

**TOWNSHIP OF HOWICK
FINANCIAL STATEMENTS
DECEMBER 31, 2016**

VODDEN, BENDER & SEEBACH *LLP*
Chartered Professional Accountants

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, 2016, 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

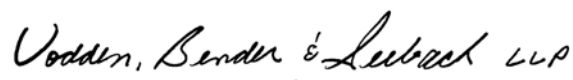
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2016 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 15, 2017

TOWNSHIP OF HOWICK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31	2016	2015
FINANCIAL ASSETS		
Cash	1,423,041	797,636
Taxes receivable	415,114	293,577
Accounts receivable	573,525	539,364
Long-term receivables (note 4)	103,846	78,891
	2,515,526	1,709,468
LIABILITIES		
Accounts payable and accrued liabilities	286,719	104,011
Landfill closure and post closure liability (note 6)	368,300	356,100
Deferred revenue	348,032	226,574
Municipal debt (note 7)	654,080	690,614
	1,657,131	1,377,299
NET FINANCIAL ASSETS	858,395	332,169
NON-FINANCIAL ASSETS		
Tangible capital assets, net (note 9)	14,319,184	14,577,998
ACCUMULATED SURPLUS (note 11)	\$ 15,177,579	\$ 14,910,167

The accompanying notes are an integral part of this financial statement

**TOWNSHIP OF HOWICK
CONSOLIDATED STATEMENT OF OPERATIONS**

For the year ended December 31	2016 Budget	2016 Actual	2015 Actual
Revenue			
Taxation for municipal purposes	2,496,451	2,486,303	2,109,820
Government transfers - Canada and Ontario	889,800	896,245	1,133,214
Fees and user charges	242,315	571,959	444,416
Licences and permits	94,300	131,589	106,668
Penalties and interest on taxes	40,010	51,032	37,650
Investment income	9,500	14,272	10,511
Other	66,500	346,147	158,696
	<u>3,838,876</u>	<u>4,497,547</u>	<u>4,000,975</u>
Expenditure			
General government	583,700	652,409	595,240
Protection to persons and property	830,308	855,567	740,696
Transportation services	1,591,912	1,654,299	1,516,721
Environmental services	177,493	192,177	180,323
Health services - cemeteries	4,100	20,595	20,986
Recreation, parks and culture	392,063	802,195	599,854
Planning and development	42,100	52,893	91,765
	<u>3,621,676</u>	<u>4,230,135</u>	<u>3,745,585</u>
Annual surplus (deficit)	217,200	267,412	255,390
Accumulated surplus, beginning of year	<u>14,910,167</u>	<u>14,910,167</u>	<u>14,654,777</u>
Accumulated surplus, end of year	<u><u>\$ 15,127,367</u></u>	<u><u>\$ 15,177,579</u></u>	<u><u>\$ 14,910,167</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	2016 Budget	2016 Actual	2015 Actual
Annual surplus (deficit)	217,200	267,412	255,390
Amortization of tangible capital assets	593,843	709,002	650,118
Net acquisition of tangible capital assets	<u>(806,400)</u>	<u>(450,188)</u>	<u>(347,677)</u>
Increase (decrease) in net financial assets	4,643	526,226	557,831
Opening balance	<u>332,169</u>	<u>332,169</u>	<u>(225,662)</u>
Closing balance	<u><u>\$ 336,812</u></u>	<u><u>\$ 858,395</u></u>	<u><u>\$ 332,169</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	2016	2015
Operating activities		
Net revenue (expenditures)	267,412	255,390
Amortization expense not requiring cash outlay	709,002	650,118
Decrease (increase) in taxes receivable	(121,537)	(14,220)
Decrease (increase) in accounts receivable	(34,161)	(190,384)
Increase (decrease) in accounts payable	182,708	(62,848)
Increase (decrease) in landfill closure and post closure liability	12,200	12,200
Increase (decrease) in deferred revenue	121,458	(2,484)
Cash provided by (used for) operating activities	<u>1,137,082</u>	<u>647,772</u>
Capital activities		
Net disposals (purchases) of tangible capital assets	<u>(450,188)</u>	<u>(347,677)</u>
Cash provided by (used for) investing activities	<u>(450,188)</u>	<u>(347,677)</u>
Investing activities		
Decrease (increase) in long-term receivable	<u>(24,955)</u>	<u>(12,737)</u>
Cash provided by (used for) investing activities	<u>(24,955)</u>	<u>(12,737)</u>
Financing activities		
Long term debt proceeds	38,400	43,300
Payments on long-term debt	<u>(74,934)</u>	<u>(89,770)</u>
Cash provided by (used for) financing activities	<u>(36,534)</u>	<u>(46,470)</u>
Increase (decrease) in cash position	625,405	240,888
Cash (overdraft) beginning of year	<u>797,636</u>	<u>556,748</u>
Cash (overdraft) end of year	<u>\$ 1,423,041</u>	<u>\$ 797,636</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, 2016

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:

	2016	2015
County of Huron	\$ 1,605,372	\$ 1,541,205
School Boards	744,163	716,491

3. Trust funds

Trust funds administered by the Township amounting to \$ 149,789 (2015 : \$ 143,162) 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

	2016	2015
Tile loans, 6% - 8%, principal and interest receivable annually, due 2017 through 2026	<u>\$ 103,846</u>	<u>\$ 78,891</u>

Amounts due in the next five years are as follows:

2017: \$15,700. 2018: \$15,400. 2019: \$16,300. 2020: \$15,800. 2021: \$6,300.

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 13 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 2016 was \$72,425 (2015 : \$71,919) for current services and is included as an expenditure on the consolidated statement of financial activities. The contribution rate for 2016 was 9.2% to 15.8% (2015 was 9.0% to 14.6%) 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, 2016 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:

	2016	2015
Canadian Imperial Bank of Commerce (CIBC) loan payable, 3.785% interest, \$6,965 blended payment payable monthly, due July 2019	550,234	611,723
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2017 through 2026	<u>103,846</u>	<u>78,891</u>
	<u>\$ 654,080</u>	<u>\$ 690,614</u>

Principal payments for the next five years are as follows:

2017: \$79,500. 2018: \$81,400. 2019: \$84,800. 2020: \$86,700. 2021: \$79,800.

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:

	2016	2015
Tile drainage loans assumed by individuals	\$ 103,846	\$ 78,891

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:

	2016	2015
General revenue accumulated surplus		
and invested in tangible capital assets	\$ 13,348,749	\$ 13,713,347
Special area levies - Villages	107,640	99,744
Cemeteries	37,146	30,395
Recreation, community centres, parks and halls	76,035	43,848
Reserves and reserve funds	<u>1,608,009</u>	<u>1,022,833</u>
	<u>\$ 15,177,579</u>	<u>\$ 14,910,167</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 2016 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	806,400
Debt principal repayments	61,300
Net reserve, reserve fund, and surplus transfers	<u>(650,500)</u>
Budgeted surplus reported on consolidated statement of operations	<u>\$ 217,200</u>

TOWNSHIP OF HOWICK
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2016

	General				Infrastructure			TOTAL Net Book Value 2016	TOTAL Net Book Value 2015
	Land	Buildings	Vehicles	Other	Plants and Facilities	Roads	Bridges and other Structures		
Cost									
Balance, beginning of year	139,850	4,737,661	2,038,370	846,867	459,590	13,290,045	4,234,118	25,746,501	25,398,824
Add: Additions during the year		46,041		82,976	3,993	89,171	228,007	450,188	347,677
Balance, end of year	<u>139,850</u>	<u>4,783,702</u>	<u>2,038,370</u>	<u>929,843</u>	<u>463,583</u>	<u>13,379,216</u>	<u>4,462,125</u>	<u>26,196,689</u>	<u>25,746,501</u>
Accumulated Amortization									
Balance, beginning of year		2,099,914	1,240,897	348,727	248,851	5,040,753	2,189,361	11,168,503	10,518,385
Add: Amortization during the year		94,210	127,593	71,021	13,926	309,194	93,058	709,002	650,118
Balance, end of year	<u>-</u>	<u>2,194,124</u>	<u>1,368,490</u>	<u>419,748</u>	<u>262,777</u>	<u>5,349,947</u>	<u>2,282,419</u>	<u>11,877,505</u>	<u>11,168,503</u>
Net Book Value of									
Tangible Capital Assets	<u>139,850</u>	<u>2,589,578</u>	<u>669,880</u>	<u>510,095</u>	<u>200,806</u>	<u>8,029,269</u>	<u>2,179,706</u>	<u>\$ 14,319,184</u>	<u>\$ 14,577,998</u>

TOWNSHIP OF HOWICK
Consolidated Schedule of Tangible Capital Assets
For the Year Ended December 31, 2016

	General Government	Protection	Transportation	Environmental	Health	Recreation and Cultural	TOTAL Net Book Value 2016	TOTAL Net Book Value 2015
Cost								
Balance, beginning of year	312,073	491,604	20,096,279	46,228	7,262	4,793,055	25,746,501	25,398,824
Add: Additions during the year	64,636	10,203	321,403			53,946	450,188	347,677
Balance, end of year	<u>376,709</u>	<u>501,807</u>	<u>20,417,682</u>	<u>46,228</u>	<u>7,262</u>	<u>4,847,001</u>	26,196,689	<u>25,746,501</u>
Accumulated Amortization								
Balance, beginning of year	148,513	212,456	8,532,067	6,169	2,014	2,267,284	11,168,503	10,518,385
Add: Amortization during the year	25,806	42,306	525,042	347	142	115,359	709,002	650,118
Balance, end of year	<u>174,319</u>	<u>254,762</u>	<u>9,057,109</u>	<u>6,516</u>	<u>2,156</u>	<u>2,382,643</u>	11,877,505	<u>11,168,503</u>
Net Book Value of								
Tangible Capital Assets	202,390	247,045	11,360,573	39,712	5,106	2,464,358	\$ 14,319,184	\$ 14,577,998

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

For the Year Ended December 31, 2016

	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	167,742		117,113		(65,000)	219,855
for protection services	138,235		73,833		(20,204)	191,864
for transportation services	629,001		597,441		(219,825)	1,006,617
for environmental services	20,364		347			20,711
for recreation and cultural services	64,148		101,871			166,019
for planning and development	3,343		1,000		(1,400)	2,943
	<u>1,022,833</u>	<u>-</u>	<u>891,605</u>	<u>-</u>	<u>(306,429)</u>	<u>1,608,009</u>
Deferred revenue						
Parkland	18,590	187	1,600			20,377
Federal Gas Tax Funds	207,984	2,436		117,235		327,655
	<u>226,574</u>	<u>2,623</u>	<u>1,600</u>	<u>117,235</u>	<u>-</u>	<u>348,032</u>
Total	<u>\$ 1,249,407</u>	<u>2,623</u>	<u>893,205</u>	<u>117,235</u>	<u>(306,429)</u>	<u>\$ 1,956,041</u>

TOWNSHIP OF HOWICK**Segmented Information**

For the Year Ended December 31, 2016

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Total 2016	Total 2015
Revenue									
Taxation	2,486,303							2,486,303	2,109,820
User charges, licences, donations	133,862	24,875	15,358	84,386	18,719	406,702	19,646	703,548	551,084
Government transfers	827,147	962	25,000	28,304		8,332	6,500	896,245	1,133,214
Interest and penalties	65,304							65,304	48,161
Other	346,147							346,147	158,696
	<u>3,858,763</u>	<u>25,837</u>	<u>40,358</u>	<u>112,690</u>	<u>18,719</u>	<u>415,034</u>	<u>26,146</u>	<u>4,497,547</u>	<u>4,000,975</u>
Operating expenditure									
Wages, salaries and benefits	386,722	168,092	370,071	43,526	1,225	136,093	14,355	1,120,084	1,118,359
Contracted services	55,534	549,377	534,341	122,173	13,525	54,441	14,607	1,343,998	1,116,730
Supplies, materials, equipment and other	184,347	95,792	224,845	26,131	5,703	496,302	23,931	1,057,051	860,378
Amortization	25,806	42,306	525,042	347	142	115,359		709,002	650,118
	<u>652,409</u>	<u>855,567</u>	<u>1,654,299</u>	<u>192,177</u>	<u>20,595</u>	<u>802,195</u>	<u>52,893</u>	<u>4,230,135</u>	<u>3,745,585</u>
Net revenue (expense)	<u>3,206,354</u>	<u>(829,730)</u>	<u>(1,613,941)</u>	<u>(79,487)</u>	<u>(1,876)</u>	<u>(387,161)</u>	<u>(26,747)</u>	<u>267,412</u>	<u>255,390</u>

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, 2016, 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

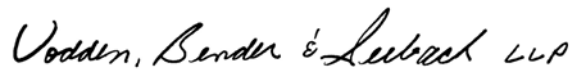
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2016 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 15, 2017

**TOWNSHIP OF HOWICK
TRUST FUNDS**

BALANCE SHEET

As at December 31, 2016

	Cemetery Care and Maintenance				2016	2015
	Fordwich	Gorrie	Wroxeter	Lakelet		
Assets						
Cash	\$ 48,257	\$ 33,660	\$ 61,971	\$ 5,901	\$ 149,789	\$ 143,162
Liabilities						
Accounts payable and accrued liabilities					-	-
Fund balance	<u>48,257</u>	<u>33,660</u>	<u>61,971</u>	<u>5,901</u>	149,789	<u>143,162</u>
Trust fund balances	<u>\$ 48,257</u>	<u>\$ 33,660</u>	<u>\$ 61,971</u>	<u>\$ 5,901</u>	\$ 149,789	<u>\$ 143,162</u>

STATEMENT OF CONTINUITY

For the Year Ended December 31, 2016

	Cemetery Care and Maintenance				2016	2015
	Fordwich	Gorrie	Wroxeter	Lakelet		
Receipts						
Care and maintenance	1,490	1,400	2,440	1,140	6,470	10,360
Investment income	474	486	606	48	1,614	1,798
	<u>1,964</u>	<u>1,886</u>	<u>3,046</u>	<u>1,188</u>	8,084	<u>12,158</u>
Expenditure						
Transfers to general - cemetery	<u>410</u>	<u>464</u>	<u>545</u>	<u>38</u>	1,457	<u>1,639</u>
Excess of receipts over expenditures for the year	<u>1,554</u>	<u>1,422</u>	<u>2,501</u>	<u>1,150</u>	6,627	<u>10,519</u>
Fund balance, beginning of year	46,703	32,238	59,470	4,751	143,162	132,643
Fund balance, end of year	<u>\$ 48,257</u>	<u>\$ 33,660</u>	<u>\$ 61,971</u>	<u>\$ 5,901</u>	\$ 149,789	<u>\$ 143,162</u>

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

For the Year Ended December 31, 2016

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 \$ 149,789 (2015 : \$ 143,162).