

**Village of Fort Simpson**

**Annual Financial Report**

**December 31, 2024**

---

# Village of Fort Simpson

## Financial Statements

---

December 31, 2024

Page

Management's Responsibility for Financial Reporting	3
Management Discussion and Analysis	4 - 6
Independent Auditors' Report	7 - 9
Statement of Financial Position	10
Statement of Operations	11
Statement of Changes in Net Financial Assets	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 - 29
<b>Schedules to the Financial Statements</b>	
Schedule 1 - Schedule of Tangible Capital Assets	30
Schedule 2 - Schedule of Changes in Accumulated Surplus (Deficit)	31
Schedule 3 - Schedule of Revenues and Expenses by Segment	32
Schedule 4 - Schedule of Salaries, Honoraria, and Travel Expenses	33
Schedule 5 - Gas Tax Expenditure (GTF)	34
Schedule 6 - Community Public Infrastructure Fund (CPI)	35 - 36
Schedule 7 - Investing in Canada Infrastructure Program (ICIP)	37
Schedule 8 - Small Communities Fund (SCF)	38
Schedule 9 - Schedule of Water and Sewage Reporting (unaudited)	39

## 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.

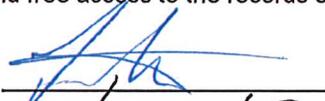
The Village of Fort Simpson (the "Village") maintains systems of internal accounting and administrative controls of quality, consistent with reasonable costs. Such systems are designed to provide reasonable assurance the financial information is relevant, reliable and accurate and that all assets are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



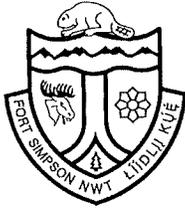
Councilor



Councilor



Fort Simpson, Canada  
May 20, 2025 and restated June 16, 2025



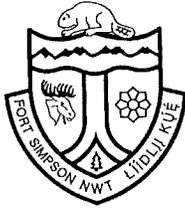
## VILLAGE OF FORT SIMPSON

### **2024 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 2024

Capital projects undertaken by the Village of Fort Simpson during the fiscal year 2024 include:

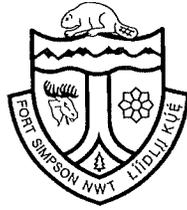
1. \$ 788,170 - Flush Truck
2. \$ 295,768 - Structure Protection Unit
3. \$ 583,877 - Recreation Building New Roof and Doors
4. \$ 30,750 - Fire Medical Monitor
5. \$ 12,249 - Landfill Upgrades
6. \$ 31,819 - Hot Oiler
7. \$ 12,682 - Sidewalks upgrades
8. \$ 185,462 - Wood Pellet Boiler Conversion
9. \$ 6,109 - Landscape Trailer
10. \$ 26,987 - Swimming Pool Upgrades
11. \$ 30,700 - Trail System and Skii Hill Development
12. \$ 14,485 - Water & Wastewater Distribution Infrastructure

### Financial Position

The Statement of Financial Position reports the Village of Fort Simpson's financial and non-financial resources, obligations and accumulated surplus as of December 31, 2024, 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, which provides an indication of the liquidity for additional spending without borrowing funds for operations or capital purchases.

Net financial liabilities decreased by \$619,517 from \$387,619 of financial assets in 2023 to \$(231,898) of financial liabilities in the current year. Significant items include an increase in restricted cash of \$496,117, a decrease in receivables by \$508,755 and an increase in deferred revenue of \$318,454. Taxes recoverable and Grant-in-lien of taxes reduced by \$324,072.

Acquisition of tangible capital assets of approximately \$2,087,430 was funded by the receipt of \$1,333,000 of Community Public Infrastructure ("CPI") funding and \$653,000 of Gas Tax allocation and \$52,064 Ground Ambulance and Highway Rescue (GAHR) funding. \$1,916,839 of deferred revenue was recognized in the current year, and the long-term loan obligation of \$102,937 was paid off.



## VILLAGE OF FORT SIMPSON

### Operations

The Village had a current year deficit from operations of \$968,320 compared to a prior year deficit of \$1,139,190, a marginal improvement of \$170,870. The main changes in revenue relate to increases in government transfers for operations and user fees of \$815,829 and \$102,192 respectively.

Expenses increased by \$610,417 in the current year. Most of this increase pertains to increase in wages and salaries which saw an increase of \$145,734 from \$3,402,609 in 2023 to \$3,548,343 in 2024. Accounting and legal fees increased by \$167,038 from \$41,077 in 2023 to \$208,115 in 2024; mainly due to an increase in legal fees by \$91,000 and additional allowance for accounting fees. Professional fees also increased by \$95,858 from \$14,316 in 2023 to \$110,174 in 2024. Two expenses, IT support of \$54,000 and Consultancy fees for architectural services \$40,000. Offsetting increases in expenses are decreases in contracted services of \$212,696 from \$920,365 in 2023 to \$707,669 in 2024; repairs and maintenance by \$72,038 from \$218,463 in 2023 to \$146,425 in 2024 due to the Village having newer equipment and vehicles. Furthermore, allowances for doubtful debts decreased by \$485,589 from \$368,008 in 2023 to (\$117,581) recovery in 2024.

A total cost of \$808,666 was incurred for wildfire fuels mitigation in the community. This expenditure was funded by the Federal Government under the DMAF program through the Northwest Territories Association of Communities (NWTAC). Furthermore, the Village constructed fire breaks around some properties in the community under the fire smarting program at a cost of \$9,516.

### Cash Flows

The Village's cash position improved slightly by \$45,135 from a deficit (\$43,157) in 2023 to a positive balance of \$1,978 in 2024. Acquisition of tangible capital assets decreased by \$220,410. The Village has an operating deficit of (\$968,320).

### 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.



Andre Larabie  
Senior Administrative Officer  
Village of Fort Simpson



**Crowe MacKay LLP**  
5103 51st Street, PO Box 727  
Yellowknife, NWT X1A 2N5  
Main +1 (867) 920-4404  
Fax +1 (867) 920-4135  
[www.crowemackay.ca](http://www.crowemackay.ca)

## **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, 2024, 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, 2024, 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, 2024 and 2023, and tangible capital assets, asset retirement obligations, net financial assets (debt) and accumulated surplus as at January 1, 2024 and December 31, 2024. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effect of this limitation in scope.

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.

#### *Emphasis of Matter*

We draw attention to Note 23 to the financial statements, concerning the restatement related to allocation of salaries between the General fund and the Water and Sewer fund for the years ended December 31, 2022, 2023, and 2024. Our opinion is not modified in respect of this matter.

#### *Other Information*

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

## Independent Auditors' Report (continued)

### *Other Information (continued)*

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.

### *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.

## Independent Auditors' Report (continued)

### *Auditors' Responsibilities for the Audit of the Financial Statements (continued)*

- 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.

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.

*Crowe Mackay LLP*

Yellowknife, Canada  
May 20, 2025 and restated (note 23) June 16, 2025

**Chartered Professional Accountants**

## Village of Fort Simpson

## Statement of Financial Position

For the period ended	2024	2023
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 1,978	\$ -
Restricted cash (note 7)	1,045,347	549,230
Restricted investments (note 8)	1,074	1,074
Accounts receivable (note 9)	597,429	1,106,184
Taxes recoverable (note 10)	322,114	382,368
Grants in lieu of taxes	90,003	353,821
Goods and services tax receivable	56,185	161,917
Land held for resale	1	1
	<b>2,114,131</b>	<b>2,554,595</b>
<b>Liabilities</b>		
Bank indebtedness (note 5)	\$ -	43,157
Accounts payable and accrued liabilities (note 11)	652,247	682,041
Wages and benefits payable (note 12)	486,933	444,300
Deferred revenue (note 13)	1,124,950	806,496
Deposits	61,362	52,442
Loan payable (note 14)	-	102,937
Capital lease obligations (note 15)	20,537	35,603
	<b>2,346,029</b>	<b>2,166,976</b>
<b>Total Liabilities</b>	<b>2,346,029</b>	<b>2,166,976</b>
<b>Net Financial Assets</b>	<b>(231,898)</b>	<b>387,619</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Schedule 1)	27,171,033	27,464,083
Prepaid expenses	44,314	41,858
Inventory (note 16)	220,244	278,453
	<b>27,435,591</b>	<b>27,784,394</b>
<b>Total Non-Financial Assets</b>	<b>27,435,591</b>	<b>27,784,394</b>
<b>Accumulated Surplus (Schedule 2)</b>	<b>\$ 27,203,693</b>	<b>\$ 28,172,013</b>

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 period ended	2024 Budget	2024 Actual	2023 Actual
<b>Revenues</b>			
Government transfers for operations (note 21)	\$ 3,561,000	\$ 4,299,373	\$ 3,497,325
Government transfers for capital (note 21)	118,700	2,466,760	2,452,979
Property taxes (note 22)	826,180	806,591	796,474
User fees	1,332,300	973,534	871,342
Grants in lieu (note 21)	632,950	582,864	588,113
Fines, penalties and recoveries	-	66,480	204,799
Interest income	48,500	45,186	36,212
Donation	-	12,000	24,257
<b>Total revenues</b>	<b>6,519,630</b>	<b>9,252,788</b>	8,471,501
<b>Expenses (schedule 3)</b>			
General government services	1,113,360	2,261,678	1,939,730
Public safety and protective services	436,684	654,715	640,496
Public works and transportation services	1,049,643	1,912,374	1,819,518
Environmental and health services	313,010	376,707	464,747
Water and sewer services	1,805,578	2,413,023	2,280,985
Recreation and culture services	1,801,355	2,602,611	2,465,215
<b>Total expenses</b>	<b>6,519,630</b>	<b>10,221,108</b>	9,610,691
<b>Surplus (deficit)</b>	-	<b>(968,320)</b>	(1,139,190)
<b>Accumulated surplus, beginning of year</b>	28,172,013	28,172,013	29,311,203
<b>Accumulated surplus, end of year</b>	<b>\$ 28,172,013</b>	<b>\$ 27,203,693</b>	\$ 28,172,013

## Village of Fort Simpson

**Statement of Changes in Net Financial Assets**

For the period ended	2024 Budget	2024 Actual	2023 Actual
<b>Surplus (deficit)</b>	\$ -	\$ (968,320)	\$(1,139,190)
Amortization of tangible capital assets	-	2,380,480	2,362,912
Change in prepaid expenses	-	(2,456)	24,996
Acquisition of inventory	-	(220,244)	(278,453)
Usage of inventory	-	278,453	75,433
Acquisition of tangible capital assets (schedule 1)	(2,851,315)	(2,087,430)	(2,307,840)
<b>Increase (decrease) in net financial assets</b>	(2,851,315)	(619,517)	(1,262,142)
<b>Net financial assets, beginning of year</b>	<b>387,619</b>	<b>387,619</b>	1,649,761
<b>Net financial assets, end of year</b>	<b>\$ (2,463,696)</b>	<b>\$ (231,898)</b>	<b>\$ 387,619</b>

## Village of Fort Simpson

## Statement of Cash Flows

For the period ended	2024	2023
<b>Cash Provided by (used for)</b>		
<b>Operating activities</b>		
Surplus (Deficit)	\$ (968,320)	\$ (1,139,190)
Items not affecting cash:		
Amortization	2,380,480	2,362,912
	<b>1,412,160</b>	<b>1,223,722</b>
Change in non-cash working capital items		
Inventory	58,209	(203,020)
Accounts receivable	508,755	(560,970)
Taxes recoverable	60,255	244,460
Grants in lieu of taxes	263,818	(352,065)
Goods and service tax receivable	105,732	(82,041)
Prepaid expenses	(2,456)	24,992
Accounts payable and accrued liabilities (note )	(29,794)	(98,870)
Deferred revenue	318,454	(709,058)
Wages and benefits payable	42,633	19,738
Deposits	8,920	(447)
	<b>2,746,686</b>	<b>(493,559)</b>
<b>Financing activities</b>		
Repayment of loan payable	(102,940)	(250,128)
Repayment of capital lease obligations	(15,064)	(12,847)
	<b>(118,004)</b>	<b>(262,975)</b>
<b>Capital activity</b>		
Acquisition of tangible capital assets (note )	<b>(2,087,430)</b>	<b>(2,307,840)</b>
<b>Investing activity</b>		
Restricted cash	(496,117)	1,238,688
	<b>(496,117)</b>	<b>1,238,688</b>
<b>Increase (decrease) in cash &amp; cash equivalents</b>	<b>45,135</b>	<b>(1,825,686)</b>
<b>Cash &amp; cash equivalents, beginning of year</b>	<b>(43,157)</b>	<b>1,782,529</b>
<b>Cash &amp; cash equivalents (bank indebtedness), end of year</b>	<b>\$ 1,978</b>	<b>\$ (43,157)</b>

---

## Village of Fort Simpson

### Notes to the Financial Statements

---

2024

---

#### 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

##### Revenue, Section PS 3400

On January 1, 2024, the Village has adopted Canadian Public Sector Accounting Standard (PSAS) Section PS3400 - Revenues. This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations.

The adoption of this new standard had no impact on the financial statements.

##### Purchased Intangibles, Public Sector Guidelines PSG-8

On January 1, 2024, the Village has adopted guideline PSG-8 that establishes standards on how to account for and report on purchased intangibles.

The adoption of this new standard had no impact on the financial statements.

#### 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.

---

## Village of Fort Simpson

### Notes to the Financial Statements

---

2024

---

#### 3. Accounting Policies (continued)

##### (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.

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

	<b>Years</b>
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.

---

## Village of Fort Simpson

### Notes to the Financial Statements

---

2024

---

#### 3. Accounting Policies (continued)

##### (g) Revenue recognition (continued)

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.

##### **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.

---

## Village of Fort Simpson

### Notes to the Financial Statements

---

2024

---

#### 3. Accounting Policies (continued)

##### (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.

##### (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 2024 fiscal year was approved by Council on February 5, 2024.

---

## Village of Fort Simpson

### Notes to the Financial Statements

---

2024

---

#### 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% (2023 - 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 \$133,786 (2023 - \$99,110) to employees' RRSPs, and the employees paid \$133,786 (2023 - \$99,110).

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

---

2024

---

#### 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

---

2024

---

#### 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

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.

##### Financial Statement Presentation, Section PS 1202

Section PS 1202 "Financial Statement Presentation", will replace the existing Financial Statement Presentation section PS 1200. The new standard will relocate the calculation of net financial liabilities (formerly known as 'net debt') to its own statement, introducing two categories of liabilities: financial and non-financial. The new standard will restructure the statement to present assets, followed by liabilities, followed by net assets or net liabilities.

This section will apply to fiscal years beginning on or after April 1, 2026. Earlier adoption is permitted. PS 1202 will be applied prospectively.

---

## Village of Fort Simpson

### Notes to the Financial Statements

---

2024

---

#### 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, 2024, the remaining available credit facility was \$295,000 (2023 - \$251,843).

#### 6. Reserve and Deferred Fund Deposits

<u>Reserve and Deferred Fund</u>	<u>Deposit required</u>	<u>Actual deposit</u>	<u>Deposit excess (deficiency)</u>
Ambulance reserve	\$ 190,291	\$ -	\$ (190,291)
Building and equipment reserve	176,541	-	(176,541)
Infrastructure reserve	368,992	-	(368,992)
Scholarship reserve	1,000	1,074	74
Federal Gas Tax	371,470	991,114	619,644
Community Public Infrastructure	493,478	54,233	(439,245)
Deferred tourism product diversification and marketing	4,125,500	-	(4,125,500)
ECC - Waste reduction	24,807	-	(24,807)
CANNOR - Community Revitalization Fund	165,191	-	(165,191)
Deferred highway emergency ambulance Fund	37,000	-	(37,000)
	<b>\$ 5,954,270</b>	<b>\$ 1,046,421</b>	<b>\$(4,907,849)</b>

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, 2024, the Village had not complied with the requirement to maintain sufficient funds regarding the specifically required reserve fund balances.

#### 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.

	<u>2024</u>	<u>2023</u>
Community Public Infrastructure	\$ 54,233	\$ 188,248
Federal Gas Tax	991,114	360,982
	<b>\$ 1,045,347</b>	<b>\$ 549,230</b>

---

## Village of Fort Simpson

### Notes to the Financial Statements

2024

#### 8. Restricted Investments

	2024	2023
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 2.75% (2023 - 4%).

#### 9. Accounts Receivable

	Balance	Allowance	2024
GNWT - Industry, Tourism and Investment - trade	\$ 11,118	\$ (11,097)	\$ 21
GNWT - Department of Finance	3,624	(3,624)	-
GNWT - Department of Public Works	2,247	(2,247)	-
Northwest Territories Housing Association	141,233	(102)	141,131
Trade accounts	650,239	(254,923)	395,316
Water and sewage	307,019	(246,058)	60,961
	\$ 1,115,480	\$ (518,051)	\$ 597,429

	Balance	Allowance	2023
GNWT - Industry, Tourism and Investment	\$ 11,118	\$ (11,097)	\$ 21
GNWT - Industry, Tourism and Investment - RYSE Snowboarding	10,000	-	10,000
GNWT - Department of Environment and Natural Resources	31	(31)	-
GNWT - Department of Education, Culture and Employment	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
Gas Tax Fund	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

#### 10. Taxes recoverable

	2024	2023
Current taxes receivable	\$ 1,490,736	\$ 1,509,043
Less: allowance for doubtful accounts	(1,118,622)	(1,126,675)
	\$ 372,114	\$ 382,368

## Village of Fort Simpson

### Notes to the Financial Statements

2024

#### 11. Accounts Payable and Accrued Liabilities

	2024	2023
Trade accounts payable	\$ 366,554	\$ 417,060
Accrued liabilities	209,819	176,059
Fuel Service Division	-	22,384
Northwest Territories Power Corporation	75,874	66,538
	<b>\$ 652,247</b>	<b>\$ 682,041</b>

#### 12. Wages and Benefits Payable

	2024	2023
Wages and benefits payable	\$ 136,800	\$ 65,503
Vacation and lieu time payable	80,471	110,885
Government remittances	34,052	46,584
Severance payable	209,980	185,734
Other employee amounts payable	25,630	35,594
	<b>\$ 486,933</b>	<b>\$ 444,300</b>

#### 13. Deferred Revenue

	January 01, 2024	Funding received	Revenues recognized	December 31, 2024
<b>Government of the Northwest Territories</b>				
Highway ambulance and evacuation program	\$ 37,000	\$ 37,000	\$ (37,000)	\$ 37,000
Community Public Infrastructure Fund (Schedule 6)	508,801	1,335,984	(1,351,307)	493,478
Federal Gas Tax Agreement (Schedule 5)	-	837,502	(466,032)	371,470
ECC Waste reduction	-	24,807	-	24,807
Tourism product diversification and marketing	33,004	-	-	4,125,500
CANNOR - Community Revitalization Fund	165,191	-	-	165,191
Insurance Funding - Golf course	62,500	-	(62,500)	-
	<b>\$ 806,496</b>	<b>\$ 2,235,293</b>	<b>\$(1,916,839)</b>	<b>\$ 1,124,950</b>

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

#### 14. Loan Payable

	2024	2023
CIBC demand loan for the wastewater treatment plant capital infrastructure project was repaid in full in May 2024.	\$ -	\$ 102,937

---

## Village of Fort Simpson

### Notes to the Financial Statements

---

2024

---

#### 15. Capital Lease Obligation

	2024	2023
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 \$12,001 (2023 - \$24,004), with a maturity date of November 1, 2026 and a buyout option of \$1 at maturity.	\$ 20,539	\$ 35,603

---

Capital lease obligation is repayable as follows:

	Principal	Interest	Total
2025	\$ 14,651	\$ 1,165	\$ 15,816
2026	5,888	367	6,255
Total	\$ 20,539	\$ 1,532	\$ 22,071

---

#### 16. Inventory

	2024	2023
Public works	\$ 75,516	\$ 124,767
Water treatment plant	144,728	153,686
	\$ 220,244	\$ 278,453

---

#### 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 -2025	\$ 2,042,000
GNWT - Municipal and Community Affairs - Water and sewer- 2025	1,316,000
GNWT - Municipal and Community Affairs - Community Public Infrastructure- 2025	1,397,000
	<b>\$ 4,755,000</b>

---

---

## Village of Fort Simpson

### Notes to the Financial Statements

---

2024

---

#### 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.

The Village's maximum exposure to credit risk at December 31, 2024 is as follows:

	<b>2024</b>
	\$ 1,978
Restricted cash	\$ 1,045,347
Restricted investments	1,074
Accounts receivable	597,429
Taxes recoverable	322,114
Grants in lieu of taxes	90,003
<b>Maximum credit risk exposure</b>	<b>\$ 2,057,945</b>

At December 31, 2024, 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	\$ 33,026	\$ 390,584	\$ 460,311

At December 31, 2024, 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 \$1,636,673 (2023 - \$1,754,254)

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, 2024, receivables from two customers comprised 23% (2023 - two customers comprised 60%) 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.

---

## Village of Fort Simpson

### Notes to the Financial Statements

---

2024

---

#### 18. Risk Management (continued)

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 (2023 - \$1,074), where it may be adversely affected by a change in the interest rates. This risk has decreased from the prior year due to paying off long term debt and bank indebtedness. The Village prepares an operating budget to ensure it has an appropriate amount of future cash flow to pay higher interest rates.

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

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 accounts payable and accrued liabilities, wages and benefits payable, and capital lease obligations and deposits. The Village mitigates this risk by monitoring cash activities and expected outflows through annual budgeting.

Liquidity risk has changed from the previous year due to repayment in current year of long term debt and bank indebtedness.

#### 19. Commitments

The Village entered into a contract for garbage collection that expires in October 2025. 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:

2025	\$	178,009
2026		178,009
2027		178,009
2028		178,009
2029		178,009
Subsequent years		2,091,601

---

**\$ 2,981,646**

---

The Village entered into a contract for water delivery that expires in October 2025. 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

2024

### 21. Government Transfers

	Allocated	Transferred from (to) deferred revenue	Increase (decrease) in contribution receivable	2024 Schedules to the Financial Statements	2023
<b>Transfers for operations</b>					
<i>Government of Northwest Territories</i>					
Department of Municipal and Community Affairs					
Extraordinary Covid-19	\$ -	\$ -	\$ -	\$ -	\$ 4,483
Formula based funding	2,032,000	-	-	2,032,000	1,933,000
Other contributions	-	-	-	-	19,000
Water and sewer subsidy	1,346,000	-	-	1,346,000	1,270,000
Carbon Tax	43,382	-	-	43,382	-
Regional Youth Sporting Events	5,062	-	-	5,062	10,000
Recreation & Sports Contribution	39,000	-	-	39,000	24,000
Department of Industry, Tourism and Investment					
Visitor information centre	30,000	-	10,000	40,000	50,000
Department of Education, Culture and Employment					
Library contribution	50,000	-	-	50,000	50,000
Small community employment support	-	-	-	-	136,842
Department of Environment and Natural Resources					
Fire smarting	24,807	(24,807)	-	-	-
Northwest Territories Housing Corporation					
NWT Association of Communities	537,768	-	206,161	743,929	-
<b>Total transfers for operations</b>	<b>4,069,019</b>	<b>-</b>	<b>216,161</b>	<b>4,299,373</b>	<b>3,497,325</b>
<b>Transfers for grant in lieu of taxes</b>					
<i>Government of Northwest Territories</i>					
Department of Municipal and Community Affairs					
Department of Municipal and Community Affairs	346,035	-	-	346,035	350,148
Northwest Territories Power Corporation	9,545	-	-	9,545	9,545
<i>Government of Canada</i>					
<b>Total transfers for grant in lieu of taxes</b>	<b>582,864</b>	<b>-</b>	<b>-</b>	<b>582,864</b>	<b>588,113</b>
<b>Transfers for capital</b>					
<i>Government of Northwest Territories</i>					
Department of Municipal and Community Affairs					
Community Public Infrastructure	1,333,000	18,307	-	1,351,307	1,189,841
Federal Gas Tax Fund	653,000	265,662	(452,630)	466,032	1,074,772
Small Communities Fund	253,650	-	-	253,650	-
Investing in Canada Infrastructure Program	164,019	-	(164,019)	-	188,366
Ground ambulance and highway rescue	52,064	-	-	52,064	-
Department of Infrastructure					
Boat launch	160,000	-	-	160,000	-
Communities Foundations of Canada	40,000	-	-	40,000	-
Arctic Energy Alliance	143,707	-	-	143,707	-
<b>Total transfers for capital</b>	<b>2,799,440</b>	<b>283,969</b>	<b>(616,649)</b>	<b>2,466,760</b>	<b>2,452,979</b>
<b>Total government transfers in revenues</b>	<b>\$ 7,451,323</b>	<b>\$ 283,969</b>	<b>\$ (400,488)</b>	<b>\$ 7,348,997</b>	<b>\$ 6,538,417</b>

In addition, a seniors and disabled tax relief payment was received in the amount of \$24,057 (2023-\$58,183) 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

2024

#### 22. Tax Revenues

	2024	2023
Municipal property and school taxes	\$ 1,015,610	\$ 1,000,339
Grants-in-lieu of property and business taxes	582,864	588,113
	1,598,474	1,588,452
Payments to the Territory and school divisions	(209,018)	(203,865)
Net property taxes and payments-in-lieu available for municipal purposes	1,389,456	1,384,587
Less: Grants in lieu	(582,864)	(588,113)
	<b>\$ 806,592</b>	<b>\$ 796,474</b>

The property tax roll includes school taxes of \$209,018 (2023 - \$203,865) 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. Correction of Accounting Error

The comparative figures have been restated to correct allocation of salaries from General Fund to Water and Sewer Fund. It was noted after approval of audited financial statement on May 20, 2025 that a portion of salaries allocated to the General Fund should have been allocated to Water and Sewer from December 31, 2022 to 2024.

Below is a breakdown of the impact of the correction:

For the year ended December 31, Changes in Accumulated Surplus (Deficit)	2024	2023	2022
Decrease in opening balance, surplus Water and Sewer Fund	\$ (331,028)	\$ (133,628)	\$ -
Decrease in opening balance, deficit General Operating Fund	\$ 331,028	\$ 133,628	\$ -
Decrease in closing balance, surplus Water and Sewer Fund	\$ (579,048)	\$ (331,028)	\$ (133,628)
Decrease in closing balance, deficit General Operating Fund	\$ 579,048	\$ 331,028	\$ 133,628
<b>Statement of operations and Expenses by segment</b>			
Decrease in expenses - salaries and related benefits - General government services	\$ (248,020)	\$ (197,401)	\$ (133,628)
Increase in expenses- salaries and related benefits - Water and sewer services	\$ 248,020	\$ 197,401	\$ 133,628

---

## Village of Fort Simpson

### Notes to the Financial Statements

---

2024

---

#### 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 period ended	2024	2023
<b>Expenses</b>		
Unity Hardware Limited/6281 NWT Ltd - Materials	1,498	10,584
	<b>\$ 1,498</b>	<b>\$ 10,584</b>

(c) Due to related parties

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

	2024	2023
<b>Accounts receivable</b>		
Unity Hardware Limited/6281 NWT Ltd	\$ 6,276	\$ 847
Nahanni Traveler Hotel	17,235	-
<b>Taxes receivable</b>		
<b>Accounts payable and accrued liabilities</b>		
Unity Hardware Limited/6281 NWT Ltd	\$ 649	\$ 1,352

SCHEDULE 1

Village of Fort Simpson

Schedule of Tangible Capital Assets

For the period ended	2024	2023
Assets under capital lease - Machinery and Equipment		
Cost		
Balance, beginning of year	\$ 120,021	\$ 1,801,933
Additions during the year	-	-
<b>Balance, end of year</b>	<b>120,021</b>	<b>1,801,933</b>
Accumulated amortization		
Balance, beginning of year	96,029	-
Amortization expense	12,002	-
<b>Balance, end of year</b>	<b>108,031</b>	<b>-</b>
<b>Net book value</b>	<b>\$ 11,990</b>	<b>\$ 1,801,933</b>
	<b>\$ 1,582,818</b>	<b>\$ 11,321,044</b>
	<b>\$ 1,189,915</b>	<b>\$ 1,719,513</b>
	<b>\$ 6,623,049</b>	<b>\$ 2,771,978</b>
	<b>\$ 148,793</b>	<b>\$ 27,171,033</b>
	<b>\$ 27,171,033</b>	<b>\$ 27,464,083</b>

SCHEDULE 2

Village of Fort Simpson

**Schedule of Changes in Accumulated Surplus (Deficit)**

For the period ended							2024	2023
	General Operating Fund	Water and Sewer fund	Building and Equipment Reserve	Ambulance Reserve	Infrastructure Reserve	Scholarship Reserve	Equity in Tangible Capital Assets	Total
Opening balance, as previously stated	\$ (1,796,974)	\$ 1,906,623	\$ 176,541	\$ 190,291	\$ 368,987	\$ 1,000	\$ 27,325,545	\$ 29,311,203
Restatement (note 23)	331,028	(331,028)	-	-	-	-	-	-
<b>Opening balance, as restated</b>	<b>\$(1,465,946)</b>	<b>\$1,575,595</b>	<b>\$176,541</b>	<b>\$190,291</b>	<b>\$368,987</b>	<b>\$1,000</b>	<b>\$27,325,545</b>	<b>\$28,172,013</b>
<b>Net interfund transfers</b>								
Amortization	1,812,140	568,340	-	-	-	-	(2,380,480)	-
Tangible capital additions	(2,087,430)	-	-	-	-	-	2,087,430	-
Repayment of loan payable	(102,937)	-	-	-	-	-	102,937	-
Repayment of capital lease obligations	(15,064)	-	-	-	-	-	15,064	-
	<b>(393,291)</b>	<b>568,340</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(175,049)</b>	<b>-</b>
<b>Surplus (Deficit)</b>	<b>(332,146)</b>	<b>(636,174)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(968,320)</b>	<b>(1,139,190)</b>
<b>Closing balance</b>	<b>\$ (2,191,383)</b>	<b>\$ 1,507,761</b>	<b>\$ 176,541</b>	<b>\$ 190,291</b>	<b>\$ 368,987</b>	<b>\$ 1,000</b>	<b>\$ 27,150,496</b>	<b>\$ 28,172,013</b>

**Equity in Tangible Capital Assets**

	2024	2023
Tangible capital assets (Schedule 1)	\$ 75,139,823	\$ 73,052,395
Accumulated amortization (Schedule 1)	(47,968,790)	(45,588,310)
Loans payable (note 14)	-	(102,937)
Capital lease obligations (note 15)	(20,537)	(35,603)
	<b>\$ 27,150,496</b>	<b>\$ 27,325,545</b>

Village of Fort Simpson

SCHEDULE 3

Schedule of Revenues and Expenses By Segment  
For the period ended

2024 2023

	General government services (Restated)	Public safety & protective services	Public works & transportation	Environmental & health services	Water & sewer (Restated)	Recreation & culture	Capital transfers	Total	Total
<b>Revenues</b>									
Property taxes	\$ 806,591	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 806,591	\$ 796,474
User fees and other	33,398	204,235	-	189,814	428,716	117,371	-	973,534	871,342
Grants in lieu	582,864	-	-	-	-	-	-	582,864	588,113
Fines, penalties and recoveries	44,097	14,876	-	-	-	7,507	-	66,480	204,799
Government transfers	2,819,311	-	-	-	1,346,000	134,062	2,466,760	6,766,133	5,950,304
Interest income	43,053	-	-	-	2,133	-	-	45,186	36,212
Donation	2,000	-	-	-	-	10,000	-	12,000	24,257
	<b>4,331,314</b>	<b>219,111</b>	<b>-</b>	<b>189,814</b>	<b>1,776,849</b>	<b>268,940</b>	<b>2,466,760</b>	<b>9,252,788</b>	<b>8,471,501</b>

<b>Expenses</b>									
Accounting and legal	208,115	-	-	-	-	-	-	208,115	41,077
Advertising and promotion	329	-	-	-	-	-	-	329	1,614
Amortization	189,246	158,603	781,295	39,127	568,340	643,870	-	2,380,481	2,362,912
Bad debts	(117,581)	-	-	-	-	-	-	(117,581)	368,008
Communications	23,056	9,858	3,401	347	12,178	20,145	-	68,985	53,708
Contract services	39,104	64,780	10,169	190,496	374,938	28,182	-	707,669	920,365
Donations	10,250	-	-	-	-	-	-	10,250	21,300
Equipment rental	852	12,764	8,993	-	2,318	6,081	-	31,008	46,958
Fuel and lubrication	5,923	10,420	63,941	928	16,167	6,919	-	104,298	111,348
Fire smarting	743,929	-	-	-	15,798	-	-	743,929	190,185
Insurance	133,388	6,276	4,186	-	2,255	15,603	-	175,251	38,189
Interest and bank charges	52,312	-	-	-	2,255	-	-	52,312	15,437
Interest on demand loan	717	-	-	-	191,446	114,463	-	2,972	28,993
Materials	43,583	32,982	85,676	22,159	-	-	-	490,309	354,731
Mayor and Council	49,141	-	-	-	-	-	-	49,141	64,652
Office	12,777	1,850	250	-	250	2,633	-	17,760	14,316
Professional fees	52,425	16,949	40,800	-	-	-	-	110,174	218,463
Repairs and maintenance	1,403	20,222	47,153	6,274	17,121	54,252	-	146,425	169,515
Rent	169,513	-	-	-	-	-	-	169,513	3,402,609
Salaries and related benefits	516,258	263,165	734,697	-	703,418	1,227,375	-	3,548,343	64,737
Salaries related to fire smarting	64,737	-	-	-	-	-	-	64,737	43,753
Training and development	18,752	11,597	1,719	-	2,760	8,925	-	14,507	38,968
Travel and accommodation	1,402	185	-	-	-	12,920	-	14,507	1,091,733
Utilities	42,047	45,064	130,094	13,946	506,034	461,243	-	1,198,428	9,610,691
	<b>2,261,678</b>	<b>654,715</b>	<b>1,912,374</b>	<b>376,707</b>	<b>2,413,023</b>	<b>2,602,611</b>	<b>-</b>	<b>10,221,108</b>	<b>9,610,691</b>

Excess revenues (expenses)	2,069,636	(435,604)	1,912,374	(186,893)	(636,174)	2,333,671	2,466,760	(968,320)	(1,139,190)
<b>Surplus (Deficit)</b>	<b>\$ 2,069,636</b>	<b>\$ (435,604)</b>	<b>\$ (1,912,374)</b>	<b>\$ (186,893)</b>	<b>\$ (636,174)</b>	<b>\$ (2,333,671)</b>	<b>\$ 2,466,760</b>	<b>\$ (968,320)</b>	<b>\$ (1,139,190)</b>

Village of Fort Simpson

SCHEDULE 4

Schedule of Salaries, Honoraria, and Travel Expenses

For the year ended December 31, 2024

Name	Position	Months	Salary and Benefits	Honoraria	Other Remuneration	Total	Travel Expenses
<b>Elected or Appointed officials</b>							
Sean Whelly	Former Mayor	10	\$ -	\$ 4,732	\$ -	\$ 4,732	\$ -
James Tsetso	Former Deputy Mayor	10	-	3,672	-	3,672	-
Les Wright	Councillor	10	-	2,997	-	2,997	-
Muaz Hassan	Councillor	12	-	3,843	-	3,843	-
Troy Bellefontaine	Councillor	12	-	4,638	-	4,638	-
Lisa Mcpherson	Councillor	10	-	2,615	-	2,615	-
Cynthia Browning	Councillor	10	-	2,893	-	2,893	-
Stephanie Hardisty	Councillor	10	-	2,139	-	2,139	-
Kathy Tsetso	Councillor	10	-	3,209	-	3,209	-
Les White	Mayor	2	-	1,716	-	1,716	-
Kathy Tsetso	Deputy Mayor	2	-	720	-	720	-
Jmaes Tsetso	Councillor	2	-	1,351	-	1,351	-
Amy Fraser	Councillor	2	-	775	-	775	-
Eliza Jane Chalifoux	Councillor	2	-	1,223	-	1,223	-
Richanda Cll	Councillor	2	-	1,520	-	1,520	-
Renalyn Pascua-Matte	Councillor	2	-	1,520	-	1,520	-
			\$ -	\$ 39,563	\$ -	\$ 38,043	\$ -
<b>Unelected Senior Officials</b>							
Darrell White	Senior Administrative Officer	12	\$ 141,490	\$ -	\$ -	\$ 141,490	\$ 8,688
Ben Coffe	Finance Manager	12	171,722	-	-	171,722	-
Mich Gast	Operations Manager	12	183,615	-	-	183,615	-
			\$ 496,827	\$ -	\$ -	\$ 496,827	\$ 8,688

Village of Fort Simpson

SCHEDULE 5

Gas Tax Expenditure Report

	For the periods ended					
	2008-2020	2021	2022	2023	2024	Cumulative
<b>Funding</b>						
Opening balance	\$ -	\$ 777,236	\$ (228,658)	\$ 604,686	\$ -	\$ -
Annual Gas Tax allocation	9,746,904	-	1,493,500	452,630	833,370	12,526,404
Interest earned	99,998	1,327	6,365	17,456	4,132	129,278
	<b>9,846,902</b>	<b>778,563</b>	<b>1,271,207</b>	<b>1,074,772</b>	<b>837,502</b>	<b>12,655,682</b>
<b>Eligible Project Costs</b>						
Capital expenditures	2,734,536	-	-	14,781	-	2,749,317
Chip sealing	413,461	878,568	-	-	-	1,292,029
Road resurfacing	242,414	-	-	61,650	-	304,064
Wastewater treatment plant	3,401,315	-	272,772	268,673	120,086	4,062,846
Truck purchases	94,500	-	-	-	-	94,500
Solar PV Project	32,035	-	-	-	-	32,035
Recreation Small Hall Renovation	94,938	-	77,478	-	-	172,416
Fitness Centre	458,963	-	-	-	-	458,963
Baseball field repairs and fence	55,978	-	-	-	-	55,978
Landfill fencing	30,106	-	-	-	-	30,106
Sidewalk and curb replacement	87,022	-	148,437	-	-	235,459
Sludge composting facility	60,515	-	-	-	-	60,515
Antonie Drive W&S Improvements	38,140	-	-	-	-	38,140
HVAC overhaul	148,856	-	-	-	-	148,856
All buildings upgrade (AEA)	111,400	-	-	-	-	111,400
SCADA/controls	31,243	-	-	-	-	31,243
WWTP - upgrades	109,441	-	-	-	-	109,441
Off leash dog park	34,840	-	-	-	-	34,840
Water/sewer line replacement	342,609	94,881	-	-	-	437,490
Recreation fire doors	-	-	-	-	9,344	9,344
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	519,545	-	1,024,437
Playground Improvements	-	16,422	83,992	-	-	100,414
Ski Hill Improvements	-	17,350	-	-	-	17,350
Pool upgrades	-	-	-	-	20,240	20,240
Emergency Raw Water Line	-	-	28,821	-	-	28,821
Recreation landscape trailer	-	-	-	-	6,109	6,109
Fire structure protection unit	-	-	-	-	295,768	295,768
Riverbank stabilization	-	-	-	38,400	-	38,400
Water Distribution Infrastructure	-	-	-	171,723	14,485	186,208
	9,069,666	1,007,221	666,521	1,074,772	466,032	12,284,212
<b>Closing balance</b>	\$ 777,236	\$ (228,658)	\$ 604,686	\$ -	\$ 371,470	\$ 371,470

Village of Fort Simpson  
Community Public Infrastructure Fund

SCHEDULE 6

For the periods ended

	2008-2020	2021	2022	2023	2024	Cumulative
<b>Funding</b>						
Opening balance	\$ -	(\$56,412)\$	145,969 \$	509,849 \$	508,801 \$	-
Annual C/P allocation	16,513,558	1,388,712	1,187,000	1,137,000	1,333,000	21,559,270
Ground ambulance and highway rescue	99,000	37,000	-	-	-	136,000
Interest earned	38,782	991	26,487	51,793	2,984	121,037
	<b>16,651,340</b>	<b>1,370,291</b>	<b>1,359,456</b>	<b>1,698,642</b>	<b>1,844,785</b>	<b>21,816,307</b>

	2008-2020	2021	2022	2023	2024	Cumulative
<b>Eligible Project Costs</b>						
Capital expenditures	6,016,342	-	-	-	-	6,016,342
Fire truck	807,464	-	-	-	-	807,464
Recreation centre betterment	375,172	-	-	-	330,228	705,400
Roads and chip seal project	627,885	-	-	-	-	627,885
Swimming pool	2,078,924	-	-	-	-	2,078,924
Vehicles	93,978	127,547	99,331	77,859	6,747	405,462
Wheel loader	328,899	-	-	-	-	328,899
Water and wastewater distribution system	275,740	-	-	-	-	275,740
Furniture and office upgrades	33,041	50,633	10,580	-	-	94,254
Street lights	141,230	-	-	-	-	141,230
Small equipment	74,288	-	77,133	-	-	151,421
Wastewater treatment plant	1,172,147	-	-	-	-	1,172,147
Grader	201,409	-	-	-	-	201,409
Excavator	154,769	-	-	-	-	154,769
Publics works small equipment	99,055	-	-	-	-	99,055
Dump truck	206,520	-	-	-	-	206,520
Library additions	254,976	-	-	-	-	254,976
Highway rescue truck	116,883	-	-	-	-	116,883
Firehall equipment	155,245	43,969	81,181	12,847	30,750	323,992
HVAC overhaul	726,143	-	-	-	-	726,143
Fitness Centre	398,440	-	-	-	-	398,440
Water distribution infrastructure	914,401	-	-	-	-	914,401
Ambulance	156,410	-	-	-	-	156,410
Side walk replacement	61,253	-	18,340	-	-	79,593
Vacuum truck refurbish	54,063	-	-	-	12,682	66,745
Recreation small equipment	241,067	194,278	34,192	70,502	-	540,039
Ambulance power cot	49,758	-	-	-	-	49,758
Chip Seal Project	796,604	-	-	-	-	796,604
Trail system	95,646	-	7,300	-	30,700	133,646
Cemetery Upgrades	-	66,945	-	-	-	66,945
Landfill Upgrades	-	81,521	14,773	28,956	12,249	137,499
Office Complex	-	407,787	-	-	-	407,787
544 John Deere Loader	-	251,642	-	-	-	251,642
lookout structure	-	-	37,701	74,603	-	112,304
IT and Furniture - New office	-	-	205,597	-	-	205,597
Street sweeper	-	-	175,019	-	-	175,019
Study on Mackenzie river	-	-	25,500	-	-	25,500
2022 water/sewer improvements	-	-	36,960	-	-	36,960
Crushed gravel	-	-	26,000	-	-	26,000

Village of Fort Simpson  
Community Public Infrastructure Fund (continued)

SCHEDULE 6

	2008-2020	2021	2022	2023	2024	Cumulative
<b>For the periods ended</b>						
<b>Eligible Project Costs</b>						
Balance carry forward		411,107	-	-	-	18,024,551
Accounting system conversion	-	-	-	140,588	-	140,588
Boat Launch	-	-	-	133,935	-	133,935
Grader	-	-	-	594,900	-	594,900
Wood pellet boiler	-	-	-	55,651	107,962	163,613
Flush truck	-	-	-	-	788,170	788,170
Hot oiler	-	-	-	-	31,819	31,819
	16,707,752	1,224,322	849,607	1,189,841	1,351,307	21,322,829
<b>Closing balance</b>	\$ (56,412)\$	145,969 \$	509,849 \$	508,801 \$	493,478 \$	493,478

Village of Fort Simpson		Investing in Canada Infrastructure Program (ICIP)			
SCHEDULE 7					
For the period ended		2020-2021	2022	2023	Total
<b>Funding</b>					
Pool upgrades		\$ -	\$ 3,706	\$ 33,141	\$ 36,847
Trail system/Ski Hill Lookout		-	21,899	-	21,899
Wastewater Sludge Management -		-	-	-	-
Landfill upgrade		139,696	44,320	155,225	339,241
Splash Park		261,136	-	-	261,136
Trail Development plan		181,871	-	-	181,871
Chipseal project		1,672,995	-	-	1,672,995
<b>Eligible Project Cost</b>		<b>2,255,698</b>	<b>69,925</b>	<b>188,366</b>	<b>2,513,989</b>
Pool upgrades		-	3,706	33,141	36,847
Trail system/Ski Hill Lookout		-	21,899	-	21,899
Wastewater Sludge Management -		-	-	-	-
Landfill upgrade		139,696	44,320	155,225	339,241
Splash Park		261,136	-	-	261,136
Trail Development plan		181,871	-	-	181,871
Chipseal project		1,672,995	-	-	1,672,995
<b>Surplus (Deficit)</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Village of Fort Simpson		Small Communities Fund (SCF)				
SCHEDULE 8						
		For the period ended				
		2018-2020	2021	2023	2023	Cumulative
<b>Funding</b>						
Recreation Centre	\$ 258,323	\$ 595,653	\$ 35,138	\$ -	\$ -	\$ 889,114
Fitness Centre	559,500	-	-	-	-	559,500
Pool roof	-	-	-	-	-	253,649
<b>Eligible Project Costs</b>	<b>258,323</b>	<b>595,653</b>	<b>35,138</b>	<b>-</b>	<b>-</b>	<b>889,114</b>
Recreation Centre	258,323	595,653	35,138	-	-	889,114
Fitness Centre	559,500	-	-	-	-	559,500
Pool roof	-	-	-	-	-	253,649
<b>Surplus (Deficit)</b>	<b>\$ 817,823</b>	<b>\$ 595,653</b>	<b>\$ 35,138</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,702,263</b>

Village of Fort Simpson		SCHEDULE 9	
Schedule of Water and Sewage Reporting (unaudited)			
For the year ended December 31, 2024			
<b>Water and Sewage Rates</b>			
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		
<b>Water and Sewage Revenue</b>			
Residential	\$ 226,776	\$	172,797
Commercial	161,628		172,514
Public sector	11,194		94,537
Other charges	-		7,931
<b>Total Audited Water and Sewage Revenue</b>		<b>\$ 399,598</b>	<b>\$ 447,779</b>
<b>Total Audited Water and Sewage Costs less Amortization</b>		<b>\$ 1,596,664</b>	<b>\$ 1,515,319</b>
		2024	2023
<b>Water and Sewage Consumption (in litres) unaudited</b>			
Residential	60,374,118	43,713,595	
Commercial	13,759,849	14,256,510	
Public sector	959,500	8,276,864	
<b>Actual Volume of Water Consumed/Billed</b>		<b>75,093,467</b>	<b>66,246,969</b>
		2024	2023