

Village of Fort Simpson

Annual Financial Report

December 31, 2023

Village of Fort Simpson

Financial Statements

December 31, 2023

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Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they are based on estimates and judgments according to the information that was available. When alternate accounting methods exist, management has chosen those it deems to be most appropriate in these circumstances, in order to ensure that the financial statements are presented fairly, in all respects.

The Village of Fort Simpson (the "Village") maintains systems of internal accounting and administrative controls of quality, consistent with reasonable costs. Such systems are designed to provide reasonable assurance the financial information is relevant, reliable and accurate and that all assets are appropriately accounted for and adequately protected.

Management is responsible for reviewing and approving these financial statements, as well as for all the information included in the annual report.

Council has reviewed the Village's financial statements and recommend their approval. They also meet with management and external auditors, to discuss internal controls over the financial reporting process, auditing issues and financial reporting matters, to ensure that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditors' report.

The financial statements have been audited by Crowe MacKay LLP, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards on behalf of the Village. Crowe MacKay LLP has full and free access to the records of the Village.

Mayor 

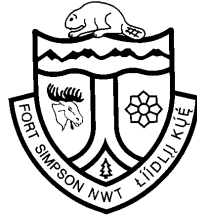
Councilor _____

Councilor _____

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Councilor _____

Fort Simpson, Canada
October 21, 2024



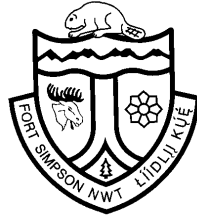
VILLAGE OF FORT SIMPSON

2023 Management Discussion and Analysis

The Council for the Village of Fort Simpson (the “Village”) delegates the responsibility for the preparation of Financial Statements to the Administration. The Financial Statements are reviewed by the appointed auditors based on instructions from the Department of Municipal and Community Affairs, the requirements of the Cities, Towns and Villages Act and the principles established by the Public Sector Accounting Board. Once the auditor has reviewed the Financial Statements, the reports shall be submitted to the Senior Administrative Officer (SAO) for review and then to the Council for approval.

To assist in meeting the Village’s responsibilities, staff maintain various internal controls which provide reasonable assurances that all transactions are accurately recorded and appropriately authorized. Further, staff ensures that assets are properly accounted for and that the integrity of financial records is maintained.

The following financial discussion and analysis have been prepared by management and should be read in conjunction with the audited financial statements and their accompanying notes and schedules.



VILLAGE OF FORT SIMPSON

Highlights of Capital Projects for Year Ended 2023

Total Capital projects undertaken by the Village of Fort Simpson during the fiscal year 2023 was approximately \$2,307,840. Some of the significant projects are:

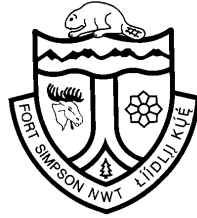
1. \$ 594,900 - Automatic Grader for gravel
2. \$ 140,588 - Accounting system conversion
3. \$ 519,545 - Chip seal project
4. \$ 171,723 - Upgrades to water distribution infrastructure
5. \$ 74,603 - Ski hill improvements
6. \$ 133,935 - Boat launch upgrades
7. \$ 77,859 - New public works vehicles
8. \$ 55,651 - Wood pellet boiler conversion
9. \$ 61,650 - Riverbank stabilization
10. \$ 268,673 - Water treatment plant loan maintenance
11. \$ 115,824 - Landfill upgrades

Financial Position

The Statement of Financial Position reports the Village of Fort Simpson's financial and non-financial resources, obligations and accumulated surplus as at December 31, 2023, on a comparative basis. This statement is used to evaluate the Village of Fort Simpson's ability to finance its activities and to meet its liabilities and commitments. An important indicator on the Statement of Financial Position is the Village's net financial assets. The net financial assets are the difference between financial assets and financial liabilities, this is an indication of the liquidity for additional spending without borrowing funds for operations or capital purchases.

Net financial assets decreased by \$1,262,142 from \$1,649,761 in 2022 to \$387,619 in the current year. Significant items include a decrease in cash sources (restricted and non restricted) by approximately \$3,021,218 due to the fact that the Village has yet to receive its Gas Tax allocation from 2022 and 2023. This cash decreased was used towards funding capital asset projects described above. This has further resulted in a significant decrease to deferred revenue by \$709,059 as this related to eligible expenditures under CPI and Gas Tax. Receivable accounts are comparable to prior year with the exception of conditional funding receivables which has \$616,649 for Gas Tax and ICIP funding outstanding.

Acquisition of tangible capital assets of approximately \$2,307,840 was financed by the receipt of \$1,137,000 of Community Public Infrastructure ("CPI") funding. Gas Tax funding was not paid this fiscal year but deferred revenue of \$622,142 of past deferred revenue was recognized and \$452,630 is receivable from this program. The Investment in Canada Infrastructure Plan (ICIP) includes funding of \$188,366 which is receivable. There was also a decrease in loans and capital lease obligations of \$262,623 as the Village continued to pay off long term debt.



VILLAGE OF FORT SIMPSON

Operations

The Village had a current year deficit from operations of \$1,139,190 compared to a prior year deficit of \$196,074. The main reason for this change relates to expenditures as revenues generated in the current period have only increased by \$190,677. The main changes in revenue relate to types of government transfers received; Capital spending is up \$831,738 from \$1,621,241 in 2022 to \$2,452,979 in the current year due to the nature of projects completed. Conversely, operating contributions decreased by \$314,823 from \$3,812,148 to \$3,497,324. The decrease in operating transfers was due to the loss of remaining COVID-19 funding programs in the amount of \$57,443, \$154,643 for Fire Smarting and \$191,782 relating to the warming shelter contributions. Donations were down \$170,743 as a result of no major items being received; in the prior year donations included \$195,000 from United Way pertaining to the flood. The remaining change in revenues pertains to user fees as a result of changes in water and sewer billing and interest charges.

Expenses have increased by \$281,825 in the current year. The majority of this increase pertains to wages and salaries which see regular increases in accordance with the union agreement and rose by \$224,004 from \$3,178,605 in 2022 to \$3,402,609 in 2023. Offsetting this increase was a decrease in contracted services of \$110,082 from \$1,030,447 in 2022 to \$920,365 in 2023, which related to the remaining flood remediation work done in the first quarter of 2022.

The remaining change in the income statement relates to the prior year one-time adjustment for the landfill estimated cleanup cost as the Department of Municipal and Community Affairs has indicated they will be responsible for this cleanup and not the Village. In 2022, this resulted in a recovery of \$851,968 but is a non-cash item as it related to estimated costs to be incurred at a future date. There is potential for future adjustments relating to asset retirement obligations as a result to changes in the public sector accounting standards that governed the landfill estimate in previous years.

Cash Flows

The Village's unrestricted cash position fell significantly by \$1,825,686. This was due mainly to not receiving Gas Tax Funding in the prior year, current year and having ICIP funding outstanding for 2023. In addition, the Village has an operating deficit of \$1,139,190.

Closing Comments

Council and staff continue to work hard to prevent significant increases in user fees and property taxes or reduction of services. This can be seen with the budgeting for only relevant capital expenditures in future years and continued fiscal restraint wherever possible when it comes to overall operations.

Darryl White
Senior Administrative Officer
Village of Fort Simpson

Independent Auditors' Report

**To the Minister of Municipal and Community Affairs
Government of the Northwest Territories, and Mayor and Council
Village of Fort Simpson**

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of the Village of Fort Simpson (the "Village"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, changes in net financial assets and cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Village as at December 31, 2023, and its results of operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Village has not prepared an estimate of asset retirement obligations as required by the Canadian Public Sector Accounting Standards Section PS3280. Accordingly, we were unable to determine if any adjustments may be necessary for accretion and amortization expenses, tangible capital assets, asset retirement obligations, surplus (deficit) and accumulated surplus associated with the asset retirement obligations for the year ended December 31, 2023, and liabilities and net financial assets as at December 31, 2023.

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

Other Information

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report (continued)

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

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

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

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

Auditors' 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 auditors' 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 Village'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 Village's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the village 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.



Independent Auditors' Report (continued)

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.

Report on Other Legal and Regulatory Requirements

We further report, in accordance with the *Cities Towns, and Villages Act*, that proper books of account have been kept, that the financial statements are in agreement with the books of account, and that the transactions that have come under our notice have been within the statutory powers of the Village.

Yellowknife, Canada
October 21, 2024

Crowe Mackay LLP

Chartered Professional Accountants

Village of Fort Simpson

Statement of Financial Position

For the year ended December 31,

2023

2022

Financial Assets

Cash and cash equivalents	\$ -	\$ 1,782,529
Restricted cash (note 7)	549,230	1,787,918
Restricted investments (note 8)	1,074	1,074
Accounts receivable (note 9)	1,106,184	545,214
Taxes recoverable (note 10)	544,767	626,828
Grants in lieu of taxes	191,422	1,756
Goods and services tax receivable	161,917	79,876
Land held for resale	1	1

2,554,595 4,825,196

Liabilities

Bank indebtedness (note 5)	\$ 43,157	-
Accounts payable and accrued liabilities (note 11)	682,041	780,911
Wages and benefits payable (note 12)	444,300	424,562
Deferred revenue (note 13)	806,496	1,515,555
Deposits	52,442	52,892
Loan payable (note 14)	102,937	353,068
Capital lease obligations (note 15)	35,603	48,447

Total Liabilities **2,166,976** 3,175,435

Net Financial Assets **387,619** 1,649,761

Non-Financial Assets

Tangible capital assets (Schedule 1)	27,464,083	27,519,155
Prepaid expenses	41,858	66,854
Inventory (note 16)	278,453	75,433

Total Non-Financial Assets **27,784,394** 27,661,442

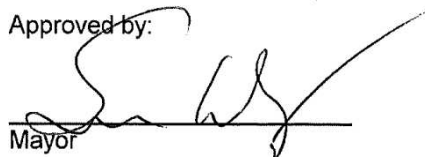
Accumulated Surplus (Schedule 2) **\$ 28,172,013** \$ 29,311,203

Contractual rights (note 17)

Commitments (note 19)

Contingent liability (note 20)

Approved by:



Mayor



Senior Administrative Officer

STATEMENT 2

Village of Fort Simpson

Statement of Operations

For the year ended December 31,

	2023 Budget	2023 Actual	2022 Actual
Revenues			
Government transfers for operations (note 21)	\$ 3,482,000	\$ 3,497,325	\$ 3,812,148
Government transfers for capital (note 21)	4,580,000	2,452,979	1,621,241
Property taxes (note 22)	993,304	796,474	714,745
User fees	1,122,900	871,342	1,141,652
Grants in lieu (note 21)	640,350	588,113	633,643
Fines, penalties and recoveries	23,700	204,799	122,116
Interest income	135,000	36,212	40,279
Donation	-	24,257	195,000
Total revenues	10,977,254	8,471,501	8,280,824
Other revenues			
Remeasurement of landfill liability	\$ -	\$ -	851,968
Total revenues	\$ 10,977,254	\$ 8,471,501	9,132,792
Expenses (schedule 3)			
General government services	1,097,887	2,137,131	1,487,240
Public safety and protective services	434,174	640,496	534,342
Public works and transportation services	1,057,447	1,819,518	2,168,176
Environmental and health services	289,685	464,747	350,888
Water and sewer services	1,847,362	2,083,584	2,338,715
Recreation and culture services	1,593,873	2,465,215	2,449,505
Total expenses	6,320,428	9,610,691	9,328,866
Surplus (deficit)	4,656,826	(1,139,190)	(196,074)
Accumulated surplus, beginning of year	29,311,203	29,311,203	29,507,277
Accumulated surplus, end of year	\$ 33,968,029	\$ 28,172,013	\$ 29,311,203

Village of Fort Simpson

Statement of Changes in Net Financial Assets

For the year ended December 31,	2023 Budget	2023 Actual	2022 Actual
Surplus (deficit)	\$ 4,656,826	\$(1,139,190)	\$ (196,074)
Amortization of tangible capital assets	-	2,362,912	2,238,995
Change in prepaid expenses	-	24,996	31,405
Acquisition of inventory	-	(278,453)	-
Usage of inventory	-	75,433	-
Acquisition of tangible capital assets (schedule 1)	(4,580,000)	(2,307,840)	(1,704,350)
Increase (decrease) in net financial assets	76,826	(1,262,142)	369,976
Net financial assets, beginning of year	1,649,761	1,649,761	1,279,785
Net financial assets, end of year	\$ 1,726,587	\$ 387,619	\$ 1,649,761

Village of Fort Simpson

Statement of Cash Flows

For the year ended December 31,	2023	2022
Cash Provided by (used for)		
Operating activities		
Surplus (Deficit)	\$ (1,139,190)	\$ (196,074)
Items not affecting cash:		
Amortization	2,362,912	2,238,995
Remeasurement of landfill liability	-	(851,968)
	1,223,722	1,190,953
Change in non-cash working capital items		
Inventory	(203,020)	-
Accounts receivable	(560,970)	464,751
Taxes recoverable	82,061	(136,775)
Grants in lieu of taxes	(189,666)	4,136
Goods and service tax receivable	(82,041)	68,135
Prepaid expenses	24,992	31,405
Accounts payable and accrued liabilities (note 23)	(98,870)	50,162
Deferred revenue	(709,058)	1,017,143
Wages and benefits payable	19,738	103,408
Deposits	(447)	3,967
	(493,559)	2,797,285
Financing activities		
Repayment of loan payable	(250,128)	(250,128)
Repayment of capital lease obligations	(12,847)	(12,497)
	(262,975)	(262,625)
Capital activity		
Acquisition of tangible capital assets (note 23)	(2,307,840)	(1,953,615)
Investing activity		
Restricted cash	1,238,688	(262,351)
	1,238,688	(262,351)
Increase (decrease) in cash & cash equivalents	(1,825,686)	318,694
Cash & cash equivalents, beginning of year	1,782,529	1,463,835
Cash & cash equivalents (bank indebtedness), end of year	\$ (43,157)	\$ 1,782,529
Cash/ Bank indebtedness	\$ (43,157)	\$ 1,689,811
Cash in trust	-	92,718
	\$ (43,157)	\$ 1,782,529

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

1. Nature of Organization

The Village (the "Village") operates under the *Cities, Towns and Villages Act* of the Northwest Territories and is overseen by the Government of the Northwest Territories (GNWT) - Department of Municipal and Community Affairs ("MACA"). The Village provides government services to the residents of Fort Simpson, NT.

2. Changes in the Basis of Accounting

Asset Retirement Obligations, Section PS3280

On January 1, 2023, the Village adopted Section PS 3280 "Asset Retirement Obligations", which has resulted in the withdrawal of PS 3270 "Solid Waste Landfill Closure and Post-Closure Liability" standard. The new standard applies to asset retirement obligations associated with tangible capital assets controlled by the entity that are in productive use or no longer in productive use. It establishes requirements for recognition, measurement, presentation and disclosure of legal obligations associated with the retirement of tangible capital assets.

The Village has not applied the change.

Financial Instruments Section PS3450

On January 1, 2023, the Village adopted Section PS 3450 "Financial Instruments". The new standard provides guidance on the recognition, measurement, presentation and disclosure of financial instruments. Financial instruments are subsequently measured either (i) fair value or (ii) cost or amortized cost. For financial instruments measured at fair value, unrealized gains and losses are reported on the Statement of Remeasurement Gains and Losses and realized gains and losses are reclassified from the Statement of Remeasurement Gains and Losses to the Statement of Operations. The Village must also disclose both qualitative and quantitative information on its exposure to financial instrument risk.

In accordance with the applicable transitional provisions, the Village has applied the new standard prospectively on the transition date and has recognized all financial assets and financial liabilities on its Statement of Financial Position and classified items at (i) fair value or (ii) cost or amortized cost. Recognition, derecognition and measurement policies followed in the financial statements for periods prior to the transition date are not reversed. Therefore, the financial statements of prior periods, including comparative information, have not been restated.

There have been no significant changes to financial assets and financial liabilities on the Statement of Financial Position as a result of this policy change.

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

3. Accounting Policies

The financial statements of the Village are the representations of management prepared in accordance with Canadian public sector accounting standards for local governments established by the Public Sector Accounting Board. Significant aspects of the accounting policies adopted by the Village are as follows:

(a) Reporting entity

These financial statements reflect the assets, liabilities, revenues and expenses, and changes in cash flows of the Village. The Village comprises municipal operations including general government services, public safety and protective services, public works and transportation services, environmental and health services, recreation and cultural services, and water and sewer services.

(b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as they are earned and measurable. Expenses are recognized as incurred and measurable based upon receipt of goods or services and the legal obligation to pay.

(c) Cash and cash equivalents

Cash and cash equivalents include bank balances, including bank overdrafts with balances that frequently fluctuate from being positive to overdrawn, term deposits, certificates of deposit, money market funds, funds held in trust, and other highly liquid interest-bearing instruments.

(d) Land held for resale

Land held for resale is recorded at the lower of cost and net realizable value.

(e) Inventory

Inventories of supplies held for consumption are recorded at the lower of cost, determined on a weighted average basis, and replacement cost.

(f) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts directly attributable to acquisition, design, construction, development, improvement or betterment of the asset. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

3. Accounting Policies (continued)

(f) Tangible capital assets (continued)

The cost, less residual value, of the tangible capital assets, are amortized on a straight-line basis over the estimated useful life as follows:

	Years
Furniture	3 - 15
Vehicles	3 - 20
Land improvements	15 - 20
Machinery and equipment	15 - 40
Roads	15 - 40
Water and sewer	25 - 35
Buildings	25 - 40
Assets under capital lease - machinery and equipment	10

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Village's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Statement of Operations.

Contributed tangible capital assets are recorded as revenues at their fair value on the date of donation, except if the fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Tangible capital assets under construction (work-in-progress) are not amortized until the asset is available for use.

(g) Revenue recognition

Government transfers

Government transfers are the transfer of money or tangible capital assets from a government for which the government making the transfer does not:

- receive any goods or services directly in return;
- expect to be repaid in the future; or
- expect a direct financial return.

Government transfers are recognized as revenues when the transfer is authorized, and any eligibility criteria are met, except if transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Statement of Operations as the stipulation liabilities are settled.

Operating transfers are recognized as revenue in the period in which the events giving rise to the transaction occurs, providing the transfers are authorized, all eligibility criteria have been met, and reasonable estimates of the amounts can be determined. Unused operating transfers or operating transfers relating to the upcoming fiscal year are recognized as deferred revenue when transfer stipulations give rise to a liability.

Capital transfers or transfers of tangible capital assets are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital asset is acquired or built.

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

3. Accounting Policies (continued)

(g) Revenue recognition (continued)

Contributions and donations

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Property taxes

Property taxes are a function of assessed values and mill rates. The assessed values are determined through application of Territorial legislation, and Council set mill rates. The revenue is recognized in the period the taxes are levied.

Grants in lieu

Grants in lieu of taxes are similar to a property value tax. They are collected from property owned by or vested in the territorial and federal governments and their associated agencies and Crown corporations that are exempt from property taxation under Section 125 of the *Constitution Act*. The revenue is recognized in the period the taxes are levied.

Other sources of revenues

User fees are recognized in the period when the related services are performed, or goods are delivered and there is reasonable assurance of collection.

Fines, penalties and recoveries, and donation revenues are recognized when the related expenses have been incurred or when received or receivable if the amounts can be reasonably estimated, and collection is reasonably assured.

Interest income earned on surplus funds is reported as revenues on an accrual basis.

(h) Restricted cash

Restricted cash includes restricted cash in bank balances. These amounts are based on the amount the Village is required to keep segregated based on externally restricted funding agreements.

(i) Non-financial assets

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 normal 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.

(j) Leases

Leases are classified as capital or operating leases. Leases that 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.

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

3. Accounting Policies (continued)

(k) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital asset. A liability is recognized when the following criteria are met as at the financial statements date:

- 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.

Subsequent measurement of the liability can result in either a change in the carrying amount of the related tangible capital asset (or a component thereof), or an expense, depending on the nature of the remeasurement and whether the asset remains in productive use.

The estimate of a liability includes costs directly attributable to asset retirement activities. Costs includes post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset. The estimate would also include costs of tangible capital assets acquired as part of asset retirement activities to the extent those assets have no alternative use.

The carrying amount of a liability for an asset retirement obligation is estimated at each financial reporting date.

(l) Measurement uncertainty

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Management makes estimates when determining significant allowance for doubtful accounts, accrued liabilities, useful lives of tangible capital assets, and the related costs charged to the Statement of Operations. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

(m) School taxes

The Village is required by the *Education Act* to bill, collect and remit territorial education support levies in respect of residential and other properties on behalf of the Territory and school division special levies on behalf of school divisions. The Village has no jurisdiction or control over the school divisions' operations or their mill rate increases. The taxation, other revenues, expenses, assets and liabilities regarding the operations of school boards are not reflected in these financial statements.

(n) Budget

The budget for 2023 fiscal year was approved by Council on November 14, 2022.

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

3. Accounting Policies (continued)

(o) Segment disclosure

The Schedule of Revenues and Expenses by Segment is provided in Schedule 3. The segments selected are to enable users to better understand the government reporting entity and the major revenue and expense activities of the Village. For each reported segment, revenues and expenses represent amounts directly attributable to each segment. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements. The segments include:

General government services: includes the revenues and expenses pertaining to administration, property tax assessment, Mayor and Council, and permitting (business, building, and development).

Public safety and protective services: includes the revenues and expenses pertaining to emergency services (fire and ambulance), enforcement (municipal enforcement), and emergency preparedness.

Public works and transportation: includes the revenues and expenses pertaining to the maintenance and repair of the Village's roadways and sidewalks. Also included are expenses pertaining to the management of capital assets and minor capital works for other Village departments.

Environmental and health services: includes the revenues and expenses pertaining to garbage collection and landfill maintenance.

Water and sewer services: includes the revenues and expenses pertaining to the provision of metered and trucked water and sewer services, and the management of water and sewer infrastructure.

Recreation and culture services: includes the revenues and expenses pertaining to community grants and Village facilities such as the swimming pool, arena, gym, visitor centre, and library.

Capital transfers: includes the revenues and capital expenses pertaining to capital projects. This includes construction of facilities noted in the above segments and other capital improvements.

(p) Employee benefits

The Village accrues for certain benefits which will require funding in future periods. These benefits include vacation and lieu time as per agreements.

The Village and its employees contribute to registered retirement savings plans (RRSP) at the rate of 6% (2022 - 6%) of regular wages with a matching contribution by the Village. These contributions represent the total liability of the Village and are recognized in the accounts on a current basis. During the year, the Village paid \$99,110 (2022 - \$104,062) to employees' RRSPs, and the employees paid \$99,110 (2022 - \$104,062).

Employees are eligible for severance pay based on the weekly rate of pay and the number of completed years of service at termination. Severance pay is payable under the various employment agreements. Qualifying employees are entitled to severance pay upon retirement, death or termination of service.

Employees are insured through the Northern Employee Benefits Services (NEBS).

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

3. Accounting Policies (continued)

(q) Funds and reserves

Funds are established at the direction of MACA or at the discretion of Council, to set aside funds for future expenses. Transfers to and/or from funds are reflected as an adjustment to the respective fund and not as revenues or expenses in the Statement of Operations.

The Village maintains the following funds:

(i) General Operating Fund

Reports the excess of revenues over expenses relating to the general operations of the Village excluding water and sewage services and tangible capital assets acquired.

(ii) Water and Sewage Fund

Reports the excess of revenues over expenses relating specifically to the provision of water and sewage services to the residents and commercial enterprises of the Village.

(iii) Equity in Tangible Capital Assets

Reports the investment in tangible capital assets, less any related debt and accumulated depreciation.

(iv) Reserves

The Village maintains a building and equipment reserve, ambulance reserve, infrastructure reserve and scholarship reserve. The reserves are for building, equipment, ambulance and infrastructure capital expenditures as well as scholarships provided by the Village.

(r) Net financial assets or net debt

The financial statements are presented so as to highlight net financial assets or net debt as the measurement of financial position. The net financial assets or net debt is determined by financial assets less liabilities. Net financial assets or net debt comprises two components, non-financial assets and accumulated surplus.

(s) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to finance future operations. Non-financial assets are not available to discharge existing liabilities and are held for use in government services or for consumption in normal operations. They have useful lives extending beyond the current year and are not intended for sale in the normal 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.

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

3. Accounting Policies (continued)

(t) Financial instruments

The Village classifies its financial instruments at cost or amortized cost. The Village's accounting policy for financial instruments is as follows:

Financial instruments include cash and cash equivalents, restricted cash, restricted investments, accounts receivable, taxes recoverable, bank indebtedness, grants in lieu of taxes, accounts payable and accrued liabilities, wages and benefits payable, loan payable and capital lease obligations. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value, with the write-down being recognized in the Statement of Operations.

(u) Related parties

The Village initially measures related party balances in accordance with the substance of the transactions that gave rise to them. The Village subsequently measures related party balances in accordance with the policies for financial instruments, as set out in note 3(t).

Related parties transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

4. Future Accounting Changes

Revenue, Section PS 3400

This Section establishes standards on how to account for and report on revenues. Specifically, it differentiates between revenues arising from transactions that include performance obligations, referred to as "exchange transactions," and transactions that do not have performance obligations, referred to as "non-exchange transactions". This Section applies to fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.

The impact of the transition to this proposed accounting standard is being reviewed by management.

Purchased intangibles, Public Sector Guideline PSG-8

This Guideline establishes standards on how to account for and report on purchased intangibles. This Guideline applies to fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted.

The impact of the transition to this proposed accounting standard is being reviewed by management.

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

4. Future Accounting Changes (continued)

The Conceptual Framework for Financial Reporting in the Public Sector

PSAB's Conceptual Framework for Financial Reporting in the Public Sector replaces the conceptual aspects of Section PS 1000, Financial Statement Concepts, and Section PS 1100, Financial Statement Objectives. The Conceptual Framework applies to fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted. This Conceptual Framework is to be applied prospectively.

The impact of the transition to this proposed accounting standard is being reviewed by management.

5. Operating Line of Credit

A demand operating loan has been authorized to a maximum of \$295,000. It bears interest at CIBC's prime lending rate plus 1% per annum. It is secured by a general security agreement and an assignment of insurance. At December 31, 2023, the remaining available credit facility was \$251,843 (2022 - \$295,000).

6. Reserve and Deferred Fund Deposits

Reserve and Deferred Fund	Balance	Holdback payable	Deposit required	Actual deposit	Deposit excess (deficiency)
Ambulance reserve	\$ 190,291	\$ -	\$ 190,291	\$ -	\$ (190,291)
Building and equipment reserve	176,541	-	176,541	-	(176,541)
Infrastructure reserve	368,992	-	368,992	-	(368,992)
Scholarship reserve	1,000	-	1,000	1,074	74
General reserve - water and sewer	1,906,623	-	1,906,623	-	(1,906,623)
Federal Gas Tax	-	-	-	360,982	360,982
Community Public Infrastructure	508,801	-	508,801	188,248	(320,553)
Deferred tourism product diversification and marketing	33,004	-	33,004	-	(33,004)
Deferred insurance claims - Golf course	62,500	-	62,500	-	(62,500)
CANNOR - Community Revitalization Fund	165,191	-	165,191	-	(165,191)
Deferred highway emergency ambulance Fund	37,000	-	37,000	-	(37,000)
	\$ 3,449,943	\$ -	\$ 3,449,943	\$ 550,304	\$(2,899,639)

Sufficient funds must be deposited to separate bank accounts to correspond with the respective reserve fund balances or to comply with funding agreements. Interest earned on these accounts is credited to the appropriate reserve. As at December 31, 2023, the Village had not complied with the requirement to maintain sufficient funds regarding the specifically required reserve fund balances.

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

7. Restricted Cash

Restricted cash is based on the amount the Village is required to keep segregated based on externally restricted funding agreements. These funds can only be used for specific purposes.

	2023	2022
Community Public Infrastructure	\$ 188,248	\$ 1,444,392
Federal Gas Tax	360,982	343,526
	\$ 549,230	\$ 1,787,918

8. Restricted Investments

	2023	2022
Scholarship Fund	\$ 1,074	\$ 1,074

The restricted investment is a CIBC redeemable guaranteed investment certificates (GIC) maturing within one year. The effective annual interest rates on the GIC is 4% (2022 - 0.4%).

9. Accounts Receivable

	Balance	Allowance	2023
GNWT - Industry, Tourism and Investment - trade	\$ 11,118	\$ (11,097)	\$ 21
GNWT - Industry, Tourism and Investment - Visitor Centre	10,000		10,000
GNWT - Department of Environment and Natural Resources - trades	31	(31)	-
GNWT - Department of Education, Culture and Employment - Library	40,000	-	40,000
GNWT - Health and Social Services	118,374	(113,716)	4,658
GNWT - Other departments	6,581	(6,322)	259
GNWT - MACA			
Small Community Funding	47,350	-	47,350
Investing in Canada Infrastructure Program	164,019	-	164,019
Federal Gas Tax Program	452,630	-	452,630
Northwest Territories Housing Association	141,131	-	141,131
Trade accounts	370,503	(250,355)	120,148
Water and sewage	372,026	(246,058)	125,968
	\$ 1,733,763	\$ (627,579)	\$ 1,106,184

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

9. Accounts Receivable (continued)

	Balance	Allowance	2022
GNWT - Industry, Tourism and Investment	\$ 11,093	\$ (10,992)	\$ 101
GNWT - Industry, Tourism and Investment - RYSE	6,450	-	6,450
Snowboarding			
GNWT - Department of Environment and Natural Resources	100	(67)	33
GNWT - Department of Education, Culture and Employment	50,000	-	50,000
GNWT - Health and Social Services	106,896	(68,549)	38,347
GNWT - Other Departments	7,023	(7,023)	
GNWT - MACA			
Small Community Funding	47,350	-	47,350
Investing in Canada Infrastructure Program	70,918	-	70,918
Trade accounts	269,426	(208,335)	61,091
Northwest Territories Housing Association	141,131		141,131
Water and sewage	269,160	(139,367)	129,793
	\$ 979,547	\$(434,333)	\$ 545,214

10. Taxes recoverable

	2023	2022
Current taxes receivable	\$ 1,509,043	\$ 1,416,342
Less: allowance for doubtful accounts	(964,276)	(789,514)
	\$ 544,767	\$ 626,828

11. Accounts Payable and Accrued Liabilities

	2023	2022
Trade accounts payable	\$ 417,060	\$ 434,056
Accrued liabilities	176,059	267,533
Fuel Service Division	22,384	-
Northwest Territories Power Corporation	66,538	79,322
	\$ 682,041	\$ 780,911

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

12. Wages and Benefits Payable

	2023	2022
Wages and benefits payable	\$ 65,503	\$ 99,488
Vacation and lieu time payable	110,885	93,967
Government remittances	46,584	96,384
Severance payable	185,734	134,723
Other employee amounts payable	35,594	-
	\$ 444,300	\$ 424,562

13. Deferred Revenue

	December 31, 2022	Funding received	Revenues recognized	Increase (decrease) in receivable	December 31, 2023
Government of the Northwest Territories					
Highway ambulance and evacuation program	\$ -	\$ 37,000	\$ -	\$ -	\$ 37,000
Community Public Infrastructure Fund (Schedule 6)	509,849	1,188,793	(1,189,841)	-	508,801
Federal Gas Tax Agreement (Schedule 5)	604,686	17,456	(1,074,772)	452,630	-
Small Community Employment Support	136,842	-	(136,842)	-	-
Extraordinary Covid-19	4,483	-	(4,483)	-	-
Tourism product diversification and marketing	32,004	1,000	-	-	33,004
CANNOR - Community Revitalization Fund	165,191	-	-	-	165,191
Insurance Funding - Golf course	62,500	-	-	-	62,500
	\$ 1,515,555	\$ 1,244,249	\$ (2,405,938)	\$ 452,630	\$ 806,496

Funding received includes interest income of the Community Public Infrastructure Fund and Gas Tax Fund bank accounts.

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

14. Loan Payable

	2023	2022
CIBC demand loan for the wastewater treatment plant capital infrastructure project repayable in monthly installments of \$20,844 plus interest at CIBC's prime lending rate plus 1%, maturing May 2024, and secured by by-laws 696 and 700.	\$ 102,937	\$ 353,068

Management does not believe that the demand features of the debt will be exercised within one year. The bank is accepting periodic repayments in accordance with the loan agreements.

15. Capital Lease Obligation

	2023	2022
Breathing apparatus equipment capital lease contract repayable in blended annual payments of \$15,064 bearing interest at 5.45% per annum, secured by the breathing apparatus equipment with a net book value of \$24,004 (2022 - \$36,006), with a maturity date of November 1, 2026 and a buyout option of \$1 at maturity.	\$ 35,603	\$ 48,447

Capital lease obligation is repayable as follows:

	Principal	Interest	Total
2024	\$ 13,894	\$ 1,922	\$ 15,816
2025	14,651	1,165	15,816
2026	7,058	39	7,097
Total	\$ 35,603	\$ 3,126	\$ 38,729

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

16. Inventory

	2023	2022
Fire department	\$ -	\$ 736
General administration	-	5,239
Public works	124,767	57,665
Recreation centre	-	2,736
Swimming pool	-	344
Visitor information centre	-	2,405
Water treatment plant	153,686	6,308
	\$ 278,453	\$ 75,433

17. Contractual Rights

The Village has signed the following contribution agreements and is entitled to receive funding for future fiscal years:

GNWT - Municipal and Community Affairs - Operations and maintenance - June 2024	\$ 483,250
GNWT - Municipal and Community Affairs - Water and sewer- June 2024	317,500
GNWT - Municipal and Community Affairs - Community Public Infrastructure- April 2025	296,750

\$ 1,097,500

18. Risk Management

The Village is exposed to credit, interest rate, and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Village's financial instruments is provided by type of risk below.

i) Credit risk

Credit risk is the risk of financial loss to the Village if a debtor fails to make payments of interest and principal when due. The Village is exposed to this risk relating to its cash, restricted cash, restricted investments, and accounts receivable.

The Village has concentrations of credit risk in its cash and cash equivalents. Cash is held with one federally regulated chartered bank and is insured by the Canadian Deposit Insurance Corporation up to the specific limits. The Village holds cash and cash equivalents over the insurable limit. The credit risk has increased from the prior year.

Credit risk related to accounts receivable is mitigated by controls over arrears accounts for ultimate collection and policies in place for debt collection.

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

18. Risk Management (continued)

The Village's maximum exposure to credit risk at December 31, 2023 is as follows:

		2023
Restricted cash	\$	549,230
Restricted investments		1,074
Accounts receivable		1,106,184
Taxes recoverable		544,767
Grants in lieu of taxes		191,422
		<hr/>
Maximum credit risk exposure	\$	2,392,677

At December 31, 2023, the following accounts receivable, taxes recoverable and grants in lieu of taxes were past due but not impaired.

		30 days		60 days		90 days
Accounts receivable	\$	53,094	\$	45,220	\$	973,267

At December 31, 2023, the Village's management has determined that a portion of accounts receivable, taxes recoverable and grants in lieu of taxes are impaired. Management's assessment was based on the specific identification and age of receivables. The portion impaired is \$1,591,855 (2022 - \$1,223,847)

The Village has a concentration of credit risk in its accounts receivable. Concentrations of credit risk is the risk that a customer has a significant portion of the total accounts receivable balance, and thus, there is a higher risk to the Village in the event of a default. At December 31, 2023, receivables from two customers comprised 60% (2022 - three customers comprised 38%) of the total outstanding accounts receivable.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

ii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates or prime lending rates. The Village has exposure to interest rate risk on its restricted investments of \$1,074 (2022 - \$1,074), its bank indebtedness of \$43,157 and on its loan payable of \$102,937 (2022 - \$353,068) where it may be adversely affected by a change in the interest rates. This risk has increased from the prior year due to the increase in prime lending rates. The Village prepares an operating budget to ensure it has an appropriate amount of future cashflow to pay higher interest rates.

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

18. Risk Management (continued)

iii) Liquidity risk

Liquidity risk is the risk that the Village will not be able to meet all cash outflow obligations as they become due. The Village has a liquidity risk in the bank indebtedness, accounts payable and accrued liabilities, wages and benefits payable, deposits, and loan payable of \$1,324,877 (2022 - \$1,611,433). The Village mitigates this risk by monitoring cash activities and expected outflows through annual budgeting.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and method used to measure the risk.

19. Commitments

The Village entered into a contract for garbage collection that expires in October 2024. Future minimum payments as per the contract are \$142,065.

The Village has entered into a twenty-year lease agreement, with an option to extend beyond for business premises commencing on October 3, 2017. Aggregate annual lease commitments including operations and management costs as well as Goods and Services Tax are as follows:

2024	\$	178,009
2025		178,009
2026		178,009
2027		178,009
2028		178,009
Subsequent years		2,269,610
		<hr/>
		\$ 3,159,655

The Village entered into a contract for water delivery that expires in October 2024. Under this contract, the Village is required to pay a fixed rate on every litre of water delivered. The total value of the water delivery contract is estimated as \$275,429.

20. Contingent Liability

Insurance program

The Village participates in the NWT Association of Municipalities insurance program. Under this program, the Village is insured for property, automotive and general liability. As a part of this program, the Village could become liable for its proportionate share of any losses over the funds held by the Association. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

Legal matter

The Village has been named in a legal matter pertaining to damage of property with a potential estimated cost of \$400,000. The likelihood of any judgement against the Village that would result in a cash outflow is not determinable and no liability has been accrued in these financial statements.

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

21. Government Transfers

	Allocated	Transferred from (to) deferred revenue	Increase (decrease) in contribution receivable	2023 Schedules to the Financial Statements	2022
Transfers for operations					
Government of Northwest Territories					
Department of Municipal and Community Affairs					
Extraordinary Covid-19	\$ 68,320	\$ 4,483	\$ -	\$ 4,483	\$ -
Extraordinary Covid-19 2021	-	-	-	-	57,442
Formula based funding	1,933,000	-	-	1,933,000	1,858,000
Other contributions	19,000	-	-	19,000	16,450
Water and sewer subsidy	1,270,000	-	-	1,270,000	1,270,000
Regional Youth Sporting Events	10,000	-	-	10,000	-
Recreation & Sports Contribution	24,000	-	-	24,000	-
Department of Industry, Tourism and Investment					
Visitor information centre	50,000	-	-	50,000	40,000
Tourism - Ski Hill Lookout	-	-	-	-	3,322
Department of Education, Culture and Employment					
Library contribution	50,000	-	-	50,000	50,000
Small community employment support	116,000	136,842	-	136,842	54,000
Department of Environment and Natural Resources					
Fire smarting	-	-	-	-	154,644
Northwest Territories Housing Corporation					
Emergency Overnight Shelter - operating	-	-	-	-	191,782
Government of Canada - Community Initiative	-	-	-	-	60,000
Government of Canada - Ski Hill project	-	-	-	-	56,508
Total transfers for operations	3,516,320	141,325	-	3,497,325	3,812,148
Transfers for grant in lieu of taxes					
Government of Northwest Territories					
Department of Municipal and Community Affairs	350,148	-	-	350,148	351,314
Northwest Territories Power Corporation	9,545	-	-	9,545	13,136
Government of Canada	228,420	-	-	228,420	269,193
Total transfers for grant in lieu of taxes	588,113	-	-	588,113	633,643
Transfers for capital					
Government of Northwest Territories					
Department of Municipal and Community Affairs					
Community Public Infrastructure	1,188,793	1,048	-	1,189,841	849,607
Federal Gas Tax Fund	-	622,142	452,630	1,074,772	666,521
Small Communities Fund	-	-	-	-	35,188
Investing in Canada Infrastructure Program	780,000	-	164,019	188,366	69,925
Total transfers for capital	1,968,793	623,190	616,649	2,452,979	1,621,241
Total government transfers in revenues	\$ 6,073,226	\$ 764,515	\$ 616,649	\$ 6,538,417	\$ 6,067,032

In addition, a seniors and disabled tax relief payment was received in the amount of \$58,183 (2022-\$18,073) from Government of the Northwest Territories - Department of Municipal and Community Affairs. In accordance with PS 3510 (.44), the seniors and disabled tax relief has been netted against the property tax revenues.

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

22. Tax Revenues

	2023	2022
Municipal property and school taxes	\$ 1,000,339	\$ 902,880
Grants-in-lieu of property and business taxes	588,113	633,643
	1,588,452	1,536,523
Payments to the Territory and school divisions	(203,865)	(188,135)
Net property taxes and payments-in-lieu available for municipal purposes	1,384,587	1,348,388
Less: Grants in lieu	(588,113)	(633,643)
	\$ 796,474	\$ 714,745

The property tax roll includes school taxes of \$203,865 (2022 - \$188,135) assessed and levied on behalf of the GNWT and school divisions. Payments-in-lieu of school taxes are treated the same as school taxes. School taxes and payments-in-lieu of school taxes are remitted to the GNWT and school divisions based upon a formula and schedule set by the GNWT. If property taxes are reduced due to an assessment reduction, the Village is required by legislation to fund the repayment of both the municipal and school taxes with applicable interest.

23. Supplementary Cash Flow Information

i) Acquisition of tangible capital assets

	2023	2022
Tangible capital assets acquired in the year (Schedule 1)	\$ 2,307,840	\$ 1,704,350
Add:		
Holdback payable, beginning of year (note 11)	-	249,265
	\$ 2,307,840	\$ 1,953,615

ii) Accounts payable and accrued liabilities

	2023	2022
Accounts payable and accrued liabilities, end of year	\$ 682,041	\$ 780,911
Accounts payable and accrued liabilities, beginning of year	(780,911)	(980,014)
Add:		
Holdback payable, beginning of year	-	249,265
	\$ (98,870)	\$ 50,162

Village of Fort Simpson

Notes to the Financial Statements

December 31, 2023

24. Related parties transactions

The Village is related in terms of the common control to all members of Mayor and Councilors, and to businesses controlled by Mayor and Council members.

Transactions with the Mayor and Councilors are disclosed on Schedule 4.

(a) During the year the Village entered into transactions with the following related parties:

Unity Hardware Limited/6281 NWT Ltd. - owned by a councilor.
Nahanni Traveler Hotel - owned by a councilor.

(b) Transactions within the normal course of operations

For the year ended December 31,	2023	2022
Expenses		
Unity Hardware Limited/6281 NWT Ltd - Rent	\$ -	\$ 44,494
Unity Hardware Limited/6281 NWT Ltd - Utilities reimbursement	-	36,429
Unity Hardware Limited/6281 NWT Ltd - Contract services	-	5,026
Unity Hardware Limited/6281 NWT Ltd - Materials	10,584	-
	\$ 10,584	\$ 85,949

(c) Due to related parties

As at December 31 the Village has the following balances with the related parties:

December 31,	2023	2022
Accounts receivable		
Unity Hardware Limited/6281 NWT Ltd	\$ 847	\$ -
Taxes receivable		
Unity Hardware Limited/6281 NWT Ltd	\$ 6,437	\$ -
Nahanni Traveler Hotel	\$ 1,889	\$ -
Accounts payable and accrued liabilities		
Unity Hardware Limited/6281 NWT Ltd	\$ 1,352	\$ 1,899

SCHEDULE 1

Village of Fort Simpson

Schedule of Tangible Capital Assets

For the year ended December 31,											2023	2022
	Assets under capital lease - Machinery and Equipment	Land	Land Improvements	Buildings	Vehicles	Machinery and Equipment	Roads	Water and Sewer	Furniture	Total	Total	
Cost												
Balance, beginning of year	\$ 120,021	\$1,801,933	\$1,898,060	\$ 42,489,473	\$2,254,084	\$5,146,101	\$ 10,383,255	\$5,939,577	\$ 712,049	\$ 70,744,553	\$ 69,040,205	
Additions during the year	-	-	564,957	118,525	77,859	682,975	550,779	237,157	75,588	2,307,840	1,704,350	
Balance, end of year	120,021	1,801,933	2,463,017	42,607,998	2,331,943	5,829,076	10,934,034	6,176,734	787,637	73,052,393	70,744,555	
Accumulated amortization												
Balance, beginning of year	84,027	-	568,471	30,001,894	1,548,396	3,940,538	3,393,503	3,244,288	444,281	43,225,398	40,986,403	
Amortization expense	12,002	-	194,714	955,600	165,755	263,531	474,060	156,056	141,194	2,362,912	2,238,995	
Balance, end of year	96,029	-	763,185	30,957,494	1,714,151	4,204,069	3,867,563	3,400,344	585,475	45,588,310	43,225,398	
Net book value	\$ 23,992	\$1,801,933	\$1,699,832	\$ 11,650,504	\$ 617,792	\$1,625,007	\$7,066,471	\$2,776,390	\$ 202,162	\$ 27,464,083	\$ 27,519,155	

Village of Fort Simpson

Schedule of Changes in Accumulated Surplus (Deficit)

For the year ended December 31,	2023							2022	
	General Operating Fund	Water and Sewer fund	Building and Equipment Reserve	Ambulance Reserve	Infrastructure Reserve	Scholarship Reserve	Equity in Tangible Capital Assets	Total	Total
Opening balance	\$(247,422)	\$1,704,164	\$176,541	\$190,291	\$368,992	\$1,000	\$27,117,637	\$29,311,203	\$29,507,277
Net interfund transfers									
Amortization	1,794,648	568,264	-	-	-	-	(2,362,912)	-	-
Tangible capital additions	(2,307,840)	-	-	-	-	-	2,307,840	-	-
Repayment of loan payable	(250,131)	-	-	-	-	-	250,131	-	-
Repayment of capital lease obligations	(12,847)	-	-	-	-	-	12,847	-	-
	(776,170)	568,264	-	-	-	-	207,906	-	-
Surplus (Deficit)	(773,385)	(365,805)	-	-	-	-	-	(1,139,190)	(196,074)
Closing balance	\$ (1,796,977)	\$ 1,906,623	\$ 176,541	\$ 190,291	\$ 368,992	\$ 1,000	\$ 27,325,543	\$ 28,172,013	\$ 29,311,203

Equity in Tangible Capital Assets

	2023	2022
Tangible capital assets (Schedule 1)	\$ 73,052,393	\$ 70,744,555
Accumulated amortization (Schedule 1)	(45,588,310)	(43,225,398)
Loans payable (note 14)	(102,937)	(353,068)
Capital lease obligations (note 15)	(35,603)	(48,447)
	\$ 27,325,543	\$ 27,117,642

SCHEDULE 3

Village of Fort Simpson

Schedule of Revenues and Expenses By Segment

For the year ended December 31,

								2023	2022
	General government services	Public safety & protective services	Public works & transportation	Environmental & health services	Water & sewer	Recreation & culture	Capital transfers	Total	Total
Revenues									
Property taxes	\$ 796,474	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 796,474	\$ 714,745
User fees and other	10,319	172,575	-	167,405	447,779	73,264	-	871,342	1,141,652
Grants in lieu	588,113	-	-	-	-	-	-	588,113	633,643
Fines, penalties and recoveries	202,154	2,107	-	-	-	538	-	204,799	122,116
Government transfers	2,074,325	-	-	-	1,270,000	153,000	2,452,979	5,950,304	5,433,389
Interest income	36,212	-	-	-	-	-	-	36,212	40,279
Donation	457	-	-	-	-	23,800	-	24,257	195,000
	3,708,054	174,682	-	167,405	1,717,779	250,602	2,452,979	8,471,501	8,280,824
Expenses									
Accounting and legal	41,077	-	-	-	-	-	-	41,077	135,629
Advertising and promotion	614	1,000	-	-	-	-	-	1,614	2,226
Amortization	193,926	156,479	732,994	25,998	568,264	685,251	-	2,362,912	2,238,995
Bad debts	352,648	-	-	-	15,360	-	-	368,008	101,040
Communications	15,352	8,553	2,793	489	6,847	19,674	-	53,708	49,778
Contract services	219,131	78,505	7,384	189,129	388,060	38,156	-	920,365	1,030,447
Donations	11,300	10,000	-	-	-	-	-	21,300	-
Equipment rental	900	7,938	16,520	4,578	2,780	14,242	-	46,958	39,374
Fuel and lubrication	3,553	10,854	69,036	3,760	14,165	9,980	-	111,348	104,105
Insurance	161,235	4,340	2,895	-	10,925	10,790	-	190,185	142,333
Interest and bank charges	38,189	-	-	-	-	-	-	38,189	33,496
Interest on demand loan	-	-	-	-	15,437	-	-	15,437	25,144
Materials	78,014	33,112	13,302	14,092	104,461	111,750	-	354,731	516,893
Mayor and Council	28,898	95	-	-	-	-	-	28,993	46,932
Office	46,421	10,205	20	-	810	7,196	-	64,652	100,982
Professional fees	9,916	-	-	-	-	4,400	-	14,316	-
Repairs and maintenance	3,042	46,580	77,162	3,208	49,633	38,838	-	218,463	264,779
Rent	169,515	-	-	-	-	-	-	169,515	159,542
Salaries and related benefits	694,116	187,278	744,015	219,912	462,214	1,095,074	-	3,402,609	3,178,605
Training and development	21,065	17,910	1,061	-	7,364	8,210	-	55,610	66,584
Travel and accommodation	9,774	8,242	760	-	2,386	17,806	-	38,968	1,571
Utilities	38,445	59,405	151,576	3,581	434,878	403,848	-	1,091,733	1,090,411
	2,137,131	640,496	1,819,518	464,747	2,083,584	2,465,215	-	9,610,691	9,328,866
Excess revenues (expenses)	1,570,923	(465,814)	1,819,518)	(297,342)	(365,805)	2,214,613)	2,452,979	(1,139,190)	(1,048,042)
Remeasurement of landfill liability	-	-	-	-	-	-	-	-	851,968
Surplus (Deficit)	\$ 1,570,923	\$ (465,814)	\$ (1,819,518)	\$ (297,342)	\$ (365,805)	\$ (2,214,613)	\$ 2,452,979	\$ (1,139,190)	\$ (196,074)

Village of Fort Simpson

Schedule of Salaries, Honoraria, and Travel Expenses

For the year ended December 31, 2023

Name	Position	Months	Salary and Benefits	Honoraria	Other Remuneration	Total	Travel Expenses
Elected or Appointed officials							
Sean Whelly	Mayor	12	\$ -	\$ 4,757	\$ -	\$ 4,757	\$ 1,274
Liza Mcpherson	Councillor	12	-	3,173	-	3,173	-
Les Wright	Councillor	12	-	3,392	-	3,392	-
Muaz Hassan	Councillor	12	-	965	-	965	-
James Tsetso	Deputy Mayor	12	-	3,208	-	3,208	-
Troy Bellefontaine	Councillor	12	-	3,476	-	3,476	-
Cindy Browning	Councillor	12	-	3,469	-	3,469	1,274
Stephanie Hardisty	Councillor	12	-	2,151	-	2,151	-
Kathy Tsetso	Councillor	5	-	1,336	-	1,336	-
Ramona Gillis Hardisty	Councillor	7	-	519	-	519	-
			\$ -	\$ 26,446	\$ -	\$ 26,446	\$ 2,548
Unelected Senior Officials							
Darrell White	Former Finance Manager, now acting Senior Administrative Officer	5	\$ 37,349	\$ -	\$ 3,910	\$ 41,259	\$ -
Kevin Corrigan	Former Senior Administrative Officer	10	95,499	-	2,838	98,337	-
Ben Coffie	Finance Manager	7	83,114	-	1,646	84,760	-
			\$ 215,962	\$ -	\$ 8,394	\$ 224,356	\$ -

Village of Fort Simpson

Gas Tax Expenditure Report

For the years ended December 31,	2008 - 2017	2018	2019	2020	2021	2022	2023	Cumulative
Funding								
Opening balance	\$ -	\$ 1,470,877	\$ 1,131,790	\$ 1,202,082	\$ 777,236	\$ (228,658)	\$ 604,686	\$ -
Annual Gas Tax allocation	7,450,904	287,000	1,148,000	861,000	-	1,493,500	452,630	11,693,034
Interest earned	20,155	28,662	33,883	17,298	1,327	6,365	17,456	125,146
	7,471,059	1,786,539	2,313,673	2,080,380	778,563	1,271,207	1,074,772	11,818,180
Eligible Project Costs								
Capital expenditures	2,734,536	-	-	-	-	-	14,781	2,749,317
Chip sealing	413,461	-	-	-	878,568	-	519,545	1,811,574
Road resurfacing	242,414	-	-	-	-	-	61,650	304,064
Wastewater treatment plant	2,483,236	317,604	311,436	289,039	-	272,772	268,673	3,942,760
Truck purchases	94,500	-	-	-	-	-	-	94,500
Solar PV Project	32,035	-	-	-	-	-	-	32,035
Recreation Small Hall Renovation (Kitchen)	-	73,452	-	-	-	-	-	73,452
Fitness Centre	-	186,070	272,893	-	-	-	-	458,963
Recreation Facility - Specialized maintenance equipment	-	21,486	-	-	-	77,478	-	98,964
Baseball field repairs	-	15,500	-	-	-	-	-	15,500
Landfill fencing	-	28,329	1,777	-	-	-	-	30,106
Curb stop replacement	-	5,822	-	-	-	-	-	5,822
Sludge composting facility	-	6,486	54,029	-	-	-	-	60,515
Antonie Drive W&S Improvements	-	-	38,140	-	-	-	-	38,140
HVAC overhaul	-	-	148,856	-	-	-	-	148,856
Ball field fence	-	-	40,478	-	-	-	-	40,478
All buildings upgrade (AEA audit)	-	-	111,400	-	-	-	-	111,400
SCADA/controls	-	-	31,243	-	-	-	-	31,243
WWTP - Concrete flooring	-	-	40,000	-	-	-	-	40,000
WWTP - Conveyors	-	-	40,511	-	-	-	-	40,511
WWTP - HVAC repairs	-	-	20,828	-	-	-	-	20,828
Off leash dog park	-	-	-	34,840	-	-	-	34,840
WTP - Curb stop replacement	-	-	-	8,102	-	-	-	8,102
Water/sewer line replacement	-	-	-	342,609	94,881	-	-	437,490
Sidewalk reinstatement	-	-	-	81,200	-	-	-	81,200
10M Vertical Turbine Pump	-	-	-	18,146	-	-	-	18,146
WWTP- access and improvements	-	-	-	17,925	-	-	-	17,925
WTP-Cement pad	-	-	-	61,412	-	-	-	61,412
ICIP - Cheap Seal Project	-	-	-	449,871	-	55,021	-	504,892
Playground Improvements	-	-	-	-	16,422	83,992	-	100,414
Ski Hill improvements	-	-	-	-	17,350	-	-	17,350
Emergency Raw Water Line	-	-	-	-	-	28,821	-	28,821
Sidewalk & Curb Reinstatement	-	-	-	-	-	148,437	-	148,437
Riverbank stabilization	-	-	-	-	-	-	38,400	38,400
Water Distribution Infrastructure	-	-	-	-	-	-	171,723	171,723
	6,000,182	654,749	1,111,591	1,303,144	1,007,221	666,521	1,074,772	11,818,180
Closing balance	\$ 1,470,877	\$ 1,131,790	\$ 1,202,082	\$ 777,236	\$ (228,658)	\$ 604,686	\$ -	\$ -

SCHEDULE 6

Village of Fort Simpson

Community Public Infrastructure Fund

For the years ended December 31,	2008-2020	2021	2022	2023	Cumulative
Funding					
Opening balance	\$ -	\$ (56,412)	\$ 145,969	\$ 509,849	\$ -
Annual CPI allocation	16,513,558	1,388,712	1,187,000	1,137,000	20,226,270
Ground ambulance and highway rescue	99,000	37,000	-	-	136,000
Interest earned	38,782	991	26,487	51,793	118,053
	16,651,340	1,370,291	1,359,456	1,698,642	20,480,323
Eligible Project Costs					
Capital expenditures	6,043,342	-	-	-	6,043,342
Fire truck	807,464	-	-	-	807,464
Recreation centre betterment	375,172	-	-	-	375,172
Roads and chip seal project	627,885	-	-	-	627,885
Swimming pool	2,078,924	-	-	-	2,078,924
Vehicles	60,677	-	-	-	60,677
Wheel loader	328,899	-	-	-	328,899
Water and wastewater distribution system	275,740	-	-	-	275,740
Furniture	6,595	-	-	-	6,595
Street lights	141,230	-	-	-	141,230
Thermal imaging camera	23,125	-	-	-	23,125
Wastewater treatment plant	1,172,147	-	-	-	1,172,147
Grader	201,409	-	-	-	201,409
Excavator	154,769	-	-	-	154,769
PW packer	23,625	-	-	-	23,625
Dump truck	194,693	-	-	-	194,693
Library additions	254,976	-	-	-	254,976
Highway rescue truck	116,883	-	-	-	116,883
Firehall and library roof replacement	38,476	-	-	-	38,476
Public Works - workshop roof	69,978	-	-	-	69,978
Recreation Centre HVAC overhaul	705,658	-	-	-	705,658
Fitness Centre	398,440	-	-	-	398,440
Breathing apparatus	45,192	-	-	-	45,192
Water distribution infrastructure	914,401	-	-	-	914,401
Ambulance	156,410	-	-	-	156,410
Fire department equipment	36,089	-	-	-	36,089
Heritage Centre - side walk replacement	17,550	-	-	-	17,550
Village buildings HVAC overhaul	20,485	-	-	-	20,485
Vacuum truck refurbish	54,063	-	-	-	54,063
Dump truck dash board	11,827	-	-	-	11,827
Computer equipment	14,127	-	-	-	14,127
Sidewalk/plough	43,703	-	-	-	43,703
Truck box	33,301	-	-	-	33,301
Bathroom renovation (arena) - SCF Rec	12,969	-	-	-	12,969
SCF - Recreation-Concrete slab curling rink	58,307	-	-	-	58,307
SCF- Sprinkler rehabilitation - Rec	62,874	-	-	-	62,874
Rink boards/bleachers/concrete - SCF Rec	70,721	22,535	-	-	93,256
Welcome sign	10,159	-	-	-	10,159
Boardroom furniture	4,704	-	-	-	4,704

SCHEDULE 6

Village of Fort Simpson

Community Public Infrastructure Fund (continued)

For the years ended December 31,	2008-2020	2021	2022	2023	Cumulative
Eligible Project Costs					
Balance carry forward	-	-	-	-	15,460,224
Banners and hardware	7,615	-	-	-	7,615
Ambulance power cot	49,758	-	-	-	49,758
ICIP-Chip seal project	769,604	-	-	-	769,604
Fire-GAHR costs	35,488	6,750	-	-	42,238
ICIP - Trail system	60,957	-	-	-	60,957
Trail system upgrade	34,689	-	-	-	34,689
SCF-Recreation Roof, building improvements	7,694	-	-	-	7,694
SCF-Recreation - Accordion door	684	-	-	-	684
Storage container	35,230	-	-	-	35,230
SCF-Gym light replacement	3,100	-	-	-	3,100
Roads signs	5,452	-	-	-	5,452
Gas saws	15,933	-	-	-	15,933
Fit testing equipment	14,559	-	-	-	14,559
Cemetery Upgrades	-	66,945	-	-	66,945
IT Computers	-	50,633	-	-	50,633
Entrance Gate- Landfill	-	18,225	-	-	18,225
ICIP - Landfill Upgrades	-	63,296	-	-	63,296
Loader Refurbish	-	39,142	-	-	39,142
Office Complex	-	407,787	-	-	407,787
SCF - Building Upgrades	-	79,309	-	-	79,309
ICIP - Splash Park	-	84,746	-	-	84,746
544 John Deere Loader	-	212,500	-	-	212,500
Training Door	-	12,219	-	-	12,219
2021 Ford F-150	-	58,668	-	-	58,668
2021 Ford F-150	-	68,879	-	-	68,879
Fire Hall Floor - Insurance	-	25,000	-	-	25,000
Skate Sharpener	-	7,688	-	-	7,688
Fire Department Breathing App.	-	-	15,816	12,847	28,663
Office Complex - Tenant Improvements	-	-	10,580	-	10,580
Landfill - Composting Pad	-	-	14,773	-	14,773
SCF - Recreation - Building Upgrades	-	-	11,713	36,175	47,888
Trail system upgrade	-	-	7,300	-	7,300
Pool Upgrades	-	-	1,235	25,251	26,486
Ride on Mower	-	-	18,854	-	18,854
Lookout Structure	-	-	37,701	74,603	112,304
Movie Theatre Equipment	-	-	13,244	-	13,244
IT and Furniture New Office	-	-	205,597	-	205,597
Enhanced Burn Structure	-	-	65,365	-	65,365
Sand Shed	-	-	34,542	-	34,542
Street Sweeper	-	-	175,019	-	175,019
2022 Ford F-350	-	-	99,331	-	99,331
Industrial pressure washer	-	-	10,707	-	10,707
Aluminum Chest	-	-	4,300	-	4,300
Unisweep Assemblies	-	-	8,730	-	8,730

SCHEDULE 6**Village of Fort Simpson****Community Public Infrastructure Fund (continued)**

For the years ended December 31,	2008-2020	2021	2022	2023	Cumulative
Eligible Project Costs					
Balance carry forward	-	-	-	-	15,460,224
Study on Mackenzie riverbank	-	-	25,500	-	25,500
2022 Water and Sewer improvements	-	-	26,334	-	26,334
2022 Water and Sewer improvements	-	-	10,626	-	10,626
Crushed Gravel	-	-	13,000	-	13,000
Crushed Gravel	-	-	13,000	-	13,000
Sidewalk & Curb Reinstatement	-	-	18,340	-	18,340
Splash park and playground	-	-	8,000	-	8,000
Accounting system conversion	-	-	-	140,588	140,588
Landfill - ICIP/CPI Sludge Composting/Landfill upgrades	-	-	-	28,956	28,956
Public works - Boat Launch lights and Concrete Pad	-	-	-	133,935	133,935
Public Works- Grader	-	-	-	594,900	594,900
Public Works- New Vehicles	-	-	-	77,859	77,859
Public Works- Wood Pellet Boiler Conversion for all Buildings	-	-	-	55,651	55,651
Recreation- Recreation Infrastructure	-	-	-	9,076	9,076
	16,707,752	1,224,322	849,607	1,189,841	19,971,522
Closing balance	\$ (56,412)\$	145,969 \$	509,849 \$	508,801 \$	508,801

Village of Fort Simpson

SCHEDULE 7

Investing in Canada Infrastructure Program (ICIP)

For the year ended December 31,	2023	2022	2021-2020	Total
Funding				
Pool upgrades	\$ 33,141	\$ 3,706	\$ -	\$ 36,847
Trail system/Ski Hill Lookout	-	21,899	-	21,899
Wastewater Sludge Management -				
Landfill upgrade	155,225	44,320	139,696	339,241
Splash Park	-	-	261,136	261,136
Trail Development plan	-	-	181,871	181,871
Chipseal project	-	-	1,672,995	1,672,995
	188,366	69,925	2,255,698	-
Eligible Project Cost				
Pool upgrades	33,141	3,706	-	-
Trail system/Ski Hill Lookout	-	21,899	-	-
Wastewater Sludge Management -				
Landfill upgrade	155,225	44,320	139,696	-
Splash Park	-	-	261,136	-
Trail Development plan	-	-	181,871	-
Chipseal project	-	-	1,672,995	-
	188,366	69,925	2,255,698	-
Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -

Village of Fort Simpson**SCHEDULE 8****Small Communities Fund (SCF)**

For the year ended December 31,	2023	2022	2022	2020	2019-2018	Cumulative
Funding						
Recreation Centre	\$ -	\$ 35,138	\$ 595,653	\$ -	\$ 258,323	\$ 889,114
Fitness Centre	-	-	-	-	559,500	559,500
	-	35,138	595,653	-	817,823	1,448,614
Eligible Project Costs						
Recreation Centre	-	35,138	595,653	-	258,323	889,114
Fitness Centre	-	-	-	-	559,500	559,500
	-	35,138	595,653	-	817,823	1,448,614
Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Schedule of Water and Sewage Reporting (unaudited)
For the year ended December 31, 2023

Water and Sewage Rates

Economic Rate	\$11.33 per 1,000 litres
Residential Rate	\$ 4.00 per 1,000 litres
Commercial Rate	\$11.33 per 1,000 litres
Public Sector Rate	\$11.33 per 1,000 litres

2023 **2022**

Water and Sewage Revenue

Residential	\$ 172,797	\$ 158,816
Commercial	172,514	78,542
Public sector	94,537	333,900
Other charges	7,931	14,069

Total Audited Water and Sewage Revenue **\$ 447,779** **\$ 585,327**

Total Audited Water and Sewage Costs less Amortization **\$ 1,515,320** **\$ 1,778,919**

2023 **2022**

Water and Sewage Consumption (in litres) unaudited

Residential	43,713,595	51,906,124
Commercial	14,259,510	7,433,407
Public sector	8,276,864	13,781,592

Actual Volume of Water Consumed/Billed **66,249,969** **73,121,123**