

Consolidated Financial Statements of

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

Year ended December 31, 2020

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Township of West Lincoln (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations, accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2020, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Burlington, Ontario

June 28, 2021

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants


Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Town of West Lincoln (the "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.


The Municipality's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

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

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



Chief Administrative Officer



Treasurer

June 28, 2021

The Corporation of the Township of West Lincoln

Consolidated Statement of Financial Position

As at December 31, 2020

2020

2019

Financial assets

Cash and cash equivalents (Note 2)	\$ 16,605,867	\$ 11,231,215
Portfolio investments (Note 3)	7,328,540	12,425,777
Taxes receivable	1,952,989	1,843,260
User charges receivable	820,385	779,441
Accounts receivable	1,593,301	1,825,432
Long term receivables	154	516
Investment in subsidiary (Note 4)	<u>7,753,184</u>	<u>7,613,259</u>
	<u>36,054,420</u>	<u>35,718,900</u>

Liabilities

Accounts payable and accrued liabilities	3,770,531	3,467,259
Other liabilities	2,297,733	2,068,065
Due to trust funds (Note 18)	250,013	239,487
Deferred revenue (Note 5)	6,463,045	6,658,423
YMCA obligation (Note 6)	105,000	157,500
Long term debt (Note 7)	17,833,766	18,496,046
Liability for contaminated site (Note 8)	297,445	287,615
Employee benefit obligations (Note 9)	<u>890,326</u>	<u>802,957</u>
	<u>31,907,859</u>	<u>32,177,352</u>

Net financial assets

	<u>4,146,561</u>	<u>3,541,548</u>
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Non-financial assets

Tangible capital assets (Pages 27 and 28)	91,817,649	88,833,234
Inventory	16,417	17,866
Prepaid expenses	<u>127,882</u>	<u>144,014</u>
	<u>91,961,948</u>	<u>88,995,114</u>


Accumulated surplus (Note 10)

	<u>\$ 96,108,509</u>	<u>\$ 92,536,662</u>
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Contingencies and commitment (Notes 19 and 20)

Impact of COVID-19 pandemic (Note 25)

Approved by



 Chief Administrative Officer



 Treasurer

See accompanying notes and schedules to the consolidated financial statements

The Corporation of the Township of West Lincoln
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended December 31, 2020

	Budget <u>2020</u> (Note 22)	Actual <u>2020</u>	Actual <u>2019</u>
Revenue			
Taxation (Note 12)	\$ 8,494,100	\$ 8,552,705	\$ 7,993,602
User charges (Note 14)	5,048,000	5,022,238	4,774,051
Government transfers (Note 15)	1,490,100	1,457,124	1,727,576
Other (Note 16)	<u>1,119,700</u>	<u>1,228,727</u>	<u>2,049,739</u>
	<u>16,151,900</u>	<u>16,260,794</u>	<u>16,544,968</u>
Expenses			
General government	2,477,842	2,288,015	2,010,807
Protection to persons and property	1,828,911	1,585,922	1,591,272
Transportation services	4,333,454	4,110,361	4,204,781
Environmental services	4,379,488	4,458,538	3,792,438
Health services	114,021	97,930	70,291
Recreation and culture services	3,623,379	3,091,193	2,616,154
Planning and development	<u>715,192</u>	<u>760,619</u>	<u>649,504</u>
	<u>17,472,287</u>	<u>16,392,578</u>	<u>14,935,247</u>
Net (expenses) revenue	<u>(1,320,387)</u>	<u>(131,784)</u>	<u>1,609,721</u>
Other			
Revenue related to tangible capital assets			
User charges (Note 14)	1,838,100	698,584	136,288
Government transfers (Note 15)	1,390,610	1,579,250	435,269
Other (Note 16)	5,000	211,412	190,630
Contributed tangible capital assets	-	1,256,793	3,022,995
Loss on disposal of tangible capital assets	-	(182,333)	(183,314)
Change in equity of subsidiary (Note 4)	<u>-</u>	<u>139,925</u>	<u>13,875</u>
	<u>3,233,710</u>	<u>3,703,631</u>	<u>3,615,743</u>
Annual surplus	1,913,323	3,571,847	5,225,464
Accumulated surplus (Note 10)			
Beginning of year	<u>92,536,662</u>	<u>92,536,662</u>	<u>87,311,198</u>
End of year	<u>\$ 94,449,985</u>	<u>\$ 96,108,509</u>	<u>\$ 92,536,662</u>

See accompanying notes and schedules to the consolidated financial statements

The Corporation of the Township of West Lincoln

Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2020

	Budget <u>2020</u> (Note 22)	Actual <u>2020</u>	Actual <u>2019</u>
Annual surplus	\$ 1,913,323	\$ 3,571,847	\$ 5,225,464
Amortization of tangible capital assets	3,195,586	3,195,586	2,688,801
Acquisition of tangible capital assets	(6,833,147)	(8,040,194)	(25,781,618)
Capitalization of prior year construction in process	–	1,677,860	17,751,467
Loss on disposal of tangible capital assets	–	182,333	183,314
Proceeds from sale of tangible capital assets	–	–	52,833
	(1,724,238)	587,432	120,261
Use of inventory	–	1,449	1,657
Use (acquisition) of prepaid expenses	–	16,132	(30,603)
Change in net financial assets	(1,724,238)	605,013	91,315
Net financial assets			
Beginning of year	<u>3,541,548</u>	<u>3,541,548</u>	<u>3,450,233</u>
End of year	<u>\$ 1,817,310</u>	<u>\$ 4,146,561</u>	<u>\$ 3,541,548</u>

See accompanying notes and schedules to the consolidated financial statements

The Corporation of the Township of West Lincoln

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2020

2020

2019

Operating activities		
Annual surplus	\$ 3,571,847	\$ 5,225,464
Non-cash items		
Amortization	3,195,586	2,688,801
Loss on disposal of tangible capital assets	182,333	183,314
(Increase) decrease in taxes receivable	(109,729)	129,669
Increase in user charges receivable	(40,944)	(81,890)
Decrease in accounts receivable	232,131	330,706
Increase (decrease) in accounts payable and accrued liabilities	303,272	(2,693,275)
Increase (decrease) in other liabilities	229,668	(222,942)
Increase in due to trust funds	10,526	9,275
(Decrease) increase in deferred revenue	(195,378)	1,269,156
Decrease in YMCA obligation	(52,500)	(52,500)
Increase in liability for contaminated sites	9,830	6,027
Increase in employee benefit obligations	87,369	30,207
Decrease in inventory	1,449	1,657
Decrease (increase) in prepaid expenses	16,132	(30,603)
	<u>7,441,592</u>	<u>6,793,066</u>
Capital activities		
Proceeds from sale of tangible capital assets	–	52,833
Capitalization of prior year construction in progress	1,677,860	17,751,467
Acquisition of tangible capital assets	(8,040,194)	(25,781,618)
	<u>(6,362,334)</u>	<u>(7,977,318)</u>
Investing activities		
Decrease in portfolio investments	5,097,237	4,264,871
Increase in investment in subsidiary	(139,925)	(13,875)
Decrease in long term receivables	362	2,733
	<u>4,957,674</u>	<u>4,253,729</u>
Financing activities		
Issuance of long term debt	–	4,000,000
Payment of long term debt	(662,280)	(528,947)
	<u>(662,280)</u>	<u>3,471,053</u>
Net change in cash and cash equivalents	5,374,652	6,540,530
Cash and cash equivalents		
Beginning of year	<u>11,231,215</u>	<u>4,690,685</u>
End of year	<u>\$ 16,605,867</u>	<u>\$ 11,231,215</u>

See accompanying notes and schedules to the consolidated financial statements

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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

1. Significant accounting policies

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

The significant accounting policies used are as follows:

(a) Reporting entity

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

West Lincoln Public Library Board

Interdepartmental and organizational transactions and balances are eliminated.

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

The statements exclude trust assets that are administered for the benefit of external parties (Note 18).

(b) Basis of accounting

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

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

1. Significant accounting policies (continued)

(c) Financial instruments

i) Measurement

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

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

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

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

ii) Impairment

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

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

(d) Cash and cash equivalents

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

(e) Portfolio investments

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

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

1. Significant accounting policies (continued)

(f) Deferred revenue

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

(g) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when a site is not in productive use and all the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the municipality is directly responsible or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(h) Employee benefit obligations

The Municipality provides certain benefits which will require funding in future periods. These benefits include extended health and dental benefits for certain retirees. The costs of extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, health care cost trends, long-term inflation rates and discount rates.

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

(i) Tangible capital assets

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

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

1. Significant accounting policies (continued)

(i) Tangible capital assets (continued)

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

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

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its estimated useful life for all classes except land. Land is considered to have an infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the consolidated statement of operations.

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

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

(j) Subdivision infrastructure

Subdivision roads, lighting, sidewalks, drainage and other infrastructure are required to be provided by subdivision developers. Upon completion, they are turned over to the Municipality. The Municipality is not involved in the construction and does not budget for either the contribution from the developer or the capital expense.

(k) Reserves for future expenses

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

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

1. Significant accounting policies (continued)

(l) Revenue recognition

i) Taxation

Property tax billings are prepared by the Municipality based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Municipality is required to collect on behalf of the Region of Niagara and the Province of Ontario in respect of education taxes. Realty taxes are billed based on the assessment rolls provided by MPAC. Taxation revenues are recorded at the time tax billings are issued.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessment. Once a supplementary roll is received, the Municipality determines the taxes applicable and renders supplementary tax billings. Assessments of the related property taxes are subject to appeal. Any supplementary billing adjustments made necessary by the determination of such changes will be recognized in the fiscal year they are determined and the effect shared with the Region of Niagara and school boards, as appropriate.

ii) User charges

User charges are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

iii) Government transfers

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

iv) Other

Other revenue is recorded when it is earned and collection is reasonably assured.

v) Investment income

Investment income earned on operating surplus funds and reserves and reserve funds (other than obligatory reserve funds) are recorded as revenue in the period earned. Investment income earned on obligatory reserve funds are recorded directly to each respective fund balance and forms part of the deferred revenue – obligatory reserve funds balance.

(m) Local improvements

The Municipality records capital expenses funded by local improvement agreements as they are incurred. Revenues are recognized in the year they become payable.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

1. Significant accounting policies (continued)

(n) Region of Niagara and school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards and the Region of Niagara are not reflected in the accumulated surplus of these financial statements.

(o) Use of estimates and measurement uncertainty

The preparation of the financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Estimates are used with accounting for items such as accrued liabilities, liability for contaminated site, employee benefit obligations and tangible capital assets.

2. Cash and cash equivalents 2020 2019

Cash and temporary investments are comprised of:

Cash on hand	\$ 1,953	\$ 1,093
Cash held in banks	15,887,199	10,790,200
Investments maturing within three months	<u>716,715</u>	<u>439,922</u>
	<u>\$16,605,867</u>	<u>\$11,231,215</u>

3. Portfolio investments 2020 2019

Guaranteed investment certificates	\$ 5,668,355	\$10,624,411
Debentures and bonds	<u>1,660,185</u>	<u>1,801,366</u>
	<u>\$ 7,328,540</u>	<u>\$12,425,777</u>

Portfolio investments carry an effective interest rate ranging from 0.90% to 3.65% and maturity dates ranging from April 2021 to May 2033. Interest is receivable on an annual basis. Portfolio investments reported on the consolidated statement of financial position have a market value of \$ 7,510,988 (2019 – \$ 12,566,229).

4. Investment in subsidiary

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

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

4. Investment in subsidiary (continued)

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

	<u>2020</u>	<u>2019</u>
Financial position		
Current assets	\$ 1,595,696	\$ 1,578,890
Capital assets	86,476	96,428
Investment	<u>36,299,079</u>	<u>35,733,453</u>
Total assets	<u>37,981,251</u>	<u>37,408,771</u>
Current liabilities	32,109	39,091
Deferred tax liabilities	<u>5,644,211</u>	<u>5,647,768</u>
Total liabilities	<u>5,676,320</u>	<u>5,686,859</u>
Net assets	<u>\$ 32,304,931</u>	<u>\$ 31,721,912</u>
Township of West Lincoln's interest – 24%	<u>\$ 7,753,184</u>	<u>\$ 7,613,259</u>
Change in equity investment in subsidiary		
Revenues	\$ 197,032	\$ 205,386
Expenses	<u>(192,742)</u>	<u>(191,848)</u>
Income from operating activities	4,290	13,538
Gain on investment – Niagara Peninsula Energy Inc.	565,626	337,676
Finance income – net	<u>15,697</u>	<u>24,752</u>
Income before income taxes	585,613	375,966
Future payment in lieu of income taxes	<u>(2,594)</u>	<u>(5,032)</u>
Net income and comprehensive income	583,019	370,934
Dividends	<u>–</u>	<u>(313,121)</u>
Net increase in equity of subsidiary	<u>\$ 583,019</u>	<u>\$ 57,813</u>
Change in equity of subsidiary – 24%	<u>\$ 139,925</u>	<u>\$ 13,875</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

4. Investment in subsidiary (continued)

The financial position information is as reported by PWPI at December 31, 2020 and the results of operations are as reported for the year ended December 31, 2020. The comparative financial position and results of operations figures are as reported by PWPI at December 31, 2019.

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>2020</u>	<u>2019</u>
Electricity purchased	\$ 252,051	\$ 256,420
Contracted services	7,519	11,877

5. Deferred revenue	<u>2020</u>	<u>2019</u>
Development Charges Act	\$ 4,309,542	\$ 3,984,522
Recreational land (Planning Act)	457,947	415,173
Gas tax revenue	706,502	1,125,296
Deferred property tax revenue	868,162	751,244
Other	<u>120,892</u>	<u>382,188</u>
	<u>\$ 6,463,045</u>	<u>\$ 6,658,423</u>

The deferred revenue is made up of the following:

Balance, beginning of year	<u>\$ 6,658,423</u>	<u>\$ 5,389,267</u>
Contributions from		
Development Charges Act	1,197,669	538,254
Interest earned	61,185	103,082
Federal gas tax grants received	450,575	888,805
Federal gas tax grants adjustment	-	18,820
Deferred property tax revenue	868,162	751,244
Other	<u>85,101</u>	<u>245,146</u>
	<u>2,662,692</u>	<u>2,545,351</u>
Utilized for		
Operations	(1,013,122)	(724,909)
Tangible capital asset acquisitions	<u>(1,844,948)</u>	<u>(551,286)</u>
	<u>(2,858,070)</u>	<u>(1,276,195)</u>
Balance, end of year	<u>\$ 6,463,045</u>	<u>\$ 6,658,423</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

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.

2021	52,500
2022	<u>52,500</u>
	<u>\$ 105,000</u>

7. Long term debt

2020

2019

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

\$ 17,833,766

\$ 18,496,046

The balance of long term debt reported on the consolidated statement of financial position is made up of the following:

By-Law Number	Purpose	Interest Rate	Maturity Date	<u>2020</u>	<u>2019</u>
2017-83	Recreation Centre	3.53%	2048	\$ 13,750,000	\$ 14,250,000
2017-83	Bridge 12	3.16%	2028	217,100	246,046
2019-101	Recreation Centre	2.80%	2049	<u>3,866,666</u>	<u>4,000,000</u>
				<u>\$ 17,833,766</u>	<u>\$ 18,496,046</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

7. Long term debt (continued)

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

2021	\$ 662,280
2022	662,280
2023	662,280
2024	662,280
2025	662,280
Thereafter	14,522,366

The Municipality paid \$ 618,942 (2019 – \$ 524,762) interest on long term debt during the year.

8. Liability for contaminated site

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

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

A three-year average 2018-2020 Statistics Canada Construction Price index for the Toronto Census Metropolitan Area has been applied to \$ 175,000 to reflect the present value of this estimated remediation cost.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

9. Employee benefit obligations	<u>2020</u>	<u>2019</u>
Accrued vacation pay	\$ 312,126	\$ 228,757
Retirement benefits	<u>578,200</u>	<u>574,200</u>
	890,326	802,957
Less: accrued vacation pay funded	<u>312,126</u>	<u>228,757</u>
Liabilities to be recovered in the future	<u>578,200</u>	<u>574,200</u>

Retirement benefits

	<u>2020</u>	<u>2019</u>
Accrued benefit obligation:		
Balance, beginning of year	\$ 569,600	\$ 562,638
Current benefit cost	39,600	38,500
Interest	16,300	16,062
Benefits paid	(51,400)	(42,500)
Actuarial gain	<u>—</u>	<u>(5,100)</u>
Balance, end of year	574,100	569,600
Unamortized actuarial gain	<u>4,100</u>	<u>4,600</u>
Accrued benefit liability, end of year	<u>\$ 578,200</u>	<u>\$ 574,200</u>

Included in expenses is \$ 500 (2019 – \$ 500) for amortization of the actuarial gain. The unamortized actuarial gain is amortized over the expected average remaining service life of 11 years.

The Municipality provides employees with health and dental benefits between the time an employee retires under the OMERS retirement provisions to the age of sixty-five. The accrued benefit obligation was determined by actuarial valuation using a discount rate of 2.80% (2019 – 2.80%). Medical costs were assumed to increase in 2020 at 5.51%, decreasing by 0.076% per year until the rate of increase is 4.00%. Dental costs were assumed to increase 4.00% per year. In order to qualify for retirement benefits, CUPE employees must be employed by the Municipality for at least twenty-five years and be a part of OMERS for at least twenty-five years, non-CUPE employees must be employed by the Municipality for at least fifteen years, and be a part of OMERS for at least twenty years.

10. Accumulated surplus	<u>2020</u>	<u>2019</u>
Operating surplus	\$ 874,358	\$ 587,088
Investment in subsidiary	7,753,184	7,613,259
Unfunded:		
Liability for contaminated sites	(297,445)	(287,615)
Employee benefit obligations	(578,200)	(574,200)
Investment in tangible capital assets (net of long term debt)	73,983,883	70,337,188
Reserves and reserve funds (Note 11)	<u>14,372,729</u>	<u>14,860,942</u>
	<u>\$ 96,108,509</u>	<u>\$ 92,536,662</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

11. Reserves and reserve funds	<u>2020</u>	<u>2019</u>
Reserves set aside for specific purposes by Council		
Corporate and administrative services		
Accessibility	\$ 29,491	\$ 29,491
Working funds	90,159	135,159
Contingencies	1,191,941	1,490,899
Technology	176,662	89,953
Hospital	1,250,000	1,250,000
Insurance	187,655	187,655
Rate stabilization	59,000	59,000
Election	83,076	48,920
Recreation	1,004	1,004
Library	262,515	174,894
Capital	1,648,527	1,871,110
Wind turbine community fund	<u>943,508</u>	<u>791,887</u>
	<u>5,923,538</u>	<u>6,129,972</u>
Public works and engineering		
Fire trucks and equipment	542,160	648,030
Road equipment	1,404,749	891,027
Industrial park	467,843	876,868
Bridges	236,308	227,791
Sidewalks	151,582	124,651
Facilities	323,925	197,082
Streetlights	64,752	64,752
Sewers	1,484,799	1,246,533
Water	994,939	892,764
Winter control	475,200	412,100
Cemeteries	18,823	33,119
Arena building	21,943	12,555
Settlement road agreement	<u>1,078,100</u>	<u>1,755,133</u>
	<u>7,265,123</u>	<u>7,382,405</u>
Planning and development		
Planning	350,275	313,760
Building revenues	<u>833,793</u>	<u>1,034,805</u>
	<u>1,184,068</u>	<u>1,348,565</u>
	<u>\$14,372,729</u>	<u>\$14,860,942</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

12. Taxation	Budget 2020	Actual 2020	Actual 2019
Real property	\$ 25,595,207	\$ 25,700,759	\$ 23,986,987
From other governments			
Payments in lieu of taxes	<u>1,112,855</u>	<u>1,112,873</u>	<u>1,111,481</u>
	<u>26,708,062</u>	<u>26,813,632</u>	<u>25,098,468</u>
Less: taxation collected on behalf of (Note 13)			
Region of Niagara	13,801,277	13,848,947	12,739,449
School boards	<u>4,412,685</u>	<u>4,411,980</u>	<u>4,365,417</u>
	<u>18,213,962</u>	<u>18,260,927</u>	<u>17,104,866</u>
Net taxes available for municipal purposes	<u>\$ 8,494,100</u>	<u>\$ 8,552,705</u>	<u>\$ 7,993,602</u>
Residential and farm	\$ 6,871,210	\$ 6,796,866	\$ 6,295,421
Commercial	1,153,630	1,388,933	1,360,590
Industrial	<u>469,260</u>	<u>366,906</u>	<u>337,591</u>
Net taxes available for municipal purposes	<u>\$ 8,494,100</u>	<u>\$ 8,552,705</u>	<u>\$ 7,993,602</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

13. Collections for the Region of Niagara and school boards

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

	<u>2020</u>	<u>2019</u>
Region of Niagara	\$ 13,848,947	\$ 12,739,449
School boards	<u>4,411,980</u>	<u>4,365,417</u>
	<u>\$ 18,260,927</u>	<u>\$ 17,104,866</u>

The Municipality is required to levy and collect taxes on behalf of the Region of Niagara and the school boards. These taxes are recorded as revenue at the amounts levied. The taxes levied over (under) the amounts requisitioned are recorded as accounts payable (receivable).

The Municipality collects development charges on behalf of the Region of Niagara and the Niagara Catholic District School Board. Development charges collected in excess of those paid to the Region of Niagara and the Niagara Catholic District School Board are recorded as accounts payable.

14. User charges	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Operating			
Direct water and sewer billings	\$ 3,615,400	\$ 3,815,168	\$ 3,421,173
Licences and permits	446,000	427,845	339,186
Lot levies and development charges	93,200	261,878	124,471
Recreation	390,500	208,335	377,262
Rents and concessions	49,100	49,698	47,819
Other	<u>453,800</u>	<u>259,314</u>	<u>464,140</u>
	<u>5,048,000</u>	<u>5,022,238</u>	<u>4,774,051</u>
Capital			
Lot levies and development charges	<u>1,838,100</u>	<u>698,584</u>	<u>136,288</u>
	<u>\$ 6,886,100</u>	<u>\$ 5,720,822</u>	<u>\$ 4,910,339</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

15. Government transfers	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Operating			
Province of Ontario	\$ 1,340,100	\$ 1,280,133	\$ 1,689,964
Government of Canada	–	40,374	25,384
Municipal	<u>150,000</u>	<u>136,617</u>	<u>12,228</u>
	<u>1,490,100</u>	<u>1,457,124</u>	<u>1,727,576</u>
Capital			
Province of Ontario	1,360,610	492,629	101,389
Government of Canada	–	869,369	233,880
Municipal	<u>30,000</u>	<u>217,252</u>	<u>100,000</u>
	<u>1,390,610</u>	<u>1,579,250</u>	<u>435,269</u>
	<u>\$ 2,880,710</u>	<u>\$ 3,036,374</u>	<u>\$ 2,162,845</u>
16. Other revenue			
	Budget <u>2020</u>	Actual <u>2020</u>	Actual <u>2019</u>
Operating			
Penalties and interest on taxes	\$ 300,000	\$ 291,782	\$ 322,501
Other fines	27,800	21,594	24,036
Interest and dividend income	240,000	383,033	508,256
Interest income – reserves and reserve funds	–	12,322	26,836
Other	131,900	68,496	716,610
Community Fund	<u>420,000</u>	<u>451,500</u>	<u>451,500</u>
	<u>1,119,700</u>	<u>1,228,727</u>	<u>2,049,739</u>
Capital			
Developer contribution	–	48,299	–
Other	<u>5,000</u>	<u>163,113</u>	<u>190,360</u>
	<u>5,000</u>	<u>211,412</u>	<u>190,360</u>
	<u>\$ 1,124,700</u>	<u>\$ 1,440,139</u>	<u>\$ 2,240,099</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

17. Pension agreements

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

Since OMERS is a multi-employer pension plan, the Municipality does not recognize any share of the pension plan deficit of \$ 3.21 billion (2019 – \$ 3.40 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 2020 calendar year at rates ranging from 9.0% to 15.8% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the consolidated statement of operations. Employer contributions to OMERS for 2020 current and past service was \$ 380,812 (2019 – \$ 358,248) and were matched by employee contributions in a similar amount.

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

Trust funds administered by the Municipality amounting to \$ 250,013 (2019 – \$ 239,487) have not been included in the consolidated statement of financial position nor have these operations been included in the consolidated statement of operations.

19. Contingencies

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

20. Commitment

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

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

21. Measurement uncertainty

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

22. Budget

The budget by-law adopted by Council on February 25, 2020 was not prepared on a basis consistent with that used to report actual results in accordance with Canadian public sector accounting standards. The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. As a result, the budget figures presented in the consolidated statements of operations and changes in net financial assets represent the Council approved budget and subsequent budget amendments, with the following adjustments:

Approved budgeted annual surplus	\$	–
Add: Acquisition of tangible capital assets		6,833,147
YMCA obligation		52,500
Debenture principal repayment		662,400
Transfers to reserves and reserve funds		2,453,000
Less: Transfers from reserves and reserve funds		(3,949,538)
Debenture proceeds		(942,600)
Amortization of tangible capital assets		<u>(3,195,586)</u>
Budgeted surplus reported on the consolidated statement of operations	\$	<u>1,913,323</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

23. Segmented information

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

General government

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

Protection to persons and property

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

Transportation services

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

Environmental services

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

Health services

Health services department is responsible for cemetery operations.

Recreation and culture services

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

Planning and development

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

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

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

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2020

24. Financial instruments and risks

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

Credit risk

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

Liquidity risk

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

25. Impact of COVID-19 pandemic

Effective March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Municipality's operations and financial position is not known at this time. These impacts could include a decline in future cash flows and changes to the value of assets and liabilities. In order to mitigate risk, the Municipality continues to actively monitor and assess the impact of the pandemic on its operating activities and services.

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

For the Year Ended December 31, 2020

	<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>2020</u>
Cost								
Beginning of year	\$ 4,112,267	\$ 5,293,447	\$25,106,774	\$ 5,540,864	\$ 4,220,841	\$ 81,741,190	\$ 178,640	\$126,194,023
Add: additions	—	146,562	92,682	956,438	214,616	4,926,863	1,703,033	8,040,194
Less: disposals	—	—	—	—	162,088	490,962	1,677,860	2,330,910
End of year	<u>4,112,267</u>	<u>5,440,009</u>	<u>25,199,456</u>	<u>6,497,302</u>	<u>4,273,369</u>	<u>86,177,091</u>	<u>203,813</u>	<u>131,903,307</u>
Accumulated amortization								
Beginning of year	—	1,718,944	2,180,277	2,866,141	1,120,864	29,474,563	—	37,360,789
Add: amortization	—	179,874	580,927	297,872	329,559	1,807,354	—	3,195,586
Less: amortization on disposals	—	—	—	—	162,088	308,629	—	470,717
End of year	<u>—</u>	<u>1,898,818</u>	<u>2,761,204</u>	<u>3,164,013</u>	<u>1,288,335</u>	<u>30,973,288</u>	<u>—</u>	<u>40,085,658</u>
Net book value	<u>\$ 4,112,267</u>	<u>\$ 3,541,191</u>	<u>\$22,438,252</u>	<u>\$ 3,333,289</u>	<u>\$ 2,985,034</u>	<u>\$ 55,203,803</u>	<u>\$ 203,813</u>	<u>\$ 91,817,649</u>

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

For the Year Ended December 31, 2019

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

The Corporation of the Township of West Lincoln Consolidated Schedule of Segment Disclosure

For the Year Ended December 31, 2020

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Culture Services	Planning and Development	Consolidated
Revenues								
Taxation	\$ 1,728,115	\$ 1,251,349	\$ 2,562,193	\$ 88,975	\$ 87,280	\$ 2,284,151	\$ 550,642	\$ 8,552,705
User charges	306,106	586,518	413,875	3,882,758	18,612	307,410	205,543	5,720,822
Government transfers	1,131,110	1,150	1,579,250	203,287	–	84,557	37,020	3,036,374
Other	1,157,159	14,702	55,489	16,069	619	160,603	35,498	1,440,139
Contributed tangible capital assets	–	–	413,340	823,972	–	19,481	–	1,256,793
Loss on disposal of tangible capital assets	–	–	(182,333)	–	–	–	–	(182,333)
Change in equity of subsidiary	139,925	–	–	–	–	–	–	139,925
	<u>4,462,415</u>	<u>1,853,719</u>	<u>4,841,814</u>	<u>5,015,061</u>	<u>106,511</u>	<u>2,856,202</u>	<u>828,703</u>	<u>19,964,425</u>
Expenses								
Salaries and benefits	1,628,974	714,074	1,627,273	367,636	–	1,233,619	509,051	6,080,627
Interest on long term debt	111,371	–	7,222	–	–	493,207	–	611,800
Operating materials and Supplies	270,932	146,720	774,847	983,021	3,360	389,104	12,493	2,580,477
Contracted services	380,423	354,197	682,316	1,785,093	83,549	207,676	229,184	3,722,438
Rent and financial expenses	36,467	–	2,069	–	–	17,138	–	55,674
External transfers to others	18,750	1,120	–	–	10,300	12,570	–	42,740
Tax write-offs	102,156	–	1,080	–	–	–	–	103,236
Interfunctional adjustments	(495,600)	165,300	(329,000)	570,200	–	79,600	9,500	–
Amortization	234,542	204,511	1,344,554	752,588	721	658,279	391	3,195,586
	<u>2,288,015</u>	<u>1,585,922</u>	<u>4,110,361</u>	<u>4,458,538</u>	<u>97,930</u>	<u>3,091,193</u>	<u>760,619</u>	<u>16,392,578</u>
Annual surplus (deficit)	<u>\$ 2,174,400</u>	<u>\$ 267,797</u>	<u>\$ 731,453</u>	<u>\$ 556,523</u>	<u>\$ 8,581</u>	<u>\$ (234,991)</u>	<u>\$ 68,084</u>	<u>\$ 3,571,847</u>

The Corporation of the Township of West Lincoln

Consolidated Schedule of Segment Disclosure

For the Year Ended December 31, 2019

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

Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Trust Funds of The Corporation of the Township of West Lincoln (the "Municipality"), which comprise the statement of financial position as at December 31, 2020, and the statement of operations and accumulated surplus for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2020, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Burlington, Ontario

June 28, 2021

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

The Corporation of the Township of West Lincoln Trust Funds

Statement of Financial Position

As at December 31, 2020

	Bismark United Church Cemetery	Bethel Cemetery Perpetual Care	Cemetery Perpetual Care	Marker Perpetual Care	St. Ann's Cemetery	Waite Cemetery Trust	Union Cemetery Trust	Union Cemetery Monuments	Union Cemetery Care & Maintenance	Caistor Baptist Cemetery	2020 Total	2019 Total
Financial assets												
Due from Corporation of the Township of West Lincoln (Note 2)	\$ 48,339	\$ 16,898	\$ 82,535	\$ 19,664	\$ 5,993	\$ 6,848	\$ 35,444	\$ 7,474	\$ 18,128	\$ 8,690	\$ 250,013	\$ 239,487
Net financial assets and accumulated surplus	<u>\$ 48,339</u>	<u>\$ 16,898</u>	<u>\$ 82,535</u>	<u>\$ 19,664</u>	<u>\$ 5,993</u>	<u>\$ 6,848</u>	<u>\$ 35,444</u>	<u>\$ 7,474</u>	<u>\$ 18,128</u>	<u>\$ 8,690</u>	<u>\$ 250,013</u>	<u>\$ 239,487</u>

Statement of Operations and Accumulated Surplus

For the Year Ended December 31, 2020

Revenue												
Perpetual care agreements	\$ —	\$ —	\$ 5,700	\$ 2,100	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 7,800	\$ 4,500
Interest earned	535	187	883	206	66	76	393	83	201	96	2,726	4,775
	535	187	6,583	2,306	66	76	393	83	201	96	10,526	9,275
Expenses												
Other	—	—	—	—	—	—	—	—	—	—	—	—
Annual surplus	535	187	6,583	2,306	66	76	393	83	201	96	10,526	9,275
Accumulated surplus												
Beginning of year	47,804	16,711	75,952	17,358	5,927	6,772	35,051	7,391	17,927	8,594	239,487	230,212
End of year	<u>\$ 48,339</u>	<u>\$ 16,898</u>	<u>\$ 82,535</u>	<u>\$ 19,664</u>	<u>\$ 5,993</u>	<u>\$ 6,848</u>	<u>\$ 35,444</u>	<u>\$ 7,474</u>	<u>\$ 18,128</u>	<u>\$ 8,690</u>	<u>\$ 250,013</u>	<u>\$ 239,487</u>

See accompanying notes to the financial statements

The Corporation of the Township of West Lincoln Trust Funds Notes to the Financial Statements

For the Year Ended December 31, 2020

1. Accounting policies

The financial statements of the Trust Funds of the Corporation of the Township of West Lincoln are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements and actual results could differ from those judgements. Significant accounting policies adopted by the Trust Funds are as follows:

(a) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods and services and the creation of a legal obligation to pay.

2. Due from Corporation of the Township of West Lincoln

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

3. Statement of cash flows

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