

The Corporation of the Township of Sioux Narrows - Nestor Falls
Consolidated Financial Statements
December 31, 2023

The Corporation of the Township of Sioux Narrows - Nestor Falls

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For the year ended December 31, 2023

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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 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, 2023, and the consolidated statements of operations and accumulated surplus, consolidated statement of remeasurement gains and losses, changes in net financial assets (net debt) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Municipality as at December 31, 2023, and the results of its consolidated operations, consolidated remeasurement gains and losses, changes in its consolidated net financial assets (net debt) and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Municipality's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Municipality to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Municipality to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



Kenora, Ontario

Chartered Professional Accountants

August 6, 2024

Licensed Public Accountants

The Corporation of the Township of Sioux Narrows - Nestor Falls

Consolidated Statement of Financial Position

As at December 31, 2023

	2023	2022
Financial assets		
Cash and cash equivalents (Note 4)	357,142	563,649
Trade and other receivables (Note 5)	739,880	1,062,015
Taxes receivable	175,305	184,662
Temporary investments (Note 6)	-	325,698
Portfolio investments (Note 7)	1,719,335	1,524,730
Total financial assets	2,991,662	3,660,754
Liabilities		
Accounts payable and accruals (Note 8)	299,746	496,548
Deferred revenue (Note 10)	769,580	906,459
Due to trust funds	730	1,300
Liability for remediation of contaminated sites (Note 11)	2,715,114	2,502,903
Capital lease obligation (Note 14)	9,935	29,805
Total financial liabilities	3,795,105	3,937,015
Net debt	(803,443)	(276,261)
Contingencies (Note 12)		
Commitments		
Non-financial assets		
Tangible capital assets (Schedule 1)	12,426,345	10,429,717
Prepaid expenses	11,649	34,969
Total non-financial assets	12,437,994	10,464,686
Accumulated surplus (Note 13)	11,634,551	10,188,425

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, 2023

	2023 Budget (Note 19)	2023	2022
Revenue			
Property taxes	2,932,134	2,936,455	2,854,649
User fees	318,250	335,683	287,493
Federal grants (Note 15)	728,306	792,803	587,026
Provincial grants (Note 15)	2,822,198	2,424,319	1,362,306
Other income (Note 16)	314,532	389,811	182,507
	7,115,420	6,879,071	5,273,981
Expenses			
General government	1,245,879	1,169,235	1,040,357
Protection services	969,596	784,302	814,436
Transportation services	177,750	486,122	251,826
Environmental services	448,327	372,968	334,350
Health services	534,949	533,162	538,074
Social and family services	736,689	735,281	698,062
Recreation and cultural services	747,023	691,672	698,673
Planning and development	790,183	779,131	562,958
Total expenditures (Schedule 2)	5,650,396	5,551,873	4,938,736
Surplus before other income (expenses)	1,465,024	1,327,198	335,245
Other income (expense)			
Gain (loss) on disposal of capital assets	-	(12,938)	(1,548)
Surplus	1,465,024	1,314,260	333,697
Accumulated surplus, beginning of year	10,188,425	10,188,425	9,854,728
Accumulated operating surplus, end of year, before remeasurement gains	11,653,449	11,502,685	10,188,425
Accumulated remeasurement gains, end of year	-	131,866	-
Accumulated surplus, end of year	11,653,449	11,634,551	10,188,425

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

The Corporation of the Township of Sioux Narrows - Nestor Falls
Consolidated Statement of Remeasurement Gains and Losses
For the year ended December 31, 2023

	2023	2022
Accumulated remeasurement gains (losses), beginning of year	-	-
Unrealized gains (losses) attributable to:		
Portfolio investments	131,866	-
Accumulated remeasurement gains (losses), end of year	131,866	-

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

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

For the year ended December 31, 2023

	2023 Budget (Note 19)	2023	2022
Annual surplus	1,465,024	1,314,260	333,697
Acquisition of tangible capital assets	(2,950,221)	(2,701,957)	(2,482,214)
(Gain) loss on sale of tangible capital assets	-	12,938	1,548
Proceeds on sale of tangible capital assets	-	22,545	-
Amortization of tangible capital assets	672,000	669,846	501,121
Acquisition of prepaid expenses	-	(11,649)	(14,511)
Use of prepaid expenses	-	34,969	-
Change in remeasurement gains (losses) for the year	-	131,866	-
Increase in net debt	(813,197)	(527,182)	(1,660,359)
Net debt, beginning of year	(276,261)	(276,261)	1,384,098
Net financial assets (debt), end of year	(1,089,458)	(803,443)	(276,261)

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

The Corporation of the Township of Sioux Narrows - Nestor Falls

Consolidated Statement of Cash Flows

For the year ended December 31, 2023

	2023	2022
Operating activities		
Surplus	1,314,260	333,697
Non-cash items		
Amortization	669,846	501,121
Unrealized loss on investments	-	181,201
Gain (loss) on disposal of capital assets	12,938	1,548
Accretion	212,211	80,445
	2,209,255	1,098,012
Changes in working capital accounts		
Trade and other receivables	322,135	(763,593)
Taxes receivable	9,357	64,144
Prepaid expenses	23,320	(14,511)
Accounts payable and accruals	(196,802)	242,821
Deferred revenue	(136,879)	369,021
Due to trust funds	(570)	100
	2,229,816	995,994
Financing activities		
Repayment of capital lease obligations	(19,870)	(19,870)
Capital activities		
Purchases of tangible capital assets	(2,701,957)	(2,482,214)
Proceeds of disposal of tangible capital assets	22,545	-
	(2,679,412)	(2,482,214)
Investing activities		
Purchase of investments	(67,625)	(58,783)
Retirement of term deposits	-	219,702
Term deposit maturing within six months of year end	330,584	-
	262,959	160,919
Increase (decrease) in cash and equivalents	(206,507)	(1,345,171)
Cash and equivalents, beginning of year	563,649	1,908,820
Cash and equivalents, end of year	357,142	563,649

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

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

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

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

2. Change in accounting policy

Effective January 1, 2023, the Municipality adopted the recommendations relating to the recognition, measurement, presentation and disclosure of financial assets, financial liabilities and derivatives under Section PS 3450 Financial Instruments, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change was not applied retroactively, and prior periods have not been restated. There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

3. Significant accounting policies

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

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

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

Reporting entity

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

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

- Sioux Narrows Library Board

All inter-entity balances have been eliminated on consolidation.

Accounting for school board transactions

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

Trust funds

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported in Note 18.

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

3. Significant accounting policies (Continued from previous page)

Basis of accounting

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

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

Measurement uncertainty

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

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

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

Cash and cash equivalents

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

Deferred revenue

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

Net financial assets (net debt)

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

Non financial assets

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

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

3. 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, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

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

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

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

Retirement benefits

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

Tangible capital assets

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

Amortization

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

	Method	Rate
Land improvements	straight-line	8 to 40 years
Buildings	straight-line	6 to 50 years
Computer hardware	straight-line	5 years
Docks	straight-line	5 to 30 years
Furnishing and equipment	straight-line	8 to 20 years
Landfill Sites	straight-line	7 to 10 years
Library collection	straight-line	10 years
Machinery and equipment	straight-line	15 to 50 years
Roads	straight-line	28 to 50 years
Sewage lagoon	straight-line	50 years
Signage	straight-line	10 to 20 years
Solar arrays	straight-line	40 years
Street lighting	straight-line	30 years
Unlicensed vehicles	straight-line	15 years
Vehicles	straight-line	5 to 20 years

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

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

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

Interest capitalization

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

Leases

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

Revenue recognition

Government Transfers

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

Tax revenue

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

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

Fees and user charges

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

Grant revenue

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

Other income

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

Investment income

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

Fair value measurements

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

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

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

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

3. Significant accounting policies (Continued from previous page)

Financial instruments

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

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

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

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

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

Statement of Remeasurement Gains and Losses

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

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

4. Cash and cash equivalents

	2023	2022
Cash	26,558	563,649
Term deposit, maturing April 2024, interest paid annually at 1.5%	330,584	-
	<u>357,142</u>	<u>563,649</u>

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

Included in cash and cash equivalents is \$336,253 (\$345,802) in restricted cash.

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

5. Trade and other receivables

	2023	2022
Accrued interest	3,682	6,734
Government of Canada	81,402	428,264
HST receivable	109,714	191,908
Province of Ontario	510,958	434,314
Other	34,124	795
	739,880	1,062,015

6. Temporary investments

	2023	2022
Term deposit, maturing April 5, 2024, interest paid annually at 1.5%, see note 4	-	325,698

7. Portfolio Investments

	2023 Cost	2023 Market Value	2023	2022
One Investment - Canadian Equity Portfolio	1,137,840	1,061,700	1,061,700	905,752
One Investment - Canadian Corporate Bond Portfolio	704,649	657,635	657,635	618,978
	1,842,489	1,719,335	1,719,335	1,524,730

Of the \$1,719,335 (\$1,524,729 - 2022) in investments at December 31, 2023, \$432,284 (\$560,657 - 2022) is restricted.

8. Accounts payable and accruals

	2023	2022
Other	253,840	459,640
Province of Ontario	26,546	24,082
Receiver General for payroll deductions	19,360	12,826
	299,746	496,548

9. Defined contribution plans

The municipality makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its eligible employees. The plan is a defined benefit plan which specifies the amount of the pension to be received by the employees based on length of service and rates of pay. Employee contributions are matched by the Municipality. The amount contributed to OMERS for employer contributions for 2023 was \$60,405 (2022 - \$55,127). For employees who have a normal retirement age of 65, contributions are 9% of employee salaries up to \$64,900 and 14.6% thereafter.

The actuarial valuation of OMERS at December 31, 2023 indicated a deficit of \$7,571 million (2022 - deficit of \$6,100 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, 2023

10. Deferred revenue

	<i>Opening Balance</i>	<i>Contributions received</i>	<i>Externally restricted investment income</i>	<i>Revenue recognized</i>	<i>Ending balance</i>
Canada Community - Building Fund (CCBF)	275,783	37,529	9,167	37,529	284,950
Minister of Northern Development, Mines, Natural Resources and Forestry	195,503	91,805	16,363	44,976	258,695
Ministry of Municipal Affairs and Housing	147,331	-	-	4,997	142,334
Federal Economic Development Agency for Northern Ontario	111,953	-	-	111,953	-
Ontario Community Infrastructure Fund	102,289	100,000	7,898	202,289	7,898
Subdivider contributions	48,010	-	2,423	-	50,432
Miscellaneous funding	20,590	12,410	-	12,730	20,271
Performance and Maintenance Guarantee	5,000	-	-	-	5,000
	906,459	241,744	35,851	414,474	769,580

Canada Community - Building Fund 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. Canada Community - Building Fund (CCBF) funding may be used towards designated public transit, water, wastewater, solid waste, community energy systems, roads and capacity building projects as specified in the funding agreements.

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

11. Liability for remediation of contaminated sites

The Municipality opened a landfill site located 10 km northeast of Sioux Narrows, Ontario, west of Highway 71 in the District of Kenora on December 30, 1991, and is legally required to perform closure and post-closure activities upon retirement of this site, which is estimated to be in 9 years. The Municipality recognized a liability for the asset retirement obligation and a corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of Sioux Narrows Waste Disposal Site. The asset retirement cost is amortized on a straight-line basis over the useful life of the Sioux Narrows Waste Disposal Site. The liability must be funded within 5 years of the closure date.

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

- During 2023 there was an updated topographical survey that resulted in a change in useful life. This change prolonged the life of the landfill by 5 years to a remaining total useful life of 9 years. There was an estimated 21,110 cubic metres (m3) or 22.6%, capacity remaining based on the 2023 topographical survey data and the traffic volumes from 2018 and 2019. This is the equivalent to a site life of approximately 9 years at the average fill rate of 2,290 m3/year;

	2023	2022
Balance, beginning of year	1,117,885	1,117,885
Accretion	82,345	-
Balance, end of year	1,200,230	1,117,885

The Municipality opened a landfill site located 13 km south of Nestor Falls in the unorganized Township of Claxton, District of Rainy River, Ontario on December 31, 1975 and is legally required to perform closure and post-closure activities upon retirement of this site, which is estimated to be in 19 years. The Municipality recognized a liability for the asset retirement obligation and a corresponding amount has been capitalized as an asset retirement cost and added to the carrying value of Nestor Falls Waste Disposal Site. The asset retirement cost is amortized on a straight-line balance basis over the useful life of the Nestor Falls Waste Disposal Site.

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

- At the end of 2023, there was an estimated 19,042 cubic metres (m3) or 26.6%, capacity remaining based on the 2018 topographical survey data and the traffic volumes from 2019 through to 2023. This is the equivalent to a site life of approximately 19 years at the maximum fill rate of 1,000 m3/year;

	2023	2022
Balance, beginning of year	941,924	885,963
Accretion	89,182	55,961
Balance, end of year	1,031,106	941,924

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

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

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

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

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

	2023	2022
Balance, beginning of year	443,094	418,610
Accretion	40,684	24,484
Balance, end of year	483,778	443,094

Liability for remediation of contaminated sites summary table

	Sioux Narrows Waste Disposal Site	Nestor Falls Waste Disposal Site	Sioux Narrows- Nestor Falls Septage Lagoons	2023	2022
Balance, beginning of year	1,117,885	941,924	443,094	2,502,903	2,422,458
Accretion	82,345	89,182	40,684	212,211	80,445
Balance, end of year	1,200,230	1,031,106	483,778	2,715,114	2,502,903

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 2023 (2022 - \$117,128 surplus). The Home's management expects to recover any surplus/deficit from projected future operating surpluses/deficits. A billing to municipalities for their respective share of any deficit is not anticipated.

As of December 31, 2023, there is an outstanding legal claim against the Corporation of the Township of Sioux Narrows-Nestor Falls in the amount of \$10,000 (2022 - two claims for a total of \$470,000). The outcome of this matter is not determinable at year end and no amount has been accrued as at December 31, 2023.

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

13. Accumulated surplus

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

	2023	2022
Surplus (deficit)		
Invested in tangible capital assets	12,426,345	10,429,714
General funds	(3,051,693)	(2,157,152)
Total surplus	9,374,652	8,272,562
Reserves		
Administration	34,471	34,471
Transportation	5,000	5,000
Recreational programs and facilities	4,000	4,000
Transportation/environmental	1,000	1,000
Drying bed	500	500
Cemetery	580	580
Total reserves	45,551	45,551
Reserve funds		
General government	193,612	187,383
Transportation	143,953	139,322
Planning and development	224,668	217,441
Recreation program and facilities	295,933	286,413
Environmental services	31,963	30,934
Post closure	1,192,353	1,008,819
Total reserve funds	2,082,482	1,870,312
Remeasurement gains and losses		
Unrealized gains on portfolio investments	131,866	-
Accumulated surplus	11,634,551	10,188,425

14. Capital lease obligation

	2023	2022
Capital lease repayable \$1,656 monthly, interest free, maturing June 2024, secured by a compact Kubota track loader with a net book value of \$60,397 (2022 - \$65,649)	9,935	29,805

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

2024	9,935
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The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

15. Government transfers

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

	2023	2022
Federal		
Canada Community - Building Fund (CCBF)	37,529	37,371
Fednor	679,620	493,590
Other	75,654	56,065
	792,803	587,026
Provincial		
Ontario Municipal Partnership Fund	693,700	618,500
Ministry of Municipal Affairs and Housing	4,997	39,403
Ministry of Infrastructure	202,289	307,097
Other	115,576	99,807
NOHFC	1,270,530	151,876
Ministry of Health and Long Term Care	70,594	83,315
Ministry of the Solicitor General	66,633	62,308
	2,424,319	1,362,306
	3,217,122	1,949,332

16. Other income

	2023	2022
Penalties and interest on taxation	39,307	41,058
Investment income (loss)	84,211	(89,530)
Donations	10,481	10,774
User fees and other	255,812	220,205
	389,811	182,507

17. Operations of School Boards

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

	2023	2022
	723,398	720,707

18. Trust funds

The trust funds administrated by the municipality have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of operations and accumulated surplus. At December 31, 2023, the trust fund balances are as follows:

	2023	2022
Cemetery Care and Maintenance Funds	30,958	28,793

The Corporation of the Township of Sioux Narrows - Nestor Falls

Notes to the Consolidated Financial Statements

For the year ended December 31, 2023

19. Budget

The disclosed budget information has been approved by the Mayor and Council of the The Corporation of the Township of Sioux Narrows - Nestor Falls at the meeting held on April 4 2023.

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 4, 2023 with adjustments as follows:

	2023	2022
Financial plan (budget) surplus (deficit) for the year		
Deficit	(963,197)	(1,229,500)
Adjustments		
Capital expenditures	2,950,221	4,129,581
Amortization	(672,000)	(635,000)
Transfers to Reserves	150,000	150,000
Transfers from Reserves	-	(528,517)
Budget surplus per statement of operations	1,465,024	1,886,564

20. Commitment

As at December 31, 2023 the Municipality had entered into a contract for \$52,240 plus HST for the design of a boat launch and park space enhancements. The design and construction work on the project will commence in 2024.

21. Segments

During 2023, 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, 2023

	Land	Land improvements	Buildings	Computer hardware	Docks	Equipment	Subtotal
Cost							
Balance, beginning of year	1,772,554	2,339,214	5,921,480	19,384	378,380	266,447	10,697,459
Acquisition of tangible capital assets	42,332	1,869,762	32,514	-	140,163	-	2,084,771
Construction-in-progress	-	1,332,059	613,262	-	-	-	1,945,321
Disposal of tangible capital assets	(14,900)	-	-	(19,384)	(27,000)	(11,875)	(73,159)
Balance, end of year	1,799,986	5,541,035	6,567,256	-	491,543	254,572	14,654,392
Accumulated amortization							
Balance, beginning of year	-	1,005,573	3,002,709	19,384	140,117	242,106	4,409,889
Annual amortization	-	86,304	148,942	-	13,074	5,121	253,441
Accumulated amortization on disposals	-	-	-	(19,384)	(17,550)	(11,875)	(48,809)
Balance, end of year	-	1,091,877	3,151,651	-	135,641	235,352	4,614,521
Net book value of tangible capital assets	1,799,986	4,449,158	3,415,605	-	355,902	19,220	10,039,871
2022							
Net book value of tangible capital assets	1,772,554	1,333,642	2,918,771	-	238,263	24,341	6,287,571

The Corporation of the Township of Sioux Narrows - Nestor Falls
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended December 31, 2023

	Subtotal	Library Collection	Vehicles	Machinery and equipment	Roads	Sewage Lagoon	Subtotal
Cost							
Balance, beginning of year	10,697,459	124,296	2,185,008	1,237,124	904,051	168,900	15,316,838
Acquisition of tangible capital assets	2,084,771	11,595	149,495	7,963	-	-	2,253,824
Construction-in-progress	1,945,321	-	-	-	-	-	1,945,321
Disposal of tangible capital assets	(73,159)	(9,045)	(99,240)	(40,421)	-	-	(221,865)
Balance, end of year	14,654,392	126,846	2,235,263	1,204,666	904,051	168,900	19,294,118
Accumulated amortization							
Balance, beginning of year	4,409,889	49,337	1,162,324	807,197	664,837	59,700	7,153,284
Annual amortization	253,441	11,525	105,461	44,435	9,487	3,360	427,709
Accumulated amortization on disposals	(48,809)	(7,538)	(97,253)	(32,782)	-	-	(186,382)
Balance, end of year	4,614,521	53,324	1,170,532	818,850	674,324	63,060	7,394,611
Net book value of tangible capital assets	10,039,871	73,522	1,064,731	385,816	229,727	105,840	11,899,507
2022							
Net book value of tangible capital assets	6,287,571	74,959	1,022,684	429,926	239,213	109,200	8,163,553

The Corporation of the Township of Sioux Narrows - Nestor Falls
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended December 31, 2023

	Subtotal	Signage	Solar Array	Street lighting	SN Landfill Site - Costs	Assets under construction	2023	2022
Cost								
Balance, beginning of year	15,316,838	260,139	292,180	26,200	2,502,903	1,945,321	20,343,581	17,867,171
Acquisition of tangible capital assets	2,253,824	-	-	-	212,211	235,922	2,701,957	2,482,214
Construction-in-progress	1,945,321	-	-	-	-	(1,945,321)	-	-
Disposal of tangible capital assets	(221,865)	-	-	-	-	-	(221,865)	(5,804)
Balance, end of year	19,294,118	260,139	292,180	26,200	2,715,114	235,922	22,823,673	20,343,581
Accumulated amortization								
Balance, beginning of year	7,153,284	148,626	87,654	21,397	2,502,903	-	9,913,864	9,416,999
Annual amortization	427,709	21,748	7,305	873	212,211	-	669,846	501,121
Accumulated amortization on disposals	(186,382)	-	-	-	-	-	(186,382)	(4,256)
Balance, end of year	7,394,611	170,374	94,959	22,270	2,715,114	-	10,397,328	9,913,864
Net book value of tangible capital assets	11,899,507	89,765	197,221	3,930	-	235,922	12,426,345	10,429,717
2022								
Net book value of tangible capital assets	8,163,553	111,513	204,525	4,805	-	1,945,321	10,429,717	

The Corporation of the Township of Sioux Narrows - Nestor Falls
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended December 31, 2023

	2023 <i>Budget</i> <i>(Note 19)</i>	2023	2022
Consolidated expenses by object			
Amortization	672,000	669,846	501,121
Contracted services	645,688	636,663	667,276
External transfers	1,128,150	1,125,818	1,074,876
Materials	1,613,662	1,651,505	1,473,949
Rent	44,250	46,844	46,632
Salaries and wages	1,282,680	1,195,251	966,120
Benefits	263,966	225,946	208,762
	5,650,396	5,551,873	4,938,736

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

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2023 Total
Revenue									
Taxation	618,424	414,827	257,116	197,268	281,995	388,899	365,834	412,092	2,936,455
Fees and user charges	-	-	-	23,461	1,075	-	309,777	1,370	335,683
Government grants	147,146	165,337	300,996	54,801	137,692	92,534	365,411	1,953,205	3,217,122
Other income	31,017	26,104	13,644	21,070	96,905	4,704	57,689	138,678	389,811
	<u>796,587</u>	<u>606,268</u>	<u>571,756</u>	<u>296,600</u>	<u>517,667</u>	<u>486,137</u>	<u>1,098,711</u>	<u>2,505,345</u>	<u>6,879,071</u>
Expense									
Amortization	77,690	62,704	48,884	245,032	22,541	1,875	88,587	122,533	669,846
Contracted services	48,594	485,050	-	25,622	-	-	43,153	34,243	636,663
Contributions to other organizations	-	-	-	-	401,129	724,689	-	-	1,125,818
Materials	455,210	104,453	437,238	69,521	59,268	8,717	251,409	265,689	1,651,505
Rents and financial expenses	45,603	-	-	-	-	-	1,242	-	46,844
Salaries, wages and benefits	542,138	132,095	-	32,793	50,224	-	307,282	356,666	1,421,198
	<u>1,169,235</u>	<u>784,302</u>	<u>486,122</u>	<u>372,968</u>	<u>533,162</u>	<u>735,281</u>	<u>691,672</u>	<u>779,131</u>	<u>5,551,873</u>
Net surplus/(deficit)	<u>(372,648)</u>	<u>(178,034)</u>	<u>85,634</u>	<u>(76,368)</u>	<u>(15,495)</u>	<u>(249,144)</u>	<u>407,039</u>	<u>1,726,214</u>	<u>1,327,198</u>

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

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	2022 Total
Revenue									
Taxation	601,339	470,755	145,558	193,258	311,013	403,488	403,841	325,397	2,854,649
Fees and user charges	-	-	-	29,230	890	-	251,443	5,930	287,493
Government grants	138,588	170,801	70,917	127,079	154,993	92,991	196,624	997,339	1,949,332
Other income	2,282	45,732	1,783	2,093	56,768	2,131	44,531	27,187	182,507
	<u>742,209</u>	<u>687,288</u>	<u>218,258</u>	<u>351,660</u>	<u>523,664</u>	<u>498,610</u>	<u>896,439</u>	<u>1,355,853</u>	<u>5,273,981</u>
Expense									
Amortization	71,399	46,504	55,340	105,576	10,433	1,875	91,558	118,435	501,121
Contracted services	48,883	490,622	-	24,991	-	-	41,677	61,104	667,276
Contributions to other organizations	-	-	-	-	387,673	687,203	-	-	1,074,876
Materials	397,758	163,616	194,736	166,491	92,280	8,984	279,076	171,008	1,473,949
Rents and financial expenses	43,945	-	1,750	-	-	-	937	-	46,632
Salaries, wages and benefits	478,372	113,694	-	37,292	47,688	-	285,425	212,411	1,174,882
	<u>1,040,357</u>	<u>814,436</u>	<u>251,826</u>	<u>334,350</u>	<u>538,074</u>	<u>698,062</u>	<u>698,673</u>	<u>562,958</u>	<u>4,938,736</u>
Net surplus/(deficit)	<u>(298,148)</u>	<u>(127,148)</u>	<u>(33,568)</u>	<u>17,310</u>	<u>(14,410)</u>	<u>(199,452)</u>	<u>197,766</u>	<u>792,895</u>	<u>335,245</u>

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.