

Consolidated Financial Statements of

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

December 31, 2023

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Township 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 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 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 KPMG 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



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the consolidated financial statements of the Corporation of the Township of West Lincoln ("the Township"), which comprise:

- the consolidated statement of financial position as at December 31, 2023
 - the consolidated statement of operations and accumulated surplus for the year then ended
 - the consolidated statement of changes in net financial assets for the year then ended
 - the consolidated statement of cash flows for the year then ended
 - and notes to the consolidated financial statements, including a summary of significant accounting policies
- (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2023, and its consolidated results of operations and accumulated surplus, its consolidated changes in net financial assets 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 Financial Statements***" section of our auditor's report.

We are independent of the Township 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.



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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 Townships' 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 Township or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Townships' 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 the 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.



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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 Townships' 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 Townships' 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 Township 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Township to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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DRAFT

Chartered Professional Accountants, Licensed Public Accountants,

Hamilton, Canada
July 15, 2024

The Corporation of the Township of West Lincoln

Consolidated Statement of Financial Position

As At December 31, 2023

	2023	2022
Financial assets		
Cash and cash equivalents (Note 3)	\$ 7,243,028	\$ 12,444,767
Portfolio investments (Note 4)	17,168,799	12,835,354
Taxes receivable	2,443,449	2,347,733
User charges receivable	836,579	825,188
Accounts receivable	1,251,867	1,420,830
Long term receivables	72,300	47,051
Investment in subsidiary (Note 5)	8,190,921	7,988,771
	37,206,943	37,909,694
Liabilities		
Accounts payable and accrued liabilities	4,329,650	3,742,921
Other liabilities	2,317,137	2,459,261
Due to trust funds (Note 19)	279,172	271,963
Deferred revenue (Note 6)	4,934,402	6,266,700
Long term debt (Note 8)	19,299,526	17,349,206
Liability for contaminated site (Note 9)	1,015,395	945,900
Employee future benefit obligations (Note 10)	1,064,350	1,042,970
	33,239,632	32,078,921
Net financial assets	3,967,311	5,830,773
Non-financial assets		
Tangible capital assets (Pages 30 and 31)	101,603,572	93,668,677
Inventory	17,751	25,205
Prepaid expenses	244,210	224,037
	101,865,533	93,917,919
Accumulated surplus (Note 11)	\$ 105,832,844	\$ 99,748,692

Contingencies (Note 20)

Commitments (Note 21)

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, 2023

	Budget 2023	Actual 2023	Actual 2022
	(Note 23)		
Revenues			
Taxation (Note 13)	\$ 10,224,650	\$ 10,285,033	\$ 9,529,359
User charges (Note 15)	6,284,180	6,034,524	5,400,840
Government transfers (Note 16)	1,162,620	1,272,459	1,162,595
Other (Note 17)	1,142,840	1,999,683	1,754,335
	<u>18,814,290</u>	<u>19,591,699</u>	<u>17,847,129</u>
Expenses			
General government	4,223,916	2,972,630	3,262,645
Protection to persons and property	2,135,814	2,027,367	1,825,305
Transportation services	4,779,489	4,525,202	5,036,021
Environmental services	5,198,476	5,027,992	4,186,332
Health services	141,777	111,703	119,899
Recreation and cultural services	2,774,138	4,075,881	3,779,225
Planning and development	1,039,122	1,103,305	620,843
	<u>20,292,732</u>	<u>19,844,080</u>	<u>18,830,270</u>
Net expense before other	<u>(1,478,442)</u>	<u>(252,381)</u>	<u>(983,141)</u>
Other			
Revenue related to tangible capital assets			
User charges (Note 15)	430,800	1,276,918	997,893
Government transfers (Note 16)	1,141,600	1,933,508	1,496,851
Other (Note 17)	4,950	103,145	13,378
Contributed tangible capital assets	-	2,927,836	-
(Loss) gain on disposal of tangible capital assets	-	(107,024)	639
Change in equity of subsidiary (Note 5)	-	202,150	91,877
	<u>1,577,350</u>	<u>6,336,533</u>	<u>2,600,638</u>
Annual surplus	98,908	6,084,152	1,617,497
Accumulated surplus (Note 11)			
Beginning of year	99,748,692	99,748,692	98,131,195
End of year	<u>\$ 99,847,600</u>	<u>\$ 105,832,844</u>	<u>\$ 99,748,692</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, 2023

	Budget 2023	Actual 2023	Actual 2022
	(Note 23)		
Annual surplus	\$ 98,908	\$ 6,084,152	\$ 1,617,497
Amortization of tangible capital assets	3,421,630	3,421,630	3,468,073
Acquisition of tangible capital assets	(5,379,900)	(11,559,041)	(4,344,969)
Capitalization of prior year construction in progress	-	-	493
Loss (gain) disposal of tangible capital assets	-	107,024	(639)
Proceeds from sale of tangible capital assets	-	95,492	18,196
	(1,859,362)	(1,850,743)	758,651
Use (acquisition) of inventory	-	7,454	(8,983)
Acquisition of prepaid expenses	-	(20,173)	(59,648)
Change in net financial assets	(1,859,362)	(1,863,462)	690,020
Net financial assets			
Beginning of year	5,830,773	5,830,773	5,140,753
End of year	\$ 3,971,411	\$ 3,967,311	\$ 5,830,773

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, 2023

	2023	2022
Operating activities		
Annual surplus	\$ 6,084,152	\$ 1,617,497
Non-cash items		
Amortization of tangible capital assets	3,421,630	3,468,073
(Gain) loss disposal of tangible capital assets	107,024	(639)
Increase in taxes receivable	(95,716)	(384,184)
Increase (decrease) in user charges receivable	(11,391)	68,847
(Decrease) increase in accounts receivable	168,963	(148,743)
Increase (decrease) in accounts payable and accrued liabilities	586,729	(87,200)
Decrease in other liabilities	(142,124)	(81,571)
Increase in due to trust funds	7,209	10,950
Decrease in deferred revenue	(1,332,298)	(687,004)
Increase in liability for contaminated site	69,495	643,233
Increase in employee benefit obligations	21,380	81,049
Decrease (increase) in inventory	7,454	(8,983)
Increase in prepaid expenses	(20,173)	(59,648)
	<u>8,872,334</u>	<u>4,431,677</u>
Capital activities		
Proceeds from sale of tangible capital assets	95,492	18,196
Capitalization of prior year construction in progress	-	493
Acquisition of tangible capital assets	(11,559,041)	(4,344,969)
	<u>(11,463,549)</u>	<u>(4,326,280)</u>
Investing activities		
Increase in portfolio investments	(4,333,445)	(2,698,165)
Increase in investment in subsidiary	(202,150)	(91,877)
Increase in long term receivables	(25,249)	(25,728)
	<u>(4,560,844)</u>	<u>(2,815,770)</u>
Financing activities		
Issuance of long term debt	2,672,600	-
Payment of long term debt	(722,280)	(722,281)
	<u>1,950,320</u>	<u>(722,281)</u>
Net change in cash and cash equivalents	(5,201,739)	(3,432,654)
Cash and cash equivalents		
Beginning of year	<u>12,444,767</u>	<u>15,877,421</u>
End of year	<u>\$ 7,243,028</u>	<u>\$ 12,444,767</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, 2023

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 5). Under the modified equity basis, the government 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 consolidated financial statements exclude trust assets that are administered for the benefit of external parties (Note 19).

(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) 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 or fair value depending on the nature of the instrument.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(c) Financial instruments (continued)

i) Measurement (continued)

Financial assets measured at amortized cost include cash and cash equivalents, portfolio investments (excluding derivatives or equity instruments quoted in an active market), 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

The Municipality's portfolio investments, which exclude derivatives or equity instruments quoted in an active market, are valued at amortized cost.

Investments are carried at amortized cost or fair value depending on the nature of the financial instrument. Discounts and premiums arising on the purchase of investments carried at cost are amortized over the term of the investments. Unrealized gains and losses from investments carried at fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gains or losses are reclassified from the Consolidated Statement of Remeasurement Gains and Losses and recognized in the Consolidated Statement of Operations and Accumulated Surplus. When there has been a loss in value that is other than a temporary decline in market value, the respective investment is written down to recognize the loss.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(e) Portfolio investments (continued)

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the reliability of the data used to determine fair value, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities, either directly (ie. as prices) or indirectly (ie. derived from prices); and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The fair value hierarchy requires the use of observable data from the market each time such data exists. A financial instrument is classified at the lowest level of hierarchy for which have been considered in measuring fair value.

(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.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(h) Employee future 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.

The cost of multi-employer defined benefit pension plan benefits, such as the Ontario Municipal Employees Retirement System ("OMERS") pensions, are the employer's contributions due to the plan in the period. OMERS has been accounted for as a defined contribution plan since it is a multi-employer plan.

(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 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.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(i) Tangible capital assets (continued)

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) Asset retirement obligations

Asset retirement obligations represent the legal obligations associated with the retirement of a tangible capital asset that result from its acquisition, construction, development, or normal use. The tangible assets include, but are not limited to, assets in productive use, assets no longer in productive use, and leased tangible capital assets.

The liability associated with an asset retirement obligation is measured with reference to the best estimate of the amount required to ultimately remediate the liability at the financial statement date, to the extent that all recognition criteria are met. Asset retirement obligations are only recognized when the following conditions are met:

- there is a legal obligation for the Municipality to incur costs in relation to a specific tangible capital asset;
- when the past transaction or event causing the liability has already occurred;
- when economic benefits will need to be given up in order to remediate the liability; and
- when a reasonable estimate of such amount can be made

The best estimate of the liability includes all costs directly attributable to the remediation of the asset retirement obligation, based on the most reliable information that is available as at the applicable reporting date. Where cash flows are expected over future periods, the liability is recognized using a present value technique.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(j) Asset retirement obligations (continued)

When a liability for an asset retirement obligation is initially recognized, a corresponding adjustment to the related tangible capital asset is also recognized for underlying assets that have been reported within the tangible capital asset values presented in the financial statements. Through the passage of time, the carrying value of the liability is adjusted to reflect accretion expenses incurred in the current period. This expense ensures that the time value of money is considered when recognizing outstanding liabilities at each reporting date. The capitalized asset retirement cost within tangible capital assets is also simultaneously depreciated on the same basis as the underlying asset to which it relates. In circumstances when the underlying asset is fully depreciated, the asset retirement obligation will be amortized over the estimated future life until the cash disbursement is made in the future to settle the obligation.

At remediation, the Municipality derecognizes the liability that was established. In some circumstances, gains or losses may be incurred upon settlement related to the ongoing measurement of the liability and corresponding estimates that were made and are recognized in the consolidated statement of operations.

(k) 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.

(l) Reserves for future expenses

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

(m) 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.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

1. Significant accounting policies (continued)

(m) 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 revenue

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.

(n) 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.

(o) 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.

(p) 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 allowances for taxes receivable, accrued liabilities, liability for contaminated site, employee benefit obligations and tangible capital assets.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

2. Accounting policies adopted during the year

PS 3280 Asset Retirement Obligations

PS 3280 Asset Retirement Obligations, a new standard establishing guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. Information presented for comparative purposes should be restated unless the necessary financial data is not reasonably determinable.

The Municipality adopted this new standard on a prospective basis effective January 1, 2023. Management determined that the Municipality does not have any additional asset retirement obligations for 2023.

PS 1201 - Financial Statement Presentation

PS1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

PS 2601 - Foreign Currency Translation

PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Consolidated Statement of Remeasurement Gains and Losses.

PS 3041 - Portfolio Investments

PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

PS 3450 Financial Instruments

PS 3450 Financial Instruments, a new standard establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Consolidated Statement of Remeasurement Gains and Losses.

The Municipality adopted these standards concurrently beginning January 1, 2023 on a prospective basis. As the remeasurement gain (loss) resulting from the adoption of the above accounting standards is nominal to the financial statements of the Municipality, a Consolidated Statement of Remeasurement Gains and Losses has not been prepared.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

3. Cash and cash equivalents

Cash and temporary investments are comprised of:

	2023	2022
Cash on hand	\$ 715	\$ 668
Cash held in banks	5,965,076	5,189,835
Investments maturing within three months	1,277,237	7,254,264
	\$ 7,243,028	\$ 12,444,767

4. Portfolio investments

	2023	2022
Guaranteed investment certificates	\$ 15,239,626	\$ 11,087,117
Debentures and bonds	1,453,854	1,538,389
Accrued interest income	475,319	209,848
	\$ 17,168,799	\$ 12,835,354

Portfolio investments carry an effective interest rate ranging from 1.25% to 6.10% and maturity dates ranging from February 2024 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 \$17,077,206 (2022 - \$12,714,209).

5. 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. (NPEI), 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, 2023

5. Investment in subsidiary (continued)

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

	2023	2022
Financial position		
Current assets	\$ 1,781,669	\$ 1,717,662
Capital assets	60,351	69,265
Investment	38,954,910	37,784,856
Total assets	<u>40,796,930</u>	<u>39,571,783</u>
Current liabilities	58,599	58,433
Deferred tax liabilities	6,609,495	6,226,804
Total liabilities	<u>6,668,094</u>	<u>6,285,237</u>
Net assets	<u>\$ 34,128,836</u>	<u>\$ 33,286,546</u>
Municipality's interest – 24%	<u>\$ 8,190,921</u>	<u>\$ 7,988,771</u>
Results of operations and change in equity investment in subsidiary		
Revenues	\$ 178,803	\$ 215,604
Expenses	(188,282)	(205,572)
(Loss) income from operating activities	(9,479)	10,032
Gain on investment – Niagara Peninsula Energy Inc.	1,731,055	1,421,855
Finance income – net	60,170	24,722
Income before income taxes	<u>1,781,746</u>	<u>1,456,609</u>
Income tax expense	(392,456)	(597,786)
Net income and comprehensive income	<u>1,389,290</u>	<u>858,823</u>
Dividends	(547,000)	(476,000)
Net increase in equity of subsidiary	<u>\$ 842,290</u>	<u>\$ 382,823</u>
Municipality's interest – 24%	<u>\$ 202,150</u>	<u>\$ 91,877</u>

The financial position information is as reported by PWPI at December 31, 2023 and the results of operations are as reported for the year ended December 31, 2023. The comparative financial position and results of operations figures are as reported by PWPI at December 31, 2022.

The below summarizes the Municipality's related party transactions with NPEI. All transactions are in the normal course of operations and are recorded at the exchange value based on normal commercial rates.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

5. Investment in subsidiary (continued)

	2023	2022
Electricity purchased	\$ 295,208	\$ 280,107
Contracted services	9,622	7,298
	\$ 304,830	\$ 287,405

6. Deferred revenue

	2023	2022
Development Charges Act	\$ 2,427,275	\$ 3,548,509
Recreational land (Planning Act)	504,633	487,285
Canada Community - Building Fund	943,962	1,031,111
Deferred property tax revenue	991,991	920,141
Other	66,541	279,654
	\$ 4,934,402	\$ 6,266,700

Deferred revenue is made up of the following:

	2023	2022
Balance, beginning of year	\$ 6,266,700	\$ 6,953,704
Contributions from		
Development Charges Act	312,185	399,333
Interest earned	276,829	148,997
Canada Community - Building Fund	479,864	459,870
Deferred property tax revenue	991,991	920,141
Other	710,020	715,994
	2,770,889	2,644,335
Utilized for		
Operations	(1,306,535)	(1,012,480)
Tangible capital asset acquisitions	(2,796,652)	(2,318,859)
	(4,103,187)	(3,331,339)
Balance, end of year	\$ 4,934,402	\$ 6,266,700

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

7. Credit facility

The Municipality has available an authorized revolving line of credit of \$2,000,000 bearing interest at prime less 0.75% to assist with general operating requirements. The line of credit is unsecured and due on demand. As at year end, the line of credit has not been drawn upon (2022 - \$nil).

8. Long term debt

	<u>2023</u>	<u>2022</u>
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:	\$ 19,299,526	\$ 17,349,206

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>2023</u>	<u>2022</u>
2017-83	Recreation Centre	3.53%	2048	\$ 12,250,000	\$ 12,750,000
2017-83	Bridge 12	3.16%	2028	130,260	159,206
2019-101	Recreation Centre	2.80%	2049	3,466,666	3,600,000
2021-109	Elcho and Concession 5 Roads	2.63%	2036	780,000	840,000
2023-66	Fire Station 2 and Vaughan Road	5.02%	2043	2,672,600	-
				<u>\$ 19,299,526</u>	<u>\$ 17,349,206</u>

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

2024	\$ 855,910
2025	855,910
2026	855,910
2027	855,910
2028	841,437
Thereafter	<u>15,034,449</u>
	<u>\$ 19,299,526</u>

The Municipality paid \$572,063 (2022 - \$595,939) interest on long term debt during the year.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

9. Liability for contaminated site

In 2022, a Consulting Geotechnical and Environmental Engineering firm was hired by the Township to complete an Environmental Site Assessment at 5490 Vaughan Road, the former public works yard owned by the Township of West Lincoln.

The assessment indicated that soil and groundwater quality levels exceeded Ministry of the Environment, Conservation and Parks industrial/commercial land use environmental standards due to the long term effects of salt storage. The estimated remediation cost to employ a stratified depth clean-up approach would be approximately \$945,900. The 2023 Statistics Canada Construction Price Index for the Toronto Census Metropolitan Area has been applied to \$945,900 to reflect the present value of this estimated remediation cost, resulting in an accretion expense of \$69,495.

10. Employee future benefit obligations

	<u>2023</u>	<u>2022</u>
Accrued vacation pay funded	\$ 453,450	\$ 441,670
Retirement benefits	<u>610,900</u>	<u>601,300</u>
	<u>1,064,350</u>	<u>1,042,970</u>
Less: Accrued vacation pay funded	<u>453,450</u>	<u>441,670</u>
Liabilities to be recovered in the future	<u>\$ 610,900</u>	<u>\$ 601,300</u>

Retirement benefits

	<u>2023</u>	<u>2022</u>
Accrued benefit obligation:		
Balance, beginning of year	\$ 508,800	\$ 571,400
Current benefit cost	37,600	50,300
Interest	24,100	17,400
Benefits paid	(43,700)	(42,900)
Actuarial gain	-	(87,400)
	<u>526,800</u>	<u>508,800</u>
Unamortized actuarial gain	<u>84,100</u>	<u>92,500</u>
Accrued benefit liability, end of year	<u>\$ 610,900</u>	<u>\$ 601,300</u>

Included in expenses is \$(8,400) (2022 - \$1,500) for amortization of the actuarial gain. The unamortized actuarial gain is amortized over the expected average remaining service life of 11 years.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

10. Employee future benefit obligations (continued)

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 completed with an effective date of December 31, 2022, using a discount rate of 4.60% (2022 - 4.60%). Medical costs were assumed to increase in 2023 at 6.68%, decreasing by 0.110% per year until the rate of increase is 4.50%. Dental costs were assumed to increase 4.50% 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 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 part of OMERS for at least twenty years.

11. Accumulated surplus

	2023	2022
Operating surplus	\$ 442,519	\$ 571,590
Investment in subsidiary	8,190,921	7,988,771
Unfunded:		
Liability for contaminated sites	(1,015,395)	(945,900)
Employee future benefit obligations	(610,900)	(601,300)
Investment in tangible capital assets (net of long term debt)	82,304,046	76,319,473
Reserves and reserve funds (Note 12)	16,521,653	16,416,058
	\$ 105,832,844	\$ 99,748,692

12. Reserves and reserve funds

	2023	2022
Contingencies	\$ 1,788,504	\$ 1,749,081
Technology	150,420	153,589
Hospital	1,632,302	1,453,997
Insurance	187,655	187,655
Election	45,285	27,373
Library	529,650	332,924
Capital	2,421,155	2,141,844
Wind turbine community fund	379,709	443,847
Fire trucks and equipment	1,533,407	1,661,582
Road equipment	468,770	997,610
Industrial park	455,759	455,759
Bridges	580,932	430,087
Facilities	415,899	412,822
Sidewalks	231,917	201,186

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

12. Reserves and reserve funds (continued)

	2023	2022
Streetlights	64,752	64,752
Sewers	2,128,873	2,151,522
Water	1,668,357	1,379,946
Winter control	643,110	638,000
Cemeteries	127,160	73,979
West Lincoln Community Centre	464,872	352,627
Settlement road agreement	107,100	438,338
Planning	590,572	543,941
Building revenues	(94,507)	123,597
	\$ 16,521,653	\$ 16,416,058

13. Taxation

	Budget 2023	Actual 2023	Actual 2022
Real property	\$ 29,755,298	\$ 29,816,396	\$ 27,792,438
From other governments			
Payments in lieu of taxes	1,116,762	1,126,709	1,119,838
	30,872,060	30,943,105	28,912,276
Less: taxation collected on behalf of others (Note 14)	20,647,410	20,658,072	19,382,917
Net taxes available for municipal purposes	\$ 10,224,650	\$ 10,285,033	\$ 9,529,359
Residential and farm	\$ 8,599,760	\$ 8,302,006	\$ 7,650,242
Commercial	1,155,630	1,532,379	1,481,918
Industrial	469,260	450,648	397,199
Net taxes available for municipal purposes	\$ 10,224,650	\$ 10,285,033	\$ 9,529,359

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

14. 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:

	2023	2022
Region of Niagara	\$ 16,257,827	\$ 15,041,829
School boards	4,400,245	4,341,088
	\$ 20,658,072	\$ 19,382,917

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.

15. User charges

	Budget 2023	Actual 2023	Actual 2022
Operating			
Direct water and sewer billings	\$ 4,478,230	\$ 4,327,279	\$ 4,190,219
Licences and permits	461,340	405,290	344,502
Development charges	265,900	359,346	53,699
Recreation	444,270	491,970	371,841
Rents and concessions	56,010	59,745	57,370
Other	578,430	390,894	383,209
	6,284,180	6,034,524	5,400,840
Capital			
Development charges	430,800	1,276,918	997,893
	\$ 6,714,980	\$ 7,311,442	\$ 6,398,733

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

16. Government transfers

	Budget 2023	Actual 2023	Actual 2022
Operating			
Province of Ontario	\$ 1,150,600	\$ 1,167,697	\$ 1,113,844
Government of Canada	-	10,000	36,802
Municipal	12,020	94,762	11,949
	<u>1,162,620</u>	<u>1,272,459</u>	<u>1,162,595</u>
Capital			
Province of Ontario	539,600	734,348	463,071
Government of Canada	477,000	632,075	1,013,800
Municipal	125,000	567,085	19,980
	<u>1,141,600</u>	<u>1,933,508</u>	<u>1,496,851</u>
	<u>\$ 2,304,220</u>	<u>\$ 3,205,967</u>	<u>\$ 2,659,446</u>

17. Other revenue

	Budget 2023	Actual 2023	Actual 2022
Operating			
Penalties and interest on taxes	\$ 320,000	\$ 383,412	\$ 370,491
Other fines	23,540	49,475	37,294
Interest and dividend income	330,000	1,043,663	600,874
Interest income - reserves and reserve funds	-	34,612	15,995
Other	49,300	37,021	278,181
Community Fund	420,000	451,500	451,500
	<u>1,142,840</u>	<u>1,999,683</u>	<u>1,754,335</u>
Capital			
Developer contribution	-	-	10,378
Other	4,950	103,145	3,000
	<u>4,950</u>	<u>103,145</u>	<u>13,378</u>
	<u>\$ 1,147,790</u>	<u>\$ 2,102,828</u>	<u>\$ 1,767,713</u>

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

18. 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 \$4.20 billion (2022 - \$6.68 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 2023 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 2023 current and past service was \$480,173 (2022 - \$426,751) and were matched by employee contributions in a similar amount.

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

Trust funds administered by the Municipality amounting to \$279,172 (2022 - \$271,963) have not been included in the consolidated statement of financial position nor have these operations been included in the consolidated statement of operations.

20. 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.

21. Commitments

West Lincoln Memorial Hospital

The Township is committed to funding a portion of the local share amount of \$50 million towards the reconstruction of the West Lincoln Memorial Hospital located in Grimsby. The Township approved a plan to contribute \$4,524,850 towards this project. The Township contribution of \$4,524,850 will be due and payable in December 2024. The Township introduced a new hospital levy in 2021 in order to provide funding towards this commitment. The approved plan includes the issuance of a debenture in 2024 in order to provide the required payment that will be due and payable. The funds from the annual hospital levy will be used to fund the principal and interest payments on the debenture.

22. 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.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

23. Budget

The budget by-law adopted by Council on March 27, 2023 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, budget figures presented in the consolidated statements of operations and accumulated surplus and changes in net financial assets represent the Council approved budget and subsequent budget amendments, with the following adjustments.

	<u>2023</u>
Approved budgeted annual surplus	\$ -
Add:	
Acquisition of tangible capital assets	5,379,900
Debenture principal repayment	722,400
Transfer to reserve and reserve funds	2,797,376
Less:	
Transfer from reserve and reserve funds	(4,179,138)
Debenture proceeds	(1,200,000)
Amortization of tangible capital assets	(3,421,630)
Budgeted surplus reported on the consolidated statement of operations	<u>\$ 98,908</u>

24. 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 Consolidated Schedule of Segment Disclosure, 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.

The Corporation of the Township of West Lincoln

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2023

24. Segmented information (continued)

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.

25. Financial instruments and risks

The Municipality's financial instruments consist of cash and cash equivalents, portfolio investments, user charges receivable, accounts receivable, accounts payable and accrued liabilities, other liabilities, and long-term debt. The fair values of these financial instruments approximate their carrying values. It is management's opinion that the Municipality is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The Corporation of the Township of West Lincoln

Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2023

								2023
	Land	Land Improvements	Facilities	Rolling Stock	Equipment	Infrastructure	Construction in Progress	Total
Cost								
Beginning of year	\$ 4,112,267	\$ 5,637,567	\$ 25,891,656	\$ 6,944,668	\$ 4,554,057	\$ 89,651,118	\$ 2,171,517	\$ 138,962,850
Add: additions	123,000	274,215	85,018	2,030,034	441,515	6,991,040	1,614,219	11,559,041
Less: disposals	-	(110,928)	(46,059)	(544,149)	(224,082)	(774,445)	-	(1,699,663)
End of year	<u>4,235,267</u>	<u>5,800,854</u>	<u>25,930,615</u>	<u>8,430,553</u>	<u>4,771,490</u>	<u>95,867,713</u>	<u>3,785,736</u>	<u>148,822,228</u>
Accumulated amortization								
Beginning of year	-	2,108,804	3,889,733	3,007,588	1,676,333	34,611,715	-	45,294,173
Add: amortization	-	173,663	595,005	418,669	362,860	1,871,433	-	3,421,630
Less: amortization on disposals	-	(110,932)	(26,974)	(496,845)	(213,412)	(648,984)	-	(1,497,147)
End of year	<u>-</u>	<u>2,171,535</u>	<u>4,457,764</u>	<u>2,929,412</u>	<u>1,825,781</u>	<u>35,834,164</u>	<u>-</u>	<u>47,218,656</u>
Net book value	<u>\$ 4,235,267</u>	<u>\$ 3,629,319</u>	<u>\$ 21,472,851</u>	<u>\$ 5,501,141</u>	<u>\$ 2,945,709</u>	<u>\$ 60,033,549</u>	<u>\$ 3,785,736</u>	<u>\$ 101,603,572</u>

The Corporation of the Township of West Lincoln

Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2023

	2022							
	Land	Land Improvements	Facilities	Rolling Stock	Equipment	Infrastructure	Construction in Progress	Total
Cost								
Beginning of year	\$ 4,112,267	\$ 5,430,461	\$ 25,699,766	\$ 6,696,695	\$ 4,485,086	\$ 88,887,323	\$ 199,985	\$ 135,511,583
Add: additions	-	253,944	240,875	626,074	213,953	1,038,098	1,972,025	4,344,969
Less: disposals	-	(46,838)	(48,985)	(378,101)	(144,982)	(274,303)	(493)	(893,702)
End of year	<u>4,112,267</u>	<u>5,637,567</u>	<u>25,891,656</u>	<u>6,944,668</u>	<u>4,554,057</u>	<u>89,651,118</u>	<u>2,171,517</u>	<u>138,962,850</u>
Accumulated amortization								
Beginning of year	-	1,991,284	3,337,314	2,981,429	1,456,275	32,935,450	-	42,701,752
Add: amortization	-	164,358	590,143	404,261	365,040	1,944,271	-	3,468,073
Less: amortization on disposals	-	(46,838)	(37,724)	(378,102)	(144,982)	(268,006)	-	(875,652)
End of year	<u>-</u>	<u>2,108,804</u>	<u>3,889,733</u>	<u>3,007,588</u>	<u>1,676,333</u>	<u>34,611,715</u>	<u>-</u>	<u>45,294,173</u>
Net book value	\$ 4,112,267	\$ 3,528,763	\$ 22,001,923	\$ 3,937,080	\$ 2,877,724	\$ 55,039,403	\$ 2,171,517	\$ 93,668,677

The Corporation of the Township of West Lincoln

Consolidated Schedule of Segment Disclosure

For the Year Ended December 31, 2023

								2023
	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	Consolidated
Revenues								
Taxation	\$ 3,424,646	\$ 1,265,723	\$ 2,984,638	\$ 132,682	\$ 106,145	\$ 1,594,894	\$ 776,305	\$ 10,285,033
User charges	124,872	828,407	687,305	4,663,899	35,760	702,373	268,826	7,311,442
Government transfers	1,104,320	40,000	1,886,269	90,000	-	51,593	33,785	3,205,967
Other	1,897,213	38,975	967	20,097	13,418	132,158	-	2,102,828
Contributed tangible capital assets	-	-	697,217	2,160,619	-	70,000	-	2,927,836
Loss on disposal of tangible capital assets	(8,379)	5,392	(104,037)	-	-	-	-	(107,024)
Change in equity of subsidiary	202,150	-	-	-	-	-	-	202,150
	6,744,822	2,178,497	6,152,359	7,067,297	155,323	2,551,018	1,078,916	25,928,232
Expenses								
Salaries and benefits	2,192,319	1,026,144	1,716,210	492,480	14,155	1,812,115	562,530	7,815,953
Interest on long term debt	-	19,494	39,336	-	-	538,767	-	597,597
Operating materials and supplies	307,935	240,656	922,401	1,022,659	3,444	619,296	24,077	3,140,468
Contracted services	595,331	276,416	797,514	2,065,127	82,029	325,126	279,606	4,421,149
Rent and financial expenses	16,054	3,033	1,996	-	-	16,359	-	37,442
External transfers to others	39,900	-	-	-	10,700	5,300	224,800	280,700
Tax write-offs	127,005	-	2,136	-	-	-	-	129,141
Interfunctional adjustments	560,700	(189,500)	397,150	(662,080)	-	(94,370)	(11,900)	-
Amortization of tangible capital assets	254,786	272,124	1,442,759	785,646	1,375	664,548	392	3,421,630
	2,972,630	2,027,367	4,525,202	5,027,992	111,703	4,075,881	1,103,305	19,844,080
Annual surplus (deficit)	\$ 3,772,192	\$ 151,130	\$ 1,627,157	\$ 2,039,305	\$ 43,620	\$ (1,524,863)	\$ (24,389)	\$ 6,084,152

The Corporation of the Township of West Lincoln

Consolidated Schedule of Segment Disclosure

For the Year Ended December 31, 2023

								2022
	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Recreation and Cultural Services	Planning and Development	Consolidated
Revenues								
Taxation	\$ 2,833,731	\$ 1,194,602	\$ 2,769,856	\$ 85,149	\$ 119,246	\$ 1,881,265	\$ 645,510	\$ 9,529,359
User charges	119,508	936,011	187,647	4,191,929	45,522	626,814	291,302	6,398,733
Government transfers	1,055,481	500,618	907,872	1,949	-	178,668	14,858	2,659,446
Other	1,475,413	51,399	10,378	19,827	5,360	205,336	-	1,767,713
Loss on disposal of tangible capital assets	(11,261)	-	11,900	-	-	-	-	639
Change in equity of subsidiary	91,877	-	-	-	-	-	-	91,877
	5,564,749	2,682,630	3,887,653	4,298,854	170,128	2,892,083	951,670	20,447,767
Expenses								
Salaries and benefits	1,936,759	927,170	1,698,039	439,876	13,834	1,617,472	471,410	7,104,560
Interest on long term debt	-	-	28,609	-	-	560,150	-	588,759
Operating materials and supplies	319,426	201,680	1,023,388	948,529	2,679	566,041	18,922	3,080,665
Contracted services	1,182,973	243,711	1,152,319	1,387,819	92,041	278,168	119,919	4,456,950
Rent and financial expenses	12,500	2,900	1,935	-	-	14,872	-	32,207
External transfers to others	19,500	518	-	-	10,300	5,200	-	35,518
Tax write-offs	61,505	-	2,033	-	-	-	-	63,538
Interfunctional adjustments	(537,700)	180,900	(363,390)	625,720	-	84,270	10,200	-
Amortization of tangible capital assets	264,782	268,426	1,493,088	784,388	1,045	655,952	392	3,468,073
	3,259,745	1,825,305	5,036,021	4,186,332	119,899	3,782,125	620,843	18,830,270
Annual surplus (deficit)	\$ 2,305,004	\$ 857,325	\$ (1,148,368)	\$ 112,522	\$ 50,229	\$ (890,042)	\$ 330,827	\$ 1,617,497



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the financial statements of the Corporation of the Township of West Lincoln - Trust Funds ("the Trust Funds"), which comprise:

- the statement of financial position as at December 31, 2023
- 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

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2023, and its results of operations and accumulated surplus, 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 auditor's report.

We are independent of the Trust Funds 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.



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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 Trust Funds' 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 Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Funds' 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 the 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.



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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 Trust Funds' 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 Trust Funds' 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 Trust Funds 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.
- 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.



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DRAFT

Chartered Professional Accountants, Licensed Public Accountants,

Hamilton, Canada
July 15, 2024

The Corporation of the Township of West Lincoln

Trust Funds

Statement of Financial Position

As at December 31, 2023

	Bismark United Church Cemetery	Bethel Cemetery	Cemetery Perpetual Care	Marker Perpetual Care	St Ann's Cemetery	Waite Cemetery	Union Cemetery	Union Cemetery Monument	Union Cemetery Care & Maintenance	Caistor Baptist Cemetery	2023 Total	2022 Total
Financial assets												
Due from Corporation of the Township of West Lincoln	\$ 48,339	\$ 16,898	\$ 106,493	\$ 24,864	\$ 5,993	\$ 6,848	\$ 35,444	\$ 7,474	\$ 18,128	\$ 8,690	\$ 279,171	\$ 271,963
Net financial assets and accumulated surplus	\$ 48,339	\$ 16,898	\$ 106,493	\$ 24,864	\$ 5,993	\$ 6,848	\$ 35,444	\$ 7,474	\$ 18,128	\$ 8,690	\$ 279,171	\$ 271,963

Statement of Operations and Accumulated Surplus

For the Year Ended December 31, 2023

Revenue												
Perpetual care agreements	\$ -	\$ -	\$ 5,808	\$ 1,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,208	\$ 10,950
Interest earned	823	2,354	423	883	364	1,726	333	292	1,177	5,044	13,419	5,361
	823	2,354	6,231	2,283	364	1,726	333	292	1,177	5,044	20,627	16,311
Expenses												
Interest earned distributed to cemetery reserve	823	2,354	423	883	364	1,726	333	292	1,177	5,044	13,419	5,361
Annual surplus	-	-	5,808	1,400	-	-	-	-	-	-	7,208	10,950
Accumulated Surplus												
Beginning of year	48,339	16,898	100,685	23,464	5,993	6,848	35,444	7,474	18,128	8,690	271,963	261,013
End of year	\$ 48,339	\$ 16,898	\$ 106,493	\$ 24,864	\$ 5,993	\$ 6,848	\$ 35,444	\$ 7,474	\$ 18,128	\$ 8,690	\$ 279,171	\$ 271,963

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, 2023

1. Significant accounting policies

The financial statements of the Trust Funds of the Corporation of the Town 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.