

The Corporation Of The Township Of Norwich
Consolidated Financial Statements
December 31, 2021



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December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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, 2021, 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. (collectively referred to as the financial statements)

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2021, 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.

Other Matter

We draw our attention to Note 16 of the financial statements, which describes the effects of the novel coronavirus (COVID-19) on the Corporation. Our opinion is not modified in respect of this matter.

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.

(continues)

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 9, 2022
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, 2021

| | 2021 | 2020 |
|--|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash | \$ 7,413,702 | \$ 4,946,626 |
| Taxes receivable | 526,719 | 729,093 |
| Accounts receivable (Note 3) | 1,030,427 | 510,274 |
| Drainage receivable (Note 4) | 2,079,327 | 2,495,000 |
| Investment in EARTH Corporation (Note 5) | 2,751,774 | 2,562,470 |
| | 13,801,949 | 11,243,463 |
| LIABILITIES | | |
| Accounts payable | 2,501,817 | 956,499 |
| Deposits repayable | 1,459,788 | 1,058,288 |
| Deferred revenue (Note 6) | 1,466,607 | 1,010,697 |
| Long-term liabilities (Note 7) | 3,705,618 | 3,214,729 |
| | 9,133,830 | 6,240,213 |
| NET FINANCIAL ASSETS | 4,668,119 | 5,003,250 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 8) | 38,787,750 | 35,731,893 |
| Prepaid expenses | 12,452 | 12,838 |
| Inventory | 14,617 | 10,065 |
| | 38,814,819 | 35,754,796 |
| ACCUMULATED SURPLUS (Note 9) | \$ 43,482,938 | \$ 40,758,046 |

See accompanying notes



The Corporation of the Township of Norwich
Consolidated Statement of Operations and Accumulated Surplus
Year ended December 31, 2021

| | Budget 2021 | 2021 | 2020 |
|--|----------------------|----------------------|---------------|
| | <i>(Note 15)</i> | | |
| REVENUES | | | |
| Taxation | \$ 9,385,800 | \$ 9,302,735 | \$ 8,837,590 |
| Government transfers - Federal <i>(Note 10)</i> | 350,398 | 344,711 | 677,974 |
| Government transfers - Provincial <i>(Note 11)</i> | 1,091,244 | 1,664,920 | 1,392,698 |
| User charges | 1,427,450 | 1,555,318 | 1,380,221 |
| Other income <i>(Note 12)</i> | 382,500 | 1,025,814 | 845,936 |
| | 12,637,392 | 13,893,498 | 13,134,419 |
| Expenses | | | |
| General government | 1,651,150 | 1,523,404 | 1,547,390 |
| Protection services | 3,144,171 | 3,452,930 | 3,216,116 |
| Transportation services | 2,944,487 | 3,720,462 | 3,519,581 |
| Recreation and cultural services | 1,315,634 | 1,539,771 | 1,376,374 |
| Health services | 538,050 | 514,408 | 697,122 |
| Planning and development | 89,100 | 417,631 | 174,267 |
| | 9,682,592 | 11,168,606 | 10,530,850 |
| ANNUAL SURPLUS | \$ 2,954,800 | 2,724,892 | 2,603,569 |
| Accumulated surplus - beginning of year | 40,758,046 | 40,758,046 | 38,154,477 |
| ACCUMULATED SURPLUS - END OF YEAR | \$ 43,712,846 | \$ 43,482,938 | \$ 40,758,046 |

See accompanying notes



The Corporation of the Township of Norwich
Consolidated Statement of Changes in Net Financial Assets
Year ended December 31, 2021

| | Budget 2021 | 2021 | 2020 |
|--|---------------------|---------------------|---------------------|
| | <i>(Note 15)</i> | | |
| Annual surplus | \$ 2,954,800 | \$ 2,724,892 | \$ 2,603,569 |
| Purchase of tangible capital assets | (4,284,435) | (4,910,800) | (4,578,467) |
| Proceeds on disposal of tangible capital assets | - | 81,243 | 85,708 |
| Amortization of tangible capital assets | - | 1,788,560 | 1,716,378 |
| Loss (gain) on disposal of tangible capital assets | - | (14,863) | (82,056) |
| Decrease in prepaid expenses | - | 390 | 35,879 |
| Decrease (increase) in inventory | - | (4,553) | 2,620 |
| | (4,284,435) | (3,060,023) | (2,819,938) |
| Decrease in net financial assets | (1,329,635) | (335,131) | (216,369) |
| Net financial assets - beginning of year | 5,219,619 | 5,003,250 | 5,219,619 |
| NET FINANCIAL ASSETS - END OF YEAR | \$ 3,889,984 | \$ 4,668,119 | \$ 5,003,250 |

See accompanying notes



The Corporation of the Township of Norwich
Consolidated Statement of Cash Flow
Year ended December 31, 2021

| | 2021 | 2020 |
|--|---------------------|--------------|
| OPERATING ACTIVITIES | | |
| Annual surplus | \$ 2,724,892 | \$ 2,603,569 |
| Items not affecting cash: | | |
| Amortization of tangible capital assets | 1,788,560 | 1,716,378 |
| Loss (gain) on disposal of tangible capital assets | (14,863) | (82,056) |
| Change in equity - ERTH Corporation | (189,304) | (171,727) |
| | 4,309,285 | 4,066,164 |
| Changes in non-cash working capital: | | |
| Taxes receivable | 202,374 | 164,758 |
| Accounts receivable | (520,153) | 42,175 |
| Drainage receivable | 415,673 | (736,465) |
| Accounts payable | 1,545,316 | (230,375) |
| Deposits repayable | 401,500 | (113,282) |
| Deferred revenue | 455,910 | (325,170) |
| Prepaid expenses | 390 | 35,879 |
| Inventory | (4,552) | 2,620 |
| | 2,496,458 | (1,159,860) |
| Cash flow from operating activities | 6,805,743 | 2,906,304 |
| CAPITAL ACTIVITIES | | |
| Acquisition of tangible capital assets | (4,910,800) | (4,578,467) |
| Proceeds from sale of tangible capital assets | 81,243 | 85,708 |
| Cash flow used by capital activities | (4,829,557) | (4,492,759) |
| FINANCING ACTIVITIES | | |
| Proceeds from callable debt financing | 800,000 | 1,100,000 |
| Repayment of long-term debt | (309,110) | (253,030) |
| Cash flow from financing activities | 490,890 | 846,970 |
| INCREASE (DECREASE) IN CASH FLOW | 2,467,076 | (739,485) |
| Cash - beginning of year | 4,946,626 | 5,686,111 |
| CASH - END OF YEAR | \$ 7,413,702 | \$ 4,946,626 |

See accompanying notes



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year ended December 31, 2021

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".

(continues)



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year ended December 31, 2021

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.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in guaranteed investment certificates and are valued at cost plus accrued interest. The carrying amounts approximate fair value.

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.

(continues)



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year ended December 31, 2021

2. Summary of significant accounting policies (*continued*)

(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.

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.

(continues)



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year ended December 31, 2021

2. Summary of significant accounting policies (*continued*)

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. Key components of the financial statements requiring management to make estimates include allowance for doubtful debts, impairment of tangible capital assets, obsolescence of inventory, deferred revenue and accrued expenses.

3. Accounts receivable

Accounts receivable consists of the following:

| | 2021 | 2020 |
|----------------------|---------------------|-------------------|
| Government of Canada | \$ 441,759 | \$ 299,211 |
| Province of Ontario | 379,379 | 30,087 |
| Other municipalities | 61,119 | 65,783 |
| School boards | 566 | 42 |
| Other receivables | 147,604 | 115,151 |
| | \$ 1,030,427 | \$ 510,274 |

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, 2021

5. 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 6.77% (2020 - 6.77%) 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 in ERTH Corporation:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Share of ERTH Corporation's net assets | \$ 1,731,774 | \$ 1,542,470 |
| Loan receivable from ERTH Corporation | <u>1,020,000</u> | <u>1,020,000</u> |
| Total investment in ERTH Corporation | <u>\$ 2,751,774</u> | <u>\$ 2,562,470</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>2021</u> | <u>2020</u> |
|---|----------------------|----------------------|
| Financial position | | |
| Total assets | \$ 110,364,770 | \$ 106,736,016 |
| Total liabilities | <u>77,204,307</u> | <u>76,483,100</u> |
| Total net assets | <u>\$ 33,160,463</u> | <u>\$ 30,252,916</u> |
| Results of operations | | |
| Revenue | \$ 96,543,343 | \$ 99,075,396 |
| Expenses | <u>92,767,126</u> | <u>96,018,808</u> |
| Net income for the year | 3,776,217 | 3,056,588 |
| Other comprehensive income (loss) | <u>144,881</u> | <u>(110,705)</u> |
| Total comprehensive income for the year | <u>\$ 3,921,098</u> | <u>\$ 2,945,883</u> |



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year ended December 31, 2021

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 | \$ 100,594 | \$ 22,000 | \$ 698 | \$ - | \$ 123,292 |
| Building | - | 100,903 | - | - | 100,903 |
| Development charges | 887,697 | 387,690 | 7,153 | (409,301) | 873,239 |
| Canada community building fund | 19,779 | 684,303 | 2,034 | (338,211) | 367,905 |
| Other | 2,627 | - | - | (1,359) | 1,268 |
| | <u>\$ 1,010,697</u> | <u>\$ 1,194,896</u> | <u>\$ 9,885</u> | <u>\$(748,871)</u> | <u>\$ 1,466,607</u> |

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:

| | 2021 | 2020 |
|--|---------------------|---------------------|
| Long-term liabilities issued by the County of Oxford for which the Township has assumed responsibility for repayment | <u>\$ 3,705,618</u> | <u>\$ 3,214,729</u> |

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

| | |
|------------|---------------------|
| 2022 | 350,221 |
| 2023 | 351,363 |
| 2024 | 352,538 |
| 2025 | 353,746 |
| 2026 | 284,988 |
| Thereafter | <u>2,012,762</u> |
| | <u>\$ 3,705,618</u> |

The above long-term liabilities have maturity dates ranging from 2021 to 2041 with interest rates varying between 1.99% 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, 2021

8. TANGIBLE CAPITAL ASSETS

| | Land Improvements | Buildings and Structures | Infrastructure | Vehicles, Machinery and Equipment | 2021 |
|---------------------------|----------------------|-----------------------------|----------------|---|---------------------|
| Cost, beginning of year | \$ 4,177,506 | \$ 21,256,902 | \$ 38,101,580 | \$ 8,087,867 | \$71,623,855 |
| Additions | 114,395 | 1,634,527 | 1,281,469 | 1,880,409 | 4,910,800 |
| Disposals | - | (66,383) | (40,546) | (265,134) | (372,063) |
| Cost, end of year | 4,291,901 | 22,825,046 | 39,342,503 | 9,703,142 | 76,162,592 |
| Accumulated amortization, | | | | | |
| beginning of year | 830,079 | 4,954,553 | 24,994,183 | 5,113,147 | 35,891,962 |
| Amortization | 71,561 | 406,807 | 851,109 | 459,083 | 1,788,560 |
| Disposals | - | - | (40,546) | (265,134) | (305,680) |
| end of year | 901,640 | 5,361,360 | 25,804,746 | 5,307,096 | 37,374,842 |
| Net carrying amount, | | | | | |
| end of year | \$ 3,390,261 | \$ 17,463,686 | \$ 13,537,757 | \$ 4,396,046 | \$38,787,750 |

The net book value of tangible capital assets not being amortized because they are under construction is \$6,757,468 (2020 - \$5,404,687).

| | Land Improvements | Buildings and Structures | Infrastructure | Vehicles, Machinery and Equipment | 2020 |
|---------------------------|----------------------|-----------------------------|----------------|---|--------------|
| Cost, beginning of year | \$ 4,400,638 | \$ 18,169,006 | \$ 36,766,704 | \$ 7,852,694 | \$67,189,042 |
| Additions | 37,105 | 2,843,551 | 1,344,639 | 353,172 | 4,578,467 |
| Transfer wip | (260,237) | 260,237 | - | - | - |
| Disposals | - | (15,892) | (9,763) | (117,999) | (143,654) |
| Cost, end of year | 4,177,506 | 21,256,902 | 38,101,580 | 8,087,867 | 71,623,855 |
| Accumulated amortization, | | | | | |
| beginning of year | 741,627 | 4,605,144 | 24,174,574 | 4,794,241 | 34,315,586 |
| Amortization | 88,452 | 365,301 | 825,720 | 436,905 | 1,716,378 |
| Disposals | - | (15,892) | (6,111) | (117,999) | (140,002) |
| end of year | 830,079 | 4,954,553 | 24,994,183 | 5,113,147 | 35,891,962 |
| Net carrying amount, | | | | | |
| end of year | \$ 3,347,427 | \$ 16,302,349 | \$ 13,107,397 | \$ 2,974,720 | \$35,731,893 |



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year ended December 31, 2021

9. ACCUMULATED SURPLUS

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

| | 2021 | 2020 |
|---|-----------------------|----------------------|
| Investment in tangible capital assets | \$ 38,787,750 | \$ 35,731,893 |
| Long term liabilities | \$ (3,705,618) | \$ (3,214,729) |
| Net investment in tangible capital assets | \$ 35,082,132 | \$ 32,517,164 |
| Current funds | (140,392) | (121,943) |
| Reserve and reserve funds | | |
| Working funds | 202,300 | 202,300 |
| Operating purposes | 1,752,808 | 1,651,984 |
| Capital purposes | 3,833,971 | 3,945,728 |
| Specific purposes | 345 | 343 |
| Investment in ERTH Corporation (Note 5) | 2,751,774 | 2,562,470 |
| | \$ 43,482,938 | \$ 40,758,046 |

10. GOVERNMENT TRANSFERS - FEDERAL

| | Budget (Note 15) | 2021 | 2020 |
|-----------|-----------------------------|-------------------|-------------|
| Operating | \$ 1,500 | \$ 6,500 | \$ 1,500 |
| Capital | 348,898 | 338,211 | 676,474 |
| | \$ 350,398 | \$ 344,711 | \$ 677,974 |

11. GOVERNMENT TRANSFERS - PROVINCIAL

| | Budget (Note 15) | 2021 | 2020 |
|-----------|-----------------------------|---------------------|--------------|
| Operating | \$ 959,000 | \$ 1,201,965 | \$ 1,257,872 |
| Capital | 132,244 | 462,955 | 134,826 |
| | \$ 1,091,244 | \$ 1,664,920 | \$ 1,392,698 |



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year ended December 31, 2021

12. OTHER INCOME

| | Budget (Note 15) | 2021 | 2020 |
|--|---------------------|---------------------|-------------------|
| Penalties and interest on taxes | \$ 135,000 | \$ 118,899 | \$ 100,661 |
| Investment income | 139,000 | 130,218 | 136,100 |
| Annexation adjustments | 98,500 | 99,478 | 98,503 |
| Gain (loss) on disposal of tangible capital assets | - | 14,863 | 82,056 |
| Income from EARTH Corporation | - | 244,815 | 192,036 |
| Deferred revenue earned | - | 409,304 | 212,356 |
| Donations | 10,000 | 2,100 | 24,038 |
| Other | - | 6,137 | 186 |
| | \$ 382,500 | \$ 1,025,814 | \$ 845,936 |

13. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF OXFORD

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

| | 2021 | 2020 |
|------------------|---------------------|---------------------|
| School boards | \$ 3,051,998 | \$ 3,225,071 |
| County of Oxford | 6,500,428 | 6,462,894 |
| | \$ 9,552,426 | \$ 9,687,965 |

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 2021 totaled \$273,484 (2020 - \$266,748), which are reflected in expenditures on the Consolidated Statement of Operations. As at December 31, 2021, 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, 2021

15. BUDGET FIGURES

The budget by-law adopted by Council on March 11, 2021, 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 March 11, 2021 with adjustments as follows:

| | 2021 | 2020 |
|--|--------------------|--------------------|
| Budget by-law surplus for the year | \$ - | \$ - |
| Add: | | |
| Budgeted capital expenditures for tangible capital asset purchase: | 4,284,435 | 6,002,448 |
| Budgeted transfers to reserves and reserve funds | 1,358,940 | 1,069,992 |
| Principal payments on debt | 301,610 | 253,030 |
| Less: | | |
| Budgeted transfers from reserves and reserve funds | (2,190,185) | (2,988,412) |
| New debenture debt | (800,000) | (1,100,000) |
| Budget surplus per Consolidated Statement of Operations | \$2,954,800 | \$3,237,058 |

16. EXTRAORDINARY EVENT

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national, and global economies.

As at the date of issuance of financial statements, the Township is aware of changes in its operations as a result of the COVID-19 crisis.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the Township's operations as at the date of these financial statements.

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.



The Corporation of the Township of Norwich

Notes to Consolidated Financial Statements

Year ended December 31, 2021

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, 2021, policing costs are determined annually. In 2021 the OPP contract approximated \$1,419,000 (2020 - \$1,433,000). The Township is currently negotiating with the OPP for a new contract.

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, 2021

20. SEGMENTED INFORMATION (continued)

| Year ended December 31, 2021 | General Government | Protection Services | Transportation Services | Recreation and Cultural Services | Other Services [1] | Total 2021 |
|--|-----------------------|------------------------|----------------------------|--|-----------------------|----------------------|
| Revenue | | | | | | |
| Government transfers - Federal | \$ - | \$ - | \$ - | \$ 6,500 | \$ 338,211 | \$ 344,711 |
| Government transfers - Provincial | - | 40,995 | 462,955 | - | 1,160,970 | 1,664,920 |
| User charges | 28,025 | 300,705 | 17,934 | 137,354 | 1,071,300 | 1,555,318 |
| Other income (Note 12) | - | - | - | - | 1,025,814 | 1,025,814 |
| | 28,025 | 341,700 | 480,889 | 143,854 | 3,596,295 | 4,590,763 |
| Expenses | | | | | | |
| Salaries, wages, and benefits | 954,450 | 1,194,709 | 1,032,114 | 686,186 | 491,454 | 4,358,913 |
| Materials | 374,147 | 372,266 | 1,119,917 | 399,827 | 344,193 | 2,610,350 |
| Contracted services | 108,864 | 1,556,689 | 458,877 | 39,826 | 79,803 | 2,244,059 |
| External transfers | - | - | - | 53,093 | - | 53,093 |
| Financial expenses | 5,636 | - | - | 5,841 | - | 11,477 |
| Interest on long-term liabilities | - | 34,121 | 33,180 | 34,852 | - | 102,153 |
| Amortization | 80,307 | 295,146 | 1,076,374 | 320,146 | 16,588 | 1,788,561 |
| | 1,523,404 | 3,452,931 | 3,720,462 | 1,539,771 | 932,038 | 11,168,606 |
| Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy | \$(1,495,379) | \$(3,111,231) | \$(3,239,573) | \$(1,395,917) | \$2,664,257 | \$(6,577,843) |
| Taxation revenue | | | | | | \$ 9,302,735 |
| Annual surplus | | | | | | \$ 2,724,892 |

[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, 2021

20. SEGMENTED INFORMATION (continued)

| Year ended December 31, 2020 | General Government | Protection Services | Transportation Services | Recreation and Cultural Services | Other Services [1] | Total 2020 |
|--|-------------------------------|--------------------------------|------------------------------------|---|-------------------------------|-----------------------|
| Revenue | | | | | | |
| Government transfers - Federal | \$ - | \$ - | \$ - | \$ 1,500 | \$ 676,474 | \$ 677,974 |
| Government transfers - Provincial | - | 64,275 | 134,826 | - | 1,193,597 | 1,392,698 |
| User charges | 99,037 | 146,360 | 29,156 | 145,549 | 960,119 | 1,380,221 |
| Other income (Note 12) | - | - | - | - | 845,936 | 845,936 |
| | 99,037 | 210,635 | 163,982 | 147,049 | 3,676,126 | 4,296,829 |
| Expenses | | | | | | |
| Salaries, wages, and benefits | 975,072 | 1,097,985 | 1,053,337 | 639,621 | 441,162 | 4,207,177 |
| Materials | 378,925 | 292,160 | 1,005,052 | 349,487 | 383,572 | 2,409,196 |
| Contracted services | 107,934 | 1,515,820 | 381,737 | 13,029.00 | 29,274 | 2,047,794 |
| External transfers | - | - | - | 47,828 | - | 47,828 |
| Financial expenses | 5,193 | - | - | 5,727.00 | - | 10,920 |
| Interest on long-term liabilities | - | 37,319 | 12,643 | 41,598 | - | 91,560 |
| Amortization | 80,266 | 272,832 | 1,066,812 | 279,084 | 17,381 | 1,716,375 |
| | 1,547,390 | 3,216,116 | 3,519,581 | 1,376,374 | 871,389 | 10,530,850 |
| Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy | | | | | | |
| | \$(1,448,353) | \$(3,005,481) | \$ (3,355,599) | \$(1,229,325) | \$2,804,737 | \$ (6,234,021) |
| Taxation revenue | | | | | | <u>\$ 8,837,590</u> |
| Annual surplus | | | | | | <u>\$ 2,603,569</u> |

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

