

The Corporation of the Township of Sioux Narrows - Nestor Falls
Consolidated Financial Statements

December 31, 2022

The Corporation of the Township of Sioux Narrows - Nestor Falls

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For the year ended December 31, 2022

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Management's Responsibility

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Sioux Narrows - Nestor Falls:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council composed entirely of individuals who are neither management nor employees of the Municipality. Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. Council is also responsible for recommending the appointment of the Municipality's external auditors.

MNP LLP is appointed by the Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Council and management to discuss their audit findings.

June 6, 2023



Wanda Kabel, Chief Administrative Officer

To the Members of Council, Inhabitants and Ratepayers of The Corporation of the Township of Sioux Narrows - Nestor Falls:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Corporation of the Township of Sioux Narrows - Nestor Falls (the "Municipality"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of operations and accumulated surplus, changes in net financial assets (net debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Municipality as at December 31, 2022, and the results of its operations, changes in its net financial assets (net debt) 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Municipality in accordance with the ethical requirements that are relevant to our audit of the 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 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 Municipality'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 Municipality or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 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 financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality'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 Municipality'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 Municipality 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.

Kenora, Ontario

June 6, 2023

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

The Corporation of the Township of Sioux Narrows - Nestor Falls

Consolidated Statement of Financial Position

As at December 31, 2022

	2022	2021
Financial assets		
Cash and cash equivalents (Note 2)	563,649	1,908,817
Trade and other receivables (Note 3)	1,062,015	298,422
Taxes receivable	184,662	248,806
Investments (Note 4)	1,850,428	2,192,548
Total financial assets	3,660,754	4,648,593
Liabilities		
Accounts payable and accruals (Note 5)	496,545	253,724
Deferred revenue (Note 7)	906,459	537,438
Due to trust funds	1,300	1,200
Liability for remediation of contaminated sites (Note 8)	2,502,903	2,422,458
Capital lease obligation (Note 11)	29,805	49,675
Total financial liabilities	3,937,012	3,264,495
Net financial assets (net debt)	(276,258)	1,384,098
Contingencies (Note 9)		
Non-financial assets		
Tangible capital assets (Schedule 1)	10,429,714	8,450,169
Prepaid expenses	34,969	20,461
Total non-financial assets	10,464,683	8,470,630
Accumulated surplus (Note 10)	10,188,425	9,854,728

Approved on behalf of The Municipality

Gale Black

Mayor

[Signature]

Chief
Administrative
Officer

The Corporation of the Township of Sioux Narrows - Nestor Falls
Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31, 2022

	<i>2022 Budget Note 16</i>	<i>2022</i>	<i>2021</i>
Revenue			
Property taxes	2,824,184	2,854,649	2,791,110
User fees	318,250	287,493	308,830
Canada grants (Note 12)	934,147	587,026	173,460
Ontario grants (Note 12)	2,807,636	1,362,306	1,030,562
Other income (Note 13)	292,304	182,507	309,196
	7,176,521	5,273,981	4,613,158
Expenses			
General government	1,148,748	1,040,357	1,025,009
Protection services	982,567	814,436	859,855
Transportation services	224,450	251,826	253,752
Environmental services	428,826	334,350	349,031
Health services	497,667	538,074	447,632
Social and family services	697,703	698,062	720,204
Recreation and cultural services	686,156	698,673	582,846
Planning and development	623,840	562,958	483,517
Total expenditures (Schedule 2)	5,289,957	4,938,736	4,721,846
Surplus (deficit) before other income (expenses)	1,886,564	335,245	(108,688)
Other income (expense)			
Gain (loss) on disposal of capital assets	-	(1,548)	4,682
Surplus (deficit)	1,886,564	333,697	(104,006)
Accumulated surplus, beginning of year	9,854,728	9,854,728	9,958,734
Accumulated surplus, end of year	11,741,292	10,188,425	9,854,728

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

The Corporation of the Township of Sioux Narrows - Nestor Falls
Consolidated Statement of Change in Net Financial Assets (Net Debt)

For the year ended December 31, 2022

	<i>2022 Budget Note 16</i>	<i>2022</i>	<i>2021</i>
Annual surplus (deficit)	1,886,564	333,697	(104,006)
Acquisition of tangible capital assets	(4,129,581)	(2,482,214)	(713,572)
(Gain) loss on sale of tangible capital assets	-	1,548	(4,682)
Proceeds on sale of tangible capital assets	-	-	6,750
Amortization of tangible capital assets	635,000	501,121	643,019
Acquisition of prepaid expenses	-	(14,508)	(3,610)
Increase in net debt	(1,608,017)	(1,660,356)	(176,101)
Net financial assets, beginning of year	1,384,098	1,384,098	1,560,199
Net financial assets (debt), end of year	(223,919)	(276,258)	1,384,098

The Corporation of the Township of Sioux Narrows - Nestor Falls

Consolidated Statement of Cash Flows

For the year ended December 31, 2022

	2022	2021
Operating activities		
Surplus (deficit)	333,697	(104,006)
Non-cash items		
Amortization	501,121	643,019
Unrealized loss on investments	181,201	-
Gain (loss) on disposal of capital assets	1,548	(4,682)
Accretion	80,445	214,931
	1,098,012	749,262
Changes in working capital accounts		
Trade and other receivables	(763,593)	(193,459)
Taxes receivable	64,144	83,340
Prepaid expenses	(14,508)	(3,612)
Accounts payable and accruals	242,821	(26,717)
Deferred revenue	369,021	22,643
Due to trust funds	100	498
	995,997	631,955
Financing activities		
Repayment of capital lease obligations	(19,870)	(19,870)
Capital activities		
Purchases of tangible capital assets	(2,482,214)	(713,572)
Proceeds of disposal of tangible capital assets	-	6,750
	(2,482,214)	(706,822)
Investing activities		
Purchase of investments	(58,783)	(1,983,037)
Retirement of term deposits	219,702	2,141,223
	160,919	158,186
Increase (decrease) in cash and equivalents	(1,345,168)	63,449
Cash and equivalents, beginning of year	1,908,817	1,845,368
Cash and equivalents, end of year	563,649	1,908,817

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

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

1. Significant accounting policies

These consolidated financial statements of the Municipality are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgements. However, because of the inherent uncertainty in making estimates, actual results could differ from those estimates.

The focus of PSAB financial statements is on the financial position of the Municipality and the changes thereto and emphasizes those assets which could provide resources to discharge existing liabilities or finance future operations. This provides information about the Municipality's overall future revenue requirements and its ability to finance activities and meet its obligations. The following is a summary of the significant accounting policies followed in the preparation of these financial statements:

Reporting entity

The financial statements consolidate the financial activities of the reporting entity. This entity is comprised of the municipal operations plus all organizations that are owned or controlled by the Municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. The financial statements exclude trust assets that are administered for the benefit of external parties.

The Municipality has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Sioux Narrows Library Board

All inter-entity balances have been eliminated on consolidation.

Accounting for school board transactions

The Municipality is required by provincial law to bill, collect and remit provincial education support levies in respect of residential and other properties on behalf of the Province. The Municipality has no jurisdiction or control over the school boards' operations or education mill rate changes. Therefore, the taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in these consolidated statements.

Trust funds

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported on separately on the "Trust Funds Statement of Financial Position and Statement of Continuity" (see also Note 15).

Basis of accounting

Revenues and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

The consolidated statement of financial position reflects all of the financial assets and liabilities of the Municipality. Financial assets are those assets which could provide resources to discharge existing liabilities or finance future operations. Municipal position represents the financial position of the Municipality, and is the difference between its assets and liabilities. This provides information about the Municipality's overall future revenue requirements and its ability to finance activities and meet its obligations.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

1. Significant accounting policies (Continued from previous page)

Measurement uncertainty (Continued from previous page)

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. Amortization is based on the estimated useful lives of tangible capital assets. Accounts payable and accruals are based on historical charges for unbilled goods and services at year-end. Asset retirement obligations are based on the estimated present value of future liabilities for the retirement and closure costs of the assets at year-end.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

Cash and cash equivalents

Cash and cash equivalent include cash on hand, balances with banks and short-term investments with maturities of six months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Deferred revenue

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

Temporary investments

Temporary investments are valued at the lower of cost and market value.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated change in net financial assets for the year.

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Municipality to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at December 31, 2022. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Municipality reviews the carrying amount of the liability. The Municipality recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Municipality continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

1. Significant accounting policies (Continued from previous page)

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution and also are recorded as revenue.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Land improvements	straight-line	8 to 40 years
Buildings	straight-line	6 to 50 years
Computer hardware	straight-line	5 years
Docks	straight-line	5 to 30 years
Furnishings and equipment	straight-line	8 to 20 years
Library collection	straight-line	10 years
Machinery and equipment	straight-line	15 to 50 years
Roads	straight-line	28 to 50 years
Sewage lagoon	straight-line	50 years
Signage	straight-line	10 to 20 years
Solar arrays	straight-line	40 years
Street lighting	straight-line	30 years
Unlicensed vehicles	straight-line	15 years
Vehicles	straight-line	5 to 20 years

The full amount of annual amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Interest capitalization

The Organization does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

Leases

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

Revenue recognition

Government Transfers

The Municipality recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Municipality recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Tax revenue

The Municipality recognizes taxes as assets and revenue when they meet the definition of an asset; are authorized by a legislature, council, or legislative convention; and the taxable event has occurred. Taxes related to unreported taxable events or unidentified economic events that would be taxable events if disclosed or known to the Municipality are recognized when such events are known, the related taxes are quantifiable, and amounts are collectible.

Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with tax legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the Municipality evaluates the tax receivable for collectability and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

1. Significant accounting policies *(Continued from previous page)*

Revenue recognition *(Continued from previous page)*

Fees and user charges

Fees and user charges are recognized on a monthly basis as services are provided.

Grant revenue

Grants for the acquisition of tangible capital assets are recognized in the period in which the eligible expenditures are made.

Other income

Other income is recorded when collected or when collection is reasonably assured.

Investment income

Investment income is recorded when collection is reasonably assured on an accrual basis.

2. Cash and cash equivalents

	2022	2021
Unrestricted	217,847	1,371,379
Restricted	345,802	537,438
	563,649	1,908,817

The Municipality has available a \$1,400,000 demand operating line of credit with no specific terms of repayment. Interest is calculated and payable monthly at prime plus 1%. The loan is secured by a general security agreement over all of the assets of the Municipality.

3. Trade and other receivables

	2022	2021
Accrued interest	6,734	8,286
Government of Canada	428,264	90,848
HST receivable	191,908	55,665
Province of Ontario	434,314	139,787
Other	795	3,836
	1,062,015	298,422

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

4. Investments

	2022 Cost	2022 Market Value	2022	2021
One Investment - Canadian Equity Portfolio	1,092,264	905,751	905,751	983,855
One Investment - Canadian Corporate Bond Portfolio	687,487	618,978	618,978	673,255
Term deposit, maturing April 5, 2024, interest paid annually at 1.5%	325,699	325,699	325,699	-
Term deposit, matured April 5, 2022	-	-	-	320,885
Term deposit, matured February 1, 2022	-	-	-	214,553
	2,105,450	1,850,428	1,850,428	2,192,548

Of the \$1,850,428 in investments at December 31, 2022, \$560,657 is restricted.

5. Accounts payable and accruals

	2022	2021
Other	459,637	220,939
Province of Ontario	24,082	19,164
Receiver General for payroll deductions	12,826	13,448
HST payable	-	173
	496,545	253,724

6. Defined contribution plans

The municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of 10 members of its staff. The plan is a defined benefit plan which specifies the amount of the pension to be received by the employees based on length of service and rates of pay. Employee contributions are matched by the Organization. The amount contributed to OMERS for 2022 was \$55,127 (2021 - \$51,506). For employees who have a normal retirement age of 65, contributions are 9% of employee salaries up to \$64,900 and 14.6% thereafter.

The actuarial valuation of OMERS at December 31, 2022 indicated a deficit of \$6,100 million (2021 - deficit of \$69 million) based on the fair market value of the Plan's assets and liabilities. Because OMERS is a multi-employer pension plan, any pension surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension deficit.

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

7. Deferred revenue

	<i>Opening Balance</i>	<i>Contributions received</i>	<i>Externally restricted investment income</i>	<i>Revenue recognized</i>	<i>Ending balance</i>
Gas tax funding	272,958	35,965	4,231	37,371	275,783
Minister of Northern Development, Mines, Natural Resources and Forestry	-	195,503	-	-	195,503
Ministry of Municipal Affairs and Housing	186,734	-	-	39,403	147,331
Federal Economic Development Agency for Northern Ontario	-	183,823	-	71,870	111,953
Ontario Community Infrastructure Fund	38	100,000	2,251	-	102,289
Subdivider contributions	46,942	-	1,068	-	48,010
Miscellaneous funding	30,766	6,906	-	17,082	20,590
Performance and Maintenance Guarantee	-	5,000	-	-	5,000
	537,438	527,197	7,550	165,726	906,459

Gas tax funding is provided by the Government of Canada. The use of funding is established by a funding agreement between the Organization and the Association of Municipalities of Ontario. Gas tax funding may be used towards designated public transit, water, wastewater, solid waste, community energy systems, roads and capacity building projects as specified in the funding agreements.

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

8. Liability for remediation of contaminated sites

The Municipality opened a landfill site located 10 km northeast of Sioux Narrows, Ontario, west of Highway 71 in the District of Kenora on December 30, 1991, and is legally required to perform closure and post-closure activities upon retirement of this site, which is estimated to be in 6 years. The Municipality recognized a liability for the asset retirement obligation and a corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of Sioux Narrows Waste Disposal Site. The asset retirement cost is amortized on a straight-line basis over the useful life of the Sioux Narrows Waste Disposal Site.

The Municipality estimated the amount of the liability using the discounted cash flow method. The significant assumptions used to determine the best estimate of the liability include:

- At the end of 2019, there was an estimated 20,366 cubic metres (m3) or 22%, capacity remaining based on the 2018 topographical survey data and the traffic volumes from 2018 and 2019. This is the equivalent to a site life of approximately 8 years at the maximum fill rate of 2,500 m3/year;

	2022	2021
Balance, beginning of year	1,117,885	983,399
Accretion	-	134,486
Balance, end of year	1,117,885	1,117,885

The Municipality opened a landfill site located 13 km south of Nestor Falls in the unorganized Township of Claxton, District of Rainy River, Ontario on December 31, 1975 and is legally required to perform closure and post-closure activities upon retirement of this site, which is estimated to be in 21 years. The Municipality recognized a liability for the asset retirement obligation and a corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of Nestor Falls Waste Disposal Site. The asset retirement cost is amortized on a straight-line balance basis over the useful life of the Nestor Falls Waste Disposal Site.

The Municipality estimated the amount of the liability using the discounted cash flow method. The significant assumptions used to determine the best estimate of the liability include:

- At the end of 2019, there was an estimated 22,229 cubic metres (m3) or 31%, capacity remaining based on the 2018 topographical survey data and the traffic volumes from 2019. This is the equivalent to a site life of approximately 22 years at the maximum fill rate of 1,000 m3/year;

	2022	2021
Balance, beginning of year	885,963	830,002
Accretion	55,961	55,961
Balance, end of year	941,924	885,963

The Municipality opened a septic system consisting of lagoons and ponds located 8 km southeast of Sioux Narrows, Ontario and east of Highway 71 in the District Of Kenora on March 4, 2008 and is legally required to perform closure and post-closure activities upon retirement of this site. The Municipality recognized a liability for the asset retirement obligation and a corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of Sioux Narrows-Nestor Falls Septage Lagoons. The asset retirement cost is amortized on a straight-line basis over the useful life of the Sioux Narrows-Nestor Falls Septage Lagoons.

The Municipality estimated the amount of the liability using the discounted cash flow method. The significant assumptions used to determine the best estimate of the liability include:

- An assumed operating period (lifespan) of 25 years as there is no set lifespan for the system if it is maintained properly;

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

8. Liability for remediation of contaminated sites *(Continued from previous page)*

	2022	2021
Balance, beginning of year	418,610	394,126
Accretion	24,484	24,484
Balance, end of year	443,094	418,610

Liability for remediation of contaminated sites summary table

	Sioux Narrows Waste Disposal Site	Nestor Falls Waste Disposal Site	Sioux Narrows- Nestor Falls Septage Lagoons	2022	2021
Balance, beginning of year	1,117,885	885,963	418,610	2,422,458	2,207,527
Accretion	-	55,961	24,484	80,445	214,931
Balance, end of year	1,117,885	941,924	443,094	2,502,903	2,422,458

9. Contingencies

The Corporation of the Township of Sioux Narrows-Nestor Falls' pro-rata share of the cumulative operating surplus/(deficit) of the District of Kenora Home for the Aged is not available for 2022 (2021 - \$117,128 surplus). The Home's management expects to recover any surplus/deficit from projected future operating surpluses/deficits. A billing to municipalities for their respective share of any deficit is not anticipated.

As of December 31, 2022, there are outstanding legal claims against the Corporation of the Township of Sioux Narrows-Nestor Falls in the amount of \$470,000 (2021 - \$470,000). The outcome of these matters is not determinable at year end and no amount has been accrued as at December 31, 2022.

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

10. Accumulated surplus

Accumulated surplus consists of individual fund surpluses and reserves as follows:

	2022	2021
Surplus (deficit)		
Invested in tangible capital assets	10,429,714	8,450,169
General funds	(2,157,152)	(938,645)
Total surplus	8,272,562	7,511,524
Reserves		
Administration	34,471	34,471
Transportation	5,000	5,000
Recreational programs and facilities	4,000	4,000
Transportation/environmental	1,000	1,000
Drying bed	500	500
Cemetery	580	580
Total reserves	45,551	45,551
Reserve funds		
General government	187,383	202,831
Fire protection	-	435,517
Transportation	139,322	150,808
Planning and development	217,441	235,367
Recreation program and facilities	286,413	310,024
Environmental services	30,934	33,485
Post closure	1,008,819	929,621
Total reserve funds	1,870,312	2,297,653
Accumulated surplus	10,188,425	9,854,728

11. Capital lease obligation

	2022	2021
Capital lease repayable \$1,656 monthly, interest free, maturing June 2024, secured by a compact Kubota track loader with a net book value of \$65,649	29,805	49,675

Minimum lease payments related to the obligation under capital lease are as follows:

2023	19,870
2024	9,935
	<u>29,805</u>

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

12. Government transfers

During the year the Municipality recognized the following transfers as revenue:

	2022	2021
Operating transfers - Federal		
Gas tax	37,371	35,640
Fednor	493,590	102,634
Other	56,065	35,186
	587,026	173,460
Operating transfers - Provincial		
Ontario Municipal Partnership Fund	618,500	605,800
Ministry of Municipal Affairs and Housing	39,403	78,226
Ministry of Infrastructure	307,097	100,000
Other	99,807	67,617
NOHFC	151,876	60,620
Ministry of Health and Long Term Care	83,315	59,275
Ministry of the Solicitor General	62,308	59,024
	1,362,306	1,030,562
	1,949,332	1,204,022

13. Other income

	2022	2021
Penalties and interest on taxation	41,058	39,219
Investment income (loss)	(89,530)	35,083
Donations	10,774	6,631
User fees and other	220,205	228,263
	182,507	309,196

14. Operations of School Boards

During the year, the following taxation revenue was raised and remitted to the school boards:

	2022	2021
	720,707	710,713

15. Trust funds

The trust funds administrated by the municipality have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations and accumulated surplus. At December 31, 2022, the trust fund balances are as follows:

	2022	2021
Cemetery Care and Maintenance Funds	28,793	26,913

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2022

16. Budget

The disclosed budget information has been approved by the Mayor and Council of the The Corporation of the Township of Sioux Narrows - Nestor Falls at the meeting held on April 5 2022.

The budget adopted by Council was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget expensed all tangible capital expenses. As a result, the budget figures presented in the consolidated statement of operations and the consolidated statement of change in net financial assets represent the budget adopted by Council on April 5, 2022 with adjustments as follows:

	2022	2021
Financial plan (budget) surplus (deficit) for the year		
Deficit	(717,212)	-
Adjustments		
Capital expenditures	4,129,581	2,031,299
Amortization	(635,000)	(644,000)
Transfers to Reserves	150,000	(706,594)
Transfers from Reserves	(528,517)	-
Transfer from Operations	(512,288)	-
Budget surplus per statement of operations	1,886,564	680,705

17. Segments

During 2022, the Organization had 8 reportable segments: General Government, Protection Services, Transportation Services, Environmental Services, Health Services, Social and Family Services, Recreation and Cultural Services, and Planning and Development. These segments are differentiated by major activities and/or service lines as follows:

- General government which is primarily engaged with the Office of the Mayor and Council and corporate administration including facilities activities
- Protection services which is primarily engaged with police, fire and bylaw enforcement activities
- Transportation services which is primarily engaged with roads, summer and winter maintenance activities
- Environmental services which is primarily engaged with waste management, diversion and disposal activities
- Health services which is primarily engaged with public health, cemeteries and ambulance activities
- Social and family services which is primarily engaged with general assistance, homes for the aged, services to aged persons and child care services
- Recreation and cultural services which is primarily engaged with parks, recreation facilities, recreation programs, golf course, libraries and tourism activities
- Planning and development which is primarily engaged with planning, commercial and industrial development, residential development, zoning, community development and marketing activities

The accounting policies of the segments are the same as those described in Note 2.

The Corporation of the Township of Sioux Narrows- Nestor Falls
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended December 31, 2022

	Land	Land improvements	Buildings	Computer hardware	Docks	Furnishings and equipment	Subtotal
Cost							
Balance, beginning of year	1,715,793	2,131,961	5,921,479	19,385	366,158	250,452	10,405,228
Acquisition of tangible capital assets	56,761	207,253	-	-	12,222	15,995	292,231
Work-in-progress	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-
Contributed tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	1,772,554	2,339,214	5,921,479	19,385	378,380	266,447	10,697,459
Accumulated amortization							
Balance, beginning of year	-	930,312	2,862,186	19,385	126,121	230,480	4,168,484
Annual amortization	-	75,261	140,523	-	13,996	11,626	241,406
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	-	1,005,573	3,002,709	19,385	140,117	242,106	4,409,890
Net book value of tangible capital assets	1,772,554	1,333,641	2,918,770	-	238,263	24,341	6,287,569
2021 Net book value of tangible capital assets	1,715,793	1,201,649	3,059,293	-	240,037	19,972	6,236,744

The Corporation of the Township of Sioux Narrows- Nestor Falls
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended December 31, 2022

	Subtotal	Library collection	Licensed and unlicensed vehicles	Machinery and equipment	Roads	Sewage lagoon	Subtotal
Cost							
Balance, beginning of year	10,405,228	117,393	1,531,499	1,207,384	904,051	168,900	14,334,455
Acquisition of tangible capital assets	292,231	12,706	653,509	29,740	-	-	988,186
Work-in-progress	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	(5,804)	-	-	-	-	(5,804)
Contributed tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	10,697,459	124,295	2,185,008	1,237,124	904,051	168,900	15,316,837
Accumulated amortization							
Balance, beginning of year	4,168,484	42,432	1,085,683	758,501	655,352	56,340	6,766,792
Annual amortization	241,406	11,160	76,641	48,697	9,486	3,360	390,750
Accumulated amortization on disposals	-	(4,256)	-	-	-	-	(4,256)
Balance, end of year	4,409,890	49,336	1,162,324	807,198	664,838	59,700	7,153,286
Net book value of tangible capital assets	6,287,569	74,959	1,022,684	429,926	239,213	109,200	8,163,551
2021 Net book value of tangible capital assets	6,236,744	74,961	445,816	448,883	248,699	112,560	7,567,663

The Corporation of the Township of Sioux Narrows- Nestor Falls
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended December 31, 2022

	Subtotal	Signage	Solar arrays	Street lighting	Landfills	Subtotal
Cost						
Balance, beginning of year	14,334,455	260,139	292,180	26,200	2,422,458	17,335,432
Acquisition of tangible capital assets	988,186	-	-	-	80,445	1,068,631
Work-in-progress	-	-	-	-	-	-
Disposal of tangible capital assets	(5,804)	-	-	-	-	(5,804)
Contributed tangible capital assets	-	-	-	-	-	-
Balance, end of year	15,316,837	260,139	292,180	26,200	2,502,903	18,398,259
Accumulated amortization						
Balance, beginning of year	6,766,792	126,877	80,351	20,522	2,422,458	9,417,000
Annual amortization	390,750	21,749	7,304	873	80,445	501,121
Accumulated amortization on disposals	(4,256)	-	-	-	-	(4,256)
Balance, end of year	7,153,286	148,626	87,655	21,395	2,502,903	9,913,865
Net book value of tangible capital assets	8,163,551	111,513	204,525	4,805	-	8,484,394
2021 Net book value of tangible capital assets	7,567,663	133,262	211,829	5,678	-	7,918,432

The Corporation of the Township of Sioux Narrows- Nestor Falls
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended December 31, 2022

Cost	Subtotal	Work in progress		
			2022	2021
Balance, beginning of year	17,335,432	531,737	17,867,169	17,164,692
Acquisition of tangible capital assets	1,068,631	1,413,583	2,482,214	272,096
Work-in-progress	-	-	-	441,476
Disposal of tangible capital assets	(5,804)	-	(5,804)	(11,095)
Contributed tangible capital assets	-	-	-	-
Balance, end of year	18,398,259	1,945,320	20,343,579	17,867,169
Accumulated amortization				
Balance, beginning of year	9,417,000	-	9,417,000	8,783,008
Annual amortization	501,121	-	501,121	643,019
Accumulated amortization on disposals	(4,256)	-	(4,256)	(9,027)
Balance, end of year	9,913,865	-	9,913,865	9,417,000
Net book value of tangible capital assets	8,484,394	1,945,320	10,429,714	8,450,169
2021 Net book value of tangible capital assets	7,918,432	531,737	8,450,169	

The Corporation of the Township of Sioux Narrows - Nestor Falls
Schedule 2 - Schedule of Consolidated Expenses by Object

For the year ended December 31, 2022

	2022	2022	2021
Consolidated expenses by object			
Amortization	635,000	501,121	643,019
Contracted services	723,355	667,276	631,555
External transfers	1,074,876	1,074,876	1,065,725
Materials	1,545,893	1,473,947	1,163,145
Rent	45,440	46,632	38,216
Salaries and wages	1,056,836	966,120	992,645
Benefits	208,557	208,764	187,541
	5,289,957	4,938,736	4,721,846

The Corporation of the Township of Sioux Narrows-Nestor Falls
Schedule 3 - Consolidated Schedule of Segment Disclosure
For the Year Ended December 31, 2022

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2022 Total
Revenue									
Taxation	601,339	470,754	145,558	193,258	311,013	403,488	403,841	325,397	2,854,648
Fees and user charges	-	-	-	29,230	890	-	251,443	5,930	287,493
Government grants	138,588	170,801	70,917	127,079	154,993	92,991	196,624	997,339	1,949,332
Other income	2,282	45,732	1,783	2,093	56,769	2,131	44,531	27,187	182,508
	742,209	687,287	218,258	351,660	523,665	498,610	896,439	1,355,853	5,273,981
Expense									
Salaries, wages and benefits	478,372	113,694	-	37,293	47,688	-	285,425	212,411	1,174,883
Materials	397,758	163,616	194,736	166,491	92,280	8,984	279,076	171,008	1,473,949
Contracted services	48,883	490,622	-	24,991	-	-	41,677	61,104	667,276
Rents and financial expenses	43,945	-	1,750	-	-	-	937	-	46,632
Contributions to other organizations	-	-	-	-	387,673	687,203	-	-	1,074,876
Amortization	71,399	46,504	55,340	105,576	10,433	1,875	91,558	118,435	501,121
	1,040,357	814,435	251,826	334,350	538,074	698,062	698,673	562,958	4,938,736
Net surplus/(deficit)	(298,148)	(127,148)	(33,568)	17,310	(14,409)	(199,452)	197,766	792,895	335,245

The Corporation of the Township of Sioux Narrows-Nestor Falls
Schedule 3 - Consolidated Schedule of Segment Disclosure
For the Year Ended December 31, 2021

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2021 Total
Revenue									
Taxation	605,887	508,266	149,994	206,314	264,598	425,717	344,524	285,810	2,791,110
Fees and user charges	-	-	-	15,274	330	-	289,577	3,649	308,830
Government grants	158,595	192,066	74,902	184,475	128,535	111,434	277,173	76,842	1,204,022
Other income	19,728	80,654	11,542	22,947	70,356	14,461	75,108	14,400	309,196
	784,210	780,986	236,438	429,010	463,819	551,612	986,382	380,701	4,613,158
Expense									
Salaries, wages and benefits	543,119	143,728	-	27,400	45,684	-	245,002	175,255	1,180,188
Materials	321,493	193,446	193,251	72,001	36,626	7,493	209,468	129,367	1,163,145
Contracted services	54,958	462,765	-	11,005	-	-	38,029	64,608	631,355
Rents and financial expenses	34,727	-	1,750	-	-	-	1,739	-	38,216
Contributions to other organizations	-	-	-	-	354,889	710,836	-	-	1,065,725
Amortization	70,711	59,926	58,751	238,625	10,433	1,875	88,608	114,088	643,017
	1,025,008	859,855	253,752	349,031	447,632	720,204	582,846	483,318	4,721,646
Net surplus/(deficit)	(240,798)	(78,869)	(17,314)	79,979	16,187	(168,592)	403,536	(102,617)	(108,488)

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Taxation, payments-in-lieu of taxes, certain government grants and interest income have been apportioned based on a percentage of actual expenses.