

Financial Report

Township of West Lincoln

2013

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Independent auditor's report

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

We have audited the accompanying consolidated financial statements of the Corporation of the Township of West Lincoln, which comprise the consolidated statement of financial position as at December 31, 2013, 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, 2013, and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Port Colborne, Canada
July 21, 2014

Chartered Accountants
Licensed Public Accountants

Township of West Lincoln

Consolidated Statement of Financial Position

As at December 31

2013

2012

Financial assets

Cash and cash equivalents (Note 2)	\$ 9,375,937	\$ 8,275,614
Portfolio investments (Note 3)	4,515,979	4,425,442
Taxes receivable	2,553,515	2,692,907
User charges receivable	500,967	471,023
Accounts receivable	439,100	474,327
Long term receivables	233,302	122,125
Investment in subsidiary (Note 4)	<u>7,175,620</u>	<u>7,372,854</u>
	<u>24,794,420</u>	<u>23,834,292</u>

Liabilities

Accounts payable and accrued liabilities	1,764,264	1,687,174
Other liabilities	1,082,272	1,337,571
Due to trust funds	148,156	142,139
Deferred revenue (Note 5)	3,504,123	3,058,775
Employee benefit obligations (Note 6)	<u>591,332</u>	<u>623,059</u>
	<u>7,090,147</u>	<u>6,848,718</u>

Net financial assets

	<u>17,704,273</u>	<u>16,985,574</u>
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Non-financial assets

Tangible capital assets (Pages 22 and 23)	53,250,144	54,486,646
Prepaid expenses	<u>2,759</u>	<u>10,496</u>
	<u>53,252,903</u>	<u>54,497,142</u>

Accumulated surplus (Note 7)

	<u>\$ 70,957,176</u>	<u>\$ 71,482,716</u>
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Contingencies and commitment (Notes 16 and 17)

Approved by

Chief Administrative Officer

Treasurer

See accompanying notes and schedules to the consolidated financial statements

Township of West Lincoln

Consolidated Statement of Operations

For the Year Ended December 31, 2013

	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
Revenue			
Taxation (Note 9)	\$ 5,229,704	\$ 5,260,984	\$ 5,066,351
User charges (Note 11)	3,352,200	3,328,498	3,370,493
Grants (Note 12)	728,300	856,902	900,071
Other (Note 13)	<u>656,800</u>	<u>1,052,106</u>	<u>1,140,476</u>
	<u>9,967,004</u>	<u>10,498,490</u>	<u>10,477,391</u>
Expenses			
General government	1,529,782	1,452,607	1,491,577
Protection to persons and property	1,175,044	1,183,551	1,107,772
Transportation services	3,304,883	3,316,149	3,385,514
Environmental services	2,962,567	2,908,625	2,840,879
Health services	62,200	60,373	64,290
Recreation and culture services	1,449,201	1,498,791	1,409,989
Planning and development	<u>513,107</u>	<u>599,521</u>	<u>593,447</u>
	<u>10,996,784</u>	<u>11,019,617</u>	<u>10,893,468</u>
Net expenses	<u>(1,029,780)</u>	<u>(521,127)</u>	<u>(416,077)</u>
Other			
Revenue related to tangible capital assets			
User charges (Note 11)	-	695	242,932
Grants (Note 12)	919,800	375,382	357,279
Other (Note 13)	-	15,876	449
Contributed tangible capital assets	-	-	743,913
Vested capital assets	-	-	156,700
Gain (loss) on disposal of tangible capital assets	-	(199,132)	258,659
Change in equity of subsidiary (Note 4)	<u>-</u>	<u>(197,234)</u>	<u>263,707</u>
	<u>919,800</u>	<u>(4,413)</u>	<u>2,023,639</u>
Annual (deficit) surplus	(109,980)	(525,540)	1,607,562
Accumulated surplus (Note 7)			
Beginning of year	<u>71,482,716</u>	<u>71,482,716</u>	<u>69,875,154</u>
End of year	<u>\$ 71,372,736</u>	<u>\$ 70,957,176</u>	<u>\$ 71,482,716</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, 2013

	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
Annual (deficit) surplus	\$ (109,980)	\$ (525,540)	\$ 1,607,562
Amortization of tangible capital assets	2,158,734	2,158,734	2,106,397
Acquisition of tangible capital assets	(3,605,930)	(1,204,958)	(2,186,130)
Capitalization of prior year construction in process	-	-	114,758
Loss (gain) on sale of tangible capital assets	-	199,132	(258,659)
Proceeds from sale of tangible capital assets	<u>-</u>	<u>83,594</u>	<u>603,236</u>
	(1,557,176)	710,962	1,987,164
Usage of prepaid expenses	<u>-</u>	<u>7,737</u>	<u>37,956</u>
(Decrease) increase in net financial assets	(1,557,176)	718,699	2,025,120
Net financial assets			
Beginning of year	<u>16,985,574</u>	<u>16,985,574</u>	<u>14,960,454</u>
End of year	<u>\$ 15,428,398</u>	<u>\$ 17,704,273</u>	<u>\$ 16,985,574</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

2013

2012

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual (deficit) surplus	\$ (525,540)	\$ 1,607,562
Non-cash items		
Amortization	2,158,734	2,106,397
Loss (gain) on sale of tangible capital assets	199,132	(258,659)
Decrease (increase) in taxes receivable	139,392	(240,717)
(Increase) decrease in user charges receivable	(29,944)	47,672
Decrease (increase) in accounts receivable	35,227	(41,267)
Increase in accounts payable and accrued liabilities	77,090	151,298
(Decrease) increase in other liabilities	(255,299)	59,550
Increase in due to trust fund	6,017	7,500
Increase in deferred revenue	445,348	244,627
(Decrease) increase in employee benefit obligations	(31,727)	22,028
Decrease in prepaid expenses	<u>7,737</u>	<u>37,956</u>
	<u>2,226,167</u>	<u>3,743,947</u>
Capital activities		
Proceeds from sale of tangible capital assets	83,594	603,236
Capitalization of prior year construction in progress	-	114,758
Acquisition of tangible capital assets	<u>(1,204,958)</u>	<u>(2,186,130)</u>
	<u>(1,121,364)</u>	<u>(1,468,136)</u>
Investing activities		
Increase in portfolio investments	(90,537)	(345,840)
Decrease (increase) in investment in subsidiary	197,234	(263,707)
Increase in long term receivables	<u>(111,177)</u>	<u>(21,405)</u>
	<u>(4,480)</u>	<u>(630,952)</u>
Net increase in cash and cash equivalents	1,100,323	1,644,859
Cash and cash equivalents		
Beginning of year	<u>8,275,614</u>	<u>6,630,755</u>
End of year	<u>\$ 9,375,937</u>	<u>\$ 8,275,614</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, 2013

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, 2013

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, 2013

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, 2013

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, 2013

2. Cash and cash equivalents 2013 2012

Cash and temporary investments are comprised of:

Cash on hand	\$ 768	\$ 779
Cash held in banks	9,372,036	8,248,901
Cash held in investment accounts	<u>3,133</u>	<u>25,934</u>
	<u>\$ 9,375,937</u>	<u>\$ 8,275,614</u>

3. Portfolio investments 2013 2012

Guaranteed investment certificates	\$ 1,711,218	\$ 1,757,218
Debentures and bonds	<u>2,804,761</u>	<u>2,668,224</u>
	<u>\$ 4,515,979</u>	<u>\$ 4,425,442</u>

Portfolio investments carry an effective interest rate ranging from 1.57% to 5.18% and maturity dates ranging from January, 2014 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 \$ 4,697,635 (2012 - \$ 4,634,151).

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, 2013

4. Subsidiary operations (continued)

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

	<u>2013</u>	<u>2012</u>
Financial position		
Current assets	\$ 1,104,146	\$ 1,981,112
Capital assets	95,676	77,393
Investment	<u>33,629,805</u>	<u>33,563,969</u>
Total assets	<u>34,829,627</u>	<u>35,622,474</u>
Current liabilities	44,691	42,683
Future payments in lieu of taxes	<u>4,886,521</u>	<u>4,859,568</u>
Total liabilities	<u>4,931,212</u>	<u>4,902,251</u>
Shareholders' equity	<u>\$ 29,898,415</u>	<u>\$ 30,720,223</u>
Township of West Lincoln's interest – 24%	<u>\$ 7,175,620</u>	<u>\$ 7,372,854</u>
Change in equity investment in subsidiary		
Revenues	\$ 282,568	\$ 259,190
Expenses	(229,738)	(213,990)
Payment in lieu of income taxes	<u>(37,874)</u>	<u>(245,302)</u>
Income (loss) from operations	14,956	(200,102)
Other items related to merger	<u>371,836</u>	<u>701,599</u>
Income from continuing operations	386,792	501,497
Discontinued operations income	<u>-</u>	<u>799,991</u>
Net income	386,792	1,301,488
Dividends	<u>(1,208,600)</u>	<u>(202,710)</u>
Net (decrease) increase in equity of subsidiary	<u>\$ (821,808)</u>	<u>\$ 1,098,778</u>
Change in equity of subsidiary – 24%	<u>\$ (197,234)</u>	<u>\$ 263,707</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

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, 2013 and the results of operations are as reported for the year ended December 31, 2013. The comparative financial position and results of operations figures are as reported by PWPI at December 31, 2012.

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>2013</u>	<u>2012</u>
Electricity purchased	\$ 198,662	\$ 183,985
Contracted services	21,097	25,488

5. Deferred revenue

	<u>2013</u>	<u>2012</u>
Development Charges Act	\$ 2,722,179	\$ 2,260,130
Recreational land (Planning Act)	271,405	261,339
Gas tax revenue	508,312	525,836
Recreational revenue	-	11,470
Grants	<u>2,227</u>	<u>-</u>
	<u>\$ 3,504,123</u>	<u>\$ 3,058,775</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

6. Employee benefit obligations	<u>2013</u>	<u>2012</u>
Accrued vacation pay	\$ 192,363	\$ 168,742
Retirement benefits	<u>398,969</u>	<u>454,317</u>
	591,332	623,059
Less: accrued vacation pay funded	<u>192,363</u>	<u>168,742</u>
Liabilities to be recovered in the future	<u>\$ 398,969</u>	<u>\$ 454,317</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, 2013 is \$ 398,969 (2012 - \$ 454,317). This liability is reported on the consolidated statement of financial position and the unfunded liability is reported as liabilities to be recovered in the future. The liability was determined using a discount rate of 5.5%. Medical costs were assumed to increase at a rate of 10% per year and dental costs were assumed to increase at 5% per year. In order to qualify for retirement benefits, CUPE employees must be employed by the Municipality for at least ten 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

7. Accumulated surplus	<u>2013</u>	<u>2012</u>
Operating surplus	\$ 1,119,847	\$ 1,807,022
Investment in tangible capital assets	53,250,144	54,486,646
Investment in subsidiary	7,175,620	7,372,854
Unfunded:		
Employee benefit obligations	(398,969)	(454,317)
Reserves and reserve funds (Note 8)	<u>9,810,534</u>	<u>8,270,511</u>
	<u>\$ 70,957,176</u>	<u>\$ 71,482,716</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

8. Reserves and reserve funds	<u>2013</u>	<u>2012</u>
Reserves set aside for specific purposes by Council		
Corporate and administrative services		
Working funds	\$ 363,159	\$ 363,159
Contingencies	688,115	469,569
Technology	212,847	245,136
Hospital	1,250,000	1,250,000
Insurance	154,655	154,655
Rate stabilization	59,000	39,500
Election	42,310	29,964
Recreation	11,598	13,568
Capital	<u>1,325,618</u>	<u>621,551</u>
	<u>4,107,302</u>	<u>3,187,102</u>
Public works and engineering		
Fire trucks and equipment	191,705	174,469
Road equipment	558,282	701,711
Industrial park	1,390,678	1,071,137
Bridges	112,622	89,075
Sidewalks	252,735	214,388
Facilities	185,406	79,757
Streetlights	10,205	(260)
Sewers	826,817	816,662
Water	864,739	821,150
Winter control	125,000	125,000
Cemeteries	<u>25,675</u>	<u>23,675</u>
	<u>4,543,864</u>	<u>4,116,764</u>
Planning and development		
Planning	101,719	79,289
Building revenues	258,083	174,318
Arena building	106,381	97,155
Library	<u>688,552</u>	<u>611,302</u>
	<u>1,154,735</u>	<u>962,064</u>
	9,805,901	8,265,930
Reserve funds set aside for specific purposes by Council		
Subdivision	<u>4,633</u>	<u>4,581</u>
	<u>\$ 9,810,534</u>	<u>\$ 8,270,511</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

9. Taxation	Budget 2013	Actual 2013	Actual 2012
Real property	\$ 17,879,672	\$ 18,156,610	\$ 17,588,787
From other governments			
Payments in lieu of taxes	<u>1,078,545</u>	<u>1,079,738</u>	<u>1,076,862</u>
	<u>18,958,217</u>	<u>19,236,348</u>	<u>18,665,649</u>
Less: taxation collected on behalf of (Note 10)			
Region of Niagara	9,862,204	10,034,079	9,639,586
School boards	<u>3,866,309</u>	<u>3,941,285</u>	<u>3,959,712</u>
	<u>13,728,513</u>	<u>13,975,364</u>	<u>13,599,298</u>
Net taxes available for municipal purposes	<u>\$ 5,229,704</u>	<u>\$ 5,260,984</u>	<u>\$ 5,066,351</u>
Residential and farm	\$ 4,221,702	\$ 4,234,032	\$ 4,038,539
Commercial	821,041	833,994	844,438
Industrial	<u>186,961</u>	<u>192,958</u>	<u>183,374</u>
Net taxes available for municipal purposes	<u>\$ 5,229,704</u>	<u>\$ 5,260,984</u>	<u>\$ 5,066,351</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

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>2013</u>	<u>2012</u>
Region of Niagara	\$ 10,034,079	\$ 9,639,586
School boards	<u>3,941,285</u>	<u>3,959,712</u>
	<u>\$ 13,975,364</u>	<u>\$ 13,599,298</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>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
Operating			
Direct water and sewer billings	\$ 2,549,000	\$ 2,394,265	\$ 2,418,269
Licences and permits	192,700	295,455	192,199
Lot levies and development charges	10,000	10,000	10,000
Recreation	313,700	290,399	308,527
Rents and concessions	64,400	98,353	171,056
Other	<u>222,400</u>	<u>240,026</u>	<u>270,442</u>
	<u>3,352,200</u>	<u>3,328,498</u>	<u>3,370,493</u>
Capital			
Lot levies and development charges	-	695	242,932
	<u>\$ 3,352,200</u>	<u>\$ 3,329,193</u>	<u>\$ 3,613,425</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

12. Grants	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
Operating			
Province of Ontario	\$ 728,300	\$ 737,545	\$ 846,100
Government of Canada	-	70,704	6,285
Municipal	<u>-</u>	<u>48,653</u>	<u>47,686</u>
	<u>728,300</u>	<u>856,902</u>	<u>900,071</u>
Capital			
Province of Ontario	7,200	20,067	7,819
Government of Canada	837,600	355,315	349,460
Municipal	<u>75,000</u>	<u>-</u>	<u>-</u>
	<u>919,800</u>	<u>375,382</u>	<u>357,279</u>
	<u>\$ 1,648,100</u>	<u>\$ 1,232,284</u>	<u>\$ 1,257,350</u>

13. Other revenue	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
Operating			
Penalties and interest on taxes	\$ 350,000	\$ 446,839	\$ 433,437
Other fines	32,000	42,421	63,423
Interest and dividend income	175,000	488,837	447,498
Interest income – reserves and reserve funds	-	7,127	6,019
Other	<u>99,800</u>	<u>66,882</u>	<u>190,099</u>
	656,800	1,052,106	1,140,476
Capital			
Other	<u>-</u>	<u>15,876</u>	<u>449</u>
	<u>\$ 656,800</u>	<u>\$ 1,067,982</u>	<u>\$ 1,140,925</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

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 9.0% to 15.9% depending on the proposed retirement age and the level of earnings. As a result, \$ 580,431 (2012 - \$ 533,764) was contributed to OMERS for current service, of which \$ 290,216 (2012 - \$ 266,882) represents the employees' portion.

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

Trust funds administered by the Municipality amounting to \$ 148,155 (2012 - \$ 142,139) 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, 2013

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 February 19, 2013 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	3,605,930
Transfers to/from reserves and reserve funds - net	(1,557,176)
Less: Amortization of tangible capital assets	<u>(2,158,734)</u>
Budgeted deficit reported on the consolidated statement of operations	<u>\$ (109,980)</u>

Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2013

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, 2013

	<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>2013</u>
Cost								
Beginning of year	\$ 4,021,549	\$ 2,190,891	\$ 5,558,637	\$ 4,278,984	\$ 2,166,398	\$ 64,745,470	\$ -	\$ 82,961,929
Add additions	-	45,509	-	358,105	225,977	438,277	137,090	1,204,958
Less disposals	<u>(38,434)</u>	<u>-</u>	<u>-</u>	<u>(119,273)</u>	<u>(103,726)</u>	<u>(745,530)</u>	<u>-</u>	<u>(1,006,963)</u>
End of year	<u>3,983,115</u>	<u>2,236,400</u>	<u>5,558,637</u>	<u>4,517,816</u>	<u>2,288,649</u>	<u>64,438,217</u>	<u>137,090</u>	<u>83,159,924</u>
Accumulated amortization								
Beginning of year	-	1,449,744	1,966,636	2,299,555	985,471	21,773,877	-	28,475,283
Add amortization	-	53,490	107,977	267,488	209,701	1,520,078	-	2,158,734
Less amortization on disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(119,273)</u>	<u>(103,726)</u>	<u>(501,238)</u>	<u>-</u>	<u>(724,237)</u>
End of year	<u>-</u>	<u>1,503,234</u>	<u>2,074,613</u>	<u>2,447,770</u>	<u>1,091,446</u>	<u>22,792,717</u>	<u>-</u>	<u>29,909,780</u>
Net book value	<u>\$ 3,983,115</u>	<u>\$ 733,166</u>	<u>\$ 3,484,024</u>	<u>\$ 2,070,046</u>	<u>\$ 1,197,203</u>	<u>\$ 41,645,500</u>	<u>\$ 137,090</u>	<u>\$ 53,250,144</u>

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>-</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>-</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>-</u>	<u>(101,133)</u>	<u>(123,122)</u>	<u>(157,289)</u>	<u>-</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>-</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>\$ -</u>	<u>\$ 54,486,646</u>

Township of West Lincoln

Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2013

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Culture Services	Planning and Development	Eliminations	Consolidated
Revenues									
Taxation	\$ 458,094	\$ 998,279	\$ 2,645,512	\$ -	\$ 62,572	\$ 871,281	\$ 225,246	\$ -	\$ 5,260,984
User charges	12,756	304,082	2,389	2,394,265	8,448	301,065	306,188	-	3,329,193
Grants	699,267	-	426,019	992	-	45,368	60,638	-	1,232,284
Other	993,736	1,531	30,723	-	-	41,992	-	-	1,067,982
Contributed tangible capital assets	-	-	-	-	-	-	-	-	-
Vested capital assets	-	-	-	-	-	-	-	-	(199,132)
Gain (loss) on disposal of tangible capital assets	200	1,000	(200,332)	-	-	-	-	-	-
Change in equity of subsidiary	(197,234)	-	-	-	-	-	-	-	(197,234)
	1,966,819	1,304,892	2,904,311	2,395,257	71,020	1,259,706	592,072	-	10,494,077
Expenses									
Salaries and benefits	1,169,400	651,858	1,231,510	253,518	-	737,043	372,340	-	4,415,669
Operating materials and supplies	240,491	215,317	827,444	55,863	7,640	420,438	8,448	-	1,775,641
Contracted services	182,536	117,482	343,990	1,564,934	41,133	104,559	211,126	-	2,565,760
Rent and financial expenses	37,628	-	-	-	-	5,000	-	-	42,628
External transfers to others	12,615	-	-	-	11,300	-	-	-	23,915
Tax write-offs	35,355	-	1,372	543	-	-	-	-	37,270
Interfunctional adjustments	(321,800)	33,800	(220,100)	425,200	-	79,900	3,000	-	-
Amortization	96,382	165,094	1,131,933	608,567	300	151,851	4,607	-	2,158,734
	1,452,607	1,183,551	3,316,149	2,908,625	60,373	1,498,791	599,521	-	11,019,617
Annual surplus (deficit)	\$ 514,212	\$ 121,341	\$ (411,838)	\$ (513,368)	\$ 10,647	\$ (239,085)	\$ (7,449)	\$ -	\$ (525,540)

Township of West Lincoln

Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2012

	General Government	Protection to Persons and 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
	<u>2,683,670</u>	<u>1,145,714</u>	<u>3,552,995</u>	<u>3,066,613</u>	<u>71,080</u>	<u>1,496,025</u>	<u>484,933</u>	<u>-</u>	<u>12,501,030</u>
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
	<u>1,491,577</u>	<u>1,107,772</u>	<u>3,385,514</u>	<u>2,840,879</u>	<u>64,290</u>	<u>1,409,989</u>	<u>593,447</u>	<u>-</u>	<u>10,893,468</u>
Annual surplus (deficit)	<u>\$ 1,192,093</u>	<u>\$ 37,942</u>	<u>\$ 167,481</u>	<u>\$ 225,734</u>	<u>\$ 6,790</u>	<u>\$ 86,036</u>	<u>\$ (108,514)</u>	<u>\$ -</u>	<u>\$ 1,607,562</u>

Township of West Lincoln

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2013

	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
General government			
Revenue			
Taxation	\$ 455,369	\$ 458,094	\$ 52,531
User charges	9,300	12,756	10,513
Grants	679,200	699,267	764,267
Other	562,000	993,736	953,389
Vested capital assets	-	-	156,700
Gain on disposal of tangible capital assets	-	200	482,563
Change in equity of subsidiary	-	(197,234)	263,707
	<u>1,705,869</u>	<u>1,966,819</u>	<u>2,683,670</u>
Expenses			
Salaries and benefits	1,250,300	1,169,400	1,202,124
Operating materials and supplies	246,300	240,491	221,150
Contracted services	146,900	182,536	192,502
Rent and financial expenses	39,000	37,628	37,420
External transfers to others	12,700	12,615	12,429
Tax write-offs	60,000	35,355	63,932
Interfunctional adjustments	(321,800)	(321,800)	(325,500)
Amortization	96,382	96,382	87,520
	<u>1,529,782</u>	<u>1,452,607</u>	<u>1,491,577</u>
Annual surplus	<u>\$ 176,087</u>	<u>\$ 514,212</u>	<u>\$ 1,192,093</u>
Protection to persons and property			
Revenue			
Taxation	\$ 992,344	\$ 998,279	\$ 949,484
User charges	195,700	304,082	196,230
Gain on disposal of tangible capital assets	-	1,000	-
Other	-	1,531	-
	<u>1,188,044</u>	<u>1,304,892</u>	<u>1,145,714</u>
Expenses			
Salaries and benefits	657,100	651,858	588,531
Operating materials and supplies	211,450	215,317	218,827
Contracted services	107,600	117,482	108,967
Interfunctional adjustments	33,800	33,800	32,700
Amortization	165,094	165,094	158,747
	<u>1,175,044</u>	<u>1,183,551</u>	<u>1,107,772</u>
Annual surplus	<u>\$ 13,000</u>	<u>\$ 121,341</u>	<u>\$ 37,942</u>

Township of West Lincoln

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2013

	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
Transportation services			
Revenue			
Taxation	\$ 2,629,783	\$ 2,645,512	\$ 2,868,895
User charges	-	2,389	224,826
Grants	707,600	426,019	349,460
Other	72,000	30,723	158,721
Contributed tangible capital assets	-	-	165,071
Loss on disposal of tangible capital assets	-	<u>(200,332)</u>	<u>(213,978)</u>
	<u>3,409,383</u>	<u>2,904,311</u>	<u>3,552,995</u>
Expenses			
Salaries and benefits	1,223,400	1,231,510	1,212,144
Operating materials and supplies	815,750	827,444	906,758
Contracted services	352,900	343,990	372,655
Tax write-offs	1,000	1,372	1,758
Interfunctional adjustments	(220,100)	(220,100)	(216,628)
Amortization	<u>1,131,933</u>	<u>1,131,933</u>	<u>1,108,827</u>
	<u>3,304,883</u>	<u>3,316,149</u>	<u>3,385,514</u>
Annual surplus (deficit)	<u>\$ 104,500</u>	<u>\$ (411,838)</u>	<u>\$ 167,481</u>
Environmental services			
Revenue			
User charges	\$ 2,549,000	\$ 2,394,265	\$ 2,436,293
Grants	-	992	51,478
Contributed tangible capital assets	-	-	578,842
	<u>2,549,000</u>	<u>2,395,257</u>	<u>3,066,613</u>
Expenses			
Salaries and benefits	220,400	253,518	220,451
Operating materials and supplies	132,100	55,863	59,187
Contracted services	1,575,000	1,564,934	1,533,943
Tax write-offs	1,300	543	670
Interfunctional adjustments	425,200	425,200	427,400
Amortization	<u>608,567</u>	<u>608,567</u>	<u>599,228</u>
	<u>2,962,567</u>	<u>2,908,625</u>	<u>2,840,879</u>
Annual (deficit) surplus	<u>\$ (413,567)</u>	<u>\$ (513,368)</u>	<u>\$ 225,734</u>

Township of West Lincoln

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2013

	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
Health services			
Revenue			
Taxation	\$ 62,200	\$ 62,572	\$ 62,936
User charges	<u>5,000</u>	<u>8,448</u>	<u>8,144</u>
	<u>67,200</u>	<u>71,020</u>	<u>71,080</u>
Expenses			
Operating materials and supplies	10,000	7,640	12,173
Contracted services	40,700	41,133	40,616
External transfers to others	11,200	11,300	11,200
Amortization	<u>300</u>	<u>300</u>	<u>301</u>
	<u>62,200</u>	<u>60,373</u>	<u>64,290</u>
Annual surplus	<u>\$ 5,000</u>	<u>\$ 10,647</u>	<u>\$ 6,790</u>

Recreation and culture services			
Revenue			
Taxation	\$ 866,101	\$ 871,281	\$ 1,092,246
User charges	325,200	301,065	319,602
Grants	240,100	45,368	65,288
Other	22,800	41,992	28,815
Loss on disposal of tangible capital assets	<u>-</u>	<u>-</u>	<u>(9,926)</u>
	<u>1,454,201</u>	<u>1,259,706</u>	<u>1,496,025</u>
Expenses			
Salaries and benefits	791,750	737,043	753,339
Operating materials and supplies	373,900	420,438	388,007
Contracted services	46,800	104,559	37,376
Rent and financial expenses	5,000	5,000	5,000
Interfunctional adjustments	79,900	79,900	79,100
Amortization	<u>151,851</u>	<u>151,851</u>	<u>147,167</u>
	<u>1,449,201</u>	<u>1,498,791</u>	<u>1,409,989</u>
Annual surplus (deficit)	<u>\$ 5,000</u>	<u>\$ (239,085)</u>	<u>\$ 86,036</u>

Township of West Lincoln

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2013

	Budget <u>2013</u>	Actual <u>2013</u>	Actual <u>2012</u>
Planning and development			
Revenue			
Taxation	\$ 223,907	\$ 225,246	\$ 40,769
User charges	268,000	306,188	417,307
Grants	<u>21,200</u>	<u>60,638</u>	<u>26,857</u>
	<u>513,107</u>	<u>592,072</u>	<u>484,933</u>
Expenses			
Salaries and benefits	397,600	372,340	322,559
Operating materials and supplies	22,500	8,448	17,357
Contracted services	85,400	211,126	246,224
Interfunctional adjustments	3,000	3,000	2,700
Amortization	<u>4,607</u>	<u>4,607</u>	<u>4,607</u>
	<u>513,107</u>	<u>599,521</u>	<u>593,447</u>
Annual surplus (deficit)	<u>\$ -</u>	<u>\$ (7,449)</u>	<u>\$ (108,514)</u>

Independent auditor's report

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

We have audited the accompanying financial statements of the Trust Funds of the Corporation of the Township of West Lincoln, which comprise the statement of financial position as at December 31, 2013, 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, 2013, and the results of its operations for the year then ended in accordance with the financial reporting provisions of the Ministry of Municipal Affairs and Housing.

Basis of accounting and restriction on use

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

Grant Thornton LLP

Port Colborne, Canada
July 21, 2014

Chartered Accountants
Licensed Public Accountants

Township of West Lincoln Trust Funds

Statement of Financial Position

As at December 31, 2013

	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	\$ 15,508	\$ 53,030	\$ 11,816	\$ 5,501
Net financial assets and accumulated surplus	<u>\$ 15,508</u>	<u>\$ 53,030</u>	<u>\$ 11,816</u>	<u>\$ 5,501</u>

Statement of Operations

For the Year Ended December 31, 2013

Revenue				
Perpetual care agreements	\$ -	\$ 3,600	\$ 800	\$ -
Donations	-	-	-	-
Interest earned	<u>172</u>	<u>567</u>	<u>126</u>	<u>61</u>
	172	4,167	926	61
Expenses				
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Annual surplus	172	4,167	926	61
Accumulated surplus				
Beginning of year	<u>15,336</u>	<u>48,863</u>	<u>10,890</u>	<u>5,440</u>
End of year	<u>\$ 15,508</u>	<u>\$ 53,030</u>	<u>\$ 11,816</u>	<u>\$ 5,501</u>

<u>Waite Cemetery Trust</u>	<u>Union Cemetery Trust</u>	<u>Union Cemetery Monuments</u>	<u>Union Cemetery Care & Maintenance</u>	<u>2013 Total</u>	<u>2012 Total</u>
<u>\$ 6,285</u>	<u>\$ 32,524</u>	<u>\$ 6,857</u>	<u>\$ 16,634</u>	<u>\$ 148,155</u>	<u>\$ 142,139</u>
<u>\$ 6,285</u>	<u>\$ 32,524</u>	<u>\$ 6,857</u>	<u>\$ 16,634</u>	<u>\$ 148,155</u>	<u>\$ 142,139</u>
\$ -	\$ -	\$ -	\$ -	\$ 4,400	\$ 3,500
-	-	-	-	-	2,500
<u>70</u>	<u>360</u>	<u>76</u>	<u>184</u>	<u>1,616</u>	<u>1,500</u>
70	360	76	184	6,016	7,500
-	-	-	-	-	-
70	360	76	184	6,016	7,500
<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>\$ 6,285</u>	<u>\$ 32,524</u>	<u>\$ 6,857</u>	<u>\$ 16,634</u>	<u>\$ 148,155</u>	<u>\$ 142,139</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, 2013

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.