

**THE TOWNSHIP OF ASSIGINACK**

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended December 31, 2019

## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Corporation of the Township of Assiginack (“the Township”) are the responsibility of the Township’s management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies are described in Note 1 to these consolidated financial statements. The preparation of the 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 Freelandt Caldwell Reilly 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.

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Mayor

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Treasurer

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July 8, 2020

Date

## INDEPENDENT AUDITORS' REPORT

**To the Members of Council, Inhabitants and Ratepayers of the Corporation of  
The Township of Assiginack**

### *Opinion*

We have audited the consolidated financial statements of the **Corporation of the Township of Assiginack**, which comprise the statement of consolidated financial position as at December 31, 2019, and the consolidated statements of operations and changes in accumulated surplus, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the **Corporation of the Township of Assiginack** as at December 31, 2019, and the results of its operations and its 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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

## INDEPENDENT AUDITORS' REPORT (continued)

### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

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

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization 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.

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

**FREELANDT CALDWELL REILLY LLP**



Chartered Professional Accountants  
Licensed Public Accountants

Sudbury, Ontario  
July 8, 2020

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**THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK****Consolidated Statement of Financial Position****December 31, 2019 with comparative figures for 2018**

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	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash	3,396,303	2,493,254
Term deposits	40,718	38,463
Taxes receivable (note 2)	476,370	463,321
User charges receivable	504,364	547,771
Grants receivable	-	60,529
Other accounts receivable	81,271	82,267
Investment in government business enterprise (note 3)	253,659	296,598
	<b>4,752,685</b>	<b>3,982,203</b>
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities	344,809	447,041
Deferred revenue	54,088	49,902
Deferred revenue - obligatory funds (note 4)	145,419	38,959
Long-term debt (note 5)	1,402,553	1,492,566
Obligations under capital lease (note 6)	110,746	134,932
Landfill closure and post-closure liability (note 7)	372,577	266,480
	<b>2,430,192</b>	<b>2,429,880</b>
<b>Net Assets (note 8)</b>	<b>2,322,493</b>	<b>1,552,323</b>
<b>Non-financial Assets (note 9)</b>		
Tangible capital assets (note 10)	16,123,849	16,395,140
Prepaid expenses	24,767	28,672
	<b>16,148,616</b>	<b>16,423,812</b>
<b>Accumulated Surplus</b>	<b>18,471,109</b>	<b>17,976,135</b>

**Contingent liabilities (note 15)**

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

**THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK**  
**Consolidated Statement of Operations and Changes in Accumulated Surplus**  
**Year ended December 31, 2019 with comparative figures for 2018**

	Budget \$	2019 \$	2018 \$
<b>Revenues</b>			
<b>Taxation</b>			
Residential and farm		2,904,350	2,813,963
Commercial, industrial and business		134,695	132,902
Other governments and agencies		16,193	16,341
	3,089,152	3,055,238	2,963,206
Deduct:			
Amounts raised on behalf of the school boards	350,946	335,059	341,675
	2,738,206	2,720,179	2,621,531
<b>Government Transfers</b>			
Government of Canada	78,421	32,156	120,324
Province of Ontario	1,189,832	1,530,311	1,151,450
Other municipalities		-	1,653
	1,268,253	1,562,467	1,273,427
<b>User Charges</b>			
Sewer and water charges	503,474	453,361	431,839
Fees and service charges	106,550	255,542	243,387
	610,024	708,903	675,226
<b>Other</b>			
Licences and permits	12,400	22,347	23,862
Investment income	30,000	57,157	36,906
Penalties and interest charges	65,000	58,552	73,365
Rents and other	55,525	117,587	68,256
	162,925	255,643	202,389
<b>Total Revenues</b>	<b>4,779,408</b>	<b>5,247,192</b>	<b>4,772,573</b>
<b>Expenditures</b>			
General government	850,562	789,038	912,038
Protection to persons and property	412,797	403,558	532,489
Transportation services	984,303	1,092,836	1,011,922
Environmental services	492,874	1,061,276	873,327
Health services	244,787	297,559	298,028
Social and family services	176,248	645,952	616,885
Recreation and cultural services	211,105	361,150	362,564
Planning and development	40,420	57,910	70,872
<b>Total Expenditures</b>	<b>3,413,096</b>	<b>4,709,279</b>	<b>4,678,125</b>
<b>Annual Surplus before undernoted item</b>	<b>1,366,312</b>	<b>537,913</b>	<b>94,448</b>
Loss from investment in government business enterprise (note 3)	-	(42,939)	(38,368)
<b>Annual Surplus</b>	<b>1,366,312</b>	<b>494,974</b>	<b>56,080</b>
<b>Accumulated Surplus, beginning of year</b>	<b>17,976,135</b>	<b>17,976,135</b>	<b>17,920,055</b>
<b>Accumulated Surplus, end of year</b>	<b>19,342,447</b>	<b>18,471,109</b>	<b>17,976,135</b>

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

**THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK**  
**Consolidated Statement of Changes in Net Assets**  
**Year ended December 31, 2019 with comparative figures for 2018**

	<b>Budget</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>Actual</b>	<b>Actual</b>
		<b>\$</b>	<b>\$</b>
<b>Annual Surplus</b>	1,366,312	494,974	56,080
Acquisition of tangible capital assets	(996,466)	(398,820)	(255,747)
Amortization of tangible capital assets	-	670,111	674,422
Loss on disposal of tangible capital assets	-	-	22,974
Change in prepaid expenses	-	3,905	6,080
Change in net assets	369,846	770,170	503,809
<b>Net Assets, beginning of year</b>	1,552,323	1,552,323	1,048,514
<b>Net Assets, end of year</b>	1,922,169	2,322,493	1,552,323

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

**THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK****Consolidated Statement of Cashflows****Year ended December 31, 2019 with comparative figures for 2018**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operations</b>		
<b>Annual Surplus</b>	494,974	56,080
<b>Items not involving cash</b>		
Amortization of tangible capital assets	670,111	674,422
Loss on disposal of tangible capital assets	-	22,974
Decrease in investment in government business enterprise	42,939	38,368
Landfill site closure and post-closure liability	106,097	6,133
	1,314,121	797,977
<b>Changes in non-cash operating assets and liabilities</b>		
Taxes receivable	(13,049)	(33,046)
User charges receivable	43,407	101,034
Grants receivable	60,529	(31,572)
Other accounts receivable	996	6,434
Accounts payable and accrued liabilities	(102,232)	32,627
Deferred revenue	4,186	42,798
Deferred revenue - obligatory reserve funds	106,460	17,933
Prepaid expenses	3,905	6,080
	1,418,323	940,265
<b>Capital transactions</b>		
Cash used to acquire tangible capital assets	(398,820)	(255,747)
<b>Investing transactions</b>		
Change in term deposits	(2,255)	4,050
<b>Financing transactions</b>		
Repayment of long-term debt	(90,013)	(95,364)
Repayment of obligations under capital lease	(24,186)	(22,928)
	(114,199)	(118,292)
Increase in cash	903,049	570,276
<b>Cash, beginning of year</b>	2,493,254	1,922,978
<b>Cash, end of year</b>	3,396,303	2,493,254

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



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# THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK

## Notes to the Consolidated Financial Statements

December 31, 2019

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### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Township are the representation of management. The financial statements are prepared using Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

Significant aspects of the accounting policies adopted by the Township are as follows:

#### a) Basis of Consolidation

##### i) Local Boards

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

Assiginack Library Board  
Assiginack Museum Board  
Hilly Grove Cemetery Board

##### ii) 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 statement of operations:

Sudbury and District Health Unit  
Manitoulin-Sudbury District Services Board

The assets, liabilities, revenues and expenses of the joint local boards have not been proportionally consolidated in these financial statements.

##### iii) Proportionally Consolidated Entities

These consolidated statements reflect proportionally the Township's share of the assets, liabilities, revenues and expenses of the following joint local boards:

Manitoulin Centennial Manor  
Manitoulin Planning Board

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**THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK****Notes to the Consolidated Financial Statements****December 31, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)****iv) Investment in Government Business Enterprise**

The Manitoulin East Municipal Airport Commission Inc. is a government business enterprise and is accounted for using the modified equity method. Each year the Township's share of income from government business enterprise is recognized in the consolidated financial statements and the investment in the government business enterprise is adjusted to reflect the change in equity occurring during the year.

**v) 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 these consolidated financial statements.

**vi) Trust Funds**

Trust funds and their related operations administered by the Township are not consolidated, but are reported separately on the Trust Funds financial statements.

**b) Basis of Accounting****i) Accrual Accounting**

The accrual basis of accounting recognizes revenues as they are earned 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) Tangible Capital Assets**

Tangible capital assets are recorded at cost. The Township provides for amortization using the straight-line method designed to amortize the cost, less any residual value, of the tangible capital assets over their estimated useful lives. The annual amortization rates are as follows:

	<u>Years</u>
Buildings	20-60
Roads and bridges	20-40
Automotive equipment	10-25
Furniture and equipment	5
Water and sewer	5-80

Additions are amortized at one half of the annual rate in the year of acquisition.

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# THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK

## Notes to the Consolidated Financial Statements

December 31, 2019

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### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### iii) Leases

Leases are classified as either capital or operating leases. Leases that transfer substantially all of the benefits and inherent risks of ownership of property to the Township are accounted for as capital leases. At the time a capital lease is entered into, a tangible capital asset is recorded together with its related capital lease obligation to reflect the acquisition and financing. Tangible capital assets recorded under capital leases are amortized on the same basis as described above. Payments under operating leases are expensed as incurred.

#### iv) Revenue Recognition

Property tax billings are prepared by the Township based on assessment rolls issued by the Municipal Property Assessment Corporation. Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts 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. Once a supplementary assessment roll is received, the Township determines the taxes applicable and renders supplementary tax billings. Supplementary taxation revenues are recorded at the time these bills are issued.

Assessments and related property taxes are subject to appeal by ratepayers. Tax adjustments as a result of appeals are recorded when the result of the appeal is known.

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.

Government 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.

Revenue from user charges and rents are recognized in the period in which the goods or services are provided

#### v) Deferred Revenue – Obligatory Reserve Funds

The Township receives certain contributions under the authority of federal and provincial legislation. These contributions are restricted in their use and, until spent on qualifying projects or expenses, are recorded as deferred revenue.

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**THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK****Notes to the Consolidated Financial Statements****December 31, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES (continued)****vi) Use of Estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these consolidated financial statements include the estimated useful lives of tangible capital assets and estimated landfill site closure and post-closure liability.

**vii) 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.

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. Unrealized changes in fair value are recognized in the statement of operations in the period they occur.

Financial assets measured at amortized cost include cash, term deposits, taxes receivable, user charges receivable, grants receivable and other account receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, long-term debt and obligations under capital lease.

**2. TAXES RECEIVABLE**

The components of taxes receivable are as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Taxes receivable	467,650	455,445
Interest receivable on outstanding tax balances	33,720	32,876
Allowance for uncollectible amounts	(25,000)	(25,000)
	<b>476,370</b>	<b>463,321</b>

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**THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK****Notes to the Consolidated Financial Statements****December 31, 2019**

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**3. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE**

The Manitoulin East Municipal Airport Commission Inc. is 1/3 owned by the Township. As this corporation is a business enterprise, it is accounted for using the modified equity method, as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Long-term investment, beginning of year	296,598	334,966
The Township's share of operating loss for the year	(42,939)	(38,368)
Long-term investment, end of year	253,659	296,598

The loss is included in Other revenues, Rents and other on the consolidated statements of operations.

Condensed supplementary financial information on the Airport is as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Position</b>		
Financial assets	205,235	130,191
Financial liabilities	195,274	110,674
<b>Net assets</b>	<b>9,961</b>	<b>19,517</b>
<b>Non-Financial Assets</b>		
Tangible capital assets	712,363	834,166
Inventory and prepaid expenses	38,656	36,110
	751,019	870,276
<b>Accumulated surplus</b>	<b>760,980</b>	<b>889,793</b>
<b>Results of Operations</b>		
Revenue	195,473	187,015
Expenses	324,286	302,119
<b>Net income (loss)</b>	<b>(128,813)</b>	<b>(115,104)</b>

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**THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

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**4. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS**

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

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Deferred revenue, beginning of year	38,959	21,026
Contributions received during the year	123,754	61,154
Interest earned	1,602	414
Amounts recognized as revenue during year	(18,896)	(43,635)
Deferred revenue, end of year	145,419	38,959

  

Deferred revenue - obligatory reserve consists of the following:		
Federal gas tax revenue	145,419	38,959

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**THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK****Notes to the Consolidated Financial Statements****December 31, 2019**

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**5. LONG-TERM DEBT**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
BMO Bank of Montreal demand term loan, repayable in monthly instalments of \$4,517 plus interest at the bank's prime rate of interest per annum, unsecured, maturing May 2020	736,262	790,463
BMO Bank of Montreal demand term loan, repayable in monthly instalments of \$1,701, plus interest at the bank's prime rate of interest per annum, unsecured, maturing June 2020	315,500	335,908
BMO Bank of Montreal demand term loan, repayable in monthly instalments of \$2,078, including interest at the bank's prime rate of interest per annum, unsecured, maturing February 2026	333,048	344,578
Ontario Ministry of Agriculture, Food and Rural Affairs tile drainage loan, repayable in annual instalments of \$3,872, including interest at 6.0% per annum, unsecured, maturing January 2026	17,743	21,617
	<b>1,402,553</b>	<b>1,492,566</b>

Principal payments on the long-term debt over the next 5 years, are payable as follows:

2020	89,182
2021	89,818
2022	90,484
2023	91,179
2024	91,906
Thereafter	949,984
	<b>1,402,553</b>

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**THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK****Notes to the Consolidated Financial Statements****December 31, 2019**

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**6. OBLIGATIONS UNDER CAPITAL LEASE**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Travelers Leasing Ltd. capital lease, repayable in monthly instalments of \$2,568 including interest at a rate of 5.25% per annum, secured by a specific vehicle with a carrying value of \$164,726, maturing December 2023	110,746	134,932

The cost and net book value of automotive equipment under capital lease is \$219,635 and \$164,726 respectively.

Principal payments in the next 5 years are as follows:

2020	25,511
2021	26,909
2022	28,384
2023	29,942
	<u>110,746</u>

**7. LANDFILL SITE CLOSURE AND POST-CLOSURE LIABILITY**

Under the environment law in the province of Ontario, there is a requirement for the Township to provide for closure and post-closure care of all active and inactive solid waste landfill sites. Accounting standards require that the costs associated with this requirement are provided for in the accounts over the service life of the landfill site based on its usage on a volumetric basis. The reported liability is based on estimates and assumptions regarding future events using the best information available to management. Actual results will vary from the estimated amounts and the change in the estimate will be recognized on a prospective basis as a change in accounting estimate in the year the change is determined.

The liability for closure and post-closure care represents the discounted future cash flows of estimated closure and post-closure care costs using the following rates and assumptions:

Remaining capacity	25,000 m <sup>3</sup>
Remaining life	25 years
Closure and acquisition costs	\$600,000
Monitoring period post-closure	25 years
Annual monitoring costs	\$10,000
Total estimated liability	\$647,339
Current estimated liability	\$372,577
Amount remaining to be recognized	<u>\$274,762</u>

Future cash flows have been discounted using a long-term interest rate of 4% and an estimated inflation rate of 3%.



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**THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

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**8. NET ASSETS (DEBT)**

The balance on the consolidated statement of financial position of net assets from at the end of the year is comprised of the following:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
To be used:		
- for the general increase in taxation and user charges	(3,346,971)	(3,335,321)
- to be recovered from tax and user charges for the repayment of long-debt and landfill liability	1,885,876	1,893,978
- for the general operations of joint and local boards	296,200	331,799
- for reserves and reserve funds	3,487,388	2,661,867
	<b>2,322,493</b>	<b>1,552,323</b>

**9. NON-FINANCIAL ASSETS**

Tangible capital assets and other non-financial assets are accounted for as assets by the Township because they can be used to provide services to residents and ratepayers of the Township in future periods. These assets do not normally provide resources to discharge the liabilities of the Township unless they are sold.

**THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**10. TANGIBLE CAPITAL ASSETS**

	Land \$	Land Improvements \$	Buildings \$	Roads and Bridges \$	Automotive Equipment \$	Furniture and Equipment \$	Water Treatment and Sewer \$	2019 Total \$
<b>Cost</b>								
Balance, beginning of year	916,697	-	10,120,272	7,117,078	1,605,719	3,758	10,154,725	29,918,249
Additions	-	64,985	28,999	-	57,148	-	247,688	398,820
Disposals	-	-	-	-	-	-	-	-
Balance, end of year	916,697	64,985	10,149,271	7,117,078	1,662,867	3,758	10,402,413	30,317,069
<b>Accumulated Amortization</b>								
Balance, beginning of year	-	-	2,993,879	4,572,631	1,238,583	3,205	4,714,811	13,523,109
Disposals	-	-	-	-	-	-	-	-
Amortization expense	-	889	193,075	126,971	66,602	335	282,239	670,111
Balance, end of year	-	889	3,186,954	4,699,602	1,305,185	3,540	4,997,050	14,193,220
Net book value	916,697	64,096	6,962,317	2,417,476	357,682	218	5,405,363	16,123,849
	Land \$		Buildings \$	Roads and Bridges \$	Automotive Equipment \$	Furniture and Equipment \$	Water Treatment and Sewer \$	2018 Total \$
<b>Cost</b>								
Balance, beginning of year	916,697	-	10,143,246	7,117,078	1,605,719	3,622	9,899,114	29,685,476
Additions	-	-	-	-	-	136	255,611	255,747
Disposals	-	-	(22,974)	-	-	-	-	(22,974)
Balance, end of year	916,697	-	10,120,272	7,117,078	1,605,719	3,758	10,154,725	29,918,249
<b>Accumulated Amortization</b>								
Balance, beginning of year	-	-	2,802,254	4,443,195	1,146,086	2,414	4,454,738	12,848,687
Disposals	-	-	-	-	-	-	-	-
Amortization expense	-	-	191,625	129,436	92,497	791	260,073	674,422
Balance, end of year	-	-	2,993,879	4,572,631	1,238,583	3,205	4,714,811	13,523,109
Net book value	916,697	-	7,126,393	2,544,447	367,136	553	5,439,914	16,395,140

**THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**11. CONTRIBUTIONS TO NON-CONSOLIDATED JOINT LOCAL BOARDS**

Further to note 1(a) (ii), the following contributions were made by the Township to these joint local boards:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Manitoulin-Sudbury District Services Board	368,873	359,165
Sudbury & District Health Unit	33,720	30,019
	<b>402,593</b>	<b>389,184</b>

The Township's share of the assets, liabilities, revenue and expenses of these joint local boards are as follows:

	<b>2019</b>	<b>2018</b>
	<b>%</b>	<b>%</b>
Manitoulin-Sudbury District Services Board	3.530	3.530
Sudbury and District Health Unit	0.459	0.459

**12. TRUST FUNDS**

Trust funds administered by the Township amounting to \$189,503 (2018 - \$186,011) have not been included in the consolidated statement of financial position nor have their operations been included in the consolidated statements of operations.

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# THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK

## Notes to the Consolidated Financial Statements

December 31, 2019

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### 13. SEGMENTED DISCLOSURE

The Township is a diversified municipal government institution that provides a wide range of services to citizens. Services include water, roads, fire, police, waste management, recreation programs, economic development, land use planning and health and social services. For management reporting purposes, the Government's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Township services are provided by departments and their activities are reported in these funds. Certain departments have been separately disclosed in the segmented information, along with the services they provide, and are as follows:

#### *General Government*

General government consists of: Office of the Mayor, Council expenses, administrative services (including clerks, elections, communications, legal and information technology services), human resources and financial departments. Areas within the general government respond to the needs of external and internal clients by providing high quality, supportive and responsive services. This area supports the operating departments in implementing priorities of Council and provides strategic leadership on issues, relating to governance, strategic planning and service delivery.

#### *Protection Services*

This section consists of fire, police, and animal control, building services, emergency measures and management of Provincial Offences Act. Police services ensure the safety of the lives and property of citizens; preserve peace and order; prevent crimes from occurring, detect offenders and enforce the law. Fire Services is responsible to provide fire suppression service; fire prevention programs, training and education related to prevention, detection and extinguishment of fires. The building services division processes permit applications and ensure compliance with the Ontario Building Code and with By-Laws enacted by Council.

#### *Transportation Services*

This area is responsible for management of roadways including bridges, traffic and winter control.

#### *Environmental Services*

In addition to the management of waterworks, this area is responsible for waste collection, waste disposal and recycling facilities and programs. This section is responsible for providing clean, potable water meeting all regulatory requirements and responsible for repairing breaks and leaks in the water system.

#### *Health and Social Services*

This section consists of assistance to aged persons, cemetery services as well as the Township's contribution to the Sudbury and District Health Unit and Manitoulin-Sudbury District Services Board.

**13. SEGMENTED DISCLOSURE (continued)**

*Recreation and Cultural Services*

This section provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure service and provides management of arenas and leisure facilities. This section also contributes to the information needs of the Township's citizens through the provision of library and cultural services and by preserving local history and managing archived data.

*Planning and Development*

The goal of this section is to offer coordinated development services in order to maximize economic development opportunities, and to ensure that the Township is planned and developed in accordance with the Ontario Planning Act, Provincial policies and good planning principles.

Certain allocation methodologies are employed in the preparation of segmented financial information.

**THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**

**13. SEGMENTED DISCLOSURE (continued)**

	General Government \$	Protection Services \$	Transportation Services \$	Environmental Services \$	Health and Social Services \$	Recreation and Cultural Services \$	Planning and Development \$	2019 Total \$	2018 Total \$
<b>Revenues</b>									
Taxation	2,720,179	-	-	-	-	-	-	2,720,179	2,621,531
Grants	1,036,100	1,926	4,201	150,946	317,686	38,705	12,903	1,562,467	1,273,427
User fees and service charges	27,067	2,724	-	453,841	177,438	40,038	7,795	708,903	675,226
Other	159,666	20,312	3,895	11,393	441	57,718	2,218	255,643	202,389
	3,943,012	24,962	8,096	616,180	495,565	136,461	22,916	5,247,192	4,772,573
<b>Expenditures</b>									
Salaries, wages and benefits	406,983	55,436	328,819	38,807	12,358	126,179	19,440	988,022	993,118
Purchase of goods and materials	286,887	39,218	534,974	483,358	524,283	144,928	38,135	2,051,783	2,036,604
Contracts and services	41,565	283,734	-	162,492	-	-	-	487,791	476,306
Amortization	26,543	25,170	191,473	346,399	4,277	75,914	335	670,111	674,422
Financial expenses	13,411	-	-	-	-	1,200	-	14,611	13,552
Interest on long-term debt	13,649	-	7,171	30,220	-	12,929	-	63,969	64,540
Other transfers	-	-	30,399	-	402,593	-	-	432,992	419,583
	789,038	403,558	1,092,836	1,061,276	943,511	361,150	57,910	4,709,279	4,678,125
Excess (deficiency) of revenues over expenditures	3,153,974	(378,596)	(1,084,740)	(445,096)	(447,946)	(224,689)	(34,994)	537,913	94,448

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**THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK****Notes to the Consolidated Financial Statements****December 31, 2019**

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**14. PENSION PLAN**

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

The amount contributed to OMERS for 2019 was \$54,411 (2018 - \$54,997) for current service and is included as an expenditure on the consolidated statement of operations.

At December 31, 2019, the OMERS pension plan had total assets of \$109.4 billion (2018 - \$111.8 billion) and an accumulated deficit of \$1.53 billion (2018 – \$2.64 billion surplus).

**15. CONTINGENT LIABILITIES**

The Township receives transfers from the governments of Canada and Ontario. Some government transfers are subject to audit by the transferring government with adjustments, if any, repayable to the transferring government. Audit adjustments, if any, are recorded in the accounts in the year in which they become known.

**16. COMMITMENT**

The Township has entered into a management services agreement with the Ontario Clean Water Agency (OCWA) to operate and maintain the Town's water treatment plant and distribution system. The agreement is for a ten-year period ending December 31, 2027. Required payments in each of the next five years are as follows:

	<u>\$</u>
2020	225,611
2021	230,533
2022	234,479
2023	238,518
2024	242,653

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**THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK****Notes to the Consolidated Financial Statements****December 31, 2019**

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**17. BUDGET**

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results in these consolidated financial statements. The budget was prepared on a modified accrual basis while Canadian public-sector accounting standards require the full accrual basis. The budget figures include a transfer of the anticipated annual surplus to reserves. In addition, the budget expenses all tangible capital acquisitions and does not include a provision for amortization expense. As a result, the budget figures presented in the consolidated statements of operations and changes in accumulated surplus represent the budget adopted by Council, adjusted as follows:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Budget surplus approved by Council	-	-
Less: Budgeted transfers to (from) reserves and reserve funds	369,846	(487,663)
Add: Budgeted tangible capital asset additions	996,466	1,533,922
Budget surplus per consolidated financial statements	1,366,312	1,046,259

**18. FINANCIAL INSTRUMENTS**

Transactions in financial instruments may result in an entity assuming or transferring to another party financial risk. The Township is exposed to the following risks associated with financial instruments and transactions it is a party to:

**a) Credit risk**

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Township is exposed to this risk relating to its cash, term deposits and various accounts receivable accounts.

The Township holds its cash accounts with large reputable financial institutions, from which management believes the risk of loss due to credit risk to be remote.

The Township is exposed to credit risk in accounts receivable which includes rate payers, government and other receivables. The Township measures its exposure to credit risk with respect to accounts receivable based on how long the amounts have been outstanding and management's analysis of accounts. Risk is minimized through managements' ongoing analysis and monitoring of outstanding accounts receivable balances and collections.

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.



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# THE CORPORATION OF THE TOWNSHIP OF ASSIGINACK

## Notes to the Consolidated Financial Statements

December 31, 2019

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### 18. FINANCIAL INSTRUMENTS (continued)

#### b) Liquidity risk

Liquidity risk is the risk that an entity 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 to repay creditors, including long-term debt and capital lease obligation principle and interest, as those liabilities become due.

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) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Township is exposed to this risk mainly in respect of its bank credit facilities.

The Township has minimal interest rate exposure on its bank credit facilities, which are variable based on the bank's prime rates. Interest expense incurred on the credit facilities is \$63,969 (2018 - \$64,540).

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.

### 19. SUBSEQUENT EVENT

Subsequent to year end, the COVID-19 global outbreak was declared a pandemic by the World Health Organization in March 2020. The negative impact of COVID-19 in Canada and on the global economy has been significant. The global pandemic has disrupted economic activities and supply chains resulting in governments worldwide, and in Canada, enacting emergency measures to combat the spread of the virus and protect the economy.

These financial statements have been prepared based upon conditions existing at December 31, 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at that date. As the outbreak of COVID-19 occurred after December 31, 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to these financial statements for the impacts of COVID-19.

Although the disruption from the pandemic is expected to be temporary, given the dynamic nature of these circumstances, the duration and severity of the disruption and related financial impact cannot be reasonably estimated at this time. The Township's ability to continue to service debt and meet obligations as they come due is dependent on its continued ability to generate cash flows. At this time, the full potential impact of COVID-19 on the Township is not known