

**TOWNSHIP OF HOWICK  
FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**SEEBACH & COMPANY**  
*Chartered Professional Accountants*

## INDEPENDENT AUDITOR'S REPORT

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

### *Opinion*

We have audited the accompanying financial statements of the Corporation of the Township of Howick ("the Township"), which are comprised of the consolidated statement of financial position as at December 31, 2019 and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *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 PSAB, 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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## INDEPENDENT AUDITOR'S REPORT (continued)

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 Township'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 Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Seebach & Company*

Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
May 15, 2020

**TOWNSHIP OF HOWICK**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

<b>As at December 31</b>	<b>2019</b>	<b>2018</b>
<b>FINANCIAL ASSETS</b>		
Cash	3,026,594	1,764,514
Taxes receivable	315,393	322,137
Accounts receivable	733,338	1,204,267
Long-term receivables (note 4)	56,499	103,465
	<u>4,131,824</u>	<u>3,394,383</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	86,573	115,046
Landfill closure and post closure liability (note 6)	404,300	392,300
Deferred revenue	521,479	273,805
Municipal debt (note 7)	407,129	523,527
	<u>1,419,481</u>	<u>1,304,678</u>
<b>NET FINANCIAL ASSETS</b>	<b>2,712,343</b>	<b>2,089,705</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets, net (note 8)	<u>15,425,475</u>	<u>14,847,197</u>
<b>ACCUMULATED SURPLUS (note 10)</b>	<b><u>\$ 18,137,818</u></b>	<b><u>\$ 16,936,902</u></b>

The accompanying notes are an integral part of this financial statement

**TOWNSHIP OF HOWICK**  
**CONSOLIDATED STATEMENT OF OPERATIONS**

<b>For the year ended December 31</b>	<b>2019 Budget</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
<b>Revenue</b>			
Taxation for municipal purposes	3,577,577	<b>3,547,060</b>	3,222,208
Government transfers - Canada and Ontario	1,128,095	<b>1,153,211</b>	804,653
Fees and user charges	218,300	<b>508,200</b>	433,904
Licences and permits	150,000	<b>206,814</b>	156,418
Penalties and interest on taxes	58,005	<b>47,520</b>	50,149
Investment income	51,000	<b>88,526</b>	46,967
Other	122,500	<b>229,937</b>	115,768
	<u>5,305,477</u>	<u><b>5,781,268</b></u>	<u>4,830,067</u>
<b>Expenditure</b>			
General government	582,580	<b>571,221</b>	559,940
Protection to persons and property	981,289	<b>988,833</b>	916,815
Transportation services	2,025,750	<b>1,976,580</b>	1,840,540
Environmental services	249,445	<b>247,854</b>	203,025
Health services - cemeteries	5,250	<b>23,259</b>	28,398
Recreation, parks and culture	451,555	<b>687,635</b>	647,244
Planning and development	52,907	<b>84,970</b>	73,615
	<u>4,348,776</u>	<u><b>4,580,352</b></u>	<u>4,269,577</u>
<b>Annual surplus (deficit)</b>	956,701	<b>1,200,916</b>	560,490
<b>Accumulated surplus, beginning of year</b>	<u>16,936,902</u>	<u><b>16,936,902</b></u>	<u>16,376,412</u>
<b>Accumulated surplus, end of year</b>	<u><u>\$ 17,893,603</u></u>	<u><u><b>\$ 18,137,818</b></u></u>	<u><u>\$ 16,936,902</u></u>

The accompanying notes are an integral part of this financial statement

**TOWNSHIP OF HOWICK**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

<b>For the year ended December 31</b>	<b>2019 Budget</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
Annual surplus (deficit)	956,701	<b>1,200,916</b>	560,490
Amortization of tangible capital assets	864,365	<b>906,391</b>	752,828
Net acquisition of tangible capital assets	<u>(1,926,050)</u>	<u><b>(1,484,669)</b></u>	<u>(869,620)</u>
<b>Increase (decrease) in net financial assets</b>	(104,984)	<b>622,638</b>	443,698
<b>Opening balance</b>	<u>2,089,705</u>	<u><b>2,089,705</b></u>	<u>1,646,007</u>
<b>Closing balance</b>	<u><u>\$ 1,984,721</u></u>	<u><u><b>\$ 2,712,343</b></u></u>	<u><u>\$ 2,089,705</u></u>

The accompanying notes are an integral part of this financial statement

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

<b>For the year ended December 31</b>	<b>2019</b>	<b>2018</b>
<b>Operating activities</b>		
Net revenue (expenditures)	<b>1,200,916</b>	560,490
Amortization expense not requiring cash outlay	<b>906,391</b>	752,828
Decrease (increase) in taxes receivable	<b>6,744</b>	31,691
Decrease (increase) in accounts receivable	<b>470,929</b>	(261,424)
Increase (decrease) in accounts payable	<b>(28,473)</b>	(78,157)
Increase (decrease) in landfill closure and post closure liability	<b>12,000</b>	12,000
Increase (decrease) in deferred revenue	<b>247,674</b>	190,516
Cash provided by (used for) operating activities	<b><u>2,816,181</u></b>	<u>1,207,944</u>
<b>Capital activities</b>		
Net disposals (purchases) of tangible capital assets	<b><u>(1,484,669)</u></b>	<u>(869,620)</u>
Cash provided by (used for) investing activities	<b><u>(1,484,669)</u></b>	<u>(869,620)</u>
<b>Investing activities</b>		
Decrease (increase) in long-term receivable	<b><u>46,966</u></b>	<u>17,882</u>
Cash provided by (used for) investing activities	<b><u>46,966</u></b>	<u>17,882</u>
<b>Financing activities</b>		
Payments on long-term debt	<b><u>(116,398)</u></b>	<u>(84,198)</u>
Cash provided by (used for) financing activities	<b><u>(116,398)</u></b>	<u>(84,198)</u>
<b>Increase (decrease) in cash position</b>	<b>1,262,080</b>	272,008
<b>Cash (overdraft) beginning of year</b>	<b><u>1,764,514</u></b>	<u>1,492,506</u>
<b>Cash (overdraft) end of year</b>	<b><u>\$ 3,026,594</u></b>	<u>\$ 1,764,514</u>

The accompanying notes are an integral part of this financial statement

# THE CORPORATION OF THE TOWNSHIP OF HOWICK

## NOTES TO FINANCIAL STATEMENTS

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For the year ended December 31, 2019

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### 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:

	<b>2019</b>	<b>2018</b>
County of Huron	\$ 2,007,300	\$ 1,899,105
School Boards	827,670	805,801

### 3. Trust funds

Trust funds administered by the Township amounting to \$ 170,675 (2018 : \$ 165,415) 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

	2019	2018
Tile loans, 6% - 8%, principal and interest receivable annually, due 2020 through 2029	<u>\$ 56,499</u>	<u>\$ 103,465</u>

Amounts due in the next five years are as follows:

2020: \$15,800. 2021: \$6,300. 2022: \$6,700. 2023: \$7,100. 2024: \$7,500.

### 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 11 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 2019 was \$75,886 (2018 : \$73,014) for current services and is included as an expenditure on the consolidated statement of financial activities. The contribution rate for 2019 was 9.2% to 15.8% (2018 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, 2019 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:

	2019	2018
Canadian Imperial Bank of Commerce (CIBC) loan payable, 2.97% interest, \$6,965 blended payment payable monthly, due July 2024	350,630	420,062
Tile drain loans payable to Ministry of Finance, responsibility for payment of principal and interest charges have been assumed by individuals, 6% - 8%, due 2020 through 2029	56,499	103,465
	<u>\$ 407,129</u>	<u>\$ 523,527</u>

Principal payments for the next five years are as follows:

2020: \$87,800.    2021: \$80,400.    2022: \$82,800.    2023: \$85,400.    2024: \$57,700.

## 8. 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.

## 9. 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.

## 10. Accumulated surplus

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

	2019	2018
General revenue accumulated surplus		
and invested in tangible capital assets	\$ 14,825,262	\$ 14,160,175
Special area levies - Villages	163,435	117,373
Cemeteries	36,610	33,802
Recreation, community centres, parks and halls	129,304	96,959
Reserves and reserve funds	<u>2,983,207</u>	<u>2,528,593</u>
	<u>\$ 18,137,818</u>	<u>\$ 16,936,902</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.

## 11. 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.

## 12. Budget amounts

Under generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2019 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	1,926,050
Debt principal repayments	68,870
Net reserve, reserve fund, and surplus transfers	(1,038,219)
Budgeted surplus reported on consolidated statement of operations	<u>\$ 956,701</u>

**TOWNSHIP OF HOWICK**  
**Consolidated Schedule of Tangible Capital Assets**  
For the Year Ended December 31, 2019

	General				Infrastructure		TOTAL Net Book Value 2019	TOTAL Net Book Value 2018
	Land	Buildings	Vehicles	Other	Roads	Bridges and other Structures		
<b>Cost</b>								
Balance, beginning of year	139,672	5,300,706	2,469,497	1,228,915	14,083,177	4,897,722	<b>28,119,689</b>	27,298,743
Add: Additions during the year		162,689	208,113	169,548	872,468	72,538	<b>1,485,356</b>	882,826
Less: Disposals during the year			(280,542)	(5,822)			<b>(286,364)</b>	(61,880)
Balance, end of year	<u>139,672</u>	<u>5,463,395</u>	<u>2,397,068</u>	<u>1,392,641</u>	<u>14,955,645</u>	<u>4,970,260</u>	<b><u>29,318,681</u></b>	<u>28,119,689</u>
<b>Accumulated Amortization</b>								
Balance, beginning of year		2,653,766	1,573,726	561,228	6,035,845	2,447,927	<b>13,272,492</b>	12,568,338
Add: Amortization during the year		110,614	124,604	87,610	337,989	245,574	<b>906,391</b>	752,828
Less: Accumulated amortization on disposals			(279,855)	(5,822)			<b>(285,677)</b>	(48,674)
Balance, end of year	<u>-</u>	<u>2,764,380</u>	<u>1,418,475</u>	<u>643,016</u>	<u>6,373,834</u>	<u>2,693,501</u>	<b><u>13,893,206</u></b>	<u>13,272,492</u>
<b>Net Book Value of</b>								
<b>Tangible Capital Assets</b>	<u>139,672</u>	<u>2,699,015</u>	<u>978,593</u>	<u>749,625</u>	<u>8,581,811</u>	<u>2,276,759</u>	<b><u>\$ 15,425,475</u></b>	<b><u>\$ 14,847,197</u></b>

**TOWNSHIP OF HOWICK**  
**Consolidated Schedule of Tangible Capital Assets**  
For the Year Ended December 31, 2019

	General Government	Protection	Transportation	Environmental	Recreation and Cultural	<b>TOTAL Net Book Value 2019</b>	TOTAL Net Book Value 2018
<b>Cost</b>							
Balance, beginning of year	492,780	598,376	22,055,439	46,228	4,926,866	<b>28,119,689</b>	27,298,743
Add: Additions during the year	12,083	147,492	1,153,117		172,664	<b>1,485,356</b>	882,826
Less: Disposals during the year		(5,822)	(273,042)		(7,500)	<b>(286,364)</b>	(61,880)
Transfers		(1,526)	(32,622)		34,148	-	-
Balance, end of year	<u>504,863</u>	<u>738,520</u>	<u>22,902,892</u>	<u>46,228</u>	<u>5,126,178</u>	<b><u>29,318,681</u></b>	<u>28,119,689</u>
<b>Accumulated Amortization</b>							
Balance, beginning of year	234,115	344,390	10,123,222	7,252	2,563,513	<b>13,272,492</b>	12,568,338
Add: Amortization during the year	22,764	43,682	719,550	367	120,028	<b>906,391</b>	752,828
Less: Accumulated amortization on disposals		(5,822)	(273,042)		(6,813)	<b>(285,677)</b>	(48,674)
Transfers		(18,385)	(14,499)		32,884	-	-
Balance, end of year	<u>256,879</u>	<u>363,865</u>	<u>10,555,231</u>	<u>7,619</u>	<u>2,709,612</u>	<b><u>13,893,206</u></b>	<u>13,272,492</u>
<b>Net Book Value of</b>							
<b>Tangible Capital Assets</b>	<u>247,984</u>	<u>374,655</u>	<u>12,347,661</u>	<u>38,609</u>	<u>2,416,566</u>	<b><u>\$ 15,425,475</u></b>	<b><u>\$ 14,847,197</u></b>



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

For the Year Ended December 31, 2019

	Balance, beginning of year	Revenues and contributions			Transfers out Utilization During Year	Balance, end of year
		Interest	From Operations	Other		
<b>Reserves and reserve funds</b>						
for general government	436,429		648,562		(277,715)	<b>807,276</b>
for protection services	570,454		296,582		(166,130)	<b>700,906</b>
for transportation services	1,180,964		1,023,842		(1,103,676)	<b>1,101,130</b>
for environmental services	21,446		35,367		-	<b>56,813</b>
for recreation and cultural services	286,357		89,268		(98,544)	<b>277,081</b>
for planning and development	32,943		7,058		-	<b>40,001</b>
	<u>2,528,593</u>	<u>-</u>	<u>2,100,679</u>	<u>-</u>	<u>(1,646,065)</u>	<u><b>2,983,207</b></u>
<b>Deferred revenue</b>						
Parkland	23,570	577	4,500			<b>28,647</b>
Federal Gas Tax Funds	250,235	2,287		240,310		<b>492,832</b>
	<u>273,805</u>	<u>2,864</u>	<u>4,500</u>	<u>240,310</u>	<u>-</u>	<u><b>521,479</b></u>
<b>Total</b>	<u><u>\$ 2,802,398</u></u>	<u><u>2,864</u></u>	<u><u>2,105,179</u></u>	<u><u>240,310</u></u>	<u><u>(1,646,065)</u></u>	<u><u><b>\$ 3,504,686</b></u></u>

# TOWNSHIP OF HOWICK

## Segmented Information

For the Year Ended December 31, 2019

	General Government	Protective Services	Transportation Services	Environmental Services	Health Services	Recreation and Culture	Planning and Development	Total 2019	Total 2018
<b>Revenue</b>									
Taxation	3,547,060							<b>3,547,060</b>	3,222,208
User charges, licences, donations	208,591	37,904	7,369	71,735	14,950	368,776	5,689	<b>715,014</b>	590,322
Government transfers	1,103,061	705		34,883		1,876	12,686	<b>1,153,211</b>	804,653
Interest and penalties	136,046							<b>136,046</b>	97,116
Other	229,937							<b>229,937</b>	115,768
	<u>5,224,695</u>	<u>38,609</u>	<u>7,369</u>	<u>106,618</u>	<u>14,950</u>	<u>370,652</u>	<u>18,375</u>	<b><u>5,781,268</u></b>	<u>4,830,067</u>
<b>Operating expenditure</b>									
Wages, salaries and benefits	396,020	248,548	411,499	54,125	1,250	153,394	19,026	<b>1,283,862</b>	1,240,647
Contracted services	55,277	550,002	532,153	172,045	19,702	144,456	743	<b>1,474,378</b>	1,420,368
Supplies, materials, equipment and other	97,160	146,601	313,378	21,317	2,307	269,757	65,201	<b>915,721</b>	855,734
Amortization	22,764	43,682	719,550	367		120,028		<b>906,391</b>	752,828
	<u>571,221</u>	<u>988,833</u>	<u>1,976,580</u>	<u>247,854</u>	<u>23,259</u>	<u>687,635</u>	<u>84,970</u>	<b><u>4,580,352</u></b>	<u>4,269,577</u>
<b>Net revenue (expense)</b>	<u>4,653,474</u>	<u>(950,224)</u>	<u>(1,969,211)</u>	<u>(141,236)</u>	<u>(8,309)</u>	<u>(316,983)</u>	<u>(66,595)</u>	<b><u>1,200,916</u></b>	<u>560,490</u>

## INDEPENDENT AUDITOR'S REPORT

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

### *Opinion*

We have audited the accompanying financial statements of the trust funds of the Corporation of the Township of Howick ("the Township"), which are comprised of the balance sheet as at December 31, 2019 and the statement of continuity of trust funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAB).

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *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 PSAB, 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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**INDEPENDENT AUDITOR'S REPORT (continued)**

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 Township'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 Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Township to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Seebach & Company*

Chartered Professional Accountants  
Licensed Public Accountants

Clinton, Ontario  
May 15, 2020

**TOWNSHIP OF HOWICK  
TRUST FUNDS**

**BALANCE SHEET**

As at December 31, 2019						
	Cemetery Care and Maintenance					
	Fordwich	Gorrie	Wroxeter	Lakelet	2019	2018
<b>Assets</b>						
Cash	\$ 53,285	\$ 43,478	\$ 65,459	\$ 8,453	<b>\$ 170,675</b>	\$ 165,415
<b>Liabilities</b>						
Accounts payable and accrued liabilities					-	-
<b>Fund balance</b>	53,285	43,478	65,459	8,453	<b>170,675</b>	165,415
<b>Trust fund balances</b>	<u>\$ 53,285</u>	<u>\$ 43,478</u>	<u>\$ 65,459</u>	<u>\$ 8,453</u>	<u><b>\$ 170,675</b></u>	<u>\$ 165,415</u>

**STATEMENT OF CONTINUITY**

For the Year Ended December 31, 2019						
	Cemetery Care and Maintenance					
	Fordwich	Gorrie	Wroxeter	Lakelet	2019	2018
<b>Receipts</b>						
Care and maintenance	1,900	2,020	720	620	<b>5,260</b>	11,570
Investment income	1,171	944	1,461	186	<b>3,762</b>	2,856
	<u>3,071</u>	<u>2,964</u>	<u>2,181</u>	<u>806</u>	<u><b>9,022</b></u>	<u>14,426</u>
<b>Expenditure</b>						
Transfers to general - cemetery	<u>1,171</u>	<u>944</u>	<u>1,461</u>	<u>186</u>	<u><b>3,762</b></u>	<u>2,856</u>
<b>Excess of receipts over expenditures for the year</b>	1,900	2,020	720	620	<b>5,260</b>	11,570
<b>Fund balance, beginning of year</b>	51,385	41,458	64,739	7,833	<b>165,415</b>	153,845
<b>Fund balance, end of year</b>	<u>\$ 53,285</u>	<u>\$ 43,478</u>	<u>\$ 65,459</u>	<u>\$ 8,453</u>	<u><b>\$ 170,675</b></u>	<u>\$ 165,415</u>

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

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**For the Year Ended December 31, 2019**

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**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 \$ 170,675 (2018 : \$ 165,415).