

**The Corporation of Norfolk County**  
Consolidated Financial Statements  
**December 31, 2021**



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**The Corporation of Norfolk County**  
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**December 31, 2021**

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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.



Al' Meesees, Chief Administrative Officer



Amy Fanning, Treasurer Interim

September 13, 2022  
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:

### *Opinion*

We have audited the consolidated financial statements of The Corporation of Norfolk County (the Corporation), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of operations and accumulated surplus, remeasurement gains and losses, changes in net financial assets and cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the financial statements).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2021, and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Matters*

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.

We draw our attention to Note 20 of the financial statements, which describes the effects of the coronavirus disease (COVID-19) on the Corporation. Our opinion is not modified in respect of this matter.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

(continues)



Independent Auditors' Report to the Members of Council, Inhabitants and Ratepayers of The Corporation of Norfolk County (*continued*)

*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Millard, Rouse & Rosebrugh LLP*

**Millard, Rouse & Rosebrugh LLP**  
Chartered Professional Accountants  
Licensed Public Accountants

September 13, 2022  
Simcoe, Ontario

**The Corporation of Norfolk County**  
**Consolidated Statement of Financial Position**  
**As at December 31, 2021**

|   | 2021                 | 2020          |
|---|----------------------|---------------|
| <b>FINANCIAL ASSETS</b>   |                      |               |
| Cash  | \$ 19,381,084        | \$ 13,027,598 |
| Investments ( <i>Note 4</i> )   | 181,964,420          | 145,780,764   |
| Taxes receivable  | 10,587,227           | 10,957,540    |
| Accounts receivable   | 10,576,674           | 9,481,116     |
| Land held for resale  | -                    | 3,474,126     |
| Other financial assets  | 68,914               | 59,100        |
|   | <b>222,578,319</b>   | 182,780,244   |
| <b>LIABILITIES</b>  |                      |               |
| Accounts payable  | 39,993,064           | 29,377,372    |
| Employee benefits liability ( <i>Note 5</i> )                             | 12,170,598           | 13,008,620    |
| Deferred revenue ( <i>Note 6</i> )  | 36,058,262           | 28,839,321    |
| Solid waste landfill closure and post-closure liability ( <i>Note 7</i> ) | 21,559,253           | 21,851,701    |
| Long-term liabilities ( <i>Note 8</i> )                                   | 75,148,980           | 81,967,908    |
|   | <b>184,930,157</b>   | 175,044,922   |
| <b>NET FINANCIAL ASSETS</b>   | <b>37,648,162</b>    | 7,735,322     |
| <b>NON-FINANCIAL ASSETS</b>   |                      |               |
| Tangible capital assets ( <i>Note 9</i> )                                 | 597,691,083          | 580,226,095   |
| Prepaid expenses  | 1,486,789            | 1,328,701     |
| Inventory   | 1,087,687            | 1,294,509     |
|   | <b>600,265,559</b>   | 582,849,305   |
| <b>ACCUMULATED SURPLUS</b>  | <b>\$637,913,721</b> | \$590,584,627 |
| <b>ACCUMULATED SURPLUS IS COMPRISED OF:</b>                               |                      |               |
| Accumulated operating surplus ( <i>Note 10</i> )                          | \$626,834,216        | \$581,661,062 |
| Accumulated remeasurement gains   | 11,079,505           | 8,923,565     |
|   | <b>\$637,913,721</b> | \$590,584,627 |

The accompanying notes are an integral part of the financial statements

**The Corporation of Norfolk County**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**Year ended December 31, 2021**

|  | Budget<br>2021       | 2021                 | 2020                 |
|--|----------------------|----------------------|----------------------|
| <i>(Note 17)</i>                                     |                      |                      |                      |
| <b>REVENUE</b>                                       |                      |                      |                      |
| Taxation   | <b>\$108,812,800</b> | <b>\$106,956,087</b> | \$100,217,962        |
| Government transfers - Federal ( <i>Note 11</i> )    | 7,195,100            | 8,512,271            | 8,894,682            |
| Government transfers - Provincial ( <i>Note 12</i> ) | 67,236,100           | 73,416,131           | 72,049,196           |
| Recoveries from other municipalities                 | 4,262,900            | 2,613,816            | 2,619,183            |
| User charges   | 32,748,100           | 32,264,540           | 31,208,177           |
| Other income ( <i>Note 13</i> )                      | 8,543,800            | 17,042,542           | 13,859,065           |
|  | <b>228,798,800</b>   | <b>240,805,387</b>   | 228,848,265          |
| <b>Expenses</b>                                      |                      |                      |                      |
| General government                                   | 22,121,045           | 19,211,806           | 18,044,798           |
| Protection services                                  | 20,987,734           | 19,582,585           | 19,789,699           |
| Transportation services                              | 36,461,150           | 33,253,042           | 32,251,686           |
| Environmental services                               | 29,784,525           | 28,954,907           | 33,373,099           |
| Health services                                      | 23,119,775           | 29,711,144           | 23,293,389           |
| Social and family services                           | 49,840,432           | 40,171,040           | 42,210,145           |
| Social housing                                       | 8,698,900            | 7,978,353            | 8,496,875            |
| Recreation and cultural services                     | 16,012,914           | 13,268,149           | 12,698,481           |
| Planning and development                             | 3,462,872            | 3,501,207            | 3,058,273            |
|  | <b>210,489,347</b>   | <b>195,632,233</b>   | 193,216,445          |
| <b>ANNUAL SURPLUS</b>                                | <b>\$ 18,309,453</b> | <b>45,173,154</b>    | 35,631,820           |
| <b>Accumulated surplus - beginning of year</b>       | <b>581,661,062</b>   | <b>581,661,062</b>   | 546,029,242          |
| <b>ACCUMULATED SURPLUS - END OF YEAR</b>             | <b>\$599,970,515</b> | <b>\$626,834,216</b> | <b>\$581,661,062</b> |

The accompanying notes are an integral part of the financial statements



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**The Corporation of Norfolk County**  
**Consolidated Statement of Remeasurement Gains and Losses**  
**As at December 31, 2021**

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|   | 2021                 | 2020                |
|---|----------------------|---------------------|
| <b>Accumulated remeasurement gains - beginning of year</b>        | <b>\$ 8,923,565</b>  | <b>\$ 6,862,980</b> |
| Unrealized gains attributed to:                                   |                      |                     |
| Investments   | 3,337,762            | 3,220,830           |
| Amounts reclassified to the Consolidated Statement of Operations: |                      |                     |
| Investments   | (1,181,822)          | (1,160,245)         |
| <b>Net remeasurement gains for the year</b>                       | <b>2,155,940</b>     | <b>2,060,585</b>    |
| <b>ACCUMULATED REMEASUREMENT GAINS - END OF YEAR</b>              | <b>\$ 11,079,505</b> | <b>\$ 8,923,565</b> |

The accompanying notes are an integral part of the financial statements



**The Corporation of Norfolk County**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year ended December 31, 2021**

|  | Budget<br>2021       | 2021                 | 2020                 |
|--|----------------------|----------------------|----------------------|
| (Note 17)  |                      |                      |                      |
| <b>ANNUAL SURPLUS</b>                              | <b>\$ 18,309,453</b> | <b>\$ 45,173,154</b> | <b>\$ 35,631,820</b> |
| Amortization of tangible capital assets            | 28,577,046           | 28,577,046           | 26,960,040           |
| Purchase of tangible capital assets                | (48,231,000)         | (46,364,462)         | (40,247,267)         |
| Proceeds on disposal of tangible capital assets    | -                    | 2,616,475            | 99,582               |
| Loss (gain) on disposal of assets                  | -                    | (2,294,048)          | 132,452              |
| Disposal of assets under construction              | -                    | -                    | 3,474,126            |
| Decrease (increase) in prepaid expenses            | -                    | (158,087)            | (165,308)            |
| Decrease (increase) in inventory                   | -                    | 206,822              | (788,658)            |
| Net remeasurement gains for the year               | -                    | 2,155,940            | 2,060,585            |
|  | <b>(19,653,954)</b>  | <b>(15,260,314)</b>  | <b>(8,474,448)</b>   |
| <b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b> | <b>(1,344,501)</b>   | <b>29,912,840</b>    | <b>27,157,372</b>    |
| Net financial assets (debt) - beginning of year    | 7,735,322            | 7,735,322            | (19,422,050)         |
| <b>NET FINANCIAL ASSETS - END OF YEAR</b>          | <b>\$ 6,390,821</b>  | <b>\$ 37,648,162</b> | <b>\$ 7,735,322</b>  |

The accompanying notes are an integral part of the financial statements

# The Corporation of Norfolk County

## Consolidated Statement of Cash Flow

Year ended December 31, 2021

|   | 2021                 | 2020          |
|---|----------------------|---------------|
| <b>OPERATING ACTIVITIES</b>                             |                      |               |
| Annual surplus  | \$ 45,173,154        | \$ 35,631,820 |
| Items not affecting cash:                               |                      |               |
| Amortization of tangible capital assets                 | 28,577,046           | 26,960,040    |
| Loss (gain) on disposal of assets                       | (2,294,048)          | 132,452       |
| Net remeasurement gains for the year                    | 2,155,940            | 2,060,585     |
|   | <b>73,612,092</b>    | 64,784,897    |
| Changes in non-cash working capital:                    |                      |               |
| Taxes receivable  | 370,313              | (873,993)     |
| Accounts receivable                                     | (1,095,558)          | (3,214,294)   |
| Land held for resale                                    | 3,474,126            | -             |
| Other financial assets                                  | (9,814)              | (4,456)       |
| Accounts payable  | 10,615,692           | 2,123,815     |
| Employee benefits liability                             | (838,022)            | 138,920       |
| Deferred revenue  | 7,218,941            | (355,176)     |
| Solid waste landfill closure and post-closure liability | (292,448)            | 3,777,921     |
| Prepaid expenses  | (158,087)            | (165,308)     |
| Inventory   | 206,822              | (788,658)     |
|   | <b>19,491,965</b>    | 638,771       |
| Cash flow from operating activities                     | <b>93,104,057</b>    | 65,423,668    |
| <b>CAPITAL ACTIVITIES</b>                               |                      |               |
| Acquisition of tangible capital assets                  | (46,364,462)         | (40,247,267)  |
| Proceeds from sale of tangible capital assets           | 2,616,475            | 99,582        |
| Cash flow used by capital activities                    | <b>(43,747,987)</b>  | (40,147,685)  |
| <b>FINANCING ACTIVITIES</b>                             |                      |               |
| Long-term debt issued                                   | -                    | 21,302,000    |
| Repayment of long-term debt                             | (6,818,928)          | (15,319,543)  |
| Cash flow from (used by) financing activities           | <b>(6,818,928)</b>   | 5,982,457     |
| <b>INCREASE IN CASH FLOW</b>                            | <b>42,537,142</b>    | 31,258,440    |
| Cash - beginning of year                                | <b>158,808,362</b>   | 127,549,922   |
| <b>CASH - END OF YEAR</b>                               | <b>\$201,345,504</b> | \$158,808,362 |
| <b>CASH CONSISTS OF:</b>                                |                      |               |
| Cash  | \$ 19,381,084        | \$ 13,027,598 |
| Investments   | 181,964,420          | 145,780,764   |
|   | <b>\$201,345,504</b> | \$158,808,362 |

The accompanying notes are an integral part of the financial statements

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# The Corporation of Norfolk County

## Notes to Consolidated Financial Statements

### Year ended December 31, 2021

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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 three 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.

(continues)

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# The Corporation of Norfolk County

## Notes to Consolidated Financial Statements

### Year ended December 31, 2021

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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 \$18,634,079 (2020 - \$20,793,302).

### (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 \$6,393,626 (2020 - \$6,368,138) 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, 2021

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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  |

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# The Corporation of Norfolk County

## Notes to Consolidated Financial Statements

### Year ended December 31, 2021

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

### Investments

Investments consist of authorized investments pursuant to provisions of the Municipal Act and comprise of government bonds, pooled investment funds, principal protected notes and short-term instruments of various financial institutions. Government bonds and principal protected notes are recorded at amortized cost. Pooled investment funds and short-term instruments are held in portfolios and are quoted in an active market. They are recorded at fair market value less any amounts written off to reflect a permanent decline in value.

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. Changes in the fair market value of pooled investments and short-term instruments are recognized in the statement of remeasurement gains and losses in the period in which they occur.

### 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.

### Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

### 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.

**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2021**

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**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, 2021, there is no liability recorded in the consolidated financial statements. The County will continue to review contaminated sites on an annual basis and when the criteria for recognition have been met, a liability will be recorded.

**4. INVESTMENTS**

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

|                               | <u>2021</u>           |                       | <u>2020</u>           |                       |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                               | Market value          | Carrying value        | Market value          | Carrying value        |
| Government bonds              | \$ 2,828,961          | <b>\$ 2,393,510</b>   | \$ 3,035,702          | \$ 2,406,803          |
| GICs and short-term savings   | 94,299,150            | <b>94,396,650</b>     | 25,227,387            | 25,227,387            |
| ONE Fund Investments          | 83,436                | <b>83,436</b>         | 41,579,026            | 41,579,026            |
| ONE Fund Investments - Legacy | 77,590,824            | <b>77,590,824</b>     | 76,226,774            | 76,226,774            |
| Principal protected notes     | 7,529,325             | <b>7,500,000</b>      | -                     | -                     |
| Other                         | -                     | -                     | 340,774               | 340,774               |
|                               | <b>\$ 182,331,696</b> | <b>\$ 181,964,420</b> | <b>\$ 146,409,663</b> | <b>\$ 145,780,764</b> |

**5. EMPLOYEE BENEFITS LIABILITY**

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

|  | 2021                 | 2020          |
|--|----------------------|---------------|
| Vested and non-vested sick leave             | \$ 2,105,544         | \$ 2,442,300  |
| Post-employment and post-retirement benefits | <b>5,611,584</b>     | 6,179,037     |
| Workers' compensation                        | <b>4,453,470</b>     | 4,387,283     |
|  | <b>\$ 12,170,598</b> | \$ 13,008,620 |

The County is also liable for accrued severances. These liabilities as at December 31, 2021, are \$1,666,114 (2020 - \$1,366,776) and are recorded in accounts payable.

(continues)

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**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2021**

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

a) *Liability for vested and non-vested sick leave*

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 \$77,002 (2020 - \$125,456).

A comprehensive actuarial evaluation for the vested and non-vested sick leave benefits liability was conducted as at December 31, 2020. The report included projections for the years 2021 to 2023.

b) *Liability for 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, 2020. The report included projections for the years 2021 to 2023.

Significant assumptions used in the actuarial evaluation are:

|  |       |
|--|-------|
| Discount rate  | 3.25% |
| Inflation rate   | 1.75% |
| Dental rate  | 3.75% |
| Future health cost rate:   |       |
| Escalate at 5.4167% for 2022 vs. 2021, reducing by 0.3333% per year to 3.75% in 2027 vs. 2026 and 3.75% per year thereafter. |       |

(continues)

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**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2021**

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

*c) Liability for 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, 2020. The report includes projections for the years 2021 to 2023.

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

|   |       |
|---|-------|
| Discount rate                                 | 2.75% |
| Inflation rate                                | 1.75% |
| Future cost of loss of earnings benefit       | 2.50% |
| Future cost of health benefits                | 3.75% |
| Future cost of full indexed survivor benefits | 1.75% |
| Future cost of non-economic loss benefits     | 1.75% |

The allowance for future mortality improvements is set as a 1.75% negative adjustment to the above net future cost benefit rates.

The County has established a reserve fund for WSIB costs, which has a balance of \$3,153,501 (2020 - \$2,990,292).

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 \$376,350 (2020 - \$402,892), which is to be shared with Norfolk County.

**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2021**

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**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<br>balance   | Contributions<br>received | Investment<br>income | Revenue<br>recognized  | Ending<br>balance    |
|---------------------|----------------------|---------------------------|----------------------|------------------------|----------------------|
| Recreational land   | \$ 421,231           | \$ 20,381                 | \$ 597               | \$ -                   | \$ 442,209           |
| Building permits    | 2,299,706            | 779,718                   | 3,267                | (154,305)              | 2,928,386            |
| Development charges | 9,730,586            | 5,852,557                 | 16,879               | (1,861,655)            | 13,738,367           |
| Provincial OCIF     | 3,395,738            | 2,557,331                 | 5,324                | (3,134,097)            | 2,824,296            |
| Provincial gas tax  | 189,310              | 244,393                   | 497                  | (107,300)              | 326,900              |
| Federal gas tax     | 11,609,713           | 7,967,564                 | 18,903               | (5,504,699)            | 14,091,481           |
| Other               | 1,193,037            | 644,716                   | 187                  | (131,317)              | 1,706,623            |
|                     | <b>\$ 28,839,321</b> | <b>\$ 18,066,660</b>      | <b>\$ 45,654</b>     | <b>\$ (10,893,373)</b> | <b>\$ 36,058,262</b> |

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**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2021**

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**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 \$21,559,253. 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 94 years for Tom Howe landfill site and 76 years for Canborough landfill site.

Key assumptions in determining the liability at December 31, 2021, for the sites are as follows:

|  |          |
|--|----------|
| Inflation rate   | 2.0%     |
| Discount rate  | 4.0%     |
| Estimated time for post-closure site rehabilitation and monitoring |          |
| - Tom Howe landfill site   | 94 years |
| - Canborough landfill site   | 76 years |

|  | 2021                 | 2020                 |
|--|----------------------|----------------------|
| Capital costs upon closure                         | \$ 459,283           | \$ 657,373           |
| Closed landfill site rehabilitation and monitoring | 21,099,970           | 21,194,328           |
|  | <b>\$ 21,559,253</b> | <b>\$ 21,851,701</b> |

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**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2021**

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**8. LONG-TERM LIABILITIES**

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

|  | <b>2021</b>          | <b>2020</b>          |
|--|----------------------|----------------------|
| Total long-term liabilities issued or assumed by the municipality and outstanding at the end of the year amounts to: | <b>\$ 75,148,980</b> | \$ 81,584,355        |
| Total long-term loans from reserve funds and outstanding at the end of the year amounted to:                         | -                    | 383,553              |
|  | <b>\$ 75,148,980</b> | <b>\$ 81,967,908</b> |

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

|            |                             |
|------------|-----------------------------|
| 2022       | <b>\$ 6,516,633</b>         |
| 2023       | <b>6,603,363</b>            |
| 2024       | <b>6,254,949</b>            |
| 2025       | <b>5,562,297</b>            |
| 2026       | <b>4,303,193</b>            |
| Thereafter | <b><u>45,908,545</u></b>    |
|            | <b><u>\$ 75,148,980</u></b> |

The above long-term liabilities have maturity dates ranging from 2022 to 2040 with interest rates varying between 0.50% 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, 2021

### 9. TANGIBLE CAPITAL ASSETS

|  | Land         | Buildings and<br>improvements | structures    | Infrastructure | Vehicles,<br>machinery and<br>equipment | Assets<br>under<br>construction | 2021                   |
|--|--------------|-------------------------------|---------------|----------------|---|---------------------------------|------------------------|
| Cost, beginning of year                        | \$13,408,660 | \$ 31,534,660                 | \$172,633,635 | \$671,465,140  | \$ 64,890,150                           | \$50,284,717                    | <b>\$1,004,216,962</b> |
| Additions                                      | 476,556      | 232,567                       | 453,897       | 32,340,376     | 3,653,126                               | 46,364,462                      | <b>83,520,984</b>      |
| Disposals                                      | (153,279)    | -                             | -             | (601,007)      | (3,192,507)                             | -                               | <b>(3,946,793)</b>     |
| Transfer to capital assets                     | -            | -                             | -             | -              | -                                       | (37,156,522)                    | <b>(37,156,522)</b>    |
| Cost, end of year                              | 13,731,937   | 31,767,227                    | 173,087,532   | 703,204,509    | 65,350,769                              | 59,492,657                      | <b>1,046,634,631</b>   |
| Accumulated amortization,<br>beginning of year | -            | 15,794,877                    | 76,943,686    | 287,774,110    | 43,478,194                              | -                               | <b>423,990,867</b>     |
| Amortization                                   | -            | 566,597                       | 5,832,342     | 17,038,674     | 5,139,433                               | -                               | <b>28,577,046</b>      |
| Disposals                                      | -            | -                             | -             | (440,331)      | (3,184,034)                             | -                               | <b>(3,624,365)</b>     |
| Accumulated amortization,<br>end of year       | -            | 16,361,474                    | 82,776,028    | 304,372,453    | 45,433,593                              | -                               | <b>448,943,548</b>     |
| Net carrying amount,<br>end of year            | \$13,731,937 | \$ 15,405,753                 | \$ 90,311,504 | \$398,832,056  | \$ 19,917,176                           | \$59,492,657                    | <b>\$ 597,691,083</b>  |

(continues)

**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2021**

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

|  | Land         | Buildings and<br>improvements | Structures    | Infrastructure | Vehicles,<br>machinery and<br>equipment | Assets<br>under<br>construction | 2020           |
|--|--------------|-------------------------------|---------------|----------------|---|---------------------------------|----------------|
|  |              |                               |               |                |   |                                 |                |
| Cost, beginning of year                        | \$13,398,844 | \$ 31,473,132                 | \$171,446,095 | \$642,530,600  | \$ 62,700,842                           | \$47,715,700                    | \$ 969,265,213 |
| Additions                                      | 9,816        | 61,528                        | 1,250,943     | 29,471,428     | 3,410,410                               | 40,247,268                      | 74,451,393     |
| Disposals                                      | -            | -                             | (63,403)      | (536,888)      | (1,221,102)                             | (3,474,126)                     | (5,295,519)    |
| Transfer to capital assets                     | -            | -                             | -             | -              | -                                       | (34,204,125)                    | (34,204,125)   |
| Cost, end of year                              | 13,408,660   | 31,534,660                    | 172,633,635   | 671,465,140    | 64,890,150                              | 50,284,717                      | 1,004,216,962  |
| Accumulated amortization,<br>beginning of year | -            | 15,233,624                    | 71,230,750    | 272,012,589    | 40,143,223                              | -                               | 398,620,186    |
| Amortization                                   | -            | 561,253                       | 5,756,916     | 16,089,888     | 4,551,983                               | -                               | 26,960,040     |
| Disposals                                      | -            | -                             | (43,980)      | (328,367)      | (1,217,012)                             | -                               | (1,589,359)    |
| Accumulated amortization,<br>end of year       | -            | 15,794,877                    | 76,943,686    | 287,774,110    | 43,478,194                              | -                               | 423,990,867    |
| Net carrying amount,<br>end of year            | \$13,408,660 | \$ 15,739,783                 | \$ 95,689,949 | \$383,691,030  | \$ 21,411,956                           | \$50,284,717                    | \$ 580,226,095 |

**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2021**

**10. ACCUMULATED OPERATING SURPLUS**

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

|   | 2021                  | 2020           |
|---|-----------------------|----------------|
| Investment in tangible capital assets     | \$ 597,691,083        | \$ 580,226,095 |
| Long-term liabilities                     | (75,148,980)          | (81,967,908)   |
| Unfinanced capital                        | (21,554,253)          | (7,982,580)    |
| Net investment in tangible capital assets | <b>500,987,850</b>    | 490,275,607    |
| Operating surplus                         | 14,219,715            | 10,650,378     |
| Water surplus                             | 1,051,346             | 1,161,090      |
| Wastewater surplus                        | 248,221               | 562,857        |
|   | <b>15,519,282</b>     | 12,374,325     |
| Business Improvement Areas                |                       |                |
| Delhi BIA surplus                         | 37,234                | 31,725         |
| Simcoe BIA surplus                        | 137,999               | 16,940         |
|   | <b>175,233</b>        | 48,665         |
| Reserves                                  |                       |                |
| Contingencies                             | 8,188,223             | 2,503,229      |
| Council initiative                        | 1,270,194             | 1,148,636      |
| Capital purposes                          | 17,926,117            | 1,916,789      |
| Other                                     | 3,427,185             | 1,699,193      |
|   | <b>30,811,719</b>     | 7,267,847      |
| Reserve funds                             |                       |                |
| Capital replacement - wastewater          | 16,278,427            | 13,913,000     |
| Capital replacement - water               | 15,300,632            | 15,046,186     |
| Waste management                          | (526)                 | (1,036,716)    |
| WSIB                                      | 3,153,501             | 2,990,292      |
| Legacy Fund                               | 66,511,319            | 64,803,208     |
| Other                                     | 5,171,074             | 4,406,216      |
|   | <b>106,414,427</b>    | 100,122,186    |
| Unfunded liabilities                      |                       |                |
| Solid waste landfill liability            | (21,559,253)          | (21,851,701)   |
| Post employment benefits liability        | (3,647,530)           | (4,703,067)    |
| Non-vested sick leave liability           | (1,867,512)           | (1,872,800)    |
|   | <b>(27,074,295)</b>   | (28,427,568)   |
|   | <b>\$ 626,834,216</b> | \$ 581,661,062 |

**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2021**

**11. GOVERNMENT TRANSFERS - FEDERAL**

|                         | <b>Budget<br/>(Note 17)</b> | <b>2021</b>         | <b>2020</b>         |
|-------------------------|-----------------------------|---------------------|---------------------|
| Operating               |                             |                     |                     |
| Conditional             | \$ 87,100                   | \$ 748,950          | \$ 321,989          |
| Capital                 |                             |                     |                     |
| Infrastructure funding  | -                           | 2,277,525           | 1,282,414           |
| Federal gas tax revenue | 7,108,000                   | 5,485,796           | 7,290,279           |
|                         | <b>\$ 7,195,100</b>         | <b>\$ 8,512,271</b> | <b>\$ 8,894,682</b> |

**12. GOVERNMENT TRANSFERS - PROVINCIAL**

|                                    | <b>Budget<br/>(Note 17)</b> | <b>2021</b>          | <b>2020</b>          |
|------------------------------------|-----------------------------|----------------------|----------------------|
| Operating                          |                             |                      |                      |
| Ontario Municipal Partnership Fund | \$ 6,135,800                | \$ 6,135,800         | \$ 6,133,000         |
| Conditional                        | 56,945,300                  | 61,934,366           | 60,900,377           |
| Capital                            |                             |                      |                      |
| Infrastructure funding             | 4,155,000                   | 5,239,163            | 4,914,990            |
| Provincial gas tax revenue         | -                           | 106,802              | 100,829              |
|                                    | <b>\$ 67,236,100</b>        | <b>\$ 73,416,131</b> | <b>\$ 72,049,196</b> |

**13. OTHER INCOME**

|  | <b>Budget<br/>(Note 17)</b> | <b>2021</b>          | <b>2020</b>          |
|--|-----------------------------|----------------------|----------------------|
| Licenses, permits, rents and concessions           | \$ 4,324,400                | \$ 4,834,462         | \$ 3,929,924         |
| Provincial offences and other fines                | 708,600                     | 600,575              | 489,850              |
| Penalties and interest on taxes                    | 1,000,000                   | 1,152,123            | 1,337,709            |
| Investment income                                  | 1,102,000                   | 5,428,625            | 4,729,866            |
| Developer contributions                            | 1,011,000                   | 1,891,418            | 3,209,517            |
| Gain (loss) on disposal of tangible capital assets | -                           | 2,294,047            | (132,453)            |
| Donations  | 397,800                     | 841,292              | 294,652              |
|  | <b>\$ 8,543,800</b>         | <b>\$ 17,042,542</b> | <b>\$ 13,859,065</b> |

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# The Corporation of Norfolk County

## Notes to Consolidated Financial Statements

### Year ended December 31, 2021

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#### 14. CONTRACTUAL OBLIGATIONS

a) *Ontario Clean Water Agency*

Norfolk County has entered into an agreement with Ontario Clean Water Agency for the operation and maintenance of the County's wastewater treatment facilities and pumping stations. The term of the agreement commenced on October 1, 2021 and expires September 30, 2026 and is subject to two additional terms of up to 2 years for each term at the sole option of the County.

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 2024. The annual cost of this contract for 2021 was \$13,339,513 (2020 - \$13,023,754).

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 2021 for this contract was \$1,003,432 (2020 - \$821,761).

e) *Hospital pledge*

Included in accounts payable is a pledge to Norfolk General Hospital for \$3,000,000 (2020 - \$2,500,000). The total amount pledged to the hospital of \$5,000,000 is being recognized at \$500,000 per year over 10 years and is being funded from the Legacy Fund.

#### 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 2021 was \$4,642,618 (2020 - \$4,954,017). 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.

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**The Corporation of Norfolk County**  
**Notes to Consolidated Financial Statements**  
**Year ended December 31, 2021**

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**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 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 \$25,000,000 with the exception of certain environmental liability claims, should such claims arise.

At December 31, 2021, 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 fund has been established by Norfolk County (post restructuring), which has a balance at December 31, 2021 of \$2,523,325 (2020 - \$1,860,644).

**17. BUDGET FIGURES**

The operating and capital 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 in accordance with the Municipal Act, 2001 on a modified accrual basis while public sector accounting standards require a full accrual basis to be used for financial statements. The budget figures anticipated contributing to the accumulated surplus allowing Norfolk County to reserve funds for future obligations. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the "Consolidated Statement of Operations" represents the budget adopted by Council with adjustments as follows:

|   | <b>2021</b>          |
|---|----------------------|
| Operating and capital budget surplus for the year adopted by Council                            | \$ -                 |
| Add:  |                      |
| Budgeted transfers to the capital fund for tangible capital asset purchases                     | 2,268,000            |
| Budgeted transfers to reserves and reserve funds  | 26,562,499           |
| Principal payments on debt  | 10,814,300           |
| Budgeted use of deferred revenue for tangible capital asset purchases                           | 12,244,000           |
| Budgeted use of user charges and donations directly related to tangible capital asset purchases | 297,000              |
| Less:   |                      |
| Amortization  | (28,577,046)         |
| Budgeted transfers from reserves and reserve funds  | (5,299,300)          |
| Budget surplus per "Consolidated Statement of Operations"                                       | <b>\$ 18,309,453</b> |

**18. COMPARATIVE FIGURES**

Certain prior year figures have been adjusted to conform with the 2021 financial statement presentation.

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# The Corporation of Norfolk County

## Notes to Consolidated Financial Statements

### Year ended December 31, 2021

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#### 19. FINANCIAL INSTRUMENTS

The Corporation is exposed to various risks through its financial instruments and continues to monitor, evaluate and manage these risks. The following analysis provides information about the Corporation's risk exposure and concentration as of December 31, 2021.

##### **(a) Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Corporation is exposed to credit risk from customers and taxpayers. In order to reduce its credit risk, an allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Corporation has a significant number of customers and taxpayers which minimizes concentration of credit risk.

##### **(b) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, contributions to the pension plan, and accounts payable.

##### **(c) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Corporation is mainly exposed to interest rate risk and other price risk.

##### **(d) Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Corporation manages exposure through its normal operating and financing activities.

##### **(e) Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Corporation is exposed to other price risk through its investment in pooled investments.

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant other financial risks arising from these financial instruments.

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# The Corporation of Norfolk County

## Notes to Consolidated Financial Statements

### Year ended December 31, 2021

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#### 20. COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at issuance of the financial statements, the Corporation is aware of changes in its operations as a result of the COVID-19 crisis, including the closure of its offices.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the Corporation's operations as at the date of these financial statements.

#### 21. 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 that 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 include fire, police, conservation authority, protection inspection and control, emergency measures, and the 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**

The environmental services include sanitary sewer systems, storm sewer systems, waterworks systems, waste collection and disposal, recycling and administration.

##### **Social and family services**

The social and family services include general assistance for Ontario Works, assistance to aged persons for Norview Lodge, and child care.

##### **Other services**

Other services include general government, health services, social housing, recreation and cultural services and planning and development.

*(continues)*

# The Corporation of Norfolk County

## Notes to Consolidated Financial Statements

Year ended December 31, 2021

### 21. SEGMENTED INFORMATION (continued)

|  | Protection services | Transportation services | Environmental services | Social and family services | Other services  | 2021            |
|--|---------------------|-------------------------|------------------------|----------------------------|-----------------|-----------------|
| <b>Revenue</b>   |                     |                         |                        |                            |                 |                 |
| Government transfers   | \$ 409,298          | \$ 4,086,352            | \$ 910,386             | \$ 30,660,397              | \$ 45,861,969   | \$ 81,928,402   |
| User charges   | 258,932             | 285,185                 | 25,194,690             | 4,558,244                  | 1,967,489       | 32,264,540      |
| Other revenue [1]  | 3,676,035           | 1,671,352               | 2,968,420              | 802,399                    | 10,538,152      | 19,656,358      |
|  | 4,344,265           | 6,042,889               | 29,073,496             | 36,021,040                 | 58,367,610      | 133,849,300     |
| <b>Expenses</b>  |                     |                         |                        |                            |                 |                 |
| Salaries, wages and benefits   | 3,956,362           | 7,702,514               | 4,088,719              | 18,271,616                 | 38,499,978      | 72,519,189      |
| Materials  | 566,658             | 4,321,110               | 1,402,070              | 1,923,990                  | 6,401,773       | 14,615,601      |
| Contracted services  | 13,829,904          | 4,653,807               | 12,431,749             | 1,564,608                  | 6,681,514       | 39,161,582      |
| External transfers   | 2,000               | -                       | 1,843,848              | 17,242,163                 | 14,933,708      | 34,021,719      |
| Financial expenses   | 140,283             | 332,439                 | 688,538                | 44,222                     | 3,269,281       | 4,474,763       |
| Interest on long-term liabilities  | 2,844               | 641,622                 | 965,958                | 392,509                    | 259,400         | 2,262,333       |
| Amortization   | 1,084,534           | 15,601,550              | 7,534,025              | 731,932                    | 3,625,005       | 28,577,046      |
|  | 19,582,585          | 33,253,042              | 28,954,907             | 40,171,040                 | 73,670,659      | 195,632,233     |
| <b>Deficiency of revenue over expenses for the year financed by net municipal levy</b> |                     |                         |                        |                            |                 |                 |
|  | \$ (15,238,320)     | \$ (27,210,153)         | \$ 118,589             | \$ (4,150,000)             | \$ (15,303,049) | \$ (61,782,933) |
| <b>Taxation revenue</b>  |                     |                         |                        |                            |                 |                 |
|  |                     |                         |                        |                            |                 | 106,956,087     |
| <b>Annual surplus</b>  |                     |                         |                        |                            |                 |                 |
|  |                     |                         |                        |                            |                 | \$ 45,173,154   |

[1] 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, 2021

### 21. SEGMENTED INFORMATION (continued)

|  | Protection services | Transportation services | Environmental services | Social and family services | Other services  | 2020            |
|--|---------------------|-------------------------|------------------------|----------------------------|-----------------|-----------------|
| <b>Revenue</b>   |                     |                         |                        |                            |                 |                 |
| Government transfers   | \$ 317,002          | \$ 4,539,173            | \$ 1,461,964           | \$ 32,672,210              | \$ 41,953,529   | \$ 80,943,878   |
| User charges   | 238,514             | 357,424                 | 23,731,960             | 4,649,359                  | 2,230,920       | 31,208,177      |
| Other revenue [1]  | 2,654,769           | 1,165,217               | 2,597,569              | 807,726                    | 9,252,967       | 16,478,248      |
|  | 3,210,285           | 6,061,814               | 27,791,493             | 38,129,295                 | 53,437,416      | 128,630,303     |
| <b>Expenses</b>  |                     |                         |                        |                            |                 |                 |
| Salaries, wages and benefits   | 4,145,869           | 8,007,091               | 3,838,961              | 18,730,871                 | 36,781,222      | 71,504,014      |
| Materials  | 564,194             | 3,658,264               | 1,480,306              | 2,187,051                  | 6,140,327       | 14,030,142      |
| Contracted services  | 13,883,517          | 5,044,838               | 16,498,453             | 1,488,695                  | 5,876,759       | 42,792,262      |
| External transfers   | -                   | -                       | 2,128,916              | 18,493,853                 | 11,029,692      | 31,652,461      |
| Financial expenses   | 78,357              | 508,956                 | 874,492                | 82,534                     | 2,157,769       | 3,702,108       |
| Interest on long-term liabilities  | 8,077               | 527,558                 | 1,276,610              | 490,134                    | 273,039         | 2,575,418       |
| Amortization   | 1,109,685           | 14,504,979              | 7,275,361              | 737,007                    | 3,333,008       | 26,960,040      |
|  | 19,789,699          | 32,251,686              | 33,373,099             | 42,210,145                 | 65,591,816      | 193,216,445     |
| <b>Deficiency of revenue over expenses for the year financed by net municipal levy</b> |                     |                         |                        |                            |                 |                 |
|  | \$ (16,579,414)     | \$ (26,189,872)         | \$ (5,581,606)         | \$ (4,080,850)             | \$ (12,154,400) | \$ (64,586,142) |
| <b>Taxation revenue</b>  |                     |                         |                        |                            | 100,217,962     |                 |
| <b>Annual surplus</b>  |                     |                         |                        |                            | \$ 35,631,820   |                 |

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

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# The Corporation of Norfolk County

## Library Division - Schedule of Operations

Year ended December 31, 2021

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|  | 2021                  | 2020                  |
|--|-----------------------|-----------------------|
| <b>REVENUE</b>   |                       |                       |
| Government transfers   | \$ 149,513            | \$ 121,299            |
| Fees and service charges   | 27,131                | 20,834                |
| Other revenue  | 109,658               | 62,743                |
|  | <b>286,302</b>        | <b>204,876</b>        |
| <b>Expenses</b>  |                       |                       |
| Salaries, wages and benefits   | 1,721,798             | 1,646,476             |
| Materials and supplies   | 164,533               | 174,157               |
| Services   | 248,946               | 236,426               |
| External transfers   | 1,950                 | -                     |
| Interdepartmental charges and interest   | 177,204               | 186,080               |
| Amortization   | 454,371               | 325,052               |
|  | <b>2,768,802</b>      | <b>2,568,191</b>      |
| <b>Deficiency of revenue over expenses before undernoted items</b>                         | <b>(2,482,500)</b>    | <b>(2,363,315)</b>    |
| Transfer from reserves   | (56,082)              | (78,933)              |
| Transfer to reserves   | 316,000               | 314,500               |
| Debt principal repayments  | 111,005               | 160,396               |
|  | <b>370,923</b>        | <b>395,963</b>        |
| <b>DEFICIENCY OF REVENUE OVER EXPENSES FOR THE<br/>YEAR FINANCED BY NET MUNICIPAL LEVY</b> | <b>\$ (2,853,423)</b> | <b>\$ (2,759,278)</b> |

The above financial information is included in the *Consolidated Financial Statements* of Norfolk County.

The accompanying notes are an integral part of the financial statements

**The Corporation of Norfolk County**  
**Museum Division - Schedule of Operations**  
**Year ended December 31, 2021**

|  | 2021                | 2020                |
|--|---------------------|---------------------|
| <b>REVENUE</b>   |                     |                     |
| Government transfers   | \$ 68,780           | \$ 49,764           |
| Fees and service charges   | 22,833              | 50,258              |
|  | <b>91,613</b>       | <b>100,022</b>      |
| <b>Expenses</b>  |                     |                     |
| Salaries, wages and benefits   | 491,288             | 456,720             |
| Materials and supplies   | 136,344             | 74,945              |
| Services   | 41,410              | 41,883              |
| Interdepartmental charges and interest   | 43,774              | 44,571              |
| Amortization   | 126,961             | 116,164             |
|  | <b>839,777</b>      | <b>734,283</b>      |
| <b>Deficiency of revenue over expenses before undenoted items</b>                          | <b>(748,164)</b>    | <b>(634,261)</b>    |
| Transfer from reserves   | (221)               | -                   |
| Transfer to reserves   | -                   | 33,126              |
| Debt principal repayments  | 36,849              | 32,775              |
|  | <b>36,628</b>       | <b>65,901</b>       |
| <b>DEFICIENCY OF REVENUE OVER EXPENSES FOR THE<br/>YEAR FINANCED BY NET MUNICIPAL LEVY</b> | <b>\$ (784,792)</b> | <b>\$ (700,162)</b> |

The above financial information is included in the *Consolidated Financial Statements* of Norfolk County.

The accompanying notes are an integral part of the financial statements