

**The Corporation of the Township of  
Sioux Narrows - Nestor Falls  
Consolidated Financial Statements**  
*December 31, 2019*

**The Corporation of the Township of Sioux Narrows -  
Nestor Falls  
Contents**

*For the year ended December 31, 2019*

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	Page
<b>Management's Responsibility</b>	
<b>Independent Auditor's Report</b>	
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Change in Net Financial Assets.....	3
Consolidated Statement of Cash Flows.....	4
<b>Notes to the Consolidated Financial Statements</b> .....	5
<b>Schedules</b>	
Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	17
Schedule 2 - Consolidated Schedule of Expenses by Object.....	20
Schedule 3 - Consolidated Schedule of Segment Disclosure.....	21

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# *Township of Sioux Narrows - Nestor Falls*

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## **Management's Responsibility**

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 Council is composed entirely of individuals who are neither management nor employees of the Organization. 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. Council 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 Organization's external auditors.

MNP LLP is appointed by Council 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 Council and management to discuss their audit findings.



Wanda Kabel, Chief Administrative Officer

## Independent Auditor's Report

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

### Opinion

We have audited the financial statements of The Corporation of the Township of Sioux Narrows - Nestor Falls (the "Organization"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

### 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 financial statements.

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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.

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 2, 2020

*MNP LLP*

Chartered Professional Accountants

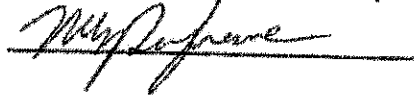
Licensed Public Accountants

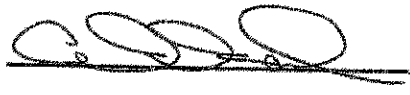
**The Corporation of the Township of Sioux Narrows - Nestor Falls**  
**Consolidated Statement of Financial Position**

As at December 31, 2019

	2019	2018 <i>(Restated)</i>
<b>Financial assets</b>		
Cash and cash equivalents	769,712	949,544
Trade and other receivables <i>(Note 4)</i>	147,398	252,769
Taxes receivable	237,245	217,912
Investments <i>(Note 5)</i>	2,929,124	2,273,604
<b>Total financial assets</b>	<b>4,083,479</b>	<b>3,693,829</b>
<b>Liabilities</b>		
Accounts payable and accruals <i>(Note 7)</i>	236,168	311,947
Deferred revenue <i>(Note 9)</i>	264,494	330,726
Due to trust funds	402	-
Asset retirement obligations <i>(Note 3), (Note 10), (Note 11)</i>	1,992,596	1,777,665
<b>Total financial liabilities</b>	<b>2,493,660</b>	<b>2,420,338</b>
<b>Net financial assets</b>	<b>1,589,819</b>	<b>1,273,491</b>
<b>Contingencies</b> <i>(Note 12)</i>		
<b>Subsequent events</b> <i>(Note 20)</i>		
<b>Non-financial assets</b>		
Tangible capital assets <i>(Note 3) (Schedule 1)</i>	8,415,592	8,591,921
<b>Accumulated surplus</b> <i>(Note 3), (Note 13)</i>	<b>10,005,411</b>	<b>9,865,412</b>

Approved on behalf of the Municipality

 Mayor

 Chief Administrative Officer

The accompanying notes are an integral part of these financial statements

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

*For the year ended December 31, 2019*

	<b>2019</b> <i>Budget</i> <i>(Note 18)</i>	<b>2019</b>	<b>2018</b> <i>(Restated)</i>
<b>Revenue</b>			
Taxation <i>(Note 16)</i>	2,585,343	2,610,614	2,489,073
Fees and user charges	267,850	294,290	277,637
Ontario grants <i>(Note 14)</i>	1,241,312	1,264,756	957,118
Canada grants <i>(Note 14)</i>	134,213	147,752	51,850
Other income <i>(Note 15)</i>	267,947	382,873	464,797
<b>Total revenue</b>	<b>4,496,665</b>	<b>4,700,285</b>	4,240,475
<b>Expenses</b>			
General government	848,102	888,092	757,397
Protection services	850,805	837,006	769,042
Transportation services	175,250	271,435	217,624
Environmental services	117,500	310,640	327,599
Health services	435,474	407,696	401,899
Social and family services	741,016	741,705	734,618
Recreation and cultural services	598,596	585,485	601,842
Planning and development	502,800	518,517	465,051
<b>Total expenses</b> <i>(Schedule 2)</i>	<b>4,269,543</b>	<b>4,560,576</b>	4,275,072
<b>Surplus (deficit) before other items</b>	<b>227,122</b>	<b>139,709</b>	(34,597)
<b>Other income (expense)</b>			
Gain (loss) on disposal of capital assets	-	290	-
<b>Surplus (deficit)</b>	<b>227,122</b>	<b>139,999</b>	(34,597)
<b>Accumulated surplus, beginning of year</b>	<b>9,865,412</b>	<b>9,865,412</b>	11,316,004
Retrospective application of change in accounting policy <i>(Note 3)</i>	-	-	(1,415,995)
<b>Accumulated surplus, end of year</b>	<b>10,092,534</b>	<b>10,005,411</b>	9,865,412

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

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

*For the year ended December 31, 2019*

	<b>2019 Budget (Note 18)</b>	<b>2019</b>	<b>2018 (Restated)</b>
<b>Annual surplus (deficit)</b>	<b>227,122</b>	<b>139,999</b>	<b>(34,597)</b>
Purchases of tangible capital assets	(703,547)	(477,280)	(728,247)
Amortization of tangible capital assets	419,000	639,106	662,483
(Gain) loss on sale of tangible capital assets	-	(290)	-
Proceeds of disposal of tangible capital assets	-	14,793	-
Use of prepaid expenses	-	-	1,221
<b>Increase (decrease) in net financial assets</b>	<b>(57,425)</b>	<b>316,328</b>	<b>(99,140)</b>
<b>Net financial assets, beginning of year</b>	<b>1,273,491</b>	<b>1,273,491</b>	<b>1,372,631</b>
<b>Net financial assets, end of year</b>	<b>1,216,066</b>	<b>1,589,819</b>	<b>1,273,491</b>

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



**The Corporation of the Township of Sioux Narrows - Nestor Falls**  
**Consolidated Statement of Cash Flows**  
*For the year ended December 31, 2019*

	2019	2018 <i>(Restated)</i>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Surplus (deficit)	139,999	(34,597)
Non-cash items		
Amortization	639,106	662,483
Gain (loss) on disposal of capital assets	(290)	-
Accretion <i>(Note 10), (Note 11)</i>	214,931	214,931
	<b>993,746</b>	<b>842,817</b>
Changes in working capital accounts		
Trade and other receivables	105,371	(104,359)
Taxes receivable	(19,332)	28,530
Prepaid expenses	-	1,221
Accounts payable and accruals	(75,779)	121,456
Deferred revenue	(66,232)	34,344
Due to trust funds	402	(950)
	<b>938,176</b>	<b>923,059</b>
<b>Capital activities</b>		
Purchases of tangible capital assets	(477,280)	(728,247)
Proceeds of disposal of tangible capital assets	14,793	-
	<b>(462,487)</b>	<b>(728,247)</b>
<b>Investing activities</b>		
Investment in term deposits	(855,521)	(1,410,304)
Matured term deposits	200,000	1,166,386
	<b>(655,521)</b>	<b>(243,918)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(179,832)</b>	<b>(49,106)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>949,544</b>	<b>998,650</b>
<b>Cash and cash equivalents, end of year</b>	<b>769,712</b>	<b>949,544</b>
<b>Supplementary cash flow information</b>		
Interest received	49,521	43,918

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

# The Corporation of the Township of Sioux Narrows - Nestor Falls

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

### 1. Municipal Status

The Corporation of the Township of Sioux Narrows - Nestor Falls (the "Organization") was created on January 1, 2000 when the two municipalities of Sioux Narrows and Nestor Falls were amalgamated into a single legal entity under a new name. The Organization operates as a lower tier government in the province of Ontario, and provides municipal services such as volunteer fire protection, urban planning, recreation and cultural services, and other general government services to its inhabitants.

### 2. Significant accounting policies

These consolidated financial statements of the Organization are the representation of management, prepared in accordance with accounting standards established by the Public Sector Accounting Board (PSAB) of CPA Canada.

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 Organization 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 Organization'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 consolidated**

The financial statements consolidate the financial activities of all entities and departments comprising the Organization reporting entity. Trusts administered on behalf of third parties by The Corporation of the Township of Sioux Narrows - Nestor Falls are excluded from the Organization reporting entity.

The Organization 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 Organization 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 Organization 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 Organization are not consolidated, but are reported on separately on the "Trust Funds Statement of Financial Position and Statement of Continuity" (see also Note 17).

#### **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 Organization. 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 Organization, and is the difference between its assets and liabilities. This provides information about the Organization's overall future revenue requirements and its ability to finance activities and meet its obligations.

# The Corporation of the Township of Sioux Narrows - Nestor Falls

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

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

#### **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.

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 excess of revenues over expenses 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.

#### **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.

#### **Investments**

Investment income is reported as revenue in the period earned. Investments consist of guaranteed investment certificates, and are recorded at the lower of cost and market value.

#### **Non-financial assets**

Non-financial assets are not normally available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. 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 Consolidated Financial Statements

*For the year ended December 31, 2019*

**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 Organization 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, 2019. 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 Organization reviews the carrying amount of the liability. The Organization 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 Organization 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.

**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:

	<b>Method</b>	<b>Rate</b>
Land improvements	straight-line	15 to 50 years
Buildings	straight-line	40 to 50 years
Computer hardware	straight-line	5 years
Docks	straight-line	30 years
Furnishings and equipment	straight-line	8 to 10 years
Library collection	straight-line	10 years
Machinery and equipment	straight-line	5 to 15 years
Roads	straight-line	25 to 35 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
Specialty and fire trucks	straight-line	9 to 20 years
Unlicensed mobile	straight-line	15 years
Vehicles	straight-line	5 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 Consolidated Financial Statements**

*For the year ended December 31, 2019*

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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 Organization 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 Organization recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

**Tax revenue**

The Organization 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 Organization are recognized when such events are known, the related taxes are quantifiable, and amounts are collectable.

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 Organization evaluates the tax receivable for collectability 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 Revenues**

Other revenues are recorded when collected or when collection is reasonably assured.

**Investment Income**

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

# The Corporation of the Township of Sioux Narrows - Nestor Falls

## Notes to the Consolidated Financial Statements

For the year ended December 31, 2019

### 3. Change in accounting policy

Effective January 1, 2019, the Organization adopted the recommendations relating to recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 *Asset Retirement Obligations*, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change was applied retroactively, and prior periods have been restated. Accumulated surplus/deficit at the beginning of the earliest period presented is restated to reflect the cumulative effect of the change on periods prior to that date.

Previously, the Organization recorded the provision for site rehabilitation based on the present value of future cash flows associated with closure and post-closure costs of the Sioux Narrows and Nestor Falls landfill sites as determined in a 2002 study. The present value of the total expenses had been estimated using a 3.5% annual inflation and an assumed constant interest rate of 6%. Under the new recommendations, a liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset when certain criteria are met, as described in Note 2 *Accounting Policies*.

The cumulative effect in the current year, as of December 31, 2019, of adopting the above-noted change in accounting policies is to increase the associated tangible capital assets by \$214,931, increase the associated amortization balances by \$214,931, increase expenses by \$214,931, and decrease accumulated surplus by \$214,931. The effect of the change on the prior period is to increase liabilities by \$1,622,289, increase the associated tangible capital assets by \$1,622,289, increase the associated amortization balances by \$1,622,289, increase expenses by \$206,294, and decrease opening accumulated surplus by \$1,415,995.

### 4. Trade and other receivables

	2019	2018
Accrued interest	32,982	22,636
Government of Canada (repayable)	(104)	51,849
HST receivable	48,209	37,804
Province of Ontario	65,327	116,174
Other	984	24,306
	147,398	252,769

### 5. Investments

	2019	2018
Term deposit, maturing July 4, 2020, interest paid annually at 2.35%	533,469	521,221
Term deposit, maturing October 9, 2021, interest paid annually at 2.4%	225,646	220,681
Term deposit, maturing October 9, 2021, interest paid annually at 2.4%	225,646	220,681
Term deposit, maturing October 9, 2021, interest paid annually at 2.4%	225,646	220,681
Term deposit, maturing October 9, 2021, interest paid annually at 2.4%	225,646	220,681
Term deposit, maturing October 9, 2021, interest paid annually at 2.6%	687,071	669,659
Term deposit, maturing April 5, 2021, interest paid annually at 2.4%	500,000	-
Term deposit, maturing April 5, 2021, interest paid annually at 2.4%	306,000	-
Term deposit, maturing February 1, 2020, interest paid annually at 2.35%	-	200,000
	2,929,124	2,273,604

### 6. Bank indebtedness

The Organization 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 and an assignment of term deposits.

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

*For the year ended December 31, 2019*

**7. Accounts payable and accruals**

	2019	2018
HST payable	38,230	16,295
Other	186,155	286,796
Province of Ontario	2,034	1,902
Receiver General for payroll deductions	9,749	6,954
	236,168	311,947

**8. Defined contribution plans**

The municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of 7 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 2019 was \$35,230 (2018 - \$29,090). For employees who have a normal retirement age of 65, contributions are 9% of employee salaries up to \$55,900 and 14.6% thereafter.

The actuarial valuation of OMERS at December 31, 2019 indicated a surplus of \$1,531 million (2018 - deficit of \$2,790 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.

**9. Deferred revenue**

	2019	2018
Revenue		
Gas tax funding	81,120	45,865
Investment income	5,755	4,853
Miscellaneous income	8,589	23,871
	95,464	74,589
Deferred revenue recognized	(161,696)	(40,245)
Change in deferred revenue	(66,232)	34,344
Deferred revenue, beginning of year	330,726	296,382
Deferred revenue, end of year	264,494	330,726
Represented as follows:		
Development charges	46,716	46,181
Gas tax funding	194,560	251,083
Miscellaneous funding	23,218	33,462
	264,494	330,726

Gas tax revenue 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, 2019*

### 10. Asset retirement obligations

The Organization 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 8 years. The Organization 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 balance basis over the useful life of the Sioux Narrows Waste Disposal Site.

The Organization 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 (m<sup>3</sup>) 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 m<sup>3</sup>/year;
- The minimum contaminating lifespan of 25 years after closure has been assumed;
- The inflation and discount rate used is 2.53% based on the averaged past 10 years of NRBCPI data for Toronto and Ottawa-Gatineau (Ontario Part);
- The liability was calculated by summing all of the present values of future capital and operating costs from closure year to the end of the contaminating lifespan.

	<b>2019</b>	<b>2018</b>
<b>Balance, beginning of year</b>	<b>714,427</b>	579,941
Accretion	<b>134,486</b>	134,486
<b>Balance, end of year</b>	<b>848,913</b>	714,427

The Organization 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 22 years. The Organization 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 Organization 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 (m<sup>3</sup>) 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 m<sup>3</sup>/year;
- The minimum contaminating lifespan of 25 years after closure has been assumed;
- The inflation and discount rate used is 2.53% based on the averaged past 10 years of NRBCPI data for Toronto and Ottawa-Gatineau (Ontario Part);
- The liability was calculated by summing all of the present values of future capital and operating costs from closure year to the end of the contaminating lifespan.

	<b>2019</b>	<b>2018</b>
<b>Balance, beginning of year</b>	<b>718,080</b>	662,119
Accretion	<b>55,961</b>	55,961
<b>Balance, end of year</b>	<b>774,041</b>	718,080



# The Corporation of the Township of Sioux Narrows - Nestor Falls

## Notes to the Consolidated Financial Statements

*For the year ended December 31, 2019*

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

The Organization 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 Organization 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 balance basis over the useful life of the Sioux Narrows-Nestor Falls Septage Lagoons.

The Organization 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 minimum contaminating lifespan of 25 years after closure has been assumed;
- The inflation and discount rate used is 2.53% based on the averaged past 10 years of NRBCPI data for Toronto and Ottawa-Gatineau (Ontario Part);
- The liability was calculated by summing all of the present values of future capital and operating costs from closure year to the end of the contaminating lifespan.

	<b>2019</b>	<b>2018</b>
<b>Balance, beginning of year</b>	<b>345,158</b>	320,674
Accretion	<b>24,484</b>	24,484
<b>Balance, end of year</b>	<b>369,642</b>	345,158

**11. Asset retirement obligations summary table**

	<i>Sioux Narrows Waste Disposal Site</i>	<i>Nestor Falls Waste Disposal Site</i>	<i>Sioux Narrows- Nestor Falls Septage Lagoons</i>	<b>2019</b>	<b>2018</b>
Balance, beginning of year	<b>714,427</b>	<b>718,080</b>	<b>345,158</b>	<b>1,777,665</b>	<b>1,562,734</b>
Accretion	<b>134,486</b>	<b>55,961</b>	<b>24,484</b>	<b>214,931</b>	<b>214,931</b>
Balance end of year	<b>848,913</b>	<b>774,041</b>	<b>369,642</b>	<b>1,992,596</b>	<b>1,777,665</b>

**12. 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 2019 (2018 - surplus of \$38,140). The Home's management expects to recover any deficit from projected future operating surpluses. A billing to municipalities for their respective share of any deficit is not anticipated.

As of December 31, 2019, there are outstanding legal claims against the Corporation of the Township of Sioux Narrows-Nestor Falls in the amount of \$470,000. The outcome of these matters is not determinable at year end and no amount has been accrued as at December 31, 2019.

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

*For the year ended December 31, 2019*

**13. Accumulated surplus**

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

	<b>2019</b>	<i>2018</i> <i>(Restated)</i>
<b>Surplus (deficit)</b>		
Invested in tangible capital assets	8,415,592	8,591,921
General funds	(582,519)	(550,398)
<b>Total Surplus</b>	<b>7,833,073</b>	<b>8,041,523</b>
<b>Reserves</b>		
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
<b>Total Reserves</b>	<b>45,551</b>	<b>45,551</b>
<b>Reserve Funds</b>		
General government	194,321	190,362
Fire protection	430,575	266,564
Transportation	125,319	122,766
Planning and development	225,491	220,897
Recreation program and facilities	254,767	249,577
Environmental services	32,080	31,426
Post closure	864,234	696,746
<b>Total Reserve Funds</b>	<b>2,126,787</b>	<b>1,778,338</b>
<b>Accumulated Surplus</b>	<b>10,005,411</b>	<b>9,865,412</b>

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

*For the year ended December 31, 2019*

**14. Government transfers**

During the year, the Organization recognized the following government transfers:

	2019	2018
<b>Operating transfers - Federal</b>		
Gas tax	142,864	-
FedNor	4,667	51,850
Department of Canadian Heritage	2,800	-
Other	(2,579)	-
	147,752	51,850
<b>Operating transfers - Provincial</b>		
Ontario Municipal Partnership Fund	623,300	651,300
Ministry of Municipal Affairs and Housing	410,800	-
Ministry of the Solicitor General (formerly Ministry of Community Safety)	69,314	62,217
Ministry of Health and Long Term Care	58,047	56,976
Ministry of Agriculture	50,000	50,000
NOHFC	8,500	51,844
Other	44,795	84,781
	1,264,756	957,118
	1,412,508	1,008,968

**15. Other income**

	2019 Budget	2019	2018
Penalties and interest on taxation	51,500	43,986	48,912
Investment income	-	75,621	57,940
Rents, concessions and franchises	57,230	61,527	57,182
Sales	44,500	49,061	55,331
Donations	15,592	10,095	11,845
Other	77,625	129,904	212,036
Licences and permits	21,500	12,679	21,551
	267,947	382,873	464,797

**16. Operations of School Boards**

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

	2019	2018
	755,768	772,502

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

*For the year ended December 31, 2019*

**17. 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, 2019, the trust fund balances are as follows:

	<b>2019</b>	<b>2018</b>
Cemetery Care and Maintenance Funds	<b>24,859</b>	<b>24,577</b>

**18. Budget information**

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 16, 2019.

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 16, 2019 with adjustments as follows:

	<b>2019</b>	<b>2018</b>
Financial plan (budget) by-law surplus for the year	-	-
Add:		
Capital expenditures	<b>703,547</b>	662,749
Less:		
Budgeted transfers from accumulated surplus	<b>(57,425)</b>	(216,765)
Amortization	<b>(419,000)</b>	(418,000)
Budget surplus per statement of operations	<b>227,122</b>	<b>27,984</b>

**19. Segments**

During 2019, 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 Consolidated Financial Statements**

*For the year ended December 31, 2019*

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**20. Subsequent event**

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

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

For the year ended December 31, 2019

	Land	Land improvements	Buildings	Computer hardware	Docks	Furnishings and equipment	Subtotal
<b>Cost</b>							
Balance, beginning of year	1,529,477	2,118,478	5,843,792	24,014	366,158	250,452	10,132,371
Acquisition of tangible capital assets	-	13,483	-	-	-	-	13,483
Work-in-progress	156,316	-	-	-	-	-	156,316
Disposal of tangible capital assets	-	-	-	-	-	-	-
Contributed tangible capital assets	30,000	-	-	-	-	-	30,000
<b>Balance, end of year</b>	<b>1,715,793</b>	<b>2,131,961</b>	<b>5,843,792</b>	<b>24,014</b>	<b>366,158</b>	<b>250,452</b>	<b>10,332,170</b>
<b>Accumulated amortization</b>							
Balance, beginning of year	-	736,396	2,432,639	18,396	82,453	182,814	3,452,698
Annual amortization	-	69,300	143,573	4,803	13,015	15,889	246,580
Accumulated amortization on disposals	-	-	-	-	-	-	-
<b>Balance, end of year</b>	<b>-</b>	<b>805,696</b>	<b>2,576,212</b>	<b>23,199</b>	<b>95,468</b>	<b>198,703</b>	<b>3,699,278</b>
<b>Net book value of tangible capital assets</b>	<b>1,715,793</b>	<b>1,326,265</b>	<b>3,267,580</b>	<b>815</b>	<b>270,690</b>	<b>51,749</b>	<b>6,632,892</b>
2018 Net book value of tangible capital assets	1,529,477	1,382,082	3,411,153	5,618	283,705	67,638	6,679,673

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

For the year ended December 31, 2019

	Subtotal	Library collection	Licensed and unlicensed vehicles	Machinery and equipment	Roads	Sewage lagoon	Subtotal
<b>Cost</b>							
Balance, beginning of year	10,132,371	103,108	1,299,505	1,092,595	850,231	168,900	13,646,710
Acquisition of tangible capital assets	13,483	18,265	63,104	21,989	53,820	-	170,661
Work-in-progress	156,316	-	-	-	-	-	156,316
Disposal of tangible capital assets	-	-	(30,095)	-	-	-	(30,095)
Contributed tangible capital assets	30,000	-	-	-	-	-	30,000
Balance, end of year	10,332,170	121,373	1,332,514	1,114,584	904,051	168,900	13,973,592
<b>Accumulated amortization</b>							
Balance, beginning of year	3,452,698	32,708	855,291	637,805	626,891	46,260	5,651,653
Annual amortization	246,580	10,311	79,684	44,826	9,487	3,360	394,248
Accumulated amortization on disposals	-	-	(15,592)	-	-	-	(15,592)
Balance, end of year	3,699,278	43,019	919,383	682,631	636,378	49,620	6,030,309
<b>Net book value of tangible capital assets</b>	<b>6,632,892</b>	<b>78,354</b>	<b>413,131</b>	<b>431,953</b>	<b>267,673</b>	<b>119,280</b>	<b>7,943,283</b>
2018 Net book value of tangible capital assets	6,679,673	70,400	444,214	454,790	223,340	122,640	7,995,057

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

For the year ended December 31, 2019

	Subtotal	Signage	Solar arrays	Street lighting	Landfills	Work in progress	2019	2018 (Restated)
<b>Cost</b>								
Balance, beginning of year	13,646,710	260,139	292,180	26,200	1,777,665	156,316	16,159,210	15,430,963
Acquisition of tangible capital assets	170,661	-	-	-	214,931	-	385,592	490,274
Work-in-progress	156,316	-	-	-	-	(94,628)	61,688	98,973
Disposal of tangible capital assets	(30,095)	-	-	-	-	-	(30,095)	-
Contributed tangible capital assets	30,000	-	-	-	-	-	30,000	139,000
Balance, end of year	13,973,592	260,139	292,180	26,200	1,992,596	61,688	16,606,395	16,159,210
<b>Accumulated amortization</b>								
Balance, beginning of year	5,651,653	61,632	58,436	17,903	1,777,665	-	7,567,289	6,904,806
Annual amortization	394,248	21,749	7,305	873	214,931	-	639,106	662,483
Accumulated amortization on disposals	(15,592)	-	-	-	-	-	(15,592)	-
Balance, end of year	6,030,309	83,381	65,741	18,776	1,992,596	-	8,190,803	7,567,289
<b>Net book value of tangible capital assets</b>	<b>7,943,283</b>	<b>176,758</b>	<b>226,439</b>	<b>7,424</b>	<b>-</b>	<b>61,688</b>	<b>8,415,592</b>	<b>8,591,921</b>
2018 Net book value of tangible capital assets	7,995,057	198,507	233,744	8,297	-	156,316	8,591,921	



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

*For the year ended December 31, 2019*

	<b>2019 Budget (Note 18)</b>	<b>2019</b>	<b>2018 (Restated)</b>
<b>Consolidated expenses by object</b>			
Amortization	419,000	639,106	662,483
Contracts	765,562	752,773	741,460
Materials	1,041,847	1,146,078	1,004,569
Rent	31,450	34,774	32,362
Salaries and wages	801,124	779,556	659,305
External Transfers	1,070,040	1,070,040	1,062,363
Benefits	140,520	138,249	112,530
	<b>4,269,543</b>	<b>4,560,576</b>	<b>4,275,072</b>

**The Corporation of the Township of Sioux Narrows-Nestor Falls**  
**Schedule 3 - Consolidated Schedule of Segment Disclosure**  
**For the Year Ended December 31, 2019**

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2019 Total
<b>Revenue</b>									
Taxation	508,371	479,128	155,378	177,820	233,378	424,575	335,150	296,814	2,610,614
Fees and user charges	-	-	-	16,985	993	-	269,994	6,318	294,290
Government grants	171,606	204,585	180,031	50,979	113,873	101,561	99,573	490,300	1,412,508
Other income	21,295	37,988	22,946	6,326	65,407	13,203	89,640	126,088	382,873
	<b>701,272</b>	<b>721,681</b>	<b>358,355</b>	<b>252,110</b>	<b>413,651</b>	<b>539,339</b>	<b>794,357</b>	<b>919,520</b>	<b>4,700,285</b>
<b>Expense</b>									
Salaries, wages and benefits	359,479	142,183	-	-	28,882	-	217,838	169,423	917,805
Materials	301,393	107,907	205,286	56,167	28,657	7,862	245,538	193,268	1,146,078
Contracted services	133,951	523,429	-	20,624	-	-	34,749	40,020	752,773
Rents and financial expenses	31,603	-	1,750	-	-	-	1,421	-	34,774
Contributions to other organizations	-	-	-	-	339,724	730,316	-	-	1,070,040
Amortization	61,666	63,487	64,399	233,849	10,433	3,527	85,939	115,806	639,106
	<b>888,092</b>	<b>837,006</b>	<b>271,435</b>	<b>310,640</b>	<b>407,696</b>	<b>741,705</b>	<b>585,485</b>	<b>518,517</b>	<b>4,560,576</b>
<b>Net surplus/(deficit)</b>	<b>(186,820)</b>	<b>(115,325)</b>	<b>86,920</b>	<b>(58,530)</b>	<b>5,955</b>	<b>(202,366)</b>	<b>208,872</b>	<b>401,003</b>	<b>139,709</b>

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2018 Total (Restated)
<b>Revenue</b>									
Taxation	440,978	447,759	126,707	190,737	233,997	427,717	350,411	270,767	2,489,073
Fees and user charges	-	-	-	11,270	1,090	-	251,785	13,492	277,637
Government grants	165,388	185,988	33,155	55,931	118,205	111,918	120,967	217,416	1,008,968
Other income	24,017	56,436	145,602	15,213	67,977	16,853	59,383	79,316	464,797
	<b>630,383</b>	<b>690,183</b>	<b>305,464</b>	<b>273,151</b>	<b>421,269</b>	<b>556,488</b>	<b>782,546</b>	<b>580,991</b>	<b>4,240,475</b>
<b>Expense</b>									
Salaries, wages and benefits	326,173	100,803	-	-	32,232	-	187,406	125,221	771,835
Materials	212,014	82,744	138,281	61,386	16,576	6,779	299,328	187,460	1,004,568
Contracted services	127,643	509,093	-	33,104	-	-	34,285	37,336	741,461
Rents and financial expenses	29,294	-	1,750	-	-	-	1,318	-	32,362
Contributions to other organizations	-	-	-	-	339,882	722,481	-	-	1,062,363
Amortization	62,273	76,402	77,593	233,109	13,209	5,358	79,505	115,034	662,483
	<b>757,397</b>	<b>769,042</b>	<b>217,624</b>	<b>327,599</b>	<b>401,899</b>	<b>734,618</b>	<b>601,842</b>	<b>465,051</b>	<b>4,275,072</b>
<b>Net surplus/(deficit)</b>	<b>(127,014)</b>	<b>(78,859)</b>	<b>87,840</b>	<b>(54,448)</b>	<b>19,370</b>	<b>(178,130)</b>	<b>180,704</b>	<b>115,940</b>	<b>(34,597)</b>

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.