

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

December 31, 2021

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

For the year ended December 31, 2021

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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. 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 Municipality. Council is responsible for overseeing management in the performance of its financial reporting responsibilities. 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 Municipality'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.

April 19, 2022



Wanda Kabel, Chief Administrative Officer

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

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, 2021, and the consolidated statements of operations and accumulated surplus, changes 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 Municipality as at December 31, 2021, and the results of its consolidated operations, changes in its consolidated net financial assets 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 financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

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

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

Kenora, Ontario

April 19, 2022

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, 2021

	2021	2020
Financial assets		
Cash and cash equivalents	1,908,817	1,845,368
Trade and other receivables (Note 3)	298,422	104,963
Taxes receivable	248,806	332,144
Investments (Note 4)	2,192,548	2,350,734
Total financial assets	4,648,593	4,633,209
Liabilities		
Accounts payable and accruals (Note 6)	253,726	280,441
Deferred revenue (Note 8)	537,438	514,795
Due to trust funds	1,200	702
Liability for remediation of contaminated sites (Note 9)	2,422,458	2,207,527
Capital lease obligation (Note 12)	49,675	69,545
Total financial liabilities	3,264,497	3,073,010
Net financial assets	1,384,096	1,560,199
Contingencies (Note 10)		
Non-financial assets		
Tangible capital assets (Schedule 1)	8,450,169	8,381,684
Prepaid expenses	20,461	16,849
Total non-financial assets	8,470,630	8,398,533
Accumulated surplus (Note 11)	9,854,726	9,958,732

Approved on behalf of the Municipality



Mayor



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, 2021

	<i>Budget (Note 17)</i>	2021	2020
Revenue			
Taxation	2,781,162	2,791,110	2,746,295
Fees and user charges	254,750	308,830	270,069
Canada grants <i>(Note 13)</i>	585,980	173,460	87,837
Ontario grants <i>(Note 13)</i>	1,573,747	1,030,562	769,708
Other income <i>(Note 14)</i>	208,211	309,196	262,363
Total revenue	5,403,850	4,613,158	4,136,272
Expenses			
General government	1,016,130	1,025,009	930,011
Protection services	844,981	859,855	779,160
Transportation services	179,750	253,752	144,369
Environmental services	350,256	349,031	343,599
Health services	446,504	447,632	418,528
Social and family services	720,823	720,204	720,180
Recreation and cultural services	626,305	582,846	428,592
Planning and development	538,396	483,517	411,429
Total expenses <i>(Schedule 2)</i>	4,723,145	4,721,846	4,175,868
Surplus (deficit) before other income (expense)	680,705	(108,688)	(39,596)
Other income (expense)			
Gain (loss) on disposal of capital assets	-	4,682	(7,083)
Surplus/(Deficit)	680,705	(104,006)	(46,679)
Accumulated surplus, beginning of year	9,958,732	9,958,732	10,005,411
Accumulated surplus, end of year	10,639,437	9,854,726	9,958,732

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, 2021

	<i>Budget (Note 17)</i>	<i>2021</i>	<i>2020</i>
Annual surplus/(deficit)	680,705	(104,006)	(46,679)
Purchases of tangible capital assets	-	(713,572)	(530,824)
Advances of capital lease obligations	-	-	(79,480)
Amortization of tangible capital assets	644,000	643,019	637,129
(Gain) loss on sale of tangible capital assets	-	(4,682)	7,083
Proceeds of disposal of tangible capital assets	-	6,750	-
Acquisition of prepaid expenses	-	(3,612)	(16,849)
Increase (decrease) in net financial assets	1,324,705	(176,103)	(29,620)
Net financial assets, beginning of year	1,560,199	1,560,199	1,589,819
Net financial assets, end of year	2,884,904	1,384,096	1,560,199

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, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating activities		
Surplus/(Deficit)	(104,006)	(46,679)
Non-cash items		
Amortization	643,019	637,129
Gain (loss) on disposal of capital assets	(4,682)	7,083
Accretion (Note 9)	214,931	214,931
	749,262	812,464
Changes in working capital accounts		
Trade and other receivables	(193,459)	42,435
Taxes receivable	83,340	(94,899)
Prepaid expenses	(3,612)	(16,849)
Accounts payable and accruals	(26,717)	44,273
Deferred revenue	22,643	250,301
Due to trust funds	498	300
	631,955	1,038,025
Financing activities		
Repayment of capital lease obligation	(19,870)	(9,935)
Capital activities		
Purchases of tangible capital assets	(713,572)	(530,824)
Proceeds of disposal of tangible capital assets	6,750	-
	(706,822)	(530,824)
Investing activities		
Investment in term deposits	(1,983,037)	(268,444)
Matured term deposit	2,141,223	846,834
	158,186	578,390
Increase in cash and equivalents	63,449	1,075,656
Cash and cash equivalents, beginning of year	1,845,368	769,712
Cash and cash equivalents, end of year	1,908,817	1,845,368
Supplementary cash flow information		
Investment income received	100,616	58,933

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, 2021

1. Municipal Status

The Corporation of the Township of Sioux Narrows - Nestor Falls (the "Municipality") 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 Municipality 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.

COVID-19 Impact to Operations

During the current and prior year there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. The Municipality's operations were impacted by COVID-19 due to restrictions placed on various recreation and cultural services, and loss of other user fee revenues. Revenue losses were offset by various cost savings and Government implemented COVID-19 relief funding. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Municipality 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.

2. Significant accounting policies

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

Reporting entity consolidated

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

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

- Sioux Narrows Library Board

All inter-entity balances have been eliminated on consolidation.

Accounting for school board transactions

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

Trust funds

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported on separately on the "Trust Funds Statement of Financial Position and Statement of Continuity" (see also Note 16).

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

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 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 portfolio investments. Investment certificates are recorded at the lower of cost and market value. Portfolio investments are recorded at cost unless there has been a decline in the market value which is other than temporary in nature in which case the investments are written down to 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, 2021

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, 2021. 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.

Tangible capital assets

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

Amortization

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

	Method	Rate
Land improvements	straight-line	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, 2021

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 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 Municipality 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 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.

3. Trade and other receivables

	2021	2020
Accrued interest	8,286	24,191
Government of Canada	90,848	56,247
HST receivable	55,665	-
Province of Ontario	139,787	22,133
Other	3,836	2,392
	298,422	104,963

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

4. Investments

	2021	2020
Term deposit, maturing February 1, 2022, interest paid annually at 2.4%	214,553	209,511
Term deposit, maturing October 9, 2021, interest paid annually at 2.6%	-	704,984
Term deposit, maturing October 9, 2021, interest paid annually at 2.4%	-	231,076
Term deposit, maturing October 9, 2021, interest paid annually at 2.4%	-	231,076
Term deposit, maturing October 9, 2021, interest paid annually at 2.4%	-	231,076
Term deposit, maturing October 9, 2021, interest paid annually at 2.4%	-	231,076
Term deposit, maturing August 9, 2021, interest paid annually at 2.4%	-	511,935
Term deposit, maturing April 5, 2022, interest paid annually at 1.5%	320,885	-
One Investment - Canadian Equity Portfolio	983,855	-
One Investment - Canadian Corporate Bond Portfolio	673,255	-
	2,192,548	2,350,734

5. Bank indebtedness

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 and an assignment of term deposits.

6. Accounts payable and accruals

	2021	2020
Other	220,941	251,150
Province of Ontario	19,164	2,359
HST payable	173	15,208
Receiver General for payroll deductions	13,448	11,724
	253,726	280,441

7. Defined contribution plans

The municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of 10 members of its staff. The plan is a defined benefit plan which specifies the amount of the pension to be received by the employees based on length of service and rates of pay. Employee contributions are matched by the Organization. The amount contributed to OMERS for 2021 was \$48,623 (2020 - \$44,270). For employees who have a normal retirement age of 65, contributions are 9% of employee salaries up to \$61,600 and 14.6% thereafter.

The actuarial valuation of OMERS at December 31, 2021 indicated a deficit of \$69 million (2020 - deficit of \$7,655 million) based on the fair market value of the Plan's assets and liabilities. Because OMERS is a multi-employer pension plan, any pension surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension deficit.

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

8. Deferred revenue

	Opening Balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Gas tax funding	234,143	70,539	3,916	35,640	272,958
Ministry of Municipal Affairs and Housing	141,934	82,862	-	38,062	186,734
Ontario Community Infrastructure Fund	50,000	-	38	50,000	38
Subdivider contributions	46,906	-	36	-	46,942
Miscellaneous funding	41,812	18,796	-	29,842	30,766
	514,795	172,197	3,990	153,544	537,438

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

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

9. Asset retirement obligations

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 7 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 balance basis over the useful life of the Sioux Narrows Waste Disposal Site.

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

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

	2021	2020
Balance, beginning of year	983,399	848,913
Accretion	134,486	134,486
Balance, end of year	1,117,885	983,399

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

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

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

	2021	2020
Balance, beginning of year	830,002	774,041
Accretion	55,961	55,961
Balance, end of year	885,963	830,002

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

9. Asset retirement obligations *(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 balance 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 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.

	2021	2020
Balance, beginning of year	394,126	369,642
Accretion	24,484	24,484
Balance, end of year	418,610	394,126

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>	2021	2020
Balance, beginning of year	983,399	830,002	394,126	2,207,527	1,992,596
Accretion	134,486	55,961	24,484	214,931	214,931
Balance end of year	1,117,885	885,963	418,610	2,422,458	2,207,527

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

10. 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 2021 (2020 - NIL). 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, 2021, there are outstanding legal claims against the Corporation of the Township of Sioux Narrows-Nestor Falls in the amount of \$470,000 (2020 - \$470,000). The outcome of these matters is not determinable at year end and no amount has been accrued as at December 31, 2021.

11. Accumulated surplus

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

	2021	2020
Surplus (deficit)		
Invested in tangible capital assets	8,450,169	8,381,684
General funds	(938,647)	(638,237)
<hr/>		
Total surplus	7,511,522	7,743,447
<hr/>		
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
<hr/>		
Total reserves	45,551	45,551
<hr/>		
Reserve funds		
General government	202,831	199,495
Fire protection	435,517	428,354
Transportation	150,808	128,656
Planning and development	235,367	231,495
Recreation program and facilities	310,024	261,552
Environmental services	33,485	32,934
Post closure	929,621	887,248
<hr/>		
Total reserve funds	2,297,653	2,169,734
<hr/>		
Accumulated surplus	9,854,726	9,958,732

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

12. Capital lease obligation

	2021	2020
Capital lease repayable \$1,656 monthly, interest free, maturing June 2024, secured by a compact Kubota track loader with a net book value of \$70,901	49,675	69,545

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

2022	19,870
2023	19,870
2024	9,935
	49,675

13. Government transfers

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

	2021	2020
Operating transfers - Federal		
Gas tax	35,640	-
FedNor	102,634	83,917
Other	35,186	3,920
	173,460	87,837
Operating transfers - Provincial		
Ontario Municipal Partnership Fund	605,800	601,000
Ministry of Municipal Affairs and Housing	78,226	17,966
Ministry of Infrastructure	100,000	-
Other	39,626	36,297
NOHFC	60,620	2,919
Ministry of Health and Long Term Care	59,275	59,026
Ministry of the Solicitor General	59,024	52,500
ICIP	27,991	-
	1,030,562	769,708
	1,204,022	857,545

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

14. Other income

	<i>2021 Budget</i>	<i>2021</i>	<i>2020</i>
Penalties and interest on taxation	45,000	39,219	49,514
Investment income	10,000	35,083	67,629
Rents, concessions and franchises	56,962	57,483	56,553
Sales	14,500	58,654	15,776
Donations	19,249	6,631	5,514
Other	46,500	91,977	50,034
Licences and permits	16,000	20,149	17,343
	208,211	309,196	262,363

15. Operations of School Boards

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

	<i>2021</i>	<i>2020</i>
	710,713	730,438

16. Trust funds

The trust funds administered 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, 2021, the trust fund balances are as follows:

	<i>2021</i>	<i>2020</i>
Cemetery Care and Maintenance Funds	26,913	25,681

17. 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 6, 2021.

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 6, 2021 with adjustments as follows:

	<i>2021</i>	<i>2020</i>
Financial plan (budget) by-law surplus for the year	-	-
Add:		
Capital expenditures	2,031,299	440,666
Less:		
Budgeted transfers from accumulated surplus	(706,594)	(71,317)
Amortization	(644,000)	(637,000)
	680,705	(267,651)
Budget surplus per statement of operations	680,705	(267,651)

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2021

18. Segments

During 2021, the Organization had 8 reportable segments: General Government, Protection Services, Transportation Services, Environmental Services, Health Services, Social and Family Services, Recreation and Cultural Services, and Planning and Development. These segments are differentiated by major activities and/or service lines as follows:

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

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

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

For the year ended December 31, 2021

	Land	Land improvements	Buildings	Computer hardware	Docks	Furnishings and equipment	Subtotal
Cost							
Balance, beginning of year	1,715,793	2,131,961	5,921,479	19,385	366,158	250,452	10,405,228
Acquisition of tangible capital assets	-	-	-	-	-	-	-
Work-in-progress	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-
Contributed tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	1,715,793	2,131,961	5,921,479	19,385	366,158	250,452	10,405,228
Accumulated amortization							
Balance, beginning of year	-	868,004	2,718,853	19,385	111,653	214,592	3,932,487
Annual amortization	-	62,308	143,333	-	14,468	15,888	235,997
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	-	930,312	2,862,186	19,385	126,121	230,480	4,168,484
Net book value of tangible capital assets	1,715,793	1,201,649	3,059,293	-	240,037	19,972	6,236,744
2020 Net book value of tangible capital assets	1,715,793	1,263,957	3,202,626	-	254,505	35,860	6,472,741

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

For the year ended December 31, 2021

	Subtotal	Library collection	Licensed and unlicensed vehicles	Machinery and equipment	Roads	Sewage lagoon	Subtotal
Cost							
Balance, beginning of year	10,405,228	110,740	1,502,424	1,197,042	904,051	168,900	14,288,385
Acquisition of tangible capital assets	-	13,548	33,275	10,342	-	-	57,165
Work-in-progress	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	(6,895)	(4,200)	-	-	-	(11,095)
Contributed tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	10,405,228	117,393	1,531,499	1,207,384	904,051	168,900	14,334,455
Accumulated amortization							
Balance, beginning of year	3,932,487	36,875	1,001,273	708,177	645,865	52,980	6,377,657
Annual amortization	235,997	10,384	88,610	50,324	9,487	3,360	398,162
Accumulated amortization on disposals	-	(4,827)	(4,200)	-	-	-	(9,027)
Balance, end of year	4,168,484	42,432	1,085,683	758,501	655,352	56,340	6,766,792
Net book value of tangible capital assets	6,236,744	74,961	445,816	448,883	248,699	112,560	7,567,663
2020 Net book value of tangible capital assets	6,472,741	73,865	501,151	488,865	258,186	115,920	7,910,728

During the year, the Municipality acquired \$- (2020 - \$79,480) of machinery and equipment by means of capital leases totalling \$- (2020 - \$79,480).

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

For the year ended December 31, 2021

	Subtotal	Signage	Solar arrays	Street lighting	Landfills	Subtotal
Cost						
Balance, beginning of year	14,288,385	260,139	292,180	26,200	2,207,527	17,074,431
Acquisition of tangible capital assets	57,165	-	-	-	214,931	272,096
Work-in-progress	-	-	-	-	-	-
Disposal of tangible capital assets	(11,095)	-	-	-	-	(11,095)
Contributed tangible capital assets	-	-	-	-	-	-
Balance, end of year	14,334,455	260,139	292,180	26,200	2,422,458	17,335,432
Accumulated amortization						
Balance, beginning of year	6,377,657	105,129	73,046	19,649	2,207,527	8,783,008
Annual amortization	398,162	21,748	7,305	873	214,931	643,019
Accumulated amortization on disposals	(9,027)	-	-	-	-	(9,027)
Balance, end of year	6,766,792	126,877	80,351	20,522	2,422,458	9,417,000
Net book value of tangible capital assets	7,567,663	133,262	211,829	5,678	-	7,918,432
2020 Net book value of tangible capital assets	7,910,728	155,010	219,134	6,551	-	8,291,423

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

For the year ended December 31, 2021

	Subtotal	Work in progress	2021	2020
Cost				
Balance, beginning of year	17,074,431	90,261	17,164,692	16,606,395
Acquisition of tangible capital assets	272,096	-	272,096	581,731
Work-in-progress	-	441,476	441,476	28,573
Disposal of tangible capital assets	(11,095)	-	(11,095)	(52,007)
Contributed tangible capital assets	-	-	-	-
Balance, end of year	17,335,432	531,737	17,867,169	17,164,692
Accumulated amortization				
Balance, beginning of year	8,783,008	-	8,783,008	8,190,803
Annual amortization	643,019	-	643,019	637,129
Accumulated amortization on disposals	(9,027)	-	(9,027)	(44,924)
Balance, end of year	9,417,000	-	9,417,000	8,783,008
Net book value of tangible capital assets	7,918,432	531,737	8,450,169	8,381,684
2020 Net book value of tangible capital assets	8,291,423	90,261	8,381,684	

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

For the year ended December 31, 2021

	2021 Budget (Note 17)	2021	2020
Consolidated expenses by object			
Amortization	644,000	643,019	637,129
Contracted services	704,748	631,555	670,715
External transfers	1,067,256	1,065,725	1,064,335
Materials	1,104,166	1,163,145	829,501
Rent	34,750	38,216	32,741
Salaries, wages and benefits	1,168,225	1,180,186	941,447
	4,723,145	4,721,846	4,175,868

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

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2021 Total
Revenue									
Taxation	605,887	508,266	149,994	206,314	264,598	425,717	344,524	285,810	2,791,110
Fees and user charges	-	-	-	15,274	330	-	289,577	3,649	308,830
Government grants	158,595	192,066	74,902	184,475	128,535	111,434	277,173	76,842	1,204,022
Other income	19,728	80,654	11,542	22,947	70,356	14,461	75,108	14,400	309,196
	784,210	780,986	236,438	429,010	463,819	551,612	986,382	380,701	4,613,158
Expense									
Salaries, wages and benefits	543,119	143,728	-	27,400	45,684	-	245,002	175,254	1,180,186
Materials	321,493	193,446	193,251	72,001	36,626	7,493	209,468	129,367	1,163,145
Contracted services	54,958	462,755	-	11,005	-	-	38,029	64,808	631,555
Rents and financial expenses	34,727	-	1,750	-	-	-	1,739	-	38,216
Contributions to other organizations	-	-	-	-	354,889	710,836	-	-	1,065,725
Amortization	70,711	59,926	58,751	238,625	10,433	1,875	88,608	114,088	643,019
	1,025,008	859,855	253,752	349,031	447,632	720,204	582,846	483,517	4,721,846
Net surplus/(deficit)	(240,798)	(78,869)	(17,314)	79,979	16,187	(168,592)	403,536	(102,816)	(108,688)

The Corporation of the Township of Sioux Narrows-Nestor Falls
Schedule 3 - Consolidated Schedule of Segment Disclosure
For the Year Ended December 31, 2020

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2020 Total
Revenue									
Taxation	606,154	513,736	95,189	226,550	275,954	474,848	282,590	271,274	2,746,295
Fees and user charges	-	-	-	14,400	325	-	245,627	9,717	270,069
Government grants	133,141	184,636	20,908	64,305	119,639	104,300	84,195	146,421	857,545
Other income	25,438	51,905	4,295	12,297	74,399	20,528	38,560	34,941	262,363
	764,733	750,277	120,392	317,552	470,317	599,676	650,972	462,353	4,136,272
Expense									
Salaries, wages and benefits	465,243	104,643	-	28,338	27,112	-	155,055	161,056	941,447
Materials	293,179	138,278	79,807	41,016	27,952	7,001	149,593	92,675	829,501
Contracted services	77,922	476,594	-	38,247	-	-	36,060	41,892	670,715
Rents and financial expenses	31,315	-	-	-	-	-	1,426	-	32,741
Contributions to other organizations	-	-	-	-	353,031	711,304	-	-	1,064,335
Amortization	62,352	59,645	64,562	235,998	10,433	1,875	86,458	115,806	637,129
	930,011	779,160	144,369	343,599	418,528	720,180	428,592	411,429	4,175,868
Net surplus/(deficit)	(165,278)	(28,883)	(23,977)	(26,047)	51,789	(120,504)	222,380	50,924	(39,596)

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.