

Consolidated Financial Statements of

**THE CORPORATION OF THE
TOWN OF LINCOLN**

And Independent Auditors' Report thereon

Year ended December 31, 2018

THE CORPORATION OF THE TOWN OF LINCOLN

Consolidated Financial Statements

Year ended December 31, 2018

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Management's Responsibility for the Consolidated Financial Statements

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

The Town'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.

The audit committee 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 Town. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Town's consolidated financial statements.



Michael Kirkopoulos
Chief Administrative Officer



Teri Trewolla
Acting Director of Finance & Administration

July 22, 2019



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INDEPENDENT AUDITORS' REPORT

To The Members of Council, Inhabitants and Ratepayers of The Corporation of the Town of Lincoln

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Lincoln (the "Entity"), which comprise:

- the consolidated statement of financial position as at December 31, 2018;
- 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 Corporation of the Town of Lincoln as at December 31, 2018 and its consolidated results of operations and accumulated surplus 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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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

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

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or have no realistic alternative but to do so.

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

Auditors' 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 auditors' 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.

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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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 represents 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 Group Entity 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

July 22, 2019

THE CORPORATION OF THE TOWN OF LINCOLN

Consolidated Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash	\$ 425,541	\$ 2,791,554
Long-term investments (note 2)	26,675,204	27,967,457
Accounts receivable	2,319,248	1,151,245
User charges receivable	1,331,491	1,368,689
Taxes receivable (note 3)		
Current year	1,472,435	1,410,835
Previous years	957,782	913,090
Investment in Peninsula West Power Inc. (note 4)	18,270,194	18,023,443
	<u>51,451,895</u>	<u>53,626,313</u>
Financial liabilities		
Accounts payable and accrued liabilities	6,648,710	4,402,362
Employee benefits (note 5)	755,052	779,865
Liability for site remediation (note 6)	1,351,647	1,041,472
Other current liabilities	2,682,067	2,230,829
Deferred revenue (note 7)	10,244,770	9,965,327
Long term debt (note 8)	4,470,565	4,935,843
	<u>26,152,811</u>	<u>23,355,698</u>
Net financial assets	25,299,084	30,270,615
Non-financial assets		
Tangible capital assets (note 9)	138,592,563	132,087,968
Inventories and prepaid expenses	960,841	365,708
	<u>139,553,404</u>	<u>132,453,676</u>
Accumulated surplus (note 10)	<u>\$ 164,852,488</u>	<u>\$ 162,724,291</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF LINCOLN

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2018, with comparative information for 2017

	Budget (note 18)	2018	2017
Revenue:			
Taxation and user charges:			
Residential and farm taxation	\$ 12,748,777	\$ 12,619,753	\$ 11,807,611
Commercial, industrial and business taxation	2,852,909	2,867,928	2,783,443
Taxation from other governments	180,200	188,186	178,094
User charges	6,626,537	6,864,542	5,929,900
	22,408,423	22,540,409	20,699,048
Grants (note 16):			
Municipal grants	67,481	109,050	176,906
Provincial grants	1,906,184	1,385,933	1,241,659
Federal grants	10,000	1,225,183	805,450
	1,983,665	2,720,166	2,224,015
Other:			
Investment income	185,000	550,750	426,635
Penalties and interest on taxes	525,000	451,281	483,903
Contributions from developers	-	2,411,872	2,337,318
Peninsula West Power Inc. net income (note 4)	-	427,184	246,452
Gain(Loss) on disposal of tangible capital assets	526,000	69,852	(258,625)
Sundry	127,173	411,399	477,837
	1,363,173	4,322,338	3,713,520
Total revenues	25,755,261	29,582,913	26,636,583
Expenses:			
General government	4,135,966	4,504,893	3,741,559
Protection to persons and property	3,159,774	3,154,727	3,277,342
Transportation services	7,306,600	7,660,611	7,161,266
Environmental services	3,315,943	3,178,896	2,639,650
Health services	91,664	312,726	113,492
Social and family services	108,164	130,653	123,044
Recreation and cultural services	7,190,721	7,063,086	6,633,251
Planning and development	1,372,487	1,449,124	915,760
Total expenses	26,681,319	27,454,716	24,605,364
Annual surplus (deficit)	(926,058)	2,128,197	2,031,219
Accumulated surplus, beginning of year	162,724,291	162,724,291	160,693,072
Accumulated surplus, end of year	\$161,798,233	\$ 164,852,488	\$ 162,724,291

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF LINCOLN

Consolidated Statement of Changes in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus	\$ 2,128,197	\$ 2,031,219
Acquisition of tangible capital assets	(12,436,439)	(8,508,611)
Amortization of tangible capital assets	5,590,589	5,156,138
Book value loss (gain) on disposal of tangible capital assets	(69,852)	258,625
Proceeds on disposal of tangible capital assets	411,107	168,128
	(4,376,398)	(894,501)
Change in inventories and prepaid expenses	(595,133)	(64,335)
Change in net financial assets	(4,971,531)	(958,836)
Net financial assets, beginning of year	30,270,615	31,229,451
Net financial assets, end of year	\$ 25,299,084	\$ 30,270,615

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF LINCOLN

Consolidated Statement of Cash Flows

December 31, 2018 with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 2,128,197	\$ 2,031,219
Items not involving cash		
Amortization of tangible capital assets	5,590,589	5,156,138
Net loss on disposal of tangible capital assets	(69,852)	258,625
Peninsula West Power Inc. net income (note 4)	(427,184)	(246,452)
Change in non-cash assets and liabilities:		
Increase/decrease in accounts receivable	(1,168,003)	557,618
Decrease/increase in user charges receivable	37,198	(29,770)
Increase/decrease in taxes receivable	(106,292)	274,035
Increase/decrease in accounts payable and accrued liabilities	2,246,348	(1,903,257)
Decrease/increase in employee benefits	(24,813)	10,077
Increase/decrease in liability for site remediation	310,175	(43,639)
Increase/decrease in other current liabilities	451,238	(9,978)
Increase/decrease in deferred revenue	279,443	(806,180)
Increase in inventories and prepaid expenses	(595,133)	(64,335)
Net change in cash from operating activities	8,651,911	5,184,101
Capital activities:		
Proceeds on disposal of tangible capital assets	411,107	168,128
Cash used to acquire tangible capital assets	(12,436,439)	(8,508,611)
Net change in cash from capital activities	(12,025,333)	(8,340,483)
Investing activities:		
Dividend received from Peninsula West Power Inc. (note 4)	180,433	179,592
Decrease/increase in investments	1,292,253	(1,866,417)
Net change in cash from investing activities	1,472,686	(1,686,825)
Financing activities:		
Long-term liability principal repayment	(465,278)	(734,803)
Net change in cash from financing activities	(465,278)	(734,803)
Net change in cash	(2,366,013)	(5,578,010)
Cash, beginning of year	2,791,554	8,369,564
Cash, end of year	\$ 425,541	\$ 2,791,554
Cash paid for interest on long-term liabilities	\$ 156,723	\$ 104,279
Cash received for interest income	848,901	1,059,686

The accompanying notes are an integral part of these consolidated financial statements.

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

1. Significant accounting policies:

The consolidated financial statements of The Corporation of the Town of Lincoln (the "Town") are prepared by management in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies adopted by the Town are as follows:

(a) Basis of consolidation:

i. Consolidated entities

These consolidated financial statements reflect the assets, liabilities, revenues, expenses and fund balances of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of the Town's financial affairs and resources to the Town and which are owned or controlled by the Town except for the Town's government business enterprise (Peninsula West Power Inc.), which is accounted for on the modified equity basis of accounting as described below. These financial statements include:

Public Library Board
Beamsville Central Business Improvement Area

Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

The investment in Peninsula West Power Inc. ("PWPI") has been accounted for on a modified equity basis, consistent with accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Town, and inter-organizational transactions and balances are not eliminated. The Town recognizes its equity interest in the annual income or loss of PWPI in its Consolidated Statement of Operations with a corresponding increase or decrease in its investment asset account. Any dividends that the Town receives from PWPI are reflected as reductions in the investment account. The Town's share of PWPI is 59%.

ii. Accounting for Region and School Board transactions

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

iii. Trust funds

Trust funds and their related operations are not included in these consolidated financial statements.

(b) Basis of accounting:

The Corporation follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services.

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

1. Significant accounting policies (continued):

(c) Investments:

Investments are carried at cost, except if the market value of the investments become lower than cost and this decline is considered to be other than temporary, the investments are written down to their market values.

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	7 - 20
Buildings and components	15 - 40
Linear assets	20 - 75
Machinery and equipment	10 - 20
Furniture and fixtures	4 - 20

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Work in progress assets are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

(iii) Inventories:

Inventories held for consumption are recorded at the lower of cost and replacement cost.

(e) Reserves and reserve funds:

Certain amounts, as approved by Council, are set aside in reserves and reserve funds for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

1. Significant accounting policies (continued):

(f) Taxation revenue:

Taxes receivables and tax revenue are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred.

(g) Government transfers:

Government transfers are recognized as revenue in the financial statements when the transfer is authorized, any eligibility criteria are met and a reasonable estimate of the amount can be made, except when and to the extent that stipulations by the transferor give rise to an obligation that meet the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished. Transfers to Charitable and non-profit organizations are recognized as expenses once the grants are paid.

(h) Deferred revenue:

Deferred revenue represent user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

Deferred revenue – obligatory reserve funds represents development charge contributions, payments in lieu of parking and parkland and gas tax, levied or received under authority of federal and provincial legislation and Town by-laws. These amounts have been collected but the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(i) Other income:

Other income is recognized as revenue when the service is performed.

(j) Investment income:

Investment income earned on surplus current funds, capital funds, reserves and reserve funds other than obligatory reserve funds (deferred revenue) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue.

(k) Post-employment benefits:

The Town provides certain employee benefits which will require funding in future periods. These benefits include extended health and dental benefits for early retirees. The costs of life insurance and extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, health care cost trends, earned days accumulated for certain employees payable at retirement, long term inflation rates and discount rates.

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

1. Significant accounting policies (continued):

(k) Post-employment benefits (continued):

For self-insured retirement and other employee future benefits that vest or accumulate over the periods of service provided by employees, such as service payments and health and dental benefits for retirees, the cost is actuarially determined using the projected benefits method prorated 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 of the employee group.

The costs 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's a multi-employer plan.

(l) Liability for site remediation:

Contamination is a result of contamination being introduced into the air, soil, water or sediment of a chemical, organic, radioactive material or live organism that exceeds an environmental standard. The liability is recognized net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

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

The liability is estimated based on information that is available when the financial statements are prepared. It is based upon the costs directly attributable to the remediation activities required using a present value measurement technique.

(m) Use of estimates:

The preparation of financial statements in conformity with 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 period. Actual results could differ from these estimates.

2. Long-term investments:

The total of investments of \$26,675,204 (2017 - \$27,967,457) reported on the consolidated statement of financial position at cost, have a market value of \$26,202,967 (2017 - \$28,054,337) at December 31, 2018.

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

3. Taxes receivable and revenues:

Property tax billings are prepared by the Town based on an assessment roll prepared by the Municipal Property Assessment Corporation ("MPAC"). The property tax receivables and tax revenue of the Town are subject to measurement uncertainty as a number of appeals submitted by ratepayers have yet to be heard.

4. Investments in Peninsula West Power Inc.:

The following provides condensed supplementary financial information for the operations of Peninsula West Power Inc. for the years ended December 31, 2018 and December 31, 2017. The Town owns 59% of the outstanding shares of Peninsula West Power Inc.

Financial position:

	2018	2017
Current assets	\$ 1,500,087	\$ 1,417,025
Capital assets	97,049	100,798
Investment in Niagara Peninsula Energy Inc. (25.5% ownership)	35,749,306	35,407,711
Deferred tax asset	43,990	42,005
Total assets	37,390,432	36,967,539
Current liabilities	34,548	30,160
Other liabilities	5,691,785	5,691,501
Total liabilities	5,726,333	5,721,661
Net assets	31,664,099	31,245,878
Minority interest	(12,982,279)	(12,810,809)
Fair market value adjustment	(411,626)	(411,626)
Investment in Peninsula West Power Inc.	\$ 18,270,194	\$ 18,023,443

Results of operations:

	2018	2017
Revenues	\$ 204,375	\$ 185,048
Operating expenses	184,428	156,023
	19,947	29,025
Other items	704,093	388,690
Net income before the undernoted	724,040	417,715
Minority interest	(296,856)	(171,263)
Net income – Peninsula West Power Inc.	\$ 427,184	\$ 246,452

The equity in Peninsula West Power Inc.:

	2018	2017
Opening balance	\$ 18,023,443	\$ 17,956,583
Net Income	427,184	246,452
Dividends received	(180,433)	(179,592)
Closing balance – investment in Peninsula West Power Inc.	\$ 18,270,194	\$ 18,023,443

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

5. Employee benefits:

The Town provides certain employee benefits which will require funding in future periods.

	2018	2017
Vacation pay	\$ 205,452	\$ 258,865
Post-employment benefits	549,600	521,000
	\$ 755,052	\$ 779,865

Accrued vacation pay:

Any unused credits may be carried forward to the next year.

Post-employment benefits:

The Town pays certain medical and dental benefits for early retirees and life insurance benefits on behalf of its retired employees.

The accrued benefit liability for post-employment benefits was determined by actuarial valuation as at December 31, 2018 using a discount rate of 3.5% (2017 - 3.5%).

Defined benefit plan information:

	2018	2017
Accrued benefit obligation:		
Balance, beginning of year	\$ 452,800	\$ 421,300
Current benefit cost	40,200	28,600
Interest	16,800	17,200
Benefits paid	(26,400)	(41,200)
Actuarial loss	-	26,900
Balance, end of year	483,400	452,800
Unamortized actuarial gain	66,200	68,200
Accrued benefit liability, end of year	\$ 549,600	\$ 521,000

Included in expenses is \$2,000 (2017 - \$4,100) for amortization of the actuarial gain. The unamortized actuarial gain is amortized over the expected average remaining service life of 14 years.

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

5. Employee benefits and other liabilities (continued):

The main assumptions employed for the valuation are as follows:

Medical costs – medical costs were assumed to increase in 2018 at 6%; reducing to 5% per year thereafter.

Dental costs – dental costs were assumed to increase at 5% per year.

6. Liability for site remediation:

The Town has provided for the remediation of three sites, based on monitoring costs provided by an external consultant. The future remediation costs have an estimated cost of \$3,088,850 (2017 - \$2,498,360). These costs are anticipated to be incurred over a period from 4 to 47 years and the annual costs have been increased at a rate of 4% per year, net of an inflation factor of 2% (2017 – 4%, net of an inflation factor of 2%).

7. Deferred revenue:

The deferred revenues including obligatory reserve funds reported on the consolidated statement of financial position are made up of the following:

	2018	2017
Development Charges Act	\$ 8,354,956	\$ 7,948,008
Aggregate Resources Act	273,152	446,790
Federal Gasoline Tax	104,516	186,715
Other deferred revenue (Planning Act & Building Code Act)	1,512,146	1,383,814
Balance, end of year	\$ 10,244,770	\$ 9,965,327

The continuity of obligatory reserve funds are summarized below:

	2018	2017
Balance, beginning of year	\$ 9,965,327	\$ 10,771,507
Contributions from:		
Development Charges Act	2,266,194	1,238,995
Recreational land (Planning Act)	144,039	144,228
Parking (Planning Act)	-	67,200
Aggregate Resources Act	96,551	108,991
Federal Gasoline Tax	716,232	695,780
Interest earned	313,735	193,795
Total revenue	3,536,751	2,448,989
Revenue earned	(3,257,308)	(3,255,169)
Balance, end of year	\$ 10,244,770	\$ 9,965,327

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

8. Net long-term liabilities:

- (a) The balance of net long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	2018	2017
The Town has assumed responsibility for the payment of principal and interest charges on certain long-term liabilities issued by other municipalities. At the end of the year the outstanding principal amount of this liability is	\$ 4,484,574	\$ 4,962,658
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage, municipal drainage and shoreline property assistance loans has been assumed by individuals. At the end of the year the outstanding principal amount of this liability is	(14,009)	(26,815)
	<u>\$ 4,470,565</u>	<u>\$ 4,935,843</u>

- (b) The annual principal repayments subsequent to December 31, 2018 are as follows:

2019	\$ 470,068
2020	481,797
2021	324,010
2022	244,090
2023	250,453
Thereafter	2,714,156

- (c) The long-term liabilities in (a) issued in the name of the Town have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.
- (d) The Town is contingently liable for long-term liabilities with respect to tile drainage, municipal drainage and shoreline property assistance loans. The total amount outstanding as at December 31, 2018 is \$20,924 (2017 - \$26,815) and is not recorded on the consolidated statement of financial position.

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

8. Net long-term liabilities (continued):

- (e) Total interest on net long-term liabilities which are reported on the consolidated statement of operations amounted to \$156,723 in 2018 (2017 - \$104,279). The long-term liabilities bear interest at rates ranging from 1.66% to 8.00%. The interest on long-term liabilities assumed by individuals in the case of tile drainage and shoreline property assistance loans are not reflected in these financial statements.
- (f) The Town has available a line of credit in the amount of \$1,000,000 which bears interest at prime less 0.375%. There is no balance outstanding at December 31, 2018.

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

9. Tangible Capital Assets:

	2018							
	Land	Land Improvements	Buildings & Components	Linear Assets	Machinery & Equipment	Furniture & Fixtures	Work in Progress	Total
Cost								
Balance, beginning of year	\$ 16,231,245	\$ 6,610,745	\$ 29,621,956	\$ 156,143,029	\$ 11,828,764	\$ 3,055,242	\$ 4,279,676	\$ 227,770,657
Additions (transfers)		60,592	531,525	4,929,531	1,182,899	338,746	7,409,223	14,452,516
Disposals			(544,330)	(629,726)	(1,061,374)	(98,428)	(2,016,077)	(4,349,935)
Balance, end of year	16,231,245	6,671,337	29,609,151	160,442,834	11,950,289	3,295,560	9,672,822	237,873,238
Accumulated Amortization								
Balance, beginning of year	-	2,099,006	10,403,662	75,201,882	6,414,249	1,563,890	-	95,682,689
Amortization Expense	-	253,972	817,271	3,399,501	762,225	357,620	-	5,590,589
Disposals	-	-	(322,173)	(596,640)	(975,485)	(98,305)	-	(1,992,603)
Balance, end of year	-	2,352,978	10,898,760	78,004,743	6,200,989	1,823,205	-	99,280,675
Net Book Value, end of year	\$ 16,231,245	\$ 4,318,359	\$ 18,710,391	\$ 82,438,091	\$ 5,749,300	\$ 1,472,355	\$ 9,672,822	\$ 138,592,563
Net Book Value, December 31, 2017	\$ 16,231,245	\$ 4,511,739	\$ 19,218,294	\$ 80,941,147	\$ 5,414,515	\$ 1,491,352	\$ 4,279,676	\$ 132,087,968

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

9. Tangible capital assets (continued):

(a) Work-in-progress:

Work-in-progress has a value of \$9,672,822 (2017 - \$4,279,676) and has not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$ nil (2017 - \$ nil).

(c) Tangible capital assets disclosed at nominal values:

Where an estimate of fair value could not be made, the tangible capital asset was recognized at a nominal value. Land is the only category where nominal values were assigned.

(d) Works of art and historical treasures:

The Town manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Town sites and public display areas with an approximate value of \$1,220,765. These assets are not recorded as tangible capital assets and are not amortized.

(e) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$ nil (2017 - \$ nil).

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

10. Accumulated surplus:

The balance of accumulated surplus on the consolidated statement of financial position is made up of the following:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 138,592,563	\$ 132,087,968
Unfunded capital	(5,951,354)	(1,993,255)
Operating surplus - BIA	12,996	27,809
Investment in Peninsula West Power Inc.	18,270,194	18,023,443
Unfunded:		
Long-term debentures	(4,470,565)	(4,935,843)
Employee future benefits	(755,052)	(779,865)
Liability for site remediation	(1,351,647)	(1,041,472)
Other	(1,358,626)	(782,081)
	142,988,509	140,606,704
Reserves set aside by Council:		
For working funds	1,475,000	1,475,000
For vehicle and equipment	1,206,242	2,017,800
For insurance	34,770	52,598
For election expenses	-	126,008
For storm sewers	-	154
For tax rate stabilization	640,679	1,349,723
For West Lincoln Memorial Hospital (note 15)	2,236,800	2,236,800
Total reserves	5,593,491	7,258,083
Reserve funds set aside for specific purpose by Council:		
For water main replacement	7,309,232	7,618,175
For wastewater main replacement	5,323,354	5,444,120
For museum building	470	458
For buildings and facilities	2,344,129	1,024,477
For infrastructure	504,910	202,187
For skate park	7,085	6,797
For community improvement plan	224,839	196,438
For special purposes	556,469	366,852
Total reserve funds	16,270,488	14,859,504
Total	\$ 164,852,488	\$ 162,724,291

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

11. Pledges:

Pledges have been received for various projects in Lincoln. Since pledges are not legally enforceable, they are recorded as revenue on a cash basis and accordingly are not recognized as assets in the consolidated financial statements. The total amount of pledges outstanding and the expected year of collection are as follows:

2019	\$	30,000
2020		30,000
2021		30,000
2022		30,000
	\$	120,000

12. Trust funds:

Trust funds administered by the Town amounting to \$2,160,696 (2017 - \$2,078,638) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

13. Pension agreements:

The Town makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of 132 members of its staff and Council. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contribution rates for 2018 were 9% for employees earning below the year's maximum pensionable earnings and 14.6% on earnings above the year's maximum pensionable earnings.

The amount contributed to OMERS for 2018 was \$752,976 (2017 - \$664,689) for current service cost and is included as an expenditure on the consolidated statement of operations.

There are no outstanding obligations for past service at December 31, 2018.

As OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. The OMERS pension plan has a deficit of \$4.2 billion as at December 31, 2018 (2017 - \$5.4 billion) based on an actuarial valuation of plan assets.

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

14. Contingent liabilities:

From time to time, the Town is subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts, including punitive or extraordinary damages. These claims may be covered by the Town's insurance up to a maximum of \$50,000,000 per occurrence. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable.

15. Commitments:

The Town has committed \$2,236,800 to the West Lincoln Memorial Hospital Foundation for the purpose of construction of a new hospital. The amount was to be levied in the amount of \$223,680 per year from 2003 to 2012. The amounts levied have been transferred to a reserve for the hospital. Payments will not be released from this reserve until construction is commenced and the payment is approved by Council. At December 31, 2018, the reserve has a balance of \$2,236,800 (2017 - \$2,236,800).

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

16. Government transfers:

The Town recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The government transfers reported on the consolidated statement of operations are:

	Budget	2018	2017
Revenue:			
Municipal grants:			
Region of Niagara	\$ 67,481	\$ 109,050	\$ 176,906
Provincial grants:			
Wage subsidies	4,832	8,360	12,303
Ontario Municipal Partnership Fund	422,100	359,000	422,300
Municipal Disaster Recovery Assistance	-	264,246	423,246
Senior Centre Long Term Care	32,000	50,151	32,000
Library	40,880	40,880	40,880
Museum	25,000	25,461	25,461
Healthy Kids Program	-	3,735	3,268
OCIF	400,200	400,197	282,201
Public Works	981,172	207,403	-
Economic Development	-	26,500	-
	1,906,184	1,385,933	1,241,659
Federal grants:			
Federal gasoline tax	-	806,695	794,334
Wage subsidies	-	6,715	8,722
Museum	10,000	14,275	-
Public Works	-	397,498	-
Canada Works	-	-	2,394
	10,000	1,225,183	805,450
Total revenues	\$ 1,983,665	\$ 2,720,166	\$ 2,224,015
Expenses:			
Charitable and non-profit organizations	\$ 101,925	\$ 109,110	\$ 153,779
Total expenses	\$ 101,925	\$ 109,110	\$ 153,779

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

17. Segmented information:

Segmented information has been identified based upon various operating departments within the Town and their activities are reported by functional area in the body of the financial statements.

Certain operating departments along with the services they provide have been separately disclosed in the segmented information are as follows:

(i) General Government - Mayor and Council, Corporate Services, Finance Services:

The departments within General Government are responsible for the general management and control of the Town, including adopting by-laws, adopting administrative policy, levying taxes, providing administrative, technical, and financial services. They also ensure quality services are provided to the community and that the services provided are aligned with Council approved actions.

(ii) Protection to Persons & Property - Fire Department, By-law Enforcement, Animal and Weed Control, Building Services:

The Fire Department is responsible to provide fire suppression services, fire prevention programs, training and education related to prevention, detection or extinguishment of fires and emergency rescue services. By-law enforcement and animal and weed control are provided by the Office of the Town Clerk. The Building Department is responsible for permit processing and building inspections.

(iii) Transportation Services – Public Works:

The Public Works Department is responsible for operations, infrastructure management (roads, bridges and culverts), traffic control, parking control, street lights and development engineering.

(iv) Environmental Services - Wastewater, Storm Water Management, Waterworks:

The Public Works Department is responsible for wastewater collection services, storm water management services and water distribution services.

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

17. Segmented information (continued):

(v) Health Services - Cemeteries:

The Community Services Department is responsible for the operation and maintenance of the Town cemeteries.

(vi) Social & Family Services - Assistance to Aged Persons:

The Community Services Department is responsible for the operation and maintenance the Lincoln Centre, including services for seniors.

(vii) Recreation and Cultural Services - Community Services, Library, Museum:

The Community Services Department is responsible for the development, provision and maintenance of facilities, parks and recreation and cultural programs and services. The Lincoln Public Library provides the community with materials, programs and services to support and encourage informal life-long learning. The Jordan Historical Museum is a living and displaying museum that records the German-Mennonite history of the area.

(viii) Planning & Development Services - Planning and Development, Business Improvement Area:

The Planning and Development Department provides direction to Council and the community through land use policy formulation and implementation. With the support of the Town, the Beamsville Business Improvement Area board of management provides business promotion and improvement functions in downtown Beamsville.

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. Certain allocation methodologies are employed in the preparation of segmented financial information. Taxation is allocated to the segments based on the segment's budgeted net expenditure. User charges and other revenue have been allocated to the segments based upon the segment that generated the revenue. Government transfers have been allocated to the segment based upon the purpose for which the transfer was made. Development charges earned and developer contributions received were allocated to the segment for which the charge was collected.

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 CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

17. Segmented information (continued):

2018

	General Government	Protection to Persons & Property	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning & Development Services	Total
REVENUE									
Property taxation	\$ 1,738,060	\$ 2,504,834	\$ 4,460,004	\$ 94,384	\$ 133,166	\$ 73,500	\$ 5,882,038	\$ 789,881	15,675,867
User fees	278,448	803,816	218,979	3,874,256	157,787	10,223	904,675	616,358	6,864,542
Government grants									-
Municipal	100,421	-	4,563	-	-	-	4,066	-	109,050
Provincial	359,000	-	673,385	198,461	-	50,151	78,436	26,500	1,385,933
Federal	6,715	-	806,695	397,498	-	-	14,275	-	1,225,183
Investment income	550,750	-	-	-	-	-	-	-	550,750
Penalties and interest	451,281	-	-	-	-	-	-	-	451,281
Developer contributions	308,312	-	1,629,288	59,609	-	-	414,663	-	2,411,872
Developer contributed assets	-	-	-	-	-	-	-	-	-
Peninsula West Engery Net Income	427,184	-	-	-	-	-	-	-	427,184
Sundry	360,894	(44,144)	63,165	-	27,609	-	22,723	51,004	481,251
Total revenue	4,581,065	3,264,506	7,856,079	4,624,208	318,562	133,874	7,320,876	1,483,743	29,582,913
EXPENSES									
Salaries, wages and employee benefit	\$ 2,366,798	\$ 1,952,703	\$ 2,200,459	\$ 1,218,603	\$ 196,217	\$ 142	\$ 3,659,276	\$ 847,876	\$ 12,442,074
Purchased goods	1,083,009	551,580	1,256,093	726,202	33,802	59,799	1,410,412	119,979	5,240,876
Purchased services	578,758	259,422	1,038,963	389,110	80,538	45,990	987,351	395,269	3,775,401
Financial expenses	114,593	-	27,013	18,720	-	-	136,339	-	296,665
Transfers to others	-	-	-	-	-	1,500	21,610	86,000	109,110
Amortization expense	361,735	391,022	3,138,083	826,261	2,169	23,222	848,098	-	5,590,590
Total expenses	4,504,893	3,154,727	7,660,611	3,178,896	312,726	130,653	7,063,086	1,449,124	27,454,716
Surplus (Deficit)	\$ 76,172	\$ 109,779	\$ 195,468	\$ 1,445,312	\$ 5,836	\$ 3,221	\$ 257,790	\$ 34,619	\$ 2,128,197

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

17. Segmented information (continued):

2017

	General Government	Protection to Persons & Property	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning & Development Services	Total
REVENUE									
Property taxation	\$ 2,509,551	\$ 2,198,190	\$ 4,803,228	\$ 36,231	\$ 76,122	\$ 82,528	\$ 4,449,076	\$ 614,222	14,769,148
User fees	84,054	847,867	71,355	3,547,734	100,407	12,061	853,632	412,790	5,929,900
Government grants									-
Municipal	96,906	-	-	-	-	-	80,000	-	176,906
Provincial	422,300	-	705,447	-	-	32,000	81,912	-	1,241,659
Federal	2,395	-	794,333	-	-	-	8,722	-	805,450
Investment income	426,635	-	-	-	-	-	-	-	426,635
Penalties and interest	483,903	-	-	-	-	-	-	-	483,903
Developer contributions	79,095	128,709	1,584,493	153,950	-	-	389,621	1,450	2,337,318
Developer contributed assets	-	-	-	-	-	-	-	-	-
Peninsula West Engery Net Income	246,452	-	-	-	-	-	-	-	246,452
Sundry	188,857	13,596	(263,344)	(151,631)	46,324	-	350,410	35,000	219,212
Total revenue	4,540,148	3,188,362	7,695,512	3,586,284	222,853	126,589	6,213,373	1,063,462	26,636,583
EXPENSES									
Salaries, wages and employee benefit	\$ 1,978,584	\$ 1,967,754	\$ 2,151,147	\$ 1,098,408	\$ 39,430	\$ 14,289	\$ 3,331,094	\$ 522,698	\$ 11,103,404
Purchased goods	1,056,148	602,705	1,300,107	349,583	70,494	88,869	1,912,839	82,131	5,462,876
Purchased services	221,995	249,599	1,036,907	337,568	2,023	190	289,148	245,931	2,383,361
Financial expenses	137,816	408	28,262	37,153	-	-	142,167	-	345,806
Transfers to others	15,699	-	-	-	-	1,500	71,580	65,000	153,779
Amortization expense	331,317	456,876	2,644,843	816,938	1,545	18,196	886,423	-	5,156,138
Total expenses	3,741,559	3,277,342	7,161,266	2,639,650	113,492	123,044	6,633,251	915,760	24,605,364
Surplus (Deficit)	\$ 798,589	\$ (88,980)	\$ 534,246	\$ 946,634	\$ 109,361	\$ 3,545	\$ (419,878)	\$ 147,702	\$ 2,031,219

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Consolidated Financial Statements

Year ended December 31, 2018

18. Budget data:

Budget data presented in these consolidated financial statements are based upon the 2018 operating and capital budgets approved by Council. The Town does not budget for amortization and, as a result, amortization is included based on actual cost. The chart below reconciles the approved budget to the budget figures reported in these consolidated financial statements.

	Budget Amount
Revenue:	
Operating, approved	\$ 28,888,303
Capital, approved	11,391,430
Less:	
Transfers from other funds	(9,272,058)
Proceeds on debt issue	(662,000)
Reclassification between revenue and expenses	(4,590,414)
<u>Total revenue</u>	<u>25,755,261</u>
Expenses & Transfers:	
Operating, approved	\$ 28,888,303
Expenses	26,323,042
Transfers	2,565,261
Capital, approved	11,391,430
Less:	
Transfers to other funds	(2,565,261)
Capital expenses	(11,391,430)
Debt principal payments	(641,898)
Reclassification between revenue and expenses	(4,590,414)
Add:	
Amortization of tangible capital assets	5,590,589
<u>Total expenses</u>	<u>26,681,319</u>
<u>Net budgeted deficit</u>	<u>\$ (926,058)</u>
<u>Actual surplus as per Consolidated Statement of Operations</u>	<u>\$ 2,128,197</u>



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of The Corporation of The Town of Lincoln

Opinion

We have audited the accompanying financial statements of the trust funds of The Corporation of the Town of Lincoln (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2018,
- the statement of operations and change in fund balance for the year then ended,
- the statement of cash flows for the year then ended,
- and notes, including a summary of significant accounting policies and other explanatory information.

(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 Entity as at December 31, 2018, and its results of operations and change in fund balance and 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 "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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



In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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.

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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Entity 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

St. Catharines, Canada

July 22, 2019

THE CORPORATION OF THE TOWN OF LINCOLN

Statement of Financial Position – Trust Funds

December 31, 2018, with comparative information for 2017

	Cemetery Care and Maintenance	Estate of G.F. Tufford (Mountain Mennonite Cemetery)	St. John's Cemetery	Estate of H.E. Whipple	2018 Total	2017 Total
Assets						
Cash	\$ 155,183	\$ 87,362	\$ 62,102	\$ 17,987	\$ 322,634	\$ 220,606
Investments, at cost (note 2)	884,084	497,707	353,797	102,474	1,838,062	1,856,220
Accounts receivable	-	-	-	-	-	1,811
Fund balance	\$1,039,267	\$ 585,069	\$ 415,899	\$ 120,461	\$ 2,160,696	\$ 2,078,637

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWN OF LINCOLN

Statement of Operations and Change in Fund Balance – Trust Funds

Year ended December 31, 2018, with comparative information for 2017

	Cemetery Care and Maintenance	Estate of G.F. Tufford (Mountain Mennonite Cemetery)	St. John's Cemetery	Estate of H.E. Whipple	2018 Total	2017 Total
Revenue:						
Care & maintenance agreements	\$ 61,227	\$ -	\$ 12,510	\$ -	\$ 73,737	\$ 39,228
Interest earned	19,631	11,659	7,988	2,393	41,671	44,165
Gain on sale of investment Columbarium	1,858 323	- -	- -	- -	1,858 323	- -
Total revenues	83,039	11,659	20,498	2,393	117,589	83,393
Expenses:						
Interest transferred to cemetery maintenance	18,981	7,128	7,561	-	33,670	46,673
Administration fees	-	-	750	-	750	750
Grants for beautification	-	-	-	1,110	1,110	1,125
Total expenses	18,981	7,128	8,311	1,110	35,530	48,548
Annual surplus	64,058	4,531	12,187	1,283	82,059	34,845
Fund balance, beginning of year	975,209	580,538	403,712	119,178	2,078,637	2,043,792
Fund balance, end of year	\$1,039,267	\$ 585,069	\$ 415,899	\$ 120,461	\$ 2,160,696	\$ 2,078,637

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWN OF LINCOLN

Statement of Cash Flows – Trust Funds

December 31, 2018 with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 82,059	\$ 34,845
Change in non-cash assets and liabilities:		
(Increase) decrease in accounts receivable	1,811	(1,697)
Net change in cash from operating activities	83,870	33,148
Investing activities:		
Increase (decrease) in investments	18,158	(43,456)
Net change in cash from investing activities	18,158	(43,456)
Net change in cash	102,028	(10,308)
Cash, beginning of year	220,606	230,914
Cash, end of year	\$ 322,634	\$ 220,606
Cash received for interest income	\$ 19,631	\$ 20,674

See accompanying notes to financial statements.

THE CORPORATION OF THE TOWN OF LINCOLN

Notes to Trust Funds Financial Statements

Year ended December 31, 2018

1. Significant accounting policies:

The financial statements of the Trust Funds are prepared by management prepared in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the Trust Funds are as follows:

(a) Basis of accounting:

- (i) Sources of financing 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 as a result of the receipt of goods and services and the creation of a legal obligation to pay.

(b) Investments are carried at cost, except and to the extent that the market value of the investments is lower than cost and the decline is considered to be other than temporary. In that case, investments are written down to their market values.

2. Investments:

The total for investments of \$1,838,062 (2017 - \$1,856,220) reported on the statement of financial position at cost, have a market value of \$1,804,951 (2017 - \$1,845,468) at the end of the year.