	7,500	3,138
Increase in deferred revenue	244,627	423,249
Increase (decrease) in employee benefit obligations	22,028	(118,715)
Decrease (increase) in prepaid expenses	37,956	(45,460)
	<u>3,743,947</u>	<u>2,030,312</u>
Capital activities		
Proceeds from sale of tangible capital assets	603,236	20,470
Capitalization of prior year construction in progress	114,758	263,263
Acquisition of tangible capital assets	(2,186,130)	(1,436,179)
	<u>(1,468,136)</u>	<u>(1,152,446)</u>
Investing activities		
Decrease (increase) in portfolio investments	(345,840)	142,014
Increase in investment in subsidiary	(263,707)	(61,933)
Increase in long term receivables	(21,405)	(40,009)
	<u>(630,952)</u>	<u>40,072</u>
Net increase in cash and cash equivalents	1,644,859	917,938
Cash and cash equivalents		
Beginning of year	<u>6,630,755</u>	<u>5,712,817</u>
End of year	<u>\$ 8,275,614</u>	<u>\$ 6,630,755</u>

See accompanying notes and schedules to the consolidated financial statements

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

1. Significant accounting policies

The consolidated financial statements of the Corporation of the Township of West Lincoln ("the Municipality") are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Municipality 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 15).

(b) Basis of accounting

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

(c) Cash and cash equivalents

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

(d) Portfolio investments

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

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

1. Significant accounting policies (continued)

(e) Deferred revenue

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

(f) Employee future benefits

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

(g) Tangible capital assets

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

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

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

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.

Township of West Lincoln
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2012

1. Significant accounting policies (continued)

(g) Tangible capital assets (continued)

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

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

(h) 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.

(i) Reserves for future expenses

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

(j) 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.

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

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

(j) **Revenue recognition** (continued)

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.

(k) **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.

(l) **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.

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

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Township of West Lincoln
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2012

2. Cash and cash equivalents	<u>2012</u>	<u>2011</u>
Cash and temporary investments are comprised of:		
Cash on hand	\$ 779	\$ 609
Cash held in banks	8,248,901	6,574,158
Cash held in investment accounts	<u>25,934</u>	<u>55,988</u>
	<u>\$ 8,275,614</u>	<u>\$ 6,630,755</u>

3. Portfolio investments	<u>2012</u>	<u>2011</u>
Guaranteed investment certificates	\$ 1,757,218	\$ 734,718
Debentures and bonds	<u>2,668,224</u>	<u>3,344,884</u>
	<u>\$ 4,425,442</u>	<u>\$ 4,079,602</u>

Portfolio investments carry an effective interest rate ranging from 1.47% to 5.18% and maturity dates ranging from February, 2013 to December, 2042. Interest is receivable on an annual basis. Portfolio investments reported on the consolidated statement of financial position have a market value of \$ 4,634,151 (2011 - \$ 4,535,228).

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-owned Peninsula West Utilities Limited (PWUL), which provided electric transformation services to the municipalities, and Peninsula West Services Ltd. (PWSL), which provides water heater, sentinel lights and related services. PWPI also has a 50% share of the joint venture Niagara West Transformation Corporation. The Corporation of the Township of West Lincoln has a 24% interest in PWPI.

Township of West Lincoln
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2012

4. Subsidiary operations (continued)

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

	<u>2012</u>	<u>2011</u>
Financial position		
Current assets	\$ 1,981,112	\$ 998,865
Capital assets	77,393	3,156,151
Investment	<u>33,563,969</u>	<u>33,168,370</u>
Total assets	<u>35,622,474</u>	<u>37,323,386</u>
Current liabilities (including current portion of long term debt of \$ Nil; 2011 - \$ 114,000)	42,683	789,325
Long term debt	-	2,287,000
Future payments in lieu of taxes	<u>4,859,568</u>	<u>4,625,616</u>
Total liabilities	<u>4,902,251</u>	<u>7,701,941</u>
Net assets	<u>\$ 30,720,223</u>	<u>\$ 29,621,445</u>
Township of West Lincoln's interest – 24%	<u>\$ 7,372,854</u>	<u>\$ 7,109,147</u>
Change in equity investment in subsidiary		
Revenues	\$ 259,190	\$ 282,502
Expenses	(213,990)	(240,407)
Payment in lieu of income taxes	<u>(245,302)</u>	<u>(107,248)</u>
Loss from operations	(200,102)	(65,153)
Other items related to merger	<u>701,599</u>	<u>595,022</u>
Income from continuing operations	501,497	529,869
Discontinued operations income (loss)	<u>799,991</u>	<u>(180,691)</u>
Net income	1,301,488	349,178
Dividends	<u>(202,710)</u>	<u>(91,123)</u>
Net increase in equity of subsidiary	<u>\$ 1,098,778</u>	<u>\$ 258,055</u>
Change in equity of subsidiary – 24%	<u>\$ 263,707</u>	<u>\$ 61,933</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

4. Subsidiary operations (continued)

Discontinued operations

On December 31, 2012 PWPI divested itself from its transformation operations by selling its transformation division, Niagara West Transformation Corporation. This sale has been accounted for as discontinued operations.

The financial position, information is as reported by PWPI at December 31, 2012 and the results of operations are as reported for the year ended December 31, 2012. The comparative financial position and results of operations figures are as reported by PWPI at December 31, 2011.

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>2012</u>	<u>2011</u>
Electricity purchased	\$ 183,985	\$ 165,839
Contracted services	25,488	24,597

5. Deferred revenue

	<u>2012</u>	<u>2011</u>
Development Charges Act	\$ 2,260,130	\$ 2,116,762
Recreational land (Planning Act)	261,339	228,533
Gas tax revenue	525,836	467,464
Recreational revenue	<u>11,470</u>	<u>1,389</u>
	<u>\$ 3,058,775</u>	<u>\$ 2,814,148</u>

Township of West Lincoln
Notes to the Consolidated Financial Statements
For the Year Ended December 31, 2012

6. Employee benefit obligations	<u>2012</u>	<u>2011</u>
Accrued vacation pay	\$ 168,742	\$ 185,295
Retirement benefits	<u>454,317</u>	<u>415,736</u>
	623,059	601,031
Less: accrued vacation pay funded	<u>168,742</u>	<u>185,295</u>
Liabilities to be recovered in the future	<u>\$ 454,317</u>	<u>\$ 415,736</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, 2012 is \$ 454,317 (2011 - \$ 415,736). This liability is reported on the consolidated statement of financial position and the unfunded liability is reported as liabilities to be recovered in the future. The liability was determined using a discount rate of 5.5%. Medical costs were assumed to increase at a rate of 10% per year and dental costs were assumed to increase at 5% per year. In order to qualify for retirement benefits employees must be employed by the Municipality for at least fifteen years, and be a part of OMERS for at least twenty years.

7. Accumulated surplus	<u>2012</u>	<u>2011</u>
Operating surplus	\$ 1,807,022	\$ 1,104,695
Investment in tangible capital assets	54,486,646	54,866,248
Investment in subsidiary	7,372,854	7,109,147
Unfunded:		
Employee benefit obligations	(454,317)	(415,736)
Reserves and reserve funds (Note 8)	<u>8,270,511</u>	<u>7,210,800</u>
	<u>\$ 71,482,716</u>	<u>\$ 69,875,154</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

8. Reserves and reserve funds	<u>2012</u>	<u>2011</u>
Reserves set aside for specific purposes by Council		
Corporate and administrative services		
Working funds	\$ 363,159	\$ 363,159
Contingencies	469,569	528,150
Technology	245,136	252,768
Hospital	1,250,000	1,250,000
Insurance	154,655	155,603
Rate stabilization	39,500	-
Election	29,964	17,596
Recreation	13,568	13,989
Capital	<u>621,551</u>	<u>647,298</u>
	<u>3,187,102</u>	<u>3,228,563</u>
Public works and engineering		
Fire trucks and equipment	174,469	227,060
Road equipment	701,711	668,343
Industrial park	1,071,137	316,837
Bridges	89,075	64,076
Sidewalks	214,388	176,627
Facilities	79,757	72,740
Streetlights	(260)	10,113
Sewers	816,662	712,214
Water	821,150	722,388
Winter control	125,000	125,000
Cemeteries	<u>23,675</u>	<u>21,675</u>
	<u>4,116,764</u>	<u>3,117,073</u>
Planning and development		
Planning	79,289	85,554
Building revenues	174,318	165,925
Arena building	97,155	86,720
Library	<u>611,302</u>	<u>522,433</u>
	<u>962,064</u>	<u>860,632</u>
	8,265,930	7,206,268
Reserve funds set aside for specific purposes by Council		
Subdivision	<u>4,581</u>	<u>4,532</u>
	<u>\$ 8,270,511</u>	<u>\$ 7,210,800</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

9. Taxation	Budget 2012	Actual 2012	Actual 2011
Real property	\$ 17,172,829	\$ 17,588,787	\$ 16,918,447
From other governments			
Payments in lieu of taxes	<u>1,083,616</u>	<u>1,076,862</u>	<u>1,074,966</u>
	<u>18,256,445</u>	<u>18,665,649</u>	<u>17,993,413</u>
Less: taxation collected on behalf of (Note 10)			
Region of Niagara	9,428,793	9,639,586	9,104,413
School boards	<u>3,811,952</u>	<u>3,959,712</u>	<u>3,902,792</u>
	<u>13,240,745</u>	<u>13,599,298</u>	<u>13,007,205</u>
Net taxes available for municipal purposes	<u>\$ 5,015,700</u>	<u>\$ 5,066,351</u>	<u>\$ 4,986,208</u>
Residential and farm	\$ 4,037,435	\$ 4,038,539	\$ 3,982,203
Commercial	794,149	844,438	806,561
Industrial	<u>184,116</u>	<u>183,374</u>	<u>197,444</u>
Net taxes available for municipal purposes	<u>\$ 5,015,700</u>	<u>\$ 5,066,351</u>	<u>\$ 4,986,208</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

10. 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>2012</u>	<u>2011</u>
Region of Niagara	\$ 9,639,586	\$ 9,104,413
School boards	<u>3,959,712</u>	<u>3,902,792</u>
	<u>\$ 13,599,298</u>	<u>\$ 13,007,205</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. Development charges collected in excess of those paid to the Region are recorded as accounts payable.

11. User charges	Budget <u>2012</u>	Actual <u>2012</u>	Actual <u>2011</u>
Operating			
Direct water and sewer billings	\$ 2,425,100	\$ 2,418,269	\$ 2,396,522
Licences and permits	216,900	192,199	331,247
Lot levies and development charges	10,000	10,000	10,000
Recreation	322,250	308,527	335,628
Rents and concessions	201,950	171,056	208,084
Other	<u>230,950</u>	<u>270,442</u>	<u>203,482</u>
	<u>3,407,150</u>	<u>3,370,493</u>	<u>3,484,963</u>
Capital			
Lot levies and development charges	<u>362,000</u>	<u>242,932</u>	<u>134,821</u>
	<u>\$ 3,769,150</u>	<u>\$ 3,613,425</u>	<u>\$ 3,619,784</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

12. Grants	Budget 2012	Actual 2012	Actual 2011
Operating			
Province of Ontario	\$ 833,200	\$ 846,100	\$ 991,187
Government of Canada	-	6,285	26,301
Municipal	<u>35,000</u>	<u>47,686</u>	<u>20,255</u>
	<u>868,200</u>	<u>900,071</u>	<u>1,037,743</u>
Capital			
Province of Ontario	-	7,819	27,074
Government of Canada	<u>409,000</u>	<u>349,460</u>	<u>266,019</u>
	<u>409,000</u>	<u>357,279</u>	<u>293,093</u>
	<u>\$ 1,277,200</u>	<u>\$ 1,257,350</u>	<u>\$ 1,330,836</u>

13. Other revenue	Budget 2012	Actual 2012	Actual 2011
Operating			
Penalties and interest on taxes	\$ 300,000	\$ 433,437	\$ 432,432
Other fines	32,000	63,423	59,536
Interest and dividend income	175,000	447,498	245,343
Interest income – reserves and reserve funds	-	6,019	3,249
Other	<u>198,000</u>	<u>190,099</u>	<u>236,961</u>
	705,000	1,140,476	977,521
Capital			
Other	<u>-</u>	<u>449</u>	<u>22,994</u>
	<u>\$ 705,000</u>	<u>\$ 1,140,925</u>	<u>\$ 1,000,515</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

14. Pension agreements

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

Contributions to OMERS are made at rates ranging from 8.3% to 13.9% depending on the proposed retirement age and the level of earnings. As a result, \$ 533,764 (2011 - \$ 480,709) was contributed to OMERS for current service, of which \$ 266,882 (2011 - \$ 240,354) represents the employees' portion.

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

Trust funds administered by the Municipality amounting to \$ 142,139 (2011 - \$ 134,639) have not been included in the consolidated statement of financial position nor have these operations been included in the consolidated statement of operations.

16. 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.

17. 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.

In 2010, Council committed to contribute \$ 420,000 over five years for the building of a new YMCA. The contributions are \$ 84,000 per year, the commencement date has not yet been determined.

18. 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.

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

19. Financial instruments

The Municipality's financial instruments consist of cash and cash equivalents, portfolio investments, taxes receivable, user charges receivable, long term receivables, accounts payable and other liabilities. It is management's opinion that the Municipality is not exposed to significant market, interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximates their carrying value as the instruments are either current in nature or bear interest at market rates.

20. Comparative figures

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

21. Budget

The budget by-law adopted by Council on March 26, 2012 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 statements of operations and changes in net financial assets represent the budget approved by Council with the following adjustments:

Approved budgeted annual surplus (deficit)	\$	-
Add: Acquisition of tangible capital assets		1,729,400
Transfers to/from reserves and reserve funds - net		199,150
Less: Amortization of tangible capital assets		<u>(2,106,397)</u>
Budgeted deficit reported on the consolidated statement of operations	\$	<u>(177,847)</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2012

22. Segmented information

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

General government

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

Protection to persons and property

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

Transportation services

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

Environmental services

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

Health services

Health services department is responsible for cemetery operations.

Recreation and culture services

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

Planning and development

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

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

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

Township of West Lincoln Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2012

	<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>2012</u>
Cost								
Beginning of year	\$ 3,965,595	\$ 2,213,397	\$ 5,543,537	\$ 4,148,160	\$ 2,046,721	\$ 63,605,603	\$ 114,758	\$ 81,637,771
Add additions	156,700	8,512	15,100	282,524	242,799	1,480,495	-	2,186,130
Less disposals	<u>(100,746)</u>	<u>(31,018)</u>	-	<u>(151,700)</u>	<u>(123,122)</u>	<u>(340,628)</u>	<u>(114,758)</u>	<u>(861,972)</u>
End of year	<u>4,021,549</u>	<u>2,190,891</u>	<u>5,558,637</u>	<u>4,278,984</u>	<u>2,166,398</u>	<u>64,745,470</u>	-	<u>82,961,929</u>
Accumulated amortization								
Beginning of year	-	1,416,452	1,858,974	2,136,600	913,145	20,446,352	-	26,771,523
Add amortization	-	54,385	107,662	264,088	195,448	1,484,814	-	2,106,397
Less amortization on disposals	<u>-</u>	<u>(21,093)</u>	-	<u>(101,133)</u>	<u>(123,122)</u>	<u>(157,289)</u>	-	<u>(402,637)</u>
End of year	<u>-</u>	<u>1,449,744</u>	<u>1,966,636</u>	<u>2,299,555</u>	<u>985,471</u>	<u>21,773,877</u>	-	<u>28,475,283</u>
Net book value	<u>\$ 4,021,549</u>	<u>\$ 741,147</u>	<u>\$ 3,592,001</u>	<u>\$ 1,979,429</u>	<u>\$ 1,180,927</u>	<u>\$ 42,971,593</u>	\$ -	<u>\$ 54,486,646</u>

Township of West Lincoln Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2011

	Land	Land improvements	Facilities	Rolling Stock	Equipment	Infrastructure	Construction in Process	2011
Cost								
Beginning of year	\$ 3,963,785	\$ 2,213,397	\$ 5,530,054	\$ 4,158,625	\$ 1,908,520	\$ 62,727,353	\$ 378,021	\$ 80,879,755
Add additions	1,810	-	13,483	156,023	256,426	1,008,437	-	1,436,179
Less disposals	-	-	-	(166,488)	(118,225)	(130,187)	(263,263)	(678,163)
End of year	<u>3,965,595</u>	<u>2,213,397</u>	<u>5,543,537</u>	<u>4,148,160</u>	<u>2,046,721</u>	<u>63,605,603</u>	<u>114,758</u>	<u>81,637,771</u>
Accumulated amortization								
Beginning of year	-	1,362,067	1,731,100	1,995,684	852,644	19,118,294	-	25,059,789
Add amortization	-	54,385	127,874	268,970	178,726	1,458,245	-	2,088,200
Less amortization on disposals	-	-	-	(128,054)	(118,225)	(130,187)	-	(376,466)
End of year	<u>-</u>	<u>1,416,452</u>	<u>1,858,974</u>	<u>2,136,600</u>	<u>913,145</u>	<u>20,446,352</u>	<u>-</u>	<u>26,771,523</u>
Net book value	<u>\$ 3,965,595</u>	<u>\$ 796,945</u>	<u>\$ 3,684,563</u>	<u>\$ 2,011,560</u>	<u>\$ 1,133,576</u>	<u>\$ 43,159,251</u>	<u>\$ 114,758</u>	<u>\$ 54,866,248</u>

Township of West Lincoln Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2012

	General Government		Protection and to Persons Property		Transportation Services		Environmental Services		Health Services		Recreation and Culture Services		Planning and Development		Eliminations		Consolidated	
Revenues																		
Taxation	\$ 52,531	\$ 949,484	\$ 2,868,895	\$ -	\$ 62,936	\$ 1,092,246	\$ 40,769	\$ (510)	\$ 5,066,351									
User charges	10,513	196,230	224,826	2,436,293	8,144	319,602	417,307	510	3,613,425									
Grants	764,267	-	349,460	51,478	-	65,288	26,857	-	1,257,350									
Other	953,389	-	158,721	-	-	28,815	-	-	1,140,925									
Contributed tangible capital assets	-	-	165,071	578,842	-	-	-	-	743,913									
Vested capital assets	156,700	-	-	-	-	-	-	-	156,700									
Gain (loss) on disposal of tangible capital assets	482,563	-	(213,978)	-	-	(9,926)	-	-	258,659									
Change in equity of subsidiary	263,707	-	-	-	-	-	-	-	263,707									
	2,683,670	1,145,714	3,552,995	3,066,613	71,080	1,496,025	484,933	-	12,501,030									
Expenses																		
Salaries and benefits	1,202,124	588,531	1,212,144	220,451	-	753,339	322,559	-	4,299,148									
Operating materials and supplies	221,150	218,827	906,758	59,187	12,173	388,007	17,357	-	1,823,459									
Contracted services	192,502	108,967	372,655	1,533,943	40,616	37,376	246,224	-	2,532,283									
Rent and financial expenses	37,420	-	-	-	-	5,000	-	-	42,420									
External transfers to others	12,429	-	-	-	11,200	-	-	-	23,629									
Tax write-offs	63,932	-	1,758	670	-	-	-	-	66,360									
Interfunctional adjustments	(325,500)	32,700	(216,628)	427,400	-	79,100	2,700	-	(228)									
Amortization	87,520	158,747	1,108,827	599,228	301	147,167	4,607	-	2,106,397									
	1,491,577	1,107,772	3,385,514	2,840,879	64,290	1,409,989	593,447	-	10,893,468									
Annual surplus (deficit)	\$ 1,192,093	\$ 37,942	\$ 167,481	\$ 225,734	\$ 6,790	\$ 86,036	\$ (108,514)	\$ -	\$ 1,607,56									

Township of West Lincoln Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2011

	General Government	Protection and Property	Transportation Services	Environmental Services	Health Services	Recreation and Culture Services	Planning and Development	Eliminations	Consolidated
Revenues									
Taxation	\$ 1,178,620	\$ 972,702	\$ 1,715,705	\$ -	\$ 71,551	\$ 973,771	\$ 75,054	\$ (1,195)	\$ 4,986,208
User charges	5,849	363,823	107,813	2,395,327	5,298	350,227	390,252	1,195	3,619,784
Grants	830,900	-	290,393	25,000	-	80,382	104,161	-	1,330,836
Other	745,408	7,500	205,123	10,246	-	32,238	-	-	1,000,515
Change in equity of subsidiary	61,933	-	-	-	-	-	-	-	61,933
Contributed tangible capital assets	-	-	-	1,810	-	-	-	-	1,810
Loss on disposal of tangible capital assets	-	-	(17,964)	-	-	-	-	-	(17,964)
	2,822,710	1,344,025	2,301,070	2,432,383	76,849	1,436,618	569,467	-	10,983,122
Expenses									
Salaries and benefits	1,119,661	621,263	1,100,441	257,358	-	797,382	328,704	-	4,224,809
Operating materials and supplies	238,086	207,008	918,084	63,286	21,024	378,030	12,763	-	1,838,281
Contracted services	99,675	106,753	372,208	1,372,820	40,560	23,620	268,147	-	2,283,783
Rent and financial expenses	35,694	-	-	-	-	5,000	-	-	40,694
External transfers to others	10,200	-	-	-	11,200	-	-	-	21,400
Tax write-offs	99,167	-	1,535	1,135	-	-	-	-	101,837
Interfunctional adjustments	(295,700)	31,300	(203,300)	385,900	-	78,900	2,900	-	-
Amortization	82,631	142,827	1,103,062	591,745	301	163,027	4,607	-	2,088,200
	1,389,414	1,109,151	3,292,030	2,672,244	73,085	1,445,959	617,121	-	10,599,004
Annual surplus (deficit)	\$ 1,433,296	\$ 234,874	\$ (990,960)	\$ (239,861)	\$ 3,764	\$ (9,341)	\$ (47,654)	\$ -	\$ 384,118

Township of West Lincoln

Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2012

	Budget <u>2012</u>	Actual <u>2012</u>	Actual <u>2011</u>
General government			
Revenue			
Taxation	\$ 52,001	\$ 52,531	\$ 1,178,620
User charges	8,300	10,513	5,849
Grants	754,600	764,267	830,900
Other	512,000	953,389	745,408
Vested capital assets	-	156,700	-
Gain on disposal of tangible capital assets	-	482,563	-
Change in equity of subsidiary	-	<u>263,707</u>	<u>61,933</u>
	<u>1,326,901</u>	<u>2,683,670</u>	<u>2,822,710</u>
Expenses			
Salaries and benefits	1,213,200	1,202,124	1,119,661
Operating materials and supplies	239,500	221,150	238,086
Contracted services	146,000	192,502	99,675
Rent and financial expenses	37,000	37,420	35,694
External transfers to others	12,700	12,429	10,200
Tax write-offs	40,000	63,932	99,167
Interfunctional adjustments	(315,000)	(325,500)	(295,700)
Amortization	<u>87,520</u>	<u>87,520</u>	<u>82,631</u>
	<u>1,460,920</u>	<u>1,491,577</u>	<u>1,389,414</u>
Annual surplus (deficit)	<u>\$ (134,019)</u>	<u>\$ 1,192,093</u>	<u>\$ 1,433,296</u>
<hr/>			
Protection to persons and property			
Revenue			
Taxation	\$ 939,897	\$ 949,484	\$ 972,702
User charges	219,900	196,230	363,823
Other	-	-	7,500
	<u>1,159,797</u>	<u>1,145,714</u>	<u>1,344,025</u>
Expenses			
Salaries and benefits	631,500	588,531	621,263
Operating materials and supplies	208,350	218,827	207,008
Contracted services	115,500	108,967	106,753
Interfunctional adjustments	32,700	32,700	31,300
Amortization	<u>158,747</u>	<u>158,747</u>	<u>142,827</u>
	<u>1,146,797</u>	<u>1,107,772</u>	<u>1,109,151</u>
Annual surplus	<u>\$ 13,000</u>	<u>\$ 37,942</u>	<u>\$ 234,874</u>

Township of West Lincoln

Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2012

	Budget 2012	Actual 2012	Actual 2011
Transportation services			
Revenue			
Taxation	\$ 2,839,927	\$ 2,868,895	\$ 1,715,705
User charges	239,000	224,826	107,813
Grants	409,000	349,460	290,393
Other	171,500	158,721	205,123
Contributed tangible capital assets	-	165,071	-
Loss on disposal of tangible capital assets	-	(213,978)	(17,964)
	<u>3,659,427</u>	<u>3,552,995</u>	<u>2,301,070</u>
Expenses			
Salaries and benefits	1,189,500	1,212,144	1,100,441
Operating materials and supplies	1,059,950	906,758	918,084
Contracted services	411,050	372,655	372,208
Tax write-offs	1,500	1,758	1,535
Interfunctional adjustments	(216,400)	(216,628)	(203,300)
Amortization	<u>1,108,827</u>	<u>1,108,827</u>	<u>1,103,062</u>
	<u>3,554,427</u>	<u>3,385,514</u>	<u>3,292,030</u>
Annual surplus (deficit)	<u>\$ 105,000</u>	<u>\$ 167,481</u>	<u>\$ (990,960)</u>
<hr/>			
Environmental services			
Revenue			
User charges	\$ 2,548,100	\$ 2,436,293	\$ 2,395,327
Grants	25,000	51,478	25,000
Other	-	-	10,246
Contributed tangible capital assets	-	578,842	1,810
	<u>2,573,100</u>	<u>3,066,613</u>	<u>2,432,383</u>
Expenses			
Salaries and benefits	221,000	220,451	257,358
Operating materials and supplies	135,000	59,187	63,286
Contracted services	1,507,800	1,533,943	1,372,820
Tax write-offs	1,400	670	1,135
Interfunctional adjustments	416,900	427,400	385,900
Amortization	<u>599,228</u>	<u>599,228</u>	<u>591,745</u>
	<u>2,881,328</u>	<u>2,840,879</u>	<u>2,672,244</u>
Annual surplus (deficit)	<u>\$ (308,228)</u>	<u>\$ 225,734</u>	<u>\$ (239,861)</u>

Township of West Lincoln

Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2012

	Budget <u>2012</u>	Actual <u>2012</u>	Actual <u>2011</u>
Health services			
Revenue			
Taxation	\$ 62,301	\$ 62,936	\$ 71,551
User charges	<u>4,900</u>	<u>8,144</u>	<u>5,298</u>
	<u>67,201</u>	<u>71,080</u>	<u>76,849</u>
Expenses			
Operating materials and supplies	10,000	12,173	21,024
Contracted services	40,700	40,616	40,560
External transfers to others	11,200	11,200	11,200
Amortization	<u>301</u>	<u>301</u>	<u>301</u>
	<u>62,201</u>	<u>64,290</u>	<u>73,085</u>
Annual surplus	<u>\$ 5,000</u>	<u>\$ 6,790</u>	<u>\$ 3,764</u>

Recreation and culture services

Revenue			
Taxation	\$ 1,081,217	\$ 1,092,246	\$ 973,771
User charges	334,200	319,602	350,227
Grants	32,900	65,288	80,382
Other	21,500	28,815	32,238
Loss on disposal of tangible capital assets	<u>-</u>	<u>(9,926)</u>	<u>-</u>
	<u>1,469,817</u>	<u>1,496,025</u>	<u>1,436,618</u>
Expenses			
Salaries and benefits	772,200	753,339	797,382
Operating materials and supplies	351,550	388,007	378,030
Contracted services	31,400	37,376	23,620
Rent and financial expenses	5,000	5,000	5,000
Interfunctional adjustments	79,100	79,100	78,900
Amortization	<u>147,167</u>	<u>147,167</u>	<u>163,027</u>
	<u>1,386,417</u>	<u>1,409,989</u>	<u>1,445,959</u>
Annual surplus (deficit)	<u>\$ 83,400</u>	<u>\$ 86,036</u>	<u>\$ (9,341)</u>

Township of West Lincoln

Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2012

	Budget <u>2012</u>	Actual <u>2012</u>	Actual <u>2011</u>
Planning and development			
Revenue			
Taxation	\$ 40,357	\$ 40,769	\$ 75,054
User charges	414,750	417,307	390,252
Grants	<u>55,700</u>	<u>26,857</u>	<u>104,161</u>
	<u>510,807</u>	<u>484,933</u>	<u>569,467</u>
Expenses			
Salaries and benefits	328,900	322,559	328,704
Operating materials and supplies	21,200	17,357	12,763
Contracted services	95,400	246,224	268,147
Interfunctional adjustments	2,700	2,700	2,900
Amortization	<u>4,607</u>	<u>4,607</u>	<u>4,607</u>
	<u>452,807</u>	<u>593,447</u>	<u>617,121</u>
Annual surplus (deficit)	<u>\$ 58,000</u>	<u>\$ (108,514)</u>	<u>\$ (47,654)</u>



Independent auditor's report

Grant Thornton LLP
Suite B
222 Catharine Street, PO Box 336
Port Colborne, ON
L3K 5W1

T +1 905 834 3651
F +1 905 834 5095
E PortColborne@ca.gt.com
www.GrantThornton.ca

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

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Township of West Lincoln, which comprise the statement of financial position as at December 31, 2012, and the statement of operations for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management based on the financial reporting provisions prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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



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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds of the Corporation of the Township of West Lincoln as at December 31, 2012, and the results of its operations for the year then ended in accordance with the financial reporting provisions of the Ministry of Municipal Affairs and Housing.

Basis of accounting and restriction on use

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

Grant Thornton LLP

Port Colborne, Canada
September 16, 2013

Chartered Accountants
Licensed Public Accountants

Township of West Lincoln Trust Funds

Statement of Financial Position As at December 31, 2012

	Bethel Cemetery Perpetual Care	Cemetery Perpetual Care	Marker Perpetual Care	St. Ann's Cemetery
Financial assets				
Due from Corporation of the Township of West Lincoln	\$ <u>15,336</u>	\$ <u>48,863</u>	\$ <u>10,890</u>	\$ <u>5,440</u>
Net financial assets and accumulated surplus	\$ <u>15,336</u>	\$ <u>48,863</u>	\$ <u>10,890</u>	\$ <u>5,400</u>

Statement of Operations For the Year Ended December 31, 2012

Revenue				
Perpetual care agreements	\$ -	\$ 3,000	\$ 500	\$ -
Donations	-	-	-	-
Interest earned	<u>165</u>	<u>511</u>	<u>115</u>	<u>59</u>
	165	3,511	615	59
Expenses				
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Annual surplus	165	3,511	615	59
Accumulated surplus				
Beginning of year	<u>15,171</u>	<u>45,352</u>	<u>10,275</u>	<u>5,381</u>
End of year	\$ <u>15,336</u>	\$ <u>48,863</u>	\$ <u>10,890</u>	\$ <u>5,440</u>

<u>Waite Cemetery Trust</u>	<u>Union Cemetery Trust</u>	<u>Union Cemetery Monuments</u>	<u>Union Cemetery Care & Maintenance</u>	<u>2012 Total</u>	<u>2011 Total</u>
<u>\$ 6,215</u>	<u>\$ 32,164</u>	<u>\$ 6,781</u>	<u>\$ 16,450</u>	<u>\$ 142,139</u>	<u>\$ 134,639</u>
<u>\$ 6,215</u>	<u>\$ 32,164</u>	<u>\$ 6,781</u>	<u>\$ 16,450</u>	<u>\$ 142,139</u>	<u>\$ 134,639</u>
\$ -	\$ -	\$ -	\$ -	\$ 3,500	\$ 2,580
-	2,500	-	-	2,500	-
<u>67</u>	<u>333</u>	<u>73</u>	<u>177</u>	<u>1,500</u>	<u>1,058</u>
67	2,833	73	177	7,500	3,638
-	-	-	-	-	500
67	2,833	73	177	7,500	3,138
<u>6,148</u>	<u>29,331</u>	<u>6,708</u>	<u>16,273</u>	<u>134,639</u>	<u>131,501</u>
<u>\$ 6,215</u>	<u>\$ 32,164</u>	<u>\$ 6,781</u>	<u>\$ 16,450</u>	<u>\$ 142,139</u>	<u>\$ 134,639</u>

See accompanying note to the financial statements

Township of West Lincoln
Trust Funds
Note to the Financial Statements

For the Year Ended December 31, 2012

1. Accounting policies

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

(a) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable.