

**The Corporation Of The Township Of Norwich**  
Consolidated Financial Statements  
**December 31, 2019**



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**The Corporation of the Township of Norwich**  
**Index to Consolidated Financial Statements**  
**December 31, 2019**

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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, 2019, 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, 2019, 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.

August 11, 2020  
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, 2019**

	2019	2018
<b>FINANCIAL ASSETS</b>		
Cash	\$ 5,686,111	\$ 3,666,944
Taxes receivable	893,851	860,012
Accounts receivable (Note 3)	552,449	851,249
Drainage receivable (Note 4)	1,758,535	1,199,052
Investment in EARTH Corporation (Note 5)	2,390,743	2,284,135
	<b>11,281,689</b>	<b>8,861,392</b>
<b>LIABILITIES</b>		
Accounts payable	1,186,875	1,371,635
Deposits repayable	1,171,570	1,165,704
Deferred revenue (Note 6)	1,335,867	652,082
Long-term liabilities (Note 7)	2,367,758	2,004,738
	<b>6,062,070</b>	<b>5,194,159</b>
<b>NET FINANCIAL ASSETS</b>	<b>5,219,619</b>	<b>3,667,233</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 8)	32,873,456	31,922,748
Prepaid expenses	48,717	87,184
Inventory	12,685	11,490
	<b>32,934,858</b>	<b>32,021,422</b>
<b>ACCUMULATED SURPLUS (Note 9)</b>	<b>\$ 38,154,477</b>	<b>\$ 35,688,655</b>

See accompanying notes



**The Corporation of the Township of Norwich**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**Year ended December 31, 2019**

	Budget 2019	2019	2018
	<i>(Note 15)</i>		
<b>REVENUES</b>			
Taxation	\$ 8,654,163	\$ 8,687,176	\$ 7,952,851
Government transfers - Federal <i>(Note 10)</i>	342,974	372,268	398,882
Government transfers - Provincial <i>(Note 11)</i>	1,493,504	1,685,610	1,358,760
User charges	1,401,438	1,365,550	1,412,921
Other income <i>(Note 12)</i>	320,000	738,473	763,824
	<b>12,212,079</b>	<b>12,849,077</b>	<b>11,887,238</b>
<b>Expenses</b>			
General government	1,529,050	1,484,448	1,412,841
Protection services	2,985,554	3,163,385	3,030,382
Transportation services	2,543,843	3,363,877	3,278,833
Recreation and cultural services	1,275,815	1,643,827	1,604,920
Health services	603,750	604,155	601,362
Planning and development	79,430	123,563	241,276
	<b>9,017,442</b>	<b>10,383,255</b>	<b>10,169,614</b>
<b>ANNUAL SURPLUS</b>	<b>\$ 3,194,637</b>	<b>2,465,822</b>	<b>1,717,624</b>
<b>Accumulated surplus - beginning of year</b>	<b>35,688,655</b>	<b>35,688,655</b>	<b>33,971,031</b>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>\$ 38,883,292</b>	<b>\$ 38,154,477</b>	<b>\$ 35,688,655</b>

See accompanying notes



**The Corporation of the Township of Norwich**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year ended December 31, 2019**

	Budget 2019	2019	2018
	<i>(Note 15)</i>		
<b>Annual surplus</b>	<b>\$ 3,194,637</b>	<b>\$ 2,465,822</b>	<b>\$ 1,717,624</b>
Purchase of tangible capital assets	(2,620,738)	(2,618,246)	(4,696,933)
Proceeds on disposal of tangible capital assets	-	22,249	52,811
Amortization of tangible capital assets	-	1,629,701	1,573,016
Loss (gain) on disposal of tangible capital assets	-	15,588	(36,702)
Decrease (increase) in prepaid expenses	-	38,467	(27,251)
Decrease (increase) in inventory	-	(1,195)	6,132
	<b>(2,620,738)</b>	<b>(913,436)</b>	<b>(3,128,927)</b>
<b>Increase (decrease) in net financial assets</b>	<b>573,899</b>	<b>1,552,386</b>	<b>(1,411,303)</b>
Net financial assets - beginning of year	<b>3,667,233</b>	<b>3,667,233</b>	<b>5,078,536</b>
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	<b>\$ 4,241,132</b>	<b>\$ 5,219,619</b>	<b>\$ 3,667,233</b>

See accompanying notes



**The Corporation of the Township of Norwich**  
**Consolidated Statement of Cash Flow**  
**Year ended December 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 2,465,822	\$ 1,717,624
Items not affecting cash:		
Amortization of tangible capital assets	1,629,701	1,573,016
Loss (gain) on disposal of tangible capital assets	15,588	(36,702)
Change in equity - ERTH Corporation	(106,608)	(44,427)
	<b>4,004,503</b>	<b>3,209,511</b>
Changes in non-cash working capital:		
Taxes receivable	(33,839)	(104,283)
Accounts receivable	298,800	(270,694)
Drainage receivable	(559,483)	27,701
Accounts payable	(184,760)	169,512
Deposits repayable	5,866	132,410
Deferred revenue	683,785	109,246
Prepaid expenses	38,467	(27,251)
Inventory	(1,195)	6,132
	<b>247,641</b>	<b>42,773</b>
Cash flow from operating activities	<b>4,252,144</b>	<b>3,252,284</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(2,618,246)	(4,696,933)
Proceeds from sale of tangible capital assets	22,249	52,811
Cash flow used by capital activities	<b>(2,595,997)</b>	<b>(4,644,122)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from callable debt financing	600,000	-
Repayment of long-term debt	(236,980)	(220,959)
Cash flow from (used by) financing activities	<b>363,020</b>	<b>(220,959)</b>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>2,019,167</b>	<b>(1,612,797)</b>
Cash - beginning of year	<b>3,666,944</b>	<b>5,279,741</b>
<b>CASH - END OF YEAR</b>	<b>\$ 5,686,111</b>	<b>\$ 3,666,944</b>

See accompanying notes





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# The Corporation of the Township of Norwich

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

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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, 2019

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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. Transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized.

##### *(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.

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# The Corporation of the Township of Norwich

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

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

#### Inventory

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

#### 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, 2019

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### 3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2019		2018
Government of Canada	\$ 90,099	\$	244,132
Province of Ontario	30,198		142,901
Other municipalities	75,062		37,974
School boards	2,390		2,719
Other receivables	354,700		423,523
	<b>\$ 552,449</b>	\$	<b>851,249</b>

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### 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.



**The Corporation of the Township of Norwich**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2019**

**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 6.77% (2018 - 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>2019</u>	<u>2018</u>
Share of EARTH Corporation's net assets	<b>\$ 1,370,743</b>	\$ 1,264,135
Loan receivable from EARTH Corporation	<b>1,020,000</b>	1,020,000
Total investment in EARTH Corporation	<b>\$ 2,390,743</b>	\$ 2,284,135

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>2019</u>	<u>2018</u>
Financial position		
Total assets	<b>\$ 110,811,055</b>	\$ 86,954,181
Total liabilities	<b>81,385,140</b>	68,006,316
Total net assets	<b>\$ 29,425,915</b>	\$ 18,947,865
Results of operations		
Revenue	<b>\$ 96,484,311</b>	\$ 86,425,738
Expenses	<b>93,496,771</b>	84,992,425
Net income for the year	<b>2,987,540</b>	1,433,313
Other comprehensive income (loss)	<b>(586,708)</b>	38,563
Total comprehensive income for the year	<b>\$ 2,400,832</b>	\$ 1,471,876



# The Corporation of the Township of Norwich

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

### 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	\$ 83,245	\$ 2,000	\$ 1,878	\$ -	\$ 87,123
Development charges	520,240	402,658	13,209	(111,421)	824,686
Federal gas tax	39,917	681,563	5,928	(370,768)	356,640
Other	8,680	67,418	-	(8,680)	67,418
	<b>\$ 652,082</b>	<b>\$ 1,153,639</b>	<b>\$ 21,015</b>	<b>\$ (490,869)</b>	<b>\$ 1,335,867</b>

Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances.

### 7. LONG-TERM LIABILITIES

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

	2019	2018
Long-term liabilities issued by the County of Oxford for which the Township has assumed responsibility for repayment	<b>\$ 2,367,758</b>	\$ 2,004,738

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

2020	<b>\$ 253,030</b>
2021	<b>254,110</b>
2022	<b>255,221</b>
2023	<b>256,363</b>
2024	<b>257,538</b>
Thereafter	<b>1,091,496</b>
	<b><u>\$ 2,367,758</u></b>

The above long-term liabilities have maturity dates ranging from 2018 to 2039 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.



**The Corporation of the Township of Norwich**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2019**

**8. TANGIBLE CAPITAL ASSETS**

	Land Improvements	Buildings and Structures	Infrastructure	Vehicles, Machinery and Equipment	2019
Cost, beginning of year	\$ 4,009,011	\$ 17,609,989	\$ 35,867,225	\$ 7,611,366	<b>\$65,097,591</b>
Additions	391,627	559,017	1,204,610	462,992	<b>2,618,246</b>
Disposals	-	-	(305,131)	(221,664)	<b>(526,795)</b>
Cost, end of year	4,400,638	18,169,006	36,766,704	7,852,694	<b>67,189,042</b>
Accumulated amortization, beginning of year	689,813	4,248,171	23,672,384	4,564,475	<b>33,174,843</b>
Amortization	51,814	356,973	769,484	451,430	<b>1,629,701</b>
Disposals	-	-	(267,294)	(221,664)	<b>(488,958)</b>
Accumulated amortization, end of year	741,627	4,605,144	24,174,574	4,794,241	<b>34,315,586</b>
Net carrying amount, end of year	\$ 3,659,011	\$ 13,563,862	\$ 12,592,130	\$ 3,058,453	<b>\$32,873,456</b>

The net book value of tangible capital assets not being amortized because they are under construction is \$3,279,341 (2018 - \$2,594,337).

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



# The Corporation of the Township of Norwich

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

### 9. ACCUMULATED SURPLUS

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

	<b>2019</b>	<b>2018</b>
Investment in tangible capital assets	<b>\$ 32,873,456</b>	\$ 31,922,748
Long term liabilities	<b>\$ (2,367,758)</b>	\$ (2,004,738)
Net investment in tangible capital assets	<b>\$ 30,505,698</b>	\$ 29,918,010
Unfinanced capital outlay	-	(600,000)
Current funds	<b>(90,289)</b>	(35,132)
Reserve funds		
Working funds	<b>202,300</b>	202,300
Current purposes	<b>3,136,055</b>	1,806,731
Capital purposes	<b>1,981,450</b>	2,084,711
Specific purposes	<b>28,520</b>	27,900
Investment in ERTH Corporation (Note 5)	<b>2,390,743</b>	2,284,135
	<b>\$ 38,154,477</b>	\$ 35,688,655

### 10. GOVERNMENT TRANSFERS - FEDERAL

	<b>Budget (Note 15)</b>	<b>2019</b>	<b>2018</b>
Operating	<b>\$ 1,500</b>	\$ 1,500	\$ -
Capital	<b>341,474</b>	<b>370,768</b>	398,882
	<b>\$ 342,974</b>	<b>\$ 372,268</b>	\$ 398,882

### 11. GOVERNMENT TRANSFERS - PROVINCIAL

	<b>Budget (Note 15)</b>	<b>2019</b>	<b>2018</b>
Operating	<b>\$ 948,560</b>	\$ 1,553,708	\$ 1,003,234
Capital	<b>544,944</b>	<b>131,902</b>	355,526
	<b>\$ 1,493,504</b>	<b>\$ 1,685,610</b>	\$ 1,358,760





# The Corporation of the Township of Norwich

## Notes to Consolidated Financial Statements

Year ended December 31, 2019

### 12. OTHER INCOME

	Budget (Note 15)	2019	2018
Penalties and interest on taxes	\$ 125,000	\$ 142,589	\$ 127,661
Investment income	175,000	193,803	182,805
Annexation adjustments	-	96,700	94,434
Gain (loss) on disposal of tangible capital assets	10,000	(15,588)	36,702
Income from EARTH Corporation	-	187,408	88,102
Deferred revenue earned	-	111,421	175,088
Donations	10,000	21,990	57,975
Other	-	150	1,057
	<b>\$ 320,000</b>	<b>\$ 738,473</b>	<b>\$ 763,824</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:

	2019	2018
School boards	\$ 3,063,850	\$ 3,190,079
County of Oxford	5,934,474	5,711,501
	<b>\$ 8,998,324</b>	<b>\$ 8,901,580</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 2019 totaled \$257,300 (2018 - \$239,806), which are reflected in expenditures on the Consolidated Statement of Operations. As at December 31, 2019, 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, 2019

### 15. BUDGET FIGURES

The budget by-law adopted by Council on July 9, 2019, 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 July 9, 2019 with adjustments as follows:

	2019	2018
Budget by-law surplus for the year	\$ -	\$ -
Add:		
Capital expenditures	2,620,738	4,108,280
Budgeted transfers to accumulated surplus	1,553,502	1,086,190
Principal payments on debt	243,266	220,959
Less:		
Budgeted transfers from accumulated surplus	(1,222,869)	(2,114,673)
New debenture debt	-	(300,000)
Budget surplus per Consolidated Statement of Operations	<b>\$ 3,194,637</b>	<b>\$ 3,000,756</b>

### 16. SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian, Ontario, and Municipal governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses in Ontario resulting in an economic slowdown. The Federal and Provincial Governments, as well as the Bank of Canada, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital, and debt requirements, which may also have a direct impact on the Township's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and our business are not known at this time.

### 17. 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.



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**The Corporation of the Township of Norwich**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2019**

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**18. CONTRACTUAL OBLIGATIONS**

The Township has entered into an agreement with the Ontario Provincial Police (OPP) to provide policing services, which expired on December 31, 2019, policing costs are determined annually. In 2019, the OPP contract approximated \$1,445,000 (2018 - \$1,460,000). The Township is currently negotiating with the OPP for a new contract.

The Township has entered into an agreement with Oxford Pallet and Recyclers Limited for the purchase of land and buildings in Norwich, which closed on April 1, 2020. The purchase price is \$2,700,000 plus applicable taxes.

**19. 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, 2019**

**19. SEGMENTED INFORMATION (continued)**

Year ended December 31, 2019	General Government	Protection Services	Transportation Services	Recreation and Cultural Services	Other Services [1]	Total 2019
<b>Revenue</b>						
Government transfers - Federal	\$ -	\$ -	\$ -	\$ 1,500	\$ 370,768	\$ 372,268
Government transfers - Provincial	-	21,377	131,902	-	1,532,331	1,685,610
User charges	30,420	95,603	41,242	286,599	911,686	1,365,550
Other income (Note 12)	-	-	-	-	738,473	738,473
	<b>30,420</b>	<b>116,980</b>	<b>173,144</b>	<b>288,099</b>	<b>3,553,258</b>	<b>4,161,901</b>
<b>Expenses</b>						
Salaries, wages, and benefits	933,126	995,272	919,873	736,440	500,229	4,084,940
Materials	396,032	400,414	1,019,915	539,959	208,647	2,564,967
Contracted services	59,307	1,444,951	446,252	-	433	1,950,943
External transfers	-	-	-	48,212	-	48,212
Financial expenses	11,759	-	-	-	-	11,759
Interest on long-term liabilities	-	30,915	13,693	48,125	-	92,733
Amortization	84,224	291,833	964,144	271,091	18,409	1,629,701
	<b>1,484,448</b>	<b>3,163,385</b>	<b>3,363,877</b>	<b>1,643,827</b>	<b>727,718</b>	<b>10,383,255</b>
<b>Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy</b>						
	\$ (1,454,028)	\$ (3,046,405)	\$ (3,190,733)	\$ (1,355,728)	\$ 2,825,540	\$ (6,221,354)
<b>Taxation revenue</b>						<b>\$ 8,687,176</b>
<b>Annual surplus</b>						<b>\$ 2,465,822</b>

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



**The Corporation of the Township of Norwich**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2019**

**19. SEGMENTED INFORMATION (continued)**

Year ended December 31, 2018	General Government	Protection Services	Transportation 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	150,000.00	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>						<u>\$ 7,952,851</u>
<b>Annual surplus</b>						<u>\$ 1,717,624</u>

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

