

THE CORPORATION OF THE TOWNSHIP OF NORWICH

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023



THE CORPORATION OF THE TOWNSHIP OF NORWICH

For the year ended December 31, 2023

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements of The Corporation of the Township of Norwich have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based upon management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of The Corporation of the Township of Norwich's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Chief Administrative Officer is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements before they are submitted to Council.

The consolidated financial statements have been audited on behalf of the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Norwich by Millard, Rouse & Rosebrugh LLP, in accordance with Canadian generally accepted auditing standards.



Lee Robinson, Chief Administrative Officer



James Johnson, Director of Financial Services / Treasurer

August 29, 2024
Norwich, Ontario



INDEPENDENT AUDITORS' 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 'Entity'), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and its results of operations, its changes in net financial assets and its cash flows 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 *Auditors' Responsibilities for the Audit of Consolidated Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

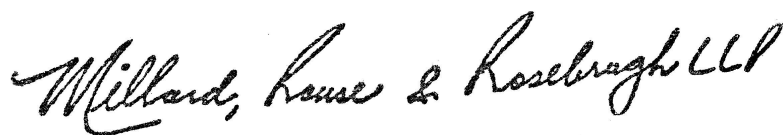
Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 29, 2024
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF NORWICH

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31	2023	2022 <i>(Restated - Note 3)</i>
FINANCIAL ASSETS		
Cash	9,235,895	9,372,183
Taxes receivable	983,246	884,715
Accounts receivable (Note 5)	542,722	606,868
Drainage receivable (Note 6)	2,989,839	1,949,112
Investment in EARTH Corporation (Note 7)	3,078,510	2,911,552
	<hr/> 16,830,212	<hr/> 15,724,430
FINANCIAL LIABILITIES		
Accounts payable	1,534,426	1,526,374
Deposits repayable	1,358,583	1,375,806
Post-employment / retirement benefits (Note 8)	416,500	424,200
Deferred revenue - Obligatory Reserve Funds (Note 9)	1,171,078	1,875,017
Long-term liabilities (Note 11)	3,004,034	3,355,397
Asset retirement obligation (Note 10)	83,917	81,870
	<hr/> 7,568,538	<hr/> 8,638,664
NET FINANCIAL ASSETS	<hr/> 9,261,674	<hr/> 7,085,766
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	40,876,305	39,927,319
Prepaid expenses	5,767	1,980
Inventory	11,723	14,084
	<hr/> 40,893,795	<hr/> 39,943,383
ACCUMULATED SURPLUS (Note 13)	<hr/> 50,155,469	<hr/> 47,029,149



THE CORPORATION OF THE TOWNSHIP OF NORWICH

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31	Budget 2023 <i>(Note 19)</i>	2023	2022 <i>(Restated - Note 3)</i>
REVENUES			
Taxation	10,205,500	10,162,364	9,749,928
Government Transfers - Federal (Note 14)	365,567	696,135	400,021
Government Transfers - Provincial (Note 15)	1,416,826	1,462,911	1,471,804
User charges	1,707,050	1,775,149	1,718,283
Other income (Note 16)	545,200	2,191,228	2,082,138
	14,240,143	16,287,787	15,422,174
EXPENSES			
General government	2,125,339	1,954,596	2,005,477
Protection services	3,906,768	3,867,367	3,499,445
Transportation services	4,454,409	4,374,729	3,898,001
Recreation and cultural services	1,632,522	1,759,290	1,628,418
Health services	613,801	612,128	559,910
Planning and development	89,150	593,357	220,610
	12,821,989	13,161,467	11,811,861
ANNUAL SURPLUS			
Accumulated surplus - beginning of year	1,418,154	3,126,320	3,610,313
	47,029,149	47,029,149	43,418,836
ACCUMULATED SURPLUS - END OF YEAR			
	48,447,303	50,155,469	47,029,149

THE CORPORATION OF THE TOWNSHIP OF NORWICH

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31	Budget 2023 <i>(Note 19)</i>	2023	2022 <i>(Restated - Note 3)</i>
Annual surplus	1,418,154	3,126,320	3,610,313
Purchase of tangible capital assets	(3,846,800)	(3,212,261)	(3,077,060)
Proceeds on disposal of tangible capital assets	-	439,923	809,866
Amortization on tangible capital assets	2,061,165	2,061,165	1,911,464
Contributed tangible capital assets	-	(37,971)	-
Loss (gain) on disposal of tangible capital assets	-	(199,842)	(768,075)
Decrease (increase) in prepaid expenses	-	(3,787)	10,472
Decrease (increase) in inventory	-	2,361	533
Increase in net financial assets	(367,481)	2,175,908	2,497,513
Net financial assets - beginning of year	7,085,766	7,085,766	4,588,253
NET FINANCIAL ASSETS - END OF YEAR	6,718,285	9,261,674	7,085,766

THE CORPORATION OF THE TOWNSHIP OF NORWICH

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31	2023	2022 <i>(Restated - Note 3)</i>
Cash Flows From Operating Activities		
Annual surplus	3,126,320	3,610,313
Items not affecting cash:		
Amortization of tangible capital assets	2,061,165	1,911,464
Loss (gain) on disposal of tangible capital assets	(199,842)	(768,075)
Contributed capital	(37,971)	-
Accretion expense	2,047	2,004
Change in equity - ERTH Corporation	(166,958)	(159,778)
	<hr/> 4,784,761	<hr/> 4,595,928
Changes in non-cash working capital:		
Taxes receivable	(98,531)	(357,996)
Accounts receivable	64,146	423,559
Drainage receivable	(1,040,727)	130,215
Accounts payable	8,052	(850,653)
Deposits repayable	(17,223)	(83,982)
Deferred revenue	(703,939)	408,410
Post-employment / retirement benefits	(7,700)	299,410
Prepaid expenses	(3,787)	10,472
Inventory	2,361	533
	<hr/> (1,797,348)	<hr/> (20,032)
Cash flow from operating activities	<hr/> 2,987,413	<hr/> 4,575,896
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(3,212,261)	(3,077,060)
Proceeds from sale of tangible capital assets	439,923	809,866
Cash flow used by capital activities	<hr/> (2,772,338)	<hr/> (2,267,194)
FINANCING ACTIVITIES		
Repayment of long-term debt	(351,363)	(350,221)
Cash flow from financing activities	<hr/> (351,363)	<hr/> (350,221)
INCREASE (DECREASE) IN CASH FLOW	<hr/> (136,288)	<hr/> 1,958,481
Opening Cash and Cash Equivalents	9,372,183	7,413,702
Closing Cash and Cash Equivalents	<hr/> 9,235,895	<hr/> 9,372,183

See accompanying notes



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

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 CPA Canada.

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

(a) 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-department and inter-organizational transactions and balances between these organizations have been eliminated.

The investment 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

For the year ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) **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 and services and the creation of a legal obligation to pay.

(c) **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.

(d) **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 and Oxford County. 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.



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) **Revenue Recognition (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.

(e) **Inventory**

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

(f) **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
Building 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.

(g) **Interest Capitalization**

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

(h) **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.

(i) **Employee Future Benefits**

The municipality provides certain benefits which will require funding in future periods. Those benefits include sick leave, life insurance and extended health and dental benefits for early retirees.



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Employee Future Benefits (Continued)

The cost of sick leave, life insurance and extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, insurance and health care cost trends, inflation rates and discount rates.

(j) Asset Retirement Obligations

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- i. There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- ii. It is expected that future economic benefits will be given up; and
- iii. A reasonable estimate of the amount can be made.

A liability has been recognized for the estimated future expenses related to asbestos removal in buildings owned by the Township. The liability is adjusted to reflect changes due to the passage of time, revisions in the timing or amount of the original undiscounted cash flow estimates, and fluctuations in the discount and inflation rates using present value techniques. The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets.

The tangible capital assets impacted by the asset retirement obligations are being amortized along with the related asset in accordance with the amortization accounting policy outlined in note 2(f).

(k) Financial Instruments

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method (or effective interest rate method).

All financial assets are assessed for impairment on an annual basis at the end of the fiscal year. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations and adjusted through the statement of remeasurement gains and losses

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized in the statement of operations.

Long term debt is recorded at cost.



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Financial Instruments (Continued)

The Standards require an organization to classify the fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of assets and liabilities.

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.

(l) 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. CHANGES IN ACCOUNTING POLICIES

(a) PS 3450 - Financial Instruments and PS 2601 - Foreign Currency Translation

On January 1, 2023, the Township adopted Canadian Public Sector Accounting Standard PS 3450 Financial Instruments and PS 2601 - Foreign Currency Translation. The standards were adopted prospectively from the date of adoption. The new standards provided requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions.

Under PS 3450, all financial instruments are included in the statement of financial position and are measured at fair value or amortized cost based on the characteristics of the instrument and the Townships accounting policy choices (See Note 2(k)).

There was no impact upon adoption by the Township on January 1, 2023.

(b) PS 3280 Asset Retirement Obligation

On January 1, 2022 the Township of Norwich adopted Canadian Public Sector Accounting Standard PS 3280 - Asset Retirement Obligations. The new accounting standard address the reporting of legal obligations associated with the retirement of certain tangible capital assets by public sector entities. The standard was adopted on the modified retrospective basis at the date



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) PS 3280 Asset Retirement Obligation (Continued)

of adoption. Under the modified retrospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

In accordance with the provisions of the new standard, the Township reflected the following adjustments as of January 1, 2022

- An increase of \$27,093 to the tangible capital assets representing the original estimate of the obligation as of the date of purchase and/or construction, and an accompanying increase of \$11,329 to accumulated amortization.
- The opening accumulated surplus decreased by \$64,102 due to the recognition of the asset retirement obligations amounting to \$79,886.

Due to the adoption of PS 3280, certain amounts in the 2022 financial statements have been restated for comparative purposes. Restated amounts include:

	As Previously Stated	Adjustment	2022 As Restated
Asset retirement obligations	-	81,870	81,870
Tangible capital assets	39,912,157	15,162	39,927,319
Amortization on tangible capital assets	1,910,862	602	1,911,464
Asset retirement obligations accretion expense	-	2,004	2,004
Annual surplus from operations	3,612,919	(2,606)	3,610,313
Accumulated surplus - Beginning of year	43,482,938	(64,102)	43,418,836
Accumulated surplus - End of year	47,095,857	(66,708)	47,029,149
Net Financial Assets - Beginning of year	4,668,139	(79,886)	4,588,253
Net Financial Assets - End of year	7,167,636	(81,870)	7,085,766

4. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$174,264 (2022 - \$170,177) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

5. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2023	2022
Government of Canada	260,252	156,291
Province of Ontario	32,705	151,172
Other municipalities	61,636	40,240
School boards	-	2
Other receivables	188,129	259,163
	542,722	606,868



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

6. 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.

7. INVESTMENT IN EARTH CORPORATION

The Corporation of the Township of Norwich accounts for its 6.77% (2022 - 6.77%) equity position in EARTH Corporation using the modified equity method. Under this method, the accounting policies of EARTH Corporation are not adjusted to conform to those of the Township. In subsequent years, the cost of this investment is increased by the earnings or decreased by the losses of EARTH Corporation. EARTH Corporation is incorporated under the laws of the Province of Ontario.

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.

EARTH Corporation prepares their financial statements in accordance with International Financial Reporting Standards (IFRS). The following summarizes the investment in EARTH Corporation:

	2023	2022
Share of EARTH Corporation's net assets	2,058,510	1,891,552
Loan receivable from EARTH Corporation	1,020,000	1,020,000
Total investment in EARTH Corporation	<u>3,078,510</u>	<u>2,911,552</u>



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

7. INVESTMENT IN EARTH CORPORATION (Continued)

Condensed financial information of EARTH Corporation is as follows:

Statement of Financial Position as at December 31	2023	2022
Current assets	25,012,733	23,844,200
Property, plant and equipment	77,889,462	73,487,721
Other non-current assets	12,760,999	13,728,497
Regulatory assets	11,797,301	11,007,905
	127,460,495	122,068,323
Current liabilities	31,657,088	30,070,846
Long-term liabilities	56,412,738	54,933,142
Regulatory liabilities	1,591,032	1,657,248
Equity	37,799,637	35,407,087
	127,460,495	122,068,323

Statement of Comprehensive Income	2023	2022
Revenue	99,128,198	98,335,547
Operating expenses	92,783,867	94,251,140
Income from operating activity	6,344,331	4,084,407
Other income	-	502,252
Other expenses	2,943,796	2,237,927
Income before income taxes and regulatory movement	3,400,535	2,348,732
Income taxes	1,015,000	1,002,000
Net movement in regulatory balances	870,612	1,933,360
Net income for the year and net movement in regulatory balances	3,256,147	3,280,092
Dividends	790,000	920,000
Net change in investment in EARTH Corporation.	2,466,147	2,360,092
Investment in EARTH Corporation - Opening	2,911,552	2,751,774
Net change in investment in EARTH Corporation	166,958	159,778
Investment in EARTH Corporation - Ending	3,078,510	2,911,552



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

8. POST-EMPLOYMENT / RETIREMENT BENEFITS

The Township has obligations for amounts owing under various benefits programs. An actuarial valuation of these future liabilities was completed in April 2023 and forms the basis for the estimated liability reported in these financial statements.

The weighted average assumptions used in the valuation were as follows:

Discount rate	4.60%
Healthcare cost increases	
Initial rate	6.80% (2022 - 6.94%)
Ultimate rate	4.00%
Dental care cost increase	4.00%

Future Employee Benefits	2023	2022
Opening liability	424,200	124,790
Results of actuarial valuation study	-	299,410
Actuarial (Gain)/Loss in Year	424,200	424,200
Interest cost	19,400	-
Current period benefit expense	21,100	-
Benefit payments	(48,200)	-
Liability as at December 31	416,500	424,200

9. DEFERRED REVENUES - OBLIGATORY RESERVE FUNDS

A requirement of Canadian public sector accounting standards 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 reserves (consisting of Recreational Land - Planning Act, Development Charges, and Federal Gas Tax) of the Township are as follows:

2023	Opening balance	Contributions received	Investment income	Revenue recognized	Ending balance
Recreational land - Planning Act	176,390	-	10,396	-	186,786
Building	96,160	-	5,104	29,614	71,650
Development charges	1,215,253	370,363	77,668	835,137	828,147
Canada community building fund	380,069	364,068	29,578	694,635	79,080
Other	7,145	5,415	-	7,145	5,415
	1,875,017	739,846	122,746	1,566,531	1,171,078



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

9. DEFERRED REVENUES - OBLIGATORY RESERVE FUNDS (Continued)

2022	Opening balance	Contributions received	Investment income	Revenue recognized	Ending balance
Recreational land - Planning Act	123,292	51,500	3,598	2,000	176,390
Building	100,903	-	2,294	7,037	96,160
Development charges	873,239	663,796	30,735	352,517	1,215,253
Canada community building fund	367,905	348,898	12,164	348,898	380,069
Other	1,268	7,145	-	1,268	7,145
	1,466,607	1,071,339	48,791	711,720	1,875,017

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

10. ASSET RETIREMENT OBLIGATIONS

The Township's asset retirement obligations consist of the following:

a) Asbestos obligations

The Township owns and operates various buildings known to contain asbestos. There is a legal obligation to remediate asbestos from these buildings when asbestos - containing material is disturbed or removed. In accordance with the adoption of PS 3280 - Asset Retirement Obligations, the Township recognized an obligation related to the removal of asbestos. Remaining useful lives are determined on an individual basis ranging from 24 to 50 years. The related asset retirement costs are discounted using a discount rate of 2.5% per annum.

The transition and recognition of asset retirement obligations involved an accompanying increase to the building's tangible capital assets and the restatement of prior year balances (See Note 3).

Changes to the asset retirement obligation in 2023 and 2022 are as follows:

	2023	2022
Balance, beginning of year	81,870	79,866
Increase in liability due to accretion expense	2,047	2,004
Balance, end of year	83,917	81,870



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2023

11. NET LONG TERM LIABILITIES

(a) The balance of net long term liabilities reported on the consolidated statement of financial position is comprised of:

	2023	2022
Long term liabilities incurred by the County of Oxford for which the Township has assumed responsibility for repayment	3,004,034	3,355,397

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

2024	352,538
2025	353,746
2026	284,988
2027	216,266
2028	217,580
Thereafter	1,578,916
	<u>3,004,034</u>

The above long term liabilities have maturity dates ranging from 2026 to 2041 with interest rates varying between 1.99% and 4.91%.

(c) Interest expense paid on long term liabilities for the year was \$100,074 (2022 - \$113,205).

(d) 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 THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2023

12. TANGIBLE CAPITAL ASSETS

	Land Improvements	Building and Structures	Infrastructure	Vehicles, Machinery and Equipment	Construction in Progress	Total 2023
Cost						
Balance, beginning of year	4,369,414	21,203,464	40,189,298	9,751,224	2,800,945	78,314,345
Additions during the year	125,957	2,852,692	1,492,175	864,170	704,816	6,039,810
Disposals during the year	(61,398)	(331,776)	(373,889)	(1,140,651)	(2,789,578)	(4,697,292)
Balance, end of year	4,433,973	23,724,380	41,307,584	9,474,743	716,183	79,656,863

Accumulated Amortization						
Balance, beginning of year	975,019	5,784,598	26,699,703	4,927,706	-	38,387,026
Amortization during the year	76,737	463,724	946,144	574,560	-	2,061,165
Accumulated amortization on disposal	(3,739)	(299,361)	(226,695)	(1,137,838)	-	(1,667,633)
Balance, end of year	1,048,017	5,948,961	27,419,152	4,364,428	-	38,780,558
Net Book Value of Tangible Capital Assets	3,385,956	17,775,419	13,888,432	5,110,315	716,183	40,876,305

	Land Improvements	Building and Structures	Infrastructure	Vehicles, Machinery and Equipment	Construction in Progress	Total 2022
Cost						
Balance, beginning of year	4,291,901	16,094,671	39,342,503	9,703,142	6,757,468	76,189,685
Additions during the year	115,319	5,108,793	846,795	962,676	1,075,720	8,109,303
Disposals during the year	(37,806)	-	-	(914,594)	(5,032,243)	(5,984,643)
Balance, end of year	4,369,414	21,203,464	40,189,298	9,751,224	2,800,945	78,314,345

Accumulated Amortization						
Balance, beginning of year	901,640	5,372,689	25,804,746	5,307,096	-	37,386,171
Amortization during the year	73,939	411,909	894,957	530,659	-	1,911,464
Accumulated amortization on disposal	(560)	-	-	(910,049)	-	(910,609)
Balance, end of year	975,019	5,784,598	26,699,703	4,927,706	-	38,387,026
Net Book Value of Tangible Capital Assets	3,394,395	15,418,866	13,489,595	4,823,518	2,800,945	39,927,319

a) Construction in progress:

Assets under construction in progress, having a value of \$716,183 (2022 - \$ 2,800,945), have not been amortized. Amortization of these assets will commence when the assets are put into service.

b) Contributed tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair market value at the date of contribution. The value of contributed assets received during the year is \$37,971 (2022 - \$Nil) and is comprised of infrastructure valued at \$37,971.

c) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$Nil (2022 - \$Nil).



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

13. ACCUMULATED SURPLUS

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

	2023	2022 <i>(Restated - Note 3)</i>
Investment in tangible capital assets	40,876,305	39,927,319
Long term liabilities	(3,004,034)	(3,355,397)
Net investment in tangible capital assets	37,872,271	36,571,922
Current funds	(501,177)	(507,210)
Reserve and reserve funds		
Working funds	202,300	202,300
Operating purposes	1,531,469	1,698,712
Capital purposes	7,971,724	6,151,519
Specific purposes	372	354
Invested in EARTH Corporation (Note 7)	3,078,510	2,911,552
	50,155,469	47,029,149



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

14. GOVERNMENT TRANSFERS - FEDERAL

	Budget (Note 17)	2023	2022
Operating	1,500	1,500	51,123
Capital	364,067	694,635	348,898
	365,567	696,135	400,021

15. GOVERNMENT TRANSFERS - PROVINCIAL

	Budget (Note 17)	2023	2022
Operating	1,072,600	1,100,760	1,025,690
Capital	344,226	362,151	446,114
	1,416,826	1,462,911	1,471,804

16. OTHER INCOME

Other revenues are comprised of the following:

	2023 Budget	2023 Actual	2022 Actual
Penalties and interest on taxation	120,000	145,609	120,961
Investment income	299,000	462,361	271,464
Annexation adjustments	111,200	140,399	104,108
Gain (loss) on disposal of tangible capital assets	-	199,842	768,075
Interest and other income from EARTH Corporation	-	229,239	222,059
Deferred revenue earned	-	835,136	352,517
Donations	15,000	124,132	129,890
Contributed assets	-	37,971	-
Other	-	16,539	113,064
	545,200	2,191,228	2,082,138



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

17. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF OXFORD

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

	2023	2022
School boards	3,403,703	3,303,500
County of Oxford	7,521,588	7,065,651
	10,925,291	10,369,151

18. PENSION AGREEMENTS

The Township makes contributions to the Ontario Municipal Employees Retirement System ("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. The OMERS pension plan has a deficit. If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

Municipality service payments for 2023 totalled \$327,521 (2022 - \$272,568), which are reflected in expenditures on the Consolidated Statement of Operations. As at December 31, 2023, the municipality had no past service obligations to the plan.



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

19. BUDGET FIGURES

The budget by-law adopted by Council on May 23, 2023, 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 23, 2023 with adjustments as follows:

	2023	2022
Budget by-law surplus for the year	-	-
Add:		
Budgeted capital expenditures for tangible capital asset purchase	3,846,800	2,650,900
Budgeted transfer to reserves and reserve funds	2,668,110	1,896,640
Principal payments	351,363	350,221
Less:		
Budgeted transfer from reserves and reserve funds	(3,386,954)	(1,554,528)
Amortization	(2,061,165)	(1,911,464)
Budgeted surplus per Consolidated Statement of Operations	1,418,154	1,431,769

20. 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.



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

21. 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.

22. CONTRACTUAL OBLIGATIONS

The Township has entered into an agreement with the Ontario Provincial Police (OPP) to provide policing services, which expires on December 31, 2025, policing costs are determined annually. In 2023 the OPP contract approximated \$1,548,120 (2022 - \$1,379,590).

23. CONTINGENT LIABILITIES

As at December 31, 2023, there are legal claims commenced against the Township that remain outstanding. No provision has been made for any claims that are expected to be covered by insurance or where the consequences are undeterminable. For the claims against the Township, the amount and nature of the possible outcome is not determinable at this time and, as a result, no provision has been made in the financial statements.

24. CONTRACTUAL RIGHTS

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future. The Township's contractual rights consist of contracts entered into for operating leases.

Effective January 1, 2018 the Township entered into an annexation agreement with a neighbouring municipality. The agreement allows for compensation as a percentage of annual levied taxes on annexed properties with the potential for additional compensation as expansion on those properties occurs.

25. COMPARATIVE INFORMATION

Certain of the prior year's figures, provided for purposes of comparison, have been reclassified to conform with the current year's presentation.



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

26. 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.



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

Year ended December 31, 2023	General Government	Protection Services	Transportation Services	Recreation and Cultural Services	Other Services [1]	Total 2023
Revenue						
Government transfers - Federal	-	-	694,635	1,500	-	696,135
Government transfers - Provincial	-	42,955	357,152	-	1,062,805	1,462,912
User charges	27,091	295,682	34,740	305,067	1,112,569	1,775,149
Other income (Note 16)	140,399	99,724	-	-	1,951,105	2,191,228
	167,490	438,361	1,086,527	306,567	4,126,479	6,125,424
Expenses						
Salaries, wages, and benefits	1,182,221	1,274,610	1,032,163	827,951	751,391	5,068,336
Materials	522,685	454,057	1,232,823	502,111	461,113	3,172,789
Contractor Services	180,561	1,720,372	607,236	47,171	127,225	2,682,565
External transfers	-	-	-	61,237	-	61,237
Financial expenses	7,187	368	-	7,748	-	15,303
Interest on long-term liabilities	-	49,759	28,735	21,581	-	100,075
Amortization	81,439	366,110	1,261,200	291,490	60,924	2,061,163
	1,974,093	3,865,276	4,162,157	1,759,289	1,400,653	13,161,468
Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy	(1,806,603)	(3,426,915)	(3,075,630)	(1,452,722)	2,725,826	(7,036,044)
Taxation revenue						10,162,364
Annual surplus						3,126,320

[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 THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2023

Year ended December 31, 2022	General Government	Protection Services	Transportation Services	Recreation and Cultural Services	Other Services [1]	Total 2022
Revenue						
Government transfers - Federal	40,622	9,000	-	1,500	348,899	400,021
Government transfers - Provincial	-	76,798	404,002	-	991,004	1,471,804
User charges	18,476	293,244	36,407	234,953	1,135,203	1,718,283
Other income (Note 16)	104,108	163,605	-	-	1,814,425	2,082,138
	163,206	542,647	440,409	236,453	4,289,531	5,672,246
Expenses						
Salaries, wages, and benefits	1,290,496	1,201,546	1,013,852	765,410	526,500	4,797,804
Materials	518,025	375,405	1,193,547	439,775	213,542	2,740,294
Contractor Services	107,371	1,530,149	471,940	36,891	23,380	2,169,731
External transfers	-	-	-	62,451	-	62,451
Financial expenses	8,951	248	-	7,713	-	16,912
Interest on long-term liabilities	-	54,016	30,972	28,217	-	113,205
Amortization	80,634	338,081	1,187,690	287,961	17,098	1,911,464
	2,005,477	3,499,445	3,898,001	1,628,418	780,520	11,811,861
Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy	(1,842,271)	(2,956,798)	(3,457,592)	(1,391,965)	3,509,011	(6,139,615)
Taxation revenue						9,749,928
Annual surplus						3,610,313

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

