

Financial Report

Township of Wainfleet

2018

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Independent auditor's report

To the Members of Council, Inhabitants and Taxpayers of the Township of Wainfleet

Opinion

We have audited the consolidated financial statements of the Township of Wainfleet ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations, 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 financial position of the Township of Wainfleet as at December 31, 2018, and its results of operations, its changes in its net financial assets, and its 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 these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 a 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality and the organizations it controls to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Port Colborne, Canada
March 4, 2020

Chartered Professional Accountants
Licensed Public Accountants

Township of Wainfleet

Consolidated Statement of Financial Position

As at December 31 2018 2017

Financial assets

Cash and cash equivalents	\$ 3,507,890	\$ 2,548,182
Portfolio investments (Note 2)	35,576	34,949
Taxes receivable	1,104,107	929,027
Tile drain loans receivable	14,436	20,292
Accounts receivable	<u>355,811</u>	<u>865,533</u>
	<u>5,017,820</u>	<u>4,397,983</u>

Liabilities

Accounts payable and accrued liabilities	960,997	844,089
Other liabilities	582,273	501,653
Deferred revenue for development purposes (Note 4)	419,104	323,613
Long term debt (Note 5)	358,239	175,819
Employee benefit obligations (Notes 6 and 14)	<u>115,824</u>	<u>132,515</u>
	<u>2,436,437</u>	<u>1,977,689</u>

Net financial assets

	<u>2,581,383</u>	<u>2,420,294</u>
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Non-financial assets

Tangible capital assets (Pages 23 and 24)	15,035,503	14,890,943
Other assets	<u>18,695</u>	<u>21,003</u>
	<u>15,054,198</u>	<u>14,911,946</u>

Accumulated surplus (Note 7)

	<u>\$ 17,635,581</u>	<u>\$ 17,332,240</u>
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Contingencies (Note 18)

Approved by

Chief Administrative Officer

Treasurer

See accompanying notes and schedules to the consolidated financial statements

Township of Wainfleet

Consolidated Statement of Operations

For the Year Ended December 31, 2018

	Budget <u>2018</u> (Note 16)	Actual <u>2018</u>	Actual <u>2017</u>
Revenue			
Taxation (Note 9)	\$ 5,422,064	\$ 5,435,372	\$ 5,234,895
User charges (Note 11)	596,632	629,058	678,102
Government transfers (Note 12)	1,266,940	937,500	1,017,341
Other (Note 13)	<u>409,200</u>	<u>431,226</u>	<u>1,400,887</u>
	<u>7,694,836</u>	<u>7,433,156</u>	<u>8,331,225</u>
Expenses			
General government	1,362,253	1,317,889	1,374,023
Protection to persons and property	1,332,955	1,368,009	1,173,731
Transportation services	2,725,688	2,422,372	2,444,543
Health services	238,870	257,045	257,057
Social and family services	50,101	34,844	31,673
Recreation and culture services	1,361,609	1,235,813	1,211,511
Planning and development	<u>377,502</u>	<u>493,843</u>	<u>453,184</u>
	<u>7,448,978</u>	<u>7,129,815</u>	<u>6,945,722</u>
Annual surplus	245,858	303,341	1,385,503
Accumulated surplus (Note 7)			
Beginning of year	<u>17,332,240</u>	<u>17,332,240</u>	<u>15,946,737</u>
End of year	<u>\$ 17,578,098</u>	<u>\$ 17,635,581</u>	<u>\$ 17,332,240</u>

See accompanying notes and schedules to the consolidated financial statements

Township of Wainfleet
Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31, 2018

	Budget 2018 (Note 16)	Actual 2018	Actual 2017
Annual surplus	\$ 245,858	\$ 303,341	\$ 1,385,503
Amortization of tangible capital assets	1,211,677	1,213,802	1,172,421
Acquisition of tangible capital assets	(2,376,225)	(1,440,703)	(3,084,657)
Write-downs on tangible capital assets	-	-	21,737
Proceeds on sale of tangible capital assets	-	65,995	-
Loss on sale of tangible capital assets	-	16,346	113,937
	<u>(918,690)</u>	<u>158,781</u>	<u>(391,059)</u>
Usage of other assets	-	2,308	108,323
Increase (decrease) in net financial assets	(918,690)	161,089	(282,736)
Net financial assets			
Beginning of year	<u>2,420,294</u>	<u>2,420,294</u>	<u>2,703,030</u>
End of year	<u>\$ 1,501,604</u>	<u>\$ 2,581,383</u>	<u>\$ 2,420,294</u>

See accompanying notes and schedules to the consolidated financial statements

Township of Wainfleet

Consolidated Statement of Cash Flows

For the Year Ended December 31

2018

2017

Increase (decrease) in cash and cash equivalents

Operating activities		
Annual surplus	\$ 303,341	\$ 1,385,503
Non-cash items		
Amortization	1,213,802	1,172,421
Write-downs on tangible capital assets	-	21,737
(Increase) decrease in taxes receivable	(175,080)	89,212
Decrease in tile drain loans receivable	5,856	10,579
Decrease (increase) in accounts receivable	509,722	(236,256)
Increase (decrease) in accounts payable and accrued liabilities	116,908	(326,209)
Increase in other liabilities	80,620	63,464
Increase in deferred revenue for development purposes	95,491	80,744
Decrease in other assets	<u>2,308</u>	<u>108,323</u>
	<u>2,152,968</u>	<u>2,369,518</u>
Capital activities		
Proceeds on sale of tangible capital assets	65,995	-
Loss on disposal of tangible capital assets	16,346	113,937
Acquisition of tangible capital assets	<u>(1,440,703)</u>	<u>(3,084,657)</u>
	<u>(1,358,362)</u>	<u>(2,970,720)</u>
Financing activities		
Issue of long term debt	253,795	89,891
Repayment of long term debt	(71,375)	(78,635)
Decrease in employee benefit obligations	<u>(16,691)</u>	<u>(2,198)</u>
	<u>165,729</u>	<u>9,058</u>
Investing activities		
Increase in portfolio investments	<u>(627)</u>	<u>(648)</u>
Net increase (decrease) in cash and cash equivalents	959,708	(592,792)
Cash and cash equivalents		
Beginning of year	<u>2,548,182</u>	<u>3,140,974</u>
End of year	<u>\$ 3,507,890</u>	<u>\$ 2,548,182</u>

Cash and cash equivalents consist of:

Cash on hand	\$ 1,750	\$ 1,750
Balances with banks	<u>3,506,140</u>	<u>2,546,432</u>
	<u>\$ 3,507,890</u>	<u>\$ 2,548,182</u>

See accompanying notes and schedules to the consolidated financial statements

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

1. Significant accounting policies

Management responsibility

The consolidated financial statements of the Township of Wainfleet ("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:

Wainfleet Public Library Board

Interdepartmental and organizational transactions and balances are eliminated.

The following joint local board is proportionality consolidated:

Niagara Central Airport Commission (Joint Board)

Related party transactions are eliminated (Note 17).

The statements exclude trust assets and activities that are administered for the benefit of external parties (Note 15).

(b) Basis of accounting

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

(c) Cash and cash equivalents

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

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

1. Significant accounting policies (continued)

(d) Portfolio investments

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

(e) Tile drain loans receivable

Tile drain loans are issued to landowners at the same terms as the loans the Township receives from the Region of Niagara.

(f) Deferred revenue

Resources restricted by agreement with an external party are recognized as revenue in the entity's financial statements in the period in which the resources are used for the purpose or purposes specified. An externally restricted inflow received before this criterion has been met is recorded as a liability until the resources are used for the purpose or purposes specified.

(g) Employee future benefits

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

(h) Tangible capital assets

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

The Municipality capitalizes 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.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

1. Significant accounting policies (continued)

(h) 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 as "other revenue".

<u>Classification</u>	<u>Useful Life</u>
Land improvements	10 to 50 years
Buildings	20 to 50 years
Machinery and equipment	4 to 20 years
Infrastructure	5 to 50 years
Vehicles	10 to 20 years

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

(i) Inventories

Inventories held for consumption are recorded at the lower of cost and net realizable value.

(j) Contaminated sites liability

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- an environmental standard exists
- contamination exceeds the environmental standard
- the organization is directly responsible or accepts responsibility for the liability
- future economic benefits will be given up, and
- a reasonable estimate of the liability 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.

(k) Reserves for future expenses

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

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

1. Significant accounting policies (continued)

(I) 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 received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

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.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

1. Significant accounting policies (continued)

(m) Region 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 consolidated financial statements.

(n) Use of estimates and measurement uncertainty

The preparation of financial statements in accordance 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates relate to the allowance for accrued liabilities, employee future benefits, contaminated sites and useful lives of tangible capital assets. Actual results could differ from those estimates.

2. Portfolio investments

Portfolio investments consist of Municipal Government Bonds and Canadian Government Bonds. Portfolio investments reported on the Consolidated Statement of Financial Position have a market value of \$ 38,723 (2017 - \$ 38,629).

3. Credit facilities

The Municipality has an authorized operating line of credit due on demand of \$ 1,550,000 bearing interest at prime less 0.375% to assist with regular ongoing working capital requirements. As at December 31, 2018, \$ Nil has been drawn on the operating line. The operating line is secured by a borrowing by-law containing a pledge of revenues.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

4. Deferred revenue – obligatory reserve funds	<u>2018</u>	<u>2017</u>
Lot levies and subdivider contributions	\$ 41,869	\$ 41,128
Main Street revitalization fund	43,565	-
Development charges	<u>333,670</u>	<u>282,485</u>
	<u>\$ 419,104</u>	<u>\$ 323,613</u>

The deferred revenue is made up of the following:

Balance, beginning of year	\$ 323,613	\$ 242,869
Restricted funds received	94,053	79,638
Interest earned	1,438	1,106
Transfer to operations	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 419,104</u>	<u>\$ 323,613</u>

5. Long term debt	<u>2018</u>	<u>2017</u>
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(a) The balance of net long term debt reported on the Consolidated Statement of Financial Position is made up of the following:

Long term debt incurred by the Municipality	\$ 332,757	\$ 145,275
Capital lease obligations	9,829	10,252
Long term debt issued by the Region of Niagara which the Municipality has assumed responsibility for the payment of principal and interest. The Municipality is contingently liable for these long term debts related to tile drainage and shoreline property assistance loans	<u>15,653</u>	<u>20,292</u>
Net long term debt	<u>\$ 358,239</u>	<u>\$ 175,819</u>

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

5. Long term debt (continued)

(b) The net long term debt:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Maturity Dates</u>	<u>2018</u>	<u>2017</u>
Excavator	4.50	2018	\$ -	\$ 20,021
Fire truck	4.50	2020	39,980	58,687
Fire tanker truck	2.76	2023	250,000	-
Streetlights	2.00	2020	36,658	54,449
Airport capital improvements	2.00	2019	6,119	12,118
Leased equipment - photocopiers	Various	2018-2019	9,829	10,252
Tile drains	6.00	2015-2021	15,653	<u>20,292</u>
			<u>\$ 358,239</u>	<u>\$ 175,819</u>

(c) Principal repayments in each of the next five years are due as follows:

2019	\$ 104,678
2020	95,036
2021	55,525
2022	51,000
2023	52,000

(d) Interest paid during the year amounted to \$ 10,119 (2017 - \$ 10,360).

6. Employee benefit obligations	<u>2018</u>	<u>2017</u>
Post-employment benefits	<u>\$ 115,824</u>	<u>\$ 132,515</u>

Employees eligible to retire under the OMERS retirement provisions are eligible to receive medical and life insurance benefits to the age of sixty-five. The Municipality pays the total premiums for such benefits.

The post-employment benefits obligation is calculated using the average age and average service life of the applicable employees. The obligation is calculated using an extrapolation of current medical and life insurance premiums and estimated benefits to be paid to current retirees.

The Municipality's obligation under the post-employment provision of employment agreements will be funded out of future revenue.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

7. Accumulated surplus	<u>2018</u>	<u>2017</u>
Consists of:		
Surpluses (deficits)		
Township	\$ (464,938)	\$ (1,184,395)
Library	21,194	32,685
Niagara Central Airport Commission (Note 17)	<u>(22,026)</u>	<u>(8,850)</u>
	<u>(465,770)</u>	<u>(1,160,560)</u>
Investment in tangible capital assets	<u>15,035,503</u>	<u>14,890,943</u>
Unfunded:		
Long term debt	(358,239)	(175,819)
Employee benefit obligations	<u>(115,824)</u>	<u>(132,515)</u>
	<u>(474,063)</u>	<u>(308,334)</u>
Reserves and reserve funds (Note 8)	<u>3,539,911</u>	<u>3,910,191</u>
	<u>\$ 17,635,581</u>	<u>\$ 17,332,240</u>

8. Reserves and reserve funds balances	<u>2018</u>	<u>2017</u>
Reserves set aside for specific purposes by Council		
Working capital	\$ 800,000	\$ 800,000
Building permits	72,627	85,876
Insurance	160,000	160,000
Winter control	150,000	150,000
Elections	1,432	41,432
Capital expenses	<u>2,351,949</u>	<u>2,669,812</u>
	3,536,008	3,907,120
Reserve funds		
Library donations	<u>3,903</u>	<u>3,071</u>
	<u>\$ 3,539,911</u>	<u>\$ 3,910,191</u>

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

9. Taxation	Budget <u>2018</u>	Actual <u>2018</u>	Actual <u>2017</u>
Real property	\$ 12,929,463	\$ 13,120,944	\$ 12,730,561
From other governments			
Payments in lieu of taxes	<u>15,000</u>	<u>29,815</u>	<u>29,945</u>
	<u>12,944,463</u>	<u>13,150,759</u>	<u>12,760,506</u>
Less: taxation collected on behalf of			
Region of Niagara (Note 10)	5,744,586	5,855,825	5,672,747
School boards (Note 10)	<u>1,777,813</u>	<u>1,859,562</u>	<u>1,852,864</u>
	<u>7,522,399</u>	<u>7,715,387</u>	<u>7,525,611</u>
Net taxes available for municipal purposes	<u>\$ 5,422,064</u>	<u>\$ 5,435,372</u>	<u>\$ 5,234,895</u>
Residential and farm	\$ 5,100,027	\$ 5,107,487	\$ 4,895,931
Commercial	264,367	270,215	275,323
Industrial	<u>57,670</u>	<u>57,670</u>	<u>63,641</u>
Net taxes available for municipal purposes	<u>\$ 5,422,064</u>	<u>\$ 5,435,372</u>	<u>\$ 5,234,895</u>

10. Collections for the Region of Niagara and school boards

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

	<u>2018</u>	<u>2017</u>
Region of Niagara	\$ 5,855,825	\$ 5,672,747
School boards	<u>1,859,562</u>	<u>1,852,864</u>
	<u>\$ 7,715,387</u>	<u>\$ 7,525,611</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 under the amounts requisitioned are recorded as accounts receivable.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

11. User charges	Budget <u>2018</u>	Actual <u>2018</u>	Actual <u>2017</u>
Operating			
Fees and service charges	\$ 402,632	\$ 409,182	\$ 396,460
Licences and permits	<u>194,000</u>	<u>219,876</u>	<u>277,228</u>
	<u>596,632</u>	<u>629,058</u>	<u>673,688</u>
Capital			
Special charges	<u>-</u>	<u>-</u>	<u>4,414</u>
	<u>-</u>	<u>-</u>	<u>4,414</u>
	<u>\$ 596,632</u>	<u>\$ 629,058</u>	<u>\$ 678,102</u>
<hr/>			
12. Government transfers	Budget <u>2018</u>	Actual <u>2018</u>	Actual <u>2017</u>
Operating			
Government of Canada	\$ 2,700	\$ 5,040	\$ 8,379
Province of Ontario	586,965	575,196	662,283
Other municipalities	<u>70,585</u>	<u>65,740</u>	<u>49,483</u>
	<u>660,250</u>	<u>645,976</u>	<u>720,145</u>
Capital			
Government of Canada	202,000	202,445	230,272
Province of Ontario	<u>404,690</u>	<u>89,079</u>	<u>66,924</u>
	<u>606,690</u>	<u>291,524</u>	<u>297,196</u>
	<u>\$ 1,266,940</u>	<u>\$ 937,500</u>	<u>\$ 1,017,341</u>

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

13. Other revenue	Budget <u>2018</u>	Actual <u>2018</u>	Actual <u>2017</u>
Operating			
Penalties and interest on taxes	\$ 150,000	\$ 152,870	\$ 149,190
Fines	15,000	17,957	12,145
Rents and leases	14,950	20,947	24,985
Interest income	40,000	61,777	39,854
Interest income – reserves and reserve funds	-	122	323
Donations	28,500	779	1,349
Settlement road agreement	-	-	1,219,991
Other	<u>150,750</u>	<u>193,120</u>	<u>82,194</u>
	<u>399,200</u>	<u>447,572</u>	<u>1,530,031</u>
Capital			
(Loss) gain on disposal of tangible capital assets	<u>10,000</u>	<u>(16,346)</u>	<u>(129,144)</u>
	<u>\$ 409,200</u>	<u>\$ 431,226</u>	<u>\$ 1,400,887</u>

14. 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 \$ 2.8 billion (2017 - \$ 0.6 billion surplus) based on the actuarial valuation of the pension benefit obligation, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in the 2018 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 2018 current and past service was \$ 236,633 (2017 - \$ 237,094) and were matched by employee contributions in a similar amount.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

15. Corporation of the Township of Wainfleet - Trust Funds

Trust funds administered by the Municipality amounting to \$ 868,107 (2017 - \$ 842,398) have not been included in the Consolidated Statement of Financial Position nor have these operations been included in the Consolidated Statement of Operations.

16. Budget

The budget by-law adopted by Council on January 23, 2018 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 Statement of Operations and Consolidated Statement of Changes in Net Financial Assets represent the budget adopted by Council with the following adjustments:

Budgeted annual surplus (deficit)	\$	(5,600)
Add:		
Acquisition of tangible capital assets		2,376,225
Transfers to reserves		740,086
Repayment of long term debt		380,658
Less:		
Transfers from reserves		(1,896,134)
Proceeds from debt		(137,700)
Amortization of tangible capital assets		<u>(1,211,677)</u>
Budgeted surplus per Consolidated Statement of Operations	\$	<u>245,858</u>

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

17. Niagara Central Airport Commission

Niagara Central Airport Commission operates a two runway airport offering a year round fixed base operation. The Commission is funded by the four nearby municipalities, City of Welland, City of Port Colborne, Town of Pelham and the Township of Wainfleet. The Township of Wainfleet has a non-controlling interest in the airport of 7%.

The following table provides condensed supplementary financial information for the Niagara Central Airport Commission:

	<u>2018</u>	<u>2017</u>
Financial assets		
Cash and temporary investments	\$ 284,481	\$ 163,027
Receivables	<u>46,129</u>	<u>19,902</u>
	<u>330,610</u>	<u>182,929</u>
Liabilities		
Accounts payable and accrued liabilities	223,722	27,447
Deferred grant revenue	-	33,716
Loans payable	399,790	250,000
Capital lease obligation	<u>54,222</u>	<u>-</u>
	<u>677,734</u>	<u>311,163</u>
Net debt	<u>(347,124)</u>	<u>(128,234)</u>
Non-financial assets		
Prepaid expenses	1,354	1,354
Fuel inventory	47,272	16,621
Tangible capital assets	<u>1,636,642</u>	<u>1,460,280</u>
	<u>1,685,268</u>	<u>1,478,255</u>
Accumulated surplus	<u>\$ 1,338,144</u>	<u>\$ 1,350,021</u>
Accumulated surplus consists of:		
Operating deficit	\$ (314,662)	\$ (126,423)
Reserves	16,164	16,164
Investment in tangible capital assets	<u>1,636,642</u>	<u>1,460,280</u>
	<u>\$ 1,338,144</u>	<u>\$ 1,350,021</u>
Revenues		
Grants	\$ 115,761	\$ 121,556
Fuel and rentals	91,981	137,001
Interest	<u>1,138</u>	<u>390</u>
	208,880	258,947
Expenses	<u>(220,757)</u>	<u>(256,620)</u>
Annual (deficit) surplus	<u>\$ (11,877)</u>	<u>\$ 2,327</u>

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

17. Niagara Central Airport Commission (continued)

The financial position information is as reported by the Niagara Central Airport Commission as at December 31, 2018 and the results of operations are as reported for the year ended December 31, 2018. The comparative financial position and results of operations figures are as reported by the Niagara Central Airport Commission at December 31, 2017.

The Municipality has recorded in the financial statements its 7% share of the Niagara Central Airport Commissions' assets, liabilities, accumulated surplus, revenues, expenses, and annual surplus.

The following summarizes the Municipality's related party transactions with the Niagara Central Airport Commission 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>2018</u>	<u>2017</u>
Government transfers	<u>\$ 8,103</u>	<u>\$ 11,460</u>
Loan, bearing interest of 3.5% per annum, repayable in annual instalments of \$ 2,190, commencing June 15, 2018	<u>\$ 17,500</u>	\$ 17,500
Loan, bearing interest of 4.3% per annum, repayable in annual instalments of \$ 1,515, commencing June 15, 2019	<u>12,110</u>	-
	<u>\$ 29,610</u>	<u>\$ 17,500</u>

18. Contingencies

The Municipality is involved from time to time in litigation, which arises in the normal course of business. In respect of 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 accompanying financial statements.

19. Liabilities for contaminated sites

The Municipality reports environmental liabilities related to the management and remediation of any contaminated sites where the Municipality is obligated or likely obligated to incur such costs. Currently no such contaminated sites have been identified and therefore no liability has been recorded.

The Municipality's ongoing efforts to assess contaminated sites may result in future environmental remediation liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any changes to the Municipality's liabilities for contaminated sites will be accrued in the year in which they are assessed as likely and reasonably estimable.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

20. Comparative figures

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

21. 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 Council, administrative department and clerks department.

Protection to persons and property

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

Transportation services

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.

Health services

Health services department is responsible for cemetery operations.

Social and family services

Social and family services department is responsible for providing grants to external agencies.

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.

Township of Wainfleet

Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2018

21. Segmented information (continued)

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 schedules of segment disclosure and the schedules of segment disclosure with budget information follow the notes.

Township of Wainfleet

Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2018

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Vehicles</u>	<u>Construction in Process</u>	<u>2018</u>
Cost								
Beginning of year	\$ 616,353	\$ 1,061,313	\$ 5,405,331	\$ 2,654,324	\$ 14,466,499	\$ 2,707,311	\$ 104,783	\$ 27,015,914
Add additions	-	263,892	130,715	175,320	343,821	531,558	258,067	1,703,373
Less construction in process capitalized	-	-	-	-	-	-	(262,670)	(262,670)
Less write-downs	-	-	-	-	-	-	-	-
Less disposals during the year	-	-	(59,285)	(111,139)	(33,572)	(397,358)	-	(601,354)
End of year	<u>616,353</u>	<u>1,325,205</u>	<u>5,476,761</u>	<u>2,718,505</u>	<u>14,776,748</u>	<u>2,841,511</u>	<u>100,180</u>	<u>27,855,263</u>
Accumulated amortization								
Beginning of year	-	606,602	1,656,800	1,590,960	6,839,506	1,431,103	-	12,124,971
Add amortization during the year	-	49,813	210,392	250,539	532,687	170,371	-	1,213,802
Less amortization on disposals	-	-	(55,684)	(111,139)	(33,572)	(318,618)	-	(519,013)
End of year	-	<u>656,415</u>	<u>1,811,508</u>	<u>1,730,360</u>	<u>7,338,621</u>	<u>1,282,856</u>	-	<u>12,819,760</u>
Net book value	<u>\$ 616,353</u>	<u>\$ 668,790</u>	<u>\$ 3,665,253</u>	<u>\$ 988,145</u>	<u>\$ 7,438,127</u>	<u>\$ 1,558,655</u>	<u>\$ 100,180</u>	<u>\$ 15,035,503</u>

The net book value of equipment under capital leases is \$ Nil.

Township of Wainfleet Consolidated Schedule of Tangible Capital Assets

For the Year Ended December 31, 2017

	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>	<u>Vehicles</u>	<u>Construction in Process</u>	<u>2017</u>
Cost								
Beginning of year	\$ 616,353	\$ 1,049,488	\$ 3,273,858	\$ 2,566,872	\$ 13,801,860	\$ 2,220,113	\$ 837,252	\$ 24,365,796
Add additions	-	11,825	2,139,017	189,405	967,944	508,935	79,594	3,896,720
Less construction in process capitalized	-	-	-	-	-	-	(812,063)	(812,063)
Less write-downs	-	-	-	-	-	(21,737)	-	(21,737)
Less disposals during the year	-	-	(7,544)	(101,953)	(303,305)	-	-	(412,802)
End of year	<u>616,353</u>	<u>1,061,313</u>	<u>5,405,331</u>	<u>2,654,324</u>	<u>14,466,499</u>	<u>2,707,311</u>	<u>104,783</u>	<u>27,015,914</u>
Accumulated amortization								
Beginning of year	-	569,348	1,456,025	1,444,789	6,515,561	1,265,692	-	11,251,415
Add amortization during the year	-	37,254	204,846	246,343	518,567	165,411	-	1,172,421
Less amortization on disposals	-	-	(4,071)	(100,172)	(194,622)	-	-	(298,865)
End of year	-	<u>606,602</u>	<u>1,656,800</u>	<u>1,590,960</u>	<u>6,839,506</u>	<u>1,431,103</u>	-	<u>12,124,971</u>
Net book value	<u>\$ 616,353</u>	<u>\$ 454,711</u>	<u>\$ 3,748,531</u>	<u>\$ 1,063,364</u>	<u>\$ 7,626,993</u>	<u>\$ 1,276,208</u>	<u>\$ 104,783</u>	<u>\$ 14,890,943</u>

The net book value of equipment under capital leases is \$ 3,511.

Township of Wainfleet

Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2018

	General Government	Protection to Persons and Property	Transportation Services	Health Services	Social and Family Services	Recreation and Culture Services	Planning and Development	Eliminations	2018 Total
Revenues									
Taxation	\$ 1,098,711	\$ 1,188,918	\$ 1,635,482	\$ 85,387	\$ 50,224	\$ 1,079,982	\$ 296,668	\$ -	\$ 5,435,372
User charges	-	220,176	42,913	119,666	-	193,955	52,348	-	629,058
Government transfers	576,980	8,814	202,445	5,040	-	52,436	91,785	-	937,500
Other	273,732	35,817	424,794	18,576	-	33,242	18,571	(373,506)	431,226
	1,949,423	1,453,725	2,305,634	228,669	50,224	1,359,615	459,372	(373,506)	7,433,156
Expenses									
Salaries and benefits	901,938	665,770	811,560	193,243	-	725,758	305,103	-	3,603,372
Operating materials and supplies	300,637	491,778	1,249,963	47,809	-	270,098	181,720	(373,506)	2,168,499
Contracted services	32,196	-	5,580	-	-	-	-	-	37,776
Rent and financial expenses	8,362	-	-	-	-	-	-	-	8,362
External transfers to others	-	53,041	-	-	34,844	-	-	-	87,885
Amortization	74,390	151,670	722,275	15,993	-	239,421	10,053	-	1,213,802
Debt service	366	5,750	2,250	-	-	536	1,217	-	10,119
	1,317,889	1,368,009	2,791,628	257,045	34,844	1,235,813	498,093	(373,506)	7,129,815
Annual surplus (deficit)	\$ 631,534	\$ 85,716	\$ (485,994)	\$ (28,376)	\$ 15,380	\$ 123,802	\$ (38,721)	\$ -	\$ 303,341

Township of Wainfleet

Consolidated Schedule of Segment Disclosure

For the year ended December 31, 2017

	General Government	Protection to Persons and Property	Transportation Services	Health Services	Social and Family Services	Recreation and Culture Services	Planning and Development	Eliminations	2017 Total
Revenues									
Taxation	\$ 887,133	\$ 898,189	\$ 2,137,866	\$ 82,906	\$ 37,568	\$ 976,310	\$ 214,923	\$ -	\$ 5,234,895
User charges	-	277,513	44,158	98,255	-	186,664	71,512	-	678,102
Government transfers	646,094	6,864	196,664	5,985	-	67,896	93,838	-	1,017,341
Other	187,209	18,862	1,554,843	17,829	-	43,010	1,153	(422,019)	1,400,887
	<u>1,720,436</u>	<u>1,201,428</u>	<u>3,933,531</u>	<u>204,975</u>	<u>37,568</u>	<u>1,273,880</u>	<u>381,426</u>	<u>(422,019)</u>	<u>8,331,225</u>
Expenses									
Salaries and benefits	1,008,711	604,577	778,216	205,090	-	706,150	289,611	-	3,592,355
Operating materials and supplies	242,376	382,911	1,364,478	35,588	-	281,819	156,669	(422,019)	2,041,822
Contracted services	41,126	-	7,074	-	-	-	-	-	48,200
Rent and financial expenses	3,475	-	-	-	-	-	-	-	3,475
External transfers to others	-	45,417	-	-	31,673	-	-	-	77,090
Amortization	77,766	137,229	713,169	16,379	-	222,826	5,052	-	1,172,421
Debt service	569	3,597	3,625	-	-	716	1,852	-	10,359
	<u>1,374,023</u>	<u>1,173,731</u>	<u>2,866,562</u>	<u>257,057</u>	<u>31,673</u>	<u>1,211,511</u>	<u>453,184</u>	<u>(422,019)</u>	<u>6,945,722</u>
Annual surplus (deficit)	<u>\$ 346,413</u>	<u>\$ 27,697</u>	<u>\$ 1,066,969</u>	<u>\$ (52,082)</u>	<u>\$ 5,895</u>	<u>\$ 62,369</u>	<u>\$ (71,758)</u>	<u>\$ -</u>	<u>\$ 1,385,503</u>

Township of Wainfleet

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2018

	Budget 2018 (Note 16)	Actual <u>2018</u>	Actual <u>2017</u>
General government			
Revenue			
Taxation	\$ 1,096,021	\$ 1,098,711	\$ 887,133
Government transfers	575,300	576,980	646,094
Other	<u>205,700</u>	<u>273,732</u>	<u>187,209</u>
	<u>1,877,021</u>	<u>1,949,423</u>	<u>1,720,436</u>
Expenses			
Salaries and benefits	928,000	901,938	1,008,711
Operating materials and supplies	320,063	300,637	242,376
Contracted services	33,300	32,196	41,126
Rent and financial expenses	6,500	8,362	3,475
Amortization	74,390	74,390	77,766
Debt service	<u>-</u>	<u>366</u>	<u>569</u>
	<u>1,362,253</u>	<u>1,317,889</u>	<u>1,374,023</u>
Annual surplus	<u>\$ 514,768</u>	<u>\$ 631,534</u>	<u>\$ 346,413</u>
Protection to persons and property			
Revenue			
Taxation	\$ 1,186,007	\$ 1,188,918	\$ 898,189
User charges	207,435	220,176	277,513
Government transfers	9,650	8,814	6,864
Other	<u>25,100</u>	<u>35,817</u>	<u>18,862</u>
	<u>1,428,192</u>	<u>1,453,725</u>	<u>1,201,428</u>
Expenses			
Salaries and benefits	590,186	665,770	604,577
Operating materials and supplies	449,120	491,778	382,911
External transfers to others	53,087	53,041	45,417
Amortization	151,670	151,670	137,229
Debt service	<u>88,892</u>	<u>5,750</u>	<u>3,597</u>
	<u>1,332,955</u>	<u>1,368,009</u>	<u>1,173,731</u>
Annual surplus	<u>\$ 95,237</u>	<u>\$ 85,716</u>	<u>\$ 27,697</u>

Township of Wainfleet Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2018

	Budget 2018 (Note 16)	Actual 2018	Actual 2017
Transportation services			
Revenue			
Taxation	\$ 1,631,478	\$ 1,635,482	\$ 2,137,866
User charges	43,890	42,913	44,158
Government transfers	556,690	202,445	196,664
Other	<u>500,500</u>	<u>424,794</u>	<u>1,554,843</u>
	<u>2,732,558</u>	<u>2,305,634</u>	<u>3,933,531</u>
Expenses			
Salaries and benefits	938,078	811,560	778,216
Operating materials and supplies	1,465,470	1,249,963	1,364,478
Contracted services	7,500	5,580	7,074
Amortization	720,150	722,275	713,169
Debt service	<u>1,990</u>	<u>2,250</u>	<u>3,625</u>
	<u>3,133,188</u>	<u>2,791,628</u>	<u>2,866,562</u>
Annual (deficit) surplus	<u>\$ (400,630)</u>	<u>\$ (485,994)</u>	<u>\$ 1,066,969</u>
<hr/>			
Health services			
Revenue			
Taxation	\$ 85,177	\$ 85,387	\$ 82,906
User charges	115,000	119,666	98,255
Government transfers	2,700	5,040	5,985
Other	<u>20,000</u>	<u>18,576</u>	<u>17,829</u>
	<u>222,877</u>	<u>228,669</u>	<u>204,975</u>
Expenses			
Salaries and benefits	168,317	193,243	205,090
Operating materials and supplies	54,560	47,809	35,588
Amortization	<u>15,993</u>	<u>15,993</u>	<u>16,379</u>
	<u>238,870</u>	<u>257,045</u>	<u>257,057</u>
Annual deficit	<u>\$ (15,993)</u>	<u>\$ (28,376)</u>	<u>\$ (52,082)</u>

Township of Wainfleet Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2018

	Budget 2018 (Note 16)	Actual <u>2018</u>	Actual <u>2017</u>
Social and family services			
Revenue			
Taxation	\$ 50,101	\$ 50,224	\$ 37,568
Expenses			
External transfers to others	50,101	34,844	31,673
Annual surplus	<u>\$ -</u>	<u>\$ 15,380</u>	<u>\$ 5,895</u>
<hr/>			
Recreation and culture services			
Revenue			
Taxation	\$ 1,077,338	\$ 1,079,982	\$ 976,310
User charges	184,400	193,955	186,664
Government transfers	59,000	52,436	67,896
Other	<u>63,400</u>	<u>33,242</u>	<u>43,010</u>
	1,384,138	1,359,615	1,273,880
Expenses			
Salaries and benefits	728,399	725,758	706,150
Operating materials and supplies	342,939	270,098	281,819
Amortization	239,421	239,421	222,826
Debt service	<u>50,850</u>	<u>536</u>	<u>716</u>
	1,361,609	1,235,813	1,211,511
Annual surplus	<u>\$ 22,529</u>	<u>\$ 123,802</u>	<u>\$ 62,369</u>

Township of Wainfleet

Consolidated Schedule of Segment Disclosure with Budget Information

For the Year Ended December 31, 2018

	Budget 2018 (Note 16)	Actual 2018	Actual 2017
Planning and development			
Revenue			
Taxation	\$ 295,942	\$ 296,668	\$ 214,923
User charges	45,907	52,348	71,512
Government transfers	63,600	91,785	93,838
Other	<u>2,000</u>	<u>18,571</u>	<u>1,153</u>
	<u>407,449</u>	<u>459,372</u>	<u>381,426</u>
Expenses			
Salaries and benefits	273,689	305,103	289,611
Operating materials and supplies	92,542	181,720	156,669
Amortization	10,053	10,053	5,052
Debt service	<u>1,218</u>	<u>1,217</u>	<u>1,852</u>
	<u>377,502</u>	<u>498,093</u>	<u>453,184</u>
Annual (deficit) surplus	<u>\$ 29,947</u>	<u>\$ (38,721)</u>	<u>\$ (71,758)</u>

Independent auditor's report

To the Members of Council, Inhabitants and Taxpayers of the Township of Wainfleet

Opinion

We have audited the financial statements of the Trust Funds of the Township of Wainfleet ("the Organization"), which comprise the statement of financial position as at December 31, 2018, and the statements of changes in net assets and cash flows 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 Trust Funds of the Township of Wainfleet as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Organization 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 these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Port Colborne, Canada
March 4, 2020

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

**Township of Wainfleet
Trust Funds
Statement of Financial Position**

As at December 31, 2018

	<u>Cemetery Perpetual Care Fund</u>	<u>Cemetery Care and Mtc Fund</u>	<u>Total 2018</u>	<u>Total 2017</u>
Assets				
Cash and cash equivalents	\$ 474,260	\$ 42,761	\$ 517,021	\$ 451,071
Investments, at cost (Note 2)				
Municipal – own	82,756	-	82,756	145,275
– other	<u>180,920</u>	<u>104,596</u>	<u>285,516</u>	<u>280,166</u>
	737,936	147,357	885,293	876,512
Liabilities				
Due to Township of Wainfleet	<u>14,747</u>	<u>2,439</u>	<u>17,186</u>	<u>34,114</u>
Net assets	<u>\$ 723,189</u>	<u>\$ 144,918</u>	<u>\$ 868,107</u>	<u>\$ 842,398</u>

See accompanying notes to the financial statements

Township of Wainfleet
Trust Funds
Statement of Changes in Net Assets

For the Year Ended December 31, 2018

	Cemetery Perpetual Care Fund	Cemetery Care and Mtc Fund	Total 2018	Total 2017
Revenue				
Perpetual care collections	\$ 21,809	\$ 3,900	\$ 25,709	\$ 16,228
Interest earned	<u>15,986</u>	<u>2,589</u>	<u>18,575</u>	<u>17,829</u>
	37,795	6,489	44,284	34,057
Expenses				
Transfer to Township of Wainfleet	<u>15,986</u>	<u>2,589</u>	<u>18,575</u>	<u>17,829</u>
Excess of revenue over expenses	21,809	3,900	25,709	16,228
Net assets				
Beginning of year	<u>701,380</u>	<u>141,018</u>	<u>842,398</u>	<u>826,170</u>
End of year	<u>\$ 723,189</u>	<u>\$ 144,918</u>	<u>\$ 868,107</u>	<u>\$ 842,398</u>

See accompanying notes to the financial statements

Township of Wainfleet
Trust Funds
Statement of Cash Flows

For the Year Ended December 31, 2018

	<u>Cemetery Perpetual Care Fund</u>	<u>Cemetery Care and Mtc Fund</u>	<u>Total 2018</u>	<u>Total 2017</u>
Net increase (decrease) in cash and cash equivalents				
Operating activities				
Excess of revenue over expenses	\$ 21,809	\$ 3,900	\$ 25,709	\$ 16,228
(Decrease) increase in due to Township of Wainfleet	<u>(14,899)</u>	<u>(2,029)</u>	<u>(16,928)</u>	<u>17,150</u>
	6,910	1,871	8,781	33,378
Investing activities				
Decrease (increase) in investments - net	<u>59,008</u>	<u>(1,839)</u>	<u>57,169</u>	<u>(31,174)</u>
Increase in cash and cash equivalents	65,918	32	65,950	2,204
Cash and cash equivalents				
Beginning of year	<u>408,342</u>	<u>42,729</u>	<u>451,071</u>	<u>448,867</u>
End of year	<u>\$ 474,260</u>	<u>\$ 42,761</u>	<u>\$ 517,021</u>	<u>\$ 451,071</u>

See accompanying notes to the financial statements

Township of Wainfleet

Trust Funds

Notes to the Financial Statements

For the Year Ended December 31, 2018

1. Significant accounting policies

The financial statements of the Trust Funds of the Township of Wainfleet are the representation of management prepared in accordance with Canadian accounting standards for not-for-profit organizations. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements.

(a) Basis of accounting

- (i) Sources of revenues and expenses are reported on the accrual basis of accounting.
- (ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable.

(b) 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.

(c) Financial instruments

Initial measurement

The Trust Funds' financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Trust Funds measure their financial assets and liabilities at cost. The financial instruments measured at cost are cash investments, interest receivable and due from revenue fund.

For financial assets measured at cost, the Trust Funds regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Trust Funds determine that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

2. Investments

The investments of \$ 368,272 (2017 - \$ 425,441) reported on the statement of financial position are recorded at cost and have a market value of \$ 372,236 (2017 - \$ 432,872) at the end of the year. Included in investments are debentures issued by the Township of Wainfleet totaling \$ 82,756 (2017 - \$ 145,275).

3. Due to Township of Wainfleet

The amount due to the Township of Wainfleet is non-interest bearing and has no fixed terms of repayment.