

Consolidated Financial Statements

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

Year ended December 31, 2019

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Consolidated Financial Statements

Year ended December 31, 2019

	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 - 18

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



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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 "Township"), which comprise:

- the consolidated statement of financial position as at December 31, 2019
- 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 Township as at December 31, 2019, 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 Township had 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. Within the 2019 year, the Township completed the calculation for the accrual for closure and post-closure care of the solid waste landfill site as of December 31, 2019. However, as the costs at December 31, 2018 have not been calculated and consequently, the opening balance as of January 1, 2019 not updated, a qualification has been noted for the opening balance of the post-closure care accrual.



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.
- the annual surplus (deficit) reported in the consolidated statement of operations and accumulated surplus for the years ended December 31, 2019 and December 31, 2018.
- 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, 2019 and December 31, 2018.
- 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, 2019 and December 31, 2018.
- the annual surplus (deficit) reported in the consolidated statement of cash flows for the years ended December 31, 2019 and December 31, 2018.

Our opinion on the financial statements for the year ended December 31, 2019 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 Township 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 Township’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 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.



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 qualified 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 qualified 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 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 Township 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.



Page 4

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express a qualified opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our qualified audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Sudbury, Canada
November 18, 2020

THE CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Consolidated Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Financial assets		
Cash and cash equivalents	\$ 308,697	\$ 447,276
Portfolio investments	670,699	461,295
Taxes receivable	182,473	199,546
User charges receivable	5,683	6,524
Other accounts receivable (note 5)	201,349	234,207
	<u>1,368,901</u>	<u>1,348,848</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 7)	229,011	238,091
Deferred revenue - obligatory (note 8)	-	22,210
Deferred revenue- other (note 9)	-	184,120
Landfill closure liabilities (note 10)	990,673	207,948
	<u>1,219,685</u>	<u>652,369</u>
Net financial assets	149,216	696,479
Non-financial assets		
Tangible capital assets (note 12)	5,678,215	5,117,998
Land held for resale	25,426	25,426
Prepaid expenses	35,916	32,305
	<u>5,739,557</u>	<u>5,175,728</u>
Effects of COVID-19 (note 17)		
Accumulated surplus (note 13)	<u>\$ 5,888,773</u>	<u>\$ 5,872,207</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, 2019, with comparative information for 2018

	Budget 2019 (note 15)	Actual 2019	Actual 2018
Revenues:			
Municipal taxation	\$ 1,002,926	\$ 970,972	\$ 952,834
Provincial grants	360,000	1,125,507	624,492
User charges	239,420	268,334	245,548
Other	26,570	124,767	326,818
Federal grants	-	85,408	28,186
Penalties and interest on taxes	31,700	22,038	33,991
Gain on sale of land held for resale	-	1,832	11,252
Investment income	-	9,405	4,671
Total revenues	1,660,616	2,608,263	2,227,792
Expenses:			
General government	337,276	345,530	331,831
Protection to persons and property	279,950	272,915	308,180
Transportation services	187,508	240,383	254,157
Environmental services	353,637	466,202	473,275
Health services	156,172	154,508	153,324
Social and family services	168,500	166,971	168,971
Recreational and cultural services	68,560	111,810	104,941
Planning and development	24,603	50,653	30,775
Total expenses	1,576,206	1,808,971	1,825,453
Excess of revenue over expenses before the undernoted	84,410	799,292	402,339
Provision for landfill closure and post-closure costs	-	(782,725)	-
Annual surplus	84,410	16,567	402,339
Accumulated surplus, beginning of year	5,872,207	5,872,207	5,469,868
Accumulated surplus, end of year	\$ 5,956,617	\$ 5,888,773	\$ 5,872,207

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, 2019, with comparative information for 2018

	Budget 2019 (note 15)	Actual 2019	Actual 2018
Annual surplus	\$ 84,410	\$ 16,567	\$ 402,339
Acquisition of tangible capital assets	(172,680)	(860,727)	(394,124)
Amortization of tangible capital assets	-	300,510	280,701
Use (acquisition) of prepaid expenses	-	(3,613)	(1,389)
Proceeds on disposition of land held for sale	-	-	645
Change in net financial assets	(88,270)	(547,263)	288,172
Net financial assets, beginning of year	696,479	696,479	408,307
Net financial assets, end of year	\$ 608,209	\$ 149,216	\$ 696,479

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, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 16,567	\$ 402,339
Items not involving cash:		
Provision for landfill closure and post-closure costs	782,725	-
Amortization of tangible capital assets	300,510	280,701
	1,099,802	683,040
Change in non-cash assets and liabilities:		
Decrease in taxes receivable	17,073	32,615
Decrease in user charges receivable	841	2,330
Decrease (increase) in other accounts receivable	32,858	(206,532)
Increase (decrease) in accounts payable and accrued liabilities	(9,079)	108,610
Decrease (increase) in deferred revenue - obligatory	(22,210)	4,343
Decrease (increase) in deferred revenue - other	(184,120)	184,120
Decrease in land held for sale	-	645
Increase in prepaid expenses	(3,613)	(1,389)
Net change in cash from operating activities	931,552	807,782
Investing activities:		
Increase in investments	(209,404)	(104,663)
Net change in investing activities	(209,404)	(104,663)
Capital activities:		
Acquisition of tangible capital assets	(860,727)	(394,124)
Net change in cash from capital activities	(860,727)	(394,124)
Net change in cash	(138,579)	308,995
Cash and cash equivalents, beginning of year	447,276	138,281
Cash and cash equivalents, end of year	\$ 308,697	\$ 447,276

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, 2019

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, 2019

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, 2019

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, 2019

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 \$170,937 (2018-\$171,080) are not reflected in these consolidated financial statements.

3. Trust funds:

Trust Funds administered by the Township amounting to \$27,606 (2018 - \$33,242) 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:

	2019	2018
Algoma Public Health	\$ 16,800	\$ 16,716
Algoma District Social Services Administration Board	297,631	297,471
	<u>\$ 314,431</u>	<u>\$ 314,187</u>

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

5. Other accounts receivable:

Accounts receivable consist of the following:

	2019	2018
HST recoverable	\$ 28,672	\$ 52,060
Other receivables	172,677	182,147
	<u>\$ 201,349</u>	<u>\$ 234,207</u>

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 (2018 - \$Nil) borrowed at year-end.

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$25,050 (2018 - \$5,988) 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:

	2019	2018
Balance as at December 31, 2018	\$ 22,210	\$ 17,867
Gas tax contributions received	63,182	32,424
Interest earned	16	105
Gas tax amounts taken to revenue	(85,408)	(28,186)
Balance as at December 31, 2019	<u>\$ -</u>	<u>\$ 22,210</u>

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

9. Deferred revenue – other:

	2019	2018
OCIF- Water treatment plant	\$ –	\$ 163,232
Main Street Revitalization	–	20,888
Balance as at December 31, 2019	\$ –	\$ 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 2,760 (2018 - 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 2.46% (2018 - 3%). At December 31, 2019, an amount of \$990,673 (2018 - \$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 (2018 - \$102,786), 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, 2019, the Township contributed to \$21,738 (2018 - \$21,384) 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, 2019

12. Tangible capital assets:

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Land	\$ 297,561	-	-	297,561
Buildings	1,270,286	12,879	-	1,283,165
Furniture, fixtures and equipment	786,432	124,451	-	910,883
Vehicles	332,704	70,304	-	403,008
Water and sewer	4,297,138	371,353	-	4,668,491
Roads and bridges	3,812,765	1,148	-	3,813,913
Landfill	274,381	280,592	-	554,973
Total	\$ 11,071,267	860,727	-	11,931,994

Accumulated Amortization	Balance at December 31, 2018	Disposals	Amortization	Balance at December 31, 2019
Land	\$ -	-	-	-
Buildings	629,193	-	28,690	657,883
Furniture, fixtures and equipment	491,093	-	36,853	527,946
Vehicles	202,807	-	21,959	224,766
Water and sewer	2,000,978	-	131,537	2,132,515
Roads and bridges	2,629,198	-	81,471	2,710,669
Landfill	-	-	-	-
Total	\$ 5,953,269	-	300,510	6,253,779

	Net book value, December 31, 2018	Net book value, December 31, 2019
Land	\$ 297,561	297,561
Buildings	641,093	625,282
Furniture, fixtures and equipment	295,339	382,937
Vehicles	129,897	178,243
Water and sewer	2,296,160	2,535,976
Roads and bridges	1,183,567	1,103,244
Landfill	274,381	554,973
Total	\$ 5,117,998	5,678,215

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

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, 2019

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 (2018 - \$Nil).

b) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$Nil (2018 - \$Nil).

13. Accumulated surplus:

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

	2019	2018
Surplus:		
Invested in tangible capital assets	\$ 5,678,215	\$ 5,117,998
General surplus	528,673	179,739
Amounts to be recovered:		
Landfill closure costs	(990,673)	(207,948)
	5,216,215	5,089,789
Reserves set aside by Council for:		
Cash flow reserves	67,001	67,001
Reserves for capital purposes	605,557	715,417
	672,558	782,418
	\$ 5,888,773	\$ 5,872,207

14. Public sector salary disclosure:

During 2019, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Township.

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

15. 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 deficit per budget approved by Council	\$ 84,410
Less:	
Transfers from reserves	(172,860)
Add:	
Investment in tangible capital assets	172,860
<hr/> Annual deficit per revised budget	<hr/> \$ 84,410

16. Comparative amounts:

Certain of the 2018 comparative amounts have been reclassified, where applicable, to conform to the current year presentation. The changes do not affect prior year earnings.

17. Effects of COVID-19:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or debt balances, which may also have a direct impact on the Township's operating results and financial position in the future. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect to the Township's business is not known at this time.

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

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.

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.

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2019

18. Segmented information (continued):

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

Note 18 - Segmented Information (continued)

Year ended December 31, 2019

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning and Development	Total 2019
Revenues:									
Municipal taxation	\$ 970,972	-	-	-	-	-	-	-	\$ 970,972
Government transfers	863,262	6,361	85,408	234,138	-	-	21,746	-	1,210,915
User charges	13,297	147,781	-	78,853	-	-	17,196	11,207	268,334
Other	53,001	20,483	-	16,919	-	-	6,189	59,618	156,210
Gain on sale of land held for resale	1,832	-	-	-	-	-	-	-	1,832
	1,902,364	174,625	85,408	329,910	-	-	45,131	70,825	2,608,263
Expenses:									
Salaries, wages and benefits	180,671	43,717	26,212	62,417	2,218	-	53,097	11,908	380,242
Materials	110,650	86,186	129,162	178,380	1,416	-	25,252	8,923	539,970
Contracted services	24,682	120,867	2,557	77,684	62	-	970	27,074	253,895
Rents and financial	13,235	75	-	1,254	-	-	-	-	14,564
External transfers	-	-	-	-	150,812	166,971	2,007	-	319,790
Amortization of tangible capital assets	16,292	22,070	82,451	146,466	-	-	30,483	2,748	300,510
	345,530	272,915	240,383	466,202	154,508	166,971	111,810	50,653	1,808,971
Annual surplus (deficit)	\$ 1,556,834	(98,290)	(154,975)	(136,291)	(154,508)	(166,971)	(66,678)	20,172	\$ 799,292

THE CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Note 18 - Segmented Information (continued)

Year ended December 31, 2019

	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