

The Corporation of Norfolk County

Consolidated Financial Statements

December 31, 2016



The Corporation of Norfolk County
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December 31, 2016

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Independent Auditors' Report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of Norfolk County

We have audited the accompanying consolidated financial statements of The Corporation of Norfolk County which comprise of the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations, changes in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of Norfolk County as at December 31, 2016 and its consolidated results of operations, consolidated changes in net financial assets and consolidated cash flow for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

Millard, Rowe & Coebright LLP

August 9, 2017
Simcoe, Ontario

Chartered Professional Accountants
Licensed Public Accountants



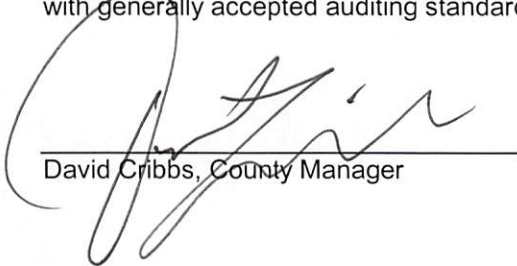
Management's Responsibility for Financial Reporting

The consolidated financial statements of The Corporation of Norfolk County 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 on 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 Norfolk County'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 County Manager 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 Norfolk County by Millard, Rouse & Rosebrugh LLP, in accordance with generally accepted auditing standards.



David Cribbs, County Manager



James Johnson, Treasurer/CFO

Simcoe, Ontario
August 9, 2017

The Corporation of Norfolk County

Consolidated Statement of Financial Position

As at December 31,

2016

2015

Financial assets

Cash	\$ 6,414,409	\$ 977,004
Investments (note 4)	79,551,393	89,256,338
Taxes receivable	8,171,044	7,941,798
Accounts receivable	11,362,559	11,162,264
Other financial assets	<u>5,991</u>	<u>3,778</u>
	<u>105,505,396</u>	<u>109,341,182</u>

Liabilities

Accounts payable	20,516,986	19,882,415
Employee benefits liability (note 5)	6,552,163	6,894,409
Deferred revenue (note 6)	22,828,740	16,764,475
Solid waste landfill closure and post-closure liability (note 7)	18,268,313	18,617,761
Long term liabilities (note 8)	<u>45,814,550</u>	<u>50,202,856</u>
	<u>113,980,752</u>	<u>112,361,916</u>

Net financial assets (liabilities)

(8,475,356) **(3,020,734)**

Non-financial assets

Tangible capital assets (note 9)	549,855,553	545,327,840
Prepaid expenses	1,289,066	1,460,599
Inventory of supplies	<u>438,933</u>	<u>442,313</u>
	<u>551,583,552</u>	<u>547,230,752</u>

Accumulated surplus (note 10)

\$543,108,196 **\$544,210,018**

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

The Corporation of Norfolk County

Consolidated Statement of Operations

Year Ended December 31,	Budget 2016	2016	2015
	(note 17)		
Revenue			
Taxation	\$ 79,798,700	\$ 78,754,512	\$ 74,391,932
Government transfers - Federal (note 11)	20,600	818,447	5,119,278
Government transfers - Provincial (note 12)	54,092,700	56,320,424	52,192,211
Recoveries from other municipalities	4,263,800	4,006,939	3,427,603
User charges	27,021,100	28,658,486	28,642,420
Other income (note 13)	<u>8,037,000</u>	<u>9,265,981</u>	<u>9,479,544</u>
	<u>173,233,900</u>	<u>177,824,789</u>	<u>173,252,988</u>
Expenses			
General government	16,704,083	14,330,040	14,227,843
Protection services	19,162,009	18,366,356	19,033,536
Transportation services	30,491,034	32,082,149	30,386,325
Environmental services	26,214,085	29,003,479	26,507,978
Health services	18,758,012	17,353,842	17,475,390
Social and family services	41,678,161	41,519,196	40,381,541
Social housing	6,725,700	8,465,706	6,409,666
Recreation and cultural services	14,570,389	13,800,657	13,700,087
Planning and development	<u>3,447,535</u>	<u>4,005,186</u>	<u>3,357,396</u>
	<u>177,751,008</u>	<u>178,926,611</u>	<u>171,479,762</u>
Annual surplus (deficit)	\$ <u>(4,517,108)</u>	(1,101,822)	1,773,226
Accumulated surplus, beginning of year		<u>544,210,018</u>	<u>542,436,792</u>
Accumulated surplus, end of year		<u>\$543,108,196</u>	<u>\$544,210,018</u>

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

The Corporation of Norfolk County

Consolidated Statement of Changes in Net Financial Assets

Year Ended December 31,	Budget 2016	2016	2015
	(note 17)		
Annual surplus (deficit)	\$ (4,517,108)	\$ (1,101,822)	\$ 1,773,226
Acquisition of tangible capital assets	(32,239,000)	(27,997,024)	(47,261,853)
Amortization of tangible capital assets	22,719,900	23,318,908	22,263,143
Loss on disposal of tangible capital assets	-	131,843	192,054
Proceeds from sale of tangible capital assets	<u>-</u>	<u>18,560</u>	<u>104,160</u>
	<u>(14,036,208)</u>	<u>(5,629,535)</u>	<u>(22,929,270)</u>
Disposition (acquisition) of prepaid expenses	-	171,533	(192,478)
Disposition of inventory of supplies	<u>-</u>	<u>3,380</u>	<u>51,220</u>
	<u>-</u>	<u>174,913</u>	<u>(141,258)</u>
Net change in net financial assets	(14,036,208)	(5,454,622)	(23,070,528)
Net financial assets (liabilities), beginning of year	<u>(3,020,734)</u>	<u>(3,020,734)</u>	<u>20,049,794</u>
Net financial assets (liabilities), end of year	\$ <u>(17,056,942)</u>	\$ <u>(8,475,356)</u>	\$ <u>(3,020,734)</u>

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

The Corporation of Norfolk County

Consolidated Statement of Cash Flow

Year Ended December 31,	2016	2015
Cash provided by (used in):		
Operating transactions		
Annual surplus (deficit)	\$ (1,101,822)	\$ 1,773,226
Amortization of tangible capital assets	23,318,908	22,263,143
Loss on disposal of tangible capital assets	<u>131,843</u>	<u>192,054</u>
	22,348,929	24,228,423
Changes in non-cash operating balances:		
Taxes receivable	(229,246)	1,157,128
Accounts receivable	(200,295)	5,735,060
Other financial assets	(2,213)	544
Accounts payable	634,571	(3,526,160)
Employee benefits liability	(342,246)	543,918
Deferred revenue	6,064,265	180,432
Solid waste landfill closure and post-closure liability	(349,448)	2,296,353
Prepaid expenses	171,533	(192,478)
Inventory of supplies	<u>3,380</u>	<u>51,220</u>
	28,099,230	30,474,440
Capital transactions		
Acquisition of tangible capital assets	(27,997,024)	(47,261,853)
Proceeds from sale of tangible capital assets	<u>18,560</u>	<u>104,160</u>
	(27,978,464)	(47,157,693)
Financing transactions		
Long term debt issued	-	14,159,000
Long term debt repaid	<u>(4,388,306)</u>	<u>(3,982,568)</u>
	(4,388,306)	10,176,432
Net change in cash and cash equivalents	(4,267,540)	(6,506,821)
Cash and cash equivalents, beginning of year	<u>90,233,342</u>	<u>96,740,163</u>
Cash and cash equivalents, end of year	\$ <u>85,965,802</u>	\$ <u>90,233,342</u>
Cash and cash equivalents consists of:		
Cash	\$ 6,414,409	\$ 977,004
Investments	<u>79,551,393</u>	<u>89,256,338</u>
	\$ <u>85,965,802</u>	\$ <u>90,233,342</u>

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



The Corporation of Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2016

1. Incorporation

Effective January 1, 2001, Norfolk County was incorporated as a single tier municipality. Norfolk County assumed all assets, liabilities and operations of the former Town of Simcoe, Township of Norfolk and Township of Delhi, and some of the assets, liabilities and operations of the former City of Nanticoke and former Regional Municipality of Haldimand-Norfolk.

Based upon the provisions of the Fewer Municipal Politicians Act (1999) and regulations passed under this Act, Norfolk County was given the administrative responsibility as the Consolidated Municipal Service Manager, as well as the Board of Health, for the provision of Public Health and Social Services to both Haldimand County and Norfolk County. An Advisory Board (the Joint Health and Social Services Advisory Committee) made up of 3 Council representatives from each County provides recommendations to Norfolk County. Haldimand County has been given the administrative responsibility over investments and long term debt of the former regional municipality as at December 31, 2000, some of which are to be shared with Norfolk County.

2. Summary of significant accounting policies

The consolidated financial statements of The Corporation of Norfolk County are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Professional Accountants.

Significant aspects of the accounting policies adopted by The Corporation of Norfolk County are as follows:

a) Reporting entity

(i) Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues, expenses, changes in accumulated surplus, and changes in net financial assets of the reporting entity. The consolidated financial statements include the activities of all committees of Council and local boards, municipal enterprises and utilities which are owned or controlled by the County. These consolidated financial statements include:

*Norfolk County Public Library Board
Simcoe Business Improvement Area
Delhi Business Improvement Area*

All inter-departmental and inter-organizational transactions and balances between these organizations have been eliminated.

(ii) Joint local boards

As explained in Note 1, Norfolk County has been given administrative responsibility for the following joint local boards:

Joint Health and Social Services Advisory Committee

Amounts paid to Norfolk County for Haldimand County's proportionate share of Health, Social and Family Services and Social Housing are recorded as recoveries from other municipalities on the Consolidated Statement of Operations.



The Corporation of Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2016

2. Summary of significant accounting policies (continued)

(iii) Accounting for school board transactions

The taxation, other revenue, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances of these financial statements. The taxation revenue collected and remitted on behalf of the school boards amounted to \$20,669,520 (2015 - \$20,536,171).

(iv) 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".

(v) Provincial offences fines

Norfolk County administers the Provincial Offences Act (POA) on behalf of the Ministry of the Attorney General for the Norfolk County Court Service Area.

Fine revenue is recognized as the payment is received. Fine revenue includes all monies received less payments made to other municipalities for monies received on their behalf, less payments made to the Ministry of the Attorney General for victim fine surcharges and dedicated fines. Revenue also includes outstanding transfers of fine receipts collected by other municipalities.

A receivable for the value of fines issued but unpaid as at the year-end date amounts to \$5,939,049 (2015 - \$6,010,158) and is not recorded in these consolidated financial statements.

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 goods or services and the creation of a legal obligation to pay.

c) Revenue recognition

(i) Taxation

Annually, the County bills and collects property tax revenue for municipal levy purposes as well as education taxes on behalf of the local school boards. The County 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.



The Corporation of Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2016

2. Summary of significant accounting policies (continued)

(ii) Government transfers

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(iii) User charges

User charges relate to various municipal programs and fees imposed based on specific activities. Examples of user charges include: recreation programs, water, wastewater and solid waste. Revenue is recognized when the activity is performed or when services are rendered.

(iv) Other revenue

Other revenue 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 Statement of Financial Position.

d) 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	4 to 75 years
Buildings and structures	10 to 75 years
Infrastructure	10 to 75 years
Vehicles, machinery and equipment	4 to 35 years

e) Investments

Investments are recorded at amortized cost less any amounts written off to reflect a permanent decline in value. Investments consist of authorized investments pursuant to provisions of the Municipal Act and comprise of government bonds, debentures, pooled investment funds and short term instruments of various financial institutions.

Investment income earned on available current funds, reserves and reserve funds (other than obligatory funds) are reported in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balances.

f) Inventory

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

The Corporation of Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2016

2. Summary of significant accounting policies (continued)

g) 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.

h) Measurement uncertainty

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

Significant items subject to such estimates and assumptions include valuation allowances for taxes receivable, accounts receivable, employee benefits liability and solid waste landfill closure and post-closure liability. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the year which they become known.

Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Contaminated sites

A contaminated site is an unproductive site at which substances occur in concentrations that exceed the maximum acceptable amounts under an environmental standard. A liability for remediation of contaminated sites is recognized when the County is directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate for the amount can be made. All criteria must be met in order to recognize a liability. As at December 31, 2016 there is no liability recorded in the consolidated financial statements. The County will continue to review contaminated sites on an annual basis and when the criteria for recognition have been met, a liability will be recorded.

4. Investments

Investments, as at December 31, consist of the following:

	2016		2015	
	Market Value	Carrying Value	Market Value	Carrying Value
	\$	\$	\$	\$
Government bonds	2,697,587	2,460,271	2,766,483	2,473,448
GICs and short term savings	7,083,602	7,083,602	17,113,779	17,113,779
ONE Fund Investments	70,203,436	68,388,151	68,049,099	67,750,158
Other	<u>1,619,369</u>	<u>1,619,369</u>	<u>1,918,953</u>	<u>1,918,953</u>
	<u>81,603,994</u>	<u>79,551,393</u>	<u>89,848,314</u>	<u>89,256,338</u>

Included in the County's other investments are internal debentures with a coupon rate range of 2.61% to 6% (2015 - 2.61% to 6%) with a carrying value of \$1,619,369 (2015 - \$1,918,953).



The Corporation of Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2016

5. Employee benefits liability

The municipality provides certain employee benefits which will require funding in future periods and is comprised of the following:

	2016	2015
	\$	\$
Vested sick leave	1,500,971	1,821,999
Post retirement benefits	1,348,592	1,532,310
Workers' compensation	<u>3,702,600</u>	<u>3,540,100</u>
	<u>6,552,163</u>	<u>6,894,409</u>

The County is also liable for accrued severances. These liabilities as at December 31, 2016 are \$1,061,975 (2015 - \$1,044,762) and are recorded in accounts payable.

a) Liability for vested sick leave benefits

Under the sick leave benefit plan, unused sick leave can be accumulated and some employees may become entitled to a cash payment when they leave the municipality's employment.

The liability for these accumulated days, to the extent that they have vested and could be taken in cash by an employee on termination, amount to \$1,500,971 (2015 - \$1,821,999).

The amount paid to employees who left the County's employment during the year amounted to \$350,160 (2015 - \$125,661). Anticipated payments in 2017 and subsequent years to employees who are eligible to retire are estimated as follows:

	\$
2017 - 2021	1,347,958
2022 - 2026	85,234
2027 and beyond	<u>67,779</u>
	<u>1,500,971</u>

b) Post retirement benefits

Norfolk County provides retirement benefits consisting of health care, dental, and life insurance to qualifying members.

The Corporation of Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2016

5. Employee benefits liability (continued)

c) Workers' compensation

Norfolk County is self-insured for injured worker benefits with Workplace Safety and Insurance Board (WSIB) administering the benefits on behalf of the municipality as a schedule II employer.

A comprehensive actuarial evaluation for the future liability of WSIB benefits was conducted for the year ending December 31, 2016.

The significant assumptions used in the actuarial evaluation for the County's WSIB liabilities are:

Net discount rate	3%
Inflation rate	2%
Future cost of loss of earnings benefit	2%
Future cost of full indexed survivor benefits	2%
Future cost of health benefits	4%
Retirement age	65 years

The County has established a reserve fund for WSIB costs, which has a balance of \$1,896,488 (2015 - \$1,236,413).

Haldimand County also administers a reserve fund for workers' compensation, in trust, from the former Regional Municipality of Haldimand-Norfolk, which has a gross amount of \$472,393 (2015 - \$413,630) which is to be shared with Norfolk County.

6. Deferred revenue

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Professional Accountants, is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in deferred revenue including obligatory reserve funds of The Corporation of Norfolk County are as follows:

	Opening Balance	Contributions Received	Investment Income	Revenue Recognized	Ending Balance
Recreational land	\$ 37,204	\$ 17,850	\$ 201	\$ (15,284)	\$ 39,971
Building permits	1,124,919	332,714	10,602	(103,554)	1,364,681
Development charges	4,552,335	3,553,433	51,412	(1,220,809)	6,936,371
Provincial gas tax	136,798	49,184	569	(148,943)	37,608
Federal gas tax	9,952,297	3,841,442	94,796	(867,753)	13,020,782
Other	<u>960,922</u>	<u>1,070,002</u>	<u>1,038</u>	<u>(602,635)</u>	<u>1,429,327</u>
	<u>\$ 16,764,475</u>	<u>\$ 8,864,625</u>	<u>\$ 158,618</u>	<u>\$ (2,958,978)</u>	<u>\$22,828,740</u>



The Corporation of Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2016

7. Solid waste landfill closure and post-closure liability

Tom Howe landfill site is jointly owned by Norfolk County and Haldimand County and, as anticipated, has reached its capacity of approximately 2,300,000 cubic metres in October 2015.

Canborough landfill site is also jointly owned by Norfolk County and Haldimand County. The Canborough landfill site was temporarily closed, to be re-opened and used once Tom Howe landfill site reached its capacity. In July 2014, it was decided by both counties that the Canborough landfill site would not be re-opened and would be permanently closed.

The costs of closing and maintaining the landfill sites are shared by both Norfolk County and Haldimand County. It is estimated that Norfolk County's share of the total costs to close and maintain the sites are approximately \$18,268,313. The estimated costs are calculated at net present value. Norfolk County has not designated any specific assets to assist with the cost of closing the sites. Post-closure activities will continue for approximately 50 years for both landfill sites.

Key assumptions in determining the liability at December 31, 2016 for the sites are as follows:

Inflation rate	2.0%
Discount rate	4.0%
Estimated time for post-closure site rehabilitation and monitoring	50 years

	2016	2015
	\$	\$
Capital costs upon closure	808,996	912,270
Closed landfill site rehabilitation and monitoring	<u>17,459,317</u>	<u>17,705,491</u>
	<u>18,268,313</u>	<u>18,617,761</u>

The Corporation of Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2016

8. Long term liabilities

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

	2016	2015
	\$	\$
Total long term liabilities issued or assumed by the municipality and outstanding at the end of the year amounts to:	43,991,895	48,043,009
Total long term loans from reserve funds and outstanding at the end of the year amounted to:	<u>1,822,655</u>	<u>2,159,847</u>
	<u>45,814,550</u>	<u>50,202,856</u>

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

	\$
2017	4,552,845
2018	4,722,406
2019	4,593,158
2020	13,216,574
2021	3,013,998
Thereafter	<u>15,715,569</u>
	<u>45,814,550</u>

The above long term liabilities have maturity dates ranging from 2017 to 2035 with interest rates varying between 1.45% to 5.794%.

c) The long term liabilities in part (a) have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayments and limits prescribed by the Ministry of Municipal Affairs and Housing.

The Corporation of Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2016

9. Tangible capital assets

	Land \$	Land Improvements \$	Buildings and Structures \$	Infrastructure \$	Vehicles, Machinery and Equipment \$	Assets Under Construction \$	2016 \$
Cost, beginning of year	11,781,690	27,494,038	155,660,425	540,035,845	52,382,170	64,519,087	851,873,255
Additions	2,529	2,082,733	4,959,100	28,682,038	2,980,983	30,806,660	69,514,043
Disposals	-	(35,314)	(46,343)	(148,107)	(897,614)	-	(1,127,378)
Transfer to capital assets	-	-	-	-	-	(41,517,018)	(41,517,018)
Cost, end of year	<u>11,784,219</u>	<u>29,541,457</u>	<u>160,573,182</u>	<u>568,569,776</u>	<u>54,465,539</u>	<u>53,808,729</u>	<u>878,742,902</u>
Accumulated amortization, beginning of year	-	13,245,700	50,534,741	213,554,942	29,210,032	-	306,545,415
Amortization	-	492,596	4,905,230	14,101,317	3,819,765	-	23,318,908
Disposals	-	(18,810)	(18,152)	(91,912)	(848,100)	-	(976,974)
Accumulated amortization, end of year	<u>-</u>	<u>13,719,486</u>	<u>55,421,819</u>	<u>227,564,347</u>	<u>32,181,697</u>	<u>-</u>	<u>328,887,349</u>
Net carrying amount, end of year	<u>11,784,219</u>	<u>15,821,971</u>	<u>105,151,363</u>	<u>341,005,429</u>	<u>22,283,842</u>	<u>53,808,729</u>	<u>549,855,553</u>



The Corporation of Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2016

9. Tangible capital assets (continued)

	Land \$	Land Improvements \$	Buildings and Structures \$	Infrastructure \$	Vehicles, Machinery and Equipment \$	Assets Under Construction \$	2015 \$
Cost, beginning of year	11,762,591	27,047,817	154,357,334	526,735,327	50,315,995	36,927,653	807,146,717
Additions	19,099	446,221	1,384,407	13,905,406	3,915,286	46,817,014	66,487,433
Disposals	-	-	(81,316)	(604,888)	(1,849,111)	-	(2,535,315)
Transfer to capital assets	-	-	-	-	-	(19,225,580)	(19,225,580)
Cost, end of year	<u>11,781,690</u>	<u>27,494,038</u>	<u>155,660,425</u>	<u>540,035,845</u>	<u>52,382,170</u>	<u>64,519,087</u>	<u>851,873,255</u>
Accumulated amortization, beginning of year	-	12,773,532	46,001,960	200,465,984	27,279,897	-	286,521,373
Amortization	-	472,168	4,573,858	13,444,263	3,772,853	-	22,263,142
Disposals	-	-	(41,077)	(355,305)	(1,842,718)	-	(2,239,100)
Accumulated amortization, end of year	<u>-</u>	<u>13,245,700</u>	<u>50,534,741</u>	<u>213,554,942</u>	<u>29,210,032</u>	<u>-</u>	<u>306,545,415</u>
Net carrying amount, end of year	<u><u>11,781,690</u></u>	<u><u>14,248,338</u></u>	<u><u>105,125,684</u></u>	<u><u>326,480,903</u></u>	<u><u>23,172,138</u></u>	<u><u>64,519,087</u></u>	<u><u>545,327,840</u></u>



The Corporation of Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2016

10. Accumulated surplus

The Corporation of Norfolk County segregates its accumulated surplus into the following categories:

	<u>2016</u>	<u>2015</u>
Investment in tangible capital assets	\$ 549,855,553	\$ 545,327,840
Long term liabilities	(45,814,550)	(50,202,856)
Unfinanced capital	<u>(29,978,476)</u>	<u>(24,514,744)</u>
Net investment in tangible capital assets	474,062,527	470,610,240
Operating surplus(deficit)	(2,988,315)	(525,800)
Water surplus	506,719	102,181
Wastewater surplus	669,484	1,263,483
Delhi BIA surplus	8,855	18,156
Reserves		
Contingencies	5,254,771	6,610,444
Capital purposes	(15,992,791)	(12,017,819)
Other	<u>3,226,741</u>	<u>3,734,927</u>
	(7,511,279)	(1,672,448)
Reserve funds		
Capital replacement - sewer	6,033,696	3,335,648
Capital replacement - water	15,249,659	14,250,534
Waste management	924,926	2,500,818
WSIB	1,896,488	1,236,413
Legacy fund	68,388,151	67,750,158
Other	<u>4,135,598</u>	<u>3,958,396</u>
	96,628,518	93,031,967
Unfunded liability - solid waste landfill liabilities	<u>(18,268,313)</u>	<u>(18,617,761)</u>
	<u>\$ 543,108,196</u>	<u>\$ 544,210,018</u>

The Corporation of Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2016

11. Government transfers - Federal

	<u>Budget</u> (note 17)	<u>2016</u>	<u>2015</u>
Operating			
Conditional	\$ 20,600	\$ 45,490	\$ 68,785
Capital			
Infrastructure funding	-	-	8,291
Federal gas tax revenue	-	772,957	5,042,202
	<u>\$ 20,600</u>	<u>\$ 818,447</u>	<u>\$ 5,119,278</u>

12. Government transfers - Provincial

	<u>Budget</u> (note 17)	<u>2016</u>	<u>2015</u>
Operating			
Ontario municipal partnership fund	\$ 6,174,300	\$ 6,273,490	\$ 6,945,200
Conditional	47,918,400	47,568,235	44,519,905
Capital			
Infrastructure funding	-	2,429,515	589,695
Provincial gas tax revenue	-	49,184	137,411
	<u>\$ 54,092,700</u>	<u>\$ 56,320,424</u>	<u>\$ 52,192,211</u>

13. Other income

	<u>Budget</u> (note 17)	<u>2016</u>	<u>2015</u>
Licenses, permits, rents, and concessions	\$ 4,183,400	\$ 4,357,473	\$ 4,228,007
Provincial offences and other fines	1,112,800	1,015,207	857,730
Penalties and interest on taxes	1,500,000	1,220,151	1,337,938
Investment income	1,111,200	1,017,611	2,043,100
Developer contributed assets	-	1,332,616	762,723
Loss on disposal of tangible capital assets	-	(117,358)	(186,220)
Donations	129,600	440,281	436,266
	<u>\$ 8,037,000</u>	<u>\$ 9,265,981</u>	<u>\$ 9,479,544</u>

The Corporation of Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2016

14. Contractual obligations

a) *Veolia Water Canada*

Norfolk County has entered into an agreement with Veolia Water Canada for the operation and maintenance of the County's wastewater treatment facilities and pumping stations. The contract expires June 30, 2018. The annual cost of this contract for 2016 was \$2,765,730 (2015 - \$2,541,331).

b) *Landfill sites*

Under the terms of an interim agreement between Norfolk County and Haldimand County, Haldimand County is responsible for the operation of two landfill sites within the geographic boundaries of Haldimand County, which are available for the use of both Counties. Norfolk County operates the Material Recovery Facility (MRF) located in Simcoe, on behalf of both Counties. Ownership of all facilities is vested jointly through Provincial legislation and/or asset allocation through the Arbitrator's Report following restructuring.

c) *Ontario Provincial Police contract*

Norfolk County has a five-year agreement with the Solicitor General of Ontario for the provision of police services. The five-year term expires in December 2019. The annual cost of this contract for 2016 was \$11,803,284 (2015 - \$12,509,444).

d) *Office Building Lease*

Norfolk County has entered into an agreement to lease office space. The lease commitment date commenced June 2015 and the initial term of the lease is 15 years. The amount paid in 2016 for this contract was \$911,515 (2015 - \$481,077).

15. Pension agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefits to be received by the employees based on length of service and rate of pay.

The amount contributed to OMERS for current service is included as an expenditure on the Consolidated Statement of Operations. The amount contributed to OMERS for 2016 was \$4,296,765 (2015 - \$4,205,441). Since any surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees, the municipality does not recognize any share of the OMERS pension surplus or deficit in these consolidated financial statements

The Corporation of Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2016

16. Public liability insurance

Norfolk County has a program of risk identification, evaluation and control to minimize the risk of injury to its employees and to third parties and to minimize the risk of damage to its property and the property of others. It uses a combination of the self-insurance and purchased insurance to protect itself financially against the risk that it cannot reasonably control. The municipality has adequate self-insurance coverage. Purchased insurance coverage is in place for claims in excess of the municipality's self-insurance coverage to a maximum of \$20,000,000 with the exception of certain environmental liability claims, should such claims arise.

At December 31, 2016 there are outstanding legal and liability claims against Norfolk County. Any insured amounts have not been provided for in the financial statements, as the outcome of the related claim(s) is not in excess of insurance coverage. For claims not covered by purchased insurance, a reserve has been established by Norfolk County (post restructuring), which has a balance at December 31, 2016 of \$1,495,920 (2015 - \$1,551,518).

17. Budget figures

The operating budgets adopted by Norfolk County Council were not prepared on a basis consistent with the reporting requirements of the Public Sector Accounting Board. The budgets were prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis to be used. The budget figures anticipated using 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 with adjustments as follows:

	<u>2016</u>
Operating budget surplus for the year adopted by Council	\$ -
Add:	
Budgeted transfers to the capital fund for tangible capital asset purchases	1,429,500
Budgeted transfers to reserves and reserve funds	18,719,500
Principal payments on debt	3,939,100
Less:	
Amortization	(23,318,908)
Budgeted transfers from reserves and reserve funds	<u>(5,286,300)</u>
Budget deficit per Consolidated Statement of Operations	<u>\$ (4,517,108)</u>

18. Comparative figures

Certain prior year figures have been adjusted to conform with the 2016 financial statement presentation.

The Corporation of Norfolk County

Segmented Information

Year Ended December 31, 2016

The Corporation of Norfolk County is a single-tier municipality that provides a wide range of services to its residents. The major services chosen for segmented disclosure are the five departments which consume the greatest amount of the County'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:

Protection services

The protection services includes fire, police, conservation authority, protection inspection and control, emergency measures, and Provincial Offences Act.

Transportation services

The transportation services department is responsible for the safe and efficient movement of people and goods within Norfolk County. 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.

Environmental services

This segment includes sanitary sewer system, storm sewer system, waterworks system, waste collection and disposal, recycling and administration.

Social and family services

Social and family services includes general assistance for Ontario Works, assistance to aged persons for Norview Lodge, and child care.

The Corporation of Norfolk County

Segmented Information

Year Ended December 31, 2016

	Protection Services \$	Transportation Services \$	Environmental Services \$	Social and Family Services \$	Other Services [1] \$	Consolidated 2016 \$
Revenue						
Government transfers	14,850	1,295,226	2,133,311	29,853,486	23,841,998	57,138,871
User charges	68,163	851,009	18,940,750	4,789,502	4,009,062	28,658,486
Other revenue [2]	<u>931,812</u>	<u>79,682</u>	<u>611,614</u>	<u>1,157,498</u>	<u>10,492,314</u>	<u>13,272,920</u>
	<u>1,014,825</u>	<u>2,225,917</u>	<u>21,685,675</u>	<u>35,800,486</u>	<u>38,343,374</u>	<u>99,070,277</u>
Expenses						
Salaries, wages and benefits	3,869,575	8,576,297	4,384,023	17,142,876	32,440,846	66,413,617
Materials	471,501	4,960,763	1,359,463	1,877,312	3,770,094	12,439,133
Contracted services	12,722,498	4,139,220	13,920,728	2,113,712	6,271,786	39,167,944
External transfers	-	-	1,828,983	18,491,071	9,601,185	29,921,239
Financial expenses	389,424	1,545,064	619,791	469,138	3,039,472	6,062,889
Interest on long term liabilities	18,249	54,371	653,906	782,426	93,929	1,602,881
Amortization	<u>895,109</u>	<u>12,806,434</u>	<u>6,236,585</u>	<u>642,661</u>	<u>2,738,119</u>	<u>23,318,908</u>
	<u>18,366,356</u>	<u>32,082,149</u>	<u>29,003,479</u>	<u>41,519,196</u>	<u>57,955,431</u>	<u>178,926,611</u>
Deficiency of revenue over expenses for the year financed by net municipal levy	<u>(17,351,531)</u>	<u>(29,856,232)</u>	<u>(7,317,804)</u>	<u>(5,718,710)</u>	<u>(19,612,057)</u>	<u>(79,856,334)</u>
Taxation revenue						<u>78,754,512</u>
Annual surplus						<u>(1,101,822)</u>

[1] Other services - Includes general government, health services, social housing, recreation and cultural services and planning and development.

[2] Other revenue - Includes fines, penalties and interest on taxes, recoveries from other municipalities, investment income, sale of assets, prepaid special charges and donations.



The Corporation of Norfolk County

Segmented Information

Year Ended December 31, 2015

	Protection Services \$	Transportation Services \$	Environmental Services \$	Social and Family Services \$	Other Services [1] \$	Consolidated 2015 \$
Revenue						
Government transfers	468	104,531	746,389	28,664,746	27,795,355	57,311,489
User charges	242,416	1,804,054	18,705,308	4,692,550	3,198,092	28,642,420
Other revenue [2]	<u>767,577</u>	<u>-</u>	<u>159,289</u>	<u>1,390,228</u>	<u>10,590,053</u>	<u>12,907,147</u>
	<u>1,010,461</u>	<u>1,908,585</u>	<u>19,610,986</u>	<u>34,747,524</u>	<u>41,583,500</u>	<u>98,861,056</u>
Expenses						
Salaries, wages and benefits	4,248,770	8,064,116	3,900,493	16,640,718	32,007,148	64,861,245
Materials	354,600	5,306,094	1,580,841	1,886,442	3,702,088	12,830,065
Contracted services	13,282,761	3,925,291	12,424,201	2,158,161	6,655,674	38,446,088
External transfers	13,000	-	1,626,606	17,864,436	7,320,478	26,824,520
Financial expenses	257,355	758,422	490,388	341,985	2,953,303	4,801,453
Interest on long term liabilities	18,993	33,302	462,467	845,664	89,828	1,450,254
Amortization	<u>858,057</u>	<u>12,299,100</u>	<u>6,022,982</u>	<u>644,135</u>	<u>2,441,863</u>	<u>22,266,137</u>
	<u>19,033,536</u>	<u>30,386,325</u>	<u>26,507,978</u>	<u>40,381,541</u>	<u>55,170,382</u>	<u>171,479,762</u>
Deficiency of revenue over expenses for the year financed by net municipal levy	<u>(18,023,075)</u>	<u>(28,477,740)</u>	<u>(6,896,992)</u>	<u>(5,634,017)</u>	<u>(13,586,882)</u>	<u>(72,618,706)</u>
Taxation revenue						<u>74,391,932</u>
Annual surplus						<u>1,773,226</u>

[1] Other services - Includes general government, health services, social housing, recreation and cultural services and planning and development.

[2] Other revenue - Includes fines, penalties and interest on taxes, recoveries from other municipalities, investment income, sale of assets, prepaid special charges and donations.



The Corporation of Norfolk County

Library Division - Schedule of Operations

Year Ended December 31,	2016	2015
Revenue		
Government transfers	\$ 133,010	\$ 176,775
Fees and service charges	60,916	54,141
Other revenue	<u>35,462</u>	<u>38,966</u>
	<u>229,388</u>	<u>269,882</u>
Expenses		
Salaries, wages and benefits	1,621,808	1,608,373
Materials and supplies	176,119	176,603
Services	198,698	211,504
Interdepartmental charges and interest	335,623	312,611
Amortization	<u>281,822</u>	<u>265,307</u>
	<u>2,614,070</u>	<u>2,574,398</u>
Deficiency of revenue over expenses before undernoted items	(2,384,682)	(2,304,516)
Transfer to reserves	(300,000)	(320,678)
Debt principal repayments	<u>(124,895)</u>	<u>(89,598)</u>
Deficiency of revenue over expenses for the year financed by net municipal levy	\$ <u>(2,809,577)</u>	\$ <u>(2,714,792)</u>

The above financial information is included in the consolidated financial statements of Norfolk County.

The Corporation of Norfolk County

Museum Division - Schedule of Operations

Year Ended December 31,	2016	2015
Revenue		
Government transfers	\$ 70,126	\$ 58,135
Fees and service charges	<u>89,856</u>	<u>82,678</u>
	<u>159,982</u>	<u>140,813</u>
Expenses		
Salaries, wages and benefits	532,037	538,741
Materials and supplies	108,806	145,286
Services	63,152	54,370
Interdepartmental charges and interest	62,663	59,034
Amortization	<u>96,827</u>	<u>70,031</u>
	<u>863,485</u>	<u>867,462</u>
Deficiency of revenue over expenses for the year financed by net municipal levy	\$ <u>(703,503)</u>	\$ <u>(726,649)</u>

The above financial information is included in the consolidated financial statements of Norfolk County.

Independent Auditors' Report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of Norfolk County

We have audited the accompanying financial statements of trust funds of The Corporation of Norfolk County which comprise of the balance sheet as at December 31, 2016 and the statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

The Corporation of Norfolk County's trust funds derives revenue from selling cemetery plots and markers, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of The Corporation of Norfolk County trust funds. Therefore, we were not able to determine whether any adjustments might be necessary to sale of plots and markers and net receipts for the year ended December 31, 2016 and net assets as at December 31, 2016.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the balance sheet of The Corporation of Norfolk County's trust funds as at December 31, 2016 and the statement of continuity for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Millard, Rowe & Rosebry LLP

August 9, 2017
Simcoe, Ontario

Chartered Professional Accountants
Licensed Public Accountants



The Corporation of Norfolk County

Balance Sheet - Trust Funds

As at December 31, 2016

	Combined Cemetery Perpetual Care \$	Audrey Hellyer Trust \$	Mable Cattle Trust \$	W.P. Innes Trust \$	Arthur Mather Trust \$	Norview Residents Trust \$	Norview Bequest \$	Museum Trust \$	Courtland Firefighter Trust \$	Total 2016 \$	Total 2015 \$
Net assets											
Cash	175,958	14,449	-	-	4	64,543	-	-	-	254,954	218,129
Investments (note 2)	767,808	-	-	38,000	51,000	-	-	-	-	856,808	897,740
Due from (to) Norfolk County	130,665	(19)	844	(61)	(6)	16,485	-	10,000	150,372	308,280	323,415
Accounts receivable/payable	<u>(633)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(633)</u>	<u>(630)</u>
Total net assets	<u>1,073,798</u>	<u>14,430</u>	<u>844</u>	<u>37,939</u>	<u>50,998</u>	<u>81,028</u>	<u>-</u>	<u>10,000</u>	<u>150,372</u>	<u>1,419,409</u>	<u>1,438,654</u>
Trust fund balance	<u>1,073,798</u>	<u>14,430</u>	<u>844</u>	<u>37,939</u>	<u>50,998</u>	<u>81,028</u>	<u>-</u>	<u>10,000</u>	<u>150,372</u>	<u>1,419,409</u>	<u>1,438,654</u>

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



The Corporation of Norfolk County

Statement of Continuity - Trust Funds

Year Ended December 31, 2016

	Combined Cemetery Perpetual Care \$	Audrey Hellyer Trust \$	Mable Cattle Trust \$	W.P. Innes Trust \$	Arthur Mather Trust \$	Norview Residents Trust \$	Norview Bequest \$	Museum Trust \$	Courtland Firefighter Trust \$	Total 2016 \$	Total 2015 \$
Receipts											
Sale of plots and markers	32,929	-	-	-	-	-	-	-	-	32,929	33,544
Donations	100	-	-	-	-	-	-	-	-	100	148,131
Investment income	30,270	112	-	671	1,310	-	-	-	2,441	34,804	31,961
Resident contributions	-	-	-	-	-	235,278	-	-	-	235,278	273,157
	<u>63,299</u>	<u>112</u>	<u>-</u>	<u>671</u>	<u>1,310</u>	<u>235,278</u>	<u>-</u>	<u>-</u>	<u>2,441</u>	<u>303,111</u>	<u>486,793</u>
Disbursements											
Transfer to Norfolk County	27,069	-	-	-	-	-	43,039	-	-	70,108	26,771
Transfer to cemetery boards	633	-	-	-	-	-	-	-	-	633	630
Resident withdraws	-	-	-	-	-	249,633	-	-	-	249,633	282,751
Transfer to others	-	-	-	671	1,310	-	-	-	-	1,981	1,813
	<u>27,702</u>	<u>-</u>	<u>-</u>	<u>671</u>	<u>1,310</u>	<u>249,633</u>	<u>43,039</u>	<u>-</u>	<u>-</u>	<u>322,355</u>	<u>311,965</u>
Net receipts for the year	35,597	112	-	-	-	(14,355)	(43,039)	-	2,441	(19,244)	174,828
Trust fund balance											
- beginning of year	<u>1,038,201</u>	<u>14,318</u>	<u>844</u>	<u>37,939</u>	<u>50,998</u>	<u>95,383</u>	<u>43,039</u>	<u>10,000</u>	<u>147,931</u>	<u>1,438,654</u>	<u>1,263,826</u>
Trust fund balance											
- end of year	<u>1,073,798</u>	<u>14,430</u>	<u>844</u>	<u>37,939</u>	<u>50,998</u>	<u>81,028</u>	<u>-</u>	<u>10,000</u>	<u>150,372</u>	<u>1,419,409</u>	<u>1,438,654</u>

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



The Corporation of Norfolk County

Notes to the Trust Funds Financial Statements

Year Ended December 31, 2016

1. Summary of significant accounting policies

a) Basis of accounting

Receipts and disbursements are reported on the accrual basis of accounting. The accrual basis of accounting recognizes receipts as it becomes available and measurable; disbursements 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.

b) Management uncertainty

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from management's best estimates as additional information becomes available in the future.

2. Investments

Investments are recorded at amortized cost less any amounts written off to reflect a permanent decline in value. Investments are comprised of:

	2016	2015
	\$	\$
Internal debentures	203,286	240,894
Government bonds	564,522	567,846
Term deposits	<u>89,000</u>	<u>89,000</u>
	<u>856,808</u>	<u>897,740</u>

3. Statement of cash flow

A statement of cash flow has not been provided as the information is readily available in the financial statements provided.