

CORPORATION OF THE TOWNSHIP OF ZORRA
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

**CORPORATION OF THE TOWNSHIP OF ZORRA
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Township of Zorra

Opinion

We have audited the accompanying consolidated financial statements of the Corporation of the Township of Zorra (the "Township"), which comprise the Consolidated Statement of Financial Position as at December 31, 2022, and Consolidated Statements of Operations and Accumulated Surplus, Cash Flows and Change in Net Financial Assets for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Corporation of the Township of Zorra as at December 31, 2022 and its financial performance and its cash flows and change in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

Basis of 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 Financial Statements section of our report. We are independent of the Township 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these 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 Township'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 Township or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the 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 Township'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 Township'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 Township 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.

September 6, 2023
London, Canada

Scrimgeour & Company

LICENSED PUBLIC ACCOUNTANT

**CORPORATION OF THE TOWNSHIP OF ZORRA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022**

	2022	2021
FINANCIAL ASSETS		
Cash	\$ 8,101,584	\$ 7,690,752
Taxes receivable	1,617,747	1,123,845
Drains receivable	863,726	722,435
Accounts receivable	5,339,588	1,985,329
Inventories for resale	3,100	3,100
Land held for resale (note 13)	106,380	3,428,937
Investment in EARTH Corporation (note 9)	2,730,214	2,580,869
	18,762,339	17,535,267
LIABILITIES		
Temporary capital financing (note 15)	7,170,764	6,675,445
Accounts payable and accrued liabilities	3,922,664	3,389,634
Deferred revenue (note 6)	1,554,805	1,278,803
Net long-term liabilities (note 7)	3,412,516	4,131,843
	16,060,749	15,475,725
NET FINANCIAL ASSETS	2,701,590	2,059,542
NON-FINANCIAL ASSETS (note 1.e)		
Tangible capital assets - Schedule 1	37,772,064	36,476,345
Capital work in progress	9,815,848	4,980,656
Prepaid supplies and inventory	1,122,229	814,580
	48,710,141	42,271,581
ACCUMULATED SURPLUS (note 8)	\$ 51,411,731	\$ 44,331,123

The accompanying notes are an integral part of the financial statements

**CORPORATION OF THE TOWNSHIP OF ZORRA
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget 2022	Actual 2022	Actual 2021
REVENUE			
Property taxation	\$ 9,602,949	\$ 9,688,155	\$ 9,024,877
User charges	788,511	1,218,354	913,556
Government grants	1,537,056	1,574,725	1,684,210
Investment income	121,700	293,878	164,898
Penalty and interest on taxes	148,000	208,034	164,634
Other revenue	272,000	250,957	34,371
	12,470,216	13,234,103	11,986,546
EXPENDITURES			
General government	1,322,329	1,381,670	1,195,163
Protection to persons and property	2,475,971	2,544,511	2,429,472
Transportation services	2,986,632	4,532,756	4,166,457
Environmental services	5,313	14,443	6,108
Health services	132,573	154,931	156,966
Recreation and cultural development	2,118,915	1,777,928	1,597,053
Planning and development	108,732	128,905	137,688
	9,150,465	10,535,144	9,688,907
EXCESS OF REVENUE OVER EXPENDITURES BEFORE OTHER	3,319,751	2,698,959	2,297,639
OTHER			
Government transfers related to capital	229,228	448,162	98,828
Increase in investment in EARTH Corporation (note 9)	-	149,345	159,088
Gain (loss) on disposal of capital assets (note 13)	-	3,506,774	(87,736)
Developer and other contributions related to capital	884,000	277,368	2,029,406
	1,113,228	4,381,649	2,199,586
EXCESS OF REVENUE OVER EXPENDITURES	4,432,979	7,080,608	4,497,225
ACCUMULATED SURPLUS, BEGINNING OF YEAR	44,331,123	44,331,123	39,833,898
ACCUMULATED SURPLUS, END OF YEAR	\$ 48,764,102	\$ 51,411,731	\$ 44,331,123

The accompanying notes are an integral part of the financial statements

**CORPORATION OF THE TOWNSHIP OF ZORRA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	2022	2021
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING ACTIVITIES		
Excess of revenue over expenditures (page 4)	\$ 7,080,608	\$ 4,497,225
Non-cash changes to operations		
Amortization	1,609,123	1,474,565
Net disposal of tangible capital assets	117,029	135,044
(Increase) decrease in investment in EARTH Corporation	(149,345)	(159,088)
Net change in working capital other than cash (A)	(3,180,420)	1,345,454
	5,476,995	7,293,200
INVESTING ACTIVITIES		
Acquisition of tangible capital assets	(3,021,871)	(4,239,509)
Decrease (increase) in capital work in progress	(4,835,192)	(4,629,896)
(Acquisition) disposal of land held for resale	3,322,557	627,429
Decrease (increase) in prepaid supplies and inventory	(307,649)	102,837
	(4,842,155)	(8,139,139)
FINANCING ACTIVITIES		
Temporary capital financing advance (repayment)	495,319	4,568,668
Net change in long-term debt	(719,327)	(714,927)
	(224,008)	3,853,741
Net change in cash and cash equivalents, during the year	410,832	3,007,802
Cash and cash equivalents, beginning of year	7,690,752	4,682,950
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 8,101,584	\$ 7,690,752

(A) Net change in working capital other than cash includes the net change in taxes receivable, drains receivable, accounts receivable, accounts payable and accrued liabilities and deferred revenue.

The accompanying notes are an integral part of the financial statements

**CORPORATION OF THE TOWNSHIP OF ZORRA
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budget 2022	Actual 2022	Actual 2021
Excess of revenue over expenditures (page 4)	\$ 4,432,979	\$ 7,080,608	\$ 4,497,225
Amortization of tangible capital assets	-	1,609,123	1,474,565
Acquisition of tangible capital assets	(4,284,059)	(3,021,871)	(4,239,509)
Net disposal of tangible capital assets	-	117,029	135,044
Decrease (increase) in capital work in progress	-	(4,835,192)	(4,629,896)
Decrease (increase) in prepaid supplies and inventory	-	(307,649)	102,837
Increase in net financial assets	148,920	642,048	(2,659,734)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	2,059,542	2,059,542	4,719,276
NET FINANCIAL ASSETS, END OF YEAR	\$ 2,208,462	\$ 2,701,590	\$ 2,059,542

The accompanying notes are an integral part of the financial statements

**CORPORATION OF THE TOWNSHIP OF ZORRA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

The Corporation of the Township of Zorra (the "Township") is a Township in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

1. Significant accounting policies

The consolidated financial statements of the Township are prepared by management in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Township are as follows:

a. Basis of consolidation

These consolidated financial statements reflect the assets, liabilities, operating revenue and expenditures and accumulated surpluses and changes in investment in tangible capital assets of the Township.

These consolidated financial statements include the activities of all other committees of Council including the Zorra Recreation Advisory Committee and the Village of Embro Cemetery Board.

The investment in a government business enterprise, ERTH Corporation (ERTH), is accounted for using the modified equity basis of accounting. Under this method, the government business enterprise's accounting policies, which follow International Financial Reporting Standards (IFRS) as modified by regulations and policies set forth in the Ontario Energy Board Accounting Procedures Handbook, are not adjusted to conform with Canadian public sector accounting standards and inter-entity transactions and balances are not eliminated.

b. Revenue recognition

Revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Government grants and transfers are recognized in the consolidated 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 determined.

c. Accounting for County and School Board transactions

The Township is required to bill, collect and remit provincial education and upper tier taxation in respect of residential and other properties on behalf of the School Boards and County of Oxford. The Township has no jurisdiction or control over the School Board or upper tier's operations or their tax rate. The taxation, other revenue, expenditures, assets and liabilities with respect to the operations of the School Boards, and the County of Oxford are not reflected in these consolidated financial statements.

d. Trust fund

The Corporation of the Township of Zorra Trust Fund (the "Trust") and its related operations administered by the Township are not consolidated, but are reported separately on the Trust's Statements of Financial Position and Operations.

**CORPORATION OF THE TOWNSHIP OF ZORRA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

1. Significant accounting policies continued

e. Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenue over expenditures, provides the consolidated change in financial assets for the year.

The Township's non-financial assets consist of tangible capital assets. Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	15 to 30 years
Buildings and fixtures	40 years
Machinery and equipment	10 to 20 years
Automotive	5 to 20 years
Infrastructure - Bridges	60 years
Infrastructure - Roads	10 to 20 years
Infrastructure - Other	25 to 30 years

Tangible capital assets received as contributions are recorded at their fair value at the date of the receipt. The fair value is also recorded as contributed revenue.

f. Deferred revenue

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs, in the completion of specific work or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenditures are incurred, services performed or the tangible capital assets are acquired.

g. Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**CORPORATION OF THE TOWNSHIP OF ZORRA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

1. Significant accounting policies continued

h. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expense as incurred.

i. Financial instruments

Financial instruments of the Township consist mainly of cash, short-term investments, accounts receivable and taxes receivable. The carrying values of these financial assets approximate their fair values unless otherwise disclosed.

j. Prepaid supplies and inventory

Inventory of supplies for consumption are valued at the lower of cost or replacement cost. Gravel inventory is determined per tonne and includes raw material, extraction and crushing costs.

2. Tax revenue

Property tax billings are prepared by the Township based on an assessment roll prepared by the Municipal Property Assessment Corporation. All assessed property values in the Township were reviewed and new values established based on a common valuation date which was used by the Township in computing the 2022 property tax bills. Property tax revenue and tax receivables are subject to appeals which may not have been heard yet. Any supplementary billing adjustments made necessary by the determination of such appeals will be recognized in the fiscal year they are determined and the effect shared with the County of Oxford and the appropriate school boards.

3. Trust fund

Trust fund administered by the Township amounting to \$127,976 (2021 - \$124,190) has not been included in these consolidated financial statements.

4. Operations of School Boards and the County of Oxford

Further to note 1.c, the taxation revenue of the school boards and County of Oxford are comprised of the following:

	School Boards	County
Taxation and user charges	\$ 3,732,469	\$ 7,236,047
Requisitions	\$ 3,732,469	\$ 7,236,047

**CORPORATION OF THE TOWNSHIP OF ZORRA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

5. Pension agreements

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

The amount contributed to OMERS for 2022 was \$244,397 (2021 - \$211,447) for current service and is included as an expenditure on the Consolidated Statement of Operations and Accumulated Surplus. The Township has no obligation, as of December 31, 2022, under the past service provisions. The OMERS funding ratio for 2022 is 95% (2021 - 97%).

6. Deferred revenue - obligatory reserve funds

A requirement of the Canadian public sector accounting standards is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the Township are summarized as follows:

	2022	2021
Development charges	\$ 669,415	\$ 204,331
Federal gas tax	672,496	659,742
Recreational land	58,012	52,463
Other	154,882	362,267
	\$ 1,554,805	\$ 1,278,803

**CORPORATION OF THE TOWNSHIP OF ZORRA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

7. Long-term liabilities

a. Composition of long-term liabilities

The balance of long-term liabilities reported on the Consolidated Statement of Financial Position is made up of the following:

	2022	2021
Total long-term liabilities incurred by the Township including those incurred on behalf of school boards, other municipalities and municipal enterprises and outstanding at the end of the year amount to	\$ 3,427,963	\$ 4,170,833
Of the long-term liabilities shown above, the responsibility for payment of principal and interest charges for tile drain loan has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	(15,447)	(38,990)
	\$ 3,412,516	\$ 4,131,843

b. Debt retirement

Debt to be retired over the next five years will be recovered from general taxation and user charges and is as follows:

2023	\$ 661,942
2024	\$ 654,683
2025	\$ 541,193
2026	\$ 520,189
2027	\$ 298,498

c. Approval

Approval of the Ontario Municipal Board has been obtained for those pending issues of long-term liabilities and commitments to be financed by revenue beyond the term of Council and approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The principal and interest payments required to service these pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs.

**CORPORATION OF THE TOWNSHIP OF ZORRA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

7. Long-term liabilities continued

d. Contingent liability

The Township is contingently liable for long-term liabilities with respect to tile drainage loans, and for those for which the principal and interest have been assumed by other municipalities, school board and unconsolidated local boards, municipal enterprises, and utilities. The total amount outstanding as at December 31, 2022 is \$15,447 (2021 - \$38,990) and is not recorded on the Consolidated Statement of Financial Position.

e. Interest

Interest paid on long-term liabilities for the year ending December 31, 2022 is \$163,544 (2021 - \$192,355).

8. Accumulated surplus

The accumulated surplus on the Consolidated Statement of Financial Position at the end of the year is comprised of the following:

	2022	2021
Reserves set aside for specific purpose:		
for working capital	\$ 541,209	\$ 541,209
for general purposes	6,540,011	2,531,979
for capital replacement	2,658,833	2,046,974
for tax rate stabilization	630,888	647,633
for insurance	39,679	39,679
Total reserves	10,410,620	5,807,474
Current surplus - cemetery	26,936	16,273
Current surplus - operating	-	186,479
Investment in tangible capital assets	38,243,961	35,740,028
Investment in government business enterprise	2,730,214	2,580,869
ACCUMULATED SURPLUS	\$ 51,411,731	\$ 44,331,123

**CORPORATION OF THE TOWNSHIP OF ZORRA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

9. Investment in ERTH Corporation

As at December 31, 2022, the Township owns 5.41% (2021 - 5.41%) of ERTH Corporation and is comprised of the following:

	2022	2021
Promissory note receivable	\$ 815,000	\$ 815,000
Equity	1,915,215	1,765,869
	\$ 2,730,215	\$ 2,580,869

The promissory note receivable from ERTH Corporation is unsecured and bears interest at 7.25% (2021 - 7.25%). The term of the note is undefined but no principal repayments are expected within the next twelve months. Interest received during the year and included in other income is \$59,088 (2021 -\$59,088).

As a business enterprise of the Township, it is accounted for on a Modified Equity basis in these consolidated financial statements and the investment is shown at the Township's proportionate share of the equity of ERTH. The following table provides condensed supplementary financial information for the ERTH for the years ended December 31, 2022 and 2021 from their audited financial statements which are prepared in accordance with International Financial Reporting Standards.

	2022	2021
Financial Position		
Total Net Assets	\$ 35,407,087	\$ 32,646,092
Results from Operations		
Total revenue	\$ 98,335,547	\$ 96,543,343
Total operating and other expenditures	94,654,552	92,622,245
Total comprehensive income	\$ 3,680,995	\$ 3,921,098

ERTH Corporation's financial statements are prepared in accordance with International Financial Reporting Standards.

ERTH Corporation declared a dividend of \$920,000 in 2022 (2021 - \$980,000) of which the Township's portion is \$49,764 (2021 - \$53,009).

**CORPORATION OF THE TOWNSHIP OF ZORRA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

10. Budget figures

The Township's Council completes separate budget reviews for its operating and capital budgets each year. The approved operating budget for 2022 is reflected on the Consolidated Statement of Operations and Accumulated Surplus.

11. Public sector salary disclosure

There are nine employees paid a salary, as defined in the Public Sector Disclosure Act, 1996 of \$100,000 or more.

12. Segmented Information

Segmented information is presented on Schedule 2. The Township is a diversified municipality and provides a wide range of services to its citizens including police through contracted services, fire, protective services, transportation, environmental, including water, wastewater, waste disposal and storm management joint projects with the County of Oxford, community services, including recreation, library and planning, including economic development and municipal drains. The general government segment includes such functions as finance and information services, council and administrative offices.

13. Land held for resale

During the year ended December 31, 2019, the Township purchased a 121 acre parcel of land for total costs as of December 31, 2019 of \$6,165,577. Two parcels of this land were sold during the year ended December 31, 2020. During 2022, the final parcels of this land held for resale were sold and the net gain on sale has been recognized and transferred to a reserve. In addition, the Township retained a parcel of land, valued at \$450,000, to construct a new administration building, which is recorded in capital work in progress.

14. Contaminated sites

The Canadian public sector accounting standard 3510 requires municipalities to evaluate sites owned by the municipality for potential contamination. This standard requires the municipality to disclose the liability, if any, related to remediation of such sites. The Township is of the opinion they do not own such sites and therefore, no liability exists.

**CORPORATION OF THE TOWNSHIP OF ZORRA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

15. Temporary capital financing

The temporary capital financing consists of the following:

- a. In 2019, the Township entered into a temporary borrowing agreement with the County of Oxford to finance the land held for resale of \$5,960,000. As of December 31, 2022, the entire amount plus accrued interest was repaid.
- b. The Township has entered into an agreement with Ontario Infrastructure and Lands Corporation for financing of the construction of the Township's new maintenance facility which is estimated at \$10,084,600. As at December 31, 2022, \$7,170,764 has been advanced against this financing. The Township has been approved for financing to a limit of \$8,641,600. It is anticipated this financing will be converted to long-term debt in 2023, when the project is completed. The remaining costs will be funded through reserves.
- c. The Township has committed to the construction of a new administration building with an estimated cost of \$6,400,000. The building is estimated to be completed in May 2024. The project will be financed by the sale of lands per note 13 and other internal funding.

16. Significant event

In March 2020, the Province of Ontario declared a state of emergency in response to the COVID-19 virus. The Township has followed the Provincial orders regarding essential services and as a result, has had to close some its services. It is unclear the total financial impact the COVID-19 virus will have on the Township.

**CORPORATION OF THE TOWNSHIP OF ZORRA
SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Land	Land Improvements	Buildings and Fixtures	Machinery and Equipment	Automotive	Infrastructure	2022 Total	2021 Total
COST								
Balance, beginning of year	\$ 1,995,056	\$ 1,767,926	\$ 8,159,071	\$ 5,743,745	\$ 4,609,297	\$ 33,038,780	\$ 55,313,875	\$ 51,955,142
Add:								
Additions during the year	-	567,841	94,000	87,188	527,139	1,745,703	3,021,871	4,239,509
Less:								
Disposals during the year	-	(22,512)	-	(481,533)	-	(212,701)	(716,746)	(880,776)
Balance, end of year	1,995,056	2,313,255	8,253,071	5,349,400	5,136,436	34,571,782	57,619,000	55,313,875
ACCUMULATED AMORTIZATION								
Balance, beginning of year	-	561,509	3,984,700	2,837,712	2,531,139	8,922,470	18,837,530	18,108,697
Add:								
Amortization during the year	-	80,807	134,693	298,274	289,093	806,256	1,609,123	1,474,565
Less:								
Disposals during the year	-	(22,512)	-	(413,489)	-	(163,716)	(599,717)	(745,732)
Balance, end of year	-	619,804	4,119,393	2,722,497	2,820,232	9,565,010	19,846,936	18,837,530
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 1,995,056	\$ 1,693,451	\$ 4,133,678	\$ 2,626,903	\$ 2,316,204	\$ 25,006,772	\$ 37,772,064	\$ 36,476,345

This schedule is provided for information purposes only.

**CORPORATION OF THE TOWNSHIP OF ZORRA
SCHEDULE 2 - CONSOLIDATED SCHEDULE OF SEGMENTED INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General Government	Protective Services	Transportation	Environmental	Health	Recreation and Culture	Planning and Development	Total
REVENUE								
Taxation	\$ 9,688,155	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,688,155
User fees	117,465	437,215	5,875	19,837	25,825	552,979	59,158	1,218,354
Government grants - operating	789,200	41,078	691,636	-	-	12,861	39,950	1,574,725
Investment income	291,650	-	-	-	-	2,228	-	293,878
Penalty and interest on taxes	208,034	-	-	-	-	-	-	208,034
Other	-	-	-	-	12,226	238,731	-	250,957
	11,094,504	478,293	697,511	19,837	38,051	806,799	99,108	13,234,103
EXPENDITURES								
Salaries and benefits	1,010,055	607,734	1,293,254	2,597	85,363	836,322	45,167	3,880,492
Materials, goods and services	358,365	1,757,393	2,028,379	11,846	69,568	736,240	83,738	5,045,529
Amortization	13,250	179,384	1,211,123	-	-	205,366	-	1,609,123
	1,381,670	2,544,511	4,532,756	14,443	154,931	1,777,928	128,905	10,535,144
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) BEFORE OTHER	9,712,834	(2,066,218)	(3,835,245)	5,394	(116,880)	(971,129)	(29,797)	2,698,959
OTHER								
Government transfers related to capital	-	-	230,342	-	-	217,820	-	448,162
Increase in investment in EARTH Corporation	149,345	-	-	-	-	-	-	149,345
Gain (loss) on disposal	3,545,336	5,158	(2,476)	-	-	(41,244)	-	3,506,774
Developer contributions related to capital	-	-	260,000	-	-	17,368	-	277,368
	3,694,681	5,158	487,866	-	-	193,944	-	4,381,649
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	\$ 13,407,515	\$ (2,061,060)	\$ (3,347,379)	\$ 5,394	\$ (116,880)	\$ (777,185)	\$ (29,797)	\$ 7,080,608

This schedule is provided for information purposes only.