

**The Corporation Of Norfolk County**  
Consolidated Financial Statements  
**December 31, 2017**



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**The Corporation of Norfolk County**  
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**December 31, 2017**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

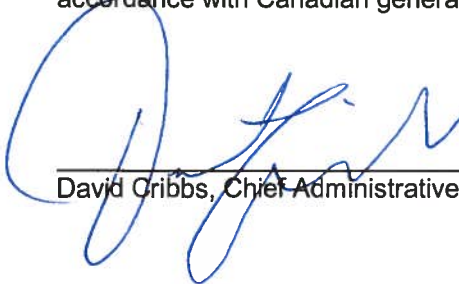
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The consolidated financial statements of The Corporation of Norfolk County have been prepared in accordance with Canadian Public Sector Accounting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate 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 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 Norfolk County by Millard, Rouse & Rosebrugh LLP, in accordance with Canadian generally accepted auditing standards.



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David Gibbs, Chief Administrative Officer



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James Johnson, General Manager and Treasurer

June 15, 2018  
Simcoe, Ontario

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## INDEPENDENT AUDITORS' REPORT

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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 the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of operations and accumulated surplus, changes in net financial debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of Norfolk County as at December 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian Public Sector Accounting Standards.

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

*Millard, Rouse & Rosebrugh LLP*

June 15, 2018  
Simcoe, Ontario

Chartered Professional Accountants  
Licensed Public Accountants

**The Corporation of Norfolk County**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2017**

	2017	2016
		<i>(Restated-note 19)</i>
<b>FINANCIAL ASSETS</b>		
Cash	\$ 11,398,641	\$ 6,414,409
Investments <i>(Note 4)</i>	92,077,015	79,551,393
Taxes receivable	8,683,658	8,171,044
Accounts receivable	6,663,074	11,362,559
Other financial assets	19,966	5,991
	<b>118,842,354</b>	<b>105,505,396</b>
<b>LIABILITIES</b>		
Accounts payable	19,662,180	20,516,986
Employee benefits liability <i>(Note 5)</i>	13,075,100	13,239,200
Deferred revenue <i>(Note 6)</i>	25,956,193	22,828,740
Solid waste landfill closure and post-closure liability <i>(Note 7)</i>	18,107,372	18,268,313
Long term liabilities <i>(Note 8)</i>	59,919,415	45,814,550
	<b>136,720,260</b>	<b>120,667,789</b>
<b>NET FINANCIAL DEBT</b>	<b>(17,877,906)</b>	<b>(15,162,393)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets <i>(Note 9)</i>	553,557,440	549,855,553
Prepaid expenses	1,396,982	1,289,066
Inventory	468,423	438,933
	<b>555,422,845</b>	<b>551,583,552</b>
<b>ACCUMULATED SURPLUS <i>(Note 10)</i></b>	<b>\$537,544,939</b>	<b>\$536,421,159</b>

See accompanying notes

**The Corporation of Norfolk County**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**Year Ended December 31, 2017**

	Budget 2017	2017	2016
	<i>(Note 17)</i>		<i>(Restated-note 19)</i>
<b>REVENUE</b>			
Taxation	\$ 81,697,600	\$ 81,932,302	\$ 78,754,512
Government transfers - Federal <i>(Note 11)</i>	19,400	3,881,565	818,447
Government transfers - Provincial <i>(Note 12)</i>	56,301,800	55,086,620	56,320,424
Recoveries from other municipalities	4,258,700	3,592,917	4,006,939
User charges	27,250,700	30,958,537	28,658,486
Other income <i>(Note 13)</i>	7,855,200	10,081,421	9,265,981
	<b>177,383,400</b>	<b>185,533,362</b>	<b>177,824,789</b>
<b>Expenses</b>			
General government	12,346,045	17,055,614	14,142,139
Protection services	19,520,903	19,167,360	18,366,356
Transportation services	32,314,866	32,307,048	32,082,149
Environmental services	28,865,353	29,061,351	29,003,779
Health services	18,394,743	18,064,461	17,353,842
Social and family services	43,624,310	42,468,952	41,519,196
Social housing	8,593,400	7,660,379	8,465,706
Recreation and cultural services	14,997,907	14,879,797	13,797,658
Planning and development	3,758,865	3,744,620	4,005,186
	<b>182,416,392</b>	<b>184,409,582</b>	<b>178,736,011</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (5,032,992)</b>	<b>1,123,780</b>	<b>(911,222)</b>
<b>Accumulated surplus - beginning of year</b>	<b>536,421,159</b>	<b>536,421,159</b>	<b>537,332,381</b>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>\$ 531,388,167</b>	<b>\$ 537,544,939</b>	<b>\$ 536,421,159</b>

See accompanying notes

**The Corporation of Norfolk County**  
**Consolidated Statement of Changes in Net Financial Debt**  
**Year Ended December 31, 2017**

	Budget 2017	2017	2016
	<i>(Note 17)</i>		<i>(Restated-note 19)</i>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (5,032,992)</b>	<b>\$ 1,123,780</b>	<b>\$ (911,222)</b>
Amortization of tangible capital assets	23,889,792	23,889,792	23,318,908
Purchase of tangible capital assets	(28,118,000)	(27,895,623)	(27,997,024)
Proceeds on disposal of tangible capital assets	-	-	18,560
Loss on disposal of assets	-	303,944	131,843
Decrease (increase) in prepaid expenses	-	(107,916)	171,533
Decrease (increase) in inventory	-	(29,490)	3,380
	<b>(4,228,208)</b>	<b>(3,839,293)</b>	<b>(4,352,800)</b>
<b>DECREASE IN NET FINANCIAL ASSETS</b>	<b>(9,261,200)</b>	<b>(2,715,513)</b>	<b>(5,264,022)</b>
Net financial debt - beginning of year	<b>(15,162,393)</b>	<b>(15,162,393)</b>	<b>(9,898,371)</b>
<b>NET FINANCIAL DEBT - END OF YEAR</b>	<b>\$ (24,423,593)</b>	<b>\$ (17,877,906)</b>	<b>\$ (15,162,393)</b>

See accompanying notes

**The Corporation of Norfolk County**  
**Consolidated Statement of Cash Flow**  
**Year Ended December 31, 2017**

	2017	2016
		<i>(Restated-note 19)</i>
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	\$ 1,123,780	\$ (911,222)
Items not affecting cash:		
Amortization of property, plant and equipment	23,889,792	23,318,908
Loss on disposal of tangible capital assets	303,944	131,843
	<b>25,317,516</b>	<b>22,539,529</b>
Changes in non-cash working capital:		
Taxes receivable	(512,614)	(229,246)
Accounts receivable	4,699,485	(200,295)
Other financial assets	(13,975)	(2,213)
Accounts payable	(854,806)	634,571
Employee benefits liability	(164,100)	(532,846)
Deferred revenue	3,127,453	6,064,265
Solid waste landfill closure and post-closure liability	(160,941)	(349,448)
Prepaid expenses	(107,916)	171,533
Inventory	(29,490)	3,380
	<b>5,983,096</b>	<b>5,559,701</b>
Cash flow from operating activities	<b>31,300,612</b>	<b>28,099,230</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(27,895,623)	(27,997,024)
Proceeds from sale of tangible capital assets	-	18,560
Cash flow used by capital activities	<b>(27,895,623)</b>	<b>(27,978,464)</b>
<b>FINANCING ACTIVITIES</b>		
Long term debt issued	19,077,000	-
Repayment of long term debt	(4,972,135)	(4,388,306)
Cash flow from (used by) financing activities	<b>14,104,865</b>	<b>(4,388,306)</b>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>17,509,854</b>	<b>(4,267,540)</b>
Cash - beginning of year	<b>85,965,802</b>	<b>90,233,342</b>
<b>CASH - END OF YEAR</b>	<b>\$ 103,475,656</b>	<b>\$ 85,965,802</b>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 11,398,641	\$ 6,414,409
Investments	92,077,015	79,551,393
	<b>\$ 103,475,656</b>	<b>\$ 85,965,802</b>

See accompanying notes



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**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

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**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 Chartered Professional Accountants of Canada.

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

**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.

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**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

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**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 \$20,272,480 (2016 - \$20,669,520).

*(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.

An accumulated receivable balance for the value of fines issued but unpaid as at the year-end date amounts to \$6,280,277 (2016 - \$5,939,049) and is not recorded in these consolidated financial statements.

*(vi) Haldimand-Norfolk Housing Corporation*

Bill 128 (the Social Housing Reform Act, 2000) provided for the formation of local housing corporations to be organized under the provisions of the Ontario Business Corporations Act with a municipal service manager as the sole shareholder. The Haldimand-Norfolk Housing Corporation was incorporated under the Ontario Business Corporations Act on December 14, 2000. The Corporation was deemed upon incorporation to have issued 100 common shares to The Corporation of Norfolk County. On July 12, 2001 40 of those shares were transferred to The Corporation of Haldimand County. Haldimand-Norfolk Housing Corporation financial statements are not consolidated within these financial statements. The Haldimand-Norfolk Housing Corporation have their own audited financial statements reported separately.

**Basis of presentation**

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

**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.

*(continues)*

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**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

*(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 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.

**Tangible capital assets**

Tangible capital assets are stated 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

*(continues)*

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**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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.

**Inventory**

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

**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.

**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.

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, 2017 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.

**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**4. INVESTMENTS**

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

	<u>2017</u>		<u>2016</u>	
	Market Value	Carrying Value	Market Value	Carrying Value
Government bonds	\$ 2,697,587	\$ 2,447,076	\$ 2,697,587	\$ 2,460,271
GICs and short term savings	21,116,549	21,116,549	7,083,602	7,083,602
ONE Fund Investments	70,111,309	67,201,424	70,203,436	68,388,151
Other	1,311,966	1,311,966	1,619,369	1,619,369
	<b>\$ 95,237,411</b>	<b>\$ 92,077,015</b>	<b>\$ 81,603,994</b>	<b>\$ 79,551,393</b>

Included in the County's other investments are internal debentures with a coupon rate range of 2.61% to 6% (2016 - 2.61% to 6%) with a carrying value of \$1,311,966 (2016 - \$1,619,369).

**5. EMPLOYEE BENEFITS LIABILITY**

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

	<u>2017</u>	<u>2016</u>
Vested and non-vested sick leave	\$ 2,656,400	\$ 2,942,700
Post employment and post retirement benefits	6,554,900	6,593,900
Workers' compensation	3,863,800	3,702,600
	<b>\$ 13,075,100</b>	<b>\$ 13,239,200</b>

The County is also liable for accrued severances. These liabilities as at December 31, 2017 are \$1,100,922 (2016 - \$1,061,975) and are recorded in accounts payable.

*a) Liability for vested and non-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 amount paid to employees who left the County's employment during the year amounted to \$392,762 (2016 - \$350,160).

A comprehensive actuarial evaluation for the vested and non-vested sick leave benefits liability was conducted as at December 31, 2017. The report includes projections for the years 2018 and 2019.

*(continues)*

**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**5. EMPLOYEE BENEFITS LIABILITY (continued)**

*b) Post employment and post retirement benefits*

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

A comprehensive actuarial evaluation for the employee benefits liability was conducted as at December 31, 2017. The report includes projections for the years 2018 and 2019. Significant assumptions used in the actuarial evaluation are:

Discount rate	3.3%
Extended healthcare trend rate	
Initial	8.2%
Ultimate	4.0%
Year ultimate reached	2038
Vision	2.0%
Other health	4.0%
Dental	4.0%

*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 report includes projections for the years 2017 to 2019.

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 \$2,418,639 (2016 - \$1,896,488).

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 \$446,014 (2016 - \$472,393) which is to be shared with Norfolk County.

**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**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	\$ 39,971	\$ 171,800	\$ 1,146	\$ (42,865)	\$ 170,052
Building permits	1,364,681	880,203	13,692	(535,167)	1,723,409
Development charges	6,936,371	3,621,344	96,685	(1,737,255)	8,917,145
Provincial OCIF	-	1,162,090	4,335	(227,732)	938,693
Provincial gas tax	37,608	-	23	(37,631)	-
Federal gas tax	13,020,782	3,909,449	126,761	(3,888,287)	13,168,705
Other	1,429,327	106,234	1,359	(498,731)	1,038,189
	\$ 22,828,740	\$ 9,851,120	\$ 244,001	\$ (6,967,668)	\$ 25,956,193

**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 \$18,107,372. 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, 2017 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

	2017	2016
Capital costs upon closure	\$ 815,356	\$ 808,996
Closed landfill site rehabilitation and monitoring	17,292,016	17,459,317
	\$ 18,107,372	\$ 18,268,313

**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**8. LONG TERM LIABILITIES**

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

	<b>2017</b>	2016
Total long term liabilities issued or assumed by the municipality and outstanding at the end of the year amounts to:	<b>\$ 58,442,753</b>	\$ 43,991,895
Total long term loans from reserve funds and outstanding at the end of the year amounted to:	<b>1,476,662</b>	1,822,655
	<b>\$ 59,919,415</b>	\$ 45,814,550

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

2018	<b>\$ 5,580,497</b>
2019	<b>5,477,965</b>
2020	<b>14,128,961</b>
2021	<b>3,954,857</b>
2022	<b>3,605,161</b>
Thereafter	<b><u>27,171,974</u></b>
	<b><u>\$ 59,919,415</u></b>

The above long term liabilities have maturity dates ranging from 2018 to 2037 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 Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**9. TANGIBLE CAPITAL ASSETS**

	Land	Land Improvements	Buildings and Structures	Infrastructure	Vehicles, Machinery and Equipment	Assets Under Construction	2017
Cost, beginning of year	\$11,784,219	\$ 29,541,457	\$160,573,182	\$568,569,776	\$ 54,465,539	\$53,808,729	<b>\$878,742,902</b>
Additions	753,502	630,098	4,007,665	25,981,503	2,973,309	27,789,618	<b>62,135,695</b>
Disposals	-	(144,012)	(31,935)	(399,231)	(1,171,732)	-	<b>(1,746,910)</b>
Transfer to capital assets	-	-	-	-	-	(34,240,072)	<b>(34,240,072)</b>
<b>Cost, end of year</b>	<b>12,537,721</b>	<b>30,027,543</b>	<b>164,548,912</b>	<b>594,152,048</b>	<b>56,267,116</b>	<b>47,358,275</b>	<b>904,891,615</b>
Accumulated amortization,							
beginning of year	-	13,719,486	55,421,819	227,564,347	32,181,697	-	<b>328,887,349</b>
Amortization	-	519,424	4,921,539	14,689,302	3,759,527	-	<b>23,889,792</b>
Disposals	-	(65,269)	(31,935)	(293,563)	(1,052,199)	-	<b>(1,442,966)</b>
<b>Accumulated amortization,</b>							
<b>end of year</b>	<b>-</b>	<b>14,173,641</b>	<b>60,311,423</b>	<b>241,960,086</b>	<b>34,889,025</b>	<b>-</b>	<b>351,334,175</b>
Net carrying amount,							
end of year	\$12,537,721	\$ 15,853,902	\$104,237,489	\$352,191,962	\$ 21,378,091	\$47,358,275	<b>\$553,557,440</b>

(continues)

**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**9. TANGIBLE CAPITAL ASSETS (continued)**

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

**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**10. ACCUMULATED SURPLUS**

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

	2017	2016
Investment in tangible capital assets	\$ 553,557,440	\$ 549,855,553
Long term liabilities	(59,919,415)	(45,814,550)
Unfinanced capital	(16,489,002)	(29,978,476)
Net investment in tangible capital assets	477,149,023	474,062,527
Operating surplus (deficit)	(5,633,493)	(1,451,955)
Water surplus (deficit)	518,905	(163,179)
Wastewater surplus (deficit)	428,715	(196,978)
	(4,685,873)	(1,812,112)
Delhi BIA surplus	8,855	8,855
Reserves		
Contingencies	7,224,783	6,645,821
Capital purposes	(13,901,633)	(15,992,791)
Other	1,121,644	3,226,741
	(5,555,206)	(6,120,229)
Reserve funds		
Capital replacement - sewer	6,678,519	5,470,538
Capital replacement - water	15,727,297	14,421,767
Waste management	(80,583)	924,926
WSIB	2,418,639	1,896,488
Legacy Fund	67,201,424	68,388,151
Other	2,669,216	4,135,598
	94,614,512	95,237,468
Unfunded liabilities		
Solid waste landfill liability	(18,107,372)	(18,268,313)
Post employment benefits liability	(4,155,400)	(5,245,308)
Non-vested sick leave liability	(1,723,600)	(1,441,729)
	(23,986,372)	(24,955,350)
	\$ 537,544,939	\$ 536,421,159

**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**11. GOVERNMENT TRANSFERS - FEDERAL**

	Budget (note 17)	2017	2016
Operating			
Conditional	\$ 19,400	\$ 45,623	\$ 45,490
Capital			
Infrastructure funding	-	74,416	-
Federal gas tax revenue	-	3,761,526	772,957
	<b>\$ 19,400</b>	<b>\$ 3,881,565</b>	<b>\$ 818,447</b>

**12. GOVERNMENT TRANSFERS - PROVINCIAL**

	Budget (note 17)	2017	2016
Operating			
Ontario Municipal Partnership Fund	\$ 6,174,300	\$ 6,133,200	\$ 6,273,490
Conditional	50,127,500	47,970,038	47,568,235
Capital			
Infrastructure funding	-	945,774	2,429,515
Provincial gas tax revenue	-	37,608	49,184
	<b>\$ 56,301,800</b>	<b>\$ 55,086,620</b>	<b>\$ 56,320,424</b>

**13. OTHER INCOME**

	Budget (note 17)	2017	2016
Licenses, permits, rents and concessions	\$ 4,314,100	\$ 4,838,188	\$ 4,357,473
Provincial offences and other fines	1,201,000	776,719	1,015,207
Penalties and interest on taxes	1,500,000	1,234,541	1,220,151
Investment income	580,800	1,216,092	1,017,611
Developer contributions	25,000	1,498,032	1,332,616
Loss on disposal of tangible capital assets	-	(287,538)	(117,358)
Donations	234,300	805,387	440,281
	<b>\$ 7,855,200</b>	<b>\$ 10,081,421</b>	<b>\$ 9,265,981</b>

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**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

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**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 2017 was \$2,798,404 (2016 - \$2,765,730).

*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 2017 was \$12,238,600 (2016 - \$11,803,284).

*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 2017 for this contract was \$962,672 (2016 - \$911,515).

**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 2017 was \$4,525,529 (2016 - \$4,296,765). 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 Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**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, 2017 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, 2017 of \$1,204,604 (2016 - \$1,495,920).

**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:

	<b>2017</b>
Operating budget surplus for the year adopted by Council	\$ -
Add:	
Budgeted transfers to the capital fund for tangible capital asset purchases	<b>977,000</b>
Budgeted transfers to reserves and reserve funds	<b>18,420,200</b>
Principal payments on debt	<b>4,759,700</b>
Less:	
Amortization	<b>(23,889,792)</b>
Budgeted transfers from reserves and reserve funds	<b>(5,300,100)</b>
Budget deficit per Consolidated Statement of Operations	<b>\$ (5,032,992)</b>

**18. COMPARATIVE FIGURES**

Certain prior year figures have been adjusted to conform with the 2017 financial statement presentation.

**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**19. PRIOR PERIOD ADJUSTMENT**

During the year an actuary was retained to provide an actuarial calculation to estimate the value of the post-employment benefit liability and accumulated sick leave obligation. In the past, these estimates were calculated and valued internally. It will be the County's policy to value the employee benefit liability using an actuarial calculation going forward. The change in the estimate and valuation of the employee benefits liability has been recorded retroactively. To reflect these prior period adjustments, the comparative financial statement figures have been restated as follows:

	As previously reported	As restated
Consolidated Statement of Financial Position:		
Employee benefits liability	6,552,163	13,239,200
Accumulated surplus	543,108,196	536,421,159
Consolidated Statement of Operations:		
General government	14,330,040	14,142,139
Environmental services	29,003,479	29,003,779
Recreation and cultural services	13,800,657	13,797,658
Annual surplus (deficit)	(1,101,822)	(911,222)

**20. SEGMENTED INFORMATION**

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.

*(continues)*

**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**20. SEGMENTED INFORMATION (continued)**

	<b>Protection Services</b>	<b>Transportation Services</b>	<b>Environmental Services</b>	<b>Social and Family Services</b>	<b>Other Services [1]</b>	<b>Consolidated 2017</b>
<b>Revenue</b>						
Government transfers	\$ 245,739	\$ 629,777	\$ 1,041,251	\$ 30,682,226	\$ 26,369,192	\$ <b>58,968,185</b>
User charges	94,935	623,194	20,565,664	5,052,612	4,622,132	<b>30,958,537</b>
Other revenue [2]	692,771	88,586	953,380	1,823,274	10,116,327	<b>13,674,338</b>
	<b>1,033,445</b>	<b>1,341,557</b>	<b>22,560,295</b>	<b>37,558,112</b>	<b>41,107,651</b>	<b>103,601,060</b>
<b>Expenses</b>						
Salaries, wages and benefits	4,255,369	7,835,462	4,262,753	17,810,530	34,328,039	<b>68,492,153</b>
Materials	406,294	4,813,742	1,422,806	1,886,674	3,872,184	<b>12,401,700</b>
Contracted services	13,372,186	4,892,116	13,409,918	2,289,899	5,824,828	<b>39,788,947</b>
External transfers	11,024	-	2,306,997	18,732,578	8,661,852	<b>29,712,451</b>
Financial expenses	208,732	1,322,795	552,248	379,980	5,875,780	<b>8,339,535</b>
Interest on long term liabilities	19,052	277,566	676,677	715,481	96,228	<b>1,785,004</b>
Amortization	894,703	13,165,367	6,429,952	653,810	2,745,960	<b>23,889,792</b>
	<b>19,167,360</b>	<b>32,307,048</b>	<b>29,061,351</b>	<b>42,468,952</b>	<b>61,404,871</b>	<b>184,409,582</b>
<b>Deficiency of revenue over expenses for the year financed by net municipal levy</b>						
	\$ (18,133,915)	\$ (30,965,491)	\$ (6,501,056)	\$ (4,910,840)	\$ (20,297,220)	\$ <b>(80,808,522)</b>
<b>Taxation revenue</b>						<b>81,932,302</b>
<b>Annual surplus</b>						<b>\$ 1,123,780</b>

[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**  
**Notes to Consolidated Financial Statements**  
**Year Ended December 31, 2017**

**20. SEGMENTED INFORMATION (continued)**

	Protection Services	Transportation Services	Environmental Services	Social and Family Services	Other Services [1]	Consolidated 2016
<b>Revenue</b>						
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]	931,812	79,682	611,614	1,157,498	10,492,314	13,272,920
	1,014,825	2,225,917	21,685,675	35,800,486	38,343,374	99,070,277
<b>Expenses</b>						
Salaries, wages and benefits	3,869,575	8,576,297	4,384,323	17,142,876	32,249,946	66,223,017
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	895,109	12,806,434	6,236,585	642,661	2,738,119	23,318,908
	18,366,356	32,082,149	29,003,779	41,519,196	57,764,531	178,736,011
<b>Deficiency of revenue over expenses for the year financed by net municipal levy</b>						
	\$ (17,351,531)	\$ (29,856,232)	\$ (7,318,104)	\$ (5,718,710)	\$ (19,421,157)	\$ (79,665,734)
<b>Taxation revenue</b>						<b>78,754,512</b>
<b>Annual deficit</b>						<b>\$ (911,222)</b>

[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, 2017**

	2017	2016
<b>REVENUE</b>		
Government transfers	\$ 164,759	\$ 133,010
Fees and service charges	33,389	60,916
Other revenue	31,469	35,462
	<b>229,617</b>	<b>229,388</b>
<b>EXPENSES</b>		
Salaries, wages and benefits	1,743,981	1,621,808
Materials and supplies	233,493	176,119
Services	342,884	198,698
Interdepartmental charges and interest	205,882	335,623
Amortization	268,257	281,822
	<b>2,794,497</b>	<b>2,614,070</b>
<b>DEFICIENCY OF REVENUE OVER EXPENSES BEFORE UNDERNOTED ITEMS</b>	<b>(2,564,880)</b>	<b>(2,384,682)</b>
Transfer from reserves	(21,489)	-
Transfer to reserves	292,000	300,000
Debt principal repayments	127,607	124,895
	<b>398,118</b>	<b>424,895</b>
<b>DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR FINANCED BY NET MUNICIPAL LEVY</b>	<b>\$ (2,962,998)</b>	<b>\$ (2,809,577)</b>

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, 2017**

	2017	2016
<b>REVENUE</b>		
Government transfers	\$ 52,967	\$ 70,126
Fees and service charges	79,620	89,856
	<b>132,587</b>	159,982
<b>EXPENSES</b>		
Salaries, wages and benefits	474,673	532,037
Materials and supplies	125,153	108,806
Services	114,859	63,152
Interdepartmental charges and interest	62,139	62,663
Amortization	94,915	96,827
	<b>871,739</b>	863,485
<b>DEFICIENCY OF REVENUE OVER EXPENSES BEFORE UNDERNOTED ITEMS</b>	<b>(739,152)</b>	<b>(703,503)</b>
Transfer from reserves	(44,774)	-
Transfer to reserves	870	-
	<b>(43,904)</b>	-
<b>DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR FINANCED BY NET MUNICIPAL LEVY</b>	<b>\$ (695,248)</b>	<b>\$ (703,503)</b>

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