

THE CORPORATION OF THE TOWNSHIP OF NORWICH
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2022



THE CORPORATION OF THE TOWNSHIP OF NORWICH

For the year ended December 31, 2022

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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 1, 2023
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, 2022, 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, 2022, 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 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 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.

In preparing the 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.

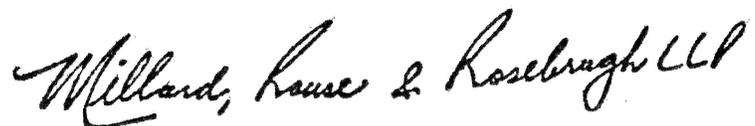
Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, including the disclosures, and whether the 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 1, 2023
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

THE CORPORATION OF THE TOWNSHIP OF NORWICH

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31	2022	2021
FINANCIAL ASSETS		
Cash	9,372,183	7,413,702
Taxes receivable	884,715	526,719
Accounts receivable (Note 4)	606,868	1,030,427
Drainage receivable (Note 5)	1,949,112	2,079,327
Investment in ERTH Corporation (Note 6)	2,911,552	2,751,774
	15,724,430	13,801,949
LIABILITIES		
Accounts payable	1,526,374	2,377,027
Deposits repayable	1,375,806	1,459,788
Post-employment / retirement benefits (Note 7)	424,200	124,790
Deferred revenue - Obligatory Reserve Funds (Note 8)	1,875,017	1,466,607
Long-term liabilities (Note 9)	3,355,397	3,705,618
	8,556,794	9,133,830
NET FINANCIAL ASSETS	7,167,636	4,668,119
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	39,912,157	38,787,750
Prepaid expenses	1,980	12,452
Inventory	14,084	14,617
	39,928,221	38,814,819
ACCUMULATED SURPLUS (Note 11)	47,095,857	43,482,938

See accompanying notes



THE CORPORATION OF THE TOWNSHIP OF NORWICH

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended December 31	Budget 2022 <i>(Note 17)</i>	2022	2021
REVENUES			
Taxation	9,781,600	9,749,928	9,302,735
Government Transfers - Federal (Note 12)	685,804	400,021	344,711
Government Transfers - Provincial (Note 13)	1,141,444	1,471,804	1,664,920
User charges	1,597,550	1,718,283	1,555,318
Other income (Note 14)	359,000	2,082,138	1,025,814
	13,565,398	15,422,174	13,893,498
EXPENSES			
General government	1,858,384	2,005,477	1,523,404
Protection services	3,729,289	3,499,128	3,452,930
Transportation services	4,247,011	3,898,001	3,720,462
Recreation and cultural services	1,609,795	1,626,129	1,539,771
Health services	599,398	559,910	514,408
Planning and development	89,150	220,610	417,631
	12,133,027	11,809,255	11,168,606
ANNUAL SURPLUS	1,432,371	3,612,919	2,724,892
Accumulated surplus - beginning of year	43,482,938	43,482,938	40,758,046
ACCUMULATED SURPLUS - END OF YEAR	44,915,309	47,095,857	43,482,938

See accompanying notes



THE CORPORATION OF THE TOWNSHIP OF NORWICH

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended December 31	Budget 2022 <i>(Note 17)</i>	2022	2021
Annual surplus	1,432,371	3,612,919	2,724,892
Purchase of tangible capital assets	(2,650,900)	(3,077,060)	(4,910,800)
Proceeds on disposal of tangible capital assets	-	809,866	81,243
Amortization on tangible capital assets	1,910,862	1,910,862	1,788,560
Loss (gain) on disposal of tangible capital assets	-	(768,075)	(14,863)
Decrease (increase) in prepaid expenses	-	10,472	390
Decrease (increase) in inventory	-	533	(4,553)
Increase in net financial assets	692,333	2,499,517	(335,131)
Net financial assets - beginning of year	4,668,119	4,668,119	5,003,250
NET FINANCIAL ASSETS - END OF YEAR	5,360,452	7,167,636	4,668,119

See accompanying notes



THE CORPORATION OF THE TOWNSHIP OF NORWICH

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31	2022	2021
Cash Flows From Operating Activities		
Annual surplus	3,612,919	2,724,892
Items not affecting cash:		
Amortization of tangible capital assets	1,910,862	1,788,560
Loss (gain) on disposal of tangible capital assets	(768,075)	(14,863)
Change in equity - ERTH Corporation	(159,778)	(189,304)
	4,595,928	4,309,285
Changes in non-cash working capital:		
Taxes receivable	(357,996)	189,628
Accounts receivable	423,559	(520,153)
Drainage receivable	130,215	415,673
Accounts payable	(850,653)	1,545,316
Deposits repayable	(83,982)	401,500
Deferred revenue	408,410	455,910
Post-employment / retirement benefits	299,410	12,746
Prepaid expenses	10,472	390
Inventory	533	(4,552)
	(20,032)	2,496,458
Cash flow from operating activities	4,575,896	6,805,743
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(3,077,060)	(4,910,800)
Proceeds from sale of tangible capital assets	809,866	81,243
Cash flow used by capital activities	(2,267,194)	(4,829,557)
FINANCING ACTIVITIES		
Proceeds from callable debt financing	-	800,000
Repayment of long-term debt	(350,221)	(309,110)
Cash flow from financing activities	(350,221)	490,890
INCREASE (DECREASE) IN CASH FLOW	1,958,481	2,467,076
Opening Cash and Cash Equivalents	7,413,702	4,946,626
Closing Cash and Cash Equivalents	9,372,183	7,413,702

See accompanying notes



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

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, 2022

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, 2022

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 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.



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$170,177 (2021 - \$123,786) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations.

4. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2022	2021
Government of Canada	156,291	441,759
Province of Ontario	151,172	379,381
Other municipalities	40,240	61,119
School boards	2	565
Other receivables	259,163	147,603
	606,868	1,030,427

5. 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 THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2022

6. INVESTMENT IN EARTH CORPORATION

The Corporation of the Township of Norwich accounts for its 6.77% (2021 - 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:

	<u>2022</u>	<u>2021</u>
Share of EARTH Corporation's net assets	1,891,552	1,731,774
Loan receivable from EARTH Corporation	1,020,000	1,020,000
Total investment in EARTH Corporation	<u>2,911,552</u>	<u>2,751,774</u>



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

6. INVESTMENT IN EARTH CORPORATION (Continued)

Condensed financial information of EARTH Corporation is as follows:

Statement of Financial Position as at December 31	2022	2021
Current assets	23,844,200	21,000,436
Property, plant and equipment	73,487,721	69,320,000
Other non-current assets	13,728,497	13,281,666
Regulatory assets	11,007,905	7,854,668
	<u>122,068,323</u>	<u>111,456,770</u>
Current liabilities	30,070,846	24,512,383
Long-term liabilities	54,933,142	53,783,924
Regulatory liabilities	1,657,248	514,371
Equity	35,407,087	32,646,092
	<u>122,068,323</u>	<u>111,456,770</u>

Statement of Comprehensive Income	2022	2021
Revenue	98,335,547	96,543,343
Operating expenses	94,251,140	90,789,918
Income from operating activity	4,084,407	5,753,425
Other income	502,252	218,468
Other expenses	2,237,927	1,855,282
Income before income taxes and regulatory movement	2,348,732	4,116,611
Income taxes	1,002,000	1,188,000
Net movement in regulatory balances	1,933,360	847,606
Net income for the year and net movement in regulatory balances	3,280,092	3,776,217
Dividends	920,000	980,000
Net change in investment in EARTH Corporation.	<u>2,360,092</u>	<u>2,796,217</u>
Investment in EARTH Corporation - Opening	2,751,774	2,562,470
Net change in investment in EARTH Corporation	159,778	189,304
Investment in EARTH Corporation - Ending	<u>2,911,552</u>	<u>2,751,774</u>



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

7. 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	6.94%
Ultimate rate	4.00%
Dental care cost increase	4.00%

Future Employee Benefits	2022	2021
Opening liability	124,790	112,044
Results of actuarial valuation study and current period benefit costs	299,410	12,746
Interest accrued	-	-
Estimated benefit payment	-	-
Liability as at December 31	424,200	124,790

8. 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:

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.



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

9. NET LONG TERM LIABILITIES

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

	2022	2021
Long term liabilities incurred by the County of Oxford for which the Township has assumed responsibility for repayment	3,355,397	3,705,618

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

2023	351,363
2024	352,538
2025	353,746
2026	284,988
2027	216,266
Thereafter	1,796,496
	<u>3,355,397</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 \$113,205 (2021 - \$102,151).

(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, 2022

10. TANGIBLE CAPITAL ASSETS

	Land Improvements	Building and Structures	Infrastructure	Vehicles, Machinery and Equipment	Construction in Progress	Total 2022
Cost						
Balance, beginning of year	4,291,901	16,067,578	39,342,503	9,703,142	6,757,468	76,162,592
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	21,176,371	40,189,298	9,751,224	2,800,945	78,287,252
Accumulated Amortization						
Balance, beginning of year	901,640	5,361,360	25,804,746	5,307,096	-	37,374,842
Amortization during the year	73,939	411,307	894,957	530,659	-	1,910,862
Accumulated amortization on disposal	(560)	-	-	(910,049)	-	(910,609)
Balance, end of year	975,019	5,772,667	26,699,703	4,927,706	-	38,375,095
Net Book Value of Tangible Capital Assets	3,394,395	15,403,704	13,489,595	4,823,518	2,800,945	39,912,157
Cost						
Balance, beginning of year	4,177,506	15,852,215	38,101,580	8,087,867	5,404,687	71,623,855
Additions during the year	114,395	215,363	1,281,469	1,880,409	1,535,440	5,027,076
Disposals during the year	-	-	(40,546)	(265,134)	(182,659)	(488,339)
Balance, end of year	4,291,901	16,067,578	39,342,503	9,703,142	6,757,468	76,162,592
Accumulated Amortization						
Balance, beginning of year	830,079	4,954,553	24,994,183	5,113,147	-	35,891,962
Amortization during the year	71,561	406,807	851,109	459,083	-	1,788,560
Accumulated amortization on disposal	-	-	(40,546)	(265,134)	-	(305,680)
Balance, end of year	901,640	5,361,360	25,804,746	5,307,096	-	37,374,842
Net Book Value of Tangible Capital Assets	3,390,261	10,706,218	13,537,757	4,396,046	6,757,468	38,787,750



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

11. ACCUMULATED SURPLUS

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

	2022	2021
Investment in tangible capital assets	39,912,157	38,787,750
Long term liabilities	(3,355,397)	(3,705,618)
Net investment in tangible capital assets	36,556,760	35,082,132
Current funds	(425,340)	(140,392)
Reserve and reserve funds		
Working funds	202,300	202,300
Operating purposes	1,698,712	1,752,808
Capital purposes	6,151,519	3,833,971
Specific purposes	354	345
Invested in EARTH Corporation (Note 6)	2,911,552	2,751,774
	47,095,857	43,482,938



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2022

12. GOVERNMENT TRANSFERS - FEDERAL

	Budget (Note 17)	2022	2021
Operating	1,500	51,123	6,500
Capital	684,304	348,898	338,211
	685,804	400,021	344,711

13. GOVERNMENT TRANSFERS - PROVINCIAL

	Budget (Note 17)	2022	2021
Operating	1,009,200	1,025,690	1,201,965
Capital	132,244	446,114	462,955
	1,141,444	1,471,804	1,664,920

14. OTHER INCOME

Other revenues are comprised of the following:

	2022 Budget	2022 Actual	2021 Actual
Penalties and interest on taxation	110,000	124,606	118,899
Investment income	139,000	271,464	130,218
Annexation adjustments	98,500	104,108	99,478
Gain (loss) on disposal of tangible capital assets	-	768,075	14,863
Interest and other income from EARTH Corporation	-	222,059	244,815
Deferred revenue earned	-	352,517	409,304
Donations	11,500	129,890	2,100
Other	-	109,419	6,137
	359,000	2,082,138	1,025,814



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

15. 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:

	2022	2021
School boards	3,303,500	3,051,998
County of Oxford	7,065,651	6,500,428
	10,369,151	9,552,426

16. 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 2022 totalled \$272,568 (2021 - \$273,484), which are reflected in expenditures on the Consolidated Statement of Operations. As at December 31, 2022, 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, 2022

17. BUDGET FIGURES

The budget by-law adopted by Council on March 10, 2022, 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 10, 2022 with adjustments as follows:

	2022	2021
Budget by-law surplus for the year	-	-
Add:		
Budgeted capital expenditures for tangible capital asset purchase	2,650,900	4,284,435
Budgeted transfer to reserves and reserve funds	1,896,640	1,358,940
Principal payments	350,221	301,610
Less:		
Budgeted transfer from reserves and reserve funds	(1,554,528)	(2,190,185)
New debenture debt	-	(800,000)
Amortization	(1,910,862)	(1,788,560)
Budgeted surplus per Consolidated Statement of Operations	1,432,371	1,166,240

18. 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, 2022

19. 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.

20. CONTRACTUAL OBLIGATIONS

The Township has entered into an agreement with the Ontario Provincial Police (OPP) to provide policing services, which expires on December 31, 2023, policing costs are determined annually. In 2022 the OPP contract approximated \$1,379,590 (2021 - \$1,419,000).

21. CONTINGENT LIABILITIES

As at December 31, 2022, 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.

22. 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.



THE CORPORATION OF THE TOWNSHIP OF NORWICH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

23. 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, 2022

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 14)	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	1,189,410	439,775	217,679	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	-	-	5,957	-	14,908
Interest on long-term liabilities	-	54,016	30,972	28,217	-	113,205
Amortization	80,634	338,012	1,187,690	287,428	17,098	1,910,862
	2,005,477	3,499,128	3,893,864	1,626,129	784,657	11,809,255
Surplus (deficiency) of revenue over expenses for the year financed by net municipal levy	(1,842,271)	(2,956,481)	(3,453,455)	(1,389,676)	3,504,874	(6,137,009)
Taxation revenue						9,749,928
Annual surplus						3,612,919

[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, 2022

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 14)	-	-	-	-	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
Contractor 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.

