

**The Corporation Of The Township Of Norwich**  
Consolidated Financial Statements  
**December 31, 2018**



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**The Corporation of the Township of Norwich**  
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**December 31, 2018**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Norwich

### *Opinion*

We have audited the consolidated financial statements of The Corporation of the Township of Norwich (the Corporation), which comprise the consolidated statement of financial position as at December 31, 2018, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2018, and the results of its operations and its cash flow for the year then ended, in accordance with Canadian Public Sector Accounting Standards.

### *Basis for Opinion*

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

### *Other Information*

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation'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 Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation 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.

June 4, 2019  
Norwich, Ontario

*Millard, Rouse & Rosebrugh LLP*

**Millard, Rouse & Rosebrugh LLP**  
Chartered Professional Accountants  
Licensed Public Accountants

**The Corporation of the Township of Norwich**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2018**

	2018	2017
<b>FINANCIAL ASSETS</b>		
Cash	\$ 3,666,944	\$ 5,279,741
Taxes receivable	860,012	755,729
Accounts receivable (Note 3)	851,249	580,555
Drainage receivable (Note 4)	1,199,052	1,226,753
Investment in EARTH Corporation (Note 5)	2,284,135	2,239,708
	<b>8,861,392</b>	<b>10,082,486</b>
<b>LIABILITIES</b>		
Accounts payable	1,371,635	1,202,123
Deposits repayable	1,165,704	1,033,294
Deferred revenue (Note 6)	652,082	542,836
Long term liabilities (Note 7)	2,004,738	2,225,697
	<b>5,194,159</b>	<b>5,003,950</b>
<b>NET FINANCIAL ASSETS</b>	<b>3,667,233</b>	<b>5,078,536</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 8)	31,922,748	28,814,940
Prepaid expenses	87,184	59,933
Inventory	11,490	17,622
	<b>32,021,422</b>	<b>28,892,495</b>
<b>ACCUMULATED SURPLUS (Note 9)</b>	<b>\$ 35,688,655</b>	<b>\$ 33,971,031</b>

See accompanying notes



**The Corporation of the Township of Norwich**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**Year ended December 31, 2018**

	Budget 2018	2018	2017
	<i>(Note 15)</i>		
<b>REVENUES</b>			
Taxation	\$ 8,137,525	\$ 7,952,851	\$ 7,855,899
Government transfers - Federal <i>(Note 10)</i>	349,974	398,882	343,196
Government transfers - Provincial <i>(Note 11)</i>	1,634,220	1,358,760	964,268
User charges	1,254,673	1,412,921	1,370,146
Other income <i>(Note 12)</i>	304,500	763,824	537,390
	<b>11,680,892</b>	<b>11,887,238</b>	11,070,899
<b>Expenses</b>			
General government	1,495,850	1,412,841	1,360,691
Protection services	2,793,336	3,030,382	2,957,669
Transportation services	2,433,394	3,278,833	3,061,593
Recreation and cultural services	1,268,061	1,604,920	1,541,437
Health services	613,870	601,362	638,185
Planning and development	75,625	241,276	162,769
	<b>8,680,136</b>	<b>10,169,614</b>	9,722,344
<b>ANNUAL SURPLUS</b>	<b>\$ 3,000,756</b>	<b>1,717,624</b>	1,348,555
<b>Accumulated surplus - beginning of year</b>	<b>33,971,031</b>	<b>33,971,031</b>	32,622,476
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>\$ 36,971,787</b>	<b>\$ 35,688,655</b>	\$ 33,971,031

See accompanying notes



**The Corporation of the Township of Norwich**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year ended December 31, 2018**

	Budget 2018	2018	2017
	<i>(Note 15)</i>		
<b>ANNUAL SURPLUS</b>	<b>\$ 3,000,756</b>	<b>\$ 1,717,624</b>	<b>\$ 1,348,555</b>
Purchase of tangible capital assets	(4,108,280)	(4,696,933)	(1,688,794)
Proceeds on disposal of tangible capital assets	-	52,811	129,703
Amortization of tangible capital assets	-	1,573,016	1,525,345
Gain on disposal of assets	-	(36,702)	(87,763)
Decrease (increase) in prepaid expenses	-	(27,251)	65,688
Decrease (increase) in inventory	-	6,132	(2,931)
	<b>(4,108,280)</b>	<b>(3,128,927)</b>	<b>(58,752)</b>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>(1,107,524)</b>	<b>(1,411,303)</b>	<b>1,289,803</b>
Net financial assets - beginning of year	<b>5,078,536</b>	<b>5,078,536</b>	<b>3,788,733</b>
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	<b>\$ 3,971,012</b>	<b>\$ 3,667,233</b>	<b>\$ 5,078,536</b>

See accompanying notes



**The Corporation of the Township of Norwich**  
**Consolidated Statement of Cash Flow**  
**Year ended December 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 1,717,624	\$ 1,348,555
Items not affecting cash:		
Amortization of tangible capital assets	1,573,016	1,525,345
Gain on disposal of tangible capital assets and assets held for resale	(36,702)	(128,590)
Change in equity - ERTH Corporation	(44,427)	(51,082)
	<b>3,209,511</b>	<b>2,694,228</b>
Changes in non-cash working capital:		
Taxes receivable	(104,283)	38,463
Accounts receivable	(270,694)	(42,728)
Drainage receivable	27,701	675,525
Accounts payable	169,512	182,515
Deposits repayable	132,410	75,851
Deferred revenue	109,246	132,532
Prepaid expenses	(27,251)	65,688
Inventory	6,132	(2,931)
	<b>42,773</b>	<b>1,124,915</b>
Cash flow from operating activities	<b>3,252,284</b>	<b>3,819,143</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(4,696,933)	(1,688,794)
Proceeds from sale of tangible capital assets and assets held for resale	52,811	449,703
Cash flow used by capital activities	<b>(4,644,122)</b>	<b>(1,239,091)</b>
<b>FINANCING ACTIVITY</b>		
Repayment of long term debt	(220,959)	(219,966)
Cash flow used by financing activity	<b>(220,959)</b>	<b>(219,966)</b>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(1,612,797)</b>	<b>2,360,086</b>
Cash - beginning of year	5,279,741	2,919,655
<b>CASH - END OF YEAR</b>	<b>\$ 3,666,944</b>	<b>\$ 5,279,741</b>

See accompanying notes





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# The Corporation of the Township of Norwich

## Notes to Consolidated Financial Statements

Year ended December 31, 2018

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### 1. NATURE OF OPERATIONS

The Corporation of the Township of Norwich is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes, such as the Municipal Act and related legislation.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of The Corporation of the Township of Norwich are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

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

#### **Reporting entity**

##### *(i) Consolidated entities*

These consolidated financial statements reflect the assets, liabilities, revenues and expenses of all municipal organizations, committees and boards which are owned or controlled by the Township. These consolidated financial statements include:

##### *Norwich Business Improvement Area*

All inter-departmental and inter-organizational transactions and balances between these organizations have been eliminated.

The investments in government business enterprises are accounted for using the modified equity basis which is consistent with the Canadian generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the Township and inter-organizational transactions and balances are not eliminated.

The following government business enterprise is reflected in these consolidated financial statements:

##### *ERTH Corporation*

##### *(ii) Accounting for Oxford County and school board transactions*

The taxation, other revenue, expenditures, assets and liabilities with respect to the operations of the school boards and the County of Oxford, are not reflected in the municipal fund balances of these financial statements.

##### *(iii) Trust funds*

Trust funds and their related operations administered by the municipality are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity and Balance Sheet".

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# The Corporation of the Township of Norwich

## Notes to Consolidated Financial Statements

Year ended December 31, 2018

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Basis of presentation

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

#### Revenue recognition

##### *(i) Taxation*

Annually, the Township bills and collects property tax revenue for municipal levy purposes as well as education taxes on behalf of the local school boards. The Township has the authority to levy and collect property taxes under the Municipal Act, 2001.

The amount of the total annual municipal property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class of property, in accordance with legislation and Council-approved policies, in order to raise the revenue needed to meet operating budget requirements.

The Municipal Property Assessment Corporation (MPAC), a not-for-profit corporation funded by all of Ontario's municipalities, is responsible for property assessments. MPAC provides the current value assessment (CVA) of each property in the returned assessment roll in December of each year. The amount of property tax levied on an individual property is the product of the CVA, the municipal tax rate by class, and the education tax rate by class.

Taxation revenue is recorded at the time tax billings are issued. Additional property tax revenue can be added throughout the year relating to; newly occupied properties, properties omitted in the December assessment roll, or other MPAC adjustments. Tax revenue can also be reduced if there are reductions in assessment values resulting from property assessment appeals.

##### *(ii) Government transfers*

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

##### *(iii) User charges*

User charges relate to various municipal programs and fees imposed based on specific activities. Examples of user charges include: licences, permits, and arena ice rentals. Revenue is recognized when the activity is performed or when services are rendered.

##### *(iv) Other income*

Other income is recognized in the year that the events giving rise to the revenue occur and the revenue is earned. Amounts received which relate to revenue that will be earned in a future year are deferred and reported as liabilities on the Consolidated Statement of Financial Position.

#### Inventory

Inventory of supplies held for consumption is valued at the lower of cost and replacement value.

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# The Corporation of the Township of Norwich

## Notes to Consolidated Financial Statements

Year ended December 31, 2018

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Costs include all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing the year the asset is available for productive use. Half the normal rate of amortization is recorded in the initial year of productive use. Amortization rates are as follows:

Land improvements	20 years
Buildings and structures	10 to 50 years
Infrastructure	15 to 60 years
Vehicles, machinery and equipment	5 to 15 years

Land permanently removed from service and held for resale is recorded at the lower of cost and net realizable value. Cost includes amounts for improvements to prepare the land for sale or servicing. Tangible capital assets which meet this criteria for financial assets are reclassified as "assets held for sale" on the Statement of Financial Position.

#### Interest capitalization

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

#### Deferred revenue

The municipality receives funds for specific purposes which are externally restricted by legislation, regulation or agreement. These restricted funds are not available for general municipal purposes and are recognized as revenue in the fiscal year the funds are used for the specified purpose.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Actual results could differ from management's best estimates as additional information becomes available in the future.



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# The Corporation of the Township of Norwich

## Notes to Consolidated Financial Statements

Year ended December 31, 2018

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### 3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2018		2017
Government of Canada	\$ 244,132	\$	102,247
Province of Ontario	142,901		29,410
Other municipalities	37,974		51,181
School boards	2,719		937
Other receivables	423,523		396,780
	<b>\$ 851,249</b>	\$	<b>580,555</b>

### 4. DRAINAGE RECEIVABLE

The Township incurs costs to maintain and construct municipal drains which are recoverable from the benefiting landowners. In accordance with the Drainage Act, these costs can accumulate for a five year period prior to being invoiced. Drainage costs receivable represents accumulated drainage costs, which have not yet been invoiced to the benefiting landowners, and before Ministry grants and Municipal portions. The receivable also includes amounts that have been billed to the benefiting landowners, financed on taxes.



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# The Corporation of the Township of Norwich

## Notes to Consolidated Financial Statements

Year ended December 31, 2018

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### 5. INVESTMENT IN EARTH CORPORATION

ERTH Corporation is incorporated under the laws of the Province of Ontario. The Corporation of the Township of Norwich holds a 8.74% (2017 - 8.74%) equity position in EARTH Corporation.

The promissory note receivable from EARTH Corporation is unsecured and bears interest at 7.25%. The term of the note is undefined but no principal repayments are expected within the next twelve months.

The following summarizes the investment in EARTH Corporation:

	<u>2018</u>	<u>2017</u>
Share of EARTH Corporation's net assets	\$ 1,264,135	\$ 1,219,708
Loan receivable from EARTH Corporation	<u>1,020,000</u>	<u>1,020,000</u>
Total investment in EARTH Corporation	<u>\$ 2,284,135</u>	<u>\$ 2,239,708</u>

The following summarizes the financial position and operations of EARTH Corporation which have been reported in these financial statements using the modified equity method:

	<u>2018</u>	<u>2017</u>
Financial position		
Total assets	\$ 86,954,181	\$ 79,929,894
Total liabilities	<u>68,006,316</u>	<u>62,133,546</u>
Total net assets	<u>\$ 18,947,865</u>	<u>\$ 17,796,348</u>
Results of operations		
Revenue	\$ 86,425,738	\$ 80,660,199
Expenses	<u>84,992,425</u>	<u>79,575,733</u>
Net income for the year	1,433,313	1,084,466
Other comprehensive income (loss)	<u>38,563</u>	<u>(119,903)</u>
Total comprehensive income for the year	<u>\$ 1,471,876</u>	<u>\$ 964,563</u>



# The Corporation of the Township of Norwich

## Notes to Consolidated Financial Statements

Year ended December 31, 2018

### 6. DEFERRED REVENUE

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Professional Accountants, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in deferred revenue including obligatory reserve funds (consisting of Recreational Land - Planning Act, Development Charges and Federal Gas Tax) of the Township are as follows:

	Opening Balance	Contributions Received	Investment Income	Revenue Recognized	Ending Balance
Recreational land	\$ 52,060	\$ 30,000	\$ 1,185	\$ -	\$ 83,245
Development charges	447,214	237,207	10,907	(175,088)	520,240
Federal gas tax	37,178	341,473	2,740	(341,474)	39,917
Other	6,384	8,680	-	(6,384)	8,680
	<b>\$ 542,836</b>	<b>\$ 617,360</b>	<b>\$ 14,832</b>	<b>\$ (522,946)</b>	<b>\$ 652,082</b>

### 7. LONG TERM LIABILITIES

a) Long term liabilities reported on the Consolidated Statement of Financial Position are comprised of the following:

	2018	2017
Long term liabilities issued by the County of Oxford for which the Township has assumed responsibility for repayment	<b>\$ 2,004,738</b>	\$ 2,225,697

b) Of the long term liabilities reported above, principal payments are recoverable from general municipal revenues and are repayable as follows:

2019	<b>\$ 221,980</b>
2020	<b>223,030</b>
2021	<b>224,110</b>
2022	<b>225,221</b>
2023	<b>226,363</b>
Thereafter	<b>884,034</b>
	<b><u>\$ 2,004,738</u></b>

The above long term liabilities have maturity dates ranging from 2018 to 2030 with interest rates varying between 2.82% to 4.91%.

c) The long term liabilities in part (a) have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayments and limits prescribed by the Ministry of Municipal Affairs and Housing.



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# The Corporation of the Township of Norwich

## Notes to Consolidated Financial Statements

Year ended December 31, 2018

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### 8. TANGIBLE CAPITAL ASSETS

	Land Improvements	Buildings and Structures	Infrastructure	Vehicles, Machinery and Equipment	2018
Cost, beginning of year	\$ 3,671,966	\$ 15,246,604	\$ 34,493,594	\$ 7,294,862	<b>\$60,707,026</b>
Additions	337,045	2,363,385	1,373,631	622,872	<b>4,696,933</b>
Disposals	-	-	-	(306,368)	<b>(306,368)</b>
Cost, end of year	4,009,011	17,609,989	35,867,225	7,611,366	<b>65,097,591</b>
Accumulated amortization, beginning of year	641,980	3,898,539	22,941,325	4,410,242	<b>31,892,086</b>
Amortization	47,833	349,632	731,059	444,492	<b>1,573,016</b>
Disposals	-	-	-	(290,259)	<b>(290,259)</b>
Accumulated amortization, end of year	689,813	4,248,171	23,672,384	4,564,475	<b>33,174,843</b>
Net carrying amount, end of year	\$ 3,319,198	\$ 13,361,818	\$ 12,194,841	\$ 3,046,891	<b>\$31,922,748</b>

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# The Corporation of the Township of Norwich

## Notes to Consolidated Financial Statements

Year ended December 31, 2018

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### 8. TANGIBLE CAPITAL ASSETS (continued)

	Land Improvements	Buildings and Structures	Infrastructure	Vehicles, Machinery and Equipment	2017
Cost, beginning of year	\$ 3,480,799	\$ 15,038,859	\$ 33,739,385	\$ 7,025,235	\$59,284,278
Additions	233,098	272,325	754,209	429,162	1,688,794
Disposals	(41,931)	(64,580)	-	(159,535)	(266,046)
Cost, end of year	3,671,966	15,246,604	34,493,594	7,294,862	60,707,026
Accumulated amortization, beginning of year	601,291	3,618,359	22,228,896	4,142,310	30,590,856
Amortization	40,689	344,760	712,429	427,467	1,525,345
Disposals	-	(64,580)	-	(159,535)	(224,115)
Accumulated amortization, end of year	641,980	3,898,539	22,941,325	4,410,242	31,892,086
Net carrying amount, end of year	\$ 3,029,986	\$ 11,348,065	\$ 11,552,269	\$ 2,884,620	\$28,814,940

The net book value of tangible capital assets not being amortized because they are under construction is \$2,594,337 (2017 - \$233,590).





# The Corporation of the Township of Norwich

## Notes to Consolidated Financial Statements

Year ended December 31, 2018

### 9. ACCUMULATED SURPLUS

The Corporation of the Township of Norwich segregates its accumulated surplus into the following categories:

	<b>2018</b>	<b>2017</b>
Investment in tangible capital assets	<b>\$ 31,922,748</b>	\$ 28,814,940
Long term liabilities	<b>\$ (2,004,738)</b>	\$ (2,225,697)
Net investment in tangible capital assets	<b>\$ 29,918,010</b>	\$ 26,589,243
Unfinanced capital outlay	<b>(600,000)</b>	-
Current funds	<b>(35,132)</b>	(23,681)
Reserve funds		
Working funds	<b>202,300</b>	202,300
Current purposes	<b>1,806,731</b>	2,396,669
Capital purposes	<b>2,084,711</b>	2,539,450
Specific purposes	<b>27,900</b>	27,342
Investment in EARTH Corporation (Note 5)	<b>2,284,135</b>	2,239,708
	<b>\$ 35,688,655</b>	\$ 33,971,031

### 10. GOVERNMENT TRANSFERS - FEDERAL

	<b>Budget (Note 15)</b>	<b>2018</b>	<b>2017</b>
Operating	<b>\$ 8,500</b>	\$ -	\$ 8,944
Capital	<b>341,474</b>	<b>398,882</b>	334,252
	<b>\$ 349,974</b>	<b>\$ 398,882</b>	\$ 343,196

### 11. GOVERNMENT TRANSFERS - PROVINCIAL

	<b>Budget (Note 15)</b>	<b>2018</b>	<b>2017</b>
Operating	<b>\$ 1,004,200</b>	<b>\$ 1,003,234</b>	\$ 905,183
Capital	<b>630,020</b>	<b>355,526</b>	59,085
	<b>\$ 1,634,220</b>	<b>\$ 1,358,760</b>	\$ 964,268



# The Corporation of the Township of Norwich

## Notes to Consolidated Financial Statements

Year ended December 31, 2018

### 12. OTHER INCOME

	Budget (Note 15)	2018	2017
Penalties and interest on taxes	\$ 132,000	\$ 127,661	\$ 134,355
Investment income	142,500	182,805	143,736
Annexation adjustments	-	94,434	3,679
Gain on disposal of land and tangible capital assets	20,000	36,702	81,138
Income from EARTH Corporation	-	88,102	51,082
Deferred revenue earned	-	175,088	66,801
Donations	10,000	57,975	33,016
Other	-	1,057	23,583
	<b>\$ 304,500</b>	<b>\$ 763,824</b>	<b>\$ 537,390</b>

### 13. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF OXFORD

Further to Note 2(ii), the taxation revenue collected and remitted on behalf of the school boards and the County of Oxford totaled:

	2018	2017
School boards	\$ 3,190,079	\$ 3,106,368
County of Oxford	5,711,501	5,552,315
	<b>\$ 8,901,580</b>	<b>\$ 8,658,683</b>

### 14. PENSION AGREEMENTS

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of all permanent full-time members of its staff. OMERS 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 rate of pay. Municipality service payments for 2018 totaled \$239,806 (2017 - \$235,655), which are reflected in expenditures on the Consolidated Statement of Operations. As at December 31, 2018, the municipality had no past service obligation to the plan.



# The Corporation of the Township of Norwich

## Notes to Consolidated Financial Statements

Year ended December 31, 2018

### 15. BUDGET FIGURES

The budget by-law adopted by Council on May 8, 2018, was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis to be used. The budget figures anticipated use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the Consolidated Statements of Operations represent the budget adopted by Council on May 8, 2018 with adjustments as follows:

	2018	2017
Budget by-law surplus for the year	\$ -	\$ -
Add:		
Capital expenditures	4,108,280	4,039,410
Budgeted transfers to accumulated surplus	1,086,190	1,113,261
Principal payments on debt	220,959	219,966
Less:		
Budgeted transfers from accumulated surplus	(2,114,673)	(2,226,799)
New debenture debt	(300,000)	(300,000)
Budget surplus per Consolidated Statement of Operations	\$ 3,000,756	\$ 2,845,838

### 16. LIABILITY FOR CONTAMINATED SITES

The Township is responsible for a vacant lot in the Town of Norwich where a site assessment has confirmed that contamination exists that exceeds an environmental standard. The site is not likely to affect public health and safety, cause damage or otherwise impair the quality of the surrounding environment. There is an indication that the site may naturally rehabilitate itself over time. Due to these factors, the Township does not expect to remediate the site. The site will continue to be monitored as part of the Township's ongoing environmental protection program.

### 17. CONTRACTUAL OBLIGATIONS

The Township has entered into an agreement with the Ontario Provincial Police (OPP) to provide policing services, which expires December 31, 2019, policing costs are determined annually. In 2018, the OPP contract approximated \$1,460,000 (2017 - \$1,452,000).

The Township has entered into an agreement with G. Douglas Vallee Limited for the construction of a Fire service station in Burgessville, which commenced in March 2018. The value of the contract is \$2,165,000 plus applicable taxes. There is approximately \$210,000 of this contract outstanding as at December 31, 2018.



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# The Corporation of the Township of Norwich

## Notes to Consolidated Financial Statements

Year ended December 31, 2018

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### 18. SEGMENTED INFORMATION

The Corporation of the Township of Norwich is a municipality that provides a wide range of services to its residents. The major services chosen for segmented disclosure are the four departments that consume the greatest amount of the Township's total operating expenses. The revenue and expenses reported for each segment includes directly attributable amounts as well as internal charges and recoveries allocated on a reasonable basis.

A description of each major service and the activities each provide are as follows:

#### **General government**

The general government includes council and corporate management.

#### **Protection services**

The protection services includes fire, police, protection inspection and control, animal control, and emergency measures.

#### **Transportation services**

The transportation services department is responsible for the safe and efficient movement of people and goods within the Township of Norwich. Responsibilities include road construction and maintenance, traffic signals and signs, winter control, developing parking and traffic by-laws, and implementation and maintenance of street lighting.

#### **Recreation and cultural services**

The recreation and cultural services department is responsible for the development and upkeep of community parks and community halls and recreation facilities.

*(continues)*



**The Corporation of the Township of Norwich**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2018**

**18. SEGMENTED INFORMATION (continued)**

Year ended December 31, 2018	General Government	Protection Services	Transportatio n Services	Recreation and Cultural Services	Other Services [1]	Total 2018
<b>Revenue</b>						
Government transfers - Federal	\$ -	\$ -	\$ -	\$ 57,408	\$ 341,474	\$ 398,882
Government transfers - Provincial	-	36,676	205,526	150,000	966,558	1,358,760
User charges	23,276	55,751	55,747	313,081	965,066	1,412,921
Other income (Note 12)	-	-	-	-	763,824	763,824
	23,276	92,427	261,273	520,489	3,036,922	3,934,387
<b>Expenses</b>						
Salaries, wages and benefits	883,156	912,178	911,031	712,970	512,769	3,932,104
Materials	385,178	333,388	1,013,385	511,366	236,686	2,480,003
Contracted services	47,431	1,470,394	422,486	-	75,188	2,015,499
External transfers	-	-	-	65,467	-	65,467
Financial expenses	10,281	-	-	-	-	10,281
Interest on long term liabilities	-	23,769	14,714	54,761	-	93,244
Amortization	86,795	290,653	917,217	260,356	17,995	1,573,016
	1,412,841	3,030,382	3,278,833	1,604,920	842,638	10,169,614
<b>Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy</b>						
	\$ (1,389,565)	\$ (2,937,955)	\$ (3,017,560)	\$ (1,084,431)	\$ 2,194,284	\$ (6,235,227)
<b>Taxation revenue</b>						<b>\$ 7,952,851</b>
<b>Annual surplus</b>						<b>\$ 1,717,624</b>

[1] Other services - Revenue includes amounts not allocated to specific segments and expenses includes health services and planning and development.



**The Corporation of the Township of Norwich**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2018**

**18. SEGMENTED INFORMATION (continued)**

Year ended December 31, 2017	General Government	Protection Services	Transportatio n Services	Recreation and Cultural Services	Other Services [1]	Total 2017
<b>Revenue</b>						
Government transfers - Federal	\$ -	\$ -	\$ -	\$ 17,244	\$ 325,952	\$ 343,196
Government transfers - Provincial	-	36,664	59,085	10,944.00	857,575	964,268
User charges	52,250	80,827	26,562	310,527	899,980	1,370,146
Other income (Note 12)	-	-	-	-	537,390	537,390
	52,250	117,491	85,647	338,715	2,620,897	3,215,000
<b>Expenses</b>						
Salaries, wages and benefits	867,150	899,945	862,394	693,206	609,074	3,931,769
Materials	366,719	291,219	911,298	486,008	174,418	2,229,662
Contracted services	30,206	1,446,936	391,129	-	180	1,868,451
External transfers	-	6,266.00	-	48,378	-	54,644
Financial expenses	9,431	-	-	-	-	9,431
Interest on long term liabilities	-	25,938	15,707	61,397	-	103,042
Amortization	87,185	287,365	881,065	252,448	17,282	1,525,345
	1,360,691	2,957,669	3,061,593	1,541,437	800,954	9,722,344
<b>Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy</b>						
	\$ (1,308,441)	\$ (2,840,178)	\$ (2,975,946)	\$ (1,202,722)	\$ 1,819,943	\$ (6,507,344)
<b>Taxation revenue</b>						<b>\$ 7,855,899</b>
<b>Annual surplus</b>						<b>\$ 1,348,555</b>

[1] Other services - Revenue includes amounts not allocated to specific segments and expenses includes health services and planning and development.

