

The Corporation of the Township of Sioux Narrows - Nestor Falls
Consolidated Financial Statements
December 31, 2024

The Corporation of the Township of Sioux Narrows - Nestor Falls

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For the year ended December 31, 2024

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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 consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards [and ensuring that all information in the annual report is consistent with the statements]. 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 consolidated 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 consolidated financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Municipality. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Committee is also responsible for recommending the appointment of the Municipality's external auditors.

MNP LLP is appointed by the Members of Council, Inhabitants and Ratepayers to audit the consolidated 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 the Committee and management to discuss their audit findings.

October 30, 2025

Acting - 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 Consolidated Financial Statements

Opinion

We have audited the consolidated 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, 2024, and the consolidated statements of operations and accumulated surplus, consolidated statement of remeasurement gains and losses, changes in net financial assets (net debt) 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 consolidated financial position of the Municipality as at December 31, 2024, and the results of its consolidated operations, consolidated remeasurement gains and losses, changes in its consolidated net financial assets (net debt) and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Emphasis of Matter - Correction of an Error

We draw attention to Note 3 of the financial statements, which describes a correction of an error calculating the cost to remediate the Municipality's landfill sites and lagoon. Our opinion is not modified in respect of this matter.

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 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 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 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 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 Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

MNP LLP

Kenora, Ontario

Chartered Professional Accountants

October 30, 2025

Licensed Public Accountants

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

As at December 31, 2024

	2024	2023 <i>(Restated - See Note 3)</i>
Financial assets		
Cash and cash equivalents <i>(Note 5)</i>	521,486	357,142
Trade and other receivables <i>(Note 6)</i>	409,034	739,880
Taxes receivable	264,280	175,305
Portfolio investments <i>(Note 7)</i>	1,967,900	1,719,335
Total financial assets	3,162,700	2,991,662
Liabilities		
Accounts payable and accruals <i>(Note 8)</i>	272,587	299,745
Deferred revenue <i>(Note 10)</i>	738,302	769,580
Due to trust funds	655	730
Asset retirement obligation <i>(Note 11)</i>	2,521,219	2,431,261
Capital lease obligation <i>(Note 14)</i>	-	9,935
Total financial liabilities	3,532,763	3,511,251
Net debt	(370,063)	(519,589)
Contingencies <i>(Note 12)</i>		
Subsequent events <i>(Note 20)</i>		
Non-financial assets		
Tangible capital assets <i>(Schedule 1)</i>	13,624,006	12,837,232
Prepaid expenses	59,132	11,649
Total non-financial assets	13,683,138	12,848,881
Accumulated surplus <i>(Note 13)</i>	13,313,075	12,329,292

Approved on behalf of The Municipality

_____ Mayor

_____ Acting - 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, 2024

	2024 <i>Budget</i>	2024	2023 <i>(Restated - See Note 3)</i>
Revenue			
Property taxes	3,043,504	3,083,300	2,936,455
User fees	356,250	353,217	335,683
Federal grants <i>(Note 15)</i>	802,714	253,710	792,803
Provincial grants <i>(Note 15)</i>	2,111,849	1,768,225	2,424,319
Other income <i>(Note 16)</i>	394,307	833,771	389,811
	6,708,624	6,292,223	6,879,071
Expenses			
General government	1,378,601	1,425,572	1,266,634
Protection services	977,410	582,438	784,302
Transportation services	115,950	245,184	486,122
Environmental services	242,724	209,784	372,969
Health services	518,762	513,411	533,162
Social and family services	800,578	805,966	735,281
Recreation and cultural services	911,370	838,315	691,672
Planning and development	839,470	782,945	779,131
Total expenditures <i>(Schedule 2)</i>	5,784,865	5,403,615	5,649,273
Surplus before other income (expenses)	923,759	888,608	1,229,798
Other income (expense)			
Gain (loss) on disposal of capital assets	-	36,524	(12,938)
Operating surplus	923,759	925,132	1,216,860
Accumulated surplus, beginning of year, as previously stated	10,980,564	12,329,292	10,188,427
Correction of an error <i>(Note 3)</i>	-	-	792,139
Accumulated surplus, beginning of year, as restated	10,980,564	12,329,292	10,980,566
Accumulated operating surplus, end of year, before remeasurement gains	11,904,323	13,254,424	12,197,426
Portfolio investments	-	58,651	131,866
Accumulated surplus, end of year	11,904,323	13,313,075	12,329,292

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 Remeasurement Gains and Losses

For the year ended December 31, 2024

	2024	2023
Accumulated remeasurement gains (losses), beginning of year	131,866	-
Unrealized gains (losses) attributable to:		
Portfolio investments	58,651	131,866
Accumulated remeasurement gains, end of year	190,517	131,866

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, 2024

	2024 Budget	2024	2023 <i>(Restated - See Note 3)</i>
Annual surplus	923,759	925,132	1,216,860
Acquisition of tangible capital assets	-	(1,666,243)	(2,701,959)
Change in asset retirement obligation estimate	-	-	370,599
Capitalization of assets from work in progress	-	228,405	-
(Gain) loss on sale of tangible capital assets	-	(36,524)	12,938
Proceeds on sale of tangible capital assets	-	49,989	22,545
Amortization of tangible capital assets	-	637,602	680,500
Acquisition of prepaid expenses	-	(59,131)	(11,648)
Use of prepaid expenses	-	11,645	34,969
Change in remeasurement gains (losses) for the year	-	58,651	131,866
Decrease (increase) in net debt	923,759	149,526	(243,330)
Net debt, beginning of year	(519,589)	(519,589)	(276,259)
Net financial assets (debt), end of year	404,170	(370,063)	(519,589)

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 Cash Flows

For the year ended December 31, 2024

	2024	2023 <i>(Restated - See Note 3)</i>
Operating activities		
Operating surplus	925,132	1,216,860
Non-cash items		
Amortization	637,602	680,500
Accretion	89,957	86,746
Gain (loss) on disposal of capital assets	(36,524)	12,938
Unrealized gain (loss) on portfolio investments	58,651	-
	1,674,818	1,997,044
Changes in working capital accounts		
Trade and other receivables	330,846	322,135
Taxes receivable	(88,975)	9,357
Prepaid expenses	(47,483)	23,320
Accounts payable and accruals	(27,159)	(196,802)
Deferred revenue	(31,278)	(136,879)
Due to trust funds	(75)	(570)
	1,810,694	2,017,605
Financing activities		
Repayment of capital lease obligations	(9,935)	(19,870)
Capital activities		
Purchases of tangible capital assets	(1,666,244)	(2,489,747)
Capitalized from work in progress	228,406	-
Proceeds of disposal of tangible capital assets	49,989	22,545
	(1,387,849)	(2,467,202)
Investing activities		
Purchase of investments	(248,566)	(67,625)
Term deposit maturing within six months of year end	-	330,585
	(248,566)	262,960
Increase (decrease) in cash and equivalents	164,344	(206,507)
Cash and equivalents, beginning of year	357,142	563,649
Cash and equivalents, end of year	521,486	357,142

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, 2024

1. Operating status of the Township of Sioux Narrows - Nestor Falls

The Corporation of the Township of Sioux Narrows - Nestor Falls is a municipality that was formed in 2001 pursuant to The Municipal Act. The Municipality provides municipal services such as police, fire, public works, planning, airport, parks and recreation, library and other general government operations. The Municipality may also own one or more utilities, have several designated special purpose reserves and provide funding support for other financial entities involved in economic development, recreation and tourism.

2. 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 judgments. 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 consolidated financial statements:

Reporting entity

The consolidated 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 consolidated 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 in Note 18.

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Financial Statements

For the year ended December 31, 2024

2. Significant accounting policies (Continued from previous page)

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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility 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 equivalents 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.

Net financial assets (net debt)

The Municipality's financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the Municipality is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated operating surplus.

Non financial assets

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.

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Financial Statements

For the year ended December 31, 2024

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

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, 2024. 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.

Retirement benefits

The Municipality accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan.

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

Amortization for other tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<i>Method</i>	<i>Rate</i>
Land improvements	straight-line	8 to 40 years
Buildings	straight-line	6 to 50 years
Docks	straight-line	5 to 30 years
Equipment	straight-line	8 to 10 years
Landfill Sites	straight-line	7 to 10 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
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.

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Financial Statements

For the year ended December 31, 2024

2. Significant accounting policies (Continued from previous page)

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 collectibility and records a valuation allowance to reflect the tax receivable at its net recoverable amount, if necessary.

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.

Fair value measurements

The Municipality classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy, which prioritises the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the Municipality to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Financial Statements

For the year ended December 31, 2024

2. Significant accounting policies (Continued from previous page)

Financial instruments

The Municipality recognizes its financial instruments when the Municipality becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Municipality may irrevocably elect to subsequently measure any financial instrument at fair value. The Municipality has made such an election during the year.

The Municipality subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating operating surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

Statement of Remeasurement Gains and Losses

By presenting remeasurement gains (losses) separately, changes in the carrying value of financial instruments arising from fair value measurement, unrealized foreign exchange gains (losses) and other comprehensive income arising from investments in government business entities are distinguished from revenues and expenses reported in the statement of operations. The statement of operations reports the extent to which revenues raised in the period were sufficient to meet the expenses incurred. Remeasurement gains (losses) do not affect this assessment as they are recognized in the statement of remeasurement gains and losses. Taken together, the two statements account for changes in a Municipality's net assets (liabilities) in the period.

Upon settlement, the cumulative gain (loss) is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to all financial instruments are reported in the statement of operations.

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Financial Statements

For the year ended December 31, 2024

3. Correction of an error

During the year, the Municipality determined that the asset retirement obligation and associated asset/accumulated amortization were carried at incorrect values.

	<i>As previously reported</i>	<i>Adjusted</i>	<i>As restated</i>
Statement of Financial Position			
Asset retirement obligation	2,715,114	(283,853)	2,431,261
Tangible capital assets	12,426,344	410,888	12,837,232
Net assets (debt)	(803,442)	283,853	(519,589)
Accumulated surplus	11,634,551	694,741	12,329,292
Statement of Operations and Accumulated Surplus			
General government	1,169,234	97,400	1,266,634
Operating surplus	1,314,260	(97,400)	1,216,860
Accumulated surplus, beginning	10,188,427	792,139	10,980,566
Accumulated surplus, end of year	11,634,551	694,741	12,329,292
Statement of Changes in Net Debt			
Annual surplus	1,314,260	(97,400)	1,216,860
Amortization of tangible capital assets	669,846	10,654	680,500
Change in asset retirement obligation estimate	-	370,599	370,599
Net debt, beginning of year	(276,259)	-	(276,259)
Net debt, end of year	(803,442)	283,853	(519,589)

4. Segments

During 2024, 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
Notes to the Financial Statements
For the year ended December 31, 2024

5. Cash and cash equivalents

	2024	2023
Cash	521,486	26,558
Term deposit, matured April 2024	-	330,584
	521,486	357,142

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.

Included in cash and cash equivalents is \$478,677 (2023 - \$336,253) in restricted cash.

6. Trade and other receivables

	2024	2023
Province of Ontario	257,183	510,958
HST receivable	67,077	109,714
Government of Canada	47,781	81,402
Other	36,993	34,124
Accrued interest	-	3,682
	409,034	739,880

7. Portfolio investments

	2024	2024	2024	2023
	<i>Cost</i>	<i>Market Value</i>		
One Investment - Canadian Equity Portfolio	1,309,689	1,280,039	1,280,039	1,061,700
One Investment - Canadian Corporate Bond Portfolio	722,712	687,861	687,861	657,635
	2,032,401	1,967,900	1,967,900	1,719,335

Of the \$1,967,900 (2023 - \$1,719,335) in investments at December 31, 2024, \$259,625 (2023 - \$432,284) is restricted.

8. Accounts payable and accruals

	2024	2023
Other	245,568	253,839
Receiver General for payroll deductions	22,719	19,360
Province of Ontario	3,623	26,546
HST payable	677	-
	272,587	299,745

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Financial Statements

For the year ended December 31, 2024

9. Defined contribution plans

The Municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its eligible employees. 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 Municipality. The amount contributed to OMERS for employer contributions for 2024 was \$76,280 (2023 - \$60,405). 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, 2024 indicated a deficit of \$4,319 million (2023 - deficit of \$7,571 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 Municipality does not recognize any share of the OMERS pension deficit.

10. Deferred revenue

	<i>Opening Balance</i>	<i>Contributions received</i>	<i>Externally restricted investment income</i>	<i>Revenue recognized</i>	<i>Ending balance</i>
Canada Community - Building Fund (CCBF) Minister of Northern Development, Mines, Natural Resources and Forestry	284,950	46,274	27,686	84,021	274,890
Ministry of Municipal Affairs and Housing	258,695	85,146	14,458	98,433	259,865
Subdivider contributions	142,334	-	-	40,210	102,125
Miscellaneous funding	50,432	-	2,455	-	52,887
Community Foundation Grants	20,271	13,280	-	12,087	21,462
Performance and Maintenance Guarantee	-	17,505	-	-	17,505
Ontario Community Infrastructure Fund	5,000	-	-	-	5,000
	7,898	100,000	4,568	107,899	4,568
	769,580	262,205	49,167	342,650	738,302

Canada Community - Building Fund funding is provided by the Government of Canada. The use of funding is established by a funding agreement between the Municipality and the Association of Municipalities of Ontario. Canada Community - Building Fund (CCBF) 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 Financial Statements

For the year ended December 31, 2024

11. Asset retirement obligation

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 9 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 liability must be funded within 5 years of the closure date.

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:

- During 2023, there was an updated topographical survey that resulted in a change in useful life. This change prolonged the life of the landfill by 5 years to a remaining total useful life of 9 years. There was an estimated 21,110 cubic metres (m3) or 22.6%, capacity remaining based on the 2023 topographical survey data and the traffic volumes from 2018 and 2019. This is the equivalent to a site life of approximately 9 years at the average fill rate of 2,290 m3/year;
- The total estimated undiscounted expenditures related to this obligation are \$2,643,577. The discount rate used is equivalent to the Municipalities long term borrowing rate of 3.7%.

	2024	<i>2023 (Restated - See Note 3)</i>
Balance, beginning of year	973,056	938,338
Accretion	36,003	34,718
Balance, end of year	1,009,059	973,056

The Municipality opened a landfill site located 13 km south of Nestor Falls in the unorganised 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 19 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 2023, there was an estimated 19,042 cubic metres (m3) or 26.6%, capacity remaining based on the 2018 topographical survey data and the traffic volumes from 2019 through to 2023. This is the equivalent to a site life of approximately 19 years at the maximum fill rate of 1,000 m3/year;
- The total estimated undiscounted expenditures related to this obligation are \$3,651,867. The discount rate used is equivalent to the Municipalities long term borrowing rate of 3.7%

	2024	<i>2023 (Restated - See Note 3)</i>
Balance, beginning of year	997,744	962,145
Accretion	36,917	35,599
Balance, end of year	1,034,661	997,744

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Financial Statements

For the year ended December 31, 2024

11. Asset retirement obligation *(Continued from previous page)*

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 total estimated undiscounted expenditures related to this obligation are \$1,959,044. The discount rate used is equivalent to the Municipalities long term borrowing rate of 3.7%.

	2024	2023 <i>(Restated - See Note 3)</i>
Balance, beginning of year	460,462	444,033
Accretion	17,037	16,429
Balance, end of year	477,499	460,462

Asset retirement obligation summary table

	Sioux Narrows Waste Disposal Site	Nestor Falls Waste Disposal Site	Sioux Narrows- Nestor Falls Septage Lagoons	2024	2023 <i>(Restated - See Note 3)</i>
Balance, beginning of year	973,056	997,744	460,462	2,431,262	2,344,516
Accretion	36,003	36,917	17,037	89,957	86,746
Balance, end of year	1,009,059	1,034,661	477,499	2,521,219	2,431,262

12. Contingencies

The Municipality's pro-rata share of the cumulative operating surplus/(deficit) of the District of Kenora Home for the Aged (the "Home") is not available for 2024 (2023 - \$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.

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

For the year ended December 31, 2024

13. Accumulated surplus

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

	2024	2023 <i>(Restated - See Note 3)</i>
Surplus (deficit)		
Invested in tangible capital assets	13,624,006	12,837,232
Asset retirement obligation	(2,521,219)	(2,431,262)
General funds	(460,597)	(336,577)
Total surplus	10,642,190	10,069,393
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	212,424	193,612
Transportation	157,939	143,953
Planning and development	246,497	224,668
Recreation program and facilities	324,686	295,933
Environmental services	35,068	31,963
Post closure	1,458,203	1,192,353
Total reserve funds	2,434,817	2,082,482
Remeasurement gains and losses	190,517	131,866
Accumulated surplus	13,313,075	12,329,292

14. Capital lease obligation

	2024	2023
Capital lease repaid during the year	-	9,935

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Financial Statements

For the year ended December 31, 2024

15. Government transfers

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

	2024	2023
Federal		
Fednor	120,368	679,620
Canada Community - Building Fund (CCBF)	84,021	37,529
Other	49,321	75,654
	253,710	792,803
Provincial		
Ontario Municipal Partnership Fund	734,200	693,700
NOHFC	619,832	1,270,530
Other	303,389	115,576
Ministry of Health and Long Term Care	70,594	70,594
Ministry of Municipal Affairs and Housing	40,210	4,997
Ministry of Infrastructure	-	202,289
Ministry of the Solicitor General	-	66,633
	1,768,225	2,424,319
	2,021,935	3,217,122

16. Other income

	2024	2023
User fees and other	598,655	255,812
Investment income (loss)	179,833	84,211
Penalties and interest on taxation	44,958	39,307
Donations	10,325	10,481
	833,771	389,811

17. Operations of School Boards

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

	2024	2023
	729,674	723,398

18. 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, 2024, the trust fund balances are as follows:

	2024	2023
Cemetery Care and Maintenance Funds	33,106	30,958

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Financial Statements

For the year ended December 31, 2024

19. 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 2, 2024.

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 2, 2024 with adjustments as follows:

	2024	2023
Financial plan (budget) surplus (deficit) for the year		
Surplus (deficit)	(946,276)	(963,197)
Adjustments		
Capital expenditures	2,361,935	2,950,221
Amortization	(641,900)	(672,000)
Transfers to Reserves	150,000	150,000
Budget surplus per statement of operations	923,759	1,465,024

20. Subsequent events disclosure

Subsequent to year end, the United States government announced new tariffs on imported goods. The Canadian government then announced retaliatory tariffs and other measures. This has caused significant economic uncertainty and the effects on the Municipality are currently unknown.

The Corporation of the Township of Sioux Narrows - Nestor Falls
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended December 31, 2024

	Land	Land improvements	Land	Buildings	Docks	Equipment	Library Collection	Subtotal
Cost								
Balance, beginning of year	1,799,986	5,541,036	6,567,255	491,543	254,572	126,846	14,781,238	
Acquisition of tangible capital assets	60,000	45,834	275,087	500,430	-	9,106	890,457	
Construction-in-progress	-	-	206,209	22,196	-	-	228,405	
Disposal of tangible capital assets	-	-	-	-	-	(9,858)	(9,858)	
Write down of tangible capital assets	-	-	-	-	-	-	-	
Balance, end of year	1,859,986	5,586,870	7,048,551	1,014,169	254,572	126,094	15,890,242	
Accumulated amortization								
Balance, beginning of year	-	1,091,878	3,151,652	135,641	235,352	53,324	4,667,847	
Annual amortization	-	238,204	156,882	19,488	3,166	11,699	429,439	
Accumulated amortization on disposals	-	-	-	-	-	(7,886)	(7,886)	
Asset retirement obligation adjustment	-	-	-	-	-	-	-	
Balance, end of year	-	1,330,082	3,308,534	155,129	238,518	57,137	5,089,400	
Net book value of tangible capital assets	1,859,986	4,256,788	3,740,017	859,040	16,054	68,957	10,800,842	
Net book value of tangible capital assets 2023	1,799,986	4,449,158	3,415,605	355,902	19,220	73,522	10,113,393	

The Corporation of the Township of Sioux Narrows - Nestor Falls

Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended December 31, 2024

	Subtotal	Vehicles	Machinery and equipment	Roads	Sewage Lagoon	Signage	Subtotal
Cost							
Balance, beginning of year	14,781,238	2,235,264	1,204,666	904,051	168,900	260,139	19,554,258
Acquisition of tangible capital assets	890,457	77,010	62,295	-	-	-	1,029,762
Construction-in-progress	228,405	-	-	-	-	-	228,405
Disposal of tangible capital assets	(9,858)	(36,283)	-	-	-	-	(46,141)
Write down of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	15,890,242	2,275,991	1,266,961	904,051	168,900	260,139	20,766,284
Accumulated amortization							
Balance, beginning of year	4,667,847	1,170,531	818,851	674,324	63,060	170,374	7,564,987
Annual amortization	429,439	108,790	45,946	9,487	3,360	21,748	618,770
Accumulated amortization on disposals	(7,886)	(24,793)	-	-	-	-	(32,679)
Asset retirement obligation adjustment	-	-	-	-	-	-	-
Balance, end of year	5,089,400	1,254,528	864,797	683,811	66,420	192,122	8,151,078
Net book value of tangible capital assets	10,800,842	1,021,463	402,164	220,240	102,480	68,017	12,615,206
Net book value of tangible capital assets 2023	10,113,393	1,064,731	385,816	229,727	105,840	89,765	11,989,272

The Corporation of the Township of Sioux Narrows - Nestor Falls
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended December 31, 2024

	Subtotal	Solar Array	Street lighting	Landfill Sites	Assets under construction	2024	2023 (Restated - See Note 3)
Cost							
Balance, beginning of year	19,554,258	292,180	26,200	719,073	235,922	20,827,633	20,343,581
Acquisition of tangible capital assets	1,029,762	-	-	-	408,077	1,437,839	2,701,957
Construction-in-progress	228,405	-	-	-	(228,405)	-	-
Disposal of tangible capital assets	(46,141)	-	-	-	-	(46,141)	(221,865)
Write down of tangible capital assets	-	-	-	-	-	-	(1,996,040)
Balance, end of year	20,766,284	292,180	26,200	719,073	415,594	22,219,331	20,827,633
Accumulated amortization							
Balance, beginning of year	7,564,987	94,959	22,270	308,186	-	7,990,402	9,913,864
Annual amortization	618,770	7,305	873	10,654	-	637,602	680,500
Accumulated amortization on disposals	(32,679)	-	-	-	-	(32,679)	(186,382)
Asset retirement obligation adjustment	-	-	-	-	-	-	(2,417,581)
Balance, end of year	8,151,078	102,264	23,143	318,840	-	8,595,325	7,990,401
Net book value of tangible capital assets	12,615,206	189,916	3,057	400,233	415,594	13,624,006	12,837,232
Net book value of tangible capital assets 2023	11,989,272	197,221	3,930	410,887	235,922	12,837,232	

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

For the year ended December 31, 2024

	2024 Budget (Note 19)	2024	2023 (Restated - See Note 3)
Consolidated expenses by object			
Accretion	-	89,957	86,746
Amortization	641,900	637,602	680,500
Benefits	262,992	267,044	225,945
Contracted services	594,983	401,566	636,663
External transfers	1,172,530	1,172,530	1,125,818
Materials	1,727,940	1,560,383	1,653,256
Rent	49,050	46,123	45,094
Salaries and wages	1,335,470	1,228,410	1,195,251
	5,784,865	5,403,615	5,649,273

The Corporation of the Township of Sioux Narrows-Nestor Falls
Schedule 3 - Consolidated Schedule of Segment Disclosure
For the Year Ended December 31, 2024

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2024 Total
Revenue									
Taxation	768,823	337,966	142,270	127,911	297,911	467,669	486,439	454,311	3,083,300
Fees and user charges	-	-	-	24,770	175	-	325,782	2,490	353,217
Government grants	504,171	221,628	93,296	83,880	195,361	306,684	318,992	297,923	2,021,935
Other income	207,902	91,391	38,472	34,589	80,560	126,465	131,540	122,852	833,771
	1,480,896	650,985	274,038	271,150	574,007	900,818	1,262,753	877,576	6,292,223
Expense									
Accretion	-	-	-	89,957	-	-	-	-	89,957
Amortization	98,653	55,489	48,640	32,823	26,578	1,875	219,699	153,845	637,602
Contracted services	49,255	219,015	-	73,216	-	-	59,226	854	401,566
Contributions to other organizations	-	-	-	-	383,848	788,682	-	-	1,172,530
Materials	584,356	164,747	196,542	37,757	53,999	15,409	263,944	243,627	1,560,379
Rents and financial expenses	44,430	-	-	-	-	-	1,693	-	46,123
Salaries, wages and benefits	558,921	143,187	-	65,989	48,989	-	293,753	384,619	1,495,457
	1,335,616	582,439	245,181	299,741	513,414	805,966	838,314	782,944	5,403,615
Net surplus/(deficit)	145,280	68,546	28,857	(28,591)	60,593	94,852	424,439	94,632	888,608

The Corporation of the Township of Sioux Narrows-Nestor Falls
Schedule 3 - Consolidated Schedule of Segment Disclosure
For the Year Ended December 31, 2023

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2023 Total
Revenue									
Taxation	618,424	414,827	257,116	197,268	281,995	388,899	365,834	412,092	2,936,455
Fees and user charges	-	-	-	23,461	1,075	-	309,777	1,370	335,683
Government grants	147,146	165,337	300,996	54,801	137,692	92,534	365,411	1,953,205	3,217,122
Other income	31,017	26,104	13,644	21,070	96,905	4,704	57,689	138,678	389,811
	796,587	606,268	571,756	296,600	517,667	486,137	1,098,711	2,505,345	6,879,071
Expense									
Accretion	-	-	-	86,746	-	-	-	-	86,746
Amortization	88,343	62,705	48,884	245,033	22,542	1,875	88,587	122,533	680,500
Contracted services	48,594	485,051	-	25,622	-	-	43,153	34,243	636,663
Contributions to other organizations	-	-	-	-	401,129	724,689	-	-	1,125,818
Materials	456,959	104,453	437,238	69,521	59,268	8,717	251,409	265,689	1,653,254
Rents and financial expenses	43,852	-	-	-	-	-	1,242	-	45,094
Salaries, wages and benefits	542,138	132,094	-	32,793	50,224	-	307,282	356,666	1,421,197
	1,179,886	784,304	486,122	459,715	533,162	735,281	691,673	779,131	5,649,273
Net surplus/(deficit)	(383,299)	(178,036)	85,634	(163,115)	(15,495)	(249,144)	407,038	1,726,214	1,229,798

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.