

The Corporation Of The Township Of Norwich
Consolidated Financial Statements
December 31, 2017



The Corporation of the Township of Norwich
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December 31, 2017

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INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Norwich as at December 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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.

Millard, Rouse & Rosebrugh LLP

June 19, 2018
Norwich, Ontario

Chartered Professional Accountants
Licensed Public Accountants

The Corporation of the Township of Norwich
Consolidated Statement of Financial Position
As at December 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash	\$ 5,279,741	\$ 2,919,655
Taxes receivable	755,729	794,192
Accounts receivable (Note 3)	580,555	537,827
Drainage receivable (Note 4)	1,226,753	1,902,278
Assets held for resale (Note 5)	-	279,173
Investment in EARTH Corporation (Note 6)	2,239,708	2,188,626
	10,082,486	8,621,751
LIABILITIES		
Accounts payable	1,202,123	1,019,608
Deposits repayable	1,033,294	957,443
Deferred revenue (Note 7)	542,836	410,304
Long term liabilities (Note 8)	2,225,697	2,445,663
	5,003,950	4,833,018
NET FINANCIAL ASSETS	5,078,536	3,788,733
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	28,814,940	28,693,422
Prepaid expenses	59,933	125,621
Inventory	17,622	14,700
	28,892,495	28,833,743
ACCUMULATED SURPLUS (Note 10)	\$ 33,971,031	\$ 32,622,476

See accompanying notes



The Corporation of the Township of Norwich
Consolidated Statement of Operations and Accumulated Surplus
Year Ended December 31, 2017

	Budget 2017	2017	2016
	<i>(Note 16)</i>		
REVENUES			
Taxation	\$ 7,894,520	\$ 7,855,899	\$ 7,341,092
Government transfers - Federal <i>(Note 11)</i>	391,852	343,196	350,451
Government transfers - Provincial <i>(Note 12)</i>	1,419,135	964,268	1,026,193
User charges	1,168,373	1,370,146	1,265,134
Other income <i>(Note 13)</i>	316,178	537,390	693,660
	11,190,058	11,070,899	10,676,530
Expenses			
General government	1,426,330	1,360,691	1,361,056
Protection services	2,606,116	2,957,669	2,752,487
Transportation services	2,358,332	3,061,593	2,873,118
Health services	634,000	638,185	615,760
Recreation and cultural services	1,237,217	1,541,437	1,538,024
Planning and development	82,225	162,769	438,896
	8,344,220	9,722,344	9,579,341
ANNUAL SURPLUS	\$ 2,845,838	1,348,555	1,097,189
Accumulated surplus - beginning of year	32,622,476	32,622,476	31,525,287
ACCUMULATED SURPLUS - END OF YEAR	\$ 35,468,314	\$ 33,971,031	\$ 32,622,476

See accompanying notes



The Corporation of the Township of Norwich
Consolidated Statement of Changes in Net Financial Assets
Year Ended December 31, 2017

	Budget 2017	2017	2016
	<i>(Note 16)</i>		
ANNUAL SURPLUS	\$ 2,845,838	\$ 1,348,555	\$ 1,097,189
Purchase of tangible capital assets	(4,039,410)	(1,688,794)	(2,506,322)
Proceeds on disposal of tangible capital assets	-	129,703	70,973
Amortization of tangible capital assets	-	1,525,345	1,467,578
Gain on disposal of assets	-	(87,763)	(45,985)
Transfer to assets held for sale	-	-	279,173
Decrease (increase) in prepaid expenses	-	65,688	(78,403)
Decrease (increase) in inventory	-	(2,931)	(5,224)
	(4,039,410)	(58,752)	(818,210)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(1,193,572)	1,289,803	278,979
Net financial assets - beginning of year	3,788,733	3,788,733	3,509,754
NET FINANCIAL ASSETS - END OF YEAR	\$ 2,595,161	\$ 5,078,536	\$ 3,788,733

See accompanying notes



The Corporation of the Township of Norwich
Consolidated Statement of Cash Flow
Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Annual surplus	\$ 1,348,555	\$ 1,097,189
Items not affecting cash:		
Amortization of tangible capital assets	1,525,345	1,467,578
Gain on disposal of tangible capital assets and assets held for resale	(128,590)	(99,075)
Change in equity - ERTH Corporation	(51,082)	(91,305)
	2,694,228	2,374,387
Changes in non-cash working capital:		
Taxes receivable	38,463	120,742
Accounts receivable	(42,728)	(195,142)
Drainage receivable	675,525	(386,438)
Accounts payable	182,515	553,287
Deposits repayable	75,851	(24,778)
Deferred revenue	132,532	101,902
Prepaid expenses	65,688	(78,403)
Inventory	(2,931)	(5,215)
	1,124,915	85,955
Cash flow from operating activities	3,819,143	2,460,342
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,688,794)	(2,506,322)
Proceeds from sale of tangible capital assets and assets held for resale	449,703	523,973
Cash flow used by capital activities	(1,239,091)	(1,982,349)
FINANCING ACTIVITY		
Repayment of long term debt	(219,966)	(219,000)
Cash flow used by financing activity	(219,966)	(219,000)
INCREASE IN CASH FLOW	2,360,086	258,993
Cash - beginning of year	2,919,655	2,660,662
CASH - END OF YEAR	\$ 5,279,741	\$ 2,919,655

See accompanying notes



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

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 the 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".

(continues)



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

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.

(continues)



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

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.



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2017		2016
Government of Canada	\$ 102,247	\$	148,547
Province of Ontario	29,410		25,706
Other municipalities	51,181		28,786
School boards	937		4,030
Other receivables	396,780		330,758
	\$ 580,555	\$	537,827

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.

5. ASSETS HELD FOR SALE

As at December 31, 2017, Nil (2016 - \$279,173) related to land was recorded as assets held for sale. During the year the Township disposed of land with a book value of \$279,173 for proceeds of \$320,000.



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

6. 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% (2016 - 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>2017</u>	<u>2016</u>
Share of EARTH Corporation's net assets	\$ 1,219,708	\$ 1,168,626
Loan receivable from EARTH Corporation	<u>1,020,000</u>	<u>1,020,000</u>
Total investment in EARTH Corporation	<u>\$ 2,239,708</u>	<u>\$ 2,188,626</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>2017</u>	<u>2016</u>
Financial position		
Total assets	\$ 79,929,894	\$ 77,805,902
Total liabilities	<u>62,133,546</u>	<u>61,325,552</u>
Total net assets	<u>\$ 17,796,348</u>	<u>\$ 16,480,350</u>
Results of operations		
Revenue	\$ 80,660,199	\$ 91,044,239
Expenses	<u>79,575,733</u>	<u>89,999,555</u>
Net income for the year	1,084,466	1,044,684
Other comprehensive income (loss)	<u>(119,903)</u>	<u>122,427</u>
Total comprehensive income for the year	<u>\$ 964,563</u>	<u>\$ 1,167,111</u>



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

7. 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	\$ 50,482	\$ 1,000	\$ 578	\$ -	\$ 52,060
Development charges	328,258	180,978	4,779	(66,801)	447,214
Federal gas tax	31,149	331,723	258	(325,952)	37,178
Other	415	6,384	-	(415)	6,384
	\$ 410,304	\$ 520,085	\$ 5,615	\$ (393,168)	\$ 542,836



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

8. LONG TERM LIABILITIES

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

	2017	2016
Long term liabilities issued by the County of Oxford for which the Township has assumed responsibility for repayment	\$ 2,225,697	\$ 2,445,663

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

2018	\$ 220,960
2019	221,980
2020	223,030
2021	224,110
2022	225,221
Thereafter	<u>1,110,396</u>
	<u>\$ 2,225,697</u>

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.



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

9. TANGIBLE CAPITAL ASSETS

	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

	Land Improvements	Buildings and Structures	Infrastructure	Vehicles, Machinery and Equipment	2016
Cost, beginning of year	\$ 3,648,262	\$ 14,826,279	\$ 32,535,963	\$ 6,389,169	\$57,399,673
Additions	126,336	342,582	1,203,422	833,973	2,506,313
Transfer to assets held for sale	(279,173)	-	-	-	(279,173)
Disposals	(14,626)	(130,002)	-	(197,907)	(342,535)
Cost, end of year	3,480,799	15,038,859	33,739,385	7,025,235	59,284,278
Accumulated amortization, beginning of year	567,561	3,395,664	21,546,897	3,930,712	29,440,834
Amortization	33,730	337,479	681,999	414,370	1,467,578
Disposals	-	(114,784)	-	(202,772)	(317,556)
Accumulated amortization, end of year	601,291	3,618,359	22,228,896	4,142,310	30,590,856
Net carrying amount, end of year	\$ 2,879,508	\$ 11,420,500	\$ 11,510,489	\$ 2,882,925	\$28,693,422



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

10. ACCUMULATED SURPLUS

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

	2017	2016
Investment in tangible capital assets	\$ 28,814,940	\$ 28,693,422
Long term liabilities	\$ (2,225,697)	\$ (2,445,663)
Net investment in tangible capital assets	\$ 26,589,243	\$ 26,247,759
Current funds	(23,681)	90,917
Reserve funds		
Working funds	202,300	202,300
Current purposes	2,396,669	1,691,901
Capital purposes	2,539,450	2,155,173
Specific purposes	27,342	45,800
Investment in ERTH Corporation (Note 6)	2,239,708	2,188,626
	\$ 33,971,031	\$ 32,622,476

11. GOVERNMENT TRANSFERS - FEDERAL

	Budget (note 16)	2017	2016
Operating	\$ 14,900	\$ 8,944	\$ 6,398
Capital	376,952	334,252	344,053
	\$ 391,852	\$ 343,196	\$ 350,451

12. GOVERNMENT TRANSFERS - PROVINCIAL

	Budget (note 16)	2017	2016
Operating	\$ 894,000	\$ 905,183	\$ 996,538
Capital	525,135	59,085	29,655
	\$ 1,419,135	\$ 964,268	\$ 1,026,193



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

13. OTHER INCOME

	Budget (note 16)	2017	2016
Penalties and interest on taxes	\$ 135,000	\$ 134,355	\$ 136,547
Investment income	142,500	143,736	148,668
Contributions for tangible capital assets	-	-	47,492
Gain on disposal of land and tangible capital assets	25,000	81,138	104,016
Income from EARTH Corporation	-	51,082	91,305
Deferred revenue earned	-	66,801	50,000
Donations	10,000	33,016	106,965
Other	3,678	27,262	8,667
	\$ 316,178	\$ 537,390	\$ 693,660

14. 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:

	2017	2016
School boards	\$ 3,106,368	\$ 3,030,356
County of Oxford	5,552,315	5,187,021
	\$ 8,658,683	\$ 8,217,377

15. 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 2017 totaled \$235,655 (2016 - \$223,545) which are reflected in expenditures on the Consolidated Statement of Operations. As at December 31, 2017, 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, 2017

16. BUDGET FIGURES

The budget by-law adopted by Council on May 9, 2017 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 9, 2017 with adjustments as follows:

	2017	2016
Budget by-law surplus for the year	\$ -	\$ -
Add:		
Capital expenditures	4,039,410	2,348,227
Budgeted transfers to accumulated surplus	1,113,261	986,831
Principal payments on debt	219,966	219,000
Less:		
Budgeted transfers from accumulated surplus	(2,226,799)	(1,366,950)
New debenture debt	(300,000)	-
Budget surplus per Consolidated Statement of Operations	\$2,845,838	\$2,187,108

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 exceed 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.

18. CONTINGENCIES

The Township is the defendant in a lawsuit related to dismissal of a former employee. At present, the outcome is not determinable. The amount of any future settlement would be accounted for as a current transaction in the year of the settlement.

19. 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 2017, the OPP contract approximated \$1,452,000 (2016 - \$1,426,000).

The Township has entered into an agreement with G.Douglas Vallee Limited for the construction of a Fire service station in Burgessville, to commence in March 2018. The value of the contract is \$2,165,000 plus applicable taxes.



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

20. 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 five departments which 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, 2017

23. SEGMENTED INFORMATION (continued)

Year Ended December 31, 2017	General Government	Protection Services	Transportation Services	Recreation and Cultural Services	Other Services [1]	Total 2017
Revenue						
Government transfers - Federal	\$ -	\$ -	\$ -	\$ 17,244	\$ 325,952	\$ 343,196
Government transfers - Provincial	-	36,664	59,085	10,944	857,575	964,268
User charges	52,250	80,827	26,562	310,527	899,980	1,370,146
Other revenue (Note 13)	-	-	-	-	537,390	537,390
	52,250	117,491	85,647	338,715	2,620,897	3,215,000
Expenses						
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	-	179	1,868,450
External transfers	-	6,266	-	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	17,283	1,525,346
	1,360,691	2,957,669	3,061,593	1,541,437	800,954	9,722,344
Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy						
	\$(1,308,441)	\$(2,840,178)	\$ (2,975,946)	\$(1,202,722)	\$1,819,943	\$(6,507,344)
Taxation revenue						\$ 7,855,899
Annual surplus						\$ 1,348,555

[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, 2017

23. SEGMENTED INFORMATION (continued)

Year Ended December 31, 2016	General Government	Protection Services	Transportation Services	Recreation and Cultural Services	Other Services [1]	Total 2016
Revenue						
Government transfers - Federal	\$ -	\$ -	\$ -	\$ 54,264	\$ 296,187	\$ 350,451
Government transfers - Provincial	-	36,383	29,655	-	960,155	1,026,193
User charges	98,231	55,746	32,961	301,274	776,922	1,265,134
Other revenue (Note 13)	-	-	-	-	693,660	693,660
	98,231	92,129	62,616	355,538	2,726,924	3,335,438
Expenses						
Salaries, wages and benefits	848,286	766,312	787,127	684,212	552,069	3,638,006
Materials	375,125	277,620	922,870	476,807	177,607	2,230,029
Contracted services	36,553	1,429,484	301,102	-	306,109	2,073,248
External transfers	-	-	-	48,358	-	48,358
Financial expenses	9,049	-	-	-	-	9,049
Interest on long term liabilities	-	28,186	16,673	68,214	-	113,073
Amortization	92,043	250,885	845,346	260,433	18,871	1,467,578
	1,361,056	2,752,487	2,873,118	1,538,024	1,054,656	9,579,341
Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy						
	\$(1,262,825)	\$(2,660,358)	\$ (2,810,502)	\$(1,182,486)	\$1,672,268	\$ (6,243,903)
Taxation revenue						\$ 7,341,092
Annual surplus						\$ 1,097,189

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

