

The Corporation of the Township of Norwich

Consolidated Financial Statements

December 31, 2013



Millard, Rouse & Rosebrugh LLP
Chartered Accountants

The Corporation of the Township of Norwich

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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, 2013, and the consolidated statements of operations, 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 the 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 our 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, we consider 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, 2013 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, Rowe & Rosebry Ltd

July 24, 2014
Norwich, Ontario

Chartered Accountants
Licensed Public Accountants



The Corporation of the Township of Norwich

Consolidated Statement of Financial Position

As at December 31,	2013	2012
Financial Assets		
Cash	\$ 3,159,081	\$ 1,782,849
Investments	-	2,455,263
Taxes receivable	1,110,976	1,439,377
Accounts receivable	438,829	348,480
Drainage receivable	1,049,163	966,627
Other long term assets	10,000	10,000
Investment in EARTH Corporation (note 2)	<u>2,157,862</u>	<u>2,128,595</u>
	<u>7,925,911</u>	<u>9,131,191</u>
Liabilities		
Accounts payable and accrued liabilities	460,940	298,944
Deposits repayable	401,676	425,277
Deferred revenue (note 3)	444,786	422,476
Long term liabilities (note 4)	<u>2,435,000</u>	<u>2,620,000</u>
	<u>3,742,402</u>	<u>3,766,697</u>
Net Financial Assets	<u>4,183,509</u>	<u>5,364,494</u>
Non-Financial Assets		
Tangible capital assets (note 5)	24,917,614	22,974,552
Capital work in progress (note 5)	104,997	-
Prepaid expenses	204,106	33,763
Inventory of supplies	<u>17,269</u>	<u>21,271</u>
	<u>25,243,986</u>	<u>23,029,586</u>
Accumulated Surplus (note 6)	<u>\$29,427,495</u>	<u>\$28,394,080</u>

The accompanying notes are an integral part of these financial statements.

The Corporation of the Township of Norwich

Consolidated Statement of Operations

For the Year Ended December 31,	Budget 2013	2013	2012
Revenue	(note 13)		
Taxation	\$ 6,025,896	\$ 5,987,954	\$ 5,614,479
Government grants - Federal (note 7)	636,800	382,660	340,360
Government grants - Provincial (note 8)	1,677,800	1,713,740	1,766,108
User charges	1,146,738	1,072,816	1,258,990
Other income (note 9)	<u>360,212</u>	<u>455,680</u>	<u>392,985</u>
	<u>9,847,446</u>	<u>9,612,850</u>	<u>9,372,922</u>
Expenses			
General government	1,352,674	1,301,016	1,154,501
Protection services	2,248,577	2,382,556	2,369,144
Transportation services	2,077,054	2,601,858	2,437,506
Health services	685,500	679,087	610,846
Recreation and cultural services	1,168,016	1,421,059	1,365,686
Planning and development	<u>45,200</u>	<u>193,859</u>	<u>246,262</u>
	<u>7,577,021</u>	<u>8,579,435</u>	<u>8,183,945</u>
Annual surplus	<u>2,270,425</u>	<u>1,033,415</u>	<u>1,188,977</u>
Accumulated surplus, beginning of year		28,394,080	27,205,103
Accumulated surplus, end of year		<u>\$29,427,495</u>	<u>\$28,394,080</u>

The accompanying notes are an integral part of these financial statements.

The Corporation of the Township of Norwich

Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31,	2013	2012
Annual surplus	\$ 1,033,415	\$ 1,188,977
Acquisition of tangible capital assets	(3,206,111)	(1,421,509)
Contributed tangible capital assets	(79,025)	-
Proceeds on sale of tangible capital assets	-	30,129
Amortization of tangible capital assets	1,176,040	1,128,506
(Gain) loss on disposal of tangible capital assets	<u>61,031</u>	<u>(456)</u>
	<u>(1,014,650)</u>	<u>925,647</u>
Disposition (acquisition) of prepaid expenses	(170,343)	84,365
Disposition (acquisition) of inventory of supplies	<u>4,008</u>	<u>2,723</u>
	<u>(166,335)</u>	<u>87,088</u>
Net change in net financial assets	(1,180,985)	1,012,735
Net financial assets, beginning of year	<u>5,364,494</u>	<u>4,351,759</u>
Net financial assets, end of year	\$ <u>4,183,509</u>	\$ <u>5,364,494</u>

The accompanying notes are an integral part of these financial statements.

The Corporation of the Township of Norwich

Consolidated Statement of Cash Flow

For the Year Ended December 31,

2013

2012

Cash provided by (used in):

Operating transactions

Annual surplus	\$ 1,033,415	\$ 1,188,977
Amortization	1,176,040	1,128,506
Loss on disposal of tangible capital assets	61,031	(456)
Change in equity - EARTH Corporation	<u>(29,267)</u>	<u>30,946</u>
	2,241,219	2,347,973
Changes in non-cash operating balances:		
Taxes receivable	328,401	20,979
Accounts receivable	(90,349)	(32,957)
Drainage receivable	(82,536)	(64,550)
Accounts payable and accrued liabilities	161,996	(1,572)
Deposits repayable	(23,601)	(25,085)
Deferred revenue	22,310	74,446
Prepaid expenses	(170,343)	84,365
Inventory of supplies	<u>4,008</u>	<u>2,723</u>
	<u>2,391,105</u>	<u>2,406,322</u>

Capital transactions

Acquisition of tangible capital assets	(3,285,136)	(1,421,509)
Proceeds on sale of tangible capital assets	<u>-</u>	<u>30,129</u>
	<u>(3,285,136)</u>	<u>(1,391,380)</u>

Financing transactions

Long term debt repaid	<u>(185,000)</u>	<u>(185,000)</u>
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Net change in cash and cash equivalents

(1,079,031) 829,942

Cash and cash equivalents, beginning of year

4,238,112 3,408,170

Cash and cash equivalents, end of year

\$ 3,159,081 **\$ 4,238,112**

Cash and cash equivalents consists of:

Cash	\$ 3,159,081	\$ 1,782,849
Investments	<u>-</u>	<u>2,455,263</u>
	<u>\$ 3,159,081</u>	<u>\$ 4,238,112</u>

The accompanying notes are an integral part of these financial statements.

The Corporation of the Township of Norwich

Notes to the Consolidated Financial Statements

Year Ended December 31, 2013

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.

1. 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:

(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".

The Corporation of the Township of Norwich

Notes to the Consolidated Financial Statements

Year Ended December 31, 2013

1. Summary of significant accounting policies (continued)

(iv) Basis of presentation

Revenue and expenses are recorded on the accrual basis of accounting. Revenue is recognized in the year in which it is earned 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.

(v) 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

(vi) Inventory

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

(vii) 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.

(viii) Government transfers

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(ix) Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported 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 the Consolidated Financial Statements

Year Ended December 31, 2013

2. Investment in ERTH Corporation

ERTH Corporation is incorporated under the laws of the Province of Ontario. The Corporation of the Township of Norwich holds a 8.4% (2012 - 8.4%) equity position in ERTH Corporation.

The promissory note receivable from ERTH 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 of ERTH Corporation:

	<u>2013</u>	<u>2012</u>
Share of ERTH Corporation's net assets	\$ 1,137,862	\$ 1,108,595
Loan receivable from ERTH Corporation	<u>1,020,000</u>	<u>1,020,000</u>
Total investment in ERTH Corporation	<u>\$ 2,157,862</u>	<u>\$ 2,128,595</u>

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

	<u>2013</u>	<u>2012</u>
Financial position		
Total assets	\$67,898,910	\$64,150,154
Total liabilities	<u>55,760,284</u>	<u>52,359,946</u>
Total net assets	<u>\$12,138,626</u>	<u>\$11,790,208</u>
Results of operations		
Revenue	\$74,439,243	\$71,865,168
Expenses	<u>74,090,825</u>	<u>71,983,565</u>
Net income (loss) for the year	<u>\$ 348,418</u>	<u>\$ (118,397)</u>

The Corporation of the Township of Norwich

Notes to the Consolidated Financial Statements

Year Ended December 31, 2013

3. Deferred revenue

A requirement of the public sector accounting principles of the Canadian Institute of Chartered 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	\$ 32,263	\$ 500	\$ 384	\$ -	\$ 33,147
Development charges	321,404	94,805	4,345	(20,797)	399,757
Federal gas tax	68,729	321,505	1,237	(380,000)	11,471
Other	<u>80</u>	<u>411</u>	<u>-</u>	<u>(80)</u>	<u>411</u>
	<u>\$422,476</u>	<u>\$417,221</u>	<u>\$ 5,966</u>	<u>\$ (400,877)</u>	<u>\$444,786</u>

4. Long term liabilities

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

	<u>2013</u>	<u>2012</u>
Long term liabilities issued by the County of Oxford for which the Township has assumed responsibility for repayment.	<u>\$ 2,435,000</u>	<u>\$ 2,620,000</u>

Principal repayments relating to long term liabilities are due as follows:

2014	\$ 185,000
2015	185,000
2016	185,000
2017	185,000
2018	185,000
Thereafter	<u>1,510,000</u>
	<u>\$ 2,435,000</u>

The above long term liabilities have maturity dates and interest rates ranging from 2014 to 2029 and 4.51% and 4.91% respectively.

The Corporation of the Township of Norwich

Notes to the Consolidated Financial Statements

Year Ended December 31, 2013

5. Tangible capital assets

	Land Improvements \$	Buildings and Structures \$	Infrastructure \$	Vehicles, Machinery and Equipment \$	2013 \$
Cost, beginning of year	2,970,635	11,298,000	29,488,253	5,910,868	49,667,756
Additions	844,916	204,853	1,663,175	467,187	3,180,131
Disposals	<u>(86,671)</u>	<u>(42,218)</u>	<u>(4,300)</u>	<u>(519,334)</u>	<u>(652,523)</u>
Cost, end of year	<u>3,728,880</u>	<u>11,460,635</u>	<u>31,147,128</u>	<u>5,858,721</u>	<u>52,195,364</u>
Accumulated amortization, beginning of year	505,965	2,757,776	19,841,741	3,587,722	26,693,204
Amortization	25,433	248,976	554,745	346,884	1,176,038
Disposals	<u>(25,640)</u>	<u>(42,218)</u>	<u>(4,300)</u>	<u>(519,334)</u>	<u>(591,492)</u>
Accumulated amortization, end of year	<u>505,758</u>	<u>2,964,534</u>	<u>20,392,186</u>	<u>3,415,272</u>	<u>27,277,750</u>
Net carrying amount, end of year	<u>3,223,122</u>	<u>8,496,101</u>	<u>10,754,942</u>	<u>2,443,449</u>	<u>24,917,614</u>
	Land Improvements \$	Buildings and Structures \$	Infrastructure \$	Vehicles, Machinery and Equipment \$	2012 \$
Cost, beginning of year	2,802,766	11,085,128	28,747,782	5,645,792	48,281,468
Additions	196,557	216,899	742,977	265,076	1,421,509
Disposals	<u>(28,688)</u>	<u>(4,027)</u>	<u>(2,506)</u>	<u>-</u>	<u>(35,221)</u>
Cost, end of year	<u>2,970,635</u>	<u>11,298,000</u>	<u>29,488,253</u>	<u>5,910,868</u>	<u>49,667,756</u>
Accumulated amortization, beginning of year	486,523	2,524,536	19,311,866	3,247,321	25,570,246
Amortization	19,442	237,267	531,396	340,401	1,128,506
Disposals	<u>-</u>	<u>(4,027)</u>	<u>(1,521)</u>	<u>-</u>	<u>(5,548)</u>
Accumulated amortization, end of year	<u>505,965</u>	<u>2,757,776</u>	<u>19,841,741</u>	<u>3,587,722</u>	<u>26,693,204</u>
Net carrying amount, end of year	<u>2,464,670</u>	<u>8,540,224</u>	<u>9,646,512</u>	<u>2,323,146</u>	<u>22,974,552</u>

The net book value of tangible capital assets not being amortized because they are under construction is \$104,997.

The Corporation of the Township of Norwich

Notes to the Consolidated Financial Statements

Year Ended December 31, 2013

6. Accumulated surplus

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

	<u>2013</u>	<u>2012</u>
Investment in tangible capital assets	\$22,587,611	\$20,354,552
Current funds	(54,953)	172,455
Unfinanced capital outlay	(616,310)	-
Reserve funds		
Working funds	202,300	202,300
Current purposes	2,548,057	2,448,014
Capital purposes	2,289,977	2,834,141
Specific purposes	312,951	254,023
Investment in EARTH Corporation (note 2)	<u>2,157,862</u>	<u>2,128,595</u>
	<u>\$29,427,495</u>	<u>\$28,394,080</u>

7. Government grants - Federal

	<u>Budget</u> (note 13)	<u>2013</u>	<u>2012</u>
Federal transfers			
Operating	\$ 6,800	\$ 2,660	\$ 3,360
Capital	<u>630,000</u>	<u>380,000</u>	<u>337,000</u>
	<u>\$ 636,800</u>	<u>\$ 382,660</u>	<u>\$ 340,360</u>

8. Government grants - Provincial

	<u>Budget</u> (note 13)	<u>2013</u>	<u>2012</u>
Provincial transfers			
Operating	\$ 1,677,800	\$ 1,703,586	\$ 1,766,108
Capital	<u>-</u>	<u>10,154</u>	<u>-</u>
	<u>\$ 1,677,800</u>	<u>\$ 1,713,740</u>	<u>\$ 1,766,108</u>

The Corporation of the Township of Norwich

Notes to the Consolidated Financial Statements

Year Ended December 31, 2013

9. Other income

	<u>Budget</u> (note 13)	<u>2013</u>	<u>2012</u>
Penalties and interest on taxes	\$ 165,000	\$ 167,517	\$ 180,630
Investment income	125,000	139,581	157,997
Donated tangible capital assets	-	79,025	-
Gain (Loss) on disposal of tangible capital assets	-	(61,031)	456
Income (loss) from EARTH Corporation (note 4)	-	29,267	(30,946)
Deferred revenue earned	-	20,797	-
Donations	30,000	50,535	42,716
Other	<u>40,212</u>	<u>29,989</u>	<u>42,132</u>
	<u>\$ 360,212</u>	<u>\$ 455,680</u>	<u>\$ 392,985</u>

10. Operations of school boards and the County of Oxford

Further to note 1(ii), the taxation revenue collected and remitted on behalf of the school boards and the County of Oxford totaled:

	<u>2013</u>	<u>2012</u>
School boards	\$ 2,890,306	\$ 2,837,129
County of Oxford	<u>4,743,082</u>	<u>4,651,681</u>
	<u>\$ 7,633,388</u>	<u>\$ 7,488,810</u>

11. 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 2013 totaled \$199,078 (2012 - \$180,886) which are reflected in expenditures on the Consolidated Statement of Operations. As at December 31, 2013, the municipality had no past service obligation to the plan.

12. Liability for vested sick leave benefits

The Township of Norwich has entered into a Long Term Disability Plan whereby sick leave benefits no longer accrue. Previously accrued benefits have been paid to employees.

The Corporation of the Township of Norwich

Notes to the Consolidated Financial Statements

Year Ended December 31, 2013

13. Budget figures

The budget by-law adopted by Council on May 14, 2013 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 14, 2013 with adjustments as follows:

	<u>2013</u>	<u>2012</u>
Budget by-law surplus for the year	\$ -	\$ -
Add:		
Capital expenditures	2,008,800	1,640,500
Budgeted transfers to accumulated surplus	751,025	636,725
Principal payments on debt	185,000	185,000
Less:		
Budgeted transfers from accumulated surplus	<u>(674,400)</u>	<u>(523,000)</u>
Budget surplus per Consolidated Statement of Operations	<u>\$ 2,270,425</u>	<u>\$ 1,939,225</u>

The Corporation of the Township of Norwich

Segmented Information

Year Ended December 31, 2013

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 expenditures. The revenue and expenditures 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.

The Corporation of the Township of Norwich

Segmented Information

Year Ended December 31, 2013

	General Government \$	Protection Services \$	Transportation Services \$	Recreation and Cultural Services \$	Other Services [1] \$	Consolidated 2013 \$
Revenue						
Taxation	-	-	-	-	5,987,954	5,987,954
Government grants - Federal	-	-	-	2,660	380,000	382,660
Government grants - Provincial	21,972	36,540	10,154	-	1,645,074	1,713,740
User charges	32,345	16,862	24,176	336,034	663,399	1,072,816
Other income (note 9)	-	-	-	-	455,680	455,680
Total revenue	54,317	53,402	34,330	338,694	9,132,107	9,612,850
Expenditures						
Salaries, wages and benefits	827,457	633,162	736,394	640,602	562,587	3,400,202
Materials	398,128	246,025	992,308	442,312	155,140	2,233,913
Contracted services	31,629	1,248,121	172,774	-	134,602	1,587,126
External transfers	-	-	-	51,206	-	51,206
Financial expenses	8,430	-	-	-	-	8,430
Interest on long term liabilities	-	34,577	-	87,941	-	122,518
Amortization	35,372	220,671	700,382	198,998	20,617	1,176,040
Total expenditures	1,301,016	2,382,556	2,601,858	1,421,059	872,946	8,579,435
Net revenue (deficit) before financing	(1,246,699)	(2,329,154)	(2,567,528)	(1,082,365)	8,259,161	1,033,415

[1] Other services - Includes health services and planning and development.

The Corporation of the Township of Norwich

Segmented Information

Year Ended December 31, 2012

	General Government \$	Protection Services \$	Transportation Services \$	Recreation and Cultural Services \$	Other Services [1] \$	Consolidated 2012 \$
Revenue						
Taxation	-	-	-	-	5,614,479	5,614,479
Government grants - Federal	-	-	-	3,360	337,000	340,360
Government grants - Provincial	-	38,031	-	-	1,728,077	1,766,108
User charges	38,858	17,673	37,166	421,816	743,477	1,258,990
Other income (note 9)	-	-	-	-	392,985	392,985
Total revenue	<u>38,858</u>	<u>55,704</u>	<u>37,166</u>	<u>425,176</u>	<u>8,816,018</u>	<u>9,372,922</u>
Expenditures						
Salaries, wages and benefits	729,379	610,565	661,304	618,963	531,519	3,151,730
Materials	353,728	231,297	966,364	427,210	150,014	2,128,613
Contracted services	31,931	1,261,968	139,151	-	158,390	1,591,440
External transfers	-	-	-	43,798	-	43,798
Financial expenses	7,906	-	-	-	-	7,906
Interest on long term liabilities	-	37,121	-	94,831	-	131,952
Amortization	31,557	228,193	670,687	180,884	17,185	1,128,506
Total expenditures	<u>1,154,501</u>	<u>2,369,144</u>	<u>2,437,506</u>	<u>1,365,686</u>	<u>857,108</u>	<u>8,183,945</u>
Net revenue (deficit) before financing	<u>(1,115,643)</u>	<u>(2,313,440)</u>	<u>(2,400,340)</u>	<u>(940,510)</u>	<u>7,958,910</u>	<u>1,188,977</u>

[1] Other services - Includes health services and planning and development.

Independent Auditors' Report

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

We have audited the accompanying financial statements of the trust funds of The Corporation of the Township of Norwich which comprise the trust funds balance sheet as at December 31, 2013 and the trust funds statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Norwich trust funds as at December 31, 2013 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Millard, Rowe & Rosebry LLP

July 24, 2014
Norwich, Ontario

Chartered Accountants
Licensed Public Accountants



The Corporation of the Township of Norwich

Trust Funds Balance Sheet

As at December 31, 2013

	Otterville Cemetery Perpetual Care \$	Guarantee Deposits \$	Pioneer Cemetery Perpetual Care \$	Rosanna Cemetery Perpetual Care \$	Milldale Cemetery Perpetual Care \$	Old Quaker Cemetery Perpetual Care \$	Total 2013 \$	Total 2012 \$
Assets								
Cash	51,198	2,020	29,133	6,204	8,954	1,111	98,620	48,775
Investments	-	-	-	-	-	-	-	44,730
Accounts receivable	-	-	-	-	-	-	-	2,421
Due from Township	-	29,980	-	-	-	-	29,980	24,980
	<u>51,198</u>	<u>32,000</u>	<u>29,133</u>	<u>6,204</u>	<u>8,954</u>	<u>1,111</u>	<u>128,600</u>	<u>120,906</u>
Liabilities								
Due to cemetery boards	2,237	-	284	61	89	11	2,682	1,358
Trust Funds Balance	<u>48,961</u>	<u>32,000</u>	<u>28,849</u>	<u>6,143</u>	<u>8,865</u>	<u>1,100</u>	<u>125,918</u>	<u>119,548</u>
	<u>51,198</u>	<u>32,000</u>	<u>29,133</u>	<u>6,204</u>	<u>8,954</u>	<u>1,111</u>	<u>128,600</u>	<u>120,906</u>

The accompanying notes are an integral part of these financial statements.

The Corporation of the Township of Norwich

Trust Funds Statement of Continuity

Year Ended December 31, 2013

	Otterville Cemetery Perpetual Care \$	Guarantee Deposits \$	Pioneer Cemetery Perpetual Care \$	Rosanna Cemetery Perpetual Care \$	Milldale Cemetery Perpetual Care \$	Old Quaker Cemetery Perpetual Care \$	Total 2013 \$	Total 2012 \$
Revenue								
Interest	2,237	20	283	61	89	11	2,701	1,172
Perpetual care	550	-	720	100	-	-	1,370	1,310
Deposits received	-	5,000	-	-	-	-	5,000	2,000
Transfer from Township	-	-	-	-	-	-	-	2,421
	<u>2,787</u>	<u>5,020</u>	<u>1,003</u>	<u>161</u>	<u>89</u>	<u>11</u>	<u>9,071</u>	<u>6,903</u>
Expenses								
Transfer to cemetery board	2,237	-	283	61	89	11	2,681	1,358
Transfer to Township	-	20	-	-	-	-	20	20
	<u>2,237</u>	<u>20</u>	<u>283</u>	<u>61</u>	<u>89</u>	<u>11</u>	<u>2,701</u>	<u>1,378</u>
	550	5,000	720	100	-	-	6,370	5,525
Trust Funds Balance - beginning of year	<u>48,411</u>	<u>27,000</u>	<u>28,129</u>	<u>6,043</u>	<u>8,865</u>	<u>1,100</u>	<u>119,548</u>	<u>114,023</u>
Trust Funds Balance - end of year	<u>48,961</u>	<u>32,000</u>	<u>28,849</u>	<u>6,143</u>	<u>8,865</u>	<u>1,100</u>	<u>125,918</u>	<u>119,548</u>

The accompanying notes are an integral part of these financial statements.

The Corporation of the Township of Norwich

Notes to the Trust Funds Financial Statements

Year Ended December 31, 2013

1. Summary of significant accounting policies

The financial statements reflect the day to day operations of the trust funds, under administration by the Corporation of the Township of Norwich. The trust funds' receipts, disbursements, assets and liabilities are not included in the Township's consolidated financial statements.

The financial statements of the trust funds are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment. Actual results could differ from these estimates.

Basis of accounting

Revenue and expenses are recorded on an accrual basis.

The accrual basis recognizes revenue as they become available and measurable; expenses are recognized as they are incurred and become measurable as a result of the receipt of goods or services and the creation of an obligation to pay.

2. Investments

Investments are held in fixed income funds and are reported at the market value of the investments.

3. Statement of cash flow

A statement of cash flow has not been included as part of the financial statements as it would not provide any additional information that would be of use to the users of these financial statements.

Independent Auditors' Report

To the Members of the
Norwich Business Improvement Area

We have audited the accompanying financial statements of the Norwich Business Improvement Area, which comprise the statement of financial position as at December 31, 2013, and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Norwich Business Improvement Area as at December 31, 2013 and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Millard, Rowe & Rosebry LLP

July 24, 2014
Norwich, Ontario

Chartered Accountants
Licensed Public Accountant



Norwich Business Improvement Area

Statement of Financial Position

As at December 31,	2013	2012
Assets		
Cash	\$ 10,888	\$ 9,911
Liabilities		
Accounts payable	<u>960</u>	<u>440</u>
Net Assets		
Unrestricted	<u>\$ 9,928</u>	<u>\$ 9,471</u>

Statement of Operations and Changes in Net Assets

For the Year Ended December 31,	2013	2012
Revenue		
Tax levy	\$ 9,400	\$ 9,200
Fees and service charges	<u>795</u>	<u>5,037</u>
	<u>10,195</u>	<u>14,237</u>
Expenses		
Beautification and capital	2,525	3,519
Promotion and advertising	7,213	8,875
Administration	<u>-</u>	<u>275</u>
	<u>9,738</u>	<u>12,669</u>
Excess of revenue over expenses for the year	457	1,568
Net assets, beginning of year	<u>9,471</u>	<u>7,903</u>
Net assets, end of year	<u>\$ 9,928</u>	<u>\$ 9,471</u>

The accompanying notes are an integral part of these financial statements.

Norwich Business Improvement Area

Notes to the Financial Statements

Year Ended December 31, 2013

1. Summary of significant accounting policies

The financial statements of the Norwich Business Improvement Area are the representation of management prepared in accordance with accounting policies prescribed for Ontario municipalities and their local boards by the Ministry of Municipal Affairs and Housing and by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgment. Actual results could differ from these estimates.

Basis of accounting

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

2. Statement of cash flows

A statement of cash flows has not been included as part of the financial statements as it would not provide any additional information that would be of use to the users of these financial statements.