

Norfolk County

Consolidated Financial Statements

December 31, 2009

Norfolk County

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Auditors' Report

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

We have audited the consolidated statement of financial position of Norfolk County as at December 31, 2009 and the consolidated statements of operations, changes in net financial assets and cash flow for the year then ended. These consolidated financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Norfolk County as at December 31, 2009 and the results of its operations, changes in net financial assets and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

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.

Simcoe, Ontario
July 29, 2011

Millard, Rouse & Roseby LLP

Chartered Accountants
Licensed Public Accountants

Norfolk County

Consolidated Statement of Financial Position

As at December 31,	2009	2008
		Restated (note 3)
Financial Assets		
Cash	\$ 10,046,162	\$ 26,740,147
Investments (note 4)	19,392,847	14,643,429
Taxes receivable	13,019,156	10,393,740
Accounts receivable	16,316,180	10,603,268
Other financial assets	143,482	161,169
Investment in Norfolk Power Inc. (note 5)	<u>27,936,088</u>	<u>26,009,000</u>
	<u>86,853,915</u>	<u>88,550,753</u>
Liabilities		
Accounts payable and accrued liabilities	15,370,990	14,076,196
Employee benefits liability (note 6)	1,568,115	1,781,237
Deferred revenue (note 7)	8,229,739	4,571,751
Short term financing	1,493,319	1,608,219
Solid waste landfill closure and post-closure liability (note 8)	15,534,831	15,974,592
Long term liabilities (note 9)	<u>28,726,882</u>	<u>30,991,619</u>
	<u>70,923,876</u>	<u>69,003,614</u>
Net Financial Assets	<u>15,930,039</u>	<u>19,547,139</u>
Non-Financial Assets		
Tangible capital assets (note 10)	437,991,056	430,855,626
Prepaid expenses	205,284	199,010
Inventory of supplies	<u>201,383</u>	<u>224,092</u>
	<u>438,397,723</u>	<u>431,278,728</u>
Accumulated Surplus (note 11)	<u>\$454,327,762</u>	<u>\$450,825,867</u>

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

Norfolk County

Consolidated Statement of Operations

For the Year Ended December 31,	Budget 2009	2009	2008
	(note 18)		Restated (note 3)
Revenue			
Taxation	\$ 61,369,700	\$ 61,575,069	\$ 58,655,503
Government grants - Federal (note 12)	178,000	3,657,030	2,647,094
Government grants - Provincial (note 13)	64,519,900	65,146,225	77,743,631
Recoveries from other municipalities	5,298,900	5,010,134	5,258,414
User charges	21,876,100	28,049,074	26,998,191
Other income (note 14)	<u>9,408,000</u>	<u>9,310,209</u>	<u>7,494,308</u>
	<u>162,650,600</u>	<u>172,747,741</u>	<u>178,797,141</u>
Expenses			
General government	7,227,800	10,376,519	9,691,316
Protection services	18,267,200	17,136,514	15,780,342
Transportation services	27,960,500	32,754,344	32,070,534
Environmental services	18,605,200	16,405,198	27,271,126
Health services	14,386,500	14,479,412	13,483,333
Social and family services	59,646,500	57,829,178	57,109,394
Social housing	4,205,100	4,453,050	4,664,100
Recreation and cultural services	13,680,600	12,327,747	11,742,510
Planning and development	<u>2,644,300</u>	<u>3,483,884</u>	<u>2,541,107</u>
	<u>166,623,700</u>	<u>169,245,846</u>	<u>174,353,762</u>
Annual surplus (deficit), restated (note 3)	<u>\$ (3,973,100)</u>	<u>3,501,895</u>	<u>4,443,379</u>
Accumulated surplus, beginning of year		450,825,867	17,006,655
Prior period adjustment (note 3)		-	<u>429,375,833</u>
Accumulated surplus, beginning of year, restated		<u>450,825,867</u>	<u>446,382,488</u>
Accumulated surplus, end of year		<u>\$454,327,762</u>	<u>\$450,825,867</u>

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

Norfolk County

Consolidated Statement of Changes in Net Financial Assets

For the Year Ended December 31,

2009

2008

		Restated (note 3)
Annual surplus (deficit)	\$ 3,501,895	\$ 4,443,379
Acquisition of tangible capital assets	(26,198,490)	(18,408,064)
Amortization of tangible capital assets	17,181,261	16,675,141
Loss on disposal of tangible capital assets	1,835,241	18,075
Proceeds from sale of tangible capital assets	<u>46,558</u>	<u>235,055</u>
	<u>(3,633,535)</u>	<u>2,963,586</u>
 (Acquisition) disposition of prepaid expenses	 (6,274)	 (3,329)
(Acquisition) disposition of inventory of supplies	<u>22,709</u>	<u>(47,483)</u>
	<u>16,435</u>	<u>(50,812)</u>
 Net change in net financial assets	 (3,617,100)	 2,912,774
Net financial assets, beginning of year	<u>19,547,139</u>	<u>16,634,365</u>
 Net financial assets, end of year	 <u>\$ 15,930,039</u>	 <u>\$ 19,547,139</u>

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

Norfolk County

Consolidated Statement of Cash Flow

For the Year Ended December 31,

2009

2008

		Restated (note 3)
Cash provided by (used in):		
Operating transactions		
Annual surplus (deficit)	\$ 3,501,895	\$ 4,443,379
Amortization of tangible capital assets	17,181,261	16,675,141
Loss on disposal of tangible capital assets	1,835,241	18,075
Change in equity - Norfolk Power Inc.	<u>(1,927,088)</u>	<u>(671,368)</u>
	20,591,309	20,465,227
Changes in non-cash operating balances:		
Taxes receivable	(2,625,416)	(2,339,552)
Accounts receivable	(5,712,912)	6,964,924
Other financial assets	17,687	(11,450)
Accounts payable and accrued liabilities	1,294,794	3,918,245
Employee benefits liability	(213,122)	404,793
Deferred revenue	3,657,988	(170,188)
Short term financing	(114,900)	-
Solid waste landfill closure and post-closure liability	(439,761)	9,201,896
Prepaid expenses	(6,274)	(3,329)
Inventory of supplies	<u>22,709</u>	<u>(47,483)</u>
	<u>16,472,102</u>	<u>38,383,083</u>
Capital transactions		
Acquisition of tangible capital assets	(26,198,490)	(18,408,064)
Proceeds from sale of tangible capital assets	<u>46,558</u>	<u>235,055</u>
	<u>(26,151,932)</u>	<u>(18,173,009)</u>
Financing transactions		
Long term debt repaid	<u>(2,264,737)</u>	<u>(2,238,876)</u>
Net change in cash and cash equivalents	(11,944,567)	17,971,198
Cash and cash equivalents, beginning of year	<u>41,383,576</u>	<u>23,412,378</u>
Cash and cash equivalents, end of year	\$ <u>29,439,009</u>	\$ <u>41,383,576</u>
Cash and cash equivalents consists of:		
Cash	\$ 10,046,162	\$ 26,740,147
Investments	<u>19,392,847</u>	<u>14,643,429</u>
	\$ <u>29,439,009</u>	\$ <u>41,383,576</u>

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

Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2009

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 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 Accountants.

Significant aspects of the accounting policies adopted by 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.

The investments in government business enterprises are accounted for using the modified equity basis which is consistent with the Canadian generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform with those of the County and inter-organizational transactions and balances are not eliminated.

The following government business enterprise is reflected in these consolidated financial statements:

Norfolk Power Inc.

Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2009

2. Summary of significant accounting policies (continued)

(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.

(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 \$20,142,156 (2008 - \$19,364,575).

(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) Programs reported on provincial fiscal year basis

The following 100% funded programs are administered by Norfolk County as the designated Board of Health. These programs are reported on a provincial fiscal year ending March 31. Accordingly, these programs are not included in the Consolidated Statement of Operations.

*Preschool Speech and Language Program
Nurse Practitioner Program*

b) Basis of accounting

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) 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

Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2009

2. Summary of significant accounting policies (continued)

d) 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.

e) Inventory

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

f) 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.

g) Government transfers

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

h) Use of estimates

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

Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2009

3. Change in accounting policy

On January 1, 2009, Norfolk County adopted revised Public Sector Accounting Standards: Section 1000 - Financial Statement Concepts, Section 1100 - Financial Statement Objectives, Section 1200 - Financial Statement Presentation and Section 3150 - Tangible Capital Assets. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standards require the recognition of all non-financial assets including tangible capital assets, prepaid expenses and inventory of supplies as assets in the financial statements. In addition, revenue from contributed assets, and amortization of tangible capital assets were recorded in the Consolidated Statement of Operations. This change in accounting policy has been applied retroactively with the restatement of the prior period. The impact of adopting the tangible capital assets standard was as follows:

	<u>2008</u>
Statement of Financial Position	
Increase in non-financial assets	\$ <u>429,375,833</u>
Increase in accumulated surplus	\$ <u>429,375,833</u>
 Statement of Operations	
Annual surplus, previously reported	\$ 3,023,641
Add:	
Assets capitalized but previously expensed	17,921,201
Contributed assets	486,863
Less:	
Decrease in other revenue	(313,185)
Amortization of tangible capital assets	<u>(16,675,141)</u>
Annual surplus, restated	\$ <u>4,443,379</u>

Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2009

4. Investments

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

	Cost	2009 Market Value	Carrying Value
	\$	\$	\$
Government bonds and GICs	12,015,958	12,033,948	12,015,958
Money market instruments	6,850,030	6,739,671	6,739,671
Other	637,218	637,218	637,218
	<u>19,503,206</u>	<u>19,410,837</u>	<u>19,392,847</u>
	Cost	2008 Market Value	Carrying Value
	\$	\$	\$
Government bonds and GICs	7,000,000	7,000,000	7,000,000
Money market instruments	6,774,295	6,690,119	6,690,119
Other	953,310	953,310	953,310
	<u>14,727,605</u>	<u>14,643,429</u>	<u>14,643,429</u>

Included in the County's other investments are internal debentures with a coupon rate range of 5% to 6% (2008 - 5% to 6%) with a carrying value of \$637,218 (2008 - \$919,596).

5. Investment in Norfolk Power Inc.

Norfolk County owns 100% of Norfolk Power Inc.. Condensed financial information of Norfolk Power Inc. as at December 31, 2009 and for the year then ended is as follows:

	2009	2008
	\$	\$
Current assets	10,907,792	10,426,643
Property, plant and equipment	50,659,667	44,293,335
Other assets	6,118,715	1,436,442
	<u>67,686,174</u>	<u>56,156,420</u>
Current liabilities	10,717,012	10,175,910
Long term liabilities	29,033,074	19,971,510
	39,750,086	30,147,420
Equity	27,936,088	26,009,000
	<u>67,686,174</u>	<u>56,156,420</u>
Revenue for the year	41,802,060	38,841,738
Expenses for the year	39,524,972	38,170,370
Net income for the year	2,277,088	671,368
Dividends issued to Norfolk County	(350,000)	-
Net increase in equity	<u>1,927,088</u>	<u>671,368</u>

Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2009

6. Employee benefits liability

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

	2009	2008
Reserve Funds	\$	\$
Vested sick leave	1,731,261	1,763,684
Post employment and post retirement benefits	<u>(163,146)</u>	<u>17,553</u>
	<u>1,568,115</u>	<u>1,781,237</u>
Funding set aside for future employment benefits	<u>1,568,115</u>	<u>1,781,237</u>

The County is liable for WSIB claims and accrued severances. These liabilities as at December 31, 2009 are \$17,079 (2008 - \$527,375) and \$687,618 (2008 - \$601,668) respectively and are recorded in accounts payable and accrued liabilities.

Haldimand County also administers a reserve fund for employee benefits, in trust, from the former Regional Municipality of Haldimand-Norfolk, which has a gross amount of \$454,925 (2008 - \$507,942) which is to be shared with Norfolk County.

b) 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 \$2,095,080 (2008 - \$2,112,391). The amount provided for this past service liability is reported on the Consolidated Statement of Financial Position as a reserve fund and amounts to \$1,731,261 (2008 - \$1,763,684).

The amount paid to employees who left the County's employment during the year amounted to \$84,497 (2008 - \$85,212). Anticipated payments in 2010 and subsequent years to employees who are eligible to retire are estimated as follows:

	\$
2010 - 2014	1,519,445
2015 - 2019	<u>575,635</u>
	<u>2,095,080</u>

Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2009

6. Employee benefits liability (continued)

c) Workers' compensation

Norfolk County is a Schedule 2 employer under the Workplace Safety and Insurance Act and follows a policy of self-insurance for its employees and those of its Boards. The funding mechanism adopted provides for the full funding of all incurred claims and administered costs. The County has established a reserve fund for WSIB costs, which has a balance of \$2,392,836 (2008 - \$1,993,010). Of this balance, \$37,311 (2008 - \$39,523) is a reserve fund, in trust, from the former City of Nanticoke which is to be shared with Haldimand County.

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 \$442,570 (2008 - \$476,126) which is to be shared with Norfolk County.

7. Deferred revenue

A requirement of the public sector accounting principles of the Canadian Institute of Chartered 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 Norfolk County are as follows:

	Opening Balance	Contributions Received	Investment Income	Revenue Recognized	Ending Balance
Recreational land	\$ 546,786	\$ 35,000	\$ 2,065	\$ (421,377)	\$ 162,474
Development charges	918,748	750,890	3,016	(575,164)	1,097,490
Building permits	4,500	-	14	(20,990)	(16,476)
Federal gas tax	3,052,506	3,954,220	52,788	(540,444)	6,519,070
Other	49,211	842,427	-	(424,457)	467,181
	<u>\$ 4,571,751</u>	<u>\$ 5,582,537</u>	<u>\$ 57,883</u>	<u>\$ (1,982,432)</u>	<u>\$ 8,229,739</u>

Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2009

8. Solid waste landfill closure and post-closure liability

Haldimand County is responsible for the operation of the Tom Howe landfill site. The landfill site is jointly owned by Norfolk County and Haldimand County and is available for use by local residents. The site has capacity of approximately 2,300,000 cubic metres with approximately 307,900 cubic metres of capacity remaining. At current average fill rates, the site has a remaining operating life of approximately four years.

The costs of closing and maintaining the landfill site are shared by both Norfolk County and Haldimand County. It is estimated that Norfolk County's share of the total cost to close and maintain the site is approximately \$17,935,902 with \$15,534,831 recognized in the financial statements and \$2,401,071 to be recognized as the capacity of the site is used up. Norfolk County has not designated any specific assets to assist with the cost of closing the site. Once the site has reached full capacity it is estimated that post-closure activities would continue for approximately 50 years.

Key assumptions in determining the liability at December 31, 2009 for the Tom Howe landfill site are as follows:

Tom Howe landfill site is expected to reach capacity in April 2014		
Remaining capacity of Tom Howe as at December 31, 2009	307,900 cubic metres	
Inflation rate	2.0%	
Discount rate	4.0%	
Estimated time for post-closure site rehabilitation and monitoring	50 years	
	2009	2008
	\$	\$
Capital costs upon closure	748,779	1,014,387
Closed landfill site rehabilitation and monitoring	<u>14,786,052</u>	<u>14,960,205</u>
	<u>15,534,831</u>	<u>15,974,592</u>

Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2009

9. Long term liabilities

a) Long term liabilities reported on the Consolidated Statement of Financial Position is comprised of the following:	2009	2008
	\$	\$
Total long term liabilities issued or assumed by the municipality and outstanding at the end of the year amounts to:	27,883,017	29,828,214
Total long term loans from reserve funds and outstanding at the end of the year amounted to:	843,865	1,171,905
Of the long term liabilities shown above, the responsibility for payment of principal and interest charges has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is:	<u>-</u>	<u>(8,500)</u>
	<u>28,726,882</u>	<u>30,991,619</u>

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

	\$
2010	2,243,587
2011	2,371,212
2012	5,922,204
2013	2,264,835
2014	1,464,899
Thereafter	<u>14,460,145</u>
	<u>28,726,882</u>

The above long term liabilities have maturity dates ranging from 2010 to 2025 with interest rates varying between 3.80% to 6.13%.

c) The municipality is contingently liable for long term liabilities with respect to those for which the responsibility for the payment of principal and interest has been assumed by individuals for tile drainage. The total amount outstanding as at December 31, 2009 is \$NIL (2008 - \$8,500) and is not recorded on the Consolidated Statement of Financial Position.

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

Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2009

10. Tangible capital assets	Land \$	Land Improvements \$	Buildings and Structures \$	Infrastructure \$	Vehicles, Machinery and Equipment \$	Assets Under Construction \$	2009 \$
Cost, beginning of year	9,139,826	19,682,925	104,309,037	435,792,585	36,788,620	13,510,021	619,223,014
Additions	445,607	530,826	3,564,401	13,176,143	3,451,580	22,613,057	43,781,614
Disposals	(2,260)	-	(2,196)	(3,134,747)	(1,352,594)	-	(4,491,797)
Transfer to capital assets	-	-	-	-	-	(17,583,124)	(17,583,124)
Cost, end of year	9,583,173	20,213,751	107,871,242	445,833,981	38,887,606	18,539,954	640,929,707
Accumulated amortization, beginning of year	-	10,294,560	28,294,429	132,148,414	17,629,985	-	188,367,388
Amortization	-	458,120	2,488,841	11,328,431	2,905,869	-	17,181,261
Disposals	-	-	(2,196)	(1,259,248)	(1,348,554)	-	(2,609,998)
Accumulated amortization, end of year	-	10,752,680	30,781,074	142,217,597	19,187,300	-	202,938,651
Net carrying amount, end of year	9,583,173	9,461,071	77,090,168	303,616,384	19,700,306	18,539,954	437,991,056

Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2009

10. Tangible capital assets (continued)	Land \$	Land Improvements \$	Buildings and Structures \$	Infrastructure \$	Vehicles, Machinery and Equipment \$	Assets Under Construction \$	2008 \$
Cost, beginning of year	9,125,077	18,638,935	101,854,268	428,401,986	35,413,789	10,333,808	603,767,863
Additions	71,676	1,058,965	2,454,769	7,682,634	3,963,807	12,427,364	27,659,215
Disposals	(56,927)	(14,975)	-	(292,035)	(2,588,976)	-	(2,952,913)
Transfer to capital assets	-	-	-	-	-	(9,251,151)	(9,251,151)
Cost, end of year	<u>9,139,826</u>	<u>19,682,925</u>	<u>104,309,037</u>	<u>435,792,585</u>	<u>36,788,620</u>	<u>13,510,021</u>	<u>619,223,014</u>
Accumulated amortization, beginning of year	-	9,881,043	25,869,296	121,150,139	17,491,552	-	174,392,030
Amortization	-	428,492	2,425,133	11,193,324	2,628,192	-	16,675,141
Disposals	-	(14,975)	-	(195,049)	(2,489,759)	-	(2,699,783)
Accumulated amortization, end of year	<u>-</u>	<u>10,294,560</u>	<u>28,294,429</u>	<u>132,148,414</u>	<u>17,629,985</u>	<u>-</u>	<u>188,367,388</u>
Net carrying amount, end of year	<u>9,139,826</u>	<u>9,388,365</u>	<u>76,014,608</u>	<u>303,644,171</u>	<u>19,158,635</u>	<u>13,510,021</u>	<u>430,855,626</u>

Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2009

11. Accumulated surplus

Norfolk County segregates its accumulated surplus into the following categories:

	<u>2009</u>	<u>2008</u> Restated (note 3)
Investment in tangible capital assets	\$ 437,991,056	\$ 430,855,626
Long term liabilities	(28,726,882)	(30,991,619)
Unfinanced capital	(13,826,632)	(9,924,900)
Short term financing	<u>(1,493,319)</u>	<u>(1,608,219)</u>
Net investment in tangible capital assets	393,944,223	388,330,888
Investment in Norfolk Power Inc.	27,936,088	26,009,000
Delhi BIA surplus	19,257	18,396
Reserves		
Contingencies	10,100,887	10,013,122
Capital purposes	14,341,938	20,227,964
Other	<u>1,937,599</u>	<u>2,095,107</u>
	26,380,424	32,336,193
Reserve funds		
Capital replacement - sewer	5,255,344	3,772,519
Capital replacement - water	9,032,526	8,455,457
Waste management	1,260,747	1,884,394
WSIB	2,392,836	1,993,010
Other	<u>3,641,148</u>	<u>4,000,602</u>
	21,582,601	20,105,982
Unfunded liability - solid waste landfill liabilities	<u>(15,534,831)</u>	<u>(15,974,592)</u>
	<u>\$ 454,327,762</u>	<u>\$ 450,825,867</u>

Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2009

12. Government grants - Federal

	<u>Budget</u> (note 18)	<u>2009</u>	<u>2008</u>
Federal transfers			
Operating			
Conditional	\$ 178,000	\$ 115,387	\$ 587,852
Capital			
Infrastructure stimulus funding	-	3,001,199	39,580
Federal gas tax revenue	-	540,444	2,019,662
	<u>\$ 178,000</u>	<u>\$ 3,657,030</u>	<u>\$ 2,647,094</u>

13. Government grants - Provincial

	<u>Budget</u> (note 18)	<u>2009</u>	<u>2008</u>
Provincial transfers			
Operating			
Ontario municipal partnership fund	\$ 9,742,600	\$ 9,742,600	\$ 10,967,000
Conditional	54,777,300	52,700,170	64,601,631
Capital			
Infrastructure stimulus funding	-	2,703,455	2,175,000
	<u>\$ 64,519,900</u>	<u>\$ 65,146,225</u>	<u>\$ 77,743,631</u>

14. Other Income

	<u>Budget</u> (note 18)	<u>2009</u>	<u>2008</u>
Licenses, permits, rents, and concessions	\$ 3,907,000	\$ 1,299,574	\$ 1,245,716
Provincial offences and other fines	1,005,000	818,529	951,727
Penalties and interest on taxes	1,140,000	1,291,354	1,139,647
Investment income	1,185,800	969,079	1,229,531
Developer contributed assets	-	2,605,047	486,863
Proceeds from sale of land and other assets	322,100	112,618	630,940
Loss on disposal of tangible capital assets	-	(1,835,241)	(18,075)
Income from Norfolk Power Inc. (note 5)	-	1,927,088	671,368
Donations	83,100	422,717	943,649
Other	1,765,000	1,699,444	212,942
	<u>\$ 9,408,000</u>	<u>\$ 9,310,209</u>	<u>\$ 7,494,308</u>

Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2009

15. 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 May 31, 2011.

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 entered into a five-year agreement with the Solicitor General of Ontario for the provision of police services. The five-year term expires in December 2013. The annual cost of this contract for 2009 was \$11,460,853 (2008 - \$10,252,676).

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 is self-insured for public liability claims up to \$10,000 for any individual claim and \$10,000 for multiple claims arising out of a single occurrence. Purchased insurance coverage is in place for claims in excess of these limits to a maximum of \$20,000,000 with the exception of certain environmental liability claims, should such claims arise.

At December 31, 2009 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, 2009 of \$305,904 (2008 - \$152,841).

The County also administers a reserve fund for public liability insurance, in trust, from the former City of Nanticoke which has a gross amount of \$138,093 (2008 - \$137,528) which is to be shared with Haldimand County.

Haldimand County also administers a reserve fund for public liability insurance, in trust, from the former Regional Municipality of Haldimand-Norfolk which has a gross amount of \$455,851 (2008 - \$441,558).

Norfolk County

Notes to the Consolidated Financial Statements

Year Ended December 31, 2009

17. Contingent liabilities

Norfolk Power Inc. - late payment penalties

On April 22, 2004, in a decision in a class action commenced against The Consumers' Gas Company Limited (now Enbridge Gas Distribution Inc.), hereafter referred to as "Enbridge", the Supreme Court of Canada (the "Supreme Court") ruled that Enbridge was required to repay the portion of certain late payment charges collected by it from its customers that were in excess of the interest limit stipulated in Section 347 of the Criminal Code. The parties reached a settlement of this class action.

On February 4, 2008, the OEB, in response to an application filed by Enbridge, ruled that all of Enbridge's costs related to settlements of the class action lawsuits, including legal cost, settlement costs and interest, are recoverable from ratepayers over a five year period.

After the release of the Supreme Court of Canada of its 2004 decision in the Consumers' Gas case, the plaintiffs in the LDC late payment penalties class action indicated their intention to proceed with their litigation against the LDCs. To date, no formal steps have been taken to move the action forward. The electric utilities intend to respond to the action if and when it proceeds on the basis that the LDCs' situation may be distinguishable from that of Consumers' Gas. At this time, it is not possible to quantify the effect, if any, of the claim on the financial statements of the company, consequently no provision for a loss, if any, has been recorded in these financial statements.

18. 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. Council did receive a supplementary budget presentation which provided the operating budgets in accordance with the PSAB reporting requirements but did not approve the budget in this format. The budget figures presented in the Consolidated Financial Statements present the operating budgets based upon the supplementary budget presentation provided to Council.

19. Comparative figures

Certain prior year figures have been adjusted to conform with the 2009 financial statement presentation.

Norfolk County

Segmented Information

Year Ended December 31, 2009

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.

Norfolk County

Segmented Information

Year Ended December 31, 2009

	Protection Services \$	Transportation Services \$	Environmental Services \$	Social and Family Services \$	Other Services [1] \$	Consolidated 2009 \$
Revenue						
Taxation and payments in lieu	-	-	-	-	61,575,069	61,575,069
Grants	166,341	3,838,353	3,077,927	41,095,490	20,625,144	68,803,255
User charges	443,472	1,001,295	16,079,953	5,101,064	5,423,290	28,049,074
Other revenue [2]	726,385	-	-	3,010,593	8,656,277	12,393,255
Norfolk Power Inc.	-	-	-	-	1,927,088	1,927,088
Total revenue	<u>1,336,198</u>	<u>4,839,648</u>	<u>19,157,880</u>	<u>49,207,147</u>	<u>98,206,868</u>	<u>172,747,741</u>
Expenses						
Salaries, wages and benefits	3,325,920	7,562,647	3,084,251	13,637,608	25,781,739	53,392,165
Materials	626,032	10,887,607	490,342	1,633,197	6,037,682	19,674,860
Contracted services	12,419,181	3,423,028	7,899,087	1,427,671	4,908,133	30,077,100
External transfers	18,537	-	909,496	38,690,763	4,615,380	44,234,176
Financial expenses	56,282	189,578	107,682	681,291	1,930,920	2,965,753
Interest on long term liabilities	63,878	107,650	324,055	1,172,947	52,000	1,720,530
Amortization	626,684	10,583,834	3,590,285	585,701	1,794,758	17,181,262
Total expenses	<u>17,136,514</u>	<u>32,754,344</u>	<u>16,405,198</u>	<u>57,829,178</u>	<u>45,120,612</u>	<u>169,245,846</u>
Net revenue (deficit) before financing	<u>(15,800,316)</u>	<u>(27,914,696)</u>	<u>2,752,682</u>	<u>(8,622,031)</u>	<u>53,086,256</u>	<u>3,501,895</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.

Norfolk County

Segmented Information

Year Ended December 31, 2008

	Protection Services \$	Transportation Services \$	Environmental Services \$	Social and Family Services \$	Other Services [1] \$	Consolidated 2008 \$
Revenue						Restated (note 3)
Taxation and payments in lieu	-	-	-	-	58,655,503	58,655,503
Grants	47,416	936,452	1,671,180	40,550,213	37,185,464	80,390,725
User charges	194,495	815,982	15,727,427	4,564,658	5,695,629	26,998,191
Other revenue [2]	854,306	-	112,019	3,069,141	8,045,888	12,081,354
Norfolk Power Inc.	-	-	-	-	671,368	671,368
Total revenue	<u>1,096,217</u>	<u>1,752,434</u>	<u>17,510,626</u>	<u>48,184,012</u>	<u>110,253,852</u>	<u>178,797,141</u>
Expenses						
Salaries, wages and benefits	3,326,017	7,324,412	2,891,968	13,085,150	24,512,115	51,139,662
Materials	621,305	10,221,293	3,443,861	1,564,556	4,476,418	20,327,433
Contracted services	11,073,900	3,719,241	7,225,540	1,412,195	4,870,799	28,301,675
External transfers	16,924	-	250,859	39,246,044	4,797,825	44,311,652
Financial expenses	60,922	198,182	9,606,147	6,461	1,869,720	11,741,432
Interest on long term liabilities	67,927	132,339	378,335	1,215,887	62,279	1,856,767
Amortization	613,347	10,475,067	3,474,416	579,101	1,533,210	16,675,141
Total expenses	<u>15,780,342</u>	<u>32,070,534</u>	<u>27,271,126</u>	<u>57,109,394</u>	<u>42,122,366</u>	<u>174,353,762</u>
Net revenue (deficit) before financing	<u>(14,684,125)</u>	<u>(30,318,100)</u>	<u>(9,760,500)</u>	<u>(8,925,382)</u>	<u>68,131,486</u>	<u>4,443,379</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.

Norfolk County

Library Division - Schedule of Operations

Year Ended December 31,	2009	2008
Revenue		
Grants	\$ 177,522	\$ 150,923
Fees and service charges	29,121	18,979
Financial charges and investment income	34,502	32,079
Other revenue	<u>14,740</u>	<u>12,007</u>
	<u>255,885</u>	<u>213,988</u>
Expenses		
Salaries, wages and benefits	1,306,796	1,176,935
Materials and supplies	472,951	312,275
Services	199,795	167,378
Interdepartmental charges and interest	197,181	306,909
Capital	<u>53,913</u>	<u>58,472</u>
	<u>2,230,636</u>	<u>2,021,969</u>
Excess (deficiency) of revenue over expenses before undernoted items	(1,974,751)	(1,807,981)
Transfer from reserves	121,651	177,281
Debt principal repayments	<u>(3,200)</u>	<u>(3,200)</u>
Excess (deficiency) of revenue over expenses for the year financed by net municipal levy	\$ <u>(1,856,300)</u>	\$ <u>(1,633,900)</u>

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

Norfolk County

Museum Division - Schedule of Operations

Year Ended December 31,	2009	2008
Revenue		
Grants	\$ 62,887	\$ 52,214
Fees and service charges	<u>84,752</u>	<u>73,662</u>
	<u>147,639</u>	<u>125,876</u>
Expenses		
Salaries, wages and benefits	401,348	362,636
Materials and supplies	86,698	76,645
Services	69,446	56,255
Interdepartmental charges and interest	31,542	27,988
Capital	<u>14,971</u>	<u>35,558</u>
	<u>604,005</u>	<u>559,082</u>
Excess (deficiency) of revenue over expenses for the year financed by net municipal levy	\$ <u>(456,366)</u>	\$ <u>(433,206)</u>

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

Auditors' Report

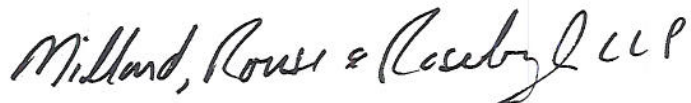
To the Members of Council, Inhabitants and Ratepayers of
Norfolk County

We have audited the balance sheet of the trust funds of Norfolk County as at December 31, 2009 and the statement of continuity of the trust funds for the year then ended. These financial statements are the responsibility of the organization's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds of Norfolk County as at December 31, 2009 and the results of its operations, changes in its financial position and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Simcoe, Ontario
July 29, 2011



Chartered Accountants
Licensed Public Accountants

Norfolk County

Balance Sheet - Trust Funds

Year Ended December 31, 2009

	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net Assets													
Cash	246,391												263,991
Investments (note 2)	327,178												596,054
Due from (to) Norfolk County	191,296												195,172
Accounts receivable (payable)	(732)												(17,915)
Total Net Assets	<u>764,133</u>												<u>1,037,302</u>
Trust Fund Balance	<u>764,133</u>												<u>1,037,302</u>
		Audrey Hellyer Trust	Mable Cattle Trust	W.P. Innes Trust	Arthur Mather Trust	Norview Residents Trust	Norview Bequest	OHRP	Museum Trust	Total 2009	Total 2008		
		\$ 13,532	\$ 844	\$ -	\$ -	\$ 34,461	\$ -	\$ -	\$ -	\$ 295,228	\$ 263,991		
		-	-	38,000	51,000	51,864	42,563	-	-	510,605	596,054		
		(19)	-	(61)	(3)	69,868	-	17,596	10,000	288,677	195,172		
		-	-	-	-	(387)	-	(17,596)	-	(18,715)	(17,915)		
		<u>13,513</u>	<u>844</u>	<u>37,939</u>	<u>50,997</u>	<u>155,806</u>	<u>42,563</u>	<u>-</u>	<u>10,000</u>	<u>1,075,795</u>	<u>1,037,302</u>		
		<u>13,513</u>	<u>844</u>	<u>37,939</u>	<u>50,997</u>	<u>155,806</u>	<u>42,563</u>	<u>-</u>	<u>10,000</u>	<u>1,075,795</u>	<u>1,037,302</u>		

Norfolk County

Statement of Continuity - Trust Funds

Year Ended December 31, 2009

	Combined Cemetery Perpetual Care \$	Audrey Hellyer Trust \$	Mable Cattle Trust \$	W.P. Innes Trust \$	Arthur Mather Trust \$	Norview Residents Trust \$	Norview Bequest \$	OHRP \$	Museum Trust \$	Total 2009 \$	Total 2008 \$
Receipts											
Sale of plots and markers	38,222	-	-	-	-	-	-	-	-	38,222	44,463
Investment income	13,185	71	-	1,434	1,867	767	-	-	199	17,523	35,403
Resident contributions	-	-	-	-	-	218,116	-	-	-	218,116	239,290
	<u>51,407</u>	<u>71</u>	<u>-</u>	<u>1,434</u>	<u>1,867</u>	<u>218,883</u>	<u>-</u>	<u>-</u>	<u>199</u>	<u>273,861</u>	<u>319,156</u>
Disbursements											
Transfer to cemetery boards	12,985	-	-	-	-	-	-	-	-	12,985	26,376
Transfer to others	-	-	-	1,434	1,867	218,883	-	-	199	222,383	247,553
	<u>12,985</u>	<u>-</u>	<u>-</u>	<u>1,434</u>	<u>1,867</u>	<u>218,883</u>	<u>-</u>	<u>-</u>	<u>199</u>	<u>235,368</u>	<u>273,929</u>
Net Receipts for the Year	38,422	71	-	-	-	-	-	-	-	38,493	45,227
Trust Fund Balance											
- beginning of year	725,711	13,442	844	37,939	50,997	155,806	42,563	-	10,000	1,037,302	992,075
Trust Fund Balance											
- end of year	<u>764,133</u>	<u>13,513</u>	<u>844</u>	<u>37,939</u>	<u>50,997</u>	<u>155,806</u>	<u>42,563</u>	<u>-</u>	<u>10,000</u>	<u>1,075,795</u>	<u>1,037,302</u>

Norfolk County

Notes to the Trust Funds Financial Statements

Year Ended December 31, 2009

1. Summary of significant accounting policies

a) *Basis of accounting*

Revenue and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenditures 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) *Use of estimates*

The preparation of periodic financial statements occasionally requires management to make assumptions that affect reported amounts of certain assets and liabilities at the year-end date and certain revenue and expenses for the year then ended. Actual amounts may differ from those estimates.

2. Investments

The total investments of \$510,605 (2008 - \$596,054) are recorded at cost which is equal to the market value of the investments. Short term investments are comprised mainly of guaranteed investment certificates and term deposits.