

**Corporation of the Municipality of
Sioux Lookout
Financial Statements
For the year ended December 31, 2008**

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Financial Statements
For the year ended December 31, 2008**

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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, 2008 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, 2008 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
April 17, 2009

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

December 31 **2008** **2007**

Assets

Financial assets

Cash and cash equivalents	\$ 347,887	\$ 921,775
Temporary investments (Note 1)	363,011	1,954,188
Taxes receivable	764,213	912,721
Accounts receivable	935,550	1,208,333
Grants receivable	2,283,546	3,399,010
Investment in government business enterprises (Note 2)	2,868,756	2,958,735
Payment in lieu receivable (Note 3)	61,027	37,236
Inventory held for resale	127,789	164,140
	\$ 7,751,779	\$ 11,556,138

Liabilities and Municipal Position

Liabilities

Bank indebtedness (Note 4)	\$ 1,290,046	\$ 1,736,775
Accounts payable and accrued liabilities	2,165,432	2,739,500
Deferred revenue (Schedule)	2,195,254	786,099
Landfill closure and post closure liability (Note 5)	188,867	488,474
Net long-term liabilities (Note 6)	7,190,884	17,610,419
Employee benefits liability (Note 7)	664,672	581,290
	13,695,155	23,942,557

Municipal position

Current fund (Note 8)	(43,112)	891,895
Capital fund (Schedule)	(3,576,353)	(1,723,216)
Reserves and reserve funds (Schedule)	3,574,324	4,923,927
Net equity in government business enterprises (Note 2)	2,868,756	2,958,735
	2,823,615	7,051,341
Amounts to be recovered (Note 9)	(8,766,991)	(19,437,760)
	(5,943,376)	(12,386,419)
	\$ 7,751,779	\$ 11,556,138

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

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
Revenue			
Taxation	\$ 5,841,013	\$ 5,894,336	\$ 5,653,046
Payments in lieu of taxation	414,216	487,952	406,025
Fees, rentals and user charges	13,980,418	5,827,146	6,493,800
Canada grants	6,432,640	5,806,502	3,346,812
Ontario grants	11,180,604	4,699,701	4,297,753
Sioux Lookout Hydro Inc. share of income	-	95,021	46,217
Sioux Hudson Energy Inc. share of income	-	-	(100)
Other income (Note 10)	2,700,206	1,658,692	831,864
Transfer from deferred revenue	-	535,797	-
	<u>40,549,097</u>	<u>25,005,147</u>	<u>21,075,417</u>
Expenditures			
Current (Note 11)			
General government	1,955,721	2,193,803	2,310,166
Protection services	3,023,336	2,603,090	2,250,300
Transportation services	3,357,418	3,191,626	2,627,031
Environmental services	2,488,517	1,896,128	2,012,347
Health services	577,767	720,003	698,376
Social and family services	2,294,170	2,302,367	2,106,671
Social housing	400,000	387,400	1,753,490
Recreational and cultural services	1,891,611	1,565,543	1,459,727
Planning and development	858,909	575,921	442,297
	<u>16,847,449</u>	<u>15,435,881</u>	<u>15,660,405</u>
Capital			
General government	-	-	11,679
Protection services	77,945	77,944	275,209
Transportation services	9,347,827	8,018,675	5,088,297
Environmental services	152,900	266,841	219,893
Social housing	-	-	91,611
Recreational and cultural services	1,708,184	78,006	138,502
Planning and development	18,238,854	2,648,705	524,689
	<u>29,525,710</u>	<u>11,090,171</u>	<u>6,349,880</u>
Total expenditures	<u>46,373,159</u>	<u>26,526,052</u>	<u>22,010,285</u>
Net revenue (expenditures) for the year	<u>(5,824,062)</u>	<u>(1,520,905)</u>	<u>(934,868)</u>
Change in amounts to be recovered			
Debt principal repayments	(494,002)	(480,511)	(863,503)
Debt financing - reserve fund	-	-	248,959
Internal reserve fund loan repayment	-	(41,471)	-
Change in vested sick leave payable	-	124,928	(35,023)
Change in Home for the Aged payable	-	(35,083)	(50,279)
Transfer of non-profit housing fund balance (Note 23)	-	(1,975,077)	-
Change in landfill closure and post closure costs	-	(299,607)	8,125
	<u>(494,002)</u>	<u>(2,706,821)</u>	<u>(691,721)</u>
Change in fund balances for the year	<u>\$ (6,318,064)</u>	<u>\$ (4,227,726)</u>	<u>\$ (1,626,589)</u>

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

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

For the year ended December 31	2008	2007
Cash provided by (used in)		
Operating activities		
Net revenue (expenditures) for the year	\$ (1,520,905)	\$ (934,868)
Item not involving cash		
Net investment gain in government business enterprises (Note 2)	(95,021)	(46,117)
	<u>(1,615,926)</u>	<u>(980,985)</u>
Changes in non-cash working capital balances		
Decrease in taxes receivable	148,508	326,565
Decrease in accounts receivable	272,783	114,920
Decrease in inventory for resale	36,351	47,356
(Increase) decrease in grants receivable	1,115,464	(2,152,673)
Increase (decrease) in employee benefits liability	83,382	(22,390)
(Increase) decrease in payment in lieu receivable	(23,791)	143,163
Decrease in accounts payable and accrued liabilities	(574,068)	(378,657)
Increase (decrease) in deferred revenue	1,409,155	(327,673)
Increase (decrease) in landfill closure and post closure liability	(299,607)	8,125
	<u>2,168,177</u>	<u>(2,241,264)</u>
	<u>552,251</u>	<u>(3,222,249)</u>
Investing activities		
Dividend from Sioux Lookout Hydro Inc.	185,000	130,000
Transfer of nonprofit housing fund balances	7,963,948	-
	<u>8,148,948</u>	<u>130,000</u>
Financing activities		
Decrease in long-term liabilities	(10,419,535)	(863,503)
(Increase) decrease in temporary investments	1,591,177	(158,396)
Increase (decrease) in bank indebtedness	(446,729)	1,189,536
Proceeds on hydro capital redemption	-	1,226,484
	<u>(9,275,087)</u>	<u>1,394,121</u>
Net change in cash and cash equivalents	(573,888)	(1,698,128)
Cash and cash equivalents, beginning of the year	921,775	2,619,903
Cash and cash equivalents, end of the year	\$ 347,887	\$ 921,775

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

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

December 31, 2008

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 and 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
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.

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.

Temporary Investments

Temporary investments are recorded at the lower of cost and market value.

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

December 31, 2008

Inventory Held for Resale	Inventory held for resale is valued at the lower of cost and net realizable 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.
Tax Revenues	<p>The amount of the total property tax levy is determined each year through Council's approval of the annual operating budget. Municipal tax rates are set annually by Council for each class or type of property, in accordance with legislation and Council approved policies, in order to raise the revenue required to meet operating budget requirements. Education tax rates are established by the Province each year in order to fund the costs of education on a Province wide basis.</p> <p>Property assessments, on which property taxes are based, are established by the Municipal Property Assessment Corporation. The current value assessment of a property represents an estimated market value of a property as of a fixed date. Assessed values for all properties within the municipality are provided to the Township in the form of the returned assessment roll in December of each year.</p> <p>The amount of property tax levied on an individual property is the product of the CVA of the property and the tax rate for the class, together with any adjustments that reflect Council approved mitigation or other tax policy measures.</p>
Fees, Rentals and User Charges	Revenues are recorded in the accounts when title passes to the buyer and/or when services have been rendered and the transaction can be reasonably measured.

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

December 31, 2008

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, 2008

1. Temporary Investments

	2008	2007
Unrestricted	\$ 363,011	\$ 54,522
Restricted	-	1,899,666
	\$ 363,011	\$ 1,954,188

Investments have a market value of \$363,011 (2007 - \$1,954,188) 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 2.5 (2007 - 3.4%).

2. Investment in Government Business Enterprises

Sioux Lookout Hydro Inc. is 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, 2008.

i) Financial Position

	2008	2007
Current assets	\$ 2,628,005	\$ 2,876,350
Capital assets	4,635,240	4,651,755
Goodwill/regulatory assets	373,932	300,979
	\$ 7,637,177	\$ 7,829,084
Current liabilities	\$ 4,768,421	\$ 4,661,790
Long-term liabilities	-	208,559
	4,768,421	4,870,349
Net Assets, end of the year	2,868,756	2,958,735
	\$ 7,637,177	\$ 7,829,084

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

December 31, 2008

2. Investment in Government Business Enterprises (continued)

ii) Results of operations and changes in Net Assets

	2008	2007
Revenue	\$ 7,220,799	\$ 8,526,832
Expenses	7,125,778	8,480,715
	95,021	46,117
Net Assets, beginning of the year	2,958,735	4,269,107
Redemption of Capital	-	(1,226,489)
Dividends	(185,000)	(130,000)
	\$ 2,868,756	\$ 2,958,735

3. Payment in Lieu Receivable

	2008	2007
Payment in lieu receivable	\$ 486,536	\$ 377,574
Allowance for doubtful accounts	(425,509)	(340,338)
	\$ 61,027	\$ 37,236

4. Bank Indebtedness

	2008	2007
Line of Credit	\$ 742,807	\$ 1,189,536
OSIFA advance, interest at prime	547,239	547,239
	\$ 1,290,046	\$ 1,736,775

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 and OSIFA advance is secured by Council By-Laws.

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

December 31, 2008

5. Landfill Closure and Post Closure Liability

The consolidated statement of financial position 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	\$ 152,382
Landfill Closure and Post Closure Liability as at December 31, 2008	\$ 36,485	\$ 152,382
Total expenditures remaining to be recognized	\$ 381,398	\$ -
Remaining capacity of the site (cubic metres)	366,902	-
Remaining land fill site life (years)	36	-
Number of years required for post closure care	25	24

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:

	2008	2007
Total net long-term liabilities incurred by the municipality, maturing in 2029 and outstanding at the end of the year	<u>\$ 7,190,884</u>	<u>\$ 17,610,419</u>

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

	Principal	Interest	Total
2009	\$ 362,754	\$ 314,354	\$ 677,108
2010	365,213	297,658	662,871
2011	382,778	280,151	662,929
2012	401,195	261,795	662,990
2013	420,507	242,547	663,054
Thereafter	5,258,437	2,316,998	7,575,435
	<u>\$ 7,190,884</u>	<u>\$ 3,713,503</u>	<u>\$ 10,904,387</u>

c) The annual principal and interest payments required to service the long-term liabilities of the municipality are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs and Housing.

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

December 31, 2008

7. Employee Benefits Liability

	<u>2008</u>	<u>2007</u>
Vested and non-vested sick leave payable	\$ 520,275	\$ 427,322
Vacation payable	27,076	34,339
Banked stats and overtime	26,321	36,329
Post employment benefits payable	91,000	83,300
	<u>\$ 664,672</u>	<u>\$ 581,290</u>

The non-vested sick leave payable and the post employment benefits have been calculated by an actuary based on the projected benefit method pro-rated on service. The significant assumptions assume a discount rate of 5.75%, future salary increases on 3%, and a retirement age of 90 points (age plus service).

8. Current Fund

The balance on the consolidated statement of financial activities of \$(43,112) (\$891,895 in 2007) at the end of the year are comprised of the following:

	<u>2008</u>	<u>2007</u>
To be applied to operations of the operating fund for the following year	\$ (41,901)	\$ 594,392
To be applied to operations of Town of Sioux Lookout Non-Profit Housing Corporation	-	287,556
To be applied to operations of local board for the following year	(1,211)	9,947
Current Fund, end of the year	<u>\$ (43,112)</u>	<u>\$ 891,895</u>

9. Amounts to be Recovered

	<u>2008</u>	<u>2007</u>
Capital outlay financed by internal reserve fund loan	\$ 207,488	\$ 248,960
Capital outlay financed by net long-term liabilities and to be recovered in future years	7,190,884	17,610,419
Landfill closure and post closure costs	188,867	488,474
Home for the Aged	659,478	694,561
Vested and non-vested sick leave payable	520,274	395,346
	<u>\$ 8,766,991</u>	<u>\$ 19,437,760</u>

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

December 31, 2008

10. Other Income

	2008	2007
Penalties and interest on taxation	\$ 145,671	\$ 202,842
Investment	203,489	232,254
Other municipalities (POA)	112,712	136,233
Fund raising and donations from the public	47,528	64,690
Fines	16,345	17,267
Evacuation revenues	44,000	18,491
Licences and permits	1,073,947	90,619
Non-profit housing corporation non-rental revenue	-	69,468
Sale of equipment	15,000	-
	\$ 1,658,692	\$ 831,864

11. Expenditures by Object

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

	2008	2007
Salaries, wages and employee benefits	\$ 6,388,648	\$ 5,923,579
Materials	3,320,241	3,908,977
Contracted services	3,267,949	2,692,295
Rents and financial expenses	326,713	581,756
Interest on long-term debt	457,840	952,352
Contributions to other organizations	1,674,490	1,601,446
	\$ 15,435,881	\$ 15,660,405

12. Public Sector Salary Disclosure

During 2007, 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	\$ <u>164,669</u>
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Corporation of the Municipality of Sioux Lookout Notes to Consolidated Financial Statements

December 31, 2008

13. Budget Amounts

Under Canadian generally accepted accounting principles, budget amounts are to be reported on the consolidated statement of financial activities for comparative purposes. The 2008 budget amounts for Corporation of the Municipality of Sioux Lookout approved by Council have been restated to conform to the basis of preparation of the revenues and expenditures on the consolidated statement of financial activities.

14. Pension Agreements

The municipality makes contributions to the Ontario Municipal Employee's Retirement Fund (OMERS), a multi-employer plan, on behalf of 35 members of its staff. The plan is a defined benefits plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township does not recognize any share of the OMERS pension surplus or deficit. The amount contributed to OMERS for 2008 was \$319,228 (2007 - \$291,241). The OMERS Board rate was 6.5% to 10%, depending on income level for 2008 (2007 - 6% to 9.8%, depending on income level).

15. Trust Funds

The trust funds administered by the municipality amounting to \$176,381 (2007 - \$195,463) 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, 2008, the trust funds balances are as follows:

	<u>2008</u>		<u>2007</u>
Cemetery Perpetual Care	\$ 97,657	\$	93,897
Ontario Home Renewal Plan	2,320		22,154
Elsie Cosco Memorial Scholarship Fund	51,690		54,736
Mayfair Theatre Fund	24,714		24,676
	<u>\$ 176,381</u>	\$	<u>195,463</u>

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

December 31, 2008

16. Contributions to Unconsolidated Joint Boards

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

	<u>2008</u>	<u>2007</u>
District of Kenora Home for the Aged	\$ 378,764	\$ 355,973
Kenora District Services Board	1,068,824	1,018,764
Northwestern Health Unit	234,814	231,814
	<u>\$ 1,682,402</u>	<u>\$ 1,606,551</u>

17. Tangible Capital Assets

For the year ended December 31, 2009 the Municipality will be required to comply with Section 3150, Tangible Capital Assets of the Public Sector Accounting Board Handbook. Section 3150 requires the capitalization and amortization of tangible assets in the financial statements. As a transitional provision, Public Sector Guideline - 7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital asset for which all relevant information can be provided for the complete stock of tangible capital assets of the category.

The Municipality is in the process of inventory stage and no financial information is available for the capital assets.

18. Insured Value of Physical Assets

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

Blanket Coverage	<u>\$ 53,500,800</u>
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Corporation of the Municipality of Sioux Lookout

Notes to Consolidated Financial Statements

December 31, 2008

19. Contingencies

At year end there were a number of actions commenced against the Municipality under the Construction Lien Act relating to the construction of the Hudson Water Treatment Plant. The maximum potential exposure of the Municipality is \$1,593,445. The outcome of these actions cannot be determined by management at this time.

The Corporation of the Municipality of Sioux Lookout is presently involved in a wrongful dismissal suit, which arose during the year, for which the amount of settlement, if any, is not determinable. If any settlements result from the potential claim, this settlement will be expensed in the Consolidated Statement of Financial Activities in the year in which the judgement is rendered.

20. Loan Guarantee

Corporation of the Municipality of Sioux Lookout has guaranteed Sioux Lookout Hydro Inc. loan up to a maximum of \$2,979,823. At year end the loan balance was \$2,502,89 and the loan was not in default.

21. Segmented Information

Corporation of the Municipality of Sioux Lookout is a diversified municipal government institution that provides a wide range of services to its citizens. The management of the municipality considers decisions based on separate service areas. These service areas are: general government, protection services, transportation services, environmental services, health services, social and family services, social housing, recreational and cultural services, and planning and development.

Descriptions of the services and funds that management bases their decisions on, are as follows:

General Government

General government consists of governance, corporate management and program support. These categories relate to operations of all of the various programs and services that the municipality offers to its citizens.

Protection Services

Protection is comprised of police services and fire protection. Police service is contracted out to the Ontario Provincial Police. The fire department is responsible to provide fire suppression service, fire prevention programs, and training and education related to prevention, detection or extinguishment of fires.

Transportation Services

The transportation services area provides construction and maintenance of the roadways throughout the municipality.

Environmental Services

Environmental services consists of the management and maintenance of the sanitary sewer system, waterworks system, and waste disposal facility located within the municipal borders.

Health Services

Health services are comprised of public health services and ambulance service. The municipality contributes to local boards which provide these services to the citizens of the municipality.

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

December 31, 2008

21. Segmented Information (continued)

Social and Family Services

Social and family services are comprised of general assistance, child care and assistance to the aged. The municipality contributes to local boards which provide these services to the citizens of the municipality.

Social Housing

The municipality contributes to a local board, which provides social housing if the citizens of the Municipality of Sioux Lookout require the service.

Recreational and Cultural Services

This service area consists of the operation and maintenance of local parks, recreation facilities, cultural facilities, and town library.

Planning and Development

These services relate to zoning issues as well as planning of various municipal maintenance projects.

22. Operations of School Boards

	<u>2008</u>	<u>2007</u>
During the year, the following taxation revenue was raised and remitted to the school boards	<u>\$1,674,135</u>	<u>\$ 1,668,876</u>

23. Transfer of Sioux Lookout Non-Profit Housing Fund Balance

Based on changes in the Sioux Lookout Non-Profit Housing Corporation's Articles of Incorporation and the resulting relationship with the municipality, the housing corporation is no longer controlled by the municipality. As a result, the Non-Profit Housing Corporation financial statements are no longer consolidated into Corporation of the Municipality of Sioux Lookout's financial statements.

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

For the year ended December 31, 2008

	Opening	Contributions Received	Investment Income	Revenue Recognized	Ending
Obligatory Reserve Funds					
Gas tax rebate	\$ 350,866	\$ 173,383	\$ 11,548	\$ (535,797)	\$ -
Other					
Fire equipment grant	7,190	-	-	(6,823)	367
NOHFC Highway 72 project grant	428,043	-	-	(428,043)	-
Municipal Infrastructure	-	1,558,461	-	-	1,558,461
Investing in Ontario	-	493,154	-	-	493,154
Community in Action	-	38,260	-	-	38,260
PACE	-	4,500	-	-	4,500
KDSB Child Care	-	879,340	-	(778,828)	100,512
	435,233	2,973,715	-	(1,213,694)	2,195,254
	\$ 786,099	\$ 3,147,098	\$ 11,548	\$(1,749,491)	\$ 2,195,254

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

For the year ended December 31	2008	2008	2007
	Budget	Actual	Actual
Revenue			
Taxation	\$ 5,841,013	\$ 5,894,336	\$ 5,653,046
Payments in lieu of taxation	414,216	487,952	406,025
Fees, rentals and user charges	6,439,024	5,391,080	5,900,798
Canada grants	7,700	22,368	76,024
Ontario grants	3,353,602	3,267,485	4,045,508
Other	791,212	1,724,813	877,754
	<u>16,846,767</u>	<u>16,788,034</u>	<u>16,959,155</u>
Expenditures			
General government	1,955,721	2,193,803	2,310,166
Protection to persons and property	3,023,336	2,603,090	2,250,300
Transportation services	3,357,418	3,191,626	2,627,031
Environmental services	2,488,517	1,896,128	2,012,347
Health services	577,767	720,003	698,376
Social and family services	2,294,170	2,302,367	2,106,671
Social housing	400,000	387,400	1,753,490
Recreational and cultural services	1,891,611	1,565,543	1,459,727
Planning and development	858,909	575,921	442,297
	<u>16,847,449</u>	<u>15,435,881</u>	<u>15,660,405</u>
Net revenue (expenditures) for the year	(682)	1,352,153	1,298,750
Financing and transfers			
Debt principal repayments	(494,002)	(480,511)	(863,503)
Internal reserve fund loan repayment	-	(41,471)	-
Change in Home for the Aged payable	-	(35,083)	(50,279)
Change in vested sick leave payable	-	124,928	(35,023)
Change in landfill closure and post closure costs	-	(299,607)	8,125
Transfers to capital fund operations	-	(94,495)	(326,772)
Transfer of non-profit housing fund balance	-	(287,559)	-
Transfers to reserves and reserve funds	131,015	(1,173,362)	(364,453)
	<u>(362,987)</u>	<u>(2,287,160)</u>	<u>(1,631,905)</u>
Change in fund balance for the year	(363,669)	(935,007)	(333,155)
Current Fund, beginning of the year	363,669	891,895	1,225,050
Current Fund, end of the year	\$ -	\$ (43,112)	\$ 891,895

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

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
Revenue			
Fees, rentals and user charges	\$ 7,541,394	\$ 436,066	\$ 593,002
Canada grants	6,424,940	5,784,134	3,270,788
Ontario grants	7,827,002	1,432,216	252,245
Other	1,908,994	-	44,694
Transfer from deferred revenue	-	535,797	-
	<u>23,702,330</u>	<u>8,188,213</u>	<u>4,160,729</u>
Expenditures			
General government	-	-	11,679
Protection to persons and property	77,945	77,944	275,209
Transportation services	9,347,827	8,018,675	5,088,297
Environmental services	152,900	266,841	219,893
Social housing	-	-	91,611
Recreational and cultural services	1,708,184	78,006	138,502
Planning and development	18,238,854	2,648,705	524,689
	<u>29,525,710</u>	<u>11,090,171</u>	<u>6,349,880</u>
Net revenue (expenditures) for the year	<u>(5,823,380)</u>	<u>(2,901,958)</u>	<u>(2,189,151)</u>
Financing and transfers			
Debt financing - reserve fund	-	-	248,959
Transfers from current fund operations	-	94,495	326,772
Transfers from reserves and reserve funds	1,583,152	954,326	1,451,493
	<u>1,583,152</u>	<u>1,048,821</u>	<u>2,027,224</u>
Change in fund balances for the year	<u>(4,240,228)</u>	<u>(1,853,137)</u>	<u>(161,927)</u>
Capital Fund, beginning of the year	<u>(1,723,216)</u>	<u>(1,723,216)</u>	<u>(1,561,289)</u>
Capital Fund, end of the year	<u>\$ (5,963,444)</u>	<u>\$ (3,576,353)</u>	<u>\$ (1,723,216)</u>

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

For the year ended December 31	2008 Budget	2008 Actual	2007 Actual
Revenue			
Interest	\$ -	\$ 118,879	\$ 39,416
Expenditures	-	-	-
Net revenue (expenditures) for the year	-	118,879	39,416
Net transfers from (to) other funds			
Transfers from current fund operations	(131,215)	1,173,362	364,453
Transfers to capital fund operations	(1,583,152)	(954,326)	(1,451,493)
Proceeds on Hydro capital redemption	-	-	1,226,484
Transfer of non-profit housing corporation fund balance	-	(1,687,518)	-
	(1,714,367)	(1,468,482)	139,444
Change in fund balances for the year	(1,714,367)	(1,349,603)	178,860
Reserves and Reserve Funds, beginning of the year	4,923,927	4,923,927	4,745,067
Reserves and Reserve Funds, end of the year	\$ 3,209,560	\$ 3,574,324	\$ 4,923,927
Analyzed as follows:			
Reserves set aside for specific purpose by Council:			
for election	\$ 19,000	\$ 9,500	
for downtown revitalization	49,496	49,496	
for general capital expenditures	419,045	646,980	
for water collection and treatment	152,900	29,224	
for By Law vehicle	-	10,000	
for water treatment plant debt retirement	50,294	230,000	
for filter membrane	62,397	93,116	
for Hudson water treatment and distribution	11,200	11,200	
for wastewater collection and treatment	74,204	270,179	
for boat launch	7,349	8,865	
for landfill	52,328	123,364	
for building department	270,513	-	
for parking lot	57,000	-	
for roads equipment	175,334	134,969	
for roof repairs	-	6,180	
for fitness centre	115,000	90,000	
for development services	602,300	-	
for cedar bay	1,255	-	
for parkland	47,206	31,956	
for sick leave	20,304	-	
	2,187,125	1,745,029	
Reserve funds set aside for specific purpose by Council:			
for Library acquisition of capital assets	18,309	36,134	
for Hydro debt reserve	1,345,369	1,226,489	
for Airport capital	23,521	228,757	
for Town of Sioux Lookout Non-Profit Housing Corporation	-	1,687,518	
	1,387,199	3,178,898	
Reserves and Reserve Funds, end of the year	\$ 3,574,324	\$ 4,923,927	

Corporation of the Municipality of Sioux Lookout Schedule of Segment Disclosure

For the year ended
December 31, 2008

	General Government	Protection Services	Transportation Services	Environmental Services	Health Services	Social and Family Services	Social Housing	Recreational and Cultural Services	Planning and Development	Eliminations	Total
Revenues											
Taxation	\$ 905,669	\$ 1,029,699	\$ 1,311,375	\$ 769,340	\$ 591,877	\$ 472,130	\$ 439,850	\$ 639,887	\$ 222,461	\$ -	\$ 6,382,288
Fees and user charges	151,612	25,855	1,712,313	2,199,405	26,892	254,483	-	219,741	80,082	-	4,670,383
Conditional grants	3,396	-	20,000	35,442	-	1,195,581	-	17,944	37,889	-	1,310,252
Unconditional grants	280,912	319,383	406,751	238,627	183,583	146,441	136,429	198,474	69,001	-	1,979,601
Municipal grants	-	112,712	-	-	-	-	-	-	-	-	112,712
Other	394,296	448,293	570,925	334,942	257,682	205,548	191,495	278,584	96,851	-	2,778,616
Capital Reserve	118,879	-	5,866,600	92,504	-	-	-	-	1,693,312	-	7,652,416
											118,879
Total Revenue	1,854,764	1,935,942	9,887,964	3,670,260	1,060,034	2,274,183	767,774	1,354,630	2,199,596	-	25,005,147
Expenses											
Wages and benefits	1,203,810	344,224	1,463,226	681,595	22,618	1,358,816	-	892,252	422,107	-	6,388,648
Long-term debt charges (Interest)	47,520	8,529	110,351	219,097	72,343	-	-	-	-	-	457,840
Materials	516,414	188,612	1,372,520	466,222	21,397	200,880	-	451,627	102,569	-	3,320,241
Contracted services	192,299	2,061,725	234,654	478,563	19,191	11,160	-	219,165	51,192	-	3,267,949
Rents and financial	233,760	-	10,875	50,651	28,472	400	-	2,499	53	-	326,710
External transfers	-	-	-	-	555,982	766,194	352,317	-	-	-	1,674,493
Total current fund expenses	2,193,803	2,603,090	3,191,626	1,896,128	720,003	2,337,450	352,317	1,565,543	575,921	-	15,435,881
Capital expenses	-	77,944	8,018,675	266,841	-	-	-	78,006	2,648,705	-	11,090,171
Total expenses	2,193,803	2,681,034	11,210,301	2,162,969	720,003	2,337,450	352,317	1,643,549	3,224,626	-	26,526,052
Net surplus (deficit)	\$ (339,039)\$	(745,092)\$	(1,322,337)\$	1,507,291 \$	340,031 \$	(63,267)\$	415,457 \$	(288,919)\$	(1,025,030)\$	-	\$ (1,520,905)



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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 Trust Funds of Corporation of the Municipality of Sioux Lookout as at December 31, 2008 and the statement of continuity 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 Trust Funds of Corporation of the Municipality of Sioux Lookout as at December 31, 2008 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
April 17, 2009

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

December 31, 2008

	Cemetery Perpetual Care	Ontario Home Renewal Plan	Elsie Cosco Memorial Scholarship Fund	Mayfair Theatre Fund	2008 Total	2007 Total
Assets						
Investments	\$ 99,688	\$ -	\$ 56,190	\$ 26,714	\$ 182,592	\$ 178,228
Due from Corporation of the Municipality of Sioux Lookout	-	-	-	-	-	4,081
Loans receivable	-	2,320	-	-	2,320	22,154
	\$ 99,688	\$ 2,320	\$ 56,190	\$ 26,714	\$ 184,912	\$ 204,463

Liabilities and Fund Balance

Liabilities						
Due to Corporation of the Municipality of Sioux Lookout	\$ 2,031	\$ -	\$ 4,500	\$ 2,000	\$ 8,531	\$ 9,000
Fund Balance						
Capital	97,657	2,320	51,690	24,714	176,381	195,463
	\$ 99,688	\$ 2,320	\$ 56,190	\$ 26,714	\$ 184,912	\$ 204,463

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	2008 Total	2007 Total
Balance, beginning of the year	\$ 93,897	\$ 22,154	\$ 54,736	\$ 24,676	\$ 195,463	\$ 195,181
Receipts						
Plot sales and marker installation	3,760	-	-	-	3,760	3,540
Interest earned	2,031	-	1,454	1,038	4,523	7,898
	5,791	-	1,454	1,038	8,283	11,438
Expenditures						
	2,031	19,834	4,500	1,000	27,365	11,156
Balance, end of the year	\$ 97,657	\$ 2,320	\$ 51,690	\$ 24,714	\$ 176,381	\$ 195,463

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, 2008

1. Summary of Significant Accounting Policies

Management Responsibility

The financial statements of Trust Funds of Corporation of the Municipality of Sioux Lookout 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. Nature of Trust Funds

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.

The Cemetery Perpetual Care Trust Fund was established in accordance with the Cemeteries Act for the 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.

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.



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Auditors' Report

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

We have audited the statement of financial position of Public Library Board of Corporation of the Municipality of Sioux Lookout as at December 31, 2008 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 Public Library Board of Corporation of the Municipality of Sioux Lookout as at December 31, 2008 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
April 17, 2009

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

December 31	2008	2007
Assets		
Current		
Cash and bank	\$ 62,259	\$ 68,980
Accounts receivable	3,373	6,374
	\$ 65,632	\$ 75,354

Liabilities and Fund Balance

Current		
Accounts payable and accrued liabilities (Note 1)	\$ 78,047	\$ 58,787
Fund Balance		
Amount to be recovered in future years (Note 3)	(29,511)	(29,511)
Members' surplus (deficit)	(1,209)	9,948
Reserve fund for capital expenditures (Note 2)	18,305	36,130
	(12,415)	16,567
	\$ 65,632	\$ 75,354

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	2008	2008	2007
	Budget	Actual	Actual
Revenue			
Contributions from Corporation of the Municipality of Sioux Lookout	\$ 281,107	\$ 281,107	\$ 260,579
Grants from the Province of Ontario			
Per household grants	11,102	11,102	11,102
Pay equity funding	601	601	601
Other grants	3,393	2,512	13,406
Other	26,180	24,715	27,069
	<u>322,383</u>	<u>320,037</u>	<u>312,757</u>
Expenditures			
Book purchases	30,480	33,280	34,983
Building maintenance	16,340	19,121	20,143
Furniture and equipment	6,837	35,596	16,787
Legal, audit and insurance	3,446	1,829	1,882
Miscellaneous	9,941	12,437	5,720
Periodicals and newspapers	1,430	975	1,544
Professional development	2,735	3,697	1,266
Salaries and benefits	226,004	220,982	191,342
Supplies	7,870	8,877	7,437
Utilities	13,500	12,225	13,494
	<u>318,583</u>	<u>349,019</u>	<u>294,598</u>
Excess (deficiency) of revenue over expenditures for the year	3,800	(28,982)	18,159
Members' surplus, beginning of the year	-	9,948	11,289
Transfer from (to) Reserve for Capital expenditures	(3,800)	17,825	(19,500)
Members' surplus (deficit), end of the year	\$ -	\$ (1,209)	\$ 9,948

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

For the year ended December 31	2008	2007
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenditures for the year	\$ (28,982)	\$ 18,159
Changes in non-cash working capital balances		
720,003	-	-
720,003	-	-
Accounts receivable	3,001	1,233
Accounts payable and accrued liabilities	19,260	9,957
	22,261	11,190
	(6,721)	29,349
Financing activities		
Decrease in due to own Municipality	-	(8,742)
Increase (decrease) in cash during the year	(6,721)	20,607
Cash and bank, beginning of the year	68,980	48,373
Cash and bank, end of the year	\$ 62,259	\$ 68,980

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

December 31, 2008

Nature of Business Sioux Lookout Public Library Board is responsible for the operation and administration of 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, 2008

1. Accounts Payable and Accrued Liabilities

	2008	2007
Trade accounts payable	\$ 46,013	\$ 26,383
Vested and non-vested sick leave payable	29,511	29,511
Employee deductions	2,523	2,893
	\$ 78,047	\$ 58,787

2. Reserve Fund for Capital Expenditures

A reserve fund in the amount of \$18,305 (2007 - \$36,130) is being held by the library and is for the purpose of financing the board's furniture purchases and other major capital.

	2008	2007
Reserve Fund , beginning of the year	\$ 36,130	\$ 16,630
Transfers		
Transfer from library operations	10,800	19,500
Transfer to library operations	(28,625)	-
	(17,825)	19,500
Reserve Fund , end of the year	\$ 18,305	\$ 36,130

3. Amount to be Recovered in Future Years

	2008	2007
Vested and non-vested sick leave payable	\$ (29,511)	\$ (29,511)

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.

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

December 31, 2008

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 values of the financial instruments approximate their carrying values, unless otherwise noted.

6. Comparative Information

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