

The Corporation of the Township of
Lake of the Woods
Consolidated Financial Statements
For the year ended December 31, 2023

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For the year ended December 31, 2023

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The Corporation of the Township of Lake of the Woods Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Corporation of the Township of Lake of the Woods and all the information in this annual report are the responsibility of management and have been approved by the Mayor and the Clerk-Treasurer on behalf of Council.

The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Township maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Township's assets are appropriately accounted for and adequately safeguarded.

The Township Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council reviews the Township's consolidated financial statements and meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to the Council.

_____ Mayor

_____ Clerk-Treasurer

Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of Lake of the Woods

Opinion

We have audited the consolidated financial statements of the Corporation of the Township of Lake of the Woods (the Entity), which comprise the Consolidated Statement of Financial Position as at December 31, 2023, and the Consolidated Statement of Operations, the Consolidated Statement of Change in Net Financial Assets and the Consolidated Statement of Cash Flows for the year then ended, and Notes to 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 Entity as at December 31, 2023, and its consolidated financial performance 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 Entity 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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 Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Entity 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.

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario

April 18, 2024

The Corporation of the Township of Lake of the Woods
Consolidated Statement of Financial Position

December 31	2023	2022
		Restated (see Note 1)
Financial assets		
Cash and cash equivalents (Note 2)	\$ 3,272,928	\$ 2,961,078
Taxes receivable	71,445	66,194
Accounts receivable	104,661	258,545
Investments (Note 3)	3,100	3,272
	<u>3,452,134</u>	<u>3,289,089</u>
Liabilities		
Bank indebtedness (Note 6)	42,971	-
Accounts payable and accrued liabilities	41,817	56,882
Deferred revenue (Note 4)	105,880	93,235
Asset retirement obligation - landfill (Note 5)	1,218,713	1,183,217
	<u>1,409,381</u>	<u>1,333,334</u>
Net financial assets	<u>2,042,753</u>	<u>1,955,755</u>
Non-financial assets		
Tangible capital assets (Note 7)	4,399,772	4,281,609
Tangible capital assets under construction (Note 7)	108,673	-
	<u>4,508,445</u>	<u>4,281,609</u>
Accumulated surplus	<u>\$ 6,551,198</u>	<u>\$ 6,237,364</u>
Accumulated surplus is comprised of:		
Accumulated surplus (Note 8)	\$ 6,551,370	\$ 6,237,364
Accumulated remeasurement losses	<u>(172)</u>	<u>-</u>
	<u>\$ 6,551,198</u>	<u>\$ 6,237,364</u>

Contingent liability/asset (Note 13)

Commitments (Note 15)

_____ Mayor

_____ Clerk-Treasurer

The Corporation of the Township of Lake of the Woods Consolidated Statement of Operations

For the year ended December 31	Budget 2023	2023	2022
			Restated (see Note 1)
Revenue			
Taxation	\$ 723,077	\$ 727,009	\$ 713,999
Government transfers - Federal (Note 10)	80,000	7,861	-
Government transfers - Provincial (Note 11)	840,088	832,300	1,062,471
User fees and service charges	11,485	8,165	10,756
Permits, licenses and fines	32,743	45,041	43,614
Investment income	113,953	167,196	79,909
Municipal grants	13,750	13,821	31,978
Other income (loss) (Note 9)	405	(1,170)	243
	<u>1,815,501</u>	<u>1,800,223</u>	<u>1,942,970</u>
Expenses			
General government	150,586	145,542	145,139
Protection services	236,716	225,346	243,383
Transportation services	477,327	458,986	463,337
Environmental services	114,160	151,785	130,017
Health services	232,276	234,200	216,590
Social and family services	17,936	17,936	22,199
Social housing	155,293	155,293	138,331
Recreation and cultural services	91,044	87,614	93,104
Planning and development	93,296	9,515	7,566
	<u>1,568,634</u>	<u>1,486,217</u>	<u>1,459,666</u>
Annual surplus	246,867	314,006	483,304
Accumulated surplus, beginning of year, as previously stated	6,237,364	6,237,364	6,707,601
Change in accounting policy (Note 1)	-	-	(953,541)
Accumulated surplus, beginning of year, restated	<u>6,237,364</u>	<u>6,237,364</u>	<u>5,754,060</u>
Accumulated surplus, end of year	<u>\$ 6,484,231</u>	<u>\$ 6,551,370</u>	<u>\$ 6,237,364</u>

The accompanying summary of significant accounting policies and notes are an integral part of these consolidated financial statements.

The Corporation of the Township of Lake of the Woods
Consolidated Statement of Remeasurement Losses

For the year ended December 31	2023	2022
Accumulated remeasurements losses, beginning of year	\$ -	\$ -
Unrealized losses attributable to:		
Portfolio investments	<u>(172)</u>	-
Accumulated remeasurements gains (losses), end of year	\$ (172)	\$ -

**The Corporation of the Township of Lake of the Woods
Consolidated Statement of Change in Net Financial Assets**

For the year ended December 31	Budget 2023	2023	2022
Annual surplus	\$ 246,867	\$ 314,006	\$ 483,304
Acquisition of tangible capital assets	(204,025)	(408,369)	(675,687)
Amortization of tangible capital assets	271,857	288,783	253,269
Write-down/loss on tangible capital assets	-	1,422	254
Acquisition of tangible capital assets under construction	-	(108,672)	74,900
Net change in net financial assets excluding net remeasurement losses	314,699	87,170	136,040
Net remeasurement losses Portfolio investments	-	(172)	-
Net change in net financial assets including net remeasurement losses	314,699	86,998	136,040
Net financial assets, beginning of year	1,955,755	1,955,755	1,819,715
Net financial assets, end of year	\$ 2,270,454	\$ 2,042,753	\$ 1,955,755

The Corporation of the Township of Lake of the Woods Consolidated Statement of Cash Flows

For the year ended December 31	2023	2022
Operating transactions		
Annual surplus	\$ 314,006	\$ 483,304
Remeasurement loss	(172)	-
Item not involving cash		
Amortization	288,783	253,269
Changes in non-cash operating balances		
Taxes receivable	(5,251)	97,130
Accounts receivable	153,884	(117,059)
Accounts payable and accrued liabilities	(15,065)	13,325
Deferred revenue	12,645	16,357
Asset retirement obligation - landfill	35,497	36,849
	<u>784,327</u>	<u>783,175</u>
Capital transactions		
Acquisition of tangible capital assets	(408,369)	(675,687)
Acquisition of assets under construction	(108,673)	74,900
Write-down/loss on tangible capital assets	1,422	254
	<u>(515,620)</u>	<u>(600,533)</u>
Investing transactions		
Acquisition of investments	172	(189,919)
Net change in cash and cash equivalents	268,879	(7,277)
Cash and cash equivalents, beginning of year	<u>2,961,078</u>	<u>2,968,355</u>
Cash and cash equivalents (bank indebtedness), end of year	<u>\$ 3,229,957</u>	<u>\$ 2,961,078</u>
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 3,272,928	\$ 2,961,078
Bank indebtedness	<u>(42,971)</u>	<u>-</u>
Cash and cash equivalents (bank indebtedness), end of year	<u>\$ 3,229,957</u>	<u>\$ 2,961,078</u>

The Corporation of the Township of Lake of the Woods Summary of Significant Accounting Policies

December 31, 2023

Management's

Responsibility for the
Consolidated

Financial Statements

The consolidated financial statements of the Corporation of the Township of Lake of the Woods are the representations of management. They have been prepared in accordance with Canadian accounting principles established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures of all the municipal Organizations, committees, and boards which are owned or controlled by Council.

The Municipality has a government partnership in place. The partnership is accounted for on a proportionate consolidation basis whereby the Municipality's pro-rata share of each of the assets, liabilities, revenues and expenditures are combined on a line by line basis in the consolidated financial statements. The Municipality has a 33.33% ownership in the government partnership. The government partnership that has been consolidated is:

Rainy River Health Care Committee

The following boards are not consolidated:

Northwestern Health Unit

Rainy River District Social Services Administration Board

Government business enterprises are separate legal entities which do not rely on the Municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. No government business enterprises are reflected in the consolidated financial statements.

The Corporation of the Township of Lake of the Woods

Summary of Significant Accounting Policies

December 31, 2023

Basis of Accounting Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of 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. Non-financial assets are not 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 change in net financial assets for the year. Accumulated surplus 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 to meet its' obligations.

Financial Instruments Cash and equity instruments quoted in an active market are measured at fair value. Accounts receivable, accounts payable, and long-term debt are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

When investment income and realized and unrealized gains and losses from changes in the fair value of financial instruments are externally restricted, the investment income and fair value changes are recognized as revenue in the period in which the resources are used for the purpose specified.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

The Corporation of the Township of Lake of the Woods Summary of Significant Accounting Policies

December 31, 2023

Cash and Cash Equivalents

The policy of the Municipality is to disclose bank balances under cash and cash equivalents including bank overdrafts and lines of credit with balances that fluctuate frequently from being positive to being overdrawn and temporary investments with a maturity of three months or less from the date of acquisition.

Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded at one half of the annual rate in the year of capitalization. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:

Buildings	20 to 50 years
Roads	10 to 80 years
Machinery and equipment	10 to 20 years
Vehicles	10 to 20 years
Furniture and equipment	10 years
Computer hardware and software	5 to 10 years

The Corporation of the Township of Lake of the Woods Summary of Significant Accounting Policies

December 31, 2023

Revenue

Recognition

Taxes are recorded at estimated amounts when they meet the definition of an asset, have been authorized and the taxable event occurs. For property taxes, the taxable event is the period for which the tax is levied. As taxes recorded are initially based on management's best estimate of the taxes that will be received, it is possible that changes in future conditions, such as reassessments due to audits, appeals and court decisions, could result in a change in the amount of tax revenue recognized. Taxes receivable are recognized net of an allowance for anticipated uncollectible amounts. Taxation revenue is initially recognized based on management's best estimate of the taxes that will be received. However, the total of tax revenue recognized may change due to future reassessments such as audits, appeals and court decisions.

User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes are accounted for as deferred revenue on the consolidated statement of financial position. The revenue is recognized on the consolidated statement of operations in the year in which it is used for the specified purpose.

Government Transfers

Government transfers, which include legislative grants, are recognized on the consolidated financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

School Boards

The Municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected on these consolidated financial statements.

Trust Fund

Funds held in trust by the Municipality, and their related operations, are not included on these consolidated financial statements. The financial activity and position of the Trust Fund are reported separately on the Trust Fund statement of continuity and balance sheet.

The Corporation of the Township of Lake of the Woods Summary of Significant Accounting Policies

December 31, 2023

Asset Retirement Obligations

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; 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 liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The estimates used in preparation of these consolidated financial statements are the useful lives of the property, plant and equipment, the useful lives of the landfill sites, retirement costs of the landfills and taxation revenue.

The Corporation of the Township of Lake of the Woods Notes to Consolidated Financial Statements

December 31, 2023

1. Change in Accounting Policy

Effective January 1, 2023 the Municipality adopted new Public Sector Accounting Handbook Standard, Asset Retirement Obligations. As a result of the adoption, the presentation of the financial statements changed from the prior year. The standard requires recognition of Asset Retirement Obligations when there is a legal obligation to incur retirement costs. This change in accounting policy has been applied using the modified retroactive application with restatement of prior periods. The impact of adoption of this standard was as follows:

	<u>2022</u>
Increase in tangible capital assets	\$ 173,633
Decrease in landfill liability	18,416
Increase in asset retirement obligations	(1,183,217)
Increase in Environmental services expenses	<u>37,626</u>
Decrease in opening accumulated surplus	<u>\$ 953,541</u>

The change in accounting policy resulted in a \$37,626 increase in the previously reported Environmental services expenses for the 2022 year and a corresponding decrease of \$37,626 in the previously reported annual surplus for the 2022 year.

2. Cash and Cash Equivalents

The balance of cash reported on the consolidated statement of financial position is made up of the following:

	<u>2023</u>	<u>2022</u>
Unrestricted	\$ 13,593	\$ 13,978
Restricted by Council resolution	3,153,455	2,853,865
Restricted by funding agreement	105,880	93,235
	<u>\$ 3,272,928</u>	<u>\$ 2,961,078</u>

Certain surplus funds are set aside by by-laws or Council resolution for specific purposes and referred to as reserve funds. Cash and cash equivalents restricted by Council resolution represent assets that are maintained in respect of those reserve funds (Note 8).

The Corporation of the Township of Lake of the Woods
Notes to Consolidated Financial Statements

December 31, 2023

3. Investments

	2023	2022
Bonds	\$ 3,100	\$ 3,272

The income (loss) from investments for the year was \$(172) (2022 - \$67). The market value of the Municipality's investment in bonds was \$3,100 (2022 - \$3,272).

4. Deferred Revenue

	Opening balance	Contributions received	Externally restricted investment income	Revenue recognized	Ending balance
Canada Community Building Fund	\$ 93,235	\$ 15,223	\$ 5,283	\$ (7,861)	\$ 105,880

Canada Community Building Fund

The Federal Government advances the Municipality funding related to the CCBF. This funding must be spent on approved infrastructure projects. The funding can be deferred for a maximum of 5 years.

The Corporation of the Township of Lake of the Woods Notes to Consolidated Financial Statements

December 31, 2023

5. Asset Retirement Obligations

The Municipality's financial statements include an asset retirement obligation for the Bergland Landfill and the Morson Landfill. The related asset retirement costs are being amortized on a straight line basis.

The liability for the Bergland Landfill has been estimated using a net present value technique with a discount rate of 3% (2022 - 3%). The estimated total undiscounted future expenditures are \$304,500 (2022 - \$304,500), which are to be incurred over 28 years. The liability is expected to be settled in 218 years.

The liability for the Morson Landfill has been estimated using a net present value technique with a discount rate of 3% (2022 - 3%). The estimated total undiscounted future expenditures are \$260,000 (2022 - \$260,000), which are to be incurred over 27 years. The liability is expected to be settled in 64 years.

The carrying amount of the liabilities are as follows:

	<u>Bergland</u>	<u>Morson</u>	<u>Total</u>
Asset retirement obligation as at December 31, 2022	\$ 630,466	\$ 552,751	\$ 1,183,217
Increase due to accretion expense	<u>18,914</u>	<u>16,582</u>	<u>35,496</u>
Asset retirement obligation as at December 31, 2023	<u>\$ 649,380</u>	<u>\$ 569,333</u>	<u>\$ 1,218,713</u>

The Corporation of the Township of Lake of the Woods
Notes to Consolidated Financial Statements

December 31, 2023

6. Bank Indebtedness

Bank indebtedness at year end is a result of outstanding cheques. Physical balance in the operating account at December 31, 2023, is \$90,766 (2022 - \$80,883). The Municipality has unused credit facilities at year end of \$25,000 (2022 - \$25,000).

7. Tangible Capital Assets

	2023							
	Land and improvements	Buildings	Equipment	Roads and bridges	Culverts	Vehicles	Other	Total
Cost, beginning of year	\$ 952,492	\$ 1,694,416	\$ 1,117,000	\$ 2,810,952	\$ 569,002	\$ 529,602	\$ 124,410	\$ 7,797,874
Additions	18,971	15,315	31,347	327,157	15,579	-	-	408,369
Disposals	-	-	-	-	(12,644)	-	-	(12,644)
Cost, end of year	971,463	1,709,731	1,148,347	3,138,109	571,937	529,602	124,410	8,193,599
Accumulated amortization, beginning of year	129,765	602,680	535,232	1,583,405	294,226	297,226	73,731	3,516,265
Amortization	2,993	38,532	44,995	160,672	14,471	24,042	3,078	288,783
Disposals	-	-	-	-	(11,221)	-	-	(11,221)
Accumulated amortization, end of year	132,758	641,212	580,227	1,744,077	297,476	321,268	76,809	3,793,827
Net carrying amount, end of year	\$ 838,705	\$ 1,068,519	\$ 568,120	\$ 1,394,032	\$ 274,461	\$ 208,334	\$ 47,601	\$ 4,399,772

The net book value of tangible capital assets not being amortized because they are under construction is \$108,673 (2022 - \$NIL). These items are recognized separately as tangible capital assets under construction on the consolidated statement of financial position.

The Corporation of the Township of Lake of the Woods
Notes to Consolidated Financial Statements

December 31, 2023

7. Tangible Capital Assets (continued)

	2022							
	Land and improvements	Buildings	Equipment	Roads and bridges	Culverts	Vehicles	Other	Total
Cost, beginning of year	\$ 944,344	\$ 1,488,702	\$ 1,026,782	\$ 2,470,420	\$ 539,196	\$ 529,602	\$ 124,410	\$ 7,123,456
Additions	8,148	205,714	91,487	340,532	29,806	-	-	675,687
Disposals	-	-	(1,015)	-	-	-	-	(1,015)
Write-down	-	-	(254)	-	-	-	-	(254)
Cost, end of year	952,492	1,694,416	1,117,000	2,810,952	569,002	529,602	124,410	7,797,874
Accumulated amortization, beginning of year	126,773	567,414	495,464	1,451,556	280,318	271,834	70,653	3,264,012
Amortization	2,992	35,266	40,783	131,849	13,908	25,392	3,078	253,268
Disposals	-	-	(1,015)	-	-	-	-	(1,015)
Accumulated amortization, end of year	129,765	602,680	535,232	1,583,405	294,226	297,226	73,731	3,516,265
Net carrying amount, end of year	\$ 822,727	\$ 1,091,736	\$ 581,768	\$ 1,227,547	\$ 274,776	\$ 232,376	\$ 50,679	\$ 4,281,609

The Corporation of the Township of Lake of the Woods Notes to Consolidated Financial Statements

December 31, 2023

8. Accumulated Surplus

The Municipality segregates its accumulated surplus in the following categories:

	2023	2022
<u>Investment in tangible capital assets</u>		
Tangible capital assets	\$ 4,399,772	\$ 4,281,609
Investment in tangible capital assets under construction	108,672	-
Total investment in tangible capital assets	4,508,444	4,281,609
<u>Current operations</u>		
General operating	933,043	1,073,075
Government partnership	15,340	10,777
Total operating surplus	948,383	1,083,852
<u>Other allocated deficits</u>		
Asset retirement obligation - landfill	(1,218,713)	(1,183,216)
<u>Reserve funds</u>		
Replacement of equipment	1,913,622	1,695,572
Landfill closures	77,116	73,140
Recreation	72,518	66,407
Total reserve funds	2,063,256	1,835,119
Working capital reserve	250,000	220,000
Total surplus	\$ 6,551,370	\$ 6,237,364

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by by-law or Council resolution for specific purposes.

The Corporation of the Township of Lake of the Woods Notes to Consolidated Financial Statements

December 31, 2023

9. Other Income

	2023	2022
Donations and fundraising	\$ 253	\$ 243
Write-down/loss of tangible capital assets	(1,423)	-
	\$ (1,170)	\$ 243

10. Government Transfers - Federal

	2023	2022
Operating Canada Community Building Fund	\$ 7,861	\$ -
Total federal transfers	\$ 7,861	\$ -

11. Government Transfers - Provincial

	2023	2022
Operating		
Province of Ontario		
Ontario Municipal Partnership Fund	\$ 656,700	\$ 652,800
Other	1,255	61,515
Total operating transfers	657,955	714,315
Tangible capital assets		
Province of Ontario		
Ministry of Infrastructure	100,000	125,100
Northern Ontario Heritage Fund Corporation	-	74,367
Ministry of Northern Development, Mines, Natural Resources & Forestry	74,345	148,689
Total tangible capital assets	174,345	348,156
Total provincial transfers	\$ 832,300	\$ 1,062,471

The Corporation of the Township of Lake of the Woods Notes to Consolidated Financial Statements

December 31, 2023

12. Expenses by Object

	2023	2022
Salaries, wages and employee benefits	\$ 254,191	\$ 246,022
Materials	133,405	162,080
Contracted services	310,244	313,608
Rent and financial expenses	112,244	123,219
Contributions to other Organizations	387,350	361,468
Amortization	288,783	253,269
	<u>\$ 1,486,217</u>	<u>\$ 1,459,666</u>

13. Contingent Liability/Asset

The Municipality was formerly a member of a reciprocal insurance Company licensed under the Insurance Act. In the event that a claim is experienced relating to the period that the Municipality was a member of the Company, they may be required to pay additional premiums or losses related to the event or they may be entitled to surplus. Should any premium demands, losses or surpluses occur, such loss/surplus will be recognized in the year of resolution or settlement of the claim. As of the date of the consolidated financial statements, the amount of any loss or surplus cannot be reasonably estimated as accounts continue to change based on claims experiences.

14. Pension Agreement

The Municipality makes contributions to the Ontario Municipal Employees' Retirement System (OMERS), a multi-employer plan, on behalf of two members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of the Ontario municipal Organizations and their employees. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2023 was \$12,453 (2022 - \$12,474) for current service. The OMERS Board rate was 9.0% to 14.6% depending on income level for 2023 (2022 - 9.0% to 14.6% depending on income level).

The Corporation of the Township of Lake of the Woods Notes to Consolidated Financial Statements

December 31, 2023

15. Commitments

Locum Housing

The Municipality has entered into an agreement with two other Organizations to construct housing for locum doctors in the Town of Rainy River. In the event that insufficient grants, contributions, donations or fundraising proceeds are unavailable to cover the costs of the construction and furnishings of the housing, the parties to the agreement have agreed to provide the necessary funds to complete the project by way of repayable loans, bearing interest at prime up to the maximum set by the committee.

16. Operations of School Boards

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

	<u>2023</u>	<u>2022</u>
School boards	\$ 201,085	\$ 202,409

17. Trust Fund

The Trust Fund administered by the Municipality amounting to \$87,384 (2022 - \$85,434) has not been included on the consolidated statement of financial position nor has the operation been included on the consolidated statement of operations.

18. Contributions to Unconsolidated Boards

The following contributions were made by the Municipality to these boards:

	<u>2023</u>	<u>2022</u>
Northwestern Health Unit	\$ 13,388	\$ 14,834
Rainy River District Social Services Administration Board	373,962	346,634
	<u>\$ 387,350</u>	<u>\$ 361,468</u>

The Corporation of the Township of Lake of the Woods Notes to Consolidated Financial Statements

December 31, 2023

19. Financial Instrument Risk Management

The Municipality is exposed to credit risk and liquidity risk from its financial instruments. This note describes the Municipality's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Municipality is exposed to credit risk through taxes receivable.

At year end, the amounts outstanding for the Municipality's financial assets exposed to credit risk are as follows:

Taxes receivable	2023	2022
Current	44,883	47,594
1 year past due	11,086	9,565
2 years past due	7,978	5,284
3 years past due	7,498	3,838
Total	<u>71,445</u>	<u>66,281</u>

The Municipality manages its credit risk by implementing the tax sale policies legislated by the Ontario Municipal Act.

The Corporation of the Township of Lake of the Woods Notes to Consolidated Financial Statements

December 31, 2023

20. Government Partnership

On July 11, 2011, the Municipality entered into an agreement with three other communities to jointly construct and maintain housing for locum physicians and medical students. All revenues and costs related to the development and operations will be shared based on each community's financial contribution to the project. Upon entering into the agreement, each community made a \$25,000 refundable contribution leaving each community with a 25% proportional interest.

In September 2015, one of the member communities withdrew from the partnership and was refunded their original \$25,000 member contribution. For each of the remaining three member communities, the exit of this partner resulted in an increase in their proportionate interest of the partnership to 33.33%.

	2023		2022	
	Municipality		Municipality	
	Total	Portion	Total	Portion
Financial assets	\$ 56,560	\$ 18,853	\$ 52,845	\$ 17,615
Financial liabilities	85,540	28,513	75,360	25,120
Net financial assets (debt)	(28,980)	(9,660)	(22,515)	(7,505)
Non-financial assets	387,447	129,149	393,416	131,139
Accumulated surplus	<u>\$ 358,467</u>	<u>\$ 119,489</u>	<u>\$ 370,901</u>	<u>\$ 123,634</u>
	2023		2022	
	Municipality		Municipality	
	Total	Portion	Total	Portion
Revenue	\$ 16,390	\$ 5,463	\$ 16,429	\$ 5,478
Expenses	28,824	9,608	18,388	6,130
Annual surplus (debt)	(12,434)	(4,145)	(1,959)	(652)
Accumulated surplus, beginning of year	370,901	123,634	372,860	124,286
Accumulated surplus, end of year	<u>\$ 358,467</u>	<u>\$ 119,489</u>	<u>\$ 370,901</u>	<u>\$ 123,634</u>

The Corporation of the Township of Lake of the Woods

Notes to Consolidated Financial Statements

December 31, 2023

21. Segmented Information

The Corporation of the Township of Lake of the Woods is a diversified municipal government institution that provides a wide range of services to its citizens. The management of the Municipality considers decisions based on separate service areas. These service areas are: general government, protection services, transportation services, environmental services, health services, social and family services, social housing, recreation and cultural services and planning and development.

Descriptions of the services and funds that management bases their decisions on, are as follows:

General Government

General government consists of governance, Corporate management and program support. These categories relate to operations of all of the various programs and services that the Municipality offers to its citizens.

Protection Services

Protection is comprised of police service and fire protection. Police service is contracted out to the Ontario Provincial Police. The fire department is responsible to provide fire suppression service, fire prevention programs, training and education related to prevention, detection or extinguishment of fires. The members of the fire department consist of volunteers.

Transportation Services

The transportation services area provides construction and maintenance of roadways throughout the Municipality.

Environmental Services

Environmental services consists of maintenance of the two waste disposal facilities located within the municipal borders.

Health Services

Health services are comprised of public health services and ambulance service. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

Social and Family Services

Social and family services are comprised of general assistance, childcare and assistance to the aged. The Municipality contributes to local boards which provide these services to the citizens of the Municipality.

Social Housing

The Municipality contributes to a local board, which provides social housing if the citizens of the Corporation of the Township of Lake of the Woods require the service.

Recreation and Cultural Services

This service area consists of various small recreation programs. Also, the Municipality contributes to the library board of another Municipality in order to ensure a library is available to the citizens of the Municipality.

Planning and Development

This service relates to zoning issues as well as planning of various municipal maintenance projects.

The Corporation of the Township of Lake of the Woods
Notes to Consolidated Financial Statements

December 31, 2023

21. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	2023 Total
Revenue										
Taxation	\$ 137,477	\$ 67,631	\$ 218,753	\$ 53,424	\$ 82,073	\$ 56,107	\$ 51,421	\$ 53,435	\$ 6,688	\$ 727,009
Fees and user charges	100	-	1,890	-	5,275	-	-	-	900	8,165
Conditional grants	-	1,532	178,886	-	-	-	-	3,043	-	183,461
Unconditional grants	124,182	61,091	197,596	48,257	74,136	50,681	46,448	48,267	6,042	656,700
Municipal grants	-	-	9,872	3,949	-	-	-	-	-	13,821
Other	40,102	19,727	63,809	15,584	22,942	16,366	14,999	15,587	1,951	211,067
	<u>301,861</u>	<u>149,981</u>	<u>670,806</u>	<u>121,214</u>	<u>184,426</u>	<u>123,154</u>	<u>112,868</u>	<u>120,332</u>	<u>15,581</u>	<u>1,800,223</u>
Expenses										
Wages and benefits	90,156	10,420	111,137	32,419	5,968	-	-	4,091	-	254,191
Materials	12,028	19,474	73,499	624	6,390	-	-	21,311	79	133,405
Contracted services	26,998	167,071	18,228	76,977	1,643	-	-	9,891	9,436	310,244
Rent and financial	14,903	6,583	37,956	39,531	4,088	-	-	9,183	-	112,244
External transfers	-	-	-	-	214,121	17,936	155,293	-	-	387,350
Amortization	1,457	21,798	218,166	2,234	1,990	-	-	43,138	-	288,783
	<u>145,542</u>	<u>225,346</u>	<u>458,986</u>	<u>151,785</u>	<u>234,200</u>	<u>17,936</u>	<u>155,293</u>	<u>87,614</u>	<u>9,515</u>	<u>1,486,217</u>
Net surplus (deficit)	\$ 156,319	\$ (75,365)	\$ 211,820	\$ (30,571)	\$ (49,774)	\$ 105,218	\$ (42,425)	\$ 32,718	\$ 6,066	\$ 314,006

The Corporation of the Township of Lake of the Woods Notes to Consolidated Financial Statements

December 31, 2023

21. Segmented Information (continued)

For the year ended December 31	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreation and Cultural Services	Planning and Development	2022 Total
Revenue										
Taxation	\$ 135,017	\$ 66,421	\$ 214,838	\$ 52,468	\$ 80,604	\$ 55,103	\$ 50,501	\$ 52,479	\$ 6,568	\$ 713,999
Fees and user charges	505	-	173	-	5,250	-	-	-	5,082	11,010
Conditional grants	-	1,134	306,027	-	-	-	-	102,510	-	409,671
Unconditional grants	123,444	60,728	196,423	47,971	73,695	50,380	46,172	47,981	6,006	652,800
Municipal grants	-	-	28,409	3,569	-	-	-	-	-	31,978
Other	23,359	11,491	37,167	9,077	13,935	9,533	8,736	9,078	1,136	123,512
	<u>282,325</u>	<u>139,774</u>	<u>783,037</u>	<u>113,085</u>	<u>173,484</u>	<u>115,016</u>	<u>105,409</u>	<u>212,048</u>	<u>18,792</u>	<u>1,942,970</u>
Expenses										
Wages and benefits	86,706	10,539	110,886	27,331	5,708	-	-	4,852	-	246,022
Materials	6,990	26,593	97,244	849	2,945	-	-	26,298	1,161	162,080
Contracted services	27,284	179,067	22,660	61,201	2,120	-	-	14,871	6,405	313,608
Rent and financial	22,716	6,889	44,190	38,401	2,889	-	-	8,134	-	123,219
External transfers	-	-	-	-	200,938	22,199	138,331	-	-	361,468
Amortization	1,443	20,295	188,357	2,235	1,990	-	-	38,949	-	253,269
	<u>145,139</u>	<u>243,383</u>	<u>463,337</u>	<u>130,017</u>	<u>216,590</u>	<u>22,199</u>	<u>138,331</u>	<u>93,104</u>	<u>7,566</u>	<u>1,459,666</u>
Net surplus (deficit)	\$ 137,186	\$ (103,609)	\$ 319,700	\$ (16,932)	\$ (43,106)	\$ 92,817	\$ (32,922)	\$ 118,944	\$ 11,226	\$ 483,304

For each reported segment, revenues and expenditures 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 other revenue have been apportioned based on a percentage of budgeted expenditures.

The Corporation of the Township of
Lake of the Woods Trust Funds
Financial Statements
For the year ended December 31, 2023

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Independent Auditor's Report

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Township of Lake of the Woods

Opinion

We have audited the financial statements of the Corporation of the Township of Lake of the Woods Trust Fund (the Entity), which comprise the Balance Sheet as at December 31, 2023, and the Statement of Continuity for the year then ended, and Notes to Financial Statements, including a Summary of Significant Accounting Policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, and the continuity thereof, in accordance with the basis of accounting as described in Note 1.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity 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.

Basis of Accounting and Restrictions on Use

Without modifying our opinion, we draw attention to Note 1 to the financial statements which describes the basis of accounting. The financial statements are prepared to assist the Corporation of the Township of Lake of the Woods to comply with the reporting requirements of the Bereavement Authority of Ontario. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the management of the Corporation of the Township of Lake of the Woods and the Bereavement Authority of Ontario and should not be used by parties other than the management of the Corporation of the Township of Lake of the Woods and the Bereavement Authority of Ontario.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as described in Note 1, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
April 18, 2024

The Corporation of the Township of Lake of the Woods
Trust Fund - Cemetery Perpetual Care
Balance Sheet

December 31	2023	2022
Assets		
Investments	\$ 87,384	\$ 85,434
Liabilities		
Balance - capital	\$ 87,384	\$ 85,434

The Corporation of the Township of Lake of the Woods
Trust Fund - Cemetery Perpetual Care
Statement of Continuity

December 31	2023	2022
Balance, beginning of year	\$ 85,434	\$ 84,074
Revenue		
Care and maintenance fees	1,950	1,360
Interest earned	3,483	611
	5,433	1,971
Expenditures		
Paid general	3,483	611
Balance, end of year	\$ 87,384	\$ 85,434

The Corporation of the Township of Lake of the Woods
Trust Fund - Cemetery Perpetual Care
Notes to Financial Statements

December 31, 2023

1. Summary of Significant Accounting Policies

Management's Responsibility	The financial statements of the Corporation of the Township of Lake of the Woods Trust Fund are the representation of management and have been prepared in accordance with accrual based accounting principles. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgement and review.
Accrual Basis of Accounting	<p>Sources of financing and expenditures are reported on the accrual basis of accounting.</p> <p>The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.</p>

2. Nature of Trust Fund

The Cemetery Perpetual Care Trust Fund was established in accordance with the Cemeteries Act for the care and maintenance of certain cemetery grounds.

3. Statement of Changes in Cash Flows

A statement of changes in cash flows has not been provided since the sources and uses of cash are readily apparent from the information included in the financial statements.