



Consolidated Financial Statements

The Corporation of the Municipality of
Sioux Lookout

December 31, 2018


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 2018 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, 2018, 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, 2018, and the 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
July 17, 2019

Chartered Professional Accountants
Licensed Public Accountants

The Corporation of the Municipality of Sioux Lookout

Consolidated Statement of Financial Position

As at December 31	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents <i>[note 3]</i>	5,948,899	3,751,418
Investments <i>[note 4]</i>	1,093,175	1,087,993
Taxes receivable <i>[note 5[a]]</i>	1,338,643	1,364,738
User charges receivable <i>[note 5[b]]</i>	221,088	229,240
Accounts receivable	3,327,753	4,092,898
Inventories for resale	187,622	216,025
Investment in government business enterprise <i>[note 6]</i>	3,175,505	3,090,269
Total financial assets	15,292,685	13,832,581
LIABILITIES		
Accounts payable and accrued liabilities	2,486,713	4,400,462
Deferred revenue <i>[note 7]</i>	474,317	394,879
Debt <i>[note 9]</i>	20,983,163	18,405,515
Landfill closure and post-closure liability <i>[note 10]</i>	356,588	319,335
Employee benefits liability <i>[note 11]</i>	422,277	382,953
Total liabilities	24,723,058	23,903,144
NET DEBT	(9,430,373)	(10,070,563)
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[note 12] [schedule 2]</i>	75,945,405	74,474,957
Prepaid expenses	98,144	267,346
	76,043,549	74,742,303
Accumulated surplus <i>[schedule 1]</i>	66,613,176	64,671,740

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 2018 \$ [note 16]	Actual 2018 \$	Actual 2017 \$
REVENUES [schedule 3]			
Taxation			
Residential and farm taxation	6,402,654	6,411,987	6,034,965
Commercial and industrial	3,678,791	3,564,415	3,488,849
Taxation from other governments	667,758	680,499	652,767
	10,749,203	10,656,901	10,176,581
User charges			
Water and sewer billings	2,703,306	2,744,541	2,702,302
Other fees and service charges	6,060,889	6,506,412	6,559,295
	19,513,398	19,907,854	19,438,178
Government transfers			
Government of Canada	7,110,124	730,511	6,580,122
Province of Ontario	4,542,973	3,245,593	5,265,325
	11,653,097	3,976,104	11,845,447
Other			
Investment income	15,922	112,174	66,741
Penalties, fines and late payment charges	217,960	255,469	272,705
Sale of fuel	8,430,630	10,954,597	9,461,455
Fundraising and donations from the public	7,750	9,362	12,549
Other municipalities (POA)	140,000	66,390	20,417
Licences, permits and rents	33,150	49,243	66,245
Income from investment in government business	150,000	300,235	192,752
Other	162,000	303,338	261,269
	9,157,412	12,050,808	10,354,133
Total revenues	40,323,907	35,934,766	41,637,758

	Budget 2018 \$ [note 16]	Actual 2018 \$	Actual 2017 \$
EXPENSES [note 13] [schedule 3]			
General government	2,885,443	3,078,876	3,257,783
Protection to persons and property	2,591,040	2,383,968	1,763,234
Transportation services	14,689,389	16,995,657	15,050,111
Environmental services	3,669,827	3,481,650	3,389,675
Health services	1,250,528	1,352,818	1,321,935
Social and family services	2,424,781	1,980,135	2,341,455
Social housing	402,984	402,984	432,888
Recreation and cultural services	2,558,219	2,967,063	2,624,997
Planning and development	1,159,810	907,855	772,866
	31,632,021	33,551,006	30,954,944
NET REVENUES BEFORE UNDERNOTED ITEM			
	8,691,886	2,383,760	10,682,814
OTHER			
Loss on disposal of tangible capital assets	-	(442,324)	(442,514)
Annual surplus	8,691,886	1,941,436	10,240,300
Accumulated surplus, beginning of year	64,671,740	64,671,740	54,431,440
Accumulated surplus, end of year [schedule 1]	73,363,626	66,613,176	64,671,740

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 2018 \$ <i>[note 16]</i>	Actual 2018 \$	Actual 2017 \$
Annual surplus	8,691,886	1,941,436	10,240,300
Acquisition of tangible capital assets	(16,132,179)	(4,565,643)	(14,780,673)
Amortization of tangible capital assets	2,652,871	2,652,871	2,579,275
Loss on disposal of tangible capital assets	-	442,324	442,514
Proceeds on disposition on tangible capital assets	-	-	11,078
Acquisition of prepaid expenses	-	(98,144)	(267,346)
Use of prepaid expenses	-	267,346	267,340
Increase (decrease) in net debt	(4,787,422)	640,190	(1,507,512)
Net debt, beginning of year	(10,070,563)	(10,070,563)	(8,563,051)
Net debt, end of year	(14,857,985)	(9,430,373)	(10,070,563)

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	2018	2017
	\$	\$
OPERATIONS		
Annual surplus	1,941,436	10,240,300
Non-cash charges		
Amortization of tangible capital assets	2,652,871	2,579,275
Loss on disposal of tangible capital assets	442,324	442,514
Landfill closure and post-closure costs	37,253	49,660
Employee future benefits	39,324	(33,856)
Income from government business enterprise	(300,235)	(192,752)
	4,812,973	13,085,141
Net change in non-cash working capital balances		
Decrease (increase) in taxes receivable	26,095	(47,958)
Decrease in user charges receivable	8,152	17,211
Decrease (increase) in accounts receivable	765,145	(292,328)
Decrease (increase) inventories for resale	28,403	(21,583)
Increase (decrease) in accounts payable and accrued liabilities	(1,913,750)	262,834
Increase (decrease) in deferred revenue	79,438	(1,032,379)
Decrease (increase) in prepaid expenses	169,202	(6)
Cash provided by operating transactions	3,975,658	11,970,932
CAPITAL		
Acquisition of tangible capital assets	(4,565,643)	(14,780,673)
Proceeds on disposition of tangible capital assets	-	11,078
Cash used in capital transactions	(4,565,643)	(14,769,595)
INVESTING		
Decrease (increase) in investments	(5,182)	1,089,398
Dividends from government business enterprise	215,000	180,000
Cash provided by investing transactions	209,818	1,269,398
FINANCING		
Debt principal repayments	(999,356)	(808,243)
Long-term debt proceeds	3,577,004	4,692,764
Cash provided by financing transactions	2,577,648	3,884,521
Increase in cash and cash equivalents during year	2,197,481	2,355,256
Cash and cash equivalents, beginning of year	3,751,418	1,396,162
Cash and cash equivalents, end of year	5,948,899	3,751,418

See accompanying notes to the consolidated financial statements.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2018

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, 2018

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, 2018

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, 2018

[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, 2018

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, 2018

2. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$226,593 [2017 - \$222,888] 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

	2018 \$	2017 \$
Cash in bank	5,915,763	3,713,564
Library	33,136	37,854
	5,948,899	3,751,418

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 [2017 - \$nil] 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

	2018 \$	2017 \$
Property and business taxes receivable	2,155,595	2,227,956
Allowance for property and business tax arrears	(816,952)	(863,218)
	1,338,643	1,364,738

[b] User charges receivable

	2018 \$	2017 \$
Water receivables	221,088	229,240

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2018

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, 2018:

	2018	2017
	\$	\$
Financial position		
Current assets	3,398,647	2,934,066
Tangible capital assets	5,779,513	5,456,062
Goodwill/regulatory assets	135,208	196,146
	9,313,368	8,586,274
Current liabilities		
Current liabilities	4,188,927	4,430,662
Non-current liabilities	1,948,936	1,065,343
Net assets, end of year	3,175,505	3,090,269
	9,313,368	8,586,274
Results of operations and changes in net assets		
Revenues	10,842,888	11,663,062
Expenses	(10,542,652)	(11,470,310)
Net income for the year	300,236	192,752
Net assets, beginning of year	3,090,269	3,077,517
Dividends	(215,000)	(180,000)
Net assets, end of year	3,175,505	3,090,269

There was a dividend declared and payable of \$215,000 [2017 - \$180,000]. During the year, Sioux Lookout Hydro Inc. billed electricity and services to The Corporation of the Municipality of Sioux Lookout in the amount of \$1,174,991 [2017 - \$1,098,773].

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, 2018

7. DEFERRED REVENUE

	Government Transfer \$	Other \$	Total 2018 \$	Total 2017 \$
Obligatory reserve funds				
Unearned Gas Tax proceeds	244,045	-	244,045	227,486
Other deferred revenue				
Restricted donations	-	142,258	142,258	85,082
KDSB Child Care	-	88,014	88,014	82,311
	244,045	230,272	474,317	394,879

The continuity of deferred revenue is as follows:

	2018 \$	2017 \$
Balance, beginning of year	394,879	1,427,258
Grant proceeds - Gas Tax	322,558	354,483
Grant proceeds - other	72,320	-
Gas Tax revenue earned	(306,000)	(342,741)
Other grant revenue earned	(9,440)	(1,044,121)
Balance, end of year	474,317	394,879

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 2018 was \$539,343 [2017 - \$526,868] for current service.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2018

9. DEBT

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

	2018	2017
	\$	\$
Bank of Montreal		
Fixed term loan, 2.55%, blended monthly payments of \$2,307; due 2020.	264,741	285,410
Fixed term loan, 3.75%, blended monthly payments of \$4,813; due 2020.	59,051	108,318
Fixed term loan, 4.26%, blended monthly payments of \$5,606; due 2030.	659,632	707,854
Fixed term loan, 3.20%, blended monthly payments of \$2,074; due in 2037.	1,228,469	1,276,485
Fixed term loan, 5.01%, blended monthly payments of \$2,890; due 2028.	241,322	271,885
Fixed term loan, 3.98%, blended monthly payments of \$9,177; due 2028.	888,332	961,543
Fixed term loan, 2.55%, blended monthly payments of \$16,479; maturing 2020.	1,891,553	2,039,235
Fixed term loan, 3.03%, blended monthly payments of \$1,798; maturing 2023.	90,645	-
Fixed term loan, 3.28%, blended monthly payments of \$3,200; maturing 2028.	312,995	-
TD Canada Trust		
Bank loan, 3.71%, blended monthly payments to be determined at drawdown; due 2021.	756,038	838,665
Bank loan, 2.44%, blended monthly payments of \$7,173; maturing 2020.	700,701	768,682
Ontario Infrastructure and Lands Corporation		
Fixed term loan, 2.36.%, blended monthly payments of \$8,044; due 2022.	386,105	482,631
Loan, 3.55%, blended semi-annual payments of \$169,557; due 2038.	4,742,846	4,909,147
Carried Forward	12,222,430	12,649,855

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2018

Brought Forward	12,222,430	12,649,855
Ontario Infrastructure and Lands Corporation		
Loan, 1.68%, blended semi-annual payments of \$3,843; maturing 2021.	22,396	29,616
Loan, 2.270%, blended semi-annual payments of \$37,060; maturing 2026.	483,500	543,938
Loan, 2.39%, blended semi-annual payments of \$29,754; maturing 2036.	811,841	846,224
Sioux Lookout Airport		
Construction loan, repayment and interest terms to be determined upon completion of project and expected to be repaid through Airport operations.	6,083,647	2,933,647
Provincial Infrastructure Financing Authority		
Loan, 2.73%, blended semi-annual payments of \$15,173; maturing 2035.	400,960	419,970
Loan, 3.05%, blended semi-annual payments of \$26,824; maturing 2044.	958,389	982,265
Total municipal debt	20,983,163	18,405,515

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

	\$
2019	1,190,643
2020	1,162,740
2021	1,153,450
2022	1,145,614
2023	1,044,257
Thereafter	15,286,459
	20,983,163

[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 \$598,777 [2017 - \$483,901].

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2018

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 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 \$37,253 [2017 - \$49,660] based on a total estimated undiscounted outflow in the future of \$2,052,461 [2017 - \$1,952,295], leaving an amount to be recognized in the future of \$1,693,118 [2017 - \$1,690,868] 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

	2018	2017
	\$	\$
Vested and non-vested sick leave payable	184,001	159,098
Vacation payable	60,844	57,237
Banked stats and overtime	70,032	46,418
Post employment benefits payable	107,400	120,200
	422,277	382,953

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, 2018 was determined by an actuarial valuation prepared for the year ended December 31, 2018.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2018

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, 2018 are based on actuarial valuations for accounting purposes as at December 31, 2018. 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:

	2018	2017
	%	%
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:

	2018	2017
	\$	\$
Land and land improvement	5,460,961	5,529,972
Buildings	16,364,951	16,735,891
Machinery and equipment	3,493,362	3,630,119
Vehicles	2,976,352	2,745,600
Library collections	86,665	84,219
Sanitary and storm sewer	7,882,022	7,573,132
Roads	14,435,483	13,646,418
Water distribution	6,649,352	6,275,797
Assets under construction	18,596,257	18,253,809
	75,945,405	74,474,957

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 2018 [2017 - \$nil].

Interest capitalized during 2018 was \$nil [2017 - \$nil].

There were no contributed tangible capital assets in 2018 [2017 - \$nil].

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2018

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, 2018

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, 2018

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:

	2018 \$	2017 \$
Reserves		
Balance, beginning of year	8,152,199	6,184,848
Increases		
Transfers to reserves	2,154,857	2,949,874
Decreases		
Transfers from reserves	2,064,178	982,523
Balance, end of year	8,242,878	8,152,199

	2018 \$	2017 \$
Reserve funds		
Balance, beginning of year	2,930,124	2,494,840
Increases		
Transfers to reserve funds	1,672,505	423,945
Interest	18,943	19,019
	1,691,448	442,964
Decreases		
Transfer from reserves for capital projects	55,051	7,680
	55,051	7,680
Balance, end of year	4,566,521	2,930,124

15. DESIGNATED ASSETS

Of the financial assets reported on the Consolidated Statement of Financial Position, the Council has designated \$3,129,651 [2017 - \$1,296,454] to support reserve funds.

The Corporation of the Municipality of Sioux Lookout

Notes to the Consolidated Financial Statements

December 31, 2018

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	10,749,203	-	10,749,203
User Charges	8,764,195	-	8,764,195
Government transfers	11,653,097	-	11,653,097
Other	17,325,406	(8,167,994)	9,157,412
	48,491,901	(8,167,994)	40,323,907
Expenses			
General government	3,403,442	(517,999)	2,885,443
Protection to persons and property	3,002,080	(411,040)	2,591,040
Transportation services	25,461,183	(10,771,794)	14,689,389
Environmental services	4,272,080	(602,253)	3,669,827
Health services	1,295,597	(45,069)	1,250,528
Social and family services	2,883,396	(55,631)	2,827,765
Recreation and cultural services	2,909,927	(351,708)	2,558,219
Planning and development	5,264,196	(4,104,386)	1,159,810
	48,491,901	(16,859,880)	31,632,021
Annual surplus	-	8,691,886	8,691,886
Interfund transfers	-	831,976	
Capital items	-	(16,132,179)	
Debt proceeds	-	4,994,342	
Debt repayments	-	(1,038,896)	
Amortization	-	2,652,871	
Approved surplus	-	(8,691,886)	

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 \$1,154,738 [2017 - \$1,408,692] and the loan was not in default.

The Corporation of the Municipality of Sioux Lookout Notes to the Consolidated Financial Statements

December 31, 2018

18. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been restated from statements previously presented to conform to the presentation of the 2018 financial statements.

The Corporation of the Municipality of Sioux Lookout

Schedule 1

Consolidated Schedule of Accumulated Surplus

Year ended December 31	2018	2017
	\$	\$
Surplus (deficit)		
General fund	(3,374,589)	(4,450,588)
Investment in tangible capital assets	75,945,405	74,474,957
Unfunded		
Debt	(20,983,163)	(18,405,515)
Employee future benefits	(422,277)	(382,953)
Home for the aged	(180,516)	(417,418)
Landfill closure and post-closure liabilities	(356,588)	(319,335)
Total surplus	50,628,272	50,499,148
Reserves set aside for specific purposes by Council		
For working capital	1,646,245	2,635,303
For capital expenditures	6,596,633	5,516,896
Total reserves	8,242,878	8,152,199
Reserve funds set aside for specific purposes by Council		
For library acquisition of capital assets	3,456	6,466
For landfill closure and land development	259,121	257,275
For airport capital	1,093,175	1,087,993
For infrastructure	1,605,912	145,759
For utilities	911,747	904,979
For aggregate	119,450	118,527
For land development	573,660	409,125
Total reserve funds	4,566,521	2,930,124
Net equity in government business enterprises	3,175,505	3,090,269
Accumulated surplus	66,613,176	64,671,740

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

Schedule 2

Year ended December 31, 2018

	General					Infrastructure			Totals		
	Land and Land Improvements \$	Buildings \$	Machinery and Equipment \$	Vehicles \$	Library Collection \$	Sanitary and Storm Sewer \$	Roads \$	Water Distribution \$	Assets Under Construction \$	2018 \$	2017 \$
COST											
Balance, beginning 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
Add											
Additions during the year	75,609	282,161	214,126	600,607	22,662	-	-	-	3,370,478	4,565,643	14,780,673
Less											
Disposals during the year	22,354	358,043	8,390	270,131	2,511	37,604	68,702	21,472	253,630	1,042,837	1,050,230
Other transfers	-	-	-	-	-	446,337	1,841,039	487,024	(2,774,400)	-	-
Balance, end 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
ACCUMULATED AMORTIZATION											
Balance, beginning 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
Add											
Amortization during the year	122,266	552,575	350,884	306,306	20,216	135,599	1,051,974	113,051	-	2,652,871	2,579,275
Less											
Accumulated amortization on disposals	-	257,517	8,391	206,582	2,511	35,756	68,702	21,054	-	600,513	596,638
Balance, end 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
Net book value of tangible capital assets, beginning 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
Net book value of tangible capital assets, end 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

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

Schedule 3

Year ended December 31, 2018

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Revenues										
Taxation	10,656,901	10,176,581	-	-	-	-	-	-	-	-
Grants	1,511,762	2,032,341	12,635	3,750	719,172	6,040,446	56,247	58,381	-	-
User fees and service charges	787,119	455,355	7,401	18,790	4,090,072	4,403,077	3,266,897	3,250,085	138,161	134,904
Sale of aviation fuel	-	-	-	-	10,954,597	9,461,455	-	-	-	-
Other revenues	491,274	463,848	99,018	74,071	2,962	86,976	14,201	13,585	2,789	2,552
Interest income - general	66,401	24,137	-	-	106,313	135,745	-	-	-	-
	13,513,457	13,152,262	119,054	96,611	15,873,116	20,127,699	3,337,345	3,322,051	140,950	137,456
Expenses										
Salaries, wages and employee benefits	1,897,421	1,585,518	375,845	393,204	2,284,072	2,205,188	923,654	918,037	411,508	389,864
Long-term debt charges	92,084	96,024	-	-	175,546	93,435	274,693	235,866	36,707	39,866
Materials	783,787	1,218,684	199,817	167,607	12,952,701	11,233,561	1,103,741	1,071,818	172,364	195,267
Contracted services	253,257	304,208	1,702,490	1,112,852	232,066	240,387	413,444	376,035	35,256	48,632
Rent and financials	21,720	22,546	-	-	11,692	12,282	9,392	3,905	47,725	41,036
External transfers to others	-	-	-	-	-	-	-	-	618,012	576,024
Amortization	30,607	30,803	105,816	89,571	1,339,580	1,265,258	756,726	784,014	31,246	31,246
	3,078,876	3,257,783	2,383,968	1,763,234	16,995,657	15,050,111	3,481,650	3,389,675	1,352,818	1,321,935
Net revenues (expenses) before undernoted item	10,434,581	9,894,479	(2,264,914)	(1,666,623)	(1,122,541)	5,077,588	(144,305)	(67,624)	(1,211,868)	(1,184,479)
Loss on disposal of tangible capital assets	-	-	-	-	(442,324)	(442,514)	-	-	-	-
Annual surplus (deficit)	10,434,581	9,894,479	(2,264,914)	(1,666,623)	(1,564,865)	4,635,074	(144,305)	(67,624)	(1,211,868)	(1,184,479)

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

Schedule 3 (continued)

Year ended December 31, 2018

	Social and Family Services		Social Housing		Recreation and Cultural Services		Planning and Development		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenues										
Taxation	-	-	-	-	-	-	-	-	10,656,901	10,176,581
Grants	1,055,841	1,075,624	-	-	116,004	222,879	504,442	2,412,026	3,976,103	11,845,447
User fees and service charges	434,837	418,184	-	-	475,398	490,717	51,068	90,486	9,250,953	9,261,598
Sale of aviation fuel	-	-	-	-	-	-	-	-	10,954,597	9,461,455
Other revenues	1,308	5,059	-	-	9,203	13,017	302,743	73,687	923,498	732,795
Interest income - general	-	-	-	-	-	-	-	-	172,714	159,882
	1,491,986	1,498,867	-	-	600,605	726,613	858,253	2,576,199	35,934,766	41,637,758
Expenses										
Salaries, wages and employee benefits	1,426,203	1,512,761	-	-	1,523,765	1,503,001	193,450	151,677	9,035,918	8,659,250
Long-term debt charges	-	-	-	-	19,747	18,710	-	-	598,777	483,901
Materials	203,195	207,028	-	-	765,908	579,485	248,032	200,221	16,429,545	14,873,671
Contracted services	9,426	23,623	-	-	262,284	139,700	466,373	420,968	3,374,596	2,666,405
Rent and financials	-	-	-	-	8,258	8,411	-	-	98,787	88,180
External transfers to others	339,516	595,350	402,984	432,888	-	-	-	-	1,360,512	1,604,262
Amortization	1,795	2,693	-	-	387,101	375,690	-	-	2,652,871	2,579,275
	1,980,135	2,341,455	402,984	432,888	2,967,063	2,624,997	907,855	772,866	33,551,006	30,954,944
Net revenues (expenses) before undernoted item										
	(488,149)	(842,588)	(402,984)	(432,888)	(2,366,458)	(1,898,384)	(49,602)	1,803,333	2,383,760	10,682,814
Loss on disposal of tangible capital assets	-	-	-	-	-	-	-	-	(442,324)	(442,514)
Annual surplus (deficit)										
	(488,149)	(842,588)	(402,984)	(432,888)	(2,366,458)	(1,898,384)	(49,602)	1,803,333	1,941,436	10,240,300

Independent Auditor's Report

Grant Thornton LLP

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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, 2018, 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, 2018, 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
July 17, 2019

Chartered Professional Accountants
Licensed Public Accountants

Sioux Lookout Public Library Board Statement of Financial Position

As at December 31	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents	33,137	37,854
Accounts receivable	2,633	21,862
Total financial assets	35,770	59,716
LIABILITIES		
Accounts payable and accrued liabilities	26,579	46,584
Deferred revenue	-	9,440
Total liabilities	26,579	56,024
NET FINANCIAL ASSETS	9,191	3,692
NON-FINANCIAL ASSETS		
Tangible capital assets - net <i>[note 2]</i>	86,659	84,219
Prepaid expenses	1,078	1,040
	87,737	85,259
Accumulated surplus <i>[note 3]</i>	96,928	88,951

See accompanying notes to the financial statements.

Sioux Lookout Public Library Board

Statement of Operations and Accumulated Surplus

Year ended December 31	2018	2018	2017
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 4]</i>		
REVENUES			
Province of Ontario operating grant	11,703	11,703	11,703
Sioux Lookout operating subsidy	330,000	330,000	330,000
Other municipal provincial grants	22,935	17,027	38,663
Other	14,300	17,278	25,327
Total revenues	378,938	376,008	405,693
EXPENSES			
Amortization	20,216	20,216	17,634
Book purchases	8,600	8,444	10,408
Building maintenance	17,390	16,399	15,743
Furniture and equipment	10,270	5,294	923
Legal, audit and insurance	4,500	4,359	4,335
Miscellaneous	10,050	9,206	11,004
Periodicals and newspapers	10,650	11,508	8,129
Professional development	5,300	4,758	4,403
Salaries and benefits	273,453	264,219	273,323
Supplies	9,450	9,401	10,853
Utilities	14,475	14,227	14,722
Total expenses	384,354	368,031	371,477
Annual surplus (deficit)	(5,416)	7,977	34,216
Accumulated surplus, beginning of year	88,951	88,951	54,735
Accumulated surplus, end of year	83,535	96,928	88,951

See accompanying notes to the financial statements.

Sioux Lookout Public Library Board

Statement of Changes in Net Financial Assets

Year ended December 31	2018	2018	2017
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 4]</i>		
Annual surplus (deficit)	(5,416)	7,977	34,216
Acquisition of tangible capital assets	(18,000)	(22,656)	(25,735)
Amortization of tangible capital assets	20,216	20,216	17,634
Acquisition of prepaids	-	(1,078)	(1,040)
Use of prepaid expenses	-	1,040	1,040
Increase (decrease) in net financial assets	(3,200)	5,499	26,115
Net financial assets (debt), beginning of year	3,692	3,692	(22,423)
Net financial assets, end of year	492	9,191	3,692

See accompanying notes to the financial statements.

Sioux Lookout Public Library Board

Statement of Cash Flows

Year ended December 31	2018	2017
	\$	\$
OPERATIONS		
Annual surplus	7,977	34,216
Non-cash charges		
Amortization of tangible capital assets	20,216	17,634
	28,193	51,850
Net change in non-cash working capital balances		
Decrease (increase) in accounts receivable	19,230	(2,989)
Increase prepaid expenses	(38)	-
Decrease in accounts payable and accrued liabilities	(20,006)	(18,712)
Increase (decrease) in deferred revenue	(9,440)	9,440
Cash provided by operating transactions	17,939	39,589
CAPITAL		
Acquisition of tangible capital assets	(22,656)	(25,735)
Cash used in capital transactions	(22,656)	(25,735)
Increase (decrease) in cash and cash equivalents during year		
	(4,717)	13,854
Cash and cash equivalents, beginning of year	37,854	24,000
Cash and cash equivalents, end of year	33,137	37,854

See accompanying notes to the financial statements.

Sioux Lookout Public Library Board

Notes to the Financial Statements

December 31, 2018

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, 2018

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 \$	2018 Total \$	2017 Total \$
COST			
Balance, beginning of year	156,020	156,020	150,780
Add:			
Additions during the year	22,656	22,656	25,735
Less:			
Disposals during the year	2,511	2,511	20,495
Balance, end of year	176,165	176,165	156,020
ACCUMULATED AMORTIZATION			
Balance, beginning of year	71,801	71,801	74,662
Add:			
Amortization during the year	20,216	20,216	17,634
Less:			
Accumulated amortization on disposals	2,511	2,511	20,495
Balance, end of year	89,506	89,506	71,801
Net book value of tangible capital assets, beginning of year	84,219	84,219	76,118
Net book value of tangible capital assets, end of year	86,659	86,659	84,219

Sioux Lookout Public Library Board

Notes to the Financial Statements

December 31, 2018

3. ACCUMULATED SURPLUS

	2018	2017
	\$	\$
General fund	10,269	4,732
Investment in tangible capital assets	86,659	84,219
Accumulated surplus	96,928	88,951

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 2018 Budget	PSAB Adjustment	PSAB Adjusted Budget
	\$	\$	\$
Revenues	382,138	(3,200)	378,938
Expenses	382,138	2,216	384,354
Annual surplus (deficit)	-	(5,416)	(5,416)
Less:			
Acquisition of tangible capital assets	-	(18,000)	(18,000)
Add:			
Transfers from reserve funds	-	3,200	3,200
Amortization of tangible capital assets	-	20,216	20,216
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, 2018

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

	2018	2017
	\$	\$
Vested and non-vested sick leave payable	6,000	8,000

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, 2018 was determined by an actuarial valuation prepared for the year ended December 31, 2018.

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, 2018 are based on actuarial valuations for accounting purposes as at December 31, 2018. 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:

	2018	2017
	%	%
Wage and salary escalation	2.5	2.5
Discount on accrued benefit obligations	3.3	3.3

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, 2018, 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, 2018, 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
July 17, 2019

Chartered Professional Accountants
Licensed Public Accountants

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

As at December 31

2018

2017

	Cemetery Perpetual Care \$	Elsie Cosco Memorial Scholarship Fund \$	Mayfair Theatre Fund \$	Total \$	Total \$
FINANCIAL ASSETS					
Investments	154,210	54,951	24,064	233,225	234,249
Receivable from the Municipality of Sioux Lookout	-	-	600	600	-
Total financial assets	154,210	54,951	24,664	233,825	234,249
FINANCIAL LIABILITIES					
Repayable to the Municipality of Sioux Lookout	32	7,200	-	7,232	11,361
Accumulated surplus	154,178	47,751	24,664	226,593	222,888
	154,210	54,951	24,664	233,825	234,249

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

2018

2017

	Cemetery Perpetual Care \$	Elsie Cosco Memorial Scholarship Fund \$	Mayfair Theatre Fund \$	Total \$	Total \$
REVENUES					
Capital receipts	3,698	-	-	3,698	2,950
Interest income	1,639	-	-	1,639	1,459
Total revenues	5,337	-	-	5,337	4,409
EXPENSES					
Transfer to the Municipality of Sioux Lookout	1,632	-	-	1,632	2,011
NET REVENUES	3,705	-	-	3,705	2,398
Annual surplus	3,705	-	-	3,705	2,398
Accumulated surplus, beginning of year	150,473	47,751	24,664	222,888	220,490
Accumulated surplus, end of year	154,178	47,751	24,664	226,593	222,888

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	2018	2017
	\$	\$
OPERATIONS		
Annual surplus	3,705	2,398
Net changes in non-cash working capital balances		
Increase (decrease) in payable to the Municipality of Sioux Lookout	(4,129)	18,315
Increase in receivable to the Municipality of Sioux Lookout	(600)	-
Cash provided by (used in) operating transactions	(1,024)	20,713
INVESTING		
Decrease (increase) in investments	1,024	(20,713)
Cash provided by (used in) investing	1,024	(20,713)
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, 2018

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.