



Consolidated Financial Statements

The Corporation of the Municipality of
Sioux Lookout

December 31, 2019

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 2019 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

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Independent Auditor's Report

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

Opinion

We have audited the consolidated financial statements of The Corporation of the Municipality of Sioux Lookout ("the Municipality"), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Municipality of Sioux Lookout as at December 31, 2019, and its results of consolidated operations, its consolidated changes in its net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Consolidated 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.

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

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

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

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

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

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

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

Grant Thornton LLP

Thunder Bay, Canada
August 19, 2020

Chartered Professional Accountants
Licensed Public Accountants

The Corporation of the Municipality of Sioux Lookout

Consolidated Statement of Financial Position

As at December 31	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents <i>[note 3]</i>	6,443,923	5,948,899
Investments <i>[note 4]</i>	1,605,048	1,093,175
Taxes receivable <i>[note 5[a]]</i>	1,227,860	1,338,643
User charges receivable <i>[note 5[b]]</i>	261,693	221,088
Accounts receivable	4,016,105	3,327,822
Inventories for resale	170,720	187,622
Investment in government business enterprise <i>[note 6]</i>	3,252,722	3,175,505
Total financial assets	16,978,071	15,292,754
LIABILITIES		
Accounts payable and accrued liabilities	1,848,347	2,479,683
Deferred revenue <i>[note 7]</i>	435,330	482,494
Debt <i>[note 9]</i>	20,556,376	20,983,163
Landfill closure and post-closure liability <i>[note 10]</i>	397,676	356,588
Employee benefits liability <i>[note 11]</i>	318,709	422,277
Total liabilities	23,556,438	24,724,205
NET DEBT	(6,578,367)	(9,431,451)
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[note 12] [schedule 2]</i>	75,867,809	75,945,405
Prepaid expenses	413,338	99,222
	76,281,147	76,044,627
Accumulated surplus <i>[schedule 1]</i>	69,702,780	66,613,176

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 2019 \$ <i>[note 16]</i>	Actual 2019 \$	Actual 2018 \$
REVENUES [schedule 3]			
Taxation			
Residential and farm taxation	8,132,661	7,587,808	7,803,876
Commercial and industrial	2,232,383	2,142,387	2,172,526
Taxation from other governments	696,015	696,016	680,499
	11,061,059	10,426,211	10,656,901
User charges			
Water and sewer billings	2,702,306	2,868,123	2,744,541
Other fees and service charges	6,111,996	6,688,318	6,506,412
	19,875,361	19,982,652	19,907,854
Government transfers			
Government of Canada	1,744,718	1,301,790	730,511
Province of Ontario	4,409,475	5,068,897	3,245,593
	6,154,193	6,370,687	3,976,104
Other			
Investment income	30,768	165,365	112,174
Penalties, fines and late payment charges	221,115	272,696	255,469
Sale of fuel	11,320,000	11,595,888	10,954,597
Fundraising and donations from the public	5,650	5,145	9,362
Other municipalities (POA)	140,000	137,390	66,390
Licences, permits and rents	107,950	156,231	49,243
Income from investment in government business	150,000	72,783	300,235
Other	195,000	246,058	303,338
	12,170,483	12,651,556	12,050,808
Total revenues	38,200,037	39,004,895	35,934,766

	Budget 2019 \$ <i>[note 16]</i>	Actual 2019 \$	Actual 2018 \$
EXPENSES <i>[note 13] [schedule 3]</i>			
General government	2,835,464	2,946,375	3,078,876
Protection to persons and property	3,028,358	3,597,140	2,383,968
Transportation services	17,952,770	18,211,074	16,995,657
Environmental services	3,603,405	3,518,199	3,481,650
Health services	1,186,318	1,420,861	1,352,818
Social and family services	2,390,643	2,136,486	1,980,135
Social housing	418,804	418,804	402,984
Recreation and cultural services	2,692,232	2,562,149	2,967,063
Planning and development	1,239,878	773,285	907,855
	35,347,872	35,584,373	33,551,006
NET REVENUES BEFORE UNDERNOTED ITEM	2,852,165	3,420,522	2,383,760
OTHER			
Loss on disposal of tangible capital assets	-	(330,918)	(442,324)
Annual surplus	2,852,165	3,089,604	1,941,436
Accumulated surplus, beginning of year	66,613,176	66,613,176	64,671,740
Accumulated surplus, end of year <i>[schedule 1]</i>	69,465,341	69,702,780	66,613,176

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 2019 \$ <i>[note 16]</i>	Actual 2019 \$	Actual 2018 \$
Annual surplus	2,852,165	3,089,604	1,941,436
Acquisition of tangible capital assets	(6,757,641)	(3,580,668)	(4,565,643)
Amortization of tangible capital assets	3,327,346	3,327,346	2,652,871
Loss on disposal of tangible capital assets	-	330,918	442,324
Acquisition of prepaid expenses	-	(413,338)	(99,222)
Use of prepaid expenses	-	99,222	267,346
Decrease in net debt	(578,130)	2,853,084	639,112
Net debt, beginning of year	(9,431,451)	(9,431,451)	(10,070,563)
Net debt, end of year	(10,009,581)	(6,578,367)	(9,431,451)

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	2019	2018
	\$	\$
OPERATIONS		
Annual surplus	3,089,604	1,941,436
Non-cash charges		
Amortization of tangible capital assets	3,327,346	2,652,871
Loss on disposal of tangible capital assets	330,918	442,324
Landfill closure and post-closure costs	41,088	37,253
Employee future benefits	(103,568)	39,324
Income from government business enterprise	(292,217)	(300,235)
	6,393,171	4,812,973
Net change in non-cash working capital balances		
Decrease in taxes receivable	110,783	26,095
Decrease (increase) in user charges receivable	(40,605)	8,152
Decrease (increase) in accounts receivable	(688,283)	765,145
Decrease inventories for resale	16,902	28,403
Decrease in accounts payable and accrued liabilities	(631,336)	(1,913,750)
Increase (decrease) in deferred revenue	(47,164)	79,438
Decrease (increase) in prepaid expenses	(314,116)	169,202
Cash provided by operating transactions	4,799,352	3,975,658
CAPITAL		
Acquisition of tangible capital assets	(3,580,668)	(4,565,643)
Cash used in capital transactions	(3,580,668)	(4,565,643)
INVESTING		
Purchase of investments	(511,873)	(5,182)
Dividends from government business enterprise	215,000	215,000
Cash provided by investing transactions	(296,873)	209,818
FINANCING		
Debt principal repayments	(1,432,819)	(999,356)
Long-term debt proceeds	1,006,032	3,577,004
Cash provided by financing transactions	(426,787)	2,577,648
Increase in cash and cash equivalents during year	495,024	2,197,481
Cash and cash equivalents, beginning of year	5,948,899	3,751,418
Cash and cash equivalents, end of year	6,443,923	5,948,899

See accompanying notes to the consolidated financial statements.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2019

GENERAL

The Corporation of the Municipality of Sioux Lookout ("the Municipality") 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, 2019

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, 2019

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, 2019

[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, 2019

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, 2019

2. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$225,322 [2018 - \$226,593] 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

	2019	2018
	\$	\$
Cash in bank	7,884,748	5,903,057
Outstanding deposits	319,724	273,131
Outstanding cheques	(1,760,549)	(227,289)
	6,443,923	5,948,899

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 [2018 - \$nil] was borrowed at year-end. Interest on the line of credit is calculated at bank prime minus .5% and is due on demand [3.45% 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 2020 yielding rates of returns of 1.650% - 2.130%.

5. TAXES AND USER CHARGES RECEIVABLE

[a] Taxes receivable

	2019	2018
	\$	\$
Property and business taxes receivable	2,558,954	2,155,595
Allowance for property and business tax arrears	(1,331,094)	(816,952)
	1,227,860	1,338,643

[b] User charges receivable

	2019	2018
	\$	\$
Water receivables	261,693	221,088

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2019

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, 2019:

	2019	2018
	\$	\$
Financial position		
Current assets	3,622,472	3,398,647
Tangible capital assets	5,826,503	5,779,513
Goodwill/regulatory assets	161,975	135,208
Right-of-use assets	133,475	-
	9,744,425	9,313,368
Current liabilities		
	4,920,942	4,188,927
Non-current liabilities	791,629	1,948,936
Net assets, end of year	4,031,854	3,175,505
	9,744,425	9,313,368
Results of operations and changes in net assets		
Revenues	12,278,964	10,842,888
Expenses	(11,986,747)	(10,542,652)
Net income for the year	292,217	300,236
Net assets, beginning of year	3,175,505	3,090,269
Dividends	(215,000)	(215,000)
Net assets, end of year	3,252,722	3,175,505

There was a dividend declared and payable of \$215,000 [2018 - \$215,000]. During the year, Sioux Lookout Hydro Inc. billed electricity and services to The Corporation of the Municipality of Sioux Lookout in the amount of \$1,052,136 [2018 - \$1,174,991].

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, 2019

7. DEFERRED REVENUE

	Government Transfer \$	Other \$	Total 2019 \$	Total 2018 \$
Obligatory reserve funds				
Unearned Gas Tax proceeds	4,586	-	4,586	244,045
Other deferred revenue				
Restricted donations	-	244,417	244,417	150,435
KDSB Child Care	-	80,020	80,020	88,014
OPP Policing	-	106,307	106,307	-
	4,586	430,744	435,330	482,494

The continuity of deferred revenue is as follows:

	2019 \$	2018 \$
Balance, beginning of year	482,494	403,056
Grant proceeds - Gas Tax	646,708	322,558
Grant proceeds - other	915,771	72,320
Gas Tax revenue earned	(886,167)	(306,000)
Other grant revenue earned	(723,476)	(9,440)
Balance, end of year	435,330	482,494

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 2019 was \$560,754 [2018 - \$539,343] for current service.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2019

9. DEBT

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

	2019 \$	2018 \$
Bank of Montreal		
Fixed term loan, 2.55%, blended monthly payments of \$2,307; due 2020, to be refinanced.	243,537	264,741
Fixed term loan, 3.75%, blended monthly payments of \$4,813; due 2020, to be repaid.	8,543	59,051
Fixed term loan, 4.26%, blended monthly payments of \$5,606; due 2030.	609,995	659,632
Fixed term loan, 3.20%, blended monthly payments of \$2,074; due in 2037.	1,179,061	1,228,469
Fixed term loan, 5.01%, blended monthly payments of \$2,890; due 2028.	209,836	241,322
Fixed term loan, 3.98%, blended monthly payments of \$9,177; due 2028.	812,152	888,332
Fixed term loan, 2.55%, blended monthly payments of \$16,479; due 2020, to be refinanced.	1,740,060	1,891,553
Fixed term loan, 3.03%, blended monthly payments of \$1,798; due 2023.	71,545	90,645
Fixed term loan, 3.28%, blended monthly payments of \$3,200; due 2028.	284,427	312,995
TD Canada Trust		
Bank loan, 3.71%, blended monthly payments to be determined at drawdown; due 2021.	670,429	756,038
Bank loan, 2.44%, blended monthly payments of \$7,173; due 2020, to be refinanced.	630,895	700,701
Ontario Infrastructure and Lands Corporation		
Fixed term loan, 2.36%, blended monthly payments of \$8,044; due 2022.	289,579	386,105
Loan, 2.27 - 3.55%, blended semi-annual payments of \$219,682; due 2029 - 2038.	5,576,619	4,742,846
Carried Forward	12,326,678	12,222,430

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2019

Brought Forward	12,326,678	12,222,430
Ontario Infrastructure and Lands Corporation		
Loan, 1.68%, blended semi-annual payments of \$3,843; due 2021.	15,056	22,396
Loan, 2.270%, blended semi-annual payments of \$37,060; due 2026.	423,063	483,500
Loan, 2.39%, blended semi-annual payments of \$29,754; due 2036.	776,372	811,841
Sioux Lookout Airport		
Fixed term loan, 2.88.%, blended monthly payments of \$142,519; due 2049.	5,700,000	6,083,647
Provincial Infrastructure Financing Authority		
Loan, 2.73%, blended semi-annual payments of \$15,173; due 2035.	381,428	400,960
Loan, 3.05%, blended semi-annual payments of \$26,824; due 2044.	933,779	958,389
Total municipal debt	20,556,376	20,983,163

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

	\$
2020	1,213,375
2021	1,224,740
2022	1,215,979
2023	1,092,657
2024	1,071,942
Thereafter	14,737,683
	20,556,376

[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 \$548,973 [2018 - \$598,777].

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, 2019

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 2.95%. The change in the recorded liability is \$41,088 [2018 - \$37,253] based on a total estimated undiscounted outflow in the future of \$2,162,245 [2018 - \$2,052,461], leaving an amount to be recognized in the future of \$2,084,497 [2018 - \$1,693,118] 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 27 years and the remaining capacity of the site is 293,000 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

	2019	2018
	\$	\$
Vested and non-vested sick leave payable	249,990	184,001
Vacation payable	(63,724)	60,844
Banked stats and overtime	36,243	70,032
Post employment benefits payable	96,200	107,400
	318,709	422,277

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, 2019 was determined by an actuarial valuation prepared for the year ended December 31, 2019.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2019

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, 2019 are based on actuarial valuations for accounting purposes as at December 31, 2019. 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:

	2019	2018
	%	%
Wage and salary escalation	2.5	2.5
Discount on accrued benefit obligations	3.3	3.3

12. TANGIBLE CAPITAL ASSETS

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

	2019	2018
	\$	\$
Land and land improvement	6,356,487	5,460,961
Buildings	28,494,887	16,364,951
Machinery and equipment	3,661,658	3,493,362
Vehicles	2,967,477	2,976,352
Library collections	80,338	86,665
Sanitary and storm sewer	7,985,013	7,882,022
Roads	14,397,586	14,435,483
Water distribution	7,317,989	6,649,352
Assets under construction	4,606,374	18,596,257
	75,867,809	75,945,405

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 2019 [2018 - \$nil].

Interest capitalized during 2019 was \$nil [2018 - \$nil].

There were no contributed tangible capital assets in 2019 [2018 - \$nil].

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2019

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.

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.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2019

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.

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, 2019

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:

	2019 \$	2018 \$
Reserves		
Balance, beginning of year	8,242,878	8,152,199
Increases		
Transfers to reserves	2,587,617	2,154,857
Decreases		
Transfers from reserves	4,017,954	2,064,178
Balance, end of year	6,812,541	8,242,878

	2019 \$	2018 \$
Reserve funds		
Balance, beginning of year	4,566,521	2,930,124
Increases		
Transfers to reserve funds	1,381,052	1,672,505
Interest	56,827	18,943
	1,437,879	1,691,448
Decreases		
Transfer from reserves for capital projects	20,801	55,051
	20,801	55,051
Balance, end of year	5,983,599	4,566,521

15. DESIGNATED ASSETS

Of the financial assets reported on the Consolidated Statement of Financial Position, the Council has designated \$4,862,674 [2018 - \$3,129,651] to support reserve funds.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2019

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	11,061,059	-	11,061,059
User charges	8,814,302	-	8,814,302
Government transfers	6,154,193	-	6,154,193
Other	12,170,483	-	12,170,483
	38,200,037	-	38,200,037
Expenses			
General government	3,249,700	(414,236)	2,835,464
Protection to persons and property	3,064,149	(35,791)	3,028,358
Transportation services	18,365,900	(413,130)	17,952,770
Environmental services	3,848,077	(244,672)	3,603,405
Health services	867,955	318,363	1,186,318
Social and family services	2,558,184	251,263	2,809,447
Recreation and cultural services	2,167,907	524,325	2,692,232
Planning and development	4,078,165	(2,838,287)	1,239,878
	38,200,037	(2,852,165)	35,347,872
Annual surplus	-	2,852,165	2,852,165
Interfund transfers	-	154,076	
Capital items	-	(6,757,641)	
Debt proceeds	-	2,085,870	
Debt repayments	-	(1,661,816)	
Amortization	-	3,327,346	
Approved surplus	-	(2,852,165)	

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 \$893,088 [2018 - \$1,154,738] and the loan was not in default.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2019

18. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been restated from statements previously presented to conform to the presentation of the 2019 financial statements.

19. SUBSEQUENT EVENT

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Municipality's operations have not been significantly impacted as a result of COVID-19. There is minimal impact associated with cash in-flows for the Municipality and cash out-flows have been maintained as expected.

The Municipality has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Municipality for future periods.

The Corporation of the Municipality of Sioux Lookout

Schedule 1

Consolidated Schedule of Accumulated Surplus

Year ended December 31	2019	2018
	\$	\$
Surplus (deficit)		
General fund	(760,613)	(3,374,589)
Investment in tangible capital assets	75,867,809	75,945,405
Unfunded		
Debt	(20,556,377)	(20,983,163)
Employee future benefits	(318,709)	(422,277)
Home for the aged	(180,516)	(180,516)
Landfill closure and post-closure liabilities	(397,676)	(356,588)
Total surplus	53,653,918	50,628,272
Reserves set aside for specific purposes by Council		
For working capital	2,231,655	1,646,245
For capital expenditures	4,580,886	6,596,633
Total reserves	6,812,541	8,242,878
Reserve funds set aside for specific purposes by Council		
For library acquisition of capital assets	2,513	3,456
For landfill closure and land development	297,515	259,121
For airport capital	1,605,048	1,093,175
For infrastructure	1,708,955	1,605,912
For utilities	1,528,451	911,747
For aggregate	120,278	119,450
For land development	720,839	573,660
Total reserve funds	5,983,599	4,566,521
Net equity in government business enterprises	3,252,722	3,175,505
Accumulated surplus	69,702,780	66,613,176

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

Schedule 2

Year ended December 31, 2019

	General					Infrastructure			Totals		
	Land and Land Improvements \$	Buildings \$	Machinery and Equipment \$	Vehicles \$	Library Collection \$	Sanitary and Storm Sewer \$	Roads \$	Water Distribution \$	Assets Under Construction \$	2019 \$	2018 \$
COST											
Balance, beginning of year	6,719,034	27,098,344	12,466,894	7,463,793	176,171	11,891,379	29,738,536	9,328,754	18,596,257	123,479,162	119,956,356
Add											
Additions during the year	-	154,868	55,827	311,441	21,252	-	177,883	-	2,859,397	3,580,668	4,565,643
Less											
Disposals during the year	73,782	478,909	-	316,599	-	-	234,258	-	-	1,103,548	1,042,837
Transfers	1,161,793	13,031,043	520,662	-	1,691	244,555	1,099,064	790,472	(16,849,280)	-	-
Balance, end of year	7,807,045	39,805,346	13,043,383	7,458,635	199,114	12,135,934	30,781,225	10,119,226	4,606,374	125,956,282	123,479,162
ACCUMULATED AMORTIZATION											
Balance, beginning of year	1,258,073	10,733,393	8,973,532	4,487,441	89,506	4,009,357	15,303,053	2,679,402	-	47,533,757	45,481,399
Add											
Amortization during the year	192,485	1,040,708	408,193	292,167	29,270	141,564	1,101,124	121,835	-	3,327,346	2,652,871
Less											
Accumulated amortization on disposals	-	463,642	-	288,450	-	-	20,538	-	-	772,630	600,513
Balance, end of year	1,450,558	11,310,459	9,381,725	4,491,158	118,776	4,150,921	16,383,639	2,801,237	-	50,088,473	47,533,757
Net book value of tangible capital assets, beginning of year	5,460,961	16,364,951	3,493,362	2,976,352	86,665	7,882,022	14,435,483	6,649,352	18,596,257	75,945,405	74,474,957
Net book value of tangible capital assets, end of year	6,356,487	28,494,887	3,661,658	2,967,477	80,338	7,985,013	14,397,586	7,317,989	4,606,374	75,867,809	75,945,405

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

Schedule 3

Year ended December 31, 2019

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$
Revenues										
Taxation	10,426,211	10,656,901	-	-	-	-	-	-	-	-
Grants	1,528,354	1,511,762	1,330,012	12,635	1,741,818	719,172	57,557	56,247	-	-
User fees and service charges	553,866	787,119	15,276	7,401	4,374,611	4,090,072	3,425,586	3,266,897	143,600	138,161
Sale of aviation fuel	-	-	-	-	11,595,888	10,954,597	-	-	-	-
Other revenues	332,035	491,274	257,230	99,018	3,202	2,962	13,260	14,201	3,241	2,789
Interest income - general	99,552	66,401	-	-	134,165	106,313	-	-	-	-
	12,940,018	13,513,457	1,602,518	119,054	17,849,684	15,873,116	3,496,403	3,337,345	146,841	140,950
Expenses										
Salaries, wages and employee benefits	2,088,625	1,897,421	484,656	375,845	2,224,913	2,284,072	950,713	923,654	423,028	411,508
Long-term debt charges	88,523	92,084	-	-	145,754	175,546	263,148	274,693	33,948	36,707
Materials	510,009	783,787	226,452	199,817	13,509,844	12,952,701	1,105,240	1,103,741	185,490	172,364
Contracted services	201,491	253,257	2,788,523	1,702,490	301,259	232,066	456,913	413,444	77,130	35,256
Rent and financials	15,809	21,720	-	-	6,877	11,692	4,193	9,392	36,421	47,725
External transfers to others	-	-	-	-	-	-	-	-	633,598	618,012
Amortization	41,918	30,607	97,509	105,816	2,022,427	1,339,580	737,992	756,726	31,246	31,246
	2,946,375	3,078,876	3,597,140	2,383,968	18,211,074	16,995,657	3,518,199	3,481,650	1,420,861	1,352,818
Net revenues (expenses) before undernoted item	9,993,643	10,434,581	(1,994,622)	(2,264,914)	(361,390)	(1,122,541)	(21,796)	(144,305)	(1,274,020)	(1,211,868)
Loss on disposal of tangible capital assets	-	-	-	-	(330,918)	(442,324)	-	-	-	-
Annual surplus (deficit)	9,993,643	10,434,581	(1,994,622)	(2,264,914)	(692,308)	(1,564,865)	(21,796)	(144,305)	(1,274,020)	(1,211,868)

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

Schedule 3 (continued)

Year ended December 31, 2019

	Social and Family Services		Social Housing		Recreation and Cultural Services		Planning and Development		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	-	-	-	-	-	-	-	-	10,426,211	10,656,901
Grants	818,904	1,055,841	-	-	719,396	116,004	174,646	504,442	6,370,687	3,976,103
User fees and service charges	513,043	434,837	-	-	482,644	475,398	47,815	51,068	9,556,441	9,250,953
Sale of aviation fuel	-	-	-	-	-	-	-	-	11,595,888	10,954,597
Other revenues	4,394	1,308	-	-	6,838	9,203	201,751	302,743	821,951	923,498
Interest income - general	-	-	-	-	-	-	-	-	233,717	172,714
	1,336,341	1,491,986	-	-	1,208,878	600,605	424,212	858,253	39,004,895	35,934,766
Expenses										
Salaries, wages and employee benefits	1,386,891	1,426,203	-	-	1,334,122	1,523,765	244,199	193,450	9,137,147	9,035,918
Long-term debt charges	-	-	-	-	17,600	19,747	-	-	548,973	598,777
Materials	130,604	203,195	-	-	603,104	765,908	412,352	248,032	16,683,095	16,429,545
Contracted services	18,574	9,426	-	-	203,153	262,284	116,734	466,373	4,163,777	3,374,596
Rent and financials	-	-	-	-	7,916	8,258	-	-	71,216	98,787
External transfers to others	600,417	339,516	418,804	402,984	-	-	-	-	1,652,819	1,360,512
Amortization	-	1,795	-	-	396,254	387,101	-	-	3,327,346	2,652,871
	2,136,486	1,980,135	418,804	402,984	2,562,149	2,967,063	773,285	907,855	35,584,373	33,551,006
Net revenues (expenses) before undernoted item	(800,145)	(488,149)	(418,804)	(402,984)	(1,353,271)	(2,366,458)	(349,073)	(49,602)	3,420,522	2,383,760
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	(330,918)	(442,324)
Annual surplus (deficit)	(800,145)	(488,149)	(418,804)	(402,984)	(1,353,271)	(2,366,458)	(349,073)	(49,602)	3,089,604	1,941,436

Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Sioux Lookout Public Library ("the Library"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and accumulated surplus, changes in net financial assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Sioux Lookout Public Library as at December 31, 2019, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 Library's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Library or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Library's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Library 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.

Grant Thornton LLP

Thunder Bay, Canada
August 19, 2020

Chartered Professional Accountants
Licensed Public Accountants

Sioux Lookout Public Library Board Statement of Financial Position

As at December 31	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	43,129	33,137
Accounts receivable	6,527	2,633
Total financial assets	49,656	35,770
LIABILITIES		
Accounts payable and accrued liabilities	42,082	26,579
Total liabilities	42,082	26,579
NET FINANCIAL ASSETS	7,574	9,191
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[note 2]</i>	101,173	86,659
Prepaid expenses	1,577	1,078
	102,750	87,737
Accumulated surplus <i>[note 3]</i>	110,324	96,928

See accompanying notes to the financial statements.

Sioux Lookout Public Library Board

Statement of Operations and Accumulated Surplus

Year ended December 31	2019	2019	2018
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 4]</i>		
REVENUES			
Province of Ontario operating grant	11,703	11,703	11,703
Sioux Lookout operating subsidy	342,000	342,001	330,000
Other municipal provincial grants	1,355	25,169	17,027
Other	14,515	16,368	17,278
Total revenues	369,573	395,241	376,008
EXPENSES			
Amortization	29,270	29,270	20,216
Book purchases	12,400	13,537	8,444
Building maintenance	16,699	16,121	16,399
Furniture and equipment	3,250	3,180	5,294
Legal, audit and insurance	4,360	4,476	4,359
Miscellaneous	7,950	5,569	9,206
Periodicals and newspapers	11,000	10,728	11,508
Professional development	4,800	2,641	4,758
Salaries and benefits	267,164	271,362	264,219
Supplies	10,100	12,715	9,401
Utilities	13,850	12,246	14,227
Total expenses	380,843	381,845	368,031
Annual surplus (deficit)	(11,270)	13,396	7,977
Accumulated surplus, beginning of year	96,928	96,928	88,951
Accumulated surplus, end of year	85,658	110,324	96,928

See accompanying notes to the financial statements.

Sioux Lookout Public Library Board Statement of Changes in Net Financial Assets

Year ended December 31	2019	2019	2018
	Budget \$ <i>[note 4]</i>	Actual \$	Actual \$
Annual surplus (deficit)	(11,270)	13,396	7,977
Acquisition of tangible capital assets	(18,000)	(43,784)	(22,656)
Amortization of tangible capital assets	29,270	29,270	20,216
Acquisition of prepaids	-	(1,577)	(1,078)
Use of prepaid expenses	-	1,078	1,040
Increase (decrease) in net financial assets	-	(1,617)	5,499
Net financial assets, beginning of year	9,191	9,191	3,692
Net financial assets, end of year	9,191	7,574	9,191

See accompanying notes to the financial statements.

Sioux Lookout Public Library Board

Statement of Cash Flows

Year ended December 31	2019	2018
	\$	\$
OPERATIONS		
Annual surplus	13,396	7,977
Non-cash charges		
Amortization of tangible capital assets	29,270	20,216
	42,666	28,193
Net change in non-cash working capital balances		
Decrease (increase) in accounts receivable	(3,894)	19,230
Increase prepaid expenses	(499)	(38)
Increase (decrease) in accounts payable and accrued liabilities	15,503	(20,006)
Decrease in deferred revenue	-	(9,440)
Cash provided by operating transactions	53,776	17,939
CAPITAL		
Acquisition of tangible capital assets	(43,784)	(22,656)
Cash used in capital transactions	(43,784)	(22,656)
Increase (decrease) in cash and cash equivalents during year		
	9,992	(4,717)
Cash and cash equivalents, beginning of year	33,137	37,854
Cash and cash equivalents, end of year	43,129	33,137

See accompanying notes to the financial statements.

Sioux Lookout Public Library Board

Notes to the Financial Statements

December 31, 2019

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	3 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, 2019

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

	Furniture \$	Library collection \$	2019 Total \$	2018 Total \$
COST				
Balance, beginning of year	-	176,165	176,165	156,020
Add:				
Additions during the year	20,836	22,948	43,784	22,656
Less:				
Disposals during the year	-	-	-	2,511
Balance, end of year	20,836	199,113	219,949	176,165
ACCUMULATED AMORTIZATION				
Balance, beginning of year	-	89,506	89,506	71,801
Add:				
Amortization during the year	1,689	27,581	29,270	20,216
Less:				
Accumulated amortization on disposals	-	-	-	2,511
Balance, end of year	1,689	117,087	118,776	89,506
Net book value of tangible capital assets, beginning of year	-	86,659	86,659	84,219
Net book value of tangible capital assets, end of year	19,147	82,026	101,173	86,659

Sioux Lookout Public Library Board

Notes to the Financial Statements

December 31, 2019

3. ACCUMULATED SURPLUS

	2019 \$	2018 \$
General fund	10,995	9,803
Investment in tangible capital assets	101,173	86,659
Unfunded vest sick leave	(5,300)	(6,000)
Reserve fund	3,456	6,466
Accumulated surplus	110,324	96,928

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 2019 Budget \$	PSAB Adjustment \$	PSAB Adjusted Budget \$
Revenues	369,573	-	369,573
Expenses	369,573	11,270	380,843
Annual surplus (deficit)	-	(11,270)	(11,270)
Less:			
Acquisition of tangible capital assets	-	(18,000)	(18,000)
Add:			
Amortization of tangible capital assets	-	29,270	29,270
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, 2019

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

	2019	2018
	\$	\$
Vested and non-vested sick leave payable	5,300	6,000

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, 2019 was determined by an actuarial valuation prepared for the year ended December 31, 2019.

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, 2019 are based on actuarial valuations for accounting purposes as at December 31, 2019. 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:

	2019	2018
	%	%
Wage and salary escalation	2.5	2.5
Discount on accrued benefit obligations	3.3	3.3

Sioux Lookout Public Library Board

Notes to the Financial Statements

December 31, 2019

8. SUBSEQUENT EVENT

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

In 2019, COVID-19 has not impacted the Library Board. Subsequent to year-end, the Library cash in-flows were impacted as a result of the required closure of the Library premises.

The Library has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Library for future periods.

Independent Auditor's Report

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

Opinion

We have audited the financial statements of The Corporation of the Municipality of Sioux Lookout Trust Funds (“the Trust Funds”), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and accumulated surplus, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Corporation of the Municipality of Sioux Lookout Trust Funds as at December 31, 2019, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 Trust Fund’s ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust Fund’s financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust Funds 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.

Grant Thornton LLP

Thunder Bay, Canada
August 19, 2020

Chartered Professional Accountants
Licensed Public Accountants

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

As at December 31

2019

2018

	Cemetery Perpetual Care \$	Elsie Cosco Memorial Scholarship Fund \$	Mayfair Theatre Fund \$	Total \$	Total \$
FINANCIAL ASSETS					
Investments	154,707	53,151	22,264	230,122	233,225
Receivable from the Municipality of Sioux Lookout	-	-	600	600	600
Total financial assets	154,707	53,151	22,864	230,722	233,825
FINANCIAL LIABILITIES					
Repayable to the Municipality of Sioux Lookout	-	5,400	-	5,400	7,232
Accumulated surplus	154,707	47,751	22,864	225,322	226,593
	154,707	53,151	22,864	230,722	233,825

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

2019

2018

	Cemetery Perpetual Care \$	Elsie Cosco Memorial Scholarship Fund \$	Mayfair Theatre Fund \$	Total \$	Total \$
REVENUES					
Capital receipts	624	-	-	624	3,698
Interest income	73	-	-	73	1,639
Total revenues	697	-	-	697	5,337
EXPENSES					
Transfer to the Municipality of Sioux Lookout	168	-	1,800	1,968	1,632
NET REVENUES	529	-	(1,800)	(1,271)	3,705
Annual surplus	529	-	(1,800)	(1,271)	3,705
Accumulated surplus, beginning of year	154,178	47,751	24,664	226,593	222,888
Accumulated surplus, end of year	154,707	47,751	22,864	225,322	226,593

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	2019	2018
	\$	\$
OPERATIONS		
Annual surplus	(1,271)	3,705
Net changes in non-cash working capital balances		
Increase in receivable to the Municipality of Sioux Lookout	-	(600)
Decrease in payable to the Municipality of Sioux Lookout	(1,832)	(4,129)
Cash used in operating transactions	(3,103)	(1,024)
INVESTING		
Decrease in investments	3,103	1,024
Cash provided by investing	3,103	1,024
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, 2019

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 2020 and yielding interest between 1.96% - 2.00% over their terms.

4. SUBSEQUENT EVENT

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Municipality's operations have not been significantly impacted as a result of COVID-19. There is minimal impact associated with cash in-flows for the Municipality and cash out-flows have been maintained as expected.

The Municipality has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Municipality for future periods.