



Consolidated Financial Statements

The Corporation of the Municipality of Sioux
Lookout

December 31, 2017



SIoux LOOKOUT

Hub of the North

The Corporation of the
Municipality of Sioux Lookout
25 Fifth Avenue, P.O. Box 158
Sioux Lookout, Ontario • P8T 1A4
Telephone: (807) 737-2700
Facsimile: (807) 737-3436
www.siouxlookout.ca

Finance Department

Statement of Administrative Responsibility

The management of The Corporation of the Municipality of Sioux Lookout have prepared the accompanying financial statements and are responsible for their accuracy and integrity. These statements consolidate all operations for which the Municipality has legislative and financial responsibility. The financial statements have been prepared by management in accordance with the accounting principles generally accepted for the public sector as prescribed by the Public Sector Accounting Board [PSAB] of the CPA Canada.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that Municipal assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the financial statements.

The Municipal Council reviews and approves the financial statements before such statements are submitted to the Ministry of Municipal Affairs and Housing and published for the residents of The Corporation of the Municipality of Sioux Lookout. The external auditors have access to, and meet with Municipal Council to discuss their audit and the results of their examination.

The 2017 Financial Statements have been reported on by The Corporation of the Municipality of Sioux Lookout's external auditors, Grant Thornton LLP, the auditors appointed by Municipal Council. The independent auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

Michelle Larose, Chief Administrative Officer

Doug Lawrance, Mayor

Contents

	Page
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations and Accumulated Surplus	4 - 5
Consolidated Statement of Changes In Net Debt	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 24
Schedule 1 - Consolidated Schedule of Accumulated Surplus	25
Schedule 2 - Consolidated Schedule of Tangible Capital Assets	26
Schedule 3 - Consolidated Schedule Of Segment Disclosure	27 - 28
Consolidated Local Boards	
Sioux Lookout Public Library Board	
Independent Auditor's Report	29 - 30
Statement of Financial Position	31
Statement of Operations and Accumulated Surplus	32
Statement of Changes in Net Financial Assets (Debt)	33
Statement of Cash Flows	34
Notes to the Financial Statements	35 - 38
Trust Funds	
Independent Auditor's Report	39 - 40
Statement of Financial Position	41
Statement of Operations and Accumulated Surplus	42
Statement of Cash Flows	43
Notes to the Financial Statements	44

Independent Auditor's Report

Grant Thornton LLP
979 Alloy Drive
Thunder Bay, ON
P7B5Z8
T (807) 345-6571
F (807) 345-0032
www.GrantThornton.ca

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Municipality of Sioux Lookout

We have audited the accompanying consolidated financial statements of The Corporation of the Municipality of Sioux Lookout, which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Municipality of Sioux Lookout as at December 31, 2017, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Thunder Bay, Canada
September 19, 2018

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

The Corporation of the Municipality of Sioux Lookout Consolidated Statement of Financial Position

As at December 31	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents <i>[note 3]</i>	3,751,418	1,396,162
Investments <i>[note 4]</i>	1,087,993	2,177,391
Taxes receivable <i>[note 5[a]]</i>	1,364,738	1,316,780
User charges receivable <i>[note 5[b]]</i>	229,240	246,451
Accounts receivable	4,092,898	3,800,570
Inventories for resale	216,025	194,442
Investment in government business enterprise <i>[note 6]</i>	3,090,269	3,077,517
Total financial assets	13,832,581	12,209,313
LIABILITIES		
Accounts payable and accrued liabilities	4,400,462	4,137,628
Deferred revenue <i>[note 7]</i>	394,879	1,427,258
Debt <i>[note 9]</i>	18,405,515	14,520,994
Landfill closure and post-closure liability <i>[note 10]</i>	319,335	269,675
Employee benefits liability <i>[note 11]</i>	382,953	416,809
Total liabilities	23,903,144	20,772,364
NET DEBT	(10,070,563)	(8,563,051)
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[note 12] [schedule 2]</i>	74,474,957	62,727,151
Prepaid expenses	267,346	267,340
	74,742,303	62,994,491
Accumulated surplus <i>[schedule 1]</i>	64,671,740	54,431,440

See accompanying notes to the consolidated financial statements.

The Corporation of the Municipality of Sioux Lookout Consolidated Statement of Operations and Accumulated Surplus

Year ended December 31

	Budget 2017 \$ [note 16]	Actual 2017 \$	Actual 2016 \$
REVENUES [schedule 3]			
Taxation			
Residential and farm taxation	5,906,575	6,034,965	5,682,898
Commercial and industrial	3,522,706	3,488,849	3,505,386
Taxation from other governments	635,616	652,767	644,054
	10,064,897	10,176,581	9,832,338
User charges			
Water and sewer billings	2,694,323	2,702,302	2,690,455
Other fees and service charges	5,354,851	6,559,295	5,432,982
	18,114,071	19,438,178	17,955,775
Government transfers			
Government of Canada	5,990,321	6,580,122	3,735,599
Province of Ontario	6,019,345	5,265,325	5,667,541
	12,009,666	11,845,447	9,403,140
Other			
Investment income	16,021	66,741	43,469
Penalties, fines and late payment charges	262,450	272,705	264,458
Sale of fuel	6,348,267	9,461,455	6,902,157
Fundraising and donations from the public	12,187	12,549	29,070
Other municipalities (POA)	140,000	20,417	109,353
Licences, permits and rents	92,050	66,245	307,931
Income from investment in government business	200,000	192,752	155,328
Other	2,000	261,269	155,948
	7,072,975	10,354,133	7,967,714
Total revenues	37,196,712	41,637,758	35,326,629

	Budget 2017 \$ [note 16]	Actual 2017 \$	Actual 2016 \$
EXPENSES [note 13] [schedule 3]			
General government	2,502,810	3,266,206	2,180,960
Protection to persons and property	2,404,989	1,763,234	2,680,088
Transportation services	12,352,347	15,050,111	12,387,717
Environmental services	3,542,433	3,381,252	3,467,504
Health services	1,160,486	1,321,935	1,279,273
Social and family services	2,528,473	2,341,455	2,393,527
Social housing	432,888	432,888	427,404
Recreation and cultural services	2,923,857	2,624,997	2,772,600
Planning and development	877,976	772,866	822,252
	28,726,259	30,954,944	28,411,325
NET REVENUES BEFORE UNDERNOTED ITEM			
	8,470,453	10,682,814	6,915,304
OTHER			
Loss on disposal of tangible capital assets	-	(442,514)	(68,631)
Annual surplus	8,470,453	10,240,300	6,846,673
Accumulated surplus, beginning of year	54,431,440	54,431,440	47,584,767
Accumulated surplus, end of year [schedule 1]	62,901,893	64,671,740	54,431,440

See accompanying notes to the consolidated financial statements.

The Corporation of the Municipality of Sioux Lookout Consolidated Statement of Changes in Net Debt

Year ended December 31

	Budget 2017 \$ <i>[note 16]</i>	Actual 2017 \$	Actual 2016 \$
Annual surplus	8,470,453	10,240,300	6,846,673
Acquisition of tangible capital assets	(13,997,983)	(14,780,673)	(9,056,512)
Amortization of tangible capital assets	2,579,275	2,579,275	2,499,490
Loss on disposal of tangible capital assets	-	442,514	68,631
Proceeds on disposition on tangible capital assets	-	11,078	23,470
Acquisition of prepaid expenses	-	(267,346)	(267,340)
Use of prepaid expenses	-	267,340	5,408
Increase (decrease) in net debt	(2,948,255)	(1,507,512)	119,820
Net debt, beginning of year	(8,563,051)	(8,563,051)	(8,682,871)
Net debt, end of year	(11,511,306)	(10,070,563)	(8,563,051)

See accompanying notes to the consolidated financial statements.

The Corporation of the Municipality of Sioux Lookout

Consolidated Statement of Cash Flows

Year ended December 31	2017	2016
	\$	\$
OPERATIONS		
Annual surplus	10,240,300	6,846,673
Non-cash charges		
Amortization of tangible capital assets	2,579,275	2,499,490
Loss on disposal of tangible capital assets	442,514	68,631
Landfill closure and post-closure costs	49,660	(23,767)
Employee future benefits	(33,856)	41,857
Income from government business enterprise	(192,752)	(155,328)
	13,085,141	9,277,556
Net change in non-cash working capital balances		
Increase in taxes receivable	(47,958)	(260,506)
Decrease (increase) in user charges receivable	17,211	(69,198)
Increase in accounts receivable	(292,328)	(1,944,407)
Increase inventories for resale	(21,583)	(21,047)
Increase in accounts payable and accrued liabilities	262,834	1,590,561
Decrease in deferred revenue	(1,032,379)	(307,193)
Increase in prepaid expenses	(6)	(261,932)
Cash provided by operating transactions	11,970,932	8,003,834
CAPITAL		
Acquisition of tangible capital assets	(14,780,673)	(9,056,512)
Proceeds on disposition of tangible capital assets	11,078	23,470
Cash used in capital transactions	(14,769,595)	(9,033,042)
INVESTING		
Decrease (increase) in investments	1,089,398	(367,089)
Dividends from government business enterprise	180,000	150,000
Cash provided by (used in) investing transactions	1,269,398	(217,089)
FINANCING		
Debt principal repayments	(808,243)	(726,428)
Long-term debt proceeds	4,692,764	1,536,929
Cash provided by financing transactions	3,884,521	810,501
Increase (decrease) in cash and cash equivalents during year	2,355,256	(435,796)
Cash and cash equivalents, beginning of year	1,396,162	1,831,958
Cash and cash equivalents, end of year	3,751,418	1,396,162

See accompanying notes to the consolidated financial statements.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2017

GENERAL

The Corporation of the Municipality of Sioux Lookout is a municipality in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act and related legislation.

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of The Corporation of the Municipality of Sioux Lookout are prepared by management in accordance with accounting policies generally accepted for the local government as prescribed by the Public Sector Accounting Board ("PSAB") of CPA Canada. The more significant of these accounting policies are as follows:

[a] Basis of consolidation

Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses, and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, local boards, and committees accountable for the administration of their financial affairs and resources, to the Municipality, and which are controlled by the Municipality. Accordingly, the following is consolidated in these financial statements:

Sioux Lookout Public Library Board
Sioux Lookout Airport

All interfund balances and transactions have been eliminated.

Government business enterprises and partnerships are separate legal entities which do not rely on the Municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. The following government business enterprises are reflected in the consolidated financial statements:

Sioux Lookout Hydro Inc.

Local boards

The financial activities of certain entities associated with the Municipality are not consolidated. The Municipality's contribution to these entities are recorded in the Statement of Operations and Accumulated Surplus. The entities that are accounted for in this manner are:

District of Kenora Home for the Aged
Kenora District Services Board
Northwestern Health Unit

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2017

Trust funds

Certain assets have been conveyed or assigned to the Municipality to be administered as directed by agreement or statute. The Municipality holds the assets for the benefit of and stand in fiduciary relationship to the beneficiaries, as a result, the trust funds and assets are excluded from their financial statements.

Accounting for school board transactions

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards, are not reflected in these consolidated financial statements.

[b] Basis of accounting

Accrual accounting

The Municipality uses the accrual basis of accounting which recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. It recognizes a liability until the obligation or conditions underlying the liability is partly or wholly satisfied and recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances in banks.

Investments

The Municipality accounts for investments using the cost method. The carrying value of an investment is written-down to its net recoverable amount if a decline in market value is judged to be other than temporary.

Inventories held for resale

Inventories held for resale are recorded at the lower of cost and net realizable value.

Pension and employee benefits

The Municipality accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer defined benefit plan, as a defined contribution plan. Obligations for sick leave under employee benefits payable are accrued as the employees render the services necessary to earn the benefits. Vacation pay and other post-employment benefits are charged to operations in the year earned.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2017

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 ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

[a] Tangible capital assets

- [i] Tangible capital assets are recorded at cost less accumulated amortization and write-downs, if any. Cost includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Land improvements	10 to 30 years
Buildings	10 to 40 years
Machinery and equipment	10 to 40 years
Linear assets	5 to 20 years
Vehicles	8 to 20 years

Annual amortization is charged for six months in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for productive use, at which time they are transferred to their respective tangible capital asset categories.

[ii] Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the asset as of the date of transfer.

[iii] Tangible capital assets recognized at nominal value

Certain assets have been assigned a nominal value, because of the difficulty of determining a tenable valuation. The most significant of such assets are the Municipality's road allowances and vacant property.

[iv] Leases

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

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2017

[b] Inventories

Inventories held for consumption are recorded at the lower of cost or replacement cost.

Reserves and reserve funds

Council segregates its accumulated surplus into various categories including reserves which are specifically for future operating and capital purposes.

Taxation revenue

Taxes are recognized as assets and revenue when they meet the definition of an asset, are authorized and the taxable event occurs.

At each financial statement date, management evaluates the extent to which its taxes receivable are ultimately collectible and valuation allowances are used to reflect tax receivables at their net recoverable amount.

At each financial statement date, management evaluates the likelihood of having to repay taxes collected under tax measures that have been deemed authorized using the concept of legislative convention and recognizes a liability when required. Related refunds are accounted for in the period in which the change in estimate occurs.

Government transfers

Government transfers are transfers of monetary assets or tangible capital assets from a government to an individual, an organization or another government that are not the result of an exchange transaction, expected to be repaid in the future or expected to produce a direct financial return. Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers made to a recipient by the Municipality are recorded as an expense when they are authorized and the recipient meets all eligibility criteria.

The Municipality receives Gas Tax proceeds from the Federal Government through the Association of Municipalities of Ontario. These funds, by their nature, are restricted in their use and, until applied to specific expenses are recorded as deferred revenue. Amounts applied to qualifying projects are recorded as revenue in the fiscal period they are expended [note 7].

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2017

Revenue recognition

User charges and fees are recognized as revenue in the period in which the related services are performed. Amounts collected for which the related services have yet to be performed are recognized as a liability and recognized as revenue when the related services are performed.

Interest is recognized as it is earned. Investment income earned on surplus funds are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the deferred revenue balance.

Funds received, other than government transfers and tax revenue, for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the Consolidated Statement of Financial Position. The revenue is recognized in the Consolidated Statement of Operations and Accumulated Surplus in the year in which it is used for the specified purpose.

Landfill closure and post-closure liability

The obligation to close and maintain solid waste landfill sites is based on the estimated future expenses in current dollars, adjusted for estimate inflation and is charged to expenses as the landfill site's capacity is used.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Municipality may undertake in the future. Significant accounting estimates include valuation allowances for trade receivables and water receivables, valuation allowances for taxes receivable, estimated useful lives of tangible capital assets, employee benefits payable, vested sick leave and solid waste landfill closure and post-closure liability. Actual results could differ from these estimates.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2017

2. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$222,888 [2016 - \$220,490] have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

3. CASH AND CASH EQUIVALENTS (BANK INDEBTEDNESS)

	2017 \$	2016 \$
Cash in bank	3,713,564	3,043,597
Bank indebtedness	-	(1,671,435)
Library	37,854	24,000
	3,751,418	1,396,162

The Municipality has available an operating line of credit of \$4,000,000 for which the Municipality has provided a borrowing by-law, of which \$nil [2016 - \$1,671,435] was borrowed at year-end. Interest on the line of credit is calculated at bank prime minus .5% and is due on demand [2.2% at year-end]. The airport has an operating line of credit of \$500,000 with an interest rate of prime and is due on demand. The library has an operating line of credit of \$20,000 with an interest rate of prime and is due on demand.

4. INVESTMENTS

Investments consist of Guaranteed Investment Certificates, maturing in 2018 yielding rates of return of 0.85% and investments in money market funds.

5. TAXES AND USER CHARGES RECEIVABLE

[a] Taxes receivable

	2017 \$	2016 \$
Property and business taxes receivable	2,227,956	2,078,422
Allowance for property and business tax arrear	(863,218)	(761,642)
	1,364,738	1,316,780

[b] User charges receivable

	2017 \$	2016 \$
Water receivables	229,240	246,451

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2017

6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE

Sioux Lookout Hydro Inc. is owned and controlled by The Corporation of the Municipality of Sioux Lookout and, as a business enterprise of the Municipality, is accounted for on a modified equity basis in these consolidated financial statements. The following information provides condensed supplementary information for the enterprise for the year ended December 31, 2017:

	2017	2016
	\$	\$
Financial position		
Current assets	2,934,066	3,088,797
Tangible capital assets	5,456,062	5,174,521
Goodwill/regulatory assets	196,146	193,614
	8,586,274	8,456,932
Current liabilities		
Current liabilities	4,430,661	4,712,268
Non-current liabilities	1,065,343	667,147
Net assets, end of year	3,090,270	3,077,517
	8,586,274	8,456,932
Results of operations and changes in net assets		
Revenues	11,663,062	11,989,445
Expenses	(11,470,310)	(11,834,117)
Net income for the year	192,752	155,328
Net assets, beginning of year	3,077,517	3,072,189
Dividends	(180,000)	(150,000)
Net assets, end of year	3,090,269	3,077,517

There was a dividend declared and payable of \$180,000 [2016 - \$150,000]. During the year, Sioux Lookout Hydro Inc. billed electricity and services to The Corporation of the Municipality of Sioux Lookout in the amount of \$725,919 [2016 - \$683,530].

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's-length equivalent value for sales of product.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2017

7. DEFERRED REVENUE

	Government Transfer \$	Other \$	Total 2017 \$	Total 2016 \$
Obligatory reserve funds				
Unearned Gas Tax proceeds	227,486	-	227,486	215,744
Other deferred revenue				
Restricted donations	-	130,511	130,511	113,294
KDSB Child Care	-	36,882	36,882	66,145
OCIF	-	-	-	1,032,075
	227,486	167,393	394,879	1,427,258

The continuity of deferred revenue is as follows:

	2017 \$	2016 \$
Balance, beginning of year	1,427,258	1,734,451
Grant proceeds - Gas Tax	354,483	306,282
Grant proceeds - other	-	1,006,201
Gas Tax revenue earned	(342,741)	(645,797)
Other grant revenue earned	(1,044,121)	(973,879)
Balance, end of year	394,879	1,427,258

8. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2017 was \$526,868 [2016 - \$518,091] for current service.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2017

9. DEBT

[a] The balance of debt reported on the Consolidated Statement of Financial Position is made up of the following:

	2017 \$	2016 \$
Bank of Montreal		
Fixed term loan, 2.55%, blended monthly payments of \$2,307; due 2020.	285,410	305,560
Fixed term loan, 3.75%, blended monthly payments of \$4,813; due 2020.	108,318	156,374
Fixed term loan, 4.26%, blended monthly payments of \$5,606; due 2030.	707,854	754,756
Fixed term loan, 3.20%, blended monthly payments of \$2,074; due in 2037.	1,276,485	-
Fixed term loan, 5.01%, blended monthly payments of \$2,890; due 2028.	271,885	301,551
Fixed term loan, 3.98%, blended monthly payments of \$9,177; due 2028.	961,543	1,031,902
Fixed term loan, 2.55%, blended monthly payments of \$16,479; maturing 2020.	2,039,235	2,183,202
TD Canada Trust		
Bank loan, 3.71%, blended monthly payments to be determined at drawdown; due 2021.	838,665	918,286
Bank loan, 2.44%, blended monthly payments of \$7,173; maturing 2020.	768,682	835,117
Ontario Infrastructure and Lands Corporation		
Fixed term loan, 2.36.%, blended monthly payments of \$8,044; due 2022.	482,631	-
Loan, 3.55%, blended semi-annual payments of \$169,557; due 2038.	4,909,147	5,069,699
Loan, 1.68%, blended semi-annual payments of \$3,843; maturing 2021.	29,616	36,715
Loan, 2.270%, blended semi-annual payments of \$37,060; maturing 2026.	543,938	604,375
Carried Forward	13,223,409	12,197,537

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2017

Brought Forward	13,223,409	12,197,537
Loan, 2.39%, blended semi-annual payments of \$29,754; maturing 2036.	846,224	879,557
Sioux Lookout Airport Construction loan, repayment and interest terms to be determined upon completion of project and expected to be repaid through Airport operations.	2,933,647	-
Provincial Infrastructure Financing Authority Loan, 2.73%, blended semi-annual payments of \$15,173; maturing 2035.	419,970	438,471
Loan, 3.05%, blended semi-annual payments of \$26,824; maturing 2044.	982,265	1,005,429
Total municipal debt	18,405,515	14,520,994

[b] Principal due on debt is summarized as follows:

	\$
2018	831,841
2019	1,148,877
2020	1,131,780
2021	1,148,834
2022	1,128,641
Thereafter	13,015,542
	18,405,515

[c] Debt has been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ontario Ministry of Municipal Affairs and Housing.

[d] Total interest charges for debt reported on the Consolidated Statement of Operations and Accumulated Surplus are \$483,900 [2016 - \$458,084].

10. LANDFILL CLOSURE AND POST-CLOSURE

The main components of the landfill closure plan includes final capping using selected specific layers of impermeable materials based on an engineered cap design and implementation of a drainage management plan and gas management plan. The post-closure care requirements will involve cap maintenance, groundwater monitoring, gas management system operation and maintenance, and annual inspections and reports as in accordance with Ministry of Environment regulations.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2017

The estimated liability for this care is the present value for future cash flows associated with closure and post-closure costs discounted using the Municipality's average long-term borrowing rate of 2.9%. The change in the recorded liability is \$49,660 [2016 - \$23,767] based on a total estimated undiscounted outflow in the future of \$1,952,295 [2016 - \$2,014,754], leaving an amount to be recognized in the future of \$1,690,868 [2016 - \$1,745,079] over the closure and post-closure period. The liability is not currently funded. The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

The estimated remaining life of the site is 28 years and the remaining capacity of the site is 332,000 cubic metres. Post-closure care is estimated to continue for a range of approximately 17 - 25 years for the two sites.

11. EMPLOYEE FUTURE BENEFITS

Employee Future Benefits Liabilities

	2017	2016
	\$	\$
Vested and non-vested sick leave payable	159,098	170,900
Vacation payable	57,237	54,059
Banked stats and overtime	46,418	59,550
Post employment benefits payable	120,200	132,300
	382,953	416,809

Retirement and Other Employee Future Benefits Expenses

Under the sick leave benefit plan, unused sick leave can accumulate. The Municipality recognizes these costs in the period in which the employees rendered the services. The accrued benefit liability at December 31, 2017 was determined by an actuarial valuation prepared for the year ended December 31, 2017.

The main actuarial assumptions employed for the valuation of vested sick leave benefits are as follows:

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at December 31, 2017 are based on actuarial valuations for accounting purposes as at December 31, 2017. These actuarial valuations were based on assumptions about future events. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Municipality's best estimates of expected rates of:

	2017	2016
	%	%
Wage and salary escalation	2.5	2.5
Discount on accrued benefit obligations	3.3	3.3

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2017

12. TANGIBLE CAPITAL ASSETS

Details of year-end capital asset balances are as follows:

	2017	2016
	\$	\$
Land and land improvement	5,529,972	5,564,049
Buildings	16,735,891	16,914,181
Machinery and equipment	3,630,119	3,875,350
Vehicles	2,745,600	2,688,738
Library collections	84,219	76,119
Sanitary and storm sewer	7,573,132	6,836,889
Roads	13,646,418	12,430,840
Water distribution	6,275,797	5,681,047
Assets under construction	18,253,809	8,659,938
	74,474,957	62,727,151

Schedule 2 provides information on the tangible capital assets of the Municipality by major asset class, as well as accumulated amortization of the assets controlled.

There were no write-downs of assets during 2017 [2016 - \$nil].

Interest capitalized during 2017 was \$nil [2016 - \$nil].

There were no contributed tangible capital assets in 2017 [2016 - \$nil].

13. SEGMENTED INFORMATION

The Corporation of the Municipality Sioux Lookout is a diversified municipal government institution that provides a wide range of services to its citizens. The schedule of segment disclosure provides a breakdown of the annual surplus (deficit) reported on the Consolidated Statement of Operations and Accumulated Surplus by major reporting segment. The segments correspond to the major functional categories used in the Municipality's Financial Information Return, which include the following activities:

General government

General government comprises various administrative services, including Corporate Services Department, and Mayor and Council.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2017

Protection to persons and property

The Protective Services Department is comprised of police services, volunteer fire services and protective services. The police services are contracted from the Ontario Provincial Police. Volunteer fire services is responsible for fire suppression, fire prevention programs, training and education related to prevention, and detection and extinguishment of fires. Protective services is responsible for the protection of the residents of the Municipality by ensuring an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws; and for maintaining animal control services through the enforcement of Provincial regulations and by-laws that apply to the regulating and keeping of animals.

Transportation services

Transportation services is the delivery of a number of municipal public works services by the Public Services Department that include airports, roadways, winter control, and street lighting. Airports covers the delivery of services related to the operation and maintenance of the Municipality's airport. Roadways covers the delivery of services related to the planning, development and maintenance of the Municipality's roadway system, including culverts and sidewalks. Winter control includes snowplowing, sanding and salting, snow removal and flood control. Street lighting includes the development of street lighting plans and the maintenance of the street lighting system.

Environmental services

Environmental services include waterworks, sanitary sewer, waste collection and disposal, and recycling. Waterworks services and sanitary sewer services are contracted from the Northern Waterworks Inc. which provides drinking water to the citizens of Sioux Lookout, and collects and treats wastewater. The Public Services Department is responsible for waste collection and disposal and recycling and includes the collection of solid waste, operations at the various landfill sites and waste minimization programs.

Health services

Health services include public health services and ambulance services. Public health services represents the Municipality of Sioux Lookout's contribution to the activities of the Northwestern Health Unit. The Northwestern Health Unit provides health information and prevention-related clinical services; advocates for healthy public policy; investigates reportable diseases; and upholds regulations that apply to public health.

Social and family services

Social and family services include general assistance, assistance to aged persons, child care and assistance to the disabled. General assistance, assistance to aged persons, child care and assistance to the disabled represents the Municipality's contribution to the activities of The Kenora District Services Board (KDSB). KDSB is responsible for Ontario Works program delivery, childcare services and social housing.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2017

Recreation and cultural services

Recreation and cultural services include recreation programs, parks and facilities, public library, and contributions to recreational and cultural organizations. The department provides services that contribute to community development and sustainability through the provision of recreation and leisure programs and services such as fitness and aquatic programs. The department also provides services that develop and maintain various recreational facilities, and parks and open spaces. The Sioux Lookout Public Library system provides community access to local and global information resources that support lifelong learning, research and leisure activities. The Municipality makes contributions to various cultural and recreational organizations under specific funding programs.

Planning and development

The Planning Department provides planning and development services by managing the land and resources of the Municipality to ensure orderly community development and the efficient provision of services. The Strategic Initiatives and Economic Development Department is responsible for providing economic development services by fostering sustainability and economic growth through the sourcing of Federal and Provincial funding programs and initiatives, and the development of public and private partnerships.

For additional information see the Consolidated Schedule of Segment Disclosure (Schedule 3).

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2017

14. RESERVES AND RESERVE FUNDS

The continuity of reserves and reserve funds which make up part of accumulated surplus noted in Schedule 1 is as follows:

	2017 \$	2016 \$
Reserves		
Balance, beginning of year	6,184,848	8,008,599
Increases		
Transfers to reserves	2,949,694	1,930,543
Decreases		
Transfers from reserves	982,523	1,741,256
Transfer from reserves for capital projects	-	2,013,038
	982,523	3,754,294
Balance, end of year	8,152,019	6,184,848
	2017 \$	2016 \$
Reserve funds		
Balance, beginning of year	2,494,840	126,335
Increases		
Transfers to reserve funds	423,945	378,452
Contributions from capital operations	-	2,013,038
Interest	19,019	8,015
	442,964	2,399,505
Decreases		
Transfer from reserves for capital projects	7,680	31,000
	7,680	31,000
Balance, end of year	2,930,124	2,494,840

15. DESIGNATED ASSETS

Of the financial assets reported on the Consolidated Statement of Financial Position, the Council has designated \$1,296,454 [2016 - \$944,157] to support reserve funds.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2017

16. BUDGET FIGURES

Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the Statement of Operations and Accumulated Surplus has been adjusted to be presented on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the financial statements:

	Approved Fiscal Plan \$	Adjustments \$	Fiscal Plan per Financial Statements \$
Revenues			
Taxation	10,064,897	-	10,064,897
User Charges	8,049,174	-	8,049,174
Government transfers	12,009,666	-	12,009,666
Other	10,991,912	(3,918,937)	7,072,975
	41,115,649	(3,918,937)	37,196,712
Expenses			
General government	3,198,401	(695,591)	2,502,810
Protection to persons and property	2,676,132	(271,142)	2,404,990
Transportation services	20,007,664	(7,655,318)	12,352,346
Environmental services	3,320,605	221,828	3,542,433
Health services	1,129,240	31,246	1,160,486
Social and family services	3,026,036	(64,675)	2,961,361
Recreation and cultural services	2,547,792	376,065	2,923,857
Planning and development	5,209,779	(4,331,803)	877,976
	41,115,649	(12,389,390)	28,726,259
Annual surplus	-	8,470,453	8,470,453
Interfund transfers	-	148,011	
Capital items	-	13,997,983	
Debt proceeds	-	(3,918,937)	
Debt repayments	-	822,671	
Amortization	-	(2,579,275)	
Approved surplus	-	8,470,453	

17. LOAN GUARANTEE

The Corporation of the Municipality of Sioux Lookout has guaranteed a loan to Sioux Lookout Hydro Inc. up to a maximum of \$3,350,000. At year-end, the loan balance was \$1,408,692 [2016 - \$1,499,492] and the loan was not in default.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2017

18. CONTRACTUAL OBLIGATIONS

Northern Waterworks Inc. (NWI)

In accordance with a service agreement entered in with Northern Waterworks Inc. (NWI), NWI is an independent contractor and will assume the role of Operating Authority to manage, operate and maintain the Facilities in accordance with the provisions in the agreement.

Included in the Consolidated Statement of Operations and Accumulated Surplus are the 2017 charges from NWI of \$957,033 [2016 - \$1,134,377].

19. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been restated from statements previously presented to conform to the presentation of the 2017 financial statements.

The Corporation of the Municipality of Sioux Lookout

Schedule 1

Consolidated Schedule of Accumulated Surplus

Year ended December 31	2017	2016
	\$	\$
Surplus (deficit)		
General fund	(4,450,588)	(4,429,452)
Investment in tangible capital assets	74,474,957	62,727,151
Unfunded		
Debt	(18,405,515)	(14,520,994)
Employee future benefits	(382,953)	(416,809)
Home for the aged	(417,418)	(417,418)
Landfill closure and post-closure liabilities	(319,335)	(269,675)
Total surplus	50,499,148	42,672,803
Reserves set aside for specific purposes by Council		
For working capital	2,635,303	2,383,583
For capital expenditures	5,516,896	3,801,265
Total reserves	8,152,199	6,184,848
Reserve funds set aside for specific purposes by Council		
For library acquisition of capital assets	6,466	7,854
For landfill closure and land development	257,275	-
For airport capital	1,087,993	1,073,931
For infrastructure	145,759	45,513
For utilities	904,979	901,589
For aggregate	118,527	118,085
For land development	409,125	349,300
Total reserve funds	2,930,124	2,496,272
Net equity in government business enterprises	3,090,269	3,077,517
Accumulated surplus	64,671,740	54,431,440

**The Corporation of the Municipality of Sioux Lookout
Consolidated Schedule of Tangible Capital Assets**

Year ended December 31, 2017

Schedule 2

	General					Infrastructure				Totals		
	Land and Land Improvements \$	Buildings \$	Machinery and Equipment \$	Vehicles \$	Library Collection \$	Sanitary and Storm Sewer \$	Roads \$	Water Distribution \$	Assets Under Construction \$	2017 \$	2016 \$	
COST												
Balance, beginning of year	6,577,501	26,872,029	12,257,987	6,812,573	150,781	10,740,301	25,949,451	8,205,352	8,659,938	106,225,913	97,549,665	
Add												
Additions during the year	72,988	378,436	153,703	359,310	25,734	-	-	112,171	13,678,331	14,780,673	9,056,512	
Less												
Disposals during the year	-	60,949	150,532	38,566	20,495	154,057	176,546	58,760	390,325	1,050,230	380,264	
Other transfers	15,290	(15,290)	-	-	-	896,402	2,193,294	604,439	(3,694,135)	-	-	
Balance, end of year	6,665,779	27,174,226	12,261,158	7,133,317	156,020	11,482,646	27,966,199	8,863,202	18,253,809	119,956,356	106,225,913	
ACCUMULATED AMORTIZATION												
Balance, beginning of year	1,013,452	9,957,848	8,382,637	4,123,835	74,662	3,903,412	13,518,611	2,524,305	-	43,498,762	41,287,435	
Add												
Amortization during the year	122,355	536,916	398,934	289,754	17,634	129,298	977,716	106,668	-	2,579,275	2,499,490	
Less												
Accumulated amortization on disposals	-	56,429	150,532	25,872	20,495	123,196	176,546	43,568	-	596,638	288,163	
Balance, end of year	1,135,807	10,438,335	8,631,039	4,387,717	71,801	3,909,514	14,319,781	2,587,405	-	45,481,399	43,498,762	
Net book value of tangible capital assets, beginning of year	5,564,049	16,914,181	3,875,350	2,688,738	76,119	6,836,889	12,430,840	5,681,047	8,659,938	62,727,151	56,262,230	
Net book value of tangible capital assets, end of year	5,529,972	16,735,891	3,630,119	2,745,600	84,219	7,573,132	13,646,418	6,275,797	18,253,809	74,474,957	62,727,151	

The Corporation of the Municipality of Sioux Lookout Consolidated Schedule of Segment Disclosure

Schedule 3

Year ended December 31, 2017

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Revenues										
Taxation	10,176,581	9,832,338	-	-	-	-	-	-	-	-
Grants	1,468,600	1,613,600	224,750	3,750	6,280,561	3,135,989	161,007	125,334	-	-
User fees and service charges	1,043,299	244,544	18,790	12,333	4,149,087	3,270,515	3,250,085	3,197,038	22,764	19,323
Sale of aviation fuel	-	-	-	-	9,461,455	6,902,157	-	-	-	-
Other revenues	712,379	781,625	20,417	109,353	-	4,410	-	11,527	-	2,884
Interest income - general	24,137	19,545	-	-	128,224	117,129	-	-	-	-
Interest income - reserves and reserve funds	-	2,946	-	-	7,520	5,050	-	-	-	-
	13,424,996	12,494,598	263,957	125,436	20,026,847	13,435,250	3,411,092	3,333,899	22,764	22,207
Expenses										
Salaries, wages and employee benefits	1,585,518	1,659,499	393,204	392,875	2,209,478	2,000,531	918,037	898,157	389,865	363,187
Long-term debt charges	104,447	100,626	-	112	93,435	62,141	227,443	232,047	39,865	42,626
Materials	1,218,684	195,966	167,607	203,474	11,229,271	8,958,404	1,071,818	1,082,511	195,267	184,139
Contracted services	304,208	181,896	1,112,852	2,000,482	240,387	169,164	376,035	379,967	48,632	65,937
Rent and financials	22,546	12,464	-	-	12,282	11,843	3,905	77,327	41,036	40,975
External transfers to others	-	-	-	-	-	-	-	-	576,024	551,163
Amortization	30,803	30,509	89,571	83,145	1,265,258	1,185,634	784,014	797,495	31,246	31,246
	3,266,206	2,180,960	1,763,234	2,680,088	15,050,111	12,387,717	3,381,252	3,467,504	1,321,935	1,279,273
Net revenues (expenses) before undernoted item	10,158,790	10,313,638	(1,499,277)	(2,554,652)	4,976,736	1,047,533	29,840	(133,605)	(1,299,171)	(1,257,066)
Loss on disposal of tangible capital assets	-	-	-	-	(442,514)	(68,631)	-	-	-	-
Annual surplus (deficit)	10,158,790	10,313,638	(1,499,277)	(2,554,652)	4,534,222	978,902	29,840	(133,605)	(1,299,171)	(1,257,066)

The Corporation of the Municipality of Sioux Lookout Consolidated Schedule of Segment Disclosure

Schedule 3 (continued)

Year ended December 31, 2017

	Social and Family Services		Social Housing		Recreation and Cultural Services		Planning and Development		Total
	2017	2016	2017	2016	2017	2016	2017	2016	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues									
Taxation	-	-	-	-	-	-	-	-	9,832,338
Grants	1,075,624	925,985	-	-	222,880	65,820	2,412,026	3,532,662	11,845,448
User fees and service charges	418,184	471,171	-	-	296,302	872,210	63,086	36,303	9,261,597
Sale of aviation fuel	-	-	-	-	-	-	-	-	9,461,455
Other revenues	-	-	-	-	-	11,069	-	-	732,796
Interest income - general	-	-	-	-	-	-	-	-	136,674
Interest income - reserves and reserve funds	-	-	-	-	-	19	-	-	7,520
	1,493,808	1,397,156	-	-	519,182	949,118	2,475,112	3,568,965	41,637,758
Expenses									
Salaries, wages and employee benefits	1,512,761	1,572,767	-	-	1,503,001	1,414,469	151,677	230,163	8,663,541
Long-term debt charges	-	-	-	-	18,710	20,532	-	-	483,900
Materials	207,028	189,736	-	-	579,485	790,860	202,043	327,047	14,871,203
Contracted services	23,623	24,051	-	-	139,700	170,949	419,146	265,042	2,664,583
Rent and financials	-	-	-	-	8,411	7,022	-	-	88,180
External transfers to others	595,350	604,280	432,888	427,404	-	-	-	-	1,604,262
Amortization	2,693	2,693	-	-	375,690	368,768	-	-	2,579,275
	2,341,455	2,393,527	432,888	427,404	2,624,997	2,772,600	772,866	822,252	30,954,944
Net revenues (expenses) before undernoted item	(847,647)	(996,371)	(432,888)	(427,404)	(2,105,815)	(1,823,482)	1,702,246	2,746,713	10,682,814
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	(442,514)
Annual surplus (deficit)	(847,647)	(996,371)	(432,888)	(427,404)	(2,105,815)	(1,823,482)	1,702,246	2,746,713	10,240,300
									6,846,673

Independent Auditor's Report

Grant Thornton LLP
979 Alloy Drive
Thunder Bay, ON
P7B5Z8
T (807) 345-6571
F (807) 345-0032
www.GrantThornton.ca

To the Board Members, Members of Council, Inhabitants and Ratepayers of
Sioux Lookout Public Library Board

We have audited the accompanying financial statements of the Sioux Lookout Public Library Board, which comprise the statement of financial position as at December 31, 2017 and the statements of operations and accumulated surplus, changes in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Sioux Lookout Public Library Board as at December 31, 2017, and the results of its operations, changes in its net financial assets (debt), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Thunder Bay, Canada
September 19, 2018

Chartered Professional Accountants
Licensed Public Accountants

Sioux Lookout Public Library Board Statement of Financial Position

As at December 31	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	37,854	24,000
Accounts receivable	21,862	18,873
Total financial assets	59,716	42,873
LIABILITIES		
Accounts payable and accrued liabilities	46,584	65,296
Deferred revenue	9,440	-
Total liabilities	56,024	65,296
NET FINANCIAL ASSETS (DEBT)	3,692	(22,423)
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[note 2]</i>	84,219	76,118
Prepaid expenses	1,040	1,040
	85,259	77,158
Accumulated surplus <i>[note 3]</i>	88,951	54,735

See accompanying notes to the financial statements.

Sioux Lookout Public Library Board

Statement of Operations and Accumulated Surplus

Year ended December 31	2017	2017	2016
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 4]</i>		
REVENUES			
Province of Ontario operating grant	11,102	11,703	11,703
Sioux Lookout operating subsidy	330,000	330,000	335,000
Other municipal provincial grants	10,272	38,663	9,621
Other	20,850	25,327	24,383
Total revenues	372,224	405,693	380,707
EXPENSES			
Amortization	17,634	17,634	17,774
Book purchases	2,380	10,408	24,225
Building maintenance	14,844	15,743	14,148
Furniture and equipment	100	923	1,024
Legal, audit and insurance	4,007	4,335	4,007
Miscellaneous	7,614	11,004	9,774
Periodicals and newspapers	7,600	8,129	8,233
Professional development	4,468	4,403	4,456
Salaries and benefits	285,775	273,323	297,087
Supplies	9,436	10,853	8,290
Utilities	16,000	14,722	16,654
Total expenses	369,858	371,477	405,672
Annual surplus (deficit)	2,366	34,216	(24,965)
Accumulated surplus, beginning of year	54,735	54,735	79,700
Accumulated surplus, end of year	57,101	88,951	54,735

See accompanying notes to the financial statements.

Sioux Lookout Public Library Board

Statement of Changes in Net Financial Assets (Debt)

Year ended December 31	2017	2017	2016
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 4]</i>		
Annual surplus (deficit)	2,366	34,216	(24,965)
Acquisition of tangible capital assets	(20,000)	(25,735)	-
Amortization of tangible capital assets	17,634	17,634	17,774
Acquisition of prepaids	-	(1,040)	(1,040)
Use of prepaid expenses	-	1,040	2,027
Increase (decrease) in net financial assets	-	26,115	(6,204)
Net financial debt, beginning of year	(21,457)	(22,423)	(16,219)
Net financial assets (debt), end of year	(21,457)	3,692	(22,423)

See accompanying notes to the financial statements.

Sioux Lookout Public Library Board

Statement of Cash Flows

Year ended December 31	2017	2016
	\$	\$
OPERATIONS		
Annual surplus (deficit)	34,216	(24,965)
Non-cash charges		
Amortization of tangible capital assets	17,634	17,774
	51,850	(7,191)
Net change in non-cash working capital balances		
Increase in accounts receivable	(2,989)	(10,118)
Decrease prepaid expenses	-	987
Decrease in accounts payable and accrued liabilities	(18,712)	(10,849)
Increase in deferred revenue	9,440	-
Cash provided by (used in) operating transactions	39,589	(27,171)
CAPITAL		
Acquisition of tangible capital assets	(25,735)	-
Cash provided by (used in) capital transactions	(25,735)	-
Increase (decrease) in cash and cash equivalents during year		
	13,854	(27,171)
Cash and cash equivalents, beginning of year	24,000	51,171
Cash and cash equivalents, end of year	37,854	24,000

See accompanying notes to the financial statements.

Sioux Lookout Public Library Board

Notes to the Financial Statements

December 31, 2017

NATURE OF OPERATIONS

The Sioux Lookout Public Library Board is dedicated to providing community access to local and global information resources that support lifelong learning, research and leisure activities.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sioux Lookout Public Library Board are prepared by management in accordance with accounting policies generally accepted for the local government sector as prescribed by the Public Sector Accounting Board ("PSAB") of the CPA Canada. The more significant of these accounting policies are as follows:

Accrual accounting

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable.

Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Library collection	7 to 40 years
--------------------	---------------

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and cash on hand.

Revenue recognition

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

Government transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future or are the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the fiscal period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amounts can be determined.

Sioux Lookout Public Library Board

Notes to the Financial Statements

December 31, 2017

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Sioux Lookout Public Library Board may undertake in the future. Actual results could differ from those estimates.

2. TANGIBLE CAPITAL ASSETS

	Library collection \$	2017 Total \$	2016 Total \$
COST			
Balance, beginning of year	150,780	150,780	165,388
Add:			
Additions during the year	25,735	25,735	-
Less:			
Disposals during the year	20,495	20,495	14,608
Balance, end of year	156,020	156,020	150,780
ACCUMULATED AMORTIZATION			
Balance, beginning of year	74,662	74,662	71,496
Add:			
Amortization during the year	17,634	17,634	17,774
Less:			
Accumulated amortization on disposals	20,495	20,495	14,608
Balance, end of year	71,801	71,801	74,662
Net book value of tangible capital assets, beginning of year	76,118	76,118	93,892
Net book value of tangible capital assets, end of year	84,219	84,219	76,118

Sioux Lookout Public Library Board

Notes to the Financial Statements

December 31, 2017

3. ACCUMULATED SURPLUS

	2017 \$	2016 \$
General fund	4,732	(21,383)
Investment in tangible capital assets	84,219	76,118
Accumulated surplus	88,951	54,735

4. BUDGET FIGURES

Canadian Public Sector Accounting Standards require a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the Statement of Operations and Accumulated Surplus has been adjusted to be presented on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal plan to the fiscal plan per the financial statements:

	Approved 2017 Budget \$	PSAB Adjustment \$	PSAB Adjusted Budget \$
Revenues	372,224	-	372,224
Expenses	372,224	(2,366)	369,858
Annual surplus (deficit)	-	2,366	2,366
Less:			
Acquisition of tangible capital assets	-	(20,000)	(20,000)
Add:			
Amortization of tangible capital assets	-	17,634	17,634
Increase in net financial assets	-	-	-

5. BANK INDEBTEDNESS

The Sioux Lookout Public Library Board has an unused credit facility of \$20,000 that bears an interest rate of prime and is due on demand. The operating line of credit is secured by Council By-Laws.

Sioux Lookout Public Library Board

Notes to the Financial Statements

December 31, 2017

6. SEGMENT DISCLOSURE

The Sioux Lookout Public Library Board's operations are not considered diverse and operations are managed as one department, no segment disclosure has been provided.

7. EMPLOYEE FUTURE BENEFITS

Employee Future Benefits Liabilities

	2017	2016
	\$	\$
Vested and non-vested sick leave payable	8,000	34,340

Retirement and Other Employee Future Benefits Expenses

Under the sick leave benefit plan, unused sick leave can accumulate. The Municipality recognizes these costs in the period in which the employees rendered the services. The accrued benefit liability at December 31, 2017 was determined by an actuarial valuation prepared for the year ended December 31, 2017.

The main actuarial assumptions employed for the valuation of vested sick leave benefits are as follows:

Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at December 31, 2017 are based on actuarial valuations for accounting purposes as at December 31, 2017. These actuarial valuations were based on assumptions about future events. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Municipality's best estimates of expected rates of:

	2017	2016
	%	%
Wage and salary escalation	2.5	2.5
Discount on accrued benefit obligations	3.3	3.3

Independent Auditor's Report

Grant Thornton LLP
979 Alloy Drive
Thunder Bay, ON
P7B5Z8
T (807) 345-6571
F (807) 345-0032
www.GrantThornton.ca

To the Members of Council, Inhabitants and Ratepayers of
The Corporation of the Municipality of Sioux Lookout

We have audited the accompanying financial statements of the Trust Funds of The Corporation of the Municipality of Sioux Lookout, which comprise the statement of financial position as at December 31, 2017 and the statements of operations and accumulated surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds of The Corporation of the Municipality of Sioux Lookout as at December 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grant Thornton LLP

Thunder Bay, Canada
September 19, 2018

Chartered Professional Accountants
Licensed Public Accountants

The Corporation of the Municipality of Sioux Lookout Trust Funds Statement of Financial Position

As at December 31

2017

2016

	Cemetery Perpetual Care \$	Elsie Cosco Memorial Scholarship Fund \$	Mayfair Theatre Fund \$	Total \$	Total \$
FINANCIAL ASSETS					
Investments	152,234	57,351	24,664	234,249	213,536
Receivable from the Municipality of Sioux Lookout	-	-	-	-	16,554
Total financial assets	152,234	57,351	24,664	234,249	230,090
FINANCIAL LIABILITIES					
Repayable to the Municipality of Sioux Lookout	1,761	9,600	-	11,361	9,600
Accumulated surplus	150,473	47,751	24,664	222,888	220,490
	152,234	57,351	24,664	234,249	230,090

See accompanying notes to the financial statements.

The Corporation of the Municipality of Sioux Lookout Trust Funds

Statement of Operations and Accumulated Surplus

Year ended December 31

2017

2016

	Cemetery Perpetual Care \$	Elsie Cosco Memorial Scholarship Fund \$	Mayfair Theatre Fund \$	Total \$	Total \$
REVENUES					
Capital receipts	2,950	-	-	2,950	5,200
Interest income	1,459	-	-	1,459	3,335
Total revenues	4,409	-	-	4,409	8,535
EXPENSES					
Transfer to (from) the Municipality of Sioux Lookout	2,011	-	-	2,011	(18,407)
NET REVENUES (EXPENSES)	2,398	-	-	2,398	26,942
Annual surplus (deficit)	2,398	-	-	2,398	26,942
Accumulated surplus, beginning of year	148,075	47,751	24,664	220,490	193,548
Accumulated surplus, end of year	150,473	47,751	24,664	222,888	220,490

See accompanying notes to the financial statements.

**The Corporation of the Municipality of Sioux Lookout
Trust Funds
Statement of Cash Flows**

Year ended December 31	2017	2016
	\$	\$
OPERATIONS		
Annual surplus	2,398	26,942
Net changes in non-cash working capital balances		
Increase in payable to the Municipality of Sioux Lookout	18,315	(38,598)
Cash provided by (used in) operating transactions	20,713	(11,656)
INVESTING		
Decrease/(increase) in investments	(20,713)	11,656
Cash provided by (used in) investing	(20,713)	11,656
Increase in cash during year	-	-
Cash, beginning of year	-	-
Cash, end of year	-	-

See accompanying notes to the financial statements.

The Corporation of the Municipality of Sioux Lookout Trust Funds

Notes to the Financial Statements

December 31, 2017

1. NATURE OF BUSINESS

The Corporation of the Municipality of Sioux Lookout administers a perpetual care trust fund for the future care and maintenance of certain cemetery grounds.

The Elsie Cosco Memorial Scholarship Fund and the Mayfair Theatre Fund were established by restricted donations and are used to provide scholarships.

2. SIGNIFICANT ACCOUNTING POLICY

Basis of accounting

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

3. INVESTMENTS

Investments consists of Guaranteed Investment Certificates maturing in 2019 and yielding interest between 1.96% -2% over their terms.