

**TOWNSHIP OF HOWICK
FINANCIAL STATEMENTS
DECEMBER 31, 2017**

VODDEN, BENDER & SEEBACH LLP
Chartered Professional Accountants

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Chartered Professional Accountants

P.O. Box 758
41 Ontario Street
CLINTON, ONTARIO N0M 1L0
Tel:(519) 482-7979
Fax:(519) 482-5761
vbs@vbsca.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Howick

We have audited the accompanying financial statements of the Corporation of the Township of Howick, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

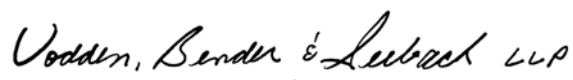
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Township of Howick as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
May 18, 2018

TOWNSHIP OF HOWICK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31	2017	2016
FINANCIAL ASSETS		
Cash	1,492,506	1,423,041
Taxes receivable	353,828	415,114
Accounts receivable	942,843	573,525
Long-term receivables (note 4)	121,347	103,846
	2,910,524	2,515,526
LIABILITIES		
Accounts payable and accrued liabilities	193,203	286,719
Landfill closure and post closure liability (note 6)	380,300	368,300
Deferred revenue	83,289	348,032
Municipal debt (note 7)	607,725	654,080
	1,264,517	1,657,131
NET FINANCIAL ASSETS	1,646,007	858,395
NON-FINANCIAL ASSETS		
Tangible capital assets, net (note 9)	14,730,405	14,319,184
ACCUMULATED SURPLUS (note 11)	\$ 16,376,412	\$ 15,177,579

The accompanying notes are an integral part of this financial statement

**TOWNSHIP OF HOWICK
CONSOLIDATED STATEMENT OF OPERATIONS**

For the year ended December 31	2017 Budget	2017 Actual	2016 Actual
Revenue			
Taxation for municipal purposes	2,850,054	2,904,832	2,486,303
Government transfers - Canada and Ontario	1,049,587	1,445,845	896,245
Fees and user charges	259,200	652,785	571,959
Licences and permits	123,500	165,158	131,589
Penalties and interest on taxes	55,010	51,412	51,032
Investment income	13,000	23,047	14,272
Other	93,600	264,474	346,147
	<u>4,443,951</u>	<u>5,507,553</u>	<u>4,497,547</u>
Expenditure			
General government	631,585	579,144	652,409
Protection to persons and property	895,801	898,967	855,567
Transportation services	1,595,939	1,571,814	1,654,299
Environmental services	187,450	225,550	192,177
Health services - cemeteries	4,600	21,545	20,595
Recreation, parks and culture	444,661	921,807	802,195
Planning and development	58,985	89,893	52,893
	<u>3,819,021</u>	<u>4,308,720</u>	<u>4,230,135</u>
Annual surplus (deficit)	624,930	1,198,833	267,412
Accumulated surplus, beginning of year	<u>15,177,579</u>	<u>15,177,579</u>	<u>14,910,167</u>
Accumulated surplus, end of year	<u><u>\$ 15,802,509</u></u>	<u><u>\$ 16,376,412</u></u>	<u><u>\$ 15,177,579</u></u>

The accompanying notes are an integral part of this financial statement

TOWNSHIP OF HOWICK
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31	2017 Budget	2017 Actual	2016 Actual
Annual surplus (deficit)	624,930	1,198,833	267,412
Amortization of tangible capital assets	654,875	710,854	709,002
Net acquisition of tangible capital assets	<u>(1,060,840)</u>	<u>(1,122,075)</u>	<u>(450,188)</u>
Increase (decrease) in net financial assets	218,965	787,612	526,226
Opening balance	<u>858,395</u>	<u>858,395</u>	<u>332,169</u>
Closing balance	<u><u>\$ 1,077,360</u></u>	<u><u>\$ 1,646,007</u></u>	<u><u>\$ 858,395</u></u>

The accompanying notes are an integral part of this financial statement

**TOWNSHIP OF HOWICK
CONSOLIDATED STATEMENT OF CASH FLOW**

For the year ended December 31	2017	2016
Operating activities		
Net revenue (expenditures)	1,198,833	267,412
Amortization expense not requiring cash outlay	710,854	709,002
Decrease (increase) in taxes receivable	61,286	(121,537)
Decrease (increase) in accounts receivable	(369,318)	(34,161)
Increase (decrease) in accounts payable	(93,516)	182,708
Increase (decrease) in landfill closure and post closure liability	12,000	12,200
Increase (decrease) in deferred revenue	(264,743)	121,458
Cash provided by (used for) operating activities	<u>1,255,396</u>	<u>1,137,082</u>
Capital activities		
Net disposals (purchases) of tangible capital assets	(1,122,075)	(450,188)
Cash provided by (used for) investing activities	<u>(1,122,075)</u>	<u>(450,188)</u>
Investing activities		
Decrease (increase) in long-term receivable	(17,501)	(24,955)
Cash provided by (used for) investing activities	<u>(17,501)</u>	<u>(24,955)</u>
Financing activities		
Long term debt proceeds	33,200	38,400
Payments on long-term debt	(79,555)	(74,934)
Cash provided by (used for) financing activities	<u>(46,355)</u>	<u>(36,534)</u>
Increase (decrease) in cash position	69,465	625,405
Cash (overdraft) beginning of year	<u>1,423,041</u>	<u>797,636</u>
Cash (overdraft) end of year	<u>\$ 1,492,506</u>	<u>\$ 1,423,041</u>

The accompanying notes are an integral part of this financial statement

THE CORPORATION OF THE TOWNSHIP OF HOWICK
NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2017

1. Accounting policies

The consolidated financial statements of the Corporation of the Township of Howick (the "Township") are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing for municipalities and their related entities.

Significant aspects of accounting policies adopted by the Township are as follows:

a) Reporting entity

The consolidated financial statements reflect the financial assets, liabilities, operating revenues and expenditures, Reserves, Reserve Funds, and changes in investment in tangible capital assets of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for the administration of their financial affairs and resources to the Township and which are owned or controlled by the Township. In addition to general government tax-supported operations, they include any water and sewer systems operated by the Township and the Township's proportionate share of joint local boards.

The following boards and municipal enterprises owned or controlled by Council have been consolidated:

Cemetery Boards

Wroxeter Cemetery Board
Fordwich Cemetery Board
Gorrie Cemetery Board
Lakelet Cemetery Board

Parks and Recreation Boards

Belmore Parks Board
Fordwich and Community Parks Association
Gorrie Parks Board
Wroxeter Recreation Board

Community Centres and Hall Boards

Belmore Community Centre Board
Fordwich Community Hall Board
Gorrie Community Hall Board
Wroxeter Hall Board

Inter-departmental and inter-organizational transactions and balances are eliminated.

The statements exclude trust funds that are administered for the benefit of external parties.

b) Accrual Basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable, and recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

c) Long-term investments

Investments are recorded at cost plus accrued interest less amounts written off to reflect a permanent decline in value.

1. Accounting policies (continued)

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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

- Tangible capital assets

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

Category	Amortization Period	Capitalization Threshold
Land	not applicable	\$ 2,000
Land improvements	25 years	2,000
Buildings	60 years	15,000
Building improvements	25 years	15,000
Transportation infrastructure	25 - 80 years	15,000
Vehicles and heavy equipment	10 - 15 years	5,000
Technology and communication	5 years	1,000
Other general equipment	10 - 25 years	1,000
Furniture and fixtures	5 years	1,000

Assets under construction are not amortized until the asset is available for productive use, at which time they are capitalized.

The Township has a capitalized threshold of \$1,000 - \$15,000, so that individual tangible capital assets of lesser value are expensed, unless they are pooled because, collectively, they have significant value, or for operational reasons. Examples of pooled assets are computer systems, equipment, furniture and fixtures.

- Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

- Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property 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.

- Inventories

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

e) Reserves for future expenditures

Certain amounts, as approved by Council, are set aside in reserves for future operating and capital expenditure. Transfers to or from reserves are reflected as adjustments to the respective appropriated equity.

1. Accounting policies (continued)

- f) **Government transfers**
 Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates can be made.
- g) **Deferred revenue**
 Amounts received and required by legislation, regulation or agreement to be set aside for specific, restricted purposes are reported in the consolidated statement of financial position as deferred revenue until the obligation is discharged.
- h) **Landfill Site Closure and Post-Closure Care**
 Landfill site closure and post-closure care costs are recognized over the operating life of the landfill site, based on capacity used. The liability is recorded at its discounted value, based on the average long-term borrowing rate of the Township.
- i) **Amounts to be recovered in future years**
 Future years recoveries represent the requirement of the Township to raise funds in subsequent periods to finance unfunded liabilities. A portion of the amounts to be recovered in future years will be recovered from deferred revenues earned.
- j) **Pensions**
 The Township is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Township has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Township records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service.
- k) **Use of estimates**
 The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, the reported amounts of revenues and expenditures during the period, and the accompanying notes. Due to the inherent uncertainty in making estimates, actual results could differ from those estimates.

2. Operations of school boards and county

Taxation levied for school board and county purposes are not reflected in the financial statements. The amounts transferred were:

	2017	2016
County of Huron	\$ 1,756,600	\$ 1,605,372
School Boards	757,659	744,163

3. Trust funds

Trust funds administered by the Township amounting to \$ 153,845 (2016 : \$ 149,789) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

4. Long-term receivables

	2017	2016
Tile loans, 6% - 8%, principal and interest receivable annually, due 2018 through 2027	<u>\$ 121,347</u>	<u>\$ 103,846</u>

Amounts due in the next five years are as follows:

2018: \$17,900. 2019: \$19,900. 2020: \$18,700. 2021: \$9,300. 2022: \$9,900.

5. Pension agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer pension plan, on behalf of 15 members of its staff. 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. Employees and employers contribute jointly to the plan. The amount contributed for 2017 was \$72,468 (2016 : \$72,425) for current services and is included as an expenditure on the consolidated statement of financial activities. The contribution rate for 2017 was 9.2% to 15.8% (2016 was 9.2% to 15.8%) depending on age and income level.

OMERS is a multi-employer plan, therefore any pension surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

6. Landfill closure and post closure cost liability

PSAB Handbook Section 3270: Solid Waste Landfill Closure and Post-Closure Liability, sets out the standard for anticipated closure and post-closure costs for existing and closed landfill sites. This liability is the estimated cost to date, based on a volumetric basis, of the expenses relating to those activities required when the site or phase stops accepting waste.

The landfill closure costs include final cover and vegetation, completing facilities for drainage control features, leachate monitoring, water quality monitoring, and monitoring and recovery of gas. Post-closure care activities include all activities related to monitoring the site once it can no longer accept waste, including acquisition of any additional land for buffer zones, treatment and monitoring of leachate, monitoring ground water and surface water, gas monitoring and recovery, and ongoing maintenance of various control systems, drainage systems, and final cover.

The estimated liability for the care of landfill sites is the present value of future cash flows associated with closure and post-closure costs.

Key assumptions in determining the liability at December 31, 2017 for the landfills are as follows:

Remaining site life	20 years
Discount rate	2%
Estimated time required for post-closure care	29 years

The closure and post-closure care costs are expected to be funded in the year incurred.

7. Municipal debt

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

	2017	2016
Canadian Imperial Bank of Commerce (CIBC) loan payable, 3.785% interest, \$6,965 blended payment payable monthly, due July 2019	486,378	550,234
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2018 through 2027	<u>121,347</u>	<u>103,846</u>
	<u>\$ 607,725</u>	<u>\$ 654,080</u>

Principal payments for the next five years are as follows:

2018: \$83,900. 2019: \$87,500. 2020: \$89,600. 2021: \$82,800. 2022: \$86,000.

8. Contingency for long-term liabilities

The Township is contingently liable for long-term liabilities with respect to tile drainage loans, and for those for which the responsibility for payment of principal and interest has been assumed by other municipalities, school boards, and unconsolidated entities. At December 31 the principal amounts outstanding are as follows:

	2017	2016
Tile drainage loans assumed by individuals	\$ 121,347	\$ 103,846

9. Tangible capital assets

The Township's policy on accounting for tangible capital assets follows:

- i) Contributed tangible capital assets
 The Township records all tangible capital assets contributed by external parties at fair value.
- ii) Tangible capital assets recognized at nominal value
 Certain assets have been assigned a nominal value because of the difficulty of determining a tenable valuation.

For additional information, see the Consolidated Schedule of Tangible Capital Assets information on the tangible capital assets of the Township by major class and by business segment, as well as for accumulated amortization of the assets controlled.

10. Segmented information

The Township of Howick is a diversified municipal government institution that provides a wide range of services to its citizens such as recreational and cultural services, planning and development, fire, and transportation services. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

General Government

This segment relates to the general operations of the Township itself and cannot be directly attributed to a specific segment.

Protection to Persons and Property

Protection is comprised of fire protection, policing, court services, conservation authorities, protective inspection and control, building permit and inspection services, emergency measures and other protection services.

Transportation

Transportation services include road maintenance, winter control services, street light maintenance, parking lots, equipment maintenance and other transportation services.

Environmental Services

Environmental services include the sanitary sewer system, storm sewer system, waterworks, waste collection, waste disposal and recycling.

Health Services

This service area includes cemeteries and other health services.

Recreational and Cultural Services

This service area provides public services that contribute to the provision of recreation and leisure facilities and programs, the maintenance of parks and open spaces, library services, museums and other cultural services.

Planning and Development

This segment includes matters relating to zoning and site plan controls, land acquisition, development initiatives, agriculture and reforestation, municipal drainage and tile drainage.

For additional information, see the schedule of segmented information.

11. Accumulated surplus

The accumulated surplus consists of individual fund surplus/(deficit) amounts and reserve and reserve funds as follows:

	2017	2016
General revenue accumulated surplus		
and invested in tangible capital assets	\$ 13,878,253	\$ 13,348,749
Special area levies - Villages	167,597	107,640
Cemeteries	39,386	37,146
Recreation, community centres, parks and halls	113,436	76,035
Reserves and reserve funds	<u>2,177,740</u>	<u>1,608,009</u>
	<u>\$ 16,376,412</u>	<u>\$ 15,177,579</u>

A portion of the reserves and reserve funds have been committed to previous projects, with the remainder available for future spending. For additional information, see the Consolidated Schedule of Continuity of Reserves, Reserve Funds, and Obligatory Deferred Revenue.

12. Financial instrument risk management

Credit risk

The Township is exposed to credit risk through its cash, trade and other receivables, loans receivable, and long-term investments. There is the possibility of non-collection of its trade and other receivables. The majority of the Township's receivables are from ratepayers and government entities. For trade and other receivables, the Township measures impairment based on how long the amounts have been outstanding. For amounts outstanding considered doubtful or uncollectible, an impairment allowance is setup.

Liquidity risk

Liquidity risk is the risk that the Township will not be able to meet its financial obligations as they fall due. The Township has a planning and a budgeting process in place to help determine the funds required to support the Township's normal operating requirements on an ongoing basis. The Township ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain an available line of credit balance as approved by the appropriate borrowing bylaw to meet, at a minimum, expected requirements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Township's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Township is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the variable rate of temporary borrowings and long-term liabilities and the value of fixed rate long-term liabilities.

There has been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure risks.

13. Budget amounts

Under generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2017 budget amounts for the Corporation of the Township of Howick approved by Council are unaudited and have been restated to conform to the basis of presentation of the revenues and expenditures on the consolidated statement of activities. Budget amounts were not available for certain boards consolidated by the Township.

Approved budget annual surplus (deficit)	\$ -
Acquisition of tangible capital assets	1,060,840
Debt principal repayments	63,857
Net reserve, reserve fund, and surplus transfers	<u>(499,767)</u>
Budgeted surplus reported on consolidated statement of operations	<u>\$ 624,930</u>

TOWNSHIP OF HOWICK
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2017

	General				Infrastructure			TOTAL Net Book Value 2017	TOTAL Net Book Value 2016
	Land	Buildings	Vehicles	Other	Plants and Facilities	Roads	Bridges and other Structures		
Cost									
Balance, beginning of year	139,850	4,783,702	2,038,370	929,843	463,583	13,379,216	4,462,125	26,196,689	25,746,501
Add: Additions during the year		45,735	11,092	191,336		528,142	358,576	1,134,881	450,188
Less: Disposals during the year			(25,623)	(28,593)				(54,216)	-
Transfers		452,006	18,701	14,005	(463,583)	266	(6)	21,389	-
Balance, end of year	<u>139,850</u>	<u>5,281,443</u>	<u>2,042,540</u>	<u>1,106,591</u>	<u>-</u>	<u>13,907,624</u>	<u>4,820,695</u>	<u>27,298,743</u>	<u>26,196,689</u>
Accumulated Amortization									
Balance, beginning of year		2,194,124	1,368,490	419,748	262,777	5,349,947	2,282,419	11,877,505	11,168,503
Add: Amortization during the year		107,279	93,685	77,187		347,120	85,583	710,854	709,002
Less: Accumulated amortization on disposals			(18,767)	(26,884)				(45,651)	-
Transfers		269,920	9,314	2,521	(262,777)	225	6,427	25,630	-
Balance, end of year	<u>-</u>	<u>2,571,323</u>	<u>1,452,722</u>	<u>472,572</u>	<u>-</u>	<u>5,697,292</u>	<u>2,374,429</u>	<u>12,568,338</u>	<u>11,877,505</u>
Net Book Value of									
Tangible Capital Assets	<u>139,850</u>	<u>2,710,120</u>	<u>589,818</u>	<u>634,019</u>	<u>-</u>	<u>8,210,332</u>	<u>2,446,266</u>	<u>\$ 14,730,405</u>	<u>\$ 14,319,184</u>

TOWNSHIP OF HOWICK
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2017

	General Government	Protection	Transportation	Environmental	Health	Recreation and Cultural	TOTAL Net Book Value 2017	TOTAL Net Book Value 2016
Cost								
Balance, beginning of year	376,709	501,807	20,417,682	46,228	7,262	4,847,001	26,196,689	25,746,501
Add: Additions during the year	56,635	71,266	921,689			85,291	1,134,881	450,188
Less: Disposals during the year	(1,790)	(6,965)	(25,623)			(19,838)	(54,216)	-
Transfers	34,831	(2,188)	(268,927)		(7,262)	264,935	21,389	-
Balance, end of year	<u>466,385</u>	<u>563,920</u>	<u>21,044,821</u>	<u>46,228</u>	<u>-</u>	<u>5,177,389</u>	<u>27,298,743</u>	<u>26,196,689</u>
Accumulated Amortization								
Balance, beginning of year	174,319	254,762	9,057,109	6,516	2,156	2,382,643	11,877,505	11,168,503
Add: Amortization during the year	23,588	41,430	517,954	367		127,515	710,854	709,002
Less: Accumulated amortization on disposals	(1,790)	(5,256)	(18,767)			(19,838)	(45,651)	-
Transfers	12,839	1,153	(28,891)	2	(2,156)	42,683	25,630	-
Balance, end of year	<u>208,956</u>	<u>292,089</u>	<u>9,527,405</u>	<u>6,885</u>	<u>-</u>	<u>2,533,003</u>	<u>12,568,338</u>	<u>11,877,505</u>
Net Book Value of Tangible Capital Assets	<u>257,429</u>	<u>271,831</u>	<u>11,517,416</u>	<u>39,343</u>	<u>-</u>	<u>2,644,386</u>	<u>\$ 14,730,405</u>	<u>\$ 14,319,184</u>

TOWNSHIP OF HOWICK**Consolidated Schedule of Continuity of Reserves, Reserve Funds and Deferred Revenue**

For the Year Ended December 31, 2017

	Balance, beginning of year	Revenues and contributions			Transfers out Utilization During Year	Balance, end of year
		Interest	From Operations	Other		
Reserves and reserve funds						
for general government	219,855		86,617		(53,195)	253,277
for protection services	191,864		250,426		(49,806)	392,484
for transportation services	1,006,617		542,855		(286,411)	1,263,061
for environmental services	20,711		367		-	21,078
for recreation and cultural services	166,019		103,688		(39,810)	229,897
for planning and development	2,943		15,000		-	17,943
	<u>1,608,009</u>	<u>-</u>	<u>998,953</u>	<u>-</u>	<u>(429,222)</u>	<u>2,177,740</u>
Deferred revenue						
Parkland	20,377	246	2,500		(975)	22,148
Federal Gas Tax Funds	327,655	4,175		119,311	(390,000)	61,141
	<u>348,032</u>	<u>4,421</u>	<u>2,500</u>	<u>119,311</u>	<u>(390,975)</u>	<u>83,289</u>
Total	<u>\$ 1,956,041</u>	<u>4,421</u>	<u>1,001,453</u>	<u>119,311</u>	<u>(820,197)</u>	<u>\$ 2,261,029</u>

TOWNSHIP OF HOWICK

Segmented Information

For the Year Ended December 31, 2017

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Total 2017	Total 2016
Revenue									
Taxation	2,904,832							2,904,832	2,486,303
User charges, licences, donations	185,617	40,372	9,958	71,709	16,593	482,553	11,141	817,943	703,548
Government transfers	730,050	21,988	645,200	27,346		4,187	17,074	1,445,845	896,245
Interest and penalties	74,459							74,459	65,304
Other	264,474							264,474	346,147
	<u>4,159,432</u>	<u>62,360</u>	<u>655,158</u>	<u>99,055</u>	<u>16,593</u>	<u>486,740</u>	<u>28,215</u>	5,507,553	4,497,547
Operating expenditure									
Wages, salaries and benefits	371,066	148,713	399,097	47,680		145,985	20,807	1,133,348	1,120,084
Contracted services	81,256	605,596	439,211	159,552	19,029	86,588	8,274	1,399,506	1,343,998
Supplies, materials, equipment and other	103,234	103,228	215,552	17,951	2,516	561,719	60,812	1,065,012	1,057,051
Amortization	23,588	41,430	517,954	367		127,515		710,854	709,002
	<u>579,144</u>	<u>898,967</u>	<u>1,571,814</u>	<u>225,550</u>	<u>21,545</u>	<u>921,807</u>	<u>89,893</u>	4,308,720	4,230,135
Net revenue (expense)	<u>3,580,288</u>	<u>(836,607)</u>	<u>(916,656)</u>	<u>(126,495)</u>	<u>(4,952)</u>	<u>(435,067)</u>	<u>(61,678)</u>	1,198,833	267,412

INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers
of the Corporation of the Township of Howick

We have audited the accompanying financial statements of the trust funds of the Corporation of the Township of Howick, which comprise the balance sheet as at December 31, 2017, and the statement of continuity of trust funds for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

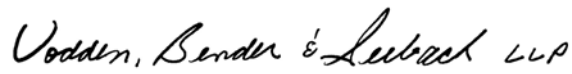
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the trust funds of the Corporation of the Township of Howick as at December 31, 2017 and the continuity of trust funds for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants
Licensed Public Accountants

Clinton, Ontario
May 18, 2018

**TOWNSHIP OF HOWICK
TRUST FUNDS**

BALANCE SHEET

As at December 31, 2017

	Cemetery Care and Maintenance				2017	2016
	Fordwich	Gorrie	Wroxeter	Lakelet		
Assets						
Cash	\$ 48,745	\$ 34,608	\$ 63,699	\$ 6,793	\$ 153,845	\$ 149,789
Liabilities						
Accounts payable and accrued liabilities					-	-
Fund balance	<u>48,745</u>	<u>34,608</u>	<u>63,699</u>	<u>6,793</u>	<u>153,845</u>	<u>149,789</u>
Trust fund balances	<u>\$ 48,745</u>	<u>\$ 34,608</u>	<u>\$ 63,699</u>	<u>\$ 6,793</u>	<u>\$ 153,845</u>	<u>\$ 149,789</u>

STATEMENT OF CONTINUITY

For the Year Ended December 31, 2017

	Cemetery Care and Maintenance				2017	2016
	Fordwich	Gorrie	Wroxeter	Lakelet		
Receipts						
Care and maintenance	410	920	1,660	880	3,870	6,470
Investment income	559	395	724	74	1,752	1,614
	<u>969</u>	<u>1,315</u>	<u>2,384</u>	<u>954</u>	<u>5,622</u>	<u>8,084</u>
Expenditure						
Transfers to general - cemetery	<u>481</u>	<u>367</u>	<u>656</u>	<u>62</u>	<u>1,566</u>	<u>1,457</u>
Excess of receipts over expenditures for the year	488	948	1,728	892	4,056	6,627
Fund balance, beginning of year	48,257	33,660	61,971	5,901	149,789	143,162
Fund balance, end of year	<u>\$ 48,745</u>	<u>\$ 34,608</u>	<u>\$ 63,699</u>	<u>\$ 6,793</u>	<u>\$ 153,845</u>	<u>\$ 149,789</u>

THE CORPORATION OF THE TOWNSHIP OF HOWICK
TRUST FUNDS
NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

1. Accounting Policies

Significant aspects of accounting policies adopted by the Township are as follows:

a) Management responsibility

The financial statements of the Trust Funds are the representations of management. They have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed by the Ministry of Municipal Affairs and Housing for municipalities and their related entities.

b) Basis of consolidation

These trust funds have not been consolidated with the financial statements of the Township of Howick.

c) Basis of accounting

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

d) Investments

Investments are recorded at cost less amounts written off to reflect a permanent decline in value.

e) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

2. Investments

Trust fund investments have a market value equal to cost of \$ 153,845 (2016 : \$ 149,789).