

Consolidated Financial Statements

**THE CORPORATION OF THE
TOWNSHIP OF THE NORTH SHORE**

Year ended December 31, 2018

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Consolidated Financial Statements

Year ended December 31, 2018

	Page
Management's Responsibility for the Consolidated Financial Statements	
Independent Auditors' Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Change in Net Financial Assets	3
Consolidated Statement of Cash Flows	4
Notes to Consolidated Financial Statements	5 - 15
Schedules to Note 17 - Segmented Information	16 - 17

Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of The Corporation of the Township of the North Shore (the "Township") are the responsibility of the Township's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of consolidated financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Township's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Township. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Township's consolidated financial statements.

Treasurer



KPMG LLP
Claridge Executive Centre
144 Pine Street
Sudbury Ontario P3C 1X3
Canada
Telephone (705) 675-8500
Fax (705) 675-7586

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of the North Shore

Qualified Opinion

We have audited the accompanying consolidated financial statements of The Corporation of the Township of the North Shore (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2018
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Entity has not updated the underlying estimates and assumptions of the landfill closure and post-closure accrual since obtaining an engineer's report in 1999. Under Canadian public sector accounting board recommendations, an accrual for closure and post-closure care of a solid waste landfill site should be recorded in the financial statements as well as disclosure of information regarding the accrual. We were unable to verify the accuracy of the accrual recorded given that the underlying estimates and assumptions have not been revised since 1999.



Therefore, we were not able to determine whether any adjustments might be necessary to:

- the landfill closure liabilities reported in the consolidated statement of financial position as at December 31, 2018 and December 31, 2017.
- the annual surplus (deficit) reported in the consolidated statement of operations and accumulated surplus for the years ended December 31, 2018 and December 31, 2017.
- the accumulated surplus, at the beginning and end of the year, reported in the consolidated statement of operations and accumulated surplus for the years ended December 31, 2018 and December 31, 2017.
- the net financial assets, at the beginning and end of the year, reported in the consolidated statement of changes in net financial assets for the years ended December 31, 2018 and December 31, 2017.
- the annual surplus (deficit) reported in the consolidated statement of cash flows for the years ended December 31, 2018 and December 31, 2017.

Our opinion on the financial statements for the year ended December 31, 2017 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 qualified opinion.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the 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 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada
May 15, 2019

THE CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Consolidated Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Financial assets		
Cash and cash equivalents	\$ 447,276	\$ 138,281
Portfolio investments	461,295	356,632
Taxes receivable	199,546	232,161
User charges receivable	6,524	8,854
Other accounts receivable (note 5)	234,207	27,675
	<u>1,348,848</u>	<u>763,603</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 7)	238,091	129,481
Deferred revenue - obligatory (note 8)	22,210	17,867
Deferred revenue- other (note 9)	184,120	-
Landfill closure liabilities (note 10)	207,948	207,948
	<u>652,369</u>	<u>355,296</u>
Net financial assets	696,479	408,307
Non-financial assets		
Tangible capital assets (note 12)	5,117,998	5,004,575
Land held for resale	25,426	26,072
Prepaid expenses	32,304	30,914
	<u>5,175,728</u>	<u>5,061,561</u>
Contingent liabilities (note 15)		
Accumulated surplus (note 13)	<u>\$ 5,872,207</u>	<u>\$ 5,469,868</u>

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

THE CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31, 2018, with comparative information for 2017

	Budget 2018 (note 16)	Actual 2018	Actual 2017
Revenues:			
Municipal taxation	\$ 910,591	\$ 952,834	\$ 994,311
Provincial grants	355,857	624,492	344,485
User charges	240,147	245,548	243,940
Other	17,705	326,818	42,222
Federal grants	25,000	28,186	25,000
Penalties and interest on taxes	16,700	33,991	21,225
Gain on sale of land held for resale	-	11,252	8,177
Investment income	-	4,671	3,582
Total revenues	1,566,000	2,227,792	1,682,942
Expenses:			
General government	320,762	331,831	318,210
Protection to persons and property	295,713	308,180	307,061
Transportation services	212,653	254,157	229,818
Environmental services	340,046	473,275	468,184
Health services	160,583	153,324	151,331
Social and family services	166,015	168,971	167,566
Recreational and cultural services	65,974	104,941	72,135
Planning and development	19,409	30,774	57,968
Total expenses	1,581,155	1,825,453	1,772,273
Annual surplus (deficit)	(15,155)	402,339	(89,331)
Accumulated surplus, beginning of year	5,469,868	5,469,868	5,559,199
Accumulated surplus, end of year	\$ 5,454,713	\$ 5,872,207	\$ 5,469,868

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

THE CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Consolidated Statement of Change in Net Financial Assets

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Annual surplus (deficit)	\$ 402,339	\$ (89,331)
Acquisition of tangible capital assets	(394,124)	(191,360)
Amortization of tangible capital assets	280,700	281,079
Loss of disposition of tangible capital assets	-	3,358
	288,915	3,746
Change in prepaid expenses	(1,389)	(7,764)
Disposition of land held for sale	646	323
	288,172	(3,695)
Change in net financial assets		
Net financial assets, beginning of year	408,307	412,002
	\$ 696,479	\$ 408,307
Net financial assets, end of year		

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

THE CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Consolidated Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 402,339	\$ (89,331)
Items not involving cash:		
Amortization of tangible capital assets	280,700	281,079
Loss on disposition of tangible capital assets	-	3,358
	683,039	195,106
Change in non-cash assets and liabilities:		
Decrease (increase) in taxes receivable	32,615	(10,790)
Decrease in user charges receivable	2,330	1,690
Decrease (increase) in other accounts receivable	(206,532)	84,618
Increase (decrease) in accounts payable and accrued liabilities	108,610	(219,061)
Increase in deferred revenue- obligatory	4,343	6,498
Increase in deferred revenue- other	184,120	-
Decrease in land held for sale	646	323
Increase in prepaid expenses	(1,389)	(7,764)
Net change in cash from operating activities	807,782	50,620
Investing activities:		
Decrease (increase) in investments	(104,663)	64,418
Net change in investing activities	(104,663)	64,418
Capital activities:		
Acquisition of tangible capital assets	(394,124)	(191,360)
Net change in cash from capital activities	(394,124)	(191,360)
Net change in cash	308,995	(76,322)
Cash and cash equivalents, beginning of year	138,281	214,603
Cash and cash equivalents, end of year	\$ 447,276	\$ 138,281

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

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements

Year ended December 31, 2018

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

1. Significant accounting policies:

The consolidated financial statements of the Township are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board and the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Township are as follows:

(a) Reporting entity:

- (i) These consolidated financial statements reflect the assets, liabilities, revenues and expenses and include the activities of all committees of Council and the following boards which are under the control of Council:

North Shore Cemetery Board

All interfund and inter-organizational transactions and balances between these organizations are eliminated.

- (ii) Accounting for school board transactions:

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the municipal fund balances on these consolidated financial statements (note 2).

- (iii) Trust funds:

Trust funds and their related operations administered by the Township are not included in these consolidated financial statements but are reported on separately on the Trust Funds Financial Statements (note 3).

- (iv) Joint local boards:

These consolidated financial statements reflect contributions to the following joint local boards, which are not under the direct control of council as expenses in the consolidated statements of operations and accumulated surplus:

Algoma Public Health

Algoma District Services Administration Board

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(b) Basis of accounting:

(i) Accrual basis of accounting:

The accrual basis of accounting recognized 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.

(ii) Reserve and Reserve Funds:

Certain amounts, as approved by Council are set aside in reserves and reserve funds for future operating and capital purposes. Transfer to and from reserve and reserve funds are an adjustment to the respective fund when approved.

(iii) Pension and employee benefits:

The Township accounts for its participation in the Ontario Municipal Employee Retirement Systems ("OMERS"), a multi- employer public sector pension fund, as a deferred contribution plan.

(c) 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.

(d) Investments:

Investments are carried at market value.

(e) Investment income:

Investment income earned on surplus funds is reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balances.

(f) Landfill liability:

The liability for closure of operational sites and post-closure care has been recognized based on estimated future expenses, estimated inflation and the usage of the site's capacity during the year.

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(g) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, design, construction, development, improvement or betterment of the tangible capital asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Water and sewer infrastructure	25 - 50
Vehicles and equipment	10 - 20
Buildings	10 - 50
Roads and bridges infrastructure	30
Furniture, fixtures and equipment	5 - 50

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets are written down when conditions indicate they no longer contribute to the Townships ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than their books value. The net-write-downs are accounted for as expenses in the statement of operations.

(i) Contributions of tangible capital assets

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

(ii) Natural resources

Natural resources that have not been purchased are not recognized as assets in the consolidated financial statements.

(iii) Works of art and cultural and historic assets

Works of art and cultural and historic assets are not recorded as assets in these consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Significant items subject to such estimates and assumptions include the valuation allowances for taxes and accounts receivable, the carrying value of tangible capital assets and provisions for accrued liabilities and landfill liabilities.

Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

2. Operations of school boards:

Taxation, other revenues and requisitions for the school boards amounting to \$171,080 (2017-\$173,906) are not reflected in these consolidated financial statements.

3. Trust funds:

Trust Funds administered by the Township amounting to \$33,242 (2017 - \$31,288) have not been included on the consolidated statement of financial position nor have their operations been included in the consolidated statement of operations and accumulated surplus.

4. Contributions to unconsolidated jointed boards:

Further to note 1(a)(iv), the following contributions were made by the Township to these Boards:

	2018	2017
Algoma Public Health	\$ 16,716	\$ 16,700
Algoma District Social Services Administration Board	297,471	295,928
	\$ 314,187	\$ 312,628

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

5. Other accounts receivable:

Accounts receivable consist of the following:

	2018	2017
HST recoverable	\$ 52,060	\$ 19,069
Other receivables	182,147	8,606
	\$ 234,207	\$ 27,675

6. Bank indebtedness:

A demand operating loan has been authorized by the Bank of Nova Scotia and bears interest at the bank's prime lending rate plus 0.5% per annum and is secured by a general security agreement and an assignment of insurance. The Township has \$Nil (2017 - \$Nil) borrowed at year-end.

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$5,988 (2017 - \$9,990) which includes amounts payable for payroll related taxes and remittances.

8. Deferred revenue - obligatory:

The continuity of transactions within the obligatory reserve funds are as described below:

	2018	2017
Balance as at December 31, 2017	\$ 17,867	\$ 11,369
Gas tax contributions received	32,424	31,498
Interest earned	105	-
Gas tax amounts taken to revenue	(28,186)	(25,000)
	\$ 22,210	\$ 17,867

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

9. Deferred revenue – other:

	2018	2017
OCIF- Water treatment plant	\$ 163,232	\$ –
Main Street Revitalization	20,888	–
Balance as at December 31, 2018	\$ 184,120	\$ –

10. Solid waste management liabilities:

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated life of the landfill sites based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, pumping of ground water and leachates from the site, and ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over terms using the best information available to management. Future events may result in significant changes to the estimated total expenditures; capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable. The estimated remaining capacity of the landfill sites is Nil (2017 - Nil) cubic meters (see note 13).

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at an inflation rate of 3% (2017 - 3%). At December 31, 2018, an amount of \$207,948 (2017 - \$207,948) with respect to landfill closure and post-closure liabilities has been accrued.

The Township has established reserve funds to mitigate the future impact of this obligation. The balance of the Landfill closure and post closure reserve fund is \$102,786 (2017 - \$106,286), which is included in the reserves for capital purposes in note 13.

11. Pension agreement:

The Township makes contributions to the Ontario Municipal Employees' Retirement Fund (OMERS), which is a multi-employer plan, on behalf of certain 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. Employee contributions are matched by the Township.

During the year ended December 31, 2018, the Township contributed to \$21,384 (2017 - \$20,649) OMERS for current service.

Because OMERS is a multi-employer plan, the Township does not recognize any share of pension plan deficit. This is a joint responsibility of all Ontario municipalities and their employees.

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

12. Tangible capital assets:

Cost	Balance at December 31, 2017	Additions	Disposals	Balance at December 31, 2018
Land	\$ 277,392	20,169	-	297,561
Buildings	1,270,286	-	-	1,270,286
Furniture, fixtures and equipment	727,310	70,631	(11,509)	786,432
Vehicles	332,704	-	-	332,704
Water and sewer	4,204,928	92,210	-	4,297,138
Roads and bridges	3,804,474	8,291	-	3,812,765
Landfill	71,558	202,823	-	274,381
Total	\$ 10,688,652	394,124	(11,509)	11,071,267

Accumulated Amortization	Balance at December 31, 2017	Disposals	Amortization	Balance at December 31, 2018
Land	\$ -	-	-	-
Buildings	601,641	-	27,552	629,193
Furniture, fixtures and equipment	471,959	(11,509)	30,643	491,093
Vehicles	184,189	-	18,618	202,807
Water and sewer	1,885,635	-	115,343	2,000,978
Roads and bridges	2,540,653	-	88,545	2,629,198
Landfill	-	-	-	-
Total	\$ 5,684,077	(11,509)	280,701	5,953,269

	Net book value, December 31, 2017	Net book value, December 31, 2018
Land	\$ 277,392	297,561
Buildings	668,645	641,093
Furniture, fixtures and equipment	255,351	295,339
Vehicles	148,515	129,897
Water and sewer	2,319,293	2,296,160
Roads and bridges	1,263,821	1,183,567
Landfill	71,558	274,381
Total	\$ 5,004,575	5,117,998

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

12. Tangible capital assets (continued):

Cost	Balance at December 31, 2016	Additions	Disposals	Balance at December 31, 2017
Land	\$ 270,414	6,978	-	277,392
Buildings	1,267,281	3,005	-	1,270,286
Furniture, fixtures and equipment	694,997	39,029	(6,716)	727,310
Vehicles	332,704	-	-	332,704
Water and sewer	4,188,315	16,613	-	4,204,928
Roads and bridges	3,694,582	109,892	-	3,804,474
Landfill	55,715	15,843	-	71,558
Total	\$ 10,504,008	191,360	(6,716)	10,688,652

Accumulated Amortization	Balance at December 31, 2016	Disposals	Amortization	Balance at December 31, 2017
Land	\$ -	-	-	-
Buildings	574,302	-	27,339	601,641
Furniture, fixtures and equipment	439,809	(3,358)	35,508	471,959
Vehicles	165,571	-	18,618	184,189
Water and sewer	1,774,712	-	110,923	1,885,635
Roads and bridges	2,451,962	-	88,691	2,540,653
Landfill	-	-	-	-
Total	\$ 5,406,356	(3,358)	281,079	5,684,077

	Net book value, December 31, 2016	Net book value, December 31, 2017
Land	\$ 270,414	277,392
Buildings	692,979	668,645
Furniture, fixtures and equipment	255,188	255,351
Vehicles	167,133	148,515
Water and sewer	2,413,603	2,319,293
Roads and bridges	1,242,620	1,263,821
Landfill	55,715	71,558
Total	\$ 5,097,652	5,004,575

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

12. Tangible capital assets (continued):

a) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$Nil (2017 - \$1,660).

b) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$Nil (2017 - \$Nil).

13. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2018	2017
Surplus:		
Invested in tangible capital assets	\$ 5,117,998	\$ 5,004,575
General surplus	179,739	100,173
Amounts to be recovered:		
Landfill closure costs	(207,948)	(207,948)
	5,089,789	4,896,800
Reserves set aside by Council for:		
Cash flow reserves	67,001	87,001
Reserves for capital purposes	715,417	486,067
	782,418	573,068
	<u>\$ 5,872,207</u>	<u>\$ 5,469,868</u>

14. Public sector salary disclosure:

During 2018, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Township.

15. Contingent liabilities:

The Township operates a landfill that may present a significant liability in the near future. The Ministry of the Environment is in the process of performing testing on the soil and waterways surrounding the landfill site to assess whether or not efforts to contain seepage have been successful. The landfill has been deemed to be overcapacity by the Province, and efforts to extend the landfill boundaries are uncertain at this time. Cost to repair any damage or extend the site cannot be determined at this time.

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

16. Budget information:

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results according to Canadian public sector accounting standards. As a result, the budget figures presented in the consolidated statement of operations and accumulated surplus represent the financial plan adopted by Council with adjustment as follows:

Annual surplus per budget approved by Council	\$	-
Less:		
Transfers from reserves		(105,805)
Add:		
Investment in tangible capital assets		90,650
Annual deficit per revised budget	\$	(15,155)

17. Comparative amounts:

Certain of the 2017 comparative amounts have been reclassified, where applicable, to conform to the current year presentation. The changes do not affect prior year earnings.

18. Segmented information:

The Township is a diversified municipal government institution that provides a wide range of services to its citizens, including General Government Services, Protection Services, Transportation Services, Environmental Services, Health Services, Social and Family Services, Recreational and Cultural Services and Planning and Development Services. Service areas were created for the purposes of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations (see Schedule to note).

Municipal Services are provided by departments and their activities are reported in these Service Areas. Departments disclosed in the Segmented Information, along with the services they provide, are as follows:

General Government Services

The departments within General Government Services are responsible for adopting bylaws; adopting administrative policy; levying taxes; acquiring, disposing and managing Municipal assets; ensuring effective financial management; monitoring performance and ensuring that high quality Municipal Service standards are met.

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2018

18. Segmented information (continued):

Protection Services

Protection is comprised of police, fire / emergency, by-law enforcement and building inspections departments. The mandate of the police department is to ensure the safety of the lives and property of citizens, preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The fire/emergency department is responsible to provide fire suppression services; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. The by-law enforcement and building inspection department ensures properties are in compliance with applicable legislation, by-laws, building standards and construction codes.

Transportation Services

The transportation department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, winter control and street lighting.

Environmental Services

The environmental department consists of three distinct utilities: water, wastewater and solid waste disposal. The department provides drinking water to ratepayers, collecting and treating wastewater and providing waste minimization programs and facilities for solid waste disposal and diversion.

Health Services

Through the Algoma Health Unit, the Township contributes to public health services and education and through the Algoma District Social Services Administration Board, to ambulance services. In addition, this department oversees the care and maintenance of municipal cemeteries.

Social and Family Services / Social Housing

Through the Algoma District Social Services Administration Board, the Township contributes to social assistance payments, child care services and social housing. In addition, the Township provides alternative residential services for seniors.

Recreation and Cultural Services

The Department is responsible for providing, facilitating the development of, and maintaining high quality parks, recreational facilities, and cultural services.

Planning and Development

The planning department provides a diverse bundle of services. It manages development for business interests, environmental concerns, heritage matters and neighborhoods through planning and community development activities. It facilitates economic development by providing services for the approval of all land development plans.

THE CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Schedule to Note 18 - Segmented Information

Year ended December 31, 2018

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning and Development	Total 2018
Revenues:									
Municipal taxation	\$ 952,834	-	-	-	-	-	-	-	\$ 952,834
Government transfers	401,359	6,698	28,186	197,231	-	-	-	19,204	652,678
User charges	12,094	142,028	-	78,634	-	-	3,000	9,792	245,548
Other	44,381	7,530	3,500	9,954	-	-	-	300,115	365,480
Gain on sale of land held for resale	11,252	-	-	-	-	-	-	-	11,252
	1,421,920	156,256	31,686	285,819	-	-	3,000	329,111	2,227,792
Expenses:									
Salaries, wages and benefits	172,952	48,530	25,341	67,194	2,175	-	30,917	11,706	358,815
Materials	99,405	75,715	136,647	198,145	2,039	-	50,853	10,262	573,066
Contracted services	33,321	162,063	2,644	76,239	96	-	953	6,059	281,375
Rents and financial	10,433	75	-	1,148	-	-	-	-	11,656
External transfers	-	-	-	-	148,863	168,971	2,007	-	319,841
Amortization of tangible capital assets	15,720	21,797	89,525	130,549	151	-	20,211	2,747	280,700
	331,831	308,180	254,157	473,275	153,324	168,971	104,941	30,774	1,825,453
Annual surplus (deficit)	\$ 1,090,089	(151,924)	(222,471)	(187,456)	(153,324)	(168,971)	(101,941)	298,337	\$ 402,339

**THE CORPORATION OF THE TOWNSHIP OF
THE NORTH SHORE**

Schedule to Note 18 - Segmented Information (continued)

Year ended December 31, 2018

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning and Development	Total 2017
Revenues:									
Municipal taxation	\$ 994,311	-	-	-	-	-	-	-	\$ 994,311
Government transfers	255,000	6,671	25,000	78,800	-	-	-	4,014	369,485
User charges	10,762	145,447	-	76,871	-	-	6,004	4,856	243,940
Other	32,367	165	-	7,867	-	-	-	26,630	67,029
Gain on sale of land held for resale	8,177	-	-	-	-	-	-	-	8,177
	1,300,617	152,283	25,000	163,538	-	-	6,004	35,500	1,682,942
Expenses:									
Salaries, wages and benefits	156,027	41,619	26,135	67,736	2,030	-	25,703	27,045	346,295
Materials	99,458	75,243	111,612	194,041	489	-	25,858	21,954	528,655
Contracted services	32,516	168,039	2,400	76,548	18	-	1,459	172	281,152
Rents and financial	12,055	75	-	1,246	-	-	-	-	13,376
External transfers	-	-	-	-	148,785	167,566	2,007	-	318,358
Amortization of tangible capital assets	18,154	22,085	89,671	125,255	9	-	17,108	8,797	281,079
Loss on disposition of tangible capital assets	-	-	-	3,358	-	-	-	-	3,358
	318,210	307,061	229,818	468,184	151,331	167,566	72,135	57,968	1,772,273
Annual surplus (deficit)	\$ 982,407	(154,778)	(204,818)	(304,646)	(151,331)	(167,566)	(66,131)	(22,468)	\$ (89,331)