

Financial Report

Township of West Lincoln

2014

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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, 2014, 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, 2014, 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  
August 24, 2015

Chartered Accountants  
Licensed Public Accountants

# Township of West Lincoln

## Consolidated Statement of Financial Position

As at December 31

2014

2013

**Financial assets**

Cash and cash equivalents (Note 2)	\$ 8,432,821	\$ 9,375,937
Portfolio investments (Note 3)	5,608,356	4,515,979
Taxes receivable	3,035,481	2,553,515
User charges receivable	551,771	500,967
Accounts receivable	682,099	439,100
Long term receivables	258,076	233,302
Investment in subsidiary (Note 4)	<u>7,252,467</u>	<u>7,175,620</u>
	<b><u>25,821,071</u></b>	<b><u>24,794,420</u></b>

**Liabilities**

Accounts payable and accrued liabilities	3,121,717	1,764,264
Other liabilities	1,443,204	1,082,272
Due to trust funds	153,874	148,156
Deferred revenue (Note 5)	3,597,867	3,504,123
YMCA obligation (Note 6)	420,000	-
Liability for contaminated site (Note 7)	257,600	-
Employee benefit obligations (Note 8)	<u>716,927</u>	<u>591,332</u>
	<b><u>9,711,189</u></b>	<b><u>7,090,147</u></b>

**Net financial assets**

	<b><u>16,109,882</u></b>	<b><u>17,704,273</u></b>
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**Non-financial assets**

Tangible capital assets (Pages 23 and 24)	53,906,460	53,250,144
Prepaid expenses	<u>1,474</u>	<u>2,759</u>
	<b><u>53,907,934</u></b>	<b><u>53,252,903</u></b>

**Accumulated surplus (Note 9)**

	<b><u>\$ 70,017,816</u></b>	<b><u>\$ 70,957,176</u></b>
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Contingencies and commitment (Notes 18 and 19)

Approved by

\_\_\_\_\_  
Chief Administrative Officer

\_\_\_\_\_  
Treasurer

See accompanying notes and schedules to the consolidated financial statements

# Township of West Lincoln

## Consolidated Statement of Operations

For the Year Ended December 31, 2014

	Budget 2014 (Note 21)	Actual 2014	Actual 2013
<b>Revenue</b>			
Taxation (Note 11)	\$ 5,370,400	\$ <b>5,354,408</b>	\$ 5,260,984
User charges (Note 13)	3,365,500	<b>3,498,998</b>	3,328,498
Government transfers (Note 14)	799,400	<b>829,800</b>	856,902
Other (Note 15)	<u>577,000</u>	<u><b>794,865</b></u>	<u>1,052,106</u>
	<u>10,112,300</u>	<u><b>10,478,071</b></u>	<u>10,498,490</u>
<b>Expenses</b>			
General government	1,648,123	<b>2,383,893</b>	1,452,607
Protection to persons and property	1,227,615	<b>1,244,494</b>	1,183,551
Transportation services	3,741,740	<b>3,912,476</b>	3,316,149
Environmental services	2,977,599	<b>3,063,767</b>	2,908,625
Health services	68,201	<b>58,658</b>	60,373
Recreation and culture services	1,581,479	<b>1,478,804</b>	1,498,791
Planning and development	<u>723,807</u>	<u><b>567,145</b></u>	<u>599,521</u>
	<u>11,968,564</u>	<u><b>12,709,237</b></u>	<u>11,019,617</u>
<b>Net expenses</b>	<u>(1,856,264)</u>	<u><b>(2,231,166)</b></u>	<u>(521,127)</u>
<b>Other</b>			
Revenue related to tangible capital assets			
User charges (Note 13)	89,000	<b>68,721</b>	695
Government transfers (Note 14)	818,250	<b>839,589</b>	375,382
Other (Note 15)	-	<b>513</b>	15,876
Contributed tangible capital assets	-	<b>477,167</b>	-
Loss on disposal of tangible capital assets	-	<b>(171,031)</b>	(199,132)
Change in equity of subsidiary (Note 4)	<u>-</u>	<u><b>76,847</b></u>	<u>(197,234)</u>
	<u>907,250</u>	<u><b>1,291,806</b></u>	<u>(4,413)</u>
<b>Annual deficit</b>	(949,014)	<b>(939,360)</b>	(525,540)
<b>Accumulated surplus (Note 9)</b>			
Beginning of year	<u>70,957,176</u>	<u><b>70,957,176</b></u>	<u>71,482,716</u>
End of year	<u>\$ 70,008,162</u>	<u><b>\$ 70,017,816</b></u>	<u>\$ 70,957,176</u>

See accompanying notes and schedules to the consolidated financial statements

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## Township of West Lincoln

### Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2014

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	Budget <u>2014</u> (Note 21)	<b>Actual <u>2014</u></b>	Actual <u>2013</u>
Annual deficit	\$ (949,014)	\$ <b>(939,360)</b>	\$ (525,540)
Amortization of tangible capital assets	2,168,647	<b>2,168,647</b>	2,158,734
Acquisition of tangible capital assets	(2,545,086)	<b>(3,235,768)</b>	(1,204,958)
Capitalization of prior year construction in process	-	<b>86,618</b>	-
Loss on sale of tangible capital assets	-	<b>171,031</b>	199,132
Proceeds from sale of tangible capital assets	<u>-</u>	<u><b>153,156</b></u>	<u>83,594</u>
	(1,325,453)	<b>(1,595,676)</b>	710,962
Usage of prepaid expenses	<u>-</u>	<u><b>1,285</b></u>	<u>7,737</u>
<b>(Decrease) increase in net financial assets</b>	(1,325,453)	<b>(1,594,391)</b>	718,699
<b>Net financial assets</b>			
Beginning of year	<u>17,704,273</u>	<u><b>17,704,273</b></u>	<u>16,985,574</u>
End of year	<u><b>\$ 16,378,820</b></u>	<u><b>\$ 16,109,882</b></u>	<u><b>\$ 17,704,273</b></u>

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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

2014

2013

### Increase (decrease) in cash and cash equivalents

<b>Operating activities</b>		
Annual deficit	\$ (939,360)	\$ (525,540)
Non-cash items		
Amortization	2,168,647	2,158,734
Loss on sale of tangible capital assets	171,031	199,132
(Increase) decrease in taxes receivable	(481,966)	139,392
Increase in user charges receivable	(50,804)	(29,944)
(Increase) decrease in accounts receivable	(242,999)	35,227
Increase in accounts payable and accrued liabilities	1,357,453	77,090
Increase (decrease) in other liabilities	360,932	(255,299)
Increase in due to trust funds	5,718	6,017
Increase in deferred revenue	93,744	445,348
Increase in YMCA obligation	420,000	-
Increase in liability for contaminated sites	257,600	-
Increase (decrease) in employee benefit obligations	125,595	(31,727)
Decrease in prepaid expenses	<u>1,285</u>	<u>7,737</u>
	<u>3,246,876</u>	<u>2,226,167</u>
<b>Capital activities</b>		
Proceeds from sale of tangible capital assets	153,156	83,594
Capitalization of prior year construction in progress	86,618	-
Acquisition of tangible capital assets	<u>(3,235,768)</u>	<u>(1,204,958)</u>
	<u>(2,995,994)</u>	<u>(1,121,364)</u>
<b>Investing activities</b>		
Increase in portfolio investments	(1,092,377)	(90,537)
(Increase) decrease in investment in subsidiary	(76,847)	197,234
Increase in long term receivables	<u>(24,774)</u>	<u>(111,177)</u>
	<u>(1,193,998)</u>	<u>(4,480)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(943,116)</b>	<b>1,100,323</b>
<b>Cash and cash equivalents</b>		
Beginning of year	<u>9,375,937</u>	<u>8,275,614</u>
End of year	<u>\$ 8,432,821</u>	<u>\$ 9,375,937</u>

See accompanying notes and schedules to the consolidated financial statements



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# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

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### 1. Significant accounting policies

The consolidated financial statements of the Township of West Lincoln ("Municipality") are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. The preparation of the consolidated financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The significant accounting policies used are as follows:

#### (a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their affairs and resources to the Municipality and which are owned or controlled by the Municipality. In addition to general government tax-supported operations, they include the following:

West Lincoln Public Library Board

Interdepartmental and organizational transactions and balances are eliminated.

Niagara Peninsula Energy Inc. is a subsidiary corporation of the Municipality and is accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises (Note 4). Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Municipality, and inter-organizational transactions and balances are not eliminated.

The statements exclude trust assets that are administered for the benefit of external parties (Note 17).

#### (b) Basis of accounting

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

#### (c) Cash and cash equivalents

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

#### (d) Portfolio investments

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

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# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

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### 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.

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# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

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**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.

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# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

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**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.

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## Township of West Lincoln

### Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

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#### 2. Cash and cash equivalents 2014 2013

Cash and temporary investments are comprised of:

Cash on hand	\$ 646	\$ 768
Cash held in banks	8,432,168	9,372,036
Cash held in investment accounts	<u>7</u>	<u>3,133</u>
	<u>\$ 8,432,821</u>	<u>\$ 9,375,937</u>

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#### 3. Portfolio investments 2014 2013

Guaranteed investment certificates	\$ 2,759,147	\$ 1,711,218
Debentures and bonds	<u>2,849,209</u>	<u>2,804,761</u>
	<u>\$ 5,608,356</u>	<u>\$ 4,515,979</u>

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Portfolio investments carry an effective interest rate ranging from 0.98% to 5.18% and maturity dates ranging from February, 2015 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 \$ 4,613,817 (2013 - \$ 4,697,635).

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#### 4. Subsidiary operations

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

# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

### 4. Subsidiary operations (continued)

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

	<u>2014</u>	<u>2013</u>
<b>Financial position</b>		
Current assets	\$ 1,205,555	\$ 1,104,146
Capital assets	103,528	95,676
Investment	<u>33,922,308</u>	<u>33,629,805</u>
Total assets	<u>35,231,391</u>	<u>34,829,627</u>
Current liabilities	62,349	44,691
Future payments in lieu of taxes	<u>4,950,428</u>	<u>4,886,521</u>
Total liabilities	<u>5,012,777</u>	<u>4,931,212</u>
Net assets	<u>\$ 30,218,614</u>	<u>\$ 29,898,415</u>
Township of West Lincoln's interest – 24%	<u>\$ 7,252,467</u>	<u>\$ 7,175,620</u>
<b>Change in equity investment in subsidiary</b>		
Revenues	\$ 238,890	\$ 282,568
Expenses	(193,240)	(229,738)
Payment in lieu of income taxes	<u>(74,402)</u>	<u>(37,874)</u>
(Loss) income from operations	(28,752)	14,956
Other items related to merger	<u>598,503</u>	<u>371,836</u>
Net income	569,751	386,792
Dividends	<u>(249,552)</u>	<u>(1,208,600)</u>
Net increase (decrease) in equity of subsidiary	<u>\$ 320,199</u>	<u>\$ (821,808)</u>
Change in equity of subsidiary – 24%	<u>\$ 76,847</u>	<u>\$ (197,234)</u>

# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

### 4. Subsidiary operations (continued)

The financial position information is as reported by PWPI at December 31, 2014 and the results of operations are as reported for the year ended December 31, 2014. The comparative financial position and results of operations figures are as reported by PWPI at December 31, 2013.

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>2014</u>	<u>2013</u>
Electricity purchased	\$ 211,153	\$ 198,662
Contracted services	13,298	21,097

### 5. Deferred revenue

	<u>2014</u>	<u>2013</u>
Development Charges Act	\$ 3,169,753	\$ 2,722,179
Recreational land (Planning Act)	258,275	271,405
Gas tax revenue	167,612	508,312
Grants	<u>2,227</u>	<u>2,227</u>
	<u>\$ 3,597,867</u>	<u>\$ 3,504,123</u>

The deferred revenue is made up of the following:

Balance, beginning of year	<u>\$ 3,504,123</u>	<u>\$ 3,058,775</u>
Contributions from		
Development Charges Act	538,679	444,997
Interest earned	41,316	36,913
Federal gas tax grants received	411,447	403,898
Other	<u>-</u>	<u>12,950</u>
	<u>991,442</u>	<u>898,758</u>
Utilized for		
Operations	(72,042)	-
Tangible capital asset acquisitions	<u>(825,656)</u>	<u>(453,410)</u>
	<u>(897,698)</u>	<u>(453,410)</u>
Balance, end of year	<u>\$ 3,597,867</u>	<u>\$ 3,504,123</u>

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# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

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### 6. YMCA obligation

In 2010, Council received and supported a request for a capital contribution of \$ 420,000 to the West Niagara YMCA over a five year period in equal instalments commencing on a date to be established by the Municipality. In 2015, as part of the budget process, the following payment schedule was approved, over an eight year period, with the first contribution to be distributed before August, 2015.

2015	\$ 52,500
2016	52,500
2017	52,500
2018	52,500
2019	52,500
2020	52,500
2021	52,500
2022	<u>52,500</u>
	\$ <u>420,000</u>

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### 7. Liability for contaminated site

In 2002, a Consulting Geotechnical and Environmental Engineering firm was hired by the Township to complete an Environmental Site Assessment at 5490 Vaughn Road, the former public works yard owned by the Township of West Lincoln.

The assessment indicated that soil and groundwater quality exceedences of current MOEE industrial/commercial land use standards due to the long term effects of salt storage. The estimated remediation cost to employ a stratified depth clean-up approach would be in the range of \$ 150,000 to \$ 175,000.

The 2014 Statistics Canada Construction Price index for the Toronto Census Metropolitan Area has been applied to \$ 175,000 to reflect the present value of this estimated remediation cost.



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## Township of West Lincoln

### Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

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<b>8. Employee benefit obligations</b>	<u>2014</u>	<u>2013</u>
Accrued vacation pay	\$ 189,146	\$ 192,363
Retirement benefits	<u>527,781</u>	<u>398,969</u>
	<b>716,927</b>	591,332
Less: accrued vacation pay funded	<u>189,146</u>	<u>192,363</u>
Liabilities to be recovered in the future	<u>\$ 527,781</u>	<u>\$ 398,969</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, 2014 is \$ 527,781 (2013 - \$ 398,969). 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

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<b>9. Accumulated surplus</b>	<u>2014</u>	<u>2013</u>
Operating (deficit) surplus	\$ (32,087)	\$ 1,119,847
Investment in tangible capital assets	53,906,460	53,250,144
Investment in subsidiary	7,252,467	7,175,620
Unfunded:		
Employee benefit obligations	(527,781)	(398,969)
Liability for contaminated sites	(257,600)	-
Reserves and reserve funds (Note 10)	<u>9,676,357</u>	<u>9,810,534</u>
	<u>\$ 70,017,816</u>	<u>\$ 70,957,176</u>

# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

<b>10. Reserves and reserve funds</b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Reserves set aside for specific purposes by Council		
Corporate and administrative services		
Accessibility	\$ 34,764	\$ -
Working funds	363,159	363,159
Contingencies	1,122,034	688,115
Technology	230,855	212,847
Hospital	1,250,000	1,250,000
Insurance	137,655	154,655
Rate stabilization	59,000	59,000
Election	6,106	42,310
Recreation	11,598	11,598
Capital	<u>1,125,221</u>	<u>1,325,618</u>
	<b><u>4,340,392</u></b>	<b><u>4,107,302</u></b>
Public works and engineering		
Fire trucks and equipment	277,381	191,705
Road equipment	601,377	558,282
Industrial park	1,173,704	1,390,678
Bridges	68,468	112,622
Sidewalks	147,344	252,735
Facilities	214,822	185,406
Streetlights	19,186	10,205
Sewers	677,543	826,817
Water	614,874	864,739
Winter control	105,500	125,000
Cemeteries	<u>26,614</u>	<u>25,675</u>
	<b><u>3,926,813</u></b>	<b><u>4,543,864</u></b>
Planning and development		
Planning	171,524	101,719
Building revenues	373,415	258,083
Arena building	114,855	106,381
Library	<u>744,672</u>	<u>688,552</u>
	<b><u>1,404,466</u></b>	<b><u>1,154,735</u></b>
	<b>9,671,671</b>	<b>9,805,901</b>
Reserve funds set aside for specific purposes by Council		
Subdivision	<u>4,686</u>	<u>4,633</u>
	<b><u>\$ 9,676,357</u></b>	<b><u>\$ 9,810,534</u></b>

# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

11. Taxation	Budget 2014	Actual <b>2014</b>	Actual 2013
Real property	\$ 18,437,976	<b>\$ 18,557,749</b>	\$ 18,156,610
From other governments			
Payments in lieu of taxes	<u>1,082,074</u>	<b><u>1,081,429</u></b>	<u>1,079,738</u>
	<u>19,520,050</u>	<b><u>19,639,178</u></b>	<u>19,236,348</u>
Less: taxation collected on behalf of (Note 12)			
Region of Niagara	10,247,857	<b>10,338,882</b>	10,034,079
School boards	<u>3,901,793</u>	<b><u>3,945,888</u></b>	<u>3,941,285</u>
	<u>14,149,650</u>	<b><u>14,284,770</u></b>	<u>13,975,364</u>
Net taxes available for municipal purposes	<u>\$ 5,370,400</u>	<b><u>\$ 5,354,408</u></b>	<u>\$ 5,260,984</u>
Residential and farm	\$ 4,345,583	<b>\$ 4,317,364</b>	\$ 4,234,032
Commercial	828,015	<b>837,458</b>	833,994
Industrial	<u>196,802</u>	<b><u>199,586</u></b>	<u>192,958</u>
Net taxes available for municipal purposes	<u>\$ 5,370,400</u>	<b><u>\$ 5,354,408</u></b>	<u>\$ 5,260,984</u>

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# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

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### 12. Collections for the Region of Niagara and school boards

Total taxation and development charges received or receivable on behalf of the Region of Niagara and the school boards were as follows:

	<u>2014</u>	<u>2013</u>
Region of Niagara	\$ 10,338,882	\$ 10,034,079
School boards	<u>3,945,888</u>	<u>3,941,285</u>
	<u>\$ 14,284,770</u>	<u>\$ 13,975,364</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.

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13. User charges	Budget <u>2014</u>	Actual <u>2014</u>	Actual <u>2013</u>
<b>Operating</b>			
Direct water and sewer billings	\$ 2,491,500	\$ 2,465,154	\$ 2,394,265
Licences and permits	249,700	352,107	295,455
Lot levies and development charges	37,000	72,042	10,000
Recreation	295,800	284,798	290,399
Rents and concessions	60,100	62,061	98,353
Other	<u>231,400</u>	<u>262,836</u>	<u>240,026</u>
	<u>3,365,500</u>	<u>3,498,998</u>	<u>3,328,498</u>
<b>Capital</b>			
Lot levies and development charges	<u>89,000</u>	<u>68,721</u>	<u>695</u>
	<u>\$ 3,454,500</u>	<u>\$ 3,567,719</u>	<u>\$ 3,329,193</u>

# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

14. Government transfers	Budget <u>2014</u>	Actual <u>2014</u>	Actual <u>2013</u>
<b>Operating</b>			
Province of Ontario	\$ 799,400	\$ 770,946	\$ 737,545
Government of Canada	-	19,181	70,704
Municipal	<u>-</u>	<u>39,673</u>	<u>48,653</u>
	<u>799,400</u>	<u>829,800</u>	<u>856,902</u>
<b>Capital</b>			
Province of Ontario	-	-	20,067
Government of Canada	743,250	738,909	355,315
Municipal	<u>75,000</u>	<u>100,680</u>	<u>-</u>
	<u>818,250</u>	<u>839,589</u>	<u>375,382</u>
	<u>\$ 1,617,650</u>	<u>\$ 1,669,389</u>	<u>\$ 1,232,284</u>

15. Other revenue	Budget <u>2014</u>	Actual <u>2014</u>	Actual <u>2013</u>
<b>Operating</b>			
Penalties and interest on taxes	\$ 350,000	\$ 432,360	\$ 446,839
Other fines	32,000	43,054	42,421
Interest and dividend income	165,000	275,236	488,837
Interest income – reserves and reserve funds	-	8,010	7,127
Other	<u>30,000</u>	<u>36,205</u>	<u>66,882</u>
	577,000	794,865	1,052,106
<b>Capital</b>			
Other	<u>-</u>	<u>513</u>	<u>15,876</u>
	<u>\$ 577,000</u>	<u>\$ 795,378</u>	<u>\$ 1,067,982</u>

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# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

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### 16. Pension agreements

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

Since OMERS is a multi-employer pension plan, the Municipality does not recognize any share of the pension plan deficit of \$ 5.3 billion (2013 - \$ 8.3 billion) based on the fair market value of the Plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2014 calendar year at rates ranging from 9.0% to 15.9% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the consolidated statement of operations. Employer contributions to OMERS for 2014 current and past service was \$ 292,926 (2013 - \$ 290,316) and were matched by employee contributions in a similar amount.

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

Trust funds administered by the Municipality amounting to \$ 153,874 (2013 - \$ 148,155) have not been included in the consolidated statement of financial position nor have these operations been included in the consolidated statement of operations.

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### 18. Contingencies

The Municipality is involved from time to time in litigation, which arises in the normal course of business. In respect to any outstanding claims, the Municipality believes that insurance coverage is adequate and that no material exposure exists on the eventual settlement of such litigation, therefore no provision has been made in the financial statements.

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### 19. Commitment

In 2002, Council entered into a five year agreement to provide funds in the amount of \$ 1,250,000 to the West Lincoln Memorial Hospital Foundation for construction of a new hospital. A reserve has been established, and any funds accumulated will be released after construction has commenced.

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# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

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### 20. Measurement uncertainty

Property tax billings are prepared by the Municipality based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"), an agency of the Ontario government. All assessed property values in the Municipality were reviewed and new values established based on a common valuation date that was used by the Municipality in computing the property tax bills. However, the property tax revenue and tax receivables of the Municipality are subject to measurement uncertainty as a number of appeals submitted by taxpayers have yet to be heard. Any adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the Region of Niagara and school boards, as appropriate.

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### 21. Budget

The budget by-law adopted by Council on March 24, 2014 was not prepared on a basis consistent with that used to report actual results in accordance with Canadian public sector accounting standards. The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. As a result, the budget figures presented in the consolidated statements of operations and changes in net financial assets represent the budget approved by Council with the following adjustments:

Approved budgeted annual surplus (deficit)	\$ (713,000)
Add: Acquisition of tangible capital assets	2,545,086
Transfers to/from reserves and reserve funds - net	(612,453)
Less: Amortization of tangible capital assets	<u>(2,168,647)</u>
Budgeted deficit reported on the consolidated statement of operations	<u>\$ (949,014)</u>

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# Township of West Lincoln

## Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2014

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### 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 consolidated schedules of segment disclosure with budget information follow the notes.



## Township of West Lincoln

### Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2014

	<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>2014</u>
<b>Cost</b>								
Beginning of year	\$ 3,983,115	\$ 2,236,400	\$ 5,558,637	\$ 4,517,816	\$ 2,288,649	\$ 64,438,217	\$ 137,090	\$ 83,159,924
Add additions	142,450	293,163	18,779	112,081	88,265	2,576,732	4,298	3,235,768
Less disposals	<u>(33,647)</u>	<u>(9,335)</u>	<u>-</u>	<u>(44,795)</u>	<u>(282,359)</u>	<u>(485,786)</u>	<u>(86,618)</u>	<u>(942,540)</u>
End of year	<u>4,091,918</u>	<u>2,520,228</u>	<u>5,577,416</u>	<u>4,585,102</u>	<u>2,094,555</u>	<u>66,529,163</u>	<u>54,770</u>	<u>85,453,152</u>
<b>Accumulated amortization</b>								
Beginning of year	-	1,503,234	2,074,613	2,447,770	1,091,446	22,792,717	-	29,909,780
Add amortization	-	56,177	107,977	289,301	219,833	1,495,359	-	2,168,647
Less amortization on disposals	<u>-</u>	<u>(9,335)</u>	<u>-</u>	<u>(44,795)</u>	<u>(282,359)</u>	<u>(195,246)</u>	<u>-</u>	<u>(531,735)</u>
End of year	<u>-</u>	<u>1,550,076</u>	<u>2,182,590</u>	<u>2,692,276</u>	<u>1,028,920</u>	<u>24,092,830</u>	<u>-</u>	<u>31,546,692</u>
<b>Net book value</b>	<u>\$ 4,091,918</u>	<u>\$ 970,152</u>	<u>\$ 3,394,826</u>	<u>\$ 1,892,826</u>	<u>\$ 1,065,635</u>	<u>\$ 42,436,333</u>	<u>\$ 54,770</u>	<u>\$ 53,906,460</u>

## 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>
<b>Cost</b>								
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>
<b>Accumulated amortization</b>								
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>
<b>Net book value</b>	<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 Segment Disclosure

For the year ended December 31, 2014

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Culture Services	Planning and Development	Eliminations	Consolidated
<b>Revenues</b>									
Taxation	\$ 309,186	\$ 984,972	\$ 2,868,722	\$ -	\$ 57,031	\$ 998,596	\$ 135,901	\$ -	\$ 5,354,408
User charges	31,014	354,407	7,902	2,504,826	7,416	358,056	304,098	-	3,567,719
Grants	721,500	-	788,291	39,673	-	106,517	13,408	-	1,669,389
Other	761,900	-	10,691	-	1,895	20,892	-	-	795,378
Contributed tangible capital assets	10,069	-	34,632	432,466	-	-	-	-	477,167
Gain (loss) on disposal of tangible capital assets	113,188	-	(68,372)	(215,847)	-	-	-	-	(171,031)
Change in equity of subsidiary	76,847	-	-	-	-	-	-	-	76,847
	<u>2,023,704</u>	<u>1,339,379</u>	<u>3,641,866</u>	<u>2,761,118</u>	<u>66,342</u>	<u>1,484,061</u>	<u>453,407</u>	<u>-</u>	<u>11,769,877</u>
<b>Expenses</b>									
Salaries and benefits	1,342,499	721,313	1,327,263	253,969	-	778,675	393,417	-	4,817,136
Operating materials and supplies	312,328	230,722	1,072,950	64,646	9,496	389,395	12,022	-	2,091,559
Contracted services	441,380	86,744	605,079	1,691,253	37,662	67,319	154,100	-	3,083,537
Rent and financial expenses	41,990	-	-	-	-	5,000	-	-	46,990
External transfers to others	433,265	-	6,008	19,000	11,200	4,900	-	-	474,373
Tax write-offs	26,408	-	587	-	-	-	-	-	26,995
Interfunctional adjustments	(321,800)	33,800	(220,100)	425,200	-	79,900	3,000	-	-
Amortization	107,823	171,915	1,120,689	609,699	300	153,615	4,606	-	2,168,647
	<u>2,383,893</u>	<u>1,244,494</u>	<u>3,912,476</u>	<u>3,063,767</u>	<u>58,658</u>	<u>1,478,804</u>	<u>567,145</u>	<u>-</u>	<u>12,709,237</u>
<b>Annual surplus (deficit)</b>	<u>\$ (360,189)</u>	<u>\$ 94,885</u>	<u>\$ (270,610)</u>	<u>\$ (302,649)</u>	<u>\$ 7,684</u>	<u>\$ 5,257</u>	<u>\$ (113,738)</u>	<u>\$ -</u>	<u>\$ (939,360)</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
<b>Revenues</b>									
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
Gain (loss) on disposal of tangible capital assets	200	1,000	(200,332)	-	-	-	-	-	(199,132)
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
<b>Expenses</b>									
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
<b>Annual surplus (deficit)</b>	\$ 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 with Budget Information

For the Year Ended December 31, 2014

	Budget 2014	Actual 2014	Actual 2013
<b>General government</b>			
<b>Revenue</b>			
Taxation	\$ 310,108	\$ 309,186	\$ 458,094
User charges	9,300	31,014	12,756
Government transfers	751,500	721,500	699,267
Other	552,000	761,900	993,736
Contributed tangible capital assets	-	10,069	-
Gain on disposal of tangible capital assets	-	113,188	200
Change in equity of subsidiary	-	76,847	(197,234)
	<u>1,622,908</u>	<u>2,023,704</u>	<u>1,966,819</u>
<b>Expenses</b>			
Salaries and benefits	1,271,200	1,342,499	1,169,400
Operating materials and supplies	304,500	312,328	240,491
Contracted services	179,100	441,380	182,536
Rent and financial expenses	39,600	41,990	37,628
External transfers to others	12,700	433,265	12,615
Tax write-offs	55,000	26,408	35,355
Interfunctional adjustments	(321,800)	(321,800)	(321,800)
Amortization	107,823	107,823	96,382
	<u>1,648,123</u>	<u>2,383,893</u>	<u>1,452,607</u>
<b>Annual (deficit) surplus</b>	<u>\$ (25,215)</u>	<u>\$ (360,189)</u>	<u>\$ 514,212</u>
<b>Protection to persons and property</b>			
<b>Revenue</b>			
Taxation	\$ 987,915	\$ 984,972	\$ 998,279
User charges	252,700	354,407	304,082
Gain on disposal of tangible capital assets	-	-	1,000
Other	-	-	1,531
	<u>1,240,615</u>	<u>1,339,379</u>	<u>1,304,892</u>
<b>Expenses</b>			
Salaries and benefits	688,100	721,313	651,858
Operating materials and supplies	222,650	230,722	215,317
Contracted services	111,150	86,744	117,482
Interfunctional adjustments	33,800	33,800	33,800
Amortization	171,915	171,915	165,094
	<u>1,227,615</u>	<u>1,244,494</u>	<u>1,183,551</u>
<b>Annual surplus</b>	<u>\$ 13,000</u>	<u>\$ 94,885</u>	<u>\$ 121,341</u>

# Township of West Lincoln

## Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2014

	Budget 2014	Actual 2014	Actual 2013
<b>Transportation services</b>			
<b>Revenue</b>			
Taxation	\$ 2,877,290	\$ 2,868,722	\$ 2,645,512
User charges	13,900	7,902	2,389
Government transfers	743,250	788,291	426,019
Other	7,300	10,691	30,723
Contributed tangible capital assets	-	34,632	-
Loss on disposal of tangible capital assets	-	(68,372)	(200,332)
	<u>3,641,740</u>	<u>3,641,866</u>	<u>2,904,311</u>
<b>Expenses</b>			
Salaries and benefits	1,251,350	1,327,263	1,231,510
Operating materials and supplies	1,096,901	1,072,950	827,444
Contracted services	491,900	605,079	343,990
External transfers to others	-	6,008	-
Tax write-offs	1,000	587	1,372
Interfunctional adjustments	(220,100)	(220,100)	(220,100)
Amortization	<u>1,120,689</u>	<u>1,120,689</u>	<u>1,131,933</u>
	<u>3,741,740</u>	<u>3,912,476</u>	<u>3,316,149</u>
<b>Annual deficit</b>	<u>\$ (100,000)</u>	<u>\$ (270,610)</u>	<u>\$ (411,838)</u>
<b>Environmental services</b>			
<b>Revenue</b>			
User charges	\$ 2,491,500	\$ 2,504,826	\$ 2,394,265
Government transfers	-	39,673	992
Contributed tangible capital assets	-	432,466	-
Loss on disposal of tangible capital assets	-	(215,847)	-
	<u>2,491,500</u>	<u>2,761,118</u>	<u>2,395,257</u>
<b>Expenses</b>			
Salaries and benefits	231,700	253,969	253,518
Operating materials and supplies	179,500	64,646	55,863
Contracted services	1,530,500	1,691,253	1,564,934
Tax write-offs	1,000	19,000	543
Interfunctional adjustments	425,200	425,200	425,200
Amortization	<u>609,699</u>	<u>609,699</u>	<u>608,567</u>
	<u>2,977,599</u>	<u>3,063,767</u>	<u>2,908,625</u>
<b>Annual deficit</b>	<u>\$ (486,099)</u>	<u>\$ (302,649)</u>	<u>\$ (513,368)</u>

# Township of West Lincoln

## Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2014

	Budget 2014	Actual 2014	Actual 2013
<b>Health services</b>			
<b>Revenue</b>			
Taxation	\$ 57,201	\$ 57,031	\$ 62,572
User charges	5,000	7,416	8,448
Other	<u>-</u>	<u>1,895</u>	<u>-</u>
	<u>62,201</u>	<u>66,342</u>	<u>71,020</u>
<b>Expenses</b>			
Operating materials and supplies	16,001	9,496	7,640
Contracted services	40,700	37,662	41,133
External transfers to others	11,200	11,200	11,300
Amortization	<u>300</u>	<u>300</u>	<u>300</u>
	<u>68,201</u>	<u>58,658</u>	<u>60,373</u>
<b>Annual surplus (deficit)</b>	<u>\$ (6,000)</u>	<u>\$ 7,684</u>	<u>\$ 10,647</u>

### Recreation and culture services

<b>Revenue</b>			
Taxation	\$ 1,001,579	\$ 998,596	\$ 871,281
User charges	381,600	358,056	301,065
Government transfers	102,900	106,517	45,368
Other	<u>17,700</u>	<u>20,892</u>	<u>41,992</u>
	<u>1,503,779</u>	<u>1,484,061</u>	<u>1,259,706</u>
<b>Expenses</b>			
Salaries and benefits	817,650	778,675	737,043
Operating materials and supplies	480,014	389,395	420,438
Contracted services	40,400	67,319	104,559
Rent and financial expenses	5,000	5,000	5,000
External transfers to others	4,900	4,900	-
Interfunctional adjustments	79,900	79,900	79,900
Amortization	<u>153,615</u>	<u>153,615</u>	<u>151,851</u>
	<u>1,581,479</u>	<u>1,478,804</u>	<u>1,498,791</u>
<b>Annual surplus (deficit)</b>	<u>\$ (77,700)</u>	<u>\$ 5,257</u>	<u>\$ (239,085)</u>

# Township of West Lincoln

## Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2014

	Budget <u>2014</u>	Actual <u>2014</u>	Actual <u>2013</u>
<b>Planning and development</b>			
<b>Revenue</b>			
Taxation	\$ 136,307	\$ 135,901	\$ 225,246
User charges	300,500	304,098	306,188
Government transfers	<u>20,000</u>	<u>13,408</u>	<u>60,638</u>
	<u>456,807</u>	<u>453,407</u>	<u>592,072</u>
<b>Expenses</b>			
Salaries and benefits	396,500	393,417	372,340
Operating materials and supplies	222,301	12,022	8,448
Contracted services	97,400	154,100	211,126
Interfunctional adjustments	3,000	3,000	3,000
Amortization	<u>4,606</u>	<u>4,606</u>	<u>4,607</u>
	<u>723,807</u>	<u>567,145</u>	<u>599,521</u>
<b>Annual deficit</b>	<u>\$ (267,000)</u>	<u>\$ (113,738)</u>	<u>\$ (7,449)</u>



# Independent auditor's report

Grant Thornton LLP  
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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, 2014, 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, 2014, 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  
August 24, 2015

Chartered Accountants  
Licensed Public Accountants

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## Township of West Lincoln Trust Funds

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### Statement of Financial Position

As at December 31, 2014

	Bethel Cemetery Perpetual Care	Cemetery Perpetual Care	Marker Perpetual Care	St. Ann's Cemetery
<b>Financial assets</b>				
Due from Corporation of the Township of West Lincoln	\$ 15,686	\$ 57,257	\$ 12,354	\$ 5,564
<b>Net financial assets and accumulated surplus</b>	<u>\$ 15,686</u>	<u>\$ 27,257</u>	<u>\$ 12,354</u>	<u>\$ 5,564</u>

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### Statement of Operations

For the Year Ended December 31, 2014

<b>Revenue</b>				
Perpetual care agreements	\$ -	\$ 3,600	\$ 400	\$ -
Donations	-	-	-	-
Interest earned	<u>178</u>	<u>627</u>	<u>138</u>	<u>63</u>
	178	4,227	538	63
<b>Expenses</b>				
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Annual surplus</b>	178	4,227	538	63
<b>Accumulated surplus</b>				
Beginning of year	<u>15,508</u>	<u>53,030</u>	<u>11,816</u>	<u>5,501</u>
End of year	<u>\$ 15,686</u>	<u>\$ 57,257</u>	<u>\$ 12,354</u>	<u>\$ 5,564</u>

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Waite Cemetery <u>Trust</u>	Union Cemetery <u>Trust</u>	Union Cemetery <u>Monuments</u>	Union Cemetery Care & <u>Maintenance</u>	<b>2014</b> <b>Total</b>	2013 <u>Total</u>
\$ <u>6,357</u>	\$ <u>32,896</u>	\$ <u>6,936</u>	\$ <u>16,824</u>	\$ <b><u>153,874</u></b>	\$ <u>148,155</u>
\$ <u>6,357</u>	\$ <u>32,896</u>	\$ <u>6,936</u>	\$ <u>16,824</u>	\$ <b><u>153,874</u></b>	\$ <u>148,155</u>
\$ -	\$ -	\$ -	\$ -	\$ <b>4,000</b>	\$ 4,400
-	-	-	-	-	-
<u>72</u>	<u>372</u>	<u>79</u>	<u>190</u>	<b><u>1,719</u></b>	<u>1,616</u>
72	372	79	190	<b>5,719</b>	6,016
-	-	-	-	-	-
72	372	79	190	<b>5,719</b>	6,016
<u>6,285</u>	<u>32,524</u>	<u>6,857</u>	<u>16,634</u>	<b><u>148,155</u></b>	<u>142,139</u>
\$ <u>6,357</u>	\$ <u>32,896</u>	\$ <u>6,936</u>	\$ <u>16,824</u>	\$ <b><u>153,874</u></b>	\$ <u>148,155</u>

See accompanying note to the financial statements

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# **Township of West Lincoln Trust Funds Note to the Financial Statements**

For the Year Ended December 31, 2014

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## **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.