

Consolidated Financial Statements

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

Year ended December 31, 2022

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

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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 Auditor's 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 AUDITOR'S REPORT

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

Opinion

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

- the consolidated statement of financial position as at December 31, 2022
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net debt 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, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Township as at December 31, 2022, and its consolidated results of operations and accumulated surplus, its consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 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 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.

Auditor's Responsibility 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 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 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.



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

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants
Sudbury, Canada
April 5, 2023

THE CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Consolidated Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
Financial assets		
Cash	\$ 547,671	\$ 342,566
Portfolio investments (note 5)	629,656	629,656
Taxes receivable (note 6)	156,914	171,339
User charges receivable	3,986	5,138
Other accounts receivable (note 7)	54,213	88,676
	<u>1,392,440</u>	<u>1,237,375</u>
Financial liabilities		
Accounts payable and accrued liabilities (note 9)	141,873	157,841
Obligation under capital lease (note 10)	220,627	168,698
Deferred revenue - obligatory (note 11)	123,510	91,985
Deferred revenue - other (note 12)	345,635	128,315
Landfill closure and post closure liabilities (note 13)	862,927	837,643
	<u>1,694,572</u>	<u>1,384,482</u>
Net debt	<u>(302,132)</u>	<u>(147,107)</u>
Non-financial assets		
Tangible capital assets (note 15)	5,525,998	5,501,784
Land held for resale	19,457	19,457
Prepaid expenses	75,198	52,012
	<u>5,620,653</u>	<u>5,573,253</u>
Accumulated surplus (note 16)	<u>\$ 5,318,521</u>	<u>\$ 5,426,146</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, 2022, with comparative information for 2021

	Budget 2022 (note 18)	Actual 2022	Actual 2021
Revenues:			
Municipal taxation	\$ 1,080,320	\$ 1,087,746	\$ 1,033,203
Provincial grants	353,084	505,624	444,334
User charges	118,042	129,113	128,674
Other	33,181	52,070	45,594
Federal grants	6,950	56,836	59,130
Penalties and interest on taxes and water	18,100	20,449	25,761
Gain on sale of land held for resale	-	-	23,230
Investment income	-	-	7,807
Total revenues	1,609,677	1,851,838	1,767,733
Expenses:			
General government	413,307	417,717	470,334
Protection to persons and property	273,460	266,810	273,293
Transportation services	147,927	204,138	187,372
Environmental services	412,782	544,560	530,150
Health services	159,774	183,234	168,280
Social and family services	185,987	164,516	173,982
Recreational and cultural services	106,341	139,045	121,569
Planning and development	46,211	39,443	45,885
Total expenses	1,745,789	1,959,463	1,970,865
Annual deficit	(136,112)	(107,625)	(203,132)
Accumulated surplus, beginning of year	5,426,146	5,426,146	5,629,278
Accumulated surplus, end of year	\$ 5,290,034	\$ 5,318,521	\$ 5,426,146

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 Debt

Year ended December 31, 2022, with comparative information for 2021

	Budget 2022 (note 18)	Actual 2022	Actual 2021
Annual deficit	\$ (136,112)	\$ (107,625)	\$ (203,132)
Acquisition of tangible capital assets	(629,566)	(387,617)	(332,048)
Amortization of tangible capital assets	-	363,403	339,244
Acquisition of prepaid expenses	-	(23,186)	(2,083)
Proceeds on disposition of land held for sale	-	-	5,969
Change in net financial assets	(765,678)	(155,025)	(192,050)
Net financial assets (debt), beginning of year	(147,107)	(147,107)	44,943
Net debt, end of year	\$ (912,785)	\$ (302,132)	\$ (147,107)

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, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (107,625)	\$ (203,132)
Items not involving cash:		
Landfill closure and post-closure costs (recovery)	25,284	(39,852)
Amortization of tangible capital assets	363,403	339,244
	281,062	96,260
Change in non-cash assets and liabilities:		
Decrease in taxes receivable	14,425	74,131
Decrease in user charges receivable	1,152	7,049
Decrease in other accounts receivable	34,463	86,169
Decrease in accounts payable and accrued liabilities	(15,968)	(116,742)
Increase in deferred revenue - obligatory	31,525	61,831
Increase in deferred revenue - other	217,320	46,301
Decrease in land held for sale	-	5,969
Increase in prepaid expenses	(23,186)	(2,083)
Net change in cash from operating activities	540,793	258,885
Investing activities:		
Change in portfolio investments	-	(5,527)
Net change in investing activities	-	(5,527)
Financing activities:		
Decrease in line of credit	-	(34,813)
Repayment of obligations under capital lease	(34,889)	(17,063)
Net change in cash from investing activities	(34,889)	(51,876)
Capital activities:		
Acquisition of tangible capital assets	(300,799)	(146,287)
Net change in cash from capital activities	(300,799)	(146,287)
Net change in cash	205,105	55,195
Cash, beginning of year	342,566	287,371
Cash, end of year	\$ 547,671	\$ 342,566

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, 2022

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 North Shore Cemetery Board which is under the control of Council.

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 revenue and expenses in 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, 2022

1. Significant accounting policies (continued):

(b) 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.

(c) 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.

(d) 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.

(e) Taxation and other revenues:

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amount the Township is required to collect on behalf of the Province of Ontario in respect of education taxes.

A normal part of the assessment process is the issue of supplementary assessment rolls which provide updated information with respect to changes in property assessments. Assessments and related property taxes are subject to appeal by ratepayers. Tax adjustments as a result of supplementary assessments and appeals are estimated based on historical results.

The Township is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the accounts in the period the interest and penalties are levied.

User fees and other revenues are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.

(f) Government grants and transfers:

Government grants and transfers are recognized in the period that the events giving rise to the transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met and the amount can be reasonably estimated. Government transfers received before these criteria have been met are recorded in the accounts as deferred revenue and are recognized as revenue in the period in which all of these criteria are met.

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(g) Deferred revenue - obligatory:

The Township receives certain sub-divider contributions and other revenues under the authority of legislation. These funds, by their nature, are restricted in their use and, until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

(h) Deferred revenue - other:

The Township receives certain amounts pursuant to funding agreements that may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recorded as deferred revenue and are recognized as revenue in the fiscal year the eligibility criteria have been met. Also includes user charges and other fees which have been collected but for which the services have yet to be performed. These amounts are recognized as revenues in the fiscal year the services are performed.

(i) Landfill closure and post closure liabilities:

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.

(j) Investments and investment income:

Investments consist of authorized investments pursuant to provisions of the Municipal Act and are comprised of short-term instruments in various securities. Investments with original maturity dates between three months and one year are classified as investments in the consolidated statement of financial position and are carried at fair market value.

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.

(k) 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.

(l) 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:

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(l) Tangible capital assets (continued):

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

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 Township's 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.

(m) Land held for resale:

Land held for resale consisting of surplus land is recorded at the lower of cost and net realizable value.

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

1. Significant accounting policies (continued):

(n) Financial Instruments:

The Township initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties. The Township subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market or financial assets or liabilities designated to the fair value category, which are subsequently measured at fair value (note 1(j)). Unrealized changes in fair value are recognized in the consolidated statement of operations.

Financial assets measured at amortized cost include cash, taxes receivable, user charges receivable, and other accounts receivable.

Financial liabilities measured at amortized cost include line of credit, and accounts payable and accrued liabilities.

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial assets, a valuation allowance is used to reflect the financial asset at the lower cost and estimated net recoverable value, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

(o) 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 \$171,233 (2021 - \$168,257) are not reflected in these consolidated financial statements.

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

3. Trust funds:

Trust Funds administered by the Township amounting to \$31,753 (2021 - \$28,331) 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:

	2022	2021
Algoma Public Health	\$ 19,995	\$ 18,177
Algoma District Social Services Administration Board	313,066	302,982
	<u>\$ 333,061</u>	<u>\$ 321,159</u>

5. Portfolio investments:

The Guaranteed Investment certificates have an interest rate of 2.475% and a maturity date of June 21, 2023. The portfolio investments have a market value at December 31, 2022 of \$622,611 (2021 - \$629,656).

6. Taxes receivable:

	2022	2021
Current	\$ 75,745	\$ 78,085
Past year	15,295	9,400
Previous years	31,105	44,059
Penalties and interest	25,039	23,233
Payments in lieu	9,730	16,562
	<u>\$ 156,914</u>	<u>\$ 171,339</u>

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

7. Other accounts receivable:

Accounts receivable consist of the following:

	2022	2021
HST recoverable	\$ 27,581	\$ 17,598
Other receivables	26,632	71,078
	<u>\$ 54,213</u>	<u>\$ 88,676</u>

8. Line of credit:

A line of credit 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 (2021 - \$Nil) borrowed at year-end of a maximum limit of \$500,000.

9. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$4,166 (2021 - \$6,006) which includes amounts payable for payroll related taxes and remittances.

10. Obligation under capital lease:

The Township has financed a John Deere dozer by entering into a capital leasing arrangement. Capital lease repayments are due as follows:

2023	
2024	\$ 39,300
2025	39,300
2026	39,300
	<u>22,925</u>
	140,825
Less amount representing interest at 2.95%	(7,016)
	<u>\$ 133,809</u>

Interest of \$4,411 relating to the capital lease obligation has been included in expenses.

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

10. Obligation under capital lease (continued):

The Township has financed a Chevrolet Silverado vehicle by entering into a capital leasing arrangement. Capital lease repayments are due as follows:

	\$	20,117
2023		20,090
2024		20,090
2025		20,090
2026		18,416
2027		98,803
		(11,985)
Less amount representing interest at 5.49%		
	\$	86,818

Interest of \$Nil relating to the capital lease obligation has been included in expenses.

11. Deferred revenue - obligatory:

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

	Balance at December 31, 2021	Contributions received	Revenue recognized in the period	Balance at December 31, 2022
Federal Gas Tax	\$ 91,985	\$ 31,525	\$ —	\$ 123,510
Total deferred revenue – obligatory	\$ 91,985	\$ 31,525	\$ —	\$ 123,510

12. Deferred revenue – other:

	2022	2021
OCIF – Core Infrastructure	\$ 200,000	\$ 100,000
NORDS funding	127,915	—
2022 Property taxes	15,765	26,578
2022 Sewer and Water user charges	1,955	1,737
	\$ 345,635	\$ 128,315

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

13. Landfill closure and post closure 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 3,000 cubic meters (2021 - 4,500 cubic meters).

Estimated total expenditures represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at a rate of 3.76% (2021 - 2.46%). At December 31, 2022, an amount of \$862,927 (2021 - \$837,643) with respect to landfill closure and post-closure liabilities has been accrued.

14. Pension agreement:

OMERS provides pension services to more than 525,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2022. The results of this valuation disclosed total going concern actuarial liabilities of \$130,306 million (2021 - \$120,796 million) in respect of benefits accrued for service with total going concern actuarial assets at that date of \$123,628 million (2021 - \$117,665 million) indicating a going concern actuarial deficit of \$6,678 million (2021 - \$3,131 million). As OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees and the Township's share is not determinable. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit.

During the year ended December 31, 2022, the Township contributed \$22,354 (2021 - \$20,015) to OMERS for current service and is included in salaries and benefits within the statement of operations.

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

15. Tangible capital assets:

Cost	Balance at December 31, 2021	Additions	Disposals	Transfers	Balance at December 31, 2022
Land	\$ 297,561	-	-	-	\$ 297,561
Buildings	1,283,165	-	-	-	1,283,165
Furniture, fixtures and equipment	995,946	191,163	-	-	1,187,109
Vehicles	418,522	16,887	-	-	435,409
Water and sewer infrastructure	4,695,542	42,110	-	34,166	4,771,818
Roads and bridges infrastructure	3,813,913	1,408	-	-	3,815,321
Leased asset	185,761	86,818	-	-	272,579
Landfill	676,610	49,231	-	-	725,841
Work in progress	34,166	-	-	(34,166)	-
Total	\$ 12,401,186	387,617	-	-	\$ 12,788,803

Accumulated Amortization	Balance at December 31, 2021	Disposals	Amortization	Transfers	Balance at December 31, 2022
Land	\$ -	-	-	-	\$ -
Buildings	715,724	-	28,920	-	744,644
Furniture, fixtures and equipment	619,536	-	68,259	-	687,795
Vehicles	270,064	-	24,317	-	294,381
Water and sewer infrastructure	2,417,715	-	138,762	-	2,556,477
Leased asset	18,272	-	18,772	-	37,044
Roads and bridges infrastructure	2,858,091	-	84,373	-	2,942,464
Total	\$ 6,899,402	-	363,403	-	\$ 7,262,805

	Net book value, December 31, 2021	Net book value, December 31, 2022
Land	\$ 297,561	\$ 297,561
Buildings	567,441	538,521
Furniture, fixtures and equipment	376,410	499,314
Vehicles	148,458	141,028
Water and sewer infrastructure	2,277,827	2,215,341
Leased asset	167,489	235,535
Roads and bridges infrastructure	955,822	872,857
Landfill	676,610	725,841
Work in progress	34,166	-
Total	\$ 5,501,784	\$ 5,525,998

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

15. Tangible capital assets (continued):

Cost	Balance at December 31, 2020	Additions	Disposals	Balance at December 31, 2021
Land	\$ 297,561	-	-	\$ 297,561
Buildings	1,283,165	-	-	1,283,165
Furniture, fixtures and equipment	943,334	52,612	-	995,946
Vehicles	407,023	11,499	-	418,522
Water and sewer infrastructure	4,678,414	17,128	-	4,695,542
Roads and bridges infrastructure	3,813,913	-	-	3,813,913
Leased asset	-	185,761	-	185,761
Landfill	645,728	30,882	-	676,610
Work in progress	-	34,166	-	34,166
Total	\$ 12,069,138	332,048	-	\$ 12,401,186

Accumulated Amortization	Balance at December 31, 2020	Disposals	Amortization	Balance at December 31, 2021
Land	\$ -	-	-	\$ -
Buildings	686,803	-	28,921	715,724
Furniture, fixtures and equipment	569,505	-	50,031	619,536
Vehicles	246,686	-	23,378	270,064
Water and sewer infrastructure	2,283,164	-	134,551	2,417,715
Leased asset	-	-	18,272	18,272
Roads and bridges infrastructure	2,774,000	-	84,091	2,858,091
Total	\$ 6,560,158	-	339,244	\$ 6,899,402

	Net book value, December 31, 2020	Net book value, December 31, 2021
Land	\$ 297,561	\$ 297,561
Buildings	596,362	567,441
Furniture, fixtures and equipment	373,829	376,410
Vehicles	160,337	148,458
Water and sewer infrastructure	2,395,250	2,277,827
Leased asset	-	167,489
Roads and bridges infrastructure	1,039,913	955,822
Landfill	645,728	676,610
Work in progress	-	34,166
Total	\$ 5,508,980	\$ 5,501,784

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

16. Accumulated surplus:

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

	2022	2021
Surplus:		
Invested in tangible capital assets	\$ 5,305,371	\$ 5,333,086
General surplus	381,605	505,624
Amounts to be recovered:		
Landfill closure and post closure liabilities	(862,927)	(837,643)
	4,824,049	5,001,067
Reserves set aside by Council for:		
Cash flow reserves	101,189	109,341
Reserves for capital purposes	393,283	315,738
	494,472	425,079
	\$ 5,318,521	\$ 5,426,146

17. Public sector salary disclosure:

During 2022, no employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of \$100,000 or more by the Township.

18. 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	\$ (136,112)
Less:	(184,225)
Transfer from reserves	(445,341)
Capital grants	(629,566)
Add:	629,566
Investment in tangible capital assets	136,112
2021 operating surplus	765,678
Annual surplus per revised budget	\$ -

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

19. Financial risks:

The Township is exposed to various risks through its financial instruments. The following analysis provides information about the Township's risk exposure and concentration as of December 31, 2022.

(a) Credit risk:

The Credit risk arises from the potential that a counter party will fail to perform its obligations. The Township is exposed to credit risk from customers and ratepayers. The Township has a significant number of customers and ratepayers which minimizes concentration of credit risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

(b) Liquidity risk:

Liquidity risk is the risk that the Township cannot repay its obligations when they become due to its creditors. The Township is exposed to this risk relating to its accounts payable and accrued liabilities.

The Township reduces its exposure to liquidity risk by monitoring cash activities and expected outflow through extensive budgeting and maintaining enough cash and credit facilities available to repay creditors as they become due. In the opinion of management, the liquidity risk exposure to the Township is low.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

(c) Other risks:

The Township's main sources of revenue are taxation revenue, government grants and user fees. In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The Township halted all in-person activity and closed its facilities to staff for a period of time and moved to delivery of essential services in a virtual environment based on recommendations from Public Health Ontario. In the summer of 2020, certain in person services restarted with the Township currently utilizing a hybrid model for the delivery of services in compliance with Public Health regulations.

In response to the adverse impact the pandemic has had on certain revenue streams, the Township has undertaken certain cost cutting measures.

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

19. Financial risks (continued):

(c) Other risks (continued):

The impact of COVID-19 is expected to negatively impact operations for a duration that cannot be reasonably predicted. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers and workforce.

20. 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.

CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2022

20. Segmented information (continued):

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

Note 20 - Segmented Information (continued)

Year ended December 31, 2022

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning and Development	Total 2022
Revenues:									
Municipal taxation	\$ 1,087,746	-	-	-	-	-	-	-	\$ 1,087,746
Government transfers	369,897	5,165	-	179,552	-	-	7,846	-	562,460
User charges	12,632	24,284	-	81,640	-	-	-	10,557	129,113
Other	43,931	1,922	-	26,666	-	-	-	-	72,519
	1,514,206	31,371	-	287,858	-	-	7,846	10,557	1,851,838
Expenses:									
Salaries, wages and benefits	199,252	44,814	30,008	66,925	3,141	-	63,340	16,101	423,581
Materials	151,919	69,377	79,820	245,651	10,815	-	32,014	8,727	598,323
Contracted services	29,711	129,250	2,500	57,572	67	-	962	13,687	233,749
Rents and financial	3,236	-	-	2,103	-	-	-	-	5,339
External transfers	-	-	-	-	168,545	164,516	2,007	-	335,068
Amortization of tangible capital assets	33,599	23,369	91,810	172,309	666	-	40,722	928	363,403
	417,717	266,810	204,138	544,560	183,234	164,516	139,045	39,443	1,959,463
Annual surplus (deficit)	\$ 1,096,489	(235,439)	(204,138)	(256,702)	(183,234)	(164,516)	(131,199)	(28,886)	\$ (107,625)

THE CORPORATION OF THE TOWNSHIP OF THE NORTH SHORE

Note 20 - Segmented Information (continued)

Year ended December 31, 2022

	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services	Social & Family Services	Recreation & Cultural Services	Planning and Development	Total 2021
Revenues:									
Municipal taxation	\$ 1,033,203	-	-	-	-	-	-	-	\$ 1,033,203
Government transfers	428,389	6,536	-	48,226	-	-	14,313	-	503,464
User charges	14,225	20,123	6,000	81,009	-	-	-	13,317	128,674
Other	51,560	200	-	17,802	-	-	414	9,186	79,162
Gain on sale of land held for resale	23,230	-	-	-	-	-	-	-	23,230
	1,550,607	26,859	6,000	147,037	-	-	14,727	22,503	1,767,733
Expenses:									
Salaries, wages and benefits	199,120	36,261	29,322	60,577	2,538	-	52,541	15,518	395,877
Materials	178,541	81,765	66,151	221,186	18,492	-	35,181	14,375	615,691
Contracted services	57,097	132,056	2,720	78,602	73	-	1,046	14,155	285,749
Rents and financial	9,450	-	-	1,687	-	-	-	-	11,137
External transfers	-	-	-	-	-	-	-	-	-
Amortization of tangible capital assets	26,126	23,211	89,179	168,098	147,177	173,982	2,007	-	323,166
	470,334	273,293	187,372	530,150	168,280	173,982	30,794	1,837	339,245
Annual surplus (deficit)	\$ 1,080,273	(246,434)	(181,372)	(383,113)	(168,280)	(173,982)	(106,842)	(23,382)	\$ (203,132)

