

**Corporation of the Municipality of
Sioux Lookout
Financial Statements
For the year ended December 31, 2006**

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Auditors' Report

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

We have audited the consolidated statement of financial position of Corporation of the Municipality of Sioux Lookout as at December 31, 2006 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Corporation of the Municipality of Sioux Lookout as at December 31, 2006 and the results of its financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Dryden, Ontario
March 23, 2007

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

December 31	2006	2005
Assets		
Financial assets		
Cash and cash equivalents	\$ 2,619,904	\$ 688,930
Temporary investments (Note 1)	1,795,792	1,643,991
Taxes receivable	1,239,286	1,238,453
Accounts receivable	1,323,253	1,020,431
Grants receivable	1,246,337	1,559,308
Investment in government business enterprises (Note 2)	4,269,107	4,427,912
Payments in lieu receivable (Note 3)	180,399	175,265
Inventory held for resale	211,496	132,241
	\$ 12,885,574	\$ 10,886,531
Liabilities and Municipal Position		
Liabilities		
Bank indebtedness (Note 4)	\$ 547,239	\$ 961,759
Accounts payable and accrued liabilities	3,118,157	2,226,566
Deferred revenue (Schedule)	1,113,772	15,463
Landfill closure and post closure liability (Note 5)	480,349	469,089
Net long-term liabilities (Note 6)	18,473,922	19,193,471
Employee benefits liability (Note 7)	603,680	565,169
	24,337,119	23,431,517
Municipal position		
Current fund (Note 8)	1,225,050	471,268
Capital fund	(1,561,289)	(671,694)
Reserves and reserve funds	4,745,067	3,755,105
Net equity in government business enterprises (Note 2)	4,269,107	4,427,912
	8,677,935	7,982,591
Amounts to be recovered (Note 9)	(20,129,480)	(20,527,577)
	(11,451,545)	(12,544,986)
	\$ 12,885,574	\$ 10,886,531

The accompanying summary of significant accounting policies, notes and schedules are an integral part of these financial statements.

Corporation of the Municipality of Sioux Lookout Consolidated Statement of Financial Activities

For the year ended December 31	2006 Budget	2006 Actual	2005 Actual
Revenue			
Taxation	\$ 5,334,387	\$ 5,433,801	\$ 4,904,887
Payments in lieu of taxation	460,651	407,713	390,425
Fees, rentals and user charges	6,075,200	6,128,698	6,253,351
Canada grants	396,759	597,280	730,157
Ontario grants	7,591,012	6,895,768	5,258,170
Sioux Lookout Hydro Inc. share of income	-	128,542	59,225
Sioux Hudson Energy Inc. share of income	-	(2,189)	4,862
Other income (Note 10)	1,347,736	716,673	744,379
	<u>21,205,745</u>	<u>20,306,286</u>	<u>18,345,456</u>
Expenditures			
Current (Note 11)			
General government	1,887,781	2,038,378	1,627,557
Protection services	3,452,303	3,223,544	3,315,385
Transportation services	2,660,178	2,652,119	2,528,542
Environmental services	2,069,954	2,002,015	1,947,221
Health services	747,214	716,985	708,036
Social and family services	1,512,142	2,190,121	1,990,224
Social housing	2,094,493	1,726,487	1,732,837
Recreational and cultural services	1,277,239	1,334,984	1,063,097
Planning and development	642,589	393,904	375,087
	<u>16,343,893</u>	<u>16,278,537</u>	<u>15,287,986</u>
Capital			
General government	40,000	-	-
Protection services	10,000	-	-
Transportation services	1,407,197	564,649	281,566
Environmental services	280,050	1,983,678	1,854,803
Social housing	-	134,227	89,319
Recreational and cultural services	100,000	-	-
Planning and development	2,395,250	147,520	225,000
	<u>4,232,497</u>	<u>2,830,074</u>	<u>2,450,688</u>
Total expenditures	<u>20,576,390</u>	<u>19,108,611</u>	<u>17,738,674</u>
Net revenue for the year	<u>629,355</u>	<u>1,197,675</u>	<u>606,782</u>
Change in amounts to be recovered			
Debt principal repayments	(761,654)	(719,548)	(671,272)
Change in accrued interest payable	-	-	(64,380)
Change in vested sick leave payable	-	74,580	4,722
Change in Home for the Aged payable	-	235,611	223,691
Transferred to deferred revenue	-	(104,234)	-
Change in landfill closure and post closure costs	-	11,260	(4,112)
	<u>(761,654)</u>	<u>(502,331)</u>	<u>(511,351)</u>
Change in fund balances for the year	<u>\$ (132,299)</u>	<u>\$ 695,344</u>	<u>\$ 95,431</u>

The accompanying summary of significant accounting policies, notes and schedules are an integral part of these financial statements.

Corporation of the Municipality of Sioux Lookout Consolidated Statement of Changes in Financial Position

For the year ended December 31	2006	2005
Cash provided by (used in)		
Operating activities		
Net revenue for the year	\$ 1,197,675	\$ 606,782
Item not involving cash		
Net investment gain in government business enterprises (Note 2)	(126,353)	(64,087)
	1,071,322	542,695
Changes in non-cash working capital balances		
Increase in taxes receivable	(833)	(479,166)
Increase in accounts receivable	(302,822)	(99,475)
Increase in inventory for resale	(79,255)	(31,374)
Decrease in grants receivable	312,971	482,264
Increase (decrease) in employee benefits liability	38,511	(87,619)
Increase in payment in lieu receivable	(5,134)	(40,840)
Increase (decrease) in accounts payable and accrued liabilities	891,591	(79,647)
Increase in deferred revenue	1,098,309	15,463
Increase (decrease) in landfill closure and post closure liability	11,260	(4,112)
	1,964,598	(324,506)
	3,035,920	218,189
Investing activities		
Dividend from Sioux Lookout Hydro Inc.	285,158	132,538
Financing activities		
Transfer to obligatory reserve fund	(104,234)	-
Decrease in long-term liabilities	(719,549)	(671,272)
Increase in temporary investments	(151,801)	(79,639)
Increase (decrease) in bank indebtedness	(414,520)	683,306
	(1,390,104)	(67,605)
Net change in cash and cash equivalents	1,930,974	283,122
Cash, beginning of the year	688,930	405,808
Cash, end of the year	\$ 2,619,904	\$ 688,930

The accompanying summary of significant accounting policies, notes and schedules are an integral part of these financial statements.

Corporation of the Municipality of Sioux Lookout Summary of Significant Accounting Policies

December 31, 2006

Management Responsibility

The consolidated financial statements of Corporation of the Municipality of Sioux Lookout are the representations of management. They have been prepared in accordance with accounting principles established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the current fund, capital fund, reserves and reserve funds of all municipal organizations, committees and boards which are owned or controlled by Council. All interfund assets and liabilities and revenue and expenditures have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by the Council have been consolidated:

Corporation of the Municipality of Sioux Lookout Public Library Board
Town of Sioux Lookout Non-Profit Housing Corporation
Sioux Lookout Airport Commission

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.
Sioux Hudson Energy Inc.

Non-consolidated Entities

The following joint boards are not consolidated:

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

Basis of Accounting

Revenue and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Corporation of the Municipality of Sioux Lookout Summary of Significant Accounting Policies

December 31, 2006

Temporary Investments	Temporary investments are recorded at the lower of cost and market value.
Capital Assets	The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the consolidated statement of financial activities in the period of acquisition.
Amounts to be Recovered	Amounts to be recovered are reported in the municipal position on the consolidated statement of financial position. The balance represents the outstanding principal portion of unmatured long-term liabilities, liabilities not yet due and other future expenditures not yet levied on the ratepayers.
School Boards	The municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.
Trust Funds	Funds held in trust by the municipality and their related operations are not included in these financial statements. The financial activity and position of the trust funds are reported separately on the trust funds statement of continuity and balance sheet.
Inventory Held for Resale	Inventory held for resale is valued at the lower of cost and net realizable value.
Government Transfers	Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligible criteria have been met and reasonable estimates of the amount can be made.

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

December 31, 2006

1. Temporary Investments

	2006	2005
Unrestricted	\$ 38,852	\$ -
Restricted	1,756,940	1,643,991
	\$ 1,795,792	\$ 1,643,991

Investments have a market value of \$1,809,534 (2005 - \$1,645,146) at the end of the year.

The restricted temporary investments comprise of Canadian money market, bond and equity mutual funds held by Town of Sioux Lookout Non-Profit Housing Corporation in a capital reserve fund and a term investment of the federal gas tax rebates. The term investment has an interest rate of 3%.

2. Investment in Government Business Enterprises

Sioux Lookout Hydro Inc. and Sioux Hudson Energy Inc. are owned and controlled by 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 financial statements. The following information provides condensed supplementary information for the enterprise for the year ended December 31, 2006.

1) Financial Position

	Sioux Hudson Energy Inc.	Sioux Lookout Hydro Inc.	2006 Total	2005 Total
Current assets	\$ 1,746	\$ 3,383,296	\$ 3,385,042	\$ 2,843,711
Capital assets	49,418	4,704,166	4,753,584	4,944,756
Goodwill/regulatory assets	-	300,979	300,979	300,979
	\$ 51,164	\$ 8,388,441	\$ 8,439,605	\$ 8,089,446
Current liabilities	\$ 1,900	\$ 3,837,868	\$ 3,839,768	\$ 3,608,910
Long-term liabilities	49,164	281,566	330,730	52,624
	51,064	4,119,434	4,170,498	3,661,534
Net Assets, end of the year	100	4,269,007	4,269,107	4,427,912
	\$ 51,164	\$ 8,388,441	\$ 8,439,605	\$ 8,089,446

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

December 31, 2006

2. Investment in Government Business Enterprises (continued)

ii) Results of operations and changes in Net Assets

	Sioux Hudson Energy Inc.	Sioux Lookout Hydro Inc.	2006 Total	2005 Total
Revenue	\$ 19,659	\$ 8,167,842	\$ 8,187,501	\$ 7,248,159
Expenses	21,848	8,039,300	8,061,148	7,184,072
	(2,189)	128,542	126,353	64,087
Net Assets, beginning of the year	2,289	4,425,623	4,427,912	4,496,363
Dividends	-	(285,158)	(285,158)	(132,538)
Net Assets, end of the year	<u>\$ 100</u>	<u>\$ 4,269,007</u>	<u>\$ 4,269,107</u>	<u>\$ 4,427,912</u>

3. Payment in Lieu Receivable

	2006	2005
Payment in lieu receivable	\$ 377,499	\$ 304,365
Allowance for doubtful accounts	(197,100)	(129,100)
	<u>\$ 180,399</u>	<u>\$ 175,265</u>

4. Bank Indebtedness

The municipality has an operating line of credit of \$4,000,000 that bears an interest rate of prime minus 0.50% and is due on demand. The operating line of credit is secured by Council By-Laws and there are unused credit facilities of \$4,000,000 at December 31, 2006.

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

December 31, 2006

5. Landfill Closure and Post Closure Liability

Effective January 1, 2001, the municipality adopted accounting recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants with respect to landfill site closure and post closure costs. As a result, the consolidated statement of financial position now reflects liabilities for anticipated future costs related to the closing and monitoring of the existing landfill sites. This liability is recognized over the operating life of the waste disposal site, in proportion to the site's utilized capacity.

Relevant information regarding the landfill site is as follows:

	New Landfill Site	Old Landfill Site
Total estimated expenditures for closure and post closure cost	\$ 417,883	\$ 458,936
Landfill Closure and Post Closure Liability as at December 31, 2006	\$ 21,413	\$ 458,936
Total expenditures remaining to be recognized	\$ 396,470	\$ -
Remaining capacity of the site (cubic metres)	381,401	-
Remaining land fill site life (years)	38	-
Number of years required for post closure care	25	25

6. Net Long-term Liabilities

a) The balance of net long-term liabilities reported on the consolidated statement of financial position is made up of the following:

	<u>2006</u>	<u>2005</u>
Total net long-term liabilities incurred by the municipality, maturing in 2029 and outstanding at the end of the year	\$ 18,473,922	\$ 19,193,471

b) Debt charges for the next five years and thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 867,584	\$ 959,580	\$ 1,827,164
2008	880,533	899,469	1,780,002
2009	750,793	856,147	1,606,940
2010	792,106	814,834	1,606,940
2011	836,007	770,932	1,606,939
Thereafter	14,346,899	6,542,294	20,889,193
	\$ 18,473,922	\$ 10,843,256	\$ 29,317,178

c) The net long-term liabilities in (a) issued in the name of the municipality have either received approval of the Ontario Municipal Board on or before December 31, 1992, or are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs if issued after December 1, 1992.

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

December 31, 2006

7. Employee Benefits Liability

	2006	2005
Vested sick leave payable	\$ 430,369	\$ 355,788
Vacation payable	59,384	107,218
Banked stats and overtime	40,727	38,963
Post employment benefits payable	73,200	63,200
	\$ 603,680	\$ 565,169

8. Current Fund

The balance on the consolidated statement of financial activities of \$1,225,050 (\$471,268 in 2005) at the end of the year are comprised of the following:

	2006	2005
To be applied to operations of the operating fund for the following year	\$ 941,522	\$ 228,278
To be applied to operations of Town of Sioux Lookout Non-Profit Housing Corporation	272,239	238,958
To be applied to operations of local board for the following year	11,289	4,032
Current Fund, end of the year	\$ 1,225,050	\$ 471,268

9. Amounts to be Recovered

	2006	2005
Capital outlay financed by net long-term liabilities and to be recovered in future years	\$ 18,473,922	\$ 19,193,471
Landfill closure and post closure costs	480,349	469,089
Home for the Aged	744,840	509,229
Vested sick leave payable	430,369	355,788
	\$ 20,129,480	\$ 20,527,577

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

December 31, 2006

10. Other Income

	2006	2005
Penalties and interest on taxation	\$ 208,536	\$ 131,878
Investment	132,208	57,413
Other municipalities (POA)	221,174	102,624
Fund raising and donations from the public	24,032	15,635
Fines	24,631	30,152
Sale of land and equipment	-	280,681
Licences and permits	59,020	89,513
Non-profit housing corporation non-rental revenue	47,072	36,483
	\$ 716,673	\$ 744,379

11. Expenditures by Object

Total operating expenditures for the year reported on the consolidated statement of financial activities are as follows:

	2006	2005
Salaries, wages and employee benefits	\$ 5,364,491	\$ 4,803,958
Materials	3,708,759	3,500,957
Contracted services	4,000,476	3,808,553
Rents and financial expenses	284,983	154,091
Interest on long-term debt	987,756	1,073,529
Contributions to other organizations	1,932,072	1,946,898
	\$ 16,278,537	\$ 15,287,986

12. Public Sector Salary Disclosure

During 2006, one employee was paid a salary, as defined in the Public Sector Disclosure Act (1996), of \$100,000 or more by Corporation of the Municipality of Sioux Lookout.

Merlin Dewing	Chief Administrative Officer	\$ 129,041
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13. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 85 members of its staff. This plan is a defined benefit plan which specifies the amount of the retirement to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2006 was \$266,741 (2005 - \$215,616).

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

December 31, 2006

14. Trust Funds

The trust funds administered by the municipality amounting to \$195,181 (2005 - \$198,935) have not been included in the consolidated statement of financial position nor have the operations been included in the consolidated statement of financial activities. At December 31, the trust funds balances are as follows:

	<u>2006</u>	<u>2005</u>
Cemetery Perpetual Care	\$ 90,358	\$ 87,517
Ontario Home Renewal Plan	20,513	27,777
Elsie Cosco Memorial Scholarship Fund	58,656	58,013
Mayfair Theatre Fund	25,654	25,628
	<u>\$ 195,181</u>	<u>\$ 198,935</u>

15. Contributions to Unconsolidated Joint Boards

Further to the Significant Accounting Policies, the following contributions were made by the municipality to these boards:

	<u>2006</u>	<u>2005</u>
District of Kenora Home for the Aged	\$ 576,935	\$ 581,540
Kenora District Services Board	1,092,878	1,077,742
Northwestern Health Unit	242,529	242,529
	<u>\$ 1,912,342</u>	<u>\$ 1,901,811</u>

16. Insured Value of Physical Assets

The amounts below represent the estimated values of the physical assets for insurance purposes.

Blanket Coverage	<u>\$ 52,772,800</u>
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17. Financial Instruments

Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair value of the financial instruments approximates their carrying values, unless otherwise noted.

**Corporation of the Municipality of Sioux Lookout
Schedule of Deferred Revenue**

For the year ended December 31, 2006

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Airport Improvement Fund \$	-	\$ 266,036	\$ -	\$ -	\$ 266,036
Gas Tax Rebate	-	208,283	683	-	208,966
	-	474,319	683	-	475,002
Other					
Ontario Trillium Foundation grant	-	50,800	-	-	50,800
Fire equipment grant	15,463	-	-	(9,335)	6,128
NOHFC Highway 72 project grant	-	500,000	-	-	500,000
KDSB start-up grant	-	130,000	-	(48,158)	81,842
	15,463	680,800	-	(57,493)	638,770
	\$ 15,463	\$ 1,155,119	\$ 683	\$ (57,493)	\$ 1,113,772

Corporation of the Municipality of Sioux Lookout Schedule of Current Fund Operations

For the year ended December 31	2006 Budget	2006 Actual	2005 Actual
Revenue			
Taxation	\$ 5,334,387	\$ 5,433,801	\$ 4,904,887
Payments in lieu of taxation	460,651	407,713	390,425
Fees, rentals and user charges	5,760,336	6,113,124	6,253,351
Canada grants	151,059	46,763	45,867
Ontario grants	5,384,012	5,971,009	4,258,477
Other	1,234,236	940,794	603,376
	<u>18,324,681</u>	<u>18,913,204</u>	<u>16,456,383</u>
Expenditures			
General government	1,887,781	2,038,378	1,627,557
Protection to persons and property	3,452,303	3,223,544	3,315,385
Transportation services	2,660,178	2,652,119	2,528,542
Environmental services	2,069,954	2,002,015	1,947,221
Health services	747,214	716,985	708,036
Social and family services	1,512,142	2,190,121	1,990,224
Social housing	2,094,493	1,726,487	1,732,837
Recreational and cultural services	1,277,239	1,334,984	1,063,097
Planning and development	642,589	393,904	375,087
	<u>16,343,893</u>	<u>16,278,537</u>	<u>15,287,986</u>
Net revenue (expenditures) for the year	<u>1,980,788</u>	<u>2,634,667</u>	<u>1,168,397</u>
Financing and transfers			
Debt principal repayments	(761,654)	(719,548)	(671,272)
Change in accrued interest payable	-	-	(64,380)
Change in Home for the Aged payable	-	235,611	223,691
Change in vested sick leave payable	-	74,580	4,722
Change in landfill closure and post closure costs	-	11,260	(4,112)
Transfers to capital fund operations	(149,500)	(15,563)	(137,685)
Transfers to reserves and reserve funds	(1,290,583)	(1,467,225)	(971,332)
	<u>(2,201,737)</u>	<u>(1,880,885)</u>	<u>(1,620,368)</u>
Change in fund balance for the year	(220,949)	753,782	(451,971)
Current Fund, beginning of the year	<u>228,278</u>	<u>471,268</u>	<u>923,239</u>
Current Fund, end of the year	<u>\$ 7,329</u>	<u>\$ 1,225,050</u>	<u>\$ 471,268</u>

Corporation of the Municipality of Sioux Lookout Schedule of Capital Fund Operations

For the year ended December 31	2006 Budget	2006 Actual	2005 Actual
Revenue			
Fees, rentals and user charges	\$ 314,864	\$ 15,574	\$ -
Canada grants	245,700	550,517	684,290
Ontario grants	2,207,000	924,759	999,693
Other	113,500	-	225,000
	<u>2,881,064</u>	<u>1,490,850</u>	<u>1,908,983</u>
Expenditures			
General government	40,000	-	-
Protection to persons and property	10,000	-	-
Transportation services	1,407,197	564,649	281,566
Environmental services	280,050	1,983,678	1,854,803
Social housing	-	134,227	89,319
Recreational and cultural services	100,000	-	-
Planning and development	2,395,250	147,520	225,000
	<u>4,232,497</u>	<u>2,830,074</u>	<u>2,450,688</u>
Net revenue (expenditures) for the year	<u>(1,351,433)</u>	<u>(1,339,224)</u>	<u>(541,705)</u>
Financing and transfers			
Transfers from current fund operations	149,500	15,563	137,685
Transfers from (to) reserves and reserve funds	824,304	434,066	(14,729)
	<u>973,804</u>	<u>449,629</u>	<u>122,956</u>
Change in fund balances for the year	<u>(377,629)</u>	<u>(889,595)</u>	<u>(418,749)</u>
Capital Fund, beginning of the year	<u>-</u>	<u>(671,694)</u>	<u>(252,945)</u>
Capital Fund, end of the year	<u>\$ (377,629)</u>	<u>\$ (1,561,289)</u>	<u>\$ (671,694)</u>

Corporation of the Municipality of Sioux Lookout Schedule of Reserves and Reserve Funds

For the year ended December 31	2006 Budget	2006 Actual	2005 Actual
Revenue			
Interest	\$ -	\$ 61,037	\$ 48,541
Expenditures	-	-	-
Net revenue (expenditures) for the year	-	61,037	48,541
Net transfers from (to) other funds			
Transfers from current fund operations	1,290,585	1,467,225	971,332
Transfers from (to) capital fund operations	(824,304)	(434,066)	14,729
Transfer to deferred revenue	-	(104,234)	-
	466,281	928,925	986,061
Change in fund balances for the year	466,281	989,962	1,034,602
Reserves and Reserve Funds, beginning of the year	3,755,105	3,755,105	2,720,503
Reserves and Reserve Funds, end of the year	\$ 4,221,386	\$ 4,745,067	\$ 3,755,105
Analyzed as follows:			
Reserves set aside for specific purpose by Council:			
for election	\$ -	\$ -	2,977
for contingencies	45,000	45,000	45,000
for downtown revitalization	50,000	50,000	-
for general capital expenditures	832,739	832,739	501,001
for water collection and treatment	76,687	76,687	114,116
for By Law vehicle	10,000	10,000	-
for water treatment plant debt retirement	230,000	230,000	230,000
for filter membrane	104,000	104,000	104,000
for Hudson water treatment and distribution	11,200	11,200	11,200
for wastewater collection and treatment	398,294	398,294	379,930
for boat launch	15,088	15,088	27,896
for landfill	187,476	187,476	197,177
for roadway	695,367	695,367	195,000
for EMS equipment	30,000	30,000	-
for roads equipment	82,774	82,774	-
for roof repairs	10,000	10,000	-
for parkland	29,206	29,206	17,509
	2,807,831	2,807,831	1,825,806
Reserve funds set aside for specific purpose by Council:			
for library acquisition of capital assets	16,632	16,632	13,129
for airport capital	293,258	293,258	223,768
for Town of Sioux Lookout Non-Profit Housing Corporation	1,627,346	1,627,346	1,588,168
for gas tax	-	-	104,234
	1,937,236	1,937,236	1,929,299
Reserves and Reserve Funds, end of the year	\$ 4,745,067	\$ 4,745,067	\$ 3,755,105



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Auditors' Report

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

We have audited the statement of financial position of the Trust Funds of Corporation of the Municipality of Sioux Lookout as at December 31, 2006 and the statement of continuity of the trust funds for the year then ended. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds of Corporation of the Municipality of Sioux Lookout as at December 31, 2006 and the continuity of the trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Dryden, Ontario
March 23, 2007

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

December 31

	Cemetery Perpetual Care	Ontario Home Renewal Plan	Elsie Cosco Memorial Scholarship Fund	Mayfair Theatre Fund	2006 Total	2005 Total
Assets						
Investments	\$ 86,661	\$ -	\$ 58,656	\$ 26,654	\$ 171,971	\$ 169,734
Due from Corporation of the Municipality of Sioux Lookout	3,697	-	-	-	3,697	3,924
Loans receivable	-	20,513	-	-	20,513	27,777
	\$ 90,358	\$ 20,513	\$ 58,656	\$ 26,654	\$ 196,181	\$ 201,435

Liabilities and Fund Balance

Liabilities						
Due to Corporation of the Municipality of Sioux Lookout	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000	\$ 2,500
Fund Balance						
Capital	90,358	20,513	58,656	25,654	195,181	198,935
Balance, end of the year	\$ 90,358	\$ 20,513	\$ 58,656	\$ 26,654	\$ 196,181	\$ 201,435

The accompanying notes are an integral part of these financial statements.

**Corporation of the Municipality of Sioux Lookout
Trust Funds
Statement of Continuity**

For the year ended December 31

	Cemetery Perpetual Care	Ontario Home Renewal Plan	Elsie Cosco Memorial Scholarship Fund	Mayfair Theatre Fund	2006 Total	2005 Total
Balance, beginning of the year	\$ 87,517	\$ 27,777	\$ 58,013	\$ 25,628	\$ 198,935	\$ 193,638
Receipts						
Plot sales and marker installation	2,841	-	-	-	2,841	4,370
Interest earned	3,067	1,781	2,143	1,026	8,017	3,872
	5,908	1,781	2,143	1,026	10,858	8,242
Expenditures						
	3,067	9,045	1,500	1,000	14,612	2,945
Balance, end of the year	\$ 90,358	\$ 20,513	\$ 58,656	\$ 25,654	\$ 195,181	\$ 198,935

The accompanying notes are an integral part of these financial statements.

Corporation of the Municipality of Sioux Lookout Trust Funds Notes to Financial Statements

December 31, 2006

1. Summary of Significant Accounting Policies

Management Responsibility

The consolidated financial statements of Corporation of the Municipality of Sioux Lookout Trust Funds are the representations of management. Precise determination of some assets and liabilities may be dependent upon future events and estimates and approximations. These estimates and approximations have been based upon the available information, using careful judgement and review. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgement within reasonable limits of materiality and within the framework of the Summary of Significant Accounting Policies.

Accrual Basis of Accounting

Sources of financing and expenditures are reported on the accrual basis of accounting for Ontario Home Renewal Plan, Elsie Cosco Memorial Scholarship Fund and Mayfair Theatre Fund.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Revenue and expenditures are reported on a cash basis of accounting for Cemetery Perpetual Care Trust Funds.

2. Ontario Home Renewal Program

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans were limited to \$7,500, of which the maximum forgivable portion was \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2006 comprise repayable loans of \$20,513 (2005 - \$27,777). In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balance of the repayable loan and the unearned forgivable loan immediately becomes due and payable by the homeowner.

3. Statement of Changes in Financial Position

A statement of changes in financial position has not been provided since the sources and uses of cash are readily apparent from the information included in the financial statements.

4. Financial Instruments

Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair value of the financial instruments approximates their carrying values, unless otherwise noted.



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Auditors' Report

**To the Members of
Corporation of the Municipality of Sioux Lookout Public Library Board**

We have audited the statement of financial position of Corporation of the Municipality of Sioux Lookout Public Library Board as at December 31, 2006 and the statements of financial activities and members' surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Corporation of the Municipality of Sioux Lookout Public Library Board as at December 31, 2006 and the results of its financial activities and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Dryden, Ontario
March 23, 2007

**Corporation of the Municipality of Sioux Lookout
Public Library Board
Statement of Financial Position**

December 31 **2006** **2005**

Assets

Current

Cash and bank	\$	48,373	\$	22,956
Accounts receivable		7,607		7,241
		\$ 55,980		\$ 30,197

Liabilities and Fund Balance

Current

Accounts payable and accrued liabilities (Note 1)	\$	19,316	\$	8,711
Due to own Municipality		8,745		4,324
		28,061		13,035

Fund Balance

Members' surplus		11,289		4,032
Reserve fund for capital expenditures (Note 2)		16,630		13,130
		27,919		17,162
		\$ 55,980		\$ 30,197

On behalf of the Board:

_____ Director

_____ Director

**Corporation of the Municipality of Sioux Lookout
Public Library Board
Statement of Financial Activities and Members' Surplus**

For the year ended December 31	2006	2006	2005
	Budget	Actual	Actual
Revenue			
Contributions from Corporation of the Municipality of Sioux Lookout	\$ 226,222	\$ 226,222	\$ 218,545
Grants from the Province of Ontario			
Per household grants	11,102	11,102	11,102
Pay equity funding	601	601	601
Other grants	895	17,697	12,483
Other	21,200	29,634	29,140
	260,020	285,256	271,871
Expenditures			
Book purchases	29,080	34,464	29,938
Building maintenance	17,320	21,552	18,675
Furniture and equipment	11,900	11,307	15,998
Legal, audit and insurance	2,091	1,401	1,341
Miscellaneous	4,490	6,232	6,349
Periodicals and newspapers	1,430	1,427	1,428
Professional development	3,230	2,735	2,422
Salaries and benefits	177,829	175,264	167,842
Supplies	6,900	7,267	8,681
Utilities	12,750	12,850	11,520
	267,020	274,499	264,194
Excess (deficiency) of revenue over expenditures for the year	(7,000)	10,757	7,677
Members' surplus, beginning of the year	-	4,032	4,927
Transfer to Reserve Fund for Capital expenditures	7,000	(3,500)	(8,572)
Members' surplus, end of the year	\$ -	\$ 11,289	\$ 4,032

**Corporation of the Municipality of Sioux Lookout
Public Library Board
Statement of Changes in Financial Position**

For the year ended December 31	2006	2005
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures for the year	\$ 10,757	\$ 7,677
Changes in non-cash working capital balances		
Accounts receivable	(366)	(3,426)
Accounts payable and accrued liabilities	10,605	5,834
	<u>10,239</u>	<u>2,408</u>
	<u>20,996</u>	<u>10,085</u>
Financing activities		
Increase in due to own Municipality	4,421	8,555
Increase in cash during the year	25,417	18,640
Cash and bank, beginning of the year	22,956	4,316
Cash and bank, end of the year	\$ 48,373	\$ 22,956

**Corporation of the Municipality of Sioux Lookout
Public Library Board
Summary of Significant Accounting Policies**

December 31, 2006

Nature of Business The Sioux Lookout Public Library Board is responsible for the operation and administration of the Sioux Lookout Public Library.

Revenue Recognition The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Capital Assets Capital assets, books, periodicals and magazines are expensed in the year of acquisition.

Use of Estimates The financial statements of the municipality have been prepared by management in accordance with generally accepted accounting principles in Canada. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgement within reasonable limits of materiality and within the framework of the Summary of Significant Accounting Policies.

**Corporation of the Municipality of Sioux Lookout
Public Library Board
Notes to Financial Statements**

December 31

1. Accounts Payable and Accrued Liabilities

	2006	2005
Trade accounts payable	\$ 19,719	\$ 8,496
Employee deductions payable	(403)	215
	\$ 19,316	\$ 8,711

2. Reserve Fund for Capital Expenditures

A reserve fund in the amount of \$16,630 (2005 - \$13,130) is being held by the library and is for the purpose of financing the board's furniture purchases and other major capital.

	2006	2005
Reserve Fund , beginning of the year	\$ 13,130	\$ 4,558
Transfers		
Transfer from library operations	10,500	8,572
Transfer to library operations	(7,000)	-
	3,500	8,572
Reserve Fund , end of the year	\$ 16,630	\$ 13,130

3. Comparative Amounts

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

4. Bank Indebtedness

The library has an unused credit facility of \$5,000 that bears an interest rate of prime and is due on demand. The operating line of credit is secured by Council By-Laws.

5. Financial Instruments

Unless otherwise noted, it is management's opinion that the commission is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair value of the financial instruments approximates their carrying values, unless otherwise noted.



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Auditors' Report

**To the Members of
Town of Sioux Lookout Non-Profit Housing Corporation**

We have audited the statement of financial position of Town of Sioux Lookout Non-Profit Housing Corporation as at December 31, 2006 and the statement of capital reserve funds, consolidated statement of operations and accumulated surplus (municipal and portfolio), and statement of changes in financial position for the year then ended. These financial statements have been prepared to comply with Directive 2004-SH-25 of Kenora District Services Board. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 2006 and the results of its operations and changes in financial position for the year then ended in accordance with the basis of accounting required by Kenora District Services Board for Non-Profit Housing Corporations as disclosed in the Summary of Significant Accounting Policies.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Director of the corporation and Kenora District Services Board for complying with Directive 2004-SH-25 of Kenora District Services Board. The financial statements are not intended to be used by anyone other than the specified users or for any other purpose.

Chartered Accountants, Licensed Public Accountants

Dryden, Ontario
March 5, 2007

**Town of Sioux Lookout Non-Profit Housing Corporation
Statement of Financial Position**

December 31 **2006** **2005**

General Operations

Assets

Current

Cash	\$	299,682	\$	236,097
Short-term investments (Note 1)		38,852		37,192
Accounts receivable from tenants		26,236		22,317
Due from Town of Sioux Lookout		-		5,000
Due from Kenora District Services Board (Note 2)		5,585		30,691
Goods and services tax receivable		8,549		21,589
Prepaid expenses		26,276		24,851
Due from capital reserve fund		24,677		18,630
		429,857		396,367

Capital assets (Note 3) **10,299,678** **10,638,696**

\$ 10,729,535 **\$ 11,035,063**

Capital Reserve Funds

Assets

Current

Short-term investments (Note 1)	\$	1,652,023	\$	1,606,799
Due to general operations		(24,677)		(18,630)
		\$ 1,627,346		\$ 1,588,169

**Town of Sioux Lookout Non-Profit Housing Corporation
Statement of Financial Position**

December 31	2006	2005
General Operations		
Liabilities and Accumulated Surplus		
Current		
Accounts payable and accrued liabilities	\$ 107,793	\$ 104,546
Accrued interest payable	49,826	52,863
Current portion of long-term debt (Note 4)	358,001	332,272
	515,620	489,681
Long-term debt (Note 4)	9,941,677	10,306,424
	10,457,297	10,796,105
Accumulated surplus		
Cole Terrace/Hakala Place Portfolio	-	-
	272,238	238,958
	272,238	238,958
	\$ 10,729,535	\$ 11,035,063
Capital Reserve Funds		
Capital reserve funds	\$ 1,627,346	\$ 1,588,169

On behalf of the Board:

_____ Director

_____ Director

**Town of Sioux Lookout Non-Profit Housing Corporation
Statement of Capital Reserve Funds**

For the year ended December 31

	Cole Terrace/ Hakala Place	Portfolio Projects	2006 Total	2005 Total
Balance, beginning of the year	\$ 237,071	\$ 1,351,098	\$ 1,588,169	\$ 1,519,968
Transfer from general operations	15,601	96,766	112,367	109,167
Capital expenditures	(15,233)	(118,994)	(134,227)	(89,319)
Investment income	8,828	52,209	61,037	48,353
Balance, end of the year	\$ 246,267	\$ 1,381,079	\$ 1,627,346	\$ 1,588,169

Town of Sioux Lookout Non-Profit Housing Corporation Consolidated Statement of Operations and Accumulated Surplus

For the year ended December 31	Budget	2006	2005
Revenue			
Rentals			
Market tenants	\$ 440,729	\$ 528,678	\$ 479,624
Core Need	67,200	64,719	60,894
Rent geared to income tenants	342,516	300,695	316,348
Kenora District Services Board	840,525	843,110	827,794
Home Support	13,800	13,800	13,800
Federal Funding	44,023	44,023	44,023
Other	24,761	33,272	22,683
	<u>1,773,554</u>	<u>1,828,297</u>	<u>1,765,166</u>
Expenses			
Administrative overhead	157,410	158,089	155,432
Amortization	339,017	339,017	311,657
Bad debts	5,573	19,445	14,584
Insurance	27,516	30,106	25,078
Interest on long-term debt	608,000	605,756	648,671
Materials and services	123,099	121,510	133,829
Municipal taxes	122,423	130,885	122,155
Other - Home Support	13,800	13,800	13,800
Salaries, wages and benefits	79,427	81,422	79,740
Transfer to capital reserve funds	112,367	112,367	109,167
Utilities	184,922	185,715	177,394
	<u>1,773,554</u>	<u>1,798,112</u>	<u>1,791,507</u>
Net income (loss) for the year	-	30,185	(26,341)
Accumulated surplus, beginning of the year	-	238,958	265,299
2005 Annual Information Return adjustment	-	3,095	-
Accumulated surplus, end of the year	\$ -	\$ 272,238	\$ 238,958

Town of Sioux Lookout Non-Profit Housing Corporation Statement of Municipal Operations and Accumulated Surplus

For the year ended December 31	Budget	2006	2005
Revenue			
Rentals			
Market tenants	\$ 111,912	\$ 107,762	\$ 97,805
Core Need	67,200	64,719	60,894
Kenora District Services Board	18,465	23,801	56,192
Federal Funding	44,023	44,023	44,023
Other	2,500	5,953	2,674
	<u>244,100</u>	<u>246,258</u>	<u>261,588</u>
Expenses			
Administrative overhead (Schedule)	25,410	15,521	22,940
Amortization	59,077	59,077	51,854
Bad debts	-	508	1,508
Insurance	2,140	4,574	3,810
Interest on long-term debt	56,430	55,692	71,371
Materials and services (Schedule)	26,111	22,586	21,736
Municipal taxes	16,351	17,006	16,351
Salaries, wages and benefits	15,935	17,371	19,665
Transfer to capital reserve funds	15,601	15,601	15,601
Utilities (Schedule)	27,045	38,322	36,752
	<u>244,100</u>	<u>246,258</u>	<u>261,588</u>
Net income for the year	-	-	-
Accumulated surplus, beginning of the year	-	-	-
Accumulated surplus, end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Sioux Lookout Non-Profit Housing Corporation Statement of Portfolio Operations and Accumulated Surplus

For the year ended December 31	Budget	2006	2005
Revenue			
Rentals			
Market tenants	\$ 328,817	\$ 420,916	\$ 381,819
Rent geared to income tenants	342,516	300,695	316,348
Kenora District Services Board	822,060	819,309	771,602
Home Support	13,800	13,800	13,800
Other	22,261	27,319	20,009
	<u>1,529,454</u>	<u>1,582,039</u>	<u>1,503,578</u>
Expenses			
Administrative overhead (Schedule)	132,000	142,568	132,492
Amortization	279,940	279,940	259,803
Bad debts	5,573	18,937	13,076
Insurance	25,376	25,532	21,268
Interest on long-term debt	551,570	550,064	577,300
Maintenance salaries, wages and benefits	63,492	64,051	60,075
Materials and services (Schedule)	96,988	98,924	112,093
Municipal taxes	106,072	113,879	105,804
Other - Home Support	13,800	13,800	13,800
Transfer to capital reserve funds	96,766	96,766	93,566
Utilities (Schedule)	157,877	147,393	140,642
	<u>1,529,454</u>	<u>1,551,854</u>	<u>1,529,919</u>
Net income (loss) for the year	-	30,185	(26,341)
Accumulated surplus, beginning of the year	-	238,958	265,299
2005 Annual Information Return adjustment	-	3,095	-
Accumulated surplus, end of the year	<u>\$ -</u>	<u>\$ 272,238</u>	<u>\$ 238,958</u>

The accompanying summary of significant accounting policies, notes and schedules are an integral part of these financial statements.

Town of Sioux Lookout Non-Profit Housing Corporation Statement of Changes in Financial Position

For the year ended December 31	2006	2005
Cash provided by (used in)		
Operating activities		
Net income (loss) for the year	\$ 30,185	\$ (26,341)
Item not involving cash		
Amortization - Cole Terrace/Hakala Place	59,077	51,854
- Portfolio Projects	279,940	259,803
	369,202	285,316
Changes in non-cash working capital balances		
Short-term investments	(1,660)	(1,707)
Accounts receivable from tenants	(3,919)	6,449
Due from Town of Sioux Lookout	5,000	7,000
Due from (to) Kenora District Services Board	25,106	(205)
Goods and services tax receivable	13,048	(15,443)
Prepaid expenses	(1,425)	(24,851)
Insurance receivable	-	19,105
Accounts payable and accrued liabilities	3,240	8,704
Accrued interest payable	(3,038)	(2,163)
Due from capital reserve funds	(6,047)	(9,731)
	30,305	(12,842)
	399,507	272,474
Financing activities		
Mortgage principal payments - Cole Terrace/Hakala Place	(59,077)	(51,854)
- Portfolio Projects	(279,940)	(259,803)
Adjustments accumulated surplus	3,095	-
	(335,922)	(311,657)
Increase (decrease) in cash during the year	63,585	(39,183)
Cash, beginning of the year	236,097	275,280
Cash, end of the year	\$ 299,682	\$ 236,097

Town of Sioux Lookout Non-Profit Housing Corporation Summary of Significant Accounting Policies

December 31, 2006

Nature and Purpose of Organization

Town of Sioux Lookout Non-Profit Housing Corporation is a non-profit organization incorporated without share capital under the laws of Ontario on April 13, 1982. The corporation provides and operates accommodations for persons of low or modest income at rentals below the current market. Certain approved projects receive support by way of grants and low interest loans from various levels of government and as such are bound by the provisions of specific operating agreements with regard to rates charged and the transferability of excess revenues.

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

The corporation enters into operating agreements with various levels of government in order to obtain funding by way of grants and low-interest loans. The operating agreements specify the actions which may be taken in the event of annual operating surpluses or deficits of individual projects.

Surpluses are generally repayable to the funding body but in certain circumstances may be retained by the recipient to offset future expenditures. The recipient is generally responsible for any operating deficits.

The ultimate disposition of operating surpluses and deficits is dependent upon subsequent determination by Kenora District Services Board. Adjustments to the accounting records are made at the time of final settlement.

Revenue Recognition

The corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted investment income is recognized as revenue when earned.

Rental revenue is recognized monthly when the units are occupied and if the amount to be received can be reasonably estimated and collection is reasonably assured.

Town of Sioux Lookout Non-Profit Housing Corporation Summary of Significant Accounting Policies

December 31, 2006

**Contributed Materials
and Services**

Contributed materials and services which are used in the normal course of the organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Basis of Presentation

These financial statements reflect the assets, liabilities and operations for the Cole Terrace/Hakala Place and Portfolio Projects, which include Uren Court/Pierson Manor, First Avenue/Seventh Avenue, Sutton Place, 8 Unit, 10 Unit, 12 Unit Family and Sioux Towers Phase I & II.

Capital Assets

- a) Initial costs of construction and furnishings are capitalized up to the original amount of mortgage debt and are subsequently carried at a value equal to the principal outstanding of the unmatured debt related thereto. Other capital asset acquisitions and normal repair and maintenance expenditures are expensed as incurred.
- b) Amortization is recorded in annual amounts equal to the principal reduction in the mortgage debt.
- c) In accordance with the terms of the corporation's operating agreements with Kenora District Services Board, the corporation is required to make an annual provision for repairs and replacements of furnishings, equipment, etc.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Town of Sioux Lookout Non-Profit Housing Corporation Notes to Financial Statements

December 31, 2006

1. Short-term Investments

	2006	2005
General Operations		
SH Canadian Money Market	\$ 3,713	\$ 3,592
SH Canadian Bond	16,001	15,407
SH Canadian Equity	19,138	18,193
	38,852	37,192
 Capital Reserve Funds		
SH Canadian Money Market	487,614	476,035
SH Canadian Bond	1,164,409	1,130,764
	1,652,023	1,606,799
	\$ 1,690,875	\$ 1,643,991
 Market Value	\$ 1,704,617	\$ 1,645,146

2. Due from Kenora District Services Board

Details of amounts due from Kenora District Services Board as at December 31, 2006 are as follows:

Project Name	Cole Terrace/ Hakala Place	Portfolio Projects	2006 Total	2005 Total
Rental and federal subsidy	\$ -	\$ 3,000	\$ 3,000	\$ -
Year-end settlement 2005	-	-	-	30,691
Year-end settlement 2006	5,336	(2,751)	2,585	-
	\$ 5,336	\$ 249	\$ 5,585	\$ 30,691

**Town of Sioux Lookout Non-Profit Housing Corporation
Notes to Financial Statements**

December 31, 2006

3. Capital Assets

	2006		2005	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Housing developments:				
Cole Terrace/Hakala Place	\$ 1,759,300	\$ 552,954	\$ 1,759,300	\$ 493,877
Uren Court/Pierson Manor	1,447,576	367,750	1,447,576	323,547
First Avenue/Seventh Avenue	1,271,991	312,421	1,271,991	275,243
Sutton Place	1,972,407	520,418	1,972,407	465,490
8 Unit	658,364	134,949	658,364	116,689
10 Unit	1,173,311	231,652	1,173,311	205,829
Sioux Towers	2,153,747	409,999	2,153,747	364,571
12 Unit Family	1,321,879	206,364	1,321,879	178,107
Sioux Towers Phase II	1,498,273	220,663	1,498,273	194,799
	\$ 13,256,848	\$ 2,957,170	\$ 13,256,848	\$ 2,618,152
Net book value		\$ 10,299,678		\$ 10,638,696

Town of Sioux Lookout Non-Profit Housing Corporation Notes to Financial Statements

December 31, 2006

4. Long-term Debt

	2006	2005
4.35% Mortgage payable to Canada Mortgage and Housing Corporation on Cole Terrace/Hakala Place, repayable at \$9,493 monthly, including principal and interest, secured by building; maturing 2021	\$ 1,206,348	\$ 1,265,423
5.08% Mortgage payable to Toronto Dominion Bank on Uren Court/Pierson Manor, repayable at \$8,314 monthly, including principal and interest, secured by building; maturing 2007	1,079,826	1,124,029
12.20% Mortgage payable to The Industrial Alliance Company on First Avenue/Seventh Avenue, repayable at \$12,818 monthly, including principal and interest, secured by building; maturing 2018	959,569	996,749
4.33% Mortgage payable to Canada Mortgage and Housing Corporation on Sutton Place, repayable at \$9,876 monthly, including principal and interest, secured by building; maturing 2024	1,451,989	1,506,917
4.04% Mortgage payable to Canada Mortgage and Housing Corporation on 8 Unit, repayable at \$3,302 monthly, including principal and interest, secured by building; maturing 2025	523,415	541,674
6.14% Mortgage payable to Great West Life on 10 Unit, repayable at \$6,984 monthly, including principal and interest, secured by building; maturing 2009	941,659	967,482
6.14% Mortgage payable to Great West Life on Sioux Towers, repayable at \$12,727 monthly, including principal and interest, secured by building; maturing 2009	1,743,748	1,789,175
4.53% Mortgage payable to Canada Mortgage and Housing Corporation on 12 Unit Family, repayable at \$6,584 monthly, including principal and interest, secured by building; maturing 2029	1,115,513	1,143,772
6.14% Mortgage payable to Great West Life on Sioux Towers Phase II, repayable at \$8,686 monthly, including principal and interest, secured by building; maturing 2009	1,277,611	1,303,475
	10,299,678	10,638,696
Less amounts due within one year included in current liabilities	358,001	332,272
	\$ 9,941,677	\$ 10,306,424

Town of Sioux Lookout Non-Profit Housing Corporation Notes to Financial Statements

December 31, 2006

4. Long-term Debt (continued)

Principal repayments for the next five years and thereafter (assuming existing mortgages are renewed) are as follows:

2007	\$ 358,001
2008	379,413
2009	402,332
2010	426,893
2011	453,229
Thereafter	<u>8,279,810</u>
	<u>\$ 10,299,678</u>

5. Goods and Services Tax

As a Non-Profit Corporation designated to be a municipality pursuant to Subsection 259(1) of the Excise Tax Act, the corporation is eligible to receive a rebate of 100% (2005 - 100%) of GST paid for operating costs related to expenditures.

6. Insurance

The corporation has insured the facilities, contents and gross rents for a limit of \$3,000,000 liability on any one project. Additional coverage has been obtained for crime and general liability.

7. Pension Plan

The Non-Profit Housing Corporation makes contributions to the Ontario Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 2 members of its staff. This plan is a defined benefit plan which specifies the amount of retirement to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2006 was \$2,555 (2005 - \$2,479).

8. Financial Instruments

Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant interest, currency or credit risks arising from its financial instruments. The fair value of the financial instruments approximates their carrying values, unless otherwise noted.

**Town of Sioux Lookout Non-Profit Housing Corporation
Schedule of Expenditures - Cole Terrace/Hakala Place**

For the year ended December 31	Budget	2006	2005
Administrative overhead			
Materials and services	\$ 9,171	\$ 6,797	\$ 7,706
Salaries and related costs	16,239	8,724	15,234
	\$ 25,410	\$ 15,521	\$ 22,940
Materials and services			
Building general	\$ 11,751	\$ 7,609	\$ 4,469
Cable	1,960	1,635	2,286
Electrical systems	1,779	1,702	1,815
Grounds	1,616	2,275	1,803
Heating and plumbing	2,312	1,046	1,875
Painting	1,329	433	2,334
Security	454	2,349	1,912
Sundry	1,487	530	443
Waste disposal	3,423	5,007	4,799
	\$ 26,111	\$ 22,586	\$ 21,736
Utilities			
Electricity	\$ 21,108	\$ 18,998	\$ 16,868
Water	5,937	19,324	19,884
	\$ 27,045	\$ 38,322	\$ 36,752

**Town of Sioux Lookout Non-Profit Housing Corporation
Schedule of Expenditures - Portfolio**

For the year ended December 31	Budget	2006	2005
Administrative overhead			
Materials and services	\$ 37,000	\$ 40,020	\$ 41,093
Other	7,000	10,663	5,291
Salaries and related costs	88,000	91,885	86,108
	\$ 132,000	\$ 142,568	\$ 132,492
Materials and services			
Building general	\$ 25,000	\$ 20,651	\$ 31,349
Cable	4,608	3,900	3,462
Electrical systems	6,341	6,811	9,393
Elevator	5,330	3,663	4,700
Grounds	10,753	13,860	9,821
Heating and plumbing	13,000	10,381	14,560
Other	-	1,369	1,821
Painting	6,000	4,678	4,956
Security	12,704	14,591	16,269
Waste disposal	13,252	19,020	15,762
	\$ 96,988	\$ 98,924	\$ 112,093
Utilities			
Electricity	\$ 89,582	\$ 85,967	\$ 76,196
Heating fuel	31,612	22,822	26,774
Water	36,683	38,604	37,672
	\$ 157,877	\$ 147,393	\$ 140,642