



## Consolidated Financial Statements

The Corporation of the Municipality of Sioux  
Lookout

December 31, 2016

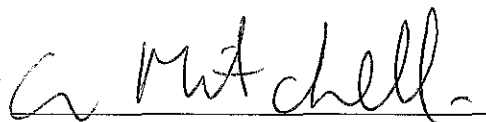
## Statement of Administrative Responsibility

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

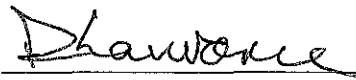
In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal control designed to provide reasonable assurance that Municipal assets are safeguarded from loss and that the accounting records are a reliable basis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

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

The 2016 Financial Statements have been reported on by The Corporation of the Municipality of Sioux Lookout's external auditors, Grant Thornton LLP, the auditors appointed by Municipal Council. The independent auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.



Ann Mitchell, Chief Administrative Officer



Doug Lawrance, Mayor

# Contents

	<b>Page</b>
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Operations and Accumulated Surplus	4 - 5
Consolidated Statement of Changes In Net Debt	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 24
Schedule 1 - Consolidated Schedule of Accumulated Surplus	25
Schedule 2 - Consolidated Schedule of Tangible Capital Assets	26
Schedule 3 - Consolidated Schedule Of Segment Disclosure	27 - 28
Consolidated Local Boards	
Sioux Lookout Public Library Board	
Independent Auditor's Report	29 - 30
Statement of Financial Position	31
Statement of Operations and Accumulated Surplus	32
Statement of Changes in Net Financial Assets (Debt)	33
Statement of Cash Flows	34
Notes to the Financial Statements	35 - 37
Trust Funds	
Independent Auditor's Report	38 - 39
Statement of Financial Position	40
Statement of Operations and Accumulated Surplus	41
Statement of Cash Flows	42
Notes to the Financial Statements	43

# Independent Auditor's Report

Grant Thornton LLP  
Suite 300  
979 Alloy Drive  
Thunder Bay, ON  
P7B 5Z8  
T +1 807 345 6571  
F +1 807 345 0032  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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

We have audited the accompanying consolidated financial statements of The Corporation of the Municipality of Sioux Lookout, which comprise the consolidated statement of financial position as at December 31, 2016 and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the financial statements**

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

## **Auditor's responsibility**

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

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

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

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Corporation of the Municipality of Sioux Lookout as at December 31, 2016, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Grant Thornton LLP*

Thunder Bay, Canada  
July 31, 2017

Chartered Professional Accountants  
Licensed Public Accountants

# The Corporation of the Municipality of Sioux Lookout

## Consolidated Statement of Financial Position

As at December 31	2016	2015
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents <i>[note 3]</i>	1,396,162	1,831,958
Investments <i>[note 4]</i>	2,177,391	1,810,302
Taxes receivable <i>[note 5[a]]</i>	1,316,780	1,056,274
User charges receivable <i>[note 5[b]]</i>	246,451	177,253
Accounts receivable	3,800,570	1,856,163
Inventories for resale	194,442	173,395
Investment in government business enterprise <i>[note 6]</i>	3,077,517	3,072,189
<b>Total financial assets</b>	<b>12,209,313</b>	<b>9,977,534</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	4,137,628	2,547,067
Deferred revenue <i>[note 7]</i>	1,427,258	1,734,451
Debt <i>[note 9]</i>	14,520,994	13,710,493
Landfill closure and post-closure liability <i>[note 10]</i>	269,675	293,442
Employee benefits liability <i>[note 11]</i>	416,809	374,952
<b>Total liabilities</b>	<b>20,772,364</b>	<b>18,660,405</b>
<b>NET DEBT</b>	<b>(8,563,051)</b>	<b>(8,682,871)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net <i>[note 12] [schedule 2]</i>	62,727,151	56,262,230
Prepaid expenses	267,340	5,408
	<b>62,994,491</b>	<b>56,267,638</b>
<b>Accumulated surplus <i>[schedule 1]</i></b>	<b>54,431,440</b>	<b>47,584,767</b>

See accompanying notes to the consolidated financial statements.

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

Year ended December 31

	Budget 2016 \$ [note 16]	Actual 2016 \$	Actual 2015 \$
<b>REVENUES [schedule 3]</b>			
<b>Taxation</b>			
Residential and farm taxation	5,683,352	5,682,898	5,232,677
Commercial and industrial	3,598,712	3,505,386	3,641,087
Taxation from other governments	644,053	644,054	568,586
	9,926,117	9,832,338	9,442,350
<b>User charges</b>			
Water and sewer billings	2,704,808	2,690,455	2,595,310
Other fees and service charges	5,102,683	5,432,982	4,662,821
	17,733,608	17,955,775	16,700,481
<b>Government transfers</b>			
Government of Canada	2,058,631	3,735,599	551,741
Province of Ontario	5,661,727	5,667,541	3,459,539
	7,720,358	9,403,140	4,011,280
<b>Other</b>			
Investment income	48,029	144,689	129,127
Penalties, fines and late payment charges	68,150	163,239	59,543
Sale of fuel	6,102,949	6,902,157	6,001,345
Fundraising and donations from the public	12,778	29,070	20,888
Other municipalities (POA)	140,000	109,353	77,696
Licences, permits and rents	268,845	307,931	63,324
Income from investment in government business	200,000	155,328	317,075
Other	4,342	155,948	127,279
	6,845,093	7,967,715	6,796,277
<b>Total revenues</b>	<b>32,299,059</b>	<b>35,326,630</b>	<b>27,508,038</b>

	<b>Budget 2016 \$ [note 16]</b>	<b>Actual 2016 \$</b>	<b>Actual 2015 \$</b>
<b>EXPENSES [note 13] [schedule 3]</b>			
General government	2,463,897	2,180,961	2,303,990
Protection to persons and property	3,018,167	2,680,088	2,693,254
Transportation services	11,398,849	12,387,717	10,772,123
Environmental services	3,904,295	3,467,504	3,524,065
Health services	1,075,882	1,279,273	1,272,227
Social and family services	2,551,630	2,393,527	2,354,022
Social housing	427,404	427,404	368,278
Recreation and cultural services	2,738,525	2,772,600	2,469,301
Planning and development	712,566	822,252	892,882
	<b>28,291,215</b>	<b>28,411,326</b>	26,650,142
<b>NET REVENUES BEFORE UNDERNOTED ITEM</b>	<b>4,007,844</b>	<b>6,915,304</b>	857,896
<b>OTHER</b>			
Loss on disposal of tangible capital assets	-	(68,631)	(184,139)
<b>Annual surplus</b>	<b>4,007,844</b>	<b>6,846,673</b>	673,757
Accumulated surplus, beginning of year	47,584,767	47,584,767	46,911,010
<b>Accumulated surplus, end of year [schedule 1]</b>	<b>51,592,611</b>	<b>54,431,440</b>	47,584,767

See accompanying notes to the consolidated financial statements.



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

Year ended December 31

	Budget 2016 \$ <i>[note 16]</i>	Actual 2016 \$	Actual 2015 \$
<b>Annual surplus</b>	<b>4,007,844</b>	<b>6,846,673</b>	673,757
Acquisition of tangible capital assets	<b>(8,379,992)</b>	<b>(9,056,512)</b>	(1,575,153)
Amortization of tangible capital assets	<b>2,499,490</b>	<b>2,499,490</b>	2,427,869
Loss on disposal of tangible capital assets	-	<b>68,631</b>	184,139
Proceeds on disposition on tangible capital assets	-	<b>23,470</b>	-
Acquisition of prepaid expenses	-	<b>(267,340)</b>	-
Use of prepaid expenses	-	<b>5,408</b>	15,565
Increase (decrease) in net debt	<b>(1,872,658)</b>	<b>119,820</b>	1,726,177
Net debt, beginning of year	<b>(8,682,871)</b>	<b>(8,682,871)</b>	(10,409,048)
<b>Net debt, end of year</b>	<b>(10,555,529)</b>	<b>(8,563,051)</b>	(8,682,871)

See accompanying notes to the consolidated financial statements.

# The Corporation of the Municipality of Sioux Lookout

## Consolidated Statement of Cash Flows

Year ended December 31	2016	2015
	\$	\$
<b>OPERATIONS</b>		
Annual surplus	6,846,673	673,757
<b>Non-cash charges</b>		
Amortization of tangible capital assets	2,499,490	2,427,869
Loss on disposal of tangible capital assets	68,631	184,139
Landfill closure and post-closure costs	(23,767)	36,166
Employee future benefits	41,857	82,335
Income from government business enterprise	(155,328)	(317,075)
	<b>9,277,556</b>	<b>3,087,191</b>
<b>Net change in non-cash working capital balances</b>		
Decrease (increase) in taxes receivable	(260,506)	18,979
Decrease (increase) in user charges receivable	(69,198)	14,587
Decrease (increase) in accounts receivable	(1,944,407)	662,044
Increase inventories for resale	(21,047)	(62,103)
Increase in accounts payable and accrued liabilities	1,590,561	181,585
Increase (decrease) in deferred revenue	(307,193)	974,104
Decrease (increase) in prepaid expenses	(261,932)	15,565
<b>Cash provided by operating transactions</b>	<b>8,003,834</b>	<b>4,891,952</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(9,056,512)	(1,575,153)
Proceeds on disposition of tangible capital assets	23,470	-
<b>Cash used in capital transactions</b>	<b>(9,033,042)</b>	<b>(1,575,153)</b>
<b>INVESTING</b>		
Increase in investments	(367,089)	(1,110,302)
Dividends from government business enterprise	150,000	240,000
<b>Cash used in investing transactions</b>	<b>(217,089)</b>	<b>(870,302)</b>
<b>FINANCING</b>		
Debt principal repayments	(726,428)	(816,099)
Long-term debt proceeds	1,536,929	-
<b>Cash provided by (used in) financing transactions</b>	<b>810,501</b>	<b>(816,099)</b>
<b>Increase (decrease) in cash and cash equivalents during year</b>	<b>(435,796)</b>	<b>1,630,398</b>
Cash and cash equivalents, beginning of year	1,831,958	201,560
<b>Cash and cash equivalents, end of year</b>	<b>1,396,162</b>	<b>1,831,958</b>

See accompanying notes to the consolidated financial statements.

---

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

December 31, 2016

---

## GENERAL

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

## 1. SIGNIFICANT ACCOUNTING POLICIES

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

### [a] Basis of consolidation

#### Reporting entity

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

Sioux Lookout Public Library Board  
Sioux Lookout Airport

All interfund balances and transactions have been eliminated.

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

Sioux Lookout Hydro Inc.

#### Local boards

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

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

---

# The Corporation of the Municipality of Sioux Lookout

## Notes to the Consolidated Financial Statements

---

December 31, 2016

---

### **Trust funds**

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

### **Accounting for school board transactions**

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

## **[b] Basis of accounting**

### **Accrual accounting**

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

### **Cash and cash equivalents**

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

### **Investments**

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

### **Inventories held for resale**

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

### **Pension and employee benefits**

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

---

# The Corporation of the Municipality of Sioux Lookout

## Notes to the Consolidated Financial Statements

---

December 31, 2016

---

### Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus, provides the change in net financial assets for the year.

[a] Tangible capital assets

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

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

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

[ii] Contribution of tangible capital assets

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

[iii] Tangible capital assets recognized at nominal value

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

[iv] Leases

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

---

# The Corporation of the Municipality of Sioux Lookout

## Notes to the Consolidated Financial Statements

---

December 31, 2016

---

### [b] Inventories

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

### Reserves and reserve funds

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

### Taxation revenue

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

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

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

### Government transfers

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

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

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

---

# The Corporation of the Municipality of Sioux Lookout

## Notes to the Consolidated Financial Statements

---

December 31, 2016

---

### **Revenue recognition**

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

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

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

### **Landfill closure and post-closure liability**

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

### **Use of estimates**

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

# The Corporation of the Municipality of Sioux Lookout

## Notes to the Consolidated Financial Statements

December 31, 2016

### 2. TRUST FUNDS

Trust funds administered by the Municipality amounting to \$220,490 [2015 - \$193,548] have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations and Accumulated Surplus.

### 3. CASH AND CASH EQUIVALENTS (BANK INDEBTEDNESS)

	2016 \$	2015 \$
Cash in bank	3,043,597	1,780,787
Bank indebtedness	(1,671,435)	-
Library	24,000	51,171
	<b>1,396,162</b>	<b>1,831,958</b>

The Municipality has available an operating line of credit of \$4,000,000 for which the Municipality has provided a borrowing by-law, of which \$1,671,435 [2015 - \$nil] was borrowed at year-end. Interest on the line of credit is calculated at bank prime minus .5% and is due on demand [2.2% at year-end]. The airport has an operating line of credit of \$500,000 with an interest rate of prime and is due on demand. The library has an operating line of credit of \$20,000 with an interest rate of prime and is due on demand.

### 4. INVESTMENTS

Investments consist of Guaranteed Investment Certificates, maturing in 2017 yielding rates of return of 1.4% - 1.8% and investments in money market funds.

### 5. TAXES AND USER CHARGES RECEIVABLE

[a] Taxes receivable

	2016 \$	2015 \$
Property and business taxes receivable	2,078,422	2,033,713
Allowance for property and business tax arrears	(761,642)	(977,439)
	<b>1,316,780</b>	<b>1,056,274</b>

[b] User charges receivable

	2016 \$	2015 \$
Water receivables	246,451	177,253



# The Corporation of the Municipality of Sioux Lookout

## Notes to the Consolidated Financial Statements

December 31, 2016

### 6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE

Sioux Lookout Hydro Inc. is owned and controlled by The Corporation of the Municipality of Sioux Lookout and, as a business enterprise of the Municipality, is accounted for on a modified equity basis in these consolidated financial statements. The following information provides condensed supplementary information for the enterprise for the year ended December 31, 2016:

	2016	2015
	\$	\$
Financial position		
Current assets	<b>3,088,797</b>	3,344,957
Tangible capital assets	<b>5,174,521</b>	5,068,284
Goodwill/regulatory assets	<b>193,614</b>	194,645
	<b>8,456,932</b>	8,607,886
Current liabilities	<b>4,712,268</b>	5,150,591
Non-current liabilities	<b>667,147</b>	385,106
Net assets, end of year	<b>3,077,517</b>	3,072,189
	<b>8,456,932</b>	8,607,886
	2016	2015
	\$	\$
Results of operations and changes in net assets		
Revenues	<b>11,989,445</b>	12,012,764
Expenses	<b>(11,834,117)</b>	(11,695,689)
Net income for the year	<b>155,328</b>	317,075
Net assets, beginning of year	<b>3,072,189</b>	2,995,114
Dividends	<b>(150,000)</b>	(240,000)
<b>Net assets, end of year</b>	<b>3,077,517</b>	3,072,189

There was a dividend declared and payable of \$150,000 [2015 - \$240,000]. During the year, Sioux Lookout Hydro Inc. billed electricity and services to The Corporation of the Municipality of Sioux Lookout in the amount of \$683,530 [2015 - \$677,878].

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

# The Corporation of the Municipality of Sioux Lookout

## Notes to the Consolidated Financial Statements

December 31, 2016

### 7. DEFERRED REVENUE

	Government Transfer \$	Other \$	Total 2016 \$	Total 2015 \$
Obligatory reserve funds				
Unearned Gas Tax proceeds	215,744	-	215,744	555,259
Other deferred revenue				
Restricted donations	-	113,294	113,294	75,596
KDSB Child Care	-	66,145	66,145	73,171
OCIF	1,032,075	-	1,032,075	1,030,425
	<b>1,247,819</b>	<b>179,439</b>	<b>1,427,258</b>	<b>1,734,451</b>

The continuity of deferred revenue is as follows:

	2016 \$	2015 \$
<b>Balance, beginning of year</b>	<b>1,734,451</b>	760,347
Grant proceeds - Gas Tax	<b>306,282</b>	291,697
Grant proceeds - other	<b>1,006,201</b>	1,122,867
Gas Tax revenue earned	<b>(645,797)</b>	(354,607)
Other grant revenue earned	<b>(973,879)</b>	(85,853)
<b>Balance, end of year</b>	<b>1,427,258</b>	<b>1,734,451</b>

### 8. PENSION AGREEMENTS

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund ("OMERS"), which is a multi-employer plan, on behalf of members of its staff. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2016 was \$518,091 [2015 - \$501,507] for current service.

# The Corporation of the Municipality of Sioux Lookout

## Notes to the Consolidated Financial Statements

December 31, 2016

### 9. DEBT

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

	2016 \$	2015 \$
<b>Bank of Montreal</b>		
Fixed term loan, 2.55%, blended monthly payments of \$2,307; due 2020.	<b>305,560</b>	325,202
Fixed term loan, 3.75%, blended monthly payments of \$4,813; due 2020.	<b>156,374</b>	203,249
Fixed term loan, 4.26%, blended monthly payments of \$5,606; due 2030.	<b>754,756</b>	800,371
Fixed term loan, 4.91%, blended monthly payments of \$13,008; paid in 2016.	-	12,611
Fixed term loan, 4.91%, blended monthly payments of \$5,752; paid in 2016.	-	11,280
Fixed term loan, 5.01%, blended monthly payments of \$2,890; due 2028.	<b>301,551</b>	330,831
Fixed term loan, 3.98%, blended monthly payments of \$9,177; due 2028.	<b>1,031,902</b>	1,099,517
Fixed term loan, 2.55%, blended monthly payments of \$16,479; maturing 2020.	<b>2,183,202</b>	2,323,544
<b>TD Canada Trust</b>		
Bank loan, 3.71%, blended monthly payments to be determined at drawdown; due 2021.	<b>918,286</b>	994,916
Bank loan, 2.44%, blended monthly payments of \$7,173; maturing 2020.	<b>835,117</b>	899,894
<b>Ontario Infrastructure and Lands Corporation</b>		
Loan, 3.55%, blended semi-annual payments of \$169,557; due 2038.	<b>5,069,699</b>	5,224,699
Loan, 1.68%, blended semi-annual payments of \$3,843; maturing 2021.	<b>36,715</b>	-
Loan, 2.270%, blended semi-annual payment of \$37,060; maturing 2026.	<b>604,375</b>	-
<b>Carried Forward</b>	<b>12,197,537</b>	12,226,114

# The Corporation of the Municipality of Sioux Lookout

## Notes to the Consolidated Financial Statements

December 31, 2016

<b>Brought Forward</b>	<b>12,197,537</b>	12,226,114
Loan, 2.39%, blended semi-annual payment of \$29,754; maturing 2036.	<b>879,557</b>	-
<b>Provincial Infrastructure Financing Authority</b>		
Loan, 2.73%, blended semi-annual payments of \$15,173; maturing 2035.	<b>438,471</b>	456,477
Loan, 3.05%, blended semi-annual payments of \$26,824; maturing 2044.	<b>1,005,429</b>	1,027,902
<b>Total municipal debt</b>	<b>14,520,994</b>	13,710,493

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

	\$
2017	808,529
2018	831,841
2019	855,897
2020	837,536
2021	853,294
Thereafter	10,333,897
	<b>14,520,994</b>

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

[d] Total interest charges for debt reported on the Consolidated Statement of Operations and Accumulated Surplus are \$458,084 [2015 - \$453,042].

### 10. LANDFILL CLOSURE AND POST-CLOSURE

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

The estimated liability for this care is the present value for future cash flows associated with closure and post-closure costs discounted using the Municipality's average long-term borrowing rate of 2.9%. The change in the recorded liability is \$23,767 [2015 - \$36,167] based on a total estimated undiscounted outflow in the future of \$2,014,754 [2015 - \$2,095,541], leaving an amount to be recognized in the future of \$1,745,079 [2015 - \$1,802,099] over the closure and post-closure period. The liability is not currently funded. The liability is expected to be funded through budget allocations to a landfill reserve over the remaining life of the landfill.

# The Corporation of the Municipality of Sioux Lookout

## Notes to the Consolidated Financial Statements

December 31, 2016

The estimated remaining life of the site is 29 years and the remaining capacity of the site is 332,000 cubic metres. Post-closure care is estimated to continue for a range of approximately 17 - 25 years for the two sites.

### 11. EMPLOYEE FUTURE BENEFITS

#### Employee Future Benefits Liabilities

	2016	2015
	\$	\$
Vested and non-vested sick leave payable	170,900	141,569
Vacation payable	54,059	47,980
Banked stats and overtime	59,550	47,103
Post employment benefits payable	132,300	138,300
	<b>416,809</b>	<b>374,952</b>

#### Retirement and Other Employee Future Benefits Expenses

Under the sick leave benefit plan, unused sick leave can accumulate. The Municipality recognizes these costs in the period in which the employees rendered the services. The accrued benefit liability at December 31, 2016 was determined by an actuarial valuation prepared for the year ended December 31, 2016.

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

#### Actuarial assumptions

The accrued benefit obligations for employee future benefit plans as at December 31, 2016 are based on actuarial valuations for accounting purposes as at December 31, 2016. These actuarial valuations were based on assumptions about future events. These valuations take into account the plan changes outlined above and the economic assumptions used in these valuations are the Municipality's best estimates of expected rates of:

	2016	2015
	%	%
Wage and salary escalation	2.5	2.3
Discount on accrued benefit obligations	3.3	4.5

---

# The Corporation of the Municipality of Sioux Lookout

## Notes to the Consolidated Financial Statements

---

December 31, 2016

---

### 12. TANGIBLE CAPITAL ASSETS

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

	2016	2015
	\$	\$
Land and land improvement	5,564,049	5,684,042
Buildings	16,914,181	17,448,221
Machinery and equipment	3,875,350	4,260,902
Vehicles	2,688,738	2,754,495
Library collections	76,119	93,893
Sanitary and storm sewer	6,836,889	6,821,892
Roads	12,430,840	13,038,913
Water distribution	5,681,047	5,775,320
Assets under construction	8,659,938	384,552
	<b>62,727,151</b>	<b>56,262,230</b>

---

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

There were no write-downs of assets during 2016 [2015 - \$nil].

Interest capitalized during 2016 was \$nil [2015 - \$nil].

There were no contributed tangible capital assets in 2016 [2015 - \$nil].

### 13. SEGMENTED INFORMATION

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

#### **General government**

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

---

# The Corporation of the Municipality of Sioux Lookout

## Notes to the Consolidated Financial Statements

December 31, 2016

---

### **Protection to persons and property**

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

### **Transportation services**

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

### **Environmental services**

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

### **Health services**

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

### **Social and family services**

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

---

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

December 31, 2016

---

## **Recreation and cultural services**

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

## **Planning and development**

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

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



# The Corporation of the Municipality of Sioux Lookout

## Notes to the Consolidated Financial Statements

December 31, 2016

### 14. RESERVES AND RESERVE FUNDS

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

	2016 \$	2015 \$
<b>Reserves</b>		
Balance, beginning of year	3,877,959	2,873,173
<b>Increases</b>		
Transfers to reserves	1,462,146	1,369,074
<b>Decreases</b>		
Transfers from reserves	1,938,062	42,063
Transfer from reserves for capital projects	-	322,225
	<b>1,938,062</b>	<b>364,288</b>
<b>Balance, end of year</b>	<b>3,402,043</b>	<b>3,877,959</b>
	2016 \$	2015 \$
<b>Reserve funds</b>		
Balance, beginning of year	3,701,716	2,719,000
<b>Increases</b>		
Transfers to reserve funds	1,702,078	306,433
Contributions from capital operations	-	678,025
Interest	8,015	-
	<b>1,710,093</b>	<b>984,458</b>
<b>Decreases</b>		
Contributions from reserve funds	-	1,742
Transfer from reserves for capital projects	132,732	-
	<b>132,732</b>	<b>1,742</b>
<b>Balance, end of year</b>	<b>5,279,077</b>	<b>3,701,716</b>

### 15. DESIGNATED ASSETS

Of the financial assets reported on the Consolidated Statement of Financial Position, the Council has designated \$944,157 [2015 - \$45,372] to support reserve funds.

# The Corporation of the Municipality of Sioux Lookout

## Notes to the Consolidated Financial Statements

December 31, 2016

### 16. BUDGET FIGURES

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

	Approved Fiscal Plan \$	Adjustments \$	Fiscal Plan per Financial Statements \$
<b>Revenues</b>			
Taxation	9,926,117	-	9,926,117
User Charges	7,807,491	-	7,807,491
Government transfers	7,720,358	-	7,720,358
Other	11,393,983	(4,548,890)	6,845,093
	<b>36,847,949</b>	<b>(4,548,890)</b>	<b>32,299,059</b>
<b>Expenses</b>			
General government	2,478,585	(14,688)	2,463,897
Protection to persons and property	2,965,221	52,946	3,018,167
Transportation services	15,796,504	(4,397,655)	11,398,849
Environmental services	3,257,328	646,967	3,904,295
Health services	1,109,596	(33,714)	1,075,882
Social and family services	2,976,341	2,693	2,979,034
Recreation and cultural services	2,555,944	182,581	2,738,525
Planning and development	5,708,430	(4,995,864)	712,566
	<b>36,847,949</b>	<b>(8,556,734)</b>	<b>28,291,215</b>
<b>Annual surplus</b>	-	<b>4,007,844</b>	<b>4,007,844</b>
Interfund transfers	-	(266,104)	
Capital items	-	8,379,992	
Debt proceeds	-	(2,430,624)	
Debt repayments	-	824,070	
Amortization	-	(2,499,490)	
<b>Approved surplus</b>	-	<b>4,007,844</b>	

### 17. LOAN GUARANTEE

The Corporation of the Municipality of Sioux Lookout has guaranteed a loan to Sioux Lookout Hydro Inc. up to a maximum of \$3,350,000. At year-end, the loan balance was \$1,499,492 [2015 - \$1,725,037] and the loan was not in default.

---

# **The Corporation of the Municipality of Sioux Lookout**

## **Notes to the Consolidated Financial Statements**

December 31, 2016

---

### **18. CONTRACTUAL OBLIGATIONS**

#### **Northern Waterworks Inc. (NWI)**

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

Included in the Consolidated Statement of Operations and Accumulated Surplus are the 2016 charges from NWI of \$1,134,377 [2015 - \$1,127,322].

### **19. COMPARATIVE FINANCIAL STATEMENTS**

The comparative financial statements have been restated from statements previously presented to conform to the presentation of the 2016 financial statements.

# The Corporation of the Municipality of Sioux Lookout

## Schedule 1

### Consolidated Schedule of Accumulated Surplus

Year ended December 31	2016	2015
	\$	\$
<b>Surplus (deficit)</b>		
General fund	(4,429,452)	(4,533,022)
Investment in tangible capital assets	62,727,151	56,262,230
Unfunded		
Debt	(14,520,994)	(13,710,493)
Employee future benefits	(416,809)	(374,952)
Home for the aged	(417,418)	(417,418)
Landfill closure and post-closure liabilities	(269,675)	(293,442)
<b>Total surplus</b>	<b>42,672,803</b>	<b>36,932,903</b>
<b>Reserves set aside for specific purposes by Council</b>		
For working capital	300,103	223,773
For capital expenditures	3,101,940	3,654,186
<b>Total reserves</b>	<b>3,402,043</b>	<b>3,877,959</b>
<b>Reserve funds set aside for specific purposes by Council</b>		
For Library acquisition of capital assets	17,898	16,380
For Hydro debt reserve	1,287,798	1,232,798
For Airport capital	2,908,194	2,452,538
For infrastructure	45,513	-
For utilities	901,589	-
For aggregate	118,085	-
<b>Total reserve funds</b>	<b>5,279,077</b>	<b>3,701,716</b>
<b>Net equity in government business enterprises</b>	<b>3,077,517</b>	<b>3,072,189</b>
<b>Accumulated surplus</b>	<b>54,431,440</b>	<b>47,584,767</b>

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

**Schedule 2**

Year ended December 31, 2016

	General					Infrastructure			Totals		
	Land and Land Improvements \$	Buildings \$	Machinery and Equipment \$	Vehicles \$	Library Collection \$	Sanitary and Storm Sewer \$	Roads \$	Water Distribution \$	Assets Under Construction \$	2016 \$	2015 \$
<b>COST</b>											
Balance, beginning of year	6,592,455	26,872,029	12,205,867	6,809,741	165,389	10,607,392	25,706,888	8,205,352	384,552	97,549,665	99,070,741
Add											
Additions during the year	-	-	52,120	276,748	-	132,909	275,533	-	8,319,202	9,056,512	1,575,153
Less											
Disposals during the year	14,954	-	-	273,916	14,608	-	32,970	-	43,816	380,264	3,096,229
<b>Balance, end of year</b>	<b>6,577,501</b>	<b>26,872,029</b>	<b>12,257,987</b>	<b>6,812,573</b>	<b>150,781</b>	<b>10,740,301</b>	<b>25,949,451</b>	<b>8,205,352</b>	<b>8,659,938</b>	<b>106,225,913</b>	<b>97,549,665</b>
<b>ACCUMULATED AMORTIZATION</b>											
Balance, beginning of year	908,413	9,423,808	7,944,965	4,055,246	71,496	3,785,500	12,667,975	2,430,032	-	41,287,435	41,771,656
Add											
Amortization during the year	117,466	534,040	437,672	296,747	17,774	117,912	883,606	94,273	-	2,499,490	2,427,869
Less											
Accumulated amortization on disposals	12,427	-	-	228,158	14,608	-	32,970	-	-	288,163	2,912,090
<b>Balance, end of year</b>	<b>1,013,452</b>	<b>9,957,848</b>	<b>8,382,637</b>	<b>4,123,835</b>	<b>74,662</b>	<b>3,903,412</b>	<b>13,518,611</b>	<b>2,524,305</b>	<b>-</b>	<b>43,498,762</b>	<b>41,287,435</b>
Net book value of tangible capital assets, beginning of year	5,684,042	17,448,221	4,260,902	2,754,495	93,893	6,821,892	13,038,913	5,775,320	384,552	56,262,230	57,299,085
<b>Net book value of tangible capital assets, end of year</b>	<b>5,564,049</b>	<b>16,914,181</b>	<b>3,875,350</b>	<b>2,688,738</b>	<b>76,119</b>	<b>6,836,889</b>	<b>12,430,840</b>	<b>5,681,047</b>	<b>8,659,938</b>	<b>62,727,151</b>	<b>56,262,230</b>

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

**Schedule 3**

Year ended December 31, 2016

	General Government		Protection to Persons and Property		Transportation Services		Environmental Services		Health Services	
	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
<b>Revenues</b>										
Taxation	9,832,338	9,442,350	-	-	-	-	-	-	-	-
Grants	1,613,600	1,784,900	3,750	-	3,135,989	510,473	125,334	113,858	-	-
User fees and service charges	244,544	287,031	12,333	22,909	3,270,515	2,653,511	3,197,038	3,083,285	19,323	148,795
Sale of aviation fuel	-	-	-	-	6,902,157	6,001,345	-	-	-	-
Other revenues	781,626	424,414	109,353	195,467	4,410	6,611	11,527	12,008	2,884	1,572
Interest income - general	19,545	15,771	-	-	117,129	100,999	-	-	-	-
Interest income - reserves and reserve funds	2,946	-	-	-	5,050	12,428	-	-	-	-
	<b>12,494,599</b>	11,954,466	<b>125,436</b>	218,376	<b>13,435,250</b>	9,285,367	<b>3,333,899</b>	3,209,151	<b>22,207</b>	150,367
<b>Expenses</b>										
Salaries, wages and employee benefits	1,659,499	1,552,475	392,875	388,140	2,000,531	1,863,675	898,157	933,791	363,187	355,389
Long-term debt charges	100,626	101,108	112	-	62,141	56,477	232,047	229,347	42,626	45,143
Materials	195,967	308,663	203,474	172,256	8,958,404	7,469,544	1,082,511	1,112,322	184,139	173,622
Contracted services	181,896	285,257	2,000,482	2,055,453	169,164	213,774	379,967	471,377	65,937	86,773
Rent and financials	12,464	24,623	-	-	11,843	10,601	77,327	3,897	40,975	40,699
External transfers to others	-	-	-	-	-	-	-	-	551,163	539,355
Amortization	30,509	31,864	83,145	77,405	1,185,634	1,158,052	797,495	773,331	31,246	31,246
	<b>2,180,961</b>	2,303,990	<b>2,680,088</b>	2,693,254	<b>12,387,717</b>	10,772,123	<b>3,467,504</b>	3,524,065	<b>1,279,273</b>	1,272,227
<b>Net revenues (expenses) before undernoted item</b>	<b>10,313,638</b>	9,650,476	<b>(2,554,652)</b>	(2,474,878)	<b>1,047,533</b>	(1,486,756)	<b>(133,605)</b>	(314,914)	<b>(1,257,066)</b>	(1,121,860)
Loss on disposal of tangible capital assets	-	-	-	-	(68,631)	-	-	-	-	-
<b>Annual surplus (deficit)</b>	<b>10,313,638</b>	9,650,476	<b>(2,554,652)</b>	(2,474,878)	<b>978,902</b>	(1,486,756)	<b>(133,605)</b>	(314,914)	<b>(1,257,066)</b>	(1,121,860)

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

**Schedule 3 (continued)**

Year ended December 31, 2016

	Social and Family Services		Social Housing		Recreation and Cultural Services		Planning and Development		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>										
Taxation	-	-	-	-	-	-	-	-	<b>9,832,338</b>	9,442,350
Grants	<b>925,985</b>	996,878	-	-	<b>65,820</b>	78,381	<b>3,532,662</b>	526,790	<b>9,403,140</b>	4,011,280
User fees and service charges	<b>471,171</b>	408,968	-	20,020	<b>872,210</b>	478,702	<b>36,303</b>	41,484	<b>8,123,437</b>	7,144,705
Sale of aviation fuel	-	-	-	-	-	-	-	-	<b>6,902,157</b>	6,001,345
Other revenues	-	6,742	-	-	<b>11,069</b>	20,369	-	111,977	<b>920,869</b>	779,160
Interest income - general	-	-	-	-	-	-	-	-	<b>136,674</b>	116,770
Interest income - reserves and reserve funds	-	-	-	-	<b>19</b>	-	-	-	<b>8,015</b>	12,428
	<b>1,397,156</b>	1,412,588	-	20,020	<b>949,118</b>	577,452	<b>3,568,965</b>	680,251	<b>35,326,630</b>	27,508,038
<b>Expenses</b>										
Salaries, wages and employee benefits	<b>1,572,767</b>	1,516,811	-	-	<b>1,414,469</b>	1,383,810	<b>230,163</b>	185,951	<b>8,531,648</b>	8,180,042
Long-term debt charges	-	-	-	-	<b>20,532</b>	20,967	-	-	<b>458,084</b>	453,042
Materials	<b>189,736</b>	174,443	-	-	<b>790,860</b>	562,131	<b>327,047</b>	353,054	<b>11,932,138</b>	10,326,035
Contracted services	<b>24,051</b>	27,910	-	-	<b>170,949</b>	143,475	<b>265,042</b>	353,877	<b>3,257,488</b>	3,637,896
Rent and financials	-	-	-	-	<b>7,022</b>	5,640	-	-	<b>149,631</b>	85,460
External transfers to others	<b>604,280</b>	632,165	<b>427,404</b>	368,278	-	-	-	-	<b>1,582,847</b>	1,539,798
Amortization	<b>2,693</b>	2,693	-	-	<b>368,768</b>	353,278	-	-	<b>2,499,490</b>	2,427,869
	<b>2,393,527</b>	2,354,022	<b>427,404</b>	368,278	<b>2,772,600</b>	2,469,301	<b>822,252</b>	892,882	<b>28,411,326</b>	26,650,142
<b>Net revenues (expenses) before undernoted item</b>										
	<b>(996,371)</b>	(941,434)	<b>(427,404)</b>	(348,258)	<b>(1,823,482)</b>	(1,891,849)	<b>2,746,713</b>	(212,631)	<b>6,915,304</b>	857,896
Loss on disposal of tangible capital assets	-	(184,139)	-	-	-	-	-	-	<b>(68,631)</b>	(184,139)
<b>Annual surplus (deficit)</b>										
	<b>(996,371)</b>	(1,125,573)	<b>(427,404)</b>	(348,258)	<b>(1,823,482)</b>	(1,891,849)	<b>2,746,713</b>	(212,631)	<b>6,846,673</b>	673,757

# Independent Auditor's Report

Grant Thornton LLP  
Suite 300  
979 Alloy Drive  
Thunder Bay, ON  
P7B 5Z8  
T +1 807 345 6571  
F +1 807 345 0032  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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

We have audited the accompanying financial statements of the Sioux Lookout Public Library Board, which comprise the statement of financial position as at December 31, 2016 and the statements of operations and accumulated surplus, changes in net financial assets (debt) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the financial statements**

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

## **Auditor's responsibility**

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

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

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



**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Sioux Lookout Public Library Board as at December 31, 2016, and the results of its operations, changes in its net financial assets (debt), and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Grant Thornton LLP*

Thunder Bay, Canada  
July 31, 2017

Chartered Professional Accountants  
Licensed Public Accountants

---

## Sioux Lookout Public Library Board Statement of Financial Position

As at December 31	2016	2015
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	24,000	51,171
Accounts receivable	18,873	8,755
<b>Total financial assets</b>	<b>42,873</b>	<b>59,926</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	65,296	76,145
<b>NET FINANCIAL ASSETS (DEBT)</b>	<b>(22,423)</b>	<b>(16,219)</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets - net <i>[note 2]</i>	76,118	93,892
Prepaid expenses	1,040	2,027
<b>Accumulated surplus <i>[note 3]</i></b>	<b>54,735</b>	<b>79,700</b>

See accompanying notes to the financial statements.

## Sioux Lookout Public Library Board

### Statement of Operations and Accumulated Surplus

Year ended December 31	2016	2016	2015
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 4]</i>		
<b>REVENUES</b>			
Province of Ontario operating grant	11,703	11,703	11,703
Sioux Lookout operating subsidy	330,000	335,000	356,000
Other municipal provincial grants	2,145	9,621	26,989
Other	20,870	24,383	22,307
<b>Total revenues</b>	<b>364,718</b>	<b>380,707</b>	416,999
<b>EXPENSES</b>			
Amortization	17,774	17,774	16,726
Book purchases	25,480	24,225	15,277
Building maintenance	15,659	14,148	15,784
Furniture and equipment	-	1,024	12,062
Legal, audit and insurance	4,391	4,007	4,391
Miscellaneous	9,517	9,774	25,112
Periodicals and newspapers	7,100	8,233	10,747
Professional development	4,468	4,456	7,615
Salaries and benefits	271,503	297,087	320,686
Supplies	7,900	8,290	13,162
Utilities	17,200	16,654	17,402
<b>Total expenses</b>	<b>380,992</b>	<b>405,672</b>	458,964
<b>Annual deficit</b>	<b>(16,274)</b>	<b>(24,965)</b>	(41,965)
Accumulated surplus, beginning of year	79,700	79,700	121,665
<b>Accumulated surplus, end of year</b>	<b>63,426</b>	<b>54,735</b>	79,700

See accompanying notes to the financial statements.

## Sioux Lookout Public Library Board

### Statement of Changes in Net Financial Assets (Debt)

Year ended December 31	2016	2016	2015
	Budget	Actual	Actual
	\$	\$	\$
	<i>[note 4]</i>		
<b>Annual deficit</b>	<b>(16,274)</b>	<b>(24,965)</b>	(41,965)
Acquisition of tangible capital assets	-	-	(14,545)
Amortization of tangible capital assets	<b>17,774</b>	<b>17,774</b>	16,726
Transfer from reserve for capital expenditures	<b>(1,500)</b>	-	-
Acquisition of prepaids	-	<b>(1,040)</b>	(2,027)
Use of prepaid expenses	-	<b>2,027</b>	2,928
Decrease in net financial assets	-	<b>(6,204)</b>	(38,883)
Net financial assets (debt), beginning of year	<b>(16,219)</b>	<b>(16,219)</b>	22,664
<b>Net financial assets (debt), end of year</b>	<b>(16,219)</b>	<b>(22,423)</b>	(16,219)

See accompanying notes to the financial statements.

## Sioux Lookout Public Library Board

### Statement of Cash Flows

Year ended December 31	2016	2015
	\$	\$
<b>OPERATIONS</b>		
Annual deficit	(24,965)	(41,965)
<b>Non-cash charges</b>		
Amortization of tangible capital assets	17,774	16,726
	(7,191)	(25,239)
<b>Net change in non-cash working capital balances</b>		
Decrease (increase) in accounts receivable	(10,118)	4,680
Decrease prepaid expenses	987	901
Increase (decrease) in accounts payable and accrued liabilities	(10,849)	15,944
<b>Cash used in operating transactions</b>	<b>(27,171)</b>	<b>(3,714)</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	-	(14,545)
<b>Cash provided by (used in) capital transactions</b>	<b>-</b>	<b>(14,545)</b>
<b>Decrease in cash and cash equivalents during year</b>	<b>(27,171)</b>	<b>(18,259)</b>
Cash and cash equivalents, beginning of year	51,171	69,430
<b>Cash and cash equivalents, end of year</b>	<b>24,000</b>	<b>51,171</b>

See accompanying notes to the financial statements.

---

# Sioux Lookout Public Library Board

## Notes to the Financial Statements

December 31, 2016

---

### NATURE OF OPERATIONS

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

#### Accrual accounting

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

#### Tangible capital assets

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

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

#### Cash and cash equivalents

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

#### Revenue recognition

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

#### Government transfers

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

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

# Sioux Lookout Public Library Board

## Notes to the Financial Statements

December 31, 2016

### Use of estimates

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

### 2. TANGIBLE CAPITAL ASSETS

	Library collection \$	2016 Total \$	2015 Total \$
<b>COST</b>			
Balance, beginning of year	165,388	165,388	1,005,403
Add:			
Additions during the year	-	-	14,545
Less:			
Disposals during the year	14,608	14,608	854,560
<b>Balance, end of year</b>	<b>150,780</b>	<b>150,780</b>	165,388
<b>ACCUMULATED AMORTIZATION</b>			
Balance, beginning of year	71,496	71,496	909,330
Add:			
Amortization during the year	17,774	17,774	16,726
Less:			
Accumulated amortization on disposals	14,608	14,608	854,560
<b>Balance, end of year</b>	<b>74,662</b>	<b>74,662</b>	71,496
Net book value of tangible capital assets, beginning of year	93,892	93,892	96,073
<b>Net book value of tangible capital assets, end of year</b>	<b>76,118</b>	<b>76,118</b>	93,892

# Sioux Lookout Public Library Board

## Notes to the Financial Statements

December 31, 2016

### 3. ACCUMULATED SURPLUS

	2016 \$	2015 \$
General fund	(21,383)	(14,192)
Investment in tangible capital assets	76,118	93,892
<b>Accumulated surplus</b>	<b>54,735</b>	<b>79,700</b>

### 4. BUDGET FIGURES

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

	Approved 2016 Budget \$	PSAB Adjustment \$	PSAB Adjusted Budget \$
Revenues	364,718	-	364,718
Expenses	364,718	16,274	380,992
<b>Annual surplus (deficit)</b>	<b>-</b>	<b>(16,274)</b>	<b>(16,274)</b>
Less:			
Transfers to reserve funds	-	(1,500)	(1,500)
Add:			
Amortization of tangible capital assets	-	17,774	17,774
<b>Increase in net financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 5. BANK INDEBTEDNESS

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

### 6. SEGMENT DISCLOSURE

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



# Independent Auditor's Report

Grant Thornton LLP  
Suite 300  
979 Alloy Drive  
Thunder Bay, ON  
P7B 5Z8  
T +1 807 345 6571  
F +1 807 345 0032  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

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

We have audited the accompanying financial statements of the Trust Funds of The Corporation of the Municipality of Sioux Lookout, which comprise the statement of financial position as at December 31, 2016 and the statements of operations and accumulated surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the financial statements**

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

## **Auditor's responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds of The Corporation of the Municipality of Sioux Lookout as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Grant Thornton LLP*

Thunder Bay, Canada  
July 31, 2017

Chartered Professional Accountants  
Licensed Public Accountants

# The Corporation of the Municipality of Sioux Lookout

## Trust Funds

### Statement of Financial Position

As at December 31

2016

2015

	Cemetery Perpetual Care \$	Elsie Cosco Memorial Scholarship Fund \$	Mayfair Theatre Fund \$	Total \$	Total \$
<b>FINANCIAL ASSETS</b>					
Investments	131,521	57,351	24,664	213,536	225,193
Receivable from the Municipality of Sioux Lookout	16,554	-	-	16,554	-
<b>Total financial assets</b>	<b>148,075</b>	<b>57,351</b>	<b>24,664</b>	<b>230,090</b>	<b>225,193</b>
<b>FINANCIAL LIABILITIES</b>					
Repayable to the Municipality of Sioux Lookout	-	9,600	-	9,600	31,644
<b>Accumulated surplus</b>	<b>148,075</b>	<b>47,751</b>	<b>24,664</b>	<b>220,490</b>	<b>193,548</b>
	<b>148,075</b>	<b>57,351</b>	<b>24,664</b>	<b>230,090</b>	<b>225,192</b>

See accompanying notes to the financial statements.

# The Corporation of the Municipality of Sioux Lookout Trust Funds

## Statement of Operations and Accumulated Surplus

Year ended December 31

2016

2015

	Cemetery Perpetual Care \$	Elsie Cosco Memorial Scholarship Fund \$	Mayfair Theatre Fund \$	Total \$	Total \$
<b>REVENUES</b>					
Capital receipts	-	-	5,200	5,200	4,050
Interest income	1,995	788	552	3,335	6,084
<b>Total revenues</b>	<b>1,995</b>	<b>788</b>	<b>5,752</b>	<b>8,535</b>	<b>10,134</b>
<b>EXPENSES</b>					
Transfer to (from) the Municipality of Sioux Lookout	(33,207)	9,600	5,200	(18,407)	2,650
<b>NET REVENUES (EXPENSES)</b>	<b>35,202</b>	<b>(8,812)</b>	<b>552</b>	<b>26,942</b>	<b>7,484</b>
<b>Annual surplus (deficit)</b>	<b>35,202</b>	<b>(8,812)</b>	<b>552</b>	<b>26,942</b>	<b>7,484</b>
Accumulated surplus, beginning of year	112,873	56,563	24,112	193,548	186,064
<b>Accumulated surplus, end of year</b>	<b>148,075</b>	<b>47,751</b>	<b>24,664</b>	<b>220,490</b>	<b>193,548</b>

See accompanying notes to the financial statements.

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

Year ended December 31	2016	2015
	\$	\$
<b>OPERATIONS</b>		
Annual surplus	26,942	7,484
Net changes in non-cash working capital balances		
Increase in payable to the Municipality of Sioux Lookout	(38,598)	(1,401)
<b>Cash provided by (used in) operating transactions</b>	<b>(11,656)</b>	<b>6,083</b>
<b>INVESTING</b>		
Decrease in investments	11,656	(6,083)
<b>Cash provided by (used in) investing</b>	<b>11,656</b>	<b>(6,083)</b>
<b>Increase in cash during year</b>	<b>-</b>	<b>-</b>
Cash, beginning of year	-	-
<b>Cash, end of year</b>	<b>-</b>	<b>-</b>

See accompanying notes to the financial statements.

---

# **The Corporation of the Municipality of Sioux Lookout Trust Funds**

## **Notes to the Financial Statements**

December 31, 2016

---

### **1. NATURE OF BUSINESS**

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

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

### **2. SIGNIFICANT ACCOUNTING POLICY**

#### **Basis of accounting**

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

### **3. INVESTMENTS**

Investments consists of Guaranteed Investment Certificates maturing in 2017 and 2019 and yielding interest between 1.96% -2% over their terms.